

**York Woods Branch – Lease Agreement for Alternate Service Location**

<b>Date:</b>	February 25, 2019
<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 twenty-six (26) month lease agreement commencing on May 15, 2019 and terminating on July 15, 2021 as part of the alternate service plan for York Woods branch. The branch will be closing for approximately two years as it undergoes a renovation, and library services will be provided to the community through this temporary location at a reduced level of service. The proposed lease space is located at 1 York Gate Blvd, Unit 30.

This lease agreement requires Toronto Public Library Board and City of Toronto approval.

**RECOMMENDATIONS**

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

1. endorses a lease agreement between the Library and 7506473 Canada Inc. for space located at Yorkgate Mall, 1 York Gate Blvd, Unit 30 for a twenty-six (26) month term with four options to renew for three months each, substantially on terms and conditions set out in Appendix A;
2. authorizes the City Librarian to act on its behalf to seek City approval and execute the lease and related documentation; and
3. requests City Council to approve a Municipal Capital Facility Agreement for the leased space.

**FINANCIAL IMPACT**

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During the fixturing period of May 15, 2019 to July 15, 2019, the Library is not obligated to pay any rent and is responsible for utilities consumed only. The total cost for the two-

month fixturing period is approximately \$1,670.50 based on an estimate of \$3 per square foot for utilities, excluding Harmonized Sales Tax (HST).

The cost to the Library for the 26-month term, inclusive of base rent and additional rent, will be \$201,462.30 excluding HST for 3,341 square feet. Base rent is \$20.00 per square foot for the 24-month term (excludes the fixturing period) and additional rent is estimated at \$10.00 per square foot with a 3% increase in Year 2. Total utilities will be approximately \$21,716.50 excluding HST for the 26-month term.

With an estimated lease start date of May 15, 2019, the annual cost to the Library excluding HST is as follows: \$56,797.00 in 2019; \$110,754.15 in 2020; and \$55,627.65 in 2021.

During the Extended Term, comprised of the four possible renewals of three months each, minimum rent will increase to \$22.00 per square foot, or \$6,125.17 per month excluding HST. Additional rent is estimated to increase by 3% for \$10.61 per square foot. The annual cost to the Library excluding HST during the term extension is as follows: \$59,484.83 in 2021 (six months), and \$59,484.83 in 2022 (six months).

There will be an estimated \$50,000 required in capital expenditures to prepare the space for Library use, and this will be funded from the approved 2019 capital budget.

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. 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. As such, for leases where the Library is a tenant, lease terms exceeding one year and base rent exceeding \$50,000 for the entire term must be approved by the City of Toronto.

## **BACKGROUND**

The York Woods branch is a two-storey 42,176 square-foot facility, which opened in 1970, and includes a theatre that was opened in 1995. The Community Arts Hub and programming room were constructed in 2010. The branch is slated to close for approximately two years while it undergoes extensive renovations. As one of the only accessible community spaces in the Jane-Finch neighbourhood, it is imperative that an alternative service location remain in operation. This well-used district library is a valuable community resource and branch staff are very active within the community, having developed relationships with local schools, daycares and community agencies and organizations.

## **ALTERNATE SERVICE PLAN**

In order to alleviate much needed library service gaps, an alternative service plan will include a limited number of ongoing library services and programs including:

- a curated browsing collection where the merchandising of popular library items will remain on display;
- a place for customers to pick up their holds;
- a book drop for customers to return library materials;
- access to free wifi;
- public access computer for searching the library catalogue and some public internet computers with access to a printer;
- a flexible program space where Children's programs and a Youth Hub will continue regular basis;
- the alternative service plan offers an exciting opportunity to further strengthen Toronto Public Library's ties with community partners and agencies in the Jane-Finch area. The Yorkgate mall currently houses many such organizations.

The proposed lease space at Yorkgate Mall also supplies a loading dock area where library material shipments may be received and sent, and a staff room that includes computers, a washroom, and a small break area.

Details pertaining to how the York Woods pop-up will integrate into the mall environment are yet to be determined. Specifics related to revised branch hours of operations and the ongoing outreach requirements are currently in development. More details will come forward to the Board when the construction tender is awarded. The local Councillor has been informed of this alternate service plan.

## **COMMENTS**

The proposed lease agreement is for 3,341 square feet inside Yorkgate Mall, which is located at 1 York Gate Blvd, Unit 30. It is in close proximity to the York Woods branch.

The revitalization of the York Woods branch, by architects Diamond and Schmitt, will allow Toronto Public Library to bring the branch up to 21st century library standards and introduce some new services such as the Digital Innovation Hub and the Music Instrumental Lending Library. The approved capital budget is \$10.158 million dollars. The scope of the York Woods branch project includes an interior redesign and renovation of the ground and second floors of the branch, and a modernization of the theatre.

Should the York Woods renovation project encounter delays in its completion, the lease agreement provides for four extension terms, each at three months in length for a total of one year.

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

approval. Leases on privately-owned property with a term over one-year or total rent over \$50,000 require City of Toronto approval; this lease extension therefore requires City approval.

## **CONTACT**

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## **SIGNATURE**

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Vickery Bowles  
City Librarian

## **ATTACHMENT**

Appendix A: Major Terms and Conditions

## MAJOR TERMS AND CONDITIONS

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### **Premises:**

Approximately 3,341 square feet of rentable space at Yorkgate Mall, Unit 30 at 1 York Gate Blvd.

### **Landlord:**

7506473 Canada Inc.

### **Term:**

Twenty-six months, estimated to commence on May 15, 2019 and end on July 15, 2021 which includes a fixturing period of two months starting May 15, 2019 and ending July 15, 2019.

### **Extended Term:**

Four periods of three months each for a total extension of one year. Tenant must provide six months' written notice prior to the expiration of each term.

### **Use:**

Alternate space for York Woods branch during its two-year renovation.

### **Minimum Rent:**

Base rent of \$20.00 per sq.ft. or \$66,820.00 per year, plus applicable taxes, equivalent to \$5,568.33 per month. During the fixturing period there is no minimum rent payable.

### **Additional Rent:**

Tenant pays for its proportionate share of certain common costs (including HVAC maintenance), estimated at \$10.00 per sq. ft., or \$2,784.17 per month in Year 1 (July 15, 2019 to June 14, 2020) and \$2,867.69 in Year 2 (July 15, 2020 to June 14, 2021). During the fixturing period there is no additional rent payable.

	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Base Rent</b>	33,410.00	66,820.00	33,410.00
<b>Additional Rent</b>	16,705.00	33,911.15	17,206.15
<b>Subtotal</b>	<b>50,115.00</b>	<b>100,731.15</b>	<b>50,616.15</b>
<b>Utilities (estimate \$3/sq.ft.)</b>	6,682.00	10,023.00	5,011.50
<b>Total</b>	<b>56,797.00</b>	<b>110,754.15</b>	<b>55,627.65</b>

### **Utilities:**

Tenant pays for its proportionate share of utilities for the building, estimated at \$3.00 per sq. ft., or \$835.25 per month. During the fixturing period the Library must pay for utilities consumed.

### **Insurance:**

The Tenant shall have the following:

- 1.) CGL limit per occurrence of \$5,000,000
- 2.) All risks property insurance
- 3.) Legal liability insurance for coverage against perils of fire, explosion, and other perils
- 4.) Plate glass insurance
- 5.) Designation of 7506473 Canada Inc. as additional insured

**Capital Repair**

The cost to prepare the space for Library use is estimated at \$50,000 and will be funded by the 2019 Capital Budget. The Landlord is responsible for the base building mechanical systems serving the Premises. The Landlord will also upgrade the demising wall between the Premises and the immediately adjacent retail unit to a two-hour fire rated wall. Any modifications to the sprinkler system will be performed by the Landlord at the Tenant's cost.