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The Regional Municipality of Durham Report

To: Works Committee
From: Commissioner of Works
Report: #2025-W-2
Date: January 8, 2025

Subject:

Lease Renewal with The Corporation of the Township of Brock for Space Located at S1015 Regional Road 10, in the Township of Brock, for Use by the Works Department Sunderland Depot

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That the Lease Agreement with The Corporation of the Township of Brock (the "Landlord") for premises at S1015 Regional Road 10, in the Township of Brock, containing approximately 2,900 square feet be renewed with the following terms and conditions:
- i) The renewal term is for a period of four years and eleven months (4 years and 11 months) commencing February 1, 2025, and ending on December 31, 2029;
 - ii) The Annual gross rent for year one of the lease term will be \$23,200 based on a rate of \$8.00 per square foot per annum, to be paid annually. The annual gross rent will be adjusted annually by the Consumer Price Index for Ontario for each remaining year of the term;
 - iii) The Landlord will be responsible for the payment of the utilities, maintenance, repairs and replacement of the systems, facilities, and equipment necessary to operate the building and parking lot; and
- B) That the Regional Chair and Clerk be authorized to execute all documents associated with the Lease renewal.

Report:**1. Purpose**

- 1.1 The purpose of this report is to obtain approval to renew the lease with the Landlord for the Works Department as per the terms and conditions outlined herein.
- 1.2 Dollar amounts included in this report are exclusive of applicable taxes.

2. Background

- 2.1 The Works Department has leased space at S1015 Regional Road 10, Sunderland, in the Township of Brock, since 2004 for storing Regional vehicles and equipment for the Sunderland Depot. The current lease expires January 31, 2025, and the department wishes to renew it. Real Estate staff have negotiated renewal terms with the Landlord.

3. Previous Reports and Decisions

- 3.1 The original Lease for premises at S1015 Regional Road 10 was executed on January 14, 2004, and last renewed in 2024 for a one-year term January 31, 2025.

4. Terms of Renewal

- 4.1 The proposed renewal term is four years and eleven months (4 years and 11 months), from February 1, 2025 to December 31, 2029.
- 4.2 The proposed gross annual rental rates during the term of the Lease are as follows:

Year	Term	Annual Rent
Year 1	February 1, 2025 – December 31, 2025	\$21,267
Year 2	January 1, 2026 – December 31, 2026	Year 1 + 2025 CPI
Year 3	January 1, 2027 – December 31, 2027	Year 2 + 2026 CPI
Year 4	January 1, 2028 – December 31, 2028	Year 3 + 2027 CPI
Year 5	January 1, 2029 – December 31, 2029	Year 4 + 2028 CPI

- 4.3 The proposed gross annual rent includes all utilities and operating costs.
- 4.4 The Landlord is responsible for the maintenance, repairs and replacement of the systems, facilities, and equipment necessary to operate the building, the parking lot, and common areas.

5. Financial Implications

- 5.1 Financing for this Lease Renewal will continue to be provided from within the Works 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
 - 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 Regional Municipality of Durham Works Department wishes to renew the lease for premises at S1015 Regional Road 10, in the Township of Brock, for storing Regional vehicles and equipment used by the Sunderland depot. 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