



ADMINISTRATIVE REPORT

Report Date: January 18, 2016
Contact: Al Zacharias
Contact No.: 604.873.7214
RTS No.: 11174
VanRIMS No.: 08-2000-20
Meeting Date: February 23, 2016

TO: Vancouver City Council

FROM: General Manager of Engineering Services in Consultation with the Director of Real Estate Services

SUBJECT: 601 West Hastings Street - Lease of Volumetric Portion of Lane

RECOMMENDATION

- A. THAT Council authorize the Director of Legal Services to apply and raise title in the name of the City of Vancouver to that portion of City lane, as shown generally in bold outline on the plan attached as Appendix B (the "City Lane"), to contain the underground access from the existing parkade at 333 Seymour Street to the parking levels of the development proposed to be constructed under the CD-1 Rezoning of 601 West Hastings Street (the "601 West Hastings Rezoning").
- B. THAT Council close, stop-up and authorize the Director of Real Estate Services to enter into a lease for the volumetric portion of the City Lane (the "Leased Premises") with the owner of 601 West Hastings Street, legally described as Lot B, Block 14, District Lot 541 Plan 20200; PID: 006-979-530 ("Lot B"), being 675158 British Columbia Ltd. ("675158"), as shown generally within bold outline and illustrated isometrically on the plan attached hereto as Appendix C, subject to the terms and conditions as noted in Appendix D.
- C. THAT the annual lease payments for the Leased Premises be based on the annual charges as prescribed in the Encroachment Bylaw based on the lease area of approximately 3,660 square feet (subject to change after final survey) and also that rent in lieu of property taxes be charged for the term of the lease as additional rent.
- D. THAT Council authorize the General Manager of Engineering Services to approve minor and inconsequential amendments to the dimensions of the Leased Premises upon provision of legal survey plans and as-built surveys prepared by a British Columbia Land Surveyor.

REPORT SUMMARY

The purpose of this report is to seek Council authority to close, stop-up and lease a portion of the City Lane to the abutting owner; namely, 675158, in support of the 601 West Hastings Rezoning application approved in principle by Council on September 16th, 2014. The lease will enable underground parkade connections through the City Lane between 601 West Hastings Street and 333 Seymour Street.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The authority for closing and disposing of street and lanes is set out in the Vancouver Charter.

On September 16, 2014 Council adopted the recommendations of the Policy Report dated June 13, 2014, entitled, "CD-1 Rezoning - 601 Hastings Street", to approve in principle the rezoning of 601 West Hastings Street. The preliminary approval of the rezoning is subject to further approval by Council to stop-up, close and lease a volumetric portion of the City Lane adjacent to the rezoning site to accommodate parkade access through the City Lane.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Engineering Services and the General Manager of Real Estate and Facilities Management recommend approval of the foregoing.

REPORT

Background/Context

The owner, 675158 made an application to rezone the site at 601 West Hastings Street which was approved by City Council in principle on September 16, 2014 subject to the fulfilment of the following condition, among others, prior to enactment of the rezoning by-law:

Arrangements to the satisfaction of the Director of Planning and the Director of Legal Services for the following:

The closure, stopping-up, and lease of a volumetric, below grade portion of city lane south of West Cordova Street, west from Seymour Street.

The City Lane was dedicated by Plan 210 in 1894 and contains a storm sewer, BC Hydro infrastructure, Fortis gas main, Teraspan fibre and Telus infrastructure that will remain above the proposed tunnel at the P1, P2 and P3 parkade levels.

Strategic Analysis

The 601 West Hastings Rezoning application approved in principle by Council on September 16th, 2014 proposed the use of a volumetric portion of lane adjacent to Lot B to construct a connection under the City Lane at the P1, P2 and P3 parking levels to allow access to parking levels of the proposed development from the existing parkade at 333 Seymour Street.

The developer of Lot B has advised that this proposal represents the only viable way of providing access to and from the parking levels within the new development, as additional access ramping to adjoining streets would effectively render the proposed parkade unusable. Engineering Services review of this matter has concluded that this use of the lane can be supported subject to the conditions contained in this report.

Implications/Related Issues/Risk (if applicable)

Financial

The Director of Real Estate Services has determined that annual lease payments will be determined by using the Encroachment Bylaw rate of each applicable year using the total square footage of the lease area plus applicable taxes. As of January 2016 the fees are set at \$182.24 for the first 150 SF and \$4.87 for every square foot thereafter. A calculation for 2016 yields a rent payment of \$17,275.94. Payment of property taxes as if levied will be calculated when BC Assessment completes a valuation of the lease area multiplied by the appropriate mill rate for that year. Payment of basic rent and property taxes as if levied will go to the Property Endowment Fund.

CONCLUSION

The General Manager of Engineering Services in consultation with the Director of Real Estate Services recommends approval of the Recommendations contained in this report.

* * * * *

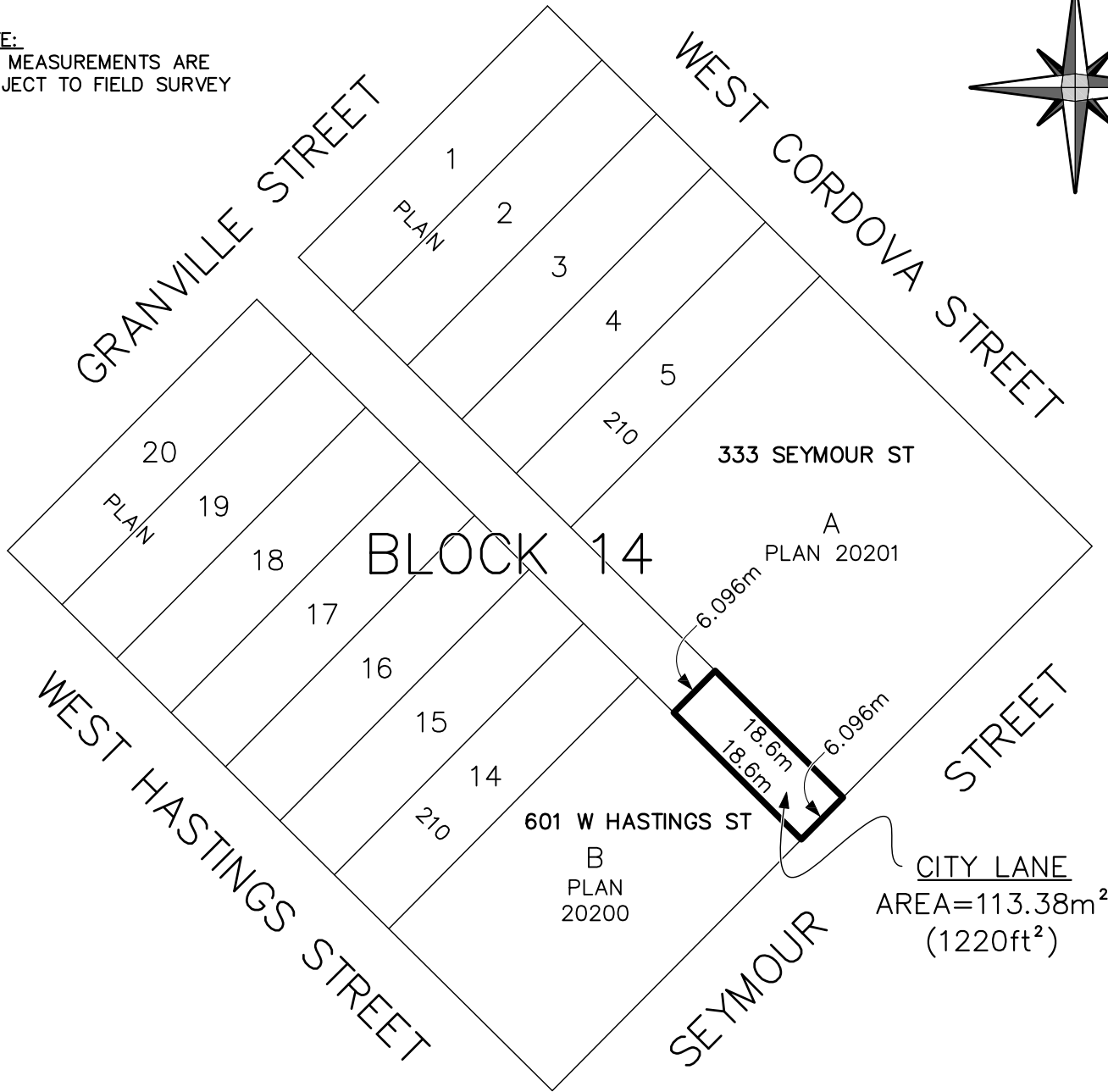
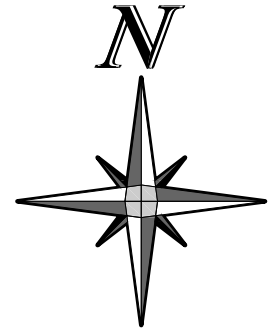
CITY OF VANCOUVER
DOWNTOWN PENINSULA



SKETCH PLAN OF A PORTION OF LANE ADJACENT TO LOT A, PLAN 20201 AND LOT B, PLAN 20200, BOTH OF BLOCK 14, DISTRICT LOT 541, GROUP ONE, NEW WESTMINSTER DISTRICT.

ALL DISTANCES ARE IN METRES AND DECIMALS THEREOF
DRAWING NOT TO SCALE

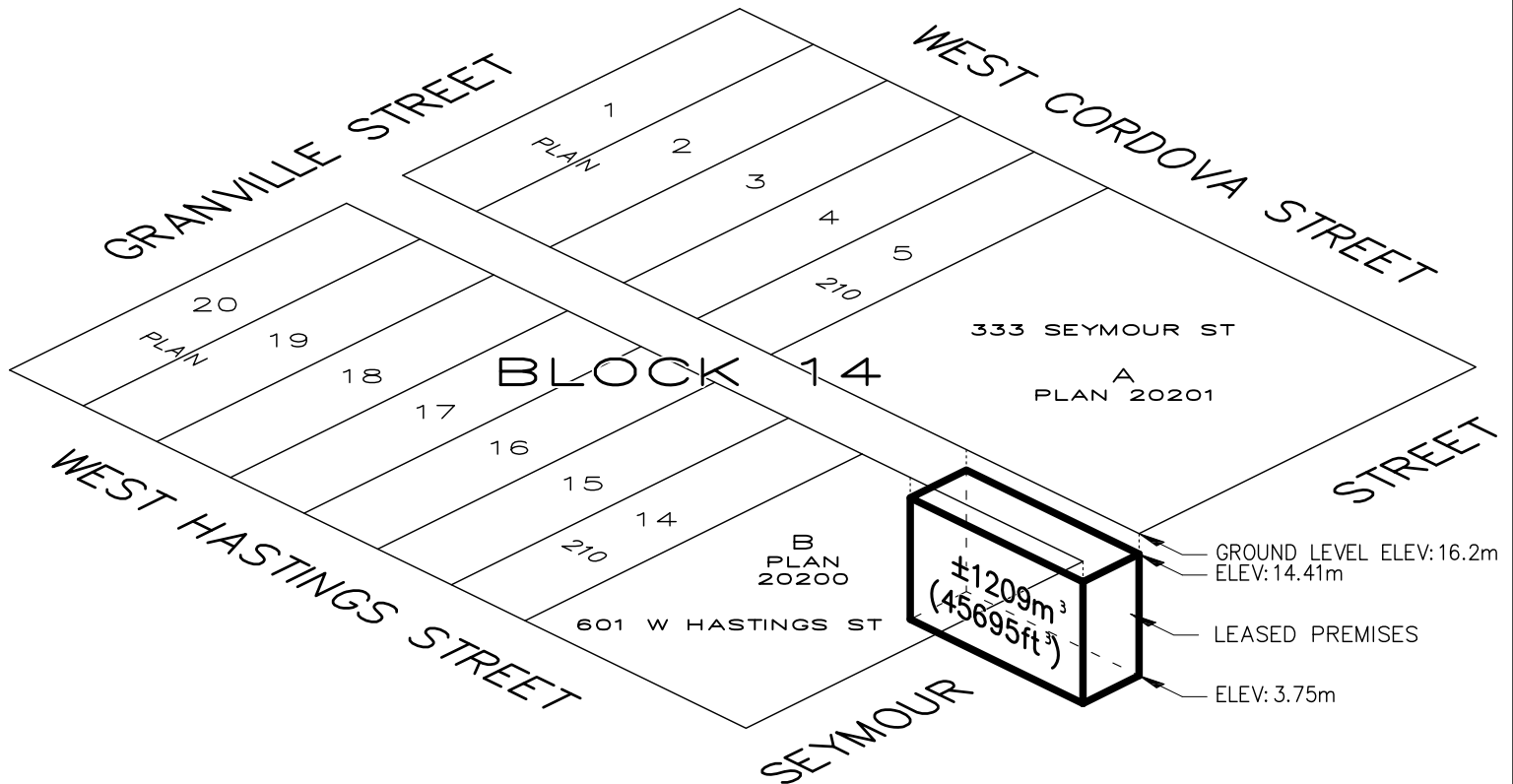
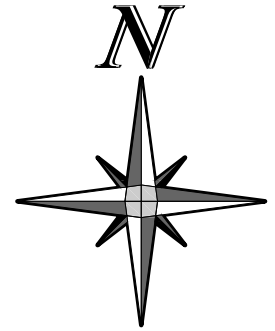
NOTE:
 ALL MEASUREMENTS ARE
 SUBJECT TO FIELD SURVEY



SKETCH PLAN SHOWING PROPOSED VOLUMETRIC LEASE AREA OVER A PORTION OF LANE ADJACENT TO LOT A, PLAN 20201 AND LOT B, PLAN 20200, BOTH OF BLOCK 14, DISTRICT LOT 541, GROUP ONE, NEW WESTMINSTER DISTRICT.

ALL DISTANCES ARE IN METRES AND DECIMALS THEREOF
DRAWING NOT TO SCALE

NOTE:
 ALL MEASUREMENTS ARE
 SUBJECT TO FIELD SURVEY



TERMS AND CONDITIONS

1. The lease to be granted to 675158 as owner of abutting Lot B (the "Lessee").
2. The lease to contain arrangements for driveway access through Lot A Block 14 District Lot 541 Plan 20201; PID: 006-974-848 ("Lot A") for parking on Lot B to the satisfaction of the General Manager of Engineering Services ("GMES") and the Director of Legal Services ("DLS").
3. The Leased Premises to be used for a parkade connection (including parking) to Lot A for the benefit of Lot B for vehicle access and access for maintenance purposes.
4. The lease to contain a provision such that it may be terminated if the construction of the development on Lot B and the Leased Premises has not been completed within 5 years from the commencement of the lease, or any extended period if consented to by the GMES in his sole discretion.
5. The lease term to be for the lesser of; the end of life of any building constructed on Lot B or 99 years.
6. The lease payment, to be paid annually, to be based on the annual charges established (from time to time) under the Encroachment Bylaw using the entire lease area of approximately 3,660 square feet on all three levels of the parkade (subject to change after final survey).
7. Rent in lieu of property taxes for the term of the lease to be paid as additional rent. For clarity, payments will be calculated based on BC Assessments total valuation and the appropriate mill rate.
8. The Lessee to register the lease on title of both Lot A and Lot B.
9. Arrangements to be made to the satisfaction of the GMES for the relocation of the existing storm sewer within the Leased Premises. This requirement and associated letter of credit will be secured in the Services Agreement to be prepared for the 601 West Hastings Rezoning.
10. The provision of written confirmation from all outside utility companies (including BC Hydro, Fortis, Telus, Rogers, Shaw Cable and Teraspan) that arrangements have been made to accommodate their services and that they have no objection to the lease of the Leased Premises to the satisfaction of the GMES.
11. The lease to permit the Lessee to sublease the Leased Premises to others for the construction, operation and use of parking and parking access for the proposed development subject to GMES consent.
12. The Lease to contain arrangements to the satisfaction of the GMES and the DLS regarding the design and construction of the parkade connection structure within the Leased Premises, and upon completion by the Lessee of that structure, as soon as practicable, the Lessee is to provide an as-built survey, prepared by a BC Land

Surveyor, to verify that the structure is appropriately within the boundaries of the Leased Premises, and if necessary make arrangements to modify it such that it conforms to the boundaries of the Leased Premises or make alternative arrangements to provide new Reference Plans and modifications to the lease agreement to the satisfaction of the GMES and the DLS.

13. The Lessee is to maintain the Leased Premises to the satisfaction of the GMES and the parkade connection structure must be internally drained.
14. The lease to contain arrangements for continued support of the surrounding lanes and roads and the infrastructure within them to the satisfaction of the GMES and the DLS. The parkade connection structure should be capable of carrying all current Vancouver Building By-law loading requirements as well as future requirements to the satisfaction of the City Structures Engineer.
15. The lease to contain arrangements to the satisfaction of the GMES and the DLS for the Lessee to have the structure inspected not less than every 5 years with a copy of the inspection report sent to the Structures Engineer for review and record purposes.
16. The lease to contain arrangements to the satisfaction of the GMES and the DLS for the City's rights of entry to the Leased Premises, without notice, for purposes of inspection, maintenance, repair and removal.
17. The lease to contain arrangements to the satisfaction of the GMES and the DLS for a reciprocal easement agreement between Lot A, Lot B and the Leased Premises to ensure that access to and egress from the existing parkade at 333 Seymour Street to the parking levels of the development and the Leased Premises is validated. All shared egress and exit routes, including elevators, exit stairwells, corridors, where applicable, including to the emergency distribution room, utilities and building life safety systems are also to be included within the reciprocal easement agreement.
18. Upon expiry or termination of the lease the Lessee is responsible for the removal of the structure and the restoration of the Leased Premises to the satisfaction of the GMES.
19. The Lessee to provide releases and indemnities to the City as deemed appropriate by and in the form and contents satisfactory to the DLS and insure the Leased Premises with insurance policies to the satisfaction of the Director of Risk Management.
20. No hazardous or flammable substances are to be stored within the Lease Premises.
21. The lease to contain such other terms and conditions as may be required by the DLS, Director of Real Estate Services and the GMES.
22. The Lessee to be responsible for all necessary plans, documents, and Land Title Office fees.

23. The lease agreement and any other agreements related to or which are to be entered into as conditions of granting the lease are to be on terms and conditions satisfactory to the DLS.
24. The DLS or the Director of Real Estate Services, as applicable, be authorized to execute all plans, transfers, and documents as required.
25. No legal right or obligation shall be created and none shall arise hereafter, until all required documents are executed by the parties thereto.