



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: December 3, 2018
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Meeting Date: January 15, 2018

TO: Vancouver City Council
FROM: General Manager of Real Estate & Facilities Management
SUBJECT: 2017 Commercial Leasing Activity

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, and; (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.

RECOMMENDATION

That Council receive the report for information.

REPORT SUMMARY

At its meeting on May 4, 2016, Council approved the recommendation of the Standing Committee on Policy and Strategic Priorities of April 12, 2016, to adjust existing Standing Authorities to execute Licence Agreements, Month to Month Leases, Offers to Lease, and Leases. The Director of Real Estate Services, Associate Directors of Real Estate Services and Supervisor of Property Negotiations were given authority to execute agreements with a total rental value up to \$750,000 and a term up to 10 years, where the General Manager of Real Estate and Facilities Management or Director of Finance has approved the material terms. Staff authority had previously been capped at \$250,000 as per delegated authorities established in 1996.

The revision of the Standing Authorities in 2016 was intended to facilitate efficiency, primarily in the commercial lease approval process. With the higher rental value stipulated in the Standing Authorities, it is expected that fewer Commercial Leases will require direct Council involvement.

Council also requested that staff return every five years for a review of the Standing Authorities and return annually to report on the leases processed in the prior year. The purpose of this report is to provide the requested summary of leasing activity for 2017.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Section 190 of the Vancouver Charter authorizes Council to provide for the disposal of any real or personal property of the City, including by way of lease or license when in Council's opinion such property is not required by the City, upon such terms and conditions as may be deemed expedient.

Pursuant to Council Resolution dated April 23, 1996, the Manager, Deputy Manager or Supervisor of Negotiations of Real Estate Services are authorized to execute Licence Agreements, Month to Month Leases, and Offers to Lease and Leases where the total rental value is less than \$250,000 and the term (including renewal options) is no more than 10 years. The Director of Finance can approve the material terms of the Commercial Lease, if the total value is less than \$250,000 and the term is no more than 10 years.

Pursuant to Council approval on May 4, 2016, of the recommendations of the Standing Committee, the Director of Real Estate Services, Associate Directors of Real Estate Services and Supervisor of Property Negotiations are authorized to execute Licence Agreements, Month to Month Leases, Offers to Lease, and Leases (the "Commercial Lease") where the City is either the lessor or lessee, or licensor or licensee, where the total rental or license fee is less than \$750,000 and the term (including renewal options) is no more than ten (10) years. Further, the General Manager of Real Estate and Facilities Management or the Director of Finance can approve the material terms of each Commercial Lease, which, in cases where the City is the licensee or lessee, may include a commercially reasonable indemnity in favour of the licensor or lessor.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

Pursuant to Council direction, this report summarizing the City's Commercial Lease activities is provided for information.

REPORT

Background/Context

At its meeting of May 4, 2016, Council approved the recommendation of the Standing Committee to adjust the Standing Authorities relating to Commercial Leases including a request that staff return every five years for a review of the Standing Authorities and return annually to report on the leases processed in the prior year. The purpose of this report is to provide the requested summary of leasing activity for 2017.

Strategic Analysis

The City's Real Estate Services department manages a portfolio of approximately 770 active commercial lease agreements, excluding its portfolio of long term ground leases. Other commercial operations include management of a portfolio of residential rental properties, and short term licence agreements.

In summary, the lease activities (per the appendices) include:

1. **Fixed Term Lease Contracts** - These are commercial leases typically for a 5 year term and comprise everything from retail and office space within City owned buildings, to warehouse and industrial spaces, to vacant lands utilized for storage or parking uses.

In 2017, 73 fixed term lease contracts were negotiated, including 47 new contracts (see Schedule A – 2017 New Lease Contracts) and the renewal of 26 existing leases (see Schedule B – 2017 Lease Renewals). Of the 47 new contracts, 33 were leases of City owned spaces ("lease-outs") and 14 related to property owned by third parties leased by the City for civic purposes ("lease-ins"). The 26 renewed leases include 23 lease-out contracts and 3 lease-in contracts.

NEW Fixed Term Lease Contracts – Rental Value:

- The gross annualized rental value of the 33 new fixed term lease-out commercial contracts was approximately \$1.66M in 2017.
- The gross annualized rental value of the new lease-in properties in 2017 is approximately \$321,000.

RENEWED Fixed Term Lease Contracts – Rental Value:

- The gross annualized rental value of the 23 renewed fixed term lease-out contracts in 2017 is approximately \$2.104M.
- The gross annualized rental value of the renewed lease-in contracts in 2017 is approximately \$3,750.

2. **Short Term Commercial Contracts** - These can also include retail, office, warehouse and industrial spaces that are rented out annually but are typically comprised of agreements for signage, surface storage or parking on City properties, typically leased on a month-to-month basis.

New short term contracts also include month-to-month commercial tenancies at City-owned properties scheduled for imminent demolition or redevelopment. In 2017 the City assumed 10 new short term contracts on a month-to-month basis, totalling \$81,000.

3. **Residential Rental Agreements** - These are rental agreements for City owned apartment buildings and houses. Most of the houses are properties acquired for assembly for higher density development in the future, or for other civic objectives including park expansions.

In 2017, 12 new rental agreements were added to the residential portfolio, primarily from turnover of tenancies in City-owned residential properties. These new residential agreements have an annualized value of \$204,000. (See Schedule C).

4. **License Agreements** - These include properties that are rented out on a short term basis and include events, filming activity, storage of filming equipment etc. In 2017, 61 agreements generated \$92,000 in revenue (see Schedule D).

In 2017, 22 leases were authorized at Council. Of those, 12 were commercial leases requiring Council approval as they exceeded staff standing authorities. The remaining 10 include long term leases to housing providers or cultural and social spaces authorized for rental subsidy.

Implications/Related Issues/Risk (if applicable)

Financial

Attached as Appendix A, B, C and D is a summary of the Leasing and Licensing activities authorized through Standing Authorities.

Please refer to the Strategic Analysis above.

CONCLUSION

The purpose of this report is to provide a summary of leasing activity for 2017.

Commercial leasing activity for 2017 can be summarized as involving the renewal of 23 lease-out agreements with an annualized rental value of \$2.104M plus the addition of 116 new lease-out agreements (including fixed-term, short-term, residential and licenses) with an annualized value of \$2.04M, for a total lease-out value of \$4.14M per annum.

Additionally, City staff renewed 3 lease-ins valued at \$3,750 per annum and entered 14 new lease-in agreements valued at \$321,000 per annum, for a total annualized lease-in value of \$325,000.

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SCHEDULE A - 2017 New Commercial Lease Contracts

Section 1: 2017 Fixed Term Lease Contracts (Leased-out): 33 Count

Contract	Civic Address	Contract Start Date	Terms in Years	Annualized 2017 Rent
137	2635 KASLO	4/1/2017	3.00	s.17(1)
10601	1011 MAIN	9/1/2017	5.00	
12739	8500 ONTARIO (IS A PORTION OF STREET)	1/1/2017	1.90	
12768	201 - 456 W BROADWAY	1/1/2017	1.25	
12778	#201-1001 KINGSWAY	1/1/2017	1.92	
12838	1710 KENT SE	4/4/2017	10.00	
12862	467 W BROADWAY	4/1/2017	5.00	
12868	720 E HASTINGS - PRHC (5 UNITS)	3/28/2017	60.00	
12869	720 E HASTINGS - YWCA NON-MARKET HOUSING (16 UNITS)	3/31/2017	99.00	
12878	519 ABBOTT (formerly 505 Abbott)	7/1/2017	5.00	
12883	118 KEEFER	9/1/2017	5.50	
12884	115 - 180 KEEFER	8/1/2017	3.00	
12886	105 - 180 KEEFER	8/1/2017	3.00	
12899	LANE ADJ TO 1875 W. 7TH AVENUE	8/1/2017	5.83	
12900	5851 WEST BOULEVARD	7/1/2017	5.00	
12901	2690 LARCH	7/1/2017	5.00	
12908	#110 - 1245 GLEN DR	10/1/2017	5.00	
12914	1101 SEYMOUR - POSITIVE LIVING BC	10/1/2017	5.00	
12916	1101 SEYMOUR - VANCOUVER AIDS SOCIETY	10/1/2017	5.00	
12929	100 BLOCK HEATLEY	12/1/2017	1.83	
12930	1830 W 5TH AVE	12/1/2017	5.00	
12935	342 ALEXANDER (EAST BUILDING-FORMER POLICE GARAGE)	11/1/2017	1.00	
12936	202 - 345 ROBSON	12/1/2017	2.50	
12937	215 W 1ST	11/14/2017	3.00	
12938	2805 - 2807 W BROADWAY	12/21/2017	2.25	
12939	2809 W BROADWAY	12/21/2017	3.00	
12940	2811 W BROADWAY	12/21/2017	3.00	
12947	5575 BOUNDARY - MOSAIC	5/1/2017	5.00	
13118	SW PTN OF 650 W 57TH	10/19/2017	5.00	
13136	5370 ELGIN - COMMUNITY GARDEN SITE	1/1/2017	5.00	
12893	586 DAVIE	7/1/2017	0.25	
12920	301 W 1ST AVE (1ST & WYLIE)	9/1/2017	0.67	
12952	#1009-1001 KINGSWAY	12/1/2017	0.42	
		TOTAL		

Section 2: 2017 Short Term Commercial Contracts: 10 Count

Contract	Civic Address	Contract Start Date	Terms in Years	Annualized 2017 Rent
12777	#1007-1001 KINGSWAY	1/14/2017		s.17(1)
12864	590 - 594 DAVIE	5/1/2017		
12872	#1005-1001 KINGSWAY	4/13/2017		
12910	BIKE RACK ON PRKG STALL ADJ TO 2625 KASLO	8/23/2017		
12911	STALL 91 - 515 W 10TH VANCITY PARKING	9/1/2017		
12912	STALL 70 - 515 W 10TH VANCITY PARKING	9/1/2017		
12915	STALL 118 - 515 W 10TH	10/1/2017		
12918	939 DAVIE	10/1/2017		
12766	STALL 3 - 456 WEST BROADWAY - PARKING	1/1/2017		
12797	SIGN ON ROAD ADJ TO 3580 GRAVELY ST	3/1/2017		
		TOTAL		

Section 3: 2017 Leases for Civic Uses (Leased-in): 14 Count

Contract	Civic Address	Contract Start Date	Terms in Years	Annualized 2017 Rent
500181	East Fraser Lands - Foreshore	7/7/2017	29.50	s.17(1)
500183	1099 W 9th Ave - Licence to Construct Retaining Wall and W	10/1/2017	10.00	
500184	Grouse Mountain Repeater Station	7/17/2017	3.87	
500185	1060 Howe Street - Shelter Space Supply Agreement	10/1/2017	1.92	
500186	License - storage room in Crossroads arcade - Engineering	9/1/2017		
500188	2596 Oak Street - W10th Street Improvement Project	12/1/2017	2.00	
500189	1750 East 10th Avenue	10/1/2017	1.00	
500190	975 W 10th Avenue - W10th Street Improvement Project	11/1/2017	1.00	
500191	865 W 10th Ave - 10th street improvement project	11/1/2017	2.00	
500194	925 W 10th Ave - The Owners Strata Plan VAS1621	12/1/2017	1.00	
500199	450 SW Marine Drive -Marine Gateway - Storage Spaces Ren	11/1/2017	10.00	
500201	Adj 1710-1728 E Kent Ave S - Water Lot Licence Contract	4/4/2017		
500202	650 W 57th Ave (Temp. Modular Housing)	10/19/2017	6.00	
500177	1648 E 1st Ave - Aura Homes Ltd.	1/1/2017	1.50	
		TOTAL		

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SCHEDULE B - 2017 Lease Renewals

Section 1: Tenant Contracts (Lease out) that renewed in 2017: 23 Count

Contract	Civic Address	Contract Start Date	Renewal Start Date	Terms in Years	Annualized 2017 Rent
10048	925 TERMINAL AVE	4/1/2007	4/1/2017	5.00	s.17(1)
10097	1652 W 5TH AVE	10/1/2005	4/1/2017	2.25	
10275	205 - 1830 W 5TH AVE	12/1/2004	1/1/2017	3.00	
10300	2400 KINGSWAY	11/28/1989	2/1/2017	1.75	
10614	108 - 180 KEEFER ST	5/1/2004	9/1/2017	2.00	
10620	101 - 180 KEEFER ST	6/1/2005	1/1/2017	3.00	
10719	7900 YEW ST	4/21/1987	1/1/2017	10.00	
10829	1447 HORNBY ST	6/1/2008	11/1/2017	2.00	
10991	2009 STAINSBURY - CEDAR COTTAGE COMMUNITY GARDEN	3/15/2010	1/1/2017	5.00	
11040	925 GEORGIA WEST	9/1/2007	9/1/2017	10.00	
11071	301 W 1ST AVENUE PORTION OF - JOHN MCBRIDE COMM. GARDEN	11/1/2010	1/1/2017	5.00	
11119	531 Richards	9/10/2011	2/1/2017	5.00	
11199	3585 Graveley Antenna	9/1/2012	9/1/2017	15.00	
11216	Victoria Drive North of Powell Street	7/1/2012	7/1/2017	5.00	
11292	67 East Hastings (The Lux)	12/1/2013	12/1/2017	4.00	
11327	620 Quebec ~ Chinatown Plaza	3/1/2014	5/1/2017	3.00	
11360	100 - 27 W. Pender Street	4/1/2014	1/1/2017	3.25	
11398	1620 West 5th Avenue	5/28/2014	6/1/2017	3.00	
12366	5757 BATTISON STREET	4/30/2015	4/1/2017	1.17	
12720	ARBUTUS CORRIDOR - 1585 & 1595 W 2ND (FIR) - IMPERIAL PARKING	3/7/2016	3/7/2017	1.00	
12721	ARBUTUS CORRIDOR - BTWN 37 - 41 & BTWN W & E BLVD - 5351 E BOULEVARD - IMPERIAL	3/7/2016	3/7/2017	1.00	
10617	103A - 180 KEEFER ST	6/1/1995	6/1/2017	1.00	
12659	120 - 8383 MANITOBA STREET	5/18/2016	5/1/2017	1.00	
			TOTAL		

Section 2: Landlord Contracts (Lease-in) that renewed in 2017: 3 Count

Contract	Civic Address	Contract Start Date	Renewal Start Date	Terms in Years	Annualized 2017 Rent
500144	WATERLOT 7207 - S OF 1100 E KENT (VFPA LEASE # 05054) RE: 143528 File 2411152	10/1/2014	1/1/2017	4.75	s.17(1)
500155	Arbutus South Foot Street Storm Sewer Outfall (File#2411476)	1/1/2015	1/1/2017	10.00	
500157	Kinross South Foot Storm Sewer Outfall (File#2411478)	1/1/2015	1/1/2017	10.00	
			TOTAL		

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SCHEDULE C - New Residential Rental Activity in 2017						
Contract	Civic Address	Contract Industry Name	Mth to Mth	Contract Start Date	Terms in Years	Annualized 2017 Rent
12765	2 - 1336 WEST 11TH AVENUE	Apartment	X	2/1/2017		s.17(1)
12795	4203 PENTICTON STREET	House	X	3/1/2017		
12853	#302 - 1353 EAST 1ST AVENUE	Apartment	X	4/1/2017		
12890	857 EAST 45TH AVENUE	Other	X	7/13/2017		
12919	4193 PENTICTON	House	X	10/15/2017		
12922	PARKING ST #3 - 916 W BROADWAY	Parking	X	10/1/2017		
12926	PARKING ST #5 - 916 W BROADWAY	Parking	X	11/1/2017		
12927	2085 W 6TH AVE	House	X	12/1/2017		
12934	2142 ARBUTUS	Apartment	X	12/1/2017		
12943	204 - 1353 E 1ST AVENUE	Apartment	X	11/1/2017		
12875	2071 W 6TH AVE	Apartment	X	6/1/2017		
12891	55 MARINE SW	House	X	6/1/2017		
TOTAL ANNUALIZED RENT OF 12 NEW TENANCIES						

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SCHEDULE D - 2017 License Agreements							
Company	Date(s)	Location	Total Value	Monthly Totals	License Agreement "Use" if other than Film		
January							
Vancouver Bike Share Inc.	January 1-31	800 Quebec St	s.17(1)		Bike Share Storage Space		
Cavalía Inc.	January 31	215 West 1st Ave			Cavalía Opening Night Parking		
February							
Thurber Engineering Ltd.	February 24	800 Quebec St	s.17(1)		Borehole Testing		
Thurber Engineering Ltd.	February 24-March 16	800 Quebec St			Parking Borehole Vehicles		
Thurber Engineering Ltd.	February 28	700 Carrall St			Borehole Testing		
March							
Light of My Life Film Limited	March 3	177 W. Pender	s.17(1)				
Thurber Engineering Ltd.	March 4-7	801 Main St			Borehole Testing		
MMM Group Limited	March 6	800 Quebec St			Survey Work		
Ginkym Productions Services Inc.	March 27-29	177 W. Pender					
April							
Central City Films	April 7	177 W. Pender	s.17(1)				
Central City Films	April 13-14	177 W. Pender					
May							
Underhill Geomatics Ltd.	May 1-3	200/300 West 1st Ave	s.17(1)		Geophysical Surveying		
SNC Lavalin Inc.	May 1-3	200/300 West 1st Ave			Consultant Work Related to Geophysical Surveying		
Golder Associates Ltd.	May 4-20	916 W Broadway			Subsurface Investigations including Borehole Drilling		
Keystone Environmental Ltd.	May 18-24	2009, 2015, 2021, 2049, 2055 Stainsbury			Visual Survey		
Igor Productions Inc.	May 19-25	301 West 1st Ave					
Keystone Environmental Ltd.	May 24-31	688 Cambie St			Remove/dispose dual phase extraction system		
Ventana Construction Corp.	May 25	177 W. Pender			Test holes in existing foundation		
Ultra Productions Inc.	May 29-31	301 West 1st Ave					
Golder Associates Ltd.	May 29-June 3	496 W. Broadway			Subsurface Investigations including Borehole Drilling		
Ultra Productions Inc.	May 30	200/300 West 1st Ave					
GEP Psych Inc.	May 30	177 W. Pender					
June							
Igor Productions Inc.	June 2-6	200/300 West 1st Ave			s.17(1)		
Thurber Engineering Ltd.	June 7-10	3279-3297 Vanness Ave	Visual Survey to document environmental issues				
Lumberjackson Productions Inc.	June 9-11	200/300 West 1st Ave					
Keystone Environmental Ltd.	June 15-16	2009, 2015, 2021, 2049, 2055 Stainsbury	Electromagnetic surveys				
Golder Associates Ltd.	June 17-23	Portion of Arbutus Greenway, N. of W. Broadway	Subsurface Investigations including Borehole Drilling				
TGL Productions Ltd.	June 25-27	200/300 West 1st Ave					
Arrival Creative Agency Inc.	June 30-July 4	200/300 West 1st Ave	Food Truck Festival - \$850 x 3 event days				
July							
Cressey Wilkinson Holdings Ltd.	July 1-June 30, 2018	215 W. 1st Ave	s.17(1)		Employee parking		
Core6 Environmental Ltd.	July 4-December 31	946-950 Main St			Environmental investigation and remediation		
Creative Energy Vancouver Platforms Inc.	July 4-September 30	1390 Granville St			Pipe storage		
Reunion: MITHC 2 Productions Inc.	July 4-6	177 W. Pender					
Travelers Two Peacock Inc.	July 11	177 W. Pender					
Benchmark Production Services Inc.	July 13-15	800 Quebec St					
Hemmera Environmental Inc.	July 17-September 30	200/300 West 1st Ave			Underground storage tank removal		
BKL Consultants Ltd.	July 25-August 4	800 Quebec St			Noise monitoring		
BBTTC Productions Inc.	July 31	200/300 West 1st Ave					
August							
Zombie I Films	August 24	177 W. Pender	s.17(1)				
Stantec Consulting Ltd.	August 28-September 15	2090 W. 8th Ave			Noise monitoring		
September							
C&C Electrical Mechanical	September 13	177 W. Pender	s.17(1)		Replace make-up air unit		
Levy Show Service Inc.	September 15	200/300 West 1st Ave			Truck parking		
Canucks Sports & Entertainment	September 30-October 2	200/300 West 1st Ave			Truck parking; exited lot by 3:00am Oct 2 (charged 2 days)		
October							
GEP Arrangement Inc.	October 2-3	200/300 West 1st Ave	s.17(1)				
TCF Vancouver Productions Ltd.	October 3	58 W. Hastings					
Canucks Sports & Entertainment	October 3-6	200/300 West 1st Ave			Truck parking; exited lot by 4:00am Oct 6 (charged 2 days)		
Six 2 North Productions Inc.	October 14	200/300 West 1st Ave					
Silverstrand Production Services Inc.	October 15-17	200/300 West 1st Ave					
Keystone Environmental Ltd.	October 16-December 31	1510 Quebec & 1405 Main St			Groundwater Sampling		
SLR Consulting (Canada) Ltd.	October 16-December 31	1402-1460 Burrard, 1401-1451 Hornby, 900 Pacific			Site Walk-Around for Phase 1 Environmental		
Canucks Sports & Entertainment	October 28-30	200/300 West 1st Ave			Truck parking; exited lot by 4:00am Oct 30 (charged 2 days)		
November							
Beckmark Production Services Inc.	November 3	200/300 West 1st Ave	s.17(1)				
Reunion: MITHC 2 Productions Inc.	November 7-9	177 W. Pender					
PNR Railworks Inc.	November 8-9	595 and 599 West 2nd Ave			Railcar Offload		
Marlene Paemoller	November 15-January 15	2090-2096 West 8th Ave			Christmas Tree Lot		
Pico Productions (BC) Ltd.	November 28-29	177 W. Pender					
December							
Filmgroup TV	December 4-5	177 W. Pender	s.17(1)				
GeoPacific Consultants Ltd.	December 11-12	2009-2021 Stainsbury Ave					
Thurber Engineering Ltd.	December 19	4402-4410 Kaslo Street					
PHS Community Services Society	December 15-March 31	987 E. Cordova Street					
SNC-Lavalin Inc.	December 21	595 & 599 West 2nd Avenue					
2017 TOTAL							