



# **Corporate** NO: R158

# **Report** COUNCIL DATE: July 22, 2002

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **July 18, 2002**

FROM: **General Manager, Engineering** FILE: **0930-30**

SUBJECT: **Lease of City Land at 6330 - 152 Street(Fraser Valley Heritage Railway Society (Page 74))**

## **RECOMMENDATION**

That Council approve the lease of City land at 6330 - 152 Street to the Fraser Valley Heritage Railway Society for a term of three years with one two-year renewal subject to all necessary building approvals being obtained.

## **BACKGROUND**

The ±0.53 ha (±1.3 acre) City owned property at 6330 - 152 Street is a vacant parcel of land that was purchased by the City in January 2002 for future expansion of Sullivan Park. The subject land is directly north of the privately owned Sullivan Community Hall property.

## **DISCUSSION**

The Fraser Valley Heritage Rail Society (FVHRS) is a non-profit society established to reactivate the British Columbia Electric Railway (BCER) interurban railway line. The first phase of the project is to purchase two original BCER interurban cars. We understand from the society that the first purchase is anticipated to occur within the next six months. Prior to delivery of the cars, the Society requires a temporary location for their storage.

Originally the concept was to store the rail cars in Cloverdale, however, the private site potentially available was not big enough for two cars and additionally the Sullivan site has advantages due to easy rail access and existing road crossing signalization through to Newton.

Based on the above, plus the historical significance of Sullivan Station, the FVHRS has identified the City-owned property at 6330 - 152 Street as most suitable for its purposes. The FVHRS proposes to construct a ±4,000 ft.<sup>2</sup> temporary building on the subject land (see Appendix IV). The Parks, Recreation and Culture

Department supports the proposed use of this land by the FVHRS provided the term of the lease does not exceed five years in length, as this is the scheduled time frame for the expansion of Sullivan park at this location.

We have confirmed with the FVHRS that this lease of City land can not be extended beyond the 5 year term. Initially we were concerned about this temporary arrangement, however, FVHRS have informed us that they are actively seeking long term alternative storage locations. They have also informed us that the proposed building is modular and can be relatively easily dis-assembled and re-assembled on a new location. Likewise the track and ties for the spur line can be taken up and re-used at the new site.

The second phase of the FVHRS project is to restore the original Sullivan Station on its original site, which is owned by BC Hydro and located directly to the northwest of the subject property. Once the station is operational, the FVHRS is then planning to operate a one-car rail operation running from Sullivan Station with services to 144 Street in the west and to McLellan Road in the east. Their long term plan is to construct a station in Cloverdale and to have the interurban operate between Cloverdale and the Fraser River at Brownsville.

Current policy regarding the leasing of City land to non-profit organizations is to lease the land at fair market value. As a non-profit organization, the society has the opportunity to apply to Council for an annual grant in lieu of rent and 50% of the annual property taxes. Due to the restricted use allowed under the proposed lease, an annual return of 3% on the land value is considered appropriate. Based on a recent appraisal conducted on the subject lands, the annual rent for the subject lease should be \$20,400 (\$1,700 per month).

The FVHRS recently met with representatives of the Sullivan Community Association and received their support for this proposal (see Appendix V). We have been informed that the funding for the purchase and restoration of one of the interurban cars is in place and the FVHRS is currently raising funds for the purchase of the second car. The FVHRS has recently received additional funding of \$50,000 from the Real Estate Foundation of BC towards the restoration of the Sullivan Station.

## **CONCLUSION**

The Fraser Valley Heritage Rail Society has requested the lease of the City-owned property at 6330 - 152 Street for the purposes of locating a temporary rail car building. They propose to use this building on an interim basis for the restoration of interurban rail cars that are to be used as part of the proposed interurban rail service between Cloverdale and Brownsville. The proposed lease will be for three years with a two-year renewal term and is subject to the FVHRS receiving all necessary approvals for the construction of the improvements. Due to future park needs the lease can not be extended beyond this 5 year maximum term.

Paul Ham, P. Eng.

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## Appendices

- I. Location Map
- II. Site Map
- III. Aerial Photograph of Site
- IV. Conceptual Drawing of Car Barn/Workshop
- V. Letter - Sullivan Community Association