

Steeles Branch – Lease Renewal – REVISED

Date:	June 7, 2011
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 commencing on September 1, 2011 and terminating on August 31, 2016, 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 Bamburgh Gardens Properties Inc. for:
 - a. a five (5) year term to commence on September 1, 2011 and terminate on August 31, 2016, with an early termination provision after August 31, 2014; and
 - b. an annual base rent as follows:
 - b.i) for years 1 and 2 at \$18.50 per square foot for an annual base rent of \$92,666.50, excluding Harmonized Sales Tax;
 - b.ii) for years 3 and 4 at \$19.00 per square foot for an annual base rent of \$95,171.00, excluding Harmonized Sales Tax;
 - b. iii) for year 5 at \$19.50 per square foot for an annual base rent of \$97,675.00, 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 \$92,666.50, excluding Harmonized Sales Tax (HST), for the first two years, which represents no change from the current lease rate. In the third and fourth years, the annual base rent increases by \$0.50 per square foot or \$2,504.50 for a base rent of \$95,171.00. In the fifth year, the annual base rent increases by a further \$0.50 per square foot or \$2,504.50 for a base rent of \$97,675.50. When combined with the estimated annual common area cost and utilities of \$30,175.00, this results in a total operating budget cost in the first year of \$122,841.50 that has been provided for in the 2011 operating budget.

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

BACKGROUND

The Steeles Branch has occupied rental space of 5,009 square feet in the Bamburgh Gardens Shopping Plaza at 375 Bamburgh Circle since September 1991. The current lease expires on August 31, 2011.

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.

The proposed lease renewal agreement has an early termination provision that allows either the Library or Bamburgh Gardens Properties Inc. to terminate the lease after August 31, 2014, with six month's written notice.

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

CONTACT

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SIGNATURE

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