Agenda - Executive Policy Committee - April 23, 2003

Report - Standing Policy Committee on Property and Development - April 10, 2003

Item No. 2 Proposed lease of space at 136 Market Avenue for the Employee Occupational Health and Hygiene Division of the Corporate Services Department (E.O.S.H.)
File FI-2.3(32) (Vol. 8)

STANDING COMMITTEE RECOMMENDATION:

On April 10, 2003, the Standing Policy Committee on Property and Development recommended:

1. That the Director of Planning, Property and Development be authorized to enter into a lease of 1,550 square feet at 136 Market Avenue between the City of Winnipeg and Shelter Canadian Properties Limited, in accordance with the terms and conditions as negotiated (and contained in Schedule "A") in a form satisfactory to the City Solicitor/Manager of Legal Services.

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.

Agenda - Executive Policy Committee - April 23, 2003

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 10, 2003, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted its recommendation to Executive Policy Committee and Council.

Re: **Proposed Lease of Space at 136 Market Avenue for the Employee Occupational Health and Hygiene Division of the Corporate Services Department (E.O.S.H.)**

For submission to: **Standing Policy Committee on Property and Development**

Original report signed by: **Director of Planning, Property and Development**

Report date: March 24, 2003

Recommendation(s): That the Director of Planning, Property and Development be authorized to enter into a lease of 1,550 sq. ft. at 136 Market Avenue between the City of Winnipeg and Shelter Canadian Properties Limited. The Lease Agreement to be in accordance with the terms and conditions as outlined herein and attached as Schedule "A", in a form satisfactory to the City Solicitor.

REPORT SUMMARY

Key Issues:

- The existing accommodations at 167 Lombard, are leased on a month to month basis;
- Corporate Services Department and Winnipeg Police Service have requested that more economic office accommodations be located.
- The proposed lease is for a 15 year term with a termination clause at the 5th and 10th year anniversary, requiring Council approval.

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 of Winnipeg
X	**Involves a multi-year contract**

Comment(s):

- A 15 year lease term is being proposed

Policy implications:

X	**No**
	Yes

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):

-

REASON FOR THE REPORT:

Pursuant to By-Law 7100/97, the authority to approve leases of private property for the purpose of Civic accommodations was assigned to the Standing Policy Committee on Property and Development. Lease of more than ten years or with net rents over the term in excess of $1,000,000.00 are to be approved by Council.

HISTORY:

E.O.S.H. has resided at its current location since 1983 when Committee on Finance and Administration approved the lease for 10 years, which expired on February 28, 1994.
On December 3, 1991 the Committee on Finance and Administration approved the transfer of the operation from the 10th floor to a larger unit on the 8th floor.

On February 6, 2003 the Standing Policy Committee on Property and Development approved a 3-year lease at 167 Lombard at a rate of $16.95 per square foot, which included carpeting and painting within the space.

During the process of lease documentation, additions to the lease were made which both increased the proposed rate and required further Committee approval.

DISCUSSION:

The Civic Accommodations Division identified an alternative potential location on the 3rd floor of 136 Market Avenue, which meets the needs of both the Corporate Services Department and Winnipeg Police Services. Negotiations have been concluded with the Landlord of 136 Market Avenue agreeing to contribute a $25.00 per square foot Tenant Fit-up Allowance based on a 15-year lease term.

The landlord's proposal is for a 15-year term at thirteen dollars and twenty-five cents ($13.25) per square foot. Should the Tenant Improvement costs exceed twenty-five dollars ($25.00) per square foot, the additional cost will be the responsibility of the tenant. The landlord has also agreed to add a clause providing the City of Winnipeg with an option to terminate the lease at the 5th and 10th year anniversary of the lease, with the tenant paying for the unamortized tenant improvements.

This will result in a reduction in the current proposed rental along with providing tenant improvements at a location closer to City Hall in a Grade III historic building.

Financial Impact Statement

Date: March 24, 2003

Project Name:
Proposed Lease 136 Market Ave.

First Year of Program 2003

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 12,340	$ 21,360	$ 21,566	$ 21,772	$ 21,978
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 12,340	$ 21,360	$ 21,566	$ 21,772	$ 21,978
Less: Existing Budget Amounts	12,340	21,360	21,566	21,772	21,978
Net Budget Adjustment Required	$ (0)	$ 0	$ 0	$ 0	$ 0

Additional Comments:
2003 represents a lease commencement date of June 1, 2003. Annual increases of $200 results from the Base Year for utilities provision in the lease.

"Original signed by"
Gord Courage, Manager

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Corporate Services Department

Winnipeg Police Services

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Civic Accommodations
Prepared by: Sandi Caputo, CLO
PPD File #: CAD 2003-0020

Document name: O:\Reports Directive\Civic Accommodations\136 Market.doc

SCHEDULE "A"

PROPOSED LEASE 3RD FLOOR – 136 MARKET AVENUE
EMPLOYEE OCCUPATIONAL HEALTH AND HYGIENE

A summary of the proposed Lease Agreement is as follows:

Location: 3rd floor – 136 Market Avenue
Northeast Corner of Market Avenue at Rorie Street

Lessee: The City of Winnipeg;

Lessor: Shelter Canadian Properties Limited

Leased Premises: Office Area of +/-1,550 rentable square feet

Term Fifteen (15) year term, commencing June 1, 2003, expiring May 31, 2018

Cancellations: Tenant may cancel on the 5th and 10th year anniversary providing the landlord is given one hundred and eighty (180) days written notice at which time the tenant will be responsible for the payment of any outstanding Tenant Improvement Costs;

Base Rent: $13.25 psf / $1,711.46 per month/ $20,537.50 per annum, plus GST;

Tenant's Responsibilities:
Rent, utility escalation, content and plate glass insurance and comprehensive general liability, payment of tenant improvements exceeding $25.00 psf;

Landlord's Responsibilities:
Realty tax, maintenance and management of grounds and common areas, structural, capital repairs and replacements, provision of a $25.00 psf Tenant Improvement Allowance;