



## STAFF REPORT ACTION REQUIRED

### Operation of Centennial Park Ski /Snowboard Centre and North York Ski/Snowboard Centre

<b>Date:</b>	July 21, 2010
<b>To:</b>	Executive Committee
<b>From:</b>	Brenda Patterson, General Manager, Parks, Forestry and Recreation
<b>Wards:</b>	Ward 3 – Etobicoke-Centre Ward 10 – York Centre
<b>Reference Number:</b>	P:\2010\Cluster A\EX46-081610-AFS#12553

#### SUMMARY

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The purpose of this report is to inform City Council of the results of Request for Proposal (RFP) No. 9155-10-7097 for the management, maintenance and operation of Centennial Park Ski/Snowboard Centre and North York Ski/Snowboard Centre. Because the RFP failed to attract a successful proponent, the two facilities will not operate for the 2010/2011 season. This report seeks authority to engage the ski and snowboard industry through market sounding and consultation in order to determine the best approach for a new RFP call, and finally, the report seeks authorization to terminate existing licence agreements for food and beverage concessions associated with the facilities.

#### RECOMMENDATIONS

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**The General Manager of Parks, Forestry and Recreation recommends that:**

1. Parks, Forestry and Recreation undertake to engage the ski and snowboard industry through market soundings and consultation in order to determine the best approach for a new RFP call; and
2. the General Manager of Parks, Forestry and Recreation be authorized to terminate the existing Licence Agreements for food and beverage concessions for Cittadelle Café Inc. at North York Ski/Snowboard Centre which expires on April 30, 2013 and Eastwood Le/Jardin Food Services Inc. at Centennial Park Ski/Snowboard

Centre which expires on April 30, 2012 and to negotiate a settlement to compensate them for the early termination of their contracts.

## **Financial Impact**

There are no financial impacts resulting from the first recommendation in this report. As part of the 2010 Operating Budget Process, a Service Level Reduction was approved and implemented for the Ski Hill Operations that resulted in a net operating budget reduction of \$149,174 (gross of \$541,784 and revenue of \$392,610) for 2010, and a net operating budget reduction of \$447,523 (gross of \$1,625,352 and revenue of \$1,177,829) for 2011.

There are financial implications resulting from the termination of the licence agreements. Based on the results of the negotiations, there would be a one time buyout of each agreement as a result of the City's early termination. This impact cannot be quantified at this time, as it may adversely affect the pending negotiations.

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

## **DECISION HISTORY**

At its meeting held on March 3, 2010, the Budget Committee considered item BU65.1 which was amended to include a motion from Councillor Mihevic requesting the General Manager of Parks, Forestry and Recreation to report to the March 12, 2010 Operating Budget wrap-up meeting on a model for funding the ski hills.

Committee Decision Document (Item BU65.1):

<http://www.toronto.ca/legdocs/mmis/2010/bu/decisions/2010-03-03-bu65-dd.htm>

At its meeting of March 12, 2010, the Budget Committee considered options for the maintenance, operation, and capital investments of the City's two ski/snowboard centres.

Committee Decision Document (Item BU68.1)

<http://www.toronto.ca/legdocs/mmis/2010/bu/decisions/2010-03-12-bu68-dd.htm>

City Council, at its meeting of April 15, 2010, adopted Executive Committee item EX42.1, entitled, "2010 Operating Budget (Ward: All)". Recommendation #23 directed that any RFP or REOI for the Earl Bales and Centennial Ski Hills include conditions that will provide for continued free programs for Welcome Policy users and continued access for programs targeted to priority neighbourhoods and the disability community.

City Council Decision Document (Item EX42.1):

<http://www.toronto.ca/legdocs/mmis/2010/cc/decisions/2010-04-15-cc48-dd.htm>

## **ISSUE BACKGROUND**

In May 2010, Parks, Forestry and Recreation invited proposals from interested Proponents, with the requisite knowledge and skill, to manage, maintain and operate both Centennial Park Ski/Snowboard Centre and North York Ski/Snowboard Centre (“Facilities”) during the winter season. The successful Proponent would assume operation of both Facilities under an agreement. Proponents were requested to identify capital investment projects over the term of the agreement including a proposed revenue package which would be paid to the City.

The objective of the Request For Proposal was to secure an Agreement with a Proponent for the management, maintenance and operation of Centennial Park Ski/Snowboard Centre and North York Ski/Snowboard Centre subject to the approval of the General Manager of Parks, Forestry and Recreation and City Council. Through the RFP, the City requested that the Proponent develop and maintain, through ongoing capital investment and ongoing maintenance, attractive and cost effective ski/snowboard facilities in harmony with the existing natural environments for the enjoyment and safe use of the citizens of Toronto.

## **COMMENTS**

### **Request For Proposal**

It was the objective of the City to maximize financial benefit for both itself and the Proponent through this Agreement. At the same time, the City wanted to ensure that the quality of the ski/snowboard and recreational experience at the ski hills were maintained or enhanced over the course of the contract and provide continued access for ski and snowboard lessons, including applicable equipment rentals, for users under the City of Toronto’s Welcome Policy program as directed by Council.

Proponents were also able to provide a Proposal for one or both of the Facilities. Proposals for one Facility only would be considered if there were no acceptable proposals for both Facilities.

Proponents could also include an option to expand the Facilities to a full year operation but would only be evaluated for the Base Proposals for winter use only.

The existing ski and snowboard operations would remain to provide the public with a quality winter recreation experience that is self-sustaining while maintaining affordability.

Any resulting Agreement would be for a period of ten (10) years commencing September 1, 2010 and terminating on August 31, 2020, with the option to renew the agreement for an additional ten (10) year term.

The RFP included the following selection criteria for evaluation:

1. Mandatory Requirements
2. Experience and Qualifications of the Proponent
3. Level of Service to the Public
4. Financial Aspect.

It was important that the work be undertaken by a Proponent who could demonstrate specific knowledge of, and experience in performing similar work for projects of comparable nature, size and scope. The Proponent would be required to demonstrate extensive experience related to the operation of ski/snowboard facilities and a strong understanding of the current and future ski/snowboard market in the Greater Toronto Area (GTA).

Proponents were also required to provide, within a business plan, a detailed financial proposal for the operation of the Facilities along with a detailed capital investment projection for the initial ten (10) year term and the ten (10) year renewal term which would also include a cash flow projection timetable on capital spending.

Highlights of the Proponent's responsibilities under the scope of the RFP are outlined below:

- Access for persons under the Welcome Policy program for ski and snowboard lessons including applicable equipment rentals;
- Payment of all operating costs associated with the ski/snowboard facilities;
- Maintenance of snow trails and snow grooming;
- Maintenance and repair of all parts of the lift systems;
- Provision of teaching/lessons services for skiing and snowboarding and proposed lesson schedules by certified instructors;
- Payment of all costs for utilities and utility service used in or provided to the Facilities, which would include hydro-electric power, gas and water used in the operation of the Facilities, along with any cost involved in installing or linking to any utilities including natural gas, hydro-electric, underground lines and water services including the existing sanitary sewer or any meters to any building constructed or renovated by the Proponent for the Facilities;
- Responsibility for obtaining any required permits which would include a Water Taking Permit for the North York Ski/Snowboard Center to draw water from the Don River;
- Addressing the deficiencies for the Facilities listed in the "State of Good Repair" reports;
- Inclusion of the Canadian Ski Patrol Systems as part of an over all first-aid service while operating;
- Purchase of the City's ski maintenance equipment;
- Providing annually a letter of credit in a form satisfactory to the City in the amount of 25% of the estimated annual rent in order to secure the Proponent's obligation under the agreement to be entered into with the City;

- Assuming total responsibility for the payment of property taxes in relation to the operation of the Facilities.

The RFP was advertised on the City's Internet Website. Seven firms/individuals within the GTA ski industry were notified of the RFP by email. Only three firms purchased the RFP and no proposals were received in response to the RFP process.

It appears through the results of the RFP that the terms under which proponents were expected to operate, as listed above, may be too onerous for a private operator to undertake.

As a result the ski/snowboard operations at both Centennial Park and North York Ski/Snowboard Centres will not operate for the 2010/2011 season.

During this period Parks, Forestry and Recreation will undertake to engage the ski and snowboard industry through market soundings and consultation in order to determine the best approach for a new RFP call. A new RFP will be issued based on the results of this consultation to have an operator in place for the 2011 – 2012 season.

### **Food & Beverage Concession Agreements**

There are currently two existing food and beverage concession agreements in place for Centennial Park Ski/Snowboard Centre and North York Ski/Snowboard Centre.

Eastwood Le/Jardin Food Services Inc. has the food and beverage concession agreement for Centennial Park Ski/Snowboard Centre which expires April 30, 2012. The City had issued RFP No. 0613-01-0203 for the operation of certain Food Concessions within various Parks and Recreation locations. City Council accepted the Licensee's proposal by adopting Clause No. 3 of Report No. 1 of the Economic Development and Parks Committee at its meeting of February 13, 14 and 15, 2002, and agreed to grant the Licensee a licence to operate the Concessions which included the Centennial Park Ski/Snowboard Centre.

Eastwood Le/Jardin Food Services Inc. pays the City as the Basic Fee an annual fee of eleven per cent (11%) of the annual Gross Sales generated by the Concession Facilities. The average annual rent paid to the City for the concession located at Centennial Park Ski/Snowboard Centre is \$3,560 for each of the past 3 years.

Citadelle Café Inc. has the food and beverage concession agreement for North York Ski/Snowboard Centre which expires April 30, 2013. The City had issued RFP No. 0613-02-0223 for the operation of Concession Services in the North District of the Parks and Recreation Division. City Council accepted the Licensee's proposal by adopting Clause No. 7 of Report No. 2 of the Economic Development and Parks Committee at its meeting of February 4, 5 and 6, 2003, and agreed to grant the Licensee a licence to operate the Concessions which included North York Ski/Snowboard Centre.

Citadelle Café Inc. pays the City as the annual Basic Fee, twelve per cent (12%) of total annual Net Sales generated by each Concession Area, and an additional five per cent (5%) commission on Net Sales over \$150,000.00 from the combined Net Sales from each Concession Area. The average annual rent paid to the City for the concession located at North York Ski/Snowboard Centre is \$5,180 for each of the past 3 years.

These agreements do not allow the City to terminate them without cause. However, if the Centennial Park and North York Ski/Snowboard Centres do not operate during the 2010/2011 season, the agreements must be terminated, and the concession operators must be compensated by the City for the early termination.

### **Glen Rouge Campground**

Staff will be reporting on the negotiations with the Toronto and Region Conservation Authority for the operation of the campground in a separate report to the Government Management Committee.

### **CONCLUSION**

The RFP issued for the operation of the ski hills by a private operator did engage the interest of the ski industry but the terms of the RFP appear to have been too onerous for a private operator to undertake as the City did not receive any proposals. Consequently, the ski hills will not operate for the 2010-2011 season, and staff is recommending that Parks, Forestry and Recreation conduct consultations with the ski industry to develop an RFP that is more viable to a private operator.

### **CONTACT**

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### **SIGNATURE**

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