

Report to Council



Date: November 16, 2015
File: 1140-45
To: City Manager
From: M. Olson, Manager, Property Management
Subject: Rutland Arena Concession Lease

Report Prepared by: T. Abrahamson, Property Officer

Recommendation:

THAT Council approves the City entering into a three (3) year Lease Agreement, with Una Mak, for the purpose of operating a food concession at Rutland Arena, with the option to renew for an additional two (2) year term, in the form attached to the Report of the Manager, Property Management dated November 16, 2015;

AND THAT the Mayor and City Clerk be authorized to execute the Lease Agreement.

Purpose:

To enter into a Lease Agreement with Una Mak for a term of three (3) years, with the option to renew for an additional two (2) year term, to operate the food concession service at Rutland Arena.

Background:

The Kelowna Minor Hockey Association (KMHA) has operated the concession leases at Rutland and Memorial Arenas since 2007 in accordance with the City's practice which encourages the facility's major tenant to operate concession contracts. Further to their general meeting in August 2015, KMHA served notice to the City that they did not wish to continue leasing the concession space at both Rutland and Memorial Arenas.

Concession lease opportunities for both locations were advertised in October 2015 followed by an optional information session. Only one bid was received for the Rutland Arena concession lease from Una Mak. The concession lease for Memorial Arena will not be filled for the 2015/16 season and will instead be serviced with vending machines.

In addition to the successful operation of the Apple Bowl and Ben Lee Park food concessions, Una Mak has operated the Rutland Arena skate shop rental concession since 2008 and is very familiar with the arena facility, user groups and patrons.

Key Lease Terms:

- The term of the Lease Agreement is three (3) years plus two (2) one (1) year renewals (at the City's discretion);
- The minimum operating hours are 6:00 am - 4:00 pm on weekends plus all minor, junior and senior hockey and/or lacrosse games and special events during each season; and
- Healthy food choices are a requirement of the Tenant as per BC school guidelines.

Financial/Budgetary Considerations:

The Tenant will pay a lump sum each year plus a percentage of the Tenant's Gross Profit to the City based on the Tenant's annual financial statement no later than September 1st of each contract year, as per the following schedule;

2015/2016 - \$500 Lump Sum + 2.5% of Gross Profit

2016/2017 - \$1,000 Lump Sum + 5% of Gross Profit

2017/2018 - \$1,500 Lump Sum + 5% of Gross Profit

Internal Circulation:

Sport & Event Services Manager
Community Recreation Coordinator

Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
Existing Policy
Personnel Implications
External Agency/Public Comments
Communications Comments
Alternate Recommendation

Submitted by:

M. Olson, Manager, Property Management

Approved for inclusion: _____ D. Edstrom, Director, Real Estate

Encl. Rutland Arena Concession Lease
Rutland Arena Bid Proposal - Una Mak

cc: D. Nicholas, Sport & Event Services Manager
S. Tarlit, Community Recreation Coordinator