



City of Richmond

Report to Committee

To: Finance Committee

Date: June 8, 2006

From: Dave Semple
Director of Parks and Public Works
Operations

File: 06-2280-20-131/Vol 01

Re: Lease Revenue from City-Owned Properties at 14420, 14580, 14720 & 14760
Triangle Road

Staff Recommendation

That the report Lease Revenue from City-Owned Properties at 14420, 14580, 14720 & 14760 Triangle Road be received for information.

Dave Semple
Director of Parks and Public Works Operations
(3350)

Att. 1

FOR ORIGINATING DIVISION USE ONLY					
ROUTED TO:		CONCURRENCE		CONCURRENCE OF GENERAL MANAGER	
Budgets		Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>
REVIEWED BY TAG		YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
			<i>DS</i>		
REVIEWED BY CAO			YES	<input checked="" type="checkbox"/>	NO
				<i>DS</i>	<input type="checkbox"/>

Staff Report

Origin

At the February 9th, 2004 Closed Finance Committee meeting, staff received the following inquiry from Committee regarding the use of annual lease revenue from the City-owned properties located at 14420, 14580, 14720 and 14760 Triangle Road.

“That the future use of the revenue resulting from the lease of the Triangle Road properties to Fraser Wharves Ltd., be referred to staff for report on possible options which might be appropriate, including sports facility uses.”

The purpose of this report is to respond to the above referral and to provide Council with information on potential opportunities and implications of redirecting current lease revenue towards other civic opportunities.

Analysis

In December 1998, the City acquired four parcels totalling 19.77 acres of land from Fraser Wharves Ltd for City purposes. The parcels were acquired utilizing Parkland Development Cost Charge funds at the time. Since 1998, two significant studies have been undertaken for development on the site, including a community outdoor sports facility, and an outdoor amphitheatre and sports fields facility.

As part of the purchase agreement, Fraser Wharves was granted the opportunity to lease portions of the entire site for temporary car storage purposes.

Current lease revenues from the site per annum total approximately \$32,683.30 per month, or \$392,199 per annum plus property taxes. At present the revenues are being directed to general revenue and distributed City-wide annually through the City’s budgeting process.

Options for Consideration:

- 1. Direct staff to allocate the lease revenue for 2007, 2008 and 2009 towards the completion of the Council approved Community Soccer Alliance Proposal Phase 2 for the construction of one artificial sports field at Hugh Boyd and one at South Arm Park.**

This total project is estimated to be \$3,350,000 based on 2005 estimates. Three year’s of revenue from the Triangle Road site would offset approximately \$1.2 million of this future proposed capital initiative. Additional capital would be required from the existing Sports Reserve fund and Parks Development Cost Charge revenues.

2. Direct staff to allocate the current lease revenue received from the Triangle Road properties to future Parks, Recreation & Cultural Services capital facility improvements.

This option would involve the establishment of a Capital and Building Infrastructure Reserve Fund similar to the existing Statutory Sports Reserve Fund and direct annual lease revenues towards the fund. Annual projects would be submitted as part of the annual capital budgeting process and prioritized according to capital initiatives with the greatest community need.

3. Make no changes to the current appropriation of the Triangle Road lease revenue at this time.

The current lease with Fraser Wharves for temporary car storage at the Triangle Road properties will expire in March 2007 with an option for three year renewal. At this time there are no planned City uses for the Triangle Road properties.

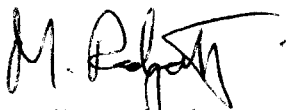
Financial Impact

Expressed in terms of the relationship between the general property tax revenue impact to the residents of Richmond, the re-direction of the current annual lease revenue from the Triangle Road properties would represent an opportunity cost of approximately a 0.3% tax increase to the annual property tax rate. This is based on the fact that current lease revenues of \$392,199 per annum have been incorporated as general revenue in the City's annual budgeting processes.

Conclusion

This report identifies that approximately \$392,199 of general revenue is being realised from the current lease to Fraser Wharves at the four City-owned parcels located on Triangle Road. This revenue is currently being incorporated in to the annual City operating budget.

The opportunity cost of redirecting all or part of this revenue would involve the need for either corresponding operating budget reductions, or an impact to the general annual property tax draw. Three options have been identified should Council wish to direct staff to re-direct all or part of the current Triangle Road lease revenue and complete financial and operational implications of any selected option would be presented should the development of one of the options be pursued.



Mike Redpath
Manager, Parks - Programs, Planning & Design
(1275)