



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: December 1, 2016
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RTS No.: 11790
VanRIMS No.: 08-2000-21
Meeting Date: January 24, 2017

TO: Vancouver City Council
FROM: General Manager of Real Estate and Facilities Management
SUBJECT: Lease - Premises Located at 511 West Broadway

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*: (j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 [disclosure harmful to business interests of a third party] of the Freedom of Information and Protection of Privacy Act; and (k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

RECOMMENDATION

THAT Council authorize the Director of Real Estate Services to negotiate and execute a lease (the "Lease") between Broadway Equities Inc. by its duly authorized agent, Triovest Realty Advisors (B. C.) Inc. (the "Landlord") and the City of Vancouver (the "Tenant") for the property located at 511 West Broadway legally described as PID: 026-780-071, Lot 1, Block 340, District Lot 526, Group 1, New Westminster District Plan BCP25032, Except Air Space Plan BCP39517 (the "Premises") as shown in Appendix A, on the following general terms and conditions:

Term: Five (5) years from April 1, 2017.
Rentable Area: Approximately 3,230 square feet on the first floor.
Base Rent: Years 1 - 5: s.17(1) per annum s.17(1) per square foot) plus GST

Operating Cost & Property Taxes:	Comprised of a proportionate share of property tax, plus costs for repairs, maintenance, landscaping and supplies, janitorial and recycling, common area utilities, administration & management fees, security, elevator maintenance & repairs, and insurance, estimated to be s.17(1) per annum s.17(1) per square foot) plus GST for 2017. It is expected these charges will increase by s.17(1) for 2018, and each subsequent year thereafter.
Parking:	Not applicable. No additional parking is rented for the lease.
Option to Renew:	One (1) option to renew for five (5) years, on the same terms and conditions save and except rent, which is to be negotiated at market rates. If fair market rates cannot be settled by mutual agreement, then the parties may elect to arbitrate the issue to determine the market rental value of the Premises.
Other Terms and Conditions:	Such other 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 rights or obligations shall arise or be created until the lease document is fully executed by both parties.

REPORT SUMMARY

The report seeks Council approval for the Director of Real Estate Services to negotiate and execute the Lease between the Landlord and the Tenant for the Premises, to be used for civic project offices, public workshop and display purposes. With many recent emerging civic priorities, there is a need for additional civic office space at the City Hall Precinct and in particular, retail frontage which can showcase civic initiatives.

The report is to approve the lease terms only, and that tenant improvements costs will be subject of a future report to Council to approve those costs. The tenant improvement costs which, on a very preliminary review, could be approximately s.17(1) will be subject of a future report to Council as these costs are intended to be funded from a Capital Budget Adjustment.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On October 14, 2008, Vancouver City Council authorized staff to enter into a ten (10) year lease (2009-2019), plus two (2), five (5) year renewal terms, (2019-2024) and (2024-2029) (RTS 7705), for office premises at 507 West

Broadway, Vancouver, BC (the "Crossroads"), located immediately above the Premises.

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

- 1) The total value is less than \$750,000; and
- 2) The term is no more than ten (10) years (including renewal options).
Larger and longer leases require Council approval.

The Lease plus additional renewal terms exceed the total value of \$750,000 which can 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

City Hall Precinct (which includes the Main City Hall Building at 453 West 12th Avenue, the West Annex at 515 West 10th Avenue, & 450/456 West Broadway) added the Crossroads offices at 507 West Broadway to its Space Accommodation Inventory in 2009. As civic programs, services and staff levels continue to grow, and with the City Hall Precinct currently at full capacity, there is a need for additional office space and in particular, retail frontage which can showcase civic initiatives.

Strategic Analysis

With City operations clearly established at Crossroads, the location is well suited for additional civic offices and public engagement functions. When the street-front Premises at Crossroads became available, staff saw the opportunity for additional office and public engagement space in the immediate vicinity of the City Hall Precinct. The location is ideal for new public oriented programs, services, and staff as it is part of the City Hall Precinct, is accessible for the public and is in close proximity to transit. The street-front presence is well positioned to showcase immediate and high profile civic projects (i.e. Broadway Transit) and other city-wide initiatives and projects. The space will be curated by Corporate Communications, and will provide space for staff to engage directly with the public in charrette and workshop formats, open houses, and other on-going display and interaction with the public. The space will also provide office space for project teams, such as Broadway Corridor, to have staff located for immediate access to the public. This will provide dynamic, exciting space for the City to have on-going engagement with the community on current City-wide initiatives. Accordingly, this report seeks Council approval for the Director of Real Estate Services to negotiate and

execute the Lease between the Landlord and the Tenant for the Premises, to accommodate publicly accessible office and display space.

Staff will report back about the tenant improvements requirement, complete with the funding sources for Council's approval: however, our preliminary review indicates they could be approximately s.17(1) based on the condition of the existing space.

Implications/Related Issues/Risk (if applicable)

Financial

The total base rent for the five (5) year lease term, effective April 1, 2017, will be s.17(1) plus GST s.17(1) per year plus GST) and operating costs and property taxes as billed by the Landlord. The source of funding is the Operating Budget.

The new space will provide public accessibility for meeting and display space, including accessible washrooms, as well as meeting support space and office space, and the required mechanical, electrical, and building code modifications to suit. Appendix B includes a plan showing the proposed general uses of the space. Staff are working on the project scope for the leasehold improvements and the funding requirement, and will be reporting back for the funding allocation through the Quarterly Capital Budget Adjustment process.

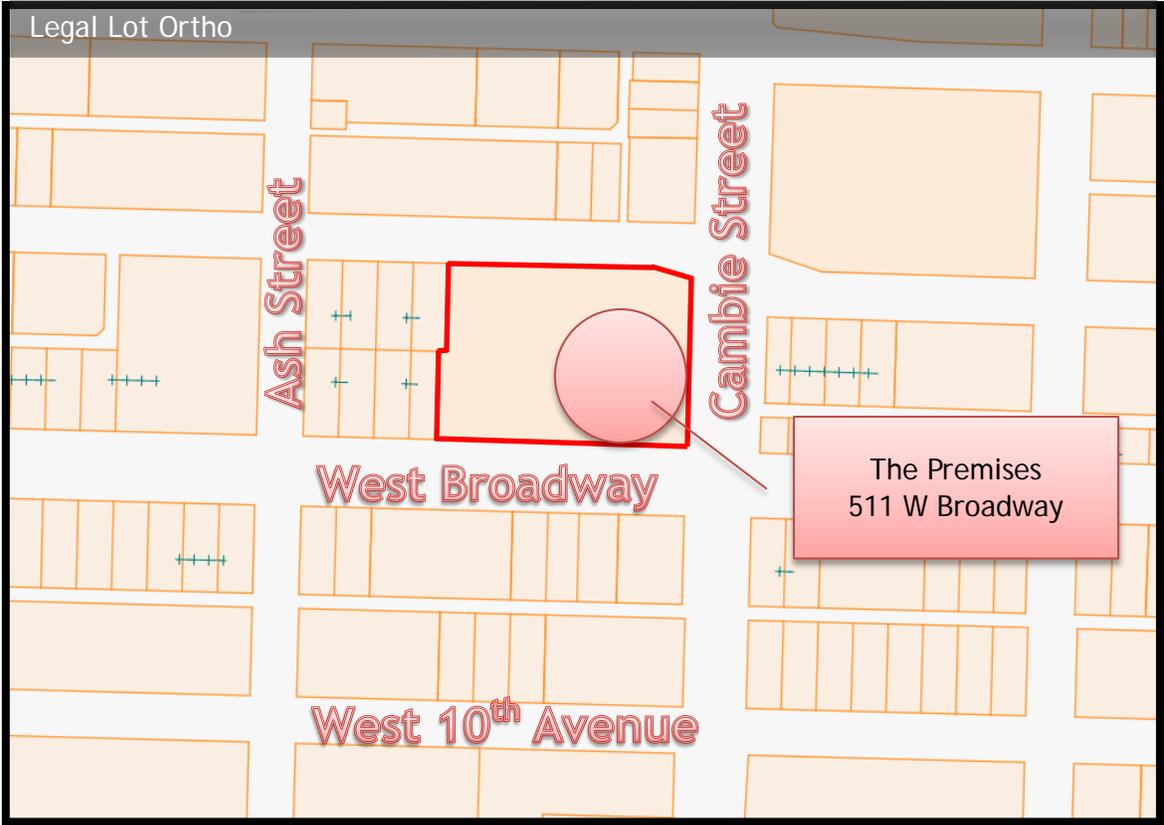
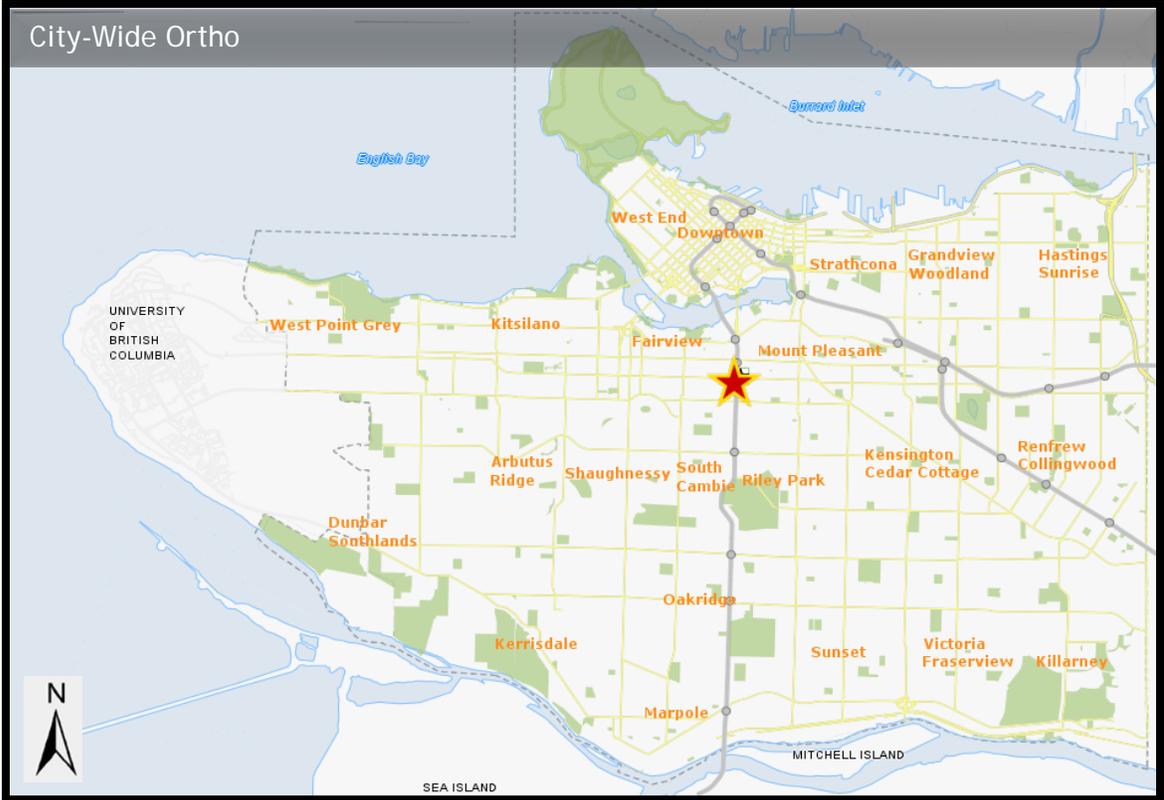
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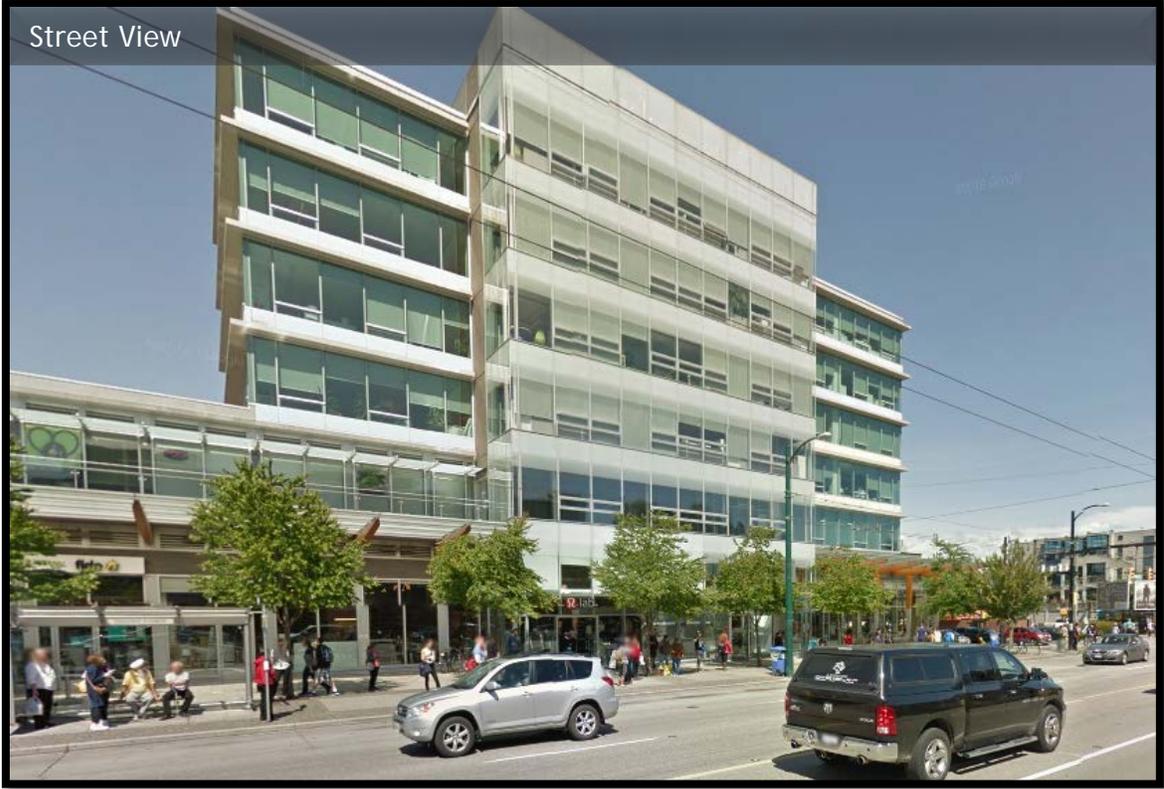
If the owner insists, the Lease may include indemnifications by the City of the Landlord for any damages, costs, liabilities, and expenses arising from any injury or damage to person or property in or about the Premises and arising from any environmental contamination of the Premises or Lands by the City or other breach by the City in respect of the environmental or hazardous substances covenants in the Lease. The wording of any indemnity given by the City in the Lease will be drawn to the satisfaction of the Director of Legal Services and will not expose the City to risks greater than would be acceptable to prudent tenants in similar circumstances.

CONCLUSION

This space creates a unique opportunity for new and innovative public engagement for City-wide projects and initiatives. The Director of Real Estate Services is of the opinion that the rent negotiated is representative of current market rental value for the type, location and age of the Premises.

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Plan of Premises

