

Cliffcrest Branch – Lease Renewal

Date:	June 20, 2022
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to obtain Toronto Public Library Board endorsement for a five-year lease renewal agreement commencing on January 1, 2023 and terminating on December 31, 2027 for the premises occupied by the Cliffcrest branch in the Cliffcrest Plaza. Leases for branches located on privately-owned property require Library Board endorsement and City approval.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses a lease renewal agreement with First Capital Holdings (Ontario) Corporation for the premises occupied by the Cliffcrest branch at 3017 Kingston Road for a five-year term to commence on January 1, 2023 and terminating on December 31, 2027, substantially on terms and conditions set out in Attachment 1; and
2. authorizes the City Librarian to act on its behalf to seek City approval and execute the lease and related documentation.

FINANCIAL IMPACT

Under the terms of the proposed lease renewal agreement for 4,859 square feet, the annual base rent will be \$20.00 per square foot for the entire five-year term, compared to the current rate of \$18.50. The annual base rent will be \$97,180.00 for the first year, resulting in a budget pressure of \$7,288.50. When combined with the estimated annual common area cost and utilities of \$43,293.69, this results in a total operating cost of

\$140,473.69, which will be included in the 2023 operating budget submission. Refer to Attachment 1 for a summary of the operating cost over the five-year term.

All amounts are exclusive of Harmonized Sales Tax.

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

DECISION HISTORY

At its meeting on December 5, 6, 7 and 8, 2017, City Council considered [EX29.5 City-Wide Real Estate - Amendments to Municipal Code Chapters and Shareholder Directions](#) and adopted recommendations that amended the Municipal Code and provided the Toronto Public Library Board with new permanent limited authorities to enter into short-term leases and licenses as both landlord/licensor and tenant/licensee. According to the authorities, for leases where the Library is a Tenant, or lease terms exceed one year, or base rent exceed \$50,000 for the entire term, City of Toronto approval is required for the lease.

ISSUE BACKGROUND

Cliffcrest branch was opened in October 1972 in the Cliffcrest Plaza at 2965-3049 Kingston Road. The library was relocated in the plaza to its current space in 2008.

COMMENTS

The current lease for the Cliffcrest branch expires on December 31, 2022 and the terms of the lease renewal have been negotiated with the landlord, First Capital Holdings (Ontario) Corporation.

City Real Estate staff have confirmed that the proposed lease rates are reasonable and represent fair market value. Leases for branches located on privately-owned property require Library Board endorsement and City approval.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: Cliffcrest Branch Lease Renewal - Major Terms and Conditions

Toronto Public Library

Cliffcrest Branch Lease Renewal - Major Terms and Conditions

Premises:

Approximately 4,859 square feet of rentable space at 3017 Kingston Road, Toronto.

Landlord:

First Capital Holdings (Ontario) Corporation

Term:

Five years commencing on January 1, 2023 to December 31, 2027

Use:

Neighbourhood library operated by Toronto Public Library

Base Rent:

The base rent is \$20.00 per sq. ft. for the five-year term, or \$97,180.00 per year, plus HST.

Additional Rent:

The estimated rate for additional rent is \$5.91 per sq. ft. or \$28,716.69 per year, plus HST.

Utilities:

Utilities are estimated at \$3.00 per sq. ft., or \$14,577.00 per year, plus HST.

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rent	\$ 97,180.00	\$ 97,180.00	\$ 97,180.00	\$ 97,180.00	\$ 97,180.00
Additional Rent	\$ 28,716.69	\$ 29,591.31	\$ 30,465.93	\$ 31,389.14	\$ 32,312.35
Subtotal	\$ 125,896.69	\$ 126,771.31	\$ 127,645.93	\$ 128,569.14	\$ 129,492.35
Utilities	\$ 14,577.00	\$ 14,577.00	\$ 14,577.00	\$ 14,577.00	\$ 14,577.00
Total	\$ 140,473.69	\$ 141,348.31	\$ 142,222.93	\$ 143,146.14	\$ 144,069.35
HST	\$ 18,261.58	\$ 18,375.28	\$ 18,488.98	\$ 18,609.00	\$ 18,729.02
Total	\$ 158,735.27	\$ 159,723.59	\$ 160,711.91	\$ 161,755.14	\$ 162,798.37
Total Net of HST Recovery	\$ 142,946.03	\$ 143,836.04	\$ 144,726.05	\$ 145,665.51	\$ 146,604.97

*Additional Rent is estimated to increase annually by 3%