Agenda – Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – May 7, 2015

REPORTS

Item No. 4 Lease of Esplanade Riel Restaurant – 50 Provencher Blvd. – WOW Hospitality Concepts Inc.

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the proposed terms and conditions attached hereto as Schedule "B" for a lease agreement of the Plaza Space, Esplanade Riel Bridge - 50 Provencher Blvd. in favour of WOW Hospitality Concepts Inc. or nominee for the purposes of a restaurant, be approved.

2. That the City enter into a lease agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing.

3. That the authority be delegated to the Director of Planning, Property and Development to negotiate and approve the final terms and conditions of the lease agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services, in accordance with the terms and conditions outlined in Schedule "B", and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

4. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: **Lease of Esplanade Riel Restaurant – 50 Provencher Blvd. – WOW Hospitality Concepts Inc.**

Critical Path: **Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	M. Pittet	M. Ruta	M. Jack A/COO

RECOMMENDATIONS

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4. 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 properties for which the Director of Planning, Property and Development Department has no authority.

On March 24, 2004, Council established the Standing Policy Committee on Downtown Development. The new Standing Policy Committee had jurisdiction over matters related to asset management, development control, land acquisition, land development and planning and land use in the area defined as Downtown.

On May 25, 2011, Council renamed the Standing Policy Committee on Downtown Development the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management. The newly named Standing Policy Committee had jurisdiction over matters related to historical buildings and river-related issues in additional to those of its predecessor in the area defined as Downtown.

IMPLICATIONS OF THE RECOMMENDATIONS

- The Department has determined that there is no policy, regulatory, environmental or human resource implications to the lease.

- The City will benefit financially by $97,009 per annum based on $73,359 in costs avoided and an anticipated $23,650 in lease revenue.

- Acceptance of the proposal and subsequent signing of the lease agreement commits the City to a five-year lease, with an option of a further 5 year renewal term, for WOW Hospitality Concepts Inc. or nominee to operate in the facility that is currently vacant.

HISTORY

In 2005, Salisbury House of Canada Ltd. was the successful proponent under RFP NO. 507-2004 for the Development and Operation of the Plaza space, located on the Esplanade Riel Pedestrian Bridge, for Specialty Retail, Food Services, Tourism or other Innovative Purposes. Salisbury House Canada Ltd. vacated the 50 Provencher Blvd. location on December 31, 2012.

In 2013, the Public Service issued an Expression of Interest (EOI # 22-2013) from which Chez Sophie was the successful proponent. Chez Sophie closed its' doors on January 30, 2015.

On February 28, 2015, the Public Service issued an Expression of Interest (EOI #200-2015) in the Winnipeg Free Press, the Materials Management website and the March 17, 2015 edition of the La Liberte' publication. The EOI closed at 4:00 pm on March 31st, 2015. A request for additional information was sent to all of the respondents as the proposals were incomplete. The deadline for the extension closed at 3:00 pm on April 13, 2015.

The Evaluation Committee evaluated each Proposal, based on the respective criterion, as follows:

- Financial Components (Lease Rate/Operating Cost/Utilities/Property Taxes/Term): 50 Points
- Construction of Tenant Improvements & Fit Up Cost & Time Period: 10 Points
- Business Plan (Consisting of 5 points for each of the following: 40 Points
    - Marketing Concept
    - Business Description
    - Vision of Design/Decor
    - Menu – Selection and Pricing
    - Hours of Operation
    - Description of Improvements
    - Previous Experience / References
    - Consideration of St. Boniface Community

MAX 100 POINTS

Eight (8) Proposals were received by the submission deadline (4:00 pm March 31, 2015).

	Financial Criteria	Technical Criteria	Total Score
Submission #1	-50.94	1.50	-49.44
Submission #2	-16.31	14.25	-2.06
Submission #3	-19.33	1.50	-17.83
Submission #4	0.00	3.50	3.50
Submission #5	**56.22**	**29.50**	**85.72**
Submission #6	-110.74	3.00	-107.74
Submission #7	-7.95	11.25	3.30
Submission #8	57.41	23.50	80.91

Following the evaluation of the proposals, Submission #5 by WOW Hospitality Concepts Inc. was determined to be the most advantageous to the City of Winnipeg.

WOW Hospitality Concept's proposed operation entitled "Mon Ami Louis" is a seasonal, full-service restaurant/café featuring a full menu of moderately priced classic French Bistro cuisine with a local Manitoba influence. Mon Ami Louis will be open for Brunch, Lunch and Dinner service during the summer months (May 1 - September 30) and serve as an event centre throughout the rest of the year. The proponent will invest an estimated $100,000 in tenant improvements and be operational by mid – July, 2015.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 23, 2015

Project Name:

First Year of Program **2015**

Lease of Esplanade Riel Restaurant–50 Provencher Blvd.–WOW Hospitality Concepts Inc.

	2015	2016	2017	2018	2019
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	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	11,825	23,650	24,123	24,605	25,098
Net Cost/(Benefit)	$ (11,825)	$ (23,650)	$ (24,123)	$ (24,605)	$ (25,098)
Less: Existing Budget Amounts	36,680	73,359	74,826	76,323	77,849
Net Budget Adjustment Required	$ (48,505)	$ (97,009)	$ (98,949)	$ (100,928)	$ (102,947)

Additional Comments: Incremental revenue consists of annual lease revenue of $23,650 while existing budget amounts consist of direct costs such as utilities, municipal property taxes and operating costs, the 2015 amounts for both pro-rated for a July 1 commencement date. Since the tenant will be responsible for direct costs, avoidance of incurring these costs is reflected as a financial benefit to the City. Both revenues and expenses have been increased by an annual estimated inflation factor of 2% beginning in 2017. In addition to the above, the proponent has committed to tenant improvements to the facility of approximately $100,000.

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

CONSULTATION

In preparing this report there was consultation with:

Legal Services Dept. as to legal issues
Insurance Branch
Materials Management

SUBMITTED BY

Department:	Planning, Property and Development
Division	Municipal Accommodations
Prepared by:	Sandi Caputo
Date:	April 29, 2015
File No.	MA2015-099

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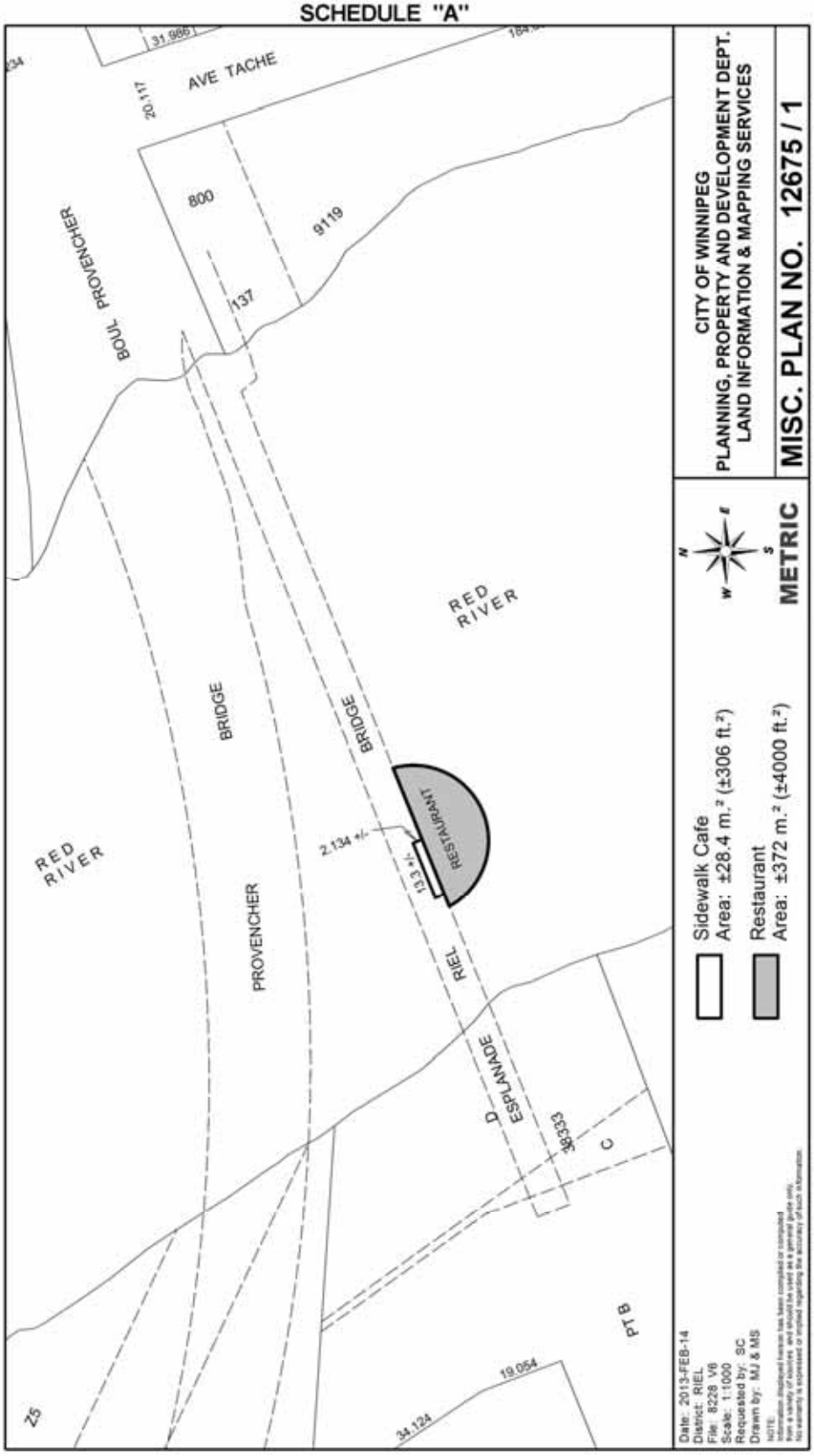
SCHEDULE "A"
AVE TACHE
BOUL PROVENCHER
800
9119
137
20.117
31.986
RED RIVER
BRIDGE
PROVENCHER
BRIDGE
RED RIVER
2.134 +/-
13.3 +/-
RESTAURANT
RIEL
D
ESPLANADE
38333
C
PT B
19.054
34.124
Z5
Sidewalk Cafe
Area: ±28.4 m.² (±306 ft.²)
Restaurant
Area: ±372 m.² (±4000 ft.²)
METRIC
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 12675 / 1
Date: 2013-FEB-14
District: RIEL
File: 8228 V6
Scale: 1:1000
Requested by: SC
Drawn by: MJ & MS

SCHEDULE 'B'
Proposed Terms and Conditions
for the Lease of 50 Provencher Blvd.

Lessee:	**WOW Hospitality Concepts Inc. on behalf of Mon Ami Louis**
Location:	Plaza Space, Esplanade Riel Bridge - 50 Provencher Blvd.
Purpose:	Operation of a restaurant facility during summer months (May 1 – September 30) which includes the option to operate a forty-four seat outdoor café component situated along the north face of the Plaza Space, and operate as an event centre during the winter months (October 1 – April 30)
Term:	5 Year term
Commencement Date:	Commencing upon completion of the tenant improvements
Leased Space:	Approximately 4,000 rentable square feet in the Plaza Space of the Esplanade Riel Pedestrian Bridge
Utilities:	To be paid by the Lessee, to include but not limited to: hydro, water, telephone
Operating Costs:	To be paid by the Lessee, to include but not limited to: window cleaning (interior) refuse removal, janitorial services and supplies, HVAC (general HVAC maintenance not major repairs or replacements), plumbing, electrical, general maintenance, ballast replacement and all other such costs associated with maintenance and repair of the building.
Net Rent:	5% of Gross Sales (defined net of all offsets) in summer months (May 1 – September 30th) of each year
Property Taxes:	To be paid directly by Lessee.
Cancellation:	Cancellation by City on Lessee default of covenants. Cancellation by the Lessee if profitability of summer season not achieved by end of first summer
Renewal Options:	Lessee will have 1 option to renew for an additional 5-year term. Lease rates will be negotiated at the time of the renewal and will be not less than the existing rates.
Hours of Operation:	The premises will be open to the public from 11:00 AM to 10:00 PM summer months (May 1 – September 30) Restaurant will be closed on some Statutory Holidays, to be determined.

Tenant Improvements: The Lessee to invest approximately $100,000 to renovate, furnish and equip the restaurant.

Insurance: The Tenant shall provide and maintain the following insurance coverage at all times for the duration of the contract:

Commercial General Liability insurance including but not limited to protection for claims of bodily injury and property damage, personal and advertising injury and product and completed operations liability in the inclusive amount of at least five million dollars ($5,000,000.00) per occurrence with a minimum of five million dollars ($5,000,000.00) general aggregate. The City shall be covered as an additional insured. Such liability policy must also contain a cross-liability or severability of interest clause, contractual liability, host liquor liability, employees as additional insured's, Tenant's legal liability for a limit commensurate with the space occupied, and shall not contain any special limitations on the scope of coverage afforded the City, its officers, officials, employees, agents or volunteers;

All risks property insurance for the full replacement cost insuring all contents, stock and equipment, tenants improvements and subject to the standard mortgage clause;

Business Interruption insurance including 12 months indemnity;

If required, automobile liability insurance for owned and non-owned automobiles used for or in connection with the Lease in the amount of at least two million ($2,000,000.00) to remain in place at all times during the full term of the Lease Agreement; such insurance may be met through the commercial general liability cover where applicable;

All property policies written on behalf of the Tenant shall contain a waiver of any subrogation right which the Tenant's insurers may have against the City and against those for whom the City is, in law, responsible, whether any such damage is caused by the act, omission or fault of the City by those for whom the City, is in law, responsible;

All polices shall be taken out with insurers licensed to and carrying on business in the Province of Manitoba;

Deductibles shall be borne by the Tenant;

The Tenant shall not cancel, or cause any such policy or policies to lapse without a minimum thirty (30) days prior written notice to the City of Winnipeg;

The Tenant shall provide written notice to the City of any material changes to their policies within thirty (30) days of the change taking effect;

The Tenant shall file with the City an annual Certificate of Insurance in a form satisfactory to the City Solicitor;

The City shall have the right to alter the limits and/or coverages as reasonably required from time to time during the continuance of the Lease and for any subsequent renewals thereof, provided that the City shall give the Tenant reasonable notice and shall request reasonable change.

ACKNOWLEDGEMENT:

Dated the 23 day of April, 2015

I, Doug Stephen hereby agree to the above noted terms and conditions.

I, Doug Stephen,
Have the authority to bind WOW Hospitality Concepts Inc.