
CITY OF KELOWNA

MEMORANDUM

Date: June 7, 2006
File No.: 0870-20
To: City Manager
From: Cultural Services Facilities Manager
Subject: Guisachan Restaurant Lease (Cameron House)

RECOMMENDATION:

THAT City Council approves a five year lease with "Strongwave Investment and Business Consulting Ltd." for the commercial lease of the Cameron House in Guisachan Park;

AND THAT the Mayor and City Clerk be authorized to endorse the lease based on the attached criteria;

AND THAT the 2006 budget be so amended.

BACKGROUND

In the 1990's the City purchased the Cameron House and various out buildings located on what is now known as the Guisachan Park. The City then leased the house and property to the Central Okanagan Heritage Society. The Society restored the Cameron House then leased it out to Strongwave Investment and Business Consulting Ltd and the Guisachan House Restaurant developed. The Society presently has a lease with Strongwave Investments which is in Overholding.

Council has previously approved a Memorandum of Understanding with the Central Okanagan Heritage Society returning the Cameron House back to the City for administration.

Staff employed a professional appraiser to review the property and provide an estimate of market rent. The appraisers report provided the basis for the rent being recommended in this lease.

Staff have now completed negotiating a lease with Strongwave Investment and Business Consulting Ltd. for the lease of Cameron House and the terms are noted on the attached.

DISCUSSION

Concerns have been raised by Council, neighbours, and the Central Okanagan Heritage Society that include the following:

- Protection of the heritage characteristics of the building
- Noise from the park during rentals
- Central Okanagan Heritage Society's use of the gardens for the Annual Garden Show

In order to protect the heritage characteristics of the building, the lease contains a clause requiring that the lessee must obtain written permission for any leasehold improvements. Prior to approving the proposed Leasehold Improvements the City shall ensure that proposed Leasehold Improvements maintain the heritage character of the building and may if necessary consult with the Central Okanagan Heritage Society in making that determination. Photos of the interior have also been included as part of the lease identifying specific heritage characteristics of the building as well as a plan identifying specific areas of the building with heritage value that can not be changed without approval of Council.

To address neighbors concerns regarding noise from late night rentals a clause has been added to the lease whereby the lessee is required to hire and pay for a security guard / company of the City's choosing who shall be employed to uphold the municipal bylaws and protect the civic property. This is the same level of service proved at the Parkinson Recreation Centre where noise concerns by neighbours were raised. The security company has contacted all neighbours whose properties border the park and advised them of this arrangement and has provided them with a phone number to call with any complaints they have during a rental. The security guard on site will be the neighbour's first point of contact to address noise concerns. The guard will provide a written report to the Civic Properties Manager after each function.

To avoid double booking of the gardens between the Central Okanagan Heritage Society and the Guisachan House Restaurant, specific dates for the Central Okanagan Heritage Society's Annual Garden Show fundraiser have been identified in both the COHS Memorandum of Understanding and this lease for the next five (5) years.

For Councils information part of the appraisers report was a recommendation that the cedar shake roof be investigated. A roofing consultants report in April this year has identified that the cedar shake roof of Cameron House will require replacement in 3- 5 years at a current cost of \$30,000. This item will be brought forward at future budget.

Ron Forbes
Cultural Services Facilities Manager

cc: Director of Parks and Leisure Services
 Director of Finance
 Civic Properties Manager
 Parks Manager

**Base Terms of Lease Agreement for Strongwave Investment and Business Consulting Ltd.
for Cameron House in Guisachan Park**

Term: 5 year (June 1, 2006 – May 31, 2011)

Area: 3,325 sq. ft (excluding the basement)

Rate: Base lease – See chart below

Triple Net: Paid by tenant (property operations & taxes to be determined)

**Tenant
Improvements:** By tenant

Financial Summary

3,325 sq.ft.	Per foot	Per year
Lease income		
2006 (6 months)	\$10.50	\$17,456
2007	\$10.50	\$34,913
2008	\$10.50	\$34,913
2009	\$10.50	\$34,913
2010	\$10.50	\$34,913
2011 (6 months)	\$10.50	\$17,456
Lease Total		\$174,560