Minutes - Executive Policy Committee - November 12, 2008

Minute No. 15
Report - Standing Policy Committee on Downtown Development - October 27, 2008

Item No. 2 **Lease Renewals - Fort Garry Place - Garry Street and Assiniboine Avenue**
(Fort Rouge - East Fort Garry Ward)
eFile FI-2.3(32)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development and submits the following to Council:

1. That the lease renewal for the Planning, Property and Development Department and the License Branch of the Community Services Department, located within Fort Garry Place, 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 October 14, 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.

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DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

That the recommendation of the Standing Policy Committee on Downtown Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On October 27, 2008, the Standing Policy Committee on Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

RE: LEASE RENEWALS – FT. GARRY PLACE – GARRY & ASSINIBOINE

FOR SUBMISSION TO: SPC ON DOWNTOWN DEVELOPMENT

ORIGINAL REPORT SIGNED BY: DIRECTOR, PLANNING, PROPERTY AND DEVELOPMENT

REPORT DATE: OCTOBER 14, 2008

RECOMMENDATION:

That the lease renewal for the Planning, Property and Development Department and the License Branch of the Community Services Department, located within Fort Garry Place, 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 existing leases within Fort Garry Place expire on November 30, 2008.
- The Landlord has agreed to renew for a 5-year term at the existing lease rate, incorporating a one year termination clause.
- Unit 61-30 Fort Street lease has been terminated as space is no longer required.

Implications of the Recommendation(s):

General Implications

( ) None

( ) For the organization overall and/or for other departments

( ) For the community and/or organizations external to the City

(X) Involves a multi-year contract

Comment(s): • 5 year lease renewal

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:
Pursuant to By-Law No. 7100/97 and existing delegated authority, the Standing Policy Committee on Property and Development has the authority to approve new leases and lease renewals of less than ten (10) years and/or less than One Million Dollars net rent over the term of the lease.

On March 24, 2004, Council established the Standing Policy Committee on Downtown Development. The new Standing Policy Committee has jurisdiction over matters related to asset management, development control, land acquisition, land development and planning and land use in the area defined as Downtown.

HISTORY:
The Standing Policy Committee on Property and Development at its meeting held February 3, 2000, approved the lease renewals for a 3 year term, for the Planning, Property and Development Department and the License Branch of Community Services Department.

Council at it's meeting June 27, 2002 approved the renewal for a 5 year term, for approximately 69,715 square feet expiring November 30, 2008.

On March 17, 2003 the Standing Policy Committee on Property and Development approved the lease, which also expires on November 30, 2008, of 5,103 square feet to accommodate the customer service improvements and new positions identified in the Council approved Integrated Planning Model report and the Planning, Property and Development, Office of the Director Organizational Review.

DISCUSSION:
The existing leases are due to expire November 30, 2008. The landlord has agreed to renew the leased space at the existing rate of $12.00 gross per square foot for office space and $10.00 gross per square foot for storage space, incorporating a one year cancellation clause.

The former Permits X-Press office lease will terminate at the end of November reducing the leased space by 485 square feet.

Development and Inspections Division currently lease 614 square feet in P2-65 Garry, for storage space. Following a water leak from the banquet facilities on the 5th floor, suitable replacement storage space was identified on the 3rd level of the parkade at 65 Garry St. This would result in a further reduction of 33 square feet, bringing the total reduction in Planning Property and Development Department space requirements to 518 square feet. Proposed lease terms are outlined in Schedule "A": A summary of lease sizes may be found in Schedule "B".

Financial Impact Statement

Date: October 6, 2008

Project Name:

RENEWALS – FT. GARRY PLACE – GARRY & ASSINIBOINE

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	$ 74,688	$ 896,258	$ 896,258	$ 896,258	$ 896,258
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 74,688	$ 896,258	$ 896,258	$ 896,258	$ 896,258
Less: Existing Budget Amounts	74,688	896,258	896,258	896,258	896,258
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs consist of the gross rent for approximately 74,200 square feet of office space and 580 square feet of storage space. The 2008 amount has been prorated to reflect a December 1 commencement date.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

External Consultation With:

THIS REPORT SUBMITTED BY:
Department Planning, Property and Development
Division Civic Accommodations Division
Prepared by: Sandi Caputo, CLO, CPM
PPD File No. 2008-0035

Schedule A
Terms and Conditions of the Fort Garry Place Lease Renewal

Landlord	60961 Manitoba Ltd.
Premises	Approximately 74,785 square feet
Lease Term	5 years from December 1, 2008 to November 30, 2013
Gross Rent	$12.00 per square foot for office space $10.00 per square foot for storage space
Termination Clause	The Tenant shall have the right to terminate any or all of the Leases upon one (1) year written notice to the landlord.

Schedule "B"
Leased Areas in Fort Garry Place

Lease No.	Address	Division	Square Feet	Gross Rent per Square Foot
41	2nd Floor 65 Garry	• Development and Inspections • Property & Information systems • Real Estate • Support Services	12,259	$12.00
42	Lobby 65 Garry	• Common to all Divisions	637	$12.00
44	4th floor 65 Garry	• Development and Inspections • Support Services	10,959	$12.00
45	Mezzanine 65 Garry	• Golf Services SOA	913	$12.00
46	3rd floor 65 Garry	• Civic Accommodations • Support Services • Office of the director	12,166	$12.00
48	Mezzanine-30 Fort	• Human Resources • Plan Examination	5,103	$12.00
75	31-30 Fort Street	• Development & Inspections	9,900	$12.00
76	18-30 Fort Street	• Community Services, License Branch	3,010	$12.00
77	15-30 Fort Street	• Planning and Land use	12, 276	$12.00
78	Main Floor 65 Garry	• Development & Inspections	3,391	$12.00
79	Mezzanine–65 Garry	• Development & Inspections • Property & Information systems • Civic Accommodations	3,590	$12.00
		Subtotal Office Space	**74,204**	**$890,448.00**
89	P3-65 Garry	• Development & Inspections Storage	581	$10.00
		Subtotal Storage Space	**581**	**$ 5,810.00**
		Totals	**74,785**	**$896,258.00**