

COUNCIL REPORT

TO: CITY MANAGER **DATE:** 2017 May 18

FROM: DIRECTOR PUBLIC SAFETY AND
COMMUNITY SERVICES

**SUBJECT: LEASE RENEWAL FOR HASTINGS-BRENTWOOD COMMUNITY POLICE
OFFICE**

PURPOSE: To seek Council authority to renew the City's lease for the Hastings -
Brentwood Community Police Office.

RECOMMENDATION:

1. **THAT** Council authorize staff to execute a lease as outlined below, for the office space at #104 - 4191 Hastings Street for the ongoing operation of the Hastings - Brentwood Community Police Office.

REPORT

The Hastings - Brentwood Community Police Office is located in a 2,570 square foot leased office space at #104 - 4191 Hastings Street which is part of a small strata development known as Carleton Square. The Community Police Office has operated from this location since July 1st, 1999. The current term expires June 30th, 2017.

This report is seeking Council authority to renew the lease with the property owner (No. 289 Cathedral Ventures Ltd.) c/o their property management company Asia West Properties Corp. The Landlord is proposing a five year lease at \$30.00 per square foot/year plus GST for the first three years and \$32.00 per square foot/year plus GST for years four and five. Based on the rental area of 2,570 square feet this works out to be \$77,100.00/year or \$6,425.00/month plus GST for the first three years. This represents a 7.14% increase over the June 2014 - June 2017 lease rate (\$5,996.67). The monthly rate for years four and five would be \$6,853.34/month plus GST.

In addition to the base rent, the Landlord has calculated the RCMP's 2017 proportionate share of the operating costs of the 27,993 square foot commercial complex (which is comprised of four buildings) at \$5.03 per square foot/year which adds \$1,077.26 plus GST per month to the base rent. Operating costs and property taxes vary from year to year so it is not possible to confirm at this point in time what the "additional rent" will be for years two through five of the proposed five year term.

Property taxes for Strata Lot 77 are estimated to be \$50,621.14 for 2017. The RCMP occupies 2,570 square feet of a 10,084 square foot building; therefore the Landlord calculates the RCMP's share of the property tax bill at 25.5% of the total. The RCMP share

To: City Manager
From: Director Public Safety and Community Services
Re: LEASE RENEWAL FOR HASTINGS-BRENTWOOD
COMMUNITY POLICE OFFICE
2017 May 29th Page 2

of the property taxes is estimated to be approximately \$12,908.40/year or \$1,075.70/month. The following table identifies the proposed rental obligation for the first year of the new term:

RCMP Community Police Office - 104 - 4191 Hastings Street				
		Annual Rent	Monthly Rent	Monthly Rent with GST
Square footage	2,570			
Base rent per sq. ft. / year	\$ 30.00	\$ 77,100.00	\$ 6,425.00	\$6,746.25
Operating Expenses per sq. ft. / year	\$ 5.03	\$ 12,927.10	\$ 1,077.26	\$1,131.12
Property Taxes per sq. ft. / year	\$ 5.02	\$ 12,908.40	\$ 1,075.70	\$1,129.49
Totals:		\$ 102,935.50	\$ 8,577.96	\$9,006.86

The Landlord has indicated that the proposed \$30.00 base rent rate is below the average rate (\$33.40) being charged to five other tenants in the Carleton Square complex.

Staff has surveyed the rent rates and operating costs for vacant commercial office space along the Hastings Street corridor. It was found that base rent rates ranged between \$23.00 and \$35.00 per square foot/year with operating costs adding another \$10.00 to \$15.46 square foot/year. Given this information it is felt that the rate asked by the Landlord is in line with current market expectations.

The Landlord has included (at no additional cost) a total of twelve parking stalls. These stalls could rent for about \$75.00/month per stall, so this represents a cost savings of approximately \$10,800.00 plus taxes per year.

Sufficient funds are available for the proposed rent in the City's Police Services operating budget.

If Council prefers to commit to a three year term, with a two year option, staff will convey that position to the Landlord.

It is recommended that Council authorize staff to execute either a five year renewal as proposed by the Landlord; or authorize staff to execute a three year renewal with a two year option. Approval to enter into an Amending Lease Agreement for #104 – 4191 Hastings Street will facilitate the ongoing operation of the Hastings-Brentwood Community Police Office.

Dave Critchley
DIRECTOR PUBLIC SAFETY AND COMMUNITY SERVICES

SB

cc: Director Finance
Director Planning and Building
City Solicitor