

Date: July 7, 1995

SUBJECT: JERICHO HILL CAFETERIA BUILDING LEASE

RECOMMENDATION

1. THAT the Board execute a lease with B. C. Buildings Corporation to operate and administer the Cafeteria Building on Jericho Hill Lands subject to the following terms and conditions:

a. The term of the lease will be for five years beginning September 1st, 1995, with the option for either party to terminate it after three years.

b. The Park Board will pay B. C. Buildings Corporation an annual assessment of \$68,081 for operating costs, plus \$16,080 for remedial work costs in each of the first three years of the lease. These costs will be offset by Park Board income from various sub-leases, rentals and community programs.

c. The Park Board will pay B. C. Buildings Corporation an annual percentage rent based on 60 per cent of the Net Income from any sub-leases, licenses or similar arrangements for the premises, following deduction of specified operating, remedial and administration costs.

d. All other terms and conditions are to be arranged to the satisfaction of the General Manager and the Director of Legal Services.

e. That no legal rights shall arise hereby, and none shall arise until execution of the contemplated lease.

BACKGROUND

The Jericho Hill Buildings were vacated by the Justice Institute in May, 1995. The B. C. Buildings Corporation holds the title for these facilities but the planning process for re-development of the Jericho Hill Lands is on hold pending resolution of Native land claims.

The Park Board has had a License Agreement for the gymnasium, swimming pool and soccer field at Jericho Hill since 1993. B. C. Buildings Corporation has indicated a willingness to continue renewing this license on an annual basis.

The West Point Grey Community Association requested that Park Board investigate the possibility of making additional Jericho Hill buildings available for community use, since the useable program space at Aberthau is limited and public demand for recreation activities has increased significantly at West Point Grey in recent years.

A Task Force was struck to explore this possibility, with representatives from the Park Board, B.C. Buildings Corporation, MLA

Darlene Mazari's Office, West Point Grey Community Association, Point Grey Residents' Association, and North West Point Grey Homeowners Association.

Following a tour of Jericho Hill facilities, it became apparent that the most useful space for community programming would be the Cafeteria Building. The West Point Grey Community Association advertised in local papers for expressions of interest and proposals for use of this building from community groups. This was followed up with an Open House /Tour of the building for any interested individuals or organizations. A number of groups responded, including the four potential sub-tenants identified later in this report.

Park Board Planning Division staff arranged for an inspection of the Building by the City's District Building Inspector and Fire Prevention Officer to ensure that building codes were being met and that no upgrading was required for temporary use of these facilities as a community centre.

B. C. Buildings Corporation staff, Park Board staff, and West Point Grey Community Association representatives met to negotiate terms and conditions for the proposed Cafeteria Building lease.

#### DISCUSSION

Normally, BCBC would expect to collect a Basic Rent from building tenants as a return on their investment. In this case BCBC has agreed that, in lieu of Basic Rent, they will receive a "Percentage Rent" equal to 60 per cent of the Net Income each year. Percentage Rent shall be calculated as follows:

a) All income or revenue due to VBPR under any lease, license or similar arrangement for the premises.

less b) all operating expenses payable to BCBC for the premises (\$68,081/year)

less c) amortization of remedial costs payable to BCBC for the premises (\$16,080/year for 3years)

less d) an allowance for VBPR administration (\$25,000/year)

Year 1 of the lease is projected to generate the following Net Income:

#### Income (Projected)

VBPR / Assoc. Programs	\$ 5,000
VBPR Sub Tenant Rent	131,080
	\$136,080

#### Expenses (Fixed)

BCBC Operating Costs	\$68,081
BCBC Remedial Work	16,080

VBPR Staff Cost Allowance        25,000  
   \$109,161

Net Income                                \$ 26,919

BCBC would receive 60% of this Net Income, and 40% would be retained by Park Board.

At this time, four potential tenants have written letters of intent to sign sub-leases with the Park Board for agreed-upon space in the Cafeteria Building. They are the New Learning Society -Lifesong School, the Family Montessori School Society, the Wondertree Education Society, and the Vancouver Celebration of Life Society. The projected rental revenue from these tenants totals \$131,080 per year; there is potential for at least \$20,000 additional revenue from storage space rental on the lower floor.

The West Point Grey Community Centre will offer a variety of community recreation programs at the Cafeteria Building. The space is suitable for such activities as art classes, music workshops, dance / movement classes, drama, table tennis, youth activities, club groups, afterschool care, martial arts, yoga, craft classes / workshops, community meetings, guest speakers.

At their meeting on July 5, 1995, the West Point Grey Community Association Board passed the following motion:

"That the West Point Grey Community Association enter into an agreement with the Vancouver Park Board to jointly operate the Jericho Hill Cafeteria Building (hereinforth known as the West Point Grey Community Centre Jericho Hill Centre) in accordance with the proposed lease arrangements with B.C. Buildings Corporation."

The Community Association is prepared to provide equipment and administrative support for the operation of programs at Jericho Hill Centre as a satellite facility of West Point Grey Community Centre.

JUSTIFICATION

The Cafeteria Building lease will enable the West Point Grey Community Centre to meet the community's growing needs for expanded program space, at no additional operating cost to the Park Board.

Prepared by:

Recreation Division  
Board of Parks & Recreation GL/mc

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