

ITEM 1
MANAGER'S REPORT NO. 32
COUNCIL MEETING 1984 04 30

RE: PROPOSED REACTIVATION AND EXPANSION OF TEXACO TANK FARM FOR HANDLING
OF METHANOL AND RELATED ALCOHOL DERIVATIVES
(ITEM 16, REPORT NO. 27, 1984 APRIL 09)

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Planning & Building Inspection be adopted.

TO: MUNICIPAL MANAGER 1984 April 25

FROM: DIRECTOR PLANNING & BUILDING INSPECTION Our File: 15.003.1

SUBJECT: PROPOSED REACTIVATION AND EXPANSION OF TEXACO TANK FARM
FOR HANDLING OF METHANOL AND RELATED ALCOHOL DERIVATIVES

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RECOMMENDATION:

1. THAT this report be received for information purposes.

R E P O R T

BACKGROUND:

Council, on 1984 April 09, received the Manager's Supplemental Report No. 27, Item 16 and adopted a recommendation requesting Texaco Canada Inc. to reconsider its position and make its lands available for sale or lease to The Corporation of the District of Burnaby for the development of the Barnet Marine Park in accordance with the municipal intent of the 1976 February 06 agreement which provides the Municipality with a right of first refusal to purchase all or any part of the subject property.

Council further instructed staff to forward copies of the Manager's report to Texaco Canada Inc. and to Johnston Terminals Ltd.

Pursuant to Council's instructions the Municipal Manager forwarded the attached 1984 April 16 letter to Mr. John Charbonneau, Manager of Corporate Real Estate for Texaco Canada. This letter expressed Council's strong concern over the fact that this right was being circumvented by virtue of the fact that these lands are proposed to be leased rather than sold to Johnston Terminals. Moreover, the Manager stated that he could not over-emphasize the Municipality's position that, irrespective of any negotiations which have taken place to date between Texaco Canada Ltd. and Johnston Terminals Ltd., an overriding consideration is the concern expressed by Council over this proposal and the impact on the development of the adjacent Barnet Marine Park.

Texaco Canada was, therefore, requested to give serious consideration to this matter and enter into further discussions with the Municipality on making the subject lands available for sale or lease.

EXISTING SITUATION:

Mr. Charbonneau's reply to the Municipal Manager dated 1984 April 19 is attached together with a copy of his previous 1984 April 17 letter to Mayor Lewarne.

Essentially these letters state that from Texaco's perspective, they believe that there is a serious misunderstanding as to their proposed lease arrangements and their intentions with respect to their property. Mr. Charbonneau states that Texaco Canada entered into negotiations with Transtec Canada Ltd. (Johnston Terminals Ltd.) because they are not interested in selling the property. Furthermore Mr. Charbonneau states that, while the Director Planning and Building Inspection's report indicates that the proposed lease is for a 25 year period, in fact the proposed lease is for a 10 year period, with Transtec having three 5 year renewal options. Texaco Canada will retain the right to re-enter the property at the end of the 11th year and at 5 year intervals on the option basis.

In Texaco Canada's view this is in keeping with the decision not to sell the property in the event that they should have a need to utilize the property in the future. Accordingly, Mr. Charbonneau states that the right of first refusal held by the Municipality is not applicable.

In reviewing Texaco Canada's response to Council's request to reconsider their position we cannot see any justification for altering the Municipality's position, i.e. Texaco should reconsider their position and honour the municipal intent of the 1976 February 06 agreement and make its lands available for sale or lease to the Municipality.

In the Municipal Manager's 1984 April 16 letter recognition was given to Texaco Canada's desire to maintain ownership. Consequently, the Manager stated that, given this desire, it would seem then that the most viable alternative is to enter into a long-term lease agreement with the Municipality.

The question of the tenure of the lease is somewhat semantic. While it is not an outright 25 year lease, it does contain provision for renewals to a 25 year period. If the proposed development proceeds, a substantial investment will be made in the infrastructure for a revitalized and expanded bulk liquid terminal and, in our view, the terminal would inevitably have a life longer than the initial 10 year period of the lease

Planning & Building Inspection Department
re: Texaco Tank Farm
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to Transtec. Whether Transtec is given the opportunity to exercise their three 5 year options or not does not alter the fact that this use will become entrenched within the Barnet Marine Park and the Municipality's objective of acquiring the lands will be frustrated.



A.L. Parr
DIRECTOR PLANNING &
BUILDING INSPECTION

PB/mcb

Attachs:

cc: Director Recreation & Cultural Services
Chief Public Health Inspector
Director Fire Services
Director Engineering
Municipal Solicitor

Mr. John Charbonneau, Manager
Corporate Real Estate
Texaco Canada Incorporated
90 Wynford Drive
Don Mills, Ontario M3C 1K5

Dear Mr. Charbonneau:

Re: Proposed Acquisition And/Or Lease of
Texaco Property on Burrard Inlet

The Municipal Council, on 1984 April 09, received the attached report concerning the Johnstons Terminals' proposal to reactivate and expand the Texaco Tank Farm for the development of a bulk liquid terminal. I would advise you that Council adopted the recommendations contained in the Municipal Manager's report. Consideration of the Johnstons Terminals Ltd. proposal was tabled until 1984 April 30 to make it possible for them to have a delegation appear.

You will note that in the first recommendation, Council has requested Texaco Canada Inc. to reconsider its position and make its lands available for sale or lease to The Corporation of the District of Burnaby for the development of the Barnet Marine Park in accordance with the Municipal intent of the 1976 February 06 Agreement which provides the Municipality with a right of first refusal to purchase all or any part of the subject property. Further, a 25-year lease as you propose with Johnstons Terminals will effectively negate the 21-year right of first refusal you have with Burnaby.

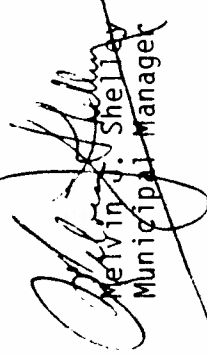
In considering this motion, Council was unanimous in expressing its strong concern over the fact that this right was being circumvented by virtue of the fact that these lands are proposed to be leased rather than sold to Johnstons Terminals Ltd. I cannot, therefore, over-emphasize the Municipality's position that, irrespective of any negotiations which have taken place to date between Texaco Canada Ltd. and Johnstons Terminals Ltd., an overriding consideration is the concern expressed by Council over this proposal and the impact on the development of the adjacent Barnet Marine Park.

I would, therefore, request that Texaco Canada Incorporated give serious consideration to this matter and enter into further discussions with the Corporation of the District of Burnaby on making the subject lands available for sale or lease. Given your stated desire to maintain ownership, it would seem then that the most viable alternative is to enter into a long-term lease agreement with the Municipality. In this regard I would request you to contact me at the earliest possible opportunity to discuss all alternatives with a view toward arriving at a mutually acceptable solution which is in the best interests of Texaco Canada Inc. and The Corporation of the District of Burnaby.

I can be contacted at 604-294-7103 to arrange a convenient time for this meeting.

Thank you for your attention and co-operation in this matter.

Yours truly,



Melvin J. Shellen
Municipal Manager

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TEXACO CANADA INC.

J. T. CHARBONNEAU
MANAGER CORPORATE REAL ESTATE

80 WYNFORD DRIVE
DONS MILLS
NORTH YORK, ONT.
M3C 1K5

April 19, 1984

Mr. Melvin J. Shelley
The Corporation of the
District of Burnaby
4949 Canada Way
Burnaby, B.C.
V5G 1M2

Dear Mr. Shelley:

This will confirm our telephone conversation of yesterday which resulted from your letter dated April 16, 1984.

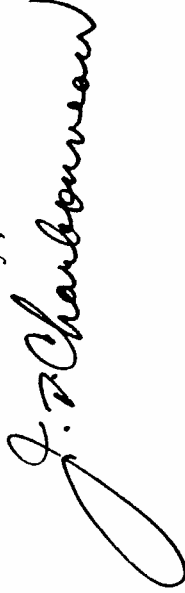
As I advised you I had written a letter to Mr. Lewarne the day before receiving your letter in order to clarify what seems to be a serious misunderstanding as to our proposed lease arrangements with Transtec Canada Ltd. and with our intentions with respect to our property.

I am attaching for your review, a copy of the letter I wrote to Mr. Lewarne. I believe that this letter will serve to clarify that we are not in any way attempting to circumvent any rights of first refusal that the District may have. Furthermore, as I mentioned in our telephone conversation, the rental rate in our agreement with Transtec would be very significant, plus the fact that we retain the right of reentry, in addition to which there are obvious residual values of a substantial nature which would accrue to our Company at the expiration of our lease.

Finally, it is important that the District recognize that we have a written agreement with Transtec and we are obligated to honour that agreement.

We will be in Burnaby for the Council Meeting on April 30, 1984, and I look forward to meeting you at that time.

Yours truly,



JTC:scc
Attachment

April 17, 1984

Mr. William A. Lewarne
Mayor
District of Burnaby
4949 Canada Way
Burnaby, B.C.
V5G 1M2

Dear Mr. Lewarne:

Some time ago, I received your letter dated January 30, 1984, and recently, events have taken place which prompt me to write in order to clarify certain aspects of our situation concerning our property at Burrard Inlet.

According to a report prepared by the Director of Planning and Building Inspection, dated March 30, 1984, there is some impression that the District of Burnaby should be given the opportunity to purchase this property or to lease same as a result of a right of first refusal to purchase held by the District.

Frankly, we have entered into negotiations with Transtec Canada Ltd. because we are not interested in selling the property. The report indicates that our proposed lease to Transtec is for a 25 year period whereas, in fact, our proposed lease is for a ten year period, with Transtec having three 5 year renewal options. However, Texaco Canada Inc. will retain the right to reenter the property at the end of the 11th year and at five year intervals on the option basis. It should be clearly understood that this is in keeping with the decision not to sell the property in the event that we should have a need for same at some time in the future. Accordingly, the right of first refusal held by the District is not applicable.

Furthermore, I believe that it should be clearly understood that we have a commitment to Transtec and that we fully support their proposed use for the property which will provide a favourable return to this Company. As a result, we will be in attendance at the Burnaby Council Meeting on April 30, 1984, to support this application and to answer any questions which anyone may wish to direct to our attention.

Yours truly,

JTC:scc