Agenda - Executive Policy Committee – May 15, 2013

Report - Standing Policy Committee on Property and Development – May 7, 2013

Item No. 13 Lease of a Portion of Kildonan Park Peguis Pavilion to WOW Hospitality Concepts Inc.

STANDING COMMITTEE RECOMMENDATION:

On May 7, 2013, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service, as amended, and submitted the following to Council:

1. That a new lease agreement be approved for a 10 year term with WOW Hospitality Concepts Inc. for the lease of the restaurant in a portion of the Kildonan Park Pavilion at 2015 Main Street, the subject city-owned property as shown on attached Schedule C - Miscellaneous Plan No. 13966/1, in accordance with the proposed terms and conditions as set out in the attached Schedule 'B', to be in a form satisfactory to the City Solicitor.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Pursuant to Council Policy, leases of parkland over five years in length require approval by two-thirds of all Members of Council.

Agenda - Executive Policy Committee – May 15, 2013

Report - Standing Policy Committee on Property and Development – May 7, 2013

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On May 7, 2013, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service, with the following amendment:

- That Recommendation 1. be amended by deleting the words “Schedule A -Miscellaneous Plan No. 13966” and replacing it with the words “Schedule C - Miscellaneous Plan No. 13966/1”

and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **Lease of a Portion of Kildonan Park Peguis Pavilion to WOW Hospitality Concepts Inc. for a Café/Fine Dining Restaurant/Banquet Facility**

Critical Path: **Standing Policy Committee on Property and Development - Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
Iain Day	B. Thorgrimson	M. Ruta	D. Joshi

RECOMMENDATIONS

1. That a new lease agreement be approved for a 10 year term with WOW Hospitality Concepts Inc. for the lease of the restaurant in a portion of the Kildonan Park Pavilion at 2015 Main Street, the subject city-owned property as shown on attached Schedule A - Miscellaneous Plan No. 13966, in accordance with the proposed terms and conditions as set out in the attached Schedule 'B', to be in a form satisfactory to the City Solicitor; and

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

In accordance with the Council Order of July 18, 1979, the Standing Policy Committee on Property and Development shall authorize the leasing or rental of City property for which the Director of Planning, Property and Development has no authority.

Council approval is required on the lease of city-owned property for a 10 year term.

IMPLICATIONS OF THE RECOMMENDATIONS

- The Department has determined that there is no policy, regulatory, environmental or human resource implications to the lease as set out in the attached Terms and Conditions.
- Acceptance of the proposal and subsequent signing of the lease agreement commits the City to a long term lease (10 years) and, in the event the option to renew is exercised, a total of 20 years.
- Approval of the lease of the space within the newly renovated Kildonan Park Pavilion would provide the community with food services within Kildonan Park as well as offering a fine dining restaurant/banquet facility.

HISTORY

The restaurant at the Kildonan Park Pavilion was closed in November of 2008, when the previous operator ceased operations.

In February 2009, Park Services Division of Public Works contacted Planning, Property and Development Department requesting an Expression of Interest (EOI) for the lease and operation of food and beverage services in the Kildonan Park Pavilion (hereinafter referred to as the "Pavilion" – 2015 Main Street). Two separate EOI's were issued which resulted in no award.

Parks and Open Space Division of Public Works secured $2 Million in Capital Funding for renovations at the Pavilion. A consultant assignment, allowing Public Works to move ahead with Pavilion design and renovation works, was approved by Executive Policy Committee on March 16, 2011.

Following the near completion of the renovations at the Pavilion, anew EOI was issued on February 9th 2013 in the Winnipeg Free Press, on the Materials Management website and sent to various operators by email and facsimile. The EOI was placed a second time in the Winnipeg Free Press 0n February 16, 2013. One proposal was received for a fine dining restaurant, café and banquet facility from WOW Hospitality Concepts Inc. The terms and conditions of the proposal are outlined on the attached Schedule "B".

Project Description:

WOW's intention to provide a "café" environment at the front of the space to cater to the casual guest dropping by for a coffee, ice cream or a 'snack'. WOW will install a wood fired Pizza Oven to offer slices of thin crust pizza to the café diners or for take-out.

The restaurant will be fine dining enough to encourage those that live in the North End of Winnipeg to consider it as a dining destination instead of traveling all the way downtown. It will also be enough of a draw that those that live in other parts of the city, will choose to make the trip to experience the location and concept. For those that are familiar with WOW Concepts, we envision Peguis to be positioned between Peasant Cookery and Terrace in the Park. We do not envision tablecloths on the tables, although we do contemplate linen napkins in the evening. The tables will be solid wood and the chairs will be upholstered to ensure enough of an elegance that our guests will be comfortable with.

The Dining Room at Peguis will have a Canadian Regional Cuisine. "Fresh, Simple and Pure" we are passionate about everything to do with food – from growing and harvesting, to the preparation, serving and eating! Our menus will change frequently because they will start with what is in season and arriving on our doorstep! A laid back atmosphere with seriously good food. A neighborhood restaurant where people gather to enjoy simply prepared ingredients made fresh from local ingredients.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 12, 2013

Project Name:

First Year of Program **2013**

Lease of a Portion of Kildonan Park Peguis Pavilion to WOW Hospitality Concepts Inc. for a café/fine dining restaurant/banquet facility

	2013	2014	2015	2016	2017
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000
Less: Incremental Revenue/Recovery	-	-	30,000	30,000	30,000
Net Cost/(Benefit)	$ 9,000	$ 9,000	$ (21,000)	$ (21,000)	$ (21,000)
Less: Existing Budget Amounts	9,000	9,000	(21,000)	(21,000)	(21,000)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs consist of estimated increased utilities and maintenance expenditures during occupancy. Revenues consist of rental amounts of $30,000 per annum beginning in year 3 (2015). For the purposes of this analysis, it is assumed that WOW Hospitality Concepts Inc. gross sales from this location will not exceed $1,500,000 in any year. Tenant property taxes and business taxes to be paid directly have been excluded from this analysis.

"Original signed by"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

Corporate Services, Insurance Branch
Assessment & Taxation Department

SUBMITTED BY

Department	Planning, Property and Development
Division	Municipal Accommodations
Prepared by:	Sandi Caputo, Leasing Officer
Date:	April 23, 2013
File No.	MA2013-051

O:\Reports Directive\Municipal Accommodations\Award of Contract\2013\MA2013-051 - Lease of Kildonan Park Pavilion.docx

Schedule "A"



Date: 2011-FEB-23
District: LSWK
File: Not Available
Scale: 1: 3000

METRIC

N
W E
S

SUBJECT LEASE AREA - KILDONAN PARK PAVILION - 2015 MAIN STREET

NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 13966

SCHEDULE 'B'
KILDONAN PARK PAVILION – LEASE PROPOSAL

Landlord: City of Winnipeg

Tenant: WOW Hospitality Concepts Inc.

Leased Area: 2,977 square feet on the main floor of the Kildonan Park Pavilion, plus basement storage space

Term: 10 Year Term, with an option to renew for an additional 10 year term

Commencement / Occupancy: Upon completion of renovations and fit up- approximately July 1, 2013

Hours of Operation: Tuesday through Sunday 5:00 pm to 10:00pm for dinner - Breakfast and lunch options will be provided there is a demand. The Tenant may close for up to but no greater than 90 days per year

Gross Rent: Waived for one year after the completion of the pond work
Year 3 - 5 - $2,500.00 per month/ $30,000.00 per annum, Plus GST
Year 6 - 10 - $3,000.00 per month/ $36,000.00 per annum, Plus GST

Percentage Rent: 4% of Gross Sales over $1,500,000.00 per annum (calculated from the anniversary of the opening)

Parking: Tenant will have the use of the parking lot for patrons and for special events at the restaurant, method of signing or identifying stalls to be determined

Exclusivity: The Tenant will have exclusive rights within Kildonan Park and the Kildonan Park Golf Course for the provision of fine dining restaurant services

Tenant Responsibilities:

General: Janitorial services, snow removal on sidewalks and stairs into the facility on evenings and weekends, all interior window washing and additional exterior window washing (over twice per year), insurance as required by the City of Winnipeg - Insurance Branch, all decorative accents and interior window coverings, furnishings, any interior alterations including, painting and carpet/flooring required after renovations are completed

Equipment: Supply/Maintain/ Repair of all restaurant equipment, furnishings and decor

Signage: Tenant may install signage on Main Street and on the façade of the building. All signage must meet all City by-laws and subject to City approval

Property Taxes: Tenant to pay property taxes & business taxes directly

Report of Gross Sales: To be provided to Planning, Property and Development Department at the end of each business year, along with a payment of percentage rent, if due

Renewal Options: The Tenant will have an option to renew for an additional 10-year term, each

Notice to Renew: The Tenant will provide 1 year written notice to exercise the option to renew

Cancellation Clause:

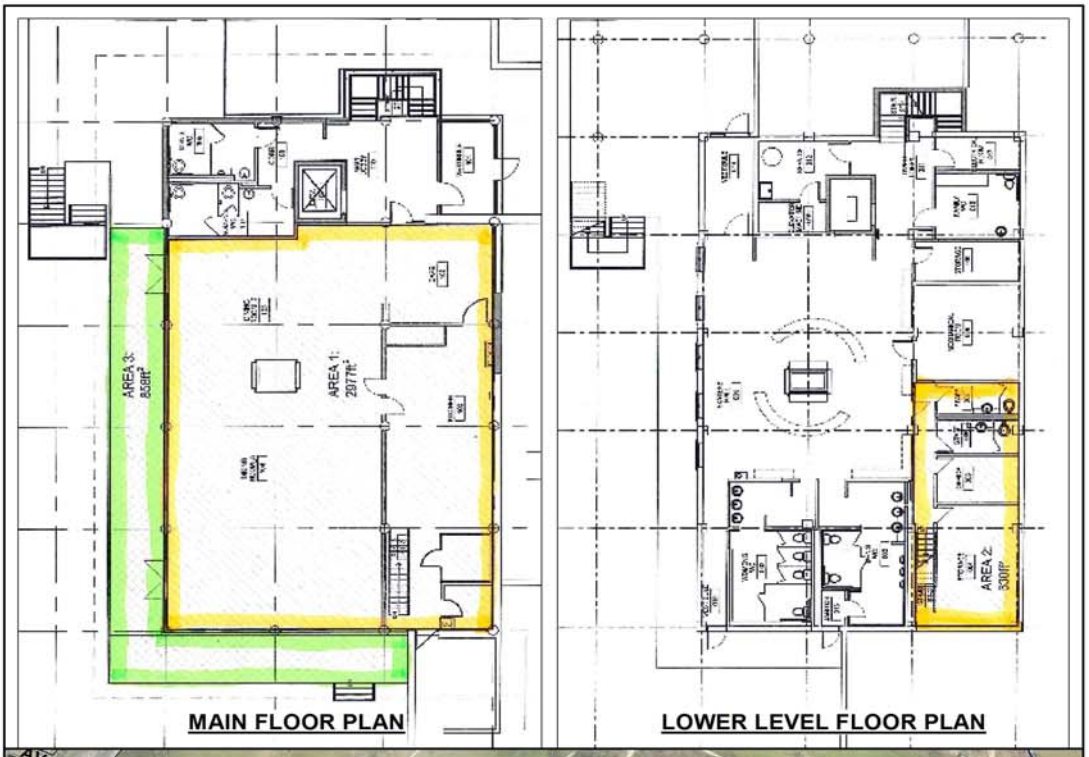
Landlord: Should the Tenant be in default of the payment of rent the landlord will provide a 180 day written notice within which the Tenant may remedy the default, if default is not remedied then the tenant will vacate the premises at the end of the 180 day period

Tenant: Should the Tenant wish to cancel the lease agreement, the tenant will provide a 180 day written notice of cancelation. Cancelation may only take place after the completion of one full year of paying rent

Landlord Responsibilities:

Payment of all utilities, maintenance, repairs/replacements of roof, roof membrane, HVAC, plumbing, general maintenance, elevator maintenance, snow removal – including parking lot (snow removal on sidewalks and stairs into the facility on evenings and weekends, is the Tenant's responsibility) exterior window washing – twice per year – additional exterior and all interior window cleaning is the Tenant's responsibility; directional signage within the Park (minimum of three areas mutually agreed upon)

Schedule C – Miscellaneous Plan No. 13966/1





Date: 2013-MAY-06
District: LSWK
File: Not Available
Scale: 1: 4500
Requested by: SC
Drawn by: MS
Reference Dwg. No.'s: numberTEN architectural Group winnipeg MB project no. 2011026
Peguis Pavilion
Kildonan Park
Main Floor Restaurant Layout & Lower Level Plan

KILDONAN PARK - 2015 MAIN STREET - PEGUIS PAVILION
SUBJECT LEASE AREA - 2977 ft² Main Floor & Lower Level Storage

NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 13966 / 1