



## STAFF REPORT ACTION REQUIRED

20.

### Northern Elms Branch – Lease Expansion and Extension Agreement

<b>Date:</b>	June 22, 2015
<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 approval for a lease for a 858 sq. ft. expansion at Northern Elms Branch for a period of approximately four years with a commencement date to be determined, and a subsequent five-year lease extension agreement for the branch.

The capital project to renovate the space requires City Council approval.

#### **RECOMMENDATIONS**

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

1. approves a lease agreement for an additional 858 sq. ft. of space at 123B Rexdale Boulevard with 994480 Ontario Limited with a commencement date to be determined with:
  - a. the same terms and conditions as the current lease:
    - i. January 1, 2016 to February 28, 2018: annual base rent at \$17.00 per sq. ft., excluding Harmonized Sales Tax (HST);
    - ii. March 1, 2018 to February 28, 2020: annual base rent at \$18.00 per sq. ft.;
    - iii. common area maintenance based on actual costs and estimated at \$4.89 per sq. ft;
  - b. a three-month fixturing period when no base rent is paid on the additional space, with a commencement date to be determined;
  - c. the Landlord providing a tenant improvement allowance in the amount of \$51,480 towards the Library's renovation work;
2. approves a five-year lease extension on the 3,936 sq. ft. branch to commence on March 1, 2020 and terminate on February 28, 2025 with the following base rental rates:

- a. for years 1 and 2: \$19.00 per square ft., excluding HST;
  - b. for years 3 to 5: \$20.00 per square ft.;
3. approves a capital project to renovate the existing and new space with a cost of approximately \$147,480, funded by \$51,480 of tenant improvement allowance and development charges funding estimated at \$96,000, with expected cash flows 2015;
4. approves submitting a report to Council to seek approval for the capital project with no debt funding; and
5. authorizes and directs staff to take the necessary action to give effect thereto.

## **FINANCIAL IMPACT**

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The proposed lease for the 858 sq. ft. expansion, which is in addition to the current 3,936 sq. ft. branch, is at the same terms and conditions as the current lease, which has base rent of \$17.00 per sq. ft. for January 1, 2016 to February 28, 2018 and \$18.00 per sq. ft. for March 1, 2018 to February 28, 2020. Assuming that rent is payable on the expansion space beginning January 1, 2016, the 2016 total rent is \$86,159, comprised of base rent of \$66,912 and common area maintenance of \$19,247, which is an increase of \$18,782 to the operating budget.

Under the terms of the proposed lease extension agreement commencing on March 1, 2020 for 3,936 square feet, the base rent for the first two years will be \$19.00 per sq. ft. for an annual amount of \$74,784 representing a \$3,936 increase over the current lease, which remains unchanged at \$18.00 per square ft. for the last two years. For the third, fourth and fifth years, the annual base rent increases to \$19 per sq. ft. for an annual base rent of \$78,720.

The capital cost to renovate the existing and new space is estimated at \$147,480, funded by \$51,480 of a tenant improvement allowance and development charges funding estimated at \$96,000, with expected cash flows in 2015.

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

## **ISSUE BACKGROUND**

Northern Elms is a neighbourhood branch located in a strip mall off Rexdale Blvd. and Kipling Avenue, in a Neighbourhood Improvement Area. The branch serves a catchment population of 16,500. It occupies one storefront with a total floor space of 3,078 sq. ft. It reopened in this location in 2005 after the closure of the Rexdale Plaza, where the branch was originally located. The branch is undersized for a neighbourhood library and there is no program or meeting space.

The Northern Elms Branch is open 40 hours a week and is well used by a diverse customer base. The branch sees many newcomers, mostly of African and South Asian heritage, as well as older Canadians who have lived in the community for a long time. There is a collection of over 25,000 items, and a small number of children and adult programs are offered on the floor in the branch. Use compares favourably to other branches of this size. and ease of parking in the strip mall is an advantage in attracting customers to Northern Elms.

Branch space is at a premium, especially for study and for programming. Many people spend hours in the branch reading, and there is rarely a free table and chair. There is little space for students to stay and study after school. There is no separate programming space available. From a service perspective, the additional space would provide a flexible space that would be used for library programs, community meetings and quiet study.

## **COMMENTS**

The opportunity to expand the branch is possible because an adjacent space has been vacated. This expansion opportunity is time sensitive and may not be available again in the foreseeable future.

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

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

The capital project, funded from non-debt sources including a \$96,000 draw from the development charges reserve, requires Council approval.

The local councillor has been advised of the proposed lease expansion for the Northern Elms Branch.

## **CONTACT**

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## **SIGNATURE**

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Vickery Bowles  
City Librarian