

COUNCIL REPORT

To: Mayor & Council

Date: November 24, 2009

From: Bill Preisenz

Re: Leases – Keewatin Public Works

Recommendation:

That Council of the City of Kenora authorize a lease agreement extension of the former Keewatin Public Works building with Baker Manufacturing of approximately 4,000 sq. ft. under the same terms and conditions as the original lease (Bylaw No. 135-2006); and That a new lease agreement be approved for the remaining portion of the former Keewatin Public Works building with KC Refrigeration for the balance of the building of former Keewatin Public Works building of approximately 2,060 sq. ft. and a 1,560 sq.ft. storage building adjacent to the main building.

Background:

When the Operations Department moved into the new facility on 14th Street, the Keewatin Public Works building was vacated except for a small storage building. The 6,000 sq. ft. building was subsequently leased to Baker Manufacturing Ltd. (Bylaw No. 135-2006) for a 3 year period commencing October 01, 2006. A further 2 year extension was available upon mutual agreement of both parties. All utilities and taxes were the responsibility of the tenant.

It should be pointed out that in addition to Baker Manufacturing, there has been another long-standing tenant located on the southeast corner of the Keewatin Public Works property for many years with Environment Canada. The lease includes provision for a small building which houses monitoring equipment. The term of the lease is June 01/05 to June 01/10 with a further 5 year extension.

The attached memo from John Nabb, Facilities Coordinator, outlines Baker Manufacturing's (Northwest Aqua) request to reduce their lease space by 4,000 sq. ft. and the availability of approximately 2,000 sq. ft. of storage space in the main building which KC Refrigeration has expressed an interest in leasing. In addition there is a storage garage on site of approximately 1,560 sq. ft. which could be made available with the relocation of City equipment to the Operations Centre on 14th. A lease rate of \$5.50/sq. ft. for the heated garage portion and \$4.50/sq.ft. for the storage building is recommended with all taxes and utilities being the responsibility of the tenants.

The addition of KC Refrigeration to the site brings some synergies with Baker Manufacturing who assemble and configure water pumps and treatment equipment.

Financial:

Present Lease:

Baker Mfg	\$30,780 (\$5.00/sq.ft.)	
Environment Canada	<u>\$ 3,553</u>	\$34,333

Proposed Lease:

Baker Mfg	\$22,000 (4,000 sq.ft.)(5.50 sq.ft.)	
Environment Canada	\$ 3,553	
KC Refrigeration	\$11,330 (2,060 sq.ft.)(5.50 sq.ft.)	
KC Refrigeration	<u>\$ 7,020</u> (1,560 sq.ft.)(4.50sq.ft.)	\$43,903