Agenda – Council – May 26, 2022

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – May 9, 2022

Item No. 8 Expression of Interest No. 422 – 2021 and Associated Lease for a Relocated West Kildonan Library (Old Kildonan Ward)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 18, 2022, the Executive Policy Committee submitted the following to Council:

1. That the matter be received as information.

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

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – May 9, 2022

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 18, 2022, the Executive Policy Committee submitted the following to Council:

1. That the matter be received as information.

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

The following persons submitted communications in opposition to the matter:

- Harriet Zaidman submitted a communication;
- Katelyn Panchoo, Grade 9 student, Seven Oaks Met School, submitted a communication;
- Greg McFarlane, Chair, Board of Trustees, Seven Oaks School Division, submitted a communication dated May 17, 2022.

STANDING COMMITTEE RECOMMENDATION:

On May 9, 2022, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service, with the following amendments:

- In Recommendation 1.A., delete the period after "be approved" and replace with the following:

  ", with the following amendment:

  A. That the security regulations set out by the landlord not infringe on the public's access to library services."

- Add the following new Recommendation 4 and renumber the remaining recommendation accordingly:

  "4. That the Public Service be directed to provide a verbal report back to the Standing Committee with a list of regulations governing access to the site."

and submitted the matter to the Executive Policy Committee and Council.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – May 9, 2022

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

The following persons submitted communications:

- Brittny Liewicki submitted a communication with respect to the matter dated May 4, 2022
- Chris Guenther submitted a communication in opposition to the matter
- Daniel Guenther submitted a communication in opposition to the matter dated May 9, 2022
- Steve Snyder submitted a presentation titled ‘Importance of Service Areas’ with respect to the matter

ADMINISTRATIVE REPORT

Title: Expression of Interest No. 422 – 2021 and Associated Lease for a Relocated West Kildonan Library

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	G. Patton	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

On June 29, 2021, the Public Service issued Expression of Interest (EOI) 422-2021 for the submission of proposals from private owners detailing their options for suitable leased facilities for a new West Kildonan Library. The EOI closed on September 1, 2021 and two (2) proposals were received and evaluated.

Pursuant to the EOI process, the Public Service recommends a lease with 1562903 Ontario Limited, (bidding as Rio Can) who received the highest score based on the criteria set out in the EOI. The proposed lease is for approximately 14,962 square feet of space within the Garden City Shopping Centre, located at 2305 McPhillips, (identified as “Lease Area” on Misc. Plan No. 15520/1, attached as Schedule B to this report). The annual rent will be $216,949.00 for years 1 - 5; and $231,911.00 for years 6 – 10, plus applicable GST and operating costs, (estimated at $180,142 for 2022). The City would also be committed to a one-time contribution of up to $2,000,000 towards leasehold improvements, as offered in the EOI.

RECOMMENDATIONS

1. That the proposed terms and conditions for a new Lease Agreement, attached hereto as Schedule A between the City of Winnipeg and 1562903 Ontario Limited, at Unit 303 – 2305 McPhillips St., be approved.

2. That the City enter into, execute and deliver a Lease Agreement with 1562903 Ontario Limited, 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”).

3. That the 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.

4. 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

Based on the results of EOI 422-2021, the Public Service has negotiated proposed terms and conditions for a Lease Agreement, as set out in the attached Schedule A, for the use of Unit 303-2305 McPhillips St. for a new West Kildonan library. The total lease commitment over the initial 10-year term is $2,244,300.00 plus operating costs, (estimated at $180,142.48 per annum), as well as a one-time leasehold improvement contribution of up to $2,000,000.

Council approval is required on leases having a term of over 10 years, or which have a gross value over $2,000,000.00 over the original term of the lease.

IMPLICATIONS OF THE RECOMMENDATIONS

If approved, this lease will enable the relocation of the West Kildonan Library. 1562903 Ontario Limited will provide a turnkey facility, investing up to $1,750,000 to satisfy the City's Program of Requirements.

The proposed lease terms and conditions, if approved, will commit the City to:

a. An initial term of 10 years, with an option to renew for an additional two (2), five (5) year terms, for a total of 20 years;
b. Annual rent of $216,949.00 for years 1 - 5; and $231,911.00 for years 6 - 10, plus applicable GST and operating costs (estimated at $180,142.48 per annum); and
c. Contribution of a one-time, upfront payment of up to $2,000,000.00 towards leasehold improvements.

If approved, the Real Estate Branch will assume control of the current library branch at 365 Jefferson Avenue once vacated. The property will be circulated for civic need and, if none is identified, a surplus declaration will be requested through a separate report to Council. Based on a recent sale and similar appraisals, an estimated sale value would exceed $1M.

There are no environmental, regulatory, operational, human resource or other implications of this report.

HISTORY/DISCUSSION

On January 29, 2013, Council adopted the 2013 Capital Budget, which included funding for the *Library Redevelopment Strategy,* which aims to update and improve aging library facilities such as the West Kildonan Library. The current branch, at 365 Jefferson Avenue, was constructed in 1967, with a total floor area of 13,960 sq. ft. over the main floor and basement. It is increasingly challenged in accommodating the needs of library users for a number of reasons, including limited parking. With $3.713M allocated for a new West Kildonan Library in the 2022 Adopted Operating and Capital Budget, the Public Service initiated planning for a new location.

In 2020, the Municipal Accommodations Division conducted development due diligence by reviewing municipally-owned facilities potentially suitable for redevelopment as a new West Kildonan Library. This was again revisited in January 2022, but in both instances, no vacant civic properties were identified within the Old Kildonan or Mynarski wards as required by the Library Program of Requirements (See Appendix A – Vacant Civic Portfolio).

In accordance with the Real Estate Transaction Management Framework, the Public Service conducted a market survey of comparable lease properties, and a limited number were identified within the required wards. In consultation with the City's Materials Management Department, an EOI was recommended as the best opportunity to generate more options.

On June 29, 2021, the Public Service issued Expression of Interest 422-2021 for the submission of proposals from private building/land owners detailing their options for suitable facilities for a new West Kildonan Library. The evaluation criteria for the EOI were established by the Public Service as per Materials Management guidelines. Sixty percent (60%) of the score was allocated to accommodating the Program of Requirements provided; thirty percent (30%) was for the financial and basic terms of the proposed lease. Finally, the remaining ten percent (10%) was for the location of the property, which had to be in a high-visibility location with pedestrian access to public sidewalks and transit service, along with street access and parking for library customers, within the Mynarski or Old Kildonan wards.

The EOI was to close on August 30 2021, but was extended to September 1, 2021 due to a request by one of the respondents, which was acceptable to Materials Management. Two proposals were received, evaluated and scored as per below. With the exception of the recommended bidder, all other information has been kept confidential in accordance with the terms of the EOI.

	Requirement	Points	Bidder A	Rio Can
	Compliance	Pass/ Fail	Pass	Pass
	Qualifications	Pass/ Fail	Pass	Pass
B18	**Product Functionality, Specifications, Features and Technical Details (Section B)**			
	Total for Product Functionality, Specifications and Technical Details (Section B)	**60**	**28.5**	**33.85**
B19	**The Property ("Subject Site") Location (Section C)**			
	Total for the Property ("Subject Site") Location	**10**	**10**	**10**
B20	**Financial Components, Terms or Assumptions (Section D)**			
	Total for Financial Components, Terms or Assumptions	**22.5**	**12**	**15.75**
B21	**Proposed Lease Term and Available Possession (Section E)**			
	Total for Proposed Lease Term and Available Possession	**7.5**	**7.5**	**7.5**
	Total	**100.00**	**58.00**	**67.10**

The recommended proposal from Rio Can includes renovating 14,962 sq. ft. within the Garden City Shopping Centre, located at 2305 McPhillips St. This proposal would satisfy all program requirements of the library, as well as the outlined 'Landlords Work', attached herein as Schedule C. It would also feature an outdoor reading garden to be designed in consultation with the Library Services Branch, as well as an improved pedestrian corridor from Leila or McPhillips Street, (subject to finalized design). The 'turn-key' premises are currently forecasted for occupancy in late fall/winter 2022.

The proposed lease was negotiated to include an initial term of 10 years, with an option to renew for two (2) additional five (5) year terms, for a total rental space of 14,962 square feet, plus an outdoor reading garden area. The proposed lease also takes into consideration the City's initial contribution of up to a maximum of $2,000,000.00 for leasehold improvements (as provided in the EOI), in addition to the lease rates below:

i. Year 1 to 5: $14.50 psf / $18,079.08 per month/ $216,949.00 per annum plus GST and;
ii. Year 6 to 10: $15.50 psf / $19,325.92 per month/ $231,911.00 per annum plus GST.

The City will also be responsible for its proportionate share of operating costs and any applicable realty or property taxes. The 2022 estimate for these is $6.28/sf for property taxes, $5.00/sf for operating costs and $0.7/sq. ft. for garbage removal, for an estimated per annum cost of $180,142.

An external appraisal was conducted to determine an estimated market rent of the Proposed Lease Area, based on a turnkey space that meets the requirements of the EOI. The appraisal indicated a rental value of $18.00 per square foot, which equates to $269,316.00 per annum, plus operating costs, with a rent step up range between an average of 1.00% and 2.5% annually. The proposed rental rates of the recommended lease are below these estimates, indicating reasonable value/value for money for the City. Furthermore, when comparing the proposed lease rate for this location to other leased libraries of similar size and construction, rates are reasonable, ($14.75 – $17.75 per square foot).

Finally, the Municipal Accommodations Division compared the cost of a new build with the proposed lease rate. A market survey in January 2022 identified a handful of structures/land for purchase which the City could develop for the library. As per Appendix B - Properties/Land for Purchase (and fit-up by City) for Library, a 3-acre parcel of brownfield land was identified at an estimated cost of $1.9 million; as well as a 21,000 SF building on 5 acres, which subsequently sold. The 3-acre parcel is within an industrial area, and total development cost is estimated at $12 million which is significantly higher than the net present value of the proposed lease and tenant improvements estimated at $6.5 million for a (30-year term). Note: although new construction would likely have an estimated useful life of 50 years, a term of 30 years is utilized for decision-making purpose given the rate of change in society and risk factors associated with increasing the years under study in any financial analysis.
The Library Services Division of the Community Services Department is in support of the proposed location and has no issues with the proposed terms and conditions.

The Public Service recommends awarding the EOI to Rio Can, subject to the terms and conditions outlined in Schedule A. If approved, the Public Service will negotiate a Lease Agreement that embodies the recommended proposal.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 5, 2022

Project Name:

First Year of Program 2022

Expression of Interest No. 422 – 2021 and Associated Lease for a Relocated West Kildonan Library

	2022	2023	2024	2025	2026
Capital					
Capital Expenditures Required	$ 2,105,580	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	2,105,580	-	-	-	-
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	$ -	$ 397,091	$ 400,694	$ 404,369	$ 3,014,655
Less: Incremental Revenue/Recovery	105,580	-	-	-	-
Net Cost/(Benefit)	$ (105,580)	$ 397,091	$ 400,694	$ 404,369	$ 3,014,655
Less: Existing Budget Amounts	(105,580)	397,091	400,694	404,369	3,014,655
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures in 2022 consist of the $2,000,000 contribution toward leasehold improvements + Municipal Accommodations admin and project management overheads of $70,000 and short-term financing charges & corporate admin overheads of $35,580. Financing charges are based on the assumption that $529,000 in City funding is utilized with the remainder being Provincial funding. The overheads of $70,000 & $35,580 are offset by equal recoveries in the current budgets of Municipal Accommodations and Corporate Finance respectively. Direct costs beginning in 2023, when it is assumed the Library will be open to the public, consists of the annual lease rate of $216,949 from 2023 to 2027 & $231,911 from 2028 to 2032 + annual operating costs of $180,142, assumed to increase by 2%/annum.

Mike McGinn Apr. 5, 2022

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services Department (as to legal issues)
- Risk Management, Corporate Finance Department (as to insurance requirements)
- Community Services Department
- Real Estate Division, Planning, Property and Development Department (as to existing branch)

OURWINNIPEG POLICY ALIGNMENT

Section 01-6- Libraries

Direction 1: Provide quality, responsive and innovative library programs and services that emphasize literacy and life-long learning and that enrich all Winnipeggers and their communities.

Direction 2: Provide Library facilities that are safe, convenient and accessible community places.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

N/A

SUBMITTED BY

Department: Assets and Project Management
Division: Municipal Accommodations
Prepared by: Charles Osondu, Senior Leasing Officer
Date: April 12, 2022
File No: MA2022-015

Attachments:
Schedule A – Proposed Terms and Conditions
Schedule B – Misc. Plan No. Misc. 15520/1
Schedule C – Landlord's Work and Tenant's Work

Appendix A – Vacant Civic Portfolio
Appendix B – Properties/Land for Purchase (and fit-up by City) for Library

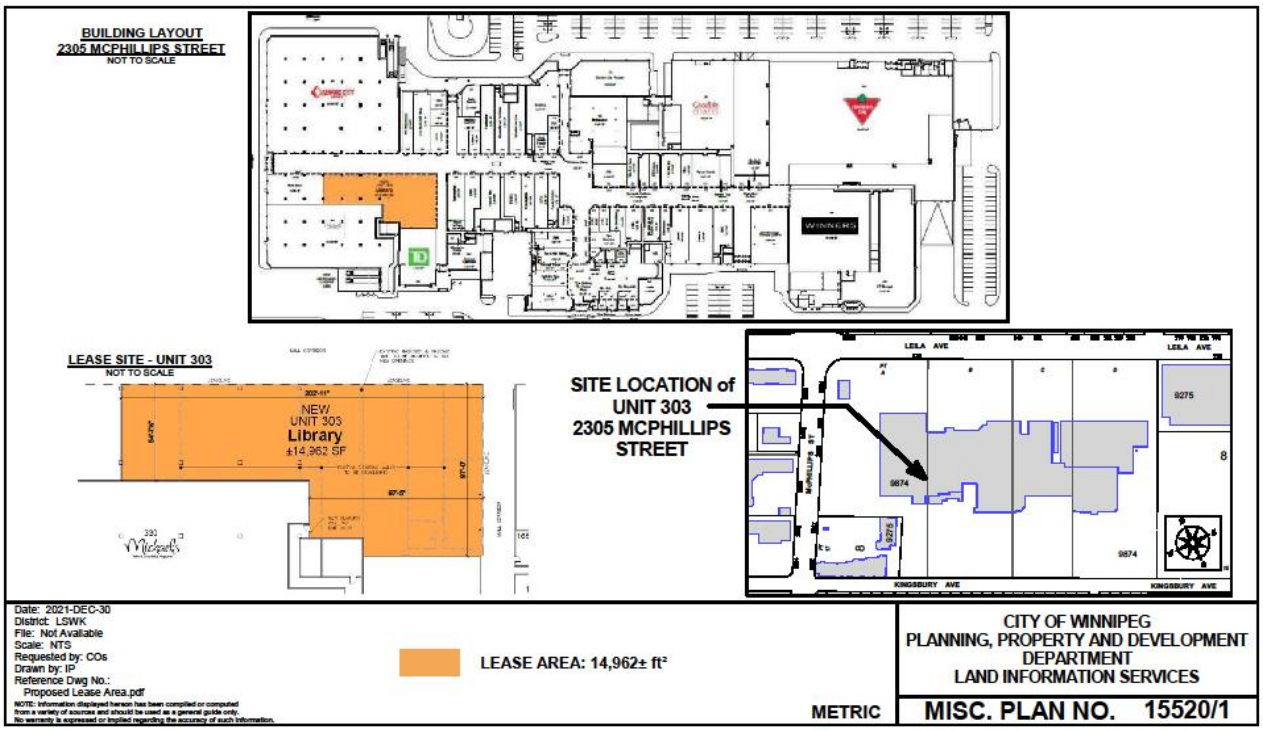
SCHEDULE A

Lease – Unit 303 – 2305 McPhillips St.

Lessor	1562903 Ontario Limited
Lessee	City of Winnipeg (“City”)
Term	Ten (10) Year Term
Option to Renew	Two (2), Five (5) year at a rent to be determined at market rate.
Leased Area	14, 962 square feet
Fixturing Period	Ninety (90) days
Commencement Date	Earlier of the end of the Fixturing Period or the City’s opening date for business
Base Rent Amount	Year 1 to 5: $14.50 psf / $18,079.08 per month/ $216, 949 .00 per annum plus GST Year 6 to 10: $15.50 psf / $19,325.92 per month/ $231, 911.00 per annum plus GST
Additional Rent	Operating Costs: $5.00 psf / $6234.16 per month / $ 74,810.00 per annum (est. for 2022) Garbage Costs: $0.76 psf / $947.59 per month / $11,371.12 per annum (est. for 2022) Property Taxes (*if applicable*): $6.28 psf / $7,830.11 per month / $93,961.36 (est. for 2022)
Utilities	City’s Responsibility

Insurance Requirements:	(a) The Tenant shall throughout the Term, at its own cost and expense, take out and keep in full force and effect, the following insurance: (i) All-risks (including flood and earthquake) insurance upon property of every description and kind owned by the Tenant or for which the Tenant is legally liable (including, without limitation, signs and plate glass) and which is located within the Shopping Centre in an amount of not less than ninety percent (90%) of the full replacement cost thereof; (ii) broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in the amount of not less than the replacement cost of all Leasehold Improvements and of all boilers, pressure vessels, air conditioning equipment and miscellaneous electrical apparatus owned or operated by the Tenant or by others (other than the Landlord) on behalf of the Tenant in the Leased Premises; (iii) public liability and property damage insurance including personal injury liability, bodily injury liability, contractual liability with respect to the Leased Premises and the Tenant's use of the Common Areas. Such policies shall be written on a commercial basis within inclusive limits of not less than Five Million Dollars ($5,000,000) or such higher limits as the Landlord or the Mortgagee may reasonably require from time to time. Such policy shall name the Landlord or the Mortgagee as additional insureds; (iv) any other form of insurance as the Tenant or the Landlord or the Mortgagee may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would insure.
Landlord's Responsibility	Landlord will construct a turnkey premise as outlined in EOI – 422-2021 and the Program of Requirements.
Improvement Costs	**Landlord Contribution:** $1,750, 000.00 **City's Contribution:** $2,000, 000.00 Parking: Landlord to provide up to 40 public parking including 5 dedicated staff parking and a minimum of two (2) designated parking stalls for persons with disabilities. Signage: Landlord will work with the City to provide maximum exposure and identification of the library.

SCHEDULE B


BUILDING LAYOUT
2305 MCPHILLIPS STREET
NOT TO SCALE
LEASE SITE - UNIT 303
NOT TO SCALE
NEW
UNIT 303
Library
±14,962 SF
SITE LOCATION of
UNIT 303
2305 MCPHILLIPS
STREET
LEILA AVE
KINGSBURY AVE
9275
9874
Date: 2021-DEC-30
District: LSWK
File: Not Available
Scale: NTS
Requested by: COs
Drawn by: IP
Reference Dwg No.:
Proposed Lease Area.pdf
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.
LEASE AREA: 14,962± ft²
METRIC
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT
DEPARTMENT
LAND INFORMATION SERVICES
MISC. PLAN NO. 15520/1

SCHEDULE C

LANDLORD'S WORK AND TENANT'S WORK
CONSTRUCTION OF LEASED PREMISES

Landlord's Obligation

The Landlord will design and construct the Leased Premises in accordance with plans and specifications prepared by the Landlord or the Architect, incorporating in such construction all items of work described as Landlord's Work herein. The Landlord's Work outlined in this Schedule C shall use Expression of Interest – *EOI 422 - 2021 Lease Accommodation for West Kildonan Library* (the "**EOI**") as a guide. The currently estimated cost of the Landlord's Work is **Three Million, Seven Hundred and Fifty Thousand Dollars ($3,750,000)** (the "**Landlord's Estimated Construction Costs"**), which amount includes, without limitation, all designer, architectural, engineering and contractors' fees, project management fees, consultants' fees, drawings, materials, labour, interior furnishings, fixtures, equipment, and interior and exterior signage, incurred to build the turn-key library as contemplated herein. The Landlord shall undertake and complete the Landlord's Work (i) at a cost to the Landlord not to exceed the sum of **Three Million, Seven Hundred and Fifty Thousand Dollars ($3,750,000)** (the "**Landlord's Cost Cap**"); and (ii) at a cost to the Tenant equal to **Two Million Dollars ($2,000,000)** plus costs incurred by the Landlord in excess of the Landlord's Cost Cap (the "**Tenant's Contract Fee"**) to be applied in partial reimbursement to the Landlord of the costs incurred by the Landlord pursuant to and in compliance with Schedule "C" hereof of constructing the Leased Premises.

It is understood and agree that in the event that any of the provisions of this Schedule C shall be inconsistent or contrary to the provisions of the EOI, the provisions in this Schedule "C" shall be deemed to govern to the extent of said inconsistency or contradiction.

Tenant's Obligation

The Tenant shall at its cost and expense complete or cause the completion of all items of work described as Tenant's Work herein prior to the Commencement Date in accordance with the plans and specifications which have been submitted to and approved by the Landlord. All work performed by the Tenant with respect to the Leased Premises shall:

(a) be done in accordance with the approved drawings and layout of the Landlord.
(b) be done as expeditiously as reasonably possible;
(c) be done in such manner as will not interfere unreasonably with work being done by the Landlord upon the Leased Premises or any other portion of the Shopping Centre;
(d) be done in compliance with such reasonable rules and regulations as the Landlord or its agents or contractors may make;
(e) be carried out by competent workers under the supervision of one or more professional contractor(s) and designer(s), who shall be subject to prior written approval of the Landlord (such approval not to be unreasonably withheld or delayed), and be subject to the reasonable supervision of the Landlord or its agents or contractors;
(f) be commenced only after the Tenant has delivered to the Landlord a certificate of general liability insurance from its general contractor (or from the Tenant if it is acting as its own contractor) as contemplated in Paragraph A below; and
(g) be done at the risk of the Tenant.

Landlord's Work

Landlord's Work (to be performed by Landlord at its cost) shall consist of providing a fully fitout tenant space as indicated on the EOI, *as a guide,* including:

Design:

- Professional design team services with local representation are to be provided by the Landlord to ensure all requirements stipulated in Appendix A of the EOI are met where reasonably possible, including the latest edition of the City of Winnipeg Accessibility Design Standards.

Demolition:

- Perform all demolition and disposal of existing walls, floors, finishes, mechanical and electrical equipment within proposed space(s) to prepare for new interior fit out work as per Tenants requirements. All existing floor areas to be ground down to remove all old finishes and adhesives from previous tenants.

HVAC System:

- Landlord to provide all new gas fired heating and cooling units with power wiring connected to tenant's panel or switch if applicable.
- Landlord's standard low or line voltage thermostat complete with control wiring to be provided. All new supply and return ducts complete with all branch distribution through the space. Size of HVAC units to be based on 1 ton of cooling per 350 s.f. of Leased Premises. Approximately 43 Tonnes proposed for new space. New RTUs shall provide sufficient fresh air to meet ASHRAE 62.1 standard. Min. filter MERV13. If required, electric perimeter heaters shall be installed. Building temperature and humidity shall meet ASHRAE standard. Building exhaust air system/relief air shall be provided. HVAC system shall be balanced.
- Landlord to provide new gas meter and all adjustments to existing gas line piping as required.
- Landlord to remove and infill all old roof penetrations.
- Landlord to provide structural reinforcement to all new roof openings as required.
- Landlord to provide fresh air and exhaust for the Multi-Purpose Program Room to support smudging ceremonies, if approved by the municipality.

Electrical Service:

- 600A/600V 3 phase, 4 wire electrical service terminating in Tenant's premises at a disconnect switch.
- Provide all new electrical power distribution and wiring within new conduits throughout tenant premises to meet room/space requirements of Tenant's Expression of Interest.
- Power to be provided to all new RTU units fed to disconnect switch as required for future maintenance.
- Provide all new energy efficient, LEED compatible lighting throughout tenant premises c/w controls and motion sensing equipment to meet room/space requirements of Tenant's Expression of Interest.
- Provide new Data/IT and internet service cabling, racking and equipment complete for tenant future use as per room/space requirements of Tenant's Expression of Interest.
- Provide all new power outlets within tenant premises as required per tenant selected.
- Provide all new emergency assistance washroom system c/w equipment, wiring and testing.
- Provide new security, CCTV system, cameras, and card reader system wiring and equipment complete for tenant future use connected to City of Winnipeg, Central Controls for monitoring/communication. (BAS- Metasys, Card Access-Pegasys). Refer to attached '5 Intrusion Alarm Specification' and '6 Video Management System Specification' for more

detailed specifications. Final design and specifications must be approved by City of Winnipeg Municipal Accommodations staff.

- Two new 1" conduit to be provided for new telephone services within space, terminated at location determined by Tenant.
- Provide motion sensor door openers where required.
- Provide power operated door openers where required.
- Provide fire detection and fire alarm monitoring system.
- Power to be provided to new exterior signage, and storefront signage, including switch to turn store front sign 'ON-OFF'.

Fire Exits:

- Painted exit doors complete with frame, door security and all associated hardware to be provided at all locations within premises as required by code.

Drywall & Demising Walls:

- All new walls, ceilings, bulkheads, suspended ceilings, t-bar ceilings to be provided to meet room/space requirements of Tenant's Expression of Interest.
- All new interior walls constructed to underside of roof deck (as directed by tenant drawings) and fire rated as required by code requirements.
- All drywall partitions to be taped and sanded and prepared for paint finishes.
- All new interior doors (with sidelites as required), frames, door hardware and door security to be provided to meet room/space requirements of Tenant's Expression of Interest.

Paint:

- Provide all prime, and finish painting of interior walls and ceilings within constructed space, as per colors selected by tenant. Allowance made for priming and 3 coats of paint on walls in all locations.

Floor:

- Provide new carpet tile flooring with 4" rubber baseboards within all rooms/spaces as required per Tenant's Expression of Interest. Approximately 12,000 SF in total.
- Provide new high-quality slip resistant flooring within all rooms/spaces as required per Tenant's Expression of Interest. Approximately 250 SF in total.
- Provide new hard surface slip resistant flooring within all rooms/spaces as required per Tenant's Expression of Interest. Approximately 1,750 SF in total.
- Provide new ceramic tile for flooring, base and walls within all rooms/spaces as required per Tenant's Expression of Interest. Approximately 1,175 SF in total.
- Provide new epoxy painted flooring within all rooms/spaces as required per Tenant's Expression of Interest. Approximately 400 SF in total.
- Provide new MDF wood baseboards where applicable within all rooms/spaces as required per Tenant's Expression of Interest.

Storefront:

- New continuous aluminum glazed storefronts at Mall Corridor for 60% of Tenant's new mall corridor walls (approximately 180LF).
- New drywall interior walls (within tenant space, and metal panel on exterior mall corridor side of wall (approximately 120LF). Metal panel system to be designed in coordination with tenant for mutually desirable finish to meet Mall standard requirements.
- Provide new aluminum glazed sliding doors at entrance to space within new storefront as required, c/w override located within Tenant space and breakout panel.

- Mall floor tile to be installed to lease line by Landlord. Tenant to select floor tile for installation by landlord forces between lease line and closure line. Landlord's standard bulkhead installed ready to accommodate new store closure.

Plumbing and Drainage:

- Landlord to provide all plumbing roughins, piping, drainage, equipment, fixtures and accessories to complete the new kitchen, gender inclusive washrooms and Universal Toilet Room, staff room and staff washroom to meet the requirements of the Tenant's Expression of Interest.
- Provide all required new roof jacks for sanitary waste vent and associated venting.
- Provide all roof jack for ceiling mounted washroom exhaust and all required fans/exhaust equipment for space per code.
- Provide 1 ½" valved domestic cold-water connection within tenant premises in a location as determined by Landlord.
- Provide two (2) new water fountains and bottle filling stations and all associated water supply piping and drainage as required.
- New hot water tank(s) sized for space complete with all required piping and drainage.
- New mop sink for janitor's space.

Sprinkler:

- Combine all existing zones of spaces to supply building sprinkler system (if required by the Building Code) to provide protection to underside of roof deck.
- Provide all required fire extinguishers within space as required.

Other:

Landlord to perform all work to provide all of the following using the EOI and the BCSH, as a guide:

- Monitors/ TV Supply.
- Magnetic Whiteboards.
- Lockers - 18 Hadrian half lockers for staff.
- Bibliotheca Smart lockers – approximately 13'L x 6'H x 18"D with associated electrical and data connections.
- Millwork/Storage/Solid Surface Counters etc.
- Furniture.
- Washroom Partitions and all washroom accessories as required.
- Adult change table.
- One (1) Interactive Literacy playground as required, c/w $2,500.00 allowance for wall decals that read 'Talk, Sing, Read, Write, and Play'. Literacy playground manufacturer is Burgeon Group. Library staff will co-design the playground with Burgeon, Landlord's Contractor is responsible to supply and install.
- Shelving/Racking for Books to be Ven Rez Horizon Closed Shelving System or Estey Shelving System.
- Corner Guards.
- Appliances as required.
- Interior window blinds/treatments as designated by Tenant.
- Feature Green wall at locations of tenants choosing of approximately 400SF.
- Milestone People counting equipment at entrances c/w all required electrical connection and hookup. (People counter equipment for installation to be provided by tenant.)
- PA System and associated equipment c/w all required electrical connection and hookup.
- Provide, install and connect all required tenant interior and exterior signage.

- Exterior parking lot signage.
- Exterior covered bike lock posts (up to 10 total).
- Exterior and Interior Book Return box. Tenant to work with Landlord for mutually agreeable location within Mall. Product to be Kingsley KwikDrop ThruWall Exterior Return, c/w corresponding Kingsley aluminum alloy cart.
- Exterior reading garden / Green space from Garden City entry doors to McPhillips (specific green space designated for the library), subject to municipal approvals.
- Easy pedestrian access to public sidewalks and transit service.
- Street access and available parking for 40 public vehicles including accessible and 5 staff vehicles (no electrical included).
- Construct one additional staff office within the leased premises.
- A Supply and install one safe, secured to the floor. Acceptable product: NL Lock by LpLocks, LLC. – minimum size: 14 inches by 14 inches.

Payments and Submittals:

- The Landlord must comply with current City of Winnipeg General Conditions on Construction Contracts, particularly in relation to payments/submittals. This would include schedule of values, invoices, receipts from the General Contractor and subcontractors. They must be provided as a part of the supporting material required by Corporate Finance for release of payment.

Tenant's Work

The Tenant shall perform all construction required to ready the Leased Premises for the conduct of the Tenant's business therein, at its sole cost and expense, and in accordance with the provisions of this **Schedule "C"**.

OTHER PROVISIONS

Performance of Tenant's Work

The following provisions are in addition to, and do not waive the provisions of any general covenants between the Tenant and the Landlord as may be contained in the Lease:

A. Before doing any item of Tenant's Work, (i) Tenant shall secure and demonstrate to the Landlord on demand, all necessary permits; (ii) Tenant shall deliver to Landlord a certificate evidencing that it has obtained contractors' general liability insurance in accordance with the Landlord's requirements, naming both the Landlord and its property manager as additional insureds; and upon completion, Tenant shall secure all applicable certificates of completion and occupancy.

B. All work by the Tenant within the Leased Premises shall be completed in new materials. Materials and workmanship shall be of a uniformly high quality and used and/or performed in accordance with the very best standards of practice and shall not be in contravention of any governing codes or regulations and shall be subject to the approval of the Landlord and/or its Architect. Any damage to the Leased Premises or the Shopping Centre caused by the Tenant or any of its employees, contractors of workmen shall be repaired forthwith by the Landlord at the expense of the Tenant.

C. Under no circumstances will the Tenant, its employees, its contractors or its contractors' employees enter onto any roof of the Shopping Centre or make any opening in the roof.

D. The Tenant and his contractor(s) shall not impose a greater load on any concrete floor than the design live load of 100 pounds per square foot uniformly distributed. No unusual loads may be suspended from the underside of roof structure.

E. Tenant shall maintain the Leased Premises in a reasonably clean and orderly manner and shall be responsible for the cost of removing from the Shopping Centre all excess materials, trash and cartons resulting from Tenant's Work and stocking of the Leased Premises. Should the Tenant fail to regularly clean up construction material, trash and cartons, the Landlord may remove such materials and charge the costs to the Tenant.

F. The Tenant shall not allow any liens or notices thereof to be placed against the Leased Premises or the Shopping Centre. Failure to discharge any liens or notices thereof within five (5) days of notice by the Landlord to do so, shall constitute a default under the Lease.

Exhaust and Odours

(a) Objectionable odours from the Leased Premises shall, at the Tenant's expense, be exhausted in such a manner as precludes their escaping into the Mall or other rental areas, or short-circuiting into any fresh-air vents. The Tenant specifically acknowledges and agrees that it shall be responsible for any costs, expenses or damages suffered or incurred by the Landlord as a result of claims by other tenants of the Shopping Centre relating to objectionable odours or exhaust emanating from the Leased Premises during the completion of the Tenant's Work or otherwise during the Term of the Lease. The Landlord shall be entitled to require the Tenant to suspend the Tenant's Work on twenty-four (24) hours prior written notice in the event that the Tenant fails to comply with its obligations contained herein.

(b) Where Tenant request a total exhaust rate greater than 200 CFM/bay, the Tenant shall provide a make-up air system in accordance with Landlord's specifications, sized in the amount of the excess and shall waive right to demand of the Landlord the ambient design conditions specified in the design package provided to the Tenant by the Landlord, if any.

(c) Tenant's air-handling equipment may not under any circumstances draw air from any enclosed mall or exhaust into it.

(d) Garbage refrigeration equipment must be installed in the Leased Premises by the Tenant if perishable items are handled.

Complete Drawings by Tenant (as applicable)

The Tenant shall submit to the Landlord complete drawings and specifications for the Leased Premises, to be prepared by qualified designers and confirming to each of good engineering practice, the outline drawings provided to the Tenant by the Landlord, if any, and the provisions of this Schedule "C".

Such complete drawings and specifications shall show at least the following:

STORE SUBMISSION REQUIREMENTS

The Tenant shall provide complete working plans and specifications in the following form:

(a) Floor plan to scale.
(b) Reflecting ceiling to scale.
(c) Store front and show window elevation and sections to scale.
(d) Store front and show window details to scale.
(e) Interior elevations to scale.
(f) Interior finishing schedule.
(g) Sign and related lighting and equipment as outlined in Sign Directive.
(h) Any other special facilities or installations that affect the building.
(i) Sprinkler and other fire protection devices.
(j) Underfloor electrical or plumbing.
(k) Electrical wiring plan.
(l) Ductwork for connection to Landlord's air conditioning system, toilet exhaust system and any other ventilation system required by the Tenant.

All required drawings and specifications shall be submitted for approval within a reasonable time and in any event within fifteen (15) days of written request for by the Landlord therefor. No Tenant's Work may proceed prior to the Landlord's written approval, which will not be unreasonably withheld nor unduly delayed. In the event that the completion of the Landlord's Work and/or Tenant's Work is delayed as a result of the failure by the Tenant to comply with its obligations contained herein, the Fixturing Period shall be reduced by the length of delay caused or contributed to by the Tenant.

Appendix A: Vacant Civic Portfolio

Vacant Civic Portfolio (as at January 1, 2022)			
Address	**Within Old Kildonan or Mynarsky Ward**	**~Sq. Ft.**	**Future Status**
111 Victoria Ave. (Former Transcona Library)	N	7,500	Marketing pending
1350 Pembina (Former WPS Station)	N	13,500	Marketing pending
380 William Ave. (Former Carnegie Library)	N	28,750	Use Pending
510 Main St. (Former Grace Café)	N	4,200	Temporary Use
266 Graham Ave. (Former Canada Post Tower)	N	140,000	Vacant
5014 Roblin Blvd.	N	3,400	Marketing pending
1910 Portage Ave.	N	7,072	Vacant
600 St. Mary's Road	N	597	Vacant
1520 Corydon Ave. (Former River Heights Library)	N	7,400	Marketing pending
Total SF		**212,419**	

Appendix B: Properties/Land for Purchase (and fit-up by City) for Library (as at Jan. 1, 2022)

Address	Land Size	Bldg. Size	Asking Price	Comments
1196 Fife Street	3.62 acres	n/a	$1,900,500.00 ($525k per acre)	Land only - Medium Industrial. Not suitable
~~2536 McPhillips Street~~	~~5 acres~~	~~21036 sq. ft.~~	~~$5,400,000~~	~~SOLD~~