



Date: November 26, 2001

**TO: Board Members - Parks and Recreation**  
**FROM: General Manager - Parks and Recreation**  
**SUBJECT: Stanley Park Dining Pavilion - New Sublease with the International Culinary Institute of Canada Inc.**

---

## RECOMMENDATION

- A. THAT the Board approve a 10 year Sublease of the Stanley Park Dining Pavilion with the International Culinary Institute of Canada Inc. or a corporate entity designated for this purpose by the principals of the International Culinary Institute of Canada Inc. from January 1, 2002 - December 31, 2011.*
- B. THAT the Board review the performance of the tenant before the expiry of the sublease and at that time consider an extension for a further five years with terms to be agreed upon at that time.*
- C. THAT the rent for the term January 1, 2002 - December 31, 2006 be set at \$67,000 per annum with an inflationary increase to reflect the annual cost of living increase in Vancouver. For the period January 1, 2007 - December 31, 2011 the rent will be the lesser of fair market rent or 7% of total gross revenue (including liquor).*
- D. THAT an annual payment in lieu of property taxes of \$2.50/sq ft be set from January 1, 2002 - December 31, 2006 and the rate be revised each year to reflect any change in property tax assessments for businesses in Vancouver. From January 1, 2007 - December 31, 2011 the rate will be no more than the amount charged to other leased restaurant operations in Stanley Park.*
- E. THAT the tenant agree in the Sublease to make improvements to the Pavilion over the first five years of the term be in an amount not less than \$900,000, of which \$185,000 will be reimbursed from Park Board Capital funds . The improvements will be carried out to the approval of the General Manager.*
- F. 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.*

**G. *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 the Stanley Park Dining Pavilion since 1978. At the present time the food services consist of a cafeteria with a family-orientated menu and a banquet room capable of accommodating up to 150 guests.

In July, 1999 the Board advertised for “Expressions of Interest” for a new operator at the Pavilion but apart from the current operator did not receive any serious inquiries.

After reviewing the current operator’s financial and operational problems, on March 26, 2001 the Board agreed to a series of recommendations to assist their business but also passed the following resolution:

***THAT the Board not renew the Sublease with Pavilion Enterprises (1978) Ltd and that they seek a new tenant at the expiry of the current agreement.*** (December 31, 2001)

## **DISCUSSION**

As the “Expressions of Interest” process did not generate any suitable tenants a consultant in the food service industry was retained to research food service operators who would be interested in the opportunity at the Pavilion.

Discussions took place with two interested companies and the one who submitted a proposal that was considered to be appropriate for the Pavilion was the **Dubrulle International Culinary Institute of Canada**. It is the largest and oldest fully-accredited, privately owned, culinary training school in Canada.

Dubrulle presently operates from a facility on West 8<sup>th</sup> Avenue in Vancouver which contains 6 training kitchens, five classrooms and the Chef’s Table dining room.

In addition to the professional training undertaken at Dubrulle, the school is well known for its cooking classes given to individuals and corporations.

## **Dubrulle and the Dining Pavilion**

Dubrulle plans a phased restoration and upgrade at the Pavilion over the first five years of the sublease with a planned budget of \$900,000. The majority of the funds will go towards improving the building's infrastructure and the balance into new furniture, furnishings and equipment. The School has indicated that once they have operated the building for a season they will have a better understanding of the priorities. The two stages of the renovation program are projected to take place in January 2003 and November 2004 and all renovations will be completed during the first five year period. In their proposal they state that a sizable portion of the renovation budget is anticipated to come from the Zajac Foundation and VanCity Savings Credit Union.

It is proposed that the Board contributes \$185,000 towards this amount. \$153,000 has been set aside from a previous Capital Plan for the installation of a sprinkler system and \$32,000 will come from the current Capital Plan allocation to upgrading our food services concessions.

### **Rent for the first 5 years**

In order to allow the tenant to reinvest operating net revenues into the renovation program it is recommended that for the first five years the rent be fixed at \$67,000 per annum plus any annual inflationary increase . This amount will maintain the revenues that presently flow into the Board's operating budget from the lease of the Pavilion.

In addition, it is recommended that the amount in lieu of taxes start at \$2.50 sq/ft in 2002 and are again increased annually by inflation for the first five years.

### **Rent for the second 5 years**

After five years both parties will be in a position to evaluate the status of the restoration project, condition of the building and success of the business to date and negotiate a fair market rent for the remaining five years of the first term. In discussions with Dubrulle it has been agreed that the rent will be no more than 7% of total gross revenue (including liquor) and the amount in lieu of taxes will be no more than the amount charged to other restaurants in Stanley Park (presently \$5.24/sq ft.)

### **Food Service Program**

Dubrulle have proposed a variety of food services utilizing their students in order to attract customers to the Pavilion:

- **Casual Dining for park visitors.** The main dining area and kitchen would be

redesigned to be nearer to each other and if possible use would be made of fresh vegetables and herbs grown in areas close to the Pavilion. Prices will be maintained at a modest level and the facility will remain open year-round.

- **Heritage Lounge.** This area could be booked for private functions and would be dedicated to senior's use in the afternoons throughout the year.
- **Renovated Outdoor Deck.** Dubrulle would renovate the deck and sees the opportunity to enhance revenues from this area.
- **Function and Banquet Room.** This area would be upgraded to attract more corporate meetings and weddings. Dubrulle is presently catering at Science World, the Roundhouse, a variety of church and community halls and consulate residences.
- **Cooking Classes for the Serious Amateur.** Destination classes are becoming increasingly popular and this program should be well received by both local citizens and tourists.

The upper floor will not be part of the leased area. Currently the Ecology Society occupies the area for its administration offices and program space. Discussions have taken place with the Ecology Society and they have agreed that Dubrulle can share the use of the meeting rooms and office space and in return Dubrulle will refurbish the meeting rooms to a higher standard.

## SUMMARY

The proposal from the International Culinary and Hotel Institute of Canada (known as Dubrulle) will result in the modest renovation of one of the Board's most significant heritage buildings and an exciting new program of food services for patrons of the facility.

The fixed rent with an inflation adjustment for the first five years gives the operator the opportunity to carry out their improvement program which should ultimately benefit both the lessee and the Board. At the end of the first five years the rent will be the lesser of fair market rent or 7% of gross sales (including liquor) for the balance of the term.

Prepared by:

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