

The Regional Municipality of York

Committee of the Whole
Finance and Administration
October 10, 2019

Report of the Commissioner of Corporate Services

Lease Extension 4261 Highway 7 East City of Markham

1. Recommendations

1. Council authorize a five-year lease extension agreement with Transmark Developments Ltd., commencing on December 1, 2019, for existing office and program space located at 4261 Highway 7, Markham
2. The Commissioner of Corporate Services be authorized to execute the lease amending agreement and all necessary documents to complete the transaction.

2. Summary

This report seeks Council approval to lease the property at 4261 Highway 7, as shown on the map in Attachment 1, for a five year term.

Key Points:

- The Public Health Branch of Community and Health Services currently leases 16,997 square feet of office space at this location, which is the entire leased premises
- The lease expires on November 30, 2019 with no option to extend
- A new lease for the same space will provide continuity of Public Health services in southern York Region

Private Attachments 1 and 2 to this report are private as they relate to acquisition of property by the Region.

3. Background

The Public Health Branch of Community and Health Services has been providing services from this location since 1999

Community and Health Services, through its Public Health Branch, currently leases 16,997 square feet of space at 4261 Highway 7. Public Health has been offering programs from 4261 Highway 7 for nearly 20 years. Programs being offered include Reproductive Health, Sexual Health, Health Promotion, Healthy Babies Healthy Children, Child Health and a Dental Clinic. Community and Health Services would like to remain at this location to continue offering programs for 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 agreement ends on November 30, 2019, and offers no further extension options for the Region.

4. Analysis

A five year lease extension will provide Community and Health Services with time to plan for future service delivery models

Staff has negotiated a tentative lease amending agreement with the landlord to provide an extension of five years, with an option to extend by an additional five years. This will allow Community and Health Services to assess future service delivery models in consultation with Public Health. Opportunities to partner with Housing York Inc. and local municipalities are also being explored. Extending the lease at 4261 Highway 7 will ensure there is no interruption in key services available to the public during this consultation period. Community and Health Services has selected 4261 Highway 7 as one of the locations which will deliver the newly announced Ontario Seniors Dental Care Program to residents in Markham.

The proposed lease allows flexibility to address potential changes in Public Health

Changes to Public Health service delivery in Ontario are currently being considered by the Provincial Government. This review is expected to have impacts on how services are delivered and how Public Health entities will be structured. Given these potential changes, the lease will be structured so that it is assignable to another entity if Public Health becomes a separate organization from the Region. This will provide the Region with the flexibility to continue providing services from this location and assurance that lease obligations can be assigned to a new entity if necessary.

5. Financial

Remaining at 4261 Highway 7 offers good value for the Region

Regional staff conducted a market search for leased properties that would accommodate a comparable number of staff as 4261 Highway 7. There were a number of more expensive options in the same area and what was available would require significant leasehold improvements to bring them to Regional standard. Staff have reviewed comparable market leases and determined the lease rate at 4261 Highway 7 is more favorable than relocation. Leasehold improvements completed in previous years still work for program needs and by not relocating, costs to renovate new leased space will not be incurred. Financial details related to this lease can be found in *Private Attachment 1*.

6. Local Impact

A lease extension will allow for the continued presence of Public Health programs in Markham, until such time as the Branch's space needs are determined.

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 into this lease extension as outlined in this report.

For more information on this report, please contact Michael Shatil, Director, Property Services Branch 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: **Bruce Macgregor**
Chief Administrative Officer

September 4, 2019
Attachments (1)
Private Attachments (2)
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