

25. 5. 2006

**REPORT BY THE CHAIRPERSON OF THE
HAGLEY/FERRYMEAD COMMUNITY BOARD
10 MAY 2006**

PART A - MATTERS REQUIRING A COUNCIL DECISION

1. SCARBOROUGH FARE RESTAURANT AND CAFÉ LEASE TENDER

General Manager responsible:	General Manager Corporate Services, DDI 941-8540
Officer responsible:	Acting Corporate Support Manager
Author:	Bill Morgan, Property Consultant

PURPOSE OF REPORT

1. The purpose of this report is to seek delegated authority from the Council to authorise the Corporate Support Manager to consider and accept an appropriate tender for the lease of the Scarborough Fare Restaurant and Café generally as outlined in this report.

EXECUTIVE SUMMARY

2. As the lease of the facility has expired tenders have been called in accordance with Council policy from interested parties to take a new lease of the facility with the closing date being 10 May 2006. In accordance with the tender conditions there is a requirement to accept a tender by 31 May 2006. Given the timeframes, delegation to do so is sought to the Corporate Support Manager following appropriate evaluation.
3. As possession of the facility is required to be given or taken by 14 June 2006, the date which the sitting tenant wishes to vacate the premises if its tender is unsuccessful, it is critical that the acceptance and handover dates be met to ensure there is a continuity of business.

FINANCIAL AND LEGAL CONSIDERATIONS

4. All of the costs associated with the proposed new lease of the facility together with the legal costs associated with the preparation and issue of a new lease will be borne by the successful tenderer. There are no issues for the Council to consider.

STAFF RECOMMENDATION

It is recommended that the Council approve a delegation to the Corporate Support Manager to accept a tender for the lease of the facilities known as Scarborough Fare Restaurant and Café generally as outlined in this report subject to an appropriate evaluation process being complied with.

The acceptance of any tender is conditional upon the Department of Conservation's consent being obtained to the granting of a lease, pursuant to Section 54(1)(d) of the Reserves Act 1976, on the terms and conditions outlined within the report.

BOARD RECOMMENDATIONS

1. That the Council approve a delegation to the Corporate Support Manager to accept a tender for the lease of the facilities known as Scarborough Fare Restaurant and Café generally as outlined in this report subject to an appropriate evaluation process being complied with, as shown on the plan as areas A and B.
2. That the acceptance of any tender is conditional upon the Department of Conservation's consent being obtained to the granting of a lease, pursuant to Section 54(1)(d) of the Reserves Act 1976, on the terms and conditions outlined within the report.
3. That the Council erect a sign in area B containing the words "public area."
4. That provision be included in the lease terms and conditions that area B is maintained by the lessee to an acceptable level with regular monitoring.

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BACKGROUND

5. The Scarborough Fare and Restaurant and Café is located within Scarborough Park, which is held as a reserve for recreational purposes under the Reserves Act 1977. The facility has been operated as a café and restaurant for a considerable period of time with the current lease being issued in 1990 and expiring on 22 October 1995. Given the difficulties of marketing and letting the premises over the Christmas and holiday period the existing tenant has been allowed to continue in operation on a monthly basis.
6. Because strong interest has been expressed in leasing the facility, a decision was taken to offer the lease by tender to ensure fair competition in the market place.

TENDER DETAIL

7. The proposal calls for tenders to lease the existing facility together with a right to use the outside dining area. The lease offered is for a term of six years with a right of renewal for a further six years.
8. Tenderers are required to submit an annual base rent together with an annual percentage rent based upon the gross turnover per annum. The proposed lease provides that rent reviews will be undertaken every three years.
9. The uses permitted are prescribed as being a restaurant and catering business including (but not limited to) lunches, morning and afternoon teas and dinners. A public take-away service is also to be provided to beach patrons for the provisions of ice-creams and other refreshments.
10. The usual provisions are included regarding the standard lease requirements in terms of the tenants' obligations to maintain the facility to ensure compliance with the normal health and safety regulations as well as the usual provisions in relation to the assignment or subletting of the premises and arbitration.
11. The following information is required to be confirmed by all tenderers:
 - (a) Premises - A description and artist's impression of the alterations and any additions to the Premises proposed by the Tenderer together with a description of the fitout intended to be undertaken.
 - (b) Permitted Use - A description of the proposed business use including:
 - (i) A short business plan;
 - (ii) Details of the proposed menu and service style;
 - (iii) Days/hours of operation - Specify the proposed days of operation and hours of operation, identifying any seasonal variations;
 - (iv) Staffing - Confirm whether the tenderer intends to be an owner/operator and/or the extent to which staff will be employed;
 - (v) Quality Control - Provision for quality control measures and standards;
 - (vi) Marketing Strategy - Proposals for the marketing of the premises; and
 - (vii) Financial projections and cash flow forecast.
 - (c) HASIE plan - Provide a copy of the tenderer's proposed health and safety management plan (under the Health and Safety in Employment Act 1992) relating to the tenderer's business.
 - (d) Details of the tenderer's experience, financial resources, operational ability and expertise including:
 - (i) Full details of the tenderer's business experience;
 - (ii) The tenderer's financial backing (the Council would prefer to receive three years financial accounts but accepts that some tenderers may object to this on the grounds of commercial sensitivity and/or confidentiality. Alternative ways of satisfying this requirement should be discussed with the Council's agent before lodgement of the tenderer); and
 - (iii) Two (or more) referees, who can be contacted.

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- (e) Details of preferred lease terms and conditions, including:
 - (i) Proposed rental and method of calculation; and
 - (ii) Details of any additions or alternatives to the proposed lease.

OPTIONS

12. Given that the existing facility is servicing the need in the area as well as providing light refreshment for those people using the beach and promenade, it is believed that the continued use of the facility for these purposes is essential.