

Date: July 30, 2003

SUBJECT: HARBOUR FERRIES LTD. PARKING LOT - RENT REVIEW

RECOMMENDATION

- 1) THAT the rent for the period September 1, 1998 to August 30, 2003 be set at \$84,000 per annum
- 2) THAT no legal rights shall be created by the passage of these resolutions and none shall arise hereafter except by the signing of the contemplated documents

BACKGROUND

Harbour Ferries Ltd. has been at its current location (north foot of Denman Street) for many years. The parking lot covers an area of approximately 60,000 square feet, containing 140 parking spaces, of which 68 are required for the operation of the marina / charter boat operation. Harbour Ferries' moorage lies within a waterlot under separate lease with the Port of Vancouver.

When the area was turned over to the Park Board in the early 1980s for park purposes, negotiations for a long term lease with Harbour Ferries were transferred to Park Board staff. General terms and conditions were approved in 1983, at which time the rent was set at \$66,000 per annum.

The existing lease and license agreement is for 20 years and expires on August 31, 2003. Following lengthy negotiations with Harbour Ferries, which involved obtaining an independent consultant's report and the assistance of the City's Housing and Properties Division, the rent for the 5 year period to August 31, 1998 was set at \$75,000.

The issue regarding the amount to be paid in lieu of property taxes by Harbour Ferries was settled when our legal counsel recommended that the Board accept the lessee's interpretation that the taxes exclude hospital and school taxes collected by the City on behalf of other jurisdictions.

DISCUSSION

A Property Negotiator from the City's Real Estate Services has recently at our request reviewed rents of other parking lots in the Coal Harbour area. Rapid development in this area has made it difficult to find good comparables, as some of these other lots have short term cancellation clauses. Based on this review, in their opinion, an increase of 12% was appropriate for the Harbour Ferries lot for the final five year renewal period.

The lease and license agreements expire on August 31, 2003. If they are renewed then, a detailed review of rents should be carried out at that time to determine an appropriate rental rate.

JUSTIFICATION

An increase of 12%, to \$84,000 per annum, is comparable with other parking lot rental rates in the area and a complete review of the lease and licence agreements will take place at the expiry of the current terms.

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