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LEASE EXTENSION OF STORAGE SPACE LOCATED AT 359 ENFORD ROAD, UNITS 6 AND 7, IN RICHMOND HILL

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, November 18, 2008, from the Commissioner of Corporate Services:

1. RECOMMENDATIONS

It is recommended that:

1. The Region be authorized to enter into a lease extension for a five-year term, commencing on February 1, 2009 with S & J Investments Limited, for the existing storage facility located at 359 Enford Road, Units 6 and 7 in Richmond Hill and consisting of 3,000 square feet, at an annual gross rent of \$24,000.
2. The Regional Chair and the Regional Clerk be authorized to sign the lease extension agreement with S & J Investments Limited, subject to review by Legal Services.

2. PURPOSE

This report recommends that the Region enter into a five-year lease extension for the existing storage space that provides York Region Transit and the Property Services Branch with centralized storage space in York Region.

3. BACKGROUND

York Region already leases the facility

The Region has been leasing this storage facility, for York Region Transit and the Property Services Branch, since 2005. York Region Transit requires this facility to store equipment, parts and marketing material in a location close to the South Services Centre and the Property Services Branch requires this space for furniture and equipment storage. Both users have requested to remain in this location.

4. ANALYSIS AND OPTIONS

The market rent is unchanged

Realty Services staff have entered into a tentative agreement with the landlord to extend the lease for an additional five (5) years, commencing on February 1, 2009 and expiring on January 31, 2014, subject to the same terms and conditions as the original lease.

5. FINANCIAL IMPLICATIONS

The following chart outlines the cost for renewing the existing lease:

Table 1
Lease Cost Analysis

<i>Lease Year</i>	<i>Current Annual Gross Rent</i>
1	\$24,000.00
2	\$24,000.00
3	\$24,000.00
4	\$24,000.00
5	\$24,000.00
Total	\$120,000.00

Annual costs noted in Table 1 include base rent, operating costs and realty taxes. Utilities are separately metered and based on consumption at approximately \$0.80 per square foot.

This requested lease extension complies with the Region's policy relating to financing leases contained in the Capital Financing and Debt Policy, approved by Council in January 2006.

All costs associated with this lease extension will be accommodated in the proposed 2009 York Region Transit and Property Services Branch budgets.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this report.

7. CONCLUSION

Entering into a five year lease extension is required to allow York Region Transit and Property Services the much needed storage space, in an accessible and convenient location.

For more information on this report, please contact Barry Crowe, Director of Property Services at ext. 1684.

The Senior Management Group has reviewed this report.