

ITEM	13
MANAGER'S REPORT NO.	6
COUNCIL MEETING	94/02/07

**TO:** CITY MANAGER

**DATE:** FEBRUARY 1, 1994

**FROM:** CITY SOLICITOR

**SUBJECT:** BURNABY LAKE SPORTS COMPLEX  
LEASE OF LAND AT 6381 LAUREL STREET (M2 ZONE)  
S 1/2 OF LOT 8, BLK E, D.L. 75, GP 1, NWD, PLAN 4147  
CHALIFOUR BROS CONSTRUCTIONS LTD.

**PURPOSE:** TO OBTAIN COUNCIL'S AUTHORITY TO RENEW THE  
LEASE FOR A FURTHER PERIOD OF FIVE YEARS

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**RECOMMENDATION:**

1. **THAT** Chalifour Bros. Construction Ltd. be allowed to exercise its option to renew for a further period of five years, commencing 12.01 p.m. on February 28, 1994, with the following adjustments to the lease rate:

Year 1 March 1, 1994 - February 28, 1995 \$6,600.00 p.a. (\$550.00 p.m.)  
Year 2 March 1, 1995 - February 28, 1996 \$6,930.00 p.a. (\$577.50 p.m.)  
Year 3 March 1, 1996 - February 28, 1997 \$7,276.50 p.a. (\$606.00 p.m.)  
Year 4 March 1, 1997 - February 28, 1998 \$7,640.00 p.a. (\$636.69 p.m.)  
Year 5 March 1, 1998 - February 28, 1999 \$8,022.00 p.a. (\$668.50 p.m.)

Plus City taxes (1994 estimated \$8,152.00).

No further option to renew.

All other terms and conditions remain unchanged.

**R E P O R T**

**BACKGROUND**

Council at its meeting of February 27, 1989 authorized the City Solicitor to lease the subject property to Chalifour Bros. Construction Ltd. for a period of five years, commencing on the first day of March, 1989 and ending at noon on the 28th day of February, 1994, with an option to renew for a further period of five years.

The said lease may be terminated upon six months notice by either party.

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## DESCRIPTION OF PROPERTY

Industrial M2 zoned, corner lot, 155.75' x 139.82' or 21,777 sq. ft. The property was leased as vacant and improved by the Lessee with security fencing and landscaping.

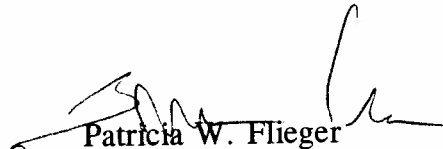
## LEASE RATES

The original step lease commenced on March 1, 1989 at \$3,600 per annum (\$300 per month), increasing to \$6,000 per annum (\$500.00 per month) in the fifth year of the initial five year term.

The re-negotiated lease is again a step lease, commencing at \$6,600 per annum (\$550.00 per month) and increasing at 5% per annum over the remaining term of the lease. The negotiated lease rate is more of a reflection of what the market can afford to pay for vacant industrial land. By continuing to lease the property, the first year of the term will yield \$6,600 rent plus \$8,152 taxes, making a total of \$14,752 p.a. (\$1,229 per month).

## CONCLUSION

The permitted use under the lease agreement is restricted to a builder's yard only. It is therefore our opinion that the negotiated lease is reasonable and we would recommend acceptance.

  
Patricia W. Fliieger  
City Solicitor

FAE:gk

c.c. Director Administrative and Community Services  
c.c. Director Planning  
c.c. Director Finance