

REGION OF OTTAWA-CARLETON  
RÉGION D'OTTAWA-CARLETON

REPORT  
RAPPORT

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Our File/N/Réf.                    12 09-97-60002-005  
Your File/V/Réf.

DATE                                17 June 1999

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

FROM/EXP.                        Planning and Development Approvals Commissioner

SUBJECT/OBJET                 **LEASE PROPOSAL, MACKENZIE KING TRANSIT STATION,  
OTTAWA**

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#### **DEPARTMENTAL RECOMMENDATIONS**

**That the Corporate Services and Economic Development Committee recommend Council:**

- 1. Approve the lease of 549.6 m<sup>2</sup> of space located in the Rideau Centre in the City of Ottawa, from Viking Rideau Corporation as shown on Annex A for the construction and operation of the Mackenzie King Transit Station, for a consideration of \$59,069.00 per annum plus G.S.T., commencing September 1<sup>st</sup>, 1999 for a term of 35 years;**
- 2. Approve the temporary leasing of 229 m<sup>2</sup> of merchandizing space occupied by The T. Eaton Company Limited from Viking Rideau Corporation, for a consideration of \$2,650.00 per month plus G.S.T. commencing September 1<sup>st</sup>, 1999 until the work is completed (approximately February 15<sup>th</sup>, 2000);**
- 3. Authorize the operation and maintenance of the Mackenzie King Transit Station comprising a total area of 1467.5 m<sup>2</sup>, by Viking Rideau Corporation, for a consideration of \$279,102 per annum plus G.S.T. commencing September 1<sup>st</sup>, 1999;**
- 4. Approve payment of an upset limit not expected to exceed \$350,000 plus G.S.T. to Viking Rideau Corporation as a disturbance allowance to The T. Eaton Company Limited, for the temporary loss of merchandizing space as a result of the construction of the Mackenzie King Transit Station.**

## BACKGROUND

Regional Council at its meeting of October 25, 1995 approved the Corporate Services and Economic Development Committee Report No.20 authorizing staff to proceed with property negotiations to secure property rights for the Mackenzie King Transit Station.

The Federal Government, as part of the “Bridges Agreement”, agreed to convey to the Region, for the consideration of \$2.00, an easement in perpetuity required for the construction and operation of that portion of the Transit Station located on the south side of the Mackenzie King Bridge on lands occupied by the DND. The portion of the Transit Station to be located on the northerly side of the bridge required the Region enter into negotiations for property rights required from Viking Rideau Corporation for space occupied by The T. Eaton Company Limited together with Rideau Centre common space.

## DISCUSSION

The Region is proposing to commence construction of the Mackenzie King Transit Station this year. The station is composed of the northerly station containing 549.6 m<sup>2</sup> located within the Rideau Centre premises and the southerly station containing 763.9 m<sup>2</sup>, located on lands owned by Public Works and Government Services Canada and occupied by the head office of the Department of National Defence (DND). Linking the northerly and southerly stations, and forming a part of the “Mackenzie King Station”, is the Pedestrian Link located below the Mackenzie King Bridge containing 154 m<sup>2</sup>.

Negotiations with Viking Rideau Corporation and PWGSC (DND) resulted in a decision to pursue a long term lease arrangement with Viking Rideau. Our discussions resulted in a proposal which would see Viking Rideau assume responsibility for the maintenance, operating costs and security for the entire station including the Viking Rideau station, the “DND” Station and the Pedestrian Linkage.

Negotiations with Viking Rideau Corporation have resulted in an agreement which includes the following;

- the Region will lease a total of 549.6 m<sup>2</sup> of “Leased Premises” located in the Rideau Centre. The “Leased Premises” includes 425.4 m<sup>2</sup> of “Released Space” required from The T. Eaton Company Limited on which the rent is based and 124.2 m<sup>2</sup> of common and other space for which there is no rent being charged by Viking Rideau. The lease is for a term of 35 years commencing September 1<sup>st</sup>, 1999 and subject to renewal August 31<sup>st</sup>, 2034. The first 4 months rent is payable from September 1<sup>st</sup>, 1999 to December 31<sup>st</sup>, 1999 at the base rent of \$59,069 per annum ( \$138.85 per m<sup>2</sup> for the “Released Space”) and thereafter adjusted annually by the Consumer Price Index for the Regional Municipality of Ottawa-Carleton;

- Viking Rideau Corporation have also agreed to maintain the “Leased Premises” comprising the Viking Rideau Station containing an area of 549.6 m<sup>2</sup>. The Region will pay Viking Rideau Corporation for the operating and common area maintenance costs (CAM) including security for the “Leased Premises” at an estimated cost of \$161,629 per annum ( \$294.08 per m<sup>2</sup> ) commencing September 1<sup>st</sup>, 1999 and ending December 31<sup>st</sup>, 1999 which will be adjusted at year end based on the “Actuals”. Thereafter the cost for coming years will be estimated using the previous years “actuals” with adjusted made at year end for that years actuals.
- Viking Rideau Corporation have agreed to maintain those premises comprising the “DND” Transit Station containing an area of 763.9 m<sup>2</sup>, and the Pedestrian Link, containing a area of 154 m<sup>2</sup>, at a cost of \$117,474 per annum ( \$127.98 per m<sup>2</sup> ) commencing September 1<sup>st</sup>, 1999 and ending December 31<sup>st</sup>, 1999 which will be subject to similar adjustments per the above.
- The T. Eaton Company Limited have been given notice to vacate the “Released Space” (425.4 m<sup>2</sup> ) by August 31<sup>st</sup>, 1999 to allow construction to commence on September 1st, 1999. The disturbance costs associated with T. Eatons vacating the space, while estimated by Eatons at a conservative figure \$250,000, is not expected to exceed \$350,000. The Landlord, Viking Rideau Corporation, is required and has agreed to reimburse Eatons for the costs. The Region is to reimburse Viking Rideau Corporation for the costs incurred upon completion of the work and upon receipt of supporting documentation from Viking Rideau as to the actual costs. The supporting documentation will be reviewed by Viking Rideau Corporation and Regional staff to determine if the costs are fair, reasonable and warranted.
- The Region will need to temporarily occupy a portion of The T. Eaton merchandizing space for the construction of the new walls. Viking Rideau Corporation have given The T. Eaton Company Limited notice to temporarily vacate 229 m<sup>2</sup> (2,465 ft<sup>2</sup> ) of space on or before August 31<sup>st</sup>, 1999 to permit the Region’s installation of “Hoarding” in order to separate Eaton’s merchandizing area from the Station construction area until the new wall(s) have been completed. The Region has agreed to compensate Eatons at the rate of \$2,650 per month (\$11.57 per m<sup>2</sup> per month) commencing September 1<sup>st</sup>, 1999 until the work is completed (approximately February 15<sup>th</sup>, 2000).
- The above figures are plus G.S.T, if applicable.

## CONSULTATION

Public consultation was in accordance with the Environmental Assessment for this project.

EXPENDITURE JUSTIFICATION

Failing to obtain the necessary property rights to the lands and premises would prevent the construction of the Transit Station. The decision to negotiate leasing the premises with the station being operated and maintained by Viking Rideau Corporation was based on economic “good sense” resulting in a partnership which will serve the best interests of both the Region and the Business Community.

<u>FINANCIAL STATEMENT</u>	942-30635 (900277)
	\$
Approved Budget to Date	13,291,000
Total Paid and Committed to date	<u>(1,382,685)</u>
Balance Available	11,908,315
THIS REQUEST (including GST )	<u>474,131</u>
Balance Remaining	11,434,184

Funds have been provided in the 1999 Capital Budget, Account No. 942-30635 (Order # 900277), Mackenzie King Station, (reference Page 224), Project Requisition # 10008838. This lease represents a pre-commitment on future budgets.

*Approved by Nick Tunnacliffe, MCIP, RPP  
Commissioner, P&DA Department*

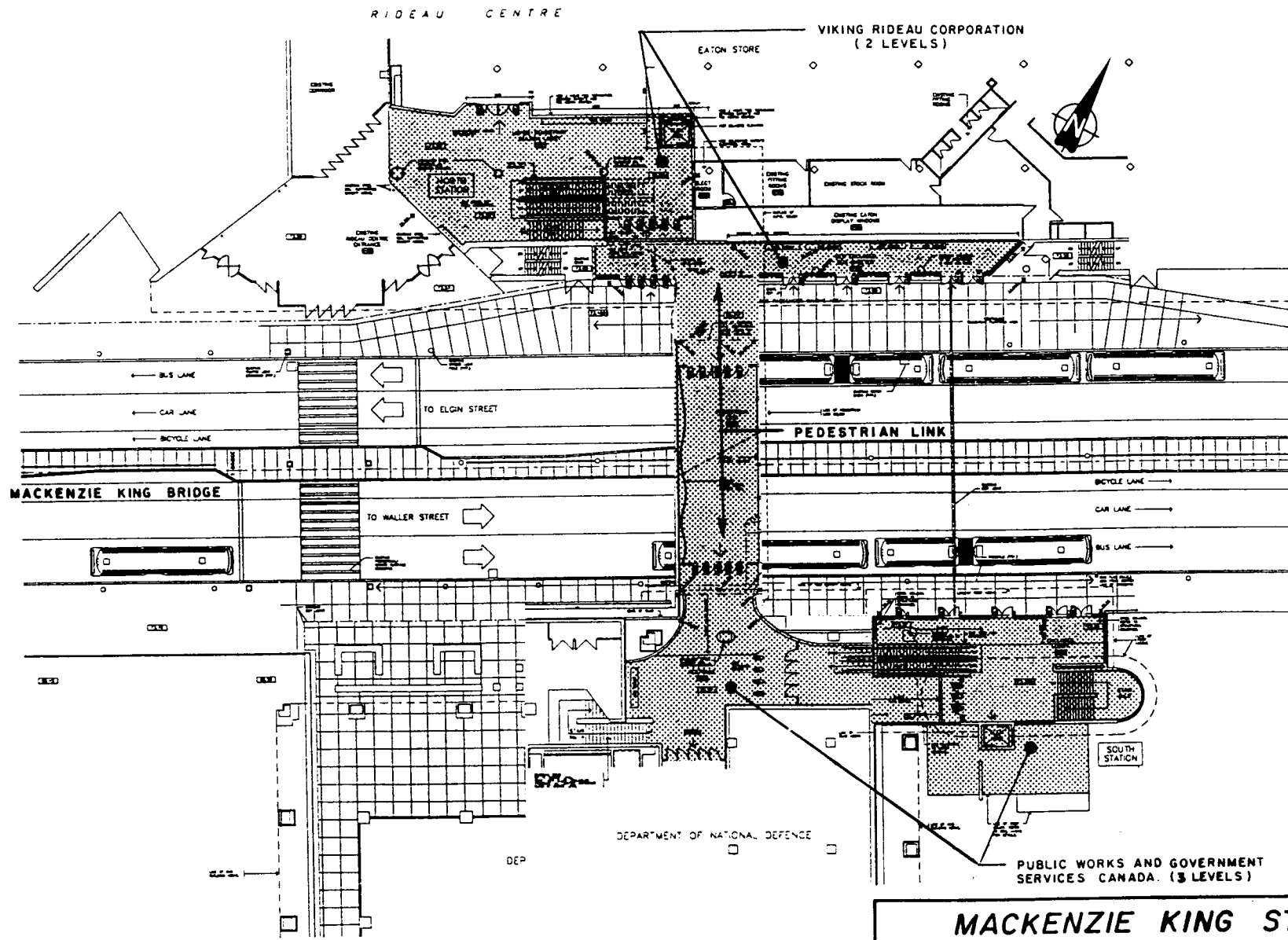
*Date: June 24, 1999*

Attach (1)

FINANCE DEPARTMENT COMMENT

Funds are available as indicated.

*T. Fedec on behalf of the  
Finance Commissioner*



ANNEX 'A'

**MACKENZIE KING STATION**