
TO: CITY MANAGER **DATE:** 2009 November 18

FROM: DIRECTOR FINANCE

SUBJECT: LEASE RENEWAL OF 4970 CANADA WAY

PURPOSE: To renew the lease of the subject property to Rising Star Learning Ltd.

RECOMMENDATION:

1. **THAT** Council authorize the lease renewal of the subject property and improvements to Rising Star Learning Ltd. under the terms and conditions outlined in this report.

REPORT

The subject property at 4970 Canada Way was purchased by the City in 2003 as part of its Deer Lake Business Centre Plan for inclusion into a future property consolidation and eventual sale to a developer for higher density office use. The property was formerly a YMCA facility with improvements constructed in 1969, but the building was vacant at the time the City purchased the site.

The property was subsequently rezoned from P2 Administration and Assembly District to CD Comprehensive Development District (based on P2 Administration and Assembly District, P5 Community Institutional District, and B1 Suburban Office District and the Deer Lake Business Centre Plan) to allow a wider range of uses on the site. On 2004 September 13th, Council authorized a five year lease of the property and improvements to Rising Star Learning Ltd., a company that would operate a licensed Day Care and "Junior Kindergarten". Over the course of the five year term the annual rent rose from \$30,000 to \$32,400 with all maintenance, building modifications and utilities being the responsibility of the Lessee. The Lessee was also responsible for the payment of property taxes. Property taxes were \$11,904.15 in 2009.

The Director Planning has confirmed that the Department supports a five year renewal to end 2014 November 30th, with no provision in the lease for an extension beyond this term. On this basis, the Department also advised that the lessee should be aware that any renovations to be pursued should be amortized over the five year term, and would be subject to all requirements of the Burnaby Zoning and Building Bylaws.

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The Lessee has accepted these terms and agreed to the renewal rate of \$60,000 per year and would again be responsible for all maintenance, building modifications (if any are desired) and utilities as well as payment of property taxes.

Given that commercial vacancy rates have increased in the past year and asking lease rates have declined with the downturn in the economy, the proposed renewal is recommended. The lease renewal would contain provision for a six month notice for either party to terminate without penalty.



Rick Earle
DIRECTOR FINANCE

SB:sf

Copied to: Director Planning and Building
Director Engineering
City Solicitor