

To: Warden and Members of County Council

From: Director of Public Works

477 Griffin Way Lease Agreement

RECOMMENDATIONS

1. That County Council approve a 5-year lease agreement with Griffin Way Developments Inc. to establish warehousing space to support the Paramedic Services Logistics team, as outlined in Report No. PW 2023-02;
2. And further, that the Chief Administrative Officer and the Director of Public Works be authorized to execute all documents related thereto.

REPORT HIGHLIGHTS

- The purpose of this report is to seek County Council authorization to execute a lease agreement for Paramedic Services in order to establish and operate a warehousing facility at 477 Griffin Way in Woodstock.
- The lease agreement is anticipated to begin in July 2023 and will be for a term of five years, with an optional five-year extension, and will allow the Logistics team to expand warehousing services to properly support Paramedic Services across the County.

Implementation Points

Following County Council approval, staff will proceed with executing the lease agreement as outlined in this Report. A lease offer has been accepted by Griffin Way Developments Inc. on a condition of receiving County Council approval no later than January 31st, 2023.

Financial Impact

The proposed lease agreement outlines a lease cost of \$19.00/sq.ft. (excluding HST) which increases by 4% annually over the course of the lease. The 4% increase was determined based on a combination of current market conditions as well as the proposed interior build-out costs to suit the needs of the Logistics team in relation to the term of the lease. For 4,462 square feet, the annual lease value for the first year is \$84,778.

In addition, the County will pay a square-foot rate to cover taxes, maintenance and insurance (TMI). For 2023, this is estimated at \$3.50/sq.ft. (excluding HST) and will be adjusted annually based on actual costs (assumed 2% increase per year). Lastly, the County is responsible for paying utility costs including water, heat and electricity, which is estimated at \$2.24/sq.ft. (excluding HST) for the first year, with an assumed annual increase of 3%. A cost summary is outlined in Table 1.

Table 1 – Estimated Annual Lease Costs

Year	Lease Cost (per sq.ft.)	TMI Cost (per sq.ft.)	Utility Cost (per sq.ft.)	Total Annual Cost (including Non-Refundable HST)
1	\$19.33	\$3.56	\$2.28	\$112,308.54
2	\$20.11	\$3.63	\$2.35	\$116,413.58
3	\$20.91	\$3.70	\$2.42	\$120,607.86
4	\$21.75	\$3.78	\$2.49	\$125,025.24
5	\$22.62	\$3.86	\$2.57	\$129,621.10

The 2023 Business Plan and Budget includes \$110,000 under account 510000 (Paramedic Services) to cover the expenses for 2023, which are assumed to span from July to December. Actual expenses will be coded under Facilities, with Paramedic Services receiving an associated interdepartmental charge for the actual cost.







Based on current funding models, 50% of the expenses related to this lease will be covered through the annual provincial funding which Paramedic Services receives, with the remaining 50% impacting the tax levy. Due to the funding model, expenses will be fully covered with the levy in 2023, with provincial funding being applicable from the second year onward.

In anticipation of approval and as a means of shortening the move-in time, staff has issued a purchase order for \$7,150 to allow the landlord to proactively begin interior design work. This step should shorten the interior build-out time by approximately four weeks by getting an early start on design for construction permits. It has been negotiated that this fee will be reimbursed back to the County upon signing of the lease agreement. If the lease agreement is not approved, the County will be responsible for paying for design expenses incurred to date.

Communications

Upon approval of this report, Facilities staff will communicate with the realtor to get the lease agreement fully executed. Once complete, Facilities staff will continue to work with both the landlord and Paramedic Services to maintain communication during the interior build-out phase and coordinate acceptance of the space as well as move-in activities. The Facilities team will continue to provide support to Paramedic Services on an ongoing basis as needed, in a similar manner to all other facilities that are owned and operated by the County.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
				5.i.	

DISCUSSION

Background

On April 11, 2018, Oxford County Council endorsed in principle the recommendations of the *Comprehensive Master Plan for Oxford County Paramedic Services* as detailed in Council Report **PS 2018-01**. As per the Master Plan roadmap, increases in call volume have driven increases in the number of front-line staff and vehicles that require Logistical support. Recent staffing and vehicle enhancements commensurate with call volume increases have increased staffing and vehicle complements by approximately 15%. Similarly, call volume has increased the need for additional equipment and medical supplies to support the growing operation.

In addition to the expanded operations, logistical support has also been extended to Long Term Care and other County departments with respect to procurement, warehousing and distribution of medical supplies, disinfection products and personal protective equipment, which was amplified during the COVID-19 pandemic.

The increased scope of duties and responsibilities, the support demands of a growing service in the form of additional fleet, staff and equipment to manage, collaborative cross-departmental partnerships and vendor/supply chain management activities have combined to create a need for additional logistics storage beyond the capacity of the current facility at 377 Mill Street in Woodstock.

To date, temporary mitigation measures for supply storage issues have already been implemented including expanding the inventory and support areas to encompass the three operational garage bays located in the lower level of the Mill Street facility; however, utilization of this space comes at the cost of a reduction in secure storage and vehicle accessibility for our operational team.

In addition, staff have utilized a temporary offsite storage solution as an interim measure to house 55 pallets of supplies at a cost of approximately \$611 per month until a consolidated location is finalized. This temporary arrangement does not offer space to properly organize material as pallets are stacked in front of each other making access cumbersome, and there is no room to sort or work with the material. Access to the space is also restricted and advanced notice is needed to pick up or drop off material.

Comments

Since September 2021, Facilities and Paramedic Services have been working together along with a realtor to source a suitable space to support the Logistics team's warehousing and support functions. Despite low inventory, staff were able to find a new-build opportunity in Woodstock that will be available in 2023. A Woodstock location is ideal as it is a central location for efficient distribution to the various service locations, and a new build offers an opportunity to customize the space for the desired use in the most optimal manner.

The building is planned to be complete in early 2023, and the lease would include two out of the available three units, totaling 4,462 square feet of leasable space. As part of the lease negotiations, the lease rates include interior build out to suit the needs of the Logistics group which will be completed by the landlord. The build out will include additional overhead doors for improved access and material transport, HVAC systems to maintain interior temperatures in a manner that aligns with product storage requirements, two enclosed offices, a washroom, a kitchen area and an open cubicle area.

The agreement is anticipated to begin in July of 2023 and includes a primary five-year term ending in 2028, with an optional extension for one additional term of five years. If an extension is required, the lease rate will be negotiated at that time based on current market conditions. The proposed five-year term with the optional extension should be well suited for the County's current needs as Paramedic Services completes its service review to determine how it needs to evolve in future years. This longer-term planning will ultimately determine how the logistics warehousing requirements will be handled in the future, and if the strategy will be to continue to lease a third-party facility or bring this into a County-owned facility.

Conclusions

In order to support the expanding function of the Paramedic Services Logistics program, staff recommend that the County enter into a five year lease agreement for two available units at 477 Griffin Way in Woodstock. The location and proposed build out will accommodate needed material storage as well as additional workstations for support staff, and will be an efficient hub as it is centrally located within the County. This lease will not only allow for improved operations, but at the same time, will provide an interim measure while a long-term solution is investigated.

SIGNATURES

Report Author:

Original signed by

Mike Amy, FMP, SFP
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Departmental Approval:

Original signed by

David Simpson, P.Eng., PMP
Director of Public Works

Approved for submission:

Original signed by

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