

Delegation of Authority for Leases

Date:	November 22, 2010
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

For the purposes of relieving the Toronto Public Library Board of routine lease reports and facilitating situations involving critical deadlines, the City Librarian is recommending that the Board delegate authority to approve certain lease (including licence) transactions. The recommendation is subject to and conditional upon obtaining City Council's authorization of the Board's request for consent to enter into certain lease transactions contained in a separate report entitled *Toronto Public Library Board Lease Transactions*.

RECOMMENDATIONS

Subject to City Council authorizing its consent for certain lease/licence transactions enumerated in the report (*Toronto Public Library Lease Transactions*) from the City Librarian dated November 22, 2010, the City Librarian recommends that the Toronto Public Library Board:

1. Delegates to the City Librarian authority to approve lease/licence transactions where the Toronto Public Library is the landlord provided that:
 - (i) the term, including renewal options, shall be less than 16 years;
 - (ii) the rent to be negotiated shall be in the range of market value except in the case of non-profit organizations; and
 - (iii) the total compensation, including renewal options, shall not exceed \$1.5 million.
2. Delegates to the City Librarian authority to renew lease/licence transactions where the Toronto Public Library is the tenant, provided that:
 - (i) each period of renewal, including options, shall be less than 16 years;
 - (ii) the rent to be negotiated is in the range of market value or below;
 - (iii) the total compensation, including renewal options, shall not exceed \$3.75 million; and

- (iv) funds to cover the compensation have been approved by Council in the Toronto Public Library 's operating budget.
- 3. Rescinds the delegated authority provided in a report, *Delegation of Certain Leasing/Property Matters*, approved by the Library Board at its meeting on May 29, 2000.

FINANCIAL IMPACT

There is no financial impact as a result of this report. It is a pre-condition to the exercise of any delegated authority that all required funding be available in an approved budget.

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

DECISION HISTORY

At its meeting on May 29, 2000, the Library Board approved the recommendations in a report, *Delegation of Certain Leasing/Property Matters*, which delegated authority to staff to approve lease agreements where the Toronto Public Library is the landlord, the term of the lease is for five years or less, and the total base rent is \$250,000 or less.

ISSUE BACKGROUND

The Toronto Public Library (TPL) currently leases space in 12 mall locations that serve as library branches across the City. Often the locations have been occupied by TPL for many years, however, before a branch lease is re-negotiated, an analysis is performed in conjunction with the City's Real Estate Services (RES) staff to determine the availability of (i) City-owned properties; (ii) City projects in the development stage that would allow for library space; and (iii) privately-owned property in the catchment area. Currently, all leases where TPL is the tenant are taken to the Board for approval.

TPL also leases out space to approximately 20 tenants, including many not-for-profit agencies, at two major locations, namely 40 Orchard View Boulevard (Northern District branch) and 40 St. Clair Avenue East (Deer Park branch). Existing tenants, for the most part, are long-term occupants with lease terms of three years.

With the exception of short-term leases where TPL is the landlord and the total base rent is \$250,000 or less, leasing transactions are presented to the Board for approval.

The terms of all leases and lease renewals are negotiated with the assistance of RES staff, and all lease documents are forwarded to the City Solicitor for review and approval prior to being signed.

Over the past ten years, the cost to lease property has increased over 30%, and the majority of leasing transactions have become recurring and routine transactions.

COMMENTS

Council Delegation to City Staff

Recently, City Council at its meeting of May 11 and 12, 2010 adopted Item No. EX43.7 of the Executive Committee, being a report from the Deputy City Manager and Chief Financial Officer entitled *Delegation of Authority in Certain Real Estate Matters* in which, City Council delegated authority to certain City staff positions to approve various types of routine real estate matters within set parameters and varying monetary limits. The highest monetary limit is provided to the City Manager who may approve leases/licences where the City is either the landlord or tenant, the term (including renewal options) is less than 21 years and the total compensation is less than \$10 million.

TPL Leases / Licences

In a separate report entitled *Toronto Public Library Board Lease Transactions*, an update of City Council's consent, pursuant to the provisions of section 19 of the *Public Libraries Act* is being sought so as to allow TPL to enter into leases (including licences) where:

- (i) TPL is the landlord provided the lease term, including renewal options, is less than 21 years and the total cost (being the aggregate of all types of payment, excepting applicable taxes) does not exceed \$1.5 million; and
- (ii) TPL is the tenant provided the lease term, including renewal options, is less than 21 years, the total cost is less than \$5 million and funds to cover such cost have been approved by City Council in TPL's operating budget.

Subject to and conditional upon City Council granting updated consent, the City Librarian recommends that the Library Board delegate authority to the City Librarian to approve leases (and licences) where:

- (i) TPL is the landlord: provided the term, including renewal options, is less than 16 years and the total compensation (being the aggregate of all types of payment, excepting applicable taxes) does not exceed \$1.5 million; and
- (ii) TPL is the tenant: provided the original lease has been approved by the Library Board; the renewal term, including options, is less than 16 years; the total compensation is less than \$3.75 million; and funds to cover such compensation have been approved by City Council in the TPL's operating budget.

Note that where TPL is the tenant, all new leases will require Board approval.

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SIGNATURE

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