



ADMINISTRATIVE REPORT

Report Date: June 14, 2016
Contact: Mary Clare Zak
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VanRIMS No.: 08-2000-20
Meeting Date: June 29, 2016

TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of Community Services in consultation with the General Manager of Real Estate and Facilities Management

SUBJECT: 390 Main Street - New Lease and Grant to the Aboriginal Community Career Employment Services Society

RECOMMENDATIONS

- A. THAT Council authorize the Director of Real Estate Services to negotiate and execute a new lease (the "Lease") with the Aboriginal Community Career Employment Services Society ("ACCESS") for City-owned property at 390 Main Street, Vancouver, as shown in Appendix A and legally described as *PID: 015-684-016; Amended Lot 10 (see 135890L), Block 10, District Lot 196, Plan 184* (the "Premises") on the following terms and conditions and as set out in the basic lease terms attached to this report as Appendix B, and upon such other terms and conditions as are satisfactory to the Director of Legal Services in consultation with the General Manager of Real Estate and Facilities Management and the General Manager of Community Services:
- i) Term and Renewal Option: Five (5) years commencing on April 1, 2016 and expiring on March 31, 2021, with one (1) option to renew for a further term of five (5) years.
 - ii) Total Rent: Nominal Rent of Five Dollars (\$5.00) for the term or any renewal term, payable in advance, plus applicable sales taxes.
- B. THAT Council approve a grant to ACCESS in the amount of up to \$2,000 per year for the initial five (5) year term of the Lease from 2016-2021, for a total grant of up to \$10,000, to be put towards operating costs for the Premises and to facilitate the continued provision of Residential Tenancy Branch ("RTB") services at the Premises. This annual grant is to be released subject to annual review of demonstrated need. Source of funds for 2016 is the 2016 Community Services operating budget. Funding for future years will be brought forward through the annual operating budget process.

- C. THAT Council authorize the General Manager of Community Services to consent to future subtenants for the Premises pursuant to the Lease to ensure access to social services.
- D. THAT no legal rights or obligations be created or arise by Council's adoption of these Recommendations until the Renewal Lease has been executed by all parties.

Recommendations A and B authorize grants requiring eight affirmative votes of Council.

REPORT SUMMARY

This report recommends that Council authorize the Director of Real Estate Services to negotiate and execute a Lease with ACCESS, a non-profit organization registered under the BC Society Act, for City-owned property at 390 Main Street for an initial term of five (5) years commencing on April 1, 2016 and expiring on March 31, 2021, with one (1) option to renew for an additional five (5) years.

This report also recommends Council approve a grant to ACCESS in the amount of up to \$2,000 per year for the initial five (5) year term of the Lease, for a total grant of up to \$10,000, to be put towards operating costs for the Premises, subject to annual review of demonstrated need.

This report also recommends that Council authorize the General Manager of Community Services to select and consent to future subtenants for the Premises pursuant to the Lease.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- Pursuant to Section 206 (1) (j) of the Vancouver Charter, not less than two thirds of all members of Council must approve a resolution for a grant to any organization deemed by the Council to be contributing to the culture, beautification, health, or welfare of the city. Council has deemed ACCESS as such an organization. A lease of City-owned property at less than market rent is considered to be a grant.
- In December 2007, Council approved (RTS 07077) the creation of a \$20 million Olympic Legacy Reserve fund including a \$1 million Social Sustainability Initiative targeted to address Inner-City Inclusivity Commitments (this funded the initial partnership).
- In March 2008, Council approved (RTS 06911) a head lease to ACCESS for 390 Main Street for an initial term of four (4) years commencing April 1, 2008, with an option to renew for one (1) further four (4) year term, for a nominal rent of \$1.00 per year.
- In June 2011, Council adopted (RTS 9080) the Housing and Homelessness Strategy (2012-2021) that includes goals to increase supply of affordable housing and encourage a housing mix across all neighbourhoods, and the Housing and Homelessness 3-Year Action Plan (2012-2014) that includes working with partners

to improve information and services to support renters/tenants as a priority action.

- In May 2013, Council approved (RTS 9989) an \$8,000 grant to ACCESS to be put towards a portion of the operating costs at the Premises. Council supported an amendment to the head lease to allow the RTB, Open Door Group and Salvation Army to sublease space in the Premises.
- In March 2014, Council adopted the Downtown East Side (“DTES”) Local Area Plan with goals to improve the lives of low income people in the DTES, and the Social Impact Assessment, that documented low income priority neighbourhood assets.
- In October 2014, Council approved (RTS 10493) the Healthy City Strategy that includes as its strategic goals access to services and the ability for residents to make ends meet.
- In October 2014, Council adopted (RTS 10681) the City of Reconciliation framework and in January 2016 (RTS 11036) council adopted, in principle, the City’s response to 27 out of the 94 Truth and Reconciliation Commission Calls to Action with the identification of 41 City actions under 3 themes: Healthy Communities and Wellness; Achieving Indigenous Human Rights and Recognition; and, Advancing Awareness, Knowledge, and Capacity.

CITY MANAGER’S/GENERAL MANAGER’S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

REPORT

Background/Context

The Premises was purchased by the City in 2003 and is located on the northeast corner of Main and Hastings. In 2008, the space was renovated with federal and provincial government funding as part of the Vancouver Agreement to support access to social and employment services in the DTES.

Once renovations were completed, Council approved a four (4)-year head lease with ACCESS in 2008 along with subleases with two other non-profits: Pathways to Employment and Fast Track to Employment, which provided training and employment programs to Aboriginal and other inner-city residents. In 2011 Provincial government changes to employment programs resulted in both groups terminating sublease agreements.

The head lease between the City and ACCESS was renewed in 2012 for a further four (4) year term, expiring on March 31, 2016. In 2013, Council approved an amendment to the head lease to allow space to be sublet to the Residential Tenancy Branch (RTB) and two complementary non-profits: the Open Door Group, a contracted agency of the Ministry of Social Development and Innovation to help people access employment, and the Salvation Army, for housing supports, outreach and administrative services.

A Memorandum of Understanding highlights the terms of the partnership between the City, ACCESS and the RTB to provide residential tenancy support at the Premises.

The Open Door Group, which provides the bulk of their services at another East Hastings location, is not renewing their sublease with ACCESS, and vacated the 490 foot square ground level space as of March 31, 2016.

Strategic Analysis

ACCESS, the RTB and Salvation Army provide key services that help achieve objectives of the DTES Local Area Plan relating to the Healthy City Strategy's goals and targets, including the ability for all residents to make ends meet, access affordable housing, to be safe and feel included.

The recommended Lease with ACCESS would be for nominal total rent of five dollars (\$5.00) for the initial five (5) year term, and would include an option to renew for one (1) additional term of five (5) years, also at nominal total rent in the amount of five dollars (\$5.00) for the renewal term.

Staff further recommend that Council approve a grant to ACCESS in the amount of up to \$2,000 per year for the initial 5 year term of the Lease, for a total grant of up to \$10,000, to be put towards operating costs for the Premises and to facilitate the continued provision of RTB services at the Premises. The release of the grant funds would be subject to annual staff review of demonstrated need being shown by ACCESS. This amounts to a total City contribution of up to \$10,000 until March 31, 2021, with the source of funds for 2016 being the Street Homelessness budget within the 2016 Community Services operating budget.

Staff support these organizations within the City-owned Premises because:

- ACCESS's mission is to provide training and human resource development service that inspire, nurture and encourage urban Aboriginal people on their journey to success. Last year ACCESS provided service to over 1,000 clients including 274 who found employment and 86 who returned to school.
- RTB provides both landlords and tenants with information and dispute resolution services. The RTB office along with access to common meeting rooms at 390 Main Street, provides a venue for tenant/landlord education and information workshops. Between September 2015 and March 2016, 943 clients received services and 162 applications for dispute resolution were processed at the 390 Main Street location. On average there are 162 clients per month served and an average of 60 applications for dispute resolution processed. The RTB also carries out workshops in partnership with other organizations to provide education to tenants and landlords on their rights and responsibilities.
- The Salvation Army is a faith-based organization that has been providing free and/or low-cost services in the DTES community for a number of years including shelter, food, and social support programs. Services provided at the Premises include training for Salvation Army outreach staff, as well as some administrative functions for the organization.

- ACCESS has an annual operation budget over \$10 Million and the City's nominal lease and small grant assist in leveraging funding from the other levels of government and other funders.

Staff also recommends that Council authorize the General Manager of Community Services to approve subsequent subtenants for the Premises. This will simplify and streamline the sub-tenancy process. The General Manager of Community Services will approve a transparent sub-tenancy process, and ensure that the sub-tenancy will be awarded to non-profit organization(s) that are either charitable institutions or welfare organizations which contribute to the culture, beautification, health, or welfare of the city, are in good standing and advance City priorities, and that mandates align with the other tenants at the Premises and the needs of the local community.

Implications/Related Issues/Risk (if applicable)

Terms of the Lease

Should Council approve Recommendation A, staff recommend entering into the Lease at nominal total rent with ACCESS, for an initial term of five (5) years, with one (1) subsequent five (5) year renewal option, for a total tenure of up to ten (10) years. The basic key lease terms are attached as Appendix B. ACCESS has confirmed that the Board of Directors have approved the basic lease terms as well as the draft Service Level Agreement ("SLA"). The Board resolution is attached as Appendix C.

Financial

LEASE

Total Rent - The Premises will be leased to ACCESS at a nominal total rent of five dollars (\$5.00) for the initial term of five (5) years commencing April 1, 2016, with one (1) renewal option of a further five (5) year term at the same nominal rate. The current comparable annual market rental value for the Premises (based on net leasable area) is estimated at approximately \$127,500 per annum for the first year, and approximately \$643,700 for the initial five (5) year term of the Lease.

CAPITAL COSTS

Tenant Improvements, Fixtures & Equipment - The Premises will be leased to ACCESS on an as-is basis, and any tenant improvements to be made will be at the expense of the tenant. The tenant will be responsible for the acquisition of all tenant equipment, machinery, appliances, trade fixtures, furnishings, chattels and the like.

Capital Maintenance & Life Cycle Replacement - The City will be responsible for major repairs to and life cycle replacement of major systems and structural components of the Premises. These obligations will be set out in the SLA which will form part of the Lease. Funding requirements will be determined and prioritized as part of the Capital Planning and budgeting processes.

OPERATING COSTS

Facility Costs - The Tenant will be responsible for the operating, routine and preventative maintenance, regular (non-structural) repairs, liability and contents insurance, utilities, janitorial and security costs for the Premises; as well as the operation, repair, maintenance and replacement for all specialized equipment and furnishings required for the tenant's occupation and operation of the Premises. These obligations will be set out in the SLA which will form part of the Lease. Should Council approve Recommendation B, a grant will be provided to ACCESS to assist with operating costs for the Premises, described further below.

Programming Costs - The tenant will be responsible for the administration, programming and operation of the Premises.

GRANTS TO ACCESS

Should Council approve Recommendation A, the nominal rent lease to ACCESS represents a grant in the amount of \$643,700 over the initial five (5) year term of the lease.

Should Council approve Recommendation B, staff recommend that for the initial five (5) year term of the Lease, a grant of up to \$2,000 per year be provided to ACCESS, subject to annual review of demonstrated need being shown by ACCESS, for a total grant of up to \$10,000 over five years, to be put towards operating costs for the Premises and to facilitate the continued provision of RTB services at the Premises. ACCESS intends to further offset operating costs by entering into sublease agreements with the RTB and the Salvation Army, as well as another complimentary non-profit organization to fill the space vacated by the Open Door Group. Subtenants would pay an equitable portion of operating costs (comprised of the costs of regular maintenance, utilities, security, janitorial and common area costs).

CONCLUSION

This report seeks Council approval to: (a) negotiate and execute a new lease with ACCESS at nominal rent for the City-owned building at 390 Main Street; (b) subject to annual review of demonstrated need, provide a grant to ACCESS of up to \$2,000 per year for the initial five (5) year term of the Lease from 2016-2021, for a total grant of up to \$10,000, to be put towards operating costs for the Premises, and; (c) authorize the General Manager of Community Services to approve new subtenants in the Premises that will offer complementary services.

The provision of services by ACCESS and its subtenants, the RTB and Salvation Army, support a number of Council policies to ensure residents of Vancouver have adequate income, access to employment opportunities, enhanced housing stability and reduced risk of street homelessness.

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CITY-OWNED PROPERTY AT 390 MAIN STREET



**BASIC LEASE TERMS FOR THE SOCIAL AMENITY SPACE
AT
390 Main Street (the "Premises")
BETWEEN
THE CITY OF VANCOUVER (The "Landlord")
AND
ABORIGINAL COMMUNITY CAREER EMPLOYMENT SERVICES SOCIETY (the "Tenant")**

Term and Renewal Options - Initial term of five (5) years, commencing on April 1, 2016. One (1) renewal option for a further term of five (5) years.

Gross Floor Area & Net Leasable Area - 12,689 square feet & 6,699 square feet

Parking - n/a

Total Rent - Nominal rent of Five (\$5.00) dollars for the term or any renewal term, payable in advance, plus applicable taxes.

Property Taxes, if any - The Tenant will not be required to pay real property taxes.

Additional Rent - All amounts payable by the Tenant other than total rent will be treated as Additional Rent.

Directly Metered Utilities - The Tenant shall be responsible for all costs and obligations associated with directly metered utilities serving the Premises.

Municipal Utility Charges - All Municipal Utility Charges serving the Premises are payable by the Tenant.

Operating Costs and Shared Building Costs (CAM) - All costs and obligations related to the operating expenses for the Premises and shared building expenses (common area maintenance) shall be the responsibility of the Tenant.

Repairs and Maintenance - All costs, obligations and expenses related to the operation, regular (non-structural) repairs, routine maintenance and any required preventative maintenance of the Premises will be the responsibility of the Tenant in accordance with the Service Level Agreement to be attached to and forming part of the lease.

Capital/Life Cycle Replacement Costs - The responsibility for all capital/life cycle replacement costs associated with the Premises will be as set out in a Service Level Agreement to be attached to and forming part of the Lease and otherwise as specifically provided for in the Lease, all on terms and conditions satisfactory to the City. In general, the City will be responsible for capital life-cycle replacement of and major repairs to the base building systems and structural components of the Premises, such as foundations, flooring sub-structure, building envelope and roof.

Tenant Improvements - All costs associated with leasehold improvements including finishing, fixturing, furnishing and equipment shall be the responsibility of the Tenant.

Insurance - The Tenant shall be responsible for maintaining commercial general liability insurance and all risk (broad form) tenants legal liability insurance, as well as insuring all leasehold improvements, equipment, fixtures and furniture, all in the amounts and types to the satisfaction of the City. The Landlord (City) shall be named as additional insured.

The Landlord shall be responsible for insuring the building against fire and certain other perils.

Use - The Premises may be used for community social amenity purposes which includes, without limitation, office, classroom and ancillary support spaces including board/meeting/education rooms, reference/research, and other support activities including spaces to serve the public. Ineligible uses include large scale storage, or retail sales.

Public Service Objectives - The Tenant non-profit operator shall operate the Premises for the benefit of the citizens of Vancouver and the advancement of social services in Vancouver. The Tenant operator will be asked to articulate and follow a set of *public service objectives* including minimum hours of operation; type and range of services; and availability for community and public use (meeting/board or other such spaces appropriate for community and public use).

Third Party Use - Other than as provided for herein, the Lease will include a clause that restricts the Tenants' right to assign, sublet, grant a mortgage or license to another party without advance written permission by the City. The Tenant will be permitted to license all or part of the Premises to other third parties for occasional use in accordance with an Occasional Third Party Use Policy that will form part of the Lease.

Subleasing - The Tenant shall be permitted to sublease portions of the Premises to each of the current subtenants, being The Salvation Army in Canada and the Residential Tenancy Branch. Future sub-tenancies may be permitted upon the prior written consent of the Landlord's General Manager of Community Services.

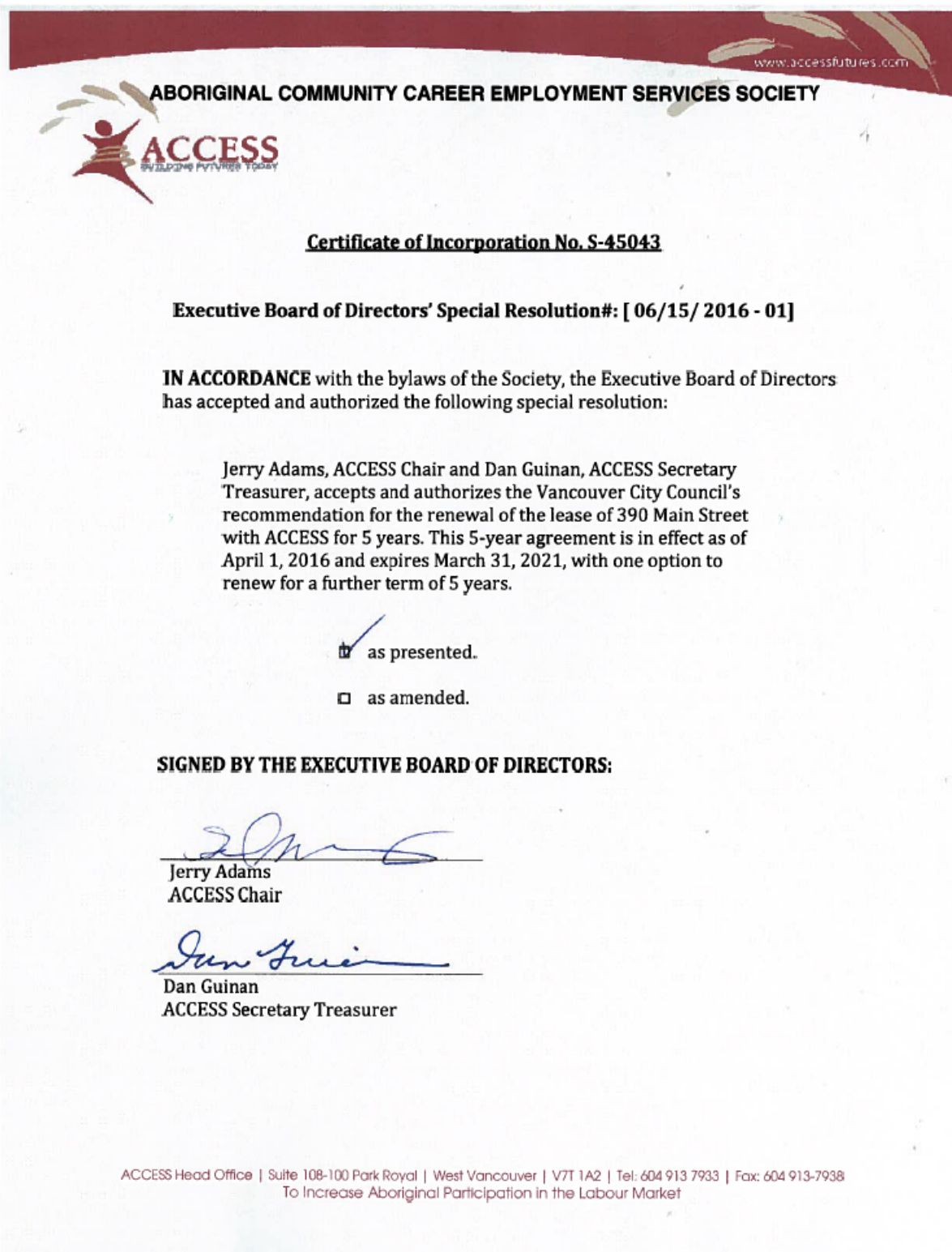
Naming Rights - The Tenant shall follow the City's Naming Rights policy including potential restrictions on the right to name the Premises (including any portion of the Premises) or the building in which the Premises are situated.

Termination - Upon demolition or destruction of the building or expiring of the term.

Early Termination - Either party may terminate the Lease upon 180 day's written notice to the other, or such other minimum period as agreed to by the parties.

Additional Lease Terms and Operating Covenants - All additional terms and conditions and any variations of the foregoing as required by the Director of Legal Services in consultation with the Managing Director of Social Policy and Projects.

ACCESS BOARD RESOLUTION ACCEPTING NEW LEASE



ABORIGINAL COMMUNITY CAREER EMPLOYMENT SERVICES SOCIETY



www.accessfutures.com

Certificate of Incorporation No. S-45043

Executive Board of Directors' Special Resolution#: [06/15/ 2016 - 01]

IN ACCORDANCE with the bylaws of the Society, the Executive Board of Directors has accepted and authorized the following special resolution:

Jerry Adams, ACCESS Chair and Dan Guinan, ACCESS Secretary Treasurer, accepts and authorizes the Vancouver City Council's recommendation for the renewal of the lease of 390 Main Street with ACCESS for 5 years. This 5-year agreement is in effect as of April 1, 2016 and expires March 31, 2021, with one option to renew for a further term of 5 years.

as presented.

as amended.

SIGNED BY THE EXECUTIVE BOARD OF DIRECTORS:


Jerry Adams
ACCESS Chair


Dan Guinan
ACCESS Secretary Treasurer