



ADMINISTRATIVE REPORT

Report Date: May 30, 2017
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VanRIMS No.: 08-2000-20
Meeting Date: July 26, 2017

TO: Standing Committee on Policy and Strategic Priorities

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

SUBJECT: New Leases for Boys and Girls Clubs, 395 East 6th Avenue and 2875 St. George Street

RECOMMENDATION

THAT Council authorize the Director of Real Estate Services to negotiate and execute two separate leases (the "Leases") with the Boys and Girls Clubs of South Coast BC (the "Society"), a non-profit organization, at a nominal rent for two City-owned properties (together the "Properties"):

- 1) the Kivan Club, situated at 2875 St. George Street and legally described as:

PID: 013-378-236
Lot G Block 129 District Lot 264A Plan 2797;

PID 013-378-244
Lot 2 (Reference Plan 1415) Of Lot E Block 129 District Lot 264A Plan 2797;

PID: 015-064-557
Lot A (Reference Plan 847) of Lot 7 Block 132 District Lot 264A
Plans 923 and 1771;

PID: 015-064-565
Lot B (Reference Plan 1617) of Lot 7 Block 132 District Lot 264A
Plans 923 and 1771;

PID: 015-064-573
Lot 7, Except Portions in Reference Plans 847 and 1617, Block 132 District Lot 264A Plans 923 and 1771; and

2) the Kimount Club, situated at 395 East 6th Avenue and legally described as:

PID: 011-126-191

Lot E Block 27 District Lot 200A Plan 5540;

PID: 011-126-213

Lot F Block 27 District Lot 200A Plan 5540; and

on the following terms and conditions:

Term: Ten (10) years, commencing August 1, 2017, with one option to renew for an additional ten (10) years to a total term of twenty (20) years.

Early Termination: In case of redevelopment opportunities for the Properties, both Leases are to include a clause allowing either party to terminate for convenience by providing the other party with one hundred and twenty (120) days' written notice. Both parties to acknowledge that it is preferable not to select a termination date during the school year (September to June).

Rent: The Total Rent is to be ten dollars (\$10) each term for Kimount and ten dollars (\$10) each term for Kivan, payable at the beginning of each term and each renewal.

Use: The Properties are to be used for programming for youth, children and families, and for offices of the Society, meeting rooms, special events and mixed uses.

Service Level Agreement (SLA): The City will provide a medium level of facility maintenance support, which represents lifecycle replacement of main building systems.

Other Terms and Conditions: The Leases are to be based on the City's Precedent Lease For Non-Profit Entities, drawn to the satisfaction of the Director of Real Estate Services, Director of Facilities Planning and Development and the Director of Social Policy and Projects, it being noted that no legal right or obligation is created and none shall arise until the Leases are fully executed by both parties.

As the rent for the Properties will be below the applicable market rate and includes rent-in-lieu of property taxes, the recommendation constitutes a grant valued at approximately \$1,840,000 for Kimount and \$4,900,000 for Kivan for each of the initial ten year terms and requires the affirmative vote of two-thirds of all Council members, per *Vancouver Charter S. 206(1)*.

REPORT SUMMARY

This report recommends key terms for leases for two City-owned properties at 395 East 6th Avenue and 2875 St. George Street, as shown on the maps attached as Appendix A. The Boys and Girls Clubs have operated programs for children and youth and their families in Mount Pleasant since 1936. The Society's programs at the Properties meet key objectives of the City's policies on children and youth in Mount Pleasant, one of the fastest-growing and most diverse neighbourhoods in Vancouver.

The City has provided nominal rent leases for the Properties to support the effective, high-quality, affordable, and accessible programming offered by the Society. This report recommends building upon this longstanding partnership by continuing to provide nominal rent leases for the Properties for up to twenty year terms, as described in this report.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On October 29, 2014, Council endorsed the Healthy City Strategy (RTS 10493). The “Guiding Principles and Assumptions” of the Strategy relevant to the Society include: a broad and holistic understanding of health and well-being; fulfilment of fundamental rights and freedom; health and well-being are everyone’s business; the need for social innovation; enabling collective impact; for all not just for some; prevention and upstream-oriented; and investment and action focused on what matters, based on evidence. Of special importance to the Society is the goal of a “good start” for children and youth from birth to twenty-four years of age.

City of Vancouver Standing Authority allows the General Manager of Real Estate and Facilities Management or the Director of Finance to approve the material terms of leases or management agreements where the total rental value is less than \$750,000 for terms (including renewal options) of no more than ten years. Leases of longer terms or of higher value such as those recommended in this report require Council approval.

Furthermore, a grant or subsidy to a non-profit organization requires an affirmative vote of two-thirds of all Council members, per *Vancouver Charter* S. 206(1).

CITY MANAGER’S/GENERAL MANAGER’S COMMENTS

This report recommends granting two separate nominal rent leases on terms described in this report, to the Society, a provider of critical programs for, and an advocate on behalf of, children, youth and their families in Mount Pleasant. The report details how the Society’s ongoing drop-in after school clubs, youth programs and counselling services advance the goals of the City’s Healthy City Strategy. The recommended level of support for the building capital maintenance provided by Facilities Management will buttress the Society’s capacity to program in much-needed areas such as academic enhancement for all students and evening programming for youth. The Society’s uniquely empowering and financially sustainable programming model and advocacy work are vital parts of keeping Mount Pleasant livable, and are particularly appropriate for addressing challenges faced by children, youth and families residing in Mount Pleasant.

REPORT

Background/Context

The Boys and Girls Clubs: The Boys and Girls Clubs movement started in the United States and Britain in the 1860s and in Canada around 1900. In Vancouver, what was then the Boys Club began services in an old fire hall on East 12th Avenue in 1936. This facility, which had been acquired and remodelled by the Vancouver Downtown Kiwanis Club, became the first Kivan Club. In 1938, the Boys Club became a separate society. In 1941, the Kimount Club was built on City property at 395 East 6th Avenue. In 1979 the current Kivan Club was constructed on City property at 2875 St. George. Both buildings are owned by the City.

The Society currently offers three main types of programs:

1. supervised drop-in after school programs that provide safe access for all children and youth regardless of ability to pay. Drop-in programs include sports activities, access to computers, assistance with homework, and a nutritious snack;
2. counselling programs including early childhood resources, substance abuse counselling, youth and family counselling, and parenting support); and
3. a summer camp in Howe Sound.

The programs are kept extremely affordable. The annual membership fee for 6 -12 year olds (87% of clientele) is \$100 per year, and \$1 per year for 13-18 year olds (13% of clientele). The Society emphasizes on its website that no one will be turned away because of inability to pay these modest fees. Counselling programs are free. The Clubs are particularly busy on weekdays after school.

The Properties: The Kimount Club property at 395 East 6th Avenue is located on the northwest corner of East 6th Avenue and Prince Edward Street. The site comprises approximately 6,701 square feet, and the Club facility is approximately 6,000 square feet in size. The Kivan Club property at 2875 St. George Street at East 13th Avenue, is approximately 17,693square feet in size and includes a 7,000 square foot building. Both buildings were built on City property expressly for the Boys and Girls Clubs' programs. The Properties are currently used for drop-in recreation programs including art classes and social activities, sports, computer access and training, preparation of nutritious snacks, counselling, and offices for Clubs staff and the Society.

The Society has done an excellent job in upkeep of these two buildings. However they are nearing the end of life within the next 10-20 years. The City is currently in discussions with the Boys and Girls Clubs about possible redevelopment options related to Kimount's site, including possible relocation of the Kimount Club. Redevelopment of the Kivan site is likely in the medium to long term, especially given its adjacency to the fast-growing Kingsway corridor. A robust escape clause in both proposed leases is recommended to ensure the City and the Boys and Girls Clubs are able to take full advantage of future development opportunities.

The most recent leases on both buildings expired on December 31, 2009. The Society has been overholding their leases on a month-by-month basis since then. The Society is seeking more stable tenure. The Boys and Girls Clubs have operated, maintained and repaired the Properties as a condition of the overheld leases, as a prudent owner would.

Strategic Analysis

The Boys and Girls Clubs provide important services to inner city children, youth and families that align with City policies

The Society's programs fit well with the City's Children's Policy, which emphasizes the importance of safe, secure and supportive environments for children families, the Civic Youth Strategy, which emphasizes the importance of places for youth in the community and of community advocates on behalf of youth, and the Healthy City Strategy, which emphasizes the importance of innovative, holistic, culturally-sensitive and community-based determinants of health.

For example, the Boys and Girls Clubs highlight the following key values:

- Belonging (welcoming everyone in a safe, accepting environment based on belonging and positive relationships).
- Respect (ensuring that everyone - children, youth, families, volunteers, staff - is heard, respected, valued and treated fairly).
- Encouragement and Support (encouraging and supporting every child and youth in playing, learning and growing to achieve their dreams).
- Working Together (working together with young people, families, volunteers, our communities and government).
- Speaking Out (speaking out for children, youth and families so that we can make our world better).

Visits to the Clubs confirm that children and youth perceive them as “their” spaces: locally-based, accepting, supportive and fun. The voluntary drop-in nature of much programming entices children and youth into an integrative and supportive environment where they find peer and adult support, nutritious food, exercise, counselling services and enhanced learning techniques.

There are eight K - 7 schools and three secondary schools with roughly 3,700 students within walking distance of either the Kimount or the Kivan Clubs. Currently Kimount has close to 200 individual members and over 17,000 individual visits per year. Kivan’s membership is close to 125 and it supports over 12,500 visits a year.

Mount Pleasant is the fastest growing neighbourhood in Vancouver, growing by 24.8% between 2011 and 2016. The Boys and Girls Clubs serve high need populations who are driving much of the growth in Mount Pleasant: 15% of the Society’s clients are immigrants or refugees; 58% are people with low income; 65% are people whose first language is not English.

The Society demonstrates strong organizational and financial responsibility

Fees for Society programs are nominal to ensure wide access. As a consequence, earned revenue makes up less than 10% of total Society revenues. The Society is able to diversify funding streams and maintain financial health primarily through dedicated fundraising efforts by the Boys and Girls Foundation with the United Way and other community partners, which contribute about 75% of revenues. Beyond its nominal rent leases, the City also supports the Society through annual grants from Social Policy and Projects; in 2016 the Society received a City grant of \$64,627, which is under 5% of revenues. The rigorous review process through which grants are awarded will enable the City to confirm that the Boys and Girls Clubs maintain the public service objectives that will be detailed in the forthcoming Leases.

Proposed Buildings Service Level Agreements and Long Term Planning

The Boys and Girls Clubs have been very responsible and proactive in building maintenance and operation. They funded recent improvements of a roof replacement, kitchen and washroom upgrades, a new gym floor and exterior painting of a building.

As these two buildings have an expected life of 10-20 years, city staff has initiated discussions with the Boys and Girls Clubs related to the long term options of a replacement space, so that successful social programs provided by this organization can continue. The Boys and Girls Clubs' strategic plan has a vision of expanded social services, and staff is excited by the opportunity to build even stronger partnership with this organization for the benefit of the Vancouver community. Staff will report back to Council on potential replacement and growth options.

With the 10-20 years expected life of these buildings, staff is recommending that City manages outstanding capital maintenance items related to the lifecycle replacement of major building systems, on an as-needed basis to ensure safe and functional facilities. The estimated potential cost for both buildings, over the next 20 years is in a range of up to two million dollars (\$2M). Staff will seek Council approval for this capital maintenance funding as required, through our capital budget process.

Implications/Related Issues/Risk

Financial

The City of Vancouver owns the two properties at 395 East 6th Avenue and 2875 St. George Street.

The proposed Leases will each have a nominal rent of ten dollars (\$10) inclusive of property taxes, for the term, due at the beginning of each term, including the renewal term, for each lease.

The estimated potential cost for both buildings' capital maintenance over the next 20 years is in a range of up to two million dollars (\$2m). Staff will seek Council approval for this capital maintenance funding as required, through our capital budget process. If unexpected capital maintenance incidents arise before the completion of the budget process, sufficient funds are on hand to cover expenses.

Leases or management agreements that are provided at less than market rent are considered equivalent to a grant to the tenant and therefore requires an affirmative vote of two-thirds of all Council members, per *Vancouver Charter* S. 206(1). The estimated value of each of the Leases provided at nominal rent and excluding lifecycle replacements for the initial ten year term is approximately \$1,840,000 for Kimount and approximately \$4,900,000 for Kivan, respectively.

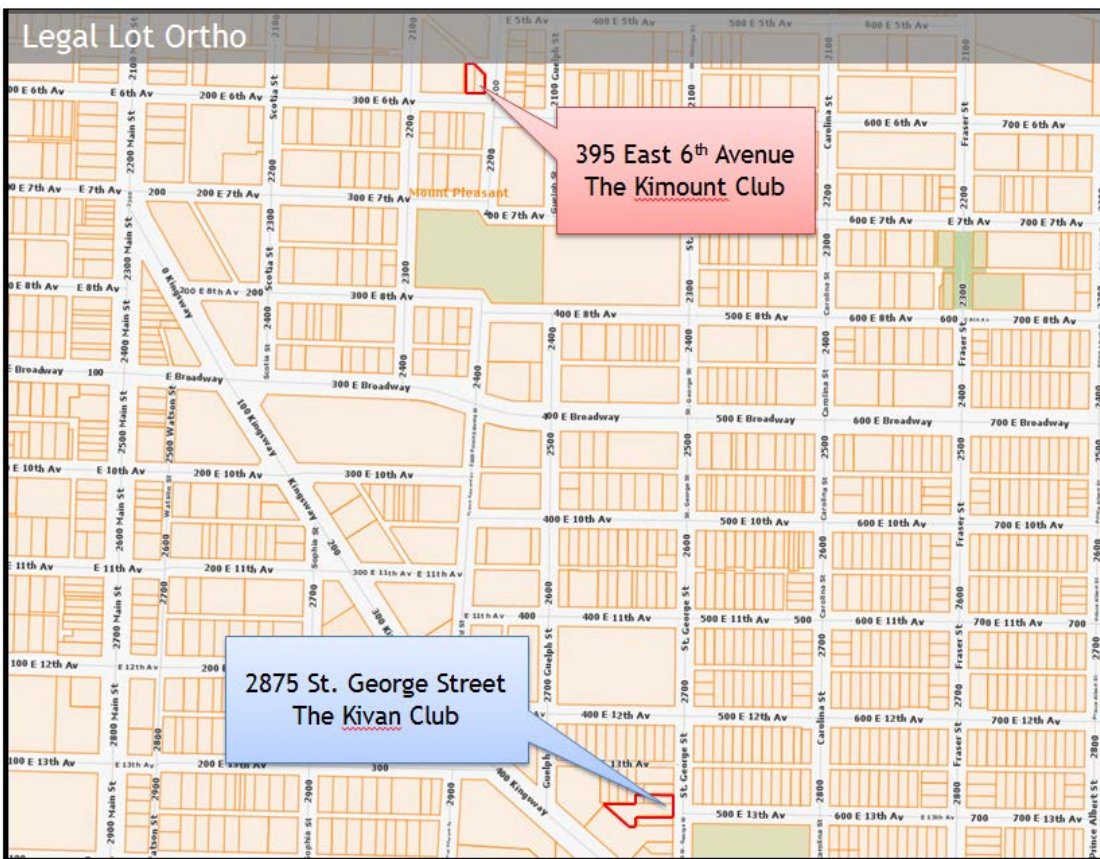
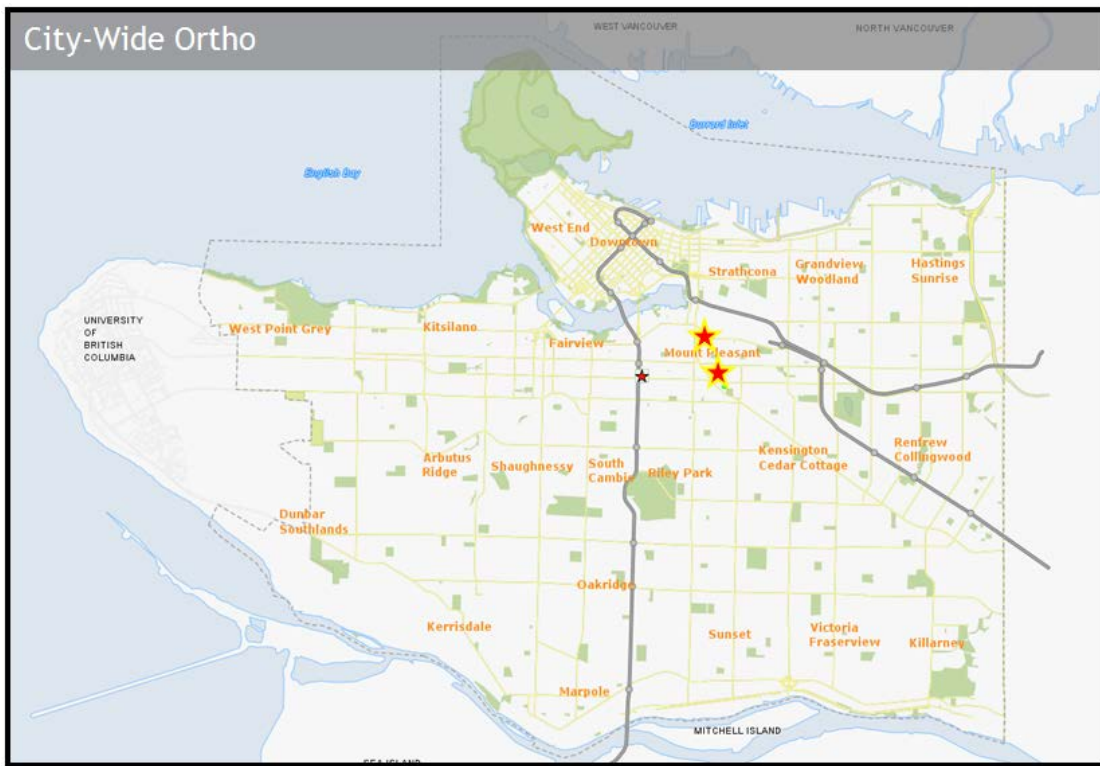
Legal

Working with Legal Services and Real Estate and Facilities Management, Social Policy and Projects will oversee the negotiation and preparation of the Leases, as well as ongoing management.

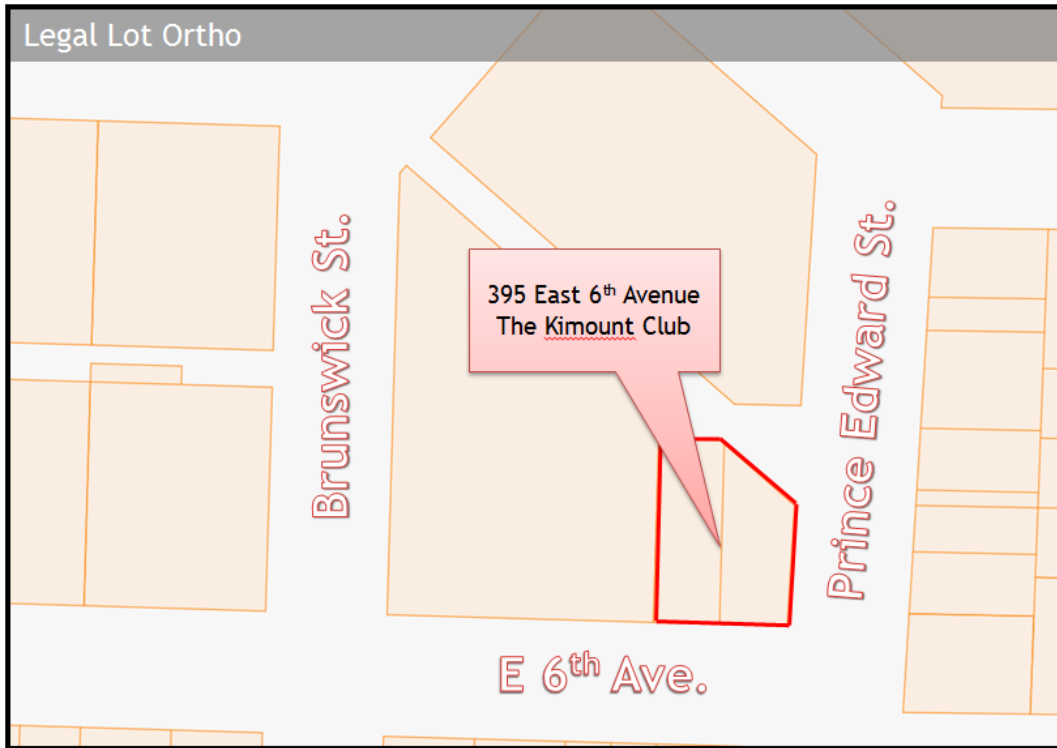
CONCLUSION

The Society's nominal rent tenures at 395 East 6th Avenue and 2875 St. George Street has proven the benefits for advancing key City policy objectives by ensuring that non-profit organizations are able to provide programs and services for the community. The proposed Lease terms will increase the City's level of support for both facilities to better enable the Boys and Girls Clubs to focus on providing accessible programs for children and youth in a high-needs community. The ten year terms (with one additional ten year renewal option) recommended in this report will give the Society certainty of tenure, expand their ability to provide critical programming in Mount Pleasant, and facilitate their long term success.

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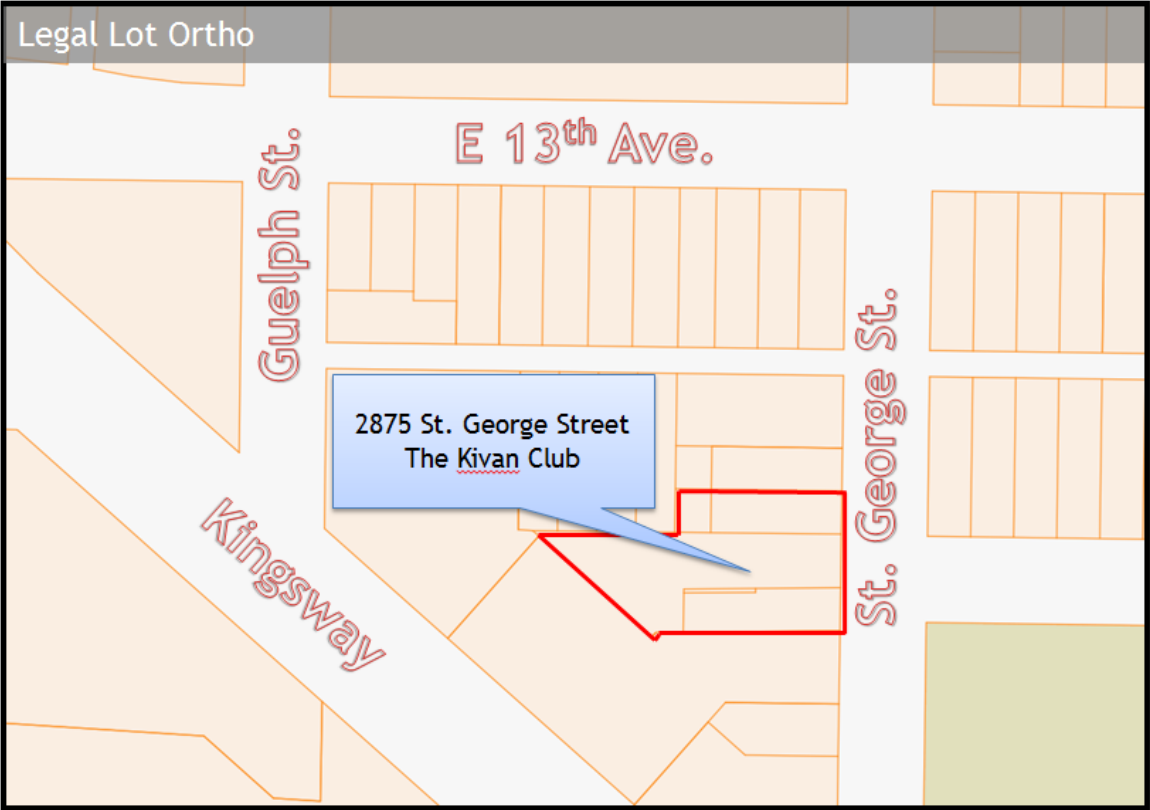


395 East 6th Avenue





2875 St. George Street



Street View

