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The Regional Municipality of Durham Report

To: Works Committee
From: Commissioner of Works
Report: #2024-W-22
Date: October 2, 2024

Subject:

Lease Renewal with Ivanhoe Cambridge II Inc. and 7503067 Canada Inc. for Space Located at 419 King Street West, Suite 180, in the City of Oshawa, for Use by the Health Department

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That the Lease Agreement with Ivanhoe Cambridge II Inc. and 7503067 Canada Inc. (collectively, the “Landlord”) for premises located at 419 King Street West, Suite 180, in the City of Oshawa, containing approximately 2,539 square feet be renewed with the following terms and conditions:
- i) The renewal term is for a period of five (5) years commencing November 1, 2024, and ending on October 31, 2029;
 - ii) The annual rent for years 1 through 4 of the lease term will be \$36,815.50*, payable in equal monthly instalments of \$3,067.96*, based on a rate of \$14.50* per square foot per annum and \$37,450.25* per annum in year 5, payable in equal monthly instalments of \$3,120.85*, based on a rate of \$14.75* per square foot per annum;
 - iii) Additional rent for the term is estimated at \$27,573.54* per annum based on a rate of \$10.86* per square foot payable in equal monthly instalments of \$2,297.80* to cover operating costs for the premises, including common area maintenance, utilities, taxes and janitorial services. The amount per square foot for additional rent is to be adjusted annually based on actual costs;

- iv) The Region will have the option to renew the Lease for one additional term of five (5) years under the same terms and conditions, with rent to be negotiated at the time of renewal;
 - v) The Landlord will be responsible for the maintenance, repairs and replacement of the systems, facilities and equipment necessary to operate the building, the parking lot and other common areas; and
- B) The Regional Chair and Clerk be authorized to execute all documents associated with the Lease renewal.
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Report:

1. Purpose

- 1.1 The purpose of this report is to obtain approval to renew the lease with the Landlord for the Health Department programming space 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 The Health Department is leasing space at 419 King Street West, Suite 180, in the City of Oshawa, for the operation of a Sexual Health Clinic. The Health Department desires to renew the Lease Agreement for the space. The current lease expires on October 31, 2024.
- 2.2 Real Estate staff negotiated the renewal terms for Suite 180, with the Landlord.

3. Previous Reports and Decisions

- 3.1 The original Lease for Suite 180 was executed on August 1, 1994, and last renewed in 2019 for a term of five (5) years commencing November 1, 2019, and ending on October 31, 2024 ([Works Committee Report #2019-W-78](#)).

4. Terms of Renewal

- 4.1 The proposed renewal is for five (5) years, commencing November 1, 2024, and ending October 31, 2029. The Region will have the option to renew for one additional five-year term under the same terms and conditions subject to the negotiation of the rental rate at the time of renewal.

4.2 The proposed annual rental rates during the term of the Lease are as follows:

Year	Term	Rent PSF	Annual Rent	Monthly Rent
Year 1	November 1, 2024 – October 31, 2025	\$14.50	\$36,815.50	\$3,067.96
Year 2	November 1, 2025 – October 31, 2026	\$14.50	\$36,815.50	\$3,067.96
Year 3	November 1, 2026 – October 31, 2027	\$14.50	\$36,815.50	\$3,067.96
Year 4	November 1, 2027 – October 31, 2028	\$14.50	\$36,815.50	\$3,067.96
Year 5	November 1, 2028 – October 31, 2029	\$14.75	\$37,450.25	\$3,120.85

Note: Dollar amounts are exclusive of applicable sales tax.

4.3 Additional rent is estimated at \$27,573.54* per annum, payable in equal monthly instalments of \$2,297.80* based on an estimated \$10.86* per square foot per annum. This includes common area maintenance costs, utilities, realty taxes and janitorial services. The amount per square foot will be adjusted annually based on actual costs.

4.4 The Landlord will be responsible for the maintenance, repairs and replacement of the systems, facilities, and equipment necessary to operate the building, the parking lot and other common areas.

5. Financial Implications

5.1 Financing for this Lease Renewal will continue to be provided from within the Health Department's Business Plans and Budget for this facility.

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 extension 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: Community Vitality

2.2: Enhance community safety and well-being

2.3: Influence the social determinants of health to improve outcomes for vulnerable populations

2.4: Support a high quality of life for all through human services delivery

B) Goal 5: Service Excellence

5.1: Optimize resources and partnerships to deliver exceptional quality services and values

5.2: Allow for a seamless service experience

7. Conclusion

7.1 The Durham Region Health Department has advised that they wish to renew the lease for premises at 419 King Street West, Suite 180, in the City of Oshawa for the operation of a Sexual Health Clinic. 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, 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
Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer