

October 26, 1995

SUBJECT: Jericho Hostel - Asbestos Removal Funding

RECOMMENDATION

THAT the Hostelling International Canada B.C. Region pay the costs associated with roof replacement at the Jericho Hostel including asbestos removal costs.

BOARD POLICY

There is no policy related to this issue.

BACKGROUND

Hostelling International Canada B.C. Region has leased the building at 1515 Discovery Street as a hostel since 1971. Their current lease expires in 2003 and "rent" is based on 5% of the revenues earned from the hostel operation.

At its meeting of February 6, 1989 (Appendix A) the Board passed a resolution to deduct the cost of an asbestos removal project at the Hostel from future rent payments. Accordingly rent was reduced by \$45,000 during 1989 and 1990. Details of the discussion that took place at that meeting are appended to this report.

DISCUSSION

Hostelling International Canada, B.C. Region is once again faced with an asbestos removal cost, this time associated with roof replacement. To remove the asbestos containing material underlying the roof shingles is estimated to cost \$47,000; the roof replacement is estimated to cost \$35,000.

Hostelling International Canada, BC Region has made a formal request that the Board offset the costs of asbestos removal by reducing rent similar to the agreement reached in 1989. They agree to pay the roof replacement cost.

Copies of the letter received from their Executive Director, John Hopkins have been distributed to the Commissioners along with a package of information about Hostelling International Canada.

The lease agreement clauses related to maintenance and renovations of the facility are as follows:

"2. During the currency of this agreement the (Canadian Hostelling) Association covenants and agrees with the Board as follows:

(g) that it will pay all costs, charges and other obligations arising out of any renovations or improvements to said

building;

(h) that it will provide and pay for all maintenance costs and cost of lighting, water, heat, and janitorial services, and all other incidental maintenance and operating charges.

7. It is understood and agreed that the Board does not covenant to alter, maintain or repair said building in any manner whatsoever, nor does it covenant to pay any cost or charges in connection with any services to said building."

The Board's Director of Financial Services has reviewed the financial status of the Hostelling International Canada, B.C. Region and notes that for their fiscal year ending March 31, 1995 the Vancouver Hostel had a net operating surplus of \$483,050 which is net of all expenses including rent to the Board of \$61,025. It should also be noted they pay no property taxes or assessments in lieu of taxes to the City of Vancouver.

JUSTIFICATION

The lease agreement requires that Hostelling International Canada, B.C. Region pay all operating, maintenance and renovation costs. Their financial statement shows a large operating surplus for the Vancouver Hostel. Park Board revenues for both Income Operations and Recreation are below budget.

Prepared by:

Environment & Operations Division
Board of Parks & Recreation
LM/ad

•