



Governance and Priorities Committee Report

For the Meeting of September 11, 2014

To: Governance and Priorities Committee **Date:** September 1, 2014
From: Jocelyn Jenkyns, General Manager
Subject: Victoria Conference Centre Food and Beverage Agreement

Executive Summary

The Victoria Conference Centre (VCC) was established as a self-financing department of the City of Victoria in 1989. The centre was built on property originally owned by CP Hotels. Over time, the property has changed hands with the current owner being Bosa Development Corporation (BDC) and the hotel management company being Fairmont. BDC and the City are parties to a 50 year lease which extends to 2037. A key element of the lease is the operating agreement which gives the Fairmont Empress exclusive rights to the provision of food and beverage (F&B) services at the VCC.

The Fairmont Empress and the VCC both hold food primary licences for their facilities. The Fairmont Empress purchases all liquor for the provision of services at the conference centre as well as the hotel and was bound to strictly administer both licences separately including the storage and inventory of liquor for both buildings.

Through the adoption of Bill 15, the Province has amended various liquor regulations to streamline the administration of food and liquor primary licences. One of the amendments being the delegation of the licence to a third party for the provision of services.

The City has now finally reached an agreement with the lawyers for the Fairmont Empress regarding the language of the F&B Agreement which will allow them to operate liquor services under the City's licences in both VCC and Crystal Garden in a manner that complies with provincial liquor laws. The draft agreement is attached for your information.

Recommendation:

That Council authorize the Mayor and Corporate Administrator to execute the VCC Food & Beverage Amendment agreement, and other documents necessary for the third party liquor operations, in the form of agreement attached to this report to the satisfaction of the City Solicitor.

Respectfully submitted

A handwritten signature in cursive script, appearing to read 'Jocelyn Jenkyns', followed by a horizontal line.

Jocelyn Jenkyns
General Manager

Report accepted and recommended by the City Manager:

A handwritten signature in blue ink, consisting of stylized, overlapping loops and a long horizontal stroke at the end.

Date:

Sept. 5, 2014

Purpose

In 2013 the Province conducted a review of Provincial Liquor laws to modernize and streamline the sales and administration of liquor and liquor services in BC. The purpose of this report is to provide Council with information related to the liquor regulation amendments specifically related to the Food and Beverage (F&B) Agreement between the Victoria Conference Centre and the Fairmont Empress.

Background

The Victoria Conference Centre (VCC) was established as a self-financing department of the City of Victoria in 1989. The centre was built on property originally owned by CP Hotels. Over time, the property has changed hands with the current owner being Bosa Development Corporation (BDC) and the hotel management company being Fairmont. BDC and the City are parties to a 50 year lease which extends to 2037. A key element of the lease is the operating agreement which gives the Fairmont Empress exclusive rights to the provision of food and beverage (F&B) services at the VCC.

The Fairmont Empress and the VCC both hold food primary licences for their facilities. The Fairmont Empress purchases all liquor for the provision of services at the conference centre as well as the hotel and historically has been bound to administer both licences separately including the storage and inventory of liquor for both establishments.

Through the adoption of Bill 15, the Province has amended various liquor regulations to streamline the administration of food and liquor primary licences. One of the amendments being the delegation of a licence to a third party for the provision of services.

Issues and Analysis

The deliberations between the City and BDC related to the F&B agreement were fairly straightforward with the exception of jurisdictional issues related to the provision of F&B services at Crystal Garden. At this point, the City and BDC Empress disagree as to whether the Lease and the Operating Agreement apply to food and beverage services at Crystal Garden. Notwithstanding that, the City continues to permit BDC Empress (as successor to CP) to provide food and beverage services at the Crystal Garden but in doing so does not concede that the Lease and the Operating Agreement apply to food and beverage services at the Crystal Garden and enters into the agreement without prejudice to the City's right at any time to dispute the applicability of the Lease and the Operating Agreement to the Crystal Garden.

The term of the amended agreement will commence on the date of signing and expire according to the attached agreement in section G (2).

Recommendation

That Council authorize the Mayor and Corporate Administrator to execute the VCC Food & Beverage Amendment agreement, and other documents necessary for the third party liquor operations, in the form of agreement attached to this report to the satisfaction of the City Solicitor.