



STAFF REPORT ACTION REQUIRED

16.

Steeles Branch – Lease Renewal

Date:	September 26, 2016
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to obtain Toronto Public Library Board approval for a five-year lease renewal agreement retroactively commencing on September 1, 2016 and terminating on August 31, 2021, for the premises occupied by the Steeles Branch.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves a lease renewal agreement with MSQ Realty Inc. for:
 - a. a five (5) year term to commence on September 1, 2016 and terminate on August 31, 2021
 - b. an annual base rent as follows:
 - i) for years one and two at \$20.50 per square foot for an annual base rent of \$102,684, excluding Harmonized Sales Tax;
 - ii) for years three and four at \$21.00 per square foot for an annual base rent of \$105,189, excluding Harmonized Sales Tax;
 - iii) for year five at \$21.50 per square foot for an annual base rent of \$107,693, excluding Harmonized Sales Tax;
2. authorizes and directs staff to take the necessary action to give effect thereto.

FINANCIAL IMPACT

Under the terms of the proposed lease agreement for 5,009 square feet, the annual base rent will be \$102,684, excluding Harmonized Sales Tax (HST), for the first two years, which represents a \$1.00 per square foot increase from the current lease rate, or \$5,009. In the third and fourth years, the annual base rent increases by \$0.50 per square foot or \$2,504 for a base rent of \$105,189. In the fifth year, the annual base rent increases by a further \$0.50 per square foot or \$2,504 for a base rent of \$107,693. When combined with the estimated annual common area cost and utilities of \$36,766, this results in a total operating budget cost in the first year of \$139,450 that has been provided for in the 2016 operating budget and is also included in the 2017 operating budget submission.

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

BACKGROUND

The Steeles Branch is a small neighbourhood branch situated in the Bamburgh Gardens Shopping Plaza at 375 Bamburgh Circle, and has occupied rental space of 5,009 square feet since September 1991. The branch opened in 1987 and it serves a residential community bounded by Steeles Avenue to the north, Finch Ave. to the south, Birchmount Rd. to the east and Victoria Park Ave. to the west.

The leased space of 5,009 square feet is well below the service standard minimum of 10,000 sq. ft. for a neighbourhood branch. The branch serves diverse populations from residential neighbourhoods comprised of both single family dwellings and apartment buildings. The branch has attracted new customers from the nearby vertical communities, many of whom are newcomers.

The Steeles Branch is a very busy branch, with circulation of 267,333, an 18.7% increase from 2014; and visits totaling 161,988 in 2015, an 11.1% increase from 2014. The branch is in the second quartile of neighbourhood branches.

The Steeles Branch actively responds to community needs and interests with a range of programs for Newcomers, Seniors, Adults, Teens and Children. The branch delivered 170 programs in 2015 with 3,013 customers in attendance. Co-sponsored programs have been developed with a variety of community agencies, including Cross Cultural Services; St. Paul's Housing Agency and six local area TDSB schools. Programs for adults, including Financial Literacy, Budgeting and Income Tax Clinics, are popular with local residents.

Electronic resources and services at the branch are well used, providing customers access to Internet, e-books and online databases through computers and WiFi. As well, the branch has experienced customers using and staying in the branch for longer periods of time.

COMMENTS

City Council has directed that, where feasible, library branches should be located on City-owned property. In preparation for the lease renewal process, staff from the Library and City Facilities and Real Estate Division assessed City-owned properties, including projects in the planning stage, and alternative privately-owned property located within the catchment area of the Steeles Branch for possible library relocation. City staff were not able to identify any suitable property, owned by the City or owned privately that could serve as an acceptable alternate library site.

With regards to the proposed lease, City staff assisted with the negotiation and have confirmed that the proposed lease rates represent fair market value.

Issues related to waste disposal, especially during the warmer months were raised by TPL. The landlord responded to these issues and monitoring during the months of May and June confirmed that the issues were satisfactorily resolved. While the existing lease expired August 31, 2016, due to negotiations with the landlord and the fact that the Board does not meet in July and August, this report is being submitted at the September meeting for approval.

All leases for branches located on privately-owned property require Library Board approval.

CONTACT

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SIGNATURE

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