



Date: March 20, 2014

TO: Board Members - Vancouver Park Board
FROM: General Manager - Parks and Recreation
SUBJECT: Prospect Point Café and Stanley Park Pavilion Lease
Assignment and Extension

RECOMMENDATION

- A. THAT the Board approve the assignment of the leases for the Prospect Point Café and Stanley Park Pavilion from Daniel Frankel and the Daniel Group to the Capilano Group of Companies;
- B. THAT subject to Recommendations C,D and E, the Board approve the extension of the leases for Prospect Point for a term of twenty years from December 1, 2019 to November 30, 2039, and Stanley Park Pavilion by ten years from June 1, 2020 to May 31, 2030, as detailed in this report;
- C. THAT the contract be on the terms and conditions outlined in this report and on such other terms and conditions as are approved by the General Manager of the Park Board in consultation with the Director of Legal Services for the City of Vancouver;
- D. THAT the General Manager be authorized to execute and deliver the contract on behalf of the Board;
- E. THAT no legal rights shall arise and no consents, permissions or licenses 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.

POLICY

The Board approves all use of lands under its jurisdiction.

BACKGROUND

The Daniel Hospitality group has held the lease and operated the Prospect Point Café since 1984. The Café consists of three types of business; restaurant, take-out food and a gift shop. The restaurant is licensed, full service operation (150 seats) with a large outdoor patio (80 seats) the prime market is the tourist trade in the summer months as the adjacent historic look-out is a popular stop for tour buses.

A variety of hot and cold foods and beverages are available from the two take-out kiosks and the gift shop offers a wide variety of merchandise including Canadian and local souvenirs and gifts.

On May 17, 2010, the Board approved rent of 6% of gross food and beverage sales and 8% of gift shop sales for the period December 1, 2009 - November 30, 2014, and 6% of gross food and beverage sales and 10% of gift shop sales for the period December 1, 2014 - November 30, 2019. This is the final term of the current agreement. The Daniel Group has provided significant capital investment into the Café over the term of the agreement. The total return to the Park Board in 2013 was \$149,731.

On March 14, 2005, as a result of an RFP, the Board approved the award of the lease for the Stanley Park Pavilion to the Daniel Group for a ten year term from June 30, 2005 to May 31, 2015, with an option to renew the lease for an additional five year term from June 1, 2015 to May 31, 2020. The rent for the first ten year term is set at 6.25% of all sales

The Pavilion opened in 1913, and has been at the centre of social activity within Stanley Park ever since. Located adjacent to the rose garden and overlooking Malkin bowl this facility is a prime event venue. In addition to the food and beverage operations the Pavilion is also the administrative home for the Theatre Under the Stars and Stanley Park Ecology Society.

The Pavilion consists of a Tea Room/lounge area often used for meetings or stand-up receptions, a ballroom able to seat up to 200 guests and Stanley's Bar and Grill which includes 50 indoor seats and a 200 seat veranda with a stunning view of the surrounding gardens.

The primary focus of the Pavilion is on wedding events including indoor/outdoor ceremonies, receptions and dinners. The total return to the Park Board in 2013 was \$141,118.

DISCUSSION

The Daniel Hospitality Group has provided a written request to transfer their leases for the Prospect Point Café and Stanley Park Pavilion to the Capilano Group of Companies. Under the terms of both leases the Park Boards consent is required for any transfer of the leases.

The Capilano Group of Companies (CGC) comprises retail, hospitality and tourism based businesses anchored by Vancouver's popular tourist attraction, Capilano Suspension Bridge Park (CSBP). CGC's portfolio includes two accommodation properties in the Canadian Rockies, two retail gift shops in BC and Alberta and several food and beverage facilities.

CGC employs over two hundred people seasonally in addition to the over two hundred year-round positions. Students receive exceptional training and, on average return for three seasons.

Native Vancouverite Nancy Stibbard, CEO of CGC purchased CSBP in 1983 and has spearheaded the attractions development and growth in attendance over the past twenty years. There is a strong commitment to environmental stewardship as demonstrated in a number of areas:

- Planted over 2000 trees and shrubs in the last 3 years
- Onsite education and demonstrations of conservation
- Member Vancouver Sustainability Purchasing Network
- Founding Member Green Table
- Ocean Wise certified
- Onsite composting and contracted services for organic waste
- A focus on the purchase of local and organic ingredients

The CSBP is recognized as a world class attraction and has won numerous awards including the 2012 Tourism Business of the Year and Marketer of the Year for 2012 with the BC chapter of the American Marketing Association. Nancy Stibbard was inducted into the Canadian Tourism Hall of Fame in 2007 in recognition of her over 30 years of service to the tourism industry in Canada and her many provincial and national accomplishments.

The CGC has proposed that they make significant capital expenditures at both sites in order to upgrade the facilities, address any building deficiencies and to make changes to enhance revenue generation.

At the Prospect Point Café they would spend a minimum of \$1.3 million for a complete renovation with a new Eatery, Retail Shop and West Coast experience. This would include:

- Incorporate historical references and interpretive elements
- Realign the entry way and open up the interior
- Enhance the outer patio area
- Extensive use of natural materials

At the Stanley Park Pavilion they would spend a minimum of \$450,000 with a focus on updating the finishes and fixtures, carpeting and Stanley's Bar and Grill. The Pavilion is registered with the Heritage Registry as a category A (M) and as a result is protected by a legal heritage designation by the City of Vancouver. The City can regulate, by By-law any modifications to the property both interior and exterior. As a result an approved Heritage Alteration Permit will be required.

Given the level of investment that CGC will make, they have proposed an extension of the Prospect Point Café lease for an additional period of 20 years and the Stanley Park Pavilion for an additional period of 10 years.

The length of the proposed lease extension periods are consistent with those recently approved for other restaurant leases such as the Mill Marine Bistro, with an investment of \$500,000 and extension of 10 years, and Shaughnessy at VanDusen Gardens, with an investment of \$300,000 and extension of 5 years.

SUMMARY

The Capilano Group of Companies has a strong track record in successfully operating facilities such as the Prospect Point Café and Stanley Park Pavilion. The investments made will enhance the value of the two Park Board owned facilities and support increased revenue which will benefit the Park Board.

The addition of the CGC to the Stanley Park Stakeholders group would provide a valuable level of local tourism experience and national/international profile.

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