**Minute No. 298**
**Report - Standing Policy Committee on Property and Development - February 26, 2008**

**Item No. 7** **Lease - 505 Ross Avenue - Freight House Early Learning and Care Inc.(Point Douglas Ward)**
**File FI-2.2(34)**

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That a Lease in favour of Freight House Early Learning and Care Inc. to use a portion of the City-owned building, shown as 'Midland Railway Freight Warehouse Building' on Misc. Plan No. 7922/3, be approved in accordance with the terms and conditions as outlined in the report from the Acting Director of Planning, Property and Development dated February 6, 2008; and any other terms and conditions as are deemed necessary by the Acting Director of Planning, Property and Development and by the City Solicitor/Manager of Legal Services to protect the City's interest.

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

**Report - Standing Policy Committee on Property and Development - February 26, 2008**

DECISION MAKING HISTORY:

Moved by Councillor Swandel,

That the recommendation of the Standing Policy Committee on Property and Development be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 12, 2008, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On February 26, 2008, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

**RE: Proposed Lease Agreement of City-Owned Building Located at 505 Ross Avenue - Freight House Early Learning and Care Inc.**

**Lord Selkirk-West Kildonan Community**
**Point Douglas Ward**

**FOR SUBMISSION TO:** Standing Policy Committee on Property and Development

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

**REPORT DATE:** February 6, 2008

**RECOMMENDATION:**

1. That a proposed Lease in favour of Freight House Early Learning and Care Inc. to use a portion of the City-owned building, shown as 'Midland Railway Freight Warehouse Building' on Misc. Plan No. 7922/3 attached, be approved in accordance with the terms and conditions as outlined herein; and any other terms and conditions as are deemed necessary by the Director, Planning, Property and Development Department and by the City Solicitor/Manager of Legal Services to protect the City's interest.

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

## Report Summary

Key Issues:

- Freight House Early Learning and Care Inc. have been occupying the City-owned building since October 1999, for daycare purposes, shown as 'Midland Railway Freight Warehouse Building' on the attached Misc. Plan No. 7922/3.
- The Planning, Property and Development Department circulated the request for a new lease and determined that the Community Services Department and Public Works Department have no objection to entering into a new lease with Freight House Early Learning and Care Inc. for a ten (10) year term with one five (5) year renewal period.
- The Corporate Finance Department (Risk Management Branch) reviewed the insurance requirements for this proposed occupancy and their comments have been incorporated into the proposed terms and conditions for a new lease.
- The Planning, Property and Development Department have reviewed the subject request, negotiated appropriate terms and conditions for a new lease and are supportive of the subject request.

**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):

- The continued use of the City-owned building at 505 Ross Avenue for daycare purposes is supported by the Community and Public Service.

Policy Implications

(x ) No

( ) Yes

Regulatory Implications

( x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Environmental Implications

(x ) No

( ) Yes

Human Resources Implications

(x ) No

( ) Yes

## Financial Implications

(x ) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

## Report

**REASON FOR THE REPORT:**

In accordance with the Council Order of July 18, 1979, the Standing Policy Committee on Property and Development shall authorize the leasing or rental of City properties for which the Director of Planning, Property and Development Department has no authority. In this regard, the Department has negotiated a proposed lease in favour Freight House Early Learning and Care Inc. for use of the City-owned property shown as 'Midland Railway Freight Warehouse Building' on Misc. Plan No.7922/3, as attached.

This report seeks Committee's approval of the lease as negotiated.

**HISTORY:**

On May 25, 1988, Council adopted a new schedule of charges for daycare centres located in the then Parks and Recreation Department owned and operated facilities. The schedule dictated that daycare centres would be charged $1.00 per annum plus an amount equivalent to taxes, including local improvements. As well, daycares are responsible for all utilities and operating costs. Operating costs were defined as those activities done on a daily or routine basis to provide a clean, safe, efficient and aesthetically pleasing environment. Daycares were to maintain the premises in accordance with City of Winnipeg standards. The replacement of mechanical components and the replacement /repair of structural components of the building were the responsibility of the City.

The particulars of the subject property are as follows:

| | |
|---|---|
| Owner: | City of Winnipeg |
| Location: | 505 Ross Avenue |
| Legal Description: | Lot 1/34 Plan 103, Pt Block 14 Plan 116, Exc Rd Pl 17377 Block 15, 16, 17, 18 Block 19 Plan 231 Block 20 |
| Certificate of Title: | C7427, C28618, C28619, C28620, C28626 |
| Realty Roll No.: | 13071575300 |
| Site Size: | See attached Misc. Plan No. 7922/3 |

Representatives of the then Parks and Recreation Department negotiated with representatives of the Freight House Day Nursery Inc. for terms and conditions to be incorporated into a lease agreement.

At its meeting held on October 18, 1989, Council approved a lease agreement for a portion of 505 Ross Avenue to the Freight House Day Nursery Inc. in accordance with the terms and conditions outlined herein:

| | |
|---|---|
| Term: | One-Five (5) year term, commencing January 1, 1990 expiring December 31, 1994 |
| Renewal Option: | One-Five (5) year term |
| Purpose: | Operation of a daycare |
| Leased Lands: | City-owned building located at 505 Ross Avenue as shown on the attached Misc. Plan No. 7922/3 |
| Rate: | $1.00 per annum plus an amount equivalent to taxes, including local improvements |
| Operating Expenses/ Utilities: | Paid by Tenant |
| Maintenance: | Operating costs are the sole responsibility of the tenant and are defined as those activities done on daily or routine basis to provide a clean, safe efficient and aesthetically pleasing environment and to maintain the building in accordance with City of Winnipeg standards. Replacement of mechanical components and the replacement or repair of structural components of the building (e.g. exterior walls, roof, foundation), are the responsibility of the City. |

The additional rental for a portion of 505 Ross Avenue, chargeable to the Freight House Day Nursery, was calculated to be $396.00 monthly. The proposed terms and conditions for the lease included a clause indicating that the Day Nursery agreed to pay rental charges in accordance with the City's Fees and Charges as same may be from time to time.

**DISCUSSION:**

Freight House Early Learning and Care Inc. (formerly known as Freight House Day Nursery, hereinafter referred to as the "Tenant") have been occupying a portion of the City-owned building located at 505 Ross Avenue since October 15, 1990, shown as 'Midland Railway Freight Warehouse Building' on the attached Misc. Plan No. 7922/3. The Tenant is considered to be in good standing and has provided a valid certificate of insurance, a fire inspection certificate, a valid provincial daycare license and a current set of financial statements. The Tenant wishes to enter into a new ten (10) year lease agreement with one five (5) year renewal option.

The Planning, Property and Development Department circulated the lease request to the Public Works Department, the Community Services Department and the Risk

Management Branch to determine if the City should enter into a new Lease Agreement and to identify any leasing issues. There were no issues or concerns expressed by other Departments regarding the request to enter into a new lease.

The proposed terms and conditions of a new lease agreement with Freight House Early Learning and Care Inc., are as follows:

| | |
|---|---|
| Term: | Ten (10) year term commencing January 1, 2000 and expiring December 31, 2009 |
| Renewal Option: | One-Five (5) year renewal |
| Purpose: | Operation of a daycare |
| Leased Lands: | See attached Misc. Plan No. 7922/3 |
| Rent: | $1.00 per annum plus GST<br>$250.00 administrative fee per annum, plus applicable GST |
| Realty Taxes: | Exempt under the Manitoba Municipal Assessment Act - Daycares |
| Additional Rent: | Tenant to pay City for its proportionate share of its operating expenses and utilities |
| Maintenance: | Operating costs are the sole responsibility of the tenant and those activities done on a daily or routine basis to provide a clean, safe, efficient and aesthetically pleasing environment and to maintain the building in accordance with the City of Winnipeg standards.<br>The City is responsible for the replacement of the capital cost items including structural, mechanical, plumbing and electrical or any other common building components that may affect other tenants of the building |
| Insurance: | Property and Liability insurance requirements have been updated by the Risk Management Branch as deemed appropriate to cover the scope, terms and conditions of the agreement |
| Cancellation: | 180 days by either party |
| Special Conditions: | Tenant is required to provide copies of a current daycare license, fire inspection report and financial statement |

A proposed Lease Agreement with the Freight House Early Learning and Care Inc. for use of the City-owned building located at 505 Ross Avenue is recommended for approval in accordance with the proposed terms and conditions as outlined herein.

## Financial Impact Statement

**Date:** February 4, 2008

**Project Name:** **First Year of Program** **2008**

Proposed Lease Agreement of City-Owned Building Located at 505 Ross Avenue - Freight House Early Learning and Care Inc.

| | 2008 | 2009 | 2010 | 2011 | 2012 to 2014 |
|---|---|---|---|---|---|
| **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 | 251 | 251 | 251 | 251 | 753 |
| Net Cost/(Benefit) | $ (251) | $ (251) | $ (251) | $ (251) | $ (753) |
| Less: Existing Budget Amounts | (251) | (251) | (251) | (251) | (753) |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Revenue consists of the nominal $1/annum rent + $250 per annum lease admin fee. It is assumed that the 5-year renewal will be exercised (i.e. extending the lease term to December 31, 2014).

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

**IN PREPARING THIS REPORT THERE WAS:**

**Internal Consultation With and Concurrence By:**
Community Services Division
Public Works Department
Corporate Finance

**External Consultation With:**

N/A

**THIS REPORT SUBMITTED BY:**

Department Planning, Property and Development
Division Real Estate Division
Prepared by: Maxine Clayton
PPD File No. 1048/3

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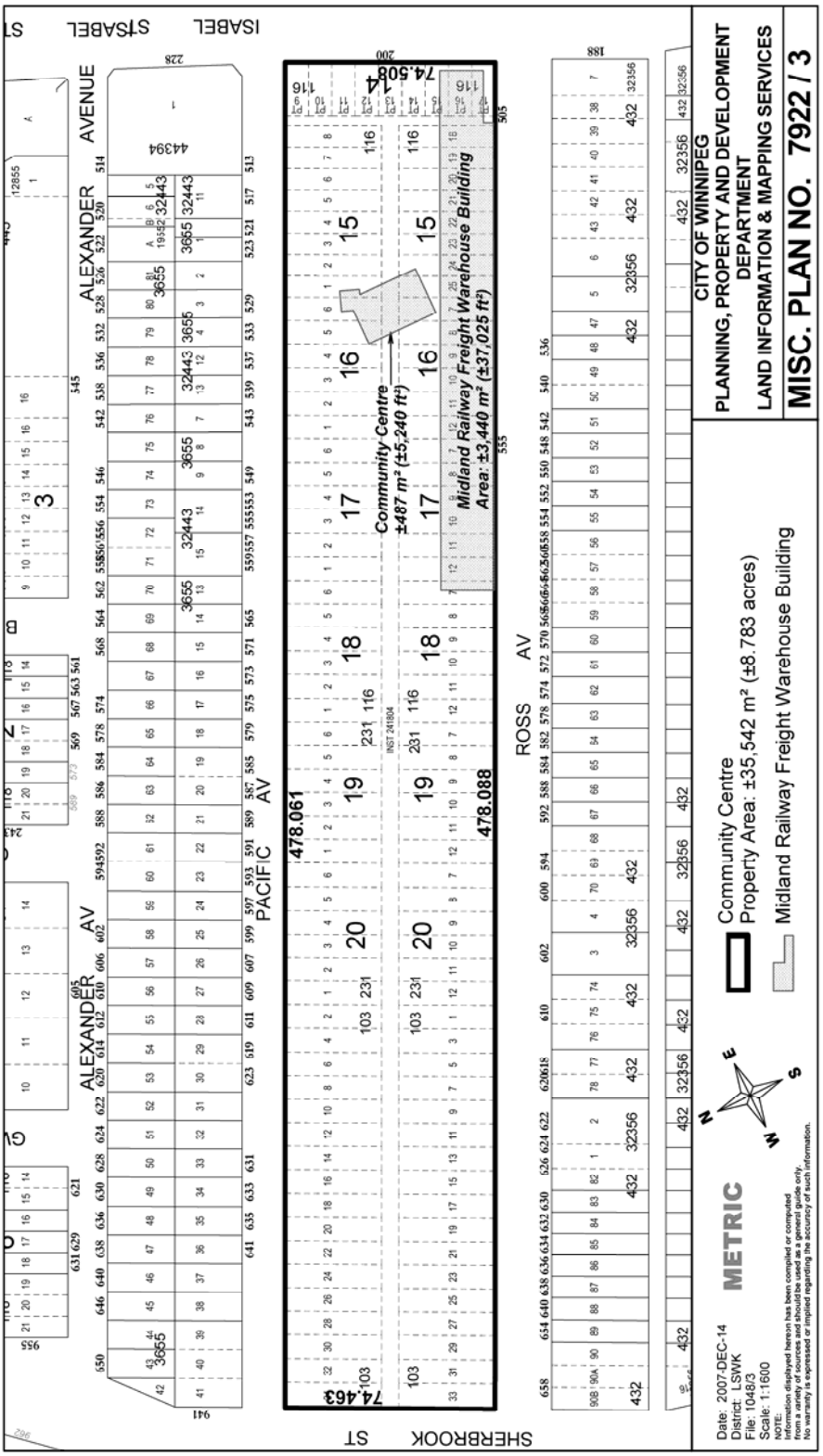
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 7922 / 3
Community Centre
Property Area: ±35,542 m² (±8.783 acres)
Midland Railway Freight Warehouse Building
Community Centre
±487 m² (±5,240 ft²)
Midland Railway Freight Warehouse Building
Area: ±3,440 m² (±37,025 ft²)
ALEXANDER AVENUE
ALEXANDER AV
PACIFIC AV
ROSS AV
SHERBROOK ST
ISABEL ST
METRIC
Date: 2007-DEC-14
District: LSWK
File: 1048/3
Scale: 1:1600