



Report to / Rapport au:

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

February 10, 2026 / 10 février 2026

Submitted by / Soumis par:

Sonia Bebbington, Chief Executive Officer and Chief Librarian / Directrice générale et bibliothécaire en chef

Contact Person / Personne ressource:

*Craig Ginther, Division Manager, Facility and Technology Services/ Directeur, Services des installations et des technologies
(613) 580-2424 x41490, Craig.Ginther@BiblioOttawaLibrary.ca*

File Number/Numéro du dossier: OPLB-2026-0210-10.4

SUBJECT: Hunt Club Branch Lease Agreement

OBJET: Signature du bail de la succursale Hunt Club

REPORT RECOMMENDATIONS

That the Ottawa Public Library Board:

- 1. Approve a Lease Agreement (“Agreement”) with Riocan Holdings Inc. (“Landlord”) for 5,670 square feet of commercial space at 3310 McCarthy Road for the development of the Hunt Club branch of Ottawa Public Library (OPL) (“Premises”). The agreement is for a term of ten (10) years commencing December 1, 2026, and ending on November 30, 2036 (“Term”) (dates subject to change), with a total estimated consideration of \$1,858,884.95 plus HST for the Term;**
- 2. Recommend that Ottawa City Council approve the Agreement at its meeting of February 25, 2026; and,**

3. In anticipation of Council consent, delegate authority to the OPL Chief Executive Officer (CEO) to enter into, negotiate, execute, and conclude the Agreement and final documents required to complete this transaction, including executing a Municipal Capital Facility Agreement (MCFA) for property tax exemption, 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 la signature d'une convention de bail (la « convention de bail ») avec Riocan Holdings Inc. (le « propriétaire ») pour la location de l'immeuble commercial situé au 3310, chemin McCarthy, soit une superficie de 5 670 pieds carrés, pour l'installation de la succursale Hunt Club de la Bibliothèque publique d'Ottawa (les « lieux ») pour une période (la « période ») de dix (10) ans allant du 1^{er} décembre 2026 au 30 novembre 2036 (sous réserve de modifications), pour une contrepartie totale estimée de 1 858 884,95 \$ (TVH en sus);
2. Recommande que le Conseil municipal approuve l'accord à sa réunion du 25 février 2026; et
3. En anticipation du consentement du Conseil, délègue à la directrice générale (DG) le pouvoir de conclure, négocier, signer et finaliser l'accord ainsi que les documents finaux nécessaires pour compléter cette transaction, y compris un accord relatif aux immobilisations municipales en vue d'une exemption de l'impôt foncier, conformément aux modalités et conditions indiquées dans le présent rapport.

BACKGROUND

As per the *Public Libraries Act* (PLA) Section 19 (1)(a), a Board may, with the consent of the appointing council "...acquire land required for its purposes by purchase, [or] lease ..." Furthermore, OPL Board Policy #002-OPL (Delegation of Authority), delegates to the CEO single or multi-year leases with a total expenditure of less than \$750,000, with those greater than that amount requiring Board approval.

In September 2025, the Board approved the Facilities Master Plan (FMP) and updated prioritized list of Ottawa neighbourhoods with an identified gap (OPLB-2025-0909-10.2), using third-party data from the Neighbourhood Equity Index (NEI). The finalized FMP provides a 20-year forecast of projects for growth, redevelopment, and renewals combining results from the Facilities Framework and Library Services Asset Management Plan.

Subsequently, in October 2025 (OPLB-2025-1014-10.3) the Board approved the development of a branch to serve the Old Hunt Club neighbourhood, a legacy gap identified in the FMP and directed the CEO to negotiate leasing terms for a Hunt Club branch. For real estate matters, OPL works with Housing Solutions, Real Estate and Investment Services (HSREIS) for advisory services, along with the City's Legal Services department.

The purpose of this report is to recommend that the Board approve the terms of the negotiated lease agreement for the Hunt Club branch, and to recommend that City Council subsequently approve the agreement.

DISCUSSION

The OPL Facilities Framework identified the neighbourhood of Old Hunt Club as a legacy gap for library services. There is currently an estimated population of nearly 19,000 residents with an anticipated growth of more than 5% within the next 5 years (Environics 2025). The neighbourhood is ranked fifth in the priority ranking of the FMP. Currently, the neighbourhood is served by the Hunt Club and Bayview Bookmobile stops, which will be decommissioned upon opening of the Hunt Club facility, as approved by the Board in October 2025. Staff have identified a location at 3310 McCarthy Road, within an established retail plaza, to serve as OPL's thirty-fourth branch. Unit 106A is an interior suite consisting of 4,098 square feet. Adjacent to unit 106A is unit 1008, a smaller corner unit, with 1,572 square feet. Combined, the units are 5,670 square feet. This falls within the range of 5,000 to 15,000 square feet typical of local branches.

In Q3 2025, HSREIS undertook a valuation summary of the subject site and concluded that the annual net rental range was between \$20.00 to \$22.00 per square foot. The Landlord's asking rental rate for the property was \$28.00 per square foot. The City requested a proposal from the landlord for a 10-year term and successfully negotiated a

rate down to \$21.00 per square foot in year one, with an annual escalation of 2% or annual CPI, whichever is lower. The table below outlines the projected annual net rent for each year of the lease term, assuming a 2% increase per annum.

Table 1 – Rent Table

Rent Table			
Term Year	Rent per sq. ft.	Monthly Rent	Annual Rent
1	\$21	\$9,923	\$119,070.00
2	\$21.42	\$10,121	\$121,451.40
3	\$21.85	\$10,323	\$123,880.43
4	\$22.29	\$10,530	\$126,358.04
5	\$22.73	\$10,740	\$128,885.20
6	\$23.19	\$10,955	\$131,462.90
7	\$23.65	\$11,174	\$134,092.16
8	\$24.12	\$11,398	\$136,774.00
9	\$24.60	\$11,626	\$139,509.48
10	\$25.10	\$11,858	\$142,299.67
		Total Consideration for Term	\$1,303,783.28

In addition to securing a lower rental rate, the City successfully negotiated a tenant improvement allowance of \$40.00 per square foot, representing a total landlord investment of \$226,800 toward improvements to the space. The City also negotiated a substantial scope of landlord’s work to bring the premises to an appropriate base condition, as well as an extended fixturing period and a deferred commencement date to accommodate OPL’s project timelines.

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. The concluding annual net rental range was between \$20.47 and \$22.47 per square foot, which supports the City’s internal value range and the negotiated annual consideration of the Agreement.

As is consistent with other leases, the Agreement is net to the Landlord, with OPL responsible for all operating costs and carrying out all non-capital maintenance, repairs, and certain lifecycle replacements, such as HVAC, with respect to the Premises. All

other lifecycle and capital expenses are the responsibility of, and are to be carried out by, the Landlord.

Additional Rent for facility operating costs, including items such as common area maintenance and utilities, is estimated at \$8.54 per square foot for a total of \$48,421.80 per year plus applicable taxes. HSREIS is recommending that this figure be inflated at a rate of 3% per annum for budgeting purposes. Thus, the total estimated cost of base rent and additional rent over the ten-year term is \$1,858,884.95 plus applicable taxes.

Upon execution of the lease, subsequent steps are as follows:

1. Finalizing project charter in Q1 2026;
2. Procuring design team and initiate design process in Q1 to Q2 2026;
3. Demolition, construction, and fit-up - OPL's construction and fit-up estimate is anticipated to commence at the start of Q3 2026;
4. Hiring branch staff;
5. Installing furniture, fixtures and equipment; and,
6. Targeting branch opening in late Q1 2027.

CONSULTATION

HSREIS was consulted on the proposed rent to ensure the lease rates represent fair market value. Further, the local Councillor was advised that OPL would be seeking an 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 facility will be 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 and to identify and address barriers to service.

BUSINESS ANALYSIS IMPLICATIONS

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

FINANCIAL IMPLICATIONS

This Agreement represents a total cost to OPL in the amount of \$1,303,783.33 plus HST for base rent over the ten-year term. OPL is also responsible for additional rent for facility operating costs estimated to be \$48,421.80 in the first year with an estimated increase of 3% every year after that. The total estimated cost payable to the Landlord for base rent and additional rent over the ten-year term is \$1,858,884.95 plus HST.

Additional costs to OPL, over and above the lease costs noted above, were previously noted in the October 2025 report, including an estimated \$50,000 to \$60,000 for operating and maintenance by City facilities staff, and approval in principle for future OPL staffing at approximately \$750,000, to come forward as part of the appropriate years' budget process (anticipated in 2027). Capital funding of \$2 million for fit-up of the space was approved through the 2026 budget process.

LEGAL IMPLICATIONS

The proposed lease was reviewed by the City's Legal Services Department. There are no legal impediments to approving the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

Based on the current market conditions for new construction and OPL's financial situation, no other options besides leasing were explored at this time.

The Agreement is for a term of 10 years commencing December 1, 2026 and terminating November 30, 2036.

TECHNOLOGY IMPLICATIONS

Technology implications will be addressed as part of project planning and fit-up in preparation for branch opening, including hardware, software, networking, etc.

DISPOSITION

If approved, the report will be forwarded to City Council for approval at an upcoming meeting, including a request for delegated authority to execute a Municipal Capital Facility Agreement (MCFA) for property tax exemption on the space leased by OPL. With Council approval, CEO will execute the Lease Agreement and the MCFA as per the terms provided.