

Date: November 12, 2008



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Award of Concession to Manage and Operate the Celebration Pavilion at Queen Elizabeth Park

RECOMMENDATION

- A. THAT The Chapel at Stanley Park Enterprises Inc. be granted approval to manage and operate the Celebration Pavilion at Queen Elizabeth Park for a 5 year term with an option to renew for up to an additional 5 years.*
- B. THAT no legal rights shall arise and no consents, permissions or licenses 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.*
- C. 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

The Celebration Pavilion was opened by the Vancouver Park Board in Spring 2007. This new special event facility is situated at the top of Queen Elizabeth Park, the highest point in Vancouver, and is surrounded by new park amenities including a beautiful network of garden arbours and a stunning display fountain.

The Pavilion has been managed and operated by the Park Board since its opening and is projected to generate an operating surplus of approximately \$80,000 in 2008. However, future revenue growth and enhanced financial performance will require additional resources and investment by the Park Board, including:

- Dedicated resources with experience in:
 - Event planning (wedding, memorial, corporate) and operations; and
 - Event marketing (including an extensive network of industry contacts).
- Investments in marketing (estimated at \$10,000 upfront and \$30,000 to \$35,000 annually thereafter); and

- Investments in infrastructure and equipment to maintain existing and expand into new market segments.

DISCUSSION

Request for Proposals

A Request for Proposals (RFP) was issued in mid-August seeking proposals from proponents interested in managing and operating the Celebration Pavilion for the 5 year period between 2009 and 2013. The RFP was distributed directly to 20 targeted organizations located in and around the Lower Mainland. A notice of the opportunity was also posted on BC Bid.

Four proposals were received in mid-September in response to the original RFP process. While all four proposals offered attractive levels of service, interesting business and marketing strategies, and provided for additional capital investment in the facility, none of the submissions met the Park Board's financial expectations and requirements. As a result, none of the proposals were considered.

In response to proponent requests, the RFP process was extended in early-October to allow for the submission of revised financial proposals. Three submissions were subsequently received by the Park Board. Based on these revised submissions, staff subsequently identified a preferred proposal.

Award of Concession

It is recommended that the management and operation of the Celebration Pavilion be awarded to The Chapel at Stanley Park Enterprises Inc. This recommendation is based on a number of factors set out in the RFP, including the nature of the proposed services, assessment of the company's ability to deliver them, projected revenues to the Park Board, previous experience, resources and reputation, and other criteria considered to be relevant.

The Chapel at Stanley Park Enterprises Inc. is an experienced and reputable operator with a stable financial track record. The company was established in 2001 and presently operates chapels at Stanley Park and Minoru Park, conducting over 400 weddings per year at both facilities. It has a pool of experienced and qualified staff to draw on and has developed a solid customer base, effective facility programming, and successful marketing approaches.

The main features of The Chapel at Stanley Park Enterprises Inc. proposal are summarized below:

1) Business/Marketing Strategy

- The proponent will target the wedding, memorial, and corporate event markets.

2) Proposed Facility Capital Investment

- The proponent has identified a list of improvements estimated at \$100,000 to \$150,000 that will be carried out during the first year of the agreement.
- Proposed improvements include:
 - Permanent addition of bride’s room and storage room with on-site catering support infrastructure;
 - Investment in new furniture/décor supplies; and
 - Other facility upgrades as required.

3) Proposed Term

- The recommended term of the operating license - 5 years with a 5 year option to renew - is consistent with other agreements whereby an operator offers considerable capital funding in order to improve and upgrade a Park Board facility.

4) License Fees/Financial Proposal

- The RFP required proponents to pay the Park Board:
 - A percentage of its gross revenues as a license fee; and
 - A minimum annual guarantee amount.
- Complete details of the proponent’s financial offer are summarized in the table below:

Year	% of Revenues			Minimum Annual Guarantee
	% of Gross Revenues to PB	Range of Projected Revenues to PB		Guaranteed Revenues to PB
Year 1 (2009)	33.3%	\$80,000	to \$100,000	\$50,000
Year 2 (2010)	34.0%	\$92,000+	to \$130,000+	\$75,000
Year 3 (2011)	36.0%	\$105,000	to \$150,000	\$75,000
Year 4 (2012)	38.0%	\$120,000	to \$175,000	\$80,000
Year 5 (2013)	40.0%	\$140,000	to \$200,000	\$85,000
Year 6+ (2014+)	40.0%	\$160,000+	to \$250,000+	\$90,000

5) Other Items

- Through this agreement, The Chapel at Stanley Park Enterprises Inc. will provide potential customers with a wide range of value-added services, including wedding/event planning services, minister/marriage commissioner services, wedding/event décor services, photography/audio/video services, limousine/vintage car rentals, furniture/equipment rentals, etc.
- In addition, The Chapel at Stanley Park Enterprises Inc. plans to establish a partnership with Seasons in the Park Restaurant. This will not only provide potential customers with high quality catering/food and beverage services but may also generate additional revenues for the Park Board through the Board's existing partnership agreement with Seasons in the Park Restaurant.

SUMMARY

The Chapel at Stanley Park Enterprises Inc. has met the required conditions of the RFP and has the experience and resources required to provide high quality management and operation services for the Celebration Pavilion at Queen Elizabeth Park.

Prepared by:

Business Development
Corporate Services
Board of Parks and Recreation
Vancouver, BC
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