



Date: March 28, 2011

TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Village Kitchen at Creekside Community Recreation Centre -Award of Contract Amendment of Terms

RECOMMENDATION

- A. *THAT the Board rescind the February 28, 2011 motion to approve recommendations A to E in regards to the lease for the Daniel Hospitality Group to construct and operate a restaurant in the designated commercial retail unit at the Creekside Community Recreation Centre.***
- B. *THAT the Board approve a 5-year lease with up to three additional 5-year extension terms for the Daniel Hospitality Group to construct and operate a restaurant in the designated commercial retail unit at the Creekside Community Recreation Centre***
- C. *THAT the rent structure will be at a tiered percentage of revenue rate for the initial 5-year term and at a rate of 6% of revenue for the following three 5-year extension terms as per this report.***
- D. *THAT all legal documentation is to be in a form which is satisfactory to the Director of Legal Services for the City of Vancouver and the General Manager of the Park Board.***
- E. *THAT the General Manager be authorized to execute and deliver such documentation on behalf of the Board.***
- F. *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***

BACKGROUND

The Board approved the motion to award the lease to the Daniel Hospitality Group for the construction and operation of a restaurant in the designated commercial retail unit at the Creekside Community Recreation Centre on February 28, 2011. An error was made in the February 17, 2011 recommendation regarding the number of extension terms. The agreed upon condition was for up to three additional 5-year extension terms whereas the report, in error, indicated only two 5-year extension terms.

Terms of Lease

The lease term will be five (5) years with the opportunity to renew at the end of the term for three (3) further five (5) year terms. The rent for the first five (5) year term will be:

\$0 - \$1,000,000	3%
\$1,000,001 - \$2,000,000	7%
\$2,000,001 - \$3,000,000	8%
\$3,000,001 +	9%

There will be a rent free/ property tax free period of six months during the tenant improvement and start up phase.

The following three (3) five (5) year terms will be at a flat 6% rent level.

Similar to our other leases an amount in lieu of property tax will be charged based on the size of the restaurant (6065 sq. ft.) multiplied by an appropriate amount as determined from time to time in consultation with the BC Assessment Authority (2010 rates were \$6.33) This amount will increase depending on the City of Vancouver commercial tax rate changes.

SUMMARY

The Daniel Hospitality Group meets the key requirements to construct and operate the restaurant located in the Creekside Community Recreation Centre. Staff recommends the Board approve the terms as noted above and permit the General Manager, in cooperation with the Director of Legal Services to enter into a formal agreement with the Daniel Hospitality Group for the restaurant operation in the Creekside Community Recreation Centre.

Prepared by:
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