

Contract Award – RFP 9155-10-7028, Professional Services for the Operation of Beach Volleyball in Ashbridge's Bay Park and Woodbine Beach Park

Date:	February 22, 2010
To:	Government Management Committee
From:	General Manager, Parks, Forestry and Recreation Director, Purchasing and Materials Management Division
Wards:	Ward 32 – Beaches – East York
Reference Number:	P:/2010/Cluster A/PFR/GM29-031110-AFS#11441

SUMMARY

The purpose of this report is to advise on the results of the Request for Proposal (RFP) 9155-10-7028, for professional services for the operation of beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park, and to request authority to enter into a Licence Agreement with the Ontario Volleyball Association (the "OVA"), 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 a Licence Agreement with the Ontario Volleyball Association in relation to professional services for the operation of beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park for a term of five years, during the period from May 1st to September 30th in each years 2010, 2011, 2012, 2013 and 2014, with an option to renew at the sole discretion of the General Manager of Parks, Forestry and Recreation (the "General Manager") for an additional five-year term. Should the option be exercised, the General Manager will request the Director of Purchasing and Materials Management Division to provide the necessary contract renewal for the May 1, 2015 to September 30, 2019 term under the terms and conditions outlined in this report, and satisfactory in form and content to the General Manager and the City Solicitor.

FINANCIAL IMPACT

Conclusion of the agreement with the recommended proponent will result in guaranteed payments of \$150,000 per year and 5% of projected gross revenue for 2011 and 7.5% of projected gross revenue for the remaining years of the contract (2012-2014), plus capital improvements of \$200,000 per year in 2010 and 2011. The Parks Forestry and Recreation Recommended 2010 Operating Budget anticipates total annual revenue from this location of \$215,000 per year, so shortfalls of \$65,000 in 2010 and \$25,000 in 2011 could be expected. If the option to renew the contract for an additional five-year term is exercised by the General Manager of Parks, Forestry and Recreation, the agreement will result in guaranteed payments of \$180,000 per year plus 8% of projected gross revenue in 2015, 8.5% in 2016, 9% in 2017, 9.5% in 2018 and 10% in 2019.

There are no current or additional costs that the City will incur with the implementation of the proposed Licence Agreement. The OVA will be responsible for all operating costs and all capital expenditures related to the operation of beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park.

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

DECISION HISTORY

Prior to 2001, beach volleyball operated in Ashbridge's Bay Park and Woodbine Beach Park on a seasonal permit basis.

In February 2001, the City issued an RFP to enter into a license agreement for professional services for the operation of beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park. The successful proponent of this RFP entered into a license agreement with the City to operate beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park.

An RFP was issued in December 2003, for the continued operation of beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park. This RFP was withdrawn prior to being awarded in April 2004, and revised to include the requirement for enhanced capital investment and improved youth and community programming.

To ensure continuity of service, the revised RFP was issued on June 3rd, 2004, for service that was scheduled to start on May 1, 2005.

Clause No. 4 of Report No. 8 of the Economic Development and Parks Committee, as adopted by City Council, without amendment, at its meeting held on November 30 and December 1 and 2, 2004, awarded RFP 9155-04-7198, for professional services for the operation of beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park, and requested authority to negotiate and enter into a five-year Licence Agreement with the recommended proponent with an option to extend the Licence Agreement for an additional five years. The report can be found at:

<http://www.toronto.ca/legdocs/2004/agendas/council/cc041130/edp8rpt/cl004.pdf>

ISSUE BACKGROUND

The initial term of the Licence Agreement executed in 2005, with the previous operator expired on September 30th, 2009. The previous operator was in arrears to the City in the amount of \$327,875.00. The City and the previous operator negotiated unsuccessfully until December 7th, 2009, to clear the arrears and renew the Licence Agreement for a further term of five years. At that time, the City decided not to renew the Licence Agreement with the previous operator and issue the RFP subject to this report.

COMMENTS

An RFP was issued by Purchasing and Materials Management Division (PMMD) on January 25, 2010, for professional services for the operation of beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park and was available for download from the City's internet website. The RFP included the selection criteria to be used for evaluation. Ontario Volleyball Association 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.

Using the evaluation criteria specified in the RFP, the Selection Committee, comprised of staff from the Parks and Management Services Branches of the Parks, Forestry and Recreation Division and staff from Corporate Finance, proceeded with the evaluation stages of the RFP as required. The committee followed the prescribed three-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.

The second stage required a minimum score of 75% on their technical proposal in order for a Proponent to be considered further. The Proponent was evaluated based on the Qualification/Experience and Level of Service to the Public of their proposal. The second stage of the evaluation was scored out of 40 points with the scoring weighted as follows:

Qualification/Experience – 20%

Level of Service to the Public – 20%

Ontario Volleyball Association qualified to be considered for the third stage of the evaluation having scored above the minimum score of 75%.

The third stage added to a Proponent's overall score for ranking purposes in order for a Proponent to be considered for the Licence Agreement. The Proponent was evaluated based on the Financial Aspects of their proposal. The third stage of the evaluation was scored out of 60 points with the scoring weighted as follows:

Revenue to the City – 40%

Capital Investment – 20%

Ontario Volleyball Association qualified as the successful Proponent having met all of the requirements of the RFP.

Successful Proponent

The Ontario Volleyball Association is a not-for-profit organization that is the official governing body for the sport of volleyball in the province of Ontario and is one of the leading provincial sports organizations in Canada. Over the course of its 80-year history, the organization has acquired a wealth of experience in developing and delivering a board range of high-quality volleyball programs – beach and indoor – at all levels from recreational to high-performance and for all age groups from youth to adult.

The Ontario Volleyball Association has demonstrated that it has the experience in all the areas necessary to successfully operate beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park. Its professional team of staff is experienced in the areas of sports administration and facility operations.

A review of the business case indicates projections that support the proponent's ability to fund the costs noted in this report.

Financial Details

The recommended Proponent, the Ontario Volleyball Association (the "OVA"), will provide guaranteed payments to the Parks, Forestry and Recreation Division totalling \$750,000.00 net of Federal and Provincial taxes over the five-year initial term of the Licence Agreement. If the City chooses to exercise the five-year renewal term of the Licence Agreement, this will provide additional guaranteed payments totalling \$900,000.00 net of Federal and Provincial taxes until the Renewal Agreement expires on September 30, 2019. The Renewal Agreement shall be on the same terms and conditions as the agreement for the initial term, except for the licence fees and capital investment. The guaranteed payments are listed in the table below.

Further to annual guaranteed rent payments, the OVA proposes to pay the City additional rent annually, based on a percentage of gross sales. The additional payments are also estimated in the table below and are based on projected sales levels provided by the OVA.

Initial Term	Guaranteed Annual Rent (all figures net of Federal and Provincial Taxes)	Percentage Rent	Capital Investment
Years 1	\$150,000.00		\$200,000.00
Years 2	\$150,000.00	\$41,017.00 (5% projected gross revenue)	\$200,000.00
Years 3	\$150,000.00	\$74,710.00 (7.5% projected gross revenue)	
Years 4	\$150,000.00	\$83,515.00 (7.5% projected gross revenue)	
Years 5	\$150,000.00	\$87,727.00 (7.5% projected gross revenue)	
Total Years 1-5	\$750,000.00	\$286,969.00 (projection)	\$400,000.00

Renewal Term	Guaranteed Annual Rent (all figures net of Federal and Provincial Taxes)	Percentage Rent	Capital Investment
Years 6	\$180,000.00	\$72,050.00 (8% projected gross revenue)	
Years 7	\$180,000.00	\$97,412.00 (8.5% projected gross revenue)	
Years 8	\$180,000.00	\$114,276.00 (9% projected gross revenue)	
Years 9	\$180,000.00	\$124,591.00 (9.5% projected gross revenue)	
Years 10	\$180,000.00	\$132,756.00 (10% projected gross revenue)	
Total Years 6-10	\$900,000.00	\$541,085.00 (projection)	

The OVA will contribute to the City a total of \$400,000.00 over the first two years of the initial term towards capital improvements within Ashbridge's Bay Park and Woodbine Beach Park. The General Manager, in consultation with the OVA and the local community, shall determine what capital improvements are to be made to the two parks. The City shall perform the capital improvements with the funds contributed by the OVA.

There are no current or additional costs that the City will incur with the implementation of the proposed Licence Agreement. The OVA will be responsible for all operating costs and all capital expenditures related to the operation of beach volleyball in Ashbridge's Bay Park and Woodbine Beach Park.

The award of the RFP to the OVA would allow for the continuation of beach volleyball services in Ashbridge's Bay Park and Woodbine Beach Park. Had the License with the previous tenant been renewed, the Licensee would have had to contribute \$215,000.00 plus GST per year for a five-year term. There was to be no capital contributions as part of that renewal. With acceptance of this new proposal, revenues from the OVA will be \$150,000.00 in 2010 and estimated at approximately \$190,000.00 in 2011 and Capital investments will be \$200,000 in 2010 and \$200,000 in 2011.

Compared to the previous agreement which is no longer valid, there is an anticipated operating revenue shortfall of \$65,000.00 and \$25,000.00 and additional capital investments of \$200,000 and \$200,000 in 2010 and 2011, respectively. Without acceptance of the current proposal by OVA, there would be no revenues or capital contributions to the City for beach volleyball services.

The Fair Wage Office has reported that the recommended firm has indicated that it reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

CONTACT

Doug McDonald,
Manager, Business Services
Parks, Forestry and Recreation Division
Tel: 416-392-8578
Fax: 416-392-3355
Email: dmcdona0@toronto.ca

Victor Tryl
Manager, Purchasing
Purchasing & Materials Management Division
Tel: 416-397-4801
Fax: 416-397-7779
Email: vtryl@toronto.ca

SIGNATURES

Brenda Patterson
General Manager
Parks, Forestry and Recreation

Lou Pagano
Director, Purchasing and Materials
Management Division