

RE: RENEWAL OF LEASE

LOT 20 AND 21, BLOCK 9, D.L. 122, PLAN 1308 NWD
4575/4581 EAST PENDER STREET (MCDONALD'S RESTAURANTS OF CANADA LIMITED)

ITEM 2

MANAGER'S REPORT NO. 34

COUNCIL MEETING 1983 05 09

ACTING MUNICIPAL MANAGER'S RECOMMENDATION:

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

* * * * *

April 29, 1983

TO: MUNICIPAL MANAGER

FROM: SOLICITOR

RE: RENEWAL OF LEASE - LOT 20 and 21 BLOCK 9 D.L. 122
PLAN 1308 NWD -- 4575/4581 EAST PENDER STREET
MCDONALD'S RESTAURANTS OF CANADA LIMITED

RECOMMENDATION:

1. THAT the lease be renewed on the terms outlined in this report.

R E P O R T

BACKGROUND:

Council at its meeting of April 29, 1968 authorized the lease of the subject property to be used as a parking lot in conjunction with a drive-in restaurant facility fronting onto Hastings Street (see attached sketch).

This lease has been renewed every five (5) years since 1968. The current lease commenced on May 1, 1978 terminating on April 30, 1983 and contained a renewal option for a further period of three (3) years. The annual lease rate was \$8,055 paid in advance plus municipal taxes.

DISCUSSION:

The property leased by McDonald's Restaurants of Canada Limited at 4556 East Hastings Street (Lot 52 Block 9 D.L. 122 Plan 44042) terminates February 2, 1988. In order that both leases terminate together the lessee has requested that the three (3) year option to renew be expanded to four (4) years and ten (10) months.

At the request of the lessee, inserted in the original lease agreement, is a clause which permits either party to terminate the lease by giving one (1) year's notice. They have now requested that this clause be removed for the remaining lease period.

The Planning Department has no objection to the said lease being renewed for a further period of up to five (5) years.

MUNICIPAL MANAGER

(2)

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APPRAISED VALUE:

106

The subject property is currently zoned P8; each lot is 33 x 122 sq. ft. making a total area of 8,052 sq. ft. Its supportive use to a commercial development represents the highest and best use in terms of dollars.

APPRAISED VALUE \$120,000 or \$14.90 per sq. ft.

ASSESSED VALUE FOR 1983:

LAND	\$112,300	\$13.95 sq. ft.
IMPROVEMENTS	5,650	
	<u>\$117,950</u>	

NEGOTIATIONS:

We have received a negotiated offer to renew the said lease on the following terms:

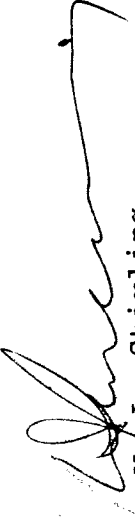
1. Term: Four (4) years ten (10) months commencing May 1, 1983 and terminating February 28, 1988.
2. THAT the lease rate shall be \$10,000 per annum payable in advance; in the fifth year the rent shall be \$8,334 (10 month period).
3. THAT the twelve month notice to terminate be removed.
4. All other terms and conditions shall remain the same.

CONCLUSION:

The renewal rate represents a yield of 8.33% per annum which is consistent with the current yield rate for low risk investment.

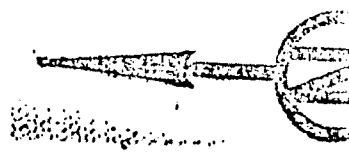
At the end of the lease term all lessee's improvements will revert back to the municipality (blacktop and landscaping).

In our opinion, the negotiated offer is reasonable and we would recommend acceptance.


W. L. Stirling
MUNICIPAL SOLICITOR

FAEvans/gmc
cc: Director Planning and Building Inspection
Director Finance

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 COUNCIL MEETING 1983 05 09



1488 ST B EP 16063 100'		1234567891011		ALDERT ST			
2133 302 AC N 7160 620.8		ALPHA AVE		HASTINGS			
2115 617.8 302 AC N 7160 620.8		WILLINGDON AVE		PENDRY ST			
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SUBJECT PROPERTY

Mc DONALD'S RESTAURANT

