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NEW GROUND LEASE FOR EMERGENCY MEDICAL SERVICES 100 WELDON ROAD, TOWN OF WHITCHURCH-STOUFFVILLE

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated May 25, 2009, from the Commissioner of Community and Health Services and the Commissioner of Corporate Services.

1. RECOMMENDATIONS

It is recommended that:

1. The Region be authorized to enter into a ground lease agreement for a twenty-year term, for the Community and Health Services Department's Emergency Medical Services Paramedic Response Station, located at 100 Weldon Road, in the Town of Whitchurch-Stouffville, consisting of approximately 2,100 square feet, for an annual base rent of approximately \$7,168.
2. The Regional Chair and the Regional Clerk be authorized to sign a ground lease with The Corporation of the Town of Whitchurch-Stouffville, subject to the approval of Legal Services.
3. The Commissioner of Corporate Services be authorized to sign lease extension agreements with the Town, if required, for three additional five-year terms, negotiated at the then current market rent, subject to approval by Legal Services.

2. PURPOSE

The purpose of this report is to obtain authorization from Regional Council to enter into a ground lease agreement for premises required for an Emergency Medical Services (EMS) Paramedic Response Station in the Town of Whitchurch-Stouffville, where a joint Fire Station/EMS Paramedic Response Station (Project) is being constructed.

3. BACKGROUND

EMS has been operating its Paramedic Response Station located at 6392 Main Street, in Stouffville since the year 2000

EMS has been operating its Paramedic Response Station, alongside the Whitchurch-Stouffville Fire Department on Town-owned property, located at 6392 Main Street in Stouffville, since the year 2000.

In 2007, the Town advised the Region of its proposal to construct a new arena, fire department headquarters/station and an adjoining EMS Station on a large parcel of vacant land. Since the existing facility is a joint Fire/EMS Station, the Town invited the Region to partner on the new site.

The Region and the Town have, through resolution of their respective municipal councils, each expressed a desire and intention to jointly participate in the construction of a joint Fire Station/EMS Paramedic Response Station.

At its meeting held on January 24, 2008, Regional Council authorized the Region to enter into a Memorandum of Understanding (MOU) between the Region and the Town, setting out the terms upon which the parties intend to proceed with the development and operation of a joint Fire Station/EMS Paramedic Response Station.

The Region and the Town agreed to the development and operation of the Project in accordance with the terms of the MOU. The Project is being constructed on lands owned by the Town of Whitchurch-Stouffville.

4. ANALYSIS AND OPTIONS

The Town intends to demolish the Main Street facility upon completion of the new building. The partnership with the Town of Whitchurch-Stouffville was the most expeditious and cost-effective option for ensuring continued paramedic response to the community.

The Region currently has joint Fire Station/EMS Paramedic Response Stations in Vaughan and Markham and has demonstrated that co-location reduces the overall cost borne by any municipality and thereby increases financial efficiencies and results in less cost for taxpayers.

The Project's total area is approximately 19,100 square feet with the EMS Station comprising approximately 2,100 square feet. The Town's fire headquarters comprises approximately 17,100 square feet.

The Region's Property Services and Community and Health Services staff have reached a tentative agreement with the Town for a twenty-year ground lease with an option to renew for three additional five-year terms, negotiated at the then current market rent.

5. FINANCIAL IMPLICATIONS

The following chart outlines the cost for the ground lease:

Table 1
Ground Lease Cost

Current Annual Rent*	Proposed Annual Ground Lease Cost	Terms and Conditions
\$17,381	Approximately \$7,168 annually with a shared operating cost pro-rated to the amount of the gross floor area of the EMS Paramedic Response Station (EMS Station) being approximately 11.2%	Lease Years 1 – 10 at 8% of market value prorated at 11.2% Lease Years 11 – 20 will be subject to an increase at a maximum of 15%

*

* Current annual rent is the annual rent payable for the existing EMS station located at 6392 Main Street, in the Town of Whitchurch-Stouffville.

Ground Lease

The ground lease will be over a twenty-year term with an increase in rent for Lease Years 11 to 20, capped at a maximum increase of 15%. The ground lease has been calculated based on 8% of the market value of the land being \$800,000 as at December 15, 2008, pro-rated to the amount of gross floor area of the EMS Station, being approximately 11.2%.

The Town is to provide the Region with an architect's certificate certifying the space. Upon receipt, all calculations of rent and percentage of space will be adjusted accordingly, if required.

Operating and Maintenance Costs

Property Services staff will be providing all operating and maintenance services to the EMS Station, except for summer and winter ground maintenance and the required repair and replacement of the common areas and building systems, machinery and equipment of the building, which services will be provided by the Town. The Town will invoice the Region based upon its pro-rated share referenced in Table 1 above.

All utilities at the EMS Station will be metered separately and will be payable by the Region directly to the providers, which costs will be based on consumption.

Capital Costs

The construction cost for the EMS Station, based on the tendered construction contract and the Region's share of related consulting costs, is approximately \$700,000. The approved capital budget for the total project is \$800,000, which would include all costs associated with this new lease and relocation expenses.

This proposed lease complies with the Region's recently amended Capital Financing and Debt Policy relating to financing leases, such amendment being approved by Council on September 18, 2008, (Clause 8 of Report No. 7 of the Finance and Administration Committee).

6. LOCAL MUNICIPAL IMPACT

The Town will receive continued Emergency Medical Response services from this new facility.

7. CONCLUSION

EMS requires a ground lease with the Town for the planned EMS operations in the Town of Whitchurch-Stouffville, where a joint Fire Station/EMS Paramedic Response Station is being constructed.

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.