

Report Date: March 26, 2012
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Meeting Date: March 27, 2012

TO: Vancouver City Council
FROM: Director of Real Estate Services
SUBJECT: 2150 Maple Street - Removal of Improvements of a City-owned building

RECOMMENDATION *

A. *THAT Council approve the removal of the improvements of a City-owned building at 2150 Maple Street, legally described as Parcel Identifier: 015-197-760, Lots 18, 19 and 20, Block 266, Plan VAP590, District Lot 526, New Westminster Land District, except Plan 218 (the "Subject Lot"), as shown on Appendix A. The cost of deconstruction is estimated to be \$60,000 and will be funded by unallocated capital funding from Facilities closeouts.*

B. *THAT Council approve the lease of the Subject Lot, post-deconstruction, to City Farmer (the "Tenant") for continued urban farming purposes, subject to the following general terms and conditions:*

Term: Three (3) years, effective July 1, 2012

Rent: Nominal Gross Rent of One (\$1.00) dollar per year (inclusive of property taxes as if levied), plus applicable HST.

Land Use: Urban Farming, Composting and related activities.

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

Other Terms & Conditions: The lease is to be provided by the Landlord and drawn to the satisfaction of the Directors of Legal and Real Estate Services.

Tenant to be responsible for all site improvements and costs associated with establishment of the intended use, with the exception of portable unit relocation costs from 2610 Victoria Drive.

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

- C. *THAT Council approve the relocation of a City-owned portable from 2610 Victoria Drive to the Subject Lot for use by the Tenant at an estimated cost of \$40,000. The portable relocation is to be funded by unallocated capital funding from Facilities closeouts.*

REPORT SUMMARY *

The Subject Lot and improvements have been occupied by two non-profit organizations, (Canadian Society Promoting Environmental Conservation ["SPEC"] and City Farmer) since July 1987, with SPEC having surrendered their lease and vacated the Subject Lot as of July 31, 2011.

The Subject Lot's improvements have reached the end of their economic life and are not habitable due to their deteriorated condition. The Director of Real Estate Services recommends the improvements be deconstructed as the cost to rehabilitate the improvements (estimated at \$400,000), is considered un-economical.

City Farmer intends to continue farming at the Subject Lot and requires minimal office space. Their office space can be accommodated by relocating an unused City-owned portable from 2610 Victoria Drive, which is scheduled for redevelopment.

Council approval is required to: a) permit the deconstruction of the Subject Lot's building improvements; b) permit the City of Vancouver to enter into a lease of the Subject Lot to the Tenant, and; c) allow for the relocation of the City-owned portable to the Subject Lot.

COUNCIL AUTHORITY/PREVIOUS DECISIONS *

It is Council policy that when leasing City-owned properties held for non-civic use, Real Estate Services seeks terms based on market value rents with responsibility for appropriate operating costs and additional rent equivalent to property taxes being with the tenant.

On June 8, 1993, City Council further instructed that the City should not subsidize rents for social service or cultural organizations occupying its property, and that where subsidies on City-owned sites are deemed appropriate, funding be provided from the Operating Budget in the form of grants.

Approval of grant recommendations requires eight affirmative votes by Council.

On July 14, 2011, the Standing Committee of Council on Planning and Environment approved the Greenest City 2020 Action Plan, which contains the following Goals and Priority Actions relating directly to this Council Report:

- Goal: Reduce total solid waste going to the landfill or incinerator by 50% from 2008 levels;
 - Priority Action: Expand the foodscraps composting program for residents.
Accelerate work with Metro Vancouver to implement city-wide composting programs, including support for backyard composting, neighbourhood scale pilot projects, and participation in Metro Vancouver's regional composting program.
 - Priority Action: Develop a building deconstruction program.
- Goal: Increase City-wide and neighbourhood food assets by a minimum of 50% over 2010 levels;
 - Priority Action: Support urban agriculture by: creating 15 new community gardens, enabling 3 new urban farms, encouraging new farmer's markets, adding public fruit trees, and supporting the development of a Vancouver Food Hub.

GENERAL MANAGER'S COMMENTS*

The General Manager of Business Planning & Services recommends approval of the foregoing.

REPORT

Background/Context *

The Subject Lot was purchased by the City in July 1973 and held as a Capital Asset for the Arbutus-Burrard Mass Transit Connector.

In March 1980, Council approved the concept of an energy information and demonstration project to be located in a former residential building on the Subject Lot, with funding provided by the Province.

In July 1987, SPEC, a non-profit, began leasing the space from the City, to be operated as a public energy and sustainability demonstration project. In the same year, City Farmer entered an informal sublease of the Subject Lot to operate an educational urban garden and composting farm under agreement with the Solid Waste Management Division, with the rear 1/3 of the building functioning as office/storage.

In 2011, City of Vancouver's Environmental Services carried out an inspection of the Subject Lot which identified significant building life-safety issues requiring immediate attention. As a condition of their lease, SPEC was required to maintain and repair the building. SPEC was given the option to either remediate the outstanding life-safety issues or surrender their lease. On July 31, 2011, SPEC formally surrendered their lease to the City of Vancouver.

*Strategic Analysis **

The cost to rehabilitate the building improvements to liveable standards is estimated at \$400,000 by Facilities Design and Management. At present, the vacant building poses a security and fire risk to the City of Vancouver. The Director of Real Estate Services deems the cost to rehabilitate prohibitive as it exceeds the value of improvements on the Subject Lot, and recommends that the improvements be deconstructed.

Upon deconstruction of the improvements, the Tenant will continue occupying the Subject Lot by way of: a) a formalized Lease Agreement with Real Estate Services, and; b) an Operating Agreement with the Solid Waste Management Department. As the Subject Lot is reserved for a Mass Transit corridor and is currently being reviewed by Real Estate Services and Planning re: the future of Delamont Park holdings, the continued use of the Subject Lot by the Tenant for urban agricultural purposes is considered a suitable holding use.

To facilitate the Tenant's activities, a surplus portable unit will be relocated from 2610 Victoria Drive to the Subject Lot for short-term use.

Implications/Related Issues/Risk (if applicable)

*Financial **

The cost to deconstruct the improvements is estimated at \$60,000 by Facilities Design and Management, and will be funded by the Emerging Priorities Fund (Capital Program).

The cost to relocate the surplus portable unit from 2610 Victoria Drive to the Subject Lot is estimated at \$40,000, to be funded by the Emerging Priorities Fund (Capital Program).

On-going operating costs for the Tenant are funded by the Solid Waste Management Department with contributions from the Metro Vancouver Regional District Board and are not to exceed a total of \$133,500.00 per annum for staffing; Hotline operation; administration/ overhead; research and development; and outreach.

Environmental

Per Council's Greenest City 2020 Action Plan, the City will continue supporting urban farming, community gardens and composting - functions carried out at the Subject Lot by the Tenant since 1987.

Per Council's Greenest City 2020 Action Plan, the preferred method of removing building improvements is through deconstruction, which redirects a higher share of waste materials from the landfill.

The City's practice when deconstructing a building is typically as follows:

- The City elects a deconstruction contractor through tender process, with the rights to salvageable value reflected in the net contract price.
- An environmental survey of the building is carried out. If any asbestos containing materials or lead paint is found, it is removed and sent to the appropriate landfills.

- Once the hazardous material is removed, the contractor will remove all drywall from the building and recycle it. At this time all other material in the house such as windows, doors, plumbing and electrical wiring that can be recycled or has some value will be removed by the contractor and sold.
- Any material that has no value or can't be separated will be sent to the Landfill.

*CONCLUSION **

Considering the cost of rehabilitation, the Director of Real Estate Services recommends the Subject Lot's improvements be deconstructed. With the Subject Lot reserved for future Mass Transit and currently undergoing Real Estate Services & Planning review, the continuance of the Tenant's activities on the Subject Lot is considered an appropriate holding use, to be supported by the relocation of a surplus portable unit.

Staff further note the intended use of the Subject Lot aligns well with a number of Council's key priorities including reducing waste and increasing neighbourhood food sources, as outlined in the Greenest City 2020 Action Plan.

The Director of Real Estate Services recommends a Lease of the Subject Lot to the Tenant on terms and conditions contained in the Recommendations, noting that it constitutes a grant of nominal rent and a grant of payment in lieu of property taxes for City-owned property.

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