

## Kennedy-Eglinton Branch – Lease Renewal

<b>Date:</b>	March 28, 2022
<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 endorsement for a five-year lease agreement commencing on April 15, 2023 and terminating on April 14, 2028 for the premises occupied by the Kennedy-Eglinton branch. Leases for branches located on privately-owned property require Library Board endorsement and City approval.

### RECOMMENDATIONS

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The City Librarian recommends that the Toronto Public Library Board:

1. endorses a lease renewal agreement with Milord Realty Inc. for the premises occupied by the Kennedy-Eglinton branch at 2380 Eglinton Avenue East for a five year term to commence on April 15, 2023 and terminate on April 14, 2028, substantially on terms and conditions set out in Attachment 1;
2. authorizes the City Librarian to act on its behalf to seek City approval and execute the lease and related documentation.

### FINANCIAL IMPACT

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Under the terms of the proposed lease renewal agreement for 6,713 square feet, the annual base rent will be as follows:

Year 1      \$22.00 per sq. ft.  
Year 2      \$23.00 per sq. ft.

Year 3	\$23.00 per sq. ft.
Year 4	\$24.00 per sq. ft.
Year 5	\$25.00 per sq. ft.

The annual base rent will be \$147,686.00 for the first year. When combined with the estimated annual common area cost and utilities of \$84,046.76, this results in a total operating budget cost of \$231,732.76, which will be included in the approved 2023 operating budget submission. Refer to Attachment 1 for a summary of the operating budget 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 exceeds \$50,000 for the entire term, City of Toronto approval is required for the lease.

## **ISSUE BACKGROUND**

The Kennedy-Eglinton Branch is a storefront branch in a strip mall fronting on Eglinton Avenue. The branch has been in this location since 1988. The branch lease charge is based on 6,713 square feet and there is an additional 937 square feet of basement space, for which no rent is charged, currently housing a small staff work area and storage space.

## **COMMENTS**

The current lease for the Kennedy-Eglinton Branch expires on April 14, 2023 and the terms of the lease renewal have been negotiated with the landlord, Milord Realty Inc.

Because the branch is undersized, Toronto Public Library has negotiated to have the first right of refusal to lease approximately 1,200 square feet of the premises immediately adjacent on the east side of the branch, if the premises become available for lease.

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.

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 that could serve as an acceptable alternate library site.

## **CONTACT**

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## **SIGNATURE**

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Vickery Bowles  
City Librarian

## **ATTACHMENTS**

Attachment 1: Kennedy-Eglinton Branch Lease Renewal - Major Terms and Conditions

## Kennedy-Eglinton Branch Lease Renewal - Major Terms and Conditions

### **Premises:**

Approximately 6,713 square feet of rentable space at 2380 Eglinton Avenue East, Toronto.

### **Landlord:**

Milord Realty Inc.

### **Term:**

Five years commencing on April 15, 2023 to April 14, 2028

### **Use:**

Neighbourhood library operated by Toronto Public Library

### **Base Rent:**

The base rent is \$22.00 per sq. ft. in Year 1, \$23.00 per sq. ft. in Years 2 and 3, \$24.00 per sq. ft. in Year 4 and \$25.00 per sq. ft. in Year 5, plus HST.

### **Additional Rent:**

The estimated rate for additional rent is \$9.52 per sq. ft. or \$63,907.76 per year, plus HST.

### **Utilities:**

Utilities are estimated at \$3.00 per sq. ft., or \$ 20,139.00 per year, plus HST.

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rent	\$ 147,686.00	\$ 154,399.00	\$ 154,399.00	\$ 161,112.00	\$ 167,825.00
Additional Rent	\$ 63,907.76	\$ 65,854.53	\$ 67,801.30	\$ 69,815.20	\$ 71,896.23
<b>Subtotal</b>	<b>\$ 211,593.76</b>	<b>\$ 220,253.53</b>	<b>\$ 222,200.30</b>	<b>\$ 230,927.20</b>	<b>\$ 239,721.23</b>
Utilities	\$ 20,139.00	\$ 20,139.00	\$ 20,139.00	\$ 20,139.00	\$ 20,139.00
<b>Total</b>	<b>\$ 231,732.76</b>	<b>\$ 240,392.53</b>	<b>\$ 242,339.30</b>	<b>\$ 251,066.20</b>	<b>\$ 259,860.23</b>
HST	\$ 30,125.26	\$ 31,251.03	\$ 31,504.11	\$ 32,638.61	\$ 33,781.83
<b>Total</b>	<b>\$ 261,858.02</b>	<b>\$ 271,643.56</b>	<b>\$ 273,843.41</b>	<b>\$ 283,704.81</b>	<b>\$ 293,642.06</b>
<b>Total Net of HST Recovery</b>	<b>\$ 235,811.26</b>	<b>\$ 244,623.44</b>	<b>\$ 246,604.47</b>	<b>\$ 255,484.97</b>	<b>\$ 264,433.77</b>

*\*Additional Rent is estimated to increase annually by 3%*