



Date: April 29, 2013

TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Mill Marine Bistro Lease Extension

RECOMMENDATION

- A. *THAT, subject to Recommendations B, C and D, the Board extend the lease with Mill Marine Bistro for a term of ten years from June 1, 2013 to May 31, 2023 as detailed in this report;***
- B. *THAT the contract be on the terms and conditions outlined in this report and on such other terms and conditions as are approved by the General Manager of the Park Board in consultation with the Director of Legal Services;***
- C. *THAT, upon approval of the contract by the General Manager of the Park Board in consultation with the Director of Legal Services, the General Manager of the Park Board be authorized to execute the contract on behalf of the Board;***
- D. *THAT no legal rights shall arise hereby, and none shall arise until execution of the contemplated contract and delivery of the contemplated contract by the General Manager of the Park Board.***

POLICY

The Park Board approves use of all lands under its jurisdiction.

BACKGROUND

The Mill Marine Bistro is located in Harbour Green Park a 10 acre park situated approximately 500 metres east of Coal Harbour Community Centre. The park has a major water feature (fountains and a children's water park) and is bordered by the seawall linking Stanley Park to the Vancouver Convention Centre.

In the spring of 2002 a proposal call was made for potential bidders to provide the capital funds to fit out the foodservice portion of the building as a small café and to operate the

facility. Only one proposal was received by the Board and at the June 10, 2002 meeting the Board approved the award of a five year contract to George and Daniel Frankel.

The initial proposal was based on the development and operation of a licensed café and take-out facility. As facility plans progressed and the surrounding residential development took form an evaluation of community demographics and research was done indicating a sit-down establishment with a patio area was more desirable in this neighborhood.

The shift to a sit-down establishment significantly increased the capital costs and the length of lease required to provide a satisfactory return on this investment. As a result the Board approved a recommendation to increase the original lease term to June 1, 2003 through May 31, 2013 at the November 17, 2003 meeting.

Over the initial 10 year term of the lease the Mill Marine Bistro has invested \$370,000 to enhance and improve the facility. These include significant kitchen renovations, improvements to the patio and the addition of an awning and exterior seating enclosure.

DISCUSSION

The Mill Marine Bistro has integrated well into a high density residential area and is seen by the community as an amenity to the neighborhood. The outdoor patio is consistently rated as one of the top patios in Vancouver. The popularity of this restaurant is indicated by its 35% revenue growth over the last eight years and a top 20% rating by Trip Advisor on Vancouver restaurants.

There has been a significant increase in the level of nearby competition with the recent openings of the Cactus Club and Mahoney & Sons at the new Convention Centre site. In order to maintain a competitive level the Daniel Hospitality Group is prepared to commit to a minimum capital investment at the Mill Marine Bistro of \$500,000. The improvements would include:

- Energy efficient conversions including lighting, kitchen equipment and controls
- Upgraded awning and off-season enclosure
- Improved patio layout, lighting and cantilevered umbrellas
- Enhance the shared public washrooms with improved finishes, décor and energy efficient hand dryers.
- Improved signage and wayfinding
- Overall “green” focus including waste management

The General Manager will approve all capital improvements and associated budgets to ensure value for money is appropriate. In recognizing the upcoming expiry of the initial lease term and the need for significant capital investment staff recommend a ten year extension to the current lease with no other changes in terms and conditions. Given this

level of capital investment the extension would be consistent with those given other Park Board restaurant operators.

SUMMARY

The Daniel Hospitality Group has had a successful relationship with the Board since early 2000 and currently operates the Mill Marine Bistro, Stanley Pavilion, Prospect Point Café and the Tap and Barrel. They have all been maintained to a high standard and there have been continued upgrades and improvements made to all locations.

Extending the lease term for ten years will allow our tenant to make the improvements required to remain competitive and protect the solid financial returns historically provided by this location.

Prepared by: GB
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