



Date: February 17, 2011

TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Village Kitchen at Creekside Community Recreation Centre -Award of Contract

RECOMMENDATION

- A. THAT the Board approve a 5-year lease with up to two additional 5-year extension terms for the Daniel Hospitality Group to construct and operate a restaurant in the designated commercial retail unit at the Creekside Community Recreation Centre*
- B. THAT the rent structure will be at a tiered percentage of revenue rate for the initial 5-year term and at a rate of 6% of revenue for the following two 5-year extension terms as per this report.*
- C. 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 of the Park Board.*
- D. THAT the General Manager be authorized to execute and deliver such documentation on behalf of the Board.*
- E. 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*

BACKGROUND

The Southeast False Creek (SEFC) Area will be a model of sustainability in North America incorporating forward-thinking infrastructure, strategic energy reduction, high-performance buildings and ease of transit access.

Built on the last significant tract of undeveloped waterfront land close to downtown Vancouver, SEFC was home of the Vancouver Olympic Village during the 2010 Olympic and Paralympic Winter Games. Following the Games, SEFC transitioned into a permanent mixed use community with market residential units, affordable housing, community centre, child care centre, elementary school, community garden, public plaza and commercial retail services. Through future growth the SEFC will become home to an estimated 16,000 residents.

Forming part of the SEFC community is a 45,000 sq. ft. modern community centre and non-motorized boating centre, daycare and a planned 6,065 sq. ft. restaurant facility overlooking False Creek

DISCUSSION

In November 2010 the Park Board issued an RFP for proponents to enter into a lease with the City of Vancouver, as represented by the Vancouver Board of Parks and Recreation to build out and operate a new restaurant in the Creekside Community Recreation Centre. The objective was to identify an operator of a first class restaurant in this unique and high profile location within the SEFC community.

The key requirements of the successful proponent are to enable the Vancouver Park Board to realize:

- A first class food service establishment
- A competitive rental payment and amount in lieu of taxes
- Consistent and best pricing for products and services: and
- A strong co-operative and pro-active relationship with the successful proponent

The selection committee recommends the Daniel Hospitality Group proposal as the best overall submission with particular emphasis on their proven ability to provide the Board with a first class casual dining experience and a strong menu focus on fresh, local and sustainable ingredients.

The Daniel Hospitality Group is a Vancouver company that develops, builds and manages unique restaurant experiences. Most of their restaurants cater to the casual and family dining sector, with reasonable price points, healthy options and good value. The model for the Creekside (Village Kitchen) location is based on the successful Mill Bistro restaurant opened in 2003 in Harbour Green Park. In addition the Daniel Hospitality Group operates under leases with the Park Board with the Prospect Point Café and Stanley Park Pavilion

Terms of Lease

The lease term will be five (5) years with the opportunity to renew at the end of the term for two (2) further five (5) year terms. The rent for the first five (5) year term will be:

\$0 - \$1,000,000	3%
\$1,000,001 - \$2,000,000	7%
\$2,000,001 - \$3,000,000	8%
\$3,000,001 +	9%

There will be a rent free/ property tax free period of six months during the tenant improvement and start up phase.

The following two (2) five (5) year terms will be at a flat 6% rent level.

Similar to our other leases an amount in lieu of property tax will be charged based on the size of the restaurant (6065 sq. ft.) multiplied by an appropriate amount as determined from time to time in consultation with the BC Assessment Authority (2010 rates were \$6.33) This amount will increase depending on the City of Vancouver commercial tax rate changes.

SUMMARY

The Daniel Hospitality Group meets the key requirements to construct and operate the restaurant located in the Creekside Community Recreation Centre. Staff recommends the Board approve the terms as noted above and permit the General Manager, in cooperation with the Director of Legal Services to enter into a formal agreement with the Daniel Hospitality Group for the restaurant operation in the Creekside Community Recreation Centre.

Prepared by:
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