

RE: LEASE OF 19,590 SQ.FT. THIRD FLOOR JUSTICE BUILDING AT 6263 GILPIN STREET,
BRITISH COLUMBIA BUILDINGS CORPORATION, LOT 5, 6 AND 7, E. AND W 1/2 OF
LOT 8, BLOCK 7 OF DL 79, PLAN 2547

ACTING MUNICIPAL MANAGER'S RECOMMENDATION:

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

* * * * *

TO: MUNICIPAL MANAGER MARCH 16, 1987

FROM: MUNICIPAL SOLICITOR

SUBJECT: LEASE OF 19,590 SQ. FT. THIRD FLOOR JUSTICE
BUILDING AT 6263 GILPIN STREET
BRITISH COLUMBIA BUILDINGS CORPORATION
LOT 5, 6 AND 7, E. & W 1/2 OF LOT 8, BLOCK 7
OF DISTRICT LOT 79, PLAN 2547

=====
RECOMMENDATION:

1. THAT Council authorize the preparation and introduction of a Lease Authorization Bylaw for the subject property as described in this report.
2. THAT the lease be renewed on the terms as set out in this report.

Summary:

1. That 19,590 sq. ft. of the third floor of 6263 Gilpin Street be leased for a further period of two years commencing 1987 January 1st. Total rentals value \$342,825.00 received by monthly payments of \$14,294.37 or the equivalent of \$8.75 per square foot net to the Municipality. British Columbia Buildings Corporation will contribute a portion of operating costs and taxes for the building based upon the percentage of gross floor area occupied by the Lessee. (See attached sketch.)
2. That an option to renew the said lease for a further period of two years be granted.

R E P O R T

In April 1974 The Corporation of the District of Burnaby entered into a lease agreement with the Provincial Government for the lease of the existing Court facilities. The administration of the lease was undertaken by the British Columbia Buildings Corporation.

The unfinished section of the Justice Building was completed by the tenant at its expense.

Commercial Lease Market

Office space is readily available in all areas of the Lower Mainland. Landlords are offering incentives to fill existing vacant space. Modern existing office space in comparable locations is currently offered for lease from around \$8.00 to \$9.50 triple net e.g., #102-3920 Norland Avenue, 1,554 sq. ft. currently offered at \$8.25 per square foot. Over the past five years the lease market has remained relatively stable and no changes in the rate can be justified.

Negotiations

Notwithstanding that British Columbia Buildings Corporation completed the unfinished areas in the Justice Building we have negotiated the renewal of the said lease for a further period of two years commencing January 1, 1987 at a net rent to the Municipality of \$342,825.00 or the equivalent of \$8.75 per square foot per annum with an option to renew for a further period of two years.

Conclusion

A two year lease period will give us the opportunity to renegotiate the rate if the economy improves. We, therefore, recommend acceptance.

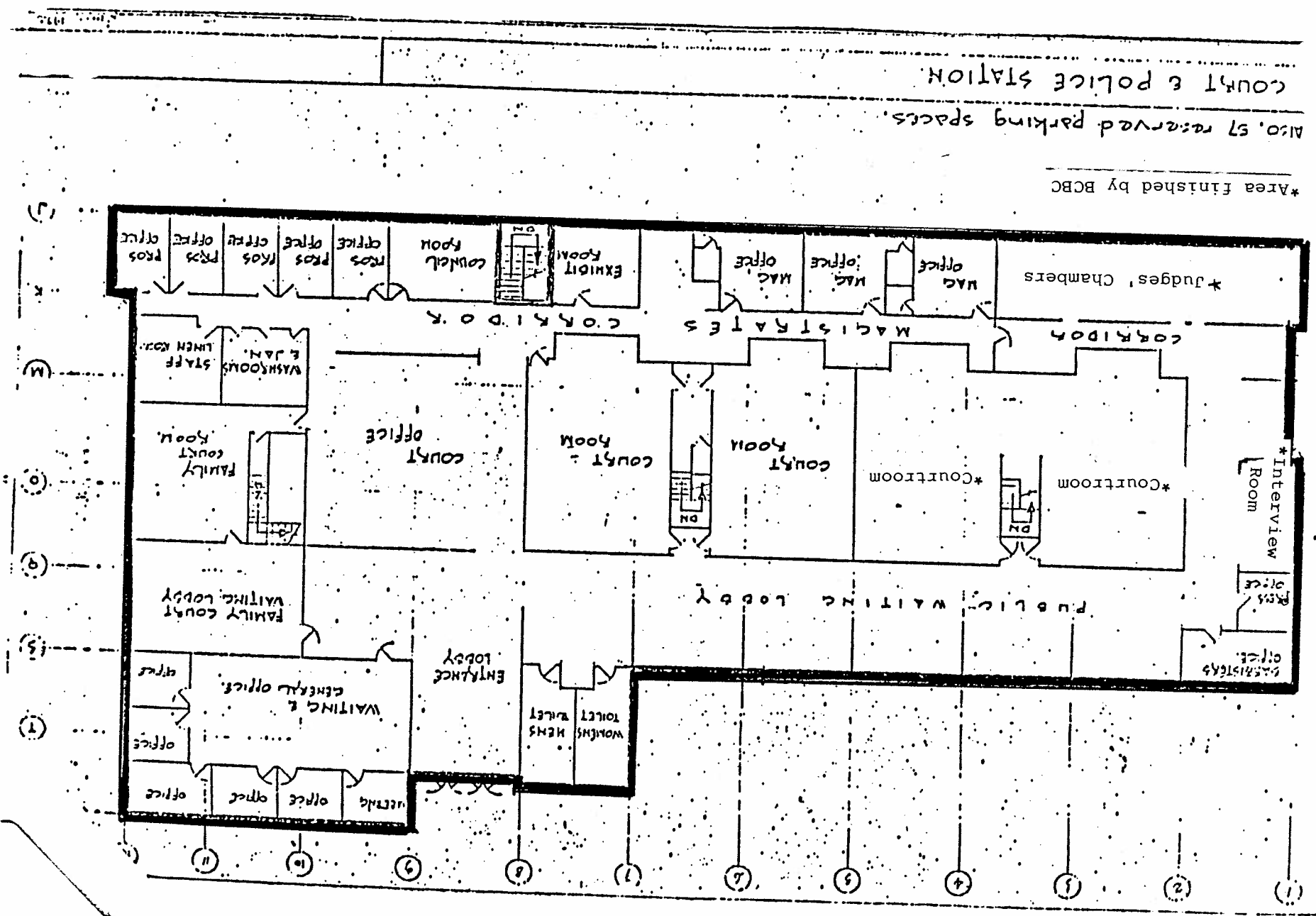
Municipal Solicitor

Per: *P. Devonshire*
Peter Devonshire
Solicitor

FAE:bi

cc: Director Administrative & Community Services
Director Finance
Director Engineering
Director Planning & Building Inspection
Director Recreation & Cultural Services

ITEM 15
 MANAGER'S REPORT NO. 21
 COUNCIL MEETING 87/03/21



*Area finished by BCBC
 Also, 57 reserved parking spaces.
 COURT & POLICE STATION

