Agenda - Executive Policy Committee - November 18, 2009

Report - Standing Policy Committee on Property and Development - November 3, 2009

Item No. 8 Lease Amendment - Henderson Library - Unit 1, 1050 Henderson Highway
(North Kildonan Ward)
eFile FI-2.3(33)

STANDING COMMITTEE RECOMMENDATION:

On November 3, 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 amendments of the existing lease agreement for the Henderson Library be approved in accordance with the terms and conditions outlined in Schedule "A" to the report of the Winnipeg Public Service dated August 18, 2009, and 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, including the execution of any documents related thereto.

Report - Standing Policy Committee on Property and Development - November 3, 2009

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 3, 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: **Proposed Lease Amendment of the Existing Lease for the Henderson Library – Unit 1 - 1050 Henderson Highway.**

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	P. Sheegl Deputy CAO

Council approval is required as the proposed lease term is greater than 10 years and the gross value of the lease is over $1,000,000.

RECOMMENDATIONS

1. That the Standing Policy Committee on Property and Development recommend Council approve the proposed amendments of the existing lease agreement for the Henderson Library, in accordance with the terms and conditions outlined in Schedule “A” and incorporating such other terms and conditions deemed necessary by the A/City Solicitor 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.

IMPLICATIONS OF THE RECOMMENDATIONS

The Community Services Department has identified capital funding for the tenant improvements estimated to cost $450,000.00. The Landlord will, at its expense, paint and carpet the entire 18,060 square feet space, and will be responsible for all demolition.

HISTORY

The Henderson Library has been located at the Rossmere Shopping Centre, Unit 1 - 1050 Henderson Highway at Rowandale Avenue, since 1961.

In 2008 the lease of 12,060 sq. ft. was renewed for a 10 year term, expiring May 31, 2018, at a net rental rate of $14.75 per square foot for Years 1-5 and $16.25 per square foot for Years 6-10. The Landlord was to paint and carpet the library.

In the fall of 2008, approximately 4,000 sq. ft was vacated in the Rossmere Shopping Centre. The Landlord approached the City to expand the library into this space, along with approximately 2,000 sq. ft. of vacant space located in the north-west corner, at the rear of the library. The additional 6,000 sq. ft. will meet the Library's requirements to provide adequate services, collections and amenities necessary to meet the changing needs of its users.

The Henderson Library is one the busiest libraries in Winnipeg, second only to the Millennium Library. The existing facility is inadequate for the level of activity and area-wide role it plays in the community. The expansion will allow the library to meet the growing needs of the library patrons. The existing facility is geographically well situated, though difficult to see due to an "L-shaped" layout, with limited street front visibility. The expansion will provide an increased street front presence and an overall cohesive design.

The Landlord has requested a 20 year term for the 18,060 square feet, providing the 2,000 sq. ft. at the rear of the library at no charge until the end of the first term, being May 31, 2013. The lease rates over the term are outlined in the attached Schedule "A". The Landlord will carpet and paint the library, including the addition and be responsible for all demolition. The Landlord will also assume all costs to relocate the present tenant in order to accommodate the library addition.

FINANCIAL IMPACT

Financial Impact Statement **Date:** August 18, 2009

Project Name: **First Year of Program** **2010**

PROPOSED AMENDMENT TO THE EXISTING LEASE FOR HENDERSON LIBRARY – UNIT 1 - 1050 HENDERSON HIGHWAY

	2010	2011	2012	2013	2014 to 2029
Capital					
Capital Expenditures Required	$ 463,500	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	463,500	-	-	-	-
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	$ 355,359	$ 357,728	$ 360,145	$ 362,594	$ 7,517,974
Less: Incremental Revenue/Recovery	13,500	-	-	-	-
Net Cost/(Benefit)	$ 341,859	$ 357,728	$ 360,145	$ 362,594	$ 7,517,974
Less: Existing Budget Amounts	295,359	297,728	300,145	302,594	6,557,974
Net Budget Adjustment Required	$ 46,500	$ 60,000	$ 60,000	$ 60,000	$ 960,000

Additional Comments: Direct costs consist of lease payments as outlined in Schedule A+ estimated operating costs of $6.56 per square foot projected to increase by an annual rate of inflation of 2%, average of $7.97 per square foot over the term of the lease. The Community Services Department has identified capital funding (project 6214000108) for the tenant improvements estimated to cost $450,000.00. The incremental costs are $110,000 per year and are reduced to $60,000 annually by a decrease of $50,000 in the transfer to the Library Reserve. The remaining costs will be charged to the operating budget of the Community Services Department

original signed by Karen Ayotte
Acting Department Controller

SCHEDULE 'A' PROPOSED LEASE EXPANSION/ EXTENSION

– HENDERSON LIBRARY – UNIT 1 – 1050 HENDERSON HIGHWAY –

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

Location: Unit 1-1050 Henderson Highway, Winnipeg, Manitoba

Lessor: Rossmere Shopping Centre Ltd.

Lessee: The City of Winnipeg

Area: 18,060 square feet

Term: 20 year, January 1, 2010 – December 31, 2029

Net Rent: Possession to May 31, 2013 $14.75 per square foot/ $19,740.00 per month/ $236,885.00 per annum, plus applicable GST (2,000 sq. ft. rent free)

June 1, 2013 -May 31, 2018 $16.25 per square foot/ $24,456.25 per month/ $293,475.00 per annum, plus applicable GST

June 1, 2018 – May 31, 2023 $17.75 per square foot/ $26,713.75 per month/ $320,565.00 per annum, plus applicable GST

June 1, 2023 – December 31, 2029 $18.75 per square foot/ $28,218.75 per month/ $338,625.00 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 $118,473.60 per annum

Tenant Improvements:

The landlord to supply and install new carpeting and paint the library throughout, at no cost to the tenant. Landlord to relocate existing tenant and demolish interior partitions as required within the expansion area. All other terms and conditions to remain the same.

CONSULTATION

In preparing this Report there was consultation with:

- Community Services Department, Library Services Division

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate
Prepared by: Sandi Caputo, CPM® CLO – A/Leasing Officer
Date: August 18, 2009
File No. CAD2009-0024

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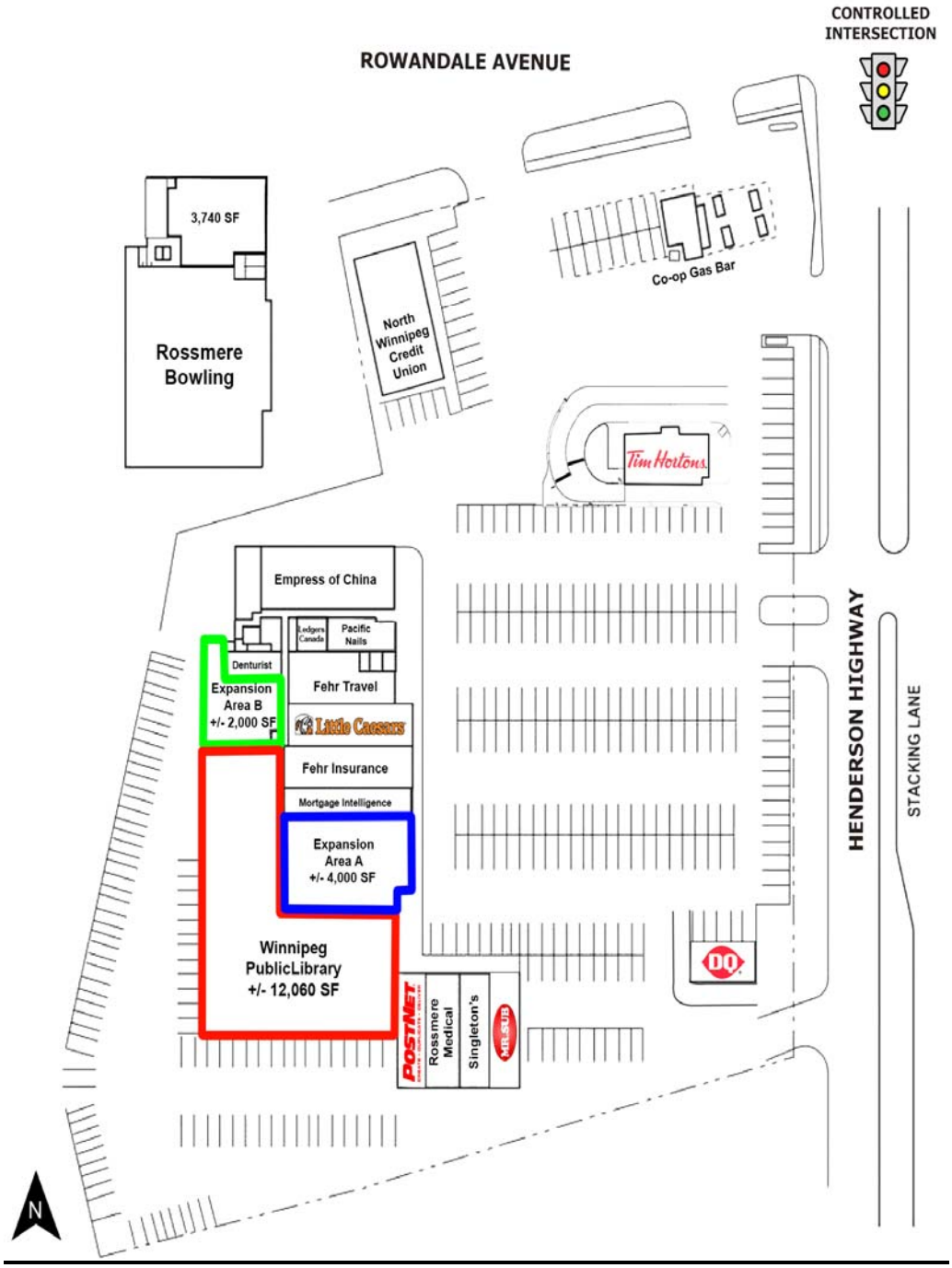
SCHEDULE “A”


CONTROLLED INTERSECTION
ROWANDALE AVENUE
3,740 SF
Rossmere Bowling
North Winnipeg Credit Union
Co-op Gas Bar
Tim Hortons
Empress of China
Ledgers Canada
Pacific Nails
Denturist
Expansion Area B +/- 2,000 SF
Fehr Travel
Little Caesars
Fehr Insurance
Mortgage Intelligence
Expansion Area A +/- 4,000 SF
Winnipeg PublicLibrary +/- 12,060 SF
PostMet
Rossmere Medical
Singleton's
Mr. Sub
DQ
HENDERSON HIGHWAY
STACKING LANE
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