



IN CAMERA

## ADMINISTRATIVE REPORT

Report Date: June 2, 2016  
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Meeting Date: June 28, 2016

TO: Vancouver City Council

FROM: General Manager of Real Estate and Facilities Management

SUBJECT: Lease Renewal of City-owned Property located at #300 - 150 Water Street to Colcanada Trading Corporation

### 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 lease renewal (the "Lease") with Colcanada Trading Corporation (DBA: Inlingua Vancouver) (the "Tenant") for that portion of the City-owned building situated at 150 Water Street comprising Suite 300 (the "Premises"), as shown on Appendix A and legally described as PID: 025-244-761, Lot J Block 5, Old Granville Townsite, Plan LMP52319 on the following terms and conditions:

Term: Five (5) years commencing as of October 1, 2016.

Area: Rentable area of approximately 9,201 square feet.

Total Rent: Year 1: s.17(1) per annum (s.17(1) per square foot) plus applicable GST;  
Year 2: s.17(1) per annum (s.17(1) per square foot) plus applicable GST;  
Year 3: s.17(1) per annum (s.17(1) per square foot) plus applicable GST;  
Year 4: s.17(1) per annum (s.17(1) per square foot) plus applicable GST;

Year 5: s.17(1) per annum (s.17(1) per square foot) plus applicable GST.

Rent is inclusive of building insurance, operating costs and utilities.

Taxes: No taxes are collected as the property is exempt.

Use: Office and classrooms for English as Second Language Centre.

Option to Renew: One (1) option to renew for a further term of five (5) years on the same terms and conditions, except for total rent which shall be at the then market rates.

Improvement Allowance: The City will provide renovation assistance for the Tenant to improve the Premises in the form of free rent, up to a maximum of two (2) month's total rent.

Other Terms and Conditions: The Lease is to be provided on the City's current standard form of lease for commercial tenants. 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 right or obligation shall arise until the Lease 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 for the Lease of the Premises to the Tenant, for a term of five (5) years commencing October 1, 2016, with one (1) option to renew for a further term of five (5) years.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

The General Manager of Real Estate and Facilities Management can approve leases and lease renewals if:

1. The total value of rent over the term and any renewal options does not exceed the sum of \$750,000; and
2. The term is no longer than ten (10) years (including renewal options).

Larger or longer lease terms and conditions require Council approval.

The Lease exceeds \$750,000 which cannot be approved by the General Manager of Real Estate and Facilities Management, 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 are located at the front of the Gastown parkade at 150 Water Street and are essentially a façade for the parkade on the Water Street side. The Premises comprise an elongated floor plate of office space on the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> floors of the complex, measuring approximately 9,201 square feet.

The Tenant is the franchisee of "Inlingua International" and has operated an international language school called "Inlingua Vancouver" at the Premises since October 2006. The current lease expires on September 30, 2016.

### ***Strategic Analysis***

Following negotiations, the Tenant has agreed to enter into the Lease of the Premises commencing October 1, 2016, with one (1) option to renew for a further term of five (5) years. The proposed total rental value for the five (5) year term is **s.17(1)**, including operating costs, plus applicable GST.

The City will provide renovation assistance for the Tenant to improve the Premises in the form of free rent, up to a maximum of two (2) months' total rent once proof of satisfactory renovation completion has been received. In the event the proposed renovation has not commenced by September 30, 2018, the two (2) month free rent allowance will be forfeited. The current total market rents for similar types of office space in the surrounding area range from **s.17(1)** to **s.17(1)** per square foot per annum. The rent negotiated for the Premises is considered to be at fair market rental value.

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

#### ***Financial***

The total rent for the five (5) year term effective October 1, 2016, will be **s.17(1)** plus applicable GST. All rental proceeds are to be credited to the PEF.

## ***CONCLUSION***

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

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Subject Property





