



City of Richmond

Report to Committee

To: General Purposes Committee

Date: October 17, 2013

From: Andrew Nazareth
General Manager, Finance and Corporate Services

File: 06-2280-20-285/Vol 1

Re: Sales Centre License Agreement between the City of Richmond and Polygon Development 192 Ltd.

Staff Recommendations

That:

1. If 8311 Cambie Road is transferred to the City as part of rezoning application RZ 11-591985, then the City enter into a license agreement with Polygon Development 192 Ltd. ("Polygon") to permit Polygon to use a portion (approximately ±3,505 sq. ft. for the building area plus ±3,854 sq. ft. for parking area) of 8311 Cambie Road for a two year period with 1 (one) 6-month renewal option at a rate of \$3.60 per square foot per annum (estimated at \$26,492 per annum), as per the terms described in the Staff report from the General Manager, Finance and Corporate Services dated October 17, 2013; and
2. Staff be authorized to take all necessary steps to complete the matter including authorizing the Chief Administrative Officer and the General Manager, Finance and Corporate Services to negotiate and execute all documentation to effect the transaction detailed in the staff report dated October 17, 2013 from the General Manager, Finance and Corporate Services.

Andrew Nazareth
General Manager, Finance and Corporate Services
(604-276-4095)

Att. 4

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Budgets	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
Parks and Recreation	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
REVIEWED BY DIRECTORS	INITIALS: 	APPROVED BY CAO

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Staff Report

Origin

On December 18, 2012, at a Special Council Meeting, Council gave first reading to Cambie Field – Sale of Park Bylaw 8927 in conjunction with rezoning application RZ 11-591985.

As part of the rezoning considerations for RZ 11-591985, if approved by Council, Polygon will transfer fee simple title for 8311 Cambie Road to the City of Richmond prior to the adoption of the Rezoning Bylaw. This parcel will be incorporated into the new neighbourhood park in the City Centre's Capstan Village Area which will be constructed by Polygon adjacent to the current Cambie Field (see Attachment 1). The rezoning application also noted that opportunities would be explored to locate the developer's temporary sales centre on the new park site, at the sole cost of the developer.

The purpose of this report is to obtain Council approval for the business terms of the proposed license agreement between the City and Polygon, subject to a Public Hearing, final approval of rezoning application RZ 11-591985, and transfer of 8311 Cambie Road to the City.

If this report's recommendations are approved, it is Polygon's intention to apply to the City for permits to construct a sales centre on 8311 Cambie Road and to construct the sales centre in advance of transferring the property to the City. This report seeks to make Council aware of that proposed sequence and the developer's proposal that the land be transferred with the sales centre and related improvements in place. For clarification, staff's recommendation that the City enter into a license in respect to the portion of property that would be occupied by Polygon's proposed sales centre and related improvements under the terms and conditions noted herein will be implemented if and only if Council, in its discretion, ultimately approves rezoning application RZ 11 – 591985 and adopts the Rezoning Bylaw.

Findings of Fact

In summer 2013, as part of the park consultation process, Polygon approached the City and requested a license agreement for the operation of a sales centre at 8311 Cambie Road in anticipation of the marketing program for their planned development.

At the September 5, 2013 Parks, Recreation and Cultural Services (PRCS) meeting, a report detailing the conceptual design plans and the Public Consultation held Saturday May 18, 2013 regarding the new proposed Cambie Road/Mueller Development Park stated that:

“Business terms with respect to the potentially locating the sales centre on the park, would be developed as part of a separate licensing agreement and would include but not be limited to access, frontage, and servicing agreements for the sales centre. This proposed licensing agreement will be brought forward to Council for consideration in a separate report.”

Analysis

In preliminary enquiries with the City's Planning, Parks and Real Estate Services Divisions in September of 2013, Polygon was informed that the City did not have any practical objections to negotiating a license for a sales centre on the site, subject to Council's final approval.

The proposed sales centre measures ±3,505 sq. ft. for the building area plus ±3,854 sq. ft. for parking area (see Attachment 2 & 3). Sign and building permits as per typical city process will apply. Transportation Division has confirmed that the proposal conforms to parking requirements and Development Applications have confirmed the use conforms to City policy. Real Estate Services has negotiated the business terms of the license (see Attachment 4).

Financial Impact

Subject to approval of the rezoning application and license agreement, the City will receive approximately \$52,985 of rental income during the term with such funds to be transferred into the Industrial Use Reserve. This will be considered as part of the 2014-2018 Five –Year Financial Plan.

Conclusion

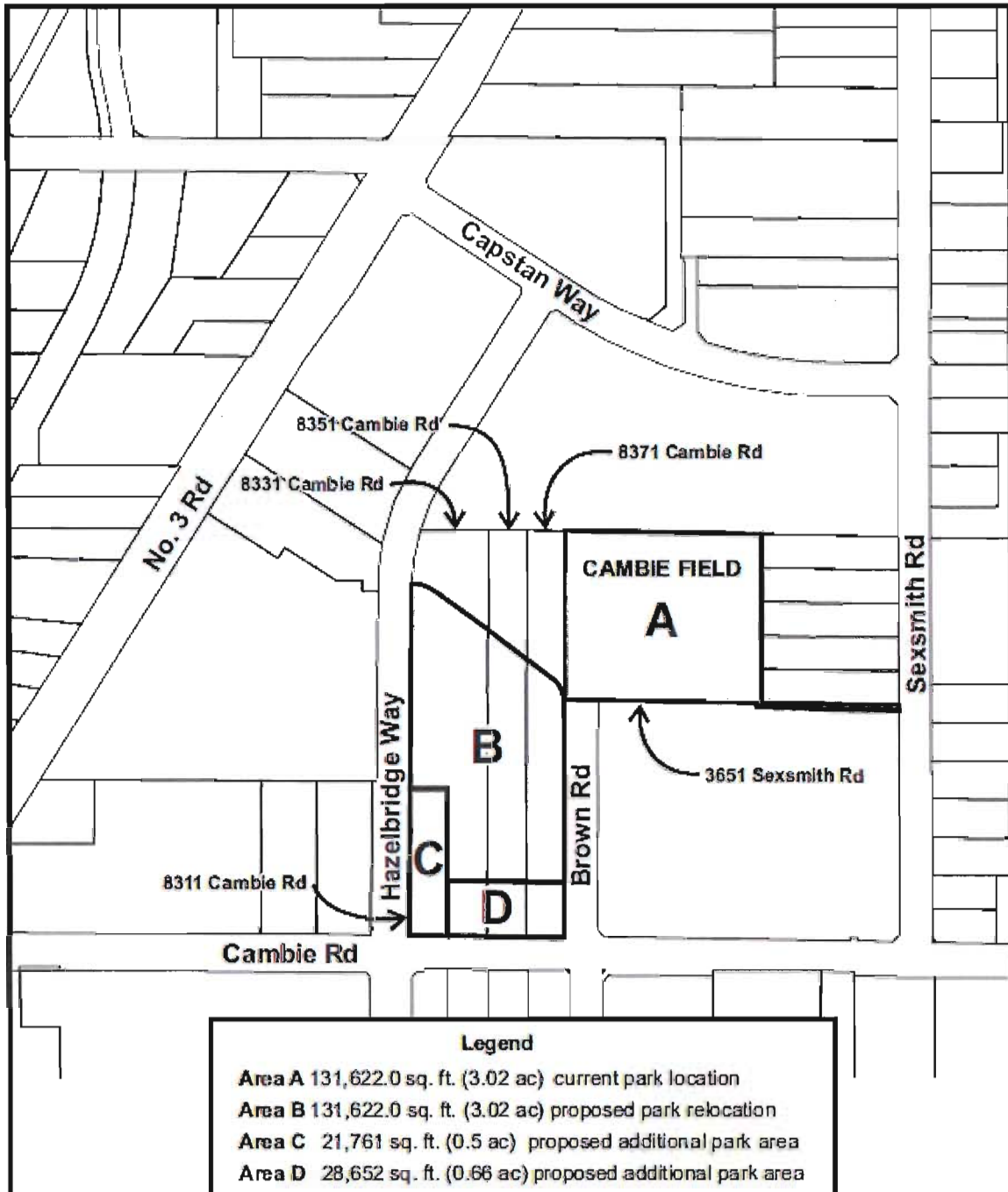
City staff has investigated the request and recommend that a sales centre license between Polygon and the City according to the terms as described in this report, be approved.



Michael Allen
Manager, Property Services
(604-276-4005)

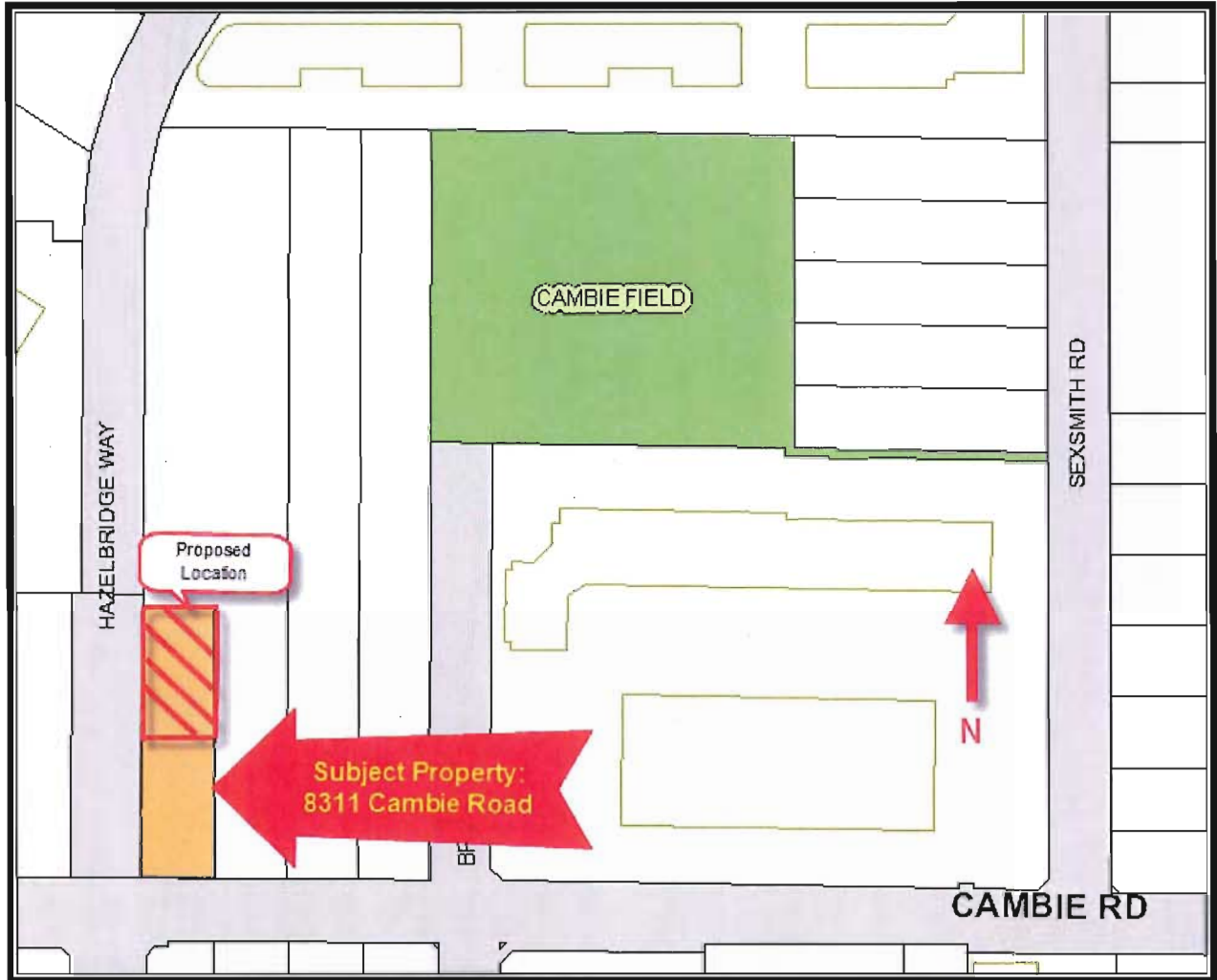
Attachment 1

Property Location



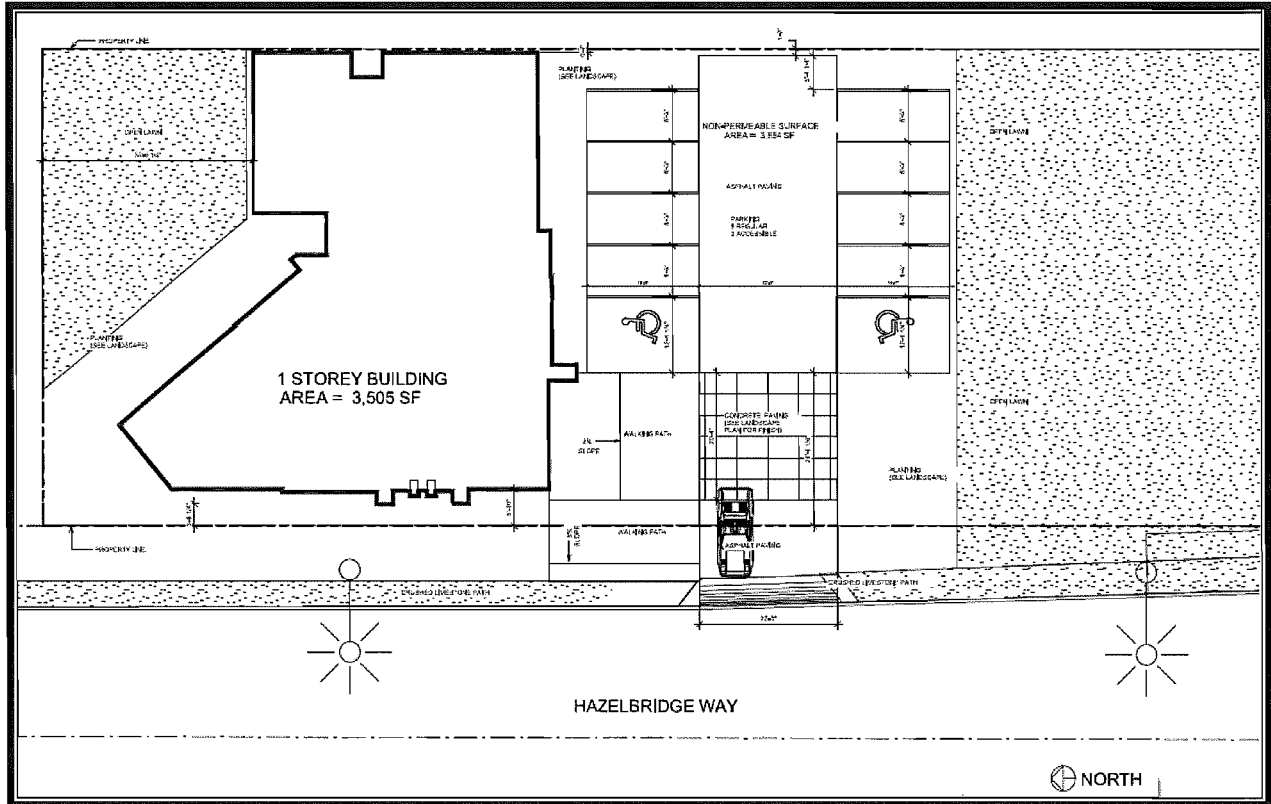
Attachment 2

Property and Sales Centre Location



Attachment 3

Sales Centre Site Plan



Attachment 4**License Agreement Terms**

Primary Business Terms	
Licensor:	City of Richmond
Licensee:	Polygon Development 192 Ltd.
Address:	8311 Cambie Road
Area:	±3,505 sq. ft. for building plus ±3,854 for parking area Total: ±7,359 sq. ft.
Initial Term	2 years
Initial Term License Fee	\$3.60 per sq. ft. per annum net Total: ± \$26,492 per annum
Renewal Option Term	6 months
Net License	Net to the City, including but not limited to utilities (such as gas, electricity and water) and property taxes.
Commencement:	Following transfer of property to the City.
Permitted Use:	Sales Centre, parking and related purposes
Termination Clause:	City may terminate the License immediately if Polygon refuses or neglects to carry out its obligations pursuant to the License or uses the License area for any purpose other than set out in the License (i.e. Sales Centre).
Indemnification:	In favour of the City.
Insurance:	\$5,000,000 Comprehensive General Liability insurance coverage per occurrence provided by Polygon in favour the City.
Improvements:	Licensee responsible for all permits and approvals at their cost for construction, servicing and signage.
Removal and Restoration:	Prior to the end of the term, Polygon shall remove all buildings and structures and restore the License Area, at its sole cost, to the same or better condition prior to the exercise by Polygon of its rights of the License.