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Report to / Rapport au:

**Ottawa Public Library Board
Conseil d'administration de la Bibliothèque publique d'Ottawa**

June 10, 2025 / 10 juin 2025

Submitted by / Soumis par:

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File Number/Numéro du dossier: OPLB-2025-0610-10.3

SUBJECT: Blackburn Hamlet Branch Lease Agreement

OBJET: Convention de bail pour la succursale Blackburn Hamlet

REPORT RECOMMENDATIONS

That the Ottawa Public Library Board:

- 1. Approve a Lease Agreement ("Agreement") with J&D Ladybug Holdings Ltd. ("Landlord") for 7,333 square feet of commercial space at 199 Glen Park Drive for the continued use of the Blackburn Hamlet Library ("Premises"). The agreement is for a term of ten (10) years commencing December 1, 2025, and ending on November 30, 2035 ("Term"), with a total estimated consideration of \$1,614,704.72 plus HST for the Term; and,**
- 2. Delegate authority to the Chief Executive Officer (CEO) to finalize and execute the Agreement in accordance with the terms and conditions detailed in this report.**

RECOMMANDATIONS DU RAPPORT

Que le Conseil d'administration de la Bibliothèque publique d'Ottawa :

1. **Approuve une convention de bail (la « convention ») conclue avec J&D Ladybug Holdings Ltd. (le « propriétaire ») visant un espace commercial de 7 333 pieds carrés au 199, promenade Glen Park et destiné à l'usage continu de la succursale Blackburn Hamlet. La convention a une durée de dix (10) ans débutant le 1^{er} décembre 2025 et se terminant le 30 novembre 2035, pour une contrepartie totale approximative de 1 614 704,72 \$ (TVH en sus) pour la durée de la convention; et**
2. **Délègue à la directrice générale le pouvoir de finaliser et d'exécuter la convention conformément aux modalités énoncées dans ce rapport.**

BACKGROUND

As per the *Public Libraries Act* (PLA) Section 19 (1)(a), a Board may “...acquire land required for its purposes by purchase, lease ...” Furthermore, Ottawa Public Library (OPL) Board Policy #002-OPL (Delegation of Authority), delegates to the CEO single or multi-year leases with a total expenditure of less than \$500,000, with those greater than that amount requiring Board approval.

Since 1980, OPL has leased a facility at 199 Glen Park Drive to provide library services to the community of Blackburn Hamlet. There was a lease executed for a term of six (6) years from December 1, 1999, to November 30, 2005 (Original Lease). The Original Lease provided OPL the right to renew the lease for an additional five years on the same terms and conditions. In 2009, prior to the renewal of the lease extension, OPL undertook a cost-benefit analysis regarding the build versus lease option, with the lease option proving more financially viable.

OPL subsequently entered into the following three agreements:

- The First Lease Extension Agreement, extending the original lease for a further five years from December 1, 2005, to November 30, 2010.
- The Second Lease Extension Agreement, extending the lease for a further five years from December 1, 2010, to November 30, 2015.

- The Third Lease Extension Agreement, extending the lease for a further five years from December 1, 2015, to November 30, 2020.

Pursuant to Delegated Authority Report DEL2020-CREO-0079, the OPL Board directed staff in the former Corporate Real Estate Office, now known as Housing Solutions and Investment Services (HSIS) to negotiate a lease extension with the Landlord and this resulted in OPL entering into a Fourth Lease Extension Agreement. The extension was for a further five years commencing December 1, 2020, and expiring November 30, 2025. This extension included two (2) one (1) year renewal options upon written notice from the City of Ottawa (City) to the Landlord.

For all real estate matters, OPL works with HSIS for real estate advisory services, along with the City Legal Services department. In early 2024, HSIS notified OPL that the current lease for the Blackburn Hamlet branch expires on November 30, 2025. HSIS communicated OPL's desire to remain at this location for an extended term to the landlord and as such have worked to negotiate a new lease contract.

The purpose of this report is to recommend the negotiated Agreement for the Blackburn Hamlet branch.

DISCUSSION

The Blackburn Hamlet branch serves the neighbourhood of Blackburn Hamlet, is encapsulated by the Greenbelt, and serves some clients from the neighbourhoods of Beacon Hill South – Cardinal Heights, Chapel Hill North, and Chapel Hill South. Library services at this branch reach nearly 9,000 residents. Staff recommend the OPL Board approve the renewal of the lease for the Blackburn Hamlet branch to continue providing library services in this well-established location, where branch usage remains consistent with branches of comparable size in other Ottawa neighbourhoods, including Elmvalle Acres and Vanier.

HSIS undertook a valuation summary in May 2024 from the Valuations unit of the subject site and it was concluded that the annual net rental range was between \$14.00 and \$17.00 per square foot.

The Landlord originally proposed the ten-year term begin at \$15.00 per square foot in year 1, with annual escalation of 2%. Although this would have resulted in the net rent being around \$16.42 per square foot and within the appraised range, HSIS believed that

due to OPL's tenure, the current market conditions, and OPL's position in the plaza as an anchor tenant, the position could be improved. Discussions continued into August 2024 in which HSIS negotiated the following rent schedule resulting in a net rent of \$15.35 per square foot, and was ultimately accepted by the Landlord:

Rent Table			
Term	Annual Rent PSF	Monthly Rent	Annual Rent
Year 1	\$14.50	\$8,860.71	\$106,328.50
Year 2	\$14.75	\$9,013.48	\$108,161.75
Year 3	\$15.25	\$9,319.02	\$111,828.25
Year 4	\$15.25	\$9,319.02	\$111,828.25
Year 5	\$15.50	\$9,471.79	\$113,661.50
Year 6	\$15.50	\$9,471.79	\$113,661.50
Year 7	\$15.50	\$9,471.79	\$113,661.50
Year 8	\$15.75	\$9,624.56	\$115,494.75
Year 9	\$15.75	\$9,624.56	\$115,494.75
Year 10	\$15.75	\$9,624.56	\$115,494.75
Net Rent for the Term	\$15.35	Total Consideration for the Term	\$1,125,615.50

Due to the total consideration of the Agreement exceeding \$1,000,000 over the Term, City *Leasing Policy* requires a second appraisal be commissioned which was completed by Colliers International in May 2025. The concluding annual net rental range was between \$14.00 and \$16.00 per square foot which supports the City's internal value range and the negotiated annual consideration of the Agreement.

The Agreement is net to the Landlord, with OPL responsible for all operating costs and carrying out all non-capital maintenance, repairs, and certain replacements with respect to the Premises. Lifecycle and capital expenses are the responsibility of, and are to be carried out by, the Landlord.

Additional Rent for operating costs is estimated at \$5.82 per square foot for a total of \$42,663.50 per year plus H.S.T (excluding Realty Taxes which are currently exempt). HSIS is recommending that this figure be inflated at a rate of 3% per annum for

budgeting purposes. Thus, the total estimated cost of rent and operating costs over the ten-year term is \$1,614,704.72 plus HST.

Given that the maximum ten-year cost exceeds the delegated authority, HSIS and Library staff are recommending that the Board approve the Agreement, delegating to the CEO the ability to sign the lease within these terms.

CONSULTATION

HSIS was consulted on the proposed rent to ensure the new lease rates represent fair market value. Rental rates in the area are between \$12 and \$25 per square foot. Further, the local Councillor was advised that OPL will be seeking a new agreement at the Premises.

ACCESSIBILITY IMPACTS

Ottawa Public Library complies with the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations. There are no accessibility impacts associated with this report. The existing facility has been designed to meet the City of Ottawa Accessibility Design Standards.

BOARD PRIORITIES

This report aligns with the Board priority to increase data-driven decision-making.

BUSINESS ANALYSIS IMPLICATIONS

The business analysis implications are identified throughout the discussion section above.

FINANCIAL IMPLICATIONS

Given that the lease expires November 30, 2025, the financial implications of this report will be included in the 2026 budget, as renegotiated. The impact for the one month in 2025 will be absorbed in OPL's current budget.

This Agreement represents a total cost to OPL in the amount of \$1,125,615.50 plus HST for base rent over the ten-year term. OPL is also responsible for operating costs estimated to be \$42,663.50 in the first year with an estimated increase of 3% every year

after that. The total estimated cost of rent and operating costs over the ten-year term is \$1,614,704.72 plus HST.

LEGAL IMPLICATIONS

There are no legal implications associated with this report.

RISK MANAGEMENT IMPLICATIONS

Based on the current market conditions for new construction, the established space and usage of the branch, and OPL's financial situation, no other options were explored at this time.

The Agreement is for a term of 10 years commencing December 1, 2025, and terminating November 30, 2030. HSIS successfully negotiated two early termination options in the Agreement, both requiring twelve (12) months' notice to the Landlord, which provides operational flexibility for OPL if ever required to be exercised. The first early termination option is available at the end of the 5th year of the Term (November 30, 2030), and the second early termination option is available at the end of the 7th year of the term (November 30, 2032).

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

DISPOSITION

Upon approval, the CEO will execute the Agreement as per the terms provided. HSIS will be provided with the executed agreement for tracking on behalf of OPL. In addition, the local Councillor will be advised of the outcome.