

Staff Report



Development Services Department

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REPORT TO: Committee of the Whole

DATE OF MEETING: December 19, 2022

SUBMITTED BY: Cory Bluhm, Executive Director Economic Development, 519-741-2200 ext 7065

PREPARED BY: Brian Bennett, Manager Business Development, 519-741-2200 ext 7230

WARD(S) INVOLVED: Ward 9

DATE OF REPORT: December 14, 2022

REPORT NO.: DSD-2022-487

SUBJECT: Strategic Lease Opportunity – 57 Jubilee Drive

RECOMMENDATION:

That the Mayor and Clerk be authorized to execute a lease agreement with Walkinshaw Holdings Inc for the building and space municipally known as 57 Jubilee Drive under the terms and conditions outlined in DSD-2022-487, subject to all necessary permits and approvals being received by Walkinshaw Holdings Inc prior to the execution of the lease, with said agreements to be to the satisfaction of the City Solicitor.

REPORT HIGHLIGHTS:

- The purpose of this report is to authorize the execution of a lease agreement with Walkinshaw Holdings Inc for operation of 57 Jubilee Drive.
- The key finding of this report is Walkinshaw Holdings Inc was the successful proponent of a competitive process to select a new operator for the Boathouse, and as such, a lease may now be executed.
- The financial implications are Walkinshaw Holdings Inc will cover the capital costs associated with any renovations and will pay the City rent for a period of 10 years, with an option for an additional 5 years.
- Community engagement included advertising the request for proposals process to the City's website and the posting of various media releases at key milestones during the selection process.
- This report supports a vibrant economy.

BACKGROUND:

The Boathouse located at 57 Jubilee Drive has been a key asset of Victoria Park and Kitchener's history for decades. In November 2019, the previous operator discontinued operating the Boathouse, with the City's intention to issue a new Request for Proposal (RFP) to establish a new operator. This process was delayed as a result of the pandemic and uncertainty in the food and beverage sector with mandated Provincial lockdowns. An RFP was issued in November of 2021, closing in January 2022. The intent of the RFP process was to receive responses from experienced and qualified operators of a high-quality food service business and/or live music and entertainment venue operators, conduct a process to identify the highest rated proponent, and then enter into a partnership through a lease agreement. The highest rated proponent was identified, and subject to further approvals, a future lease agreement may be executed to enable their vision for the space to proceed.

REPORT:

Request for Proposals to operate the Boathouse was advertised publicly on the City of Kitchener website. Documents were downloaded by nine (9) interested parties and by the closing date of Monday January 10, 2022, two (2) proposals had been received. A listing of the responding parties follows for your reference: Walkinshaw Holdings Inc. Kitchener ON, Cultura Café Kitchener ON.

Proponents had to satisfy minimum requirements including:

- Combined 5 years food service and/or entertainment experience;
- Minimum \$300,000 working capital and 3 years pro forma financial statements; and,
- Minimum proposed lease rate of \$18/sq ft.

The proposal submissions were rated on the following criteria:

- Statement of Interest and Community Benefit;
- Proposed Use and Operations;
- Business Team Experience and Qualifications;
- Term of Lease and Base Lease Rate;
- Estimated Proponent Improvements Costs; and,
- Financial Capability.

Based on the Committee's recommendation, the project was awarded to Walkinshaw Holdings Inc through Procurement Policy 2017-106, who met all of the minimum mandatory requirements.

Proponents Vision

The proposal from Walkinshaw Holdings Inc. envisions transforming the Boathouse into an iconic venue for live music and food with indoor and outdoor entertainment. To do so, the outdoor patio would be expanded and improvements would be made to the washrooms, windows and main entrance.



Figure 1 – Rendering of the Proposed Vison

Terms of the Lease Agreement

Staff recommend entering into a lease agreement with Walkinshaw Holdings Inc. for a 10-year term with an option to renew for an additional term of 5 years. The lease rate in year 1 would be \$20/sq ft increasing annually to \$21.65/sq ft by year 5. After year 5, the lease rate would increase annually at the rate of inflation. Execution of the lease would be subject to Walkinshaw Holdings Inc obtaining all of the necessary permits and approvals in advance.

On November 1, 2022 the Heritage Committee reviewed the proposed alterations and unanimously approved the Heritage Permit.

Walkinshaw Holdings will also:

- Provide community use of the dining room or patio one day per week;
- Highlight local craft breweries;
- Operate a take-out window;
- Local paid music artists will perform a minimum of 2 days per week;
- Establish a Boathouse local arts fund;
- Establish a Community Advisory Committee representing the community make-up to ensure programming is inclusive and diverse; and,
- Be responsible for the maintenance and repair of the patio.

STRATEGIC PLAN ALIGNMENT:

This report supports A Vibrant Economy.

FINANCIAL IMPLICATIONS:

This is a revenue generating opportunity that will provide community benefit. A portion of the rent revenues are transferred to the Economic Development Reserve annually to repay the capital investment made to the building in 2014.

Capital Budget – The recommendation has no impact on the Capital Budget.

Operating Budget – The recommendation has no impact on the Operating Budget.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

FIN-2022-412 - Strategic Lease Opportunity

HPA-2022-V-027 – Victoria Park Boathouse Proposed Alterations

APPROVED BY: Justin Readman, General Manager, Development Services