

4

NEW LEASE FOR SWING SPACE AT GATES OF YORK PLAZA

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, September 26, 2005, from the Commissioner of Corporate Services:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize a five-year lease agreement, for 6,108 square feet, having a total lease obligation of approximately \$684,096.00 (base and additional rent), to commence on November 1, 2005, located at the Gates of York Plaza, 17310 Yonge Street, Unit 10, Newmarket, to be utilized as swing space. The annual lease obligation for lease years one to three is \$134,376.00 and the annual lease obligation for leases years four to five is \$140,484.00.
2. The Regional Chair and the Regional Clerk be authorized to sign the necessary agreement with Yongemill Group Inc. for the leasing of space, subject to review by Legal Services.

2. PURPOSE

The purpose of this report is to obtain authorization from Regional Council to enter into a lease agreement for a five-year term, to provide swing space in Newmarket.

3. BACKGROUND

In April of 2005, Regional Council authorized a three-year lease extension for swing space located at the Tannery Mall, to accommodate future office requirements for our various clients in Newmarket. This space will be occupied by Health Services before the end of this year, consequently utilizing the much needed swing space that the Region currently occupies in Newmarket.

Transportation and Works Department staff currently occupy 9,571 square feet of space in Units 2A and 9, located in the Gates of York Plaza. An additional 6,108 square feet is currently available adjacent to Unit 9.

4. ANALYSIS AND OPTIONS

No other available swing space currently exists within the Newmarket portfolio. We have already used up space designated for this purpose at the Tannery. The Region continues to face accommodation pressures caused by staff growth, and this is not expected to change in the near future.

Continuing space demands in the Newmarket area are being addressed through renovations of existing space to implement more efficient space standards. In 2005, renovation projects to accommodate staff growth will be carried out at the York Region Administrative Centre. Regional staff will require temporary accommodations until such time as the renovations are complete. However, such renovations require that staff be moved to temporary locations to allow the renovations to be carried out. This temporary space (or swing space) is in extremely short supply and this location is ideal to accommodate staff during this period.

In September 2005, Regional Council adopted its first Strategic Accommodation Plan, including moving forward with the Newmarket Consolidation Project (Central Service Centre). This project, if approved, will not be constructed until 2008. Until such time, there will be a need for interim space to accommodate growth over the next three years and to provide swing space.

This location also offers an accessible and convenient alternative to accommodate new programs or special projects, and for the delivery of direct services to the public in this area. It is also ideal due to its proximity to the Administrative Building, allowing interaction among staff at both locations.

5. FINANCIAL IMPLICATIONS

Property Services staff have entered into negotiations with the landlord and have reached an agreement, whereby base rent for this location will be \$15.00 per square feet for Lease Years one to three and \$16.00 per square feet for Lease Years 4 and 5, plus the cost of operating expenses, property taxes and utilities. The landlord will pay the Region approximately \$61,000.00 towards the cost of leaseholds.

Table 1
Lease Cost Analysis

Lease Year	Annual Base Rent	Annual Additional Rent	Total Annual Cost
1	\$ 91,620.00	\$ 42,756.00	\$134,376.00
2	\$ 91,620.00	\$ 42,756.00	\$134,376.00
3	\$ 91,620.00	\$ 42,756.00	\$134,376.00
4	\$ 97,728.00	\$ 42,756.00	\$140,484.00
5	\$ 97,728.00	\$ 42,756.00	\$140,484.00
TOTAL	\$470,316.00	\$213,780.00	\$684,096.00

Annual costs noted in Table 1 include base rent, operating costs and realty taxes, but do not include costs for utilities. Utilities will be paid directly by the Region to the utility providers, and is approximately \$1.66 per square foot.

This 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 2003.

Approval of this lease agreement requires that appropriate funds be set aside for the 2006 Corporate Services budget.

6. LOCAL MUNICIPAL IMPACT

This lease will allow the continuance of important programs and services which serve the residents of York Region, in an accessible and convenient location.

7. CONCLUSION

Entering into a five-year lease arrangement, at this location, will provide the Region with much needed swing space, in an accessible and convenient location, pending Council direction on the overall Regional service delivery options in the Newmarket area.

The Senior Management Group has reviewed this report.