



POLICY REPORT
DEVELOPMENT AND BUILDING

Report Date: May 7, 2013
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Meeting Date: May 16, 2013

TO: Standing Committee on City Finance and Services

FROM: General Manager of Planning and Development Services, in consultation with the General Managers of Engineering Services, Financial Services, and Real Estate and Facilities Management

SUBJECT: Lease of City-owned Property Situated at 455 Industrial Avenue to United We Can (UWC)

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to negotiate and execute a lease (the "Lease") with United We Can ("UWC") for a portion of City-owned property situated at 455 Industrial Avenue, shown in Appendix A , legally described as PID: 005-497-141, Lot A (Statutory Right of Way Plan 18236) Except: Part in Plan LMP33893, of Lot H, District Lot 2037, Group 1, Plan 7729 (the "Subject Property"), on the following terms and conditions:

Term: Ten (10) years commencing January 1, 2014

Area: Rentable area of approximately 21,160 square feet (the "Premises")

Gross Rent: Rent, inclusive of property taxes as if levied:

Years 1-3: \$67,878 per annum, plus GST; and
Years 4-10: \$86,628 per annum, plus GST

Fixturing Period:

UWC shall be granted a Fixturing Period commencing October 15th, 2013 in which to undertake its Tenant Improvements.

UWC is not responsible for payment of Gross Rent during the Fixturing Period but is responsible for payment of all utilities.

Operating Costs and Utilities:

UWC is responsible for paying its proportionate share of all operating costs and utilities.

Option to Renew:

Two - five (5) year options to renew on the same terms and conditions except rent, which is to be mutually agreed to and failing agreement will be at market rates as determined by a single arbitrator.

Use:

The Premises shall be used only for the purpose of a return beverage container depot, commercial container collection services, multi-level recycling depot, and any related or associated functions.

Other Terms and Conditions:

The Lease is to be provided on the City's Standard Lease Agreement, drawn to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that no legal right or obligation will be created and none shall arise until the Lease document is fully executed by both parties.

All rents to be credited to the Property Endowment Fund (PEF).

- B. THAT Council approve a grant to UWC of up to \$200,000 in matching funds to offset relocation costs for UWC to relocate to 455 Industrial Avenue. Source of the grant is the approved 2013 Capital Budget for Downtown Eastside Revitalization.
- C. THAT Council direct staff to work with UWC to secure smaller, satellite mini-depots as follows:
 - i. Within one year on City-owned land in the Granville Loops by means of a temporary license agreement between the City and UWC, to be negotiated and executed by the Director of Real Estate; and
 - ii. Within two years in the Downtown Eastside,

and

FURTHER THAT, the siting and operations of these satellite mini-depots be designed to minimize any impact on surrounding neighbourhoods, including consideration of a cashless payment system, subject to the satisfaction of the General Manager of Planning & Development Services in consultation with the Vancouver Police Department, while noting that the depots are a conditional use that will include neighbourhood consultation as part of the development permit process.

As the lease agreement is below the applicable market rate, RECOMMENDATION A constitutes a grant valued at approximately \$1.278 million.

Approval of grants, contained in recommendations A and B, requires eight affirmative votes.

REPORT SUMMARY

United We Can (UWC) is a social enterprise currently located at 39 East Hastings Street supporting 700 low income binners/recyclers on a daily basis, directly employing 120 people with barriers to employment, and diverting over 60,000 beverage containers daily from the landfill. UWC needs to move from its current location due to the deteriorating condition of the building and the limited operating space, which is both making current operations challenging and inhibiting its ability to expand the social enterprise. A recent rezoning application for its current location for a predominantly social housing project has increased the urgency of relocating. City Staff have worked with UWC since 2006 to find a new location.

City staff and UWC have found a solution that allows UWC to relocate and expand its social enterprise in co-location with an established private recycling firm (590275 B.C. Ltd. doing business as Recycling Alternative) at a City-owned property at 455 Industrial Avenue. This recycling hub will be the principal location for an expanded UWC, with several satellite mini-depots located in key collection areas in the Downtown over the next several years, to help to facilitate the binners' collection process and to help support the main recycling hub.

The purpose of this report is to:

1. Seek Council approval to lease the Premises at 455 Industrial Avenue to UWC for a term of ten (10) years commencing January 1, 2014, plus two five (5) year renewal options. The rents are at levels below market rent and therefore constitute a public grant;
2. Seek Council approval to provide UWC with a one-time grant of up to \$200,000 to assist with relocation costs to 455 Industrial Avenue; and
3. Seek Council direction on further work to implement a 'Hub and Spoke Model' for UWC, with the first satellite location on City-owned lands in the Granville Loops followed by a subsequent location in the Downtown Eastside.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The Directors of Finance and Real Estate Services can approve leases and lease renewals if:

- 1) the total value does not exceed the sum of \$250,000; and
- 2) the term is no more than ten years (including renewal options). Leases with greater value or length of term require Council approval.

Pursuant to Section 206(1) (j) of the Vancouver Charter, Council may, by resolution passed by not less than two-thirds of all its members, provide for the making of money grants (public grants) to any organization deemed by Council to be contributing to the culture, beautification, health or welfare of the city. In addition to the grant set out in Recommendation B, the approval of the Lease at the rent set out in Recommendation A, being less than market rent, constitutes a grant in the form of foregone rent and such a grant may only be provided by resolution passed by not less than two-thirds of all Council members.

In 2008 Council adopted the “Vancouver Agreement’s Economic Revitalization Plan for the Downtown Eastside”, which included the policy to “Increase employment opportunities for local residents”.

In 2010 Council adopted the “Granville Loops Policy Plan” which includes a policy to provide appropriate recycling facilities for both residential and non-residential uses in the area.

In 2011 Council adopted the “Greenest City 2020 Action Plan” which included the policies:

- Double the amount of green jobs over 2010 levels by 2020; Establish a green enterprise zone in the Downtown Eastside and False Creek Flats; and Reduce solid waste going to the landfill or incinerator by 50% from 2008 levels.

CITY MANAGER’S/GENERAL MANAGER’S COMMENTS

The General Manager of Planning and Development Services RECOMMENDS approval of the foregoing.

REPORT

Background/Context

UWC plays a key role providing care and hope to one of the most marginalized segments of the population in Vancouver. Binners collect recyclables and redeem them at the UWC bottle depot, and many also utilize the employment, training, and other social services provided by the depot as part of its social enterprise mandate. UWC is currently located at 39 East Hastings. The services offered at that site include a bottle depot, commercial and residential waste collection, a lane cleaning program, graffiti removal, Bike Works, computer lab, Happy Plants, and a chill room.

UWC serves as a model for successful integration of low threshold employees into a truly sustainable social enterprise. It has an important role to play in the delivery of four key City objectives:

- UWC helps to promote safety and stability in the City by creating opportunities for binners, businesses, residents, and street cleaning crews to come together under the auspices of informal resource recovery and recycling;
- UWC fosters economic revitalization opportunities by offering stable, long-term/low threshold employment, fostering business opportunities, and serving as a model social enterprise that addresses social and economic issues in the City;
- UWC plays a role in improving the public realm through street and lane maintenance; and
- UWC is emblematic of the City’s sustainability through waste reduction, waste diversion and recycling, while addressing social needs in a financially sustainable way.

Over five years ago UWC formally asked the City for funding assistance to enable relocation from its existing site. The main reasons cited for moving included:

- expanding to accommodate a growing volume of business;
- vulnerability from potential redevelopment given the current month to month lease;
- deterioration of the building and the challenge of meeting health/safety standards;
- inability for binners to lineup inside and the challenge to keep the sidewalk clear; and
- public disorder, with binners being targeted by illegal street merchants.

In November 2012, the Atira Development Society (“Atira”) submitted an application to rezone the 39 East Hastings Street site for a mixed use, social housing and market rental building, with commercial space on the ground floor. As this entails the demolition of the existing building and because of the problems with the building, UWC needs to relocate by the end of 2013.

Co-location Model

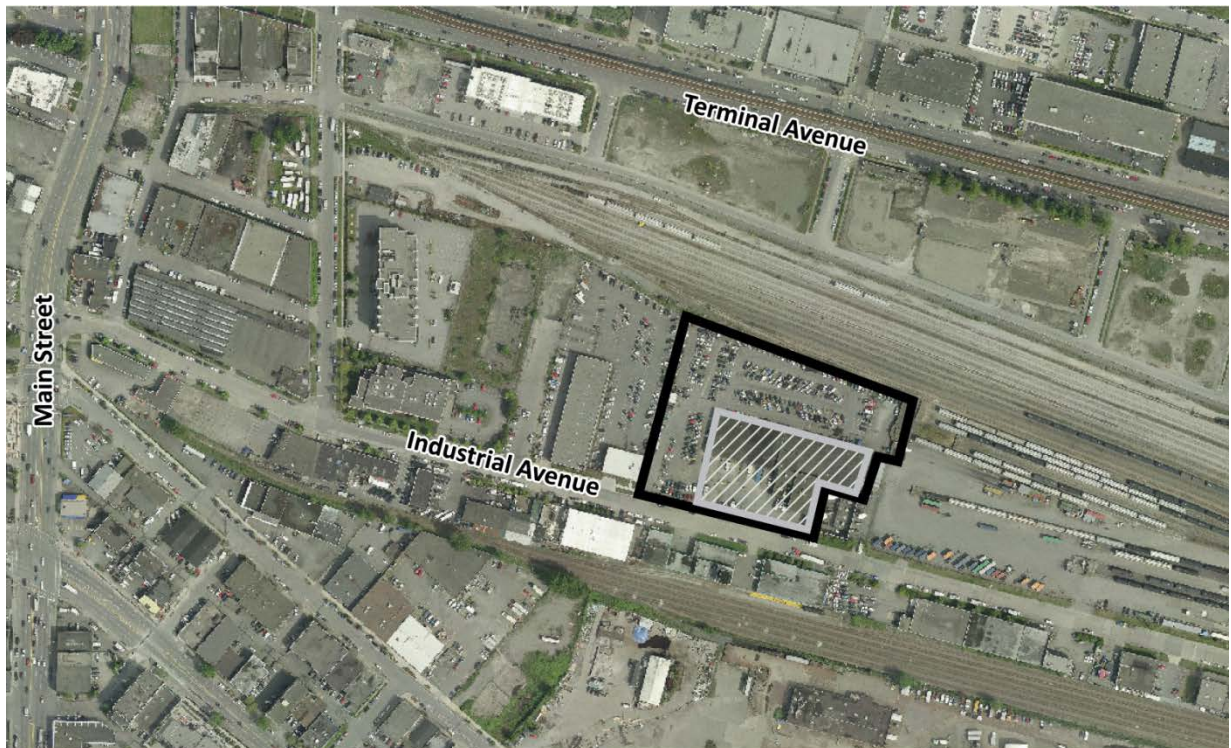
UWC has been undertaking informal discussions with Recycling Alternative (RA) since 2005 on the concept of a co-location model. RA has over 20 years experience of innovative partnership development in the recycling industry, including collaboration with UWC since 2005. This collaboration includes UWC and RA co-locating at 455 Industrial Avenue, with RA delivering refundables to UWC and UWC delivering non-refundables to RA. The co-location model is the basis for the proposed ‘Green Recycling Hub’ described herein.

Strategic Analysis

1. A New UWC Location at 455 Industrial Avenue

Since 2006, City staff and UWC have collaborated on a site search and analysis for alternative locations that could accommodate the UWC facility. A list of 16 potential sites were evaluated for size, current uses, adjacent uses, noise impacts, line-up impacts, accessibility by foot, adjacency to residents, and neighbourhood impacts. In 2008, the City provided \$125,000 from the “Vancouver Agreement ” to UWC in order to facilitate its relocation plans. Consultants assisted UWC to analyze a short list of sites based on location, timing, business model, zoning, financing, and social impact. All sites analyzed in this process were considered and rejected by the City or the proponents for various reasons. Subsequently, the site at 455 Industrial Avenue has been analyzed and is the only site that has met all critical objectives.

The Subject Property is located in the I-3 zoned area of the False Creek Flats, where the zoning allows a recycling depot as a conditional use and is subject to the approval of the Director of Planning. The proposal by UWC and RA is to share the warehouse building located on the Subject Property and the majority of the yard space to the south of the building (see Figure 1). The existing tenant, All Tech. Transport Ltd. (dba Busters Towing) (“Busters Towing”) will retain upper floor office space, basement space, and all of the yard space to the west and north of the building for City-contracted towing services. Both the lease to RA and the amendment and extension of the lease to Busters Towing will be the subject of separate in-camera reports to Council (as required by section 165.2(1) of the Vancouver Charter). The detailed floor plans showing the operation plans and lease areas of the ‘Green Recycling Hub’ on the Subject Property is attached as Appendix B.



Lot Outline
 UWC - RA site area

Figure 1: The proposed location at 455 Industrial Ave. UWC and Recycling Alternative (RA) would occupy the majority of the building (indicated in hatching on the map) and the yard south of the building, while Busters Towing would continue to occupy a small area of the building and use the remaining yards for its towing operation.

Success of the relocation project hinges on the ability for the binners to adapt to the new location in terms of their routes and habits. The City and UWC have conducted research into the routes, habits, characteristics, etc. of the binning clientele and the findings indicate that the routes are spread over the entire inner city, with over half of the binners walking more than 16 km per day. Since the routes are widespread and include Kitsilano, Point Grey, False Creek South, Fairview, and Mount Pleasant, the new location could actually reduce the amount of travel for some binners. (See Figure 2)

UWC is very aware of this issue and has been putting significant effort into providing a much superior facility at the new location that will allow for lining up inside, additional space to relax both indoors and outdoors, and improved facilities for social services, amongst other improvements. UWC will also be conducting extensive consultation and outreach with its binning clientele to ease the transition to the new location.

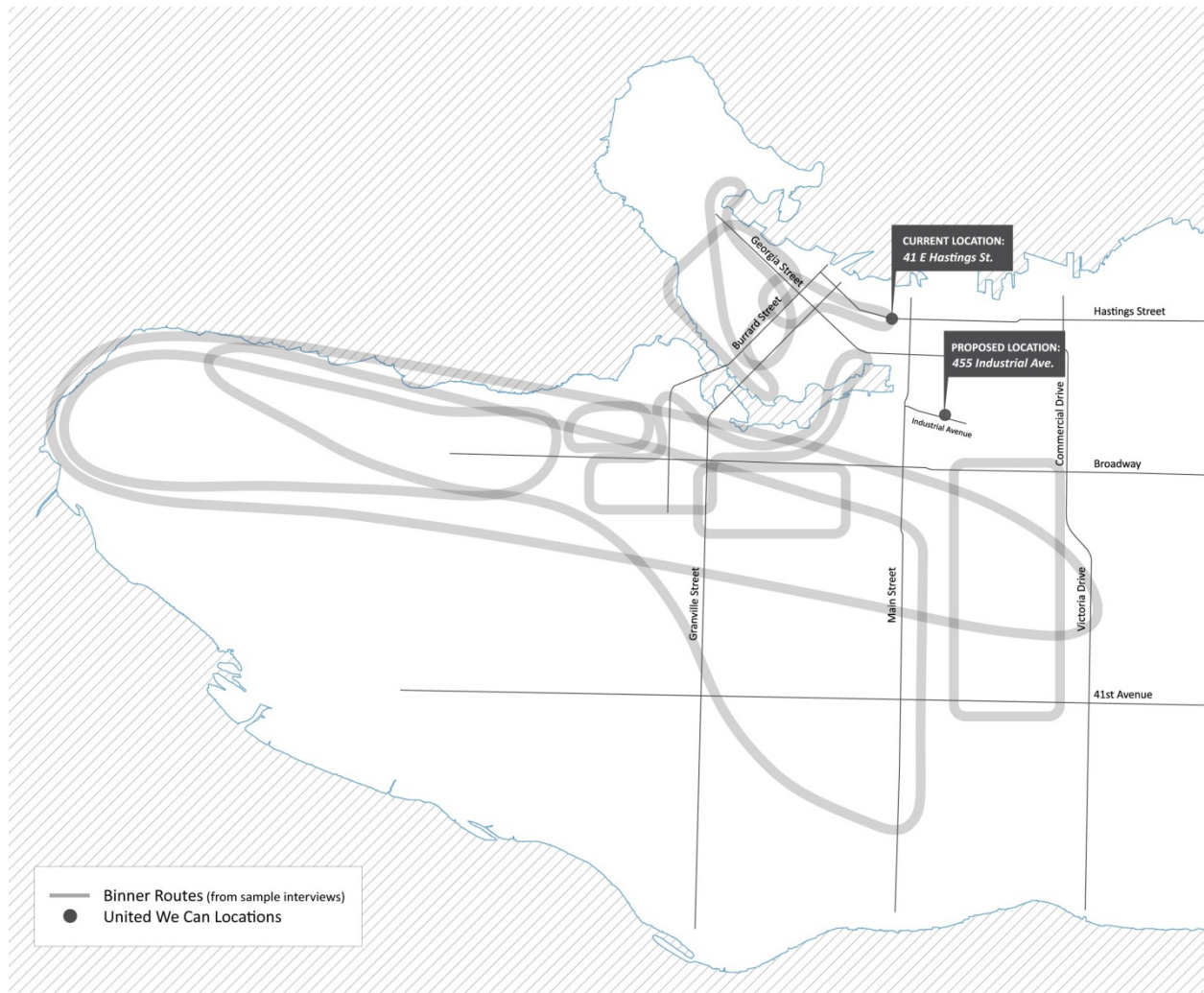


Figure 2: The binners' routes were determined through a survey of UWC binners and cover a significant portion of the City. With only minor adjustments to routes, a new location at the Industrial Ave site provides convenient access to the new recycling hub at 455 Industrial Ave. The binners' routing will be further facilitated with the development of the satellite mini-depots in the Granville Loops and the DTES.

2. Safety and Street Disorder

The Vancouver Police Department (the "VPD") has concluded that the relocation of UWC from Hastings Street to Industrial Avenue will be a vast improvement from its current location at 39 East Hastings Street, with regard to personal security of the customers, clientele, and staff.

The street environment that exists on Hastings Street is a hub of various activities, some of which are illegal, and ranges from selling various goods to dealing in drugs and other crimes. The individuals involved in these activities sometimes use the patrons of UWC as 'camouflage' in order to evade detection. The current design of UWC requires lining up outdoors on the sidewalk when it is busy, which can expose the patrons to significant amounts of time on the public sidewalk.

The VPD notes that the proposed UWC location is a significantly more secure environment. This new location is free of any street level drug dealing, stolen property markets, or violent crime, and it does not have any nearby magnets that attract the people involved in these activities. Patrons should be able to access the new location without having to run a gauntlet of individuals partaking in questionable activities, in order to reach the facility. The new location is set back from the street and has areas that will be fenced off and secured, so that when patrons leave they will not be in the same situation as on Hastings Street, where they are immediately approached by individuals who are aware they have just received money. Creation of the on-site ramp area and indoor queuing area will also serve to separate the patrons from any of these individuals, who will therefore be easier for the VPD to identify and address.

3. A New Operational Model

UWC and RA consider co-location to be an opportunity to support and grow both of their businesses. The increased value of the proposed co-location model as stated by the proponents includes:

- creating operational efficiencies and economies of scale through collaborative synergies;
- increasing opportunities and capacity through co-location logistics;
- demonstrating a model for non-profit and private enterprise collaborations;
- expanding the spectrum of materials collected and processed close to the city core; and
- increasing financial stability of both enterprises through shared or common facilities.

In addition, both organizations have a well-established history of employing individuals with barriers to employment and expect to have human resource efficiencies with the ability to 'cross train' individuals. Both organizations are also authorized collectors of Encorp Pacific (Canada), a federally incorporated not-for-profit stewardship organization with beverage container management as its core business ("Encorp").

The co-location model is fully supported by City staff who have been working with UWC and RA over the last two years to develop this proposal. The key components of the co-location model are:

- the existing operations of both UWC and RA will move to 455 Industrial Avenue;
- UWC clients will be encouraged to walk to the new location after the existing depot is closed at 39 East Hastings;
- after the clients have adapted their routes, smaller satellite mini-depots will be established in a 'Hub and Spoke' model that will allow for more efficient collection and servicing;
- the priority will be for a satellite facility to be located in the Granville Loops within one year and a second located in the Downtown Eastside within two years, in order to capture additional business and minimize travel required for binners to access a depot; and
- RA and UWC will be expanding into additional materials for recycling, as the space and facility permits.

The satellite mini-depots proposed in the Hub and Spoke model (and as outlined in UWC's Business and Operations Plan) could be in the form of a small permanent facility, or movable facilities such as trucks or trailers, both of which are staffed and dispense vouchers in a

'cashless system'. Costs for such a facility will be relatively minor and have been budgeted for in UWC's Business and Operations Plan. The creation of these satellite mini-depots and the minimization of their potential impacts on surrounding neighbourhoods is the subject of Recommendation C.

The first priority will be for a satellite facility on the Downtown peninsula and will be completed within one year, or could be sooner if UWC can operationally achieve this objective. Preliminary work is underway (see work program in Appendix C) and the City-owned Granville Loops provide an opportunity for opening a temporary facility such as a trailer right away, noting that the Granville Loops Policy Plan anticipates the inclusion of neighbourhood recycling facilities. This would be accomplished through a temporary license agreement. The Loops also provides the opportunity to design a permanent facility into the redevelopment of the area, after the re-location of Black Top Cabs (which holds a lease on a large portion of the property until 2022). This location will help to service the Downtown and the West End, as well as to minimize travel for the bidders and increase revenues for UWC.

A satellite mini-depot in the Downtown Eastside will be the second priority and will be completed within two years. UWC and City staff are seeking a more suitable location away from busy arterials such as Hastings Street. Ideal types of facilities/locations that will be examined include; a) a trailer on a 'back of shop' parking lot (which may require some City parking relaxations), b) a storefront operation in a location with minimal neighbourhood impacts, or c) a back portion of a building with alley access and minimal security concerns. Preliminary work is also underway for this facility and the goal is to open in the Downtown Eastside within two years. Discussions will be undertaken with the resident communities of any potential location to ensure that impacts are properly managed.

The question of payment system has been under review by UWC and staff. The current location on East Hastings has become problematic with the ongoing illegal street market and some of this is caused by the cash payment system. When UWC moves to Industrial Avenue and the redevelopment of 39 East Hastings begins, it is anticipated that most of this problem will dissipate (see Section 2, Safety and Street Disorder). At the same time, as another location for a mini-depot in the Downtown Eastside is desired, it is important to not have the problem reoccur elsewhere.

UWC and staff are working together with the financial community to study payment options that may include vouchers at certain locations, the ability to cash vouchers at banks or the Hub, and the ability to cash vouchers at an automatic cash machine at the Hub. While research and discussions have begun, it is expected that most of this work will happen later this year, as that will allow an assessment of how things are proceeding after the move to Industrial Avenue. While this work occurs concurrently with the establishment of the Hub, the principle will be that initially the Hub will be the only UWC facility that dispenses cash, which will allow it to meet Encorp requirements of providing cash payment to clientele.

4. Business and Operations Plan

A key objective of providing assistance to UWC is to ensure a successful move with minimal disruption to its operations. Towards this goal, staff have requested that UWC provide a Business and Operations Plan to the City that outlines the description of the current business model, and a detailed summary of the proposed business model, including the move to a new site and the establishment of satellite mini-depots ('Hub and Spoke' model). City Staff have analyzed this Business and Operations Plan and are satisfied that the costs and risks resulting from the transition to the new location and operating model are sufficiently mitigated.

With the move into this new location, it is anticipated that UWC's retail bottle depot revenues will initially decrease and take some time to build back to 2013 levels. Factors that will influence UWC's revenues will include sales volumes, the timing of launching the proposed satellite mini-depots, the start-up of a mattress deconstruction business at the Hub, and the proximity of other recycling depots which may be viewed as competitive. UWC will manage this lower revenue through an initial reduction in costs and through the support of existing UWC cash reserves. Revenue will grow over time through the gradual introduction of satellite locations and with the addition of the mattress deconstruction and recycling line of business in 2014. Promotional activities will also be executed to educate existing customers of new location and access, minimizing the loss of recycling customer traffic as much as possible.

With the move into the new Premises, UWC will incur higher capital and operating costs associated with the purchase of equipment for the new depot and the roll-out of the proposed mattress deconstruction business and satellite mini-depots, both of which will entail incremental equipment and labour costs. Because this operational model has not yet been tested, there is some uncertainty around how much of these incremental costs will be offset by incremental revenues and the timing of receipt of the incremental revenue. UWC has accounted for these uncertainties in their business plan.

Capital equipment, moving expenses, and tenant improvement requirements of \$739,000 will be funded through the support of the City (\$125,000 from a previous grant, plus up to \$200,000 from matching funds - Recommendation B in this report) and funds to be provided by UWC (the remaining \$414,000). UWC seeks the matching funds on a \$1 to \$1 basis to assist in their relocation costs. The source of the City's matching funds is the 2013 Capital Budget for Downtown Eastside Revitalization. A successful fundraising effort has already resulted in UWC raising the \$200,000 in funds required for its matching portion. Another fundraising effort by UWC is underway for its additional projected capital requirements. Any interim operating losses will be funded from existing UWC cash reserves.

Shared tenancy and shared equipment with RA is untested, however, this new relationship is mitigated through a 'Co-location and Operating Agreement', which includes a dispute resolution process. Although there are operational risks associated with the larger space, new equipment, and new processing layout, staff believe that UWC and RA have experienced management and operations teams capable of managing the transition.

5. Leases

Real Estate Services has concluded an 'Offer to Lease' with UWC, and subject to Council approving the recommendations herein, such Offer to Lease will form the basis of the Lease between the City and UWC. A separate companion report will be submitted to Council 'in camera' regarding the Offer to Lease to RA and the amendment to and extension of the lease to Busters Towing.

City Staff have worked with the proponents and consultants to analyze the condition of the building and to determine both short term and long term maintenance and improvement costs. These costs have been discussed with UWC and RA and responsibilities for the costs have been determined as part of the lease discussions.

Structural upgrades and 'base building' improvements such as repairs to the roof, electrical/mechanical systems, building structures, plumbing, fire/safety, etc., are considered the responsibility of the City (as landlord) in a standard maintenance program. A budget of \$1,500,000 - \$2,000,000 has been previously reported to Council and is to be funded through maintenance programs from the Property Endowment Fund.

Tenant improvements to meet the operational needs of UWC and RA are the responsibility of the tenants and have been detailed in each 'Offer to Lease'.

The City will be potentially foregoing approximately \$1,278,000 of 'market rate rent' over the 10 year term of the lease to UWC. However, this needs to be considered in the context that the building is not ideal for other industrial users (low ceilings, inoperable docks on the north side, difficulties in access/egress) and that the co-location model (mixing market and non-market tenants) would not likely garner full market rate rent elsewhere. The leases for RA and Busters Towing at 455 Industrial will be at market rate.

6. Access and Parking

Engineering Services has conducted an assessment of the access routes to the building, including nearby streets and sidewalks. Vehicular access to the site will be from the existing driveway crossings on the north side of Industrial Avenue. Customers of the recycling facility and other pedestrians will enter through a separated, fenced area. New sidewalk will be constructed by the City to connect the pedestrian access points to the existing sidewalk on the north side of the street immediately west of the site. Access to the Busters Towing offices will be through a new driveway crossing on the south side of the site. The total cost of these improvements is expected to be approximately \$50,000 and will be funded from the Streets Basic Capital Budget 2013.

Engineering and the VPD have reviewed the nearby street environment and believe that, subject to additional sidewalk being constructed to connect the site to the existing sidewalk network, there are no other works that need to be completed to address immediate access or safety issues. Once the new recycling facility is operating, staff will review any issues and address them as needed. Engineering and Planning have also examined the main access area to the building from Industrial Avenue, as proposed by the proponents. A ramp will allow wheeled buggies/carts to be brought from the sidewalk up to and into the building via a loading bay. Proper grades have been used to allow for clients to be able to push their buggies/carts up the ramp into the building and will meet disability requirements.

To ensure functional loading and to address potential conflicts between trucks and pedestrians, the proponents will provide a loading management plan which will address safety issues, including ensuring that any trucks which need to back across pedestrian space will have appropriate traffic control.

Staff have analyzed parking requirements and feel that given the type of business, the on-site workers, and the overall site area, the parking proposed is sufficient. On-site parking includes retaining the existing parking for the Busters Towing workers, providing adequate on-site parking for the recycling facility workers and guests, and providing adequate on-site truck parking for the recycling facility vehicles. In addition, the proponents have included an outdoor secured and fenced area for bicycles, as some workers are expected to use this mode of transportation.

7. Public Consultation

Staff with the Downtown Eastside Local Area Planning Program (the “DTES LAPP”) have been involved in discussions on the UWC relocation, primarily as a result of consultation on the rezoning of 39 East Hastings by Atira for a building of social and market rental housing. (The comments on the rezoning application will be presented to Council when that application proceeds to Public Hearing). While the DTES LAPP Committee members are pleased that UWC will be able to expand its social enterprise, there are concerns from some members that any changes to Hastings Street will have potential negative impacts on the low income population who currently use the unauthorized street market as a source of income. Staff will be continuing discussions between the neighbourhood and both UWC and Atira, to ensure that the transition to the new location goes as smoothly as possible.

The new location is in an area that is zoned for industrial use and all of the adjacent properties have businesses that are industrial in nature. Staff have encouraged UWC to work with the neighbouring businesses to ensure a successful move to Industrial Avenue. The development permit process will also involve notification and consultation with the few surrounding land owners and businesses.

In the past, residents have been concerned about the disruption and noise caused by binners in their neighbourhood. The new location is in an industrial area and staff do not anticipate a significant additional impact on any nearby residential areas, since the hours of operation at the new site will likely remain the same at 8 am to 6 pm, with Friday open until 8 pm. The level of activity throughout the downtown core will not change because of this move, other than a natural increase that would be attributed to increasing levels of recycling in general. Upon the successful implementation of a ‘Hub and Spoke’ model, the activity could actually decrease in certain areas, as the binners will have more options for drop-off and less overall travel. In addition, the level of street disorder on Hastings Street should decrease as the redevelopment of 39 East Hastings Street gets underway.

Any local impacts or problems due to the new location in the False Creek Flats and the satellite mini-depots will be monitored by the staff team. Once the new facilities are operational, it will become evident whether there are any safety or nuisance aspects that need addressing.

Implications/Related Issues/Risk (if applicable)

Financial

City support for the relocation of UWC is significant in terms of the funding grant and grant in the form of potential foregone rent.

Recommendation B requests a grant of up to \$200,000 in matching funds, street improvements will be approximately \$50,000, and the grant in the form of potential foregone rent will be approximately \$1,278,000 (over 10 years) compared to market rate rent in a property that meets market rate standards. However, the long term operation and expansion of the services provided to the City by the proposed Green Recycling Hub at 455 Industrial is also significant. A continuation of the beverage container recycling, lane and street cleaning, and new services such as mattress recycling, all provide jobs (approximately 200 directly and over 700 indirectly will be employed at the Green Recycling Hub) and contribute to the Green economy that is a core policy of the City. The co-location model being pursued with a private

sector partner allows the financial risks for both UWC and the City to be minimized. In addition, the improvements to 455 Industrial Avenue will allow a long term lease to be realized and a City asset to be upgraded.

The City is also undertaking between \$1.5 to \$2 million in base repairs to the building (roof, electrical systems, structure, etc), which are considered to be regular maintenance of the City asset and are funded through maintenance programs in the Property Endowment Fund.

Annual gross rent for the Lease to UWC, effective January 1, 2014, will be \$67,878, including operating costs and property taxes as if levied, and will increase incrementally over the ten (10) year lease term.

The rent, inclusive of an amount in lieu of taxes and operating costs, will be credited to the PEF.

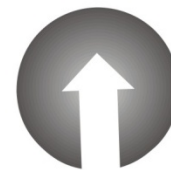
Environmental

The proposed Green Recycling Hub will continue the existing services for recycling provided by both UWC and RA, as well as allow for expansion into other businesses such as mattress recycling. Over 60,000 beverage containers will continue to be diverted from the landfill daily, and new businesses will further increase the amount of material diverted from the landfill. These services assist the City in meeting its environmental goals.

CONCLUSION

The proposed Green Recycling Hub at 455 Industrial Avenue will have positive effects on the operations of UWC, will help the City address street disorder and safety issues at the current location, and will showcase a co-location model that will provide 'green economy' and 'low barrier' jobs. Recycling, waste diversion, and other services all provide value to the City and help support the City funds proposed to assist in this endeavour. The recommendations in this report will allow for the successful relocation of UWC and the subsequent redevelopment of the current site on Hastings Street for an anticipated social housing and market rental project.

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Green Recycling Hub Timeline *(Updated March 15, 2013)*

