SUBJECT: Hamilton Farmers’ Market – Cost and Relocation (Temporary) (ECS08063) (PED08299) (Ward 2)

RECOMMENDATION:

(a) That the City of Hamilton enter into a lease with Yale Properties Limited for the property known as 120 King Street West, Hamilton, subject to the following terms; all as set out in Report ECS08063/PED08299:

(i) **Term**: Eighteen (18) Months commencing March 1, 2009, subject to renovations and fit ups being completed in a good workmanlike manner, terminating August 1, 2010.

(ii) **Property**: 120 King Street West, Hamilton, having an area of 44,500 square feet, to be verified and adjusted in accordance with B.O.M.A. 1996 measurement standard.

(iii) **Rental Rate**: Commencing March 1, 2009 to August 1, 2010, $8.75 per square foot (net) $389,375 per annum, $32,447.92 per month plus G.S.T.;

(iv) **Operating Costs**: The City of Hamilton is responsible for its share of the actual operating cost at $8.00 per square foot for the term of the lease ($29,666.66 per month), subject to recommendation (v).
That the Legal Services Division be authorized to prepare a By-law, under Section 110 of the Municipal Act, to propose that this leased area become a City Capital Facility, whereby the City would be exempt from paying Realty Taxes at this location.

That all rent and operating costs shall be charged to Account No. 55355.

That the Mayor, General Manager of Finance and Corporate Services and City Clerk be authorized and directed to execute the Lease in a form satisfactory to the City Solicitor.

That the lease and other expenses related to the temporary relocation of the Hamilton Farmers’ Market be funded from Capital Account No. 710054540.

Joe-Anne Priel     Tim McCabe
General Manager     General Manager
Community Services Department   Planning and Economic Development Department

EXECUTIVE SUMMARY:

This report provides staff direction to enter into a lease agreement with the owners of Yale Properties Limited as a temporary location of the Hamilton Farmers’ Market within Phase 4, Jackson Square. By entering into a lease with the owners, this will provide the requisite direction to forge ahead with the demolition and fit up costs so as to accommodate the market as well as implementing the renovations slated for the existing market as endorsed by City Council.

BACKGROUND:

City Council at its meeting of June 27, 2007, adopted Item (O), Report 07-009 of the Emergency and Community Services Committee recommending that staff be “directed to investigate temporary locations and the costs associated with the relocation of the Hamilton Farmers’ Market during renovations to the existing Market and report back to the Emergency and Community Services Committee”.

As Committee and Council are aware, the Hamilton Farmers’ Market has been a prized institution in Hamilton’s downtown core for over 135 years. In order to stay competitive the infrastructure of the current market facility is in need of critical upgrades and renovation. Council has approved funding for the renovation project and directed staff to seek a temporary downtown location to operate the market until renovations are complete. Continuing the operation of the Market, even in a temporary location, has many benefits. The Market offers a fresh food source to downtown residents. It is an important piece of infrastructure that supports downtown living, and attracting people downtown is a fundamental strategy, employed by the City, to encourage downtown revitalization. In addition, as Hamilton is an important attractor to immigrants, the Market
is a focal point selling familiar foods to new arrivals and creates a social gathering spot where newcomers may be more comfortable and where they can more easily become accustomed to Canadian culture and activities. These same people, as a result, may decide to settle near the market, again, furthering Council’s goal of having more people living downtown. Finally, the stallholders will be able to continue to retain and operate their businesses. A location matrix was developed to determine the feasibility of proposed sites for a temporary market. The matrix looked at determinants such as square footage, docking facilities, access to utilities and water, and parking. From a downtown renewal perspective it was important that the market remain in the downtown core. Staff from Public Works, Planning and Economic Development and Community Services Departments viewed several buildings, empty building lots and parking lots in the downtown core to determine if any were feasible for a temporary location. In addition, areas such as former proposed pedestrian mall space under the stands in Copps Coliseum and 77 James Street North were examined.

During the course of the staff investigation to find a suitable location based on the matrix developed, private landlords had been contacted within the downtown core to gauge potential interest and space availability to accommodate the transition of the market for an interim period.

Yale Properties, managers of Jackson Square, had engaged the services of Urban Marketing Collaborative (UMC) to assess the benefits, issues, and opportunities afforded with the temporary relocation of the market within the mall. It is also noted that in August 2005, UMC had been engaged by the City of Hamilton to undertake a study relative to the operational business, review, customer analysis and recommended site improvements for the Hamilton Farmers’ Market.

In April 2008, a copy of UMC’s report entitled “Temporary Hamilton Farmers’ Market Relocation Strategy Yale Properties/Jackson Square” was provided to members of staff for review. The study noted a suitable location within an area of the mall currently closed off to the public and located within the vicinity of the existing food court and Dollarama. The proposed floorplan and location is shown on Appendix “A” attached to Report ECS08063/PED08299.

A site visit was conducted by staff and representatives of Yale and, it was concluded that the location is conducive to accommodate the temporary transition of the market based on the following:

- Space located within the same building complex and in close proximity to the current market;
- Ample parking is still available;
- Multiple access points that continues the continuity of pedestrian access between the mall and the market;
- Self-contained unit/area for ease of security (secured during non-market days) and maintenance; and,
- Single level floorplan containing the required square footage for the market, utilities, loading, natural light, ceiling heights etc.
Staff have been working diligently with Yale Properties to have the work scoped, engage architects to undertake designs, costing analysis and to develop a timing schedule to ensure that all fit ups and demolition work can be completed by February 1, 2009, to facilitate the Hamilton Farmers’ Market re-location. During the course of the negotiations over the past eight-months with Yale Properties, staff had been advised that the average net rental rates within the mall ranged from $20.00 to $40.00 per square foot. Due to the short-term nature, a final lease rate, subject to the approval of Committee and Council, has been negotiated on a net rental rate of $16.75 per square foot ($8.00 operating and $8.75 rental rate), excluding utilities, plus the City’s proportionate share of the tenant improvement costs. The rate of $16.75 for the subject space is being recommended on the basis that the negotiated rate is below the current market rents being offered within the mall and current market rents for similar space.

ANALYSIS/RATIONALE:

The costs associated with the relocation of the Hamilton Farmers’ Market include engineering services, architectural services, communications and marketing plan, equipment moving costs, leaseholds, demolition, lease and contingency allowances.

ALTERNATIVES FOR CONSIDERATION:

Close the current Hamilton Farmers’ Market location during renovations and do not provide any alternate space for a temporary market.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial:

<table>
<thead>
<tr>
<th>Market Capital Costs ($000's)</th>
<th>Budgeted Pre - 2009</th>
<th>Budget 2009</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>6,665</td>
<td>1,000</td>
<td>7,665</td>
</tr>
<tr>
<td>Relocation</td>
<td>1,250</td>
<td>1,250</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8,915</td>
</tr>
</tbody>
</table>

The above table shows the total capital costs to date at $8.9 million. Currently, there is a potential shortfall of approximately $400,000 in the relocation cost budget. However, the tenders for this project will be coming in shortly and due to economic conditions, there should be favourable pricing associated with these bids. If the bids do not create a surplus, which would be applicable towards this shortfall, staff will report back to Council. One option to deal with the potential shortfall would be to submit a Capital Budget request for 2010.
Staffing:
There are no staff implications associated with the recommendations of to Report ECS08063/PED08299. All Hamilton Farmers’ Market staff will retain their employment in their current positions.

Legal:
Legal Services will be required to work with the Real Estate Section to review and complete the execution of the lease agreements.

POLICIES AFFECTING PROPOSAL:
City Council at its meeting of March 26, 2008, passed the following Motion “City’s Policy respecting Contracting with Parties involved in Litigation with the City of Hamilton

(a) That the City temporarily waive its policy respecting contracting with parties with whom it is engaged in litigation as it would apply to Yale Properties in order to:

   (i) Continue its current tenancies with Yale Properties on a short-term basis; and,

   (ii) Continue discussions with Yale Properties with the goal of establishing a mutually-advantageous solution which will enable the City and Yale Properties to resolve the ongoing litigation, enter renewed longer term leases and/or further leases and have a sound business relationship going forward into the future.

(b) That the General Manager of Public Works and the City Solicitor report back to the Committee of the Whole with respect to this matter no later than the end of September, 2008”.

The recommendation before Committee and Council is consistent with clause (a)(ii) as enacted by City Council.

The recommendation is also consistent with the City’s Real Estate Management Portfolio Strategy Plan as approved by City Council on November 24, 2004, and the “Procedural By-law for the Sale of Land”, By-law 04-299. This By-law and in accordance to Item 21, Committee of the Whole Report 01-029 adopted by Council on September 18, 2001 as amended by Item 9, Corporate Administration Committee Report 05-011 adopted by Council on June 29, 2005, City Council approved the Delegation of Authority to staff for the acquisition, disposition or lease of properties as follows:

General Manager or designate not exceeding $150,000; and to the City Manager or designate not exceeding $250,000.
Since the amount of the lease payments are in excess of the above referenced limits, Council approval must be sought to approve the recommendations contained within this report.

**RELEVANT CONSULTATION:**
- Planning and Economic Development Department, Economic Development & Real Estate Division
- Public Works Department, Capital Planning & Implementation Division
- Corporate Services Department, Budgets & Finance Division, Budgets Section

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

**Community Well-Being is enhanced.** ☑ Yes ☐ No
Markets can help lead to a convergence of movements and disciplines, bringing a wide range of community stakeholders together. By impacting health, open space, and local economy, markets can help demonstrate how collaboration between community agencies that typically work separately can lead to wide reaching beneficial results.

**Environmental Well-Being is enhanced.** ☐ Yes ☑ No

**Economic Well-Being is enhanced.** ☑ Yes ☐ No
The economic base is diversified. Markets can provide economic opportunities such as low start-up costs, small business incubation, and first steps for new immigrants businesses and opportunities for surrounding businesses.

**Does the option you are recommending create value across all three bottom lines?** ☐ Yes ☑ No

**Do the options you are recommending make Hamilton a City of choice for high performance public servants?** ☑ Yes ☐ No

Attach. (1)