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City poised to extend food, drink monopoly for eastern beaches

By Kelly Grant

From Tuesday's Globe and Mail

'This deal stinks to high heaven,' says Councillor Denzil Minnan-Wong

For more than two decades, the owner of the Boardwalk Pub has enjoyed a monopoly on food and drink sales on the eastern beaches, the waterfront jewel that stretches from Woodbine Beach Park to the end of the boardwalk.

Now city council is poised to extend that arrangement until 2028 - without competitive bids and with sweetened terms, including the right to hawk merchandise on the boardwalk, sell booze in Ashbridge's Bay Park and pay \$50,000 less in annual rent than city council asked for more than three years ago.

That is, unless a simmering movement to kill the deal prevails at city council this week.

"The lease is just a shambles, frankly," said Adrian Heaps, one of the councillors demanding it be re-opened and tendered. "An RFP [request for proposals] should have been issued in the first place."

The story of why that didn't happen stretches back to the 2006 election season, when skittish incumbents were preparing to face voters.

Earlier that year, George Foulidis, the businessman who has operated the Boardwalk Pub and two concession stands at Kew Gardens and D.D. Sommerville Pool on the city-owned beachfront since 1986, approached the municipal government about extending his lease beyond its September 2007 expiry date.

City staff called for competitive bids. Instead, council, at its last meeting before voting day, rejected competition at the urging of local councillor Sandra Bussin, who praised Mr. Foulidis's independent business as a barrier to fast-food chains.

In February 2007, the new council confirmed the sole-source approach, dictated the skeleton of a long-term lease and asked bureaucrats to flesh it out.

More than three years later, there's still no deal. Difficult negotiations produced a draft agreement, which goes to council Tuesday or Wednesday. Ms. Bussin is reportedly planning to recuse herself from the vote. She did not return calls seeking comment Monday.

If the new lease passes, Tuggs Inc.'s exclusive rights would expand to include: Selling merchandise such as T-shirts, sunscreen and Frisbees on the boardwalk; selling alcohol at Ashbridges Bay Park; operating a licensed mobile truck in the east parking lot at Ashbridges Bay and erecting as many as four new advertising signs.

"It'll become a Coney Island here," warned Keith Begley, who attended a small public meeting at the Beaches Lions Club Monday night organized by Bruce Baker, a candidate trying to unseat Ms. Bussin in the Oct. 25 election.

Meantime, Tuggs would pay \$1-million less in rent and \$410,000 less in guaranteed sponsorship revenue over the life of the 21-year deal than council approved in 2007. Tuggs is also refusing to kick in \$200,000 for capital improvements to Woodbine Beach Park as laid out in the original agreement.

For his part, Mr. Foulidis has sunk decades and large sums of his own money into building and maintaining the Boardwalk Pub and his concession stands. A staff report suggested council's 2007 rent and sponsorship targets were unrealistic, especially in light of the economic decline since then.

Mr. Foulidis is alarmed council might vote in favour of tendering after explicitly promising it wouldn't. "The concept of an RFP was the subject matter of lengthy debate at the council meeting of February 2007," Mr. Foulidis wrote in a letter to the mayor and city council. "Council dealt with that issue then and firmly rejected it."

Earlier this spring, council voted to eject a beach volleyball operator that staff said was behind on its payments. Tuggs Inc. did owe about \$100,000 in taxes, but after losing an appeal it has begun to pay back the city, said Brenda Patterson, general manager of Parks, Forestry and Recreation.

Chris Yaccato, co-chair of the Toronto Beaches Dog Association and another organizer of the Monday night event, said Mr. Foulidis's exclusive vendor rights extend to blocking community and charity events from the Beaches. When he asked city parks staff if he could hold a party for his dog group, possibly a small fundraiser, the parks employee told him the Tuggs agreement forbade it.

But Mr. Foulidis said in an interview that he has permitted community events, "countless times. Endless times. We've done it forever." He said the city has final say, something Ms. Patterson confirmed. "I don't think it's been an issue. My sense is that those things have in fact happened," she said.

Still, the Tuggs lease is so charged that when it landed on the government management committee's plate a few weeks ago, the committee wound up deadlocked, sending the lease to council without recommendation.

"I'm a supporter of the family argument," said Councillor Bill Saundercook, who backed the revised lease. "They built their business from the ground up."

But he'll face fierce opposition from the likes of Councillor Denzil Minnan-Wong. He argued against a sole-source deal back in 2006 and 2007.

"The only thing we can do is take it to RFP. This deal stinks to high heaven."

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