

## Council Report

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**Report Number:** RS2021-009

**Meeting Date:** February 23, 2021

**Title:** **Proposed Lease Extension and Amending Agreement between Her Majesty The Queen In Right Of Ontario As Represented By The Minister Of Government And Consumer Services and The Corporation of the City of Kawartha Lakes – 322 Kent Street West**

**Description:** Lease Agreement for Office Space/Basement Storage Space for Public Works and Engineering and Corporate Assets Departments

**Author and Title:** Laura Carnochan, Law Clerk – Realty Services

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### Recommendations:

**That** Report RS2021-009, **Proposed Lease Extension and Amending Agreement between Her Majesty The Queen In Right Of Ontario As Represented By The Minister Of Government And Consumer Services and The Corporation of the City of Kawartha Lakes – 322 Kent Street West**, be received;

**That** the Mayor and Clerk be authorized to execute the Lease Agreement attached as Appendix B on behalf of the Corporation of the City of Kawartha Lakes, being a Lease Agreement with Her Majesty The Queen In Right Of Ontario As Represented By The Minister Of Government And Consumer Services for the purpose of leasing space for the Public Works and Engineering and Corporate Assets departments; and

**That** a By-Law (attached as Schedule C) authorizing the signing of the Lease Extension and Amending Agreement between Her Majesty The Queen In Right Of Ontario As Represented By The Minister Of Government And Consumer Services and The Corporation of the City of Kawartha Lakes for office space at 322 Kent Street West, Lindsay, be forwarded to Council for adoption.

**Department Head:** \_\_\_\_\_

**Financial/Legal/HR/Other:** \_\_\_\_\_

**Chief Administrative Officer:** \_\_\_\_\_

## **Background:**

The Corporation of the City of Kawartha Lakes has been leasing space at 322 Kent Street West, Lindsay since 1999. From 1999 until 2019, the space was utilized by the City's Human Services department. In 2019, Human Services relocated to the City's new building at 68 Lindsay Street South, and the Public Works and Engineering and Corporate Assets departments moved into the office space at 322 Kent Street West.

The current Lease Agreement (attached as Appendix A) will expire on March 31, 2021.

The space leased by the City consists of 13,890 square feet of ground floor office space and 3,426 square feet of basement storage space, and also includes the use of 30 random parking spaces within the Landlord's parking lot.

The proposed Lease Extension and Amending Agreement (attached as Appendix B) sets the base rent for the ground floor space as follows:

Years 1 and 2 - \$11.50 per square foot (\$159,735.00 per annum)

Years 3, 4, and 5 - \$11.75 per square foot (\$163,207.50 per annum)

Base rent for the basement storage space is set at \$7.00 per square foot (\$23,982.00 per annum) for each year of the five-year term.

The proposed Lease also provides the City with additional parking space consisting of approximately 7,000 square feet. Rent for the additional parking space is set at \$5,640.00 per annum.

A proportionate share of the building's operating costs (which may vary from one year to the next) is also allocated to the City under the Lease. The proposed Lease estimates the operating cost allocation for the City's rented space at \$7.05 per square foot (\$122,077.80 per annum), subject to annual adjustments.

Sales tax will be payable in addition to each of the above-noted rental amounts.

The proposed Lease grants the City an option to extend the Lease for a further five-year term following expiration on March 31, 2026.

## **Rationale:**

The terms and conditions of the proposed Lease are substantially the same as the current Lease Agreement in place for the space at 322 Kent Street West.

The proposed Lease is for a period from April 1, 2021 to March 31 2026; and provides for an extension following that term.

The Manager of Realty Services and City Solicitor have reviewed the proposed Lease and have expressed agreement, in principle, subject to Council approval.

### **Other Alternatives Considered:**

Council could direct that the Lease Agreement not be renewed. This is not recommended in this circumstance as the City is currently utilizing the space for the Public Works and Engineering and Corporate Assets departments and alternative space is not available at this time.

### **Alignment to Strategic Priorities**

The recommendations set out in this Report align with the following strategic priority:

- Good Government
  - Effective management of the municipal building and land portfolio

### **Financial/Operation Impacts:**

The annual cost of the proposed lease is \$189,357.00, plus HST, for Years 1 and 2. This amount includes the base rent for the ground floor office space, basement storage space, and additional parking space. This is an increase of \$34,345.80 from the current rate. The annual rent will increase by a further \$3,472.50 in Year 3 and there will be no further increases to the base rent for the remainder of the term.

In addition, the City is responsible for additional rent for its proportionate share of the building's operating costs. The proposed Lease estimates the additional rent at \$122,077.80 per year. This amount is subject to annual adjustments and may increase or decrease from year to year.

The proposed increases have been reviewed by the Manager of Realty Services and City Solicitor and determined to be a reasonable increase.

### **Consultations:**

City Solicitor

## **Attachments:**

Appendix A – Current Lease Agreement (322 Kent Street West)



Appendix A -  
Current Lease Agree

Appendix B – Proposed Lease Extension and Amending Agreement (322 Kent Street West)



Appendix B -  
Proposed Lease Exte

Appendix C – By-Law to Authorize the Execution of the Lease Extension and Amending Agreement for 322 Kent Street West



Appendix C -  
By-Law to Authorize

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**Department File:** L17-20-RS059