TO: Mayor and Members
       General Issues Committee

COMMITTEE DATE: February 5, 2014

SUBJECT/REPORT NO: Lease Agreement with CityHousing Hamilton Corporation – Career Development Centre, 181 Main Street West (PED14022) (Ward 2)

WARD(S) AFFECTED: Ward 2

PREPARED BY: John Hamilton
               (905) 546-2424 Ext. 7045

SUBMITTED BY: Joe-Anne Priel
               Acting General Manager
               Planning and Economic Development Department

SIGNATURE:

RECOMMENDATIONS

(a) That City Council approve a new lease with CityHousing Hamilton Corporation (CHHC) subject to the following terms and conditions:

(i) Term: Five years commencing January 1, 2014 and terminating on December 31, 2018, together with a five year renewal option;

(ii) Property: Career Development Centre, 181 Main Street West, Hamilton, comprising a gross rentable area of 22,706 square feet of first floor, second floor and third floor space;

(iii) Rental Rate: From the date of commencement, being January 1, 2014, the City shall pay fixed rent of $12.127 per square foot including HST for year one, $12.345 for year two, $12.567 for year three, $12.794 for year four and $13.024 for year five;

(iv) Parking: Lease provides five underground parking spaces at no cost;
(v) **Operating Costs:** Operating costs are included in the gross rent save and except cleaning, garbage, waste collection and disposal, security system, and interior décor and finishing;

(vi) **Other:** The City has the option to terminate the lease at any time after the second year without penalty, subject to providing nine months written notice.

(b) That all rent and operating costs be funded from Account No. 672825-55358;

(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 enter into a lease renewal agreement with CityHousing Hamilton Corporation (CHHC) for lease of office space at 181 Main Street West first, second and third floors, site of the Career Development Centre.

The Career Development Centre has been located at this address since January 2005. There has been a Memorandum of Understanding in place since January 1, 2006 that expired December 31, 2010. In January 2011, a new lease was incorporated which expired on December 31, 2013. The new lease amending and renewal agreement will secure space for another five years. The Employment Resource Centre, Helping Hands Program, Job Development, Employment Workshops and Employment Counselling are all located at the Career Development Centre.

*Alternatives for Consideration – Not applicable*

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** Lease costs will be 50% funded from the Community Services Operational Budget with a 50% portion covered by funding from the Ministry of Community and Social Services.

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

**Legal:** Legal Services Division has reviewed the lease.
HISTORICAL BACKGROUND

The Career Development Centre (CDC), located at 181 Main Street West, has been operational since January 2005. This location was selected due to the size of the space, access to public transportation, close vicinity to the downtown core and because the building was owned and managed by the CityHousing Hamilton Corporation. The funding for the original construction of the Centre was through Community Trust Funding and limited one time funding from the Ministry of Community and Social Services. From January 1, 2006, until December 31, 2009, the rent was set at $252,000 per year, or approximately $12 per square foot. The tenant acquired additional space in the building, so the rent was increased to $272,000 for 2010. The rental costs for these years included cleaning services.

The CDC focuses on serving the job seeking community and employers by providing a place where people can find career opportunities and gain skills for successful employment.

The CDC provides a range of on-site resources, programs, and services to assist citizens of Hamilton with their job search efforts. At the CDC, a number of programs and services are offered to individuals receiving Ontario Works and Ontario Disability Support Plan assistance, including pre-employment workshops, job search resources, employment placement, and individual employment counselling.

The CDC houses a Resource Centre, which is open to all citizens and provides computers, a library of job search resource books, work tables, photocopiers, telephones, printers, fax machines etc. Daily newspapers, resume programs, and access to job bank web sites are also available to assist with job searches. Resource Centre clerks are available to assist with basic inquiries or to solve technical problems.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

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:

- to the General Manager or designate for a lease value not exceeding $150,000 annual rental;
- to the City Manager or designate for a lease value not exceeding $250,000 annual rental.
As the annual lease payments are in excess of the above referenced limits, City Council approval is required to approve the recommendations contained within this Report.

RELEVANT CONSULTATION

- City Manager’s Office, Legal Services Division;
- CityHousing Hamilton Corporation.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

With the lease recommendation being adopted, the City will have secured a five year lease at a $275,355 for year one; $280,306 for year two; $285,346 for year three, $290,501 for year four and $295,723 for year five; terminating December 31, 2018. The rent is gross with most of the amount attributable to expenses. Any net rent after expenses flows to a city owned asset.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1
A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

Strategic Objective

1.3 Promote economic opportunities with a focus on Hamilton’s downtown core, all downtown areas and waterfronts.
1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2
Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*
2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

2.2 Improve the City's approach to engaging and informing citizens and stakeholders.

2.3 Enhance customer service satisfaction.

3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.

3.2 Build organizational capacity to ensure the City has a skilled workforce that is capable and enabled to deliver its business objectives.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED14022 – Location Map

JH/sd
Location Map

File Name/Number: 2007-080
Date: December 19, 2013

Appendix "A"

Scale: N.T.S.
Planner/Technician: JH/JAL

Subject Property

CAREER DEVELOPMENT CENTRE
1st, 2nd and 3rd Floor, 181 Main Street West, Hamilton
Total leased area is 22,708 square feet