Report of the Standing Policy Committee on Property and Development dated June 27, 2002

Lease Renewal - Fort Garry Place - Garry Street and Assiniboine Avenue
File FI-2.3(32) (Vol. 8)

18. The Standing Policy Committee on Property and Development has been advised that the existing leases within Fort Garry Place for the Planning, Property and Development Department and the License Branch of the Community Services Department expire November 30, 2003. The continuance of the existing rental rate is proposed for the second five-year term with a one-year termination clause, incorporated. Council Policy of April 1993 requires that leases of private property where the net cost to the City, excluding operating costs and tenant improvements, is greater than $1 Million over the lease term, the lease shall be subject to review by Council.

On September 29, 1998, Council approved five-year leases (November 1998 to November 2003) for the relocation of staff to 65 Garry Street to consolidate the Planning, Property and Development Department. This 1998 approval was for approximately 34,268 square feet.

On February 3, 2000, the Standing Policy Committee on Property and Development approved three-year leases of approximately 53,674 square feet. Termination dates of these leases coincided with the previous leases being November 2003.

Following all of the required moves to 65 Garry Street and 30 Fort Street, the Planning Property and Development Department has further reduced their space requirements. Currently the Department has approximately 70,628 square feet of net rentable area under lease. The Planning Property and Development Department has identified a further reduction in space by 913 square feet.

The following is a summary of the proposed lease terms

Landlord:	60961 Manitoba Ltd.
Premises:	Approximately 69,715 square feet, subject to measurement within six (6) months of lease commencement.
Lease Term:	Five years from December 1, 2003 to November 30, 2008
Option to Renew:	One 5-year period
Gross Rent:	$12.00 per square foot for office space $10.00 per square foot for storage space
Use of Premises:	The Premises shall be used for the sole purpose of offices and storage for the City of Winnipeg.
Termination Clause:	The Tenant shall have the right to terminate any or all of the Leases upon one (1) year written notice to the Landlord.

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Approval of Design:	All designs and construction/finish specifications of any Leasehold Improvements are to be submitted to the Landlord for final approval prior to commencement of construction.

The contemporary exercise of the five-year term between November 2003 and October 2008 is predicated on the Landlord's willingness to provide (1) a favorable gross lease rate and (2) at the Department's request, a one-year cancellation clause.

The one-year cancellation clause will provide the City with a more timely opportunity to review alternative locations closer to the Civic Campus, to possibly act as a catalyst for other development within the Downtown or perhaps to assist in the restoration of a heritage building. The challenge would be to locate, within the Downtown, a building capable of providing some 70,000 to 75,000 square feet of contiguous net rentable area in a configuration, which meets the needs of the Department and remains affordable. The Department's current physical configuration and adjacencies is outlined in Schedule "B".

The request that the current landlord, 60961 Manitoba Ltd., provide the City with a cancellation clause will provide the necessary minimum two-year period in which to implement any accommodation options.

The Standing Policy Committee on Property and Development recommends:

I. That the Lease Renewal offer for the Planning, Property and Development Department and the License Branch of the Community Services Department located within Fort Garry Place be approved in accordance with the terms and conditions as outlined; incorporating such other terms and conditions deemed necessary by the City Solicitor/Manager of Legal Services in order to fulfill the intent of Council.

II. That the Director of Planning, Property and Development undertake a review of alternate accommodation options.

III. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.