



CITY OF HAMILTON

PUBLIC WORKS DEPARTMENT
Transportation, Energy and Facilities Division
and
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: Ward 2
COMMITTEE DATE: March 21, 2012	
SUBJECT/REPORT NO: Lease - Lister Block, 28 James Street North, Units 155 and 156, Hamilton, to Hamilton, Halton, Brant Regional Tourism Association (HHBRTA) (PW12019 / PED12046) (Ward 2)	
SUBMITTED BY: Gerry Davis General Manager Public Works Department Tim McCabe General Manager Planning and Economic Development Department	PREPARED BY: Geoff Lupton (905) 546-2424, Ext. 7372 John Hamilton (905) 546-2424, Ext. 7045
SIGNATURE:	

RECOMMENDATION:

- (a) That a new lease with Hamilton, Halton, Brant Regional Tourist Association (HHBRTA) be approved with the following terms and conditions:
 - (i) **Term:** Five (5) years commencing April 1, 2012 and terminating on March 31 2017. Either party can terminate the lease early with six (6) months written notice;

- (ii) **Property:** Lister Block, 28 James Street North, Units 155 and 156, Hamilton, comprising a net usable area of 1,115 sf, as shown on Appendix "A" to Report PW12019 / PED12046. The space will be leased on an "as is" basis with finishing subject to heritage restraints/permits where applicable. The gross rentable area has not yet been defined; however, it is expected to range from 1,300 sf to 1,350 sf. Once defined the lease will be amended to reflect a gross lease rate of \$20.00 per sf. The space comprises a 595 sf and a 520 sf unit located on the inner arcade. Neither unit has street frontage;
 - (iii) **Rental Rate:** From the date of commencement, being April 1, 2012, the tenant shall pay fixed gross rent of \$20.00 per sf plus HST based upon the gross rentable area, still to be determined. The rent will be approximate \$27,000.00 per year plus HST;
 - (iv) **Parking:** Lease provides 1 surface parking space at a cost of \$120.00 per month; and,
 - (v) **Operating Costs:** Operating costs will be included in the gross rent save and except cleaning, garbage, waste collection and disposal, security system, and interior décor and finishing. The tenant agrees to pay any escalations in expenses after the base year of 2012 (pro-rated for time);
- (b) That all rent be credited to Account No. 791550-46000; and,
 - (c) That the Mayor, General Manager of Finance and Corporate Services, and City Clerk be authorized and directed to execute the Lease in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY:

This Report seeks Council's direction to permit the Hamilton, Halton, Brant Regional Tourism Association (HHBRTA) to enter into a lease agreement for office space at 28 James Street North, Units 155 and 156, site of the Lister Block. The HHBRTA is a provincially funded, non-profit organization that would complement the Tourism and Culture Division in their collective efforts to promote the metropolitan Hamilton area. The HHBRTA currently sublets space from Tourism Hamilton at 34 James Street South. Due to the close association between the two public agencies and the fact that Tourism and Culture Division is scheduled to relocate to the Lister Block on April 2, Council is being asked to consider the proposed lease at this time to allow HHBRTA to relocate to the Lister at the same time. The use conforms to the preferred uses for the Lister Block that were discussed at the Portfolio Management Committee on March 18, 2010.

The Lister Block is a historic heritage building that has undergone a massive restoration by LIUNA. The City will take title to the property on March 31, 2012 and the Tourism and Culture Division, Recreation Division and other Divisions in the Community Services Department will move their offices to the Lister Block starting April 2. There will remain approximately 5,700 sf of ground floor commercial space that will be available for rent to external users. With this lease, the publicly funded HHBRTA will occupy about 20% of the space available for rent. The remainder of the commercial space will be offered to private enterprise by Facility Services staff through the services of a local realtor.

Alternatives for Consideration – Not applicable.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS:

Financial: The tenant is a provincially funded organization. Because its budget is approved annually, the lease agreement will have a mutual termination clause where either party can terminate early with six (6) months written notice.

Staffing: There are no increases to staff levels associated with the recommendations of this Report.

Legal: Legal Services Division will review the lease.

HISTORICAL BACKGROUND:

Since 1923, the Lister Block has been a notable building in downtown Hamilton. After many years vacant and left to decay, restoration began in 2008 by LIUNA. The City negotiated a purchase of the fully restored property which is scheduled to close on March 31, 2012. After that time, the City's Tourism and Culture Division, Recreation Division, and other Divisions of the Community Services Department will relocate offices to the Lister Block, occupying the entire 2nd to 6th floors and some ground floor retail space. It is intended that about 5,700 sf of retail space will remain and be filled by external users who will pay rent to the City to help defray costs. The HHBRTA, the first tenant that a lease will be offered to, is a provincially funded, public, non-profit organization whose mandate is to promote tourism in Hamilton and the surrounding areas. The location of the HHBRTA in the Lister Block will compliment the efforts of the Tourism function. Adjacent to the two groups on the ground floor of the Lister Block are an event staging room and event space in which tourism promotions and municipal functions will be regularly held by all City Departments.

The HHBRTA currently has three (3) employees operating in Hamilton, however, that number is expected to grow to five (5). In order to expedite the leasing process, the HHBRTA's board of directors met by conference call and electronically voted to accept the City's leasing terms. The annual rent of \$27,000.00 per year plus HST, reflects a rental rate of \$24.00 per square foot gross based upon the useable area. The rate was above market rent estimated by Pocrnic Realty Advisors Inc. in a consultant report that was commissioned by Facility Services Division on December 9, 2011. The tenant will be responsible for cleaning, garbage, waste collection and disposal, security system, and interior décor and finishing. The tenant agrees to pay any escalations in expenses after the base year of 2012 (pro-rated for time).

HHBRTA will be offered a five (5) year lease term; however, both parties can terminate early with six (6) months written notice.

POLICY IMPLICATIONS:

The recommendation is consistent with the City's Real Estate Portfolio Management Strategy Plan as approved by City Council on November 24, 2004 and Procedural By-Law No. 04-299. City Council, in approving the Consolidation of Routine Real Estate Matters, authorized the delegation of authority to approve the acquisition, disposition or lease as follows:

- General Manager or designate for a lease value not exceeding \$150,000 annual rental; and,
- City Manager or designate for a lease value not exceeding \$250,000 annual rental.

As the lease is a new agreement, Council approval is required to approve the recommendations contained within this Report.

RELEVANT CONSULTATION:

- City Manager's Office, Legal Services Division
- Public Works, Facility Services Division
- Portfolio Management Committee
- Economic Development, Tourism Hamilton

ANALYSIS / RATIONALE FOR RECOMMENDATION:

The space to be leased is at the rear of the ground floor commercial area and it lacks street frontage and exposure. The revenue generated will be good for the City and

HHBRTA is one of the types of preferred use that meet the criteria for the Lister Block. The location in the downtown core in a prominent building, with the Tourism and Culture Division, will significantly help the HHBRTA in its operations.

With the lease recommendation being adopted, the City will have secured a five (5) year lease at a \$27,000 per year terminating March 31, 2017.

ALTERNATIVES FOR CONSIDERATION:

There are no alternatives for consideration.

CORPORATE STRATEGIC PLAN:

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ An excellent location for an agency with a similar mandate to Tourism Hamilton.

Financial Sustainability

- ◆ Lease costs are fully provincially funded.

Growing Our Economy

- ◆ Hamilton, Halton, Brant Regional Tourism Association will promote Hamilton and nearby municipalities.

Social Development

- ◆ Improved customer service to clients and community stakeholders who use the Lister Block.

Healthy Community

- ◆ Compatible uses and municipal service are located within close vicinity.

APPENDICES / SCHEDULES:

Appendix "A" to Report PW12019 / PED12046 - Location Map

JH/sd



● Location



Ward 2 Key Map

N.T.S.

Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:
2012-016

Date:
February 17, 2012

Appendix "A"

Scale:
N.T.S.

Planner/Technician:
JH/KA

Subject Property



28 James Street North
Lister Block

Lease to Hamilton, Halton, Brant Regional
Tourism Association, (HHBRTA)

Ground floor Units #1 and #2,

Aggregate unit size is 1, 115 useable square feet.