

TORONTO STAFF REPORT

August 17, 2006

To: Economic Development and Parks Committee

From: General Manager, Parks, Forestry and Recreation

Subject: Unsolicited Proposal – Tuggs Incorporated Investment Proposal for
Redevelopment of the Eastern Beaches Food Service Facilities

Ward 32 - Toronto Beaches

Purpose:

To advise Committee of the receipt of an unsolicited proposal from Tuggs Incorporated regarding the repair, maintenance and operation of the concessions at D.D. Sommerville Pool, Kew Gardens and the Boardwalk Café and to seek the Committee's direction in the handling of the request.

Financial Implications and Impact Statement:

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

However, if the Committee wishes to proceed with the proposal, it will require referral to the General Manager, Parks, Forestry and Recreation, in consultation with the Deputy City Manager and Chief Financial Officer for review of the financial impacts and report back to the Economic Development and Parks Committee.

Recommendations:

It is recommended that:

- (1) Parks, Forestry and Recreation issue a Request for Proposals for the repair, maintenance and operation of the concessions at D.D. Somerville Pool, Kew Gardens and the Boardwalk Cafe; and
- (2) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

Tuggs Incorporated (Tuggs) has operated the Boardwalk Restaurant in Woodbine Beach Park and two seasonal concessions in the Eastern Beaches (D.D. Sommerville Pool and Kew Gardens) since 1986. Tuggs originally built the Boardwalk Restaurant with its own finances, and has made leasehold improvements to the two concessions. Their original agreement was for eleven years and there have been two five-year renewal options exercised. The current agreement ends on September 14, 2007.

It should be noted that at its meeting of December 7, 1992, former Toronto City Council adopted Executive Committee Report 31, Clause 51, granting the City the opportunity to enter into an agreement with the Operator amending the concession agreement of September 3, 1986, whereby the City would receive 8% of alcohol sales and also granting the Operator a 10% rent abatement, due to the elimination by the City of one of the Operator's original four concession facilities. The rent abatement will terminate on September 14, 2007.

Tuggs recently communicated with Parks, Forestry and Recreation Division and proposed to invest a significant amount over 2006 and 2007 for capital improvements to repair and redevelop the Boardwalk Restaurant, the two Eastern Beaches concessions, and to contribute to the repairs of the Woodbine Beach Bathing Station. In return, Tuggs requests a twenty-year extension to the agreement with an escalating rent paid to the City.

Comments:

The major concern with the unsolicited proposal is that the City of Toronto does not have a formal process to handle them, even if the proposals may be beneficial to the City.

Based on current policy and practice, there is no systematic way to process unsolicited proposals except on a case-by-case basis, ultimately requiring City Council approval.

This report has been prepared to advise the Committee of the proposal and to outline options that currently are open for consideration which are:

- (a) accept the proposal from Tuggs, and refer it to Financial Planning for review and report to the Policy and Finance Committee and ultimately City Council; or
- (b) not deal with the unsolicited proposal and issue an RFP now to select an operator for September 2007.

It is important that this matter be dealt with expeditiously, as considerable lead time is necessary to prepare, communicate and award a Request for Proposal if that is the chosen direction. Time is also required to make repairs/improvements to the facilities in time for the key summer use period, and it is also critical that the operator has sufficient lead time as well.

Tuggs has requested the opportunity to appear before the Economic Development and Parks Committee to outline their proposal as a confidential item, and we believe they should be afforded that privilege.

Conclusions:

We have solicited opinions from both Purchasing and Materials Management and the Legal Divisions who have advised that, in general, they prefer to proceed to issue a Request for Proposal.

In light of the fact there is no formal system in place to deal with unsolicited proposals, we have no other administrative option than to accept the advice of the Purchasing and Legal Departments and recommend that a Request for Proposal be issued.

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