

DATE OF MEETING November 15, 2021

AUTHORED BY NANCY SKEELS, PROPERTY AGENT, REAL ESTATE

SUBJECT EASEMENT AGREEMENT TO 1141872 BC LTD. (MARRIOTT HOTEL) FOR PARKADE USE – 101 GORDON STREET

OVERVIEW

Purpose of Report

To seek Council approval to issue a 20-year Easement Agreement to 1141872 BC Ltd. (Marriott Hotel) for parkade use at the City-owned facility at 101 Gordon Street.]

Recommendation

That Council:

1. approve a 20-year Easement Agreement to 1141872 BC Ltd. for parkade use at 101 Gordon Street; and
2. direct the Mayor and Corporate Officer to execute the Easement Agreement to effect the transaction.

BACKGROUND

In December 2017, the City of Nanaimo sold 100 Gordon Street to PEG Companies (PEG) for the construction of the 172-unit Courtyard by Marriott hotel. The transfer included the right for PEG to utilize the City-owned parkade at 101 Gordon Street for customer parking at market rates. At the 2020-DEC-31 Council meeting, Council approved a Parking Licence Agreement with PEG for 30 spaces for hotel guests.

PEG is operating under the numbered company 1141872 BC Ltd. The mortgage lender for PEG has requested that the existing Parking Licence Agreement be amended to a 20-year registered Easement Agreement to ensure guest parking during the length of the financing.

In accordance with the requirements of Section 26 of the *Community Charter*, granting the right to exclusive use of City-owned property in the form of a long-term Easement Agreement requires Council's approval and 1141872 BC Ltd. is seeking Council's approval to enter into an Easement Agreement.

DISCUSSION

Easement Agreement

The terms for the proposed Easement Agreement are similar to the key terms Council approved for the Parking Licence Agreement.

Key Terms:

- Number of reserved parking stalls: 30 with the option to expand the easement area to 60 stalls after receiving six months' notice of the intention to expand. This is consistent with previous discussions that the project would require up to 60 exclusive parking stalls.
- Term: 20 years commencing on 2022-JUL-01.
- Rent: \$9.00 per day (\$98,500 per annum to be billed in the amount of \$8,203 monthly plus GST). This rate may be changed from time to time by Council in accordance with the current "Off-Street Parking Regulations Bylaw 2018 No. 7266" rates for the city. Should the easement area increase to 60 stalls, the rent will increase accordingly.
- Additional Rent: If additional parking is required, the Licensee may purchase prepaid tickets from the City for the use of its hotel guests at the current rate of \$9.00 per day.
- The hotel guests may park in the unreserved and available stalls at any of the City's parking garages: Harbourfront Centre Parkade, Gordon Street Parkade, and Vancouver Island Conference Centre Parkade.

The terms of this agreement are consistent with the terms granted to the Coast Bastion Hotel for reserved parking stalls within the Harbour Front and Conference Center Parkade. |

Staff placed a Notice of Disposition in the paper as per Section 26 and 94 of the *Community Charter* for two consecutive weeks prior to the easement disposition.

Should Staff receive Council approval, Staff will have the Easement Agreement signed and registered on the title to 101 Gordon Street on 2022-JUL-01.

OPTIONS

1. That Council:

1. approve a 20-year Easement Agreement to 1141872 BC Ltd. for parkade use at 101 Gordon Street; and
2. direct the Mayor and Corporate Officer to execute the Easement Agreement to effect the transaction.

- Advantages: Entering into an Easement Agreement will be consistent with the terms established within the transfer agreement, contains similar terms as the Parking Licence Agreement and Council's previous decisions. Approving the easement will satisfy 1141872 BC Ltd.'s mortgage lender's concerns.
- Disadvantages: The easement cannot be terminated until the end of the 20-year term. Should Council wish to use the parking stalls for another purposes or allocate them to another organization, they will not be available until the end of the term.
- Financial Implications: By entering into an Easement Agreement, the City will start receiving \$98,500 per year on 2022-JUL-01.

2. That Council:

1. deny the proposed 20-year Easement Agreement to 1141872 BC Ltd. for parkade use at 101 Gordon Street; and
2. provide Staff with alternative direction on terms and conditions for a parking agreement.
 - Advantages: None identified.
 - Disadvantages: 1141872 BC Ltd.'s mortgage lender will not be satisfied with the denial, which could cause disruption and delays for the Courtyard by Marriott hotel project.
 - Financial Implications: If Council approval to the Easement Agreement is not received, the City will not receive \$98,500 per year in parking rent. Rent from these stalls will be collected; however, the amount of revenue the City will receive is unknown.]

SUMMARY POINTS

- In December 2017, the City of Nanaimo sold 100 Gordon Street to PEG Companies (PEG) for the construction of the 172-unit Courtyard by Marriott hotel. The transfer included the right for PEG to utilize the City-owned parkade at 101 Gordon Street for customer parking at market rates.
- PEG is operating under the numbered company 1141872 BC Ltd. The mortgage lender for PEG has requested that the existing Parking Licence Agreement be amended to a 20-year registered Easement Agreement to ensure guest parking during the length of the financing.
- In accordance with the requirements of Section 26 of the *Community Charter*, granting the right to exclusive use of City-owned property in the form of a long-term Easement Agreement requires Council's approval and 1141872 BC Ltd. is seeking Council's approval to enter into an Easement Agreement.
- Should Staff receive Council approval, Staff will have the Easement Agreement signed and registered on the title to 101 Gordon Street on 2022-JUL-01.

Submitted by:

Bill Corsan
Director, Community Development

Concurrence by:

Dale Lindsay
General Manager, Development Services