

## Staff Report

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**Report To:** City Council  
**Report From:** Lara Widdifield, Director of Public Works and Engineering  
**Meeting Date:** May 29, 2023  
**Report Code:** OP-23-027  
**Subject:** Renewal of Transport Canada Lease C0307108 for the City's Water Intake Pipe

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### Recommendations:

THAT in consideration of Staff Report OP-23-027 respecting the Renewal of Transport Canada Lease C0307108 for the City's Water Intake Pipe, City Council directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the lease agreement as outlined in the report.

### Highlights:

- Transport Canada has provided an updated lease agreement for leased lands in the Owen Sound Harbour for the City's water treatment plant intake pipe.
- The proposed agreement to be executed spans from September 1, 2022, to August 31, 2025.
- The proposed agreement includes amendments to ensure consistency with other Transport Canada lease agreements, such as the addition of the payment of taxes as may be applicable on the lands being leased. It also adds a 3.4% CPI increase per year.

### Strategic Plan Alignment:

This report supports the delivery of Core Service.

## **Climate and Environmental Implications:**

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by creating conditions to minimize health and safety risks.

## **Previous Report/Authority:**

Not applicable.

## **Background:**

The City has several leases relating to inner and outer harbour lands with Transport Canada. Every three years, the City must renew these leases.

Transport Canada has provided an updated lease agreement for leased lands in the Owen Sound Harbour for the City's water treatment plant intake pipe. The previous lease appears to have lapsed, potentially due to pandemic influences. As a result, the proposed agreement to be executed spans retroactively from September 1, 2022, through to August 31, 2025.

## **Analysis:**

The terms of lease license C0307108 include the following:

- The lease is for three years, from September 1, 2022 – August 31, 2025.
- Application of a 3.4% CPI increase for each year of the term.

Housekeeping amendments to the following articles:

- Article 1(2) 'Termination' deleted and replaced with 'Cancellation Privileges.'
- Article 1(3) 'Overholding' added.
- Article 1(4) 'End of Term' added.
- Article 3(1) 'Payment of Taxes' added.
- Article 3(8) 'Licensee's Improvements' added.
- Article 3(11) 'Restore Premises' deleted.
- Article 3(13) 'Maintain Clean Premises' deleted and replaced with 'Maintenance and Repair of Damages.'
- Article 3(19) 'Erection and Maintenance of Leasehold Improvements' added.

- Article 4(3) 'Release and Indemnification of Landlord' updated to include "The obligations above and indemnification shall survive the earlier termination or expiration of this License."
- Article 7(13) 'Data Sharing' added.

The above changes impose some additional obligations on the City as Lessee:

1. Under Cancellation Privileges, the City has 90 days after damage or destruction to the site to decide whether the City will rebuild or repair. If not, the City must give notice within the 90-day period and pay rent up to the date that the City clears the site to the satisfaction of the Ministry.
2. In Overholding, it states that the City requires written permission from the Ministry to remain in possession of the area past the end of the term.
3. At the End of the term, the City must give at least six months' notice before the end of the term if it intends to vacate the area.
4. In Payment of Taxes, it states that the City is responsible for all taxes related to the property.
5. Licensee's Improvements states that the City cannot improve or modify the area without the prior consent of the Ministry.
6. Erection and Maintenance of Leasehold Improvements notes that the City cannot erect improvements or other structures without the prior consent of the Ministry, and any planned improvements require the submission of plans showing the design and nature of construction.
7. In Data Sharing, it notes that the City agrees to share monitoring data with the Ministry.

Staff have no concerns with the above changes due to the nature of the property occupation (submerged intake pipe) and as the City already pays taxes on the occupied property.

The agreements require a current Certificate of Insurance. Updated certificates have been provided through the City's Corporate Services Department.

Council is requested to authorize a by-law to allow the Mayor and Clerk to sign the agreement.

## **Financial Implications:**

With the 3.4% CPI increase annually, the resultant financial impact for the lease is:

- For the period commencing September 1<sup>st</sup>, 2022, and ending August 31<sup>st</sup>, 2023: \$4,506.09, plus applicable HST.
- For the period commencing September 1<sup>st</sup>, 2023, and August 31<sup>st</sup>, 2024: \$4,659.29, plus applicable HST, payable in advance.
- For the period commencing September 1<sup>st</sup>, 2024, and ending August 31<sup>st</sup>, 2025: \$4,817.71, plus applicable HST, payable in advance.

The above increases are slightly higher than budgeted (\$3,750 in 2023); however, the difference can be accommodated in the annual operating budget for the water system.

## **Communication Strategy:**

As this is an operational issue, a communication strategy has not been identified.

## **Consultation:**

Legislative Services has been consulted in reviewing the proposed agreement.

## **Attachments:**

Attachment 1 – Federal Lease Licence C0307108

## **Recommended by:**

Lara Widdifield, Director of Public Works and Engineering

## **Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Lara Widdifield at [lwiddifield@owensound.ca](mailto:lwiddifield@owensound.ca) or 519-376-4440 ext. 1201.