Agenda – Executive Policy Committee – April 17, 2018

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 9, 2018

Item No. 15 Lease of 311 Call Centre – Unit 500-234 Donald Street

STANDING COMMITTEE RECOMMENDATION:

On April 9, 2018, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the City enter in to, execute and deliver a lease agreement, based on the proposed terms and conditions attached as Schedule "A". with The Manitoba Public Insurance Corporation for the purpose of continuing operations of the 311 Call Centre currently located at Unit 500 - 234 Donald Street and such other agreements as determined necessary by the City Solicitor/ Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements).

2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the lease agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services, to protect the interests of the City.

3. 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 17, 2018

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 9, 2018

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 9, 2018, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Lease of 311 Call Center: Unit 500-234 Donald Street – between Manitoba Public Insurance Corporation and the City of Winnipeg

Critical Path: Standing Policy Committee on Property and Development, Heritage and Downtown Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	J. Kiernan	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

The lease for the 311 Call Centre, located at Unit 500 - 234 Donald Street – City Place, expires on July 31, 2018 and a new 10-year lease term is being submitted for consideration. Options for relocation were considered; however, the current location was the preferred option.

Entering into a new 10-year lease will allow the 311 Call Centre to remain at its current location, ensuring no interruption of service for those who use the service. It also ensures that staff will continue to be located in a building that is close to major roadways and public transportation, as the 311 Call Centre operates 24 hours a day, 7 days a week.

RECOMMENDATIONS

1. That the City enter in to, execute and deliver a lease agreement, based on the proposed terms and conditions attached as Schedule “A”. with The Manitoba Public Insurance Corporation for the purpose of continuing operations of the 311 Call Centre currently located at Unit 500 - 234 Donald Street and such other agreements as determined necessary by the City Solicitor/ Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements).

2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the lease agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services, to protect the interests of the City.

3. 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, Council shall approve all third party leases over ten (10) years in length or requiring the payment of rent in excess of $1,000,000 for the term.

In this regard, the Public Service has negotiated the proposed Terms and Conditions of a License Agreement as set out in attached Schedule “A” for the continued lease of 11,041 square feet at unit 500 – 234 Donald Street – City Place.

IMPLICATIONS OF THE RECOMMENDATIONS

Entering into a new lease for a ten year term will allow the 311 Call Center to remain at its present location, ensuring the continued and uninterrupted service to those who rely on 311.

With the 311 Call Center being a 24 hour, 7 days a week operation, it is important that the facility be located in close proximity to major roadways and public transportation as well as provide its employees with a safe and secure environment.

HISTORY/DISCUSSION

On February 20, 2008, Council concurred in the recommendation of the Standing Policy Committee on Downtown Development and approved the lease of Unit 500 – 234 Donald Street – City Place, for a 10 year term, expiring on July 31, 2018. A diagram of the leased space is attached as Schedule “B.” As the end of the lease is nearing, the Customer Service & Communications Department has requested that Planning, Property and Development enter into negotiations for a further 10 year term.

Prior to entering into lease negotiations for the existing location, Planning, Property and Development analyzed and presented the client department with potential options for relocation. While alternate locations were considered, the costs that would be incurred for relocation, including installation of equipment and reconfiguration of the space, as well as the associated risks to service delivery during a relocation, resulted in the decision to remain at the current location.

FINANCIAL IMPACT

Financial Impact Statement

Date: March 15, 2018

Project Name:

First Year of Program 2018

Lease of 311 Call Center Office - Unit 500-234 Donald Street – between Manitoba Public Insurance Corporation and the City of Winnipeg

	2018	2019	2020	2021	2022-2028
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	$ 357,969	$ 378,312	$ 390,667	$ 403,104	$ 2,598,444
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 357,969	$ 378,312	$ 390,667	$ 403,104	$ 2,598,444
Less: Existing Budget Amounts	357,969	378,312	390,667	403,104	2,598,444
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs in 2018 consist of rental rates and operating costs of $203,441 for the 7-month period remaining under the current lease agreement (i.e. Jan. to July) + $154,528 for the first 5 months of the 10-year period (August 1, 2018 to July 31, 2028) of the proposed lease agreement, as outlined on Schedule A attached. Operating costs under the proposed lease agreement increase annually by the assumed inflation rate of 2%.

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

CONSULTATION

This Report has been prepared in consultation with:

Communications & Customer Service
Legal Services (as to legal issues)
Risk Management

OURWINNIPEG POLICY ALIGNMENT

01-1C KEY DIRECTIONS FOR DOWNTOWN

Facilitate the expansion of employment and educational opportunities in the Downtown seeking to:

- reinforce Downtown's role as a hub for business, for learning, for government and for commercial activity.

SUBMITTED BY

Department: Planning, Property and Development
Division: Municipal Accommodations
Prepared by: Sandi Caputo
Date: March 15, 2018

Attachments:

Schedule "A" – Terms and Conditions
Schedule "B" – Misc. Plan

Cheryl Roney
Director, Leasing & Marketing
Direct Line (204) 989-1812

March 6, 2018

Sandi Caputo, Leasing Officer
The City of Winnipeg, Planning, Property & Development Dept
Civic Accommodation Division
Winnipeg, MB, R3C 4K4

Dear Sandi,

RE: LEASE, Suite 500 – 234 DONALD STREET, cityplace, WINNIPEG

Further to our recent discussions and as requested, Triovest Realty Advisors Inc., as manager for The Manitoba Public Insurance Corporation, is pleased to provide you with a ten (10) year lease term regarding your Premises at cityplace. This Offer contain the basic terms and conditions on which the Lease shall be completed and, unless the context otherwise requires, any capitalized terms used herein shall have the same meaning as in the original Lease dated March 17, 2008.

1. **Landlord:** The Manitoba Public Insurance Corporation
2. **Tenant:** The City of Winnipeg (Call Centre)
3. **Premises:** Suite #500.
4. **Commencement Date:** The Commencement Date of the Lease is August 1st, 2018.
5. **Occupancy Costs:** Tenant will continue to be responsible for its proportionate share of the costs, charges and expenses attributable to the operation, repair and maintenance of the Building (including realty taxes). Estimated Occupancy Costs for 2018 are $18.09 per square foot times the Square Feet in the Premises per annum and are payable monthly subject to adjustment at year’s end.

7. Term: The Lease will be for a term of Ten (10) years beginning on the Commencement Date.

8. Annual Rent: Beginning on the Commencement Date, Tenant shall pay Annual Rent throughout the Term at the following net rental rate per square foot of Square Feet in the Premises per annum:

Year 1	$15.50	Year 6	$19.25
Year 2	$16.25	Year 7	$20.00
Year 3	$17.00	Year 8	$20.75
Year 4	$17.75	Year 9	$21.50
Year 5	$18.50	Year10	$22.25

9. Inducement: Subject to the Tenant completing its repainting of all or a portion of the Premises and provided Landlord and Tenant are in possession of a signed Lease contemplating the Term herein (to be documented by way of an Amendment Agreement), Tenant is not in default thereunder, and has submitted to Landlord paid receipts and/or invoices for work performed in the Premises and a statutory declaration stating that all Tenant's Work is complete and Tenant's designers, contractors, sub-contractors, workmen and materialmen have been paid in full for all work performed and materials supplied by them on the Premises, Landlord will contribute a maximum amount of Five Thousand Dollars ($5,000.00) plus GST to be paid to the Tenant to upon sixty (60) days after the later of the Commencement Date or when Tenant Work is complete and the above information has been correctly received by the Landlord.

10. Landlord Work: Provided Landlord and Tenant are in possession of a signed Lease contemplating this Term and Tenant is not in default thereunder, Landlord will remove and replace the worn 'yellow color' carpet area running through the call centre room from door to door.

11. No Agents: Tenant and Landlord acknowledge and agree that there are no real estate agents or brokers involved in this lease for the Premises and therefore no real estate commissions are payable by either party.

12.**Landlord Conditions:** Acceptance of this Offer to Lease is subject to Landlord's written approval within ten (10) business days from Tenant signature below, failing which this Offer to Lease shall become null and void.

This Offer to Lease is open for acceptance by Tenant until ***5:00pm, Monday, April 30, 2018***. Neither the preparation by the Landlord of this or any form of offer nor any negotiations entered into by the Landlord in connection with its submission shall constitute or imply any commitment by the Landlord unless this Offer has been accepted in writing.

Yours truly
TRIOVEST REALTY ADVISORS INC.

Cheryl Roney

Cheryl Roney
Director, Leasing & Marketing

THE CITY OF WINNIPEG hereby accepts this Offer to Lease this _____day of_____, 2018.

By: _____
Authorized Signing Officer

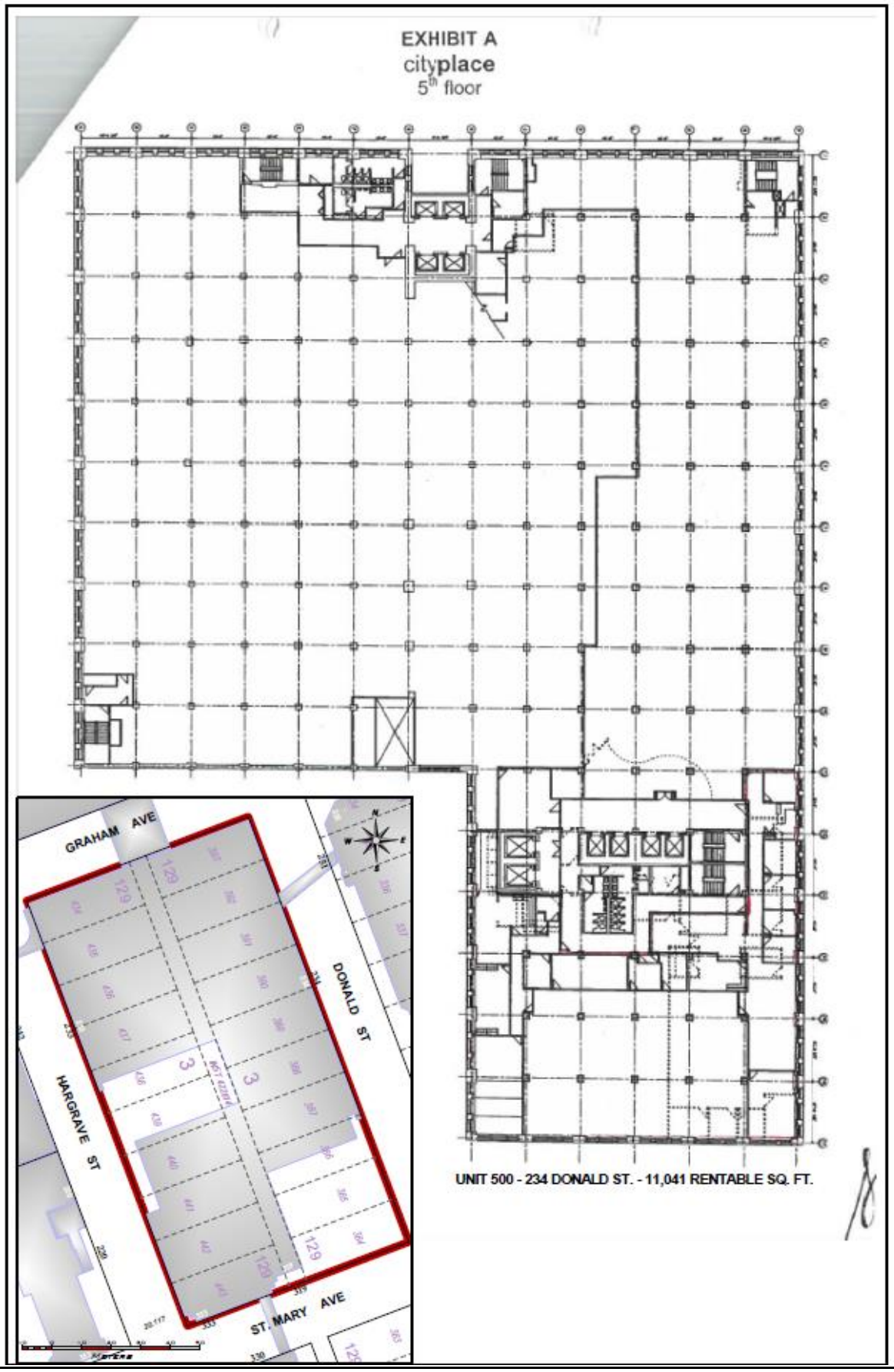
By: _____
Authorized Signing Officer
I/we have authority to bind the Tenant

TRIOVEST REALTY ADVISORS INC. AS MANAGER AND/OR AGENT FOR
The Manitoba Public Insurance Corporation

Per: _____
Name: Tom Falls, Executive VP, Commercial/National Leasing

The foregoing is agreed and accepted this _____ day of _____, 2018.

Schedule “B”


EXHIBIT A
cityplace
5th floor
GRAHAM AVE
DONALD ST
HARGRAVE ST
ST. MARY AVE
UNIT 500 - 234 DONALD ST. - 11,041 RENTABLE SQ. FT.