



STAFF REPORT ACTION REQUIRED

Guildwood Branch Expansion – New Lease Agreement

Date:	February 22, 2016
To:	Executive Committee
From:	City Librarian

SUMMARY

The purpose of this report is to obtain City Council approval for a lease extension for two years on the existing space and an additional 10 years on an expanded branch, for the premises occupied by the Guildwood Branch. The branch currently occupies 3,010 square feet, and the proposed expansion would add 1,567 sq. ft. of new space at the end of 2018 for a total of 4,577 sq. ft.

A capital project, starting in 2018, with a value of approximately \$0.800 million to renovate the branch would be funded by a \$0.100 million landlord contribution, \$0.396 million of development charges and \$0.304 million of debt. This new project would replace the existing capital project for the Guildwood Branch that proposes to increase the size of the branch at a cost of \$7.210 million gross (\$2.373 million debt) with planning starting in 2019.

The local councillor has been consulted and is in support of the proposed lease and improvements for the Guildwood Branch.

The proposed lease requires Council approval.

RECOMMENDATIONS

The City Librarian recommends that City Council:

1. approves a lease renewal agreement for the Guildwood Branch at 123 Guildwood Parkway with Revenue Properties Company Limited for:
 - a. a two-year term to commence on December 1, 2016 on the existing 3,010 sq. ft. at a base annual rental rate of \$15.00 per sq. ft., excluding Harmonized Sales Tax (HST);
 - b. a further 10-year term to commence on December 1, 2018 for an expanded 4,577 sq. ft. at a base annual rental rate of:
 - i. \$17.50 for the first five years; and
 - ii. \$18.50 for the second five years; and
2. authorizes and directs staff to take the necessary action to give effect thereto.

FINANCIAL IMPACT

Under the lease extension proposal, the annual base rent on the existing 3,010 sq. ft., for the first two years commencing on December 1, 2016, is \$15.00 per sq. ft. (excluding HST), which represents no increase from the current rate. Common area maintenance is based on actual costs and is approximately \$8.55 per sq. ft. for the first year. The combined base rent and common area maintenance is \$70,885.50 per annum, which is included in the approved 2016 operating budget.

On December 1, 2018, the leased space will increase by 1,567 sq. ft. for a total of 4,577 sq. ft. For the five years commencing on December 1, 2018, the base rent is \$17.50 per sq. ft. resulting in an annual rent increase of \$48,345.35. For the last five years of the proposed lease, commencing on December 1, 2023, the base rent is \$18.50 per sq. ft., resulting in an annual rent increase of \$4,577.00. The operating impact of capital will be included for consideration as part of the future year budget process.

The lease provides for a two-month fixturing period, expected to begin on December 1, 2018, when no base rent is paid on the 1,567 sq. ft. of expansion space.

A capital project, starting in 2018, with a value of approximately \$0.800 million to renovate the branch would be funded by a \$0.100 million landlord contribution, \$0.396 million of development charges and \$0.304 million of debt. This project would replace the existing capital project for the Guildwood Branch, which is a branch renovation with an expansion and potential relocation at a cost of \$7.210 million gross (\$2.373 million debt), with planning to start in 2019. The revised capital project would be incorporated into the 2017-2026 capital budget and plan submission.

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

BACKGROUND

Since August 1973, the Guildwood Branch has occupied rental space at 123 Guildwood Parkway in Scarborough. The existing lease will expire on November 30, 2016. One year's notice is required under the current lease to notify the landlord of TPL's intention to remain at the current location.

COMMENTS

Guildwood Branch is located in a shopping plaza in Ward 43 at 123 Guildwood Parkway at the heart of the Guildwood neighbourhood in south Scarborough. The size of the present facility is 3,010 sq. ft., which falls short of the current standard for neighbourhood branches. The branch lacks a designated programming room and does not have a public washroom. Programs such as the branch's adult book club and Ready for Reading storytime programs are held in the staff work room or in open space in the branch.

Guildwood Branch circulated 124,727 items in 2014 and ranked 71 out of 81 neighbourhood branches in terms of visits. The branch provides neighbourhood level services with a focus on programs for children and seniors. The branch catchment population is 26,425 with a higher proportion of youth aged 0-14 and 15-24 than the city as a whole, and also more seniors aged 65+. There are relatively fewer working-age people, in the 25-64 age range. The catchment area includes both the Guildwood and Scarborough Village neighbourhoods.

A project for the renovation and expansion, and a potential relocation, for Guildwood Branch is included in the approved 10-year capital plan at a cost of \$7.210 million gross (\$2.373 million debt), with planning to start in 2019. This project would be revised in the 2017-2026 capital budget and plan submission.

Library and City staff have reviewed various sites in the neighbourhood as possible alternative locations for the branch, including the Guild Inn site. The Guild Inn site is not well located in the community in terms of access, transportation and community focal point for neighbourhood library services. The current site in the plaza is the most desirable in terms of location. The plaza is conveniently located and is a real community focal point. There is parking and easy access for the local community and the many seniors who use this branch. While the proposed expansion does not bring the branch fully up to the service delivery model size for neighbourhood branches, it provides space to improve services and address key deficiencies in terms of space for computers, multifunctional programming, meeting and quiet study space and accessible public washrooms, similar to improvements made at other branches in plazas such as Cliffcrest, Northern Elms, Kennedy/Eglinton and Maryvale. The proposed expansion addresses longstanding customer concerns and supports improved services. It also accelerates the associated renovation at this branch by several years and addresses all state of good repair issues.

The local councillor has been consulted and is in support of the proposed lease and improvements for the Guildwood Branch.

The proposed lease includes provisions for the Landlord to contribute \$0.100 million for tenant improvements and has also agreed to provide a two-hour fire rating wall on the south side of the building, approximately 83 linear feet.

The proposed lease is for a total of 12 years commencing on January 1, 2016. All leases for branches located on privately-owned property require Library Board approval. Branch leases with a term greater than 10 years require Council approval.

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SIGNATURE

Vickery Bowles.

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City Librarian