



To: Council
From: Debi Lucas, CAO
Date of Meeting: May 10, 2023
Subject: By-law 2023-037 Lease Agreement with St. Lawrence Medical Clinic Leasing Corporation

Recommendation:

That By-law No. 2023-037, being a by-law to enter into a Lease Agreement with the St. Lawrence Medical Clinic Leasing Corporation, be read and passed, signed and sealed in open Council this 10th day of May, 2023.

Executive Summary:

The facility located at 2 Thorold Lane, Ingleside is owned by the Township and has been leased to the St. Lawrence Medical Clinic since it's construction. The facility recently underwent renovations to create 2 separate suites, it was therefore required that the lease agreement be updated.

Background:

In January 2014, at the commencement of the Medical Clinic project, a Letter of Intent was signed by both parties. On October 10, 2014, the clinic building was officially opened. Staff then proceeded with the finalization of the lease agreement in addition to securing the financing of this project. The financing was approved in February 2015 and a final lease agreement was approved by Council in May 2015. Following the May 2015 approval by Council, representatives of the clinic wished to seek alternative legal representation, and in May 2016, a revised Lease Agreement was received.

In more recent times the Township responded to a request from clinic representatives to look at ways to reduce costs associated with the lease. The most reasonable option was to split the unit and create 2 suites, renovations began in 2022. Upon completion of the renovations a new lease was required. For the most part, the lease remains very similar to the former lease. Notable changes include an updated description of the premises to only include Suite A. In addition, the lease specifies that the landlord pays all utility charges, but all telecommunication services are the responsibility of the tenant. All maintenance over and above interior cleaning of the space will the responsibility of the landlord.

Alignment with Community Strategic Plan:

Goal 5: Strong Community
Objective 5.5: Health and Education

Risk and Asset Management Considerations:

In keeping with Council's priority to maintain and support health care access in the municipality finding a means to reduce costs and continue to support the ongoing medical clinic's ability to reasonably afford the lease costs, it was important to find ways to reduce costs. Splitting the facility in two provided a means by which the Township could continue to support access to health care and meet the financial obligations associated with the annual debenture payments.

The lease is with the Clinic's Leasing Corporation, a corporation established to manage the lease and relationship between the Clinic and the Township on behalf of the doctors. The Corporation is responsible for paying the lease and managing the terms the Clinic is responsible for. There are only Directors of the Corporation.

Options:

1. That Council authorize the Lease Agreement between the Township of South Stormont and the St. Lawrence Medical Clinic Leasing Corporation.
2. Other

Financial Impact:

Initially the intent of the original agreement when the building was constructed was to have the Clinic Leasing Corporation pay all costs associated with the maintenance and debenture. However, the ability to keep medical services in the Township was also a primary objective. This arrangement will split the operating and capital debenture costs between Suite A and Suite B, with all utilities and general maintenance and capital being the responsibility of the Township. The intent is to have the leases cover most of the costs, however until a second tenancy lease is negotiated, and the actual financial arrangements are finalized some costs are covered through the tax base. The final arrangements may also result in some costs being covered through the tax base, until a tenant is in the building operation and maintenance costs are not fully known.

Others Consulted:

Township Solicitor
Facilities Coordinator

Prepared by:

Shelby Martel, HR Coordinator/Executive Assistant