



**IN CAMERA**

**REPORT**

Report Date: May 18, 2021  
Contact: Jerry Evans  
Contact No.: 604-873-7430  
RTS No.: 14479  
VanRIMS No.: 08-2000-21  
Meeting Date: May 18, 2021

TO: Vancouver City Council  
FROM: General Manager of Real Estate and Facilities Management  
SUBJECT: Lease of 4566 West 10<sup>th</sup> Avenue for Relocation of VPL West Point Grey Library Branch

**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**

- A. THAT Council approve the terms of the offer to lease between the City as tenant and BABAKCO HOLDINGS LTD. (the "Landlord") for the lease of premises located at 4566 West 10<sup>th</sup> Avenue, legally described as LOT C, BLOCK 153, PLAN VAP23078 DL 540 NWD OF LOT 1, PID 016-747-658 (the "Subject Premises") and authorize the Director of Real Estate Services to negotiate and execute a new lease agreement (the "Lease") with the Landlord for the Subject Premises , on such terms, which are set out below:

Term: Ten (10) years, commencing December 1, 2021

Lease Area: 5,363 square feet

Base Rent: Years 1 to 5: s.17(1) annually (s.17(1) per square foot)  
Years 6 to 10: s.17(1) annually (s.17(1) per square foot)

Operating Costs: Year 1: s.17(1) per square foot, adjusted annually by cost of operating the building

Use: Community Public Library

Renewal  
Option: 2 x 5 years at rent to be negotiated

Tenant  
Improvement  
Allowance: s.17(1) plus GST

Fixturing  
Period: 150 days beginning July 1, 2021 for the purposes of constructing  
tenant improvements

Termination  
Right: The Tenant or Landlord may terminate the Lease on 12 months'  
written notice to the other following the expiry of the initial term

Parking: Exclusive use of all parking behind the building (~8 spaces) at no  
additional rental cost

Other Terms  
and  
Conditions: Terms and Conditions of the Lease are to be to the satisfaction of  
the Director of Legal Services and the Director of Real Estate  
Services, it being noted that no legal right or obligation shall arise  
until the Lease is fully executed by both parties.

- B. THAT, subject to approval of Recommendation A, Council approve a Multi-Year Capital Project Budget and Annual Expenditure Budget for s.17(1) for tenant improvements, furniture, IT and moving costs. The source of funds is s.17(1) from the previous Capital Plan closeout capital project budget surpluses and the Landlord will provide s.17(1) in tenant improvement allowance.

## **REPORT SUMMARY**

The purpose of this report is to seek Council approval to negotiate and execute a Lease for the Subject Premises at 4566 West 10<sup>th</sup> Avenue on the terms and conditions outlined in this report, and approval of the associated capital project for tenant improvements for the relocation of the Vancouver Public Library, West Point Grey branch.

## **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

The Director of Real Estate Services, Associate Directors of Real Estate Services, or Supervisor of Property Negotiations have standing authority to execute License Agreements, Month to Month Leases, Offers to Lease, and Leases (each a "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 s.17(1) 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 have standing authority to 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.

The total rental value of the proposed Lease exceeds the total value of s.17(1) and the total term of the proposed Lease exceeds the total term of 10 years that can be approved by the General Manager of Real Estate and Facilities Management or the Director of Finance and is therefore submitted to Council for approval.

### **CITY MANAGER'S/GENERAL MANAGER'S COMMENTS**

In consultation with the Chief Librarian, the City Manager RECOMMENDS approval of the foregoing.

### **REPORT**

#### **Background/Context**

The Vancouver Public Library West Point Grey branch (the “WPG Branch”) is currently located at 4480 West 10<sup>th</sup> Avenue, consisting of approximately 5,014 square feet of commercial/retail space. The lease for this existing branch expires on November 30<sup>th</sup>, 2021, with an option to renew for a further five years that requires notice of intention to renew prior to May 31<sup>st</sup>, 2021.

The building housing the current WPG Branch was built in 1977 and will require significant ongoing maintenance and updates over the next 5 to 10 years. The City (VPL) has had years of ongoing issues with the existing landlord at the WPG Branch relating to maintenance and repairs for significant issues that affect operation, as well as patron access. Further, this building does not meet accessibility standards and air quality is also a concern with an aging HVAC system.

The landlord has assembled the neighbouring buildings in this block and has long term plans to redevelop the site. As such, updating and general repair and maintenance of the building has not been a priority for the landlord and s.17(1)

#### **Strategic Analysis**

Real Estate Services (“RES”) identified a potential relocation site located approximately 180 meters west of the existing WPG Branch at the Subject Premises, which came to market in February 2021 and is available to lease immediately.

The Subject Premises was constructed in 1992 for the Bank of Nova Scotia and renovated in 2017, including new HVAC and most building mechanical systems. The Subject Premises consists of approximately 5,363 square feet of commercial/retail space, with comparable street visibility to the existing WPG Branch, improved accessibility at both the front and rear entrances with no stairs, and accessible washrooms. The Subject Premises is uniquely well suited to a community library use.

Noting that there is a lack of rental inventory suitable for a library in the vicinity, RES have consulted with VPL and negotiated an Offer to Lease with the Landlord on the aforesaid terms and conditions.

The current market rental value within the surrounding area ranges from s.17(1) to s.17(1) per square foot. The rent negotiated for the Subject Premises is considered to be fair market rental value for the quality, location and age of the Subject Premises.

The VPL Board has endorsed the relocation of the WPG Branch to the Subject Premises and entering into the Lease, and has directed the Chief Librarian to work with City staff to seek Council approval for the required additional funding to support the new Lease.

### ***Implications/Related Issues/Risk***

Over the next 10 years the Subject Premises at 4566 West 10<sup>th</sup> Avenue will resolve the issues of the challenging tenant-landlord relationship at the current WPG Branch and age-related building maintenance and repair concerns.

New development at Jericho Lands and the UBC SkyTrain extension may offer opportunities in approximately 10 years time for a permanent location in this neighbourhood.

The Subject Premises was previously a bank and requires some improvements to function as a library, however any new location would require a comparable amount of improvement, and in most cases would be more costly given that this site is one of the newest buildings on West 10<sup>th</sup> Avenue and has recently been upgraded. Most buildings on West 10<sup>th</sup> are similar in age and quality to the existing WPG Branch, which is conservatively budgeted to require s.17(1) over the next 10 years to remain functional, notwithstanding any accessibility or HVAC upgrades.

### ***Financial***

The Base Rent for the Subject Premises is s.17(1) for the initial ten year term. Current Operating costs including taxes are estimated to be s.17(1) per square foot; s.17(1) annually. The source of funding for leasing costs will be the Vancouver Public Library Operating budget.

The Tenant Improvements, furniture, IT and moving costs is anticipated to cost s.17(1). The source of funding is s.17(1) from the previous Capital Plan closeout capital project budget surpluses and the Landlord will provide the City with a Tenant Improvement Allowance of s.17(1).

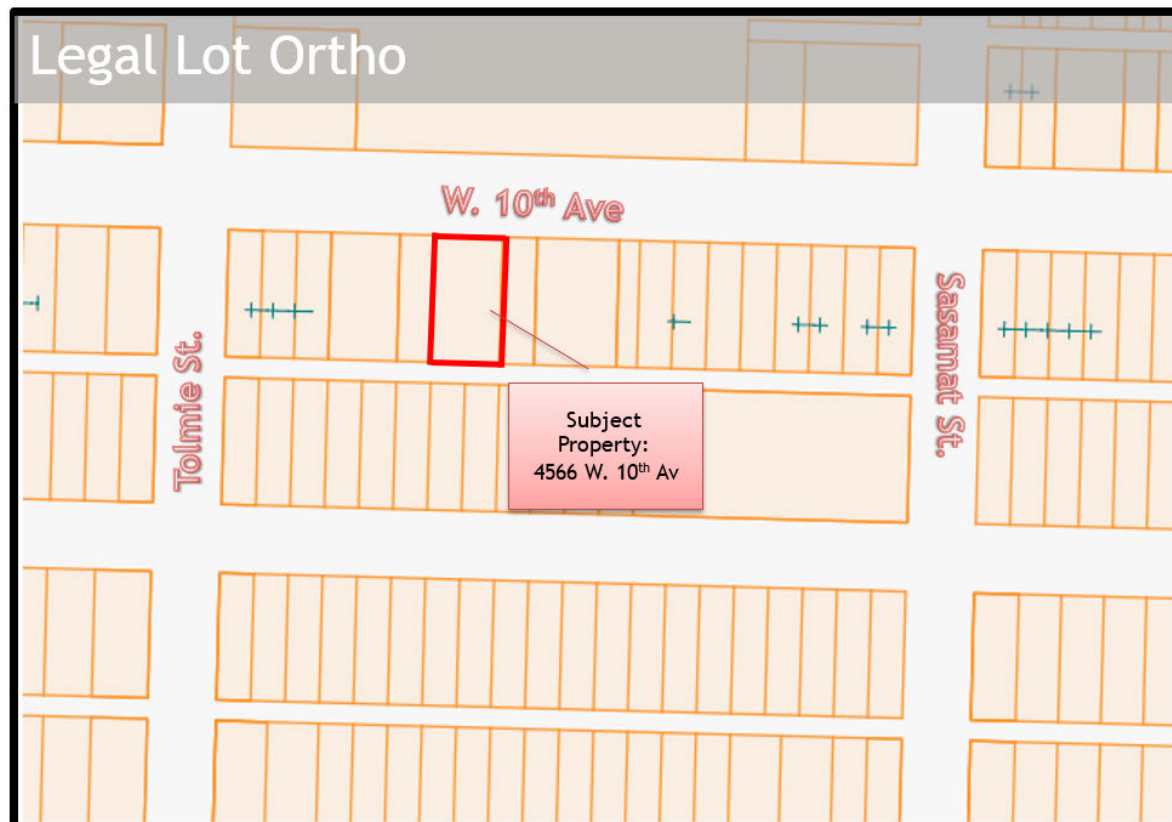
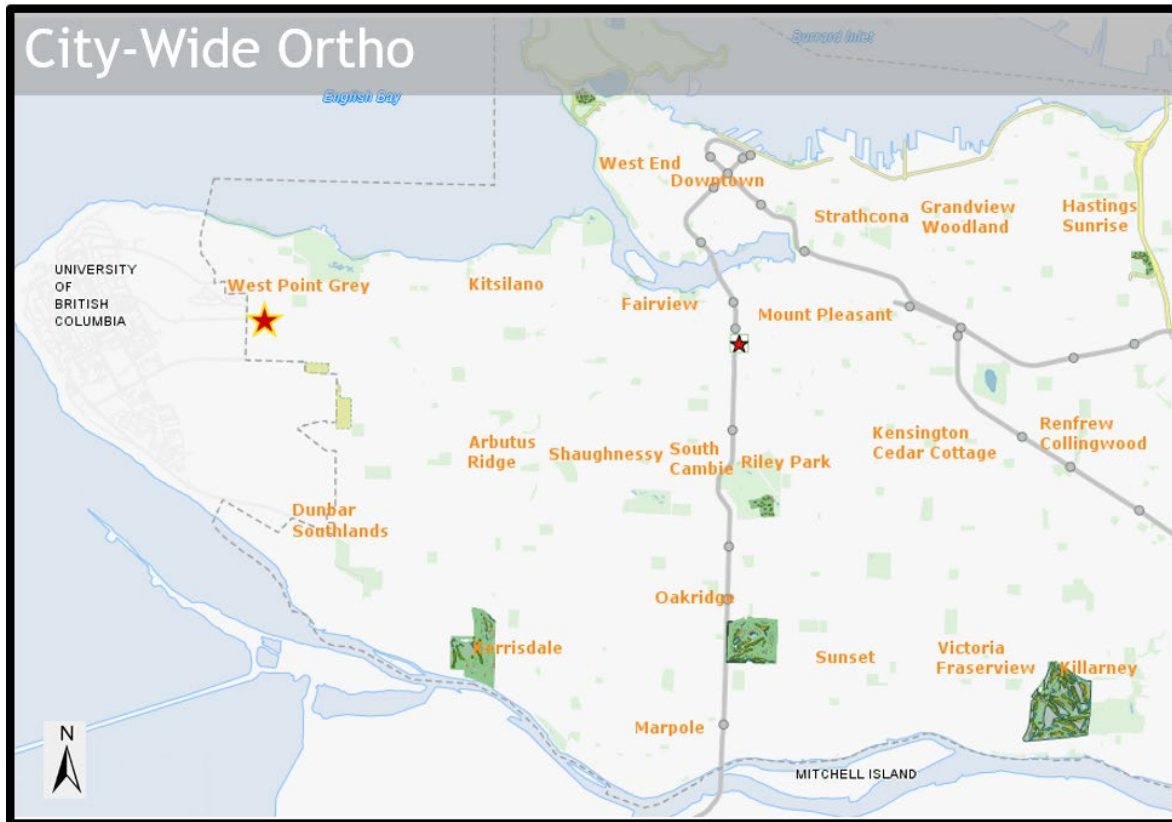
### ***Legal***

The terms and conditions of the Lease are to be to the satisfaction of the Director of Real Estate Services, who will work with the City's in-house Legal staff to negotiate and settle the Lease in the Landlord's standard form, which will be modified as necessary to comply with the terms of the offer to lease.

**CONCLUSION**

The relocation of the WPG Branch is a strategic plan to resolve issues for this branch location for a 10 year period until such time as a permanent location may be obtained. 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 Subject Premises and recommends approval of the forgoing.

\* \* \* \* \*





## Area-Wide Ortho



## Street View

