



**STAFF REPORT  
ACTION REQUIRED  
Confidential Attachment**

**To Request Authority to Enter into Lease Agreements  
for the Operation of Various City Cafés & Cafeterias -  
RFP 0613-06-7016.**

<b>Date:</b>	March 21, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer Director, Purchasing & Materials Management
<b>Wards:</b>	Ward 3 – Etobicoke Centre Ward 12 - York South-Weston Ward 20 – Trinity-Spadina Ward 29 – Toronto Danforth Ward 38 – Scarborough Centre
<b>Reason for Confidential Information:</b>	This report is about a proposed or pending disposition of land by the City.
<b>Reference Number:</b>	P:\2007\Internal Services\pmmd\gm07016pmmd (AFS #3205)

**SUMMARY**

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The purpose of this report is to report on the results of Request for Proposal No. 0613-06-7016 for the Operation of Cafés and Cafeterias and to recommend that lease agreements be entered into with the recommended proponents.

**RECOMMENDATIONS**

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**The Chief Corporate Officer and the Director of Purchasing & Material Management recommend that:**

1. Council authorize the public release of the confidential information in Attachment 1, if and when the recommended lease agreements are finalized and signed.
2. Council authorize the City to enter into a lease agreement with Canada Catering Co. Limited (“Canada Catering”), for a 10 year term, for the operation of the cafeteria at

Metro Hall, on the key terms set out in Schedule “A” to Attachment 1 – Confidential Information and the additional terms and conditions set out in the RFP, in a form satisfactory to the City Solicitor; this proponent having achieved the highest overall evaluated score to operate this location.

3. Council authorize the City to enter into lease agreements with 1355565 Ontario Inc. o/a Delimark Cafés (“Delimark”), for a 10 year term, for the operation of the cafeterias at Etobicoke Civic Centre, 2700 Eglinton Avenue West and East York Civic Centre, on the key terms set out in Schedule “B” to Attachment 1 – Confidential Information and the additional terms and conditions set out in the RFP, in a form satisfactory to the City Solicitor; this proponent having achieved the highest overall evaluated scores to operate these locations.
4. Council authorize the Director, Real Estate Services to negotiate with the next highest scoring proponent(s), if any, should lease negotiations fail with either of the recommended proponents for any of the locations and to report back to City Council on the outcome of such negotiations.
5. As no proposals were received for the cafeteria at Scarborough Civic Centre, Council authorize the Director, Real Estate Services to explore with the co-owner of the Scarborough Civic Centre, the Toronto District School Board (“TDSB”), the possibility of reducing the size of this cafeteria to make it more economically viable and to report back to City Council on the outcome of those discussions, if necessary.
6. Council authorize the Chief Corporate Officer, his successor or designate, to administer and manage the lease agreements, including providing any consents, approvals, notices and notices of termination, provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
7. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

### **Implementation Points**

The RFP has a binding irrevocable date of May 5, 2007. To conclude the RFP process, the City must inform recommended proponents of the award before this date.

If this report is approved, notice of termination will be given to the existing overholding cafeteria operators at the Etobicoke Civic Centre and the East York Civic Centre, to permit occupancy of these premises by Delimark once the lease agreements for these locations are signed. The cafeteria at 2700 Eglinton Avenue West is currently vacant and will be occupied by Delimark once the lease agreement for this location is signed. The cafeteria at Metro Hall is currently occupied by Canada Catering and will continue to be occupied by Canada Catering under the terms of the new lease agreement to be entered into with Canada Catering.

## **Financial Impact**

As part of the internal RFP review process, the Financial Policy and Research Unit of Corporate Finance Division conducted a review and analysis of the financial aspects of the proposals for Cafe and Cafeteria Services received under the RFP. The results of the analysis were used in the financial criteria portion of the proposal evaluations, with higher ranking and points given to those proposals yielding the greater financial return to the City. Other non-financial criteria were also scored by the evaluation team, to determine the recommended proponent for each location. An external Food Services Consultant retained by the City has reviewed and participated in the process and evaluation, and concurs with the staff recommendations.

In the past, agreements between café and cafeteria operators and the former municipalities were structured in different forms of arrangements which appeared to have emphasis on the provision of food services to staff and the public over the costs of operating the facilities. This resulted in net loss from operations of the subject facilities to the City, except for Metro Hall and 2700 Eglinton Avenue West (closed). The purpose of this RFP was to select one or more qualified and experienced operators in a way that would maximize the financial return for each location. Therefore, the RFP was structured to reflect these requirements and, as a result, all recommended proposals will have positive net financial impact in a form of additional revenue to the City.

If negotiations with recommended RFP proponents are successful, the City will receive estimated net revenue, as per the key lease terms outlined in Attachment 1 - Confidential Information. Should negotiations with either of recommended proponents fail, lease negotiations will be undertaken with the next highest proponents(s) and the outcome of such negotiations will be reported back to City Council.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting of April 14, 15 and 16, 2003, City Council adopted Administration Committee Report No. 3, Clause No. 13, and authorized the Commissioner of Corporate Services to retain a food services consultant and to report back on the best options for revenue generation and cost savings for each of the Metro Hall café and the Civic Centre cafeterias, excluding the cafeteria in the North York Civic Centre. Cameron Hawkins and Associates Inc. was subsequently retained as food services consultant (the "Consultant").

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030414/adm3rpt/cl013.pdf>

At its meeting of July 19, 20, 21 and 26, 2005, City Council adopted Administration Committee Report No. 6, Clause No. 21 and authorized staff to undertake an RFP process for the operation of the Metro Hall café and the Civic Centre cafeterias, excluding the North York Civic Centre, with the assistance of Cameron Hawkins and Associates Inc.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050719/adm6rpt/cl021.pdf>

## ISSUE BACKGROUND

The existing food service agreements for all City Cafeteria locations, except 2700 Eglinton Avenue West, have expired, and are in overholding tenure. The cafeteria at 2700 Eglinton Avenue West is vacant.

## COMMENTS

Thirty four (34) firms were invited to submit proposals and this RFP was advertised on the City of Toronto's internet website and in the Toronto Star newspaper. This resulted in submissions being received on November 6, 2006 from the following firms:

<u>No.</u>	<u>Proponent</u>
1.	Canada Catering Co. Limited
2.	1355565 Ontario Inc. o/a Delimark Cafés
3.	Wyntergreen.ca Ltd., o/a The Sandwich Board, aka TSB2000*
4.	Lewisfoods Inc.
5.	1200315 Ontario Limited, o/a the Break Café

### Summarizing Chart of Proposals Received

Location	Name of Proponent				
	The Break	Canada Catering	Delimark	Wyntergreen*	Lewisfoods
2700 Eglinton Ave	X		X		
Etobicoke CC			X		
Metro Hall		X			X
East York CC	X		X		
Scarborough CC	No proposals received				

\* The proposal submitted by Wyntergreen.ca Ltd. was declared informal as its submission did not include all the mandatory requirements therefore its proposal was not further considered.

The RFP was structured to permit proponents to submit a proposal on one or all of the locations offered. Using the evaluation criteria defined in the RFP, a Selection Committee (SC) consisting of representatives from Leasing and Site Management Unit and Policy and Appraisal Services Unit of Facilities and Real Estate (F&RE), Financial Policy and Research Unit of Finance and the City's Food Service Consultant scored each proponent's submission. The proposal that achieved the highest total point score for all stages was then recommended for the award for that applicable location. In the event of a tied total score, the proponent achieving the highest financial score would be then ranked first. The award of any location is at the absolute discretion of the City.

The proposals were subject to a preliminary review by Purchasing and Materials Management (PMMD) and a further review by the SC as specified in the RFP document. The points available for each category/criterion were outlined in the RFP to assist proponents with their response. The evaluation criteria were developed to reflect the City's requirements for one or more qualified foodservice operators to operate the cafeterias. The proposals were evaluated using criteria in each of 3 stages, being: Stage 1 - Mandatory Requirements; Stage 2 – Proposal Structure, Attributes and Contents; and Stage 3 - an Interview.

For Stage 3, the interview questions were prepared and sent to the respective proponents ahead of time so they could prepare responses for the interview. One of the interview questions allowed each proponent to revise its financial offer to the City. In Attachment 1 – Confidential Information there is a chart, set out as Schedule “C”, summarizing the original financial terms submitted by the proponents in response to the RFP, and the revised financial terms submitted by some of the proponents, after the interview stage of the evaluation. Where a proponent submitted revised financial terms, the proposal was evaluated on the basis of the revised financial terms.

No proposals were received for the cafeteria in the Scarborough Civic Centre. The Consultant suggested that this venue was too large for the on-site staff population and that a smaller facility would be more economic. It is requested that authority be given to staff to explore with the co-owner of the building, the TDSB, the possibility of reducing the overall size of this facility to make it more economically viable.

The lease agreements with the recommended proponents will incorporate the mandatory key business terms set out in the RFP document, together with the additional business terms offered by each recommended proponent. The recommended proponents will take possession of the cafeteria premises after their respective lease agreements are finalized and signed and, where applicable, the existing overholding cafeteria operators are terminated. The recommended proponents will be offered, if required, up to 60 days occupancy of the premises as a fixturing period, to fit-out the premises, without the payment of minimum rent, but subject to the payment of additional rent, which includes property taxes and common area and operating costs.

The Fair Wage office has reported that each of the recommended proponents has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply.

Two proponents, having met all of the requirements of the RFP, and having achieved the highest overall score as evaluated by the SC, are being recommended to operate the cafeterias, being:

- Canada Catering Co. Limited for Metro Hall; and,
- 1355565 Ontario Inc. o/a Delimark Cafés for East York Civic Centre, 2700 Eglinton Avenue West and Etobicoke Civic Centre.

Proponents' scores by criteria, price comparison and a staff analysis of the evaluation results can be provided in an in-camera presentation if requested by Committee Members.

## **CONTACT**

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## **SIGNATURE**

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Bruce Bowes  
Chief Corporate Officer  
Office of the Chief Corporate Officer

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Lou Pagano, P. Eng.  
Director  
Purchasing and Materials Management

## **ATTACHMENTS**

Attachment 1 – Confidential Information; titled: Request Authority to Enter into Lease Agreements for the Operation of Various City Cafes & Cafeterias - RFP 0613-06-7016.