

**Report to/Rapport au :**

**Finance and Economic Development Committee  
Comité des finances et du développement économique**

**and Council / et au Conseil**

**May 29, 2012  
29 mai 2012**

**Submitted by/Soumis par : Nancy Schepers, Deputy City Manager / Directrice  
municipale adjointe, Planning and Infrastructure / Urbanisme et Infrastructure**

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Rideau – Vanier (12)

Ref N°: ACS2012-PAI-REP-0017

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**SUBJECT: REVENUE LEASE OF RETAIL SPACE FOR 5 BYWARD STREET IN  
THE BYWARD MARKET PARKING GARAGE BUILDING**

**OBJET : RENOUVELLEMENT DE BAIL À LOYER DU COMMERCE DE DÉTAIL  
SITUÉ AU 5, RUE BY WARD DANS LE MARCHÉ BY**

**REPORT RECOMMENDATION**

That the Finance and Economic Development Committee recommend that Council authorize the Director of the Real Estate Partnerships and Development Office to execute a revenue lease agreement for 3,476 square feet' being 1,560 square feet of ground floor space and 1,916 square feet of basement space at 5 ByWard Street, in the ByWard Parking Garage Building for a term of ten (10) years with a total net revenue of \$548,472 plus HST for the term.

**RECOMMANDATION DU RAPPORT**

Que le Comité des finances et du développement économique recommande au Conseil d'autoriser le directeur du Bureau des partenariats et du développement en immobilier de signer un bail à loyer portant sur 3 476 pieds carrés de commerce de détail au 5, rue By Ward, dans l'édifice du marché By, pour une période de dix (10) ans, pour un revenu total net de 548 472 \$ plus TVH pour la période.

## BACKGROUND

The City of Ottawa Markets Management Unit has a mandate to manage the Outdoor Stalls, the ByWard Market building, and seven (7) retail spaces located within the ByWard Parking Garage Building a prime location of the ByWard Market bordering York and ByWard streets.

A Strategic Plan for the ByWard Market, endorsed by Council of the former City of Ottawa, contained a strategic goal that included maintaining a strong viable, attractive, food selling presence in the ByWard Market.

The owners of the Sausage Kitchen Limited, operating the business in 5 ByWard Street since 2003, had advertised the business for sale with Sunbelt Business Brokers, seeking a purchaser for the business of retailing prepared natural meat products within 5 ByWard Street space.

## DISCUSSION

The current tenant of 5 ByWard Street, the Sausage Kitchen Limited, has reached an agreement to sell the business and the prospective purchasers are seeking a new Lease with the City for a term of ten (10) years. Staff from the Markets Management Unit met with the current owners and future purchasers to discuss occupancy terms. Market staff requested the Valuation and Leasing Unit negotiate new lease terms as part of the business transaction.

The City and the prospective purchasers were able to reach agreed upon terms. The City will receive a net rent starting in year one (1) of \$26 per square foot and escalating to \$34 per square foot in year ten (10) for 1,560 square feet of ground floor retail space for \$468,000 plus HST. In addition, the City will receive net rent starting in year one (1) of \$2 per square foot escalating to \$7 per square foot for 1,916 square feet of basement floor space for \$80,472. The total net revenue for the entire premises is \$548,472 plus HST over the ten (10) year term. The tenant will be responsible for its proportionate share of operating expenses, property taxes, and tenant fit up. The City commissioned an independent market study report which supports the negotiated net effective rental rate.

The Purchasers have executed a new Lease with the condition precedent being their acquisition of the business. Once Council approves the new Lease agreement, the purchasers will close on the business acquisition and ratify the Lease. The property is zoned MD – Mixed-Use Downtown Zone – under which a catering business or a retail food store are permitted uses.

### RURAL IMPLICATIONS

There are no rural implications to implementing the recommendation within this report.

### CONSULTATION

This is an administrative matter and as a result public consultation is not required. Real Estate Partnerships and Development Office staff worked with the Legal Services Branch and the Design and Construction Branch. The Markets Management Unit and stakeholders at the facility have been consulted and no City Operations will be affected.

### COMMENTS BY THE WARD COUNCILLOR(S)

Rideau Vanier Ward (12) – Councillor Fleury has been consulted and supports the recommendation within this report.

### LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendation in this report.

### RISK MANAGEMENT IMPLICATIONS

There are no risk management impediments to implementing any of the recommendations in this report.

### FINANCIAL IMPLICATIONS

Revenues will be deposited into the By-Law & Regulatory Services Profit Centre account number 185213.

### ACCESSIBILITY IMPACTS

There are no accessibility implications to implementing the recommendation set out in this report. The City will continue to lease the space as is and no permits will be required at this time. City of Ottawa Municipal Accessibility Plan (COMAP) will be consulted.

### ENVIRONMENTAL IMPLICATIONS

There are no environmental implications with respect to implementing the recommendation set out in this report.

#### TECHNOLOGY IMPLICATIONS

There are no technical implications with respect to implementing the recommendations set out in this report.

#### TERM OF COUNCIL PRIORITIES

The recommendation of this report supports City Council's strategic priorities: Healthy and Caring Community (HC); Economic Prosperity (EP) and its objective EP3 to support growth of the local economy; and Financial Responsibility (FS) and its objective FS2 to maintain and enhance the City's financial position.

#### SUPPORTING DOCUMENTATION

Document 1 –Floor Layout

#### DISPOSITION

Following Council's approval, the Real Estate Partnerships and Development Office will execute the Lease document.

## Document 1

