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4330 Kingsway, Burnaby, BC, Canada V5H 4G8 604 432 6200 www.metrovancover.org

Office of the Commissioner/Chief Administrative Officer
Tel: 604-432-6210 Fax: 604-451-6614

July 31, 2009

File: FA-02-02-SQU

Mayor Richard Walton and Council
District of North Vancouver
355 West Queens Road
North Vancouver, BC V7N 4N5

Mayor Darrell Mussatto and Council
City of North Vancouver
141 West 14th Street
North Vancouver, BC V7M 1H9

Mayor Pamela Goldsmith-Jones and Council
District of West Vancouver
750 - 17th Street
West Vancouver, BC V7V 3T3

Dear Mayors Walton, Mussatto and Goldsmith-Jones and Councils:

Re: Lions Gate Wastewater Treatment Plant Rent Review

In August 2008, the Squamish Nation notified GVS&DD that they were commencing a review of the rent for the Lease for the LGWWTP. Under the Lease the rent is to be reviewed every five-years. If a rent review has been skipped, the Lease allows the Squamish Nation to conduct a review and any rent arrears plus interest must be paid. The Squamish Nation notice triggered rent reviews for three 5-year periods in the lease, two in arrears (1999 to 2003 and 2004 to 2008) and one that has just commenced (2009 to 2013).

A draft 'Terms of Reference' for the rent review was shared with the North Shore municipalities and was then signed in February 2009.

The Squamish Nation and GVS&DD separately commissioned appraisal reports which were exchanged in mid-June. These reports have been shared with your staff through Grant McRadu, CAO, District of West Vancouver.

While the land values and rental rates were different in the appraisal reports, both appraisers took the same approach to arrive at their conclusions. This helped to foster a successful negotiation. We have now negotiated a compromise with the Squamish Nation that I would like to share with you.

The table below shows the rent that has been paid and the proposed revised rent:

Period	Rent Paid at Beginning of Each Period	Negotiated Rent to be Paid at the Beginning of Each Period
1999 to 2003	\$296,204	\$433,656.50
2004 to 2008	\$325,449	\$592,029.50
2009 to 2013	\$356,488	\$664,301.50

In accordance with the Lease, the rent is paid annually in advance. It is increased each year by the consumer price index (CPI). The arrears are calculated by subtracting the rent that has been paid from the revised rent, increased annually by the CPI, plus interest.

Based on the revised rents the Squamish Nation calculated the arrears plus interest to be:

Rent arrears (including CPI adjustment):	\$2,177,188.40
GST on Back Rent*:	\$ 108,859.42
Interest:	<u>\$ 544,844.23</u>
Total:	<u>\$2,830,892.05</u>

* The GST will be recovered.

I have asked my staff to review the Squamish Nation calculations. We may disagree with their calculations and further negotiations may be required to resolve any differences.

We project that by the end of 2009, we will have about \$4 million in our LGWWTP reserve account. The arrears and interest can be absorbed from this reserve fund protecting the North Shore municipalities from any immediate financial impact.

Please let me know if you have any comments as I plan to approve the revised rents before the end of August.

Yours truly,



Johnny Carline
Commissioner/Chief Administrative Officer

JC/ks/tb

cc: Ken Stephens, Supervisor Property Division, Finance and Administration, MV