



REPORT FOR ACTION

Results of the Discussions between the City of Toronto and Tuggs Inc. on Acquisition of Licenced Area

Date: September 11, 2017

To: Government Management Committee

From: General Manager, Parks, Forestry and Recreation
Chief Corporate Officer

Wards: Ward 32 - Beaches-East York

SUMMARY

This report responds to the City Council ("Council") request that the General Manager, Parks, Forestry and Recreation ("GM") and the Director, Real Estate Services ("the Director"), report back to Government Management Committee on the feasibility of the City of Toronto ("the City") acquiring the remaining term of the agreement between the City and Tuggs Incorporated ("Tuggs") specific to the Licenced Area, inclusive of food and beverage and sponsorship rights.

RECOMMENDATIONS

The General Manager, Parks, Forestry and Recreation and the Chief Corporate Officer recommend that:

1. The Government Management Committee receives this report for information.

FINANCIAL IMPACT

There are no financial impacts resulting from the adoption of this report.

DECISION HISTORY

City Council, at its meeting of September 25, 26, 27, and 28, 2006, adopted Economic Development and Parks Committee Report 6, Clause 22, directing staff to consider Tuggs proposal and to report back on appropriate terms for a twenty-year extension to the agreement with Tuggs.

(City Council, September 25-28, 2006, Economic Development & Parks Committee Report 6, Clause 22)

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/edp6rpt/cl022.pdf>

At its meeting of February 5, 6, 7 and 8, 2007, City Council adopted Parks and Environment Committee Report PE1.3 entitled "Tuggs Incorporated Investment Proposal for Redevelopment of the Eastern Beaches Food Services Facilities", and in so doing, directed staff to accept Tuggs unsolicited proposal to redevelop the Eastern Beaches food services.

(City Council, February 5-8, 2007, Parks & Environment Committee Item PE1.3)

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-02-05-cc02-dd.pdf>

At its meeting on May 11 and 12, 2010, Council considered and adopted Item GM30.20 accepting a revised business plan from Tuggs Incorporated. The City and Tuggs entered into an agreement ("the 2010 Agreement") in order to implement Council's decision at its meeting on February 5, 6, 7 and 8, 2007 as amended by its decision at its meeting on May 11 and 12, 2010.

(City Council, May 11-12, 2010, Government Management Committee Item GM30.20)

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM30.20>

At its meeting on October 5, 6 and 7, 2016, Council considered and adopted Item GM14.10 approving the request of Tuggs Inc. that the City consent to a partial assignment of the 2010 Agreement to Cara Operations Limited ("Cara") with respect to the premises municipally known as 1675 Lake Shore Boulevard East, commonly known as 1681 Lake Shore Boulevard East, as well as the concessions at Kew Gardens and the Donald D. Sommerville Pool. In addition, requested the General Manager of Parks, Forestry and Recreation and the Director of Real Estate to report back in the first quarter of 2017 on the feasibility of acquiring the remaining term of the agreement for the licenced area, inclusive of the food, beverage, and sponsorship rights.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM14.10>

COMMENTS

In keeping with the direction of Council, Parks, Forestry and Recreation ("PFR") intended to report back in the first quarter of 2017 on the outcome of discussions with Tuggs on the feasibility of the City acquiring the food, beverage and sponsorship rights from Tuggs. Staff had intended to begin these discussions with Tuggs upon completion of the partial assignment to Cara, which staff assumed would be completed shortly after the approval by Council in October of 2016. However, it was our understanding that the agreement between Tuggs and Cara had yet to be finalized for reasons unknown to staff. The closing of the agreement between Tuggs and Cara is a required step prior to finalizing the City's consent to the partial assignment. At this time, Cara continues to operate the Premises as a third party operator in accordance with the 2010 Agreement

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and Tuggs continues to be responsible for all payments and obligations under the 2010 Agreement.

The delay in finalization of the agreement between Tuggs and Cara delayed the commencement of discussions between the City and Tuggs with respect to the feasibility of the City acquiring the remaining term of the 2010 agreement between the City and Tuggs specific to the Licenced Area, inclusive of food and beverage and sponsorship rights; however, staff undertook to speak to the principal of Tuggs on a number of occasions between April and July, 2017. Following these conversations, staff have determined that there is no feasibility of negotiating terms acceptable to the City and that further discussions are not warranted.

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SIGNATURE

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