

TO : CITY MANAGER 1996 August 22

FROM : DIRECTOR RECREATION AND CULTURAL SERVICES

RE : FOOD & BEVERAGE SERVICES AT BBY. MOUNTAIN GOLF COURSE

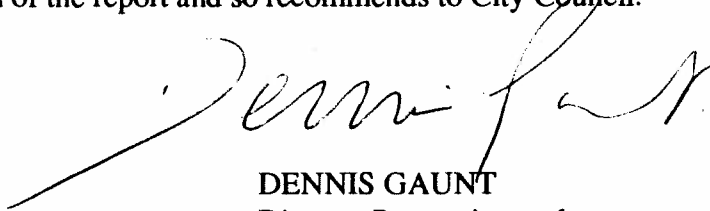
PURPOSE : To request Council authorization to finalize an agreement for the operation of the food and beverage facilities at the Burnaby Mountain Golf Course.

RECOMMENDATION:

1. THAT the Purchasing Agent be authorized to finalize an agreement with Delta Whistler Resort for the operation of the food and beverage facilities at the Burnaby Mountain Golf Course as outlined in the attached report.

REPORT

Attached is a report from Director Finance on the above subject. The report was dealt with by the Parks and Recreation Commission at its meeting 1996 August 21st. The Commission concurs in the content and recommendation of the report and so recommends to City Council.



DENNIS GAUNT
Director Recreation and
Cultural Services

DG:mc
Attachment
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cc. Director Finance
City Solicitor

TO: DIRECTOR RECREATION & CULTURAL SERVICES 1996 August 14
FROM: DIRECTOR FINANCE
SUBJECT: Food and Beverage Services at Burnaby Mountain Golf Course

RECOMMENDATION

That the Purchasing Agent be authorized to finalize an agreement with Delta Whistler Resort for the operation of the food and beverage facilities at the Burnaby Mountain Golf Course as outlined in this report.

REPORT

The lease agreement with the current operator, Augusta Enterprises Ltd., expired 1996 April 30 and subsequently was extended to 1996 October 31. In 1996 June the Purchasing Agent issued a public proposal call for the operation of the food and beverage facilities. Many operators showed an interest but only three proposals were received. Feedback from several operators and others in the industry told us the lack of response was due to a general downturn in the food and beverage industry, the poor condition of the existing facility and the capital expenditure required was too high.

The three proposals received were from Versa Services Ltd., Delta Whistler Resort and the current operators of the Inn on the Green, Mr. Ron Chivers and Tim Fuchihara. A selection committee consisting of the Assistant Director Recreation, Deputy City Manager - Corporate Services, Purchasing Agent and an outside consultant evaluated the proposals. The committee was unanimous in its decision to recommend Delta Whistler Resort as the operator most qualified and suitable to provide the level of service necessary for a successful operation.

The Delta Whistler Resort is privately owned with the management of this facility provided by Delta Hotels Corporation as they do with all Delta Hotels. The Corporation is in the process of setting up a separate management committee devoted to providing services to Golf Courses. Delta Whistler Resort was recently awarded the Contract to operate the food and beverage services for the club house, which is currently being constructed, at the Whistler Golf Club. The Company is financially sound with a high degree of expertise and experience in the food and beverage and hospitality industry. The Company is able to draw resources from the network of Delta Hotels if required.

Delta Whistler Resort will initially invest almost \$400,000.00 for furniture and equipment and renovations. They will invest in additional renovations after one year's operation when they are more familiar with market trends. They have also committed to additional capital expenditures in each of the option periods. In return the City will receive 5% of food and beverage revenue which we anticipate to be \$55,000.00 the first year and increase over subsequent years as sales improve. A guaranteed minimum rent of \$3,500.00 per month (\$42,000.00 per year) will be paid to the City. The proposed term is for 5 years with two 5 year options for a total of 15 years. After this term the City will take ownership of all trade fixtures and equipment.

Due to the poor condition of the facility the City is expected to invest up to \$75,000 to upgrade the exterior of the building to an acceptable standard. The City may also have to purchase some of the existing millwork and equipment at current appraised value.

Subject to Council approval it is our intent to immediately enter into discussions with Delta Whistler Resort to finalize an agreement for the operation of the food and beverage facilities at the Burnaby Mountain Golf Course.


for Rick Earl
DIRECTOR FINANCE

cc: Deputy City Manager, Corporate Labour Relations

