
City of Toronto

Identification of Foodservice Requirements and Opportunities
for Nathan Phillips Square Design Competition

October 2, 2006

Cameron Hawkins & Associates Inc.

Advisory Services to the Hospitality & Tourism Industries

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Mr. Peter C. Ortved
CS&P Architects
2345 Yonge Street, Suite 200
Toronto ON M4P 2E5

Dear Mr. Ortved:

In accordance with the terms of reference of our engagement, we are pleased to submit our recommendations for the foodservice components to be included in the Design Brief for the International Design Competition for Nathan Phillips Square. We appreciate the opportunity to be of continuing service to the City of Toronto, and look forward to discussing this report with you at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Hawkins', written over a light blue circular stamp.

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Introduction

Toronto City Council recognizes Nathan Phillips Square as the City's premier civic square and event venue. A major revitalization effort that encompasses the full expanse of Nathan Phillips Square - a total of over 12 acres bounded by Queen Street, Hagerman Street, Bay Street, and Osgoode Hall - is needed to ensure that the Square achieves its full potential. Particular attention is needed to areas that have been underdeveloped and underutilized since the Square was originally designed and developed. Council has authorized a two-stage international design competition, to be undertaken within the following Guiding Principles:

- (a) Reinforce the atmosphere of 'government, democracy and community' intended in the original design competition;
- (b) Respect and restore the beauty and dignity of the original design for the Square by architect Viljo Revell;
- (c) Preserve and enhance the unique heritage qualities of the Square;
- (d) Retain the open and accessible qualities of the space that make it well-used and valued;
- (e) Improve the pedestrian accessibility of all areas of the Square and its connections to the surrounding area;
- (f) Enliven and integrate the City Hall Podium roof, the elevated walkways and the PATH system;
- (g) Improve the capability of accommodating outdoor performance events in keeping with the overall design;
- (h) Renew the built elements and landscaping with an integrated approach, high quality materials and refined craftsmanship;
- (i) Re-establish the Square as a pedestrian-only and vehicle-free public space; and
- (j) Revitalize the entire area of the site, both within and outside the elevated walkways.

The background reports and other documents intended to guide the redevelopment of the Square identify a number of specific objectives relevant to foodservice operations. The City of Toronto Staff Report dated October 26, 2005 noted the following:

- From public consultation sessions, "participants tended to agree that it is necessary to have more adequate services on the Square including food services, tourism information, shade facilities and bicycling infrastructure"
- Proposals will be considered for food service facilities along the south end and elsewhere on the Square;

- Competitors should include space for a tourism/visitor information centre in their design proposals for the Square.

Current Food and Beverage Operations

At present the needs of the market for foodservice is met by the following permanent and temporary facilities:

- Café on the Square, a permanent licensed self-serve restaurant located on the ground floor of City Hall. This facility provides both eat-in and take out service and operates a large patio adjacent to its indoor seating area.
- Various licensed food trucks and carts, serving hot dogs, french fries, ice cream and similar products.
- Temporary food vendors set up as part of a special event.

The agreement for Café on the Square does not preclude the operation of temporary food vendors or the food concession on the Square, or non profit and charitable events on the Square. The agreement does stipulate that “the City agrees that . . . it shall not permit any other permanent restaurant facility to operate in the Buildings or on the Lands. . . . a seasonal restaurant shall be deemed to be a permanent restaurant facility.” As this agreement expires in 2008, we do not believe there are any material constraints to the development of additional foodservice facilities as part of the overall redevelopment of Nathan Phillips Square.

Benchmarks & Best Practices

To ensure that we have identified an appropriate range of foodservice opportunities and service delivery strategies, we reviewed foodservice programs and strategies for other civic squares and public venues to identify opportunities to enhance service levels and economic returns consistent with the Guiding Principles of the international design competition. Our benchmarks included the following:

- Bryant Park, New York
- Campus Martius, Detroit
- Millennium Park, Chicago
- Madison Square Park, New York

Foodservice facilities are an increasingly common amenity in parks, plazas and squares throughout the world. They are equally common in publicly owned institutions such as museums, zoos and cultural centres. Indeed, wherever

people gather in numbers, foodservice is a highly-sought amenity. The nature and scope of foodservice operations in civic plazas has expanded from seasonal outdoor kiosks and concessions to permanent, year round dining facilities. Four recent projects illustrate this trend.

Bryant Park, Manhattan

Bryant Park, located adjacent to the New York Public Library in mid-town Manhattan, is one of New York's great renewal stories. Today's version of Bryant Park, with its gravel paths, expansive lawns and gardens, is a recent invention. Though the space has been called Bryant Park since 1842, the park had fallen into disrepair and disrepute during the 1970's. The Bryant Park Restoration Corporation (BPRC) has transformed the park and its reputation. The master plan for the park, completed in 1980, called for new entrances for increased visibility from the street, enhancements to the formal French gardens and improved pathways and lighting. In 1988 the City also approved a proposal by the BPRC for two restaurant pavilions and four concession kiosks, which were to generate off-peak activity and added revenue for operations. These facilities opened in stages in the 1990s.

The **Bryant Park Grill** is open daily throughout the year. Located behind the library on Bryant Park's Upper Terrace between 40th and 42nd Streets, the Bryant Park Grill also offers seasonal patio and rooftop dining.

The **Bryant Park Café**, operated by the Bryant Park Grill, is a casual outdoor café operated from mid-April to November, weather permitting.

In addition to the Grill and Café, Bryant Park features four quick-service food kiosks, operated under separate management. Menu items are "grab and go", but are a step up from conventional street fare. For example, the "wichcraft" sandwich kiosk, pictured opposite, offers Sicilian tuna with fennel, black olives and lemon on a baguette or warm roasted turkey layered with avocado, bacon and onion relish on a ciabatta roll. Other kiosks feature coffee and baked goods, ice cream, soups and salads.

Bryant Park Corporation, responsible for management of the Park, derives more than 25% of its operating income from foodservice tenants.



Bryant Park Grill, New York



"wichcraft" sandwich kiosk, Bryant Park

Campus Martius, Detroit, Michigan

The transformation of the main intersection in downtown Detroit into a civic square has attracted the attention of urban planners from across the continent. Detroit 300, a civic organization coming together to celebrate the city's 300th anniversary in 2001, raised \$25 million to create a town square as a birthday present for local residents. The park is open year round and home to more than 200 events annually, ranging from the Detroit International Jazz Festival to a story hour for children. The ice rink is open 125 days a year, and the café is open every day. Paris-style park chairs, which can be moved so people are able to find a place to sit in the sun or away from the wind, are kept out all year.



Au bon pain café, Campus Martius, Detroit

Millennium Park, Chicago

Chicago's Millennium Park, at over 24 acres, is the largest of the benchmarks reviewed during our research, and the most ambitious in terms of foodservice operations. The centrepiece of the park is the Jay Pritzker Pavilion, the Frank Gehry designed band shell facing onto a 4,000 seat amphitheatre with adjacent lawn seating for an additional 7,000. Concession stands are located on either side of the Jay Pritzker Pavilion, and carts are operated throughout the park. The Park Grill, a 375-seat restaurant that sits directly beside the Ice Rink in McCormick Tribune Plaza, is open year round. In the warm-weather months, the Ice Rink converts into an outdoor dining area.

The Park Grill opened is open 7 days a week from 11 a.m. to 9:30 p.m. Average cost for lunch is \$13-\$15; average cost for dinner is \$20-\$30.



The Park Grill, Millennium Park, Chicago

Madison Square Park, Manhattan

This Manhattan park illustrates a more compact approach to foodservice operations. The six acre Madison Square Park, bounded by 23rd and 26th Streets, Fifth Avenue and Madison Avenue, was rededicated in 2001 following a two year, \$6 million capital restoration program. The funds were raised by the Madison Square Park Conservancy, which also funds 90% of the Park's operating costs and 100% of its programs.

Three years after the Park was re-dedicated the Shake Shack was opened, with its menu of traditional concession fare – hot dogs, hamburgers, milkshakes and fries. Constructed at a cost of \$750,000 (\$US) by the Madison Square Park Conservancy, the Shake Shack has helped animate the Park, and proceeds from the Shake Shack operations support the Conservancy's budget.



The Shake Shack, Madison Square Park, New York

The Market for Foodservice Facilities

Based on our experience with the Square and our research for this project, there would appear to be three principal markets for foodservice facilities on Nathan Phillips Square:

- Casual, Transient Users - customers in the general vicinity of the Square, whose primary purpose or destination lies outside of the Square. This would include people working in or visiting City Hall and surrounding buildings, as well as shoppers and tourists.
- Active Participants - customers attracted specifically to active or passive activities on the Square. This includes special events, concerts, skating or more passive uses such as people watching.
- “Destination Dining” customers that could be attracted to a foodservice facility in a unique, highly visible, accessible and animated location. This market is currently unserved.

As noted, the first group includes local workers, shoppers and tourists visiting other attractions in the downtown core. For this segment, the Square is not a destination, merely a waypoint on their travels. Their stay in the Square is relatively short.

The recently announced Bay Adelaide Centre Project indicates that, after several years of little or no growth, the commercial market in the Central Business District is increasing once again. The tourist market has been volatile in recent years, but the long term outlook is generally positive and the Square is ideally positioned to capture traffic from visitors.

For the second group – Active Participants – the Square is a destination (although perhaps not their primary reason for being in the area). Active Participants can be drawn from many of the same user profiles – nearby office workers, shoppers and tourists. Another potential source of Active Participants is the growing downtown residential market. The average length of stay for Active Participants can vary from a relatively short period (15 – 30 minutes) to several hours.

Destination Dining customers include those working, shopping or visiting attractions in the downtown core, as well as residents from the downtown core and adjacent neighbourhoods. Depending on the nature and extent of the dining facilities, the evening trading area could, in fact, be quite extended. For this group it is the restaurant that is the destination, and the drawing power of the restaurant is enhanced by an attractive and animated setting (something few restaurants in the downtown core can claim). The moderately priced Park Grill in Chicago's Millennium Park clearly demonstrates that "destination dining" is not synonymous with exclusive or expensive.

Casual Transient Users are almost exclusively seeking quick service convenience food and beverage products, for consumption on the Square or elsewhere. Popular items with wide appeal are the norm, as the line-ups at the Queen Street hot dog carts and chip wagons clearly demonstrate. Loose seating is desirable but not essential for this market, given their short length of stay on the Square.

Active Participants also seek primarily quick service convenience food and beverage items, mostly for consumption on the Square. As their length of stay is somewhat longer than Casual Transient Users, loose seating is more important for this group. Given the more diverse demographic profile of this segment, there is more opportunity for a range of ethnic and specialty food and beverage products.

Our best practice research showed that Destination Dining can cover a wide spectrum in terms of cuisine, décor and price. The key factor seems to be designing the venue to take full advantage of the unique locational attributes. Unless a venue offers something unique and compelling, it will not attract a new audience to the Square, and may adversely affect existing restaurants in the area.

Recommended Foodservice Program

Our recommendations address the needs of all three market segments – Casual Transient Users, Active Participants and Destination Diners, and include facilities and services for permanent year round as well as temporary seasonal or event oriented foodservice operations.

Casual Transient Users

A permanent, year round concession should be provided. The facility should be oriented to the south of the Square, proximate to the Rink. This facility would replace the carts and trucks which currently operate on Queen Street, and should offer similar fare. Accordingly, the concession space would require a full complement of mechanical and electrical services (including natural gas) along with full kitchen ventilation.

If developed and operated in conjunction with a full service restaurant, the space requirement for a concession would range from 25 square metres for a limited menu specialty outlet, to 50 square metres for an outlet serving a range of hot and cold food items. If developed as a free standing location, the space required would increase by at least 50% to accommodate storage, production and staff facilities.

Carts or kiosks should be used to supplement the concession and deal with seasonal demand fluctuations. To ensure the Square remains a functional and efficient special event venue, kiosks should be located towards the perimeter of the Square, and should be moveable (by forklift or tow motor). Kiosks can be as small as 10 square metres, although at this size they provide little more functionality than a modern cart; 15 to 20 square metres would be more typical. Carts can be positioned throughout the Square to reflect demand and traffic patterns. Carts are typically self sufficient in terms of utilities, although a broader range of menu items can be accommodated if 100 amp, 110 volt single phase electrical service and potable water are available. Kiosks would require potable water, grey water disposal, and 208 volt three phase electrical service.

Active Participants

As noted earlier, Active Participants share many characteristics with Casual Transient Users, but they tend to stay on the Square somewhat longer. This allows for a broader scope of foodservice offerings and increases the demand for loose casual seating.

Kiosks are better suited to providing the broader range of specialty or ethnic food items appealing to this market segments, although dedicated carts (typically offering a single featured product) can be used. Carts can be positioned throughout the Square, based on event requirements. Kiosks should be located towards the perimeter of the Square so as not to interfere with event staging requirements. Utility service requirements are as specified earlier.

Special events often require catering facilities for performers, event staff or hospitality functions. The placement of catering facilities can vary widely – craft services for performers or event staff will be located in the “back of house” areas, while hospitality functions are typically front of house. The foodservice requirements for such events are usually provided by off-site caterers, but some on-site infrastructure is required to support the catered function. For such areas, potable water, grey water disposal, and 208 volt three phase electrical service should be provided.

Destination Dining

Our benchmarking and interviews with restaurant operators indicates that a licensed table service restaurant would be a viable and attractive addition to the Square. To be economically viable, the facility should offer indoor seating for 150 to 175 and would therefore require approximately 5,000 to 6,000 square feet of space. An additional 2,000 to 3,000 square feet of seasonal outdoor patio space should also be provided.

The back of house service area for a full service restaurant must accommodate receiving and temporary waste storage (e.g. dumpsters and recycling bins). As these uses are not attractive, the best configuration would be to locate such functions below grade, directly below the kitchen and accessible via service elevator. Of the total interior space of 5,000 square feet, approximately 1,000 to 1,500 square feet could be located below grade to support storage, receiving, staff facilities and waste management areas.

The restaurant should be fully self sufficient, with complete kitchen production and storage facilities. Electrical service of 600 to 800 amps should be provided (600 volt service, with transformers to step down to 120 volt single phase and 208 volt three phase). Gas service of at least 500,000 BTUs should be provided, and the facility will require full kitchen exhaust (7,500 to 9,000 cfm with appropriate make-up air).

Our discussions with restaurant developers and operators indicate that the ideal location for such a facility would be along the south west perimeter of the Square i.e. along Queen Street, close to the Sheraton Centre and the Four Seasons Performing Arts Centre. The restaurant should be oriented towards Queen Street with its principal interior exposure to Queen. The patio exposure should be oriented towards the Square. All seating should be accessible at grade.

Our benchmark research indicates that it is common practice for a restaurant located within a civic plaza to also operate some or all of the concessions, carts and kiosks. The permanent food concessions discussed earlier could be incorporated into the same structure as the restaurant, providing economies of scale to the operator and reducing the overall development cost.

Service Delivery Options

We understand that the City's preference is not to operate (directly or through third parties) a business enterprise that would undermine existing private sector businesses. The nature of the adjacent public and private land uses minimizes the availability of street level foodservice operations, leaving Nathan Phillips Square under serviced in terms of food and beverage amenities. We do not anticipate these conditions will change in the foreseeable future. Accordingly, the addition of new foodservice facilities on Nathan Phillips Square is not expected to adversely impact existing restaurants and cafes in the central business district.

Removal of the food carts and trucks from Queen Street will be a hardship for these operators, but will greatly enhance the overall appearance of the Square and of Queen Street in general. The provision of additional seasonal or permanent food facilities on the Square may also have a minor adverse impact on the revenues captured by Café on the Square. However, it is unlikely that any new facilities will be open before the current lease expires in 2008, and any new lease agreement would be negotiated in the context of the revised foodservice program for the Square. The City would suffer no net loss of revenue by adding the facilities recommended in this report. In fact, the net revenue to the City should increase significantly.

How the facilities are operated will have an impact on physical plant requirements. For example, a single supplier for all facilities in City Hall and Nathan Phillips Square would require a significantly different facilities program for storage, staff facilities, production, and receiving as compared to multiple operators.

There are a number of options for the management of the foodservice facilities, including:

- Self operation
- Cost plus contract
- Profit and loss contract, with guaranteed and/or percentage rent
- Standard retail lease
- Short-term management/technical services agreement
- Long-term management/technical services agreement
- Exclusive supplier/multiple supplier

As noted earlier, we believe that any new permanent restaurant on the Square should be fully self sufficient and should be located along the south side of the Square. As such, there would be little or no opportunity to share support facilities with the Café on the Square. Further, we believe it is in the City's best interest to ensure that both restaurants can be operated independently, thereby ensuring a more competitive marketplace for visitors to the Square.

There appears to be a strong level of interest in additional foodservice opportunities on the Square, and we expect that the opportunity to develop and operate such facilities would attract a number of well qualified proponents. If the

facilities recommended in this report are developed, they should be operated by qualified foodservice companies under commercial lease terms. We further recommend:

- Consideration be given to incorporating both a permanent restaurant and year-round concession into a single structure, to be operated by the same company;
- The operator of any permanent restaurant and/or concession be granted non-exclusive rights to operate seasonal carts or kiosks on the Square, subject to normal competitive bid terms;
- Festivals and events be allowed to bring in their own food vendors and caterers, subject to meeting standards set by the City;
- All food and beverage operations on the Square, whether permanent or temporary, be required to offer their products at competitive “street level” prices i.e. competitive with the prices charged by similar foodservice operations in the immediate area for comparable products.

Return on Investment/Payback Analysis

Based on our discussions with local restaurant operators and developers, we believe that all of the facilities recommended in this report can be economically viable and can provide ongoing revenue to support the operations and programming of the Square. Specifically:

- Carts and kiosks would have little or no incremental capital cost to develop, and only minimal costs to administer. The City would incur initial costs to provide a grid of electrical service and potable water, but these costs should be recouped through ongoing vendor commissions. Any capital cost associated with carts and kiosks would be carried by the operator, as would any costs associated with utilities connections and consumption. The City would receive commissions, typically in the range of 5% to 15% of gross revenues depending on the nature of the operation and the term of the agreement.
- A permanent concession would require an initial capital investment for the base building structure, which could be carried by either the City or the operator depending on how the concession was to be provided. If the capital cost is carried by the City, it would be offset by annual lease payments. If carried by the operator, the annual compensation to the City would be lower, but the City would minimize its capital at risk.
- Similarly, a permanent restaurant would require an initial investment by either the City, the restaurant operator or a third party developer. The restaurant has the potential to generate net lease income of \$40 to \$60 per square foot, meaning it could carry its capital cost and provide surplus income. If the structure is provided by the City, this surplus could support other infrastructure (e.g. washrooms or Visitor Information facilities) or support

the ongoing operation of the Square. If the structure is provided by a third party (either the restaurant operator or a developer), most of the surplus would be retained by that party.

Summary and Conclusions

Project for Public Spaces, one of the leading authorities on the design and management of public spaces, has identified a number of prerequisites for successful squares and plazas, including:

- Attractions and destinations – a variety of smaller places, including outdoor cafes, fountains, sculptures or performance areas, to appeal to a diverse audience;
- Amenities – public art, seating, lighting, to enhance the comfort of users;
- Flexible design – the ability to reconfigure the amenities and features within the venue to accommodate a variety of uses;
- Seasonal strategy – the ability to change with the season;
- Diverse funding sources – the ability to supplement public funding with operating revenue from cafes, markets and other on-site commercial uses.

Our recommended foodservice program for Nathan Phillips Square directly addresses these planning requirements:

- Replacing the Queen Street carts and trucks with a permanent concession supplemented with seasonal carts and kiosks improves the aesthetics of the site, while offering a more diverse range of food products in facilities designed to reflect the overall “look and feel” of the Square.
- Providing a grid of utilities services for carts, kiosks and event food vendors will also improve the aesthetics of the site by eliminating cables and hoses, and will also improve the safety of the site by providing upgraded food production, storage and sanitation capability.
- Providing a new, year round restaurant on the southwest perimeter of the Square will attract a new market segment to the Square, increase the overall utilization of the Square, provide a source of animation and generate income to support Square operations and programming.

Facilities like those recommended in this report have been successfully implemented in parks and square recognized as the “best of breed”, and the success of these venues is due in part to the inclusion of additional food facilities as an integral part of the design program.