



Report to: General Committee

Date Report Authored: June 10, 2013

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**SUBJECT:** Request for Proposal 310-R-12 National Brand Food & Beverage Franchise Service for Cornell Community Centre and Library

**PREPARED BY:** Dave Merriman, Community Manager East, Ext. 4347  
Rosemarie Patano, Senior Buyer, Ext. 2990

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**RECOMMENDATION:**

- 1) THAT the report “Request for Proposal 310-R-12 National Brand Food & Beverage Franchise Service for Cornell Community Centre and Library” be received;
- 2) AND THAT Request for Proposal 310-R-12 National Brand Food & Beverage Franchise Service for Cornell Community Centre and Library be awarded to the sole bidder, Second Cup Limited for a five (5) year term;
- 3) AND THAT Markham receive a commission amount of eight percent (8%) of Annual Gross Sales up to and including \$700,000, plus ten percent (10%) of that portion of Annual Gross Sales which is in excess of \$700,000 with a guaranteed minimum revenue amount of \$22,600.00 (Inclusive of HST) per year;
- 4) AND THAT Staff be authorized to allow Second Cup Limited to install an exterior sign on the bottom double-sided panel pylon sign outside the Cornell Community Centre and Library in the annual rental amount of \$1,800.00;
- 5) AND THAT the Commissioner of Community & Fire Services and Commissioner of Corporate Services be authorized to extend the contract for an additional five (5) years subject to annual increases of 3% in each year commencing in year 6 of this agreement;
- 6) AND THAT the proceeds from the annual revenues and signage rental be credited to operating account 505-921-8903 ‘Concession Rentals’ at Cornell Community Centre;
- 7) AND THAT Staff be authorized to approve capital investments by Second Cup Limited they require subject to permit approval;
- 8) 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 recommend the award of the contract for National Brand Food & Beverage Franchise Service for Cornell Community Centre and Library.

**BACKGROUND:**

The Cornell Community Centre & Library opened in December 2012. This new major facility is a health, wellness and active lifestyle campus linked to the Markham Stouffville Hospital. The campus will promote the principles of good health through active participation in recreational and leisure activities. The 156,000 square foot, state of the art facility offers a Library, Triple Gymnasium, Health and Fitness Centre with an Indoor Running Track and Studio, Youth and Older Adults Centres, Rehearsal Hall, Children's Play Centre, Multi Sensory Room, Multi Purpose and Meeting Rooms and an Aquatic Centre featuring a 25m, eight lane Competitive Tank, Leisure Tank, Therapeutic Tank, Water Slide and Splash Pad.

The City issued a Request for Proposal (RFP) to market to solicit bids with a focus on food and beverage services to be offered at this location from a national brand franchise which are identifiable with those principles. Due to the considerable amount of capital improvements required by national brand franchise to build concession kiosks to their brand standards, City included optional year renewals up to a maximum term of 10 years.

The Concessions area at Cornell Community Centre & Library is on the main ground level and is split into two sections (11'x14' and 10'x12' = 274 total square feet) with no equipment within this area.

This RFP was issued to invite interested vendors to submit proposals to provide national brand food and beverage service for the Cornell Community Centre & Library to commence on May 1, 2013.

**BID INFORMATION**

Advertised	Electronic Tendering Network
Bids closed on	March 01, 2013
Number picking up bid documents	17
Number of companies responding to bid	1

**PROPOSAL EVALUATION**

The Evaluation Team for this RFP was comprised of staff from the Recreation Department with Purchasing staff acting as the facilitator.

The proposals were evaluated based on pre-established evaluation criteria as listed in the RFP: 20% Qualification and Past experience of the Firm, Project Manager and Team; 50% Quality and Suitability of the Proposal (Business Plan); 30% on the Financial Compensation to the City of Markham / Revenue Offering, with results as follows:

<b>Evaluation Criteria</b>	<b>The Second Cup Ltd.</b>
20% Qualification and Past Experience of the Firm, Project Manager and Team	14.90
50% Quality and Suitability of the Proposal (Business Plan)	40.00
30% Financial Compensation to the City of Markham / Revenue offering	30.00
Total	84.90

The evaluation of the business plan included the weighted score of the capital investments, 25% healthy choice menu selection, zero waste policy and community involvement. After tabulating the scores, the results confirmed the Evaluation Team's conclusion that Second Cup met the City's requirements and was therefore recommended for the award.

The Second Cup will strive and adhere to the required 25% healthier choices throughout the term of the contract. Beverage choices allow for customization, such as Low Fat, Soya or Lactaid dairy. They will also offer guests with half sweet or sugar free alternatives. Food options for guests with special dietary needs will include:

- Gluten-Free (May 2013)
- Lower Fat
- Sugar-free (Q4 2013)
- Vegetarian
- 100 Calorie
- Kosher

#### **Capital Improvements:**

Second Cup wants to ensure the brand integrity is maintained by building the space out to encompass and represent a traditional Cafe in a Non-Traditional environment.

- Estimated Equipment and Furniture Costs \$75,000.00
- Estimated Leasehold improvement Costs including design, engineering and permits \$175,000.00
- Total Capital Investment \$250,000.00 (Does not include Franchisee Fees and/or Taxes)

The picture below depicts a Traditional cafe in a Non-Traditional location at Grande Prairie Aquatic and Wellness Multiplex, Grande Prairie Alberta. This cafe is similar in size and shape as Cornell and is how Second Cup will construct the concession stand at Cornell.



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**FINANCIAL CONSIDERATIONS:**

The recommended award of this contract is based on eight percent (8%) of Annual Gross Sales up to and including \$700,000, plus ten percent (10%) of that portion of Annual Gross Sales which is in excess of \$700,000. However, Staff has negotiated a guaranteed minimum amount of \$22,600 (Inclusive of HST).

The submission of Second Cup identified a potential commission to the City in the amount of \$49,920.00 in the first year of the contract and forecasted increases over the term of the contract. This analysis is based on the traffic (number of visitors) through the Cornell Community Centre & Library and the estimated number of customer purchases from Second Cup and the dollar value of these purchases.

Included within this report is the recommendation to allow Second Cup the ability to install an exterior sign on the bottom double-sided panel pylon sign outside the Cornell Community Centre and Library at \$150 per month or \$1,800 annually (Attached). Also, the proposed exterior signage lease would be subject to annual increases of 3% in each year commencing in year 6 of this agreement

The exterior signage will attract the local community to use the Café, thereby increasing possible revenues to the City. It would also give Second Cup substantial exposure while protecting the design integrity of the facility with potential revenues being maximized.

The proposed cost of the exterior signage is comparative. Staff is aware of a backlit sign at a commercial building on a major roadway, being leased at \$200 per month.

**ENVIRONMENTAL CONSIDERATIONS:**

None

**ACCESSIBILITY CONSIDERATIONS:**

None

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not applicable

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Finance staff was involved in the process and concur with the recommendation.

**RECOMMENDED BY:**

28/05/2013

5/27/2013

X



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Mary Creighton  
Director, Recreation

X



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Brenda Librecz  
Commissioner, Community & Fire Services

**ATTACHMENTS:**

[Recommend bottom double-sided panel pylon sign outside the Cornell Community Centre and Library](#)