



The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2023-W-26
Date: June 7, 2023

Subject:

Extension and Amendment of Lease with 2446225 Ontario Limited for Space Located at 169 North Street in the Town of Port Perry, for use by the Social Services Department, Family Services Division

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That the Lease Extension and Amendment Agreement with 2446225 Ontario Limited for the premises located at 169 North Street in the Town of Port Perry, containing approximately 500 square feet of office space be approved with the following terms and conditions:
- i) The renewal term will be for a period of two years commencing August 1, 2023 and ending on July 31, 2025, with the option to renew the lease for an additional two years under the same terms and conditions except for the rental rate which is to be negotiated;
 - ii) The rental rate for the lease term will be \$15,620* per annum payable in monthly instalments of \$1,301.67 based on the annual rate of \$31.24* per square foot per annum for the renewal term; and an additional amount of approximately \$325* per annum billed separately and representing the

proportionate share of the increase in property taxes over the 2002 assessment amount as per the original lease agreement;

- iii) The annual rent includes utilities, common area maintenance, operating costs, insurance and the portion of the property taxes based on the 2002 assessment value;
- iv) The Landlord remains responsible for the repairs and maintenance of the building, parking lot and other common areas.

- B) That the Regional Chair and Clerk be authorized to execute all documents associated with the Lease Extension and Amendment Agreement.
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Report:

1. Purpose

- 1.1 The purpose of this report is to obtain approval to renew the lease with 2446225 Ontario Limited for space occupied by Social Services, Family Services Division located at 169 North Street in the Town of Port Perry, as per the terms and conditions outlined herein.
- 1.2 Dollar amounts followed by an asterisk (*) are before applicable taxes.

2. Background

- 2.1 Social Services Department has been leasing office space in the building at 169 North Street since August 1, 2003 and subsequently renewed for five additional terms. The last renewal for a period of two years from August 1, 2021 to July 31, 2023, was approved in August of 2021.
- 2.2 The subject property contains approximately 500 square feet of office space and is for use by the Social Services Department, Family Services Division. The rental rate for the current lease is \$30.32* per square foot.

3. Previous Reports and Decisions

- 3.1 During the 2021 Council Recess, approval was granted for the execution of a lease renewal agreement with 2446225 Ontario Limited for a period of two years commencing August 1, 2021 and ending July 31, 2023, with the option to renew the lease for a two (2) year term under the same terms and conditions except the amount for rent to be negotiated in accordance with the Region's Budget

Management Policy, Section 19 – Delegation of Authority during Recesses of Regional Council..

- 3.2 The original lease was between the Regional Municipality of Durham (Region) and the Landlord, David Jerome Taylor and Sandra Irene Taylor o/a “Sanjer Investments”. The property was subsequently sold to the current landlord, 2446225 Ontario Limited in 2016.

4. Terms of Renewal

- 4.1 The proposed lease renewal is for a term of two years. The Region will have the option to renew the lease for another two (2) year term under the same terms and conditions, subject to the rental rate being negotiated at the time of renewal.
- 4.2 The proposed annual rent for the lease term is \$15,620* payable in monthly instalments of \$1,301.67* based on the rate of \$31.24* per square foot per annum. This represents a \$0.92 per square foot per annum or three (3) per cent increase over the previous rate.
- 4.3 The rental rate includes utilities, common area maintenance costs, operating costs, insurance, and a portion of the property taxes. An additional amount estimated at \$325* per annum will be charged to the Region, reflecting its share of the property tax increases over and above the 2002 assessed amount reflected in the rental rate.
- 4.4 The Landlord remains responsible for repairs and maintenance for the structure of the building, the premises and the parking lot.

5. Financial Implications

- 5.1 Financing for this lease renewal will continue to be provided from within Social Services 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 Ontario Land Tribunal.

6. Relationship to Strategic Plan

- 6.1 This report aligns with the following strategic goals and priorities in the Durham Region Strategic Plan:
- a) Goal 2.3: Enhance community safety and well-being;
 - b) Goal 2.3: Influence the social determinants of health to improve outcomes for vulnerable populations;
 - c) Goal 2.4: Support a high quality of life for all through human services delivery;
 - d) Goal 2.5: Build a healthy, inclusive, age-friendly community where everyone feels a sense of belonging;
 - e) Goal 4.4: Expand access to existing life stabilization programs; and
 - f) Goal 5.1: Optimize resources and partnerships to deliver exceptional quality services and values.

7. Conclusion

- 7.1 The Social Services Department has advised that they wish to continue to occupy the leased space at 169 North Street in the Town of Port Perry. It is recommended that the Lease Extension and Amendment 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:

Ramesh Jagannathan
MBA, M.Eng., P.Eng., PTOE
Acting Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer