Agenda – Executive Policy Committee – April 22, 2015

Report – Standing Policy Committee on Property and Development – April 14, 2015

Item No. 3 Proposed Rent Increase – Louis Riel Library - 1168 Dakota Street, between the City of Winnipeg and Southwood Enterprises Limited (St. Norbert Ward)

STANDING COMMITTEE RECOMMENDATION:

On April 14, 2015, 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 the rental rates for the Louis Riel Library for the next five (5) year term of the existing forty (40) year lease, between the City of Winnipeg and Southwood Enterprises Limited, as shown on Schedule "A", be approved.

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 – April 22, 2015

Report – Standing Policy Committee on Property and Development – April 14, 2015

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 14, 2015, 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 March 10, 2015, the Standing Policy Committee on Property and Development laid over the matter to its meeting on April 14, 2015.

ADMINISTRATIVE REPORT

Title: **Proposed Rent Increase – Louis Riel Library located at 1168 Dakota Street, between the City of Winnipeg and Southwood Enterprises Limited.**

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	M. Pittet	M. Ruta	M. Jack A/CAO

RECOMMENDATIONS

1. That the proposed rental rates for the Louis Riel Library for the next five (5) year term of the existing forty (40) year lease, between the City of Winnipeg and Southwood Enterprises Limited, as shown on Schedule “A”, be approved.
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

Council Policy of April 1993 requires that the leases of private property where the net cost to the City excluding operating costs and tenant improvements, is greater than one million ($1,000,000.00) over the term, the lease shall be subject to review by Council.

IMPLICATIONS OF THE RECOMMENDATIONS

1. The Planning, Property and Development Department has determined that there is no general, policy, regulatory, environmental or human resource implications to entering into a Lease Amending Agreement.
2. The proposed rent adjustment will increase accommodation costs to the Community Services Department by $65,500.00 over the next five (5) years.

HISTORY

On June 1, 1989, the City of Winnipeg entered into a forty (40) year lease term with Southwood Enterprises Limited for the development and lease of the Louis Riel Library located at 1168 Dakota Street, at a rate of $13.19 per square foot for the first ten (10) years of the term.

On June 1, 1999, the City of Winnipeg agreed to maintain the existing lease rate for the next ten (10) years of the term with the understanding that the lease rates would be reviewed at five (5) year intervals.

On October 28, 2009, the Standing Policy Committee on Property and Development approved a rent increase to $14.50 per square foot for the first two (2) years of the term, and $16.00 per square foot for the following three (3) years of the term, which expired on May 31, 2014.

The new lease rate is effective as of June 1, 2014, as outlined in Schedule “A”, attached.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 5, 2014

Project Name:

First Year of Program **2014**

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

	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	$ 129,908	$ 222,700	$ 222,700	$ 222,700	$ 222,700
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 129,908	$ 222,700	$ 222,700	$ 222,700	$ 222,700
Less: Existing Budget Amounts	129,908	222,700	222,700	222,700	222,700
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs represent the annual lease amount of $222,700, with the 2014 amount pro-rated for the June 1 commencement date.

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

CONSULTATION

In preparing this report there was consultation with:

Library Services, Community Services Dept.
Legal Services as to legal issues

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Municipal Accommodations
Prepared by:	Sandi Caputo, Leasing Officer
Date:	January 27, 2015
File No.:	MA2014-217

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SCHEDULE "A"

Location:	1168 Dakota Street, Winnipeg, Manitoba
Lessor:	Southwood Enterprises Limited.
Lessee:	The City of Winnipeg, Louis Riel Library
Area:	13,100 square feet
Term:	5 year rent review term from June 1, 2014 – May 31, 2019 Lease expires May 31, 2029
Net Rent:	$17.00 per square foot, $18,558.33 per month, $222,700 per annum, plus GST