



STAFF REPORT ACTION REQUIRED

Northern Elms Branch – Lease Renewal

Date: October 30, 2023

To: Toronto Public Library Board

From: City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board endorsement for a five-year lease renewal agreement commencing on March 1, 2025 and terminating on February 28, 2030, for the premises occupied by the Northern Elms branch located at 123B Rexdale Boulevard, Unit 5.

This lease renewal requires Library Board endorsement and City of Toronto approval.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses a lease renewal agreement with 994480 Ontario Limited for the premises occupied by the Northern Elms branch, located at 123B Rexdale Blvd, Unit 5, for a five-year term to commence on March 1, 2025 and terminating on February 28, 2030, substantially on terms and conditions set out in Attachment 1; and
2. authorizes the City Librarian to act on its behalf to seek City approval and execute the lease and related documentation.

FINANCIAL IMPACT

Under the terms of the proposed lease renewal agreement for 3,936 square feet, the annual base rent will be as follows:

		Base Rent
Year 1	\$20.00 per sq. ft.	\$78,720
Year 2	\$20.00 per sq. ft.	\$78,720
Year 3	\$22.00 per sq. ft.	\$86,592
Year 4	\$22.00 per sq. ft.	\$86,592
Year 5	\$22.00 per sq. ft.	\$86,592

The annual base rent will be \$78,720.00 for the first year, which is unchanged from the monthly rate charged since March 2022. When combined with the estimated annual common area cost of \$13,579.20 and utilities of \$11,808.00, this results in a total Year 1 operating budget cost of \$104,107.20. Refer to Attachment 1 for a summary of the operating budget cost over the five-year term.

All amounts are exclusive of Harmonized Sales Tax.

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 [EX29.5 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. According to the authorities, for leases where the Library is a Tenant, or lease terms exceed one year, or base rent exceeds \$50,000 for the entire term, City of Toronto approval is required for the lease.

ISSUE BACKGROUND

The Northern Elms branch, located in the Northern Elms Mall, is undersized for a neighbourhood branch and there is very limited program or meeting space. The Northern Elms Branch is open 43.5 hours a week and has a collection of over 25,000 items, and a small number of children and adult programs are offered in the branch.

COMMENTS

The proposed lease renewal with Toronto Public Library as the tenant requires City approval because the term is in excess of one year and the base rent over the term is in excess of \$50,000. Furthermore, the City's Corporate Real Estate Management has confirmed that the proposed lease represents fair market rent.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: Northern Elms Branch - Lease Renewal - Major Terms and Conditions

Toronto Public Library

Northern Elms Branch Lease Renewal - Major Terms and Conditions

Premises:

Approximately 3,936 square feet of rentable space at 123B Rexdale Blvd. Unit 5, Toronto

Landlord:

994480 Ontario Limited

Term:

Five years commencing on March 1, 2025 to February 28, 2030

Use:

Neighbourhood branch operated by Toronto Public Library

Base Rent:

The base rent is \$20.00 per sq. ft. in Years 1 and 2, and \$22.00 per sq. ft. in Years 3 to 5, plus HST.

Additional Rent (Common Area Cost):

The estimated rate is \$3.45 per sq. ft. or \$13,579.20 per year, plus HST, and is projected to increase 3% per year.

Utilities:

Utilities are estimated at \$3.00 per sq. ft., or \$11,808.00 per year, plus HST, and is projected to increase 3% per year.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Base Rent	\$ 78,720.00	\$ 78,720.00	\$ 86,592.00	\$ 86,592.00	\$ 86,592.00
Common Area Cost	<u>13,579.20</u>	<u>13,972.80</u>	<u>14,405.76</u>	<u>14,838.72</u>	<u>15,271.68</u>
Gross Rent	92,299.20	92,692.80	100,997.76	101,430.72	101,863.68
Utilities	<u>11,808.00</u>	<u>12,162.24</u>	<u>12,527.11</u>	<u>12,902.92</u>	<u>13,290.01</u>
Total	104,107.20	104,855.04	113,524.87	114,333.64	115,153.69
HST	<u>13,533.94</u>	<u>13,631.16</u>	<u>14,758.23</u>	<u>14,863.37</u>	<u>14,969.98</u>
Total including HST	<u>117,641.14</u>	<u>118,486.20</u>	<u>128,283.10</u>	<u>129,197.01</u>	<u>130,123.67</u>
Total Net of HST Recovery	<u>\$ 105,939.49</u>	<u>\$ 106,700.49</u>	<u>\$ 115,522.90</u>	<u>\$ 116,345.91</u>	<u>\$ 117,180.39</u>