



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Award - RFP 0613-13-0067 for the Design, Build, Finance and Operation of a New Restaurant and/or Banquet Centre and Other Complementary Facilities at the Guild Inn Site

Date:	June 3, 2013
To:	Government Management Committee
From:	Chief Corporate Officer Director, Purchasing and Materials Management Division General Manager, Economic Development and Culture
Wards:	Ward 43- Scarborough East
Reason for Confidential Information:	This report involves the security of property belonging to the City or one of its agencies, boards, and commissions.
Reference Number:	P:\2013\Internal Services\RE\GM13019RE – (AFS-17764)

SUMMARY

The purpose of this report is to provide information on the results of the Request for Proposal (RFP) No. 0613-13-0067 for the selection of a qualified and experienced food service developer/operator to design, build, finance and operate a new restaurant and banquet/event centre and other complementary facilities at the Guild Inn site. This report requests authority to undertake the negotiations for a long-term agreement with the recommended proponent, Dynamic Hospitality & Entertainment Group (referred to in this report as "Dynamic"), being the only qualified proponent meeting the requirements of the widely-distributed RFP.

RECOMMENDATIONS

The Chief Corporate Officer, General Manager of Economic Development & Culture and the Director of Purchasing and Materials Management recommend that:

1. City Council grant authority for the Chief Corporate Officer or her designate (CCO), in consultation with the General Manager of Economic Development & Culture, to negotiate the terms and conditions of an agreement with Dynamic Hospitality & Entertainment Group, being the only proponent meeting the requirements of RFP No. 0613-13-0067 to design, build, finance and operate a new restaurant and banquet/event centre and other complementary facilities at the Guild Inn site and to report back to City Council on the results of the negotiations.
2. City Council authorize the public release of the information contained in the Confidential Attachment 1 of this report following execution of an agreement with Dynamic Hospitality & Entertainment Group.

Implementation Points

Upon approval of recommendation 1, Real Estate Services and Economic Development and Culture (EDC), in consultation with other relevant divisions, will undertake negotiations with Dynamic based on the terms of the RFP and the submitted proposal. Subject to successful negotiations, the CCO will report back to City Council in the Fall of 2013 on the recommended final terms and conditions of the Proposal.

City Planning staff will consult with Dynamic on the required site plan application and other necessary approvals. Issuance of Notice of Approval Conditions (NOAC) will contain draft conditions of approval that Dynamic will be required to fulfill. Such conditions, amongst other matters, will require that Dynamic enter into a site plan agreement or Memorandum of Understanding with the City and other parties, as required, to build and maintain the facility in accordance with the approved drawings, plans and reports. The conditions of approval may also include that Dynamic ensure that work proposed in the approved drawings, plans and reports be financially secured.

As the property is designated under Part IV of the Ontario Heritage Act ("Act") the alterations proposed in the proposal will require Council's approval under the Act. Should Council approve Dynamic as the successful proponent, Heritage Preservation Services (HPS) in the City's Planning Division, will undertake a detailed review of the applicant's Heritage Impact Assessment for conformity with the City's heritage policies and the Provincial Policy Statement. In accordance with the Act, HPS will report back to the Toronto Preservation Board, the Scarborough Community Council, and Toronto City Council on the proposed alterations to the heritage property in the Fall of 2013.

As the landowner, it will be necessary for Toronto and Region Conservation Authority (TRCA) to approve the long-term agreement with Dynamic. The TRCA approval will be conditional on TRCA obtaining the approval of the Minister of Natural Resources in accordance with the Conservation Authorities Act. Dynamic will also need to obtain a permit for the Proposal from TRCA in accordance with Ontario Regulation 166/06.

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

By adoption of Administration Committee Report No. 9 Clause 17, Council at its meeting on September 22, 23, 24 and 25, 2003, approved the declaration of surplus of a portion of the leasehold interest in the Guildwood Park known as the Guild Inn Hotel Precinct and authorized staff to enter into negotiations for a long-term sub-lease with Westeinde Group.

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030922/adm9rpt/cl017.pdf>

By adoption of Clause No. 9 of Report No. 5 of the Administration Committee at its meeting held on June 14, 15 and 16, 2005, Council authorized the execution of a nonbinding letter of intent with the Windmill Development Group (the “Developer”) with respect to the redevelopment and future operation of the Guild Inn, and granted authority to negotiate a lease between the City, the Developer and the TRCA.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050614/adm5rpt/cl009.pdf>

By its adoption of Clause No. 40 of Report No. 6 of the Administration Committee at its meeting held on September 25 to 28, 2006, Council authorized staff to continue negotiations with the Developer and the TRCA based on a long-term direct lease arrangement between the Developer and the TRCA for a large scale leasehold condominium hotel project.

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/adm6rpt/cl040.pdf>

On April 27, 2007, after the parties had made substantial progress on relevant issues and transactional legal documentation for the Guild Inn project, the City was advised of the withdrawal by the Developer and its partners from any further project discussions and development efforts for the site. The Developer cited major impediments over the course of 2006 which made their plans for a condo/hotel unworkable including unfavourable market conditions for a hotel on the site.

By adoption of Government Management Committee 17.1 on September 24 and 25, 2008, Council authorized the CCO to undertake negotiations with Centennial College and TRCA for letter of intent containing the key terms of a long-term sublease to achieve the Project and the use of a portion of the Guild Inn site for the operation and activities of Centennial's Institute of Culture and Heritage Management and to report back to Council on the results. A Letter of Intent was signed by the parties on October 1, 2009 to allow the development of the Centennial proposal to move forward. After considerable effort to find a financially viable solution, the College advised that unfavourable market conditions made it impossible for their proposal to continue. The parties terminated the Letter of Intent on October 31, 2011.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.GM17.1>

ISSUE BACKGROUND

The Guild Inn is a notable Canadian landmark steeped in arts and history. Its centrepiece is a white stucco Arts and Crafts style mansion constructed in 1914. In 1932 the site was purchased by Rosa and Spencer Clark who converted it into the Guild of All Arts. The property housed an artist's colony, outbuildings and 88 acres of gardens and woodlands. The Guild Inn site was acquired in 1978 by the TRCA from Spencer Clark for waterfront trail and shoreline conservation reasons. The City currently leases the site from the TRCA under a long-term ground lease expiring September 1, 2083. The property is designated under Part IV of the Ontario Heritage Act.

The City closed the Guild Inn in October 2001, although the site and the grounds surrounding the Inn remain open to the public as parkland. To move forward the revitalization efforts for the Guild Inn site after previous unsuccessful attempts, a two stage call process was issued through Purchasing & Materials Management Division (PMMD) for design, construction, finance and operation of a restaurant and/or banquet centre and other complementary facilities at the site. The City sought proposals from reputable firms who have the qualifications, expertise and resources to successfully undertake and perform the scope of work outlined in the RFP supported by an appropriate conservation strategy that will conserve the Guild Inn in a manner that is consistent with the City's policies and the Ontario Heritage Act.

COMMENTS

Real Estate Services, in consultation with PMMD, led a team of staff from EDC, City Planning (including Heritage Preservation Services), Corporate Finance, Parks, Forestry and Recreation (PFR), and TRCA in developing a procurement process to identify and select a suitable proponent. To assist in the implementation and development of the procurement process, a food service and hospitality industry consultant, Cameron Hawkins & Associates Inc., was hired through an RFP process (9119-12-7012).

Request to Pre-Qualify (RTP)

RTP No. 0613-12-0233 was issued by PMMD on November 2, 2012 and made available for download on the City's internet website as well as advertised in the Daily Commercial News, The Globe & Mail, Toronto Star and National Post. The purpose of the RTP was to establish a list of pre-qualified respondents to respond to any subsequent Request for Proposal process to carry out the project at the Guild Inn site which includes the development, design, construction, financing and operation of a new restaurant and/or banquet centre and other complementary facilities. The closing date for the responses was December 10, 2012. Sixty-three (63) firms either downloaded the document from the PMMD website or picked-up a hard copy of the RTP document. A total of four (4) addenda were issued in response to the questions sent to PMMD prior to the closing date. A voluntary site meeting was conducted on November 15, 2012 at the Guild Inn site. Two (2) responses were received at closing, one from TNT Corporation and another from Dynamic Hospitality & Entertainment Group. Following a comprehensive review of the responses, TNT Corporation did not meet the minimum threshold set out in the RTP and was not considered further. The response submitted by Dynamic Hospitality & Entertainment Group met the minimum threshold and was the only proponent that pre-qualified under the RTP and was then eligible to respond to the subsequent RFP.

The Request for Proposal (RFP)

RFP No. 0613-13-0067 to select a qualified and experienced food service developer/operator to design, build, finance and operate a new restaurant and/or banquet centre and other complementary facilities at the Guild Inn site was issued by PMMD on February 22, 2013 and made available for download on the City's internet website. The closing date for the submission was May 27, 2013. Dynamic Hospitality & Entertainment Group, as the only pre-qualified proponent, downloaded the document from the PMMD website. A total of seven (7) addenda were issued in response to the questions sent to PMMD prior to the closing date. Two (2) site meetings were conducted on March 8, 2013 and May 22, 2013 to provide the proponent the opportunity to view and inspect the site and ascertain the full extent of the scope of work.

Evaluation of RFP

A formal Selection Committee comprised of eight (8) members (one (1) from PFR, one (1) from Corporate Finance, one (1) from City Planning, one (1) from TRCA, one (1) from Heritage Preservation Services, one (1) from EDC, two (2) from Real Estate Services) evaluated the technical proposal in compliance with the criteria set out in the RFP as follows:

- Initial Review: Mandatory Compliance
- Stage 1: Technical (Proposal Content)
- Stage 2: Business Model Terms

The proposal submitted by Dynamic was evaluated by the Selection Committee in accordance with the pre-established criteria in the RFP. In compliance with the RFP, a list of mandatory requirements had to be met in order to advance to Stage 1 (Proposal Content). Dynamic's proposal met the mandatory submission requirements.

In Stage 1, the proponent was evaluated on their Technical proposal (Proposal Content) and a minimum threshold score of 75% or 56.25 points had to be met in order to advance to Stage 2 (Business Model Terms) and be considered further. Upon completion of the evaluation, Dynamic's proposal met the minimum threshold.

As a result of the evaluation, staff is recommending that City Council approve Dynamic Hospitality & Entertainment Group as the successful proponent meeting the requirements of RFP No. 0613-13-0067 for the design, build, finance and operation of a new restaurant and/or banquet centre and other complementary facilities at the Guild Inn site and authorize the Chief Corporate Officer or her designate in consultation with General Manager of EDC, to negotiate with the Proponent the terms and conditions of a long-term agreement to design, build, finance and operate a restaurant and banquet/event facility at the Guild Inn site (the "Proposal") and direct the CCO and General Manager of EDC to report back to City Council on the results of the negotiations for consideration in the fall.

The Fair Wage Office has reported that Dynamic Hospitality & Entertainment Group indicated that it has reviewed and understands the Fair Wage Policy and Labour Trade union requirements and has agreed to fully comply.

Details of the RFP process, including the Proponent's score by criteria, price comparison and a staff analysis of the evaluation results can be provided in an in-camera presentation, if requested by Committee Members.

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1:
Award - RFP 0613-13-0067 for the Design, Build, Finance and Operation of a New Restaurant and/or Banquet Centre and Other Complementary Facilities at the Guild Inn Site

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