



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: August 6, 2015
Contact: Jerry Evans
Contact No.: 604.873.7430
RTS No.: 11049
VanRIMS No.: 08-2000-21
Meeting Date: September 15, 2015

TO: Vancouver City Council

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

SUBJECT: Lease Renewal of a Portion of Cornett Road, East of Skeena Street

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

- A. THAT Council authorize the Director of Real Estate Services to negotiate and execute a renewal lease (the "Lease") with Vancouver Film Studios Limited Partnership ("VFS") for that portion of Cornett Road east of Skeena Street shown hatched on the plan attached as Appendix "A" (the "Subject Property") on the following terms and conditions:

Term: Five (5) years - commencing September 1, 2015.

Rentable Area: Approximately 64,910 square feet.

Gross Rent: Year 1: s.17(1) per month plus applicable taxes s.17(1) psf);
Year 2 & 3: s.17(1) per month plus applicable taxes (s.17(1) psf);
Year 4: s.17(1) per month plus applicable taxes (s.17(1) psf);
Year 5: s.17(1) per month plus applicable taxes (s.17(1) psf).

Use: The Subject Property to be used to provide security to the "film campus", and for access, parking and loading only plus incidental uses related to the film studio.

Option
To Renew: Two (2) further five (5) year renewal options on the same terms and conditions as the current lease except for rent.

Termination
Clause: Both the Tenant and Landlord has the right to terminate the Lease upon giving one (1) year written notice of termination.

Other Terms
And conditions: The Lease is to be to the satisfaction of the Director of Legal Services, the Director of Real Estate Services and, the City Engineer and may contain other terms and conditions to the satisfaction of the Director of Legal Services, the Director of Real Estate Services, and the City Engineer.

- B. THAT Council authorize the Director of Finance to continue to direct the annual income generated from the Lease to the Still Creek/Greenway Enhancement Reserve to be used for future initiatives toward achieving Council objectives to protect, enhance and daylight Still Creek, including acquisitions of properties in fee simple or rights-of-way, and other protection and enhancement initiatives in the Grandview Boundary area.

REPORT SUMMARY

The purpose of this report is to seek Council approval of a lease renewal of a portion of Cornett Road, east of Skeena Street to VFS, for a term of five (5) years commencing on September 1, 2015 plus two (2) further five (5) year renewal options.

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 longer than ten (10) years (including renewal options).

Leases or licences with greater value or longer terms require Council approval.

The proposed lease exceeds the total value of \$250,000 over the term and the term, including renewals, exceeds ten (10) years and is therefore submitted to Council for approval.

In July 2000, Council established the Still Creek Greenway Enhancement Fund with contributions from the VFS associated with the lease of City-owned land within the Cornett Road right-of-way.

In September 2000, Council agreed to stop up, close and lease the Subject Property to VFS. The authority for stopping up, leasing and disposing of street and lanes or any part thereof is set out in Sections 289A and 291(b) of the *Vancouver Charter*.

In July 2002, Council adopted the Grandview Boundary Industrial Area Rezoning and Development Policies and Guidelines including specific guidelines to protect and enhance Still Creek. Council also adopted the Still Creek Enhancement Plan that includes action plans to guide rehabilitation works over the near and long terms.

In 2006, Council endorsed the Still Creek Integrated Storm Water Management Plan.

In October 2012, Council approved an updated Grandview Boundary Mixed Employment (formerly "Industrial") Area Public Benefit Strategy which includes the long term plan for the rehabilitation and enhancement of Still Creek.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

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

REPORT

Background/Context

VFS has developed a major film studio campus north of Grandview Highway, East of Skeena Street and adjacent to Still Creek at 3500-to 3600-block Cornett Road composed of ten (10) lots totalling approximately thirty (30) acres. The campus encompasses ten (10) studio buildings and facilities. To control all traffic to the site and to provide security to the film campus, the City agreed to stop up and close and lease a portion of Cornett Road comprising 64,910 square feet to VFS in September 2000. Except for a security gate which is staffed twenty-four (24) hours a day, seven (7) days a week, no permanent buildings or structures are allowed on the Subject Property. The location of Still Creek adjacent to the Subject Property is an environmental consideration. The City, public utility companies, the GVRD (Metro Vancouver), and emergency response personnel continue to have access to the Subject Property at all times to service existing utilities.

Normally rental income generated from the leasing of City-owned streets and lanes is placed in general revenue. In this case, in order to establish a source of funds to be used to protect and enhance Still Creek, Council authorized the annual income from the lease to VFS be directed to the Still Creek Greenway

Enhancement Reserve (the "Reserve") when it approved the original lease in 2000. Staff are not intending to change this arrangement with the Lease.

Monies taken from the Reserve typically leverage other external funding sources (including other levels of government and the private sector) to maximize the ecological and recreational benefits of enhancing Still Creek. Since the establishment of this Reserve in 2000 \$802,000 has been used to leverage \$1.4 million worth of enhancement projects in the Grandview Boundary area, including riparian zone enhancements, wetland construction, public art installations, and interpretive signage.

Staff continue to pursue options for subsequent enhancement projects as identified in the Still Creek Enhancement Plan. It is anticipated that larger projects will be reported to Council for approval over the next several years as opportunities arise (major enhancement projects will likely happen only as sites come up for redevelopment and/or rezoning). The most recent allocation from this Reserve was approved by Council in September 2014: \$70,000 to undertake investigations into conceptual design for work for potential future enhancement projects and educational and interpretive initiatives. The current uncommitted balance of the Reserve is \$546,175.

Strategic Analysis

Following negotiations VFS has agreed to enter into the five (5) year Lease of the Subject Property with two (2) further five (5) year renewal options commencing September 1, 2015 at a monthly rental rate of s.17(1), increasing to s.17(1) per month on September 1, 2019 plus applicable taxes. The previous monthly rental rate was s.17(1) plus applicable taxes.

The current market total rent within the surrounding area ranges from s.17(1) to s.17(1) gross per square foot of land area per annum. The rent negotiated for the Subject Property is considered to represent fair market value.

Financial

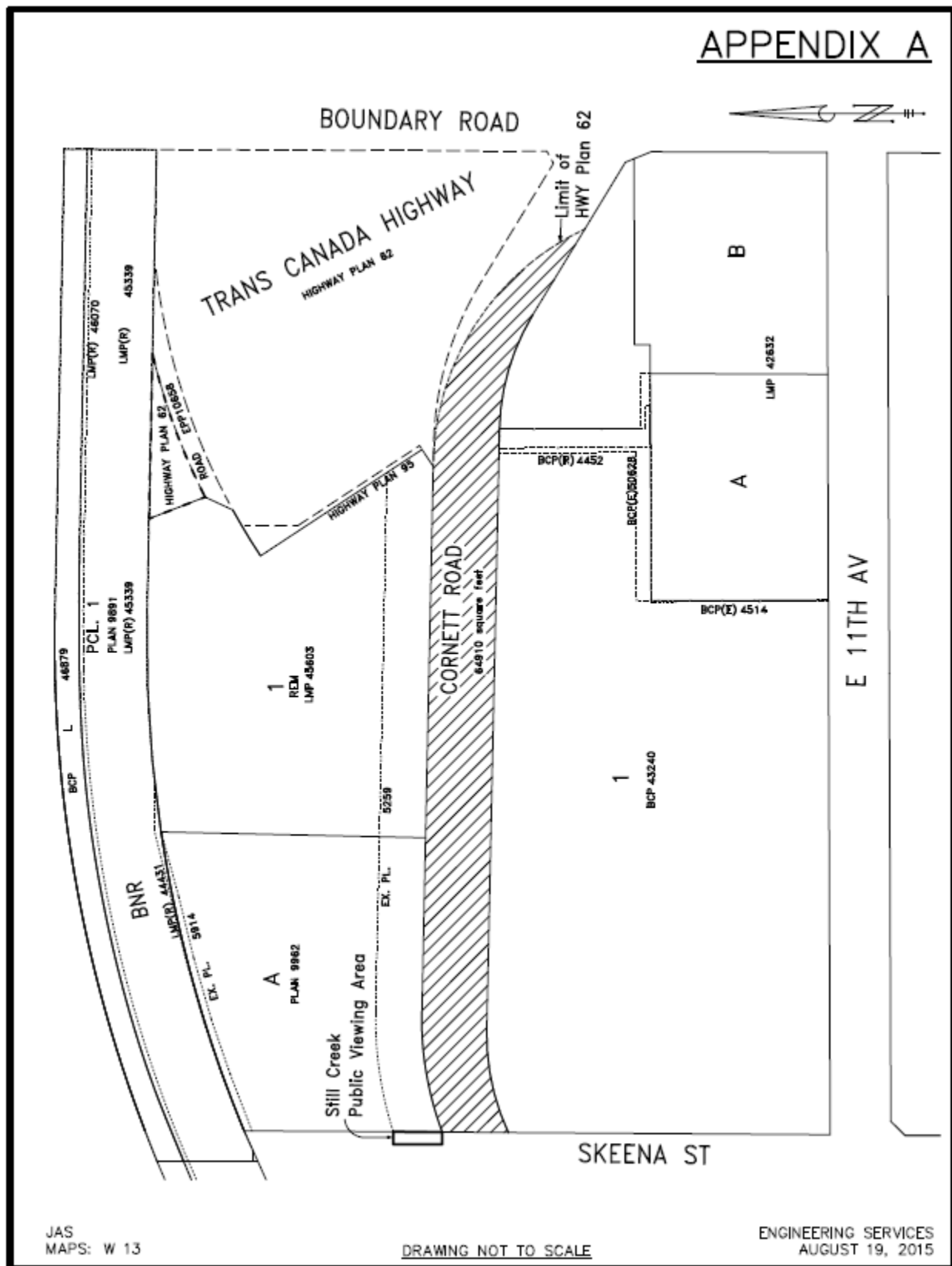
The total gross rent receivable over the course of the five year term is s.17(1) plus applicable taxes.

The annual gross rent received from VFS is to be held in the Reserve to be used for future Council initiatives to protect and enhance Still Creek.

CONCLUSION

The Director of Real Estate Services is of the opinion that the rent negotiated is representative of market value for ground rent for land of this type, location and condition, and the General Manager of Planning and Development Services is of the opinion that it is reasonable to hold the annual lease payments in the Reserve to meet Council objectives for Still Creek.

* * * * *



JAS
MAPS: W 13

DRAWING NOT TO SCALE

ENGINEERING SERVICES
AUGUST 19, 2015

Subject Property

