

Thursday, May 5, 2016

FOR IMMEDIATE RELEASE

UPDATE: LEASE WITH NIAGARA SPORT AND SOCIAL CLUB

Welland, ON – There has been extensive media coverage and public interest in the lease negotiations between the City of Welland and Niagara Sport and Social Club. The facts are as follows:

- The current lease between the City and Niagara Sport and Social Club (the Tenant) runs to August 31, 2016. The City has not terminated the lease. The Tenant has the right to renew for a further period of four (4) years upon giving six (6) months notice to the City, provided the City consents and further provided that the parties reach agreement on the fair market value of the rent. Council and City staff have an obligation on behalf of taxpayers and businesses to ensure that municipal facilities, rented by for profit companies, are paying “market” rental rates. All commercial businesses in the City pay market rental rates to their respective landlords.
- The City advised the Tenant, as per lease, that annual rent to be negotiated.
- The City was unable to reach a new annual rent for new lease and as a result Council directed that a neutral 3rd party arbitrator (as provided for in the lease) be engaged to determine market rent. The Tenant has not co-operated or agreed to engaging arbitration to complete a lease agreement. An arbitration decision will be binding on both parties. The interests of the Tenant and the City are protected. The City is awaiting a response from the Tenant to proceed with the arbitration process.
- The Tenant’s last offer was a 5% increase per year for remaining 4 years of the lease and requested 100% control of front soccer fields. The soccer fields were not in the original lease.
- In 2015 the City paid for a roof replacement in the amount of \$25,000 at no cost to Tenant.
- The building and the boiler for the facility have reached the end of their useful life. The costs of maintenance and replacement would be borne by the City through the tax levy.
- The City’s objective is to receive “market” rental rates for the Rice Road facility in a fair and transparent manner. The City has been awaiting a response from the Tenant to engage in a process to establish market rental rates. The Tenant, thus far has refused to participate in this process.
- As stated earlier, the City has not terminated the lease. However, the City received a letter from the Tenant’s lawyer dated April 25th stating that the Tenant is terminating the lease effective May 31st. The City has always been and continues to be willing to negotiate a new lease with Niagara Sport and Social Club to operate the Rice Road facility.

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For more information, contact:

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