



ADMINISTRATIVE REPORT

Report Date: November 20, 2013
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Meeting Date: December 3, 2013

TO: Vancouver City Council

FROM: General Manager of Community Services in consultation with the General Manager of Real Estate and Facilities Management

SUBJECT: #141-2050 Scotia Street - Lease of Artist Production Studio to Dusty Flowerpot Cabaret Society

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to negotiate and execute a lease agreement (the "Lease") at a nominal rate with Dusty Flowerpot Cabaret Society, a society under the Society Act of British Columbia, as a not-for-profit cultural tenant of the City-owned strata lot at #141-2050 Scotia Street, Vancouver, having a PID: 024-037-117, legally described as Strata Lot 34, District Lot 200A, Group 1, New Westminster District, Strata Plan LMS3101, together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form 1 (the "Premises"). The Lease shall be drawn to the satisfaction of the Director of Legal Services in consultation with the General Manager of Real Estate and Facilities Management and the General Manager of Community Services.
- B. THAT Council deem Dusty Flowerpot Cabaret Society as an organization contributing to the culture, beautification, health, or welfare of the city.

REPORT SUMMARY

The purpose of this report is to seek Council approval to enter into a nominal lease with Dusty Flowerpot Cabaret Society to allow temporary short-term occupancy of the production studio at #141 - 2050 Scotia Street beginning December 1, 2013, upon expiration of the tenancy with Public Dreams Society on November 30, 2013. The occupancy would allow Dusty Flowerpot Society to continue work as the producer of

the *Parade of Lost Souls* festival, while allowing the City to conduct a public Request for Expressions of Interest (RFEOI) for long-term occupancy of the studio.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Pursuant to Section 206 (1) (j) of the Vancouver Charter, not less than two thirds of all members of Council must approve a resolution for a grant to any organization deemed by the Council to be contributing to the culture, beautification, health, or welfare of the city. A lease of City-owned property at less than market rent is also considered to be a grant.

In January 2008, Council adopted a new Culture Plan 2008 - 2018 and in June 2008 a new Cultural Facilities Priorities Plan 2008 - 2023 that articulates goals and strategies for cultural space development.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing recommendations.

REPORT

Background/Context

In 1997, Council accepted from Aragon Group to the City of Vancouver the donation of an artist production studio in the form of a strata lot, for use by a non-profit cultural organization. At the same time, Council also approved a ten (10) year lease of the studio to Public Dreams Society at a nominal rent of \$1 per year plus payment of monthly strata fees, currently \$642.60 per month. The studio is a ground floor unit comprised of 2,254 square feet including a mezzanine level, located in The Artiste, a mixed-use building consisting mostly of artist live/work units with some retail and office use at grade level, situated at the corner of East 5th Avenue and Scotia Street in the Brewery Creek district in Mount Pleasant (as shown in Appendix A). The lease with Public Dreams Society has expired, with Public Dreams Society now occupying the space on a month-to-month holdover basis.

In October 2013, Public Dreams Society provided their written notice to terminate their lease with the City, due to the dissolution of the Society, and indicated that they will vacate the premises at #141 - 2050 Scotia Street on November 30, 2013.

Dusty Flowerpot Cabaret Society is a BC registered non-profit society which contributes to the cultural ecology of the city. Dusty Flowerpot Cabaret Society has been involved in the production of the *Parade of Lost Souls* festival with Public Dreams Society for the past several years. As Public Dreams Society prepares to close their operations, they are transferring the production of this festival to Dusty Flowerpot Cabaret Society.

With the departure of Public Dreams Society from the studio, Dusty Flowerpot Cabaret Society is requesting that the City allow them to occupy the studio under the existing

terms of the City's lease with Public Dreams Society, which would allow them to ensure the on-going production of the festival.

The Lease shall be on the following general terms and conditions, and upon such other terms and conditions to the satisfaction of the Director of Legal Services in consultation with the General Manager of Real Estate and Facilities Management and the General Manager of Community Services:

Term: Six (6) months commencing December 1, 2013, and month to month thereafter.

Rentable Area: 2,254 square feet (plus one parking stall).

Rent: Nominal rent of \$1.00 for the term, inclusive of an amount in lieu of property taxes, as if levied.

Use: Artist production studio.

Strata Corporation Fees & Levies: Tenant shall pay monthly strata fees, currently \$642.60 per month, subject to change as approved annually by the Strata Corporation; all fines and levies assessed by the Strata Corporation on account of breaches of Strata By-laws by the Tenant; excludes any special assessments or major capital costs.

Utilities: Tenant shall pay all directly metered services and utilities provided to the Premises (and which are not included in the monthly strata maintenance fees), including water, electricity, heat, light, telephone, cable, internet, and security systems.

Insurance: Tenant shall maintain insurance coverage, in the amounts and types of coverage to the City's satisfaction, for: Commercial General Liability, including All-Risk (Broad Form) Tenant's Legal Liability insurance equal to the full replacement cost of the premises; and Contents Insurance, equal to 90% of replacement cost.

Maintenance and Repairs: Tenant shall be responsible for all routine maintenance and minor repairs.

Other Terms: The Lease is to be provided on the City's Standard Form of Lease, drawn to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that no legal rights or obligations shall arise or be created until the Lease is fully executed by both parties.

Strategic Analysis

Public Dreams Society has been in existence since 1985 and has produced the *Parade of Lost Souls* for more than 20 years. This popular festival has grown to host the participation of 8,000 - 10,000 people annually in recent years.

With the dissolution of Public Dreams Society, and the transfer of the festival to Dusty Flowerpot Cabaret Society, a request has been made by Dusty Flowerpot Cabaret Society for on-going use of the studio space. The festival utilizes oversized puppets

and other fragile props that are developed and constructed in the Scotia Street production studio. They require careful handling and a large on-going storage space.

In consultation with Real Estate Services, it was determined that a new lease is required for a long-term tenant and per Cultural Services practices, when space comes available, a call for Expressions of Interest will be issued. Cultural Services intends to conduct an open tenant selection process for this production studio commencing in January of 2014, with the intention of having a long-term (10-30 year) tenancy secured with an appropriate non-profit cultural organization in place by July 2014. Dusty Flowerpot Cabaret Society will be eligible to apply for the long-term tenancy at that time.

Allowing Dusty Flowerpot Cabaret Society to tenant the space for the short term of six (6) months, with a provision to hold over on a month to month basis if necessary, will ensure that the costs associated with the space are covered during the interim months while the RFEOI process is undertaken and the permanent long term tenant is secured. This will also allow Dusty Flowerpot Cabaret Society to continue their on-going operations at least in the short term without the interruption and cost of re-locating.

Implications/Related Issues/Risk (if applicable)

Financial

Approval of Recommendation A will permit a non-profit cultural tenant to benefit from the cultural space during the time required to secure a new long-term tenant. It will also offset the City's operating expenses of the unit during this time. Leaving the space untenanted requires the City to absorb the on-going monthly costs of the space, largely made up of the monthly strata fees which are currently \$642.60 per month.

Under the terms of the short-term agreement, Dusty Flowerpot Cabaret Society would be responsible for all expenses and costs related to strata corporation fees and levies, utilities, insurance, and maintenance and repairs, all as outlined in this report.

CONCLUSION

Encouraging affordable, sustainable long-term facilities for Vancouver's arts and culture community is a key strategic direction for the City. Staff therefore recommends entering into a nominal short-term lease with Dusty Flowerpot Cabaret Society in order to ensure the tenancy of #141 - 2050 Scotia Street, while providing staff the opportunity to conduct an open RFEOI process to re-tenant the space to a cultural non-profit organization for the long term.

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