Agenda – Executive Policy Committee – July 19, 2006

Report - Standing Policy Committee on Property and Development – July 4, 2006

Item No. 20 Lease Renewals - Dynasty Building, 180 King Street
File FI-2.3(34)

STANDING COMMITTEE RECOMMENDATION:

On July 4, 2006, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submits the following to Council:

1. That the lease renewals for the 4th and 5th Floors of 180 King Street be approved in accordance with the terms and conditions contained in Schedule "A" to the report from the Director of Planning, Property and Development dated June 19, 2006, incorporating such other terms and conditions deemed necessary by the City Solicitor/Manager of Legal Services in order to fulfill the intent of Council.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Executive Policy Committee – July 19, 2006

Report - Standing Policy Committee on Property and Development – July 4, 2006

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On July 4, 2006, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

RE: Proposed Lease Renewals, Dynasty Building, 180 King St.

FOR SUBMISSION TO: Standing Policy Committee on Property and Development

ORIGINAL REPORT SIGNED BY: Director of Planning, Property and Development

REPORT DATE: June 19, 2006

RECOMMENDATION:
That the proposed lease renewals for the 4th floor and 5th floor of 180 King Street be approved in accordance with the terms and conditions as contained in Schedule "A" incorporating such other terms and conditions deemed necessary by the City Solicitor in order to fulfill the intent of Council.

Report Summary

Key Issues:

- All of the 4th floor and 5th floor leases at 180 King Street expire December 31, 2006 totaling 15,649 square feet.
- The Human Resource Development Division of the Corporate Services Department has continued need for the space.

Implications of the Recommendation(s):

General Implications

(x) None
( ) For the organization overall and/or for other departments
( ) For the community and/or organizations external to the City
( ) Involves a multi-year contract

Comment(s):

Policy Implications

(x) No
( ) Yes

Comment(s):

Regulatory Implications

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(x) No

( ) Yes

Comment(s):

Human Resources Implications

(x) No

( ) Yes

Comment(s):

Financial Implications

(x) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):

Report

REASON FOR THE REPORT:

Council shall approve proposed leases where the term is greater than 10 years or the net cost to the City over the proposed term is greater than $1,000,000.

HISTORY:

There are currently 5 leases on the 4th floor and 5th floor of 180 King St. all occupied by the Human Resource Development Division of the Corporate Services Department described as follows:

At its meeting held March 3, 1998, the Standing Policy Committee on Property and Development approved the following lease renewals:

> Lease #1 – Unit 400, 4th floor 10,748 square feet(entire floor). A 10 year lease renewal to expire December 31, 2006.
>
> Lease #2 – Unit 507, 5th floor. 195 square feet. A 9 year 11.5 month lease renewal to expire December 31, 2006.
>
> Lease #3 – Unit 500, 5th floor. 2,430 square feet. A 5 year lease renewal to expire December 31, 2001.

At its meeting held July 5, 2001, the Standing Policy Committee on Property and Development approved the following leases or renewals:

> Lease #3 – Unit 500, 5th floor. 2,430 square feet. A 5 year lease renewal to expire December 31, 2006.
>
> Lease #4 – Unit 502, 5th floor. 1,281 square feet. A 5 year lease for the E-Learning center to expire December 31, 2006.

At its meeting held November 21, 2002, the Standing Policy Committee on Property and Development approved the following lease:

> Lease #5 – Unit 518, 5th floor. 995 square feet. A 3 year 11 month lease for expansion of the existing 5th floor leases, to expire December 31, 2006.

DISCUSSION:

Corporate Services has confirmed a continued need for the existing space in the Dynasty Building at 180 King St. The current average rent for the space to be renewed is $8.55 per square foot or $133,726 per annum plus GST. The proposed lease renewal term is 10 years at an $8.00 per square foot rate for the first 5 years and $9.00 per square foot for the second 5 years. This results in a reduction of $8,534 per annum for the first 5 years and an increase of $7,115 per annum over the current figures for the second 5 years.

There is currently no alternative civic space available for this use, close to City Hall. In addition, all tenant improvements at the Dynasty are paid for and in good condition.

The E- Learning Centre is Lease #4 of these lease renewals contained herein. Funding for this space is included in the CUPE agreement with the City of Winnipeg. This lease renewal has a termination clause of 6 months, should it be required.

All terms and conditions are contained on the attached Schedule “A”

Financial Impact Statement

Date: June 14, 2006

Project Name:

Proposed Lease Renewals, Dynasty Building, 180 King Street

First Year of Program **2007**

	2007	2008	2009	2010	2011-2016
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 125,192	$ 125,192	$ 125,192	$ 125,192	$ 829,397
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 125,192	$ 125,192	$ 125,192	$ 125,192	$ 829,397
Less: Existing Budget Amounts	125,192	125,192	125,192	125,192	829,397
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

"Original signed by"
Mike McGinn, CA
Manager of Finance

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Corporate Services Department

External Consultation With:

N/A

THIS REPORT SUBMITTED BY:

Department: Planning Property and Development
Division Civic Accommodations
Prepared by: Darryl Pratt, Leasing Officer.
PPD File No. CAD2006-0016

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Schedule "A"

1.	Address:	180 King St.
2.	Tenant:	City of Winnipeg – Corporate Services Department
3.	Landlord:	Dynasty Building Ltd.
4	Space Description	Office Space located on the 4th and 5th floor.
5.	Rentable Area, City of Winnipeg	Lease #1 Unit 400 10,748 square feet Lease #2 Unit 507 195 square feet Lease #3 Unit 500 2,430 square feet Lease #4 Unit 502 1,281 square feet Lease #5 Unit 518 995 square feet Total 15,649 square feet
6.	Total Rentable Area Building	Approximately 43,879 square feet.
7.	Rental Rate	Year 1-5 $8.00 per square foot Year 6-10 $9.00 per square foot
8.	Common Area Charges	Tenant responsibility
9.	Taxes	Tenant responsibility
10.	Parking	None included
11	Term	10 years from January 1, 2007 to December 31, 2016
12.	Termination Clause	6 month termination clause within the E-Learning Lease #4