

ITEM 11
MANAGER'S REPORT NO. 69
COUNCIL MEETING 86/11/24

RE: HART HOUSE RESTAURANT PROPOSAL CALL
5055 SPERLING AVENUE

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendations of the Director Planning & Building Inspection be adopted.

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TO: MUNICIPAL MANAGER 1986 November 20
FROM: DIRECTOR PLANNING & BUILDING INSPECTION Our file: 10.382

SUBJECT: HART HOUSE - RESTAURANT PROPOSAL CALL

RECOMMENDATIONS:

1. THAT staff be authorized to finalize a lease with Regency Caterers Ltd. on the basis outlined in Section 3.0 of this report.
2. THAT following finalization of the lease, a lease authorization bylaw be brought forward for the consideration of Council.

REPORT

1.0 BACKGROUND AND SUMMARY:

The Municipal Council, on 1986 July 21, approved terms of reference for a restaurant proposal call for the Hart House at 5055 Sperling Avenue. Twenty-four copies of the terms of reference were requested. Three submissions were received. This report evaluates each proposal and concludes that the submission from Regency Caterers Ltd. was considered far superior to the other submissions in meeting the proposal call terms of reference. Authority is sought from Council for staff to finalize a lease with Regency Caterers Ltd. The Parks and Recreation Commission, at its meeting of 1986 November 19, approved that a lease with Regency Caterers Ltd. be finalized.

2.0 THE REVIEW:

The three submissions were from Aldwell Holdings, the Yugoslav Cultural Centre and Regency Caterers Ltd. A committee comprised of Mr. D. Greig (David Greig and Associates - Consultant) and staff from the Legal, Parks and Recreation and Planning and Building Inspection Departments has reviewed each of the submissions and interviewed the principals of each group. It was the unanimous opinion of the committee that the proposal by Regency Caterers would make a significant positive contribution to the area. Their proposal was considered far superior, in all respects, in meeting the terms of reference of the proposal call when compared to the other submissions.

The following is a brief summary of each proposal:

2.1 ALDWELL HOLDINGS

This company did not propose to risk any significant capital investment. It was proposed that the Municipality provide, or at least guarantee, the capital investment, and that Aldwell would operate the facility on a minimal, management type contract.

2.2 YUGOSLAV CULTURAL CENTRE

This proposal focused primarily on the development of an ethnic centre, including a library and facilities to support cultural activities such as meeting rooms and performing/activity rooms. A restaurant would be part of the centre but it is not considered to be of a type considered suitable for the Hart House. Funding for the project would be raised through the Yugoslav societies of the Lower Mainland.

2.3 REGENCY CATERERS LTD.

Regency Caterers Ltd. is reputed to be the largest established catering company in the Lower Mainland. They are proposing a restaurant of about 200 seats providing fine cuisine and service in a friendly and congenial atmosphere. They cite the Teahouse in Stanley Park as an excellent example of what they are trying to achieve.

Regency was a partner in the Restaurant Bucuresti at Expo. We have seen excellent reviews of the restaurant from across North America (The New Yorker, San Francisco Examiner and the Houston Chronicle) and also from the local press.

Regency is enthusiastic about the uniqueness of the House and the grounds. They envisage the grounds to have a country estate appearance with manicured lawns, shrubs, a rose garden and the use of subdued lighting throughout. Although a small addition is proposed, the historic integrity of the house is maintained.

The estimated cost of bringing the Hart House up to code standards has been estimated at about \$650,000. Set up costs are expected to be in the region of an additional \$200,000.

3.0 THE PROPOSED LEASE TERMS

Mr. David Greig and Municipal staff have met with Regency Caterers on several occasions to finalize the lease terms. The following summarizes the key points of the proposed lease:

- (a) The Hart House to be developed as a quality restaurant and catering operation in Deer Lake Park that maintains the character and historic integrity of the buildings and property.
- (b) A five year lease for approximately 3.1 acres of land (see Figure 1 attached). The exact area will be determined after survey. Approximately 2.1 acres of the foreshore portion of the Hart property will remain outside of the restaurant site and be part of the park development.
- (c) All capital costs of restoration, renovation, services, exterior decor and equipment will be the responsibility of Regency.
- (d) All building, landscaping and grounds maintenance will be the responsibility of Regency.
- (e) Property taxes, utilities, etc., will be borne by Regency. Taxes are expected to be in the region of \$27,000 per annum.
- (f) Because of the high capital costs (\$650,000) to bring the facility up to Code standards, provision has been made for Regency to recapture its outlay over 15 years. The lease is subject to re-negotiation every 5 years. However, if the Municipality does not renew the lease with Regency after year 5 or 10, the unrecovered capital costs would be payable to them. There may be some provision for compensation for set up costs and goodwill to the restaurateur.
- (g) The recapture for the first five years is based on a negotiated lease value of \$93,355.26 per annum or \$14.14 per square foot. This value is well supported by the existing lease market.
- (h) In addition to the prepaid lease for the first five year term, Regency will pay 4.5 percentage of gross sales over 2.5 million in the first year and 4.5 percentage of gross sales over 2.0 million in years two to five. This additional revenue will be applied to reduce the period of recapture thereby providing the Municipality with an income source from the restaurant at an earlier date.

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4.0 CONCLUSION

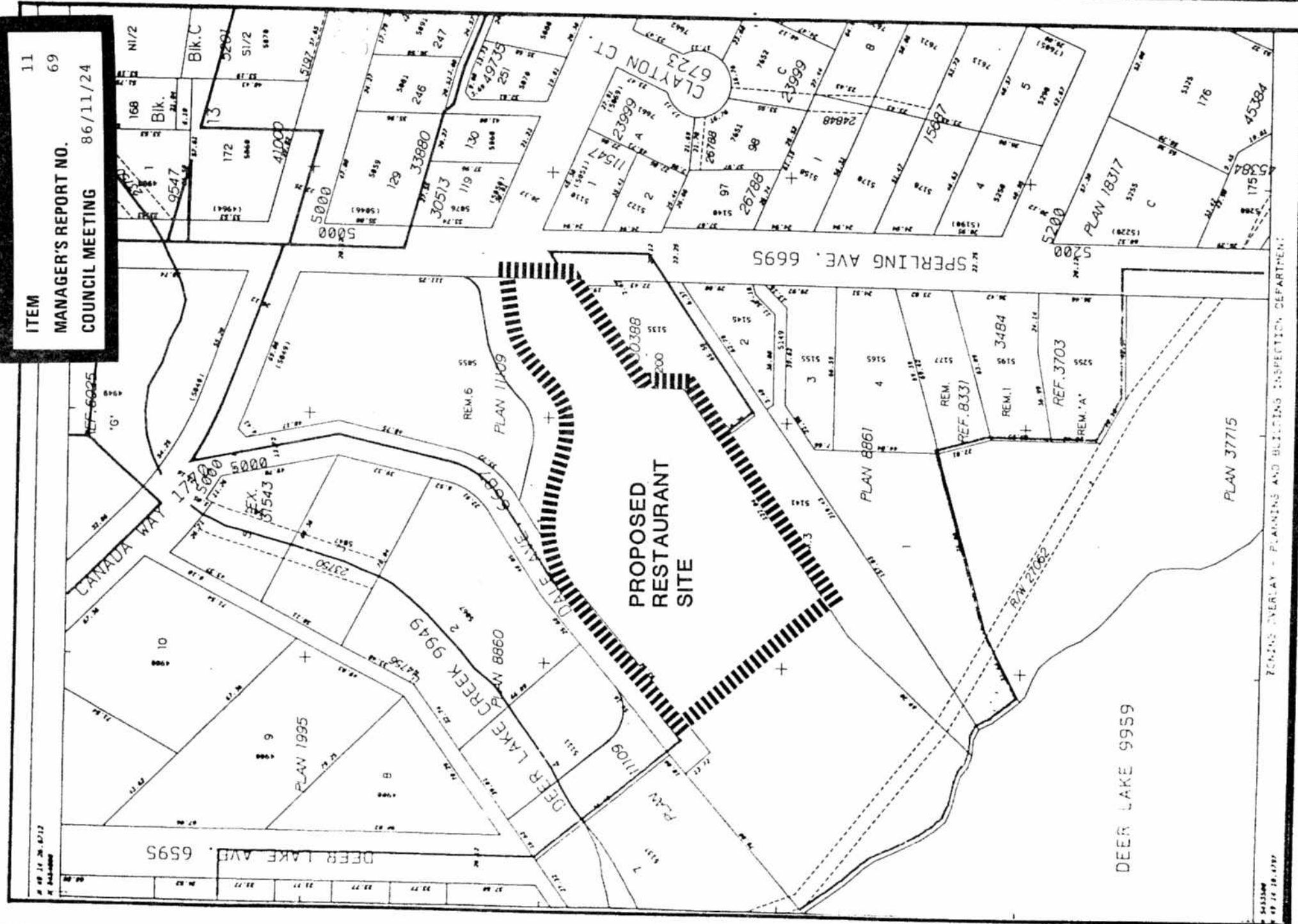
Regency Caterers Ltd. is a sound, established and reputable company in the food industry. It is the opinion of our consultant and the staff that their vision and enthusiasm for the project augurs well for the Municipality and that the proposed terms of the lease are fair and manageable. Accordingly, it is recommended that staff be authorized to finalize a lease with Regency Caterers on the basis outlined in Section 3.0 of this report. Following this, a lease authorization bylaw will be forwarded to Council for consideration and approval.


A. L. PARR
DIRECTOR PLANNING &
BUILDING INSPECTION

BLS/jce
Attach.

cc: Director Recreation & Cultural Services
Municipal Solicitor
Director Finance
Director Engineering

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ZONING OVERLAY - PLANNING AND BUILDING INSPECTION DEPARTMENT

Date	86 Nov. 19
Scale	1:2000
Drawn By	



City of
BURNABY
 Planning &
 Building Inspection
 Department

PROPOSED HART HOUSE RESTAURANT SITE

