Agenda - Executive Policy Committee - November 29, 2006

Report - Standing Policy Committee on Property and Development - November 14, 2006

Item No. 9 Lease Agreement - Thorarinson Investments Inc. - Adjacent to 271 Wellington Crescent
File FI-2.2(32)

STANDING COMMITTEE RECOMMENDATION:

On November 14, 2006, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submits the following to Council:

1. That the terms and conditions for an annual continuing lease agreement with Thorarinson Investments Inc., as outlined in the report from the Director of Planning, Property and Development dated September 29, 2006, be approved.

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

Pursuant to Section 205(2) of The City of Winnipeg Charter, disposal of land owned or acquired by the City for park or cemetery purposes requires approval by two-thirds of all Members of Council.

Agenda - Executive Policy Committee - November 29, 2006

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DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 14, 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: Proposal to Enter into a Lease Agreement with Thorarinson Investments Inc. for the use of City-owned Lands Situated Adjacent to 271 Wellington Crescent
City Centre Community
Fort Rouge Ward – East Fort Garry Ward

FOR SUBMISSION TO: Standing Policy Committee on Property and Development

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

REPORT DATE: September 29, 2006

RECOMMENDATION:

1. That the proposed terms and conditions for annual continuing lease agreement with Thorarinson Investments Inc., as referenced herein, be approved.

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

Report Summary

Key Issues:

- Thorarinson Investments Inc., the owner of the apartment building located at 271 Wellington Crescent, has been leasing the adjoining City-owned lands, for parking purposes, since 1956.

- The Planning, Property and Development Department has reviewed the existing and now expired lease agreement, and determined that the terms and conditions of lease were not reflective of market rent and current use.

- The Department formulated new lease terms and conditions, which include a market rent, the requirement to pay realty taxes and reduced lease area (the Tenant only using 19 stalls versus 22 stalls).

- By signing the letter dated August 16, 2006, Thorarinson Investments Inc. agreed to the new proposed lease terms and conditions.

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:

As the subject property is utilized for parks purposes, the proposed lease will require the approval of at least two-thirds of the members of Council pursuant to Section 205(2) of the City of Winnipeg Charter.

HISTORY:

Thorarinson Investments Inc. has leased the subject City-owned property since 1956.

At its meeting held on September 28, 1982, the Committee on Finance and Administration approved the proposed terms and conditions for a new lease agreement.

At its meeting held on July 30, 1986, the Committee on Finance and Administration approved a Review of Rental Report.

At its meeting held on November 15, 1989, the Committee on Finance and Administration approved a Review of Rental Report.

By letter dated August 16, 2006, the Planning, Property and Development Department proposed new lease terms and conditions.

DISCUSSION:

The subject City-owned riverbank property is situated east of 271 Wellington Crescent and adjacent to the Hugo Street riverbank park as referenced on the attached Misc. Plan 12972. The property is improved with a graveled parking lot for use by Tenants located at 271 Wellington Crescent.

Thorarinson Investments Inc. has been leasing the subject property since 1956 and wishes to continue leasing same for parking purposes.

The Planning, Property and Development Department initiated a review of the annual continuing lease with Thorarinson Investments Inc. and determined the following:

- the current rental rate of $2,300.00 per annum, was not reflective of market rent;
- the City was obligated to pay the annual realty taxes of $2,032.00 from the current rental proceeds;
- the Tenant is only using 19 parking stalls versus 22 stalls; and,
- the existing lease terms and conditions were not reflective of current leasing terminology.

To address these issues, the Planning, Property and Development Department formulated proposed terms and conditions for a new lease agreement as follows:

Owner:	City
Tenant:	Thorarinson Investments Inc.
Leased Lands:	East of 271 Wellington Crescent
Use:	Vehicle parking (19) stalls
Term:	Annual continuing commencing September 1, 2006
Area:	See attached Misc. Plan 12972
Rent:	$5,700 per annum plus realty taxes ($25.00/stall/month)
Realty Taxes:	$2,032.00 (Tenant) – subject to revision to show reduced leased area from +/- 5500 sq.ft. to +/-5274 sq.ft.
Cancellation:	Upon (30) days written notice by either party
Insurance:	Property and Liability insurance requirements have been updated by Risk Management Branch staff as deemed appropriate to cover the scope, terms and conditions of the agreement.
Tenant Resp:	To pay all operating costs, to maintain the Leased Lands and keep in a neat and tidy condition and free of ruts and holes, to the satisfaction of the Director of Pubic Works, no removal or alteration of any trees or shrubs, no assignment without written consent, no sub-letting without approval of landlord, no leasehold improvements without approval of the Landlord and to provide MTS–Allstream with access to maintain installations within the leased lands.

Thorarinson Investments Inc. has reviewed, and is in agreement with the proposed terms and conditions for a lease agreement.

In addition, the Planning and Land Use Division has requested that the City's standard access clause be added to ensure that the park and dock maintenance equipment can use the parking lot access lane as a staging area during spring and fall cleanup.

Financial Impact Statement

Date: September 26, 2006

Project Name:

First Year of Program

Lease of City-owned Property located east of 271 Wellington Cres.

	2006	2007	2008	2009	2010
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	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	2,577	7,732	7,732	7,732	7,732
Net Cost/(Benefit)	$ (2,577)	$ (7,732)	$ (7,732)	$ (7,732)	$ (7,732)
Less: Existing Budget Amounts	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)
Net Budget Adjustment Required	$ (277)	$ (5,432)	$ (5,432)	$ (5,432)	$ (5,432)

Additional Comments: The proposed terms and conditions for a new lease agreement will result in a rent rate based on current market plus the recapture of realty taxes over the next five years, plus GST. The revenue amount for 2006 has been prorated to reflect the September 1 effective date. Existing budget amounts reflect revenue of $2,300, which has historically been collected in respect of this property.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services as to legal issues.

External Consultation With:

Thorarinson Investments Inc.

THIS REPORT SUBMITTED BY:

Department Planning, Property and Development
Division Real Estate
Prepared by: D. Armstrong
PPD File No. 32/440

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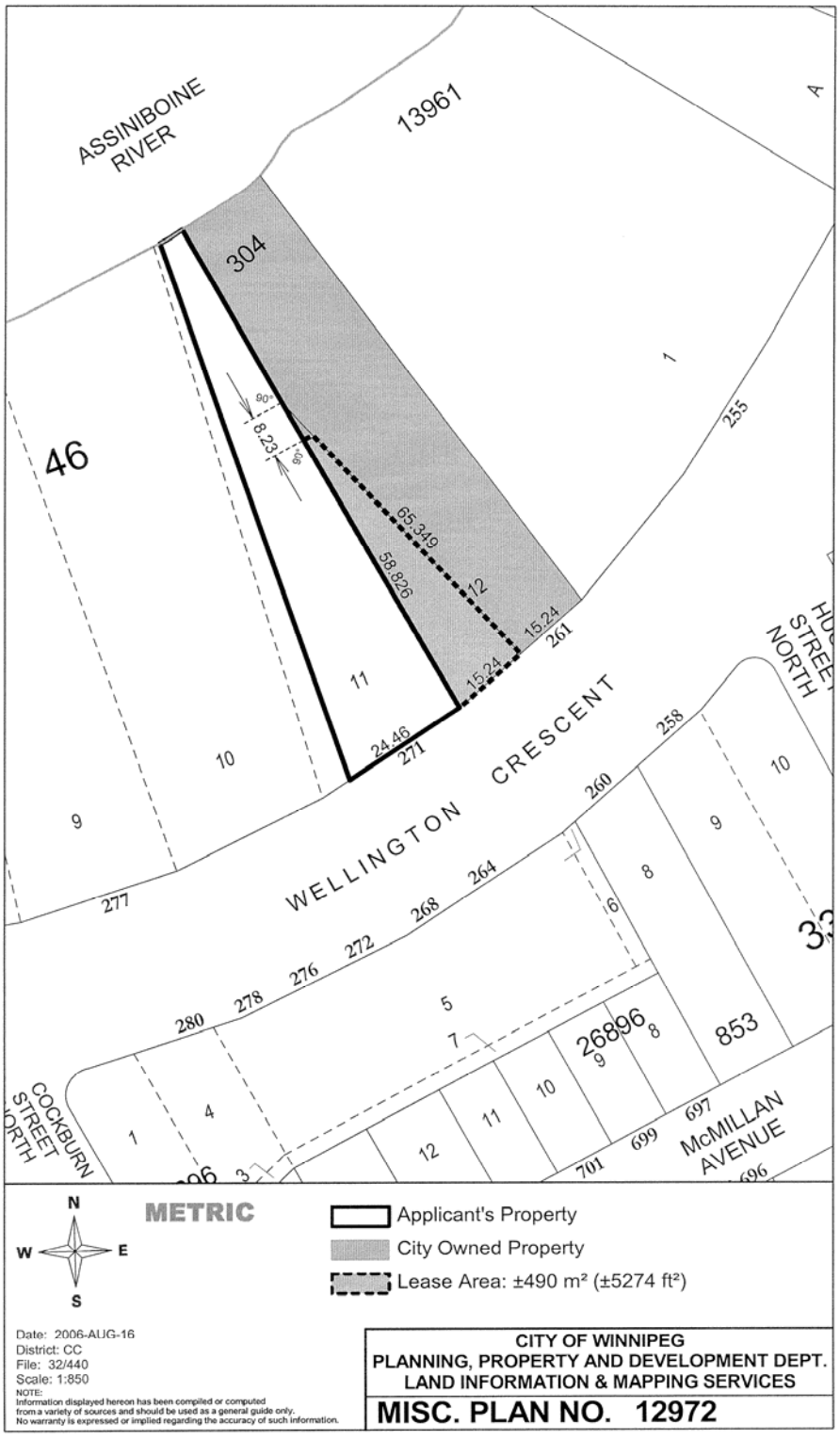
ASSINIBOINE RIVER
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65.349
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271
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277
WELLINGTON CRESCENT
258
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8
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5
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26896
853
COCKBURN STREET NORTH
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3
12
11
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9
8
697
699
701
McMILLAN AVENUE
N
W
E
S
METRIC
Applicant's Property
City Owned Property
Lease Area: ±490 m² (±5274 ft²)
Date: 2006-AUG-16
District: CC
File: 32/440
Scale: 1:850
NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 12972