



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: September 27, 2019
Contact: Andrew Newman
Contact No.: 604-673-8105
RTS No.: 13306
VanRIMS No.: 08-2000-21
Meeting Date: October 1, 2019

TO: Vancouver City Council
FROM: General Manager of Real Estate & Facilities Management
SUBJECT: 2018 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 2018.

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 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 for 2018 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 2018, 93 fixed term lease contracts were negotiated, including 52 new contracts (see Schedule A – 2018 New Lease Contracts) and the renewal of 41 existing leases (see Schedule B – 2018 Lease Renewals). Of the 52 new contracts, 37 were leases of City owned spaces ("Lease-outs"), 7 were assignments of an existing lease to a new tenant ("Assignments") and 8 related to property owned by third parties leased by the City for civic purposes ("Lease-ins"). The 41 renewed leases include 37 Lease-out contracts and 4 Lease-in contracts.

NEW Fixed Term Lease Contracts – Rental Value:

- The gross annualized rental value of the 37 new fixed term Lease-out commercial contracts was approximately \$1.27M in 2018.
- The gross annualized rental value of the 8 new Lease-in properties in 2018 is approximately \$99,000.
- The gross annualized rental value of the 7 Assignments is not counted towards the 2018 totals, as the associated rental value have been accounted for in previous reporting years (only the tenancy has changed).

RENEWED Fixed Term Lease Contracts – Rental Value:

- The gross annualized rental value of the 37 renewed fixed term Lease-out contracts in 2018 is approximately \$2.16M.
- The gross annualized rental value of the 4 renewed Lease-in contracts in 2018 is approximately \$340,000.

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 2018 the City assumed 18 new short term contracts on a month-to-month basis, totalling \$135,000 (see Schedule A, Section 2 – 2018 Short Term Commercial Contracts).

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 2018, 6 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 \$62,000. (See Schedule C – 2018 New Residential Rental Activity).

4. **License Agreements** - These include properties that are rented out on a short term and non-exclusive basis and include events, filming activity, storage of filming equipment etc. In 2018, 48 new license agreements generated \$78,000 in revenue (see Schedule D – 2018 License Agreements).

The above summary of 2018 leasing activity does not include the 25 leases which were authorized at Council. Of those, 9 were commercial leases requiring Council approval as they exceeded staff standing authorities. The remaining 16 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 Schedule 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 2018.

Commercial leasing activity for 2018 can be summarized as involving the renewal of 37 Lease-out agreements with an annualized rental value of \$2.16M plus the addition of 116 new Lease-out agreements (including fixed-term, short-term, residential and licenses) with an annualized value of \$1.55M, for a total Lease-out value of \$3.71M per annum.

Additionally, City staff renewed 4 Lease-ins valued at \$340,000/annum and entered 8 new Lease-in agreements valued at \$99,000/annum, for a total annualized Lease-in value of \$439,000.

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SCHEDULE A - 2018 New Commercial Lease Contracts				
Section 1: 2018 Fixed Term Lease Contracts (Leased-out): 37 Coun				
Contract	Civic Address	Contr.start	Terms in Years	Annualized 2018 Rent
12909	659 E. BROADWAY	3/1/2018	5.00	s.17(1)
12931	203 - 618 QUEBEC	3/1/2018	5.00	
12941	1259 GRANVILLE	3/1/2018	5.00	
12950	178 KEEFER	6/1/2018	5.00	
12955	1585 W 4TH AVE	2/15/2018	5.00	
12976	5712 TYNE	3/1/2018	8.08	
13004	57 E HASTINGS	3/1/2018	1.00	
13050	1115, 1131, 1141 Franklin St (Temp. Modular Housing)	2/5/2018	5.00	
13055	501 Powell Street (Temp. Modular Housing)	2/21/2018	5.00	
13057	117 - 180 KEEFER	6/1/2018	3.00	
13058	4480 KASLO	3/13/2018	5.00	
13068	2132 ASH	4/9/2018	5.00	
13080	2500 BLOCK SKEENA ST	6/1/2018	7.25	
13083	PTN OF ROAD - 1300 BLK W 75TH	6/12/2018	0.46	
13087	LICENCE FOR CRANE	5/24/2018	2.00	
13089	110 KEEFER	9/1/2018	5.00	
13091	106 KEEFER	8/1/2018	3.00	
13092	103A - 180 KEEFER	6/1/2018	2.00	
13095	PTN OF 200 BURRARD - LICENCE	9/1/2018	5.00	
13097	120 - 1265 GRANVILLE	9/1/2018	5.00	
13098	1007 MAIN	11/1/2018	3.00	
13109	8390 GRANVILLE	3/1/2018	5.00	
13115	AIR QUALITY MONITORING STATION	7/13/2018	2.00	
13116	800 QUEBEC	11/1/2018	0.50	
13117	610 - 620 CAMBIE	8/21/2018	5.00	
13120	100 - 1688 MAIN	9/1/2018	5.00	
13121	250 W 70TH	8/15/2018	1.04	
13126	1004 W BROADWAY	11/1/2018	3.00	
13128	1ST FLOOR, SOUTH PTN 1800 SPYGLASS	9/1/2018	4.00	
13132	1001 (units #201, 202, 203, 205, 210) and 1003 Kingsway	11/1/2018	1.17	
13138	454 W BROADWAY	11/1/2018	1.17	
13139	204 - 180 KEEFER ST	10/1/2018	3.00	
13142	PTN OF WATERLOT 5601	5/1/2018	3.42	
13148	89 Rogers Street (North foot of Rogers)	8/1/2018	5.00	
13155	123 E 6TH AVE	12/1/2018	0.17	
13159	PTN OF ROAD - 1300 BLK W 75TH	12/1/2018	0.58	
13170	ARGYLE STREET END - N E 1/2	11/1/2018	2.00	
		Total		1,271,098

Section 2: 2018 Short Term Commercial Contracts: 18 Count				
Contract	Civic Address	Contr.start	Terms in Years	Annualized 2018 Rent
138	305 - 456 W BROADWAY	3/1/2018		s.17(1)
139	207 - 208, 1001 Kingsway St (CoV Driver's Services)	8/1/2018		
12945	STALL 44 - 515 W 10TH	1/15/2018		
12946	STALL 49 - 515 W 10TH	2/1/2018		
12949	438 W BROADWAY - PKG STALL # 29	3/15/2018		
12953	STALL 40 - 515 W 10TH	3/1/2018		
12954	586 DAVIE	2/15/2018		
13072	West Annex Parking - Stall #60	6/1/2018		
13073	SUITE 150 - 900 HOWE PUBLIC LEGAL EDUCATION SOCIETY	5/1/2018		
13078	438 W BROADWAY - PKG STALL # 24	7/1/2018		
13103	STALL 100 - 515 W 10TH	9/1/2018		
13108	STALL 75 - 515 W 10TH	10/1/2018		
13131	5160 JOYCE	10/1/2018		
13133	STALL 57 - 515 W 10TH	11/1/2018		
13143	STALL 54 - 515 W 10TH	12/1/2018		
13147	STALL 42 - 515 W 10TH	12/1/2018		
13149	STALL 58 - 515 W 10TH	12/1/2018		
13150	STALL 96 - 515 W 10TH	12/1/2018		
		Total		135,162
Section 3: 2018 Assigned Tenant Contracts (Leased-out): 7 Count				
Contract	Civic Address	Contr.start	Terms in Years	Annualized 2018 Rent
12992	509 ABBOTT (formerly 505 Abbott)	3/16/2018	4.38	s.17(1)
13019	240 NORTHERN	4/1/2018	Mo to Mo	
13037	203 - 1836 W 5TH AVE	4/4/2018	1.42	
13066	1441 W BROADWAY	3/1/2018	3.67	
13076	210 - 345 ROBSON	6/1/2018	2.00	
13129	111 - 180 KEEFER	10/1/2018	2.25	
13354	EYA COMMUNITY GARDEN	12/7/2018	3.00	
		Total		158,021
Section 4: 2018 Leases for Civic Uses (Leased-in): 8 Count				
Contract	Civic Address	Contr.start	Terms in Years	Annualized 2018 Rent
500187	450 SW Marine Drive - Parking Agreement	1/12/2018	Mo to Mo	s.17(1)
500192	935 W 10th Ave - W10th Street Improvement Project	2/1/2018	1.83	
500193	Bylaw Prosectutors' parking - at Robson Square	1/1/2018	Mo to Mo	
500200	155 East 37th Ave (Temp. Modular Housing)	3/16/2018	3.00	
500203	265 E. Hastings	6/1/2018	0.08	
500204	Harbour Centre - 1 PHONE CABINT IN 'MEET ME ROOM 6A'	3/1/2018	7.00	
500207	555 & 575 W 8th Ave (Parking Stall 181)	12/3/2018	Mo to Mo	
500208	5077 & 2095 Heather St	5/8/2018	5.00	
		Total		98,893

SCHEDULE B - 2018 Lease Renewals					
Section 1: 2018 Tenant Contracts (Leased-out) that renewed in 2018: 37 Count					
Contract	Civic Address	Contract Start Date	Renewal Start Date	Terms in Years	Annualized 2018 Rent
134	1648 EAST 1ST AVENUE - WINTER SHELTER (OPERATOR RAINCITY) - AURA HOMES	11/15/2016	7/1/2018	1.00	s.17(1)
10004	1600 W 1ST AVE	8/1/2006	8/1/2018	1.08	
10007	LIBRARY SQUARE CHILDCARE @ 401 - 345 ROBSON ST	1/1/1996	9/1/2018	5.00	
10047	875 TERMINAL AVE	5/1/2003	5/1/2018	5.00	
10086	777 PACIFIC Street	5/27/1992	1/1/2018	1.00	
10097	1652 W 5TH AVE	10/1/2005	7/1/2018	1.00	
10230	SHANNON DAYCARE SOCIETY @ 1200 W 73RD AVE	9/1/1975	9/1/2018	5.00	
10264	1630 W 5TH AVE	6/1/2002	7/1/2018	1.00	
10277	2151 BURRARD ST	5/15/2003	6/1/2018	5.00	
10325	1330 GLEN DR	10/1/2003	10/1/2018	5.00	
10583	HUB - 3585 GRAVELEY ST	11/12/2005	1/1/2018	1.00	
10639	2708 DUKE ST	6/1/2002	9/1/2018	5.00	
10640	PLAYHOUSE CHILDCARE @ 4107 BRANT ST	6/1/2002	9/1/2018	5.00	
10641	1690 MATTHEWS AVE	9/1/1993	9/1/2018	10.00	
10720	MOUNT PLEASANT CHILDCARE SOCIETY @ 960 E 7TH A	4/1/1986	9/1/2018	5.00	
10727	204 - 456 West Broadway	6/1/1990	1/1/2018	2.00	
10731	103 - 1830 West 5th Avenue	3/1/2006	5/1/2018	3.00	
10740	515 West 10th Avenue	7/15/1993	7/16/2018	5.00	
10843	334 Alexander	4/1/2008	4/1/2018	5.00	
10845	SOUTH VANCOUVER FAMILY PLACE @ 7710 NANAIMO	9/1/2008	9/1/2018	5.00	
10846	KIDS CARE PRESCHOOL (BOBOLINK) @ 7715 Muirfield	9/1/2008	9/1/2018	5.00	
11079	1700 BLOCK WEST 6TH AVE	4/1/2007	4/21/2018	5.00	
11086	400 W BROADWAY (includes Pkg stall#'s 16, 17, 19 & 20	4/1/2011	12/1/2018	1.00	
11215	3484 KINGSWAY	11/1/2012	2/1/2018	5.00	
11234	2901 E Hastings SANCTUARY POND	9/30/2012	1/1/2018	5.00	
11352	COMMUNITY GARDEN - 5395 DUNDEE	10/1/2013	10/2/2018	5.00	
11402	YMCA Mole Hill Child Care	1/1/2008	1/1/2018	5.00	
11435	WOODWARD'S CHILDCARE	5/2/2013	5/2/2018	5.00	
12366	5757 BATTISON STREET	4/1/2015	6/1/2018	0.75	
12445	208 - 345 ROBSON STREET	10/1/2015	1/1/2018	5.00	
12479	CITY HALL CHILD CARE	9/1/2008	9/1/2018	5.00	
12488	215 WEST 1ST AVENUE	12/22/2015	7/1/2018	1.00	
12498	CITYGATE I - CHILDCARE: 1192 QUEBEC ST	9/1/2010	1/1/2018	5.00	
12655	CITYGATE II - CHILDCARE: 1059 MAIN ST	8/12/2013	8/12/2018	5.00	
12695	601 SMITHE STREET (PORTION OF BASEMENT)	8/1/2016	8/1/2018	1.00	
12732	SAPPHIRE CHILDCARE: 1170 W. PENDER ST	8/1/2008	8/1/2018	5.00	
12888	1362 SEYMOUR ST	9/5/2013	9/5/2018	5.00	
				Total	2,155,370
Section 2: 2018 Landlord Contracts (Leased-in) that renewed in 2018: 4 Count					
Contract	Civic Address	Contract Start Date	Renewal Start Date	Terms in Years	Annualized 2018 Rent
500049	Vancouver Police Board	4/1/2009	1/1/2018	1.00	s.17(1)
500129	915 West Hastings	1/1/1993	1/1/2018	2.00	
500171	#385-531 W Broadway - NEFC Project Office	5/31/2016	11/1/2018	5.00	
500177	1648 E 1st Ave - Aura Homes Ltd - Winter Shelter	11/15/2016	7/1/2018	1.00	
				Total	340,000

SCHEDULE C - 2018 New Residential Rental Activity in 2018: 6 Count				
Contract	Civic Address	Contr.strt	Terms in Years	Annualized 2018 Rent
12942	2210 ARBUTUS	1/15/2018	Mo to Mo	s.17(1)
12948	2071 W 6TH AVE	2/1/2018	Mo to Mo	
13070	2-1143 E 10TH	6/7/2018	Mo to Mo	
13071	1-1145 E 10TH	6/7/2018	Mo to Mo	
13157	2037 STAINSBURY	11/28/2018	Mo to Mo	
13079	3-1143 E 10TH (GARAGE)	6/7/2018	Mo to Mo	
		Total		62,150

SCHEDULE D - 2018 License Agreements

Company	Date(s)	Civic Address	Total Value	Monthly Totals	License Agrmt use if other than Film
January					
Canadian Boat Shows	January 12-23	200/300 West 1st Ave	\$14,400.00		Boat Show Boat-Trailer Parking
Zombie I Films	January 14-15	177 W. Pender	\$2,000.00		
Zombie I Films	January 15-17	501 Powell St	\$3,000.00		
				\$19,400	
February					
Greenzone III Productions Inc.	February 1-3	200/300 West 1st Ave	Cancelled		
Collingwood Neighbourhood House Society	February 13-June 30	4402 Kaslo St	\$1.00		Temp storage of plants & soil for neighbouring garden
				\$0.00	
March					
Stage 49 Ltd.	March 12-14	177 W. Pender	\$3,000.00		
Helsing S3 Productions Ltd.	March 12-16	800 Quebec St	\$5,000.00		
				\$8,000	
April					
Beckmark Productions Ltd.	April 12-13	987 E. Cordova	\$2,000.00		
Beckmark Productions Ltd.	April 12-13	350 Raymur (1015 E. Hstgs)	\$2,000.00		
				\$4,000	
May					
Horizon North Modular Solutions Inc.	May 1-June 30, 2018	200/300 West 1st Ave	\$1.00		Temp. Modular Housing Storage
SNC Lavalin	May 10-28	1500 Main St	Cancelled		
The Capital Media Company	May 20 2018	301 W 1st Ave	Cancelled		
Thurber Engineering Ltd.	May 30-October 31, 2018	688 Cambie St	\$1.00		Groundwater monitoring
				\$0.00	
June					
The Potluck Café Society	May 24-October 25	58 W. Hastings	\$1.00		Community Food Market
Thurber Engineering Ltd.	June 5-August 31	200/300 West 1st Ave	\$1.00		Site Clean-up
Salvation Productions Inc.	June 13	800 Quebec St	\$1,000.00		
				\$1,000	
July					
Vancouver International Sculpture Biennale	June 28 2018 - July 31 2020	670 Millbank	\$0.00		Art sculpture
The Vancouver Community Network	June 1 - Dec 31 2018	58 W Hastings	\$0.00		Community Garden
Vancouver Bike Share Inc. (MOBI)	July 1-August 31	800 Quebec St	\$10,000.00		Bike Share Stations - Storage
Horizon North Modular Solutions Inc.	July 6-September 15	601 W 6th Ave	\$1.00		Temp. Modular Housing - Materials Storage
GEP Magicians Inc	July 9 - 13 2018	#120- 8383 Manitoba	\$10,000.00		Filming
Tetra Tech Canada Inc	July 10 2018	1330 Block E 1st	\$0.00		Environmental testing for Temp Mod Housing
GEP Magicians Inc	July 16 -20 2018	#120- 8383 Manitoba	Collapsed		
Thingery Sharing Inc	July 17 2018 - July 16 2020	7500 Angus Dr	\$1,500.00		Street Activity initiative
Tetra Tech Canada Inc	July 23 2018	1330 Block E 1st	\$0.00		Environmental testing for Temp Mod Housing
Vancouver International Sculpture Biennale	July 30 - Sept 3 2018	670 Millbank	\$0.00		Film screening
				\$21,500	
August					
Geopacific Consultants LTD	Aug 1 2018	898 Main St	\$0.00		Environmental testing for Temp Mod Housing
Thurber Engineering	August 7 - Sept 1 2018	215 W 1st	\$0.00		Environmental testing for Temp Mod Housing
Thurber Engineering	August 7 - Sept 1 2018	898 Main St	\$0.00		Environmental testing for Temp Mod Housing
Geo Pacific Consultants	August 1 2018	898 Main St	\$0.00		Environmental testing for Temp Mod Housing
Core6 Environmental Ltd.	August 10-December 31	350 Raymur St	\$10.00		Groundwater sampling
Wu Assassins B.C. Productions Inc.	August 17, 21 & 31	177 W. Pender	\$3,000.00		
Thurber Engineering Ltd.	August 21, 27, & 31	3510 Fraser St	\$1.00		Borehole Testing
Thurber Engineering Ltd.	August 21-September 7 (Revised)	3510 Fraser St	\$1.00		Borehole Testing
Thurber Engineering Ltd.	August 21-September 21 (Revised)	3510 Fraser St	\$1.00		Borehole Testing
Farmersville Productions (BC) Inc.	August 28	177 W. Pender	\$1.00		
				\$3,000	
September					
Thurber Engineering Ltd.	September 1-14	200/300 West 1st Ave	\$1.00		Site Clean-up
Watch Tower Production Services Inc.	September 4	987 E. Cordova St	\$1,000.00		
Wu Assassins B.C. Productions Inc.	September 5	177 W. Pender	\$1,000.00		
Zombie I Films	September 6-7	177 W. Pender	\$2,000.00		
Reunion MITHC 2 Productions Inc.	September 25-29	177 W. Pender	\$5,000.00		
				\$9,000	
October					
Zombie I Films	October 8-10	177 W. Pender	\$3,000.00		
Pico Productions (BC) Ltd.	October 30	177 W. Pender	\$1,000.00		
GRAVITY PRODUCTIONS INC.	Oct 31 - Nov 3, Nov 5	177 W Pender	\$5,000.00		Filming
				\$9,000	
November					
Marlene Paemoller	November 15-January 15	2096 W 8th Ave	\$3,000.00		
				\$3,000	
December					
Pinchin Ltd.	December 10	3510 Fraser St	\$1.00		Hazmat testing
Thurber Engineering Ltd.	December 13	3510 Fraser St	\$1.00		Environmental Stage 1
Pinchin Ltd.	December 18	3510 Fraser St	\$1.00		Roof samples
				\$0	
Total				\$	77,900