

Re: PROPOSED EXTENSION OF THE BESTWOOD INDUSTRIES LTD. LEASE
LOTS 4-5-6-7, D.L. 212, GROUP 1, PLAN 3080
(Item 20, Report No. 82, December 20, 1976)

On December 20, 1976, Council adopted the following recommendations in connection with a report on the lease of a 6.07 acre site on the Burrard Inlet to Bestwood Industries Ltd.:

- "1. 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
 - e) written confirmation from Bestwood Industries Ltd. that the company and its employees appreciate that the lease extension is based on a phased relocation program and that under no circumstances will it extend beyond December 31, 1979
 - f) the undertaking of a comprehensive review of the progress of the submitted relocation program by September 1, 1978 and the submission of the findings to the Municipal Council for consideration
 - 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 least extension beyond December 31, 1978.
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."

Of the prerequisites listed above, only items (a), (b) and (c) are still outstanding. With respect to item (b), discussions are still continuing with Mr. Peter T. King, the firm's General Manager, who has requested clarification on which improvements are to be removed, and the method by which such removal can be carried out, e.g., demolition, burning, etc. Item (c) is another matter which is under discussion and which will be satisfied when clarification is given to Mr. King on the specifics relating to the proposed development work, together with an assurance that the work will not adversely affect the operation of the mill. It is anticipated that both of these conditions will be satisfied in the very near future. Item (a) is the subject of the following report from the Land Agent.

The rate under discussion at this time is for the years 1978 and 1979. The current rate in the amount of \$1,300 per month under the existing agreement is to remain in effect until December 31, 1977.

There is a difference of opinion as to the monthly rental that should be charged for use of the land by the firm: the Land Agent recommends \$3,049 and justifies this amount on the basis that it reflects current market values for property; the firm's General Manager has expressed the opinion that \$2,000 would be a fair rental figure and cites as justification "unusual circumstances during the last two years of what will have been a forty year rental tenancy." The General Manager's letter dated February 17, 1977 is attached.

Determination of a fair and equitable rental for Bestwood Industries requires that we consider the basis on which lease rates were calculated for the Kask and Noble Towing Companies. In both of these cases, the method by which the rates were established involved the application of current market values, and although this resulted in substantial rate increases, the increases were approved by Council. If we are to be consistent with our past practice, we should therefore charge Bestwood Industries the rate that is recommended by the Land Agent.

RECOMMENDATION:

1. THAT Council approve a monthly rate in the amount of \$3,049 for lease of the subject land to Bestwood Industries Ltd. for the years 1978 and 1979.

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TO: MUNICIPAL MANAGER February 22, 1977
FROM: LANDS DEPARTMENT
SUBJECT: PROPOSED EXTENSION OF BESTWOOD INDUSTRIES LTD. LEASE TO DECEMBER 31, 1979. (ITEM 20, REPORT NO. 82, DEC. 20, 1976), LOTS 4-5-6-7, D.L. 212, GROUP 1, PLAN 3080

Further to the request from Bestwood Industries Limited to extend the existing lease for a period of two years, we prepared an appraisal for lease purposes, as follows:

Lots 4-6, comprising of 3.3 acres @ \$110,000.00
per acre ----- \$363,000.

Lots 5-7, comprising of 2.7 acres @ \$25,000.00
per acre ----- \$ 67,500.

Total value of land ----- \$430,500.

Lease based on a yield rate of 8½% per annum

Annual lease - \$36,592.00
Monthly rate - \$ 3,049.00

During our discussion with Mr. Peter T. King, General Manager of Bestwood Industries Limited, he indicated that the rate was reasonable but due to the cost of re-location, he doubted if the company could absorb the increase. Enclosed is a copy of letter from Bestwood Industries Limited, dated February 17, 1977, which is self-explanatory.

We feel our lease rate is not unreasonable in the circumstances and we are unable to recommend the reduction requested by the company. However, we did agree to convey the request to Council.

E. W. Grist
E. W. Grist
Land Agent

FAE/jce
Encl.

cc: Director of Planning, Treasurer, Admin., Parks & Recreation