



REPORT TO GENERAL COMMITTEE - FINANCE AND ADMINISTRATIVE COMMITTEE

TO: Mayor and Members of Council

FROM: Jim Sales, Commissioner, Community and Fire Services
Catherine Biss, CEO, Markham Public Libraries
Catherine Conrad, Town Solicitor

PREPARED BY: Bob Henderson, Director of Strategic Planning and Service
Support, Markham Public Libraries
Moe Hosseini-Ara, Manager, Markham Village Library
Brian G. Varner, Manager, Real Property

DATE OF MEETING: April 3, 2006

SUBJECT: Lease Amendment
Library Administration Centre
445 Apple Creek Boulevard, Markham

RECOMMENDATION:

That Council enacts a by-law authorizing the Mayor and Clerk to execute an Amendment to a Lease Agreement between 1220623 Ontario Limited and the Town of Markham in a form that is satisfactory to the Town Solicitor, for 10,851 square feet of office space located at 445 Apple Creek Boulevard, Suite 100, Markham, for the period January 1, 2007 to March 31, 2007, at a net rental rate of \$13.75 per square foot plus \$13.23 per square foot for taxes, maintenance and insurance costs.

PURPOSE:

The purpose of this report is to request Council's permission to execute an Amendment to a Lease Agreement between 1220623 Ontario Limited and the Town of Markham for office space located at 445 Apple Creek Boulevard, Suite 100, Markham, for the period January 1, 2007 to March 31, 2007, at a net rental rate of \$13.75 per square foot.

BACKGROUND:

The current lease for the Markham Library Administration Centre (MLAC) at 445 Apple Creek Boulevard in Markham expires on December 31, 2006. The MLAC occupies 10,851 square feet on the main floor. The existing net rental rate is \$12.00 per square foot plus almost \$12.00 per square foot for taxes, maintenance, and insurance.

In March 2003, Markham Council approved the construction of new office premises for MLAC at the Markham Village Library. This construction project involves the construction of 6300 square feet of lower level space. The tender was awarded on December 5, 2005 to TORCOM

Construction Inc. The substantial completion date for the entire project is proposed to be December 19, 2006.

DISCUSSION:

The construction schedule is very tight, and there is a real possibility the project completion could be delayed for any number of reasons. If construction is delayed, the MLAC will not have premises and, therefore, it is recommended the lease for the existing office space be amended to provide a three-month extension.

The Landlord is agreeable to amend the Lease and provide one extension of three months, beginning January 1, 2007 and expiring March 31, 2007.

The current net rental rate is \$12.00 per square foot. The Landlord requires a net rental rate of \$13.75 per square foot. The office market has tightened since the last lease renewal period, and the asking renewal rate is considered to be within market rates. The benefit to the MLAC is there is no risk of having to relocate to temporary space, which would require considerable throwaway costs.

The throwaway costs associated with relocating to temporary space would be at least \$86,000 (excluding GST), and includes:

- Approximately of \$18,000 (excluding GST) to twice pack and move contents and equipment required to operate the temporary location.
- Three months rent of at least \$36,000 (within market rates) for approximately 5,000 sq. ft. of space in the temporary location.
- Almost \$9,000 to twice pack and move and store the remaining contents and equipment.
- Two weeks productivity loss of a minimum of approximately \$23,000 (salary and benefits), during relocation, for at least 14 MLAC staff who could not telework to fulfil their normal responsibilities.

The relocation option would also result in reduced systemwide customer service, as all customers would not have access to any new collection items for at least the two weeks involved in moving the contents and equipment to and from the temporary location.

FINANCIAL CONSIDERATIONS:

The total rent for a three month extension is: $10,851 \text{ sf} \times \$26.98/\text{sf} / 12\text{mths} \times 3\text{mths} = \$73,189$.

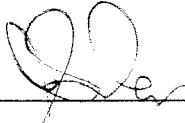
Funding for the leased premises is to be paid from Operating Budget building rental/lease account # 998-100-5521.

BUSINESS UNITS CONSULTED AND AFFECTED:

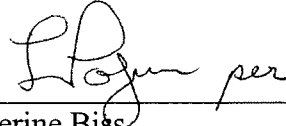
The Town of Markham Public Library Board and Asset Management have been consulted in preparing this report.

ATTACHMENTS:

None.



Jim Sales
Commissioner, Community and Fire Services



Catherine Biss
CEO, Markham Public Libraries



Catherine M. Conrad
Town Solicitor