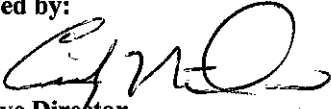




Saskatchewan Parks Service

Section:	Policy # 50.03	
	Effective Date: January 1, 2012	
50 – Lease Administration	Prepared by: Parks Management Services	
	New	Revision X
Subject:	Approved by:	
	 Executive Director	
Commercial Lease Fee Calculation		

AUTHORITY: *The Parks Act, The Parks Regulations 1991*

INTENT

Establish general policy guidelines for calculation of Commercial Lease fees.

POLICY

Commercial Lease fees shall be calculated as follows:

- 1.0 If the facility is privately owned, the fees are calculated by:
 - a) Using the following percentages of previous year's gross revenue.

Amusement Games (video, pinball, etc.)	10.0%
Beverages (alcoholic)	4.0%
Equipment Rentals (boats, golf courses, bicycles)	5.0%
Food	2.5%
Gas	1.0%
General Merchandise, Arts, Crafts	6.0%
Grocery	1.0%
Laundry	2.0%
Marina Slip Rentals	3.0%
Riding Stables	1.5%

Minimum lease fee per pinball/electronic games machine is \$50.00.
 Additional lease fees shall be as follows:

- 1 game - 10% of gross revenue above \$500.
- 2 games - 10% of gross revenue above \$1,000.
- 3 games - 10% of gross revenue above \$1,500.
- 4 games - 10% of gross revenue above \$2,000.

- b) Lease fees applying to golf courses which were initially developed and operated by the government are 3.25% of food and beverage revenue and 5.0% of all other golf course revenue. Lease fees applying to golf courses which have been completely developed by the lessee/private sector are 3.9% of all revenue.
- c) Four season accommodation fees for new leases or lease renewals, will start at the current rate being charged under the expiring lease agreement, or a minimum of \$410.00 per rental accommodation unit (representing the current average fee charged in the parks province-wide), whichever is greater.
- d) The fees for seasonal rental accommodations for new leases or lease renewals will start at the current rate being charged under the expiring lease agreement, or a minimum of \$225.00 per seasonal rental accommodation unit (representing the current average fee charged in the parks province-wide), whichever is greater.

2.0 If the facility is owned by the ministry, the lease fees are calculated by:

- a) Using the following percentages of previous year's gross revenue:

Beverages (alcoholic)	6.0%
Campground Operation	1.0%
Food	4.5%
Gas	2.0%
General Merchandise	8.0%
Grocery	2.0%
Laundry	3.0%
Marina Slip Rentals	5.0%

3.0 If the facility is a combination of any of the foregoing and sales in the various categories cannot be distinguished by a financial statement provided by a recognized professional accountant (verified as accurate by the lessee), then the average rate of the applicable facilities will apply.

4.0 Calculation of lease fees for existing operations, other than four season destination and outfitting resorts, will be based on 80% of the operation's previous year's gross revenue. The lease fees will not be reduced below the lessee's original tender bid, or below the minimum commercial lease rate of \$200.

5.0 Lessees are required to submit financial statements prior to December 31 of each year. Over and Above lease fees are then assessed on any gross revenue earned "over and above" 80% of the previous year's gross revenue. If statements are not received by the due date, the ministry will estimate revenues for the previous season (based upon prior revenue data available to the ministry) and issue a billing invoice. Adjustments to the amount billed will be made after receipt of the statements.

- 6.0 If an operation's current year's gross revenue does not reach the 80% level of the previous year, a credit will be issued for the lease fee overpayment and applied to the following year's lease fees.
- 7.0 If the facility is new and has not been operated before in that park (no previous year gross revenue data available), the minimum lease fee will be based on similar concessions in other locations. A minimum lease fee of \$200 will be charged by the ministry for all commercial facilities operating under a commercial lease agreement, with the exception of campgrounds operated by adjacent communities or non-profit groups where a lease fee of \$1.00 is acknowledged as received.

In the case of non-profit groups, the \$1.00 lease fee will only apply where it is determined by the ministry the business is not profitable as a private sector business.

- 8.0 Lease fees in arrears over 60 days shall be subject to interest charges. The rate of interest shall be 1% per month compounded annually, unless otherwise determined by the ministry.
- 9.0 Lease fees paid within 60 days of the invoice date are eligible to receive a 2% discount, in accordance with the Parks Regulations.
- 10.0 The Lessee may be eligible for a reduction in lease fees of up to 50%, in accordance with the procedures of the Capital Investment Program of the Capital and Lease Incentive Program (CLIP), as long as the program remains in effect.
- 11.0 The ministry may enter into an arrears payment agreement with any lessee who has had outstanding lease fee arrears for more than 12 months.
- 12.0 The ministry reserves the right to request audited financial statements when deemed necessary.