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Corporate Plan Output: - Customer Services – Consents 9.4.8	

The purpose of this report is to seek the Council's approval to call for proposals for a lease by tender of the premises known as the Gardens Restaurant situated in the Botanic Gardens.

BACKGROUND

The Botanic Gardens Restaurant and Tea Kiosk has been operated under lease for many years. The current lease to Spotless Catering Services (NZ) Limited will expire on 31 March 1999 with no further right of renewal. Spotless Catering, an Auckland based company, acquired the lease by assignment in April 1989. The previous lessee, ADT Services (formerly Huntsbury House) were awarded the lease by tender in December 1987.

The original kiosk building was built about 1940. Following a fire in April 1979 the existing kiosk was built with the addition of toilets in 1982.

EXISTING LEASE

The lease commenced 1 April 1988 and was for a period of five years with one right of renewal for a further five years. The lessee is responsible for interior and exterior maintenance. The rental clause provides for a minimum (base) rent or a percentage of gross sales whichever is the greater. The lessee trading as the Gardens Restaurant has the sole exclusive right while the Botanic Gardens are open to the public to supply refreshments and to cater for wedding party receptions and other similar functions.

CURRENT HOURS OF OPERATION

1 August to 31 May
7 days per week

10.00 am to 4.30 pm

1 June to 31 July - as mutually agreed.
Christmas Day, Good Friday and ANZAC Day
at discretion of lessee

During daylight saving the lessee may extend the hours of operation to provide light evening meals provided the restaurant is closed one hour before the Botanic Gardens gates are closed. (Closing times depend on hours of daylight and are between 5.30pm mid winter and 9.00pm at the height of summer.)

IMPROVEMENTS

The building, its fixtures and fittings and all improvements made by the tenant on termination of the lease becomes the property of the Council without right of compensation.

INSURANCE

The building is insured for full replacement by the Council (approximate value \$392,000) with the premiums recoverable from the lessee. The lessee holds public liability insurance of \$1m.

RESTAURANT/KIOSK

In 1994 the lessee Company instigated a development and marketing plan aimed at increasing patronage and improving the standard of service and food which the Council endorsed.

The main features of the plan included new signage, a redeveloped entrance to the restaurant, an extended menu and a greater selection of take-away foods from the kiosk. A morning/afternoon tea tour package was also to be provided with the restaurant being promoted as a venue for weddings. The alterations for these initiatives were carried out in 1994. The restaurant provides both smorgasbord and a la carte menu options. The kiosk has available both hot and cold takeaway food as well as a range of confectionary, packeted food and hot/cold beverages. Council staff believe there is tremendous potential to revamp this business with innovative marketing, packaging presentation and styling of the restaurant. It is felt the full potential of this business is not presently being realised

REQUEST FOR PROPOSALS

Consistent with Council policy in allocating ratepayer assets it is both appropriate and timely that the future operation of the Gardens Restaurant, when the current lease runs out, be determined by the public tender process. This process can take the form of a 'request for proposals' that will allow for innovative ideas on the character and nature this restaurant should take to fulfil its true potential in this high profile location while complementing the surrounding Botanic Gardens and its variety of visitors either locally or from abroad. It is considered that because of its unique location and the resultant business opportunity, it would be appropriate that the tender be advertised nation-wide.

EVALUATION OF TENDERS

It is proposed that in evaluating tenders, regard should be had for the following criteria:

1. Strength of Proposal
 - (a) Scope for improvement of product and service
 - (b) Marketing strategy.
 - (c) Expansion of business, catering for special functions, weddings, birthdays, corporate functions etc.
 - (d) Style/theme of Restaurant.
 - (e) Compatibility with the use of the adjacent Botanic Gardens.

2. Credentials of Proposer

Management
Finance/backing
Track record
Experience
References/referees
Quality control measures/standards

3. Rental Proposed

The minimum annual rental exclusive of GST and a percentage of turnover.

4. Lease Conditions

- A term of up to a maximum of 12 years.
- Performance conditions including financial and statistical reporting and monitored quality standards.
- A base rental with a percentage of turnover whichever is the greater, subject to review.
- All utility and building maintenance (the Council to remain responsible for structural repairs).
- All outgoings normally associated with a commercial lease of land and building including local body rates.

An agreed programme for maintenance/upgrade of premises having regard to a building maintenance report to be undertaken by Thompson Wentworth will be a condition of the lease. There is no outstanding maintenance work that staff are currently aware of:

Now that the Council Curator's House is to be used as a restaurant, the sale and exclusive right to trade in the Botanic Gardens, presently held by the Gardens Restaurant, will not be available to the new operator.

Seven days a week all year operation. Hours of operation to fit in with the times the Botanic Gardens are open to the public but not preventing negotiated security arrangements to allow special functions in the evening beyond gate closing time.

Other standard conditions for commercial leases of reserve (lease to issue pursuant to section 61 of the Reserves Act 1977).

CHANGE OVER DATE

Should the present lessee, Spotless Catering, who have expressed their wish to continue with the business, not be the successful tenderer, it is proposed the new lease take effect from 1 July 1999. This will allow a transition in the off season and time for the new operator to implement any new initiatives by the start of spring. Spotless are agreeable to negotiate running the business from 1 April 1999 to the changeover to maintain continuity in the event they are not the successful tenderer.

CITY PLAN

The operation of a restaurant in the Botanic Gardens including holding of functions such as weddings where people buy and consume liquor in conjunction with a meal is a permitted activity in terms of the Transitional Plan.

TOAST RACK

At present to maintain the operation Spotless have been operating the toast rack vehicle on the basis that the Gardens Restaurant retains the revenue from which operating costs are deducted and the excess passed to the Council. The Council is responsible for servicing the vehicle. It is not intended the operation be included in the tender as long term it is felt that operationally and economically it would be better run in conjunction with the information centre under the control of the Botanic Gardens staff. This situation will be reviewed when a new lease for the Gardens Restaurant is in place.

- Recommendation:**
1. That the Council approve calling for proposals for the sale of a lease by tender of the Botanic Gardens Restaurant and Kiosk together with the immediate surrounds necessary to service the building.
 2. That a lease pursuant to section 61 of the Reserves Act 1977 be offered for a term of up to a maximum of 12 years and that the lease be marketed locally and nationally.
 3. That a sub-committee be appointed with power to consider tenders received and recommend acceptance of a suitable tender direct to the Council.

Chairman's

- Recommendation:**
1. That the above recommendation be adopted.
 2. That the members of the sub-committee be the Chairman, Councillors Anderton and Austin.