



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Administration, Finance and Human Resources Committee
From: Jackie Osti, Manager of Purchasing and Risk Management Services
Date: Tuesday, October 18, 2022
Subject: **Courthouse and Crown Attorney's Office Lease Extensions**

Background:

The leases for the Courthouse and Crown Attorney's office expire December 31, 2022. The Province of Ontario has leased the Courthouse for 44 years and Crown Attorney's office for 35 years. CBRE is the real estate broker for the Province and they negotiate lease renewals on their behalf.

Staff engaged S.W. Irvine to conduct a market review of lease rates for comparable office space in Guelph and recommended \$20.00 per square foot due to high vacancy for this type of space in the Guelph market.

The table below shows lease rates for the last three terms.

TERM	BASE RATE Courthouse 22,496 sq. ft. & Crowns Office 9,983 sq. ft.	Percentage Increase (%) over previous Year
Jan 1, 2008 to Dec 31, 2011	13.00 sq. ft.	30%
Jan 1, 2012 to Dec 31, 2017	15.00 sq. ft.	15%
Jan 1, 2018 to Dec 31, 2022	18.85 sq. ft.	26%
Jan 1, 2023 to Dec 31, 2027	* 20.30 sq. ft.	6%

*CBRE Limited charges the County a brokerage fee of \$1.50 per square foot for each lease, therefore the County added 30 cents per square foot on top of the base rate to recover CBRE's brokerage fees.

Recommendation:

That the lease extension agreement with CBRE Limited for the Courthouse and Crown Attorney's office be renewed for an additional five (5) years (2022 to 2027) at the base rate of \$20.30 per square foot with the existing lease terms and conditions; and

That staff be granted authority to negotiate future renewal terms subject to mutual agreement; and

That staff be authorized to sign the lease extension agreement for the next renewal period.

Respectfully submitted,

Jackie Osti
Manager,
Purchasing and Risk Management Services