

DATE: January 28, 1998

**SUBJECT: STANLEY PARK DINING PAVILION - LEASE EXTENSION**

**RECOMMENDATIONS**

- A. THAT the Board extend the lease of the Stanley Park Dining Pavilion for one year (January 1, 1999 - December 31, 1999) under the current terms and conditions.**
- B. THAT a payment in lieu of property taxes for 1999 be set at \$1.50/sq. ft.**
- C. THAT no legal rights shall be created by the passage of these resolutions 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 a 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.

In 1994 and 1995, due to the fact that the planning for the former Lower

Zoo/Pavilion area was not yet complete, the Board extended the lease for two years (December 31, 1997) under the current terms and conditions.

On March 10, 1997 the Board approved the following resolutions:

- A. THAT the Board extend the lease of the Stanley Park Dining Pavilion for one year (January 1, 1998 - December 31, 1998) under the current terms and conditions.
- B. THAT a payment in lieu of property taxes be set at \$1.50/sq.ft.
- C. THAT after 1998 the Pavilion will house an Interpretative Centre but not necessarily in the banquet room.
- D. THAT the Board initiate a planning process with all parties involved with a report including plans and costs for renovations, expanded food service etc. be compiled and brought back to the Board in six months.

In 1995, in order to be consistent with other leased Park Board restaurants the Board also resolved to charge the lessee an amount 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 it was believed an amount of \$1.00/sq. ft. was appropriate.

## **DISCUSSION**

On January 26, 1998 the Community Services and Budgets Committee received a presentation from staff on the recent study by Aldrich Pears and Bufo Inc. on the Spatial Plan and Interpretative Program for the Stanley Park Dining Pavilion.

The Committee did not resolve the issues surrounding the future of an Interpretative Centre at the Pavilion and deferred the matter to the Planning and Environment Committee for more discussion.

Since the time frame for these discussions is likely to be several months it was agreed that the lease for Pavilion Enterprises should be extended by a year as soon as possible in order to give the lessee some short-term security and the ability to book future functions.

Since the lessee has recently assumed additional costs in retaining a consultant to assist him in the planning of the food services at the Pavilion, and is likely to incur further costs in the planning process, it is not recommended to increase the amount in lieu of property taxes for 1999. The 1998 rate of \$1.50 sq/ft will continue for 1999.

## **JUSTIFICATION**

Pavilion Enterprises (1978) Ltd requires an extension to their lease in order to continue the operation of their business.

The one year extension will enable the lessee to operate in an effective manner and at the same time continue discussions with staff and the Board concerning future changes to the Pavilion.

Prepared by:  
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