

Strategy to Support Community-Based Non-Profit Groups to Operate Food Concessions in Parks, Forestry and Recreation Facilities

Date:	December 3, 2012
To:	Government Management Committee
From:	General Manager, Parks, Forestry and Recreation
Wards:	All
Reference Number:	P:\2013\ClusterA\PFR\GM19-012113-AFS#16397

SUMMARY

This report responds to the City Council request that the General Manager, Parks, Forestry and Recreation, in consultation with the Acting Director, Purchasing and Materials Management, to develop a new strategy that will support community-based non-profit groups to operate food concessions in City facilities, and report to the Government Management Committee prior to the issuance of the next Request for Proposal (RFP) for food concessions in Parks, Forestry and Recreation facilities, such report to identify the financial impact of the options.

If the recommendations put forward in this report are adopted by Council, Parks Forestry and Recreation (PFR), Purchasing and Materials Management Division (PMMD) along with Legal Services staff will work toward implementation.

RECOMMENDATIONS

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

1. City Council authorize the General Manager, Parks Forestry and Recreation to extend the agreements for all concession locations outlined in this report which are currently being operated by community-based non-profit groups for a maximum period of five years, provided that the community based non-profit group pays the market rent and they meet the service level requirements set by the General Manager, and in a form satisfactory to the City Solicitor;

2. City Council authorize the General Manager, Parks, Forestry and Recreation to enter into new agreements for the concessions outlined in this report with any interested community-based non-profit groups in consultation with the local Councillor, for a maximum period of five years, provided that the community based non-profit group pays the negotiated market rent and they meet the service level requirements set by the General Manager, and in a form satisfactory to the City Solicitor;
3. City Council approve the introduction of a \$15 dollar per day fee for concession permits with respect to the concessions outlined in this report that are not operated under any subsequent agreement, and that the City of Toronto Municipal Code Chapter 441, "Fees and Charges" be amended to add this fee option;
4. City Council authorize the General Manager, Parks, Forestry and Recreation, in consultation with the Director, Purchasing and Materials Management Division (PMMD), to issue Request for Proposals (RFPs) to procure licence agreements at all concession locations where it has been determined there are no interested community-based non-profit groups.

FINANCIAL IMPACT

The concessions outlined in this report generate over \$160,000 in revenue yearly to PFR. Upon adoption of this report, PFR does not anticipate any change in its ability to realize this revenue going forward. By introducing the new permit fee of \$15/day, PFR will be able to activate vacant concession spaces on a short term basis in order to generate revenue and provide a level of service to the public.

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

DECISION HISTORY

At its meeting of May 8 and 9, 2012, in considering PFR's report to Government Management Committee titled "Award - Request for Proposal (RFP) 0613-12-0034 Operation and Maintenance of Food and Beverage Concessions at Various Parks, Forestry and Recreation Locations," Council requested "the General Manager, Parks Forestry and Recreation, in consultation with the Acting Director, Purchasing and Materials Management, to develop a new strategy that will support community-based non-profit groups to operate food concessions in city facilities, and report to the Government Management Committee prior to the issuance of the next RFP for food concessions in PFR facilities, such report to identify the financial impact of the options."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM13.11>

ISSUE BACKGROUND

City Council felt that the current practice of tendering these locations through PMMD's RFP process could possibly exclude some community-based non-profit groups from the opportunity of operating in them. City Council felt that some of these community-based non-profit groups bring an added value in operating at these locations that is not captured in the RFP process such as, opportunity for local youth to gain employment experience by working in the concessions and knowledge of and the ability to promote local community events.

COMMENTS

Importance of Concessions for Parks, Forestry and Recreation:

Concessions operated by either a commercial tenant or community-based non-profit groups on behalf of PFR bring in over \$160,000 in revenue to PFR annually, which is used to offset divisional expenses. Along with the generation of revenue to PFR, these concessions enhance the public's experience at our community centres, sports fields and arenas by providing visitors with quality food and beverage offerings.

PFR recognizes the benefit to the community groups operating these concessions as well as work experience gained by youth working the concessions. PFR needs to weigh its ability to provide a high quality product and good customer service, along with the ability to maximize the contributions to the divisional budget in order to offset programming and service needs.

Community-based non-profit groups who currently operate concessions in compliance with the service levels established by the General Manager of PFR, continue to do so, subject to contemplating a market rent which would be realized had these locations been included in the RFP process. For the remaining concessions that are not currently run by community-based non-profit groups, the City will consult with the local Councillor's office prior to including any location in an RFP process to determine if there are any interested community-based non-profit groups that may be interested in running any of the remaining concessions at a market rent and with the established service levels. PFR staff will then review the list of proposed community groups to determine their ability to operate a concession that would meet the service standards for concessions outlined later in this report.

Once staff have determined that there are no community-based non-profit groups interested in any one concession, staff will pursue operators through the RFP process which will be open to any interested party.

For the remaining concessions that do not see any successful bids through the RFP process, the City will allow these spaces to be temporarily permitted to any interested parties, including community-based non-profit groups, at a permit rate of \$15 per day.

Process and Criteria for Identifying Concession Locations to be Included in the RFP Process:

The City of Toronto's Parks, Forestry and Recreation Division currently has 44 properties that contain food concession locations. These 44 locations can be further broken down to fit within the following 3 sub-categories for the purposes of this report (Appendix "A"):

1. Locations which are currently being operated by community-based non-profit groups (4 locations);
2. Locations which are currently operated by commercial tenants (35 locations);
3. Locations which are not currently being operated by any group (5 locations);

Out of the four locations operated by the community-based non-profit groups, two locations, Long Branch and Mimico Arenas, were awarded a contract as a result of an RFP process and two locations, East York and Goulding Park Arenas, were awarded contracts under the General Manager's Delegated Authority process. All of these locations operate under a license agreement and remit a market rent to PFR.

For the 4 locations that are currently operated by community-based non-profit groups (Table 1), staff propose to renew their Agreements for 5 year terms at a market rent upon the expiry of their current Agreement, provided that they provide service levels set by the General Manager.

Table 1 Locations Currently Operated by Community Groups		
Location	Current Operator	Expiry of Current Term
East York Arena	East York Figure Skating	Expired
Goulding Park Arena	Goulding Park Hockey Asc.	4/30/2013
Long Branch Arena	Mimico Jr B Lacrosse Club	4/30/2016
Mimico Arena	Mimico Jr B Lacrosse Club	4/30/2016

For the remaining 40 locations that are either being run by commercial operators or are not currently operated, staff will consult with the local Councillor's office to determine if there are any community-based non-profit groups that may be interested in operating any one of the locations. After it has been determined which locations where there are no community-based non-profit groups interested or able to run the concessions, a new RFP will be issued through PMMD and be opened to bidding by any interested party, including community-based non-profit groups.

Successful proponents of any new RFP process will be required to pay market rent regardless of whether the successful proponent is a commercial operator or community-based non-profit group. City Council has previously directed staff to charge a market rent with respect to all real estate matters as outlined below:

1. City Council delegate the approving and signing authorities in real estate matters as set out in Appendix A in the report (March 31, 2010) from the Deputy City Manager and Chief Financial Officer.

Per Appendix A:

- (e) Property interests are to be based on appraised value, and no interest shall be granted at less than market value unless otherwise specifically authorized.
- (f) Authority to approve transactions at less than market value is subject to statutory anti-bonusing provisions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX43.7>

Short Term Concession Permits:

City staff viewed the concession located at Goulding Park Arena as a useful comparable for the purpose of determining the daily permit fee. Goulding Park Arena is currently run by a community group, the Goulding Park Hockey Association, which is anticipated to be similar to the types of groups that will utilize the locations available to be permitted.

The permit fee is based on the monthly rent paid by the Goulding Park Hockey Association for their space in the arena.

	Monthly Rent	Daily Rent	Permit Fee Per Day
Goulding Park Arena	\$458.33	\$15.28	\$15

The concession permit rate could also be applicable to community-based non-profit groups who want to raise funds by selling food and beverages in mobile settings at sports fields and other locations where there is no fixed concession location.

Service Standards for Concessions:

Any operator, whether they be commercial, a community-based non-profit group, or a group who has one of the locations for a temporary use, must comply strictly with all laws, by-laws, rules and regulations of the City of Toronto, along with meeting the City of Toronto's Food Handler Certification requirements. The operators need to operate the concessions at hours which represent the usage of the facility and approved by the City. The operators are subject to a high standard of customer service, cleanliness and food variety that responds to the demand from the public for similar operations and charge prices that are in line with the market. The operators need to keep detailed records of their sales, and would be responsible for all taxes, fees and charges.

CONCLUSION

Concessions work to enhance the public's experience at our community centres, sports fields, and arenas by providing visitors with quality food and beverage offerings which work to make these locations welcoming and accessible to the public.

While PFR recognizes the benefits realized by community-based non-profit groups operating these concessions, PFR needs to ensure that quality and customer service are maintained while generating revenue to offset programming and service needs.

The Division's proposed strategy balances the objectives by creating clear criteria on the manner the concessions contracts will be awarded. While allowing community groups to operate a concession regardless of the size, it allows existing groups that successfully operate a concession to continue, and small groups to fundraise through a concession permit.

CONTACT

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SIGNATURE

Jim Hart
General Manager, Parks, Forestry and Recreation

ATTACHMENTS

Appendix A – Current Summary of Food Concession Locations by Operator

- Appendix A -
Current Summary of Food Concession Locations by Operator

Concession Location	Category	Tenant
Agincourt Arena	Commercial Operator	Global Brand
Amesbury Park	Commercial Operator	Cosmo's Sports Café
Angela James Arena	Commercial Operator	International Foods
Baycrest Arena	Commercial Operator	International Foods
Bayview Arena	Commercial Operator	International Foods
Birchmount CC & Arena	Commercial Operator	Global Brand
Birchmount Stadium	Commercial Operator	Global Brand
Centennial CC	Commercial Operator	Global Brand
Centennial Ski Chalet	Commercial Operator	Eastwood Lejardin
Centennial Stadium and Arena	Commercial Operator	Eastwood Lejardin
Central Arena	Commercial Operator	Eastwood Lejardin
Chris Tonks Arena	Commercial Operator	Eastwood Lejardin
Commander Park Arena	Commercial Operator	Global Brand
Cummer Park CC	Commercial Operator	International Foods
Don Mills Arena	No Current Operator	
Don Montgomery Arena	Commercial Operator	Global Brand
Downsview Arena	Commercial Operator	International Foods
Earlscourt Park	No Current Operator	
East York Arena	Community Group	East York Figure Skating
Esther Shiner Stadium	Commercial Operator	Wagih Youssef
Fenside Arena,	Commercial Operator	International Foods
G. Ross Lord Park	No Current Operator	
Gord & Irene CC/Arena	Commercial Operator	International Foods
Goulding Park Arena	Community Group	Goulding Park Hockey Assoc.
Grandravine CC/Arena	Commercial Operator	International Foods
Habitant Arena	Commercial Operator	International Foods
Herbert Carnegie Arena	Commercial Operator	Cittadelle Café
Heron Park CC	Commercial Operator	Global Brand
John Booth Arena	Commercial Operator	International Foods
Ken Morrish Softball Complex	No Current Operator	
Lambton Arena	Commercial Operator	Eastwood Lejardin
L'Amoureux Sports Complex	Commercial Operator	Global Brand
Long Branch Arena	Community Group	Mimico Jr B Lacrosse Club
Malvern RC	Commercial Operator	Global Brand
McGregor Park RC	Commercial Operator	Global Brand
Mimico Arena	Community Group	Mimico Jr B Lacrosse Club
North York Ski Centre	Commercial Operator	Cittadelle Café
Oriole CC/Arena	Commercial Operator	International Foods
Pine Point Arena	Commercial Operator	Eastwood Lejardin
Pleasantview CC/Arena	Commercial Operator	International Foods
Scarborough Village RC	Commercial Operator	Global Brand
Sunnybrook Park	No Current Operator	
Victoria Village	Commercial Operator	International Foods
York Mills Arena	Commercial Operator	International Foods