



Date: July 11, 2002

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: Kitsilano Beach Restaurant and Take-Out - Acceptance of Proposal from Peter Barnett

RECOMMENDATION

- A. THAT the Board accept the proposal from Peter Barnett to construct and operate a restaurant and take-out at Kitsilano Beach.*
- B. THAT the Board approve a series of on-site public information days this summer to solicit feedback and opinion from park and seawall users concerning this proposal.*
- C. THAT the Board grant to a corporate entity with Peter and Shirley Barnett as the principals:*
- (a) a licence, to use the designated site for the construction of the restaurant, subject to the completion of the Development Permit design package to the satisfaction of the Board and subject to the issuance of the appropriate permits.*
 - (b) an offer to lease the restaurant subject to the completion of the Development Permit design package and subject to the completion of construction of the restaurant to the satisfaction of the Board.*
- D. THAT no legal rights shall arise and no consents, permissions or licences are granted hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.*
- E. THAT once the form of the licence and the offer to lease have been approved by the General Manager and the Director of Legal Services for the City of Vancouver, that the General Manager be authorized to execute and deliver such documentation on behalf of the Board.*

BACKGROUND

In October 2001 Kitsilano Beach was one of the sites identified to the Board in the Food Plan presentation as having the potential for a year-round improved food service. This site was

selected for the following reasons:

1. It is a popular location with a concession in need of upgrading and renewal.
2. It is adjacent to year-round seawall traffic with a higher adult base than some other beach locations.
3. Kitsilano Beach is within walking distance of a residential area and has parking facilities to accommodate those patrons who drive.

On January 14, 2002 the Board approved seeking Requests for Proposals (RFP's) for new food service operations at Kitsilano Beach and Sunset Beach to replace the existing take-out concessions.

DISCUSSION

Advertisements for the Kitsilano RFP were placed in Canada's hospitality business magazine, *Foodservice and Hospitality* and the *Vancouver Sun*. Several leasing agents and interested parties were also contacted.

The Sunset Beach RFP has been held up pending resolution of Provincial Crown lease discussions with the Province and is likely to proceed this autumn.

Eleven packages for the Kitsilano Beach RFP were picked up and four companies submitted proposals by the May 27, 2002 deadline.

A selection team comprising of three staff and an outside foodservice consultant evaluated the proposals and interviewed the four proponents based on the following main criteria:

- Design
- Neighborhood Impact
- Proponent's Experience
- Financial Return to the Board

All proponents desired to develop facilities larger than the size guidelines in the RFP and three wished to include the redevelopment of the existing public washrooms and guardhouse.

The Peter Barnett Proposal

The selection committee recommends the Peter Barnett proposal as the best overall submission with particular emphasis under the design category.

Design

The building will be of contemporary design with two levels and a maximum interior space of 6,500 sq ft. The building addresses the beach, with the main entrance leading off the beach promenade. The upstairs restaurant will have a main kitchen and a dining area of approximately 120 seats and an outdoor deck with another 50 seats.

The lower level will consist of a smaller kitchen and take-out concession. The upper floor creates a covered area over the outdoor seating on the lower level (approximately 56 outdoor seats), part of which can be enclosed with sliding doors during inclement weather.

The following design elements were considered to be superior to other proposals:

- A clean and clear separation between the second floor restaurant and the lower level take-out operation.
- The best designed take-out operation
- The relationship to the seawall and beach is well defined
- It responds best to lifeguard needs

The operator will be responsible for demolishing the existing premises, building the new facility and supplying all furniture, furnishings and equipment.

Neighborhood Impact

This proposal requires no new additional access points from neighborhood streets and the design fits well with generally existing sitelines and view corridors.

Proponent's Experience

Mr Barnett has had more than forty years experience in the food service industry. He has previously owned/managed the Pizza Patio chain of restaurants (1962-1977), the Elephant & Castle chain of restaurants (1977 - 1998), the British and Mexican Food Pavilions at Expo '86 and is the major concessionaire at the Molson Indy (1992 - present). Since 1998 Mr Barnett has also been involved in his family's restaurant operations which recently involved the opening of the Kaya Restaurant in Vancouver and the management of the Media Club adjacent to the Queen Elizabeth Theatre.

Financial Return to the Board

The proposed rent of 6.5% of gross sales for the first ten year term is considered to be a good return for the Board. Mr Barnett has projected gross sales in the first year to be \$3,600,000 which would realize a rent of \$234,000. Assuming a credit to the operator of \$50,000 per annum for the new public amenities the net rent would be \$184,000.

When the amount in lieu of property tax is included the rent in the first year is estimated at \$219,435. At present the summer concession operation generates net revenues of approximately \$80,000.

Proposal Details

Although the Board does not at this stage have to approve the lease until the development permit process has been finalized the following terms will be included in the offer to lease to be executed by both parties at the same time as the licence:

- The rent for the first term will be 6.5% of gross revenue.

RFP Criteria

- The lease term will be 10 years with an option to renew for a further 10 years. The rent will be reviewed at the end of the initial 10 year term.
- The amount in lieu of taxes will be similar to other park restaurants. In 2002 the rate is \$5.46 sq ft.
- The restaurant minimum hours of operation in the summer will be from 11.30 A.M. - 10.00 P.M. and in the winter from 11.30 A.M. - 9.00 P.M.
- The take-out minimum hours of operation in the summer will be from 10.00 A.M. - 8.00 P.M. and in the winter from 11.00 A.M. - 3.00 P.M.
- The operator will pay for all operating and maintenance costs of the restaurant and take-out.

Criteria added after initial RFP

- The operator will fund the replacement of the tower, lifeguard rooms and public change and washrooms to a maximum cost of \$500,000 and be reimbursed by the Board through an agreed payback schedule during the first 10 year term.

Public Consultation

There will be several Open Houses this summer to solicit opinions from park and seawall users regarding this proposal. This information will be reported back to the Board in September.

In his proposal Mr Barnett has listed 24 community groups in the Kitsilano neighborhood who would be notified for their input into this proposal.

In addition, the Development Permit process has it's own public consultation requirements. Once the D.P. design is developed based upon current work and pending consultation it will be reported back to the Board before D.P. submission.

SUMMARY

The proposal from Peter Barnett meets all the required criteria in the RFP and was considered to be the best combination of design, rent, neighborhood impact and operator experience.

The new facility will greatly enhance the food services offered to beach and park visitors and will return to the Board significantly improved revenues in the future.

This project is scheduled to start construction in November 2002 with a projected completion by mid-summer, 2003.

Prepared by:

Revenue Services Division
Stanley District
Board of Parks & Recreation
Vancouver, BC

pj