



The Regional Municipality of Durham Report

To: Works Committee
From: Commissioner of Works
Report: #2025-W-15
Date: May 7, 2025

Subject:

Lease Renewal with 2381502 Ontario Inc., o/a "Midtown Centre" for Space Located at 200 John Street, Unit E8 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 2381502 Ontario Inc., o/a "Midtown Centre" (the "Landlord") for the Dental Clinic located at 200 John Street, Unit E8, in the City of Oshawa, containing approximately 8,974 square feet be renewed with the following terms and conditions:
- i) The renewal term is for a period of five (5) years commencing July 1, 2025, and ending on June 30, 2030;
 - ii) The annual rent for years 1 and 2 of the lease term will be \$134,610*, payable in monthly instalments of \$11,217.50*, based on a rate of \$15* per square foot per annum. The annual rent for years 3 to 5 will be \$143,584* payable in monthly instalments of \$11,965.33*, based on a rate of \$16* per square foot per annum;
 - iii) Additional rent is estimated at \$53,126.08 per annum based on a rate of \$7.73* per square foot, payable in equal monthly instalments of \$4,427.17. This covers the operating costs for the premises, including, common area maintenance, utilities, janitorial services, and realty taxes. The amount per square foot for additional rent will be adjusted annual based on actual costs;
 - iv) The Regional will have the option to terminate the Lease after the first two years of the renewal term, with the Region providing the Landlord with nine months written notice;

- v) The Landlord remains responsible for repairs and maintenance of the building 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 Regional Municipality of Durham Council approval to renew the Lease with the Landlord for the Dental Clinic 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 Health Department is leasing space at 200 John Street, in the City of Oshawa, for the operation of a Dental Clinic. The Health Department desires to renew the current Lease for the space, which the current Lease expires on June 30, 2025.
- 2.2 Real Estate staff negotiated renewal terms for the premises with the Landlord.

3. Previous Reports and Decisions

- 3.1 The original Lease for Unit E8 was executed on May 6, 2020, for a term of five (5) years commencing July 1, 2020, and ending on June 30, 2025.

4. Terms of Renewal

- 4.1 The proposed renewal is for five (5) years, commencing July 1, 2025, and ending June 30, 2030. The Region will have the option to terminate the Lease after the first two years of the renewal term, with the Region providing the Landlord with nine months written notice.
- 4.2 The annual rent for years 1 and 2 of the lease term will be \$134,610*, payable in monthly instalments of \$11,217.50*, based on a rate of \$15* per square foot per annum. The annual rent for years 3 to 5 will be \$143,584* payable in monthly instalments of \$11,965.33*, based on a rate of \$16* per square foot per annum. The current rate is \$125,636* per annum or \$10,497.67 per month, based on a rate of \$14* per square foot per annum.

- 4.3 Additional rent is estimated at \$53,126.08 per annum based on a rate of \$7.73* per square foot, payable in equal monthly instalments of \$4,427.17. This covers the operating costs for the premises, including common area maintenance, utilities, janitorial services, and realty taxes. The amount per square foot for additional rent 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 annual 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 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 Renewal does not require the approval of the Local Planning Appeal Tribunal.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following Strategic Direction(s) and Pathway(s) in Durham Region's 2025-2035 Strategic Plan:

A) Healthy People, Caring Communities

- H1. Implement preventive strategies to support community health, including food security.
- H3. Integrate and co-ordinate service delivery for positive life outcomes, including investments in poverty prevention, housing solutions, and homelessness supports.
- H5. Provide services for seniors and work with community partners to support aging in place.

7. Conclusion

- 7.1 The Durham Region Health Department has advised that they wish to renew the Lease for Unit E8 at 200 John Street, in the City of Oshawa for the operation of a Dental Clinic. It is recommended that the Lease Renewal 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