



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: June 21, 2007
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Meeting Date: July 10, 2007

TO: Vancouver City Council

FROM: Managing Director of Cultural Services and Director of Social Planning

SUBJECT: Amenity Sublease - 639 Hornby Street

RECOMMENDATION

- A. THAT Council approve in principle a sub-lease of the social/cultural amenity space at 639 Hornby Street to the Bill Reid Foundation for the purposes of establishing the *Bill Reid Gallery of Northwest Coast Art at the Chief Dan George Centre*, subject to terms and conditions as outlined in this report and on such other terms satisfactory to the Managing Director of Cultural Services and the Directors of Legal Services, Facilities Design & Management and Real Estate Services.
- B. THAT no rights or obligations hereby arise or take effect pursuant to any terms hereby approved by Council until the lease is signed by both the Foundation and the City.
- C. THAT the Director of Legal Services be authorized to sign the lease referred to herein on behalf of the City.

CITY MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of A through C.

COUNCIL POLICY

Section 6 of the Official Development Plan for the Downtown District provides for amenity bonus spaces for public, social or recreational purposes provided that such facilities are preserved in the public domain, and operated by the City or its delegates.

As the sub-lease at a nominal rent is considered a grant, eight affirmative votes are required of Council.

SUMMARY

The amenity bonus space at 639 Hornby was leased to the City for 99 years in 1991. Originally designed for and sub-leased to the Canadian Craft Museum (CCM), in 2003, the space was relinquished by CCM and consequently sub-leased to Simon Fraser University for purposes of the Chief Dan George Centre for Advanced Education. On March 31, 2007, Simon Fraser University terminated this sub-lease, and on February 15, 2007 City Council authorized staff to undertake an RFP process to solicit a new sub-lease tenant.

On April 20, 2007 a call for Expressions of Interest was distributed to the cultural and social communities with a deadline for submissions of May 16, 2007. Although a number of possible proponents sought information on the amenity space, only one formal proposal was received (from the Bill Reid Foundation in collaboration with the Chief Dan George Centre and Bill Reid Centre for Northwest Coast Studies at SFU).

A staff evaluation committee reviewed the Proponent's Proposal against criteria established for the amenity space and recommends that the space be sub-leased to the Bill Reid Foundation for the purposes of establishing the *Bill Reid Gallery of Northwest Coast Art at the Chief Dan George Centre*. Recommended Lease Terms are attached in Appendix A.

PURPOSE

The purpose of this report is to seek Council approval to enter into a sub-lease of the 639 Hornby Street amenity space with the Bill Reid Foundation for the purposes of establishing the *Bill Reid Gallery of Northwest Coast Art at the Chief Dan George Centre*.

BACKGROUND

History and RFP Process

The amenity space at 639 Hornby Street is a purpose built gallery, 8,841sqft in size, comprised of approximately 4,500 square feet of open space on the main floor, several offices/smaller rooms on a mezzanine, and a basement containing workshop space and a climate-controlled storage vault. The space was built in 1991 and sub-leased to the Canadian Craft Museum who surrendered their sub-lease on January 1, 2003. Subsequently, it was sub-leased to Simon Fraser University for purposes of the Chief Dan George Centre for Advanced Education in 2003, which continued operations on-site until March 31, 2007.

At their February 15, 2007 meeting, Council authorized staff to undertake an RFP process to solicit a new long-term sub-tenant. An Expression of Interest (EOI) was determined to be the most suitable and efficient means for soliciting proposals from the social and cultural communities and was issued on April 20, with a deadline of May 16, 2007. Staff fielded multiple inquiries about the space; however, only one formal proposal was received. An evaluation committee comprising the Senior Cultural and Social Planners and the Non-Profit Capital Assets Liaison (acting on behalf of the Real Estate Services and Facilities Design & Management Departments), conducted a formal evaluation consisting of a review of the Proponent's application, subsequent discussions regarding the proposal and financial information, and an in-person meeting with the lead proponent and major partner. Consultation with the building owner was also undertaken as per the terms of the Head Lease and their consent received regarding the Bill Reid Foundation as sub-tenant. See Appendix B.

Evaluation Criteria

In keeping with Council's approved policy for amenity bonus spaces, evaluation criteria sought to determine the Proponent's ability to offer quality, affordable, cultural or social service with primary use of the space to provide community services and benefits accessible to the public. Additional key criteria included the Proponent's ability to cover the facility's operating costs (common area or "Allocable Operating Costs" as well as direct operating costs), tenant improvements as may be required by their occupancy, as well as the organization's own operating costs. Evaluation Criteria for 639 Hornby may be found in Appendix C.

DISCUSSION

Vision for 639 Hornby

The Bill Reid Foundation (BRF) vision for the facility encompasses a range of presentations, programs and activities with the Foundation as the lead tenant, and Chief Dan George Centre (CDG) and SFU Bill Reid Centre for Northwest Coast Art Studies (SFU) as partners and sub-sub-tenants. "The focal point for the facility [will be] the Bill Reid Gallery of Northwest Coast Art, a public gallery that will feature the Bill Reid Foundation's internationally significant collection of Bill Reid's art, and the work of other artists of the Northwest Coast.... 639 Hornby Street will also host the Bill Reid Centre for Northwest Coast Art Studies at SFU and the Chief Dan George Centre for Advanced Studies.... [It shall be known] as the *Bill Reid Gallery of Northwest Coast Art at the Chief Dan George Centre.*"

The collaboration between the BRF and the CDG Centre is an important one. Staff have met with the two organizations to confirm that they are both supportive and committed to the vision and collaborative operations.

Hours of operation for the facility will be 40+ per week with some evening and weekend access. An admission fee will be charged; however, free admission will be available for selected hours per week.

A copy of the BRF Proposal is on file with the City Clerk's office.

Bill Reid Foundation

The BRF will take the lead in programming the gallery space and offering exhibitions both temporary and semi-permanent. Included in the proposal is a children's area. Programming activities by the Foundation will include school and family programming, training and employment for Aboriginal curators, staff and docents.

Chief Dan George Centre

The CDG seeks "...to meet the needs of Aboriginal communities [and to create] an educational resource, with educational programming by, for and about Aboriginal people, as well as post-secondary educational programming for Aboriginal and non-Aboriginal people." They are also seeking to "...accommodate the needs of urban Aboriginals irrespective of age to meet in a sacred space that will encourage dialogue and interaction..." Activities will include live cultural programming, workshops, seminars, Aboriginal-e (an on-line learning environment for K-12), non-certified courses, technical and industry skills development.

A memorandum of agreement has been signed by the BRF and the CDG and is included in the Proposal documents on-file with the City Clerks office. A letter of support from CDG is attached in Appendix D.

SFU Bill Reid Centre for Northwest Coast Art Studies

SFU has expressed their intent to collaborate with the BRF in providing post-secondary academic programs where students will have the ability to engage with the BRF collections, archive and library. A letter of support from SFU is attached in Appendix D.

Additional Activities

The BRF Proposal highlights a number of additional activities for 639 Hornby including development of a cultural tourism "portal" to inform and educate visitors about Aboriginal and other cultural destinations throughout Vancouver and BC. Gallery rentals of space and meeting rooms to the general public and at a discounted rate to the local community and non-profit groups, and a small retail space that will enhance gallery activities and provide an earned revenue stream to the Foundation.

Organizational and Financial Attributes

Staff note that the Bill Reid Foundation is a registered non-profit organization with established organizational, leadership and financial capacities to undertake projects of some significance. Both CDG and SFU have indicated financial support to the facility and operations for an initial period of five years (\$125,000 pa. from SFU and \$22,000 pa. from CDG). Additionally, the Foundation has received pledges for annual contributions of \$65,000 pa. for five years to assist with the building facility costs and a commitment of \$1,250,000 towards capital and operating costs (over five years). These commitments are in addition to their ongoing fundraising and sponsorship campaigns which in the past have been project based and not reflective of the challenges associated with operating a cultural facility.

In taking on the sub-lease of 639 Hornby Street, the BRF is undertaking an aggressive campaign of revenue generation from earned, contributed, foundation and government sources.

Terms and Conditions of the Sub-Lease to the Bill Reid Foundation

In recommending the sub-lease of 639 Hornby to the Bill Reid Foundation, staff recommend the following terms and conditions:

That the sub-lease be for an initial term of five years, renewable for two additional terms of 10 years each, on proof, to the satisfaction of the Managing Director of Cultural Services, of ongoing financial viability;

That the sub-lease permits an additional sub-sub-lease of selected spaces to the Chief Dan George Centre and Simon Fraser University for similar periods of tenure, noting the provision within the recommended sub-lease with the BRF will specify that "there shall be no right to assign, sublet, grant mortgages or license the amenity space without the consent of the City as the head tenant and the owner as the landlord;" and

That the sub-lease with the BRF will be CONDITIONAL on:

- Confirmation to the satisfaction of the Managing Director of Cultural Services of a balanced and sustainable operating budget with confirmation of government funding revenues;
- Confirmation to the satisfaction of the Director of Facilities Design and Management and the Managing Director of Cultural Services of a balanced capital budget with confirmation of priorities including an emphasis on public access;
- Confirmation of a sub-sub-lease or memorandum of agreement between the BRF and CDG for a term similar to the sub-lease agreement (less a day);
- Confirmation of a sub-sub-lease or memorandum of agreement between the BRF and SFU for a term similar to the sub-lease agreement (less a day);
- Written approval of the sub-lease and sub-sub-leases from the City's head-landlord as required under the City head lease; and
- Terms and conditions as generally set out in the 639 Lease Terms (Appendix A).

FINANCIAL IMPLICATIONS

As the Head Tenant, the City is responsible for all financial obligations contained in the Head Lease, which include Allocable Operating Costs and Facility Operating Costs currently estimated at \$120,000 per annum and subject to annual adjustment. These costs will be covered by the approved sub-tenant.

SOCIAL IMPLICATIONS

The purpose of securing amenity spaces open to the general public in the downtown district is to increase the level of activity and public participation in the area. Active public spaces provide eyes on the street and increase safety and security. This type of amenity builds social capital by acting as a conduit that helps people link to each other and civic institutions.

The amenity presents opportunities for the arts and culture community and urban Aboriginal people to connect and build knowledge and capacity while enhancing positive cross cultural relations. Members of Vancouver's Aboriginal communities have also stated the importance of having high quality space in the downtown core for showcasing Aboriginal, First Nations and Métis talent.

CONCLUSION

The sub-lease of 639 Hornby to the Bill Reid Foundation for the purposes of establishing the *Bill Reid Gallery of Northwest Coast Art at the Chief Dan George Centre* will provide for a dynamic and collaborative use of the amenity space with exhibitions, programs and services available and accessible to citizens and visitors.

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639 HORNBY LEASE TERMS

Term:

- Five years with an option to renew for two further ten-year terms pending demonstration of ongoing financial viability and diversified revenue sources.
- Termination upon completion of the lease or its renewal, or as the result of a material breach of contract.

Expenses:

The following expenses shall be the full and complete responsibility of the Subtenant.

- **Rent:** Nominal rent of \$1 per annum.
- **Common Area and Direct Facility Expenses:** All costs, charges, rates and levies relating to Allocable Common Area and Direct Facility Expenses as defined in the Head Lease including but not limited to: utilities, janitorial, security, landscaping, management, operation, maintenance and insurance.
- **Capital Expenses:** Any and all expenses related to finishing, fixturing and furnishing of the leased premises including but not limited to tenant improvements, interior alterations, furnishings and equipment.
- **Operating Expenses:** All expenses and obligations related to (a) the development, delivery and administration of the non-profit program and services, and (b) the operation of the leased premises including without limitation operation, repair and maintenance of HVAC and lighting systems.
- **Insurance:** The Subtenant shall be responsible for insuring all equipment, fixtures and furniture and shall be required to maintain Comprehensive General Liability Insurance of at least five million dollars (\$5,000,000) as well as All-Risk Broad Form Tenant's Legal Liability Insurance.

Alterations/Improvements:

- In signing the sublease agreement the subtenant accepts the leased premises in "as is" condition with no assumption of City contributions for operating and/or capital support;
- Alterations or improvements to the leased premises may occur only with the City's prior written approval. Concurrence from the Head Landlord may also be required and shall be sought through the City's representative or liaison.
- The subtenant shall comply with maintenance standards as may be set out by the City's Facilities Design and Management Department.

Third Party Use:

- There shall be no right to assign, sublet, grant mortgages or license the leased premises without the consent of City as the head tenant and the owner as landlord.

Civic/Government Processes, Policies and Bylaws:

The Subtenant shall comply with all Federal, Provincial and City of Vancouver processes, policies and bylaws as may be set from time to time including but not limited to:

- **Naming Rights:** There shall be no right to name the leased premises (including any portion of the premises) or the building in which the leased premises is situated

without the City's prior written approval or approval as in accordance with relevant City policies.

- **Signage Bylaw:** the Subtenant shall adhere to the City's Sign Bylaw.

Use of Space & Public Service Objectives:

- The Subtenant will operate the leased premises for the benefit of the citizens of Vancouver and shall provide a list of Public Service Objectives (to be approved by the City) to form part of the Sublease agreement.
- Use of the leased premises must be as set forth in the Sublease agreement. There shall be no variation on use without prior written approval by the City. The Subtenant shall provide a description of use, which shall include a breakdown of how much space is to be designated for public access, administration, storage, ancillary or other. The majority of space must be used for public access.
- The Sublease Agreement shall identify minimum hours of operation where by the leased premises shall be open and available for use by the general public.
- The Subtenant shall operate in a manner so as to not damage the leased premises and/or create any unreasonable noise or nuisance for surrounding common areas and other tenants.

Periodic Reviews:

- The City reserves the right to conduct annual or periodic reviews of the Subtenant's use of the leased premises including but not limited to the following:
 - Compliance with the terms and conditions of the sub-lease;
 - Fulfillment of the Public Service Objectives;
 - Type and range of services offered by the Subtenant;
 - Process for community involvement and collaborative activities;
 - Administrative capacity;
 - Financial accountability; and
 - Financial viability with evidence of sustained, diversified revenue sources.

Additional Operating Covenants:

- Additional terms and conditions as required by the Director of Legal Services in consultation with the Managing Director of Cultural Services and the Directors of Facilities Design & Management and Real Estate Services may form a part of the Sublease.

Shaw Tower at Cathedral Place

SHON GROUP REALTY

1118 Shaw Tower at Cathedral Place
925 Georgia Street West, Vancouver, B.C. V6C 3L2

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June 5, 2007

City of Vancouver
453 West 12th Avenue
Vancouver, BC V5Y 1V4

Attention: Jacqueline Gijssen, Senior Cultural Planner

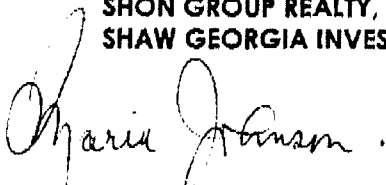
Dear Jacquie,

RE: AMENITY BUILDING – 639 HORNBY STREET, VANCOUVER, BC

Please be informed that the Landlord, Shaw Georgia Investments Ltd., hereby approves the Bill Reid Foundation as the new sub-tenant for 639 Hornby Street. The Landlord has also indicated that all lease payments continue to be remitted by the City of Vancouver rather than from the sub-tenant.

Please do not hesitate to call if you have any questions in this regard.

Sincerely,
**SHON GROUP REALTY, agent for
SHAW GEORGIA INVESTMENTS LTD.**



Maria Johnson
General Manager

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**639 Hornby Street
Amenity Evaluation Criteria**

- 1.0 Non profit Status (social/cultural with proof of status)
- 2.0 Primary Use - Public Access
 - Overall vision & community benefit
 - Compatibility of programs and services to location and design of amenity space
 - Public hours
 - Fee for service/commercial aspects
- 3.0 Organizational Strength/Leadership
 - List of Board of Directors
 - List of staff
 - history of programs and services
 - References (3 written references + contact info)
- 4.0 Partnerships
 - evidence of partnerships, MOU as applicable
- 5.0 Community support
 - description of support
 - Positive impact on amenity space
 - Inclusivity
- 6.0 Financial viability & capacity
 - Ability to cover facility costs
 - Ability to cover capital (specialized equipment, furnishing tenant improvement costs)
 - Ability to cover programmatic, operational and admin costs
 - Ability to cover insurance costs
 - Annual operating budget
 - Copy of audited or approved financial statement (last 5 years)
- 7.0 Space Requirements
 - Current location, Current space, Own or lease space, Current costs of space, CoV space? Y/N
 - New space requirements (describe types of spaces and sqft)



VICE PRESIDENT
UNIVERSITY RELATIONS

Warren Gill, PhD

June 8, 2007

2000-515 West Hastings Street
Vancouver BC V6B 5K3
Canada

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FAX: 604.291.5225

EMAIL: gill@sfu.ca

Jacqueline Gijssen
Senior Cultural Planner
City of Vancouver
312- 555 West 12th Avenue
Vancouver, BC

Dear Ms. Gijssen:

I am writing in regards to the Bill Reid Foundation's proposal for a Bill Reid Gallery of Northwest Coast Art at 639 Hornby Street.

As you know, Simon Fraser University was a previous tenant, with the Chief Dan George Centre, of the former Canadian Craft Museum building. We are excited by the prospect that the lease for this outstanding facility may be awarded to the Bill Reid Foundation. Should this be the case, it is the intent of Simon Fraser University to financially support the costs of operating the facility as a shared home for SFU's Bill Reid Centre of Northwest Coast Art Studies, the Bill Reid Gallery of Northwest Coast Art and the Chief Dan George Centre *for Advanced Studies*.

This would allow the SFU Bill Reid Centre of Northwest Coast Art Studies to carry forward its educational commitments, develop a library of Coast Salish mythology, art and culture, and share with its students the profound benefits of working with a significant international art collection.

To this end, Simon Fraser University will contribute \$125,000 annually toward operating expenses for the first five years of the lease (2007-2012). This contribution will be finalized in a Memorandum of Agreement once the City awards the sublease to the Bill Reid Foundation. Simon Fraser University may contribute funds above this amount or work together with the Bill Reid Foundation to jointly raise additional funds, pending further discussion.

I understand that the City has requested a letter of commitment from Simon Fraser University and that you intend to list this as a condition of the issuing of the sublease should the staff recommend the sublease be awarded to the Bill Reid Foundation. Please take this letter as fulfilling this obligation on behalf of SFU.

Sincerely,

Warren Gill

- c Dr. Michael Stevenson, President & Vice-Chancellor
- Dr. John Waterhouse, Vice President, Academic & Provost
- Dr. John Pierce, Dean, Faculty of Arts & Social Sciences
- Mr. David Gillanders, Chair, Bill Reid Foundation



The Chief Dan George Centre

For Advanced Education
c/o 202 - 4416 West 10th Avenue
Vancouver, BC V6R 2H9
Phone: (604) 961-4708

Jacqueline Gijssen
Senior Cultural Planner
Office of Cultural Affairs
City of Vancouver
Vancouver, B.C.

June 4, 2007

Dear Ms. Gijssen:

Re: Non-Profit/Cultural Uses for the Amenity Space
Cathedral Place, 639 Hornby Street

This letter is to confirm that rent for the Chief Dan George Centre *for Advanced Studies* pro-rated based on square footage in the amount of approximately \$22,000 per year will be paid monthly.

Sincerely,

Chief Leonard George,
President and Founder

Huy chexw!