



Date: June 29, 2000

**TO: Board Members - Parks and Recreation**  
**FROM: General Manager - Parks and Recreation**  
**SUBJECT: Stanley Park Dining Pavilion - Lease Extension**

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## RECOMMENDATION

- A. THAT the Board extend the lease of Pavilion Enterprises (1978) Ltd. at the Stanley Park Dining Pavilion for three (3) months (October 1, 2000 - December 31, 2000) under the current terms and conditions.*
- B. THAT staff enter into negotiations for a new lease with the present lessee and report back to the Board with a final recommendation by October 16, 2000.*
- C. 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.*
- D. THAT once the form of all 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

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

On July 12, 1999 the Board passed the following resolutions:

- 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 the they can be sent a final "Request for Proposals." (RFP)*

## DISCUSSION

The "Request for Expressions of Interest" for the Renovation and Operation of the Stanley Park Dining Pavilion was advertised in November, 1999 and listed the following objectives:

- 1. To assist the Board in determining the level of interest from the private sector in investing funds to renovate and upgrade the Pavilion in return for a long-term lease.*
- 2. To pre-qualify a shortlist of operators who meet the following criteria:*
  - Current or past experience in similar food service operations with a proven successful track record.*
  - A vision for the Pavilion that is both realistic and practical in terms of renovating and improving a heritage building in Vancouver's major tourist attraction, Stanley Park.*
  - Ability to finance a renovation program.*

A meeting and tour for interested operators took place in early December and four companies attended.

The only company which has shown sufficient interest to submit a formal proposal is the current operator, Pavilion Enterprises. It is believed that the present low level of sales combined with the requirement to upgrade a heritage building were reasons why there was little interest in this RFI.

### **Negotiating a new lease with the current operator**

Pavilion Enterprises has requested that their agreement be extended until December 31, 2000 for two reasons. Firstly, it would enable them to book catering functions up until the end of the year and secondly it would give them more time to negotiate a new lease with the Board.

Staff are supportive of this request and agree that negotiating a new lease could take several months. There is some concern that up until recently the Pavilion's account has at times been in arrears and the lessee has been advised that a new agreement will include the provision of a letter of credit to guard against future delinquent rental and other outstanding payments.

In addition, staff would like to see some significant improvements to the entire premises and are only prepared to consider a longer lease if these improvements are forthcoming.

## **SUMMARY**

Having advertised for Expressions of Interest from the food service industry the resulting lack of submissions has been a disappointment from a competitive viewpoint.

On the other hand, Pavilion Enterprises have an established business and client base at this location and have shown that they are keen to improve the facility and increase the current level of sales in return for a long- term lease.

Given the Board's approval staff will open negotiations with the lessee and report back to the Board on whether a new agreement is to be recommended by October 16, 2000.

Prepared by:

Revenue Services Division  
Stanley District  
Board of Parks & Recreation  
Vancouver, BC  
pj