



Staff Report

Report No. CS-002-25

To: Mayor and Members of Council

From: Director of Community Services and Facilities

Meeting Date: June 23, 2025

Subject: VON Agreement Extension

Recommendation:

THAT Report No. CS-002-25 **BE RECEIVED** for information;

AND THAT Council **APPROVE** extending the partnership with Victorian Order of Nurses for Canada – Ontario Branch (VON) as per the attached Facility Lease Agreement;

AND THAT the Mayor and Clerk be **AUTHORIZED** to execute the Facility Lease Agreement, substantially in the form of the attached Agreement, as included in the by-law portion of the agenda.

Purpose:

The purpose of this report is to finalize a 5-year extension between the Municipality and VON, for the renovated space they moved into at the FlightExec Centre in August 2024.

Background:

The initial Agreement with VON for their new space was done as per existing lease rates that the Municipality has been charging them, with the intention of having that lease be short term, until more appropriate lease rates could be determined and agreed upon for a longer-term extension.

Comments:

VON has been an invaluable community partner in Thames Centre for many years now, providing important services to our residents. The 2023/24 renovation and expansion project at the FlightExec Centre provided the opportunity to develop a larger (5,815

square feet) and customized space for VON to be able to better meet our community's needs. This new larger space exposed the Municipality to a larger disparity between the lease revenue received from VON and the operating costs for this space. As a result, the newly proposed Lease has the following changes:

- a longer-term agreement, 5 years
- a phased-in increase of the lease rate, over the 5 years term
- clarifying that VON pays for their own telephone and internet services
- changing to VON paying for their own cleaning and washroom supplies (garbage bags, paper towels, toilet paper, hand soap, etc.)

Financial Implications:

The proposed Lease Agreement provides a 5-year phase-in, bringing the VON's cost per square foot lease rate from roughly 2% (in 2024) of the current fair market value up to 10% of that value in the fifth and final year of this new Lease (based on comparable commercial properties in London being in the range of \$13.50 to \$18.00 per square foot per month). As outlined in the attached Agreement, the cost per square foot for VON is proposed to be as follows:

\$0.28	as per 2024 Agreement
\$0.49	to take effect now
\$0.71	as of April 2026
\$0.92	as of April 2027
\$1.14	as of April 2028
\$1.35	as of April 2029

This equates to VON's cost per square foot increasing by a multiplier of 4.8 from the 2024 agreement rate to the final year of the proposed agreement. This will allow the Municipality to better cover the annual costs for this space (primarily utilities and maintenance).

Strategic Plan Link:

Pillar: *Active Living*

Goal: *Increase the accessibility and programming of recreational services, especially to community youth and seniors*

Consultation:

David Samuels, Director of Legal Services, Middlesex County

Jill Smith, Manager, Home and Community Care, Community Supports Services, VON

References:

CS-015-24 – VON Lease Agreement, December 9, 2024 (Closed Session)

CS-010-24 – VON Lease Agreement – New Space

Attachments:

2025 Lease Extension – Signed by VON

Prepared by: S. MacDonald, Director of Community Services & Facilities

Reviewed by: D. Barrick, Chief Administrative Officer