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The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2024-W-3
Date: February 7, 2024

Subject:

Lease Extension and Amendment Agreement with 2381502 Ontario Inc., Operating as Midtown Centre for Premises occupied by Social Services Department, Income and Employment Support Division, located at 200 John Street in the City of Oshawa

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That the Lease Extension and Amendment Agreement with 2381502 Ontario Inc., for the premises located at 200 John Street, in the City of Oshawa, containing 15,776 square feet of office space, be approved with the following terms and conditions:
- i) The term is for a period of two years, commencing May 1, 2024, and ending April 30, 2026, with the option to renew the lease for an additional two years under the same terms and conditions except the rental rate, which is to be negotiated at time of renewal;
 - ii) The annual rental rate for the two years is \$236,640* based on a rate of \$15.00* per square foot per annum;
 - iii) The Regional Municipality of Durham will be responsible for all operating costs for the leased space, including utilities, security and its proportionate share of the common area maintenance costs and taxes; and

- B) That the Regional Chair and Clerk be authorized to execute all documents associated with this Lease Agreement.
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Report:**1. Purpose**

- 1.1 The purpose of this report is to obtain approval for the Lease Extension and Amendment Agreement with 2381502 Ontario Inc. for office space located at 200 John Street in the City of Oshawa to be used by the Social Services Department, as per the terms and conditions outlined herein.
- 1.2 Dollar amounts followed by an asterisk (*) exclude applicable taxes.

2. Background

- 2.1 The Regional Municipality of Durham (Region) currently leases 20,055 square feet of space at 200 John Street in the City of Oshawa for the Social Services Department Employment Resource Centre. The Region has been leasing this space since 2014. The space includes 4,279 square feet on the main level and 15,776 square feet on the upper level in the shopping centre. The current rental rate is \$14.00* per square foot.
- 2.2 The Social Services Department has advised that they wish to extend the lease arrangement for the 15,776 square feet of rentable area on the upper level only.

3. Previous Reports and Decisions

- 3.1 On March 27, 2019, Regional Council approved [Report #2019-W-14](#) for the Lease Extension Agreement with 2381502 Ontario Inc. for this location for a period of five (5) years commencing May 1, 2019, and ending April 30, 2024, with an option to renew the lease for an additional five (5) year term under the same terms and conditions save and except the amount for rent to be negotiated at time of renewal.

4. Terms of Renewal

- 4.1 The proposed Lease Extension and Amendment Agreement is for a term of two years commencing on May 1, 2024, and ending on April 30, 2026. The Region will have the option to extend the lease for an additional two years, under the same terms and conditions subject to the rental rate being negotiated at the time of renewal.

- 4.2 The proposed annual rental rate for the lease term is \$236,640*, payable in monthly installments of \$19,720* based on a rate of \$15.00* per square foot per annum.
- 4.3 The Region will be responsible for its proportionate share of the operating costs of the leased premises, estimated to be \$11.67* per square foot for a total annual operating cost of \$184,105*. This cost per square foot includes taxes and common area maintenance costs. Utilities are the Region's responsibility.
- 4.4 The Region will continue to be responsible for all janitorial costs related to the leased space.

5. Financial Implications

- 5.1 Financing of this lease renewal will continue to be provided within the annual Social Services Business Plans and Budget.

6. Relationship to Strategic Plan

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

(a) Community Vitality

- Goal 2.4: To support a high quality of life for all through human services delivery.

(b) Social Investment

- Goal 4.2: Build awareness and community capacity to address poverty
- Goal 4.4: Expand access to existing life stabilization programs

(c) Service Excellence

- Goal 5.1: Optimize resources and partnerships to deliver exceptional quality services and value
- Goal 5.2: Collaborate for a seamless service experience

7. Conclusion

- 7.1 The Social Services Department has advised that they wish to continue to occupy a portion of the leased space at 200 John Street in the City of Oshawa. 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, contact Christine Dunkley, Director, Corporate Infrastructure and Strategic Business Services, 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