



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: June 3, 2016
Contact: Jerry Evans
Contact No.: 604.873.7430
RTS No.: 11527
VanRIMS No.: 08-2000-21
Meeting Date: June 14, 2016

TO: Vancouver City Council
FROM: General Manager of Real Estate and Facilities Management
SUBJECT: Proposed Sale of 2102 Keith Drive

IN CAMERA RATIONALE

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city.

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to accept an offer to purchase real property owned by the City of Vancouver, located at 2102 Keith Drive, Vancouver, and legally described as PID: 009-631-542, Lot A, Except First: the South 32.8 Feet, Now Road Secondly: Part in Plan BCP15709 Block 82 District Lot 264A Group 1 NWD Plan 9614, as shown highlighted on Appendix A attached to this report (the "Subject Property"), made by 1077333 B.C. Ltd. (an affiliate of Nature's Path Foods Inc.) (the "Offeror"), for a purchase price of s.17(1) and enter into a conditional sale contract (a "Sale Contract"), on such terms and conditions as are satisfactory to the City's Directors of Real Estate and Legal Services. The net purchase price would be s.17(1) subject to adjustments on closing, after sale commission is paid.
- B. THAT Council authorize the Director of Real Estate Services to execute any agreements required to effect Recommendation A.

REPORT SUMMARY

Offers to purchase the Subject Property were solicited by an Invitation to Offer commencing March 14th, 2016. The offer period closed June 2, 2016. Following an evaluation of the offers, staff recommends that a Sale Contract be entered into

between 1077333 B.C. Ltd. (an affiliate of Nature's Path Foods Inc.), the Offeror who has offered the highest purchase price of s.17(1)

The proposed closing date for this purchase and sale is July 15, 2016. The Offeror has provided a s.17(1) deposit to be increased to 10% of the purchase price with the execution of the unconditional Sale Contract.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Section 190(1)(b) of the Vancouver Charter authorizes Council to dispose of City-owned real property deemed to be surplus to the City's needs and requires an affirmative vote of two thirds (2/3) of all members of Council for the disposition of property which exceeds \$400,000 in value.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager and the General Manager of Real Estate and Facilities Management approves the foregoing recommendations.

REPORT

Background/Context

The Subject Property was initially purchased in 2002 by the City to facilitate the construction of the VCC-Clark Skytrain Station. Subsequent to the construction of the station, the Subject Property has remained vacant and unimproved.

The Subject Property is deemed surplus to the Property Endowment Fund (PEF). The intention of the Invitation to Offer process is to dispose of the Subject Property to a reputable Offeror willing to undertake the development of the parcel and deliver future job-space adjacent to the Skytrain station. The Subject Property was offered for sale on the basis that the Offeror will grant an option to purchase in favour of the City which is exercisable if construction has not commenced within 5 years. In addition, the Offeror will grant the City a right of first refusal to purchase the Subject Property at the purchase price set out herein if the Offeror receives a bona fide offer from a third party to purchase the Subject Property prior to enactment of any rezoning. This is intended to prevent the flipping of the Subject Property.

The Subject Property is a 41,089 square foot rectangular vacant lot (see Appendix A) and is zoned I-3 with the potential to be rezoned to general office use. The Subject Property is in a mixed employment area under the Regional Context Statement Official Development Plan which precludes residential use.

The Subject Property was assessed at s.17(1) (2016) and appraised at s.17(1) s.17(1) July 2015). The City's marketing process resulted in almost eighty (80) inquiries and eight (8) submitted offers.

Of the eight (8) offers received, four (4) were conditional offers and four (4) were unconditional. Five (5) of the offers were for s.17(1) Three (3) offers were s.17(1) but the offer by the Offeror substantially exceeded the next highest bidder and is unconditional.

Strategic Analysis

While all prospective buyers are qualified, the Offeror has provided the best offer at a price of s.17(1)

The Offeror is a privately owned corporation currently headquartered in Richmond, BC. The company began in the 1960's and has grown to become a prominent manufacturer of organic foods and the leading organic cereal and tortilla chip brand in North America. Please see Appendix B for a brief history of the company.

The Offeror has offered to purchase the Subject Property in order to construct a new headquarters in Vancouver. They have estimated that approximately three hundred (300) positions will be relocated to the new building once completed.

Implications/Related Issues/Risk (if applicable)

Financial

This report seeks approval for the sale of real property owned by the City of Vancouver, located at 2102 Keith Drive, Vancouver at a purchase price of s.17(1) The Subject Property is held by the PEF.

The net purchase price would be s.17(1) subject to adjustments on closing, after sale commission is paid. The net sale proceeds will be credited to the PEF.

Environmental

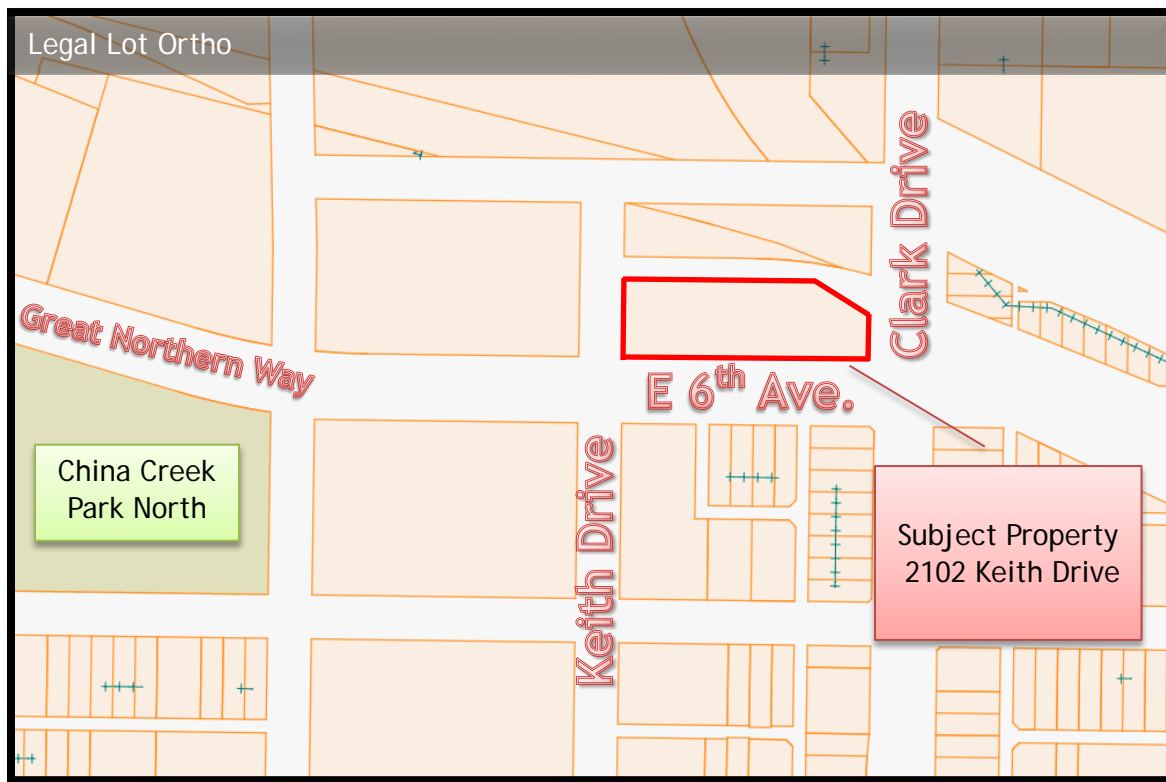
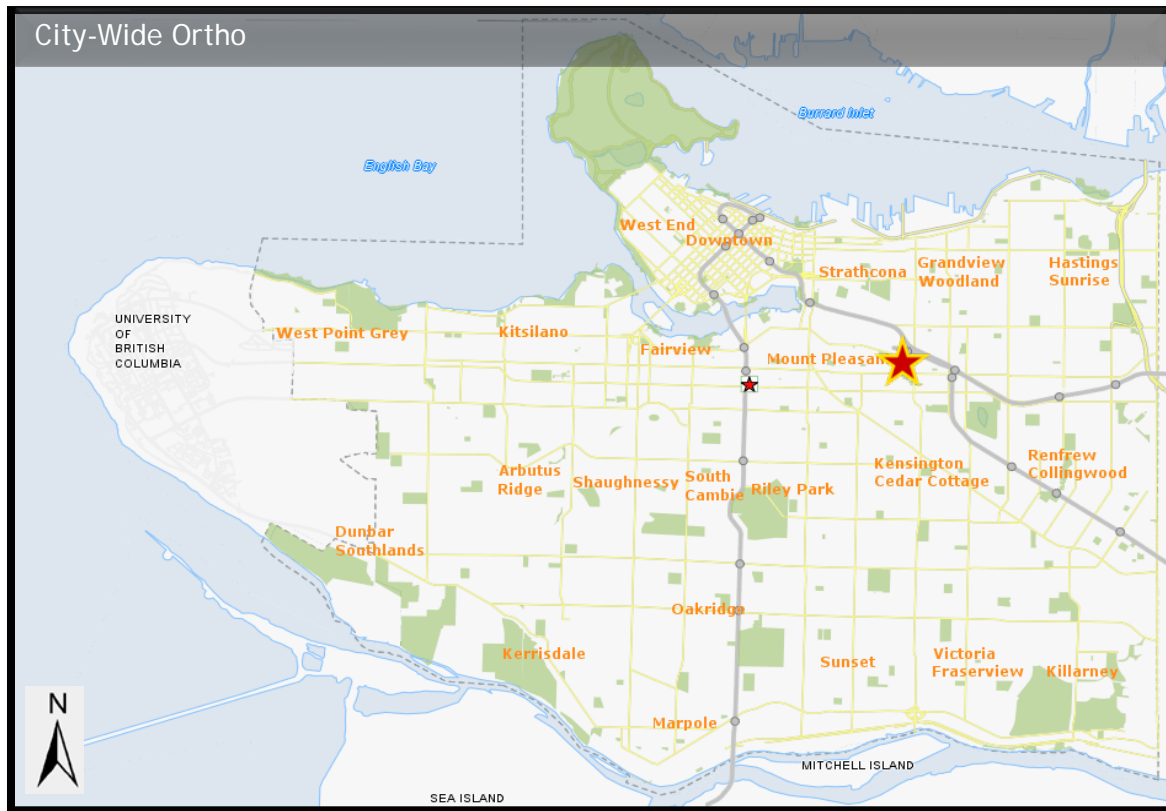
In 2015, the City commissioned Phase 1 and 2 environmental site assessments to confirm the presence/absence of contamination associated with historic industrial activities on the Subject Property and neighbouring properties. No contamination was identified; however, due to the Subject Property's history, a BC Ministry of Environment instrument would be required for site development. The Offeror has agreed to purchase the Subject Property on an "as is, where is" basis and any required remediation of the Subject Property would be the responsibility of the Offeror at its cost

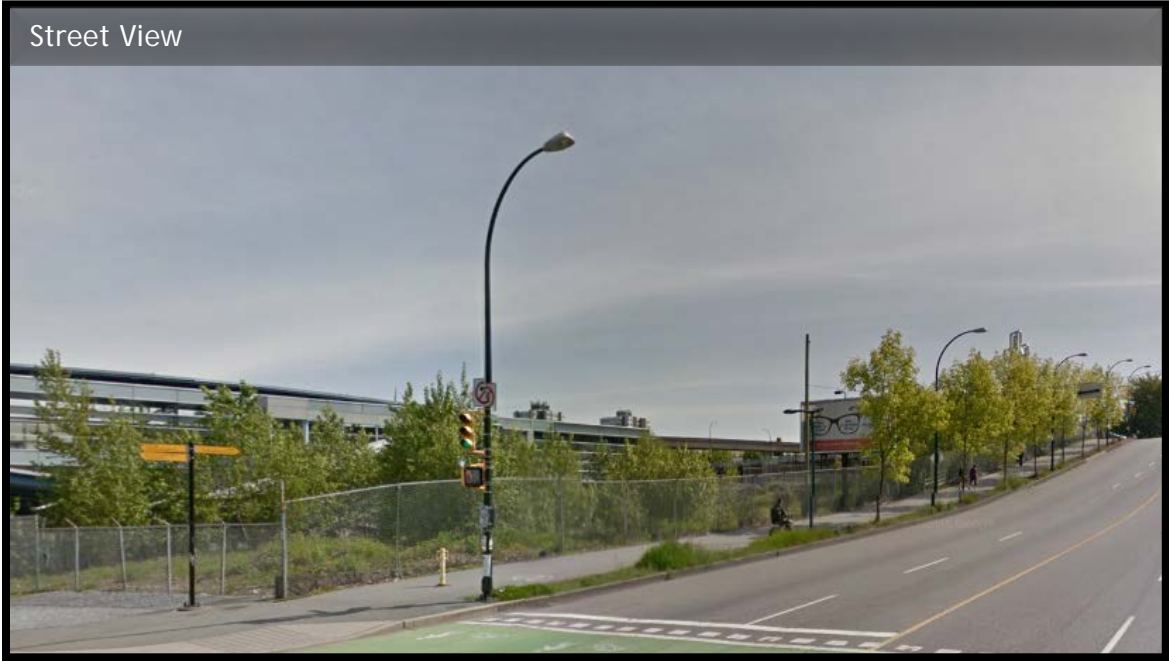
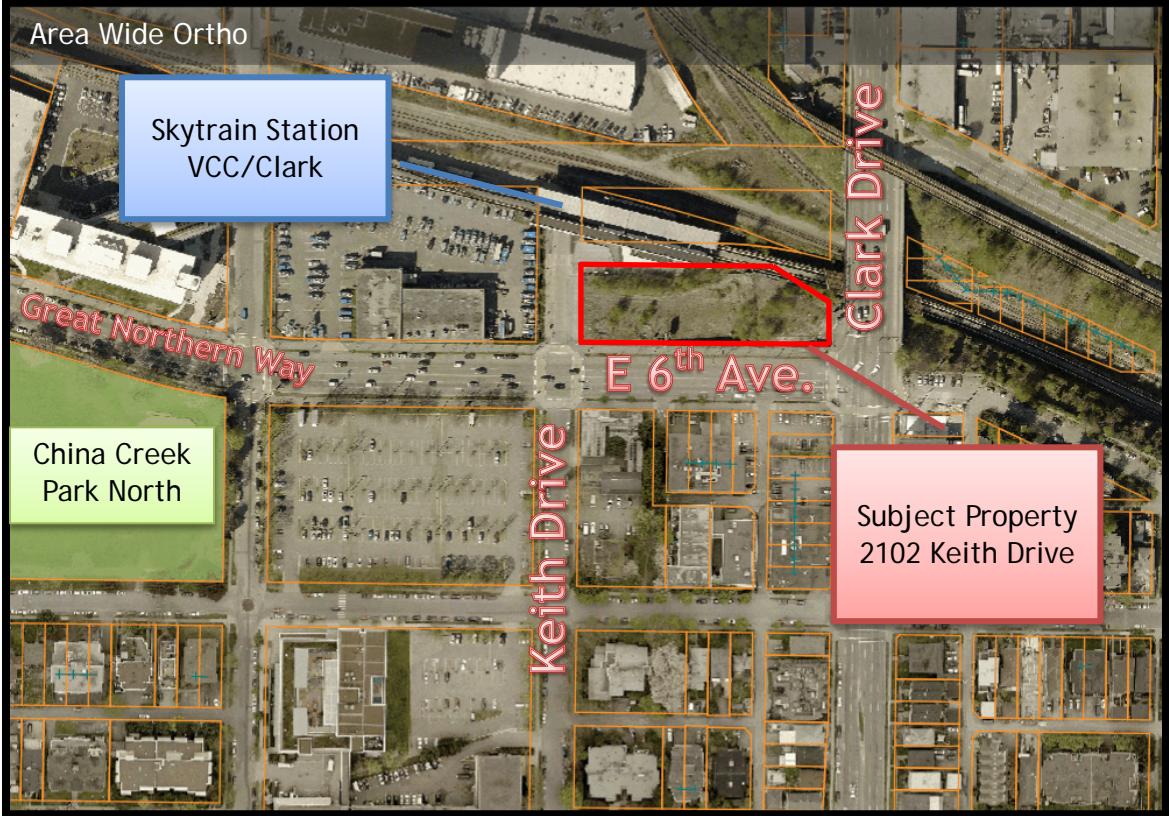
CONCLUSION

The Director of Real Estate Services confirms the purchase price reflects fair market value and recommends that Council authorize the proposed Sale Contract.

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Subject Property







June 7, 2016

TO: THE CITY OF VANCOUVER
Attention: Bill Aujla
Vancouver BC V5Z 0B4

Dear Mr. Aujla,

For the upcoming City Council meeting, we have put together the following very brief history:

- 1967 - Opened Golden Lotus, Canada's first vegetarian restaurant
- 1971 - Opened LifeStream, Canada's first natural food supermarket at 4th & Burrard St, Vancouver.
- 1985-present: Nature's Path Foods begins from the back of our restaurant
- 1989-90: Nature's Path builds North America's first organic breakfast cereal factory in Delta, BC.
- 2011: Que Pasa, organic tortilla chips & salsa company joins Nature's Path
- 700 Valued Team Members, 100% Canadian, independent, family-owned
- Three state-of-the-art manufacturing facilities (one in Delta BC, two in USA)
- 6,600 acres of organic farmland in Saskatchewan and Montana.
- Exports NP organic cereals to 50 countries.
- Nature's Path is family legacy company; no part is for sale.
- **Philanthropy:** VGH \$1mm, Children's hospital \$1mm, Vancouver Food bank, Gardens For Good, UBC Farm \$2mm. David Suzuki Foundation, and other charities.
- **Recognitions:** Top Ten and Top 100 GREEN Employers, BC & Canada. "Top Ten Best Companies in Canada to Work For" (F. Post)

Keith Drive will be an excellent home for a projected 300+ quality, well-paid jobs. We hope you see Nature's Path as a strong fit to create sustainable jobs and further root Vancouver's global position as a green city. We are pleased to answer any further questions you may have.

Yours sincerely,

Arran & Ratana Stephens
Gardenkeeper, Co-CEOs and Co-Founders

VISION: ALWAYS LEAVE THE SOIL BETTER THAN YOU FOUND IT.
MISSION: TO BE A TRUSTED NAME FOR QUALITY ORGANIC FOODS IN EVERY HOME; SOCIALLY RESPONSIBLE, ENVIRONMENTALLY RESPONSIBLE AND FINANCIALLY RESPONSIBLE.