



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: July 17, 2007  
Author: Nathan Edelson  
Phone No.: 604.873.7444  
RTS No.: 000  
VanRIMS No.: 02-3000-13  
Meeting Date: July 24, 2007

TO: Vancouver City Council

FROM: General Manager Community and Corporate Services in consultation with the Directors of Planning, Real Estate Services, Risk and Emergency Management, Legal Services and Facilities Design and Management

SUBJECT: Lease and Maintenance of City Owned Capital Assets at 390 Main Street

#### RECOMMENDATION

- A. *THAT the City lease those lands and premises at 390 Main Street, legally described as Amended Lot 10, Block 10, District Lot 196, Plan 184 to the Aboriginal Community Career Employment Society (ACCESS) on the terms set out in Appendix A attached hereto.*
- B. *THAT the current year's costs to cover the City's maintenance and insurance obligations relating to this lease be funded from within the existing 2007's operating budget of Building Services, and that funding of \$55,000 be added to Building Services' 2008 Operating Budget, without offset to cover the City's maintenance and insurance obligations relating to this lease.*
- C. *THAT no legal relations are hereby created and none shall arise until the indenture of lease, drawn to the satisfaction of the Director of Legal Services is executed by her on behalf of the City.*

The terms of the lease will involve a grant to ACCESS and therefore require eight affirmative votes.

## GENERAL MANAGER'S COMMENTS

The General Managers of Community and Corporate Services recommend approval of A, B, and C.

## COUNCIL POLICY

In June 1993, Council directed that City-owned properties occupied by non-profit organizations be held as assets in the Capital Fund and be charged a nominal rental rate. The lease/sublease/license of City assets below market value constitutes a grant and requires eight affirmative votes.

In July 1998, Council confirmed principles to provide general guidance for Downtown Eastside actions and planning, which include encouraging legitimate commercial activity. On March 9, 2000, the City entered into the Vancouver Agreement to work with the senior governments to achieve these objectives.

In July 2003, Council approved the inclusion of all City-owned buildings occupied by social service, community or cultural tenants as Capital Assets in the City's structural and Physical Plant Upgrading Program in future Capital Plans.

In November 2004, Council authorized the allocation of funds for property insurance and annual inspections for 390 Main Street and added the property to the City's Structural and Physical Plant Upgrading Programs so that it can be considered for repairs as funds are available.

## PURPOSE and SUMMARY

This report seeks Council's direction for staff to negotiate a head lease agreement with the Aboriginal Community Career Employment Society (ACCESS) to occupy the City-owned property at 390 Main Street. ACCESS currently operates Aboriginal Connections to Employment (ACE) on the main floor and proposes to operate BladeRunners and other services in the building. In addition it will negotiate a sublease with Tradeworks Training Society so that Pathways to Employment can remain in the building.

These lease agreements would clarify building operations by setting out maintenance and operational responsibilities and provide the tenants with stable and secure office space out of which to operate their programming which collectively support the Vancouver Agreement's Economic Revitalization Plan and Employment Strategy in the Downtown Eastside (DTES).

## BACKGROUND

The building at 390 Main Street is a significant physical landmark located on the northeast corner of Main and Hastings in the DTES. The building was purchased and renovated by the Province to accommodate the Four Corners Community Savings Bank which began operation in 1996.

The Province terminated the Four Corners Bank in the spring of 2004 at a time when the Portland Hotel Society and VanCity Credit Union were able to initiate Pigeon Park Savings at 92 East Hastings to ensure the continuation of basic financial services for low income residents. While the Bank closed, ACCESS and Tradeworks have continued to offer employment and community economic development services at 390 Main Street.

The following summary outlines key activities in the recent history of 390 Main Street:

- December 2002 - The City purchased 390 Main Street from the Province. This was done in part to help ensure the continuation of affordable banking services for low-income residents and in part to create a Centre for Business and Community Economic Development.
- Spring 2003 - The main floor and a portion of the basement were renovated. Funds were provided by Western Economic Diversification Canada, to re-arrange the bank layout and to provide three new offices, a shared computer training classroom space, a staff lunch room for all tenants, a relocated public washroom and a new communication closet. The foyer space on the main floor was also separated and secured by the installation of a new security gate so that the space could be made available to community groups for meetings or events in the evening and on weekends when the other services are closed.
- November 2004 - Council directed staff to prepare a lease with the non-profit society being developed by the Vancouver Agreement as the primary implementation agent for its Economic Revitalization Plan. This non-profit was incorporated in October 2005 as Building Opportunity with Business Inner City Society (BOB). The intent was for BOB to be responsible for the entire building and to enter into sub-leases with the other tenants.
- November 2004 - Council approved \$200,000 towards a total capital improvements budget of \$630,000 for additional capital improvements, primarily to provide office and meeting space in the basement. In February 2005, Western Diversification provided \$150,000 for furnishing and office equipment.
- March 2005 - The construction contract for additional improvements was awarded to provide additional offices, meeting and classroom spaces in the building.
- September 2005 - BOB moved into 390 Main Street; renovations were completed by December 2005. During this period the building had to be closed several times to address issues with the air circulation system.
- January 2006 - The City prepared a head lease for BOB. Under the terms of the lease, BOB was to be responsible for completing subleases with other tenants engaged in economic revitalization activities in the DTES, and the cost of regular maintenance, security, utilities, and janitorial services associated with the building.
- June 2006 - The BOB Board decided not to enter into a head lease agreement with the City. The organization cites the risks associated with assuming the financial responsibilities of other non-profit agencies over which they have no formal control (i.e., BOB would have been required to assume additional operating costs should one of the sub-lease tenants leave the building) and higher than anticipated building operating costs (due primarily to the building's high ceilings and the costs of maintaining common spaces) which makes the lease cost comparable to leasing privately.
- March 2007 - Staff agreed to prepare separate leases with BOB, ACCESS and Tradeworks for their portions of the building. During this period BOB announced that it would likely relocate to another nearby site.

- July 2007 - BOB moved nearby to 325 Main Street, an office owned by Infinity Productions.

## DISCUSSION

### Existing Tenants

Since the Board of Building Opportunities with Business made its decision to relocate, staff have reviewed a number of alternatives for the future of 390 Main Street and have concluded that it would be best for the building to remain as a focus for employment services. This is in part because the building is well known to local residents and has a history of providing needed services with the following organizations currently sharing the main floor:

- **Pathways to Employment** - Pathways to Employment is a program of Tradeworks Training Society that provides residents with information regarding employment, training, business development opportunities, as well as community and government services. The program is funded by Human Resources Development Canada.
- **Aboriginal Connections to Employment** - ACE is a program of The Aboriginal Community Career Employment Service Society (ACCESS). It is funded by the Ministry of Community Services to provide employment training, counselling, job search, support services, and workshops for the DTES Aboriginal community.

### Proposed Head Lease - Aboriginal Community Career Employment Society

The Aboriginal Community Career Employment Society has expressed interest in taking the head lease for the entire building. ACCESS is an Aboriginal Human Resources Development Agreement (AHRDA) holder that is sponsored by Service Canada to provide employment and training services to urban Aboriginal people in the GVRD.

ACCESS has two of its employment assistance services located in the Inner City, Aboriginal Connections to Employment (ACE) already located at the Four Corners building at Main and Hastings and the ACCESS Employment Centre at the Vancouver Aboriginal Friendship Centre. It would continue to provide Aboriginal Connections to Employment and sublease space to Tradeworks for Pathways to Employment. It would use the basement and other parts of the building for BladeRunners and other services.

The BladeRunners program was founded in 1994. It soon became supported by the provincial government and currently has expanded to 9 cities throughout BC (Vancouver, Victoria, Nanaimo, Duncan, Port Alberni, Ucluelet, Qualicum, Prince George and Courtenay.) BladeRunners' mandate is to provide training and on the job supports for aboriginal and other young people in construction trades.

BladeRunners is an important partner in the Vancouver Agreement Economic Revitalization Plan and Employment Strategy, the Urban Aboriginal Strategy and Inclusive Olympics. It currently has agreements to train and support workers on a number of City-related projects including Woodwards, the Olympic Village and other Olympic sites.

What makes BladeRunners unique is that job coaches are available to provide support to both the youth and the employers 24 hour/day. This support is available, for as long as is needed, sometimes even several years down the road. Job coaches do on-site monitoring weekly until the participants become ready and self-sufficient. Job coaches also provide after hours support to assist participants with any personal problems or crises in order to prevent problems from interfering with the job.

Participants become certified in health and safety for certificates such as WHIMS, Level 1 First Aid, WCB Awareness, Confined Space Awareness, Respirator Awareness, Ladders/Scaffold/Rigging Safety, and Fall Protection. Participants also receive tools and equipment (hard hats, gloves, steel-toed boots, rain gear etc.), bus tickets and hot meals.

### **Proposed Lease**

The City would create a head lease agreement with ACCESS for a nominal rent of \$1 per year for five years, with an option to renew for an additional five years. ACCESS would enter into a sublease with Tradeworks so that Pathways to Employment could continue to operate on the premises. The leases would include an option for the tenants to withdraw without penalty upon provision of six months prior notice of termination.

### **Operations and Maintenance Arrangements**

ACCESS will be responsible for the cost of regular maintenance, security, utilities, and janitorial services associated with the building. The sublease would indicate that Tradeworks and any other sub tenants would pay an equitable portion of these costs that are associated with the operation and maintenance of its portion of the building. The calculation of any common area costs would be based on the proportion of space the sub tenant has for its exclusive use.

It is anticipated that day-to-day building services such as janitorial and security will continue to be provided through a contract between ACCESS and ATIRA Property Management Inc., a socially responsible property management company which supports community economic development and employment activities in the Downtown Eastside. ATIRA is a professional, cost-competitive business able to offer expedited day-to-day services given their location in the Downtown Eastside. As a social enterprise located in the community, ATIRA's building management services also support the mandates and work of the tenants of 390 Main Street. They have provided day-to-day management services at the building since August 2005. It is expected that the property management company will be required to carry adequate liability insurance (Minimum \$2 million limit) naming the City of Vancouver, ACCESS and the sub-tenant Tradeworks Training Society (or other Sub-tenants) as additional insured's under its liability insurance policy.

The City would remain responsible for management of major systems (HVAC, water and elevator), any major structural repairs, property insurance of the building and annual inspections. The City has been responsible for these on an interim basis since December 2004.

## Insurance

The City will assume responsibility for building insurance as it does for other City-owned buildings. The tenant and any sub-tenants will be required to carry property insurance for all their own contents including any tenant improvements installed for them before, at the time of, or after their lease agreement is signed. The tenant and any sub-tenants will also be required to carry adequate commercial liability insurance and/or other forms of insurance coverage that are deemed necessary by the Director of Risk Management, at her sole discretion.

## FINANCIAL IMPLICATIONS

Property insurance, base building maintenance and building inspection cost approximately \$55,000 per year. It is recommended these be paid out of the Operating Budget since this building is a City-owned capital asset. Building Services would fund the 2007 maintenance and insurance obligations relating to this lease from its existing 2007 Operating Budget. However, with the finalization of this lease arrangement, request that the \$55,000 be added to the 2008 Operating Budget for Building Services, without offset. The City will retain the responsibility for future recapitalization costs through the capital planning and budget process.

## CONCLUSION

The lease arrangements proposed for the City-owned building at 390 Main Street are required to regularize building operations and provide operational security, stability and sustainability for the building's non-profit tenants. The tenants will continue to provide an economic anchor for the corner of Main and Hastings and work together in the continued provision of employment services to inner city residents and to assist in the economic revitalization of the Downtown Eastside.

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## Lease Provisions

The provisions of the lease will include the following:

1. nominal rent of \$1.00
2. term of lease will be 5 years with an option to renew for an additional 5 years
3. lessee will be responsible for maintaining and repairing the building, except the City shall be responsible for major structural repairs, including repairs to the HVAC system, elevator and water supply
4. the City will insure the building but not for chattels and fixtures of any lessee or sublessee
5. the lessee will carry insurance for its property and liability to the satisfaction of the City
6. the lessee will be permitted to sublease portions of the leasehold area provided it has the prior approval of the City
7. the use of the leasehold premises must have the prior approval of the City
8. either party shall be permitted to terminate the lease on giving the other party 6 months prior notice
9. other terms and conditions considered appropriate by the Director of Legal Services