



REPORT FOR ACTION

Award of Request for Proposal 9119-19-7055 for Property Management Services for Canoe Landing

Date: June 13, 2019

To: General Government and Licensing Committee

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

Wards: Ward 10 - Spadina Fort York

SUMMARY

The purpose of this report is to advise on the results of the Request for Proposal ("RFP") 9119-19-7055 for the provision of Property Management Services for a multi-use hub facility located at 20 Brunel Court and named Canoe Landing which consists of a Parks, Forestry and Recreation (PFR) Community Centre, a Toronto District School Board (TDSB) elementary school, a Toronto Catholic District School Board (TCDSB) elementary school, a child care centre, parking garage, and outdoor space (collectively the "Facility") and to request authority to award and enter into an agreement with the recommended proponent, Kipling Realty Management Inc.

The obligations of all parties with respect to the use, maintenance and repair of all areas of the Facility are set out in the shared facilities agreement and leases, as outlined in the report titled "20 Brunel Court - Leases with Toronto District School Board and Toronto District Catholic School Board" from the Acting Director, Real Estate Services and the General Manager, Parks, Forestry and Recreation (the "Leasing Report"), that is also being considered at the June 24, 2019 General Government and Licensing Committee meeting.

RECOMMENDATIONS

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

1. City Council authorize the General Manager to execute, on behalf of the City, an agreement with Kipling Realty Management Inc. being the only proponent who met the requirements of Request for Proposal 9119-19-7055 to provide property management services for the Facility for a fixed term of five (5) years in the amount of \$1,948,787.95 net of all taxes, \$1,983,086.62 net of HST recoveries, substantially on the terms and

conditions contained in Attachment No. 2, and such other terms and conditions deemed appropriate by the General Manager, Parks, Forestry and Recreation and in a form satisfactory to the City Solicitor.

2. City Council authorize the General Manager to amend the Property Management Agreement as necessary, to modify the number of staff provided by Kipling Realty Management Inc. to efficiently and effectively manage the Facility.

FINANCIAL IMPACT

The total contract award over the five year period identified in this report is \$1,948,787.95 net of all taxes (\$1,983,086.62 net of HST recoveries) consisting of \$446,728.33 (\$454,590.75 net of HST recoveries) for the Administrator and \$1,502,059.62 (\$1,528,495.87 net of HST of recoveries) for the Property Management of which 36.6 per cent of the total costs would be attributed to the City of Toronto for PFR, 30.10 per cent to the TDSB, 28.00 per cent to the TCDSB and 5.30 per cent to the child care operator based on the proportionate interest established pending approval of the Shared Facilities Agreement, as outlined in the Leasing Report.

Parks, Forestry and Recreation as the owner and landlord of the Canoe Landing Facility and related property will be responsible for 100 per cent of the administrator fee, for back of house operations and the administrative components of the Scope of Work outlined in RFP No. 9119-19-7055, i.e. maintenance service requests/work orders, etc. The financial obligations associated with the property management fees will be shared among PFR, the child care operator, TDSB, and TCDSB based on their percentage of proportionate interest in the Shared Facilities Agreement, as illustrated in Attachment No. 1. The total contract award over the five year period for the City of Toronto's portion is \$1,095,030.52 net of HST recoveries which represents 100 per cent of the administrator fee, the 36.6 per cent proportionate interest and 5.3 per cent proportionate interest for the child care centre to be recovered from the third-party child care operator.

Funding required for the first period of August 1, 2019 to December 31, 2019 in the amount of \$88,845.12 net of HST recoveries including \$6,634.22 (net of HST recoveries) to be recovered from the child care operator has been included in the 2019 Council Approved Operating Budget for PFR in the Community Recreation Service (P06739 / 4530). Funding requirements for the remainder of the contract period will be included the future year Operating Budget Submissions.

The Facility also includes a child care centre. A third party child care operator has been selected through a formalized process administered by Children's Services. The child care operator will assume full responsibility for all operational costs associated with the space allocated for the child care centre representing 5.3 per cent, including the proportionate interest for the property management fees according to the Shared Facilities Agreement. There is no financial impact to the City of Toronto's Children's Services annual operating budget as a result of this agreement.

Similarly, both TDSB and TCDSB will assume full responsibility for their respective share of the property management fees based on the proportionate interest as set out in the Shared Facilities Agreement.

The recommended proponent Kipling Realty Management Inc. will be responsible for directly invoicing and collecting payment for the property management fees from each party as identified in Attachment No.1.

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

DECISION HISTORY

On October 21, 1994, the City of Toronto signed agreements with the Canadian National Railways (CN, succeeded by Concord Adex and Wittington Developments), the TDSB and the TCDSB for the purpose of collecting development levies to fund the construction of the multi-user facility and setting out the framework for sharing the development process on Block 31.

On April 12, 13 and 14, 2005, City Council adopted Report No. 4, Clause No. 36 of the Policy and Finance Committee, which approved Toronto Community Housing (TCH), as agent for the City, to conduct due diligence, feasibility site plan and other pre-development studies required to develop affordable housing on the City's Block 31, 32, 36, 18AB of the Railway Lands.

<https://www.toronto.ca/legdocs/2005/agendas/council/cc050412/pof4rpt/cl036.pdf>

On July 16, 17, 18 and 19, 2007, City Council adopted EX10.34 as amended, which authorized the Director of Real Estate Services in consultation with the Director of Development, Affordable Housing Office (AHO), to negotiate and enter into Offers to Sell Block 31, 32, 36 and 18AB to TCH.

<https://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-07-16-cc11-dd.pdf>

On August 4, 2009, the Director of Community Planning, Toronto and East York District, reported to the Toronto and East York Community Council on the re-zoning application and preliminary report submitted by TCH regarding 419 Fort York Blvd. (Block 31 Railway Lands West).

<https://www.toronto.ca/legdocs/mmis/2009/te/minutes/2009-09-15-te27-mn.htm>

On October 3, 2011, Executive Committee referred Item EX11.14 "Release of Blocks 31 and 18AB in the Railway Lands (Item AH3.2)" to the City Manager to report back in conjunction with the Chief Corporate Officer within six months providing further information on the plans for the future disposition of Blocks 31 and 18AB. (September 13, 2011) Letter - Release of Blocks 31 and 18AB in the Railway Lands

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX11.14>

On November 27, 2012, City Council adopted EX24.15, as amended, pursuant to which the Deputy City Manager, Cluster "A" was authorized and directed to assume

management of Block 31 of the Rail Lands and the Adjacent Lands and develop a Plan for the property.

<https://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-51463.pdf>

On July 16, 2013, City Council adopted TE25.5, which authorized amending the Official Plan to add the easternmost 30 metres of the lands at 95 Fort York Boulevard to Official Plan Site and Area Specific Policy #265, so they are exempt from Official Plan Policy 4.3.8, which prohibits the disposal of City-owned land in areas designated as Parks and Open Spaces.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.TE25.5>

On February 19, 2014, City Council adopted EX38.3, recommending that the Deputy City Manager, Cluster "A", negotiate a development agreement for Block 31 between the City, the TDSB and the TCDSB. That report also directed the Deputy City Manager, Cluster A, in conjunction with the Deputy City Manager and the Chief Financial Officer to report to the Budget Committee either through the capital and operating budget process or by separate report on the project management, design and development, overall project costs including development and construction costs and other requirements including environmental remediation sources of funding and the details of the cost sharing agreement once these details were available.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX38.3>

On May 29, 2017, by approval of GM21.20, under its delegated authority, Government Management Committee granted authority to award the contract and approved the budget for construction of the new City of Toronto, Parks Forestry and Recreation's multi-purpose building on Block 31 (municipally known now as 20 Brunel Court.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM21.20>

COMMENTS

The City of Toronto has taken the lead on managing the development of 20 Brunel Court, (formerly known as Block 31) now known as Canoe Landing, a multi-use community hub which consists of a PFR Community Recreation Centre, a child care centre operated by St Stephen's Community House, a community space, two elementary schools, a parking garage and outdoor space.

The Facility is currently under construction. It is anticipated that the two elementary schools will be in operation at the start of the school year 2019 and the community recreation centre and childcare centre are expected to be in operation early 2020.

The obligations of all parties with respect to the use, maintenance and repair of all areas of the Facility are set out in the Shared Facilities Agreement, as outlined in the Leasing Report that is also being considered at the June 24, 2019 General Government and Licensing Committee meeting.

Given the multiple stakeholders and systems, the parties agreed the most efficient and effective approach to manage and operate the Facility is to source a third party property

management firm to oversee the operation, maintenance and repair of the facility. This alternative service delivery approach has been effectively used at other PFR multi-use sites including Humberwood Community Centre and the Toronto Pan Am Sports Centre (TPASC).

The City of Toronto solicited proposals for a highly qualified property management firm to provide full-time on-site services to administer and manage all of the services required to efficiently and cost-effectively operate the Facility.

As specified in the Shared Facilities Agreement, the parties will establish a governance structure to oversee the Facility (including the property manager) consisting of a Management Committee and Governance Committee, to make all decisions and give all approvals in connection with the use, operation, maintenance and management of the Facility. The responsibilities of the Management Committee and the Governance Committee are set out in the Shared Facilities Agreement and described in the Leasing Report.

Procurement Process

The City of Toronto solicited proposals for the property management services of one highly qualified property management firm. This firm shall assign a dedicated Property Manager that will provide full time on-site services to administer and manage all the services required to efficiently and cost-effectively operate the multi-use Facility.

Request for Proposal No. 9119-19-7055 for Property Management Services for a Multi-Use Facility for Canoe Landing Community Recreation Centre / Bishop Macdonell Catholic Elementary School/ Jean Lumb Public School, and Canoe Landing Child Care Centre was issued by Purchasing and Materials Management Division (PMMD) on February 4, 2019 and was made available to download in PDF format on the City's website. City staff, with the assistance of two Collier International Consultants, designed the requirements set forth in the RFP. The RFP included the selection criteria for the evaluation and the solicitation closed on March 25, 2019.

During the solicitation period, PMMD monitored all online and walk-in purchases of this opportunity to ensure an open, competitive and fair process. Realizing the limited number of potential proponents based on purchase, City staff conducted market research and undertook extensive outreach efforts to identify appropriate prospective proponents. These potential proponents received follow-up communication to ensure receipt of the notification and to answer any process or procedure related questions with regard to doing business with the City.

On the closing date of March 25, 2019, only one firm, Kipling Realty Management Inc. submitted a proposal.

The RFP evaluation process was conducted as a two envelope system. Proponents were required to submit two separate envelopes. Envelope one contained the technical proposal submission. Envelope two contained the cost of services. The cost of services envelope was only opened for proponents who passed the mandatory compliance review stages, Stage I - Proponent Technical (a defined threshold of 70 per cent out of

60 points (42 points), and Stage II - An Interview (a defined threshold of 70 per cent out of 10 points (7 points). Industry best practices called for a successful proponent to provide a Certified Facilities Manager certification for designated personnel, and/or approved equivalents; Building Owners and Managers Association, International Facility Management Association, or other association membership, qualifications, and certifications.

Evaluation of the Proposal Submissions:

A formal Selection Committee was established and comprised of five members; three City staff representatives (two members from PFR, one member from Children's Services), one from the TDSB and one from the TCDSB. PMMD provided ongoing support and acted as custodian for this solicitation with all communications and the evaluation process monitored by a Fairness Monitor.

All members of the Selection Committee involved in the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement to PMMD prior to the proposals being received. The Selection Committee evaluated the proposals in compliance with the criteria set out in the RFP. Kipling Realty Management Inc. made it through all of the stages. After Kipling Realty Management Inc. made it through the evaluation process, the City engaged in a negotiation with Kipling Realty Management Inc. which resulted in the terms set out in Attachment No. 2.

TDSB and TCDSB approved of the award of the proposal and as a result City staff are seeking authority to award and enter into an agreement with the recommended proponent Kipling Realty Management Inc.

A Fairness Monitor was retained through a separate competitive process to support the procurement process. The consulting firm of HKA Global (Canada) Inc. was retained to act as a Fairness Monitor for this RFP. The Fairness Monitor scope of work was to review the RFP prior to posting and to oversee the procurement process for the purpose of ensuring adherence to objectivity of the evaluation and transparency; monitor the openness and competitiveness, addressing any concerns related to accountability and fairness and to provide independent assurance of the integrity of the procurement process.

The Fairness Monitor has concluded that the RFP process satisfied the principles of openness, fairness, consistency and transparency. The Attestation Report from the Fairness Monitor is included as Attachment 3.

The Fair Wage Office has reported that Kipling Realty Management Inc. has indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

CONTACT

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SIGNATURE



Janie Romoff
General Manager, Parks, Forestry and Recreation

Mike Pacholok
Chief Purchasing Officer

Attachment No. 1 – Financial Impact Summary Table 1

Attachment No. 2 - Terms and Conditions of the Property Management Agreement for
Canoe Landing

Attachment No. 3 - Fairness Monitor Attestation Report