

Re: PROPOSED TERMINATION OF BESTWOOD INDUSTRIES LIMITED LEASE  
(Item 11, Report No. 32, December 9, 1974)

Attached is a report dated December 16, 1976, from the Director of Planning regarding the subject lease.

The existing monthly rate for the lease of the property is \$1,300.00.

With respect to the buildings on the property, the company may remove them, but in all likelihood, they will remain when the premises become vacated and will have to be demolished by the municipality. Following is the applicable section of the Agreement in this regard:

"12. The Lessee covenants with the Lessor that any building, erections, and fixtures whatsoever which have been affixed to the soil and are so affixed at the termination of this lease shall be deemed to be fixed to the soil, and together with all tools and machinery on the said demised premises, the property of the Lessor. Provided that in case the Lessee has fully complied with all the terms and conditions of this lease, the Lessee may at any time within 60 days after the day upon which the lease is terminated, remove any such buildings, erections, fixtures, tools and machinery whatsoever, repairing any damage to the said demised premises occasioned by such removal, and that in default of such removal within the time aforesaid, the right, title and interest of the Lessee in all such buildings, erections, fixtures, tools and machinery whatsoever shall upon the termination of this lease cease and determine."

We fully expect the company to remove all equipment when the lease expires.

Unfortunately, we have not been able to get this report to Council before now and a decision must be made before the end of 1976 if the lease is to be extended in accordance with the Agreement. There is therefore no time to refer this matter to the Parks and Recreation Commission. On the other hand, clearly the Municipal Council must make the final decision.

The Municipal Manager is concerned with the company being able to vacate by December 31, 1979, and although this would be our goal and probably that of the company, it would be desirable to have an on-going dialogue with the company and the union involved to ensure an orderly transfer and vacation of the site by that date. In order to keep on top of this in the new year, the Municipal Manager proposes to meet jointly with the management of the company and the union representatives involved. He also proposes to meet at intervals during the next three years to ensure that our goal is accomplished.

The land involved in this matter was not dedicated as park land at the time of the 1976 Referendum.

RECOMMENDATION:

1. THAT the Director of Planning's recommendations be adopted; and
2. THAT the Municipal Manager meet at reasonable intervals with the management of the company and representatives of the union involved in order to ensure that the goal of having the site vacated by December 31, 1979, is accomplished; and
3. THAT a copy of this report item be forwarded to the Parks and Recreation Commission.

ITEM	20
MANAGER'S REPORT NO.	82
COUNCIL MEETING	Dec. 20/76

Planning Department,  
December 16, 1976  
File #03.602/212

TO: MUNICIPAL MANAGER  
FROM: DIRECTOR OF PLANNING  
RE: PROPOSED TERMINATION OF BESTWOOD INDUSTRIES LIMITED LEASE.

The properties currently under lease to Bestwood Industries Limited are located on Burrard Inlet in the area proposed for development as a marina complex as illustrated on the attached Figure 1. Their legal descriptions are Blocks 4, 5, 6 and 7, Group 1, N.W.D, Plan 3080.

A. BACKGROUND

Bestwood Industries Limited presently leases a 6.07 acre site on the Burrard Inlet foreshore from the Municipality for the manufacture of cedar shakes and shingles. The lease agreement was extended on December 31, 1974 for a period of three years to expire on December 31, 1977 with the provision that should the Municipality decide at the end of the second year of the agreement that the site will not be required by December 31, 1977, that year-to-year extensions will be considered. This agreement further includes provision that should the Municipality decide at any time before the end of the second year of the agreement that the property will be required, notice to this effect can be served which would finally terminate the lease on December 31, 1977. A period of 60 days is to be granted following the termination of the lease to permit salvage and removal of equipment and making safe of structures, such period is to be rent free.

A lease agreement was, therefore, renewed for a period of three years. This renewal was agreed to in recognition of the fact that there were some 130 persons employed at the mill and their position should be taken into consideration during the lease termination process. It was with this objective of terminating the lease in the most equitable fashion, that a lease was agreed to which provided for a phasing out rather than a closing down program.

While the extension of the lease for a period of three years was proposed, it was recognized that the extension could possibly present difficulties with the adopted development plan guidelines. However, it was felt that such

an arrangement was equitable and would allow the principals and employees of Bestwood Industries Limited to begin a planned phasing out program with adequate notice.

In considering the lease extension, Council resolved that it be stressed to Bestwood Industries Limited that, on the basis of the existing implementation program, the company and its employees should assume at this point (1974) that notice to terminate the lease will be given at the end of the second year (December 31, 1976). This report item is now being submitted in response to the lease extension question.

**B. EXISTING SITUATION**

During the preparation of our report item on this matter, a letter was received from Bestwood Industries Limited requesting a year-to-year extension beyond the December 31, 1977 lease termination date. In response to this request, the Planning Department has had several discussions with Mr. P. T. King, General Manager of Bestwood Industries Limited to review his proposed lease extension prior to the submission of this report item to Council.

These discussions indicate to us that Bestwood Industries Limited has recognized a need to relocate from the site at the earliest opportunity. They have proposed an incremental relocation (i. e. a unit by unit move) over a pre-planned period of time in order that staff layoffs and other disruptions can be kept to a minimum. Mr. King has indicated that his firm would prefer until the end of 1979, primarily for economic and personnel reasons, to complete the move and allow time for the removal of the existing improvements. This position is generally outlined in Mr. King's letter of December 8, 1976(see attached).

**C. PROPOSED LEASE EXTENSION REVIEW**

As outlined above, Bestwood Industries Limited was advised in December, 1974 that it should assume that notice to terminate the lease on December, 31, 1977 would be given by the end of the second year (December 31, 1976). In recognition of this situation, Bestwood has demonstrated some degree of commitment to meet a relocation schedule based on the shingle mill operations being incorporated within their Lakewood and Horne Mills. From the several discussions with Mr. King, it has been determined from the relocation program in effect that the company is unable to phase out operations at the Bestwood Mill by the end of 1977 without substantial employee disruption. On the other hand, the company indicated that given normal economic conditions it should be able to vacate the property by December 31, 1979. Mr. King has indicated, however, that given ideal conditions it could shorten this voluntary relocation program by a period of one year to December, 1978. Given these observations, it is apparent that the Municipality has two basic alternatives with respect to the vacating of this property -- one is to terminate the lease arrangement on December 31, 1977 as provided for in the current agreement, while the other is to grant a further lease extension based on an acceptable relocation program.

The yardstick by which these two alternatives should be evaluated is the relationship and effect of the subject property and its current use to the impending Marine Park development in the area. The Bestwood site and adjacent waterlot has been proposed for the development of a marina and public boat launching facilities. In terms of the development program for the Marine Park System, this aspect has been regarded as a second stage and complementary item to the adjacent foreshore core area. Given the current development priority for the Burrard Inlet Marine Park development, it is considered more appropriate that available public funds be directed to the development of the foreshore core and the reclamation of lands west of the Texaco tank farm. As a result, the need of the Bestwood site for public use purposes could be curtailed until the end of 1979 given current park development priorities.

One area of major concern not related to the actual physical need of the property is the adverse environmental effect that the continued operation of the Bestwood Mill will have on the adjacent foreshore core area proposed to have public access as of May 1, 1977. The age and general appearance of the installation, the associated log booming, and the generally oppressive nature of the shingle milling operations (i. e. atmospheric pollution, noise etc.) relative to the surrounding natural setting are considered prejudicial to the development of a major marine park. However, in view of the number of employees affected by this decision, combined with the fact that Bestwood has stated its intention to vacate the property by the end of 1979, it is felt that this adverse relationship could be tolerated for an additional two years, beyond the end of 1977.

220

With respect to the potential development of the Bestwood site for marina purposes, prospective developers can be advised that the property could definitely be available for construction purposes at the termination of the proposed lease extension. Pre-construction planning and the several requisite regulatory approvals could be initiated and obtained during the period prior to the lease termination. In addition, development of that portion of the marina complex proposed for the eastern edge of the former Kapoor property could be initiated as a first stage component should this demand materialize from the private sector. In any event, the requisite applications to permit public access to the Bestwood site for marina and/or boat launching purposes should be commenced at least two years in advance of the proposed December 31, 1979 lease termination date.

In approaching this matter, staff attempted to negotiate a lease termination date with Bestwood Industries Ltd. that would represent a mutually agreed to final termination date beyond which no further extensions would be considered. The December 31, 1979 date is considered by the Planning Department to represent such a point based on the public need of the property and the adverse impact of the shingle mill on the adjacent park areas. Mr. King's response to this approach is basically that the company will endeavour to vacate the site by year end 1979, or sooner if possible. However, Mr. King is not prepared to give a firm commitment, that Bestwood Industries Ltd. would voluntarily vacate the property by December 31, 1979 in the event that the relocation schedule could not be met. In essence, the company will not give positive assurances that a similar lease extension request will not occur at the end of 1979 should their ability to effect the relocation not materialize.

The Planning Department considers it vital that a maximum lease extension date be established in order that both parties can plan and manage their affairs accordingly - the company in its relocation efforts and the Municipality in its park related and marina development. With this and the above factors in mind, it is recommended that Bestwood Industries Ltd. be advised that a year to year extension up to and finally terminating on December 31, 1979 will be granted beyond the current December 31, 1977 termination date subject to the following conditions:

- a) agreement by Bestwood Industries Limited to the lease rate as established by the Municipality for the years 1978 and 1979
- b) agreement by Bestwood Industries Limited to remove, at their expense, all improvements as designated by the Municipality situated on the subject lease areas.
- c) agreement by Bestwood Industries Limited to allow access for the Municipality to initiate development work associated with the construction of a public boat launching facility should this be considered necessary.
- d) the submission by Bestwood Industries Limited by Feb. 1, 1977 of an appropriate schedule illustrating its year-to-year relocation program.

Re: Proposed Termination of Bestwood Industries

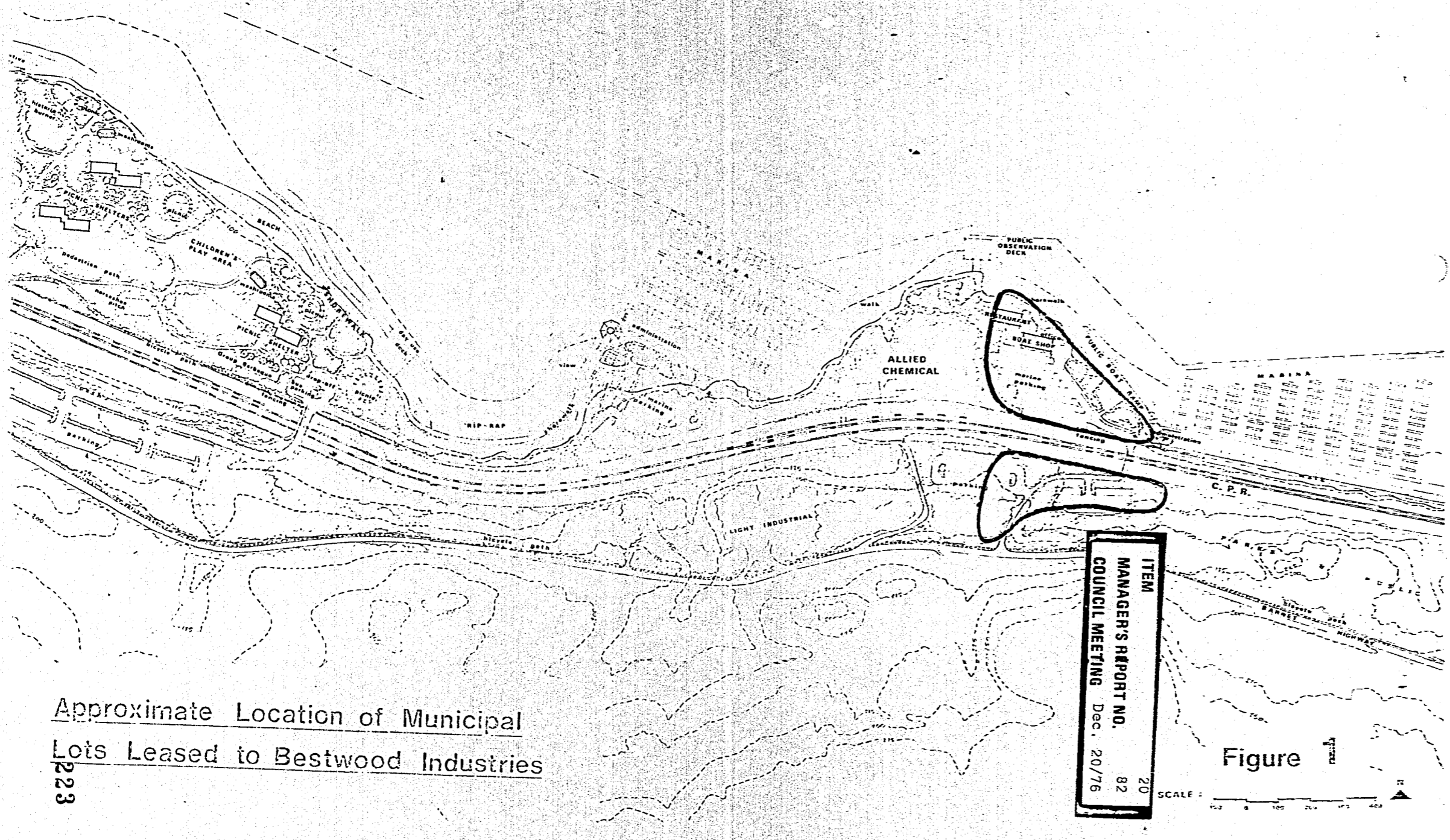
ITEM	20
MANAGER'S REPORT NO.	82
COUNCIL MEETING	Dec. 20/76

g) that Bestwood Industries Ltd. be advised that should the September, 1978 review determine that the company will not be able to vacate the property by December 31, 1979, then the Municipal Council may not grant a lease extension beyond December 31, 1978. 222

  
A. L. Parr,  
DIRECTOR OF PLANNING.

JSB:BL:ew  
att.

c. c. Parks and Recreation Administrator  
Land Agent  
Municipal Solicitor



Approximate Location of Municipal  
Lots Leased to Bestwood Industries

223

ITEM  
MANAGER'S REPORT NO. 82  
COUNCIL MEETING Dec. 20/76

Figure 1  
SCALE: 1" = 200'

ITEM	20
MANAGER'S REPORT NO.	82
COUNCIL MEETING Dec. 20/76	

## BESTWOOD INDUSTRIES LIMITED

MANUFACTURERS OF: RED CEDAR SHINGLES • SIDEWALL SHAKES  
PRIMED SHAKES • RESAWN SHAKES • BARN SHAKES

TELEPHONE 939-1177 — AREA CODE 604  
P.O. BOX 2042, VANCOUVER, B.C. V6B 3R6

December 8, 1976

Mr. Jack Bellhouse,  
Planning Dept.,  
3rd Floor.

Dear Sir:

Re: Lease - Bestwood Industries Ltd.

As requested at our meeting yesterday, we outline below the most recent update of our plans to relocate the employees of our Bestwood mill and to replace the production which will be lost when our lease cannot be further renewed.

In 1973 it seemed that we had three possibilities:

- 1) To build a new mill: this involved getting suitable land, solving pollution control problems and investing about \$1,500,000. - \$2,000,000. just to build the mill, kilns, etc. Unfortunately the economics of the shingle industry either at that time or now do not justify such an investment. Only one new mill has been built during this time and that replaced an old mill destroyed by fire.
- 2) Buy an existing mill: The opportunity to do this on any basis which would accommodate our Bestwood employees has not become available.
- 3) Expand our two other mills: This has turned out to be the only viable solution and we have been actively pursuing this course since 1973.

In 1973 we spent over \$250,000. building a new kiln and adjacent facilities at our Lakewood mill. This kiln has the capacity to handle substantial increased production.

In 1974 we spent \$235,000. at our Horne mill replacing existing steam boilers and installing equipment to handle our waste and avoid any pollution.

In 1975 and 1976 we have spent over \$250,000. at Lakewood to replace our burner and install a chipper and hog.

At this point we should emphasize that new construction and changes can only proceed as fast as funds and people skilled in the shingle industry are available.

.....2

ITEM	20
MANAGER'S REPORT NO.	82
COUNCIL MEETING	Dec. 20/76

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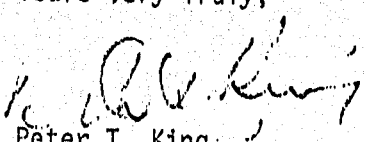
- 2 -

Our company is prepared and has demonstrated our willingness to invest as fast as funds can be generated, and we propose to continue to do so. Unfortunately, 1975 and 1976 were not banner years in our industry, but some forecasts look promising for 1977-78.

Our expansion at the two mills continues but a lot remains to be done - involving an expenditure of between \$750,000. - \$900,000. and our time frame with normal economic conditions, looks like three years. Although, it may be possible, given almost perfect conditions, to complete most of the changes by the end of 1978, we are not in a position to make such a commitment. We will however work towards such an objective or as soon thereafter as possible.

Naturally we will vacate this site when required to do so but hope that the municipality will allow us the time to carry out the changes still required to maintain jobs for all our employees. We feel very strongly about being able to provide jobs and to continue our association with our Bestwood employees, most of whom have been with us for a long time - many for more than 20 years.

Yours Very Truly,

  
Peter T. King  
General Manager

PTK/pj