
CITY OF KELOWNA

MEMORANDUM

Date: February 27, 2003
File No.: 2380-20
To: City Manager
From: Civic Properties Manager
Subject: Chapman Retail Commercial Space Lease – “Mac & Klein Ltd.”

RECOMMENDATION

THAT City Council approve a five year lease with Mac & Klein Ltd. for 1165 square feet of commercial space on the ground floor of the Chapman Parkade located at 345 Lawrence Avenue, as summarized in the report from the Civic Properties Manager dated February 26, 2003;

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 unit faces 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 were been placed in the windows of each lease space. The Verve Coffee Shop was the first to lease space on Lawrence Avenue at the Pandosy Street end. The second space to be leased was to Z'Decor Home Furnishings on Water Street. The third space on Lawrence Avenue at Water Street was to Okanagan Pilates and Health Inc. The lease payments and triple net costs are the same for all tenants and paid monthly based on the square footage leased.

Mac & Klein Ltd., ladies fashions, have offered to lease the last space available, located on Lawrence Avenue at 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, insulating the concrete block wall, and installing a suspended ceiling. This base fit-out budget for each lease unit is included in the Parkade capital budget.

Jim Waugh
Civic Properties Manager

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

Base Terms of Lease Agreement for Mac & Klein Ltd. in the new Chapman Parkade

Term: 5 year (May 1, 2003 – April 30, 2008)
Note: first two ½ months' base and triple net rent free for landlord & tenant fit out.

Area: 1165 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	May 01/03 – Apr. 30/04	1,215.54	11,528.65
Year 2	13.00	May 01/04 – Apr. 30/05	1,262.08	15,145.00
Year 3	13.50	May 01/05 – Apr. 30/06	1,310.63	15,727.50
Year 4	14.00	May 01/06 – Apr. 30/07	1,659.17	16,310.00
Year 5	14.50	May 01/07 – Apr. 30/08	1,407.71	16,892.50
Lease Total				75,603.65