Agenda - Executive Policy Committee - July 9, 2008

Report - Standing Policy Committee on Property and Development - June 24, 2008

Item No. 29 Lease Renewal - Henderson Library - 1050 Henderson Highway (North Kildonan Ward) File FI-2.3(33)

STANDING COMMITTEE RECOMMENDATION:

On June 24, 2008, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the lease renewal for Henderson Library, 1050 Henderson Highway, be approved in accordance with the terms and conditions as contained in Schedule "A" to the report from the Director of Planning, Property and Development dated June 18, 2008, 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 9, 2008

Report - Standing Policy Committee on Property and Development - June 24, 2008

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On June 24, 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 Renewal Henderson Library – 1050 Henderson Hwy.

FOR SUBMISSION TO: Standing Policy Committee on Property and Development

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

REPORT DATE: June 18, 2008

RECOMMENDATION:

That the proposed lease renewal for Henderson Library, 1050 Henderson Highway 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:

- The current lease at 1050 Henderson expired May 31, 2008.
- Library Services wish to renew at this location.

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

( ) Within approved current and/or capital budget

(x) Current and/or capital budget adjustment required

Comment(s):

The lease renewal is effective June 1, 2008, thereby requiring $15,829 in 2008. The Community Services Department will offset the incremental civic accommodations cost through expenditure reductions in other areas. The requirement for increased funding from 2009 onward will be included in the Department's 2009 to 2011 operating budget submission. Note that the annualized increase from 2009 through 2013 will be $27,135 and $45,225 from 2014 through 2018.

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Report

REASON FOR THE REPORT:

Pursuant to By-Law No. 7100/97, the Standing Policy Committee on Property and Development has been delegated authority to approve leases and lease renewals of ten years or less that are less than $1 million net rent over the lease term.

If a lease is more than 10 years or if its net cost to the City, excluding operating costs and tenant improvements, is greater than one million dollars over the lease term, the lease shall be submitted for review by Council.

Therefore, this lease renewal requires Council approval.

HISTORY:

The City of Winnipeg, Henderson Library has been located in the Rossmere Shopping Centre at the South West corner of Henderson Highway and Rowandale Avenue – at 1050 Henderson Highway since 1961. In 2003 the lease was renewed for a 5 year term, which expired May 31, 2008.

DISCUSSION:

After lengthy negotiations the landlord has agreed to a renewal of the existing lease for a 10 year term. The landlord has also agreed to supply and install the carpeting and paint the interior of the library, at no cost to the tenant. The terms and conditions of the proposed lease are outlined on the attached Schedule “A”.

The lease was renewed in 2003 for $12.50 per square foot. The proposed lease renewal is $14.75 per square foot, which is an increase of $2.25 per square foot or $27,135.00 per annum.

Financial Impact Statement

Date: June 12, 2008

Project Name:

Proposed Lease Renewal Henderson Library – 1050 Henderson Hwy.

First Year of Program **2008**

	2008	2009	2010	2011	2012
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	$ 153,011	$ 263,360	$ 265,169	$ 266,978	$ 268,787
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 153,011	$ 263,360	$ 265,169	$ 266,978	$ 268,787
Less: Existing Budget Amounts	153,011	236,225	238,034	239,843	241,652
Net Budget Adjustment Required	$ -	$ 27,135	$ 27,135	$ 27,135	$ 27,135

Additional Comments: The lease renewal is effective June 1, 2008. The required $15,829 in 2008 will be offset by expenditure reductions in other areas. A net tax-supported budget adjustment will be required from 2009 onward. The request for additional mill rate support will be included in the Community Services Department's 2009 to 2011 operating budget submission. Note that there is an annualized increase of $27,135 in 2009 through 2013 and an annualized increase of $45,225 in 2014 through 2018.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Community Services Department

External Consultation With:
N/A

THIS REPORT SUBMITTED BY:

Department: Planning, Property and Development
Division Civic Accommodations
Prepared by: Sandi Caputo, CLO
PPD File No. CAD #2008-024

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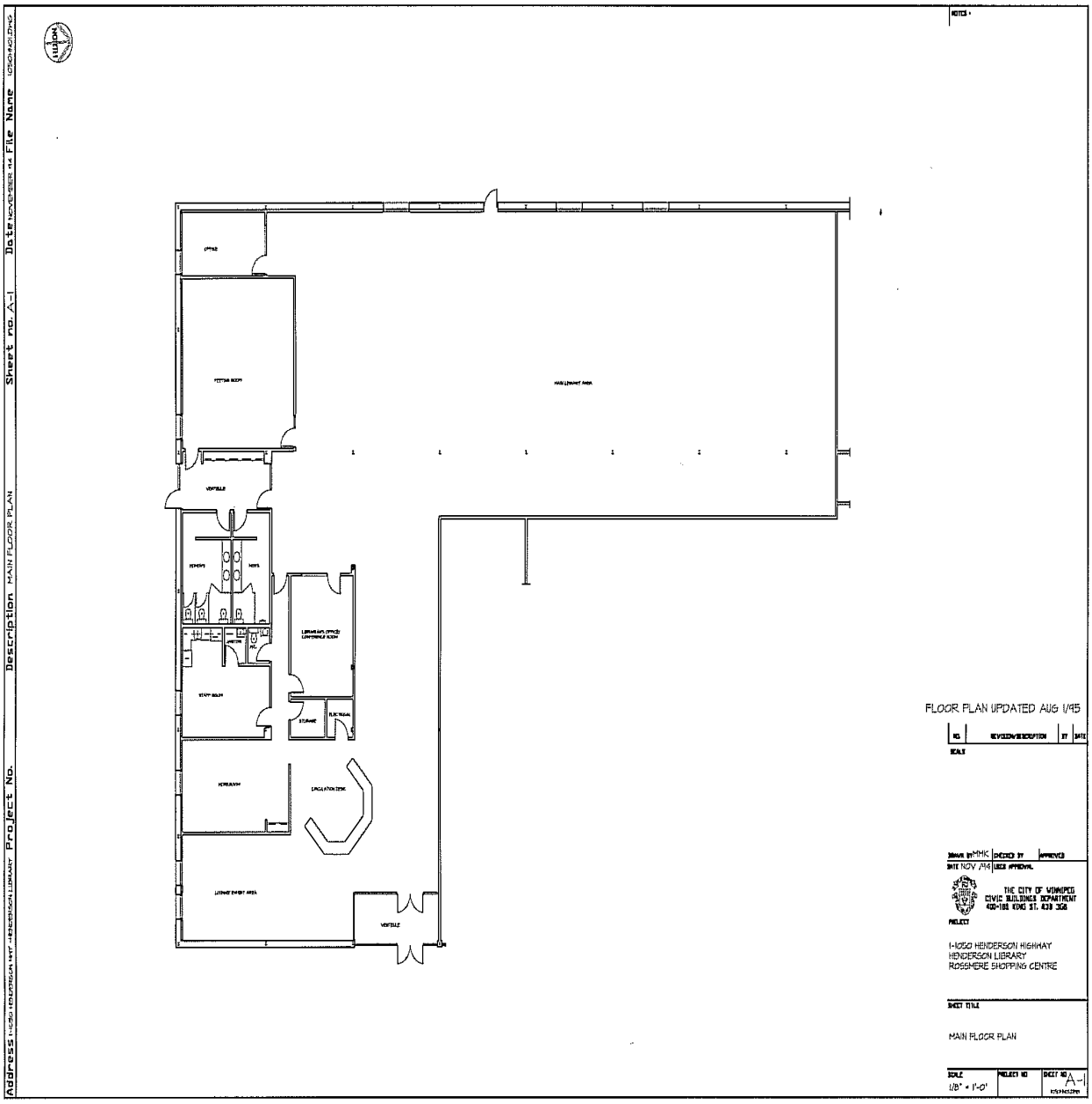
SCHEDULE 'A' – HENDERSON LIBRARY – 1050 HENDERSON HIGHWAY

The proposed terms and conditions of the lease are as follows:

Location:	1050 Henderson Highway, Winnipeg, Manitoba
Lessor:	Rossmere Shopping Centre Ltd.
Lessee:	The City of Winnipeg
Area:	12,060 square feet
Term:	10 year term, June 1, 2008 – May 31, 2018
Net Rent:	Year 1-5 $14.75 per square foot/$14,873.25 per month/ $177,885.00 per annum plus applicable GST Year 6-10 $16.25 per square foot/$16,331.25 per month/ $195,975.00 per annum plus applicable GST
Operating Costs	The City is responsible for all operating costs, including realty taxes estimated at $6.56 per square foot or $79,115.00 per annum
Tenant Improvements:	The landlord to supply and install new carpeting and paint the library throughout, at no cost to the tenant. All other terms and conditions to remain the same. Sketch Plan attached as Schedule "B".

SCHEDULE "B"



Address 1-1050 HENDERSON HWY HENDERSON LIBRARY Project No.
Description MAIN FLOOR PLAN
Sheet no. A-1
Date NOVEMBER 94 File Name
FLOOR PLAN UPDATED AUG 1/95
NO. REVISION/DESCRIPTION BY DATE
SCALE
DRAWN BY MMK CHECKED BY APPROVED
DATE NOV /94 USER APPROVAL
THE CITY OF WINNIPEG
CIVIC BUILDINGS DEPARTMENT
400-185 KING ST. R3B 3G8
PROJECT
1-1050 HENDERSON HIGHWAY
HENDERSON LIBRARY
ROSSMERE SHOPPING CENTRE
SHEET TITLE
MAIN FLOOR PLAN
SCALE 1/8" = 1'-0"
PROJECT NO
SHEET NO A-1