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## CITY OF KELOWNA

# MEMORANDUM

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**Date:** January 30, 2003  
**File No.:** 0870-20  
**To:** City Manager  
**From:** Civic Properties Manager  
**Subject:** **Chapman Retail Commercial Space Leasing**

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### **RECOMMENDATION**

THAT City Council approve a five year lease with " Z'Decor Home Furnishings Ltd. " for the commercial space in the new Chapman Parkade as summarized on Page 2 of this report.

AND THAT Council authorize the Mayor and City Clerk to execute the lease on behalf of the City of Kelowna.

AND FURTHER THAT the 2003 budget be so amended to reflect this increased revenue source.

### **BACKGROUND**

As part of the new Chapman Parkade, four retail commercial spaces have been constructed. One is on Pandosy Street, two on Lawrence Avenue, and one on Water Street. At the request of Council, and prior to finalizing any leases on this property, Civic Properties advertised the availability of these four locations in local papers over a period of five days during late December. In addition, signs have been placed in the windows of each lease space. As a result, we have and continue to receive inquiries on the lease areas. The Verve Coffee Shop expressed interest in the space on Lawrence Avenue at the Pandosy Street end prior to this advertising. They maintained their offer throughout the process and were the only one interested in this particular location. As directed by Council, Civic Properties are finalizing a lease with this tenant for execution by the Mayor and City Clerk. The second space to attract a lease offer is the subject of this report. The lease payments and triple net costs are the same for these two tenants and paid monthly based on the square footage leased. No other enquiries have produced any additional offers as yet.

Z'Decor Home Furnishings Ltd. offer to lease is for the second of the four spaces located on the Water Street end of the parkade. With the signing of this lease, Civic Properties will work with the tenant to finish the base building portion of the lease space at the City's expense. This includes the construction of one handicap washroom; placing an unfinished concrete floor; drywall and insulation to the concrete block wall and installing a suspended ceiling. This base fit-out budget for each lease space is included in the Parkade capital budget and estimated at \$18 per square foot.

Jim Waugh  
Civic Properties Manager

cc: Director of Parks and Leisure Services  
Deputy Director of Finance  
Transportation Manager

**Base Terms of Lease Agreement for Z'Decor Home Furnishings Ltd. in the new Chapman Parkade**

**Term:** 5 year (April 1, 2003 – March 31, 2008)  
Note: first two ½ months' base and triple net rent free for landlord and tenant fit out.

**Area:** 874 square feet

**Rate:** Base lease – See chart below

**Triple Net:** Paid by tenant (estimated at \$4.90 per square foot for first year, paid monthly)

**Base area fit out:** Paid by City (included in construction budget)

**Tenant Improvements:** By tenant

**Financial Summary – Base Lease**

874 sq.ft.				
Lease income	Per foot	From/To	Per Month	12 months
Year 1 (First 2.5 months free)	12.50	Apr. 01/03 – Mar. 13/04	910.41	8648.90
Year 2	13.00	Apr. 01/04 – Mar. 31/05	946.83	11,361.96
Year 3	13.50	Apr. 01/05 – Mar. 31/06	983.25	11,799.00
Year 4	14.00	Apr. 01/06 – Mar. 31/07	1019.65	12,235.80
Year 5	14.50	Apr. 01/07 – Mar. 31/08	1056.08	12,672.96
<b>Lease Total</b>				<b>56,718.62</b>