

POLICY REVENUE LICENSING AND LEASING

Policy C117

1.0 POLICY

The Town of Banff will allow outside parties to license or lease Town-owned property.

2.0 PURPOSE

This policy provides consistent and transparent guidelines to be followed by employees when leasing or licensing Town-owned property.

3.0 SCOPE

This policy applies to all new lease or licensing agreements and to existing agreements upon renewal. This policy does not apply to the following:

1. Encroachments on Municipal Right-of way
2. Rentals that have Council approved rates
3. Acquisition Leases

4.0 RESPONSIBILITIES

- 4.1 Department Managers are responsible for initiating and negotiating leases or licences within the scope of their department.
- 4.2 Manager of Corporate Services or designate is responsible for enforcing the policy.

5.0 AUTHORIZATION

- 5.1 Leases and Licenses must be authorized by the initiating manager and the Manager of Corporate Services.
- 5.2 Leases initiated by the Manager of Corporate Services require the signature of the Town Manager as a second signature.

6.0 NOTICE OF LEASE/LICENSE

- 6.1 For a new or expiring lease/license, unless there is a clause for an extension, the lease/license must be offered out through a public process and advertised for a minimum of two consecutive weeks in a local newspaper. The advertisement will include the proposed term and whether or not an extension option is included, subject to negotiation.
- 6.2 If the Town and/or a tenant/licensee wish to extend the agreement past the expiration date of the existing agreement the interested party must request, in writing, approval of Council.

7.0 VALUE OF THE LEASE/LICENCE

- 7.1 Leases/licences will be at market value determined by setting a minimum price with a comparison of comparable leases/licences within the Town of Banff or an open public tender process.
- 7.2 Leases/licenses below market value must be approved by Council.

8.0 ALLOCATION OF COSTS

- 8.1 The tenant shall be responsible for all operating costs including but not limited to taxes, utilities, maintenance, insurance and other related costs. If a gross lease format is required, it will include an allocation for these costs.
- 8.2 All capital improvements to the leased/license property will be the responsibility of the tenant/licensee either as an upfront capital contribution or recovered through rents.
- 8.3 Exceptions to 7.1 and 7.2 must be approved by the Town Manager.

9.0 PROPERTY TAXES

- 9.1 All leased/licensed property will be subject to property taxes if it is occupied by a tenant/licensee that would otherwise be taxable if the tenant owned the land or owned the land conditional on the specific business terms of the license agreement.

10.0 RENT INCREASES

- 10.1 Leases/licenses will be negotiated with appropriate terms that will allow the Town to increase rents/fees annually.
- 10.2 As a minimum standard rent/fees will be increased annually at an amount equal to Alberta CPI.

11.0 INSURANCE

- 11.1 The Town will require all tenants/licensees to carry their own insurance as determined by the Manager of Corporate Services including but not limited to property and liability coverage in amounts deemed appropriate for the business of the tenant/licensee.
- 11.2 All tenants/licensees will be required to name the Town as an additional insured.

12.0 ATTACHMENTS

- 12.1 Appendix 1: Definitions

This policy shall be in effect on the date it is approved by resolution of Council.

Karen Sorensen
Mayor

Robert Earl
Town Manager

APPROVAL HISTORY

Approved:	2012.02.13	COU12-38
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APPENDIX 1: DEFINITIONS

Acquisition Lease: A lease where there is the option for the leasing party to purchase the subject of the lease from the lessor.

Encroachments on Municipal Right-of-Way: the temporary occupation of any portion of the Street or other Public Place and includes the airspace over such Street and any area beneath the surface of the Street.

Lease: An agreement between a landlord and a tenant for exclusive occupation including grant of rights for a specific period of time.

License: An agreement between a landlord and a licensee for non-exclusive occupation including grant of rights for a specified period of time for a specified fee.

Gross Lease/License: An agreement in which the tenant/lease pays a fixed rate of rent/fee and the landlord pays all maintenance, utilities, taxes, and capital costs without further adjustment from the tenant/licensee.

Property: Land, buildings, structures, or any portions thereof plus any rights associated with the ownership of the property.