

REPORT

Parks and Recreation Department

To: Mayor Johnstone and Members of Council
Date: April 8, 2024

From: Dean Gibson
Director of Parks and Recreation
File:

Item #: 2024-170

Subject: **Active Rehabilitation Lease Agreement at 65 E. Sixth Avenue
(təməsew̓txʷ Aquatic and Community Centre)**

RECOMMENDATION

THAT subject to completion of required public notification processes, the Mayor and Council Clerk be authorized to execute the attached Lease Agreement, substantially in the form included as Attachment “A” between the City and MacPherson and Zenone Physiotherapist Corporation for the provision of active rehabilitation services within the təməsew̓txʷ Aquatic and Community Centre.

PURPOSE

To provide Council with information on the proposed Lease Agreement with MacPherson and Zenone Physiotherapist Corporation for the use of space at the təməsew̓txʷ Aquatic and Community Centre (TACC) located at 65 E Sixth Ave.

BACKGROUND

In 2019, the community had the opportunity to provide input into the design for the new aquatic and community centre. A survey and focus groups were conducted resulting in, among other things, and identified a need for active rehabilitation services. The results from the survey and from the Youth Advisory Committee and Stakeholder focus groups supported the direction to include a designated active rehabilitation space in the design of the new facility.

Currently, there are 21 physiotherapy clinics in New Westminster, however, the vast majority of them are concentrated in Uptown, Downtown, Queensborough or Sapperton

neighborhoods. The Glenbrooke North/South neighborhood is not well serviced by local rehabilitation providers. In addition to the private rehabilitation office/clinic spaces, the təməsewtxw Aquatic and Community Centre (TACC) provides access to the key amenities such as swimming pools, sauna, hot tubs and fitness centre that support active rehabilitation programs thus promoting further healthy living in the community.

DISCUSSION

New municipal aquatic and fitness facilities are trending to include purpose-built commercial rehabilitation spaces. These spaces support the overall health and wellness of the community. It is recognized that active rehabilitation operations generate revenue through both the direct proceeds arising from the lease agreement, and also through the subsequent sale of City Active Passes via rehabilitation services users continuing their wellness practices after treatment.

The rehabilitation space at TACC will be the first commercial lease space dedicated to active rehabilitation services in a public recreation facility in New Westminster. The 624ft² lease area will provide a clinic for two practising professionals as well as a reception area to support the rehabilitation specialists. The rehabilitation specialists focus on a client-centred approach to assess, treat, and manage pain, injuries, movement dysfunction, and chronic conditions.

The features in TACC that benefit the active rehabilitation clinic include:

- Fitness Centre
- Swimming Pools, Hot Tubs and Sauna
- Bicycle Parking
- Access to the Rotary Crosstown greenway and public transit stops
- Rick Hansen Foundation Gold Accessibility Certification

In October 2023, the City retained a commercial realtor to market the rehabilitation space in TACC. A Request for Expressions of Interest package was created to promote the lease space and posted on the City's website, BC Bid, as well as through commercial real estate networks (included as Attachment "B" to this report). A tour of the space was provided to potential tenants. In November of 2023, potential tenants were asked to submit their proposal for services to operate a clinic at TACC. Several businesses were initially interested in the lease space. One potential tenant submitted a proposal. The proponent was subsequently interviewed by staff and the City's commercial realtor. The proponent was ultimately selected based on the following considerations:

- a) Number of years as a physiotherapy professional.
- b) Experience in operating and/or working in an active rehabilitation and wellness clinic.
- c) Financial capability to operate the facility.
- d) Comprehensive business plan for the space.
- e) Demonstration of financial sustainability.

MacPherson and Zenone Physiotherapist Corporation were selected as the successful tenants. MacPherson and Zenone Physiotherapist Corporation currently has over 700 clients and a strong financial business plan to support this new clinic. The intention is to offer clinical hours Monday through Sunday with daily operating hours based on TACC's operating schedule.

FINANCIAL IMPLICATIONS

The following is a summary of the lease space, terms and conditions.

Lease space: Approximately 58 square metres (624 square feet)

Term: 10 years commencing on May 1st, 2024, with the option to renew for an additional five year term

Lease rate: Rates exclude GST & PST

Description	1 – 5 years (2024 - 2028)	6 - 10 years (2029 – 2033)
Annual Square Foot Rate	\$45	\$55
Monthly Lease	\$2,340	\$2,860
Annual Lease	\$28,080	\$34,320

The Tenant will be additionally responsible for all the costs associated with designing the floor plan, construction to build it out, and furnishing and equipment costs for the space.

A copy of the proposed Lease Agreement is provided as Attachment "A".

Effective May 1st, during the fixturing period the Tenant will pay 20% of the monthly lease rate to cover utilities and when it is fully operational will pay the full monthly lease rate. The revenue for 2024 is estimated at \$13,104 (prorated).

In 2025, the annual lease rate would be \$28,080.

NEXT STEPS

The next steps in processing the Lease Agreement will be to provide public notification of the City's intention to enter into a Lease Agreement with the tenant after which the City will be in a position to execute the lease agreement. Upon execution of the lease, the tenant will be able to commence the fit-out of the space within TACC. It is expected that this process may take up to three to four months, after which the business will commence operations.

INTERDEPARTMENTAL LIAISON

Staff in Parks & Recreation and Finance Departments have collaborated on this report. The City's Manager of Legal Services has reviewed the lease.

OPTIONS

The following options are provided for Council's consideration:

- 1) That subject to completion of required public notifications processes, the Mayor and City Clerk be authorized to execute the attached Lease Agreement substantially in the form included as Attachment "A" between the City and MacPherson and Zenone Physiotherapist Corporation.
- 2) That Council provide staff with alternative direction.

Staff recommend Option #1.

ATTACHMENTS

Attachment "A" Lease Agreement between the City and MacPherson and Zenone Physiotherapist Corporation

Attachment "B" Expression of Interest

APPROVALS

This report was prepared by:

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