



Thursday, August 21, 2008

MEMORANDUM

To: Sawmill Cove Board of Directors
From: Garry White, Director
Subject: Month to Month Lease and SCIP park use
Lisa Lane

Month to Month Lease

Background

Lisa Lane is planning to offer horse & carriage rides at Sawmill Cove. She is boarding her horses on Fortress of the Bear property. Ms. Lane desires to lease the small wooden wannigan building that is attached to the former aeration blower building at the Industrial Park.

I do not have a good map that shows this small building. However, it is appurtenant to the aeration blower building that lies between Fortress of the Bear and the City recycling center. An access easement will need to be obtained from Fortress of the Bears, as it appears that going through their lease property is the only way to access building.

The building is roughly 20x25 = 500 square feet.

There is no other competing use for this building.

Ms Lane desires this building to store her carriage, tack, and feed. She plans to restore the building and finish the interior of the building. She suggests that it will cost \$2,000 to bring the building to the quality she wishes. She needs to ensure that it is dry to keep her horse feed (hay) dry.

She brought this request to Hugh Bevan in May of 2008. At that time they discussed rental rates of \$50 per month for the first six months and \$100 per month thereafter.

Rental Considerations

Ms. Lane is requesting a month to month lease rate of \$0 for 24 months to offset the cost of repairs.

Rational for request is as follows:

- It will give her a chance to get established.
- It will restore a building and put it to use that will not survive much longer without some attention
- It is a good location for her hay and carriage since it is on the border of the Sawmill Creek Farm/Fortress of the Bear

A value for the property in question has not been established currently. The SCIP Strategic Plan will address this issue going forward.

Contract lease rates for adjacent properties list the price per SF at \$3.73/SF for the Fortress of the Bears property and \$3.74/SF for the CBS recycling property.

$\$3.75 \times 500 \text{ SF} = \$1,875$ estimate value of property

$\$1,875 \times 9\% \text{ return on city asset} = \169 per year or \$14/month for land use only

A value for the building has not been determined as it would be cost prohibitive. New construction for such a structure would be estimated at \$30,000 (500 SF X \$60/ SF). The building is in very poor condition. Considering depreciated value and condition of building at least a 90% reduction in value considers building to have a value of \$3000.

$\$3000 \times 9\% \text{ return on CBS asset} = \270 per year or \$22.50/month for building

Estimate cost for CBS billing expense = \$7/month

Estimated fair market rental = \$43.50 per month

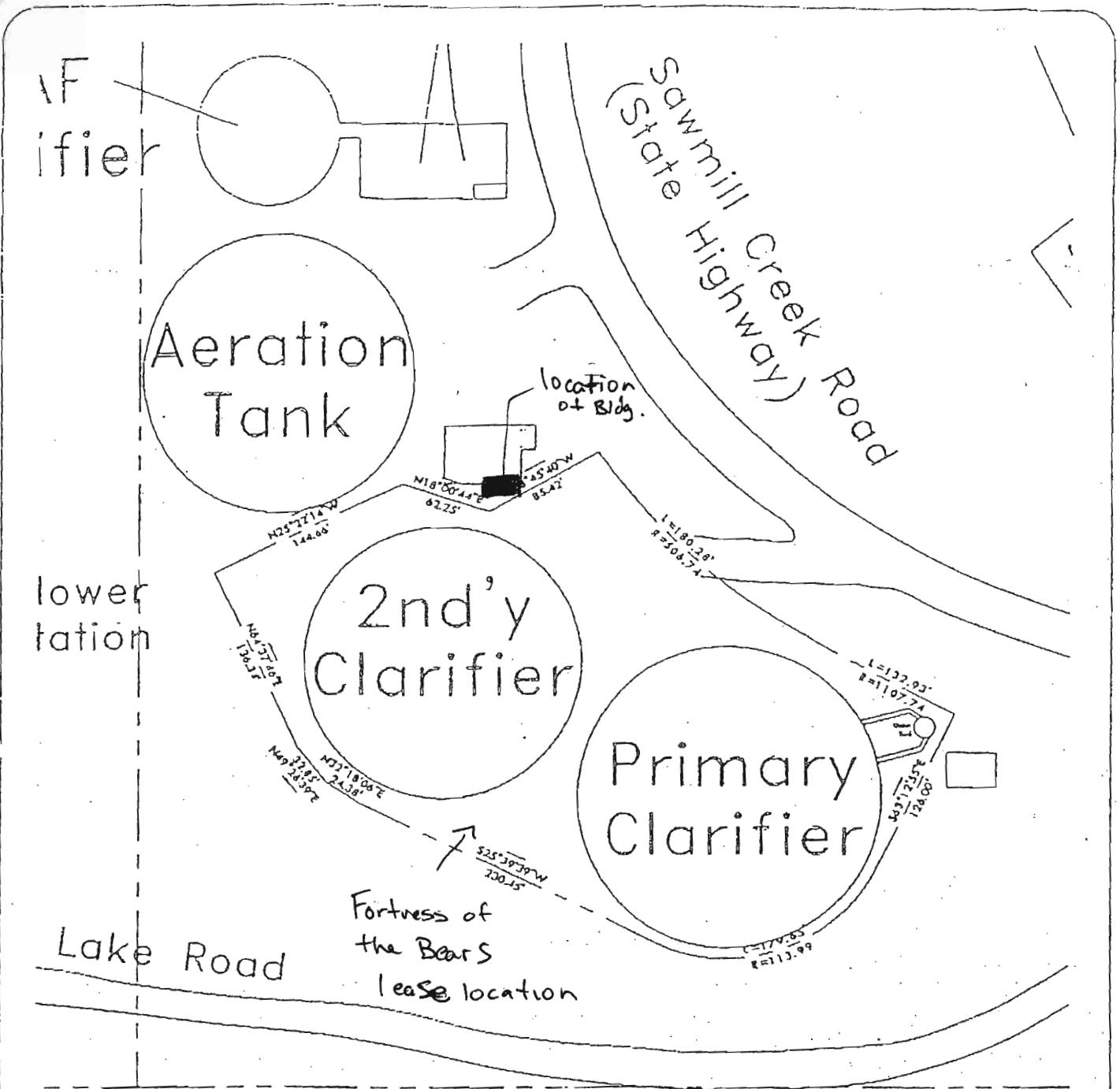
Strategic plan will address a minimum rental rate for SCIP as additional administrative cost need to be determined.

SCIP use for carriage tours

Ms Lane would like to request to be able offer carriage rides through the SCIP.

Ms Lane states, "Our mission statement is to provide clean and healthy alternative exercise for the entire community. We currently have one disabled student and I have had a therapist contact me about helping other disabled people here including stroke patients and disabled child."

She would like to get away from the tourist traffic on Sawmill Creek road and promises to clean up after the horses.



Approximate Area of Proposed Lease Lot = 107,220 sq. ft. (2.46 Acres)