Agenda - Executive Policy Committee - October 21, 2009

Report - Standing Policy Committee on Property and Development - October 8, 2009

Item No. 16 Lease Amendment - Louis Riel Library, 1168 Dakota Street - Southwood Enterprises Ltd.
(St. Norbert Ward)
eFile FI-2.3(35)

STANDING COMMITTEE RECOMMENDATION:

On October 8, 2009, 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 rental rates for the next five years of the existing 40 year lease, between the City of Winnipeg and the Southwood Enterprises Ltd. for the Louis Riel Library, as shown on Schedule "A", to the report of the Winnipeg Public Service dated September 25, 2009, be approved.

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 - October 8, 2009

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 8, 2009, 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.

ADMINISTRATIVE REPORT

ISSUE: **To seek Council approval for the Proposed Rent Increase for the Louis Riel Library located at 1168 Dakota Street, between the City of Winnipeg and Southwood Enterprises Ltd.**

Critical Path: **Standing Policy Committee on Property and Development, Executive Policy Committee, Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Klassen	D. Joshi	M. Ruta	G. Laubenstein

RECOMMENDATIONS

1. That the proposed rental rates for the next five years of the existing 40 year lease, between the City of Winnipeg and the Southwood Enterprises Ltd. for the Louis Riel Library, as shown on Schedule “A”, attached, be approved;

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

IMPLICATIONS OF THE RECOMMENDATIONS

Council Policy of April 1993 requires that leases of private property where the net cost to the City, excluding operating costs and tenant improvements, is greater than $1 Million over the term, the lease shall be subject to review by Council.

The Department has determined that there are no general, policy, regulatory, environmental or human resource implications to the lease of these lands as set out in the attached Schedule “A”.

The proposed rent adjustment will increase accommodation costs to the Community Services Department by $144,755.00 over the next 5 years.

HISTORY

The City of Winnipeg entered into a lease agreement with Southwood Enterprises Ltd. for a 40 year term, which commenced on June 1, 1989. The lease incorporates a Rent Review Period, the first of which occurs after the completion of the first 10 years, and every 5 years thereafter.

The landlord has not increased the rent since the City took possession of the subject property in 1989.

The lease rate is presently $13.19 per square foot. The parties negotiated an increase for the 5 year renewal of $14.50 per square foot for years one and two and $16.00 per square foot for years 3 – 5, as outlined in Schedule “A”, attached. The Department recommends acceptance of the proposed lease rates as outlined in Schedule “A” attached, as these rates reflect current market conditions.

FINANCIAL IMPACT

Financial Impact Statement **Date:** September 15, 2009

Project Name: **First Year of Program** **2009**

Proposed Rent Increase – 1168 Dakota Street – Louis Riel Library between the City of Winnipeg and Southwood Enterprises Ltd.

	2009	2010	2011	2012	2013
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	$ 110,804	$ 189,950	$ 201,413	$ 209,600	$ 209,600
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 110,804	$ 189,950	$ 201,413	$ 209,600	$ 209,600
Less: Existing Budget Amounts	110,804	172,789	172,789	172,789	172,789
Net Budget Adjustment Required	$ -	$ 17,161	$ 28,624	$ 36,811	$ 36,811

Additional Comments: Direct costs consist of lease payments as outlined in Schedule A. For 2009, both Direct Costs and Existing Budgets have been prorated to reflect the June 1, 2009 commencement date. All lease costs are charged to the operating budget of the Community Services Department. As a result of recently concluded renegotiations, there is a net shortfall in the 2010 through 2013 library operating budget that could not be anticipated in the 2010-2012 preliminary operating budget when it was originally submitted. In 2009, there is a net increase of $10,011 for seven months from June 1, 2009 that is proposed to be covered by a reduction in the transfer to the Library Services Division's Library IT Reserve Fund. An increased mill rate support adjustment is required for 2010 - 2013 to reflect the new lease.

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

CONSULTATION

In preparing this Report there was consultation with:

Community Services Department

SUBMITTED BY

Department	Planning, Property and Development
Division	Real Estate
Prepared by	Sandi Caputo, CPM®, CLO
Date:	September 25, 2009
File No.	o:\reports directive\real estate\(sc) 1168 Dakota rent review.doc

SCHEDULE 'A'
1168 DAKOTA STREET - LOUIS RIEL LIBRARY

Location: 1168 Dakota Street, Winnipeg, Manitoba

Lessor: Southwood Enterprises Ltd.

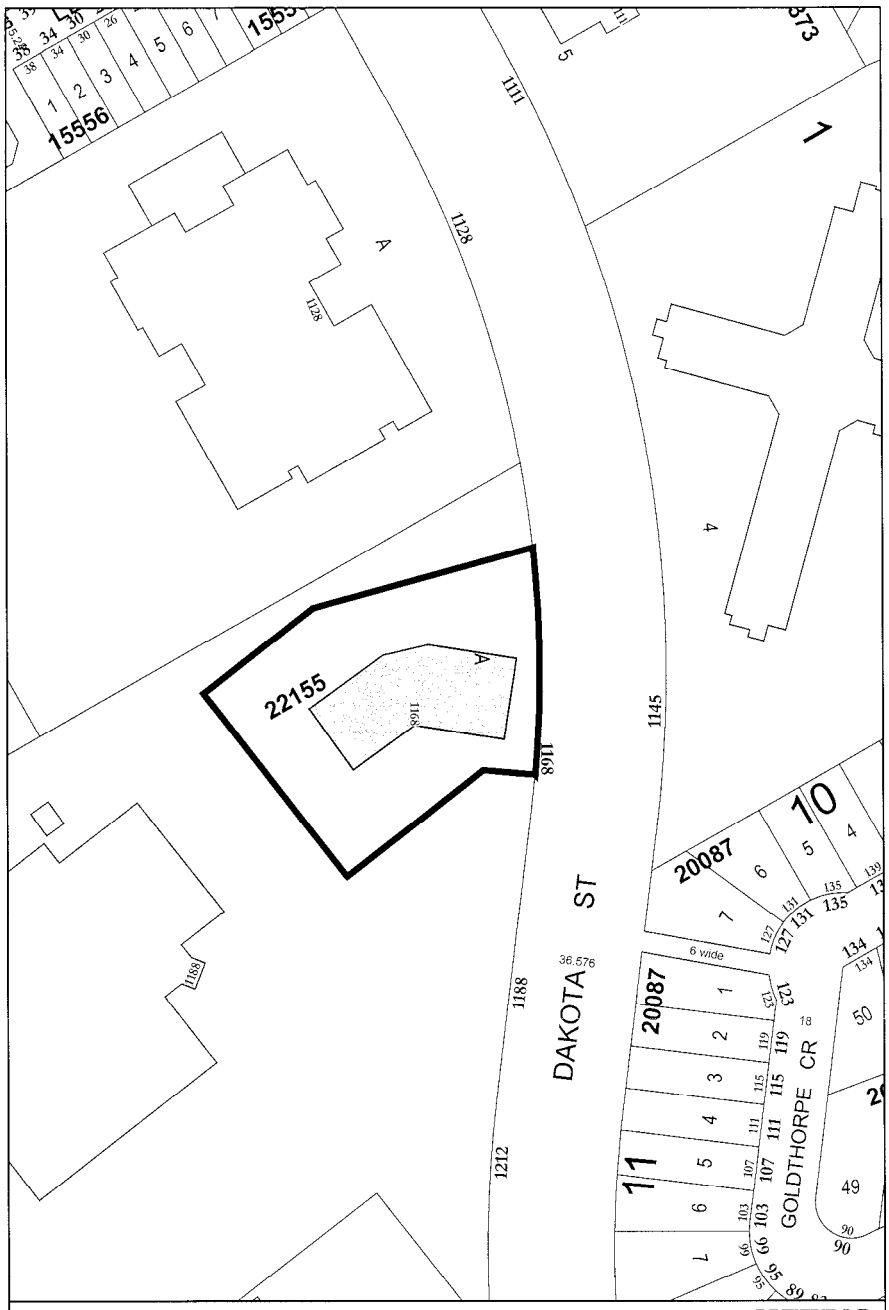
Lessee: The City of Winnipeg

Area: 13,100 square feet (approx)

Term: 5 year rent review term from June 1, 2009 – May 31, 2014
Lease Expires May 31, 2029

Net Rent: Years 1-2 $14.50 per square foot, $15,829.17 per month, $189,950.00 per annum, Plus GST

Years 3-5 $16.00 per square foot, $17,466.67 per month, $209,600.00 per annum, Plus GST



CITY PROPERTY

1168 DAKOTA STREET - LOUIS RIEL LIBRARY

Date: 2009-SEPT-09
District: RIEL
File: Not Available
Scale: 1:1400

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.

N W E S

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 13649