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LAND LEASE EXTENSION FOR THE HOUSEHOLD HAZARDOUS WASTE DEPOT IN THE TOWN OF MARKHAM

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

1. RECOMMENDATIONS

It is recommended that:

1. The Region be authorized to enter into a land lease extension agreement for a one-year term commencing as of October 1, 2007, with the Town of Markham, for the Region's Household Hazardous Waste Drop-off located at 555 Miller Avenue, in Markham, at a gross annual rent of \$12,000.00 with an option to extend for a further one-year term, at the same annual rent.
2. The Regional Chair and the Regional Clerk be authorized to sign the necessary land lease extension with the Town of Markham, subject to review by Legal Services.
3. The Commissioner of Corporate Services be authorized to sign a land lease extension for a further one-year term with the Town of Markham, if required, subject to review by Legal Services and Solid Waste and Administration.

2. PURPOSE

This report recommends that the Region enter into a one-year land lease extension for the Region's Household Hazardous Waste Drop-off in Markham, so that it may continue operation of this facility.

3. BACKGROUND

The Region has been operating a Household Hazardous Waste Drop-off in Markham since 1998

The Region has been operating its program at this leased location (which is half an acre of land), since 1998 (Attachment 1). Operation at this site is required until such time as a more suitable location becomes available to accommodate its expanded program.

4. ANALYSIS AND OPTIONS

4.1 A larger site is required to accommodate the increase in residential usage of this program

Residential usage of the current site has increased dramatically since the outset of the program. The current site is extremely congested and poses a growing potential safety hazard to the public and Regional contractors with the increase in traffic loading.

Solid Waste and Administration is working with Property Services staff to indentify a more suitable location to operate its expanded program. Property Services staff are currently conducting a search for available land in Markham to suit the program's future needs.

4.2 Lease extension is currently required to provide ample time to find a more suitable location for the expanded program

The Town of Markham has increased the annual rent for the extended term to \$12,000.00.

Although this represents a 100% increase in value, the land lease extension is required in order to provide ample time to find a more suitable location. A draft agreement with Town staff extends the lease for a one-year term, effective October 1, 2007, with an option to renew for an additional one-year term on the same terms and conditions, including annual rent. The Region has also negotiated an option to terminate the lease upon ninety days written notice, without penalty. This leasing arrangement provides the Region with the flexibility required to leave this property when a more suitable one becomes available.

5. FINANCIAL IMPLICATIONS

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

Table 1
Lease Cost Analysis

Lease Term	Current Annual Gross Rent	Proposed Annual Gross Rent
One year	\$6,000.00	\$12,000.00

The annual cost to operate the Household Hazardous Waste Drop-off in Markham is \$416,904.00.

The Region has benefited from the current lease of \$6,000 per annum for ten years and land values in this area have increase substantially since that time. This requested lease agreement 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 2008 budget.

6. LOCAL MUNICIPAL IMPACT

A lease extension will allow for the continued presence of the Household Hazardous Waste Drop-off in Markham, until such time as a more suitable location becomes available.

7. CONCLUSION

A lease extension is required to allow the Region to continue providing Household Hazardous Waste Drop-off services in Markham, and it is recommended that the Region enter into this lease extension as outlined in this report.

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

The Senior Management Group has reviewed this report.