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| <p>11. ACQUISITION LEASE – 2020 WALKLEY ROAD – SOCIAL SERVICES
SOUTH OFFICE</p> <p>ACQUISITION DE BAIL – 2020, CHEMIN WALKLEY – BUREAU DES
SERVICES SOCIAUX – SECTEUR SUD</p> |
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COMMITTEE RECOMMENDATION

That Council approve a lease for 38,390 square feet at 2020 Walkley Road from Manulife Real Estate to continue to house the Social Services Centre south-east office for a term of three (3) years commencing 1 May 2018 and ending 30 April 2021 for a total estimated consideration of \$3,105,222.50 plus HST for the term.

RECOMMANDATION DU COMITÉ

Que le Conseil approuve la location de 38 390 pieds carrés au 2020, chemin Walkley, d'Immobilier Manuvie, afin de continuer d'héberger le bureau du secteur sud des Services sociaux pendant trois (3) ans, du 1^{er} mai 2018 au 30 avril 2021, pour une indemnité estimative totale de 3 105 222,50 \$, TVH non comprise, pour la durée du bail.

DOCUMENTATION/DOCUMENTATION

1. Director's report, Corporate Real Estate Office dated 26 September 2017 (ACS2017-CSD-CRE-0012)

Rapport du Directeur, Bureau de l'immobilier de la Ville daté le 26 septembre 2017 (ACS2017-CSD-CRE-0012)

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
7 November 2017 / 7 novembre 2017**

**and Council
et au Conseil
22 November 2017 / 22 novembre 2017**

**Submitted on September 26, 2017
Soumis le 26 septembre 2017**

**Submitted by
Soumis par:
Gordon MacNair, Director, Corporate Real Estate Office /Directeur, Bureau de
l'immobilier de la Ville**

**Contact Person
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Ward: GLOUCESTER-SOUTHGATE (10) File Number: ACS2017-CSD-CRE-0012

**SUBJECT: ACQUISITION LEASE – 2020 WALKLEY ROAD – SOCIAL SERVICES
SOUTH OFFICE**

**OBJET: ACQUISITION DE BAIL – 2020, CHEMIN WALKLEY – BUREAU DES
SERVICES SOCIAUX – SECTEUR SUD**

REPORT RECOMMENDATION

**That the Finance and Economic Development Committee recommend Council
approve a lease for 38,390 square feet at 2020 Walkley Road from Manulife Real**

Estate to continue to house the Social Services Centre south-east office for a term of three (3) years commencing 1 May 2018 and ending 30 April 2021 for a total estimated consideration of \$3,105,222.50 plus HST for the term.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil d'approuver la location de 38 390 pieds carrés au 2020, chemin Walkley, d'Immobilier Manuvie, afin de continuer d'héberger le bureau du secteur sud des Services sociaux pendant trois (3) ans, du 1^{er} mai 2018 au 30 avril 2021, pour une indemnité estimative totale de 3 105 222,50 \$, TVH non comprise, pour la durée du bail.

BACKGROUND

The City has been leasing 38,390 square feet of office space at 2020 Walkley Road to house the Community and Social Support Centre (south-east) (CSSC) since March 2003.

The CSSC at 2020 Walkley Road is one of four centres located in Ottawa that provides a wide range of integrated community and social service supports to residents of Ottawa. Services include Ontario Works financial assistance; Essential Health and Social Supports; Child Care Subsidy Services; Housing Services; Employment Services and a range of social supports through Community Hubs located within the Centre.

While the Walkley Road Centre predominantly services the residents of the south-east Ottawa, generally bounded by the Queensway to the north, Merivale Road to the west, Smyth/Russel Road to the east and the City limit to the south, the services are available to all residents of Ottawa.

The CSSC works closely with Strategic Community Initiatives, Community Funding, Recreation, Culture and Facility Services, and Ottawa Public Health to build linkages and support residents to ensure a truly integrated approach to supporting priority neighbourhoods. The Centre's highly visible location is on major bus routes with plenty of parking to assist with the community integration required to provide these services. This location has proven to be optimal in terms of services delivery, offering the convenience and services required in this area of the City.

DISCUSSION

The City's current lease ends on 30 April 2018. Pursuant to the conditions in the current lease, notice to continue must be given to the Landlord at least six (6) months, but not more than twelve (12) months, prior to the expiry of the term. The Corporate Real Estate Office (CREO) advised the Landlord that the City was interested in a new lease term of three (3) years, with a three (3) year renewal option. Negotiations with the Landlord have resulted in a proposal as follows.

A three (3) year lease term with a base rent of \$13.50 per square foot, with a tenant inducement allowance equal to \$6.75 per square foot (free basic rent period), for a net effective rent of \$11.25 per square foot, and a three (3) year extension option.

CREO presented the proposal to the Community and Social Services Department and they accepted the proposal based upon the rates being offered.

Further negotiations with the Landlord resulted in the option to apply the tenant inducement to the base rent. CSSC has confirmed that this is the preferred option. The free basic rent will be applied in the 1st, 2nd, 13th, 14th, 25th, and 26th months of the term of the lease. The tenant inducement is equal to a basic rent reduction in the amount of \$86,377.50 per year, for a net effective rent of \$11.25 per square foot.

A review of independent market data and an external appraisal provided by Juteau Johnson Comba Inc. confirm that the base rent numbers are within market value parameters.

Operating rent is estimated at \$15.25 per square foot for the first year. A three percent (3%) annual increase to the operating rent has been estimated for the term.

The total consideration for the term, which includes base rent and operating rent is estimated to be \$3,105,222.50 plus HST.

CREO has reviewed the City owned buildings in Ward 10 and found that there are no City facilities available to accommodate this space requirement. CREO also reviewed space availability on the open market and found no suitable property able to accommodate this space requirement within the Ward.

The lease provides the client with stability of location. The client group has indicated that they have sufficient funds budgeted for this lease term.

The costs for this lease are funded 50% by the Province of Ontario and 50% by the City. The current annual rent of the existing lease is \$1,025,359 and signing this lease will result in an annual savings in year one of approximately \$8,000.

RURAL IMPLICATIONS

There are no rural implications associated with the recommendation of this report.

CONSULTATION

The Corporate Real Estate Office consulted with the Community and Social Services Department, Infrastructure Services and Legal Services in completing this lease.

COMMENTS BY THE WARD COUNCILLOR(S)

The subject property is located within Ward 10. The Ward Councillor, Diane Deans, has received a copy of this report and is aware of the staff recommendation.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendation in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with the recommendation of this report.

FINANCIAL IMPLICATIONS

Sufficient budget exists in the Ontario Works program to fund these lease costs.

ACCESSIBILITY IMPACTS

The client has requested an accessibility button be installed in the second ladies staff washroom. This is being addressed in the existing lease agreement. All issues relating to accessibility inside the leased premises will be addressed by the City Accessibility Policy and the requirements under the *Accessibility for Ontarians with Disabilities Act*.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report's recommendation supports City Council's Financial Sustainability and Healthy and Caring Communities strategic priorities.

DISPOSITION

Upon approval by Council, the Corporate Real Estate Office will complete the necessary documentation for the lease.