



ADMINISTRATIVE REPORT

Report Date: October 21, 2013
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VanRIMS No.: 08-2000-21
Meeting Date: November 6, 2013

TO: Vancouver City Council
FROM: General Manager of Real Estate and Facilities Management
SUBJECT: Lease of a portion of City-owned property at 455 Industrial Avenue to All Tech Transport Ltd., dba Busters Towing

IN CAMERA RATIONALE

This report is recommended for consideration by Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the City.

RECOMMENDATION

THAT Council authorize the Director of Real Estate Services to negotiate and execute a lease (the "Lease") with All Tech Transport Ltd., dba Busters Towing (the "Tenant") for a portion of the City-owned premises situated at 455 Industrial Avenue, as shown on 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: Five (5) years commencing January 1, 2014.

Area: Rentable area 3,698 sq. ft. of office space and approximately 106,000 sq. ft. of yard space (the "Premises").

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

Years 1-2: s.17(1) per annum, plus GST.
Years 3-4: s.17(1) per annum, plus GST.
Year 5: s.17(1) per annum, plus GST.

Tenant is responsible for all regular routine maintenance, operating and utility costs serving the Premises.

Use: Office and vehicle storage.

Option to Renew: One-five (5) year option to renew on the same terms and conditions, save and except rent, which is to be negotiated at the then market rates, and provision of a one (1) year demolition clause should the property be required for municipal purposes.

Other Terms and

Conditions: The Lease will be based on the City's Standard Commercial Lease Agreement. Terms and conditions of the Lease are to be drawn to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that no legal rights or obligations 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).

REPORT SUMMARY

The purpose of this report is to seek Council approval to lease a portion of the premises at 455 Industrial Avenue to All Tech Transport Ltd. for a term of five (5) years commencing January 1, 2014 plus one five (5) year renewal option.

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).
Larger or longer leases require Council approval.

The proposed lease exceeds the total value of \$250,000 which can be approved by the Directors of Finance and Real Estate Services and therefore is submitted to Council for approval.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate and Facilities Management recommends approval of the foregoing.

REPORT

Background/Context

The Subject Property was purchased by the City in 2001 for future park and road purposes. The property consists of a 26,000 square foot single-storey warehouse (the "Building"), attached to a two-storey concrete block office building and approximately 150,000 square feet of open yard space. The property has been leased to the Tenant

for City and ICBC contracted-towing services since 2001. This lease has now expired and the Tenant is overholding on a month to month basis.

Strategic Analysis

Following negotiations, the Tenant has agreed to enter into a new five (5) year lease for the Premises commencing January 1, 2014 and ending December 31, 2018 plus one five (5) year option to renew. The total gross rent for the five (5) year term is s.17(1) including property taxes as if levied, plus GST.

The Tenant has also agreed to share a portion of the office building and the majority of the yard space at the front of the building with Recycling Alternative and United We Can. Given that the Premises are a multi-purpose facility, the rent negotiated with the Tenant is considered to be fair market value for the portion of the building and yard space that they will be occupying.

Building Description /Maintenance

A full independent building condition assessment was conducted under the direction of the Director of Facilities Planning and Development to determine what base building upgrades are required for the Building prior to leasing to Recycling Alternative, United We Can, and the Tenant. Funding of s.17(1) for that work was approved under a City Manager's Minute on February 20, 2013.

The base building upgrades are currently underway and it is expected that upon completion of the base building upgrades, the Building will require reduced capital investment for many years. Total capital funding estimated for the (5) year lease term is s.17(1). Capital funding requests will be included in the future Capital Budgets for Council's approval (as required), and with the source of funding from the PEF. Continual and routine maintenance will be the responsibility of all the tenants occupying the Building.

Implications/Related Issues/Risk (if applicable)

Financial

Total gross rent for the entire term of the lease, effective January 1, 2014, will be s.17(1), including property taxes as if levied.

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

CONCLUSION

The Director of Real Estate Services and the General Manager of Real Estate and Facilities Management are of the opinion that the rent negotiated is representative of current market rental value for the type, location and age of the Subject Property.

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