

ITEM	5
MANAGER'S REPORT NO.	37
COUNCIL MEETING	1982 05 31

RE: RENEWAL OF LEASE
19,590 SQ.FT. OF SPACE IN THE JUSTICE BUILDING TO THE
BRITISH COLUMBIA BUILDINGS CORPORATION

MUNICIPAL MANAGER'S RECOMMENDATION:

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

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May 26, 1982

TO: MUNICIPAL MANAGER
FROM: SOLICITOR
RE: RENEWAL OF LEASE
19,590 SQ. FT. OF SPACE IN THE JUSTICE BUILDING
TO THE BRITISH COLUMBIA BUILDINGS CORPORATION

RECOMMENDATION:

1. THAT 19,590 square feet of the third floor of the Justice Building be leased to the British Columbia Buildings Corporation for \$8.75 per square foot, the term to be for a period of four (4) years and nine (9) months commencing April 01, 1982 and terminating on December 31, 1986 as outlined in this report.
2. THAT an option to renew the said lease be granted for a further period of three (3) years.

R E P O R T

Following the take over by the Provincial Government of the administration of the courts, we entered into an agreement on December 01, 1976 for the lease of 19,590 sq. ft. of the third floor of the Justice Building. The said lease contained a rate revision clause for April 01, 1979 at which time we renegotiated the lease rate to \$10,203.13 per month or (\$6.25 per sq. ft. per annum). The initial lease agreement expired on March 31, 1982.

LEASE RATE

In determining the lease rate we have to take into consideration the fact that the Provincial Government at its own expense completed the two unfinished court rooms together with the Judge's chambers and also upgraded other areas. Upon the renewal of the lease the Provincial Government proposes to upgrade the female washroom facilities at a cost of \$20,500.

For the purpose of negotiations, we reviewed the lease rates in the private sector. New or relatively new comparable buildings are currently being offered for lease at a rate of \$13.50 per sq. ft. per annum; 40 percent of which represents the estimated operating costs for a base year of 1982, leaving a net lease rate of \$8.10 per sq. ft. per annum. Generally speaking, the private developers are aiming for a net absolute lease between \$8 and \$9 per sq. ft. per annum; maximum term offered is three (3) years.

NEGOTIATIONS

We have negotiated the renewal of the said lease for a further period of four (4) years and nine (9) months commencing April 01, 1982 and terminating on December 31, 1986. The odd nine months will simplify our accounting process by bringing the adjustment date for operating expenses in line with our accounting fiscal period. Negotiated net rate, \$14,284.37 per month or \$8.75 per sq. ft. per annum). Total income over four years and nine months \$814,209.09.

OPERATING EXPENSES

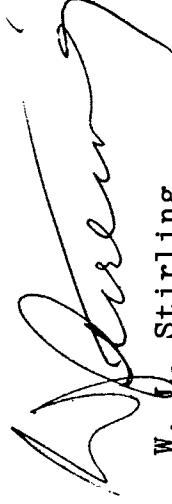
The area leased represents 30.5 percent of the total area of the Justice Building and the police extension; 30.5 percent of the estimated operating costs shall be paid by the tenant, 1/12th monthly, then adjusted at the end of each fiscal period.

GRANT-IN-LIEU OF TAXES

The tenant shall also pay a Grant-in-Lieu of taxes based on its proportionate share, equal to the product obtained by multiplying the assessed value of the subject property by the mill rate including debt fixed by the Municipality in that year for general municipal and regional district purposes only.

CONCLUSION

We feel the lease negotiated is more than reasonable in the circumstances, we would therefore recommend acceptance.



W. C. Stirling
MUNICIPAL SOLICITOR

FAE:gmc

cc: Treasurer
Director Planning and
Building Inspection
Director Engineering