
TO: CITY MANAGER **DATE:** 2010 March 18th

FROM: DIRECTOR FINANCE

SUBJECT: PROPERTY MANAGEMENT AGREEMENT - DEER LAKE CENTRE

PURPOSE: To recommend a three year contract extension for property management services at Deer Lake Centre.

RECOMMENDATION:

1. **THAT** Colliers International Real Estate Management Services is granted a three (3) year contract extension commencing 2009 June 01 and expiring 2012 May 31st.

REPORT

In 1991 September, Council approved the acquisition of Deer Lake Centre I and II located at 4946 and 4940 Canada Way respectively. The properties contain two five storey buildings with approximately 200,000 square feet of good quality "Class B" commercial office space. There are two levels of underground parking per building.

The routine, day to day, operation and management of this office complex has been handled by a professional third party since 1992. Colliers International Real Estate Management Services has been managing the complex since 2000. Colliers' current agreement has technically expired, but the company continues to provide their very valuable services based on the original contract.

Under the terms of the proposed new agreement the annual fee for service for 2010 will be \$106,610 (\$8,884/month). This cost forms part of the operating expenses for the buildings and is fully recoverable from the tenants on a pro-rata basis. The amount quoted includes a 1.5% increase over the 2009 rate. Increases in the second and third year of the agreement would be adjusted based on the Vancouver CPI to a maximum of 3%. The 2010 Operating Budget for Deer Lake Centre includes provision for this management fee.

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Under the terms of the proposed new agreement, the City will continue to receive the expertise of full-time onsite operations staff whose responsibilities include preventative maintenance of building systems, contract management supervision and response to tenant maintenance requests. Colliers has also assigned to Deer Lake Centre a LEED accredited senior property manager with extensive experience in preparing monthly management reports, annual operating budgets, leasing, contract negotiation, tendering, contract management and cost control. Her experience also includes coordinating capital projects, landlord work, and tenant leasehold improvement work. The operations coordinator and the property manager meet with City staff on a weekly basis to ensure that the City's interests are best represented. The management team also includes the services of a senior accountant who works closely with the City's Manager of Accounting Services.

The tenants benefit from having access to Colliers 24-Hour Service Centre. The Service Centre is a one-call source for tenants to access any service or inquiry with regard to their space.

Colliers International is a highly regarded commercial real estate firm. The City and the tenants in Deer Lake Centre continue to receive excellent property management services from this firm and it is therefore recommended that Council approve the three year contract extension.


Rick Earle
DIRECTOR FINANCE

cc: City Solicitor