



TORONTO STAFF REPORT

December 16, 2002

To: Economic Development and Parks Committee

From: Joe Halstead, Commissioner Economic Development, Culture and Tourism
Joseph P. Pennachetti, Chief Financial Officer & Treasurer

Subject: Request for Proposal # 0613-02-0223 for the Operation of Concession Services for the North District of Parks and Recreation Division
Various Wards in the North District

Purpose:

The purpose of this report is to recommend the award of the Request For Proposal (RFP) for the operation of concessions services for the North District of the Parks and Recreation Division of the Economic Development Culture and Tourism Department.

Financial Implications and Impact Statement:

The R.F.P. terms included improved service levels, more diverse and healthy food choices, significant capital investment and improved financial return. Based on the submissions being recommended, the proponents' minimum annual rent payable to the City from concessions is estimated to be \$86,680. The projected net revenues over a five year period is estimated at \$433,400, with a similar financial impact in the second five year period if the City's option is executed. At present, these snack bar locations net to the City \$84,238 per year, with little to no capital investment, and this will meet the budgeted revenues for this component. Further returns can be expected as the public experiences the improved standards of product offered and levels of service. In addition, the proponents will be making a capital investment of approximately \$400,000, during 2003 and 2004, and be responsible for all taxes and utilities.

Recommendations:

It is recommended that:

- (1) the Proposals submitted by International Foods, the highest scoring proponent, and Cittadelle Café, the second highest scoring proponent, be accepted for the five year period; ending the 30th of April, 2008 with the City's option for renewal for a further five year term;

- (2) the Commissioner of Economic Development, Culture and Tourism be directed to negotiate and execute contracts in a form and content, consistent with the RFP and acceptable to the City Solicitor with the successful proponents;
- (3) the option to renew for the period May 1, 2008 to April 30, 2013 be reviewed by the Commissioner of Economic Development, Culture and Tourism in cooperation with the Purchasing Agent, provided the first term of the contract was preformed satisfactorily;
- (4) provided that there is a favourable review, in accordance with Recommendation No.3, The Commissioner of Economic Development, Culture, and Tourism be the delegated authority to exercise the option on the terms and conditions set out above and be authorized to instruct the Purchasing Agent to process the necessary contract; and
- (5) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

Prior to amalgamation, the former City of North York outsourced the Parks and Recreation food service concessions in 1994. These contracts are now included in this RFP for the operation of concession services in the North District of the Parks and Recreation Division.

The RFP was posted on the City of Toronto Internet web site and advertised in the Globe & Mail newspaper on September 16, 2002. The RFP provided for the operation of concession services at 17 locations in the North District which were grouped in four blocks of locations in order to ensure that services would be provided at smaller and more seasonal locations in addition to the larger facilities. Further, the RFP requested that proponents examine opportunities for capital investment in order to improve the overall functionality and aesthetics of the locations, consider the introduction of branded concepts and provide a range of product offerings including healthy menu choices as well as traditional fare.

Twelve firms expressed interest and attended the Bidder's information sessions and five firms submitted proposals, these were International Foods, Cittadelle Café, Mr. Vending/Country Style, Peter Youssef, and Coffee Delight. A committee comprised of staff from the Parks and Recreation Division evaluated the proposals to ensure all criteria were met. Public Health staff also provided input with regard to proposed healthy menu alternatives. All five firms passed the initial evaluation process and were interviewed. The scoring of the five proponents ranged from 71.1% to 87.3%, and the two highest scoring proponents are being recommended for award of the contract in this RFP.

The successful proponents will obtain rights to undertake a business enterprise at several of the locations with certain conditions and terms. In exchange for granting these rights, the Division will receive from the successful proponents both a capital investment and remuneration in the form of base rent and percentage rent. In addition to the capital investment of approximately

\$400,000, the City will receive additional revenue on an ongoing basis. The proponents will be responsible for the payment of all property taxes, utilities and other operating costs.

The Recommended Proponents

Two firms are being recommended as follows:

International Foods: This proponent scored the highest overall in the evaluation process and is being recommended for thirteen locations. The concept will include significant capital of investment of \$339,000 and will be centred around the Bagel Stop brand, which has been in Canada since 1994. In addition to its signature bagels, fresh sandwiches, coffee and pizza slices will be offered, in conjunction with traditional arena foods. This proponent is at present operating the majority of the snack bars in the North District of the Parks and Recreation Division. The recommended locations are: Bayview Arena, Baycrest Arena, Downsview Arena,, Flemington Arena, York Mills Arena, Gord & Irene Risk C.C., Grandravine C.C., John Booth C.C., Habitant Arena, Fenside Arena, Victoria Village Arena, Pleasantview C.C., and Oriole C.C.

Cittadelle Café: This proposal scored the second highest overall in the evaluation process and is being recommended for four locations. The concept will include capital investment and will be centred around high quality coffee, baked goods, fresh sandwiches and other traditional arena foods. The proponent is at present operating the snack bars at four locations, and are being recommended for Don Mills Arena, Earl Bales C.C., Herbert H. Carnegie C.C., and the North York Ski Centre.

Comments:

The option to renew for the second five (5) year period will be reviewed by the Commissioner of Economic Development, Culture & Tourism in co-operation with the Purchasing Agent prior to any contract renewal, provided the previous five years of the operation of concessions in the North District were performed satisfactorily.

Conclusions:

This report requests authority to negotiate and execute contracts for the operation of the concession services in the North District of the Parks and Recreation Division to International Foods and Cittadelle Café, to the satisfaction of the Commissioner of Economic Development, Culture and Tourism and the City Solicitor.

Staff who evaluated the proposals are satisfied that the recommended proponents and the terms and conditions of the RFP will significantly improve the quality and customer service at these locations. This will be accomplished through the combination of substantial capital investment,

the introduction of branded concepts, and improved financial returns through increased rents and upside revenue growth as capital investment is completed. The proponents being recommended are all small entrepreneurs and have a track record of expertise to improve the customer service, make capital investments and operate a financially viable operation.

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