

R E P O R T

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1.0 BACKGROUND AND PURPOSE

In 1987 July the Municipality undertook a restaurant proposal call for the Hart House. Proposals were received from:

- Regency Caterers
- Willingdon Caterers
- Daniel Martinez

David Greig and Associates, our Consultant in this matter, has recommended that all proposals be rejected. Regency has been unable to secure financing; Willingdon Caterers' submission was considered not financially viable and not in compliance with the terms of reference. The submission from Daniel Martinez was only an expression of interest with unacceptable terms proposed.

The purpose of this report is to examine how a subsequent proposal call could be more successful.

2.0 THE HART HOUSE RESTAURANT - A CONTEXT

The plans for the Deer Lake area have long called for a quality sit down restaurant. With the acquisition of the Hart House, this property was considered the most suitable location for a number of reasons. The house constructed in 1912 and designed by Frank Macey, one of British Columbia's architectural pioneers has historic significance. This, coupled with its location on the shores of Deer Lake, the large size of its two main floors (3,190 square feet each), the desire to encourage public use of the house and it being supportive and complementary to other public facilities in the general area were contributing factors in its designation as a future restaurant facility.

3.0 PROPOSAL CALL TERMS OF REFERENCE

As Council is aware, we have undertaken previous proposal calls for a quality sit down restaurant at the Hart House. These have proven to be unsuccessful. In each instance, the capital costs of restoration, renovation, interior decor, equipment, parking, landscaping, and all building and landscaping maintenance costs were to be borne by the restaurant operator. In addition the lease was based on a five year term with an option to renew for a further five years.

4.0 PROPOSAL CALL AMENDMENTS

The consultant in reviewing the project with the three proponents and others who picked up the proposal call documents has outlined two factors which the Municipality should consider that would make the Hart House more attractive to a potential tenant. These are:

- a) The Municipality construct and maintain the parking, landscaping and lighting related to the parking areas on the Hart House property.
- b) The term of lease be fixed at a minimum of 15 years.

In the opinion of the Consultant, a Hart House restaurant continues to be feasible and a potential source of revenue for the Municipality.

5.0 STAFF REVIEW

5.1 Lighting and Parking

The proposal for the Municipality to construct and maintain the parking and landscaping is similar to the approach taken at Horizons on Burnaby Mountain and Inn On The Green at Burnaby Mountain Golf Course.

The Director Engineering has estimated costs for parking and associated drainage and lighting to be \$100,000. The Director Recreation and Cultural services has estimated costs for landscaping to be in the region of \$90,000 while maintenance costs are estimated at about \$8,000 per annum. It is however, recognized that these landscaping costs could be reduced depending on the design.

Staff can support this proposal in that the restaurant operator will still be totally responsible for restoring, renovating, equipping and maintenance of the structure and a 'footprint' area around the structure. This again is consistent with the successful approach taken at Horizons and Inn On the Green. The landscaping and parking around the Hart House would be considered part of the planned municipal development for the Deer Lake area.

Should a restaurant operator be responsible for the entire costs of the project, the capital and soft costs are estimated at between \$800,000 to \$900,000.

5.2 Lease

Council may recall that as a result of a previous proposal call it authorized staff in 1986 November 20 to finalize a Lease with Regency Caterers. Because of the high capital costs (\$650,000) to bring the facility up to Code standards, provision was made in the lease for Regency to recapture its outlay over 15 years. The lease was subject to renegotiation every five years. If the Municipality did not renew the lease after year 5 or 10, the unrecovered capital costs would be payable to Regency.

The lease was ultimately not executed as Regency was not able to secure the necessary financing. A contributing factor in this regard was the proposed lease term. It is considered that a lease term fixed at 15 years would be viewed more favourably by the lending institutions and the restaurant industry. To accommodate the restaurant, it is proposed that the 'footprint' area around and including the Hart House and ancillary buildings be rezoned to C.D. (Comprehensive Development).

6.0 CONCLUSION

The plans for the Deer Lake area have long called for a quality restaurant to be part of the development of the area, and in particular, at the Hart House. To date, the Municipality has been unsuccessful in attracting an appropriate restaurant operator because of the capital costs involved and the short term of the lease.

It is the opinion of our consultant that a market still exists for the Hart House. Therefore it is the conclusion of our consultant and staff that a revised restaurant proposal call for the Hart House incorporating the amendments outlined in Section 4.0 of this report will likely be more successful while still meeting municipal objectives for the area.



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