



**Report of the Commissioner of Corporate Services
Lease Extension 4261 Highway 7 City of Markham**

1. Recommendations

1. Council authorize a five-year lease extension with Transmark Developments Ltd., commencing on December 1, 2024, for existing office and program space at 4261 Highway 7, in the City of Markham
2. Commissioner of Corporate Services be authorized to execute a lease extension agreement with Transmark Developments Ltd. and all necessary documents to complete the transaction

2. Purpose

This report seeks Council approval to extend the lease at 4261 Highway 7, in the City of Markham as shown in Appendix A, for a five-year term.

Private Attachments 1 and 2 will be considered in private session pursuant to section 239(2)(c) of the *Municipal Act, 2001*, because it relates to leasing of property by the Region.

Key Points:

- Community and Health Services' Public Health Branch leases 16,997 square feet of office space at this location
- The lease expires on November 30, 2024, with a five-year lease extension option to November 30, 2029
- A five-year lease extension will provide continuity of public health services in the southeast quadrant of York Region

- The Region does not have any owned facilities in the market area that Public Health can relocate to
- The leased location at 9275 Markham Road for York Region Early Intervention Services is outside the market area and is not large enough accommodate Public Health as a suitable relocation option
- This is a material lease requiring Council approval pursuant to the Leasing of Real Property Policy

3. Background

Public Health has been providing various health programs at this location since 1999

Community and Health Services, through its Public Health Branch, leases 16,997 square feet at 4261 Highway 7. Public Health has offered programs at this location for over 25 years. Programs offered include Reproductive Health, Sexual Health, Health Promotion, Healthy Babies Healthy Children, Child Health and Dental Clinics, including the Ontario Senior Dental Care Program that was added in 2022. Vaccine clinics are also offered in this location.

Public Health would like to remain at this location to continue offering programs to residents in southern York Region. This location is highly visible to the public, is serviced by public transit and meets program needs for staff and visitors.

The current lease term ends on November 30, 2024, with a five-year extension option to November 30, 2029.

The new lease extension agreement contains a further five-year extension commencing December 1, 2029. After December 1, 2029, the landlord reserves the right to terminate the lease on twelve months' written notice should the landlord decide to demolish all or part of the plaza for redevelopment. If the landlord exercises the termination notice, the Region will vacate the leased premises.

4. Analysis

A lease extension is required to continue Public Health services and allow Community and Health Services time to plan for future service delivery models

Staff negotiated a tentative lease extension agreement with the landlord to provide a five-year extension commencing on December 1, 2024 and expiring on November 30, 2029. This will allow Community and Health Services to assess future service delivery models in consultation with Public Health operations. Extending the lease will ensure that there is no interruption in key services available to the public during this consultation period.

Remaining at this location for five years is preferred over available options in the Unionville area

Staff conducted a market search for available lease properties that would accommodate a comparable number of staff as 4261 Highway 7. There were no suitable five-year options in the immediate area. Comparably sized properties are available within office towers west of 4261 Highway 7, outside the target area. These locations have units on upper floors, share common area facilities with other tenants, and require significant leasehold improvements to satisfy Public Health requirements.

Continuing occupancy at 4261 Highway 7 offers good value for the Region

Regional staff reviewed market rates compared to the lease rate and determined that the lease rate at 4261 Highway 7 is preferred to relocating from a financial perspective. Remaining at 4261 Highway 7 prevents the Region from paying decommissioning and leasehold improvement costs associated with relocating to a new facility.

5. Financial Considerations

The funding to support costs associated with the lease are included in the Corporate Services 2024 to 2026 operating budget and recovered through dedicated facilities charges to Regional departments.

6. Local Impact

A lease extension will allow for the continued presence of Public Health programs in the City of Markham.

7. Conclusion

The Region has leased space at 4261 Highway 7 since 1999. A lease extension is required to allow the Region to continue providing Public Health programs in Markham. Continuing to lease space at this location offers good value for the Region in terms of lease rates and avoiding costs associated with renovating new leased space. It is recommended the Region enter this lease extension as outlined in this report.

For more information on this report, please contact Michael Shatil, Director, Property Services at 1-877-464-9675 ext. 71684. Accessible formats or communication supports are available upon request.



Recommended by:

Dino Basso
Commissioner of Corporate Services



Approved for Submission:

Erin Mahoney
Chief Administrative Officer

August 20, 2024
#16174977


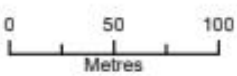

Appendix A – Location Map
Private Attachment 1 – Lease Cost Analysis (#16203155)
Private Attachment 2 – Report of the Treasurer (#16178824)

**Property Schedule
Lease Extension
4261 Highway 7
City of Markham**

No.	Owner	Municipal Address	Legal Description	Interest Required
1.	Transmark Developments Ltd.	4261 Highway 7 Markham	Part 1, Plan 65R-11329	Lease Extension (16,997 sq. ft. or 1,579 sq. m.)

LOCATION MAP



 <p>Produced by: The Regional Municipality of York Property Services, Corporate Services June 2024</p> <p>Data: King's Printer for Ontario 2003-2024</p> <p>Imagery: © First Base Solutions Inc. 2021 <small>See York.ca for disclaimer information.</small></p>	<p>Location Plan Lease Extension 4261 Highway 7 City of Markham September 5, 2024</p> <div style="text-align: center;">   </div>	<ul style="list-style-type: none">  Subject Property  Parcel  Road  Railway
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