



IN CAMERA

## ADMINISTRATIVE REPORT

Report Date: February 1, 2016  
Contact: Jerry Evans  
Contact No.: 604.873.7430  
RTS No.: 11338  
VanRIMS No.: 08-2000-21  
Meeting Date: February 23, 2016

TO: Vancouver City Council

FROM: General Manager of Real Estate and Facilities Management

SUBJECT: Lease - between the City of Vancouver (the "Landlord") and Drs. P.A Gaudin, C.J. Gill and V.S. Kooner or a corporation formed by them (the "Tenant") at 1808 West 5<sup>th</sup> Avenue

### 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 a lease (the "Lease") with Drs. P. A. Gaudin, C.J. Gill and V.S. Kooner or a corporation formed by them (the "Tenant") for the City owned premises (the "Premises") situated at 1808 West 5<sup>th</sup> Avenue legally described as PID 007-438-257 Lot B Block 267 District Lot 526 Plan 16565, on the following terms and conditions:

Term: Five (5) years commencing March 1, 2016 (the "Term")

Rentable Area: Total 3,150 sq. ft. (1,575 sq. ft. ground floor, 1,575 sq. ft. second floor)

Use: The Premises are to be used for a dental clinic and office.

Total Rent: Years 1-3: s.17(1) per annum (s.17(1) per square foot) plus applicable GST  
Years 4-5: s.17(1) per annum (s.17(1) per square foot) plus applicable GST

The Tenant will be responsible for operating costs and utility costs in addition to Total Rent.

Taxes:	The property is exempt of property tax.
Option to Renew:	One (1) five (5) year option to renew on the same terms and conditions, except for rent, which is to be at the then market rate.
Early Termination:	During the renewal period by giving the Tenant one (1) year's notice of cancelation.
Other Terms And Conditions:	The Lease is to be prepared using the City's standard form of Lease agreement and drawn to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that no legal right or obligation is 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 obtain Council approval to lease the Premises at 1808 West 5<sup>th</sup> Avenue (see Appendix A) to Drs. P.A. Gaudin, C.J. Gill and V.S. Kooner or a corporation formed by them for a term of five (5) years commencing March 1, 2016, at a proposed rental rate of **s.17(1)** per annum for the first three (3) years of the Lease and **s.17(1)** for the remaining two (2) years of the term plus one (1) five (5) year renewal option. The Tenant is replacing Dr. David Monaghan, the current tenant who had approximately three and a half (3.5) years remaining in his lease with the City for the Premises. The City has agreed to cancel Dr. Monaghan's lease in favour of a new lease with the Tenant.

#### **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 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**

The Premises is a two (2) storey house that was converted to office use in 1980. The Tenant uses the ground floor for a dental clinic and the second floor for office use with a total lease area of approximately 3,150 sq. ft. The property was originally purchased in 2004 by the City for consolidation with adjoining City owned lands to create a future development site: the City is not planning on redeveloping the site in the next five (5) years.

### **Strategic Analysis**

In 2014, Dr. David Monaghan, the current tenant of the Premises, exercised his option to renew the Lease for a further term of five (5) years, from October 1<sup>st</sup>, 2014 to September 30<sup>th</sup>, 2019. In order to secure bank financing, the Tenant who will be purchasing the dental clinic from Dr. Monaghan, has requested that the City enter into a new five (5) year Lease for the Premises with an option to renew for a further term of five (5) years. The City would be agreeable to the termination of the existing lease and the start of the new lease with the Tenant on the condition that the Total Rent for the Premises be increased from the current rate of s.17(1) per annum to s.17(1) per annum (blended rate of s.17(1) psf) for the first three (3) years of the Lease, increasing to s.17(1) per annum (blended rate of s.17(1) psf) for the remaining two (2) years of the term. Furthermore, the City may exercise a termination clause on one (1) year's notice during the renewal period. The City has no immediate plans for redeveloping the Premises.

### **Building / Description**

The Premises was extensively upgraded in 1980, including a new concrete block addition, new wiring and new plumbing. Recent upgrades include a new roof and exterior painting, and Staff does not anticipate any significant capital maintenance requirements in the near future.

### **Implications/Related Issues/Risk (if applicable)**

#### **Financial**

The total rent of s.17(1) for the first term to be credited to the Property Endowment Fund (PEF).

## **CONCLUSION**

The Director of Real Estate Services is of the opinion that the total rent is representative of current market rental value for the type, location, age and condition of the Premises, and therefore recommends Council approval of the foregoing.

\* \* \* \* \*





