



Date: October 4, 2000

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: Fish House Restaurant - Rent Review

RECOMMENDATION

- A. THAT the rent for the Fish House Restaurant for the term November 1, 2000 - October 31, 2005 be set at 5¼% of the total gross revenue (including liquor).
- B. THAT a payment in lieu of property taxes of \$5.00/sq ft be set from the start of the new term and that the rate be reviewed each year effective January 1, 2001 to reflect any change in property tax assessments for businesses in Vancouver.
- C. THAT an additional five year option be given to the Fish House Restaurant from November 1, 2005 - October 31, 2010 and that a rent review take place if the option is exercised.
- 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 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

In November, 1990 the Board approved the assignment of the Beach House Restaurant lease to Kanke Investments Ltd for ten years. The restaurant's name was changed to "The Fish House in Stanley Park".

In January, 1995 the Board approved the following resolutions:

1. *THAT the rent for the Fish House Restaurant be set at 5% of total gross revenue (including liquor) for the five year period November 1, 1995 - October 31, 2000.*
2. *THAT the Board approve a five year renewal option for the period November 1, 2000 - October 31, 2005 with a rent review and include an amount in lieu of taxes.*
3. *THAT the Board approve waiving the minimum rent of \$5,000 for the months of January and February 1995 while the restaurant is closed for renovations.*
4. *THAT the Board approve the use of approximately 70 sq ft in the basement currently used by the Stanley Park Tennis Club as additional kitchen preparation space subject to all necessary planning permits being first obtained.*
5. *THAT the Fish House make available a maximum of \$7,500 if required to improve or extend the resulting space and that the Park Board facilitate discussions between the Fish House and the Stanley Park Tennis Club toward an accommodation of the Tennis Club within the existing or other facility.*

DISCUSSION

The Fish House Restaurant, located adjacent to the tennis courts in Stanley Park consists of a fine dining restaurant and a take-out concession that operates during the summer season.

As a result of the above Board resolutions in 1995 the restaurant carried out extensive improvements to the kitchen space and assisted the Tennis Club in renovating their club space.

1. Performance during the past five year term:

Gross revenues during the past five years have increased at the Fish House from approximately \$3 million in 1996 to \$3.7 million in 1999. Rent to the Board has risen from \$150,000 to \$185,000.

2. Additional 5 year option

In negotiations for a new rent structure the lessee requested an additional five year option to take

place at the end of the next five year term. (31 October, 2005) The lessee was advised that staff were willing to recommend the addition of a further five year term subject to the following financial arrangements:

- A. The rent for the next five year term be increased to 5¼% of gross sales. This is similar to the rent at the Ferguson Point Teahouse and Seasons in the Park.
- B. The amount in lieu of property taxes, which commences in November, 2000 be set at \$5.00/sq ft. There would also be a condition that the rate be reviewed each year to reflect any change in property tax assessments for businesses in Vancouver.

The lessee has agreed to these recommendations which would generate an additional \$9,250 in rent per annum (based on 1999 revenues) and \$23,100 in the amount in lieu of property taxes.

SUMMARY

The performance by the lessee over the past five years has been most satisfactory and staff are pleased with the relationship between both parties.

In return for an additional five year option the Board will realize an increase in the annual rent and later this year the amount in lieu of property taxes will commence as agreed to in negotiations five years ago.

Prepared by:

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