

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



Report to:	Mayor and Council Members	Priority:	<input checked="" type="checkbox"/> High <input type="checkbox"/> Low
Submitted by:	Ian D. Davey, BBA CPA CA Treasurer Director of Corporate Services idavey@cobourg.ca	Meeting Type:	Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>
Meeting Date:	January 11, 2021		
Report No.:	Corporate Services-013-21		
Submit comments to Council			

Subject/Title: Northam Industrial Park – Building 6 East

RECOMMENDATION:

THAT Council receive this report for information purposes and further that a by-law be prepared to authorize the Mayor and Municipal Treasurer to execute a Lease Amending Agreement with Graphic Packaging International, LLC to increase the square footage of the demised premises in Building 6, East of Northam Industrial Park by 31,510 square feet.

1. STRATEGIC PLAN

Pillar - Prosperity – The Town plans for, markets and develops assets for economic growth and financial security.

2. PUBLIC ENGAGEMENT

N/A

3. PURPOSE

To provide an update on discussions with Graphic Packaging International, LLC (GPI) for the amendment of their current lease of space within Building 6 of Northam Industrial Park.

4. ORIGIN AND LEGISLATION

N/A

5. BACKGROUND

GPI currently occupy space within Building 6 comprised of approximately 87,633 square feet referred to as Building 6 West and Centre. This space is used as warehousing for raw materials and finished product. GPI also occupy 87,825 square feet in Building 1 which is the location of their manufacturing operations in Cobourg.

GPI and its predecessors in the packaging products industry have been tenants in Northam Industrial Park since 1992 and currently employ approximately 130 employees.

6. ANALYSIS

The area referred to on Schedule "A", as attached, as the East Unit was previously occupied for many years by Mason Windows and since they left the space has been occupied by a variety of different tenants as short-term warehouse space. There have been no significant upgrades or improvements to this section of Building 6.

In order to make this space suitable for ongoing use by GPI as warehousing for their finished products, many of which are used as packaging for food and beverage, the following landlord work is being recommended:

- a) Minor repairs to the concrete floor – expected cost \$5,000
- b) Removal of all remaining asbestos - expected cost \$95,000
- c) Application of two coats of clear epoxy coating to seal the floor - expected cost of \$58,640
- d) Installation of an insulated rolling steel door and hydraulic dock leveler – expected cost \$26,370

Total expected cost of the project - \$185,370

The goal is to be able to provide occupancy to GPI as of February 1, 2021.

7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

GPI will agree to pay \$3 per square foot for the additional 31,510 square feet commencing February 1, 2021 through December 31, 2021 plus a proportionate share of property taxes and insurance estimated at \$1 per square foot. The rental revenue for this eleven month period will cover approximately 50% of the landlord costs for the work outlined earlier in this report.

The landlord works, especially the asbestos removal, will be to the advantage of the landlord in any future lease renewals for this space.

The intention is to work with GPI to renew their lease on both the space within Building 1 and Building 6 prior to the end of 2021.

8. CONCLUSION

That a By-Law be presented to Council as part of the January 11, 2021 Regular Council meeting authorizing the Mayor and Municipal Treasurer to execute an Amendment to the existing Northam Industrial Park Lease Agreement with Graphic Packaging International, LLC to add 31,510 square feet for the period from February 1, 2021 through December 31, 2021.

Report Approval Details

Document Title:	Northam Industrial Park - Building 6 East Lease - Corporate Services-013-21.docx
Attachments:	- doc23125620210107092500.pdf
Final Approval Date:	Jan 12, 2021

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - Jan 12, 2021 - 12:50 PM