

- 7. LEASE RENEWAL – 370 CATHERINE STREET – SOCIAL SERVICES  
CENTRAL OFFICE**
- RENOUVELLEMENT DE BAIL – 370, RUE CATHERINE – SIÈGE CENTRAL  
DES SERVICES SOCIAUX**

**COMMITTEE RECOMMENDATION**

**That Council delegate authority to the Director of the Real Estate Partnerships and Development Office to negotiate market rents and execute the renewal of the lease of 370 Catherine Street for a five year term and in accordance with the terms and conditions outlined in this report.**

**RECOMMANDATION DU COMITÉ**

**Que le Conseil délègue au directeur du Bureau des partenariats et du développement en immobilier le pouvoir de négocier des loyers selon le marché et de procéder au renouvellement du bail de location du 370, rue Catherine, pour une période de cinq ans et conformément aux modalités énoncées dans le présent rapport.**

**DOCUMENTATION / DOCUMENTATION**

**John L. Moser, Acting Deputy City Manager, Planning and Infrastructure, report dated 21 February 2016 / Directeur municipal adjoint par intérim, urbanisme et infrastructure, rapport daté le 21 février 2016 (ACS2016-PAI-REP-0014)**

**FINANCE AND ECONOMIC  
DEVELOPMENT COMMITTEE  
REPORT 13  
13 AVRIL 2016**

**108**

**COMITÉ DES FINANCES ET DU  
DÉVELOPPEMENT ÉCONOMIQUE  
RAPPORT 13  
LE 13 AVRIL 2016**

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
5 April 2016 / 5 avril 2016**

**and Council  
et au Conseil  
13 April 2016 / 13 avril 2016**

**Submitted on March 29, 2016  
Soumis le 29 mars 2016**

**Submitted by  
Soumis par:  
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**Ward: SOMERSET (14)**

**File Number: ACS2016-PAI-REP-0014**

**SUBJECT: LEASE RENEWAL – 370 CATHERINE STREET – SOCIAL SERVICES  
CENTRAL OFFICE**

**OBJET: RENOUELEMENT DE BAIL – 370, RUE CATHERINE – SIÈGE  
CENTRAL DES SERVICES SOCIAUX**

## **REPORT RECOMMENDATIONS**

**That the Finance and Economic Development Committee recommend that Council delegate authority to the Director of the Real Estate Partnerships and Development Office to negotiate market rents and execute the renewal of the lease of 370 Catherine Street for a five year term and in accordance with the terms and conditions outlined in this report.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Comité des finances et du développement économique recommande au Conseil de déléguer au directeur du Bureau des partenariats et du développement en immobilier le pouvoir de négocier des loyers selon le marché et de procéder au renouvellement du bail de location du 370, rue Catherine, pour une période de cinq ans et conformément aux modalités énoncées dans le présent rapport.**

## **BACKGROUND**

The building located at 370 Catherine Street contains approximately 59,653 square feet of office space and has been leased by the City since November 2000 for use as the Social Services Central Office.

The Community and Social Support (CSSC) Branch has the responsibility for the delivery of the Ontario Works program under contract with the Province of Ontario and includes financial assistance and employment services. These programs are delivered at four centres across Ottawa: 2339 Ogilvie Road (East); 100 Constellation (West); 370 Catherine Street (Central) and 2020 Walkley Road (South). Other Community and Social Services Department (CSSD) services delivered at the four centres include Child Care subsidy, Home Support Services, and the Domiciliary Hostel program.

CSSC clients are typically those with the most barriers to employment and other services and many are single parents and new Canadians. The four CSSC sites are geographically located to facilitate access to these key social supports for clients across the city.

The renewal of the CSSC Central office lease will allow clients to continue to access these important services in their geographic area. This lease renewal will align the lease terms for this site with those for the CSSC South office and the CSSC East office. All three leases will now expire in 2021 which will allow for future service delivery planning options to be explored by CSSC.

CSSC lease expenditures are cost shared with the Ministry of Community and Social Services under the Ontario Works Contract.

## **DISCUSSION**

On June 26, 2015 CSSC advised the Real Estate Partnerships and Development Office (REPDO) they wished to renew the lease of 370 Catherine Street for a further five year term commencing November 1, 2016 and end on October 31, 2021 in order to continue to meet their programming needs. The building, which is fully leased by the City, contains approximately 14,807 square feet of basement office space and approximately 44,846 square feet of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> floor office space (total of 59,653 square feet). Upon receipt of these instructions REPDO prepared a letter indicating the City's requirement to renew this lease. This letter was sent to the Landlord on July 9, 2015. Due to an administrative error the letter did not state that the renewal was subject to the approval of City Council or its delegated authority. The approval of this report will provide REPDO with Council's direction to negotiate market value rents and execute the required renewal. Should negotiations with the Landlord not result in agreement on market rent the lease provides for arbitration which will be undertaken by REPDO if required.

The current annual cost of this lease is \$1,415,584.32 plus HST based on a net rent of \$16.00 per square foot for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> floor space and \$6.50 per square foot for the basement space. This cost also includes expenses for parking and operating costs of approximately \$601,802.88 plus HST.

REPDO is in receipt of a third party appraisal and an in-house appraisal both indicating market rent of \$13.50 per square foot for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> floor office space and \$5.00 per square foot for the basement area.

The Landlord has provided his third party appraisal which indicates a market rent of \$17.00 per square foot for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> floor office space and \$7.00 per square foot for the basement area.

Discussions are ongoing with the Landlord.

As indicated above the City is responsible for paying the operating costs for the building at 370 Catherine Street. Currently these costs are approximately \$7.60 per square foot per annum and are estimated to increase by 5% each year of the renewal term.

There are no further options to renew this lease.

### **RURAL IMPLICATIONS**

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

### **CONSULTATION**

The Real Estate Partnerships and Development Office consulted with CSSC and Legal Services in the completion of this lease renewal.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

Ward Councillor McKenney is aware of this report.

### **LEGAL IMPLICATIONS**

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

### **RISK MANAGEMENT IMPLICATIONS**

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

### **FINANCIAL IMPLICATIONS**

The costs for this lease renewal cannot be estimated at this time. When the new lease is negotiated it will be paid from account 171712-502610.

## **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with the recommendation of this report.

## **TERM OF COUNCIL PRIORITIES**

This report's recommendation supports the following strategic priorities of City Council:

- Financial Responsibility (FS): Practice prudent fiscal management of existing resources and make sound long-term choices that allow City programs and services to be sustainable.
- Healthy and Caring Communities (HC): Help all residents and visitors enjoy a good quality of life and a sense of community well-being by providing healthy, safe, secure, accessible and inclusive places and services.

## **DISPOSITION**

Upon approval, the Real Estate Partnerships and Development Office will execute the lease renewal.