



The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2024-W-7
Date: March 6, 2024

Subject:

Lease Agreement with 555 Hastings Avenue Inc. for space for use by Durham Regional Police Service (DRPS), located at 555 Hastings Avenue and 556 Hastings Avenue, City of Oshawa

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That the Lease Agreement with 555 Hastings Avenue Inc. for the premises in the City of Oshawa, consisting of 8,784 square feet of office and Industrial space located at 555 Hastings Avenue and 0.22 acres of storage yard space at 556 Hastings Avenue, in the City of Oshawa, be approved with the following terms and conditions:
- i) The lease term is for a period of five (5) years commencing April 1, 2024, and ending on March 31, 2029;
 - ii) The annual rent for the lease term will be \$228,384*, payable in equal monthly instalments of \$19,031*, based on a rate of \$26.00 per square foot per annum;
 - iii) The basic rent will be increased by 2.5 percent for each successive year of the lease term;
 - iv) Additional rent is estimated at \$1.92 per square foot or \$16,865.28 per annum, including maintenance costs, property taxes and insurance;
 - v) The Region will have exclusive use of the 0.22-acre storage yard space at 556 Hastings Avenue, City of Oshawa. There is no additional cost for the

use of this space;

- vi) The Region will have the option to renew the lease for two additional terms of five (5) years under the same terms and conditions, with rent to be negotiated at the time of renewal;
- vii) The Region will be responsible for all maintenance and repair to the leased space, snow and ice removal and lawn cutting; and
- viii) The Landlord will be responsible for all improvements, repairs, renovations and alterations to the exterior of the building and property, as well as all systems servicing the leased space (e.g., HVAC).

B) That the Regional Chair and Clerk be authorized to execute all documents associated with the Lease.

Report:

1. Purpose

- 1.1 The purpose of this report is to obtain approval to execute the lease with 555 Hastings Avenue Inc. as per the terms and conditions outlined herein.
- 1.2 Dollar amounts followed by an asterisk (*) are exclusive of applicable taxes.

2. Background

- 2.1 Real Estate staff received a request from the Durham Regional Police Service (DRPS) to identify a space to house the quartermaster unit and to store vehicles for upfitting and disposal, collision vehicles awaiting inspection, and a service boat and a trailer.
- 2.2 Real Estate staff identified and negotiated a lease agreement for space at 555 Hastings Avenue and 556 Hastings Avenue in the City of Oshawa.

3. Previous Reports and Decisions

There are no previous reports.

4. Terms of Lease

- 4.1 The proposed Lease Agreement is for five (5) years commencing April 1, 2024, and ending March 31, 2029. The Region will have the option to renew for a further two (2) five-year terms under the same terms and conditions subject to the rental rate being negotiated at the time of renewal.
- 4.2 The proposed annual rental rates during the term of the Lease are as follows:
- a) The annual rent for the term will be \$228,384*, payable in equal monthly instalments of \$19,031* based on a \$26.00 per square foot per annum, subject to a 2.5 percent for each successive year of the term;
- The Regional Municipality of Durham (Region) will be responsible for its proportionate share of the property taxes, insurance, and utility costs. Additional rent is estimated at \$1.92 per square foot or \$16,865.28 per annum and includes maintenance costs, property taxes and insurance; and
 - The Region will have exclusive use of the 0.22-acre storage yard space at 556 Hastings Avenue at no additional cost.
- 4.3 The Region will be responsible for all maintenance and repair to the leased spaces, snow and ice removal, and lawn cutting.
- 4.4 The Landlord will be responsible for all improvements, repairs, renovations, and alterations to the exterior of the building and property, as well as all systems servicing the leased space (e.g., HVAC).

5. Financial Implications

- 5.1 Financing for this lease renewal will be provided from within the DRPS Operating Budget.
- 5.2 Since the approval of this lease requires a long-term financial obligation for which payment is required beyond the term for which Council was elected, the Regional Treasurer has updated the Region's financial debt obligation 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 agreement 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:

- a) Goal 2.2: Enhance community safety and well-being;
- b) Goal 2.4: Support a high quality of life for all through human services delivery;
- c) Goal 2.5: Build a healthy, inclusive, age-friendly community where everyone feels a sense of belonging;
- d) Goal 5.1: Optimize resources and partnerships to deliver exceptional quality services and values.

7. Conclusion

7.1 DRPS has advised that they wish to lease space to house the quartermaster unit, and to store vehicles for upfitting and disposal, collision vehicles awaiting inspection, and a service boat and a trailer. Suitable space was identified at 555 Hastings Avenue and 556 Hastings Avenue in the City of Oshawa. It is recommended that the Lease 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, Director of 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