



October 19, 2015

TO: Park Board Chair and Commissioners
FROM: General Manager - Vancouver Board of Parks and Recreation
SUBJECT: Harbour Green Park Restaurant Contract Award

RECOMMENDATION

THAT the Vancouver Park Board approve a 10-year lease with two (2) additional 10-year extension terms for the Sequoia Company of Restaurants Inc and McDougall Holdings Ltd (SCRMH) to construct and operate a restaurant in the designated space of Harbour Green Park, with the following conditions:

- A. THAT the rent structure will be a Basic Minimum annual rent of \$200,000 and a Variable Rent at a tiered percentage of revenue rate as outlined in this report;
- 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 of the Park Board;
- C. THAT the General Manager be authorized to execute and deliver such documentation on behalf of the Board; and
- D. 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.

POLICY

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

BACKGROUND

In May 2006, the Park Board approved the Concession Strategy Study, which included a recommendation to develop a new restaurant at the eastern edge of Harbour Green Park (see Appendix A). Staff worked with an architectural firm to develop a design to be used for the Development Permit (DP) process. On February 12, 2007, the Board approved the restaurant design (see Appendix B), and directed staff to complete the DP application process.

Through 2008, as a part of the DP process, ads were placed and there was a website posting to allow for public comments on the restaurant design. In addition, staff conducted a public open house at the Coal Harbour Community Centre on September 4, 2008, where a model of the restaurant and related schematic drawings were available for viewing. There was strong public support for the restaurant design and the City approved the DP on October 22, 2008.

In March 2009, a Request for Proposal (RFP) was issued for proponents interested in the construction and operation of a restaurant in Harbour Green Park based on the design approved as a part of the DP process. Based on the responses, the Park Board choose not to proceed with the project.

The site designated for the restaurant was used largely to support the temporary seaplane terminal operating adjacent to the area, up until its permanent relocation in the summer of 2013. At that time, with the related completion of the seawall pedestrian and cycling path, the site became available for the re-issuing of an RFP.

DISCUSSION

On April 29, 2015, an RFP with a June 23, 2015 closing date was issued for proponents to enter into a lease with the City of Vancouver, as represented by the Vancouver Park Board, to construct and operate a restaurant in Harbour Green Park. The RFP included the option of constructing the restaurant utilizing the approved DP, or to propose an alternate design which would require a new DP approval. The objective was to identify an operator for a first-class restaurant in this unique and high profile location.

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

- a first class food service establishment;
- a competitive rental payment, including a payment in lieu of property taxes;
- prices and service consistent with similar restaurants;
- a strong commitment to sustainability;
- a proponent with strong record of experience in operating in similar settings.

The bid was publicly posted, an advertisement was published in the Western Investor, email notices were sent to twelve (12) potential proponents, and an information meeting was attended by six (6) potential proponents.

The Selection Committee recommends the proposal from the Sequoia Company of Restaurants Inc. and McDougall Holdings Ltd. (SCRMH) as the best submission with the best overall score and highest rent proposal. SCRMH is a partnership between the Sequoia Company of Restaurants Inc., which operates Seasons in the Park, The Teahouse, The Sandbar, and Cardero's restaurants, and McDougall Holdings Ltd., which operates in partnership Harbour Air, and the Flying Beaver and Flying Otter restaurants.

The lease term will be ten (10) years with an opportunity to renew at the end of the term for two (2) further ten (10) year terms. The rent structure during the term of the agreement will be:

- Annual Basic Minimum rent of \$200,000
- Variable rent of:
 - \$0 - \$8,000,000 4%
 - \$8,000,001 - \$10,000,000 5%
 - \$10,000,001 - \$12,000,000 6%
 - \$12,000,001+ 7%

In addition, the proponent will be responsible for a payment in lieu of property taxes, the cost of construction, and all operating costs.

As a part of their proposal, SCRMH has indicated that they wish to proceed using a new design (see Appendix C), which will require the successful application for a new DP. Compared to the original approved design, the proposed design provides reduced impact to the surrounding residents as a result of eliminating the third floor open patio and covering the patio area located on the second floor. The benefits include lower height and visual impact, reduced open noise areas, and an opportunity for year-round operation of the patio which could therefore generate additional revenue.

The DP process includes rigorous public consultation, including on-site signage, a mail-out to adjacent residents, and a public information meeting. All communications would include a link to the City and Park Board website, where detailed information would be provided.

SUMMARY

SCRMH meets the key requirements to construct and operate a restaurant located in Harbour Green Park. Staff recommend the Board approve the terms as noted above, and authorize the General Manager to enter into a formal agreement with SCRMH for the restaurant operation in Harbour Green Park, subject to the successful approval of a Development Permit.

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Proposed Restaurant Location for Harbour Green Park (May 2006)



Original Approved Restaurant Design for Harbour Green Park (Feb 2007)



Proposed New Restaurant Design for Harbour Green Park (Nov 2015)

