

Contract Award – RFP 9119-09-5108, for the Operation and Maintenance of the Multi-Use Soccer Arena Complex at Etobicoke Centennial Park

Date:	October 16, 2009
To:	Government Management Committee
From:	Brenda Patterson, General Manager, Parks, Forestry and Recreation Lou Pagano, Director, Purchasing & Materials Management Division
Wards:	Ward 3 – Etobicoke Centre
Reference Number:	P:/2009/Internal Services/pmmd/gm09031pmmd (AFS #10098)

SUMMARY

The purpose of this report is to advise on the results of the Request for Proposal (RFP) 9119-09-5108 for the operation and maintenance of the Multi-Use Soccer Arena Complex at Etobicoke Centennial Park and to request authority to enter into an agreement with Soccer City (Etobicoke) Inc., the recommended proponent.

RECOMMENDATIONS

The General Manager of Parks, Forestry and Recreation and the Director of Purchasing and Materials Management recommend that:

1. City Council grant authority to enter into an agreement with Soccer City (Etobicoke) Inc. (SCEI) in relation to the operation and maintenance of the Multi-Use Soccer Arena Complex at Etobicoke Centennial Park for a ten-year term from November 1, 2009 to October 31, 2019 with an option to renew at the sole discretion of the General Manager, Parks, Forestry and Recreation for an additional ten year period. Should the option be exercised, the General Manager, Parks, Forestry and Recreation will request the Director of Purchasing and Materials Management Division to provide the necessary contract renewals under the terms and conditions outlined in this report, and satisfactory in form and content to the General Manager, Parks, Forestry and Recreation and the City Solicitor from November 1, 2019 to October 31, 2029.

FINANCIAL IMPACT

The recommended Proponent, SCEI, will provide guaranteed payments to the Parks, Forestry and Recreation (PFR) Division totalling \$425,000.00 net of Federal and Provincial

taxes over the ten (10) year term. If the City chooses to exercise the optional ten (10) year extension of the lease agreement this will provide additional guaranteed payments totalling \$525,000.00 net of Federal and Provincial taxes until the Agreement expires on October 31, 2029.

Soccer City (Etobicoke) Inc. Guaranteed Annual Rent (all figures net of Federal and Provincial Taxes)	
Years 1 - 5	\$40,000.00
Years 6 - 10	\$45,000.00
Years 11 - 15	\$50,000.00
Years 16 - 20	\$55,000.00

SCEI has also offered the City percentage rent of:

- (A) 10% of gross revenue in excess of the first \$700,000.00 but less than \$900,000.00 of gross revenue in each rental year
- (B) 15% of the next \$200,000.00 of the amount (from \$900,000.00 but less than \$1,100,000.00) of gross revenue earned in each rental year
- (C) 20% gross revenue in excess of \$1,100,000.00 of gross revenue earned in each rental year

SCEI will also invest approximately \$376,000.00 over the ten (10) year term towards the repair and maintenance of the soccer complex. This would include the multi-use soccer arena, outdoor sports fields, parking lot and walkways.

There are no current or additional costs that the City will incur with the implementation of the proposed lease agreement. SCEI will be responsible for all operating costs and all capital expenditure related to the operation of the soccer complex.

Total revenue impacts from this agreement are consistent with the previous agreement.

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

DECISION HISTORY

In 1987, SCEI received approval from the former City of Etobicoke to construct a multi-use soccer arena complex located at 5429 Eglinton Avenue West at Etobicoke Centennial Park. Construction was complete in 1989 and SCEI entered into a twenty (20) year lease agreement with the former City of Etobicoke for the operation and maintenance of the soccer complex. The terms of the agreement required that SCEI was granted Right of First Refusal (ROFR) to match any third party offer received by the City for the management of the multi-use soccer arena complex. This agreement will expire on October 31, 2009.

ISSUE BACKGROUND

In 1987 SCEI was awarded a lease agreement for the construction of the multi-use soccer arena complex located on 6.13 acres of parkland at Etobicoke Centennial Park. Once constructed, the arena building would be under the ownership of the City. After the arena was built, the City of Etobicoke negotiated a twenty (20) year lease agreement with SCEI for the maintenance and operation of the entire complex which included the multi-use soccer arena, two (2) outdoor sports fields, parking lot and walkways with a commencement date of October 31, 1989. A new agreement is required since the twenty (20) year lease agreement will expire on October 31, 2009.

Multi-Use Soccer Arena

The main feature of the entire complex is the multi-use soccer arena. The arena features an indoor soccer pad measuring 175 feet x 57 feet which is boarded and equipped with artificial turf. The soccer pad is home to a culturally diverse group of users participating in SCEI's organized soccer leagues. SCEI also offers permitted times to the general public for private bookings.

Overlooking the soccer pad is an Old English style restaurant. The restaurant is used by players and their friends and families to gather before, during and after games. The restaurant can also be rented to host meetings and banquet events. There is also a meeting room within the soccer arena which is primarily used to host birthday parties.

The soccer arena is also the head office for the largest local youth soccer club in the Etobicoke area. SCEI sub-leases office space as well as permit time on the indoor and outdoor fields to this youth soccer club.

Outdoor Sports Fields

There are two (2) outdoor sports fields which are utilized seasonally by adults and youth. These fields are used primarily for SCEI's league games from Spring to Fall. In addition to providing playing time for the soccer community, the two (2) fields are also permitted for field hockey and field lacrosse users. SCEI is responsible for all costs associated with the maintenance of the turf.

Property Tax

SCEI has paid its property taxes in a timely manner throughout the term of its lease agreement. SCEI currently pays annual property tax of approximately fifty thousand dollars (\$50,000) to the City for the soccer complex.

Repairs and Maintenance

Prior to the issuance of the RFP, a State of Good Repair (SGR) audit was conducted for the entire complex. The SGR report identified several deficiencies which must be addressed over the term of the new lease agreement. Since the funds are not available from the City of Toronto, the RFP required the successful proponent to address the repair and maintenance

requirements stated in the SGR report. In their proposal, SCEI agreed to attend to each line item in the SGR report over the period of the lease agreement.

As part of the term of the new lease agreement, SCEI will contribute approximately \$376,000 to the repair and maintenance of the soccer complex during the initial 10 year term. The City reserves the right to inspect all repairs and maintenance work to ensure they comply with proper building codes and standards.

COMMENTS

An RFP was issued by Purchasing and Materials Management Division (PMMD) on May 22, 2009 for the operation and maintenance of the Multi-Use Soccer Arena Complex at Etobicoke Centennial Park and was available for download from the City's internet website. The RFP included the selection criteria to be used for evaluation. SCEI was the only company which submitted a proposal in response to the RFP.

Parks, Forestry and Recreation proceeded with the evaluation stages of the RFP as required.

Stage One

Using the evaluation criteria specified in the RFP, the Selection Committee was comprised of staff from the Recreation, Strategic Services and Parks Branch all from the Parks, Forestry and Recreation Division. The committee followed the prescribed two stage evaluation process. The first stage involved a review of the Proponent's proposal to ensure adherence to all the mandatory requirements. The Proponent met the mandatory requirements to advance to the second stage.

Stage Two

Stage two required a minimum score of 75% in order for a Proponent to be considered for the lease agreement. The Proponent was evaluated based on the Qualification/Experience, Level of Service to the Public and Financial Aspects of their proposal.

The second stage was scored out of 100 points with the scoring weighted as follows:

- Qualification/Experience – 35%
- Level of Service to the Public – 35%
- Financial Aspects – 30%

SCEI qualified as the successful Proponent having scored above the minimum score of 75% and having been the only proponent for the RFP.

Successful Proponent

SCEI has operated this facility for almost twenty (20) years. The current group of owners have managed the complex for the past 14 years, offering the soccer community the opportunity to participate in organized competitive and recreational leagues. SCEI understands the important role it plays in providing an outlet for male and female, young adults and older adults a chance to stay actively involved in the sport of soccer.

SCEI demonstrated that it has the experience in all the areas necessary to successfully operate and manage the soccer complex. Its professional team of staff is experienced in the areas of sports administration, restaurant management, turf maintenance, and facility operations.

The financial incentives offered by SCEI present the City with the opportunity to earn increased revenue over the current lease agreement. Since there were no other Proponents to evaluate SCEI's proposal against, a comparison of the SCEI financial offer to its current rental payments reveals a fair proposal to the City. SCEI has also had an exemplary record of paying its rent and property tax payments in a timely manner.

A review of the business case indicates future projections that show moderate growth over past performance realized at the soccer complex. Furthermore, the projections support the proponent's ability to fund the costs noted in this report to ensure that the asset is maintained in a state of good repair.

CONTACT

Doug McDonald,
Manager,
Business Services
Tel: 416-392-8578
Email: dmcdona0@toronto.ca

David Ferguson
Manager, Purchasing & Materials
Management Division
Tel: 416-392-7323
Email: dfergus4@toronto.ca

SIGNATURES

Brenda Patterson
General Manager
Parks, Forestry & Recreation

Lou Pagano
Director, Purchasing & Materials
Management Division