

ITEM	5
MANAGER'S REPORT NO.	52
COUNCIL MEETING 1982 09	27

RE: WEST BUILDING LEASE OF 9400 SQ. FT. OF  
BRITISH COLUMBIA BUILDINGS CORPORATION  
REVISION OF LEASE RATE

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Municipal Solicitor be adopted.

\* \* \* \* \*

September 22, 1982

TO: MUNICIPAL MANAGER  
FROM: SOLICITOR  
RE: WEST BUILDING LEASE OF 9400 SQ. FT. TO  
BRITISH COLUMBIA BUILDINGS CORPORATION  
REVISION OF LEASE RATE

RECOMMENDATION:

THAT 9,400 sq. ft. of the first floor of the West Building be leased to the British Columbia Buildings Corporation (BCBC) for a further period of three (3) years and four (4) months at a triple net lease of \$8.75 per sq. ft. per annum and that an option be granted to renew the said lease for a further period of three (3) years.

BACKGROUND:

When the Provincial Government took over the administration of the Home Care Unit, we leased that portion of the ground floor of the West Building occupied by the Home Care Unit to the BCBC on the following terms:

1. Area leased 4,400 sq. ft. or 19.5% of total rental area.
2. Three (3) year lease period commencing September 1, 1979 and terminating on August 31, 1982.
3. Base lease for 1979 \$9.75 per sq. ft. per annum.
4. Option to renew for a period of three years.

A base lease of \$9.75 included the operating cost for 1979. After deducting the operating costs the net lease was \$3.86 per sq. ft. of area leased. This is normally referred to as the triple net lease amount.

In addition to the above, the Provincial Government took over the Long Term Care, and as of January 1, 1980 we leased that area occupied by the Long Term Care (5,000 sq. ft.) to the BCBC on the same terms as set out above. This made the total area leased in the West Building 9,400 sq. ft. representing 41.8% of the total leaseable area in the building.

NEGOTIATIONS:

In order to improve the accounting process we negotiated the renewal period for 40 months commencing September 1, 1982 and terminating December 31, 1985 which conforms to our fiscal period.

Area being leased is 9,400 sq. ft. of the ground floor representing 41.8% of total rentable area. The areas shown on the attached sketch were adjusted for common areas, washrooms, etc. Rental rate triple net at \$8.75 per sq. ft. per annum.

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Estimated operating costs for 1982 \$145,019.

BCBC share 41.8% = \$60,617.94 per annum or \$6.45 per sq. ft. This brings the total cost of the lease to BCBC to almost \$15.20 per sq. ft. per annum.

CONCLUSION:

The negotiated rate compares favourably to comparable properties offered for lease by the private sector, we would, therefore, recommend acceptance.

F.A. Evans/gmc  
cc: Treasurer  
Health Dept. (Attn: A. Asaph)  
Attach.

*W. L. Stirling*  
W. L. Stirling  
MUNICIPAL SOLICITOR

1ST FLOOR PLAN

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