



Date: January 22, 2004

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: Vancouver Racquets Club - Memorandum of Understanding

RECOMMENDATIONS

- 1. THAT the Board approve the attached Memorandum of Understanding with the Vancouver Racquets Club dated January 1, 2004 which describes the key elements of a new lease.**
- 2. THAT once the form of the new lease has been approved by the General Manager and the Director of Legal Services, the General Manager be authorized to execute the document on behalf of the Board.**

BACKGROUND

For 35 years the Vancouver Racquets Club has been operating a facility that has provided the community at large with valuable opportunities to participate in badminton, squash and now fitness. They have both operated and expanded the facility at no cost to the Park Board or the City.

The Vancouver Racquets Club have an existing 20 year lease to December 31, 2009 for the facility at 33rd and Ontario, however given a recent court decision, this lease is no longer valid. Staff have been in discussions with the Club to change the type of lease, to renegotiate the term and to insert clauses related to the use of the facility during the 2010 Winter Olympic Games.

These proposed changes are covered in the attached Memorandum of Understanding and will be used to develop the new lease.

DISCUSSION

The Vancouver Racquets Club, who built the facility originally, have had a lease for the land and the building since 1969. On advice from the Law Department that the land lease was no longer valid, staff began discussions with the club to enter into a new lease which applied specifically to the building and the parking lot. The present lease is for 20 years with the rate being reviewed and increased every 5 years and presently is at \$9,400.00 annually. The new lease will continue both the term and the rate setting practice.

The introduction of the new 2010 Winter Olympic Curling venue on the adjacent site will also require modifications in a new lease to cover use of their facility by the Olympic Organizing Committee for a period of time in advance of, during and after the Games. The parties will consider the impacts of this use on the Club's business in these negotiations.

The location of the new Olympic Curling venue on the larger site requires an update of the Riley/Hillcrest/Nat Bailey Master Plan. The Racquets Club have a desire to expand their facility. In the MOU there is provision for their involvement in this process to discuss alternatives for expansion and to have the Club come forward with proposals for consideration by the Park Board at some point in the future.

The Vancouver Racquets Club building is owned by the City of Vancouver and under the old lease, insurance costs have been covered directly by the Club. The MOU indicates that the parties agree to consider whether the City would, under their blanket policy, provide general liability insurance coverage while the Club continues to provide all other insurance as a tenant.

The MOU and the subsequent new building lease identifies that the responsibility to maintain and upgrade the facility at no cost to the Park Board remains with the Club. However if there is a requirement for the Club to finance the upgrading or renovations, the parties agree to find ways within their authority to permit the Club to borrow funds from lending institutions for this purpose.

Standard terms such as those related to the Club having overall responsibility and costs for the facility, termination in the event of default or bankruptcy of the Club and the ongoing requirement to provide recreational activities of badminton, squash and other recreational facilities at this facility will continue in the new lease.

SUMMARY

An existing long-term facility managed successfully by the Vancouver Racquets Club requires a new lease. Staff and the Club have developed a Memorandum of Understanding on several key areas that will be addressed in the new document and are recommending that it be approved by the Board.

Prepared by:

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