



Date: July 20, 2011

TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Foodservice Operation at Hillcrest Centre – Award of Contract

RECOMMENDATION

- A. *THAT the Board approve a 5-year Operating Agreement for Blue Parrot Coffee Inc. to construct and operate a food and beverage service in the designated site at Hillcrest Centre, and subject to the approval of the General Manager of the Park Board, up to two additional 5-year renewal terms.*
- B. *THAT the fee structure be set at a rate of 10% of annual Gross Revenues up to \$800,000 and 15% of annual Gross Revenues over \$800,000.*
- C. *THAT all legal documentation is to be in a form which is satisfactory to the Director of Legal Services for the City of Vancouver and the General Manager of the Park Board.*
- D. *THAT the General Manager be authorized to execute and deliver such documentation on behalf of the Board.*
- E. *THAT no legal rights shall arise and no consents, permissions or licences are granted hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties*

BACKGROUND

The new Hillcrest Centre will be Vancouver's largest and first fully integrated City-wide recreation facility. The complex, which is in the final stages of construction, is scheduled to open in late-2011. Once up and running, the Centre will be home to the City's largest indoor/outdoor aquatic facility, a dynamic community centre, NHL-size ice rink, curling club, library, and preschool. The designated foodservice space is located on the main concourse of the complex in the highest traffic/highest visibility location and will be accessible to all facility users and visitors.

DISCUSSION

RFP Process

An RFP was developed and released in early-February 2011, seeking proposals from experienced and qualified proponents interested in constructing and operating a limited menu foodservice operation at Hillcrest Centre. The RFP was directly distributed to over 30 organizations and notifications of the opportunity were published on BC Bid, the Park Board's website, and in the Vancouver Sun.

Six detailed and comprehensive proposals were received in late-March 2011, in response to the RFP process. An interdepartmental Selection Committee was established to review the proposals. Key evaluation criteria included:

- Financial fee/offer;
- Foodservice concept (including suitability/fit with the recreational nature of the facility);
- Experience/qualifications;
- Operations/level of service (including environmentally-friendly and sustainable practices);
- Capital investment;
- Financial capacity; and
- Value added services.

Successful Proponent

Following a detailed proposal review, a short listing process, follow-up meetings/presentations, and site visits, the Selection Committee identified Blue Parrot Coffee Inc. as the successful proponent. Blue Parrot Coffee Inc. is a Vancouver-owned and operated company with a 30-year history of providing quality food and beverage operations and customer service. Blue Parrot Coffee Inc. is owned by Vancouver entrepreneur, Arkady Draliuk, who also owns and operates the Blue Parrot Coffee location at Granville Island Public Market, Bean Brothers Café Bistro in Kerrisdale, and provides mobile food and beverage solutions at special events and venues throughout Greater Vancouver. Mr. Draliuk's foodservice operations have developed a strong reputation for their customer-focused approaches, environmentally-friendly operations, use of beyond fair trade-certified suppliers, strong staff retention policies, and their flexibility/scalability to meet marketplace needs.

Key Proposal Components

Term: The initial term of the agreement will be for five (5) years with an opportunity to renew for two additional five (5) year terms.

Fee: For the first five (5) year term, Blue Parrot Coffee Inc. will pay the Park Board the greater of:

- 10% of annual Gross Revenues up to \$800,000 and 15% of annual gross revenues over \$800,000 (percentage fee); or
- \$80,000 per year (fixed fee).

Capital Investment: The proponent will invest approximately \$600,000 to construct and fully fit out the foodservice operation at Hillcrest Centre.

Menu/Affordability: Blue Parrot Coffee Inc. will offer customers a wide variety of food and beverage choices at competitive industry prices.

Environmentally-Friendly/Sustainable Practices: Consistent with its operations at other locations, Blue Parrot Coffee Inc. will utilize environmentally-friendly practices to the greatest extent possible, including but not limited to the use of traditional glass/ceramic beverage containers and conventional cutlery (in order to reduce waste at the complex) and energy efficient appliances/equipment. The proponent will also continue to utilize beyond fair trade-certified suppliers.

Range of Services: In addition to serving facility users and visitors at its designated location on the main concourse, Blue Parrot Coffee Inc. will also provide catering services at the complex on a non-exclusive basis.

Other Items/Considerations

This opportunity was presented by staff to the Board's Services and Budgets Committee on July 19, 2011. The Committee expressed support for the Blue Parrot Coffee Inc. submission and endorsed its presentation to the Board for final review and approval on July 25, 2011.

SUMMARY

Blue Parrot Coffee Inc. meets the key requirements necessary to construct and operate the foodservice operation at Hillcrest Centre. Accordingly, staff recommends that the Board approve the terms as noted above and authorize the General Manager, in coordination with the City's Director of Legal Services, to enter into a formal operating agreement with Blue Parrot Coffee Inc.

Prepared by:
Stanley District
Vancouver Board of Parks and Recreation
Vancouver, BC

OS/os