

REGION OF OTTAWA-CARLETON  
RÉGION D'OTTAWA-CARLETON

REPORT  
RAPPORT

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File/N/Réf. 09-98-50044-000

Your File/V/Réf.

DATE 18 September 2000

TO/DEST. Co-ordinator  
Corporate Services and Economic Development Committee

FROM/EXP. Planning and Development Approvals Commissioner

SUBJECT/OBJECT **LEASE RENEWAL, 179 CLARENCE STREET, OTTAWA**

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### **DEPARTMENTAL RECOMMENDATIONS**

**That the Corporate Services and Economic Development Committee approve:**

- 1. the renewal of an existing lease for 7,991.5 square feet of office space for the Sexual Health Clinic at 179 Clarence Street with HSBC Trust Company (Canada) for 5 years from December 14, 2000 to December 13, 2005 at an annual cost of \$147,850.00 plus GST, and;**
- 2. the leasing of an additional 2,835.2 square feet of floor space adjacent to the Sexual Health Clinic from HSBC Trust Company (Canada), for 5 years from December 14, 2000 to December 13, 2005, at an annual cost of \$52,450.00 plus GST, and initial fit-up costs of up to \$45,000.00 including PST and GST.**

### **BACKGROUND**

In 1993, Regional Council approved a six-year lease at 179 Clarence Street to operate the Sexual Health Centre. This Centre includes the educational, clinical and follow up services of the STD Clinic, the Health Department's HIV Prevention and Control Program, Needle Exchange Program, the Sexual Health and AIDS Information Line and the Birth Control Clinic. In July, 1999, the lease was extended for an additional term of one year and seven months. Unless renewed again, the lease will terminate on 13 December 2000 and the Clinic will have to relocate.

## DISCUSSION

The Health Clinic presently occupies approximately 7,991 square feet of ground level floor space at 179 Clarence Street. Total rent is \$19.52 per square foot, comprised of a base rent of \$10.81/sq.ft. and operating costs at \$8.71/sq.ft..

The Region has received confirmation that the Landlord is prepared to renew the existing lease essentially on the same terms and conditions, provided that the leased premises are expanded to include an additional 2,835.2 square feet of vacant floor space situated adjacent to the Clinic.

## LEASE PROPOSAL

The proposed lease will involve a total floor space area of 10,827 square feet, and will extend for a period of five years, commencing 14 December 2000 and terminating 13 December 2005. There will be a provision for the Region to renew the lease for two additional terms of up to five years each.

Total rent will be \$18.50 per square foot of rentable area, subject to an allocation of \$10.50 per sq. ft. for the base rent and \$8.00 per sq. ft. for occupancy costs. (This represents an overall reduction in the rental rate of \$1.02 per sq. ft.). The base rent of \$10.50 per sq. ft. will remain constant over the five year term of the lease. However, after the first year the occupancy cost of \$8.00 per sq. ft. will be subject to an annual inflation adjustment based on the lesser of the actual costs or the Consumer Price Index for the Ottawa area for the previous year. There will be provision for 15, on-site parking stalls at a monthly charge of \$120.00 per stall. After the first year the parking charge of \$120.00 per stall will be subject to an annual inflation adjustment based on the Consumer Price Index for the Ottawa area for the previous year. The annual rent for the total floor space including parking will be \$221,900.00 plus GST.

## FIT-UP REQUIREMENTS

The cost to fit-up the additional 2,835.2 square feet of floor space has been estimated to be \$100,000 including taxes. The landlord has agreed to undertake these works and to contribute \$55,000 toward these costs. The landlord has also agreed to front-end the total fit-up cost. In the event the fit-up works are undertaken in the year 2000, the tenant's \$45,000 share of the costs will be repaid to the landlord on a lump sum basis upon completion of the works. In the event the fit-up works are undertaken after the year 2000, the landlord will allow the \$45,000 to be repaid over the remaining term of the lease, together with interest calculated at 6 % per annum.

## PUBLIC CONSULTATION

This is an internal administrative matter, and public consultation was therefore not considered necessary.

## NEW CITY IMPACT - TRANSITION BOARD

The services delivered from 179 Clarence Street will remain a responsibility of the People Services Department.

In accordance with the Ottawa Transition Board Regulation 100/200 - Section 4, Guidelines - Financial Guideline No. 1, Section 5.1 b) this transaction requires the approval of the Transition Board.

#### EXPENDITURE JUSTIFICATION

The 179 Clarence St. location is located in the heart of the market district and accessible to the highest risk clients where the majority wishes to have clinical services located. The new city has relatively little space in this core area. The additional space offers an opportunity to provide more integrated services to this group with high health and social needs at a reasonable cost.

In 1999, the Clinic exercised its only option to extend the initial term of the lease. Therefore, unless renewed, the lease will expire on 13 December 2000, and the Clinic will be faced with incurring substantial relocation costs and relocating to a less desirable space.

#### FINANCIAL STATEMENT AND APPROVAL

Funds have been provided for in the following accounts:

151721 – 502610	24,937
151541 – 604755	137,496
152133 – 604755	20,000
151721 – 604755	<u>55,000</u>
	<u>237,437</u>

#### CONCLUSION

The square foot rate and the operating costs are considered fair and reasonable. Approval is therefore recommended.

*Approved by Pamela Sweet A/ Commissioner  
Planning and Development Approvals Department*