

To: Toronto Public Library Board – September 20, 2004

From: City Librarian

Subject: **Tenant Lease at 40 Orchard View Boulevard – Toronto Transit Commission**

Purpose:

To obtain Toronto Public Library Board approval for the lease of surplus space at 40 Orchard View Boulevard to Toronto Transit Commission (TTC) subject to the TTC Board approving the Library's lease proposal at its meeting on September 22, 2004.

Funding Implications and Impact Statement:

The proposed lease terms is a gross rent of \$17 per square foot for the first three years and, if the renewal options are exercised, \$19 per square foot for the second three years. The first three months of the lease is rent-free, during which time TTC will be doing renovations.

Under the terms of the proposed lease, the Library will receive approximately \$89,985.93 (including Goods and Services Tax of \$5,886.93) of rental income in the first full year and \$119,981.20 (including Goods and Services Tax of \$7,849.24) for years two and three.

The Library is prepared to offer an option to renew for an additional three years with a \$2.00 dollar per square foot rent increase. If the renewal option is exercised, the Library will receive \$134,096.70 (including Goods and Services Tax of \$8,772.68) per annum in years three to six.

TTC has declined parking.

Recommendation:

It is recommended that:

- (1) the Toronto Public Library Board enter into a tenant lease agreement with Toronto Transit Commission for:
 - (i) a thirty six (36) month period to begin October 1, 2004 and terminate on September 30, 2007;
 - (ii) gross rent of \$17.00 per square foot plus applicable taxes, with the first three months rent free;
 - (iii) an option to renew for thirty six (36) months with a gross rent of \$19.00 per square foot plus applicable taxes; and

- (2) should TTC require parking, and spaces are available, a monthly fee of \$85 plus applicable taxes be charged for each parking space during the first three (3) years of the lease;
- (3) appropriate staff be authorized and directed to take the necessary actions to give effect hereto.

Background:

There is existing space at 40 Orchard View Boulevard, the site of the Northern District branch (main intersection is Yonge Street and Eglinton Avenue), which is surplus to Library needs. TTC has expressed an interest in some of the available space.

Comments:

TTC is interested in leasing suites 253 and 256, totaling 6,596 square feet of “rentable space” as identified by a recent measurement study completed in 2003 at 40 Orchard View Boulevard at a gross annual rent of \$17.00 per square foot, plus applicable taxes, for a three-year period. Because TTC will be making significant renovations to the space, the first three months will be rent-free, and a three-year renewal option has been negotiated with a \$2.00 per square foot increase, for a total annual rent of \$19.00 per square foot, plus applicable taxes. TTC plans to present the terms of the proposed lease for approval at its Board meeting on September 22, 2004.

The proposed lease rate is considered to be below market rates, which recognizes the non-profit nature of TTC, a Commission of the City of Toronto.

TTC has declined parking. If the tenant requires parking in future, and a space is available, the rate is \$85 per month plus applicable taxes, during the first three years of the lease.

The City’s Facilities and Real Estate Division assisted with the lease negotiations.

Conclusion:

It is recommended that the Toronto Public Library Board approve a thirty-six (36) month lease, and a renewal option for a further thirty-six (36) months, with Toronto Transit Commission.

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List of Attachments:

Not applicable.