

Date: September 8, 2010



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Fish House Restaurant - Rent review

RECOMMENDATION

- A. THAT the annual rent for the Fish House for the term November 1, 2010 – October 31, 2015 be set at 6% for the first \$3,500,000 of gross revenue (including liquor) and 4% of gross revenue over \$3,500,000 (including liquor).**
- B. 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.**
- 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 Fish House in Stanley Park is presently leased by Silverbirch No. 42 Holdings Ltd and has operated as the Fish House in Stanley Park Ltd. since 1998.

In January, 2006 the Board approved the following resolutions:

- A. THAT the Board approve the assignment of the Fish House in Stanley Park Ltd. to Canadian Hotel Income Properties Real Estate Investment Trust (CHIP REIT)**
- B. THAT the rent for the Fish House for the term November 1, 2005 – October 31, 2010 be set at 6% for the first \$3,500,000 of gross revenue (including liquor) and 4% of gross revenue over \$3,500,000 (including liquor).**
- C. THAT an additional five year option (November 1, 2010 – October 31, 2015) be given to CHIP REIT in return for a capital investment of a minimum of \$250,000 over the first three years of the current term.**

DISCUSSION

In October, 2007 CHIP REIT advised staff that due to a reorganization, there would be a wind-up of the Trust and requested an assignment of the Fish House sublease from CHIP REIT to British Columbia Investment Management Association (bcIMC) who would assume any present or future liabilities of CHIP REIT.

SilverBirch No. 42 Holdings Ltd (formerly CHIP REIT No. 42 Holdings Ltd) is the Trustee of the lease.

Under the terms of their agreement SilverBirch have advised the Board that they wish to exercise their option for the final 5 years of the lease, from November 1, 2010 until October 31, 2015.

The capital investment in the first three years of the previous term exceeded the \$250,000 that the Board approved in return for the final five year term. Monies were spent on improvements to the dining rooms, kitchen and exterior of the building.

RENT

For the past five years the Fish House Restaurant has been paying the Board a rent of 6% of gross revenue up to \$3,500,000 and over that amount a rent of 4%. During this time gross revenues have not exceeded \$3,500,000 and therefore all rent has been based on 6% of gross revenues. The best year for the Fish House was 2008 when gross revenues reached \$3,308,845 and rent to the Board including an amount in lieu of property tax was \$226,409.

The amount in lieu of property tax, which is currently \$6.21 sq ft (2010 rates) is reviewed on an annual basis and reflects any percentage change in property tax assessments levied to businesses in Vancouver.

The present rental formula, which was increased from 5¼% in 2005, is consistent with other similar restaurants leased by the Board, comparable to market rates and it is not recommended to change the rent for the final five years of the agreement.

SUMMARY

The operators of the Fish House Restaurant have built up a fine reputation serving both local patrons and out of town visitors. The current rental formula, which was increased in 2005, should not be changed at this time.

Prepared by:

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