

July 2, 1999

SUBJECT: STANLEY PARK DINING PAVILION - LEASE EXTENSION

RECOMMENDATION

- A. THAT the Board extend the lease of the Stanley Park Dining Pavilion for nine (9) months (January 1, 2000 - September 30, 2000) under the current terms and conditions.
- B. THAT staff prepare a "Request for Information" (RFI) package to be advertised and circulated to all interested restaurateurs and a shortlist be developed so that they be sent a final "Request for Proposals." (RFP)
- 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 documents.

BACKGROUND

Pavilion Enterprises (1978) Ltd. have operated the Stanley Park Dining Pavilion since 1978.

On March 10, 1997, the Board passed 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 services etc. be compiled and brought back to the Board in six months.*

On February 2, 1998 the Board extended the lease at the Pavilion until December 31, 1999 under the current terms and conditions.

DISCUSSION

Consultant's Report on the Pavilion

Aldrich Pears Associates were retained by the Board to provide costing estimates for upgrading the Pavilion to include an interpretative component. Estimates ranged from \$1.4 million upwards

and due to the high cost of renovating the Pavilion and the shortage of capital funds for such a project, emphasis at this time should be focused on improving the food service operation.

Interpretative education in Stanley Park will be featured when reviewing the future direction of the Children's Farmyard. This will take place after the present summer season.

Requests for Proposals for the Food Service Operation.

The operator of the Pavilion, Mr John Carveth, has written to the Board stating his desire to improve his operation in return for a long-term lease renewal. Staff are willing to review the current operator's plans but only in the context of an overall Request for Proposals. The reasoning behind this decision is that a significant capital investment deserves an open proposal call and is the only clear indicator of what value the market would put on the occupancy of this location. Mr Carveth has been encouraged to take part in the proposal call.

Staff believe that in anticipation of many restaurateurs wishing to submit their ideas to the Board, it would be prudent firstly to call for Expressions of Interest and compile a shortlist from this group. After this shortlist was prepared a formal RFP could then be issued for the final competitive process. This pre-qualification would ensure that only serious parties who meet the Board's requirements would submit final proposals. It would also reduce the time period for staff to review the proposals.

The timetable for the above process is estimated as follows:

| | |
|--------------------------------|-------------------|
| Request for Information | September, 1999 |
| Shortlist developed | October, 1999 |
| Request for Proposals | December, 1999 |
| Board recommendation | March, 2000 |
| Plans for renovations commence | March - September |
| Commencement of new contract | October 1, 2000 |
| Renovations commence | October, 2000 |

Extending the present agreement with Pavilion Enterprises (1978) Ltd.

In order for the present operator to continue their business and accept bookings for the 2000 summer season it is recommended that their agreement be extended for a further nine months, until September 30, 2000 under the current terms and conditions.

The present rent is 9% of gross sales, excluding liquor and in addition there is a payment in lieu of property taxes of \$1.50 / sq ft. Gross sales in 1998, excluding liquor, were \$623,296 and the rent to the Board \$56,097.

SUMMARY

The agreement with Pavilion Enterprises (1978) Ltd. should be extended so that they can continue the operation of their business until after the 2000 summer season.

There is an excellent opportunity at this time to review alternatives to deliver the best food service operation at the Pavilion.

The Request for Information will provide the Board with the opportunity to pre-qualify interested restaurateurs who wish to submit a proposal for operating the Pavilion in the future.

Prepared by:
Revenue Services
Stanley District
Board of Parks & Recreation
Vancouver, BC
pj