

Parks and Recreation Division - Food Service Review (All Wards)

(City Council on February 29, March 1 and 2, 2000, struck out and referred this Clause back to the Economic Development and Parks Committee for further consideration, together with the following motions, and the Commissioner of Economic Development, Culture and Tourism was requested to conduct further community consultation in this regard:

Moved by Councillor Chow:

“It is further recommended that the Commissioner of Economic Development, Culture and Tourism be requested to submit a report to the Economic Development and Parks Committee on the impact of this program on youth employment.”

Moved by Councillor Mammoliti:

“It is further recommended that the Commissioner of Economic Development, Culture and Tourism be requested to canvass the community for their cultural food preferences and include such information in his report to the Economic Development and Parks Committee.”

Moved by Councillor Miller:

“It is further recommended that the Commissioner of Economic Development, Culture and Tourism be requested to submit a report to the Economic Development and Parks Committee on:

- (1) methods to ensure that small business private operators are encouraged and multinational brands discouraged or prevented from succeeding in the bids; and*
- (2) methods to enhance the efficiency and quality of the directly-operated food service outlets.”*

Moved by Councillor Shiner:

“It is further recommended that the Commissioner of Economic Development, Culture and Tourism be requested to submit a report to the Economic Development and Parks Committee on:

- (1) opportunities to provide for enhanced community partnership agreements; and*
- (2) methods to encourage employment for youth.”)*

The Economic Development and Parks Committee recommends the adoption of the following report (January 27, 2000) from the Commissioner of Economic Development, Culture and Tourism, subject to amending Recommendation No. (3) to provide that the Commissioner of Economic Development, Culture and Tourism, be requested to report to the Economic Development and Parks Committee on proposals to tender prior to issuance of same:

Purpose:

To provide a summary of the recommendations resulting from the review of food services carried out for the Parks and Recreation Division; and to request approval for staff to implement those recommendations.

Financial Implications and Impact Statement :

It is estimated that adoption of the recommendations in this report will result in a \$500,000.00 increase in net revenue from food service operations in 2000. There are no other financial implications resulting from the adoption of this report.

Recommendations:

It is recommended that:

- (1) the Foodservice Review and Master Plan prepared for the Toronto Parks and Recreation Division by FHG International be received;
- (2) the Commissioner of Economic Development, Culture and Tourism be directed to implement a consolidated approach to food service operations across the Parks and Recreation Division;
- (3) the Parks and Recreation Division move to food service operation by private operators utilizing branded concepts, as opportunities to tender existing contracts arise, as recommended in the Master Plan;
- (4) existing food service operations provided by community groups and for fund raising purposes be retained; and
- (5) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The Parks and Recreation Departments of the former local municipalities and the former Metro Parks and Culture Department, provided food services related to parks and recreation facilities in a variety of ways. Food services in the form of snack bars and vending machines were operated in-house, for the most part, by the former Scarborough, York and Etobicoke, while other

Departments had established an array of contracts and agreement for the provisions of food and beverage services. As part of the City of Toronto amalgamation process, a comprehensive study to examine food services within Parks and Recreation Division was undertaken. In November of 1998, FHG International, a firm which specializes in food services and hospitality consulting was selected to undertake this study.

The terms of reference for the Parks and Recreation food services study were to:

- (a) evaluate existing concession and vending operations, as measured against other outside operated concession area, and industry standards;
- (b) identify service gaps and alternate service delivery options;
- (c) conduct a financial review of existing in-house operated concessions areas and third party operated concession areas;
- (d) recommend best practice of the operation of concession areas;
- (e) identify opportunities for the co-ordination of concession operations with other departments and Agencies, Boards and Commissions;
- (f) analyze the viability of franchise operated concession areas in the Parks and Recreation facilities as an alternative method of service delivery, and the option of catering internal special events in recreation facilities; and
- (g) provide recommendations for a management structure and resource requirements for the co-ordination of concession activities and food service for the Parks and Recreation Division.

FHG International carried out an extensive review of existing food and beverage operations currently run by the Parks and Recreation Division. Based on this review, the consultant devised a Master Plan whereby the Division could meet its overall objectives with regard to food services in terms of increased revenue, better customer service and satisfaction, reduced financial risk for the City, and streamlined management structure.

Comments:

In examining the existing snack bars, restaurants, catering venues and vending locations operated under the auspices of the Parks and Recreation Division, FHG International reached a number of conclusions. In general the consultant felt that:

- (a) the existing management structure, involving six separate operations needed rationalization and consolidation;
- (b) snack bar operations required an updated product mix and improved signage, physical layout, product merchandising and more consistent service standards;

- (c) vending locations and the product provided needed to be re-thought and pricing required review so as to optimize sales and ensure support to snack bar operations;
- (d) restaurant and catering operations were currently under-performing and needed improved quality, appeal and marketing; and
- (e) in-house competition was a concern, and was causing food service operations to perform below acceptable standards.

In order to address these concerns, FHG International recommended the phased implementation of consolidated food service contracts across the City. The general approach would involve a move to branded concepts, where feasible, for the City's food service operations. The concepts would be geared to the locations and the markets involved in the Parks and Recreation Division's varied operations. For example, a coffee shop operation (Second Cup, Tim Horton's, etc.) would be suited to some locations, but a more full service, licensed concept would be more appropriate for the City's golf courses. Contracts would be let through as series of requests for proposals, as existing agreements come due. Current operators who have performed satisfactorily would have the opportunity to submit proposals under the new structure. An implementation schedule is provided as part of the Executive Summary.

As noted above, food service operations in former Scarborough, York, and to some extent in former Etobicoke, are self-operated. Both the consultant, and staff have examined the merits of self-operation and believe that, while there are some advantages to this option, on balance, the tendering of operations to outside operators will provide a higher level of service and a greater return to the City.

Direct operation by the City of its food service outlets offers greater control, especially as it regards price and hours of operation. There is also greater opportunity to integrate marketing of food services with other Division programs than if the City were involved in an arrangement with an outside operator. Contracted operation on the other hand, offers the opportunity to work with outside operators who are able to bring food service expertise, standardized systems, economies of scale and branded concepts to the City's facilities. In addition, use of outside operators relieves the City of the burden of the infrastructure and overhead requirements of a large scale food service operation.

Existing Parks and Recreation food service operations employ 33 full time equivalent's. Under the staff structure proposed by the consultant, Division food services would require six full time equivalent's. It is anticipated that, as contracts are awarded to food service operators, the Parks and Recreation Division's existing part time staff would be given the opportunity to bid on positions included in the new contracts. Existing permanent positions would be accommodated within the new food service operations structure.

As noted in the Executive Summary, the consultant believes that implementation of the plan would result in significantly increased net revenues for the City. These are conservatively estimated to be about \$500,000.00 in the first year. This estimate assumes an increase in net revenues from snack bar facilities which are currently self operated of \$300,000.00, based on

rents which the consultant feels are achievable. In addition it is estimated that vending sales and rents would be increase to net the City an additional \$135,000.00. This would be achieved through more locations, better locations and the negotiation of contracts on terms which are closer to what the marketplace is currently offering. Finally, it is suggested that a modest investment in facility upgrades and promotion could net an additional \$65,000.00 in catering revenue in the first year. It should be noted that these estimates do not include increased rent and sales from the negotiation of new snack bar contracts using branded concepts, as existing agreements come due.

As noted under the management structure discussion in the Executive Summary, the recommendations would assist in the meeting the City's targets for the rationalization of human resources. Finally, and perhaps most importantly, the concepts outlined by FHG International will improve customer service and satisfaction for Parks and Recreation food service facilities.

Conclusions:

Members of staff have reviewed the recommendations provided in the Foodservice Review and Master Plan, in detail, and concur with the direction provided in the report. The consultant has provided a phased implementation plan for the recommendations which staff believe is reasonable and manageable. The plan addresses the various issues outlined in the study terms of reference and allows the Parks and Recreation Division to meet its objectives related to amalgamation of operations, customer service and revenue generation.

Implementation of the Master Plan will begin immediately where feasible. As noted above, a number of considerations related to current operations must be factored into the amalgamation of the Parks and Recreation food service operation. These considerations are dealt with through the basic principles of tendering contracts only as they come due, and of protecting existing arrangements with community, non-profit groups. In addition, it is anticipated that all existing full time positions would be accommodated within the new structure, and that part time jobs would be retained where possible in those areas where the City moves from self operation to a contracted arrangement.

Contact Name:

Mr. Andy Wickens, Manager of Business Services,
Telephone: 392-8231, Fax: 392-3355,
E-mail: awickens@city.toronto.on.ca.

(A copy of the Executive Summary, Attachment 1, and a copy of a communication dated February 3, 2000 from Mr. John A. Macintyre, Acting General Manager, Parks and Recreation Division, Economic Development, Culture and Tourism Department, addressed to Ms. Anne Dubas, President, Local 79, Canadian Union of Public Employees, attached to the foregoing report were forwarded to all Members of Council with the February 14, 2000 agenda of the Economic Development and Parks Committee, and copies thereof are on file in the office of the City Clerk.)

The Economic Development and Parks Committee also submits a communication (February 14, 2000) from Ms. Anne Dubas, President, CUPE Local 79:

Re: Item (13): Parks and Recreation Division – Food Service Review, All Wards – Economic Development and Parks Committee Agenda, February 14, 2000.

This report recommends that the Parks and Recreation Division contract-out its food service operation to private operators. Based on the work of an outside consultant, FHG International, the report states that the Division's net revenue would increase by \$500,000.00 and staff would be decreased by twenty-seven full-time equivalents.

Local 79 is shocked by these recommendations which violate our composite Collective Agreement with the City of Toronto. Under this Collective Agreement, Local 79 is entitled to eighty days notice where the contracting-out of our members' work is being proposed. We have enclosed copies of our correspondence regarding this matter. We are asking that the report be withdrawn until the City has complied with the terms and conditions of our Collective Agreement.

We have other serious concerns about the report's recommendations.

FHG International's "Executive Summary" states that contracting-out would decrease the Division's revenues, but that this reduction would be "offset" by cutting twenty-seven full-time equivalent positions. The report says that "existing part-time staff would be given the opportunity to bid on positions included in the new contracts." Indeed, any savings to the Division will be at civic workers' expense.

Many Parks and Recreation employees are young people in their first jobs. Working for "Parks and Rec" is their entry into the workforce, a training ground that encourages the development of leadership skills. In our view, this is a very different experience than applying for a job at Tim Horton's.

The report also recommends a "move to branded concepts" in food and snack bar concessions throughout the City's Parks and Recreation facilities. The privatization and commercialization of public spaces is becoming more common, but it is a trend that should be rejected by this Committee. Toronto's recreation centres are places where children, youth, and adults all enjoy programs and facilities provided by the City. "Branding" is simply not acceptable in this environment.

The report lists several advantages for the City when it directly operates its food service outlets. These advantages include greater control of prices, hours and quality, and integration with other Division programs. These are convincing arguments. In our view, the time and effort that the report recommends putting into contracting-out would be better spent on the Division's own food service operations.

Local 79 urges this Committee to reject the contracting-out being proposed in the report. In the alternative, you should defer consideration of the report until City staff have fully complied with the provisions of our composite Collective Agreement.

The Economic Development and Parks Committee also had before it the following communications, and copies thereof are on file in the office of the City Clerk:

- (a) (February 10, 2000) from Ms. Anne Dubas, President, Local 79, Canadian Union of Public Employees, addressed to Mr. John Macintyre, Acting General Manager, Parks and Recreation Division, Economic Development, Culture and Tourism Department; and
- (b) (February 10, 2000) from Ms. Anne Dubas, President, Local 79, Canadian Union of Public Employees, addressed to Mr. Joe Halstead, Commissioner, Economic Development, Culture and Tourism.

Mr. Denis Casey, 1st Vice President, Local 79, Canadian Union of Public Employees, appeared before the Economic Development and Parks Committee in connection with the foregoing matter

(City Council on February 29, March 1 and 2, 2000, had before it, during consideration of the foregoing Clause, a communication (February 28, 2000) from Ms. Anne Dubas, President, CUPE, Local 79, requesting that Council defer consideration of the Parks and Recreation Division's proposed contracting-out of its food service operation until City staff have fully complied with the provisions of the composite Collective Agreement.)