



TORONTO STAFF REPORT

July 28, 2003

To: Economic Development and Parks Committee

From: Joe Halstead, Commissioner Economic Development, Culture and Tourism
Joseph P. Pennachetti, Chief Financial Officer & Treasurer

Subject: Request for Proposal No. 0613-03-0046 – Operating Food and Beverage Services at Historic Fort York for the Culture Division, Trinity Spadina Ward 19

Purpose:

The purpose of this report is to recommend the award of the Request For Proposal (RFP) for operating food and beverage services at Historic Fort York for the Culture Division of the Economic Development Culture and Tourism Department.

Financial Implications and Impact Statement :

The RFP terms included continued service levels, diverse and healthy food choices (including historically authentic food choices), a capital investment in the Fort York facility, and remuneration to the City in the form of rent and a per capita facility use fee of \$2.50 (including G.S.T.), Facility Rental Surcharge (FRS). Based on the submission being recommended, the proponent's proposed capital investment is \$32,000 in the first five years, and projected annual rent and FRS payable to the City is estimated to be \$46,550.00 in the first year, \$51,205.00 in the second year, \$56,392.00 in the third year, \$62,111.00 in the fourth year, \$68,362.000 in the fifth year, \$75,278.00 in the sixth year and \$82,859.00 in the final year. The projected net revenues over a seven-year period are estimated at \$442,757 (\$266,320.00 in rent and \$176,437.00 FRS). In the fourth year of the present contract, the current food and beverage provider paid \$53,313.83 net to the City in rent and FRS. Further returns can be expected as the public experience the improved standards of products and service offered. In addition, the proponent will be responsible for utilities, estimated at 1% of gross revenue including all taxes.

Recommendations:

- (1) the proposal submitted by Jessup Food and Heritage Ltd., the only proponent to submit a proposal, be accepted for the seven-year period, starting from the date of the award and ending the 31st of March 2011, with projected net revenues to the City over the seven-year period estimated at \$442,757.00.
- (2) the Commissioner of Economic Development, Culture and Tourism be directed to negotiate and execute a contract with Jessup Food and Heritage Ltd. in form and content consistent with the RFP and acceptable to the City Solicitor; and
- (3) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

In November of 1998, Toronto City Council approved Clause No. 26 of Report No. 17 of the Corporate Services Committee, Historic Food Service of Fort York, allowing for the Toronto Historical Board to enter into an agreement with Jessup Food and Heritage Limited to provide food services at Fort York. The agreement was entered into for four years, commencing on April 1, 1999 and ending on March 31, 2003. Subsequent to Council's approval of Report No. 6 of The Economic Development Committee in April of 1999, Implementation of Council Decisions on Heritage Governance, the operation of Fort York and related agreements became the responsibility of the City of Toronto Culture Division. In April 2003, Council approved Clause No. 8 of Report No. 3 of the Economic Development and Parks Committee, allowing an extension of the contract with Jessup Food and Heritage Limited until March 31, 2004 or until such time as a new agreement is in place to allow time for the Request for Proposal (RFP) process to be completed, reviewed and approved.

The agreement with Jessup Food and Heritage Limited has been very beneficial to the operation of Fort York and Jessup has been a reliable contractor, fulfilling all obligations. The Jessup Food service operation has added significantly to Fort York's visitor experience and has enhanced visitor attendance and revenues. Both groups benefited from this venture; the catering company has been provided a unique venue in which to operate; and Fort York has been able to provide additional services to clients and attract new clients. Large public events, fundraising dinners and day to day catering have all been made possible through this partnership. Jessup Food and Heritage Limited is currently operating at Fort Henry in Kingston, Ontario as well as several other historic sites.

Comments:

Twenty-four (24) firms on the City's bidder's list were invited to submit bids and this requirement was also advertised on the City of Toronto Internet Web Site. The RFP provided for the operation of food and beverage services at Historic Fort York for public events, fund raising dinners and pre-booked catering functions. Further, the RFP requested that proponents examine opportunities for capital investment to improve the overall functionality and enhance the

remuneration to the City. The RFP required that proponents provide a range of product offerings including historically authentic food as well as healthy menu choices.

Six firms expressed interest and attended the information session held for proponents on Thursday, April 24, 2003 at Fort York, 100 Garrison Road, Toronto at 10:00 a.m. The purpose of the meeting was to conduct a briefing of the RFP and provide a tour of Fort York. One firm, Jessup Food and Heritage Ltd., submitted a proposal. A committee comprised of staff from the Culture Division and the Parks and Recreation Division evaluated the proposal to ensure all criteria were met. Jessup Food and Heritage Ltd. exceeded the minimum 75% evaluation criteria score. A follow up interview on Tuesday, June 17, 2003 was conducted and Jessup Food and Heritage Ltd. were found acceptable, based on their submission, scoring, interview and past performance.

The City of Toronto intends to secure a contract with the successful proponent granting him the rights to undertake a food and beverage business enterprise at Historic Fort York. In exchange for granting these rights, the Culture Division will receive from the successful proponent remuneration in the form of percentage of gross revenue and a \$2.50 (including G.S.T.) per capita Facility Rental Surcharge (FRS), and capital investment over the seven-year term. The estimated net revenues over the seven year period is \$442,757.00. The proponent will be responsible for the payment of all property taxes, utilities assessed at 1% of gross revenue and other operating costs.

The only bid received from Jessup Food and Heritage Ltd. has been reviewed by Economic Development, Culture and Tourism and was found to be acceptable.

Jessup Food and Heritage Ltd. has been beneficial to the operation of Fort York and Jessup Food and Heritage Ltd. has been a reliable contractor, fulfilling all obligations.

The Fair Wage and Labour Trades Office has reported favourably on the firm recommended.

Conclusions:

This report requests authority to negotiate and execute a contract for the operation of food and beverage services at Historic Fort York for the Culture Division with Jessup Food and Heritage Ltd., to the satisfaction of the Commissioner of Economic Development, Culture and Tourism and the City Solicitor.

Staff who evaluated the proposal are satisfied that the recommended proponent and the terms and conditions of the RFP will ensure continuation of the quality food and beverage service that has been built up since 1999. This will be accomplished through the substantial capital investment recently made by the City of Toronto in the food service facilities at Fort York, with the resulting growth in projected revenues (based on historical performance) for the proponent. The proponent being recommended is a small entrepreneur with a proven track record of expertise to manage a financially viable hospitality operation in a historic site.

Contact:

Rita Davies
Executive Director
Culture Division
Phone: (416) 397-5323

L. A. Pagano
Director, Purchasing and
Materials Management Division
Phone: (416) 392-7312

Joe Halstead
Commissioner,
Economic Development, Culture and Tourism

Joseph P. Pennachetti
Chief Financial Officer and Treasurer