

October 25, 1995

RE: STANLEY PARK DINING PAVILION - LEASE EXTENSION

RECOMMENDATION

1) THAT the Board extend the lease of the Stanley Park Dining Pavilion for one year (January 1, 1997 - December 31, 1997) under the current terms and conditions.

2) THAT a payment in lieu of property taxes for 1997 be set at \$1.00/sq. ft.

3) THAT no legal rights shall be created by the passage of this resolution and none shall arise hereafter except by the signing of the contemplated document.

BACKGROUND

In 1974 the Board invited public bids to operate the Stanley Park Pavilion. Pavilion Enterprises were awarded a three year lease with a two year renewable option following review of the bids received.

In 1977 the Board granted a new five year lease to expire on March 31, 1982 in recognition of certain capital improvements made at this location. In 1978 the Board agreed to an assignment of the sublease to Pavilion Enterprises (1978) Ltd. following retirement of one of the original partners.

In 1980 the Board approved extending the lease to expire on December 31, 1985.

On August 8, 1983 the Board approved a further five year lease extension for the term January 1, 1986 to December 31, 1990.

The rent from January 1, 1984 to December 31, 1987 was set at \$3,300 per month + 9% of gross sales over \$450,000 excluding liquor and off-site catering.

On April 25, 1988 the Board approved a rent of 7.5% of gross sales, including liquor for the period of January 1, 1988 to December 31, 1990. The Board also extended the lease until December 31, 1995.

On September 30, 1991 the Board approved a rent of 9% of gross sales (excluding liquor) for the period January 1, 1991 to December 31, 1995.

On July 25, 1994, due to the fact that the planning for the former Lower Zoo/Pavilion area was not yet complete, the Board extended the lease for one year (December 31, 1996) under the current terms and conditions.

DISCUSSION

The lessee, Pavilion Enterprises (1978) Ltd. has written to the Board

(Appendix I) requesting a renewal lease of five years with a five year option.

There are many outstanding issues with regard to the future use of the Pavilion and its surrounding area. Incorporating an interpretive centre in the Pavilion is one option that has been presented to the Board for consideration and will likely be discussed more fully at meetings for the 1997-99 Capital Plan.

Since an important component of the Pavilion's food services is the banquet/meeting business, it is essential for them to be able to make bookings up to two years in advance. For this reason and in order to provide the lessee with the ability to plan further ahead, it is recommended that their lease be extended a year until December 31, 1997.

The lessee understands that the Board is still reviewing the planning alternatives for this area and has been advised of this recommendation.

Payment in lieu of property taxes

As with other park restaurants, it is recommended that the Board implement a payment in lieu of property taxes and that it be phased in until it reaches its true value. In view of the restaurant's uncertain tenure at this time, it is believed that a rate of \$1.00/sq. ft. is appropriate. The taxable areas (kitchen, restaurant, ballroom, etc.) amount to 6,525 square feet.

JUSTIFICATION

Pavilion Enterprises (1978) Ltd. requires an extension of their lease in order to carry out their business in an effective manner.

Until such time that the Board makes a decision on the future plans for the area, the Stanley Park Pavilion should remain in its present format.

Prepared by:

Administrative and Revenue Services Division
Board of Parks and Recreation
Vancouver, B.C
PJ/jab

•