

Report to Council



Date: February 15, 2016
File: 1140-40
To: City Manager
From: M. Olson, Manager, Property Management
Subject: Lease Extension - City of Kelowna from Modot Ventures Inc. -#2 2323 Hunter Road

Report Prepared by: T. Abrahamson, Property Officer

Recommendation:

THAT Council approves the amendment to the Lease dated March 27, 2015, between the City of Kelowna and Modot Ventures Inc. for an extension of six (6) months to the City's lease of industrial storage space as set out in the attached Report of the Property Manager, dated February 15, 2016;

AND THAT the Mayor and City Clerk be authorized to execute all documents necessary to complete the transaction;

AND FURTHER THAT all costs associated with the Lease Amendment in 2017 be charged to the Building Services operating budget.

Purpose:

To obtain Council support for a six (6) month extension to the Lease between Modot Ventures Inc. and City of Kelowna for industrial storage space as required by the City's Building Services department.

Background:

The City entered into a one (1) year lease in March 2015, with a further one (1) year renewal option, with Modot Ventures Inc. on behalf of Building Services for industrial storage space. The renewal option was exercised in January 2016, with the lease set to expire on March 31, 2017.

Building Services expected to require the additional storage capacity for two years, then relocate to the City-owned Windsor Road facility which will be vacant in March, 2017.

Financial/Budgetary Considerations:

Modot Ventures Inc. has agreed to a six (6) month extension of the current lease under the same terms and conditions, including rent and estimated triple net costs, as listed in the table below:

#2 -2323 HUNTER ROAD				
		Renewal 2016	Extension 2017	Total
Area	1,455 sf			
Lease Rate	\$8.00/sf			
Annual Rate		\$11,640	\$5,820	\$5,820
Est. Triple Net	+/- \$3.50/sf	\$5,093	\$2,546	\$2,546
Total Cost (6 mos.)				\$8,366*
<i>*Taxes not included</i>				

Funding costs for the 6 month extension will be available in the Building Services Department 2017 operating budget.

Internal Circulation:

Manager, Building Services
Director, Financial Services
Manager, Parks & Building Planning
Manager, Risk & Safety
Senior Project Manager, Infrastructure

Considerations not applicable to this report:

Legal/Statutory Authority:
Legal/Statutory Procedural Requirements:
Existing Policy:
Personnel Implications:
External Agency/Public Comments:
Communications Comments:
Alternate Recommendation:

Submitted by: M. Olson, Manager, Property Management

Approved for inclusion: D. Edstrom, Director, Real Estate

Attachments: 1. Schedule A - Lease Extension Agreement
2. Schedule B - PowerPoint Presentation

cc: M. Johansen, Manager, Building Services
G. Davidson, Director, Financial Services
R. Parlane, Manager, Parks & Building Planning
L. Kayfish, Manager, Risk & Safety
P. Irani, Manager, Senior Project Manager, Infrastructure