



IN CAMERA

## ADMINISTRATIVE REPORT

Report Date: November 10, 2015  
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Meeting Date: December 15, 2015

TO: Vancouver City Council  
FROM: General Manager of Real Estate and Facilities Management  
SUBJECT: Strategic Land Acquisition - 1245 Glen Drive

### 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 proceed with the acquisition of 1245 Glen Drive, legally described as PID: 007-511-531 Lot B, Except Part In Explanatory Plan 16371, Block 117 District Lot 181 Plan 16527 ("the Subject Property") at a purchase price of **s.17(1)**; source of funding is the 2015 Capital Budget of the Property Endowment Fund (PEF).

### REPORT SUMMARY

The purpose of this report is to request Council approval to acquire the Subject Property as a strategic future development site and for possible assembly with adjacent City owned lands at 1280 Raymur Street ("Animal Shelter").

### COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council Authority is required to acquire or dispose of civic properties.

## **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 located at Glen Drive and Raymur Street in Strathcona is rectangular in shape and has 104 ft. of frontage along Glen Drive with a depth of 119 ft., providing a total site area of approximately 12,376 sq. ft. The Subject Property is currently zoned I-2 light industrial zoning, which allows the site to be developed to a floor space ratio of 3. It is currently improved with a 2 storey office /warehouse structure that was built in 1989 and comprises 9,000 sq. ft. The building is occupied by the owner who uses a portion of it for storage and the other half is leased to a wood working shop.

The Subject Property currently generates a net Operating Income of **s.17(1)** per annum, and when the space occupied by the owner is leased out and the rent for the woodworking shop is renegotiated, it is expected the net annual Operating Income could be improved to **s.17(1)** with the net rent to be credited to the PEF.

Immediately west and adjacent to the Subject Property is the Animal Shelter located at 1280 Raymur Street with a site area of 19,241 sq. ft. If the Subject Property and the Animal Shelter were consolidated it would create a single parcel of approximately 31,617 sq. ft. (See Appendix A). The City owned both properties from 1922 to 1988 and sold 1245 Glen Drive to offset the costs of the Animal Shelter constructed at 1280 Raymur Street.

### ***Strategic Analysis***

The Subject Property at 1245 Glen Drive is an opportunity purchase identified for acquisition due to its strategic location adjacent to the City Animal Shelter and its potential holding in rent. Its acquisition would allow for the potential redevelopment of the Animal Shelter or if it is decided to relocate the Shelter to an alternative location, the consolidated site would have strong redevelopment potential.

Following negotiations, the owner of the Subject Property, Samarang Enterprises Ltd., has agreed to sell the property to the City for **s.17(1)** which is considered to be at the upper end of the market for comparable buildings in the area. An independent third party appraisal has valued the property at **s.17(1)**; however, the report also noted that the acquisition price of **s.17(1)** is supportable because of the potential to consolidate with the adjacent City owned property.

### **Facility Condition and Capital Maintenance Costs**

A visual building assessment was conducted by a team of professional consultants and was reviewed by the Director of Facilities Planning and Development.

The report concluded that the building is in good condition based on its age, with only minor deficiencies noted at the time of assessment. The estimated cost to keep the building safe and functional over the proposed holding period of five (5) years is approximately s.17(1) (funded from the Capital Maintenance Budget in the 2016 PEF Capital Budget, which will be brought to Council for approval in December 2015).

### *Financial*

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Future capital maintenance work, estimated at s.17(1) will be funded from the 2016 PEF Capital Budget, which will be brought to Council for approval in December 2015.

### *Environmental*

The City has received a Phase 1 Environmental Site Assessment completed for the Subject Property in 1997, provided by the Vendor and reviewed by the City's Contaminated Sites Team, who also visited the site to confirm site conditions have not changed since the original assessment. The Phase 1 Environmental Site Assessment identified no Areas of Potential Environmental Concern.

Given that the property was created through subdivision process in 1988 and the age of the building, the potential for underground fuel storage tanks or hazardous building materials is low. Any suspect building materials would be tested prior to any renovations or demolition and any underground tanks, if identified, could be addressed during site redevelopment.

The Manager of Environmental Planning has assessed the potential for environmental concern related to soil or groundwater contamination as low. No requirement for site remediation is expected; however, if contaminated material is encountered, it could be addressed during site redevelopment. Further environmental assessment is not warranted.

## **CONCLUSION**

The purchase of the Subject Property is a strategic acquisition that would allow for potential future redevelopment of the Animal Shelter or if it is decided to relocate the Shelter to an alternative location, the consolidated site would have strong redevelopment potential. The Director of Real Estate Services considers the acquisition price of s.17(1) to be fair compensation for the Subject Property, noting its assembly potential.

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