

THE REGIONAL MUNICIPALITY OF YORK
POLICE SERVICES BOARD

REPORT OF THE CHIEF OF POLICE

25 FEBRUARY 2009

Renewal of Lease

RECOMMENDATIONS

1. That the Board authorize a renewal of the lease between the Board and Newmarket Property Corporation for Unit 300 at the Yonge Mulock Centre situated at 16775 Yonge Street, Newmarket consisting of 1048.30 square feet of office space for a period of 2 years effective April 1, 2009 and terminating March 31, 2011; and
2. The Chief be authorized to execute the lease renewal agreement with Newmarket Property Corporation subject to approval of the Region's Legal Services as to form and content; and
3. That pending approval of the above recommendations, the Board provide 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 the Yonge Mulock Centre situated at 16775 Yonge Street, Newmarket for various units of York Regional Police. The landlord, Newmarket Property Corporation, is prepared to agree to a further lease renewal of Unit 300 covering the terms referred to in recommendation 1 commencing April 1, 2009.

Each of the leases herein referred to have annual payment obligations of less than \$250,000 and, accordingly, is considered "non-material leases" under the Region's Capital Financing and Debt Policy. Therefore, the Board does not require Regional Council's prior approval to enter into them, but the Board must give notice of them to the Region's Treasurer for reporting purposes under that Policy.

FINANCIAL IMPLICATIONS

The current lease rate amounts for 2008 are as follows:

Current lease rate to March 31, 2009:

Unit	Leased Sq Footage	Lease Rate
Unit 300	1048.30 sq ft	Rent \$14.00 sq. ft +GST. TMI \$11.60 sq. ft +GST Total \$25.60/sq. ft. + GST. = \$2,236.37/mth. + GST. = \$26,836.48/yr. + GST.

The proposed annual lease payments for unit 300 at 16775 Yonge Street are as follows:

Unit	Term	Lease Rate	% Increase
300	Year 1 April 1 2009 to March 31 2010	Rent \$15.00 sq. ft +GST. TMI \$10.97 sq. ft +GST Total \$25.97/sq. ft +GST = \$2268.69 /mth +GST= 27,224.35/yr +GST	1.4%
300	Year 2 April 1 2010 to March 31 2011	Rent \$15.50 sq. ft +GST. TMI \$10.97 sq. ft +GST Total \$26.47/sq. ft +GST = \$2312.38/mth +GST= 27,748.50/yr +GST	1.9%

In addition, the Lessee agrees to pay for all other costs of occupancy, including insurance on the contents, the cost of maintenance, repair and replacement for those components of the HVAC system at an estimated cost of \$0.39 per square foot per year, paid monthly as additional rent.

Region of York Risk Management is aware of these Lease Renewals for insurance purposes and will provide the insurance certificate of not less than \$2,000,000 as required in this Lease.

The lease rates are comparable to the lease rates of the other units we currently lease in the building. A review of similar leased space in the Newmarket area was conducted and base rental rates are in line with the rental rates offered by Newmarket Property Corporation. Additional costs to lease space in other facilities where York Regional Police is not present would also add additional infrastructure costs to set up new network and telephone systems. These costs would be based on location of an alternate location as well as availability of services to the site. It is estimated that these costs, depending on location, would range from \$25,000 to \$50,000.

Sufficient funds exist in the 2009 budget to cover the lease period to the end of December 2009.

BACKGROUND

Since August 2002, the Board entered into lease agreements at the Yonge Mulock Centre to provide off-site facilities for York Regional Police. Unit 300 has been leased since April 1, 2006 to provide space for members of the Professional Development Unit.

The leased spaces at the Yonge Mulock Centre is also utilized for numerous units including Community Services, Professional Standards, Recruiting, Crime Stoppers, Staff Development, Legal Services, Alarms, Paid Duty, Property, Quality Assurance Bureau, Customer Service and units from Investigative Services. At present, 150 members work out of the Yonge Mulock

location. The Yonge Mulock location is equipped with the necessary technology to support the units currently located at the site. Significant investments have been made to provide the necessary voice, data and security requirements.

Average lease rent rates for professional office space in the Newmarket area is between \$12 and \$18 per square foot, plus TMI in the range of an additional \$10 to \$14 per square foot. The rates provided by Newmarket Property Corporation are competitive. Given the capital investment made by York Regional Police in this building and the Capital Plan that indicates that the construction of the new Investigative and Support Services building will be completed late 2010, the most cost effective method of accommodating the units at the Yonge Mulock location is to remain in their present location.

Once the Investigative and Support Services Facility is ready for occupancy, members that are currently located on the second floor at Headquarters from the Investigative Services Bureau will move to the new facility. Members of the Investigative Services Bureau that are currently located in leased spaces at Mulock will be relocated to the new facility. Members at Mulock from the units of Community Services, Quality Assurance and Legal will be relocating to Headquarters, leaving at Mulock Recruiting, Professional Standards, Professional Development and Courts. Upon expiry of the lease for Unit 300, Professional Development will be relocated to the ground floor with Recruiting.

The Landlord's standard lease agreement is three years. York Regional Police has been successful in negotiating a two year term for unit 300. Newmarket Property Corporation is aware of our intent to move into a new facility in late 2010 and with notice will allow us to coordinate the termination of leases that are currently scheduled to terminate in 2010. Due to the numerous staff moving into the new facility, the move of staff will be staggered based on lease expiry dates as well as to allow for any remediation to leased spaces as per the lease obligations.

APL/bs

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