

Report to / Rapport au:

**OTTAWA POLICE SERVICES BOARD
LA COMMISSION DE SERVICES POLICIERS D'OTTAWA**

26 June 2023 / 26 juin 2023

Submitted by / Soumis par:

Chief of Police, Ottawa Police Service / Chef de police, Service de police d'Ottawa

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SUBJECT: 150 ISABELLA STREET – LEASE RENEWAL

OBJET: 150, RUE ISABELLA – RENOUVELLEMENT DU BAIL

REPORT RECOMMENDATIONS

That the Ottawa Police Services Board approve the execution of a Lease Renewal with Metcalfe Realty Company Limited for approximately 3,034 square feet of office space on the sixth floor of 150 Isabella Street for a period of five years, commencing August 1, 2023.

RECOMMANDATIONS DU RAPPORT

Que la Commission de services policiers d'Ottawa approuve l'exécution d'un renouvellement de bail auprès de la Metcalfe Realty Company Limited pour environ 925 m² (3034 pi²) de locaux à bureaux au sixième étage du 150, rue Isabella, pour une période de cinq ans, à compter du 1^{er} août 2023.

BACKGROUND

The Ottawa Police Service (OPS) is seeking approval from the Ottawa Police Services Board (Board) for a five-year lease renewal of office space at 150 Isabella Street. This approval is sought in accordance with the procedures outlined in the Financial Accountability Procedures Manual (FAP), whereby Board approval is required to make a pre-commitment to future years budgets.

The OPS has leased suite 610 at 150 Isabella Street since August 1, 2018. Originally the space was leased to house the Information Management/ Information Technology Roadmap (The IM/IT Roadmap) program team for the OPS. The property was selected following a thorough property search at the time of the initial lease. There are many benefits of the leased space, particularly its proximity to 474 Elgin Street.

The IT IM/IT Roadmap program has since ended, however, 150 Isabella Street continues to support space requirements of the organization. These include temporary space assignments to support organizational projects requiring separation from another OPS facility and/or close proximity to 474 Elgin Street.

Currently, the space is assigned for use by the Safe Workplace Office. This office reports directly to the Chief of Police but does require space outside of the existing portfolio of OPS facilities given the confidential and sensitive nature of the work.

DISCUSSION

The OPS continues to face challenges with space availability at all OPS facilities and anticipates that this will continue until additional square footage can be realized and/or existing space can be optimized through the execution of key Facilities Strategic Plan (FSP) projects.

Exercising a lease extension at 150 Isabella Street will provide a stable interim solution to existing space challenges and will continue to leverage space that is currently fit up with office furniture and in use by the OPS.

At this time, the OPS is looking to extend the lease for a five-year term. After three years, the OPS has a one-time opportunity to provide a 180-day notice to exit the lease without penalty. This allows flexibility should OPS requirements change in the next three years, but also locks in a competitive lease rate for the full five-year extension.

CONSULTATION

The OPS consulted with the City of Ottawa Corporate Real Estate Office (CREO) which conducted a market rent analysis of 150 Isabella Street and concluded that the proposed renewal rate falls within the appropriate range for comparable properties. The rental rate is deemed reasonable based on their assessment. A public consultation is not required for this lease renewal.

FINANCIAL IMPLICATIONS

A budget of \$84,000 for the lease at 150 Isabella Street has been provided in cost centre 124321. The budget covers costs associated with utilities, repairs, janitorial requirements, and maintenance. The proposed lease extension maintains a net rent of

\$9 per square foot, with estimated operating costs of \$17.73 per square foot. The annual requirement will be \$81,098.82. The lease costs will be assessed annually, and any pressures will be addressed during the annual budget process.

Lease Term	Net Rent PSF	Operating Costs (2023) PSF	Gross Rent (Est.) PSF
August 1, 2023 to July 31, 2028	\$ 9.00	\$17.73	\$26.73

CONCLUSION

The ongoing leasing of 150 Isabella Street will continue to be a part of the OPS portfolio and current strategy to address space capacity over the next five-year renewal period as OPS continues to review its long-term space needs. By opting into the lease extension, the OPS will maintain its access to competitively priced and centrally located office space as future needs continue to be assessed.