

THE REGIONAL MUNICIPALITY OF YORK
POLICE SERVICES BOARD

REPORT OF THE CHIEF OF POLICE

28 May 2008

Renewal of Lease

RECOMMENDATIONS

1. That the Board authorize a renewal of the lease between the Board and Toronto Airways Limited for the York Regional Police Air Support Unit and AIR2 helicopter at Toronto Buttonville Municipal Airport, Markham consisting of 960 square feet of office space and 1254 square feet of hangar space for 5 years commencing August 1, 2008, at an annual cost of \$24,000 plus GST; and
2. That the Chief be authorized to execute the lease agreement with Toronto Airways Limited, subject to approval of the Region's Legal Services as to form and content; and
3. Pending approval of the above recommendations, the Board provides notice of the lease to the Region's Treasurer for reporting purposes under the Region's Financing and Debt Policy.

SYNOPSIS

York Regional Police currently leases space at Toronto Buttonville Municipal Airport, Markham for the Air Support Unit and for the AIR2 helicopter. This lease will expire on July 31, 2008, subject to the tenant's right of renewal for another term of five years. York Regional Police has exercised its renewal right, however, the landlord, Toronto Airways Limited, has requested that the renewal lease be in a different location within Toronto Buttonville Airport. The lease is for the period commencing August 1, 2008, and ending on July 31, 2013, with a further option of renewal for five years.

The Buttonville Airport facility lease has an annual payment obligation of less than \$250,000 and is considered "non-material lease" under the Region's Capital Financing and Debt Policy. The Board does not require Regional Council's prior authority to enter into the lease, but the Board must give notice of it to the Region's Treasurer for reporting purposes under that Policy.

FINANCIAL IMPLICATIONS

The current lease rate is \$1,000 per month for both the office space of 420 square feet and the 1254 square feet of hangar space. This amounts to \$12,000 per annum. This set fee was established in 2003 and did not increase over the five years of the lease. This fee was based on other considerations to which the Landlord had agreed. The actual combined lease cost per month for the office and hangar was \$2,241.75 which amounts to \$26,901 per annum and \$145,704 over the five year term. Over the five year term the actual cost of the lease was \$58,200. Over the five year term the total cost savings was \$88,504 plus GST.

The new leased space is 960 square feet of office space and 1254 square feet of hangar space. The proposed fee after other considerations to which the landlord has agreed is \$2,000 per month which amounts to \$24,000 per year. Over the five year term, the cost of the lease is \$120,000. The actual costs based on the fair market value as outlined in the lease are as follows:

<u>TERM</u>	<u>AREA</u>	<u>RENT PER SQ. FT</u>	<u>MONTHLY</u>	<u>ANNUAL RENT</u>
Aug 1/08 – July 31/09	Office: (960)	26.67	\$2,133.60	\$25,603.20
	Hangar: (1,254)	16.38	\$1,711.71	\$20,540.52
Aug 1/09 – July 31/10	Office: (960)	27.74	\$2,219.20	\$26,630.40
	Hangar: (1,254)	17.08	\$1,780.68	\$21,368.16
Aug 1/10 – July 31/11	Office: (960)	28.85	\$2,308.00	\$27,696.00
	Hangar: (1,254)	17.70	\$1,849.65	\$22,195.80
Aug 1/11 – July 31/12	Office: (960)	30.00	\$2,400.00	\$28,800.00
	Hangar: (1,254)	18.41	\$1,923.85	\$23,086.14
Aug 1/12 – July 31/13	Office: (960)	31.20	\$2,496.00	\$29,952.00
	Hangar: (1,254)	19.15	\$2,001.18	\$24,014.10

Accumulated Lease Cost from August 1, 2008, to July 31, 2013 - \$249,884 plus GST
 Actual Lease Cost less considerations August 1, 2008, to July 31, 2013 - (120,000) plus GST
Lease Costs Savings August 1, 2008, to July 31, 2013 - \$129,884 plus GST

The 2008 Operating Budget for rental of buildings for Support Services contains \$17,200 of annual funding for the Buttonville Airport Hangar & Office space. Sufficient funds exist to pay for the increase in the lease cost from August 1, 2008, to December 31, 2008.

BACKGROUND

On July 1, 2003, the Board entered into a lease agreement for the office and hangar space at Buttonville Airport, to provide off-site facilities for the Air Support Unit and AIR2. Buttonville Airport, which is located in Markham, continues to be the preferred location for the base of operations for the Air Support Unit and AIR2. The Buttonville Airport is a 24 hour, fully-serviced airport and provides base security, service support and reflects a professional corporate image. The base operation is centrally located in the region from a demands for service perspective.

At a meeting of the Police Services Board held on April 23, 2008, a recommendation was put forth to the Board to renew the Lease Agreement with Toronto Airways Limited. A letter was sent to the President of Buttonville Airport to advise of the intent of York Regional Police to renew the Lease Agreement pursuant to the terms and conditions of the current Agreement dated August 15, 2003. As outlined in Schedule "E" – Renewal of the current Lease Agreement, York Regional Police exercised the option to renew the Term of the Lease for a further period of five years commencing upon the expiration of the Initial Term.

Buttonville advised that the office and hangar space that York Regional Police currently lease was required for a corporate client that cannot be accommodated elsewhere on the property. Buttonville offered York Regional Police the only other available office space with direct access to a hangar where Air2 can be securely kept. Although the monthly cost for space at Buttonville has doubled, it is important to note that the 960 square feet of office space is more than double the space previously occupied. The proposed office area was renovated two years ago and includes appropriate amenities that will not require any further modifications to accommodate the Air Support Unit. There is only one access point to the office area away from public access, which improves security for our personnel, equipment and operations over what was available at the location occupied in the past.

The lease renewal is for the term commencing on August 1, 2008, and ending on July 31, 2013. The lease rate being offered to York Regional Police for the combined hangar and office space works out to \$10.84 per square foot. Office space recently negotiated at Yonge and Mulock is costing \$26.99 per square foot. Over the course of the proposed five year lease, York Regional Police will pay only \$120,000. for space that would have a market value of almost \$250,000. Buttonville Airport remains the most cost effective method of accommodating the Air Support Unit and AIR2.

Armand P. La Barge, O.O.M.
Chief of Police

APL: bs