



**STAFF REPORT
ACTION REQUIRED**

**Lease Expansion and Renewal – 2380-2386 Eglinton
Avenue East – Toronto Public Library**

Date:	February 14, 2008
To:	Government Management Committee
From:	City Librarian
Wards:	Ward No. 37 – Scarborough Centre
Reference Number:	

SUMMARY

The purpose of this report is to obtain Council’s authority to expand and renew a lease for the premises at 2380 to 2386 Eglinton Avenue East, the location of the Kennedy/Eglinton library, having an area of approximately 6,713 square feet, for a term of ten years commencing April 15, 2008 and ending on April 14, 2018. The proposed lease expansion and renewal would be substantially on the terms and conditions outlined in Appendix “A” to this Report.

The proposed lease facilitates the implementation of a component of the City’s mandate to invest \$13 million in Toronto’s Thirteen Priority Neighbourhoods - more specifically, the redevelopment and expansion of the Kennedy/Eglinton library as approved by Council on at its meeting on December 11, 12 & 13, 2007.

Council approval is required because the total base rent over the lease term is greater than \$1 million.

RECOMMENDATIONS

The City Librarian recommends that:

1. Council authorize the proposed lease for the premises at 2380, 2382, 2384 and 2386 Eglinton Avenue East with Milord Realty Inc. having an area of approximately 6,713 square feet commencing on April 15, 2008 and ending on April 14, 2018 and based substantially on the terms and conditions set out in the

attached Appendix "A" and in a form acceptable to the Toronto Public Library Board, at an annual base rental rate of:

- Years 1 and 2: \$17.66 per square foot;
- Years 3, 4 and 5: \$18.70 per square foot;
- Year 6: \$19.07 per square foot;
- Year 7: \$19.45 per square foot;
- Year 8: \$19.84 per square foot;
- Year 9: \$20.24 per square foot; and
- Year 10: \$20.64 per square foot.

FINANCIAL IMPACT

The total base rent for the ten-year term of the lease, commencing April 15, 2008, is estimated to be \$1,280,000 plus Goods and Services Tax (GST). Additional rent (utilities, and operating costs, etc.) is estimated at \$75,000 per annum based on 2008 rates, which will amount to \$750,000 plus GST over the term of the lease. The 2008 lease cost has been included in the Toronto Public Library Board's (TPL) revised 2008 operating budget request which meets the recommended budget target.

The landlord has agreed to support the TPL's investment in the site by contributing \$0.060 million as a leasehold allowance.

The related Council-approved Kennedy/Eglinton capital project is for \$0.950 million, \$0.850 million from the Partnership Opportunities Legacy Fund and \$0.100 million from Development Charge Reserves.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

The Kennedy/Eglinton Library is located within one of the City's Thirteen Priority Neighbourhoods. The Eglinton East Kennedy Park Neighbourhood Action Team (NAT) is interested in securing programming space for youth in the area. The expanded space would allow TPL to expand the number of computers, develop attractive gathering spaces for teens and for children, and provide more study space and improved programming space. The enhanced facility would improve the Library's ability to engage in partnership opportunities with other neighbourhood agencies, opportunities which are currently being turned away due to lack of proper program space. Support for the project is further provided by residents, community-based agencies, and other city divisions, agencies, boards and commissions.

The Library Board approved a report at its June 11, 2007 meeting concerning the potential capital project for the Kennedy/Eglinton branch expansion as well as the terms of a lease to be negotiated if the project funding was approved (<http://www.torontopubliclibrary.ca/pdfs/board/07jun11/27.pdf>).

The Kennedy/Eglinton redevelopment and expansion capital project was approved by Council at its meeting on December 11, 12 & 13, 2007 (<http://www.toronto.ca/legdocs/mmis/2007/ex/reports/2007-11-26-ex15-cr.pdf>).

COMMENTS

Following Council approval of the Kennedy/Eglinton capital project, the proposed terms of a new lease have been negotiated. The proposed lease would expand the public service space in this undersized branch from 3,854 square feet to 6,713 square feet, significantly improving service delivery to the public.

The Library Board has been given authority to approve branch leases by a blanket consent approved by Council at its meeting of October 26 and 27, 1999 provided that the term of the lease, including renewal options, is not in excess of ten years and base rent is not in excess of \$1 million over the term of the lease. As the proposed lease is for a total base rent value of \$1,280,000, then Council approval is required.

City Facilities and Real Estate staff have reviewed the rental rate and consider it to represent market value. Real Estate staff have also reviewed the catchment area and determined that there is no suitable City-owned property available as an alternative library site.

After the lease is approved, an application will be made to Municipal Property Assessment Corporation to designate the leased new space as a Municipal Capital Facility which would make it tax exempt.

CONTACT

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SIGNATURE



Josephine Bryant
City Librarian

ATTACHMENTS

Appendix "A" Major Terms and Conditions
Appendix "B" Location Map

TORONTO PUBLIC LIBRARY
Appendix "A"
Major Terms and Conditions
2380-2386 Eglinton Avenue East

Leased Premises:

2380, 2382, 2384 and 2386 Eglinton Avenue East – 6,713 square feet

Landlord:

Milord Realty Inc.

Term:

Ten (10) years commencing on April 15, 2008 and ending on April 14, 2018

Rental Rate:

The annual base rental rate shall be \$17.66 per square foot for the first two years. Year three (3) to five (5), the annual base rent shall be \$18.70 per square foot. Year Six (6) to year ten (10), the annual base rent shall increase by 2% per annum from the previous years' base rent.

Additional Rent:

Tenant shall pay operating costs in accordance with the existing Lease Agreement.

Tenant Allowance:

The Landlord agrees to pay to the Tenant a leasehold allowance of \$60,000.

Municipal Capital Facility and Taxation Exemption:

The Landlord acknowledges that the Tenant has the right in its discretion, to request Council to exempt the leased Premises from taxation for municipal and school purposes if the Tenant considers that the Leased Premises may be used as a municipal capital facility. Provided Council grants satisfactory approval to this effect, the Landlord agrees to enter at the Tenant's sole cost and expense into the necessary municipal capital facility agreement with the Tenant pursuant to Section 110(1) of the Municipal Act, 2001, as amended, in a form acceptable to the City Solicitor and legal counsel for the Landlord and to pass the full benefit of such exemption onto the Tenant during the entire period of any such exemption.

TORONTO PUBLIC LIBRARY
 Appendix "B"
 Map Location
 2380, 2382, 2384 and 2386 Eglinton Avenue East

