



## STAFF REPORT ACTION REQUIRED

### Kennedy / Eglinton Branch – Lease Renewal

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| <b>Date:</b> | June 11, 2007                |
| <b>To:</b>   | Toronto Public Library Board |
| <b>From:</b> | City Librarian               |

### SUMMARY

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The purpose of this report is to obtain Toronto Public Library Board approval for a five-year lease agreement commencing on September 1, 2007 and terminating on August 31, 2012, for the premises occupied by the Kennedy / Eglinton Branch. The lease also includes an option to renew for a further five-year term.

### RECOMMENDATIONS

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**The City Librarian recommends that the Toronto Public Library Board:**

1. approves a lease agreement with Milord Realty Inc. for:
  - a. a five-year term to commence on September 1, 2007 and terminate on August 31, 2012; and
  - b. the annual base rent will be as follows:
    - i. years 1 to 2 at \$17.66 per square foot before Goods and Services Tax (GST) for an annual base rent of \$72,145, including GST of \$4,084;
    - ii. years 3 to 5 at \$18.70 per square foot before GST for an annual base rent of \$76,394, including GST of \$4,324; and
  - c. common area maintenance and utilities which are based on actual costs estimated at \$10.94 per square foot for a total annual cost of \$44,693 including, GST of \$2,530; and
2. authorizes and directs staff to take the necessary action to give effect thereto.

## **FINANCIAL IMPACT**

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Under the terms of the proposed lease agreement for 3,854 square feet, the annual base rent will be \$72,145, including GST, for the first two years, which represents a \$7,313, including GST, increase over the current lease. In years three through five, the annual base rent increases by an additional \$4,249, including GST. The estimated annual common area cost and utilities of \$44,693, including GST of \$2,530, for a total operating budget cost in the first year of \$116,838, including GST of \$6,613 has been provided for in the 2007 operating budget.

The Director, Finance and Treasurer has reviewed this report and agrees with the financial impact information

## **DECISION HISTORY**

In preparation for the lease renewal process, the Library and City of Toronto Facilities and Real Estate assessed City-owned properties located within the catchment area of the Kennedy / Eglinton Branch for possible library relocation.

The City of Toronto Facilities and Real Estate staff also reviewed planned developments and redevelopments within the area and assessed current market rates for similar leased spaces.

## **BACKGROUND**

The Kennedy / Eglinton Library is a storefront branch in a strip mall fronting on Eglinton Avenue. The branch has been in this location since 1988. The branch is listed in the branch profiles as having 7,650 sq ft, but much of this space is in a basement, and is not included as paid space in our lease. The basement currently houses a small staff work area and a staff kitchen and lounge. The rest of the lower level is used for storage of excess library furniture as well as files from the former Scarborough Public Library. The lower level is considered unusable for other purposes because of poor ventilation and because existing stairways are not suitable for public access.

The effective branch, without taking the basement into consideration, is approximately 3,854 sq ft. The branch is in a good state of repair, having received new carpet and paint in 2003.

## **COMMENTS**

City Council has directed that, where feasible, library branches should be located on City-owned property. City of Toronto Real Estate staff reviewed the Kennedy / Eglinton Branch catchment area with Library staff to determine if there was any City-owned property available, or city projects in the planning stage, or alternative privately-owned

property. They were not able to identify any suitable property, owned by the City or owned privately, which could serve as an acceptable alternate library site.

With regards to the proposed lease, City staff has advised that the proposed annual base rent represents fair market rent. The proposed lease has an option to renew the lease for a further five years under similar terms, but the lease rate is subject to negotiations at that time.

Library Branch leases require Library Board approval.

The Library is currently investigating an opportunity to use city funding for expanding the library into adjacent vacant restaurant space which would provide an additional 2,628 sq. ft. at street level for a total of 6,482 sq ft. This potential expansion is subject to Board and Council approval of a new capital project and is addressed in a separate report. Although the investigation is still in a preliminary stage, it was felt prudent to include in the current lease agreement a clause which would allow reopening negotiations in the event that this expansion occurs.

## **CONTACT**

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## **SIGNATURE**

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Josephine Bryant  
City Librarian