



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: June 4, 2019
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RTS No.: 13252
VanRIMS No.: 08-2000-21
Meeting Date: June 11, 2019

TO: Vancouver City Council

FROM: Director of Real Estate Services and the General Manager of Real Estate and Facilities Management

SUBJECT: Lease of a portion of City-owned premises at 312-324 Main Street to Pigeon Park Savings

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 approve terms and execute a lease (the "Lease") with Vancouver City Savings Credit Union operating as Pigeon Park Savings (the "Tenant") for premises at Unit 110 - 312 Main Street as shown on Appendix B (the "Premises"), which Premises are located within a City-owned property situated at 312-324 Main Street shown as the "Subject Property" on Appendix A ("312 Main Street") and legally described in Appendix C, all on the following terms and conditions:

Lease Area
of Premises: Approximately 3,010 square feet.

Term: Ten (10) years commencing July 1, 2020 and ending on June 30, 2030 (the "Term").

Possession Date: March 1, 2020

Fixturing: s.17(1) rent free (with the exception of utilities, maintenance, and insurance charges) commencing on the Possession Date, during which to install the Tenant's fixtures.

Rent: Basic Rent is as follows:
Year 1-5 s.17(1) annually s.17(1) PSF / year
Year 6-10 s.17(1) annually s.17(1) PSF / year
plus GST.

Additional Rent:

s.17(1) PSF Year 1 (Proportionate Share of Building Operating Costs)

(collectively the "Rent")

Use: The provision of retail banking services for marginalized citizens in the Downtown Eastside.

Renewal Option: One (1) further option to renew for five (5) years (the "First Renewal Term") on the same terms and conditions save and except the Rent, to be negotiated at market rates.

Tenant Inducement: s.17(1) Basic Rent Free (value of s.17(1))

Other Terms and Conditions: The Lease will be based on the City's current standard form of lease for commercial tenants. Terms and conditions of the Lease are to be to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that no legal right or obligations shall arise or be created until the Lease is fully executed by both parties.

REPORT SUMMARY

The purpose of this report is to seek Council approval for the General Manager of Real Estate and Facilities Management and the Director of Real Estate Services to approve terms and execute a lease for the Premises with the Tenant for a term of ten (10) years, commencing July 1, 2020, plus one (1) further renewal option of five (5) years. Council approval is required for leases longer than ten (10) years in length, including renewals.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On October 1, 2014, (RTS 10731) Council authorized the Director of Real Estate Services to complete the negotiation of certain agreements related to the operation and management of a Technology and Social Innovation Centre (the "Centre") to be operated at 312 Main Street, a City owned asset. These agreements included a lease for a portion of the building, a Construction Management Agreement related to the performance of

certain base building improvements, a Property Management Agreement, and a Programming Agreement. All agreements were between the City of Vancouver and VanCity Community Foundation (“VCF”).

The Property Management Agreement outlined various duties and roles to be performed by the VCF as the Property Manager. One of these duties was to negotiate leases for Third Party Leased Space.

On April 11, 2017 (RTS 12011), Council clarified the Delegated Authorities related to executing lease agreements for 312 Main Street and underlined the requirement for all lease documentation to be approved and executed by the General Manager of Real Estate and Facilities Management and the Director of Real Estate Services.

The Director of Real Estate Services, Associate Directors of Real Estate Services, or Supervisor of Property Negotiations can 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 value 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.

As the term for this lease is longer than 10 years, Council’s approval of the Term is required.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate & Facilities Management RECOMMENDS approval of the foregoing.

REPORT

Background/Context

312 Main Street is currently being operated by VanCity Community Foundation as a Technology and Social Innovation Centre designed to stimulate social innovation, economic development, the technology sector and job creation within the City of Vancouver and the local neighbourhood. When fully occupied, the building will include a mix of commercial offices, co-working desks, and artists and maker studios.

Strategic Analysis

Pigeon Park Savings will be relocating from its current site at 92 E. Hastings Street as a result of an upcoming property redevelopment. Pigeon Park Savings intends to occupy approximately 3,010 square feet on the main floor, with a separate entrance onto Main Street.

Implications/Related Issues/Risk (if applicable)

Financial

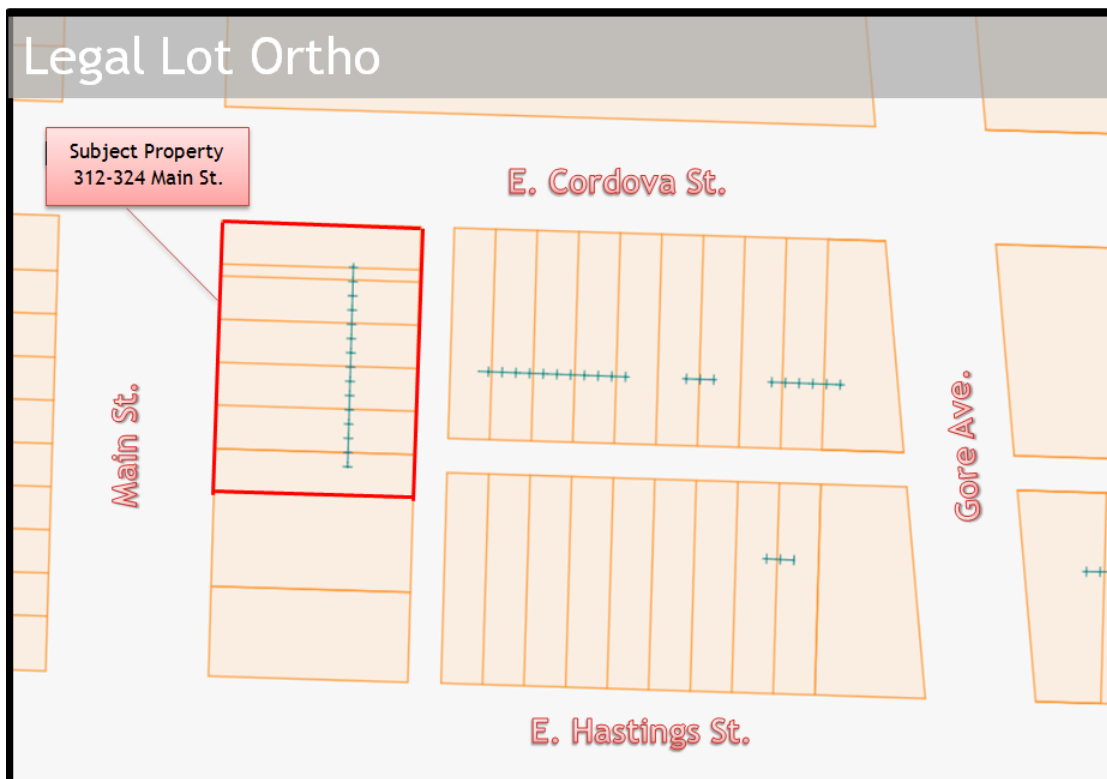
312 Main Street is currently being operated by VanCity Community Foundation as a Technology and Social Innovation Centre designed to stimulate social innovation, economic development, the technology sector and job creation within the City of Vancouver and the local neighbourhood. 312 Main Street is designed to be a self-sustaining operation that, when fully leased, is intended to provide a financially sustainable economic development platform.

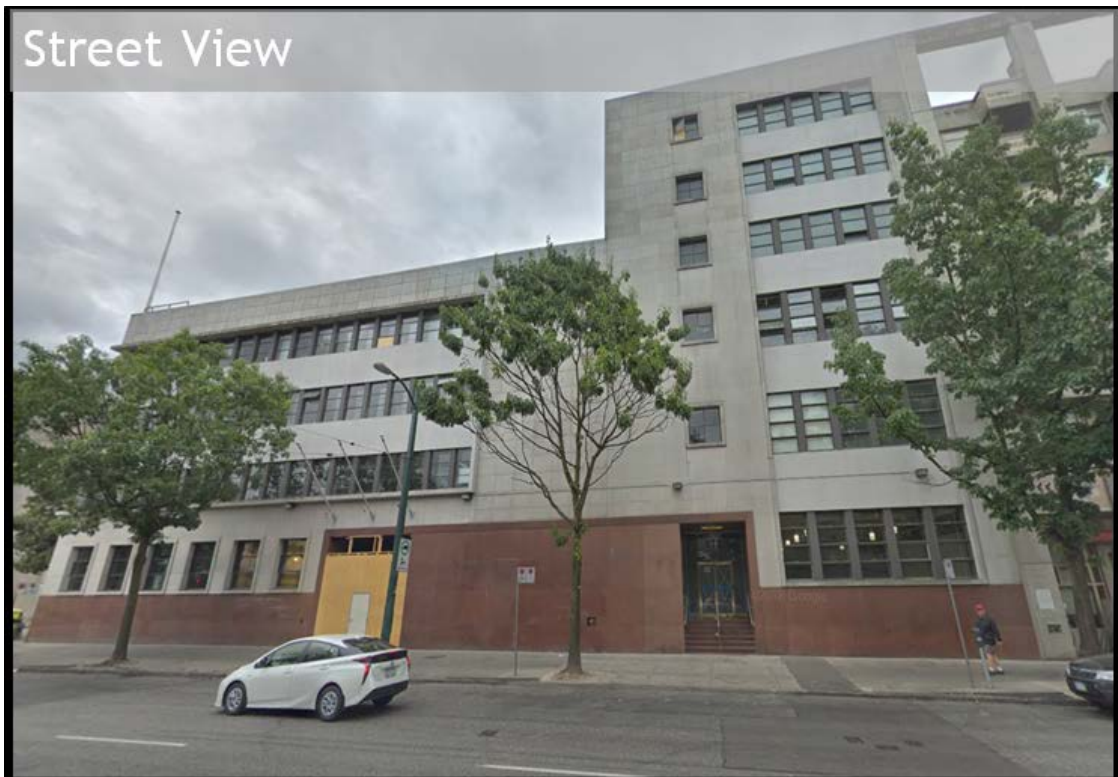
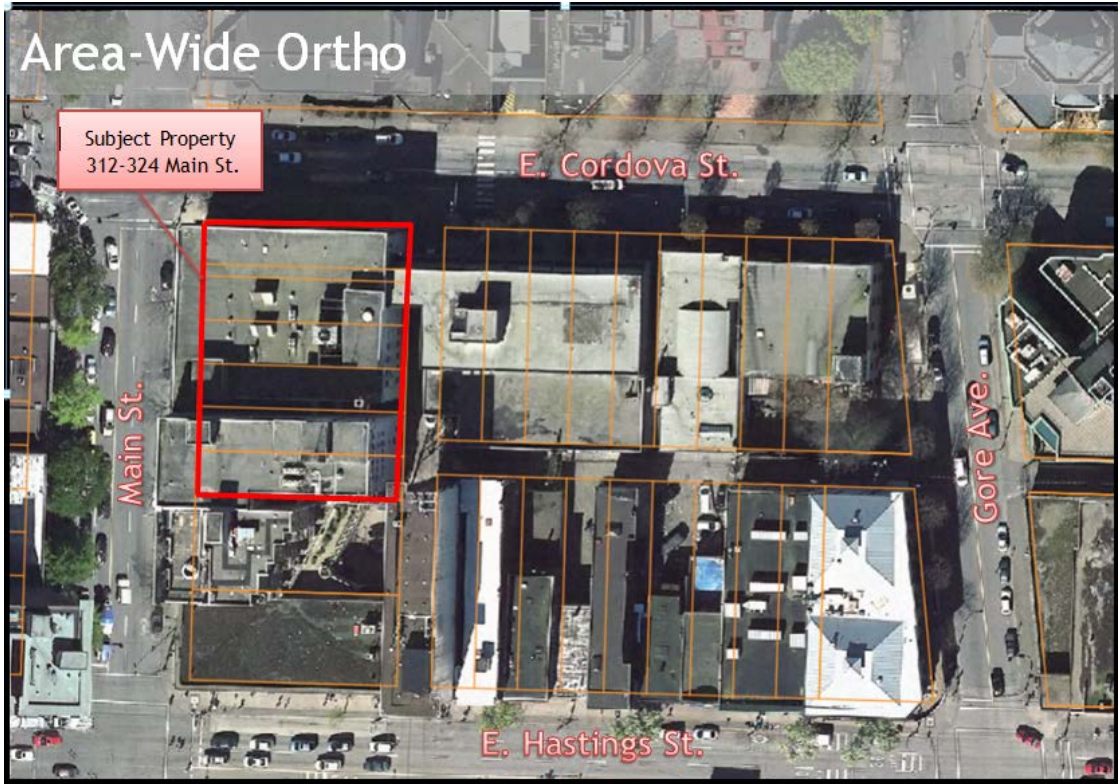
All rents associated with leases inside the building are to be at market rates and managed as part of the property management agreement with VanCity Community Foundation.

CONCLUSION

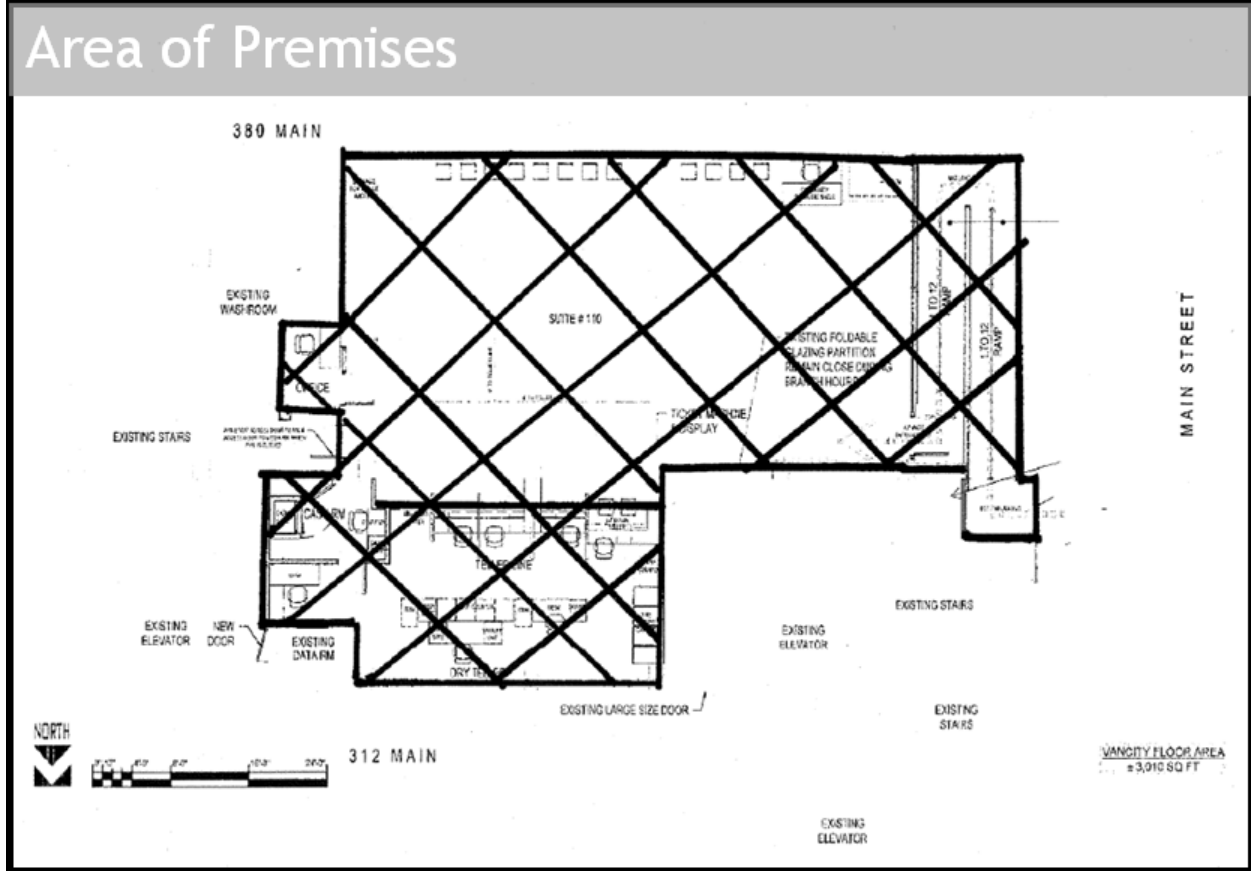
The Director of Real Estate Services is of the opinion that the Rent negotiated is representative of current market rental value for the type, location, age and condition of Premises, and therefore recommends Council's approval of the foregoing.

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Area of Premises



Legal Description of the Lands

Parcel Identifier Number: 015-683-958, Amended Lot 5 (Explanatory Plan 3780) Block 10 District Lot 196 Plan 184;

Parcel Identifier Number: 015-684-059, Lot 2 Block 10 District Lot 196 Plan 184;

Parcel Identifier Number: 015-684-067, Lot 3 Block 10 District Lot 196 Plan 184;

Parcel Identifier Number: 015-684-032, Lot 4, Except Part in Reference Plan 3780, Block 10 District Lot 196 Plan 184;

Parcel Identifier Number: 015-684-075, Lot 6 Block 10 District Lot 196 Plan 184;

Parcel Identifier Number: 015-683-885, the North 25 Feet of Lot 1 Block 10 District Lot 196 Plan 184; and

Parcel Identifier Number: 015-683-907, the South 7 Feet of Lot 1 Block 10 District Lot 196 Plan 184.