



ADMINISTRATIVE REPORT

Report Date: January 28, 2012
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VanRIMS No.: 08-2000-20
Meeting Date: February 14, 2012

TO: Standing Committee on City Finance and Services

FROM: Director of Real Estate Services in consultation with Director of Planning,
Director of Social Development and Director of Legal Services

SUBJECT: Lease of City-owned property at 1580 Vernon Drive, 1500 - 1550 Main
Street and 331 West 1st Avenue to Blue Heron Charitable Foundation

RECOMMENDATION *

THAT Council authorize the Director of Real Estate Services to enter into a lease to Blue Heron Charitable Foundation (S-0057863), (the "Tenant"), of City-owned property at:

a) 1580 Vernon Drive, legally known as Lot A, Block 59, District Lots 264A and 2037, Plan 18874, PID: 007-074-654;

b) 1500 - 1550 Main Street, legally known as Lots 10 - 14, Block A2, District Lot 2037, Plan 5703, PID: 011-086-947, 011-086-963, 011-086-971, 011-086-980, 011-086-998;

c) a portion of 331 West 1st Avenue adjacent to the Cambie Street Bridge, legally known as Lot 308, Except: part on plan BCP20724, False Creek, Plan BCP20723, PID: 026-498-502;

(collectively the "Properties"), all as shown heavily outlined on Appendix A, subject to the following general terms and conditions:

Term: Three (3) years, effective March 1, 2012.

Rent: Nominal Rent of One (\$1.00) dollar per year, (inclusive of payment in lieu of property taxes), plus applicable HST.

Land Use: Urban Gardening.

Early Termination: The City reserves the right of early termination upon providing Tenant with six (6) months prior written notice.

Other Terms and Conditions:

The lease is to be provided by the Landlord and drawn to the satisfaction of the Directors of Legal Services and Real Estate Services.

Tenant to be responsible for all site improvements and costs associated with establishment of the intended use.

Tenant may not do anything on the Properties during the term of the lease to disturb the soils thereon.

The lease is not to be finalized (or is to contain a provision prohibiting the Tenant from making any use of the Properties), until the Ministry of the Environment explicitly confirms in writing that the Contaminated Sites Regulations' site profile exemption contained in section 4(7) thereof applies so as to exempt from the site profile requirement the development permit to be issued in connection with this lease.

Tenant may not carry out any bio-remediation or other remediation activities on the Properties without first obtaining all required governmental and regulatory approvals therefore and without first obtaining from the Ministry of the Environment an explicit written confirmation that such activities will not be considered to involve any disturbance of the soils on the Properties so as to invalidate the site profile exemption relied upon in issuing the development permit.

No legal rights or obligation is hereby created and none shall arise until the lease document is fully executed by both parties.

The foregoing is equivalent to a grant and approval requires eight affirmative votes of Council.

REPORT SUMMARY *

The purpose of this report is to request Council to approve the lease of three (3) Property Endowment Fund held properties to the Tenant on a short-term basis for the purpose of Urban Gardening.

COUNCIL AUTHORITY/PREVIOUS DECISIONS *

Council policy determines that Real Estate Services seek lease terms based on market value rents when leasing City owned property held for non civic use with the tenant responsible for appropriate operating costs and additional rent equivalent to property taxes being the responsibility of the tenant.

On June 8, 1993, City Council further instructed that the Property Endowment Fund should not subsidize rents for social service or cultural organizations occupying its property, and that where subsidies on these sites are deemed appropriate, funding be

provided from the Operating Budget in the form of grants. At the same time, Council approved the transfer of several affected properties from the PEF to the Capital Fund to recognize their long term use by non-profit organizations paying nominal or less than market rents.

Vancouver City Council, at its December 14, 2010 meeting approved the lease of City-owned property at 1015 East Hastings Street to the Tenant for Urban Gardening use, (RTS 8997 refers).

On July 12, 2011 Council adopted the Greenest City Action Plan presenting measurable goals and targets including increasing food assets by 50% and supporting the creation of local food infrastructure; including a food hub, and increasing the number of green jobs in Vancouver.

On February 15, 2007, Council adopted the Vancouver Food Charter setting out the City's commitment to the development of a coordinated municipal food policy supporting a health economy, ecology, and society.

On July 8, 2003 Council approved a motion supporting a just and sustainable food system for the City of Vancouver.

*CITY MANAGER'S/GENERAL MANAGER'S COMMENTS **

The City Manager RECOMMENDS approval of the foregoing.

The City Manager recognizes that Council policy requires rental revenues for social or cultural services occupying Property Endowment Fund sites however Council may make exceptions where circumstances warrant.

The market potential of the Properties is currently very limited and the advice of the Director of Real Estate Services is that opportunities to generate net rental income are negligible. The capital appreciation of these assets will continue while the Properties are put to beneficial use. Further, recommendations align with Council priorities, including the Greenest City Action Plan, job creation for low income individuals, as well as the City's interest in urban health, including food security.

While the Vernon Drive and Main Street properties are currently undergoing environmental remediation work, which includes addressing significant off-site contamination that has migrated into the road right-of-way, the use of raised beds will provide a short-term, environmentally friendly use that does not involve any disturbance of the soils. Staff will work closely with Vancouver Coastal Health to ensure that agricultural uses on these sites, given the soils contamination, are carefully managed so that life safety and best practices around urban agriculture are addressed.

REPORT

Background/Context *

The Properties are intended to replace and augment the 1015 E. Hastings Street property previously approved by Council for use by the Tenant.

The Tenant is a registered charitable non profit organization and one of their projects is SOLEFood. This initiative began in 2009 with United We Can (dba SOLEFood) transforming a privately owned, underused parking lot at 769 E. Hastings Street into an urban garden. The intent was for United We Can to provide urban agriculture education and employment opportunities for 10 Vancouver's inner-city residents, trained and employed to construct, plant, maintain, and harvest produce from the farm.

A number of issues on the Hastings Street site, such as significant sloping that hampered the use of mobile raised beds and the property is not suitable for the intended use. The property has been returned to the City.

Staff is now worked closely with the Tenant to identify city-owned sites suitable for use as food growing sites. Two sites currently undergoing environmental remediation have been identified, both of which are of sufficient size and well located for this purpose. The third site, adjacent the Cambie Bridge off 1st Avenue, is a relatively smaller site, but considered key to their overall program as a "show-piece" location for the Tenant.

In 2011 VanCity Savings Credit Union, ("VanCity"), made a \$50,000 contribution towards a business plan for the Tenant. The Tenant in turn enlisted the support of Michael Ableman, a well known urban farmer, with expertise in developing business models involving urban gardening. VanCity supports the relocation to the Properties as this aligns with the implementation of the Tenant's business plan.

Strategic Analysis *

The proposed Properties align with a number of City objectives including:

- Supporting Greenest City Action Plan targets including increased food assets and increasing the number of green jobs,
- Supporting urban health interests by helping to address food security, social and mental health needs of the low income community,
- Aligning with the Vancouver Economic Strategy by supporting sustainable employment within the food sector that is identified as an area for economic growth opportunity.

The 1580 Vernon Drive property is 1.4 acres, of which approximately 1 acre is flat and useable. The property is zoned I-2; last used as a Petro Canada (cardlock) fuelling station. It has been vacant for the past 10 years in which time environmental remediation and ongoing monitoring has occurred.

The property located at 1500 - 1550 Main Street is approximately .59 acres and was also a former Petro Canada fuelling station site. The property is zoned FC-1 and has

been vacant for the past 10 years. The City and Suncor, (formerly Petro Canada), are working on a remediation strategy, including ongoing testing and monitoring.

The small site at 331 W. 1st Avenue is approximately 0.20 acres immediately east of the Cambie Street Bridge. The legal lot is zoned M2 and currently sits vacant awaiting future development. As such, it is well suited to be utilized in the interim as a gardening site.

In April, 2010, Council approved the allocation of \$100,000 to the Tenant, (RTS 8629 refers), to support programming, employment opportunities and capital improvements. Securing these Properties will allow the Tenants project to produce substantial yields that will increase the amount of available fresh produce in the neighbourhood and ten employment opportunities for DTES residents. The organically grown food will be sold to neighbourhood restaurants and community organizations. Educational tours in urban agriculture will be offered during the growing season.

The proposed gardens at the Properties will operate similarly to the 769 E. Hastings Street location, with revenues being used to train and employ residents of the Downtown Eastside, (DTES), in urban agriculture.

Permit Process

Based on a preliminary zoning review the City considers the Properties appropriate for the proposed use. This will be confirmed through the development permit application process. The execution of the lease is subject to an approved development permit.

Contamination

The City's Environmental Protection Branch will require the following from the Tenant as conditions of approval for the development permit:

- written understanding and assurance that their proposal will not include any disturbance or excavation of the soil on the Properties, and,
- a report from a qualified professional such as an agrologist demonstrating that there will be a suitable barrier between the existing soil and the raised beds to ensure there is no pathway for contamination to migrate to the plants in the raised beds.

In addition to these requirements the Tenant will be utilizing raised bed plots. Tenant and City staff will work closely with Vancouver Coastal Health to ensure life safety and good environmental practices for food generation are carefully managed. However, the lease will permit this only insofar as and to the extent that the Ministry of the Environment confirms to the City's satisfaction that it does not involve any disturbance of the soils on the Properties so as to trigger the Contaminated Sites Regulations remediation process and invalidate the development permit and that it is done only after the Tenant has obtained all necessary approvals from all levels of government and all regulatory bodies having jurisdiction in respect of such matters.

Property improvements, including water hook-ups, will be the sole responsibility of the Tenant. Engineering staff will work with the Tenant to connect the Properties to an existing water main in the immediate vicinity.

The Tenant will be required to submit an Operations Management Plan that outlines roles and responsibilities and the project must satisfy City requirements for liability insurance and workers compensation.

Implications/Related Issues/Risk (if applicable)

*Financial **

Should Council approve the recommendations of this report, the City will enter into a lease with the Tenant at nominal value. The Vernon Drive Property and the Main Street Property are contaminated sites that have been vacant for a number of years. There is very limited ability to generate any revenue from these sites until the on-site, and off-site, contamination has been adequately addressed such that the Ministry of Environment will issue a Certificate of Compliance.

The W. 1st Avenue Property is a portion of a much larger property that is awaiting future development phases at Olympic Village. This site could be leased on a commercial basis for vehicle parking or other similar storage uses. The forgone potential revenue, inclusive of property taxes as if levied, amounts to approximately \$24,000 per annum.

Environmental

Provided there is no disturbance of the soils, the intended use of urban gardening will have no negative impact to the Properties and is likely approvable by the Ministry of Environment.

Urban Gardening supports many of the sustainability goals of the City and represents an opportunity for the City to showcase innovative environmentally friendly alternative land use in an urban setting.

Legal

The legal lease agreement will need to ensure the Tenant complies with environmental regulations as a condition of occupation and use of the Properties. Careful consideration should be given to the Tenants occupation and use of the Properties as it relates to any legal claim the City may wish to advance against the polluters of the Properties.

Other

The Tenant will need to ensure their Management Plan aligns with and interfaces well with the ongoing testing, monitoring and potential remediation of the Properties while they are in possession of the Properties.

CONCLUSION *

The Director of Real Estate Services in consultation with Director of Planning, Director of Social Development and Director of Legal Services is presenting the above for Council's consideration noting it is equivalent to a grant of nominal rent for property held in the Property Endowment Fund and a grant of payment in lieu of property taxes for City-owned property.

Staff further notes the intended use aligns very well with a number of Council's key priorities around supporting long-term environmental stewardship goals and ecological health, food security, carbon reduction, and, employment and educational opportunities for at risk low income members of our community.

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