



ADMINISTRATIVE REPORT

Report Date: May 28, 2009
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Meeting Date: June 11, 2009

TO: Standing Committee on City Services and Budgets

FROM: Deputy General Manager of Community Services and Acting Managing Director of Cultural Services in Consultation with the Directors of Planning, Real Estate and Budget Services

SUBJECT: Woodward's Purpose-Built Non-Profit Tenants

RECOMMENDATIONS

- A. THAT Council approve AIDS Vancouver as tenant of one floor (approximately 7,800 square feet) within the City-owned Parcel ("the Parcel"); and W2 Community Media Arts Society(formerly CCTCA) as tenant of approximately two half-floors (approximately 7,800 square feet) as another tenant in the Parcel, both in the Woodward's development at 101 East Hastings Street; and
- B. THAT Council approve the allocation of \$2 million to costs associated with tenant improvements to the Parcel, source of funds to be \$1 million from the 2009 Basic Capital Budget - Downtown Eastside Revitalization Program and \$1 million from unallocated Community Amenity Contributions.
- C. Both leases to be at nominal rent with lease terms to be negotiated by Real Estate Services to the satisfaction of the Directors of Real Estate Services, Facilities Design & Management, Legal Services, Deputy General Manager of Community Services and Acting Managing Director of Cultural Services; and that no legal rights or obligations be created or arise by Council's adoption of Recommendations A, and B unless and until such legal documents are executed and delivered by the Director of Legal Services.

Nominal rent leases represent grants and therefore require eight affirmative votes.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of recommendations A, B and C.

COUNCIL POLICY

July 2006, Council approved a short list of non-profit groups requiring purpose-built space in the Parcel including AIDS Vancouver and the organizational predecessor to W2 (CCTCA), and directed staff to further evaluate the applicants' financial capacity and programs and to report back with recommendations on which, if any, should be offered tenancy in the Parcel.

PURPOSE

The purposes of this report are to seek Council approval of two non-profit organizations, AIDS Vancouver and W2 as tenants within the purpose-built spaces of the City Parcel at Woodward's and allocation of \$2 million to cover Tenant Improvements in the Parcel to ensure long term sustainability and functionality of the Parcel.

BACKGROUND

Following Council's approval of four short-listed groups seeking purpose-built space in the Parcel, one group (Downtown Eastside Neighbourhood House) voluntarily withdrew from the process, and another group (Tradeworks' Woody's Workshop) was disqualified as an incompatible use. Two groups, AIDS Vancouver and W2, remained in the evaluation process and have been working with City staff to refine their business plans in keeping with Council's direction that tenants demonstrate financial stability and programmatic compatibility with the overall Woodward's development.

DISCUSSION

Recommended Tenants

Staff recommend approving AIDS Vancouver and W2 as tenants for the purpose-built non-profit component of the parcel. Subject to Council approval of this report, the specifics of leases between the City and the two groups will be negotiated on terms acceptable to the Directors of Real Estate and Legal Services in consultation with the Director of Facility Design and Management, Deputy General Manager of Community Services and Acting Managing Director of Cultural Services.

With Council's approval of AIDS Vancouver and W2, approximately 8,200 square feet will remain available for leasing to other non-profit cultural/social organizations seeking generic office space. These tenants will be solicited through a future RFP process.

AIDS Vancouver

AIDS Vancouver has been providing essential supports to people living with HIV/AIDS for over 25 years. They currently serve over 1,400 Downtown Eastside residents from their premises on Seymour Street. Their original proposal requested 9,000 square feet (net) of space to allow them to consolidate all of their facilities at Woodward's. The central location of the Project and the increasing health needs of populations located within the surrounding neighbourhoods precipitated the request. The staff recommendation of one floor or approximately 7,800 square feet, will accommodate those AIDS Vancouver programs that directly serve DTES residents or that need to be co-located with those programs for efficiency and program

effectiveness. Subject to design development, it may be possible for AIDS Vancouver to locate all or most of their operations in the Parcel.

W2 - Community Media Arts Society

W2 is a new, emerging arts/cultural organization with a mission to:

- operate a multidisciplinary community media arts facility and social enterprises;
- publish, produce, create, present, broadcast, archive, exhibit, and disseminate works of artistic and cultural significance and social value;
- empower individuals and communities to engage with technology and interdisciplinary arts and cultural practise, with particular emphasis on cross-cultural sharing, collaboration and socially inclusionary approaches that are accessible to marginalized populations, and that promote health and healing.

W2 is comprised of 9 CORE members: (*asterisk indicates organization was part of the original CCTCA Woodward's proposal):

- Kootenay School of Writing*
- CJSF Simon Fraser Campus Radio
- CFRO Vancouver Co-operative Radio*
- Independent Community Television (ICTV)*
- IMAG/Indigenous Media Arts Group*
- CHAKRAS Centre for Healing Across Cultures and Arts*
- Kickstart Disability Arts (formerly S4DAC)
- Redwire Native Youth Media Society*
- BRIAN/ BC Regional Integrated Arts Network

Staff are recommending an allocation of approximately one floor or two half floors (approximately 7,800 sq. ft.), to the W2 Community Media Arts Society. This recommendation is based on W2's fit with the Project in terms of program and strength of vision as recognized and recommended by the Non-Profit Selection Advisory Panel. Although the 7,800 square feet is less than originally requested by CCTCA and W2, the recommendation is in keeping with the Woodward's Non-Profit Selection Criteria and will position the organization to develop and grow over time.

City Investment in Tenant Improvements

The Development Agreement that the City entered into with the Woodward's Project Developer, Westbank Projects Corp/Petersen Investment Group ("Westbank"), required Westbank to deliver to the City an air space parcel measuring 31,500 gross square feet finished to a base building shell condition.

Staff recommend that the City take full control of completing the design, construction, and fit-out of the Parcel on behalf of the non-profit community to ensure it is delivered cost effectively with the most long term flexibility possible. If approved, the City will provide a general level of tenant improvements for the entire City Parcel, including the area for AIDS Vancouver and W2, and the remaining space being recommended for generic non-profit offices.

These additional funds are critical to mitigating the overall costs to non-profits and eliminating barriers to their participation in the Woodward's project. The proposed sources of funding for these expenses are \$1 million from the 2009 Basic Capital Budget - DTES Revitalization Program, and \$1 million from unallocated Community Amenity Contributions (CACs), as identified by the Planning Department.

FINANCIAL IMPLICATIONS

This report recommends that the City allocate \$2 million to Tenant Improvements in the City Parcel, source of funds to be \$1 million from the 2009 Basic Capital Budget - Downtown Eastside Revitalization Program (Hastings Street Renaissance: Woodward's /Community Development) and \$1 million from unallocated CACs. Terms of future leases with the non-profit tenants will be negotiated on the basis of tenants' responsibility for Common Area Costs estimated to be \$9 per square foot per annum and the requirement that they be responsible for all tenant improvement costs above that provided by the city and specific to their programs, as well as all facility, program and administrative costs associated with their leased spaces.

SOCIAL IMPLICATIONS

The opportunity provided by the City for non profit social and cultural organizations to occupy space in the Woodward's redevelopment will create a synergy and diversity of uses and liveliness that will enhance the safety, security and vitality of the vicinity while also welcoming the existing community to engage in healthy and positive endeavours.

CONCLUSION

All of the Proposals received in response to the non-profit Purpose-Built RFP would make valuable contributions to the community and the Woodward's Project. In the course of evaluating financial and programming strength and assisting the short-listed proponents to develop their business cases, two organizations left the process. The two remaining proponents, AIDS Vancouver and W2, are being recommended as tenants in the City Parcel at Woodward's with approximate allocations of one floor each, leaving approximately 8,200 square feet for a further RFP process to identify tenants for the generic non-profit office space.

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