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LEASABLE OFFICE SPACE AT THE TANNERY MALL IN THE TOWN OF NEWMARKET FOR INFORMATION TECHNOLOGY SERVICES

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, January 28, 2008, from the Commissioner of Corporate Services and Commissioner of Finance, subject to the following amendments:

- 1. Recommendation 2 now read:**
 - a. The Property Services Branch be authorized to finalize the lease terms with the landlord of the Tannery Mall, Bonseph (Tannery) Ltd., based upon a rental rate of \$18.00 per square foot Gross, plus G.S.T.; and**
 - b. Recommendation 4 be deleted.**

1. RECOMMENDATIONS

It is recommended that:

1. The Region of York enter into an agreement with the Tannery Mall, Bonseph (Tannery) Ltd., for suitable office space at that location that is required by Information Technology Services (I.T.) for their immediate space requirements, as outlined in this report.
2. That Property Services Branch be authorized to negotiate viable lease terms with the landlord of the Tannery Mall, Bonseph (Tannery) Ltd.
3. The Regional Chair and the Regional Clerk be authorized to sign the necessary lease document with Bonseph (Tannery) Ltd., subject to review by Legal Services.
4. A report be submitted to Regional Council at its meeting on March 27, 2008, to advise of the lease terms that were reached with the landlord.

2. PURPOSE

This report recommends that Regional Council delegate authority to Property Services staff to negotiate viable lease terms with Bonseph (Tannery) Ltd., to lease office space at the Tannery Mall, in the Town of Newmarket, that is required by I.T. Services for their immediate space needs.

3. BACKGROUND

I.T. Services is implementing the Converged Network Project approved by Council in 2006. The Project has been using space on the first floor of the Administrative Building to conduct staff training, configure the new phone sets for the Converged Network and to meet with vendor staff. This space is no longer available as it has been allocated to the Transportation Services Department.

I.T. Services requires approximately 2,000 square feet of office space for the next three years, to complete the Converged Network Project. This space will accommodate:

- A staff training room suitable for a class size of 10-15 to train Regional staff not yet moved to the Converged Network.
- Four I.T. Services staff who administer the Project currently.
- A six-member vendor team who are implementing the Converged Network.
- Secured storage and staging for Converged Network telephone equipment to be deployed to staff.

This space will be required for the duration of the Converged Network Project which continues through to December 2010.

4. ANALYSIS AND OPTIONS

I.T. Services has requested the assistance of Property Services staff to find them suitable office space. Property Services staff conducted a search for available office space within the Region's owned and currently leased facilities, but no office space was available. However, leasable office space has recently become available at the Tannery Mall, in Newmarket. As I.T. Services requires immediate accommodations in order to relocate its staff and equipment from its existing space, this available space at the Tannery Mall would be ideal to accommodate their needs. The intent is to add this space to the existing Tannery lease, which expires in 2010.

The Region's existing space at the Tannery Mall has not been ideal in the past years, however, the Tannery Mall changed ownership in 2007. Since that change, the new owner has made considerable improvements to this facility. They have installed new rooftop air handler units, installed vestibules to exterior entrances, installed a security system, carried out roof repairs, implemented a preventative maintenance program, and continue to make further improvements. The current owners continue to provide an improved working environment for staff, and current staff have expressed their contentment.

5. FINANCIAL IMPLICATIONS

While the lease rate has yet to be negotiated, present leases at the Tannery Mall are in the range of \$17.00 to \$19.00 per square foot gross. We anticipate the annual cost for this space will be approximately \$45,000.00. Funds are available in the Information Technology Branch 2008 Budget. Leasehold improvements will be minimal.

The proposed lease agreement for this additional space complies with the Region's policy relating to financing leases contained in the Capital Financing and Debt Policy, approved by Council in January 2006.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this report.

7. CONCLUSION

Delegated authority is required by Property Services staff to negotiate a lease with the landlord to lease office space at the Tannery Mall, in the Town of Newmarket, that is required by I.T. Services for its immediate space requirements. The authority would be subject to a report to Council at its meeting on March 27, 2008, to advise of any commitments made under this authority.

The Senior Management Group has reviewed this report.