



WHEATLAND COUNTY

Where There's Room to Grow

Request for Decision

January 14, 2019

Resolution No. _____

Date Prepared December 19, 2019

Subject

Decision-making topic title

Request to Waive 2019 Municipal Taxes and annual rent for Roll # 6233000

Recommendation

Clear resolution answering – what/who/how/when

RECOMMENDATION: THAT Council maintain the 2019 Municipal-Non-Residential, Municipal-Residential Improvement property taxes, as well as the Senior Lodge and Waste management requisition amounts for Roll #6233000 totaling \$7,851.26;

AND

THAT Council approve waiving of the rental fees in the amount of \$2,793.38 for 2019 per section 4.03 of the lease agreement.

GM Comments

Any additional comments regarding the reason for the recommendation

RECOMMENDATION

Report/Document:

Attached

☒

Available

☐

None

☐

Key Issue(s) / Concepts Defined

Define the topic, reference background material and state question to be answered

There has been a request to waive taxes and rent on a County owned and leased property. Roll #6233000 SE-28-23-24W4 is owned by Wheatland County but becomes taxable as it is leased to a second party that is operating a business and has a residential unit (owned by the leaseholder), on the site.

In previous years, County Councils have waived the municipal portion of taxes for both commercial and residential components. The improvement plan amounts were higher than the rent and taxes combined in each of those years. This business is operating and competing with other similar businesses in the county. To maintain a level playing field, administration is recommending to not waive taxes for this property.

The lease agreement permits waiving of annual rent.

Section 4.03 of the lease states that, "The value of the improvements set out in the improvement plan shall be determined by the Landlord and applied annually as a credit to the Tenant's obligation to pay annual rent to the Landlord and the annual rent shall be abated by the value of the improvements that shall be constructed or implemented in accordance with the improvement plan, the said value to be determined by the landlord. An annual improvement plan progress report shall be provided to the Landlord detailing proposed improvements to the property as outlined within this section."

The 2019 submitted Eagle Lake RV Resort improvement plan was not followed. Which was as a result of following factors:

- The timing of County staff schedule to remove of the old pieces of playground equipment;
- Once equipment was removed it did not allow enough time to have new playground equipment installed.

A revised improvement plan was not received, other than the attached letter outlining the expense of \$6030.08. Administration requested more information on the details of the improvements, and received the breakdown November 19, 2019. Administration has reviewed the information provided to determine what work was completed. This analysis to yield the eligible expenses for improvements to the property.

The following is the breakdown of the submitted \$6030.08 expense:

- \$2793.38 considered improvements to the site such as:
 - a) New piping for chlorine system,
 - b) Clean-outs, waterlines and electrical lines,
 - c) Fencing.
- \$3236.70 considered maintenance and not an eligible expense such as:
 - a) Tub style sink in office trailer,
 - b) Replacement of hot water tank and sinks in shower house and laundry.

As per the lease agreement, the landlord determines the value of the improvements to the property. The leaseholder feels that the previous years of improvements should count towards waiving the rental amount this year and in future remaining 16 years of the lease. Administration would suggest that this is not what is agreed to in the lease agreement, as the improvement plan is to be submitted and determined on an annual basis. This is the rationale for the recommendation of waving only part of the 2019 rental amount.

If the Landlord determines that the previous year's improvement plans value is more than the remaining years rental amount, then it should be waived. (see attached spreadsheet for breakdown)

In a 2016 County Council Resolution 16-06-35: "That County Administration negotiate with the current lessee in order to update the 25 year lease agreement that accommodates a change in name of the Lessee to 'The Rainbow Network Ltd' and incorporates lease clauses consistent with a similar lease arrangement within Wheatland County

- Carried"

As per the above resolution, County Administration have attempted to negotiate a new lease agreement but met resistance by the lessee and talks have stalled to have an updated lease agreement negotiated.

Relevant Policy / Practices / Legislation

Cite existing policies, practices and/or legislation

Lease Agreement with the second party.

MGA Section

347(1) If a council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions:

(b) cancel or refund all or part of a tax;

Strategic Relevance

Reference to goals or priorities of current work program

N/A

Response Options and Desired Outcome(s)

Main result, along with highlighted requisites and benefits

Option 1: Approve the recommendation of Administration.

Option 2: Not approve the recommendation of Administration.

Option 3: Approve an alternate of Council's choosing.

IMPLICATIONS OF RECOMMENDATION

General

Consequences to community, overall organization and/or other agencies

Community is not short the tax/rent amount, as defined in the lease agreement.

Organizational

Policy change or staff workload requirements

N/A

Financial

Current and/or future budget impact

Budget impact of \$12,851.26 depending on decision

Environmental, Staff and Public Safety

Consequences for the environment, consideration of effects on the safety of staff and the public

N/A

Follow-up Action / Communications

Timelines, decision-making milestones and key products

Communications with the tenant will be in writing to advise of Council's decision.

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Reviewed
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