



Governance and Priorities Committee Report For the May 22, 2014 meeting

To: Governance and Priorities Committee
From: Julie MacDougall
Subject: Victoria Silver Threads Relocation Request

Date: May 14, 2014

Executive Summary

The purpose of this report is to seek Council's direction regarding a request from Victoria Silver Threads for increased financial support from the City of Victoria to relocate to a new facility.

The City of Victoria currently holds a lease for the Silver Threads facility, which will expire in September 2014. Following discussions with the organization, in May of 2013 Silver Threads was informed that the City did not intend to renew the lease and they were encouraged to find "more suitable and cost effective facilities". Silver Threads was asked to submit a proposal in the fall of 2013 for consideration as a part of the 2014 budget process.

The City of Victoria's current support level to Silver Threads is \$122,389 which includes funding for the building lease and building operational costs. This is outside of their annual seniors centre base grant funding.

In April, 2014, Silver Threads submitted a proposal asking for support to lease a new facility. The amount requested includes \$147,200 for building lease and building operational costs plus a one-time grant of \$200,000 for moving and leasehold improvement costs. While the proposed facility meets the "more suitable" criteria, it has not met the "more cost-effective" test as annually it is \$24,811 more than the current budget and requires a one-time grant.


The City has expressed a commitment to support Silver Threads with the currently budgeted financial contribution.

Recommendation

That Council decline the proposal and continue to provide Silver Threads the current level of financial support of up to \$122,389 annually for a facility lease in their current or other suitable location.

Respectfully submitted,

Kimberley Stratford
Community Recreation Coordinator


Julie MacDougall
Assistant Director



Report accepted and recommended by the City Manager:

Date: May 16, 2014

Purpose

The purpose of this report is to seek Council's direction regarding the Victoria Silver Threads request for financial support to relocate to a new facility.

Background

In 2004, the City of Victoria sold the building which housed Silver Threads to the Capital Regional District and Silver Threads was subsequently relocated to a street level commercial property on Douglas Street. At the time the organization and the City developed principles for temporary and permanent relocation of their operations (attached as Appendix 1). Within these principles the City recognized a commitment to relocate Silver Threads to a mutually acceptable location where the Society could continue to meet the present and future needs of Victoria seniors in a central location within the City.

The City's financial commitment to Silver Threads was to use the net sale proceeds towards the temporary and permanent relocation, as well as ongoing operating support for the facility. Since the move to the Douglas Street location, ongoing operating costs have exceeded the original \$90,000 annual commitment with a total of approximately \$1.6 million spent since 2004.

Issues & Analysis

With the lease at the Douglas Street location expiring in September, 2014, Silver Threads is proposing to relocate to new leased space at 2340 Richmond Street. The Offer to Lease is subject to funding from the City and is valid until May 31, 2014. The specific annual request from Silver Threads to the City is:

- Allow Silver Threads to be the lease holder for space at 2340 Richmond Road.
- Ensure Silver Threads has property tax exempt status at 2340 Richmond Road.
- Provide Silver Threads an annual building operating grant in the amount of \$147,200
 - Base rate \$104,000 (5200 sq ft x \$20)
 - Operating Costs \$31,200 (5200 sq ft x \$6)
(includes maintenance, operating, janitorial, repairs)
 - Parking \$12,000 (10 x \$100 x 12 months)
 - Total Annual Operating Expenses \$147,200
- Provide Silver Threads one-time payment of \$200,000 to cover tenant improvements, moving and relocation expenses in the new location. (See Appendix 3 for the complete proposal).

While this proposal meets the "more suitable" criteria requested it exceeds the current level of support by \$24,811 annually, which does not meet the more cost effective criteria and is not currently accounted for in the 2014 budget. Council may choose to grant property tax exemption to non-profit. This organization currently does not enjoy tax-exempt status but could apply for this through the existing process.

Options

1. Council could maintain Silver Threads facility operations funding at its current level of \$122,389.
2. Council could approve an increase in Silver Threads facility operations funding in the amount of \$24,811 approve a one-time grant in the amount of \$200,000 for tenant improvements and relocation costs.

Recommendation

That Council maintain Silver Threads facility operations funding at the current level of \$122,389.

Attachments

- Appendix 1 Principles for the Temporary and Permanent Relocation of the Victoria Silver Threads
Appendix 2 Victoria Silver Threads - 2004-2014 Lease and Operations Costs Douglas Street location
Appendix 3 Victoria Silver Threads Relocation Proposal

APPENDIX 1

Principles for the Temporary and Permanent Relocation of the Victoria Silver Threads (developed in 2003 as a part of the original relocation discussions)

Background

- The Silver Threads Service of Greater Victoria understands that the City of Victoria proposes to move forward on the proposed sale of the City building currently the home of the Victoria Silver Threads, to the CRD.
- Silver Threads recognizes the need for the CRD to move forward to complete the purchase of the site in order to complete construction of the CRD Phase I building in a manner that accommodates Phase 2 appropriately and achieves significant cost savings for the CRD.
- The City of Victoria recognizes the value of the services to the community provided by the Silver Threads Service and confirms its intent to continue to support the Silver Threads Society as a community recreation partner with the City of Victoria.
- The City of Victoria recognizes the community and grant funding contribution originally made to the capital development of the Seniors Centre in Centennial Square which currently provides approximately 14,000 square feet of space and is operated by the Silver Threads Society.
- The City of Victoria recognizes its long-term commitment to relocate the Victoria Silver Threads to a mutually acceptable location such that the Society can continue to meet the present and projected future needs of Victoria seniors, particularly in a central location within the City.

Principles for the Temporary Relocation of the Silver Threads Service

- The City of Victoria agrees to finalize the sale of the City building currently occupied by the Silver Threads Society, subject to the confirmation of a mutually agreed temporary location for the current Silver Threads operation.
- To minimize disruption to the service of Victoria Silver Threads, the City agrees to work cooperatively with the Silver Threads Society to locate a suitable temporary location that would enable Silver Threads to retain the temporary location until a permanent location is available for occupancy.
- The City of Victoria and the Silver Threads Society agree to work cooperatively towards securing a temporary location that reasonably meets the following criteria and functional space requirements:

Location Factors

- Accessible from a major bus route
- In a downtown location
- Easy access to and from the facility
- Adequate parking available
- Disabled access
- Provide for adequate safety and security of participants

Functional Temporary Space Requirements

- Reception area plus four offices and kitchenette
 - Multipurpose space (up to 60 people) suitable for exercise classes
 - Classroom type space (up to 25 people) suitable for arts and crafts programs with sink area and adequate electrical outlets
 - Storage area for program supplies and equipment
 - Meals on Wheels office space (1 Director and 3 work stations)
- Further, the City recognizes agencies and programs that currently rent space at the Victoria Silver Threads Centre and as is reasonably possible will seek options that may continue to accommodate the needs for rentable multipurpose space in or in proximity to downtown.
 - Working in partnership, the Silver Threads Society and the City of Victoria will assess potential available spaces including:
 - Shared space in existing city owned buildings
 - School District Facility Space
 - Church space
 - Legion and OAP space
 - BCBC available government space
 - VIHA space
 - Commercial space
 - The City of Victoria and Silver Threads Society will work together to plan for relocation in such a way that disruption to the programs and services of Silver Threads is minimized. Relocation would take place in either August/2003 or January/2004 unless otherwise mutually agreed.

Principles for the Permanent Relocation of the Silver Threads Society

- The City of Victoria agrees to work cooperatively with the Silver Threads Society towards the development of suitable program and facility space that would permanently accommodate, within a projected two-year time frame, the Silver Threads Society based on current and projected recreation needs of seniors in the City of Victoria.
- The City of Victoria will work cooperatively with the Silver Threads Society towards the development of a strategic plan and vision for a newly located center. The City of Victoria will provide information through the Recreation Needs Assessment to help inform the Society's long term plans as well as facilitate discussions among the City's community recreation partners that will help to ensure long term integrated planning for future recreation needs of seniors in Victoria.
- The City of Victoria will hold, in reserve, the revenue generated by the City of Victoria from the sale of the building, (estimated at \$500,000) and the funds currently used for the operation and maintenance of the building (estimated at \$90,000). This reserve fund will be used to assist, as required, in funding the temporary and permanent relocation of the Silver Threads Society.
- The projected space requirement in a new permanent facility is approximately 10,000 sq. ft.

APPENDIX 2

Victoria Silver Threads - Lease and Operations Costs Douglas Street

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*	Total
Lease	\$79,351	\$77,040	\$77,040	\$77,040	\$81,855	\$96,300	\$98,940	\$97,034	\$112,000	\$94,088	\$65,270	\$ 876,607
Lease Operating Costs	\$23,015	\$30,629	\$29,441	\$29,603	\$37,052	\$33,683	\$33,977	\$39,264	\$44,090	\$42,279	\$24,000	\$ 344,019
Repairs & Maintenance (includes Utilities)	\$ 5,906	\$25,835	\$18,007	\$16,184	\$20,691	\$23,727	\$20,724	\$23,118	\$20,060	\$22,508	\$12,100	\$ 202,953
Janitorial & Recycling	\$16,621	\$16,569	\$19,589	\$17,780	\$19,180	\$6,927	\$14,870	\$18,834	\$16,435	\$25,312	\$21,019	\$176,515
Total	\$124,895	\$150,074	\$144,077	\$140,607	\$158,778	\$160,636	\$168,511	\$178,250	\$192,584	\$184,187	\$122,389	\$1,724,989

* budgeted

APPENDIX 3 – Victoria Silver Threads Relocation Proposal

April 2nd, 2014

Mayor Dean Fortin and Council
City of Victoria
No. 1 Centennial Square
Victoria, BC V8W 1P6

Dear Mayor Fortin and Council:

Re: Silver Threads Service Request for Operating Funds

As you are aware Silver Threads Service (STS) has been operating a centre in Victoria with the support of the City of Victoria since 1965 to provide programs and services to seniors 55 years of age and older. In 2004 STS gave up the 14,000 square foot space in Centennial Square at the request of the City of Victoria to allow the sale of the land by the City to the CRD. Since that time STS has occupied temporary space on Douglas Street that over time has proven to be not conducive for senior programs and services to thrive.

As the current lease expires in September 2014 STS would like to relocate to more suitable space at 2340 Richmond Street (known as the CNIB building). STS is requesting the support and funding approval of the City of Victoria to execute an Offer to Lease with Urban Core Ventures to secure the facility and move during the summer of 2014 with the goal of beginning programs and services by September 1st in the new space. The Offer to Lease is subject to funding approval from the City of Victoria and is valid until **May 31st, 2014**, after which time will become null and void.

The specific annual request from Silver Threads Service to the City of Victoria is:

- To reallocate funding to Silver Threads Service and provide funding in the form of an annual operating grant that will allow STS to be the lease holder for space at 2340 Richmond Road.
- To ensure that STS has property tax exempt status at 2340 Richmond Road.
- **To provide STS an annual operating grant in the amount of \$147,200**

Base rate	\$104,000	5200 sq ft x \$20
Operating Costs	\$31,200	5200 sq ft x \$6
(includes maintenance, operating, janitorial, repairs)		
Parking	\$12,000	10 x \$100 x 12 months

In 2013 the approximate cost for the lease and related expenses for space STS occupied at 1724, 1728 and 1740 Douglas was \$150,000. In September 2013 the City of Victoria terminated the lease on the space (1740) used for the volunteer led, income generating Thrift Store.
- **Continuation of the current annual City of Victoria Senior Centre funding for staff wages \$36,667**

Further it is the understanding of Silver Threads Service that in 2003/2004 The City of Victoria agreed and allocated to hold in reserve, the revenue generated by the City of Victoria from the sale of the building to the CRD (estimated by the City at \$500,000 in 2004 dollars) and the funds currently used for the operating and maintenance of the building (estimated at \$90,000) for permanent space for STS.

- o **STS is requesting a one time payment of \$200,000 from the reserve funds to cover the tenant improvements, moving and relocation expenses in the new location.** We understand that a portion of the reserves may have been spent on tenant improvements at Douglas Street but know that this would not have exceeded the reserves.

Included is a detailed proposal with appendices to support the request. On behalf of Silver Threads Service we look forward to discussing this further with Mayor and Council and being able to meet the growing needs of seniors in the community.
Thanks you for your consideration.

Sincerely,
Andy Robinson
President, Silver Threads Service
286 Hampton Road
Victoria, BC V8Z 1H1
Phone: 250 382-3151

April 2nd, 2014

To: City of Victoria Mayor and Council

Re: Relocation of Silver Threads Service Proposal

Executive Summary

Silver Threads Services (STS) operates in partnership with the City of Victoria to provide programs and services to seniors 55 years of age and older. In 2004 at the request of the City of Victoria, STS gave up the 14,000 square foot built to suit space in Centennial Square to allow the sale of the land for the City to sell the land for the Capital Regional District (CRD). Since that time STS has occupied temporary space on Douglas Street that is not conducive for senior programs and services to thrive.

As the current lease expires in September 2014 STS would like to relocate to 2340 Richmond Street (known as the CNIB building). STS is requesting the support and funding approval of the City to execute an Offer to Lease with Urban Core Ventures to secure the facility and move during the summer of 2014 with the goal of beginning programs and services for September 1st, 2014.

Background

Silver Threads Services (STS) began operations in Greater Victoria in 1956. In 1965 Silver Threads Service moved into new purpose built space in Centennial Square. The 14,000 square foot facility was accessible, two stories with an elevator and had a large auditorium, class room spaces, commercial kitchen and dining room. The building, like all City of Victoria Community and Senior Centres – was owned by the City; however the community and the senior members of Silver Threads Service made significant donations towards capital costs. Programs and services thrived in this location until January 2003 when the City of Victoria began to negotiate with the Capital Regional District to purchase the land that the building that housed Silver Threads Service was located on. On March 13th, 2003 Council directed City staff to proceed with the negotiations for the sale and confirmed its commitment to assist with relocating STS. On March 27th, 2003 city staff drafted an Agreement of Purchase and Sale for the sale of the Centennial Square property to the CRD for \$974,500. At the same meeting, Council resolved that the Principles for Temporary and Permanent Relocation of the Victoria Silver Threads Service be approved. A copy of the Council minutes and the Principles is attached (Appendixes A)

As a result STS was required to move into temporary store front locations at 1724, 1728 & 1740 Douglas Street in 2004. The total space was 6,420 square feet, a far cry from the previous 14,000 square feet. In September 2013 STS space was further reduced with the loss of the space at 1740 Douglas that housed the revenue generating, volunteer-led Thrift Store. Currently STS operates out of the 4,280 square feet. This has greatly impacted our membership and participation and ability to provide recreation and social programs.

Since the move in 2004 a number of potential partnerships and locations have been explored including partnerships with the Greater Victoria Library and St. John's the Divine Church. Discussions have been held with Parks and Recreation staff and the Mayors at the time with no new location being secured resulting in the lease being renewed and the STS operation stagnating and now declining.

Silver Threads Service would like to open the dialogue with Mayor and Council and revisit the Principles for the Temporary and Permanent Relocation of Silver Threads Service (Appendixes A) that states:

The City of Victoria will hold, in reserve, the revenue generated by the City of Victoria from the sale of the building (estimated at \$500,000) and the funds currently used for the operating and maintenance of the building (estimated at \$90,000).

In September 2014 the lease expires on the Douglas Street property and it is the goal of Silver Threads to relocate during the summer and prepare for revitalizing programs and service in a new location at 2340 Richmond Road and cohabitate with the CNIB in the recently sold building. (See Appendix B for the Mission and Strategic Direction for Silver Threads Service) An Offer to Lease has been signed and is subject to funding approval from the City of Victoria and is valid until May 31st, 2014.

Request for Relocation

In the fall of 2013 CNIB sold their building at 2340 Richmond Street due to downsizing of the organization and will lease 1/3 of the building from the new owner, Urban Core Ventures. The space being considered by STS is 5,200 square feet on the main floor and includes an auditorium and attached kitchen, counseling and meeting rooms, arts & craft space, and an office for staff and volunteers. It is a vast improvement to the 4,280 square feet STS currently operates on Douglas Street. (See Appendix C for the floor plan of 2340 Richmond Street)

Silver Threads Service would be the lease holder and has negotiated a 5 year term with an option to renew and has confirmed a lease rate that is comparable to the amount paid in 2013 for the spaces on Douglas Street.

Issues & Analysis

The key objectives of relocating is to move from what was temporary space to a new facility that would allow for program and service growth, respond to the community needs of seniors and serve an neighbourhood that currently has limited support. This would allow Silver Threads Service to better fulfill our shared mandate with the City of Victoria to provide programs and services to seniors.

□ The current location on Douglas Street is not accessible for handyDART, there are parking issues, and the neighbouring businesses have changed and include a Payday loan store and Worklink for short-term employment. These businesses attract clientele that are not necessary perceived positively by seniors who would use STS.

□ The new location is in the Jubilee neighbourhood that currently does not have a senior or community centre (See Appendix D City of Victoria Connect Newsletter, Fall 2013) as shown on the Neighbourhood mapping of Senior, Community Centre and Neighbourhood Associations.

□ This neighbourhood has a high senior demographic according to the 2011 Census and area profiles compiled by the CRD. In Victoria there are 80,015 people over the age of 55 in Victoria. 5,240 or 6.5% of this age group reside in the Jubilee area.

□ By comparison in the Downtown area there are 2,740 or 3.4% of residents who are 55+.

Benefits of relocating

There are many benefits to relocating to the Jubilee neighbourhood which are listed below. Of particular interest is to be in space that is permanent that will allow stability in planning and operations in the future.

- Significant potential to increase STS membership and participation with improved facility space by developing new program and service offerings

- CNIB and Silver Threads Services would co-habitat, share similar clientele and would have complimentary services
- Increased visibility and prominent location
- Improved access for seniors with better parking, bus routes
- Improved ability for Handi-dart to drop off and pick up seniors
- Safer neighbourhood than current location
- No competing senior serving organizations are in the underserved neighbourhood
- The Executive of the North Jubilee Neighbourhood Associations is support of the proposal. (Appendix E)
- STS would support existing neighbourhood associations and community groups with evening and weekend rentals and building usage as appropriate
- Opportunities for STS to partner with the local medical and gerontology community organizations and provide increased preventative health offerings
- 6.5 percent of the City's 55+ population resides in the Jubilee area. This would increase by day as people travel to the area for medical appointments and support.

Challenges

The relocation of Silver Threads Services is dependent on approval and continued funding from the City of Victoria. An Offer to Lease has been signed with a sixty day (60) period to May 31st, 2014 and will be subject to approval of City funding. If approved STS would be the leaseholder, and would require tax exempt status.

Time lines to communicate to current members and user groups are short, as our current members are not aware of the September 2014 lease expiry. We are aware that some of our members and user groups may not want to move to a new location. However we will do our best to transition with a solid communication plan.

Costs and Budget implications

The Annual 2013 cost to the City of Victoria to lease the space on Douglas Street was approximately \$150,000 per year. STS has negotiated the lease rates and operating at 2340 Richmond Road with this as a benchmark.

Silver Threads Service

Society Registration Number: S - 00052

Registered Charitable Tax Number: 107981037RR0001

Appendices

Appendix A: City Council minutes and Principles for the Temporary and Permanent relocation of Silver Threads Service

Appendix B: Overview of Silver Threads Services and Strategic Plan

Appendix C: Floor plan of 2340 Richmond Road

Appendix D: City of Victoria Connect Newsletter Fall 2013. Neighbourhood mapping

Appendix E: Letter of support from the North Jubilee Neighbourhood Association