



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: May 30, 2014
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VanRIMS No.: 08-2000-21
Meeting Date: July 8, 2014

TO: Vancouver City Council
FROM: General Manager of Real Estate and Facilities Management
SUBJECT: Sublease of City Premises at 1001 Main Street to T-Rex Urban Food & Coffee Bar Ltd.

IN CAMERA RATIONALE

This report is recommended for consideration by Council on 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 sublease (the "Sublease") with T-Rex Urban Food & Coffee Bar Ltd. (the "Tenant") for City leased premises situated at 1001 Main Street, as shown on Appendix A, legally described as PID: 024-929-298, Lot 2, District Lot 196 and 2037, Group 1 New Westminster District, Plan LMP 48404 (the "Subject Property") on the following terms and conditions:

Term: Five (5) years, commencing April 1, 2014
Rentable Area: Approximately 1,598 square feet (the "Premises")
Rent: s. 17(1) and s. 21(1)

Tenant to pay BC Hydro costs.

Use:	Retail sales of groceries, beverages and deli food products.
Option to Renew:	One option to renew for a further term of five (5) years on the same terms and conditions except rent, which is to be negotiated at the then current market rates.
Other Terms & Conditions:	The Sublease is to be provided on the City's current Standard Form of Sublease for Commercial Tenants. Terms and conditions of the Sublease 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 shall be created and none shall arise until the Sublease is fully executed by both parties.

All rents to be credited to the Childcare Endowment Fund.

REPORT SUMMARY

The purpose of this report is to seek Council approval to renew the Sublease for the Premises at 1001 Main Street to T-Rex Urban Food & Coffee Bar Ltd. for a term of five (5) years commencing April 1, 2014, plus an option to renew for a further term of five (5) years.

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 and longer leases require Council approval.

The proposed Sublease, including renewal options exceeds the total value of \$250,000 which can be approved by the Directors of Finance and Real Estate Services and is therefore 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

Citygate II was constructed in 2002 and is located on the corner of Main Street and Milross Avenue. It consists of a seven-storey, mixed use retail and residential building containing 71 co-op rental dwelling units over a ground floor childcare facility and six commercial retail units. Through the rezoning process the City negotiated a nominal long-term lease (commencing December 9, 2002 and expiring March 19, 2061) with the

Provincial Rental Housing Corporation and City Gate Housing Co-operative (the "Landlord"). The net revenues from the retail units are allocated to the City's Childcare Endowment Fund.

T-Rex Urban Food & Coffee Bar has subleased the Premises since January 2004. The Sublease has expired as of March 31, 2014 and they are currently overholding on their current Sublease until a new Sublease can be negotiated and executed.

Strategic Analysis

Following negotiations, T-Rex Urban Food & Coffee Bar Ltd. has agreed to enter into a new five (5) year Sublease for the Premises commencing April 1, 2014. The total gross rental value for the five (5) year term is s. 17(1) and s. 21(1)

The current gross market rental rate inclusive of property taxes of similar types of commercial space in the surrounding area s. 17(1) and s. 21(1). The gross rent

is considered to be at fair market rental value for the type, location, age and condition of the Premises.

Building Description/Maintenance

Citygate II was built in 2002, and is well maintained. Staff does not anticipate any significant capital maintenance requirements in the foreseeable future.

Implications/Related Issues/Risk (if applicable)

Financial

Gross rent for the five (5) year Sublease term, effective April 1, 2014, will be s. 17(1) and s. 21(1).

The Tenant will remain responsible for BC Hydro (electricity) costs.

The rent is to be credited to the Childcare Endowment Fund.

CONCLUSION

The General Manager of Real Estate and Facilities Management and the Director of Real Estate Services are of the opinion that the rent negotiated is representative of current fair market rental value for the type, location, age and condition of the Premises, and therefore recommend Council's approval of the foregoing.

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Subject Property





