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# ADMINISTRATIVE REPORT

Report Date: October 18, 2011 Contact: Al Zacharias Contact No.: 604.873.7214

RTS No.: 09343 VanRIMS No.: 08-2000-20

Meeting Date: November 1, 2011

TO: Vancouver City Council

FROM: General Manager of Engineering Services, in consultation with the Director

of Real Estate Services

SUBJECT: 555 Robson Street (Telus Garden) - Lease of Volumetric Portions of

Seymour and Richards Streets

#### RECOMMENDATION

- A. THAT Council authorize the Director of Legal Services, ("DLS"), to apply and raise title in the name of the City of Vancouver to those portions of Seymour and Richards Streets, the same as shown generally in bold outline on the plan attached as Appendix "A", to contain the office building projections proposed to be constructed under the CD-1 Rezoning 555 Robson Street, 775 Richards Street, 520 West Georgia Street (Telus Garden) Application (the "Telus Garden Rezoning").
- B. THAT Council close, stop-up, and authorize the Director of Real Estate Services ("DRES") to enter into a lease for the volumetric portions of Seymour and Richards Streets (the "Lease Premises") with Telus Communications Inc., or their permitted assignee (the "Lessee"), as shown generally within bold outline and illustrated isometrically on the plan attached hereto as Appendix "B", subject to the terms and conditions as noted in Appendix "C".
- C. THAT the lease payments for the Lease Premises be based on the annual charges as prescribed in the Encroachment Bylaw and allocated to the Encroachment Revenue Account.
- D. THAT Council authorize the General Manager of Engineering Services ("GMES") to approve minor and inconsequential amendments to the dimensions of the Lease Premises upon provision of legal survey plans and as-built surveys prepared by a British Columbia Land Surveyor.

### COUNCIL POLICY

The authority for closing and disposing of streets and lanes is set out in the Vancouver Charter.

#### **PURPOSE**

The purpose of this report is to seek Council authority to close, stop-up and lease the Lease Premises to the Lessee in support of the Telus Garden Rezoning.

### **BACKGROUND**

The Telus Garden Rezoning proposes significant cantilevered building projections out over Seymour and Richards Streets as shown on the architectural cross section attached as Appendix "D" (the "Building Projections"). The Building Projections will include levels 4 thru 7, are approximately 16 metres wide and will project beyond property line by approximately 6.5 metres onto Richards Street (104± sq.m) and approximately 7.3 metres onto Seymour Street (117± sq.m.). The function of the building projection over Richards Street is to provide a landscaped sky garden serving as an office amenity space that also accommodates auxiliary internal circulation between the office floors. The building projection over Seymour Street is proposed as four floors of general office space. The horizontal and three dimensional extents of the Lease Premises are depicted on Appendix "B".

The DRES has entered into negotiations with Telus Communications Inc. ("Telus") to purchase portions of City Iane and abutting City property (the "Sale Contract") for consolidation with certain Telus Iands to form the development site for the new office building (the "Office Lands Parcel") as indicated on Appendix "A". The Lease Premises will be leased to the Lessee on the general terms and conditions as set out in Appendix "C".

An Engineering Services review of this matter has concluded that this use of the street can be supported subject to the conditions contained in this report.

# **DISCUSSION**

The extent of the Building Projections onto the street is significant and uncommon particularly for private building components but they have been considered carefully in this case due to the prominence of this project. The impact on views down the street were assessed by City planners and found to be acceptable. The Building Projections will provide adequate height clearances above the street to the satisfaction of the GMES.

The lease term is to be the lesser of; the life of the building proposed for the Office Lands Parcel under the Telus Garden Rezoning, or 99 years, which is commensurate with other leases for significant structures within City street. The City will have the ability to terminate the lease should the development not proceed.

The Telus Garden Rezoning contains a prior-to enactment condition seeking legal arrangements for the proposed office building encroachments onto City street. Such arrangements are to include a lease of the encroaching areas at fair market value on an annual basis. Given the terms of the Sale Contract and subsequent rezoning negotiations, the DRES has determined that the annual rates prescribed in the Encroachment Bylaw are appropriate in this case.

# FINANCIAL IMPLICATIONS

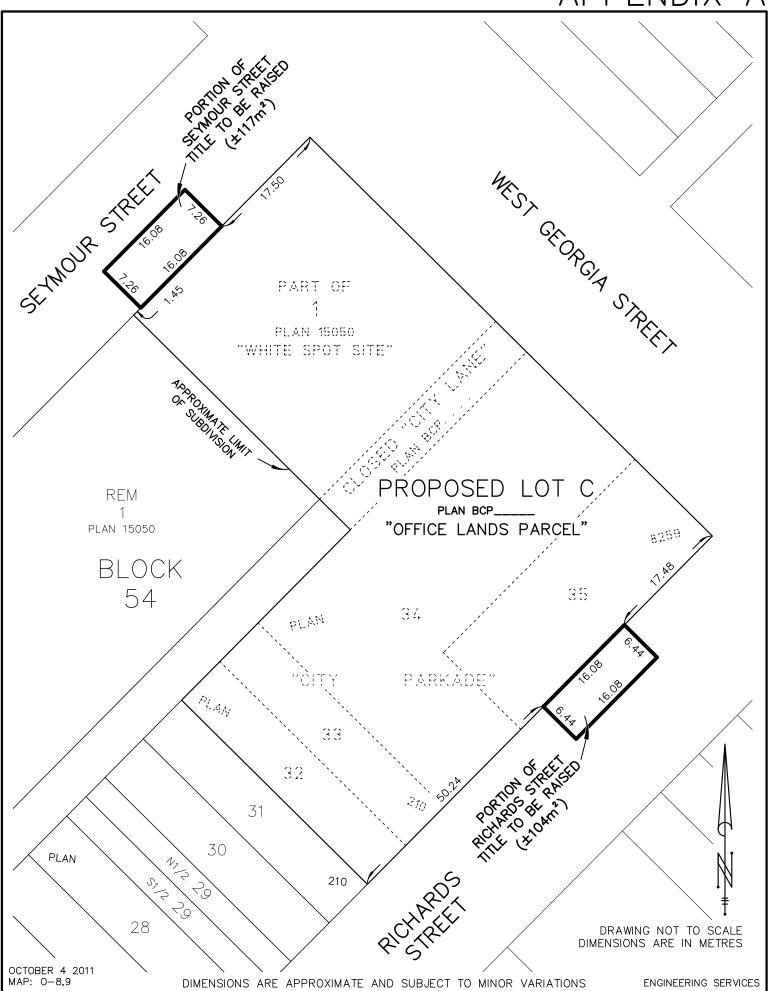
The DRES has determined that the lease payment is to be based on the annual charges established (from time to time) under the Encroachment Bylaw which as of January, 2011 are set at \$166.70 plus \$4.45 for every square foot exceeding 150 square feet. A calculation based on preliminary drawings yields annual charges of approximately \$5100 for the Seymour Street Lease Premises and approximately \$4500 for the Richards Street lease premises. The annual Encroachment charges will be allocated to the Encroachment Revenue Account (Business Area 9200, Cost Centre 91050, Account 418300).

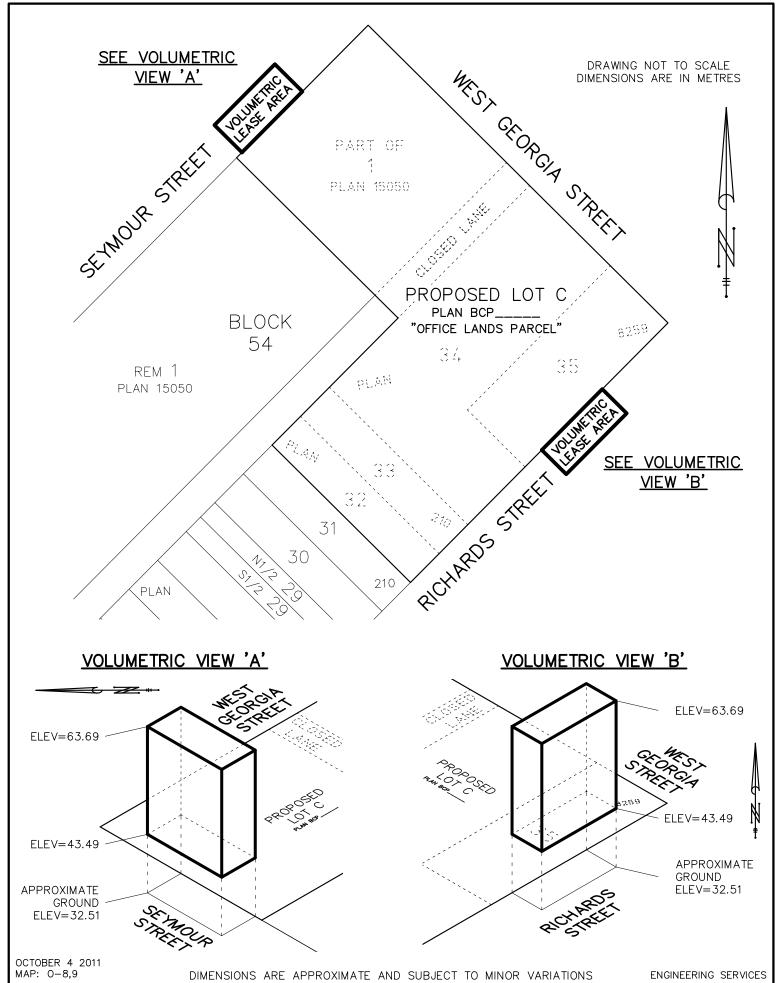
# **CONCLUSION**

The GMES in consultation with the DRES recommends approval of the Recommendations contained in this report.

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# APPENDIX A





### **TERMS AND CONDITIONS**

- 1. That the completion of these arrangements be subject to the approval of the Telus Garden Rezoning at Public Hearing, the closing of the Sale Contract for the sale of the City Parkade and the City Lane, and the consolidation of same to form the Office Lands Parcel as shown on Appendix "A".
- 2. That the lease be granted to the owner of the Office Lands Parcel.
- 3. The term of the lease to be for the lesser of; the life of the building proposed for the Office Lands Parcel under the Telus Garden Rezoning (the "Office Building"), or 99 years. The lease to contain a provision such that it may be terminated if the construction of the Office Building has not commenced within 5 years from the commencement of the lease.
- 4. The lease payment to be based on the annual charges established (from time to time) under the Encroachment Bylaw which as of January, 2011 are set at \$166.70 plus \$4.45 for every square foot exceeding 150 square feet.
- 5. The Office Building is not to rely on the Lease Premises for compliance with the Vancouver Building Bylaw ("VBBL") i.e. as the VBBL pertains to structural integrity, life safety, exiting, assembly, and general circulation of personnel within the Office Lands Parcel.
- 6. Upon completion by the Lessee of the installation and construction of the Building Projections, as soon as practicable, the Lessee is to provide an as-built survey, prepared by a BC Land Surveyor, to verify that the Building Projections are appropriately within the boundaries of the Lease Premises, and if necessary make arrangements to modify them such that they conform to the boundaries of the Lease Premises or make alternative arrangements to provide new Reference Plans and modifications to the lease agreement to the satisfaction of the GMES and the DLS.
- 7. No portion of the Building Projections may be below 25 feet above finished grade.
- 8. The City may require the Lessee to install and maintain street lighting attachments to the Building Projections at the Lessee's expense.
- 9. Confirmation from Translink/Coast Mountain Bus Company that they have no objections or concerns to the Building Projections above their overhead facilities.
- 10. The Lessee is to maintain the Lease Premises to the satisfaction of the GMES and the Building Projections must be internally drained such that there is no drainage onto the street. The Lessee is responsible to address other nuisances applicable to the Lease Premises such as graffiti, dust, birds, feces, leaves etc.
- 11. The City will retain right of entry to the Lease Premises, without notice, for purposes of inspection, maintenance, repair and removal. This may result in the registration of an SRW and Equitable Charge in favour of the City over the Office Lands Parcel.

- 12. The Lessee will not erect, paint, display, place, display, affix, or maintain or permit to be erected any sign, decoration, picture, lettering, symbol or notice of any kind whatsoever on the Lease Premises without first obtaining consent from the GMES.
- 13. No hazardous or flammable substances are to be stored within the Lease Premises.
- 14. Upon expiry or termination of the lease the Lessee is responsible for the removal of the building projections and the restoration of the Lease Premises to the satisfaction of the GMES.
- 15. The Lessee to assume full responsibility for liabilities, loss and damages from their occupancy of the use of the Lease Premises and to insure the Leased Premises with insurance policies to the satisfaction of the Director of Risk Management.
- 16. The Lessee will release the City and City personnel from any and all losses suffered by Lessee resulting from or in connection with the lease.
- 17. The Lessee will indemnify the City and City personnel from and against all losses suffered by the City or City personnel that would not have occurred but for the lease arrangements.
- 18. The lease to contain such other terms and conditions satisfactory to the DLS, DRES and the GMES.
- 19. Lessee to be responsible for all necessary plans, documents, and Land Title Office fees.
- 20. Any agreements are to be to the satisfaction of the DLS.
- 21. The DLS or the DRES, as applicable, be authorized to execute all plans, transfers, and documents as required.
- 22. No legal right or obligation shall be created and none shall arise hereafter, until the documents are executed by the parties thereto.

