

ITEM 15

MANAGER'S REPORT NO. 35

COUNCIL MEETING May 6/74

Re: Lease Operation Proposal for Food Services
Centennial Pavilion Restaurant and the
Burnaby Mountain Golf Course Coffee Shop

The Parks and Recreation Commission on May 1, 1974 approved a recommendation to allow a private group of individuals to contractually assume responsibility for the operation of the Centennial Pavilion Restaurant and the Burnaby Mountain Golf Course Coffee Shop. Following is a report from the Deputy Parks and Recreation Administrator on the reasons for the proposed contract, and the terms that have been negotiated by the affected parties.

The licensee is proposing to invest \$150,000 to \$200,000 to renovate and alter the premises for his operation and this is why he is desirous of an agreement with a 5 year term and 5 year renewal option so that he can write off his investment.

It is difficult to determine a market rental value for the Centennial Pavilion facility due to its location and the purpose of the Agreement is to gradually work the rental rate up to such a value in the 6th year. It should be noted that the loss in 1973 by the Municipality for the Burnaby Mountain Golf Course Coffee Shop and the Centennial Pavilion Coffee Shop was \$20,807 and, in 1974, it is projected to be \$25,328 if we were to continue to operate them as at present.

The principals of S.G.A. Restaurants are Gregory Young and Sharali and Aziz Ahamed (brothers).

RECOMMENDATIONS:

THAT Council approve the 32 terms and conditions that are summarized in the attached supplementary report that was considered and approved by the Parks and Recreation Commission on May 1, 1974 (Item 8, Parks and Recreation Administrator's Supplementary Report No. 10); and

THAT Council approve the contract and authorize the execution of same with the principals of S.G.A. Restaurants, to include the noted terms and conditions.

* * * * *

May 2, 1974

TO: MUNICIPAL MANAGER

FROM: ADMINISTRATOR, PARKS AND RECREATION DEPARTMENT

RE: LEASE OPERATION PROPOSAL FOR FOOD SERVICES

The Parks and Recreation Administrator reported to the May 1, 1974 meeting of the Parks and Recreation Commission on the proposed terms of the contract expected to be entered into between the principals of S. G. A. Restaurants and the Corporation regarding the operation of the food services at the Burnaby Centennial Pavilion and the Burnaby Mountain Golf Course Coffee Shop. A copy of the report is attached.

The following recommendations were approved:

1. That the terms of conditions summarized and numbered 1 to 32 inclusive in the above report be approved, and
2. That the Commission ask Council to approve the contract with the Principals of S. G. A. Restaurants, incorporating the above terms and conditions.

Continued ...

BACKGROUND:

The Centennial Pavilion was opened in 1958 and since that time the restaurant operation has failed to show an operating surplus or to break even. The subsidy required has been increasing with higher operating costs and the lack of a first class facility capable of attracting a large number of diners to a somewhat remote location. This pattern is not unusual in a Park and the trend is for municipal food services to be leased out.

On March 6, 1974 the Parks and Recreation Commission considered a number of proposals from restaurant operators. In addition to those who replied to the advertisement, a number of other well-known restaurateurs were contacted. Only one of these saw fit to enter a proposal.

The analysis of proposals received resulted in two possible choices. One of these would have resulted in minor changes only in the building and type of food service presently provided. However, staff and the Commission were concerned that the applicant's main wish was to operate a banquet facility. At various times the Commission has leased the Centennial Pavilion to banquet caterers; and while these were reasonably successful financially, they did not provide the service to the general public of Burnaby that should be provided from a dining pavilion in a public municipal park. It did not appear that any continuing benefit would likely accrue to the Corporation by switching to leasing under these conditions.

The alternative selected was that proposed by S.G.A. Restaurants. One of the principals was known to the Commission by reason of his recent employment as Assistant Golf Professional at the Burnaby Mountain Golf Course. His partners are experienced restaurant operators. The type of operation proposed for the Centennial Pavilion is that of a steak and lobster restaurant with a low mark-up menu, made possible by a comparatively high volume of business. A substantial investment will be made by S.G.A. Restaurants to create the type of facility suitable for their operation. Detailed plans will be approved by Parks and Recreation, Building and Health Departments prior to the issuing of a permit. It has been determined that the sewage disposal field will have to be enlarged and S. G. A. have agreed to assume the cost of this work. The Centennial Pavilion will be closed during alterations for a period of approximately three months, but an outdoor concession will be operated.

No substantial changes are anticipated in the operation of the Golf Course Coffee Shop and service will continue uninterrupted at this location.

RECOMMENDATION:

1. That the terms of conditions summarized on the attached report be approved, and
2. That Council be asked to approve the contract with the Principals of S. G. A. Restaurants, incorporating the above terms and conditions.

ADMINISTRATOR


J. H. C. LANE
DEPUTY ADMINISTRATOR
PARKS AND RECREATION DEPT.

ITEM 15
MANAGER'S REPORT NO. 35
COUNCIL MEETING May 6/74
8
(Supplementary)
ADMINISTRATOR'S REPORT NO. 10
COMMISSION MEETING May 1, 1974

Re: Lease Operation Proposal for Food Services

Terms of the contract between the principals of S.G.A. Restaurants and the Corporation have now been agreed to by the Municipal Manager and interested Department Heads in consultation with Mr. Greg Young of S.G.A. Restaurants. Mr. Young is presently reviewing the draft contract with his legal representative and his partners. After this review it is expected that the solicitor for S.G.A. will contact our Legal Department and the contract will be drawn up ready for execution.

The major terms agreed to at this time are summarized below. Staff request Commission approval of these terms and further request that the Commission ask Council to authorize execution of this contract. Should any significant points be added, deleted, or changed as a result of final discussions between the two solicitors, these will be brought to the Commission before presentation to Council:

1. Licensee to operate the Burnaby Centennial Pavilion Restaurant and refreshment booth and the Burnaby Mountain Golf Course Coffee Shop.
2. Term of five years, commencing May 15, 1974.
3. Licensee granted option to renew for further five years on same terms except that there would be no renewal option and the payment would be the market rental value as agreed, or, failing agreement, as determined by arbitration.
4. Licensee to pay

(a) First Year	-	\$20.00 per month commencing after four months, plus 1/12 taxes (at an estimated \$5,500. for the first year.)
(b) Second Year	-	\$300.00 per month, plus 1/12 taxes.
(c) Third Year	-	\$400.00 per month, plus 1/12 taxes.
(d) Fourth Year	-	\$500.00 per month, plus 1/12 taxes.
(e) Fifth Year	-	\$650.00 per month, plus 1/12 taxes.
5. Licensee to pay for all utilities.
6. Licensee to purchase all foodstuffs and liquor on hand at commencement of the Agreement.
7. Alterations to be made at Licensee's expense after plans approved by Parks and Recreation Administrator. Title to improvements shall be, and remain, in the Corporation.
8. Licensee to replace any furniture, equipment or utensils of the Corporation; set out in the inventory; lost, destroyed or damaged - reasonable wear and tear accepted.

ITEM 15

MANAGER'S REPORT NO. 35

COUNCIL MEETING May 6/74

9. Licensee to keep the buildings and inventory in good and sufficient repair.
10. Licensee to keep all verandahs, patios and steps clear of ice, snow and debris.
11. Licensee to allow for inspection by authorized Corporation personnel.
12. Licensee to acquire and pay for all permits and licenses and to pay business tax.
13. Licensee to provide sufficient, competent, clean, polite staff.
14. Licensee to abide by all pertinent laws, by-laws and regulations.
15. Licensee to assume liability for injuries or property damage arising out of their operation.
16. Whenever in the opinion of the Parks Administrator the interests of the public are not being served in accordance with Corporation policy, he may require the Licensee to remedy the unsatisfactory practices.
17. Licensee to provide all cleaning and janitorial service.
18. Licensee to maintain insurance required and approved by the Corporation.
19. Licensee to be registered and in good standing with the Workmen's Compensation Board.
20. Premises to be used for the purposes of operating food and drink outlets only.
21. Licensee to do all necessary interior decoration and minor maintenance.
22. At the expiration or other determination of the term, the trade fixtures and equipment which may be installed in the premises at the cost of the Licensee shall remain personal property and shall not be deemed to become part of the premises. Licensee to remove.
23. Licensee to comply with all laws, etc., and in particular shall comply strictly with all of the provisions of the Government Liquor Act.
24. Licensee will deliver to the Municipal Treasurer an audited financial statement acceptable to the Corporation for each year within two months after the end of each operating year.
25. Licensee to provide a performance bond in the amount of \$2,000.00 to ensure that he will carry out all conditions set out relating to the operations of the building and coffee shop.
26. Licensee to complete all alterations on or before the first day of October, 1974 and before commencing any alterations to provide a bond guaranteeing completion of the said alterations in an amount equal to the cost of the said alterations.
27. Licensee to pay for the extension of the septic tank system necessitated by the operation of the restaurant. This is estimated to cost \$2,000.
28. The Corporation covenants:
 - (a) To allow the Licensee exclusive right to sell food and drinks in the building and coffee shop for the term of the agreement.
 - (b) To do major repairs to the building including exterior walls, furnace, roof, hot water tank and septic tank which are deemed necessary by the Parks Administrator.

ITEM 15
MANAGER'S REPORT NO. 35
COUNCIL MEETING May 6/74

ITEM No. 8
(Supplementary)
ADMINISTRATOR'S REPORT No. 10
COMMISSION MEETING May 1, 1974

- (c) To maintain the roads and parking lots.
 - (d) To provide the necessary fire insurance for the building with the exception of glass coverage.
 - (e) To provide vacant possession of the basement as soon as possible.
 - (f) To clean out the septic tank and grease trap once a year. Other cleaning to be done by Licensee.
29. The license may be assigned subject to approval of the Corporation.
30. In the event of non compliance with provisions of Agreement, Corporation has right to terminate.
31. If the building or coffee shop are destroyed or damaged so as to be unfit for use by the Licensee, payments shall be abated for the duration of any such damage.
32. If the Golf Course be closed by the Corporation for a period in excess of two weeks, payments shall be abated in proportion for the duration of such closure.

The above terms are in accordance with the proposal originally submitted by S. G. A. Restaurants and accepted by the Commission, subject to approval of other interested departments of the Corporation.

RECOMMENDATION:

1. That the terms and conditions summarized and numbered 1 to 32 inclusive in the above report be approved, and
2. That the Commission ask Council to approve the contract with the Principals of S.G.A. Restaurants, incorporating the above terms and conditions.

ITEM 15

MANAGER'S REPORT NO. 35

COUNCIL MEETING May 6/74

COPY

GREGYOUNG ENTERPRISES LTD.

Telephone (604) 253-7626

January 8, 1974

Vancouver, B. C.

The Purchasing Agent,
4949 Canada Way,
Burnaby 2, British Columbia

Dear Sir:

It is our intention to apply to the Corporation of Burnaby for the right to lease and operate the food services at the Burnaby Mountain Centennial Pavilion (B.M.C.P.) and the Burnaby Mountain Golf Course (B.M.G.C.).

Our group (S.G.A. Restaurants) includes Gregory Young, Trygve Wenn and Sharali and Aziz Ahamed (brothers). Mr. Young has ten years experience as a golf professional (five at B.M.G.C.) and is thoroughly familiar with all types of food services offered at golf courses everywhere. Mr. Wenn, with twenty years golf professional experience, naturally is well versed in the needs of golfers and how best to satisfy those needs. The Ahamed brothers, between them, have twenty years experience operating profitable restaurants in Vancouver and Kenya.

We plan to operate at B.M.C.P. a medium price steak and lobster house, managed by a gentleman with a wealth of experience in one of the most successful restaurants of this type in North America. He, as well, will provide key trained personnel. We have an interesting proven concept that we feel fits the Burnaby, Coquitlam, New Westminster Market perfectly. The B.M.G.C. will have a chef, or first rank cook (no short order cooks), who will supervise menu and food preparation and co-ordinate special offerings. Here we will specialize in breakfasts, lunches, snacks and fast food. The chef or cook will prepare all food on the premises (i.e. bread, buns, pies, etc.). In addition we will be doing other things that will be of special benefit to golfers. The chef and the manager will be shareholders in the company.

We could handle the food and drink dispensation at Kensington Park Pitch and Putt. The extension of this service to include other concessions would not be a problem.

It will take \$60,000.00 to establish these operations which we have arranged for through the Industrial Development Bank. We have access to additional funds if they become necessary.

We have had discussions with the Burnaby Parks and Recreation Dept. and they have encouraged us in every way to continue with this development. We believe our operation will be very successful for us and especially for our customers as well as a credit to Burnaby.

Yours truly

G. Young
per S.G.A. Restaurants
1822 Franklin St., Vancouver

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PURCHASING AGENTS
OFFICE

(1) R. Conti.
J. K. Howe
ITEM 15
MANAGER'S REPORT NO. 35
COUNCIL MEETING May 6/74

PROPOSAL SUBMITTED BY

S. G. A. RESTAURANTS

REGARDING LEASE OF FOOD
SERVICES AT THE
CENTENNIAL PAVILION and
BURNABY MOUNTAIN GOLF COURSE

IT IS HEREBY PROPOSED THAT
S. G. A. RESTAURANTS OPERATE
THESE FACILITIES.

PRINCIPALS:

1. GREGORY J. YOUNG - 839 Chestnut Street, New Westminster -
Businessman and Professional Golfer for ten years.
Owner of advertising business, Gregyoung Enterprises Ltd.
2. TRYGVE N. WENN - 7351 Coronado Drive, Burnaby.
Businessman and Professional Golfer for twenty years.
Head Golf Professional at Burnaby Mountain Golf Course.
3. AZIA J. AHAMED - 7321 Coronado Drive, Burnaby.
Restaurateur and Businessman for sixteen years.
Owner Lavrines French Restaurant (\$320,000.00
annual gross), Wimpy Coffee Shop (\$200,000.00
annual gross), and Omar Kahyam Restaurant (\$80,000.00
annual gross), all operated concurrently and all in
Nairobi. Owner House of Simba Boutique in Vancouver
and former partner in Maharja Restaurant.
4. PETER STURSBURG - Employee at Keg'n'Cleaver for three
years, currently with them in management. As Mr.
Stursberg is employed in a responsible position with
that company, this should be kept confidential.
Mr. Stursberg has indicated that he will be able to
provide all the trained staff necessary.