

Steeles Branch Lease – Amendment for Additional Space

Date:	October 23, 2017
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to obtain Toronto Public Library Board approval to amend the current Steeles Branch lease to increase the square footage of the premises occupied at 375 Bamburgh Circle effective November 1, 2017 until August 31, 2021. The branch currently occupies 5,009 sq. ft. and the proposed new lease agreement is for 5,453 sq. ft., which includes 444 sq. ft. of new space with frontage directly facing the busy parking lot and Warden Avenue, greatly increasing visibility of the branch and its street presence.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves an amendment to the current lease agreement between MSQ Realty Inc., as landlord, and Toronto Public Library Board, as Tenant, to increase the size of the library space by approximately 444 square feet (the "Additional Space") effective November 1, 2017 to August 31, 2021, with a 60-day rent-free fixturing period and rent rates the same as the current lease:
 - a. \$20.50 per square foot, excluding Harmonized Sales Tax (HST), from January 1, 2018 to August 31, 2018;
 - b. \$21.00 per square foot, excluding HST, for the following two years, from September 1, 2018 to August 31 2020;
 - c. \$21.50 per square foot, excluding HST, for the remaining year, from September 1, 2020 to August 31, 2021.

2. requests City Council to increase the 2017 capital budget by opening a new 2017 capital project for the Steeles Branch renovation of the new space with a value of \$102,584 gross and zero debt, to be funded by a landlord contribution of \$15,540 and a draw from the Development Charges reserve of \$87,044.

FINANCIAL IMPACT

The terms of the lease for the Additional Space of 444 sq. ft. will be the same rate per square feet as the current lease for the branch following the fixturing period, as shown in the table below:

Additional Space - 444 Square Feet					
Period		No. Months	Base Rent / Sq. Ft. *	Total Base Rent for Period	
1-Jan-18	- 31-Aug-18	8	20.50	6,068.00	
1-Sep-18	- 31-Aug-19	12	21.00	9,324.00	
1-Sep-19	- 31-Aug-20	12	21.00	9,324.00	
1-Sep-20	- 31-Aug-21	12	21.50	9,546.00	
* Base rent same as under current lease					

The Landlord has agreed that for November 1 - December 31 2017, there will be no base rent during the fixturing period, however, the cost of the Additional Space will be \$549.82 (excluding HST), comprised of estimated utilities and common area costs; this will be accommodated within the 2017 operating budget.

In 2018, the full-year cost of the Additional Space will be \$12,474.92, comprised of base rent of \$9,176.00 and estimated utilities and common area costs of \$3,298.92; this has been included in the 2018 operating budget submission.

The capital cost to renovate the new space is estimated at \$102,584, which will be funded by a \$15,540 contribution from the Landlord and a \$87,044 draw of Development Charges.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

BACKGROUND

Steeles Branch is situated in Bamburgh Gardens Shopping Plaza, at 375 Bamburgh Circle – just south of the intersection of Steeles Ave. East and Warden Ave. The branch has occupied space in this plaza since 1987. The current location of the branch within the mall is not optimal as the entrance is hidden within a mall corridor with a small sign mounted on the brick façade above the corridor identifying the library.

Steeles Branch is a small and busy neighbourhood branch with annual circulation of 256,926 and annual visits totaling 168,942 in 2016. The branch operates out of a leased space totalling 5,009 square feet, well below the service standard minimum of 10,000 square feet for a neighbourhood branch. The branch serves diverse populations from residential neighbourhoods comprised of both single family dwellings and apartment

buildings. The branch has attracted new customers from the nearby vertical communities, many of whom are newcomers.

COMMENTS

Advantages of an expansion into this additional space would be increased visibility, with prime frontage, including new signage and windows facing the plaza's busy parking lot and Warden Avenue. The overall increase in branch size will also provide opportunities for improved branch layout with increased seating and improved access to collections. Staff anticipate an increase in overall visits and circulation as a result of the improved street presence and increased frontage.

City Council has directed that, where feasible, library branches should be located on City-owned property. In preparation for the lease renewal process, staff from the Library and City Facilities and Real Estate Division assessed City-owned properties, including projects in the planning stage, and alternative privately-owned property located within the catchment area of the Steeles Branch for possible library relocation. City staff were not able to identify any suitable property, owned by the City or owned privately that could serve as an acceptable alternate library site.

With regards to the proposed lease, City staff assisted with the negotiation and have confirmed that the proposed lease rates represent fair market value.

The City has been in contact with Municipal Property Assessment Corporation who indicated that because the existing branch is already designated as a Municipal Capital Facility, which exempts it from property taxes, the new space will similarly be designated as a Municipal Capital Facility.

All leases for branches located on privately-owned property require Library Board approval.

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SIGNATURE

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