

Date: April 8, 2010



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Watermark Restaurant – Assignment of Lease

RECOMMENDATION

- A. THAT the Board approve the assignment of the lease at the Watermark Restaurant to the Boathouse Restaurants of Canada Inc.*
- B. THAT all legal documentation is to be in a form which is satisfactory to the Director of Legal Services for the City of Vancouver and the General Manager.*
- C. That the General Manager be authorized to execute and deliver such documentation on behalf of the Board.*

BACKGROUND

In January, 2002, the Board issued a request for proposals seeking an operator to demolish and redevelop the Kitsilano Beach food concession as a restaurant and concession facility.

In June, 2002, the Board amended its request to the two finalists to include the redevelopment of the adjacent washrooms/change rooms and lifeguard facility as part of their proposal.

In July, 2002, the Board accepted the amended proposal of Peter Barnett to undertake the development of the restaurant, concession and public facilities. The Board was to contribute \$500,000 towards the reconstruction of the public facilities. This contribution was to be in the form of a rent rebate over the first 10 years of the proposed lease.

In December, 2003, due to construction cost increases, the Board increased its contribution towards the public facilities to \$800,000.

The restaurant, known as the Watermark on Kits Beach opened in July, 2005

DISCUSSION

A letter has been received from David Barnett, Director of Barnett Family Holdings Inc. (Barnett) requesting the Board's approval to assign their lease to the Boathouse Restaurants of Canada, Inc. (The Boathouse)

According to the lease with Barnett:

The Tenant will not assign its leasehold interest in the Premises save and except upon the written consent of the Landlord, which consent the Landlord may arbitrarily and unreasonably withhold.....

The Boathouse is a well established Vancouver based company with 6 successful waterfront restaurants in Metro Vancouver. Previously owned and operated by The Spectra Group of Great Restaurants until 2007, The Boathouse was purchased by McCormick & Schmick, a U.S. based company that has been in business for 32 years and operates over 90 seafood restaurants.

The assignment between both parties is unencumbered and there are no changes to the original agreement. The Boathouse has indicated they intend to make some minor changes in early May which will see the restaurant closing for two weeks. During that time they will continue to pay rent.

The Boathouse is aware that attached to the lease is an Operations and Management plan that addresses many concerns that were raised during the public consultation process by the Kits Point community before the restaurant was built in 2005. The Boathouse has indicated they have excellent relationships in other communities in which they have restaurants and intend to consult with the Kits Point neighborhood over any restaurant issues that might impact them.

The Boathouse has experience operating in a parks location. In 2008 they built a new 8,500 sq ft restaurant in Rocky Point Park, Port Moody that has been well received by the community.

The Boathouse has agreed to ensure that all staff members at the Watermark are given an opportunity to apply to become their employees and continue to work at this location.

SUMMARY

It is believed that the recommended assignment of the Watermark Restaurant to The Boathouse will result in an enhanced operation for the Board with the potential for increased revenues

This assignment will ensure that there will be continued service to the patrons of Kits Beach at both the restaurant and concession. The Boathouse has a solid reputation in operating similar waterfront restaurants and has the resources to operate and improve this operation.

Prepared by:
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PJ