Minute No. 93
Report - Standing Policy Committee on Property and Development - December 4, 2003

Item No. 4 **Lease Renewal -Waverley Heights Child Care Inc. -Waverley Heights Community Centre, 1885 Chancellor Drive**
File FI-2.2(35)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submits the following to Council:

1. That the request to exercise the Option to Renew the Lease for a further five years in accordance with Clause 8.03 of the Lease Agreement between the City and Waverley Heights Child Care Inc., dated October 5, 2000, be approved.

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

Minutes - Executive Policy Committee - December 10, 2003

Report - Standing Policy Committee on Property and Development - December 4, 2003

DECISION MAKING HISTORY:

Moved by Councillor Vandal,

That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On December 4, 2003, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

Re: **Proposed Lease Renewal -Waverley Heights Child Care Inc. -Waverley Heights Community Centre - 1885 Chancellor Drive**
Riel Community
St. Norbert Ward

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

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

Report date: **November 24, 2003**

Recommendation(s):

1. That the request to exercise the Option to Renew the Lease for a further five years in accordance with Clause 8.03 of the Lease Agreement between the City and Waverley Heights Child Care Inc., dated October 5, 2000, be approved.

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

REPORT SUMMARY

Key Issues:

- The City entered into a Lease allowing the Waverley Heights Child Care Inc. to occupy a portion of the Waverley Heights Community Centre at 1885 Chancellor Drive. The lease term was from April 1, 1998 to March 31, 2003.
- The Agreement provided for an Option to Renew the Lease for an additional five years in accordance with the same terms and conditions, other than the rental rate. Also, the renewal would not provide for a further option to renew.
- The Planning, Property and Development Department circulated the request to exercise the Option to Renew the Lease and no concerns or issues were identified.
- The Waverley Heights Child Care Inc. is a tenant in good standing and has provided a valid Certificate of Insurance and Day Care License to the City. Accordingly, the Department is recommending that the tenant's request for the renewal of the Lease for a further five years be approved.

Implications of the Recommendation(s):
General implications:

	None
X	**For the organization overall and/or for other departments**
X	**For the community and/or organizations external to the City of Winnipeg**
	Involves a multi-year contract

Comment(s):

- The space is being provided to the Waverley Heights Child Care Inc., a non-profit daycare, within the Community Centre for the benefit of families living within the Waverley Heights community.
- The lease of un-programmed space for daycare purposes within Community Centres is supported by the Community Services Department.

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):

- This revenue is payable to the Waverley Heights Community Centre. This five-year lease renewal will provide approximately $140,860.00 in additional revenue to the Waverley Heights Community Centre to offset its operating expenses.

REASON FOR THE REPORT:

The Planning, Property and Development Department is seeking Standing Policy Committee on Property and Development approval to exercise the option to renew the lease agreement with the Waverley Heights Child Care Inc. for an additional five years.

HISTORY:

At its meeting held on December 15th, 1999, Council approved a Lease Agreement with the Waverley Heights Child Care Inc. for the use of a portion of the Waverley Heights Community Centre, located at 1885 Chancellor Drive.

The City and Waverley Heights Child Care Inc. entered into a Lease Agreement for a five year term effective April 1, 1998. Clause 8.03 of the Agreement provided for an Option to Renew the Agreement for an additional five-year term for the period April 1, 2003 to March 31, 2008.

The particulars of the subject property and existing Lease are as follows:

Legal Description:	Public Reserve Plan 23575, Block 5, Plan 12784, Lots 1/2 Plan 17181 in RL 7/8 St. Vital
Location:	1885 Chancellor Drive
Owner:	The City of Winnipeg
Tenant:	Waverley Heights Child Care Inc.
Site Size:	4.74 acres
Building Area:	1,181.04 sq.m. (12,713 sq. ft.)
Demised Area:	334.07 sq.m. (3,596 sq.ft.)
Zoning:	'PR1"
Certificate of Title:	1090163, E32340, H42298, H69178
Misc. Plan Nos.:	5806/2 and 5806/3, attached
Rental Rate:	$23,474.67 annual rental (for the first year of the term) increasing to $28,275.00 (in the last year of the term), payable in (12) twelve equal monthly payments to the Waverley Heights Community Centre with provision for increases in accordance with the cost formulas contained in the Lease Agreement, Clause 3.03 (a), (b), (c), (d)
Cancellation:	Three Hundred sixty five (365) days written notice by either party
Insurance:	Lessee to provide a Commercial General Liability Insurance, in the amount of at least two million dollars ($2,000,000.00) all inclusive, with the City of Winnipeg being added as an additional insured, with a cross-liability clause.
Option to Renew:	Five year term upon receipt of 180 days notice prior to expiry of the agreement.

In accordance with Clause 8.03 of the Lease Agreement, the Waverley Heights Child Care Inc. has requested to exercise the Option to Renew the lease for an additional five years. The renewal period will expire on March 31, 2008. There is no provision for further renewals beyond March 31, 2008.

DISCUSSION:

The request has been circulated to the Community Services and Public Works Department(s) for their review and comments. Neither Department indicated any concerns regarding the renewal. The Planning, Property and Development Department herein advises that the exercise of the Option to Renew meets the condition of Clause 8.03 of the Lease Agreement dated October, 5th, 2002, and recommends the extension of the subject lease agreement in accordance with the following:

Term:	Five (5) years commencing April 1, 2003; expiring March 31, 2008
Rental:	$28,172.00 annual rental (for the period of April 1, 2003 to March 31, 2004) payable in (12) twelve equal monthly payments to the Waverley Heights Community Centre with provision for increases in accordance with the cost formulas contained in the Lease Agreement, Clause 3.03 (a), (b), (c), (d)
Renewal:	There will be no further option to renew beyond March 31, 2008.

The 2003 rent rate is determined by calculating the total eligible operating costs per year for the building and dividing by the total square footage of the building to obtain an operating cost per square foot. The cost is also adjusted to reflect sewer and water use and caretaking time used by the daycare. The areas that are used on an exclusive basis pay the direct operating cost per square foot used. For the joint use areas the operating cost per square foot is multiplied by the joint use area times the proportion of time used by the daycare.

The Planning, Property and Development Department has verified that the tenant is in good standing. The Daycare has provided a valid Certificate of Insurance and Daycare License in accordance with The Community Child Day Care Standards Act.

The Planning, Property and Development Department has reviewed the request of the Waverley Heights Child Care Inc. and is supportive of executing all documents relating thereto with respect to exercising the Option to Renew in favour of the Waverley Heights Child Care Inc.

Financial Impact Statement

Date: 21-Nov-03

Proposed Waverley Heights Child Care Inc.'s Renewal of the Lease
Waverley Heights Community Centre - 1885 Chancellor Drive

COMMENTS:

There is no direct financial impact to the City because rents are paid directly by the Daycare to the Community Centre. The amount of rent payable is calculated in accordance with the formula contained within the lease agreement which has been Council approved for various daycare occupancies. The amount of rent provides for a recovery of operating costs directly proportional to the amount of space and time used within the facility. The annual rent amount of $28,172.00 has been based on the operating costs for the Community Centre. The projected revenue over the next five years is $140,860.00.

Gord Courage, Manager
Support Services Division

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

Community Services Department
Public Works Department
Waverley Heights Child Care Inc.

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Real Estate
Prepared by: Maxine Clayton
PPD File #: 7815

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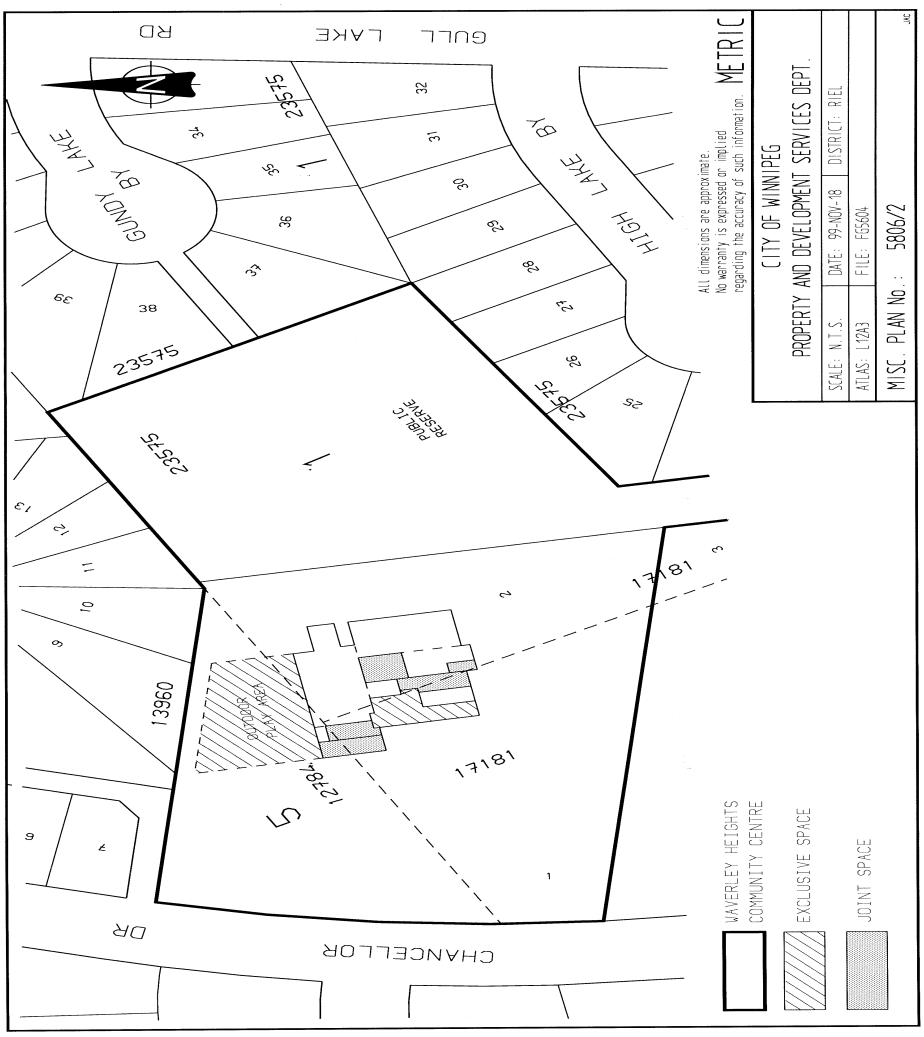
GULL LAKE RD
GUNDY LAKE BY
HIGH LAKE BY
CHANCELLOR DR
PUBLIC RESERVE
BUTODOR PLAY AREA
23575
17181
12784
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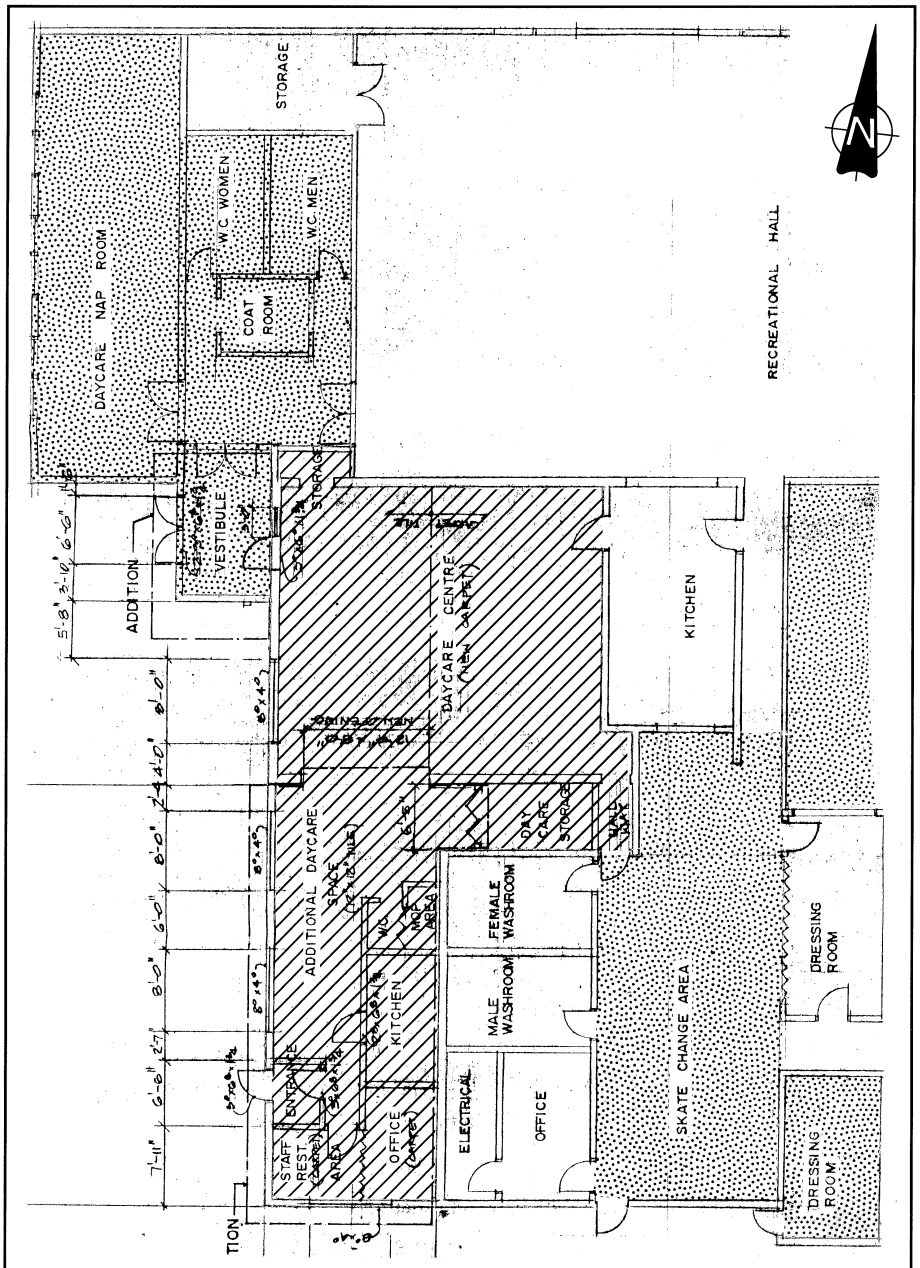
All dimensions are approximate.
No warranty is expressed or implied regarding the accuracy of such information.
METRIC
CITY OF WINNIPEG
PROPERTY AND DEVELOPMENT SERVICES DEPT.
SCALE: N.T.S.
DATE: 99-NOV-18
DISTRICT: RIEL
ATLAS: L12A3
FILE: FG5604
MISC. PLAN No.: 5806/2
WAVERLEY HEIGHTS COMMUNITY CENTRE
EXCLUSIVE SPACE
JOINT SPACE



METRIC

CITY OF WINNIPEG
PROPERTY AND DEVELOPMENT SERVICES DEPT.

SCALE: N.T.S.	DATE: 99-NOV-18	DISTRICT: RIEL
ATLAS: L12A3	FILE: FG 5604	

MISC. PLAN No.: 5806/3

JAC