

Clause 14 in Report No. 7 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 20, 2017.

14

Lease Extension at  
3601 Highway 7, Markham

Committee of the Whole recommends adoption of the following recommendation contained in the report dated March 8, 2017 from the Commissioner of Corporate Services:

1. Council authorize a lease extension for existing office space located at 3601 Highway 7 in Markham. This extension will align the expiry dates of the 8<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> floors of the building to December 31, 2021.
2. The Commissioner of Corporate Services be authorized to execute a Lease Extension Agreement with 1602978 Ontario Inc.
3. The Commissioner of Corporate Services be authorized to exercise any renewal options in respect to all or part of the premises.

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Report dated March 8, 2017 from the Commissioner of Corporate Services now follows:

1. Recommendations

It is recommended that:

1. Council authorize a lease extension for existing office space located at 3601 Highway 7 in Markham. This extension will align the expiry dates of the 8<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> floors of the building to December 31, 2021.
2. The Commissioner of Corporate Services be authorized to execute a Lease Extension Agreement with 1602978 Ontario Inc.

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3. The Commissioner of Corporate Services be authorized to exercise any renewal options in respect to all or part of the premises.

## 2. Purpose

The purpose of this report is to request Council approval for the proposed lease extension at 3601 Highway 7. The extension will provide continuity of York Region Rapid Transit Corporation's (YRRTC) services at this location.

*Private Attachments (1) and (2)* to this report are private as they relate to the proposed acquisition of land by the municipality.

## 3. Background

YRRTC has leased space at 3601 Highway 7 since 2009

In September 2008, Regional Council approved a lease of office space located at 3601 Highway 7, Markham ([New Lease For Rapid Transit Office](#)) to be used as project space by YRRTC for the implementation of an inter-regional transit system. The original agreement consisted of a ten year term commencing on January 1, 2009 for the entire 12<sup>th</sup> Floor (11,001 square feet) of the Liberty Square building. An amending agreement was executed six months later to add the 11<sup>th</sup> Floor unit, consisting of an additional 12,469 square feet of office space, following the confirmation of Metrolinx funding.

In October 2011, additional space was required to accommodate the VivaNext design build project team. Another report went to Council ([Additional Lease Space Required for YRRTC](#)) to seek approval to lease 5,720 square feet of office space on the 8<sup>th</sup> Floor. The 8<sup>th</sup> Floor unit lease expired in February 2017 and the 11<sup>th</sup> and 12<sup>th</sup> Floor leases expire on December 31, 2018. Details of each leased unit within 3601 Highway 7 and corresponding lease expiry dates are included in Table 1 below.

**Table 1**  
**Expiry Dates for 3601 Highway 7 Leases**

| Floor                  | Total Square Feet | Expiry Date       |
|------------------------|-------------------|-------------------|
| 8 <sup>th</sup> Floor  | 5,720             | February 28, 2017 |
| 11 <sup>th</sup> Floor | 12,469            | December 31, 2018 |
| 12 <sup>th</sup> Floor | 11,001            | December 31, 2018 |

The building has been outfitted to meet the specific business needs of YRRTC and is conveniently located at the Southeast corner of Highway 7 and Town Centre Boulevard in Markham. The location map for 3601 Highway 7 is included as *Attachment 1*.

#### 4. Analysis and Implications

YRRTC's space at 3601 Highway 7 meets current program needs

In 2017, YRRTC advised of their interest in retaining all existing leased space at 3601 Highway 7. Leasehold improvements have been made to the space in accordance with Regional standards and the office provides much needed project space for various teams, including dedicated Regional staff. The location is accessible by transit and in close proximity to YRRTC projects that are underway.

A tentative lease extension has been negotiated to align the expiry dates for all floors until the end of 2021

It is proposed to align the expiry dates for all three units until December 31, 2021 under the lease extension. Aligning the lease expiry dates for all three floors enabled the Region to secure a more competitive lease rate for all units and corresponds with funding agreements YRRTC has with other levels of government.

Regional staff have negotiated lease rates that are below market value for other units being listed within the same building and the surrounding area. The proposed lease extension also includes two additional extension options of up to five years each which will provide further flexibility to address future YRRTC funding agreement uncertainties beyond 2021.

Remaining at 3601 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 3601 Highway 7. There were a

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number of more expensive options available within the desired area and what was available would require significant leasehold improvements to meet Regional standards. Good value has been achieved from the initial leasehold improvements on site. Regional staff have reviewed market comparables and the competitive lease rates at 3601 Highway 7 are more favourable than relocation at this time.

## 5. Financial Considerations

The funding for this lease extension is within YRRTC's budget and the majority of these costs are recovered through a funding agreement with Metrolinx. Detailed financial information can be found in *Private Attachment (1)*.

## 6. Local Municipal Impact

Maintaining a presence at 3601 Highway 7 will ensure that Regional collaboration with our partners is not interrupted and costs involved with relocating facilities are not incurred. Extending this lease will provide the Region with a suitable solution for service delivery for YRRTC in the southern area of the Region.

## 7. Conclusion

The Region has leased space at 3601 Highway 7 since 2009 and it continues to meet YRRTC's program and accommodation requirements. Entering into a lease extension will allow for continued operation of YRRTC's business from this location which supports the effective delivery of rapid transit projects. The Region has negotiated a good deal for the lease and the extension allows the Region to align the expiry dates until the end of 2021. The property is located in an area with many amenities and leasing the space supports the continued collaborative efforts of the Region and its partners.

For more information on this report, please contact Michael Shatil, Director, Property Services Branch at 1-877-464-9675, ext. 71684.

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The Senior Management Group has reviewed this report.

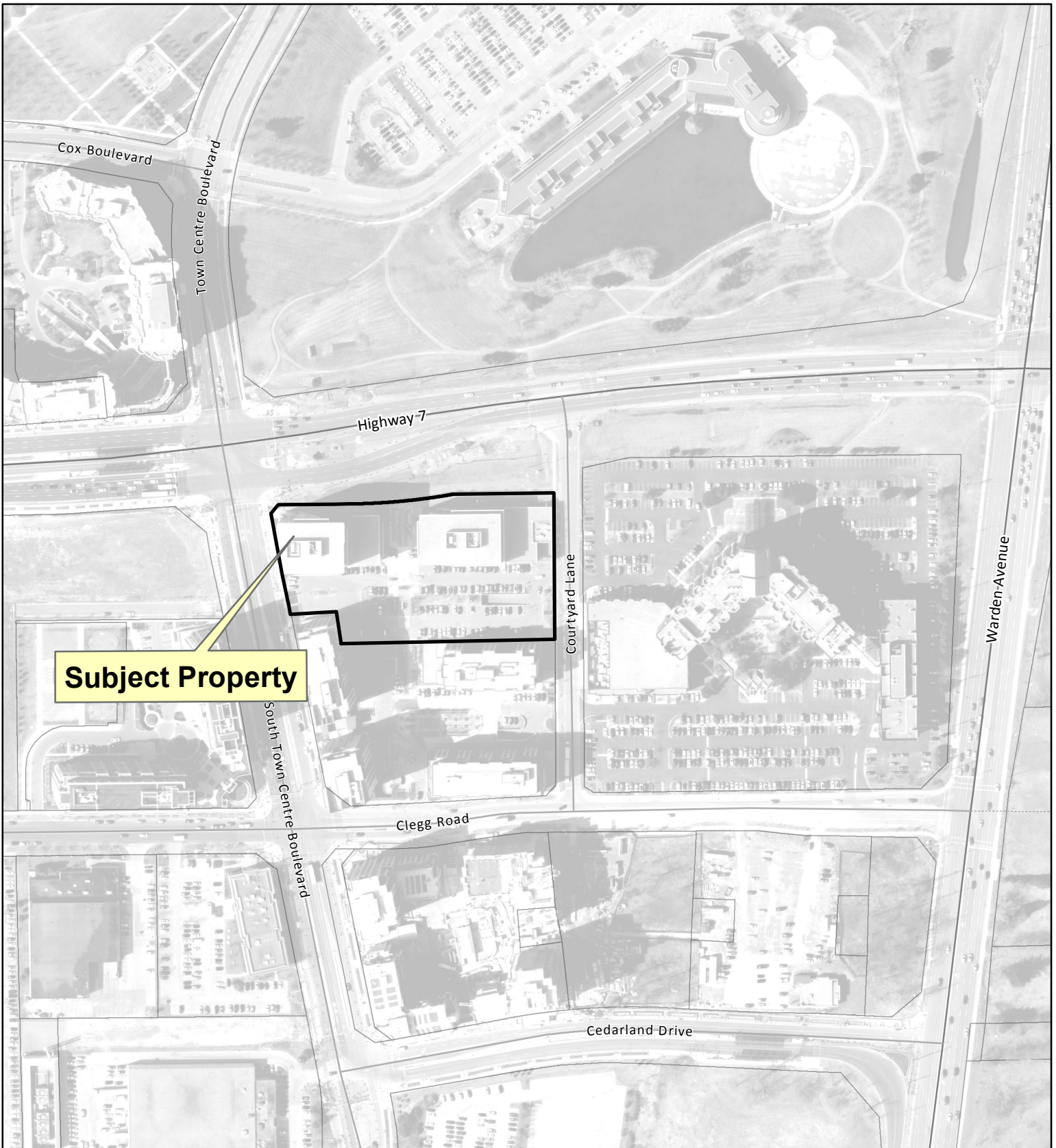
March 8, 2017

Attachments (1)

Private Attachments (2)

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Accessible formats or communication supports are available upon request






**Subject Property**

**Location Plan**

Lease Extension at 3601 Highway 7  
 City of Markham  
 April 13, 2017

**Legend**

-  Subject Property
-  Parcel
-  Road



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