

ITEM 15
MANAGER'S REPORT NO. 42
COUNCIL MEETING 92/06/15

TO: MUNICIPAL MANAGER 1992 June 08
FROM: DIRECTOR PLANNING & BUILDING Our File: 17.918
X-REF: 12.400

SUBJECT: RESPONSE TO COUNCIL'S QUESTIONS REGARDING LEASE AND SUBLEASE ARRANGEMENTS FOR MUNICIPAL PROPERTY AT 4503 INMAN AVENUE

PURPOSE: To respond to questions raised by Council regarding the lease and sublease arrangements for the Municipal property at 4503 Inman Avenue.

RECOMMENDATION:

1. THAT this report be received for information purposes.

R E P O R T

1.0 BACKGROUND

At its meeting of 1992 May 19, Council received a report regarding the sublease of the Municipal property at 4503 Inman Avenue by the Elizabeth Fry Society to the Ministry of Health. Arising from its discussion of the report, Council adopted the following motion:

THAT staff prepare a report addressing the circumstances involved in the subleasing of the Inman Avenue property, the future use of the Inman Avenue property by Cambridge House, and the proportion of Burnaby residents utilizing these facilities.

This report responds to that request.

2.0 CIRCUMSTANCES INVOLVED IN THE SUBLEASE AGREEMENT

The Elizabeth Fry Society subleased the Inman property to the Ministry of Health, for temporary accommodation for low risk clients of the Maples Adolescent Treatment Centre, from 1991 September 01 to 1992 March 31. The Elizabeth Fry Society received no rent for the initial sublease period, from 1991 September 01 to 1991 November 30. In return for use of the space, however, the Ministry of Health arranged for substantial improvements to be made to the Inman Avenue residence (approximate value: \$13,000). After gaining Council authorization to extend the sublease for an additional four months, from 1991 December 01 and 1992 March 31, the Elizabeth Fry Society received \$3300 per month for the property from the Ministry of Health.

Staff believe that the \$3,300 per month sublease amount can be justified for the following reasons:

- The Elizabeth Fry Society only received 30 days notice from the Ministry of Social Services of the termination of the Inman House program contract. In essence, the sublease payments from the Ministry of Health provided the Elizabeth Fry Society with some compensation for this short notification period.

- The Elizabeth Fry Society is only leasing the land from the Municipality, not the house. After losing the Inman House contract, the Elizabeth Fry Society still needed to cover expenses for items such as the mortgage on the house, utilities, property taxes, and insurance. As seen in Attachment 1, for the 7 month period that the Inman property was being subleased, the Elizabeth Fry Society had fixed expenses totalling over \$12,000. When the costs of staff lay offs and lost administrative revenues are taken into account, the termination of the Inman House contract cost the Society almost \$36,000 over the 7 month period. Therefore, the \$13,200 received through monthly sublease payments, in conjunction with the roughly \$13,000 worth of improvements made to the Inman facility by the Province, represented about 3/4 of the revenues the Society required just to break even.

138

It should also be noted that administrative staff from the Maples considered the sublease arrangement to be fair. For \$3,300 per month, they were able to move their program on a short term temporary basis into a furnished facility suitable to their clients' needs. Furthermore, they could do so on short notice with little risk of the community opposition that often emerges in neighbourhoods with no experience of group homes.

3.0 FUTURE USE OF THE INMAN PROPERTY BY CAMBRIDGE HOUSE

As noted in the May 19 report to Council, the Elizabeth Fry Society intended to move another of its group home programs, Cambridge House, to Inman Avenue. This move has now occurred. Cambridge House had previously been located in an old house on a relatively small lot in north Burnaby. The Executive Director of the Elizabeth Fry Society expects that Inman Avenue will prove to be a more suitable location for the Cambridge House program, given its larger site and newer and larger facility. She also notes that the new program should be able to successfully integrate into the neighbourhood, given that it has a smaller, more stable, and less transient population than Inman House.

The Elizabeth Fry Society owns the property on which Cambridge House had previously been located. The Society's Board of Directors is currently examining various options regarding the future of the property.

4.0 PROPORTION OF BURNABY RESIDENTS UTILIZING THE FACILITIES

Staff contacted the Ministry of Social Services regarding the proportion of Cambridge House residents who were from Burnaby. We were informed that the Ministry's policy is to house residents from a given MSS area in a resource in that area. Burnaby is part of the Burnaby/ New Westminster MSS area. Residents of Cambridge House and all other MSS funded adolescent group homes in the area come from Burnaby and New Westminster, with the majority coming from Burnaby.

Staff also contacted the Maples Adolescent Treatment Centre. We confirmed that the residents temporarily housed at the Inman site were from throughout B.C... None were from Burnaby.

ITEM 15
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COUNCIL MEETING 92/06/15

5.0 CONCLUSION

This report has provided information regarding the sublease agreement on the Inman Avenue property, the relocation of Cambridge House to the property, and the proportion of Burnaby residents occupying the Inman Avenue premises. Another report appearing on this agenda recommends that the lease agreement for the property be renewed at a rate of \$1.00 per year until 1994 September 30.

Legal staff indicate that the Elizabeth Fry Society has lived up to conditions of the lease agreement. The Executive Director of the Society has expressed appreciation for the Municipality's \$1.00/ year lease of the Inman Avenue site and is committed to operating a viable resource for Burnaby youth from the location.

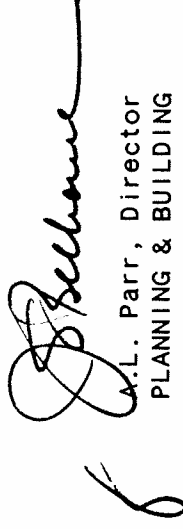
Staff will inform Council, as necessary, if changes occur regarding the Elizabeth Fry Society's plans for the Inman Avenue property. If future requests for sub-leases on this, or any other municipal property involving a nominal lease rate, are received staff will ensure that enquiries will be made and the information will be presented to Council regarding any potential revenue to be derived from a sub-lease.

This report is for the information of Council.


JF/db

Attachment

cc: Director Administrative & Community Services
Director Finance
Municipal Solicitor
Medical Health Officer


A.L. Parr, Director
PLANNING & BUILDING

ATTACHMENT /



**The Elizabeth Fry Society
of Greater Vancouver**

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140

MEMO TO:

John Foster, Social Planner
Municipality of Burnaby

FROM:

Mary Macdonald
Executive Director, Elizabeth Fry
Society of Greater Vancouver

DATE:

June 2, 1992

SUBJECT:

SUB LEASE OF INMAN HOUSE TO THE MAPLES
ADOLESCENT TREATMENT CENTRE

As requested by you the following represents pertinent information and a listing of the expenses covered by the sub-lease payments from The Maples between December 1, 1991 and March 31, 1992.

This sub-lease of the Inman Avenue property was approved by the Burnaby Municipal Council on December 16, 1991.

NOTES:

1. The Society is not leasing Inman House from Burnaby. The lease is for use of land only. All costs related to the building are paid for by the Society. These include mortgage, property taxes, insurance, maintenance, furnishings, utilities, etc. The salary of a full-time Property Manager is also allocated (16%) to Inman House.
2. The Society sub-leased the home to the Maples from September 1991 to November 1991 free of cash rent. In lieu of rent, The Maples agreed to arrange for BCBC to repair the house to meet all Standards of Community Care Licencing including installation of new carpets, fire alarm systems, lighting, etc. This had the effect of improving the house as a resource for ultimate use by the Municipality.

REVENUES: September 1, 1991 - March 31, 1992
= \$13,200.00

FIXED
EXPENSES: September 1, 1991 - March 31, 1992
= \$12,354.61

Jun. 2 '92 11:06

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P. 3

ITEM	15
MANAGER'S REPORT NO.	42
COUNCIL MEETING	92/06/15

EXPENSES RELATED TO CLOSURE OF INMAN HOUSE:
= \$23,496.53

FIXED EXPENSES:

Mortgage	2,256.03
Mandatory CMHC	1,000.00
Insurance	794.00
Property Taxes	2,232.27
Utilities	939.53
Repairs & Maintenance	361.39
Property Manager/Administration	4,696.19
Telephone	17.25
Miscellaneous (GST etc.)	57.95

TOTAL \$12,354.61

In addition administrative revenue lost as a result of the termination of the Inman Program by MSSH was \$2,500/month X 7 = \$17,500.00 and the cost of laying off staff who could not be re-deployed was \$5,996.53.

I hope this information will help you with your follow-up report to Council and allay any fears that the Elizabeth Fry Society was taking advantage of Burnaby's generosity. It should also be noted that in none of the Society's 3 group homes located in Burnaby do we receive forgiveness on property taxes.

If I can be of further assistance, please call me. I have requested permission for the Society to appear as a delegation before the Council on June 15, 1992.

M.

