

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JUNE 20, 2017
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT	CITY OF LONDON / WESTERN FAIR ASSOCIATION LEASE AGREEMENT WFA INTENTION TO DEMOLISH BUILDING AT 316 RECTORY

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, and pursuant to Section 4.01 (b) (i) (ii) and (d) of the Lease dated January 1, 2016 between The Corporation of the City of London and the Western Fair Association, the following information report **BE RECIEVED** outlining the Western Fair Association's intention of the demolition of the building located at 316 Rectory Street, as set out in the attached letter dated April 21, 2017 from the Western Fair Association.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- April 28, 2004 – Western Fair Land Lease Agreement and City Representation on Western Fair Association
- June 21, 2006 – Board of Control - City of London / Western Fair Agreement
- April 4, 2007 – Board of Control – City of London / Western Fair Agreement
- June 24, 2013 - Confidential Report by the City Solicitor to the IEPC - Western Fair Lease Agreement
- June 17, 2014 – Confidential Report to CSC – City of London / Western Fair Association Lease Agreement
- August 26, 2014 – Confidential Report to CSC – City of London / Western Fair Association Lease Agreement
- December 9. 2014 – Confidential Report to City Council – Western Fair Association Governance
- June 20, 2016 – CSC – City – WFA Lease Agreement – Grand Stand

BACKGROUND

The purpose of this report is to inform Council of the intention of the Western Fair Association (WFA), as the Tenant to the ground lease, of the proposed demolition of the Administrative Offices building located at 316 Rectory Street.

Under the Lease, the Administrative Offices are owned 100 % by the WFA. Section 9.01 of the Ground Lease requires the WFA at its expense to keep all buildings on the property, including the Administrative Offices building at 316 Rectory Street, in good order and condition and to make all needed repairs and, replacements, alterations, additions, changes, substitutions and improvements, structural or otherwise.

The Lease provides that structural alterations, additions, improvements or the demolition or partial demolition of a building, including the Administrative building, are defined as a “Change” and requires the consultation with the City:

Section 10.02 (b) The Tenant may at its sole cost and at its sole discretion, but subject to and in compliance with this Lease make a Change to a New or Western Fair-Building. Any such Change shall be conducted diligently and be completed in compliance with all applicable statutes, regulations, by-laws and rules. Prior to commencing any such construction the Tenant shall:

- (i) Consult with the Landlord, allow the Landlord a reasonable opportunity to consider and then provide its comments on the proposed Change to the Tenant and give reasonable consideration to the Landlord’s comments; and*
- (ii) obtain all of the requisite approvals or permits for the Change.*

Section 4.01 (b) The Tenant may at its sole cost and at its sole discretion, but subject to and in compliance with this Lease, demolish or remove any New or Western Fair-Buildings. Any such demolition or removal shall be conducted diligently and be completed in compliance with all applicable statutes, regulations, by-laws and rules. Prior to commencing any such demolition or removal the Tenant shall:

- (i) Consult with the Landlord, allow the Landlord a reasonable opportunity to consider and then provide its comments on the proposed demolition or removal to the Tenant and give reasonable consideration to the Landlord’s comments; and*
- (ii) obtain all of the requisite approvals or permits for the demolition or removal.*

The Lease also requires the Tenant to complete the work to a certain standard, comply with all applicable legislation, regulations and by-laws and carry appropriate insurance and worker’s compensation coverage.

The Lease provides that a Lease Oversight Committee consisting of members of administration from the City and the WFA be established for purposes which include:

- to discuss any matters arising under or related to the Lease;
- to review any requests by the WFA for consent or consultation where the City’s consent or consultation is required under the Lease;
- to review plans the WFA may have with respect to the construction, alteration, demolition, removal or change to a Building for which the WFA is required to consult with or obtain the consent of the City.

DISCUSSION

The building located at 316 Rectory Street comprises approximately 142,107 square feet situated on 2.775 acres. The building was constructed in two stages in 1907 and 1915. The WFA purchased the property in 2003 and has been using it for administration offices and storage. WFA indicates this facility is inefficient for storage and there are substantial capital improvements that will be required in the future. There are two other tenants that have leased office space in the building. The tenants have been notified of the WFA’s intention to terminate their leases and advance their plans for demolition of the building.

At the Lease Oversight Committee meeting on May 11, 2017, the WFA outlined their intention to demolish the building municipally known as 316 Rectory Street for the following reasons:

- i) WFA requires additional parking in order to support the increased use of the Agriplex;
- ii) The 316 Rectory Building is old, tired and inefficient to operate. The building is in need of significant capital improvements which WFA believes would be better spent on other aspects of their business; and
- iii) WFA has recently consummated an arrangement with the BMO Centre for the annual farm show and both parties would like to integrate their properties for continued benefits.

The demolition would be completely funded by WFA.

A letter dated April 21, 2017 outlining the WFA's intention of the proposed demolition of the 316 Rectory Building is attached as Appendix A.

A Property liaison was conducted through a circulation of the WFA memo to civic departments for comments. Planning Services indicates that 312 and 316 Rectory Street are listed on the *Inventory of Heritage Resources* (the Register) because the site was historically the Wesleyan Cemetery. That cemetery was established in 1854 and closed in 1879, with some of the bodies exhumed. Work to construct the Western Fair Agriplex in c. 2003-2004 encountered bodies and required archaeological assessment. Disturbance associated with demolition of the buildings could affect graves or human remains that are still located at the site. These sites are protected by the *Funerals, Burials and Cremation Services Act* (successor to the *Cemeteries Act* – repealed in 2012) and the provisions for archaeological work in the *Ontario Heritage Act*.

Urban Forestry commented that if any trees 50 cm or larger is to be injured or destroyed in demolition, a permit under the Tree Protection By-law will be necessary. Regarding the proposed future use: the new London Plan has numerous policies regarding parking lots and the requirements for trees. See in particular, policies 222;272;277;281;282;283:

222_ A coordinated approach will be taken during the planning and design of streetscape improvements, including the coordination of signage, sidewalks, cycling pathways, tree planting, lighting, parking areas, landscaping and building face improvements, and adjacent public spaces as applicable.

272_ The impact of parking facilities on the public realm will be minimized by strategically locating and screening these parking areas. Surface parking should be located in the rear yard or interior side yard.

277_ Surface parking lots should be designed to include a sustainable tree canopy with a target of 30% canopy coverage at 20 years of anticipated tree growth.

281_ Large surface parking lots shall be designed with areas dedicated for pedestrian priority including landscaping to ensure safe pedestrian connectivity throughout the site.

282_ Surface parking areas will be designed to incorporate landscape/tree islands for visual amenity and to help convey stormwater and reduce the heat island effect.

283_ Large surface parking areas will be designed to incorporate low impact development measures to address stormwater management.

Water and Sewer Operations commented that proper disconnection of the numerous service lines to this property must be carried out in accordance with due diligence process during demolition.

CONCLUSION

The WFA is notifying the City as Landlord to the Ground Lease Agreement dated January 1, 2016 of it's intention to demolish the building located at 316 Rectory Street for the purposes of making more parking available for events being hosted at the Agriplex.

The proposed demolition of 316 Rectory has been discussed at the Lease Oversight Committee and staff are notifying Council of the proposed changes.

PREPARED BY:	RECOMMENDED BY:
BILL WARNER MANAGER OF REALTY SERVICES	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

June 6, 2017

cc: Jennifer Smout, Solicitor, City Solicitor's Office

Attachments

Appendix "A" - WFA Letter dated April 21, 2017

APPENDIX "A"



westernfairdistrict.com

Music | Dining | Gaming | Shopping | Sports

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M E M O R A N D U M

TO: City of London / Western Fair Association Lease Oversight Committee

FROM: Hugh Mitchell, CEO Western Fair Association

RE: Demolition of 316 Rectory Street Building (corner of Southeast Corner of Florence and Rectory)

DATE: April 21, 2017

On behalf of Western Fair Association ("WFA") and pursuant to the Ground Lease between The Corporation of the City of London (the "City") and WFA made effective as of the 1st day of January, 2016, WFA is writing to advise the City of its intention to demolish its building municipally known as 316 Rectory Street, London Ontario (the "316 Rectory Building").

In this regard, I confirm the reasons for WFA's decision to demolish:

- i) WFA requires additional parking in order to support the increased use of the Agriplex. At present the Agriplex does not have sufficient parking and demolition of the 316 Rectory building will provide the required parking in a location close to the Agriplex with easy access to the West Entrance of the Agriplex;
- ii) The 316 Rectory Building is old, tired and inefficient to operate. The building is in need of significant capital improvements which WFA believes would be better spent on other aspects of their business; and
- iii) WFA has recently consummated an arrangement with the BMO Centre whereby WFA will be using the BMO Centre as well as the Agriplex for its annual farm show, WFA's signature consumer event. Without the 316 Rectory building and given the location of the Agriplex in relation to the BMO Centre WFA believes it will be able to integrate the location of both buildings into their business such that it will be beneficial for both parties.

Finally, we confirm that the demolition of the 316 Rectory Building will be completely self-funded by WFA. WFA would like to commence the demolition in early spring of 2018.

I trust the foregoing information is sufficient, but we would welcome any questions or comments from the City if there are any.

Regards,

Hugh Mitchell, CEO
P) 519.438.7203 ext 386