**Minute No. 293**
**Report – Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – March 4, 2013**

**Item No. 1 Lease Renewal of Fort Garry Place – Between the City of Winnipeg and 60961 Manitoba Ltd.**
**(Fort Rouge – East Fort Garry Ward)**

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management and adopted the following:

1. That the lease renewal of office and storage accommodations in Fort Garry Place for the Planning, Property and Development and Community Services Departments, be approved in accordance with the Terms and Conditions as outlined in Schedule "A", and any other conditions deemed necessary by the Director of Legal Services/City Solicitor to protect the interests of the City.

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 Downtown Development, Heritage and Riverbank Management – March 4, 2013**

DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

That the recommendation of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 13, 2013, the Executive Policy Committee concurred in the recommendations of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On March 4, 2013, the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

# ADMINISTRATIVE REPORT

**Title:** **Lease Renewal – Ft. Garry Place – Between the City of Winnipeg and 60961 Manitoba Ltd.**

**Critical Path:** **Standing Policy Committee on Downtown Development, Heritage and Riverbank Management/ EPC/ Council**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| J. Zabudney | B. Thorgrimson | M Ruta | D Joshi<br>COO |

## RECOMMENDATIONS

1. That the proposed lease renewal of office and storage accommodations in Ft. Garry Place for the Planning, Property and Development and Community Services Departments, be approved in accordance with the proposed Terms and Conditions as outlined in Schedule "A", and any other conditions deemed necessary by the Director of Legal Services/City Solicitor to protect the interests of the City.

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

## REASON FOR THE REPORT

In accordance with the Council Order of July 18, 1979, the Standing Policy Committee on Property and Development shall authorize the leasing or rental of City properties for which the Director of Planning, Property and Development Department has no authority.

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

On May 25, 2011, Council renamed the Standing Policy Committee on Downtown Development the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management. The newly named Standing Policy Committee had jurisdiction over matters related to historical buildings and river-related issues in additional to those of its predecessor in the area defined as Downtown.

## IMPLICATIONS OF THE RECOMMENDATIONS

The Planning, Property and Development Department and License Branch of Community Services Department will continue to occupy approximately 75,492 square feet of net rentable area at a very competitive lease rate.

## HISTORY

On September 29, 1998, Council approved a 5-year lease renewal (November 1998 – November 2003) for approximately 34,268 square feet for the relocation of staff to 65 Garry to consolidate the Planning, Property and Development Department.

On February 3, 2000, the Standing Policy Committee on Property and Development approved the lease of approximately 53,674 square feet for a three-year term. Termination date of these leases coincided with previous leases being November 2003.

On November 19, 2008, Council approved the lease of approximately 74,785 square feet for a five-year period, which expires November 30, 2013. The total area did not include a file storage area located on P-2-65 Garry St.

Currently Planning, Property and Development Department and License Branch of Community Services Department occupy approximately 75,492 square feet, of net rentable area. The rentable area includes the file storage are on P2-65 Garry St. The proposed lease terms and conditions are outlined in Schedule “A”, summary of leased areas may be found in Schedule “B”.

## FINANCIAL IMPACT

### Financial Impact Statement

**Date:** January 29, 2013

**Project Name:** Lease Renewal – Ft. Garry Place – Between the City of Winnipeg and 60961 Manitoba Ltd.

**First Year of Program** 2013

| | 2013 | 2014 | 2015 | 2016 | 2017 & 2018 |
|---|---|---|---|---|---|
| **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 | $ 78,069 | $ 936,832 | $ 936,832 | $ 936,832 | $ 1,795,595 |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ 78,069 | $ 936,832 | $ 936,832 | $ 936,832 | $ 1,795,595 |
| Less: Existing Budget Amounts | 78,069 | 936,832 | 936,832 | 936,832 | 1,795,595 |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Direct costs in 2013 represent the $936,832 annual lease payment prorated for the December 1 commencement date. Direct costs from 2014 onward represent annual lease payments for the full year with the amount for 2018 prorated to reflect the November 30 termination date. These costs will be charged to the current budget of the Municipal Accommodations Division and recovered from the occupants of the space; the Planning, Property & Development and Community Services Departments.

*"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 Carlson-Edwards |
| Date: | February 8, 2013 |
| File No. | o:\reports **directive**\real estate\leasing\(sc)Fort Garry Place - Lease Renewals.doc |

**SCHEDULE 'A'**
**PROPOSED TERMS AND CONDITIONS**

| | | |
|---|---|---|
| Lessor: | 60961 Manitoba Ltd | |
| Lessee: | City of Winnipeg | |
| Leased Area: | 75,492 Square Feet | |
| Gross Lease Cost: | Office: | $12.50 per square foot |
| | Storage Raw: | $ 4.50 per square foot |
| | Finished Storage: | $10.50 per square foot |
| Term: | Five (5) Years | |
| Commencement Date: | December 1, 2013 | |
| Termination Date: | November 30, 2018 | |
| Cancelation Notice: | One (1) Year written notice to Landlord | |

## SCHEDULE "B"

**PLANNING, PROPERTY AND DEVELOPMENT & COMMUNITY SERVICES LEASED AREA**

| Lease No. | Address | Division | Square Feet | Gross Rent per Square Foot | Total Annual Lease Costs | Per Month |
|---|---|---|---|---|---|---|
| **STORAGE SPACE** | | | | | | |
| **10** | P2-65 Garry | • PP&D File Storage | 707 | $4.50 | $3,181.50 | $265.13 |
| **89** | P3 – 65 Garry | • Development & Inspections Storage | 581 | $10.50 | $6,100.50 | $508.38 |
| | | TOTAL STORAGE SPACE | 1,288 | | $9,282.00 | $773.51 |
| **OFFICE SPACE** | | | | | | |
| **41** | 2nd Floor - 65 Garry | • Development and Inspections<br>• Property & Information systems<br>• Real Estate<br>• Support Services | 12,259 | $12.50 | $153,237.50 | $12,769.79 |
| **42** | Lobby - 65 Garry | • Common to all Divisions | 637 | $12.50 | $7,962.50 | $663.54 |
| **44** | 4th Floor - 65 Garry | • Development and Inspections<br>• Support Services | 10,959 | $12.50 | $136,987.50 | $11,415.63 |
| **45** | Mezzanine - 65 Garry | • Technical Support Officers – Plan Exam Branch - Dev & Inspections Div (Former Golf Services SOA) | 913 | $12.50 | $11,412.50 | $951.04 |
| **48** | Mezzanine-30 Fort | • Human Resources<br>• Plan Examination | 5,103 | $12.50 | $63,787.50 | $5,315.63 |
| **75** | 31-30 Fort Street | • Development & Inspections | 9,900 | $12.50 | $123,750.00 | $10,312.50 |
| **76** | 18-30 Fort Street | • Community Services, License Br. | 3,010 | $12.50 | $37,625.00 | $3,135.42 |
| **77** | 15-30 Fort Street | • Planning and Land use | 12,276 | $12.50 | $153,450.00 | $12,787.50 |
| **78** | Main Floor - 65 Garry | • Development & Inspections | 3,391 | $12.50 | $42,387.50 | $3,532.29 |
| **102** | Mezzanine–65 Garry | • Development & Inspections<br>• Property & Information systems<br>• Civic Accommodations | 3,590 | $12.50 | $44,875.00 | $3,739.58 |
| **97** | 3rd Floor - 65 Garry | • Civic Accommodations | 12,166 | $12.50 | $152,075.00 | $12,672.92 |
| | | TOTAL OFFICE SPACE | **74,204** | | $927,550.00 | |
| | | **Total Leased Space** | **75,492** | | **$936,832.00** | |
| | | | | | | |