



Report to: General Committee

Report Date: February 27, 2017

SUBJECT: Contract extension for Cafeteria Services at the Markham Civic Centre

PREPARED BY: Alex Moore, Extension 4711

RECOMMENDATION:

- 1) THAT the report entitled “Contract Extension for Cafeteria Services at the Markham Civic Centre” be received;
- 2) AND THAT the tendering process be waived in accordance with Purchasing By-Law 2004-341, Part II, Section 7.1 (c) which states: when the extension of an existing contract would prove more cost-effective or beneficial;
- 3) AND THAT Contract for Cafeteria Services at the Markham Civic Centre be extended to 2267644 Ontario Inc. (formerly known as Unique Caterers) from January 1, 2017 to December 31, 2019 at a fixed annual rate of \$31,125.00.;
- 4) AND THAT the fixed annual revenue in the amount of \$31,125.00 be credited to the account # 890 890 8902 Cafeteria Revenue;
- 5) AND THAT 2267644 Ontario Inc. be responsible for payment of property taxes based on the annual assessed value for provision of food services, estimated to be \$2,000.00 in 2017;
- 6) AND THAT 2267644 Ontario Inc. provide an additional amount of \$600.00 for one parking space in the underground parking garage;

And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain Council authority to extend the contract for Cafeteria Services at the Markham Civic Centre to 2267644 Ontario Inc.

BACKGROUND:

On April 30th, 2013 Council approved the contract for Cafeteria Services at the Markham Civic Centre for a term of two (2) years (June 1, 2013 – May 30, 2015) and in 2015 Council approved the extension for an additional two years (June 1, 2015 – May 30, 2017).

This contract provides the City annual revenue of \$41,500/year for the non-exclusive rights to operate the Cafeteria Services at the Markham Civic Centre. Additionally, 2267644 Ontario Inc. pays property taxes based on the annual assessed value for the provision of food services and \$600.00 for a designated parking space in the underground parking garage.

2267644 Ontario Inc. has non-exclusive rights to operate the food services in or from the premises. This right specifically does not preclude the contracting and use of competitor food services agencies by the City or third parties within the premises. The area currently occupied by the cafeteria includes the kitchen, office and dining space, and is approximately 4,700 sq. ft

Since 1998, 2267644 Ontario Inc. has been providing Cafeteria Services at the Markham Civic Centre. The owner of the company has notified Staff of his intentions to retire on December 31, 2019. As the contract nears completion, Staff will pursue options and report back.

DISCUSSIONS:

Staff contacted municipalities who outsource the cafeteria services to a food service provider similar to Markham. The range of revenue being received by these municipalities is between \$5,000/year to \$25,000/year.

The owner has offered the City the following:

1. \$31,125 - fixed annual rent*
2. \$ 2,000 - property taxes**
3. \$ 600 - parking space***
- \$33,725 – Total per year

*Fixed annual rent paid quarterly ($\$7,781.25 \times 4 = \$31,125$)

** Property tax amount is based on the annual assessed value of the cafeteria.

*** The owner pays \$600 for a designated parking space in the underground parking garage.

Based on the market survey, as well as the rationale below, Staff recommend extending the contract until the end of 2019. All other terms and conditions remain the same as the existing contract.

1. Financial confidence based on historical payment performance
2. Fixed rental revenue of \$31,125/year for three (3) years for a total of \$93,375
3. Payment of annual property taxes in addition to the fixed rental revenue
4. Food prices will remain at the same level as the current contract for cafeteria and City catering services
5. Commitment to purchase local food
6. Supply of all consumables (cups, knives, spoons, forks etc.)
7. Menu offering of more than 50 items
8. Positive Feedback from customers

FINANCIAL CONSIDERATIONS AND TEMPLATE:

Total revenue to be received based on this extension will as follows:

4. \$31,125 - fixed annual rent*
5. \$ 2,000 - property taxes**
6. \$ 600 - parking space***
- \$33,725 – Total per year

*Fixed annual rent paid quarterly ($\$7,781.25 \times 4 = \$31,125$)

** Property tax amount is based on the annual assessed value of the cafeteria.

*** The owner pays \$600 for a designated parking space in the underground parking garage.

ENVIRONMENTAL CONSIDERATIONS:

The contract for extension includes clauses relating to providing healthy choices menu, as well as conformance to the City's policy on "Zero Waste".

HUMAN RESOURCES CONSIDERATIONS:

Not applicable


ALIGNMENT WITH STRATEGIC PRIORITIES:

The proposed agreement is consistent with the Corporation's strategic goal for Municipal Services.

BUSINESS UNITS CONSULTED AND AFFECTED:

N/A

**RECOMMENDED
BY:**

X 

Joel Lustig
Treasurer

X 

Trinela Cane
Commissioner, Corporate Services