

TO: CITY MANAGER

DATE: February 6, 2002

FROM: DIRECTOR FINANCE

**SUBJECT: FOOD AND BEVERAGE OPERATIONS
AT BURNABY MOUNTAIN GOLF COURSE**

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

RECOMMENDATION:

1. **THAT** the Purchasing Manager be authorized to finalize an agreement with Hartco Management Ltd. for the operation of the food and beverage facility at the Burnaby Mountain Golf Course as outlined in this report.

REPORT

The facility known as "Eagle Creek" has been operated by the Delta Hotels Corporation since October of 1996. About two years ago Delta Hotels was taken over by Fairmont Hotels. The current lease has expired and we have been unsuccessful in negotiating a renewal. The parent company, Fairmont Hotels, has decided that Delta Hotels should concentrate totally on Hotel management and no longer be involved in restaurant operations. Delta has agreed to continue operating the facility until March 31, 2002.

In early January the Purchasing Manager issued a Request for Proposal to operate the facility and received nine responses by the closing date. A selection committee consisting of the Assistant Director - Strategic and Business Planning, Parks, Recreation & Cultural Services, the City's Risk Manager and Purchasing Manager evaluated the proposals. Four companies were short listed and interviewed and the committee was unanimous in recommending Hartco Management Ltd. as the successful applicant.

Hartco Management Ltd. currently has a lease agreement with the City to operate the Hart House. Paul Smolen, President of Hartco Management Ltd. together with Bill Brandon will form a partnership and new company to operate Eagle Creek. Paul Smolen has 25 years experience in the hospitality industry and has participated in numerous community and charity events. Bill Brandon is a Certified Management Accountant and currently has a number of neighbourhood pubs and restaurants as both accounting and consulting clients. Mr. Brandon was part owner in a neighbourhood pub in Fort Langley from 1996 to 2001 and has a management diploma in Hospitality and Tourism Administration. The selection committee felt that this partnership will provide the best fit for the City, the most potential for growth and bring a wealth of experience and resources to this operation.

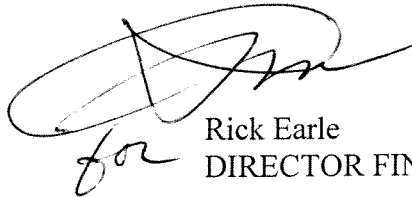
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Hartco Management Ltd. will initially invest \$150,000 into the facility and have agreed to a proposed term of 5 years with two 5 year renewal options. The City will receive a minimum rent of \$65,000 per annum and a percentage rent of 7 1/2% of sales in excess of \$1,000,000. The City currently owns all trade fixtures in Eagle Creek and no additional funding is required from the City.

Subject to Council approval we will immediately enter into discussions with Hartco Management Ltd. to finalize an agreement for the operation of the food and beverage facilities at the Burnaby Mountain Golf Course.

A handwritten signature in black ink, appearing to be "Rick Earle", with a large, stylized loop at the end.

Rick Earle
DIRECTOR FINANCE

JV:ba