



The Regional Municipality of Durham Report

To: Works Committee
From: Commissioner of Works
Report: #2023-W-15
Date: April 5, 2023

Subject:

Renewal of Lease with 2264006 Ontario Inc. for Space Located at 307 Toronto Street South, Unit 11, in the Township of Uxbridge, for use by the Durham Regional Police Service

Recommendations:

That the Works Committee recommends to Regional Council:

A) That the Lease Renewal Agreement with 2264006 Ontario Inc. for the premises located at 307 Toronto Street South, Unit 11, in the Township of Uxbridge, containing approximately 1,533 square feet of office space be approved with the following terms and conditions:

- i) The renewal term will be for a period of five years commencing August 1, 2023, and ending on July 31, 2028, with the option to renew the lease for two additional five-year periods under the same terms and conditions if mutually agreeable by both parties except the rental rate, which is to be negotiated;
- ii) The annual rate for the lease term will be as follows:

Rental Period	Rate Per Square Foot*	Annual Rent*
August 1, 2023 to July 31, 2024	\$15.00	\$22,995
August 1, 2024 to July 31, 2025	\$16.00	\$24,528
August 1, 2025 to July 31, 2026	\$17.00	\$26,061
August 1, 2026 to July 31, 2027	\$18.00	\$27,594
August 1, 2027 to July 31, 2028	\$19.00	\$29,127

- iii) The additional rental rate for the term of the renewal will be \$21,845.25* per annum based on the rate of \$14.25* per square foot per annum to cover operating costs for the premises which includes utilities, insurance, property taxes, and common areas maintenance costs. The amount per square foot for additional rent is to be adjusted annually based on actual costs;
 - iv) The Regional Municipality of Durham remains responsible for janitorial expenses for the space;
 - v) The Landlord remains responsible for repairs and maintenance of the building, parking lot and other common areas; and
- B) That the Regional Chair and Regional Clerk be authorized to execute all documents associated with the Lease Renewal Agreement.
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Report:**1. Purpose**

- 1.1 The purpose of this report is to obtain approval to renew the lease with 2264006 Ontario Inc. for space occupied by the Durham Regional Police Service (DRPS) located at 307 Toronto Street South, Unit 11, in the Township of Uxbridge (Uxbridge), as per the terms and conditions outlined herein.
- 1.2 Dollar amounts followed by an asterisk (*) are before applicable taxes.

2. Background

- 2.1 DRPS has occupied the subject space since August 1, 2018 and has advised that they would like to continue to use this space as a Community Police Centre. The current lease was negotiated for a period of five years commencing August 1, 2018, and ending on July 31, 2023, with an option to renew for three further five-year terms.
- 2.2 The subject space contains approximately 1,533 square feet of office space and is for the Community Police Centre in Uxbridge. The rental rate for the current lease is \$14.00* per square foot (psf).

3. Previous Reports and Decisions

- 3.1 Under the delegation of authority during the 2018 Summer Recess approval was given for the execution of a lease agreement with 2389343 Ontario Inc. for a period of five years commencing August 1, 2018, and ending July 31, 2023, with the option to renew the lease for three further five-year terms under the same terms and conditions except

the amount for basic rent to be negotiated.

- 3.2 The original lease was with the Region and the Landlord, 2389343 Ontario Inc., who subsequently sold the property. The current Landlord, 2264006 Ontario Inc., purchased the property in 2022.

4. Terms of Renewal

- 4.1 The proposed lease renewal is for a term of five years. The Region will have the option to renew the lease for two further five-year terms under the same terms and conditions subject to the rental rate being negotiated.
- 4.2 The proposed annual rent for the first year of the renewal term is \$22,995*, paid in monthly instalments of \$1,916.25* based on the rate of \$15.00* psf per annum. This represents an increase of \$1.00 psf over the previous rate of \$14.00 psf, with successive increases of \$1.00 per square foot for each year of the term.
- 4.3 The rental rates for the renewal term of this lease are as follows:

Rental Period	Rate Per Square Foot*	Monthly Rent*	Annual Rent*
August 1, 2023 to July 31, 2024	\$15.00	\$1,916.25	\$22,995
August 1, 2024 to July 31, 2025	\$16.00	\$2,044.00	\$24,528
August 1, 2025 to July 31, 2026	\$17.00	\$2,171.75	\$26,061
August 1, 2026 to July 31, 2027	\$18.00	\$2,299.50	\$27,594
August 1, 2027 to July 31, 2028	\$19.00	\$2,427.25	\$29,127

- 4.4 Operating costs, which include the cost for utilities, common area maintenance costs, insurance, and property taxes are estimated at \$14.25* psf or \$21,845.25* per annum. The amount per square foot for additional rent will be adjusted annually based on actual costs.
- 4.5 The Region remains responsible for janitorial expenses for the space estimated at \$23,000 per annum.
- 4.6 The Landlord remains responsible for repairs and maintenance of the structure of the building, the premises, and the parking lot.

5. Financial Implications

- 5.1 Financing for this Lease Renewal Agreement will continue to be provided from the DRPS Business Plans and Budget for this facility.

5.2 Since the approval of this lease renewal requires a long-term financial obligation for which payment is required beyond the term for which Regional Council was elected, the Regional Treasurer has updated the Region's financial debt and obligation limit. In accordance with Section 4 of the Ontario Regulation 403/02, the Region's Treasurer has calculated an updated long-term debt/financial limit and has determined that the limit has not been exceeded. Therefore, this lease renewal does not require the approval of the Local Planning Appeal Tribunal.

6. Relationship to Strategic Plan

6.1 This report aligns with the following strategic goals and priorities in the Durham Region Strategic Plan:

- Goal 2.2: Enhance community safety and well-being.
- Goal 5.1: Optimize resources and partnerships to deliver exceptional quality services and value.
- Goal 5.2: Allow for a seamless service experience.

7. Conclusion

7.1 Durham Regional Police Service has advised that they wish to continue to occupy the leased space at 307 Toronto Street South, in the Township of Uxbridge. It is recommended that the Lease Renewal Agreement be approved based on the above-noted terms and conditions.

7.2 This report has been reviewed by the Finance Department.

7.3 For additional information, please contact Christine Dunkley, Manager, Financial Services and Corporate Real Estate, at 905-668-7711 extension 3475.

Respectfully submitted,

Original signed by:

John Presta, P.Eng., MBA.
Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine Baxter-Trahair
Chief Administrative Officer