



**STAFF REPORT  
ACTION REQUIRED  
with Confidential Attachment**

**Award of RFP and Lease for the Operation of a Food Service Facility at City Hall**

<b>Date:</b>	January 11, 2011
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	<b>27 Toronto Centre – Rosedale</b>
<b>Reason for Confidential Information:</b>	This report is about a proposed or pending disposition of land by the City or one of its agencies, boards and commissions.
<b>Reference Number:</b>	P:\2011\InternalServices\RE\Gm11002 – (AFS#13098)

**SUMMARY**

---

This report seeks Council approval to enter into a new lease agreement with the recommended proponent from RFP #00613-10-0094 for the operation of a food service facility at City Hall.

**RECOMMENDATIONS**

---

**The Chief Corporate Officer recommends that:**

1. City Council authorize the City to enter into a lease agreement with 1158093 Ontario Limited o/a Café on the Square, for a ten (10) year term, for the operation of a food service facility on the main floor at City Hall, substantially on the terms and conditions outlined in Confidential Attachment 1 and in Attachment 2 and such other terms and conditions as may be acceptable to the Chief Corporate Officer, or his or her designate, and in a form acceptable to the City Solicitor.

2. City Council authorize the Chief Corporate Officer to administer and manage the lease agreement, including the provision of any consents, approvals, notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
3. City Council authorize the public release of the confidential information contained in Confidential Attachment 1 of this report following execution of the new lease agreement with 1158093 Ontario Limited.

### **Financial Impact**

The relevant financial information is addressed in the Confidential Attachment 1.

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

### **DECISION HISTORY**

Pursuant to Clause 30 of Corporate Services Committee Report No. 9, as adopted by City Council at its meeting held on July 8, 9 and 10, 1998, City Council authorized the City to enter into a Lease and related Management Agreement with 1158093 Ontario Limited for a ten (10) year term, for the operation of a café and the provision of catering services within City Hall. In addition, an Amending Agreement was authorized pursuant to DAF #99-0950, dated March 9, 1999, to add additional space on the lower level of City Hall to the leased premises to provide for the construction of washrooms and change rooms for the employees of the Café. The term of the Lease and the Management Agreement commenced on April 11, 1999 and expired on April 10, 2009. Approval to extend the term of the Lease and the Management Agreement until December 31, 2009 was authorized under DAF # 2009-026. A further extension of the term of the Lease and Management Agreement until June 30, 2010 was authorized under DAF #2009-112. An additional six (6) month extension until December 31, 2010 was authorized under DAF #2010-177.

### **ISSUE BACKGROUND**

City staff prepared an RFP and draft agreement for the café in consultation with the food service consultant originally retained to advise on the Nathan Phillips Square revitalization. In preparing the RFP, consideration was given to the Nathan Phillips Square revitalization, and more particularly a proposed new freestanding restaurant to be constructed on the lands and the consequential competitive food service offerings at

Nathan Phillips Square. Unlike the prior contract therefore, the RFP eliminated the right of exclusivity for the proponent. Given the location and liquor licensing of the food service facility in City Hall, a successful proponent would simply be viewed as a "preferred caterer" for City Hall, subject to purchasing policies and guidelines.

A Request for Proposals (RFP) #0613-09-0070 was issued November 30, 2009 and closed on January 22, 2010, to select an operator to provide food services at City Hall. Under that RFP, only two (2) proposals were received, and following evaluation, both proposals, as submitted, were deemed non-compliant.

On September 9, 2010, pursuant to DAF #2010-197, the leased premises were declared surplus with the intended manner of disposal to be the issuance of an RFP to select a food service operator to lease the space. Under City of Toronto Municipal Code, Chapter 213, this step is required before space can be leased for twenty-one (21) years or more. Given that the prior lease term, together with the proposed new ten (10) year lease term, would exceed a period of twenty-one (21) years, it was necessary to complete this step. All steps necessary to comply with the City's real estate disposal process as set out in Chapter 213 of the City of Toronto Municipal Code have been complied with.

On September 28, 2010, the City issued a revised RFP #0613-10-0094 which closed November 15, 2010. The revised RFP included enhancements which among other things assisted proponents to ensure submissions complied with all mandatory requirements of the RFP.

## **COMMENTS**

Prior to closing of the RFP on November 15, 2010, four (4) submissions were received. On initial review of the proposals, Purchasing and Materials Management Division determined and advised Real Estate Services that two (2) of the four (4) submissions were deemed non-compliant. Therefore, these two (2) submissions were not evaluated.

The Evaluation Committee was composed of staff from Real Estate Services, Facilities Management and a food service consultant. The Evaluation Committee evaluated the remaining two (2) proposals, which met all the mandatory requirements, in accordance with the Proposal Evaluation Table attached to the RFP. Being a two (2) envelope bid/evaluation system, the total available points for the first stage of the evaluation was one hundred (100) points and proponents needed to score a minimum of seventy-five (75) points to move to the second stage. Only 1158093 Ontario Limited scored above the minimum seventy-five (75) points and was eligible to move to the second stage.

The Evaluation Committee completed the second stage review of the proposal and considers the terms and conditions of the proposed lease agreement with 1158093 Ontario Limited to be fair and reasonable.

## **CONTACT**

Joe Casali  
Director, Real Estate Services  
Tel: (416) 392-7202  
Fax: (416) 392-1880  
[jcasali@toronto.ca](mailto:jcasali@toronto.ca)

## **SIGNATURE**

---

Bruce Bowes, P. Eng.  
Chief Corporate Officer

## **ATTACHMENTS**

Confidential Attachment 1 – Confidential Information.  
Attachment 2 – Major Terms and Conditions of Lease Agreement  
Attachment 3 – Location Map

## **Attachment 2**

### **Major Terms and Conditions**

#### **Lease Agreement for Food Service Facility at City Hall**

**Landlord:**

City of Toronto

**Tenant:**

1158093 Ontario Limited o/a Café on the Square

**Premises:**

Located at Toronto City Hall, known municipally as 100 Queen Street West, collectively the Premises comprised of approximately: 3,550 square feet of main floor area; 162 square feet of lower level office and staff locker area; 718 square feet of lower level kitchen and storage area; and the license for the seasonal outdoor patio area of approximately 626 square feet.

**Fixturing Period:**

Tenant to have ninety (90) days prior to the commencement date to complete the initial renovations to the Premises.

**Commencement Date:**

The commencement date shall be on the earlier of: the date on which the initial renovations are substantially complete; and April 1<sup>st</sup>, 2011.

**Term:**

The Term of the Lease Agreement shall be for ten (10) years from the commencement date.

**Renewal or Extension Options:**

No option to renew or extend.

**Termination:**

The Landlord has the right to terminate the lease, at any time during the Term, upon giving not less than ninety (90) days prior written notice to the Tenant and upon making payment to the Tenant of an amount equal to the undepreciated capital cost (on a straight line basis over the term of the lease) of the Tenant's renovations to the Premises.

**Rent:**

Base Rent and Percentage Rent to be paid as detailed in Confidential Attachment 1.

Additional Rent - Tenant will be responsible for all taxes, maintenance, utilities and operating costs so that the lease agreement is fully net to the Landlord.

**Use:**

The Tenant shall not use the Premises for any purposes other than as a licensed or unlicensed cafeteria/food service establishment for the provision of food services within City Hall, without the prior written consent of the Landlord. The Tenant shall have the non-exclusive right to provide office catering services within City Hall.

**Insurance:**

The Tenant is to maintain insurance to be fully detailed in the lease agreement, including Commercial General Liability insurance and All Risks property insurance.

**Renovations:**

The Tenant shall, prior to the Commencement Date, complete a renovation of the Premises as detailed in its proposal and shall maintain temporary interim food service operations, where possible, during such renovations.

**Attachment 3  
Location Map  
100 Queen Street West**

