



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 18, 2020

Subject: Lease Agreement Extension – Essex County Library

Report #: 2020-0318-IS-R010-JM

Purpose

The purpose of this report is to seek County Council authorization to enter into an agreement with the Essex County Library.

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.

Other significant negotiated items included:

- Length of term and renewal;
- Mutual termination clause;
- Responsibilities for leasehold improvements and routine maintenance;

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- 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 agreement for the Essex County Library.

Discussion

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

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 ninety (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 Library: 5,000 square feet.

There was a discrepancy with Library space that was identified through this process. The library currently occupies 12,683 square feet of space but is only being charged for 5,000 square feet. This discrepancy was brought to the attention of Library CEO and County of Essex CAO. The decision was made to continue to charge the County of Essex Library for only 5,000 square feet of space. At this time, no further attempt to reclaim lost income or space is to be made.

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

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Lease Period	Essex County Library (Monthly)
January 1, 2020 – December 31, 2020	\$6,662.50 + HST
January 1, 2021 – December 31, 2021	\$6,829.06 + HST
January 1, 2022 – December 31, 2022	\$6,999.79 + HST
January 1, 2023 – December 31, 2023	\$7,174.78 + HST
January 1, 2024 – December 31, 2024	\$7,354.15 + HST
Total Rental Charge January 1, 2020– December 31, 2024	\$420,243.36 +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 \$420,243.36 plus HST.

Recommendation

That County Council adopt By-law Number 2020-14 authorizing the execution of lease agreement with the Essex County Library Board.

Respectfully Submitted

Jane Mustac

Originally Signed by

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

Concurred With,

Rob Maisonville

Originally Signed by

Robert Maisonville, Chief Administrative Officer

Appendix No.	Title of Appendix
A	Essex County Library Lease Agreement