Agenda - Executive Policy Committee – December 4, 2013

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Report - Standing Policy Committee on Property and Development – December 3, 2013

Item No. 11 Leased Accommodations – Charleswood Library

STANDING COMMITTEE RECOMMENDATION:

On December 3, 2013, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That a new lease agreement be approved for a fifteen (15) year term with Huntingdon Capital Corp. for the lease of between 13,000 - 14,000 square feet within Charleswood Square, located at 4910 Roblin Boulevard, the subject property as shown on attached Schedule 'A' - Miscellaneous Plan No. 14470, in accordance with the Program of Requirements and terms and conditions as set out in EOI 91-2013, as well as the proposed terms and conditions as set out in the attached Schedule B, to be in a form satisfactory to the City Solicitor; and

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

Agenda - Executive Policy Committee – December 4, 2013

Report - Standing Policy Committee on Property and Development – December 3, 2013

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On December 3, 2013, 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.

On November 5, 2013, the Standing Policy Committee on Property and Development laid over the matter to the December 3, 2013, meeting of the Standing Policy Committee on Property and Development.

COUNCIL DECISION:

On October 23, 2013, Council referred back Item 8 of the Report of the Standing Policy Committee on Property and Development dated October 8, 2013.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 16, 2013, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On October 8, 2013, 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

Title: **Expression of Interest for Leased Accommodations for a New Charleswood Library - EOI No. 91-2013**

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

AUTHORIZATION

Author	Department Head	CFO	CAO
I. Day	B. Thorgrimson	M. Ruta	D. Joshi COO

RECOMMENDATIONS

1. That a new lease agreement be approved for a fifteen (15) year term with Huntingdon Capital Corp. for the lease of between 13,000 - 14,000 square feet within Charleswood Square, located at 4910 Roblin Boulevard, the subject property as shown on attached Schedule 'A' - Miscellaneous Plan No. 14470, in accordance with the Program of Requirements and terms and conditions as set out in EOI 91-2013, as well as the proposed terms and conditions as set out in the attached Schedule B, to be in a form satisfactory to the City Solicitor; and

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.

Council approval is required on leases having a term of over 10 years or which have a gross value over $1,000,000.00 over the original term of the lease.

IMPLICATIONS OF THE RECOMMENDATIONS

- The Department has determined that there is no policy, regulatory, environmental or human resource implications to the lease as set out in the attached Terms and Conditions.
- Acceptance of the proposal and subsequent signing of the lease agreement commits the City to a fifteen (15) year lease term and, in the event the options to renew are exercised, a total of 25 years.

HISTORY

On July 5, 2012 the Standing Policy Committee on Protection and Community Services concurred with the recommendation of the Public Service relative to a Library Redevelopment Strategy.

The Charleswood Library located at 5014 Roblin Boulevard, is the smallest branch at 4,914 square feet. Originally built in 1966, this branch is in poor condition, crowded and lacks many of the amenities library customers are requesting today. The Library is located on a parcel of land which also houses a fire hall and a city-owned facility, leased to a seniors group.

Library Services Division of Community Services Department requested Municipal Accommodations Division of Planning, Property and Development Department to submit an Expression of Interest (EOI) for leased accommodations for a new Charleswood Library. EOI 91-2013 was advertised in the Saturday, March 9, 2013 edition of the Winnipeg Free Press, as well as on the Materials Management website.

The EOI identified a two and one half kilometer catchment area within which the new facility would be located in, with an occupancy date of no later than December 31, 2013.

Expression of Interest (EOI No. 91-2013) - Evaluation of Proposals

The Evaluation Committee evaluated each Proposal, based on the respective criterion, as follows:

• Program of Requirements	-	25 Points
• Financial components	-	40 Points
• Term, Site and Occupancy	-	15 Points
• Green Building/Universal Design Policy (LEED or Green Globe),	-	10 Points
• Management experience	-	10 Points
MAX		100 POINTS

Seven (7) Proposals were received by the submission deadline (4:00 pm April 8, 2013)

- Two proposals were for new development, demanding a higher base rental rate than the recommended proposal; therefore these proposals were not recommended.

- Two further proposals recommended developing a new facility on the existing property, demolishing the existing library and Senior's Centre, and building a new library. These buildings have not been deemed surplus to the City's needs. In addition, there is an existing lease in place with the Seniors Centre, which does not expire until September 30, 2025. Additional time and costs would be incurred associated with the existing lease and the demolition period. Both proposals included the purchase of the property which would require additional schedule time. The rental rates were substantially higher than the recommended proposal and one proposal was for a term which far exceeded the EOI requirements. Therefore these proposals were not recommended.

- One proposal recommended a new development on a site which was located off of a major street, which did not meet the library's location requirements. The overall submission did not provide a majority of the required information for analysis. Therefore, this proposal was not recommended.

- One proposal recommended a new development on a site which would require a portion of land on a neighboring property, which was also owned by the proponent however proposal's base rental rate was substantially higher than the recommended proposal; therefore this proposal was not recommended.

To ensure due diligence in the analysis of the proposals, and as a result of required negotiations with the recommended proponent, the time required for award was longer than originally estimated. Therefore, a revised opening date for the new Library is to be sometime in the spring/summer of 2014.

Following negotiations, the operating and capital lease testing was performed based on CICA Handbook criteria whereby both the Public Service and external auditors have confirmed that the proposed lease meets the criteria of an operating lease.

The recommended proposal is for the redevelopment of a neighboring strip mall located at 4910 Roblin Blvd – Charleswood Place. The redevelopment would include an expansion at the entrance of the unit, updating the exterior and providing spacious frontage with exterior signage. The Landlord will provide 'turn-key' premises, incorporating the Library's Program of Requirements for spring/summer 2014 occupancy.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 13, 2013

Project Name:

First Year of Program **2013**

Expression of Interest for Leased Accommodations for a New Charleswood Library - EOI No. 91-2013

	2013	2014	2015	2016	2017 to 2028
Capital					
Capital Expenditures Required	$ 478,950	$ 478,950	$ -	$ -	$ -
Less: Existing Budgeted Costs	478,950	478,950	-	-	-
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	$ -	$ 306,605	$ 463,522	$ 467,247	$ 6,256,728
Less: Incremental Revenue/Recovery	13,950	13,950	-	-	-
Net Cost/(Benefit)	$ (13,950)	$ 292,655	$ 463,522	$ 467,247	$ 6,256,728
Less: Existing Budget Amounts	(13,950)	292,655	463,522	467,247	6,256,728
Net Budget Adjustment Required	$ -	$ (0)	$ -	$ -	$ -

Additional Comments: Capital expenditures will be incurred in 2013 & 2014 and will be charged to the "Library Facility Redevelopment - New Infrastructure" 2013 capital project. They consist of the $930,000 tenant contribution plus $27,900 of capital construction interest and admin charges. The latter amount is offset by recoveries in the current budget of the Corporate Finance Department. Direct costs in 2014 represent estimates of 8 months of net rent & common area costs of $225,027, which will be charged to the Municipal Accommodations Fund and recovered from Community Services through accommodation charges. Net rent increases are included per schedule B while common area costs are estimated to increase 3% annually. Direct costs also include $122,366 ($81,578 in 2013) of estimated annual debt and finance charges that will be charged directly to Community Services.

"Original signed by"

Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

Legal Services
Corporate Finance, Materials Management Division
Community Services Department

SUBMITTED BY

Department: Planning, Property and Development
Division: Municipal Accommodations
Prepared by: Sandi Caputo, Leasing Officer
Date: September 30, 2013
File No. MA2013-062

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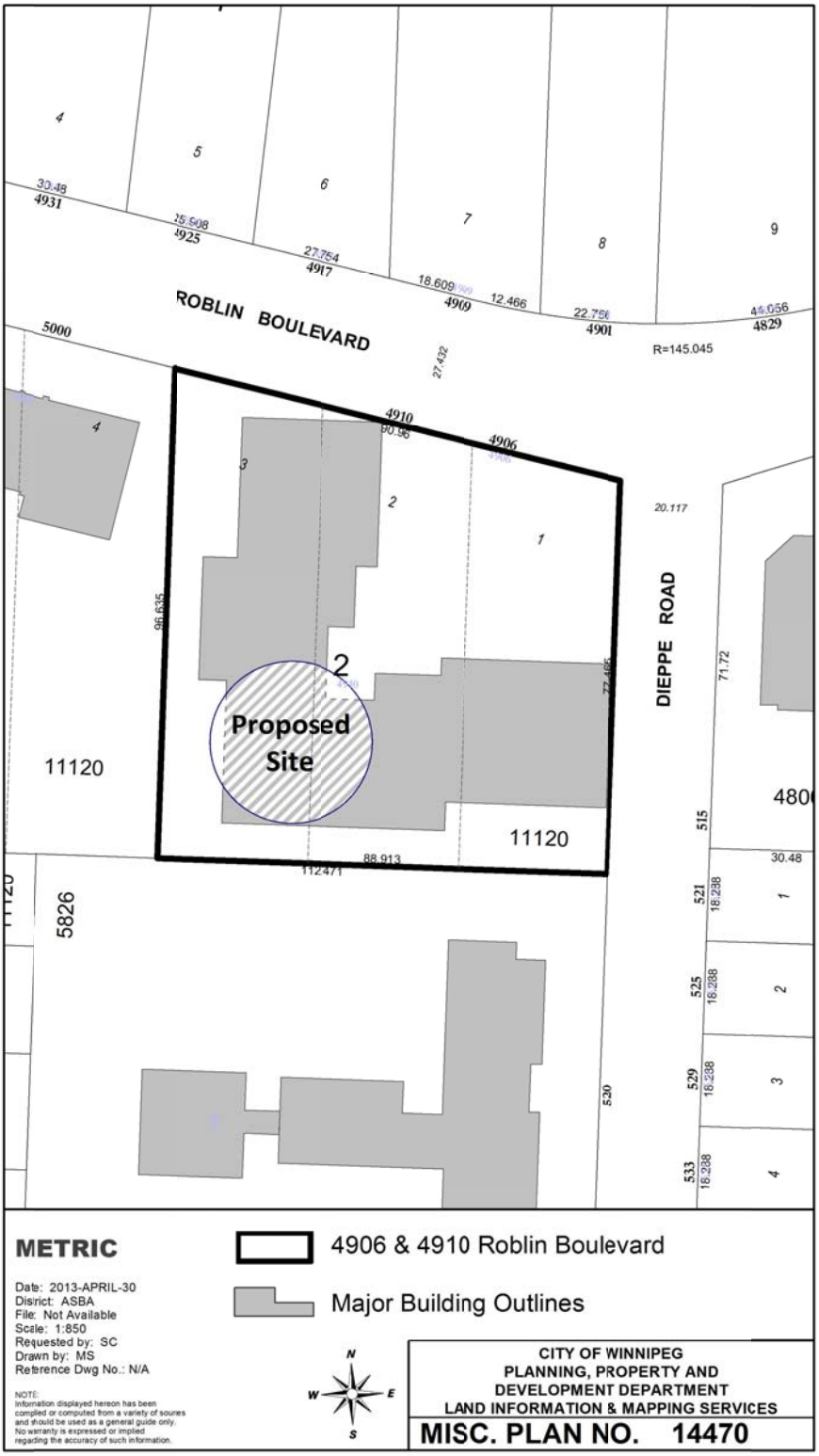
Schedule "A"


ROBLIN BOULEVARD
DIEPPE ROAD
Proposed Site
4906 & 4910 Roblin Boulevard
Major Building Outlines
METRIC
Date: 2013-APRIL-30
District: ASBA
File: Not Available
Scale: 1:850
Requested by: SC
Drawn by: MS
Reference Dwg No.: N/A
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.
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 14470

SCHEDULE 'B'

4910 ROBLIN BLVD. CHARLESWOOD SQUARE LEASE PROPOSAL

Landlord:	Huntingdon Capital Corp.
Tenant:	City of Winnipeg
Leased Area:	between approx. 13,000 - 14,000 square feet of space at 4910 Roblin Blvd.
Term:	Fifteen (15) Year Term, with an option to renew for two additional 5 year terms
Commencement / Occupancy:	approx. May 1, 2014

Net Rent (based on 14,000 sq. ft.):

$15.50 psf / $18,083.00 per month/ $217,000.00 per annum, Plus GST – Year 1 -5

$17.00 psf / $19,833.33 per month/ $238,000.00 per annum, Plus GST – Year 6 -10

$18.50 psf / $21,583.33 per month /$259,000.00 per annum, Plus GST – Year 11-15

COMMON AREA COSTS:	
Maintenance:	$5.49 psf / $6,405.00 per month / $76,860.00.00 per annum, Plus GST
Utility Costs:	$ .69 psf / $ 805 .00 per month / $9,660.00 per annum Plus GST
Property Taxes:	$2.43 psf / $2,835 per month / $ 34,020.00 per annum Plus GST

TENANT IMPROVEMENT COSTS:

Landlord Contribution: $1,295,000.00

Tenant Contribution: $ 930,000.00 (space will be reduced to ensure TI's meet budget)

Parking: Tenant will have the use of the parking lot for patrons and 5 stalls for staff parking located at the rear of the premises

Renewal Options: The Tenant will have an option to renew for two additional 5-year terms

Rates include all Exterior building and Pylon signage, parking and turn-key premises to accommodate a spring/summer 2014 occupancy date (lease payment due upon occupancy).

The proposal has incorporated all criteria as outlined in EOI 91-2013 and the Program of Requirements.