

NO: R075

COUNCIL DATE: **MAY 12, 2014**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **May 6, 2014**

FROM: **Acting General Manager, Engineering**

FILE: **0930-30/383**

SUBJECT: **Lease of Old City Hall Campus to the Province
14245 - 56 Avenue**

RECOMMENDATION

The Engineering Department recommends that Council approve the execution by the appropriate City officials of a lease for the 44,711 ft² Civic Street portion of the Old City Hall Campus (the "Premises") located at 14245 - 56 Avenue, as generally illustrated in Appendix I attached to this report, to the Her Majesty the Queen in the Right of the Province of British Columbia as represented by the Minister of Technology, Innovation and Citizens' Services (the "Province") for a term of 10 years with two additional 5 year and a further 2 year options to renew, for a total of 22 years, subject to compliance with the notice provisions under Sections 26 and 94 of the *Community Charter, S.B.C., 2003, Chap. 26*.

INTENT

City staff and the Province have now reached agreement on the main terms and conditions of the lease, which will be for an initial 10 year term with three further options to renew of 5 years, 5 years & 2 years, for a total of 22 years, all at full market lease rates. Under the terms of the agreement Crown Counsel will occupy 34,254 ft.² and Community Corrections will occupy the remaining 10,457 ft.².

DISCUSSION

The Premises are now vacant, with the exception of the Civic Facilities Division and Bylaws staff who are located in the West Tower and the North Annex buildings on an interim basis until March 2015. For marketing purposes staff have divided the Premises into 4 main components:

- South Tower: 56,837 ft² four storey, including basement, main tower constructed in 1961
- West Tower: 21,041 ft² three storey, including basement, tower constructed in 2006.
- Civic Street: 44,711 ft² single storey northerly section constructed in 1982
- North Annex: 10,600 ft² two storey stand-alone building located on the north side of 57 Avenue and constructed in 1968

Civic Street

The Province intend to occupy the 44,711 ft.² Civic Street portion of the Premises comprising 34,254 ft.² for Crown Counsel and 10,457 ft.² for Community Corrections. These services, located in close proximity to the Court, the Pre-Trial Centre and the RCMP will provide for an enhanced relationship among Surrey's Justice System partners.

The South Tower, West Tower and North Annex

Initial discussions with Universities, Institutes, Agencies, Foundations, and other public and private sector parties have occurred in furtherance of the establishment of a Justice Precinct and/or Campus at the Old City Hall site. Several of these potential users are currently undertaking studies to assess the operational and logistical implications of locating within Old City Hall.

The RCMP which is currently in the process of updating a 2007 RCMP Expansion Study to assess and analyse its growth, service and space requirements over the next 5, 10 & 25 years. A review of this study indicates the short-term space shortfall to be approximately 32,557 ft.², and the long-term shortfall to be approximately 76,882 ft.². In 2013, \$36 million was identified in the City's Capital Plan for a new North Building in 2017/18 which would support the RCMP's long-term space requirements. In the 2014 Capital Budget the \$36 million was replaced by an annual contribution to reflect the leasing, over time, of the remainder of the Old City Hall Campus by the RCMP. Staff are currently assessing the cost benefits and logistical implications of housing the RCMP at the Old City Hall Campus, as part of the Justice Precinct, instead of a new North Building in 2017/18.

City staff will report back to City Council at a later date when formal offers to lease are received by other potential users of the remaining space.

Next Steps

If Council approves the recommendation of this report, pursuant to the Community Charter, a notice of the proposed lease to the Minister of Technology, Innovation and Citizens' Services will be published in the local newspaper. Appropriate City officials will then execute the lease agreement with the Province.

SUSTAINABILITY CONSIDERATION

The proposed lease of the Premises to the Province will assist in achieving some of the City's socio-cultural and economic scope actions as articulated within the Surrey Sustainability Charter. These include:

- (SC19): "The City will work cooperatively with senior levels of government in social infrastructure investments into Surrey".
- (EC4): By retaining the land through lease the City is "employing sound accounting and financial management practices and structures".

CONCLUSION

Based on the above, it is recommended that Council approve the lease of the 44,711 ft² Civic Street portion of the Old City Hall premises located at 14245 - 56 Avenue to the Her Majesty the Queen in the Right of the Province of British Columbia as represented by the Minister of Technology, Innovation and Citizens' Services for a term of 10 years with two additional 5 year and a further 2 year options to renew, for a total of 22 years.

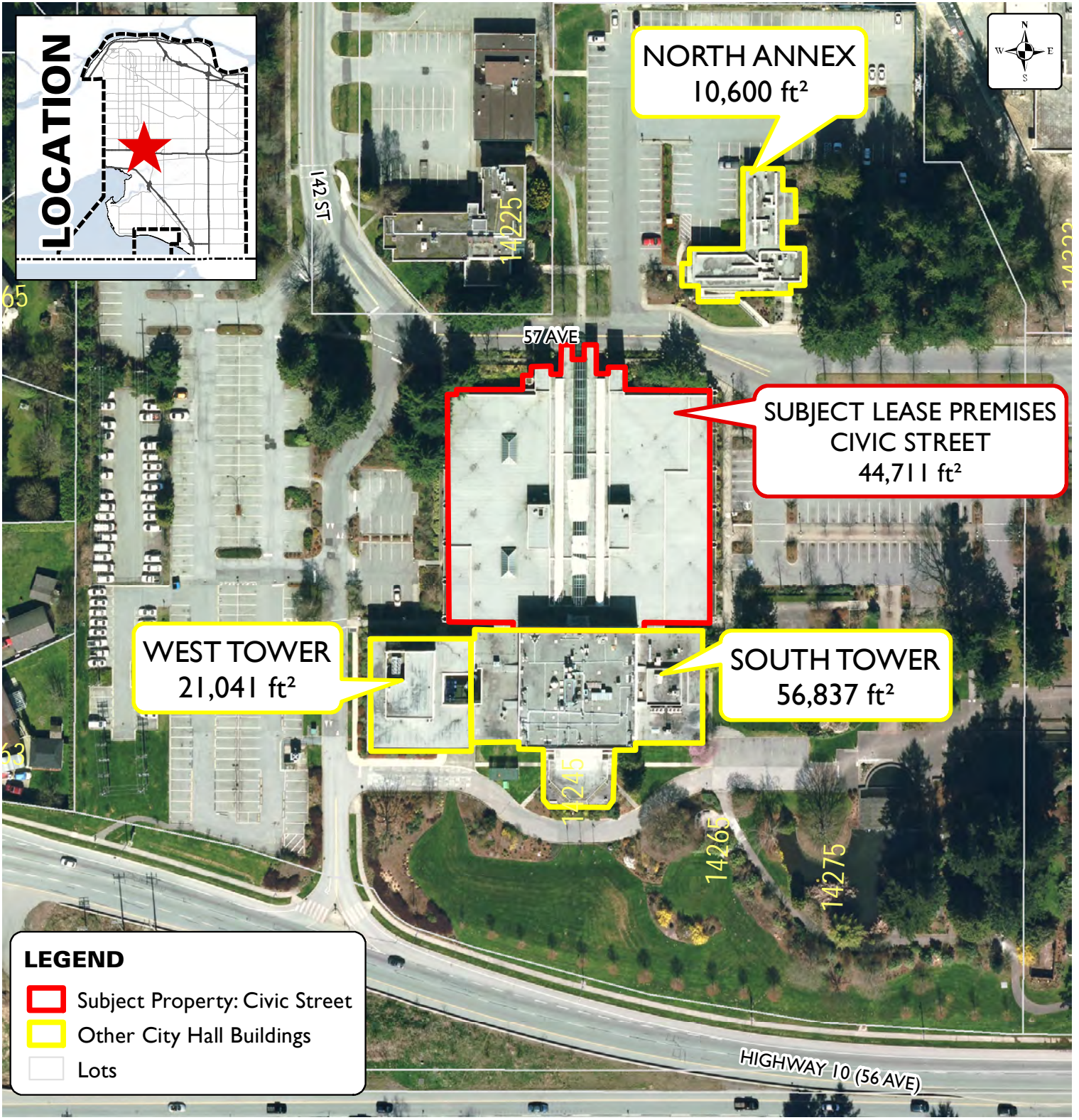
Gerry McKinnon
Acting General Manager, Engineering

VL/NR/KSW/amg/ras

Appendix I - Aerial Photograph of Civic Street Premises

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APPENDIX I AERIAL PHOTOGRAPH OF SITE



Produced by GIS Section: 11-Mar-2014, C6S

Date of Aerial Photography: March 30, 2013



LEASE OF CIVIC STREET TO PROVINCE (44,711 ft²)

ENGINEERING
DEPARTMENT

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey. This information is provided for information and convenience purposes only. Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.

Source: G:\MAPPING\GIS\Maps\CorporateReps\Realty\CS-CityHallBuildingsLease-AP.mxd