



Administrative Report

Office of the Director of Infrastructure Services

To: Warden McNamara and Members of County Council

**From: Jane Mustac, P. Eng.
Director of Infrastructure Services/County Engineer**

Date: Wednesday, March 04, 2020

**Subject: Civic Centre Lease Agreements – Essex County
Federation of Agriculture and Essex-Windsor Solid Waste
Authority (EWSWA)**

Report #: 2020-0304-IS-R006-JM

Purpose

The purpose of this report is to seek County Council authorization to enter into lease agreements with the Essex County Federation of Agriculture and Essex-Windsor Solid Waste Authority.

Background

In 2017 the County of Essex, through [Council Report #2017-R03-ADM-1004-RM](#), Council was advised that negotiations had been concluded with Civic Centre property owners (Greater Essex County District School Board, Windsor-Essex Catholic District School Board and Essex Region Conservation Authority) to purchase all remaining space within the Essex County Civic Centre from the property owners. This allowed the County to be sole owner of the Civic Centre and collect rent from tenants. It was agreed upon by all parties that the current lease rate of \$15.60 per square foot, through December 31, 2019, would be maintained with stable annual increases of 2.5% thereafter for 5 years, then 2% annual increases for the next 3 years.

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Other significant negotiated items included:

- Length of term and renewal;
- Mutual termination clause;
- Responsibilities for leasehold improvements and routine maintenance;
- Owners ability to withhold consent on assignment, subletting; and
- Requirement of rental fees to continue in the event of a strike or lockout.

In 2019/2020, Infrastructure Services initiated the process of developing lease agreements for the Essex County Federation of Agriculture and the Essex Windsor Solid Waste Authority.

Discussion

Infrastructure Services developed Lease Agreements with the respective tenants with the assistance of the County Solicitor. The tenants agreed to the terms and conditions of the formalized lease agreements, attached as Appendix A and Appendix B.

Lease rates were set in 2017 and were consistently applied to all tenants. The lease agreements provide for an annual renewal where both the County and tenant have an opportunity to terminate the lease provided a 90 day notice is given prior to the start of the next calendar year (renewal term). This is similar and consistent with terms provided to the Greater Essex County District School Board, when their lease was renewed in 2019.

- Essex County Federation of Agriculture: 600 square feet.
- Essex-Windsor Solid Waste Authority: 2,368 square feet.

For the period of the five (5) successive options to renew the rental rates are as follows:

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Lease Period	Essex Federation of Agriculture (Monthly)	Essex Windsor Solid Waste Authority (Monthly)
January 1, 2020 – December 31, 2020	\$799.50 + HST	\$3,155.36 + HST
January 1, 2021 – December 31, 2021	\$819.50 + HST	\$3,234.29 + HST
January 1, 2022 – December 31, 2022	\$840.00 + HST	\$3,315.20 + HST
January 1, 2023 – December 31, 2023	\$861.00 + HST	\$3,398.08 + HST
January 1, 2024 – December 31, 2024	\$882.50 + HST	\$3,482.93 + HST
Total Rental Charge January 1, 2020– December 31, 2024	\$50,429.85 +HST	\$199,030.32 + HST

Financial Implications

As per the agreement made with tenants in 2017, rental rates are consistently set at \$15.99 per square foot for 2020 with 2.5% increase occurring each year until 2024. January 1, 2025 will see rental rates increasing 2% annually until 2027 at which time a review of the facility expenses and charges will be made to ensure rental rates are consistent with the County's goals and objectives, as it relates to stable income from office space rental, as well as ensuring a rate of return consistent with the County's operational costs and repayment of debt incurred through purchase agreement and previous exterior renovations in 2015.

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The total net revenue for the related rental spaces for the five (5) year period from January 2020 to December 2024 is \$249,460.17 plus HST.

Recommendation

That County Council adopt By-Laws #2020-08 and #2020-09 authorizing the execution of lease agreements for the Essex County Federation of Agriculture and the Essex-Windsor Solid Waste Authority.

Respectfully Submitted

Jane Mustac

Originally Signed by

Jane Mustac, P.Eng, Director of Infrastructure Services/County Engineer

Concurred With,

Robert Maisonville

Originally Signed by

Robert Maisonville, Chief Administrative Officer

Appendix No.	Title of Appendix
A	Essex County Federation of Agriculture Lease Agreement
B	Essex-Windsor Solid Waste Authority (EWSWA) Lease Agreement