



Date: January 14, 2000

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
**SUBJECT: NAT BAILEY STADIUM - ASSIGNMENT OF LEASE
AND RENT FOR THE YEAR 2000**

RECOMMENDATION

- A) THAT the Board consent to a request for assignment of the lease for Nat Bailey Stadium from SBIG, Ltd. to National Sports Organization Inc.
- B) THAT the rent for the year 2000 be set at \$75,000; with payments of 50% by July 1, 2000 and 50% by September 1, 2000.
- C) THAT the existing lease, assignments and amendments be consolidated into a new agreement with all modifications subject to the approval of the General Manager and Director of Legal Services for the City of Vancouver.
- 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 all contemplated legal documentation has 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

Nat Bailey Stadium was built on its current site in the early 1950's and has had a number of tenants operating professional baseball teams. At times the stadium has reverted back to the City or Park Board and operated for amateur use.

In 1977 the stadium was leased to the Vancouver Canadians for a five year period with an option for another five year renewal.

In 1993, when JSS Sports, then owner of the Canadians, exercised their five year option, the Board increased the rent from a base of \$50,000 per year or 15% of gross admission sales, whichever was greater, to \$100,000 per year or 15% of gross admission sales, whichever was greater.

On December 8, 1997, due to uncertainties surrounding the future of the club, the Board approved a three year renewal (January 1, 1998 - December 31, 2000) with a two year option to JSS Sports. The rent remained the same.

On October 5, 1998, after a request from JSS Sports, the Board rescinded the above motion and approved a two year renewal (January 1, 1998 - December 31, 1999) with three (3) one year options. In consideration for this change, the Board receives an additional \$12,000 per year from the ClearNet Licence Agreement that was previously split 50:50 with the baseball club.

The Board also consented to a request for assignment of the lease from JSS Sports to SBIG Ltd (Savage Baseball Investment Group).

DISCUSSION

In 1999 Art Savage, owner of the club, made it known that he would move the team to Sacramento at the end of the season. During this period, Mr Savage and the General Manager of the Canadians, Gary Arthur, negotiated with Mr Fred Herrmann, owner and president of the South Oregon Timberjacks, to relocate his team from Medford to Vancouver. An agreement in principle was announced at a press conference, hosted by the Board, on October 21st, 1999.

Rent

From 1992 to 1999, the Canadians, a triple 'A' club paid the Board \$100,000 or 15% of gross admission sales, whichever was greater. Mr Herrmann has met several times with staff to discuss the rent for the first one year option in the year 2000.

In negotiating a new rent the following differences between triple 'A' and single 'A' baseball were taken into consideration:

	Vancouver Canadians - AAA	Vancouver Canadians - A
Length of Season	Mid April - Early September	Mid June - Early September
Number of Home Games	72	38

Potential for other teams playing at Nat Bailey	Poor, the long AAA season made this difficult	Good, UBC will play during shoulder season
Lost games due to bad weather	April/May often experienced rain-outs or poor attendance	All games in peak summer period
Competition with televised NHL and NBA playoffs	Yes	No

In order to determine a fair rent for their first year of operation staff believe a fixed rent is preferable to both parties as there are many unknown factors that could impact the revenue-generating capabilities of the team.

The introduction of Single 'A' baseball to Nat Bailey and the reduced number of home games gives the new owners opportunities to bring other compatible sporting and cultural events to the facility subject to compliance with their lease and City by-laws. Recently the Canadians announced that UBC would play their home games this year at Nat Bailey Stadium and an alliance is being established with BC Amateur Baseball.

In addition, there are strategies that the new Canadians could use to reduce admission prices and thereby increase attendance and benefit from higher concession, novelty and parking revenues.

Both parties have agreed on a fixed rent for the year 2000 of \$75,000. This will be reviewed before the following season if the Canadians wish to exercise their second one year option. At that time the Board will have accounting records from the previous year and changes to the rent structure could be made if warranted.

New Lease

Both staff ,Mr Herrmann and our solicitor agree that the existing original 1987 agreement, its assignments and amendments should be re-written into a new lease with modifications acceptable to both parties. This would result in one current document for easier reference.

Approval for the relocation of the team from Medford to Vancouver

National Sports has recently received written confirmation from the Pacific Coast League to relocate the Timberjacks to Vancouver.

Team Name

The present status of the team's name is that Molson Breweries have signed an agreement with the club to allow the new team to continue to be called the "Canadians".

SUMMARY

The rent of \$75,000 agreed to by the new single 'A' baseball team is considered to be fair and reasonable for the first year of their operation and will be reviewed at the end of the season. A new lease will be drafted to reflect changes since 1987.

Prepared by:

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