

Parks and Environment Committee

Meeting No.	1	Contact	Mary Carroll, Committee Administrator
Meeting Date	Tuesday, January 23, 2007	Phone	416-392-7822
Start Time	9:30 a.m.	E-mail	mcarrol@toronto.ca
Location	Committee Room No. 1, City Hall		

PE1.3	NO AMENDMENT		Transactional	Wards: 32
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Tuggs Incorporated Investment Proposal for Redevelopment of the Eastern Beaches Food Service Facilities

City Council Decision

City Council on February 5, 6, 7 and 8, 2007, adopted the following motions:

1. Based on Council direction and a review, the proposal from Tuggs Incorporated be accepted with the following additional conditions, and further clarification as follows:
 - i. the proponent's capital improvements valued at a minimum of \$2.15 million be completed by January 1, 2009;
 - ii. Tuggs and the City will identify a state of good repair program for the physical assets and Tuggs will be responsible to ensure the program is implemented and be responsible for the full costs to do so;
 - iii. the City will pre-approve any sponsorship activities that Tuggs proposes, and there will be no conflict with any City contracts or programs related to sponsorship;
 - iv. any signage of a permanent nature to be installed on the renewed assets must have prior City approval;
 - v. effective January 2018, the rent revenue shall be reviewed and recalculated at five-year intervals at a fair market rent on such terms to be agreed to by the parties or established by arbitration to be set out in the lease agreement;
 - vi. the City will have the final approval of the use of the \$200,000.00 "allowance for development costs" as outlined in years 2007 – 2008 of the Capital Investment Summary Section 3.1 of the Tuggs proposal and said funding is to be used within Woodbine Beach Park; and

- vii. subject to the receipt and review of a detailed business plan, including financial forecasts, evidence of financing, a marketing plan, and a partnership plan between the City and the proponent, to the satisfaction of the Deputy City Manager and Chief Financial Officer, and the General Manager of Parks, Forestry and Recreation.
2. Staff be authorized to negotiate and enter into a new agreement with Tuggs Incorporated to finalize a 20-year agreement with the City in accordance with the additional conditions outlined in Recommendation 1. above and the terms outlined in the unsolicited proposal to the satisfaction of the General Manager of Parks, Forestry and Recreation, and in a form satisfactory to the City Solicitor by July 2007.
 3. No other unsolicited proposals be entertained by the City until a policy review and revised practice to be prepared by the City Treasurer is adopted by City Council to deal with unsolicited proposals.

(January 9, 2007) report from the General Manager, Parks, Forestry and Recreation, and the Deputy City Manager and Chief Financial Officer

Committee Recommendations

The Parks and Environment Committee recommends that:

1. based on Council direction and a review, the proposal from Tuggs Incorporated be accepted with the following additional conditions, and further clarification as follows:
 - i. the proponent's capital improvements valued at a minimum of \$2.15 million be completed by January 1, 2009;
 - ii. Tuggs and the City will identify a state of good repair program for the physical assets and Tuggs will be responsible to ensure the program is implemented and be responsible for the full costs to do so;
 - iii. the City will pre-approve any sponsorship activities that Tuggs proposes, and there will be no conflict with any City contracts or programs related to sponsorship;
 - iv. any signage of a permanent nature to be installed on the renewed assets must have prior City approval;
 - v. effective January 2018, the rent revenue shall be reviewed and recalculated at five- year intervals at a fair market rent on such terms to be agreed to by the parties or established by arbitration to be set out in the lease agreement;

- vi. the City will have the final approval of the use of the \$200,000.00 “allowance for development costs” as outlined in years 2007 – 2008 of the Capital Investment Summary Section 3.1 of the Tuggs proposal and said funding is to be used within Woodbine Beach Park; and
 - vii. subject to the receipt and review of a detailed business plan, including financial forecasts, evidence of financing, a marketing plan, and a partnership plan between the City and the proponent, to the satisfaction of the Deputy City Manager and Chief Financial Officer, and the General Manager of Parks, Forestry and Recreation;
2. staff be authorized to negotiate and enter into a new agreement with Tuggs Incorporated to finalize a 20-year agreement with the City in accordance with the additional conditions outlined in Recommendation 1. above and the terms outlined in the unsolicited proposal to the satisfaction of the General Manager of Parks, Forestry and Recreation, and in a form satisfactory to the City Solicitor by July 2007; and
 3. no other unsolicited proposals be entertained by the City until a policy review and revised practice to be prepared by the City Treasurer is adopted by City Council to deal with unsolicited proposals.

Financial Impact

The acceptance of the proposal will result in Tuggs paying the City a combination of flat land rent, a percentage of sponsorship revenue, and capital contributions to refurbish and expand the facility. It must be clearly noted that the sponsorship revenue indicated in the proposal is a “potential” source of revenue and should not be considered as minimum revenue.

The final agreement will have to outline the types of sponsorships, the physical area concerned, and ensure there are no conflicts with other sponsorships the City already has in place. It will also have to reflect the following key points:

- i. Tuggs and the City will identify a state of good repair program for the physical assets; and Tuggs will be responsible to ensure the program is implemented and be responsible for the full costs to do so;
- ii. any signage to be installed on the renewed assets must have prior city approval;
- iii. effective January 1, 2018, the rent revenue shall be recalculated at five-year intervals at a fair market rent for such terms as agreed to by the parties or established by arbitration to be set out in the lease agreement. Based on this review the basic rent structure could be amended; and
- iv. the City will have final approval of the use of the “allowance for development costs” of \$200,000.00 as outlined in years 2007-2008 of the Capital Investment Summary Section 3.1 of the proposal.

Over the 20-year period Tuggs proposes to pay the City \$5.75 million in land rent; spend \$2.15 million in capital facility upgrades and expansion to improve service; and possibly donate funding for community improvements. In addition Tuggs proposes to pay to the City 20% of any sponsorship revenues that may be developed or \$0.025 million per year (escalates to

Parks and Environment Committee Report - Meeting No. 1
 Considered by City Council on February 5, 6, 7 and 8, 2007

\$0.050 million starting in 2018) whichever is greater.

The value of improvements proposed for the fixed assets would benefit sales and justify the higher rents proposed. Tuggs has been advised that their information will be made public in this report.

The payment structure submitted in the proposal is as follows.

Period	Base Rent Revenue	Potential Sponsorship Revenue
2007	\$210,000*	Nil
2008-2012	\$250,000	The greater of 20% of revenue or a minimum of \$25,000
2013-2017**	\$275,000	The greater of 20% of revenue or a minimum of \$25,000
2018-2022	\$300,000	The greater of 20% of revenue or a minimum of \$50,000
2023-2027	\$325,000	The greater of 20% of revenue or a minimum of \$50,000

*Rent Payable in FY 2007 of \$210,000 is based on the existing agreement that will expire on September 14, 2007

** The proposed base rent revenue escalations provided in the initial Tuggs proposal, at five-year intervals, equate to approximately 1.5% annual increases over the 20-year term. Note this report recommends that the base rent escalations be reviewed in 2018, which could result in base rent amounts varying from those listed in the table.

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

Summary

This report responds to City Council's direction that the proposal from Tuggs Incorporated (Tuggs) for the redevelopment of the eastern beaches food service facilities be accepted subject to a review of the proposal and submission of a report to the successor committee of the Economic Development and Parks Committee.

Staff advised both Committee and City Council in 2006 not to accept the Tuggs proposal as the City policy is not to accept unsolicited proposals to ensure that the best price possible is obtained through a competitive process. The Purchasing and Materials Management Division continues to prefer to have a public Request for Proposals issued to ensure that the best possible value is obtained by the City. City Council, however, accepted the proposal from Tuggs at the

September 2006 Council meeting subject to staff review of the proposal and report back to Committee/Council. Staff had to use a set of internal criteria to review the proposal as there is no comparative information available to base the review upon. The final result of the review is that the Tuggs proposal be accepted subject to obtaining additional information outlined in the report and, provided that the information provides assurances sought, that staff be authorized to finalize a 20-year extension to the current Tuggs agreement with the City in accordance with the conditions outlined and the terms outlined in the unsolicited proposal.

Background Information

2007-PE01-03

(<http://www.toronto.ca/legdocs/mmis/2007/pe/bgrd/backgroundfile-637.pdf>)

Speakers

George Foulidis , Owner, Tuggs Incorporated
 Councillor Sandra Bussin , Ward 32, Beaches-East York
 Councillor Doug Holyday, Ward 3, York Centre

PE1.4	NO AMENDMENT		Transactional	Wards: 2, 3, 4, 5, 11, 13, 22, 25, 26, 27
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Control of European Gypsy Moth Outbreak in some Areas of the City of Toronto

City Council Decision

City Council on February 5, 6, 7 and 8, 2007, adopted the following motions:

1. The General Manager of Parks, Forestry and Recreation, implement in nine Wards (2, 3, 4, 5, 13, 22, 25, 26 and 27) an Integrated Pest Management (IPM) program involving aerial spray of a biological control agent, ground-based spray and mechanical egg mass removals; such program to include both City and privately-owned trees, to control the larval stage of the European gypsy moth which causes defoliation of trees.
2. The General Manager of Parks, Forestry and Recreation, implement a communications program, in consultation with Councillors in Wards 2, 3, 4, 5, 13, 22, 25, 26, and 27; Parks, Forestry and Recreation Communications; and Toronto Public Health, to inform and educate residents within all known areas of European gypsy moth infestation on:
 - a. IPM methods which can be initiated by homeowners to control this invasive pest; and
 - b. the aerial and ground-based spray program of *Bacillus thuringiensis* subspecies *kurstaki* (Btk) initiated by the City of Toronto.
3. The General Manager of Parks, Forestry and Recreation, consult with Public Health, the Transportation Division and Toronto Police Service to coordinate the implementation of

the proposed aerial and ground-based application of the biological control agent Btk.

4. The General Manager of Parks, Forestry and Recreation, continue to monitor the population of the European gypsy moth City-wide and the effectiveness of the control measures applied in Wards 2, 3, 4, 5, 13, 22, 25, 26 and 27 and report back to the Parks and Environment Committee in December 2007 on the further recommendations for control in 2008, if required.
5. The City Solicitor be authorized to introduce a bill to implement a control strategy for gypsy moth infestation through ground-based and aerial spraying.
6. The General Manager of Parks, Forestry and Recreation, coordinate a process with City Finance whereby a portion of the cost for applying spray can be collected from residents to help offset the cost of the control measures.
7. The General Manager of Parks, Forestry and Recreation, send out educational literature to all residential properties located in gypsy moth survey areas, including:
 - coloured pictures to describe the gypsy moth;
 - information encouraging residents to remove and destroy all reachable egg masses;
 - IPM prevention and maintenance techniques; and
 - history of the City's action to date.
8. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

(December 20, 2006) report from the General Manager, Parks, Forestry and Recreation

Committee Recommendations

The Parks and Environment Committee recommends that:

1. the General Manager of Parks, Forestry and Recreation, implement in nine Wards (2, 3, 4, 5, 13, 22, 25, 26 and 27) an Integrated Pest Management (IPM) program involving aerial spray of a biological control agent, ground-based spray and mechanical egg mass removals; such program to include both City and privately-owned trees, to control the larval stage of the European gypsy moth which causes defoliation of trees;
2. the General Manager of Parks, Forestry and Recreation, implement a communications program, in consultation with Councillors in Wards 2, 3, 4, 5, 13, 22, 25, 26, and 27; Parks, Forestry and Recreation Communications; and Toronto Public Health, to inform and educate residents within all known areas of European gypsy moth infestation on:
 - a. IPM methods which can be initiated by homeowners to control this invasive pest; and

- b. the aerial and ground-based spray program of *Bacillus thuringiensis* subspecies *kurstaki* (Btk) initiated by the City of Toronto;
3. the General Manager of Parks, Forestry and Recreation, consult with Public Health, the Transportation Division and Toronto Police Service to coordinate the implementation of the proposed aerial and ground-based application of the biological control agent Btk;
4. the General Manager of Parks, Forestry and Recreation, continue to monitor the population of the European gypsy moth City-wide and the effectiveness of the control measures applied in Wards 2, 3, 4, 5, 13, 22, 25, 26 and 27 and report back to the Parks and Environment Committee in December 2007 on the further recommendations for control in 2008, if required;
5. the City Solicitor be authorized to introduce a bill to implement a control strategy for gypsy moth infestation through ground-based and aerial spraying;
6. the General Manager of Parks, Forestry and Recreation, coordinate a process with City Finance whereby a portion of the cost for applying spray can be collected from residents to help offset the cost of the control measures;
7. the General Manager of Parks, Forestry and Recreation, send out educational literature to all residential properties located in gypsy moth survey areas, including:
 - coloured pictures to describe the gypsy moth;
 - information encouraging residents to remove and destroy all reachable egg masses;
 - IPM prevention and maintenance techniques; and
 - history of the City's action to date; and
8. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

Urban Forestry intends to re-allocate about \$150,000.00 of its 2007 operating budget to implement a gypsy moth control program and, as a result, there will be service implications equivalent to about 575 fewer service orders being completed.

It may be possible to recover some costs from private residents that receive the benefit of the aerial spray program. In 2006, Mississauga recovered about 50% of the cost of spraying through voluntary payments from private land owners.

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

Summary

The purpose of this report is to describe the presence of confirmed outbreak levels of the European gypsy moth in some areas of the City of Toronto. Background information describes past approaches for control.

This report recommends control options including aerial and ground based spray of a biological control agent. Aerial spray is proposed in Wards 3 and 4 and ground-based spray is proposed in Wards 2, 5, 22, 25, 26 and 27; and physical egg mass removal by vacuum is proposed in Wards 13 and 25. Public consultation will be done in consultation with Councillors and Toronto Public Health. It is expected that this control strategy will reduce the gypsy moth population and expected levels of defoliation to avoid decline or demise of City trees. Urban Forestry intends to re-allocate some of its 2007 operating budget to address this issue and there will be some service implications. Urban Forestry also recommends that residents be asked to contribute to the cost of spraying private trees through voluntary payments.

Background Information

2007-PE01-04

(<http://www.toronto.ca/legdocs/mmis/2007/pe/bgrd/backgroundfile-721.pdf>)

Speakers

Brian Roussie , Ridgevalley-Lincolnwoods Association
Councillor Doug Holyday, Ward 3, Etobicoke Centre
Councillor Gloria Lindsay Luby, Ward 4, Etobicoke Centre
Councillor Bill Saundercook, Ward 13, Parkdale-High Park

Decision Advice and Other Information

The Parks and Environment Committee requested the General Manager, Parks, Forestry and Recreation, to report to the Committee exploring the possibility of setting up a gypsy moth control and education fund to receive contributions from local residents and from across the City.

Submitted Tuesday, January 23, 2007

Councillor Paula Fletcher, Chair, Parks and Environment Committee