

To: Toronto Public Library Board – May 15, 2006

From: City Librarian

Subject: **Woodside Square Branch – Relocation and Expansion**

Purpose:

To obtain Toronto Public Library Board approval for a ten-year lease agreement with Woodside Square Holding Inc. commencing December 1, 2006 and expiring November 30, 2016 for the premises, which will accommodate the relocation and expansion of the Woodside Square Branch in the Woodside Square Shopping Centre.

Funding Implications and Impact Statement:

All GST calculations are based upon seven percent.

The proposed expanded premises for Woodside Square Branch are 9,944 square feet and annual total lease costs for years one to five are \$128,744.97 (including GST of \$8,422.57); annual total lease costs for years six to ten are \$159,601.20 (including GST of \$10,441.20). This represents an increase to the annual operating budget of \$24,562.40 in the first five years, and an incremental increase of \$28,837.60 in the second five years. The larger premises will also result in increased utility costs of approximately \$10,000 per annum. The impact of the first year increase in lease and utility costs will be experienced mainly in 2007, so this will be incorporated into the 2007 operating budget submission.

The proposed relocation and expansion would entail one-time costs of approximately \$1,000,000 for leasehold improvements. The Landlord has agreed to provide an incentive allowance of \$450,000 towards leasehold improvements; the remaining balance would be funded from the uncommitted portion of the 2005 multi-branch capital project, which was carried forward into 2006.

There would be no increase in staff costs as a result of the expansion.

Recommendation:

It is recommended that the Toronto Public Library Board:

- (1) approve a lease for the Woodside Square Branch with Woodside Square Holding Inc. for a period of ten years, commencing on December 1, 2006 and expiring on November 30, 2016 with:

- i) years one to five at an annual base rent cost of \$90,490.40 and common area maintenance costs at a maximum amount of \$29,832 for a total annual lease cost of \$128,744.97 (including GST of \$8,422.57); and
  - ii) years six to ten at an annual base rent cost of \$109,384 and common area maintenance costs at a maximum amount of \$39,776 for a total annual lease cost of \$159,601.20 (including GST of \$10,441.20); and
- (2) request the Council of the City of Toronto to pass a by-law to designate the new location which will be occupied by Woodside Square Branch as a municipal capital facility in order to provide a property tax exemption for municipal and education purposes; and
- (3) authorize and direct that appropriate Library staff take the necessary actions to give effect thereto.

Background:

The Woodside Square Branch has occupied rental space at its current location in the Woodside Square Shopping Centre, main intersection of Finch Ave. E. and McCowan Rd., since May 1989. Despite its small size of 4,256 square feet, it is the busiest neighbourhood branch with an annual circulation of over 450,000 (average annual circulation of neighbourhood branches is 137,000), which is higher than some district libraries. Toronto Public Library's service delivery model suggests neighbourhood branches should be between 7,000 and 12,000 square feet.

Comments:

The current lease, which expires in May 2007, has a relocation clause whereby the Landlord has the right to move the branch to another location within the mall. The mall is undergoing renovations and the Landlord has entered into negotiations with the Library around the possibility of relocating the branch. While relocation results in additional costs, it does provide an opportunity to create an appropriately-sized branch able to handle the volume, and deliver an appropriate level of library services to meet the needs of the community.

The current location for the branch within the Woodside Mall is undersized to meet the needs of this growing community in the north-eastern section of Scarborough. The current space is cramped, and it is an on-going challenge for staff to handle the volume of business in such a small space. In addition, the branch lacks adequate study, lounge and children's space, and has no program room in which to conduct children's programming. The move to a larger unit within the mall provides the opportunity to address these deficiencies as well as provide much improved street presence with a storefront window and entranceway along Sandhurst Circle opposite Albert Campbell Collegiate Institute.

City Leasing and Site Management have negotiated this proposed lease for a ten-year lease with: years one to five base rent of \$9.10 per square foot and maximum common area maintenance (CAM) costs of \$3 per square foot for an annual total cost of \$128,744.97; and years six to ten

base rent of \$11 per square foot and maximum CAM costs of \$4 per square foot for an annual cost of \$159,601.20.

**Lease Costs Comparison**

	<u>Size (Sq. Ft.)</u>	<u>Total Rent per Sq. Ft.</u>	<u>Annual Cost</u>
Current Lease	4,256	\$22.50	\$95,760.00
Proposed Lease	9,944	\$12.10	\$120,322.40
<i>% Increase (decrease)</i>	<i>134%</i>	<i>(46%)</i>	<i>26%</i>

As shown by the table above, while the space is increasing by 134 percent, the total rent will only increase by 26 percent. City Leasing and Site Management have advised that the rate for the new lease is very competitive for this location, and that there is no appropriate city-owned land available in the catchment area for the Library to relocate to.

The actual construction work will be tendered, and the results of the tender brought to a future Board meeting for approval.

Conclusion:

A recent tenant move out of the mall has created this opportunity for the Library to relocate and expand its operations. The possibility for an appropriately sized branch to handle the volume of activity and to deliver enhanced services, combined with the very favorable lease terms being offered by the Landlord, warrant consideration by the Library Board.

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Josephine Bryant  
City Librarian

List of Attachments:

Attachment 1: Woodside Square Branch Profile