

Special Meeting of Council, December 29, 1972 1

A Special Meeting of the Council reconvened in open session in the Council Chamber at approximately 9:40 a.m., with the following members present:

PRESENT His Worship the Mayor
Aldermen Adams, Bird, Broome, Calder,
Hardwick, Linnell, Rankin,
Sweeney and Wilson

ABSENT Alderman Phillips

CLERK TO THE COUNCIL D. H. Little

Blocks 42/52 and B.C. Telephone Air Space Lease

Alderman Wilson and His Worship Mayor Campbell, under date of December 29, 1972, submitted the following Majority Report:

" Pursuant to direction of City Council, the Mayor appointed the following to comprise a committee to negotiate with the Fairview Corporation (B.C.) Ltd. an amendment to the master agreement permitting Fairview Corporation to sell the air space sub-division in a portion of Block 42 to the British Columbia Telephone Company.

Alderman Halford Wilson, Chairman
Alderman Harry Rankin, Member
Mayor Thomas J. Campbell, Member

The Special Committee has met on three occasions with a representative of Fairview Corporation and has carried on correspondence with Fairview Corporation relative to a fair basis upon which City Council would approve the action of Fairview Corporation to sell to B.C. Telephone Company, air space to provide the site for a 37 storey tower. The foregoing would be achieved by creating an air space parcel on parcels under the "Air Space Titles Act of British Columbia".

Your Special Committee have been fully aware that the agreement to date has not worked out in detail to the advantage of the City, being aware that land acquisition of Block 42 has exceeded estimates, and that the parking garage is far short of reaching its maximum revenue due to the delay in opening Eatons Department Store. Your Committee has endeavoured to achieve a proposal which would produce a cash payment to the City in return for approval of the sale of air space by Fairview Corporation to the B.C. Telephone Company.

Your Special Committee has made several proposals to the Corporation including all those suggested by members of Council and contained in the Council minutes dealing with this subject dated 9 November 1972.

Your negotiating committee concentrated upon two proposals

- (1) That the Fairview Corporation pay the City a lump sum of money in return for approval of the air space sub-division.
- (2) That the Fairview Corporation relax the rental conditions on the parking garage until such time as the Eaton Department Store is opened for business.

The several proposals made by your committee were given due consideration by the Directors of Fairview Corporation, and their rejection of most of the proposals have been contained in letters dated December 21 - 27 - 28, 1972. The final word from Fairview Corporation is that they agree to two of our proposals

cont'd....

Blocks 42/52 and B.C. Telephone
Air Space Lease (cont'd)

out of the several made, and if the City insists on more, they would allow the present agreement to stand, and the proposal to have the B.C. Telephone Company Tower located on Block 42 would be dropped.

The two conditions acceptable to the Corporation are:

- (1) To take up the option to purchase Block 42 by February 1st, 1982 - which action would require the Corporation to raise funds, and in accordance with today's estimate of interest rates, over the next nine years would bestow a financial benefit of \$800,000 on the City.
- (2) The Corporation is prepared to submit their plans for the development of Block 42 including the B.C. Telephone Building to the City's Design Panel, and to seriously consider their recommendations re colour.

Your Special Committee is therefore faced with weighing the advantages to the City by accepting the proposals of the Fairview Corporation, or alternatively, to reject approval of the air space sub-division and lose the B.C. Telephone Tower as part of the development of Block 42.

Your Committee is not unanimous in its recommendation, and the Chairman, together with Mayor Campbell, submit below a majority report. Alderman Rankin will simultaneously submit his minority report.

RECOMMENDATIONS:

Members of your Committee are aware of circumstances resulting in the development of Blocks 42/52 that from the inception of the proposal resulting from a call by City Council it was obvious some public support would be necessary to enable the project to proceed in order to act as the catalyst which would revitalize the core of downtown Vancouver, which was slowly perishing.

The Provincial Government by legislation validated the actions of the City Council in bringing about project Pacific Centre. One of the conditions set out by the Provincial Government was that a plebiscite be placed before the property owners to determine if they were in agreement with the project, if in the long run it would spark development and increase tax revenue. The outcome is history, and the property owners approved the project.

In view of the foregoing, the majority report RECOMMENDS acceptance of the Fairview Corporation proposal set out in their letter of December 28, 1972. (Appendix A) which calls for approval of the Air Space Subdivision to provide a site for the B.C. Telephone Tower Building. It is estimated that the monetary value of the proposal could be the sum of \$800,000 accruing to the City in addition to tax revenue. (See Appendix B, Board of Administration Report, November 8, 1972). "

(Attachments to the report
are on file in City Clerk's Office)

Under date of December 28, 1972, Alderman Rankin submitted the following Minority Report:

" A Committee composed of Alderman Wilson as Chairman, the Mayor and myself as Members, was struck to negotiate with the developers, The Fairview Corporation (British Columbia) Limited, on the question of vertical air rights on Block 42.

cont'd....

Special Council, December 29, 1972 3

Blocks 42/52 and B.C. Telephone
Air Space Lease (cont'd)

The situation is that the Fairview developers wish to have vertical air rights on a portion of the land to the most northerly end of Block 42, which bounds on Dunsmuir Street, the idea being to sell off 500 feet for a tower to be constructed for B.C. Telephone Company. The only basis on which the telephone company would agree to this Development was if they could buy the building outright, with the problem for the developer being that they could not do this without having vertical air rights.

It has long been my contention that the developers have had the best of all possible worlds so far as development of Block 42 is concerned and this is now history. We have lost over \$500,000 in parking fees arising out of the fact that Eatons store will not be occupied until some time late in February because of the fact that our contract was not specific enough to tie Eatons down, and Eatons, not wishing to move to their new location in December and disrupt their Christmas trade, decided to move in February. The net result of this was the loss of approximately \$500,000. The cost of land in Block 42, which we expropriated for the developers and granted to them at the price of \$7 million, has escalated to at least \$10½ million with every prospect that we will have to pay up to \$11 million for this property. The repayment of \$7 million by the developers to ourselves is based at approximately 6% interest and we are paying approximately 8% interest for the loan of these monies. The majority of this Committee feels that it is a concession by the developer that he will take up the option by 1982, rather than the year 2002, thereby saving us approximately \$800,000 on the differential between the interest on 6% and 8%. However, if interest rates were to decrease, and this is something nobody can foresee, then any increase would be wiped out.

His Worship also indicates to me that we will also be losing \$1 million a year taxes - this is an argument I do not accept. If B.C. Telephone Company does not build in Block 42, it will certainly build elsewhere in the city and we will certainly receive taxes from that development.

Having regard to the overall situation, it seems to me that if this Committee had been unified in its approach, that we would have been able to extract \$500,000 from the developer. At our first meeting arranged by Alderman Wilson, only Alderman Wilson and myself attended and I have still not had any explanation from His Worship as to why he did not attend. The second meeting was In Camera and took place on December 19, at which time we were informed by His Worship that a letter had been received rejecting any kind of additional monies from the developer. When I asked for a copy of that letter some discussion took place and it became clear no such letter existed and Council did not approve the Mayor's informal proposal at that time that we agree to the vertical air rights.

We next had a meeting on December 21, in the Mayor's office and a letter was handed to me at that meeting which indicated that Fairview Corporation were not prepared to make any other changes.

I was again called to a meeting at 9:30 this morning, December 28, 1972, and was allowed to look at a letter presented to us by Mr. Neil Wood, which in substance re-iterated the position of Mr. Lorne Cook of December 21. At that time I indicated I was not prepared to accept the decision of the Mayor and Alderman Wilson, and the Mayor indicated he was going to call a meeting for Friday at 9:30 a.m. and put the matter to Council.

I can only suggest to Members of Council that the offer made by the Fairview Corporation is not adequate so far as I am concerned and certainly not something that I am prepared to vote for."

cont'd....

Special Council, December 29, 1972 4

Blocks 42/52 and B.C. Telephone
Air Space Lease (cont'd)

After due consideration it was,

MOVED by Ald. Wilson,
SECONDED by Ald. Sweeney,
THAT the recommendation in the Majority Report be approved.
- CARRIED
(later rescinded)

A recorded vote was requested. The record, therefore, is as follows:

FOR THE MOTION

AGAINST THE MOTION

Alderman Sweeney
Alderman Wilson
Alderman Bird
His Worship the Mayor
Alderman Linnell
Alderman Adams
Alderman Broome

Alderman Calder
Alderman Hardwick
Alderman Rankin

(the motion was declared carried)

After further discussion it was,

MOVED by Ald. Linnell,
SECONDED by Ald. Adams,
THAT the foregoing resolution be rescinded.

- CARRIED UNANIMOUSLY

MOVED by Ald. Wilson,
SECONDED by Ald. Sweeney,

THAT Council agree in principle that the City apply for the creation of an air space parcel on the north east portion of Block 42, District Lot 541, provided that Fairview Corporation (British Columbia) Limited legally binds itself to exercise its Option to purchase the whole of Block 42 in the year 1982 if the British Columbia Telephone Company Limited has constructed an office tower on the north easterly portion of the said Block 42;

AND FURTHER THAT the Corporation Counsel be instructed to report back to Council advising what documents will be necessary to implement the foregoing arrangement, and specifically:

- (1) whether Fairview Corporation (British Columbia) Limited can validly bind itself to exercise its Option to purchase Block 42 in 1982;
- (2) what is required to be done by the parties to the agreement to lease Block 42, the Legislature, Province of British Columbia or any other Authority, in order to implement the foregoing proposal.

- CARRIED

A recorded vote was requested. The record, therefore, is as follows:

FOR THE MOTION

AGAINST THE MOTION

Alderman Sweeney
Alderman Wilson
Alderman Bird
His Worship the Mayor
Alderman Linnell
Alderman Adams
Alderman Broome

Alderman Calder
Alderman Hardwick
Alderman Rankin

(the motion was declared carried)

cont'd/...

Special Council, December 29, 1972 5

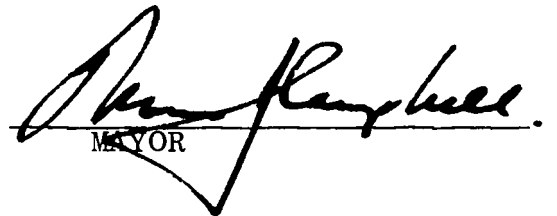
Blocks 42/52 and B.C. Telephone
Air Space Lease (cont'd)

MOVED by Ald. Wilson,
SECONDED by Ald. Sweeney,
 THAT the Majority and Minority reports be received and form
part of the proceedings of Council.

- CARRIED

The Council adjourned at approximately 11:15 a.m.

The foregoing are Minutes of a Special Council meeting held
on December 29, 1972, adopted on January 3, 1973.


MAYOR


CITY CLERK