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LEASED OFFICE SPACE TRANSPORTATION AND WORKS DEPARTMENT, WATER AND WASTEWATER 426 MAJOR MACKENZIE DRIVE, TOWN OF RICHMOND HILL

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, October 28, 2004, from the Commissioner of Corporate Services:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize a three-year lease extension agreement for 2,750 sq. ft. with a total obligation of \$118,914.00 (base and additional rent) for the existing location at 426 Major Mackenzie Drive, in the Town of Richmond Hill, which is presently occupied by an Emergency Medical Services (EMS) Station.
2. The Regional Chair and the Regional Clerk be authorized to execute the lease extension agreement on behalf of The Regional Municipality of York, subject to review by the Legal Services Branch, Corporate Services Department.
3. Staff be authorized to take all steps necessary to affect this agreement.

2. PURPOSE

The purpose of this report is to obtain authorization from Regional Council to renew the existing lease agreement for an additional three-year term to facilitate the establishment of a Water and Wastewater office for the Transportation and Works Department.

3. BACKGROUND

This property has been used as an EMS Station since 2001. In December 2004, the EMS Station will be relocated as part of the new District 2 Headquarters in Richmond Hill.

The Water and Wastewater staff are presently located at the Leslie Street Pumping Station and are experiencing severe overcrowding at this location.

The location of 426 Major Mackenzie Drive is a better location for Water and Wastewater staff because it is more central in York Region.

4. ANALYSIS AND OPTIONS

Staff investigated a number of options at the Leslie Street Pumping Station including bringing a temporary trailer on site, enclosing a mezzanine, and conversion of a lunch room to office space. All of these did not meet operational requirements.

In addition, the existing Leslie Street Pumping Station is located at the extreme southern boundary of the Region. Water and Wastewater staff are responsible for maintenance of facilities throughout the southern half of the Region. As such, a location along the Major Mackenzie corridor would provide better access to all sites in the portfolio. Furthermore, the existing EMS location also has a garage and workshop, another program requirement.

This lease extension agreement complies with the Region's policies relating to financing leases contained in the Debt Policy approved by Council in January 2003.

5. FINANCIAL IMPLICATIONS

Property Services staff have entered into negotiations with the current landlord and have reached an agreement, whereby base rent will remain at \$5.50 per sq. ft. and additional rent will be increased by 5%.

Table 1
Lease Cost Analysis

Lease Year	Base Rent	Additional Rent	Annual Cost
1	\$15,125.00	\$24,513.00	\$39,638.00
2	\$15,125.00	\$24,513.00	\$39,638.00
3	\$15,125.00	\$24,513.00	\$39,638.00
Total	\$45,375.00	\$73,539.00	\$118,914.00

Additional rent includes costs for utilities, realty taxes and common area costs which are reflected in the table above.

Leasehold improvement costs are estimated to be \$30,000 and include new carpet, painting and electrical modifications. There are funds in the 2004 Transportation and Works budget for these improvements.

6. LOCAL MUNICIPAL IMPACT

This lease extension agreement will allow the Water and Wastewater Branch to continue to provide its valuable service to the residents of York Region, in an accessible and convenient location.

7. CONCLUSION

Recommendations made by staff provide the most cost effective solution for the delivery of services by the Water and Wastewater Branch in the central area of York Region.

The Senior Management Group has reviewed this report.