

Memo



Date: November 4, 2009
File: 0760-20
To: City Manager
From: Director, Real Estate & Building Services
Subject: Capri Mall Office Renewal

Prepared by: Ron Forbes, Property Manager

Recommendation:

THAT City Council approves a two (2) year renewal of a commercial lease with Prospero Properties Ltd. for Unit 133 – 1835 Gordon Drive, at the Capri Mall;

AND FURTHER THAT the Mayor and City Clerk be authorized to sign the lease based on the attached business terms;

Background:

On July 5, 2006, Council approved the terms and conditions for the lease for the office space in Unit 110 at the Capri Mall for the “Kickstart Kelowna” office. Space at the Parkinson Recreation Centre and the Sport Kelowna Office were being fully utilized and it was determined that an off-site office space was required. Initially the Central Okanagan Regional District (“CORD”) required the space so a portion of the office was leased to CORD. Since that time the CORD staff has moved back to the CORD offices on KLO Road. The space occupied by the CORD staff was re-assigned to the Cultural Services Manager when the office space at the Laurel Packinghouse was no longer available.

In January 2009, the landlord provided notice that the office space in Unit 110 was required for another tenant (Passport Office) and that as per the terms of the lease the Capri Mall was required to pay for tenant improvements in the new space.

At that time, Staff undertook a review of available space to house the staff. Any new space would require a capital expense for tenant improvements (tenant improvements at the Capri Mall exceeded \$100,000). With the potential changes to the Parkinson Recreation Centre which may include more office space, it was determined that it would be best to renew the lease for an additional two years.

While the rent has increased, it does represent market value and the rent paid for the Cultural Services office space in the Laurel Packinghouse can now be used to cover the rent increase with no impact on taxation.

A handwritten signature in black ink, appearing to be the name of the author, Ron Forbes.

Base Terms of lease for the Capri is

Term: 2 years - August 1, 2009 - July 31, 2011
Renewal: No renewal options
Rate: \$20.40 per square foot per annum \$3,129.70 / month
Tenant Improvements: By tenant

Internal Circulation:
Director, Recreation & Culture
Director, Financial Services

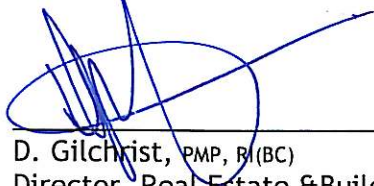
Financial/Budgetary Considerations:
There is no net budget impact; the funds will just be going to a different vendor.

Considerations not applicable to this report:

Legal/statutory Procedural Requirements:
Legal/Statutory Authority:
Existing Policy:
Personnel Implications:
Technical Requirements:
External Agency/Public Comments:
Communications Considerations:

In light of the above, the Real Estate & Building Services department requests Council's support of this matter.

Submitted by:



D. Gilchrist, PMP, R(BC)
Director, Real Estate & Building Services

Approved for inclusion:



John Vos, General Manager, Community Services