

## OBJECTIVE:

To seek Council approval for the extension of the concession/vending agreement with the Cayuga Minor Hockey Association in Cayuga Memorial Arena and the vending agreement with Tiger Vending & Coffee Service at the Haldimand County Caledonia Centre; to undertake an Expression of Interest process for potential operators of concessions at the Dunnville Memorial Arena, Hagersville Arena and Haldimand County Caledonia Centre and vending operators at Dunnville Memorial Arena and Hagersville Arena; and, to approve adjustments to the previous concession/vending operating agreements in light of pandemic-associated programming impacts and service limitations.

## RECOMMENDATIONS:

1. THAT Report CDP-12-2021 Arena Concessions and Vending Program Update be received;
2. AND THAT the contract with the Cayuga Minor Hockey Association for the management and operation of food services - concession and vending - at the Cayuga Memorial Arena be extended for the period of January 1, 2022 to July 31, 2024 with the option to renew for an additional two years for the previously-negotiated rate of \$3,000 per year plus applicable taxes, under the terms and conditions outlined in the Agreement attached to this report;
3. AND THAT the contract with Tiger Vending & Coffee Service for the management and operation of vending services at the Haldimand County Caledonia Centre be extended for the period of January 1, 2022 to July 31, 2024 with the option to renew for an additional two years for the previously-negotiated rate of \$5,100 per year plus applicable taxes, under the terms and conditions outlined in the Agreement attached to this report;
4. AND THAT the annual rate of rent for the above-noted agreements be adjusted yearly on the anniversary date by the percentage change, year over year, which is recorded in the Statistics Canada, Consumer Price Index, Table 2, not seasonally adjusted for Ontario;
5. AND THAT the Mayor and Clerk be authorized to execute the proposed agreements with the Cayuga Minor Hockey Association and Tiger Vending & Coffee Service;
6. AND THAT staff be authorized to undertake an Expression of Interest process to secure concession and vending operators for the Haldimand County Caledonia Centre, Dunnville Memorial Arena and Hagersville Arena;
7. AND THAT staff bring forward, for Council approval, a follow-up report with recommended operators, based on the Expression of Interest process, for future operating Agreements at the Haldimand County Caledonia Centre, Dunnville Memorial Arena and Hagersville Arena;
8. AND THAT, waiving of concession and vending operator rental fees in the amount of \$14,767 and as outlined in report CDP-12-2021 - during periods of Arena shutdown due to the pandemic - be approved and reflected in the County's financial reporting associated with the province's Safe Restart Program grant;

9. AND THAT the 2021 Tax-Supported Operating Budget revenues associated with concession and vending operations be adjusted to reflect the changes.

**Prepared by:** Katrina Schmitz, Manager, Community Development & Partnerships

**Reviewed and Respectfully Submitted:** Mike Evers, MCIP, RPP, BES, General Manager of Community & Development Services

**Approved:** Craig Manley, MCIP, RPP, Chief Administrative Officer

## **EXECUTIVE SUMMARY:**

Concession and vending services at Haldimand County Arenas are provided through independent operators; as of September 1, 2021 only two contractors—Cayuga Minor Hockey Association and Tiger Vending & Coffee Service—expressed an interest to continue with the existing agreements. New operators are needed for concessions in Dunnville Memorial Arena, Hagersville Arena and the Haldimand County Caledonia Centre and vending in Dunnville and Hagersville.

Given that these services provide revenue to Haldimand County there is no requirement to use the procurement process; rather, a call for Expressions of Interest is satisfactory and staff recommend using this approach to secure the needed operators.

The ongoing operating uncertainties associated with the pandemic have led to some hesitation by operators to commit to a longer-term contract; staff are therefore suggesting an initial two-and-a-half year term with the option to extend Agreements for an additional two years for both the operators interested in extending contracts and new operators.

Report CDP-12-2021 also addresses financial challenges faced by the former operators in meeting rental commitments to the County due to the extensive shutdowns of Arenas during the pandemic. Staff recommend waiving of rental fees—for operators with Agreements during the September 1, 2019 to August 31, 2021 term—for the periods the Arenas were shut down.

## **BACKGROUND:**

Haldimand County provides Arena concession and vending services through contracts with both not-for-profit and private operators. In 2016, through report PED-COM-14-2016 and following a request for proposal process, three-year contracts—with the option of a two-year extension—were entered into with six operators (two each in Caledonia and Dunnville for concession and vending; one each in Cayuga and Hagersville for concession and vending combined).

In August 2019, at the end of the first three-year term of the contracts, the operators in Caledonia, Cayuga and Dunnville chose to continue providing the services for an additional two years to August 31, 2021—in keeping with the terms of the Agreement—however, in Hagersville a new operator for the concession/vending was needed. Through report CDP-14-2019, the County entered into a two-year Agreement with Dobro Jesti Inc., doing business as Good Eats Concession, to provide concession and vending services in Hagersville Arena to August 31, 2021.

## **ANALYSIS:**

Since 2016, Haldimand County has had Agreements with six operators to provide concession and vending services in its four Arenas. All Agreements were in place from September 1, 2016 to August 31, 2019; four were extended in 2019 for an additional two years (to August 31, 2021) in accordance

with the terms of the original Agreement. In Hagersville, a new operator was secured for both concession and vending for the term September 1, 2019 to August 31, 2021.

This report is intended to address:

1. Execution of new Agreements and/or extensions to existing Agreements for all concession/vending operations at specific Haldimand County Arenas, including:
  - Extensions to Agreements with the Cayuga Minor Hockey Association to operate the concession and vending at the Cayuga Memorial Arena (Attachment 1) and Tiger Vending & Coffee Service for vending services at the Haldimand County Caledonia Centre (Attachment 2); and,
  - New Agreements for concessions at Dunnville Memorial Arena, Hagersville Arena and the Haldimand County Caledonia Centre and vending services at Dunnville and Hagersville.
2. Undertaking of an Expression of Interest process to secure concession/vending operators for those locations where no Agreement extension is available, including:
  - Formal release of the Expression of Interest document (Attachment 3) November 23;
  - Submissions received by November 26;
  - Submissions reviewed by committee of staff from Community Development & Partnerships, Legal & Support Services and Facilities, Parks, Cemeteries & Forestry Services;
  - Recommended operators presented to Council for approval (December 7);
  - Agreements executed;
  - Anticipated start of operations by January 1, 2022.
3. A financial reconciliation of lost and limited months of concession/vending operations associated with the pandemic.

On March 13, 2020, the worldwide pandemic shut down all operations at indoor recreation facilities—including County Arenas—until September 30, 2020, impacting these food services. Subsequent facility shutdowns were ordered by the provincial government as follows:

- December 26, 2020 to February 21, 2021;
- April 2 to August/September, 2021; specifically:
  - Haldimand County Caledonia Centre (HCCC)/Clark Pad – August 15;
  - HCCC/Almas—September 10;
  - Cayuga – September 19;
  - Dunnville – September 7;
  - Hagersville – September 10); and,
- The Cayuga Memorial Arena remained unavailable to user groups from February 21, 2021 to September 19, 2021 as the facility was used as the County’s mass vaccination clinic.

From March 13, 2020 to September 19, 2021, the County’s remaining three Arenas (besides Cayuga) were only open for approximately four months (October 1, 2020 to December 25, 2020; February 22, 2021 to April 1, 2021) and with limited bookings.

### **Overview of Concession/Vending Operations (2016-2021):**

Typically, Haldimand County’s ice season in Arenas is September to April (inclusive) and no ice is available from May to late August/early September. Arena floors are usually available for lacrosse and other special events in the summer. A summer ice program was piloted at the HCCC from 2017 to 2020; however, given the pandemic no summer ice was installed in 2020 or 2021 and the pilot program has not yielded sufficient justification to continue with the program (i.e. limited users, significant imbalance between costs and revenues).

The County's most recent contracts for concession/vending services—September 1, 2019 to August 31, 2021—included:

Cayuga Memorial Arena – Concession & Vending:

- Operator: Cayuga Minor Hockey Association (CMHA);
- Volunteers operate the concession; vending services are managed by CMHA through a sub-contract with South Niagara Vending;
- Agreement from September 1, 2016 to August 31, 2021;
- Annual rent of \$3,000 to be paid in 12 monthly installments of \$250 plus applicable taxes;
- During the pandemic the concession was able to operate with takeout and curbside pick-up only Oct. 1 to Dec. 25, 2020 (three months);
- No vending services were allowed March 2020 to August 2021 (inclusive);
- Throughout 2021, there were no concession or vending operations as the Arena became the County's mass vaccination site.

Dunnville Memorial Arena – Concession:

- Operator: Inge Griffin operating as Scoop Delicious;
- Agreement from September 20, 2016 to August 31, 2021;
- Annual rent of \$4,900 plus applicable taxes; \$700/month (September to March inclusive);
- Operator sub-leased the concession operations to a third party without County authorization;
- During the pandemic the concession was able to operate with takeout and curbside pick-up only Oct. 1 to Dec. 25, 2020 (three months) and again Feb. 22 to April 1, 2021 (approximately one month).

Dunnville Memorial Arena – Vending:

- Operator: JCA Food Services Limited;
- Agreement from September 1, 2016 to August 31, 2019. Operator chose not to extend Agreement an additional two years and the County had not been able to secure a new operator prior to the pandemic;
- Annual rent of \$700; \$100/month (September to March);
- During the pandemic (March 2020 to August 2021 inclusive) all vending services were unavailable and staff did not attempt to secure a new vending operator.

Hagersville Arena – Concession & Vending:

- Operator: Dobro Jesti Inc./Good Eats Concession;
- Agreement from September 1, 2019 to August 31, 2021;
- Annual rent of \$3,300 plus applicable taxes; \$400/month (September to March); \$100/month (April to August, inclusive);
- During the pandemic the concession was able to operate with takeout and curbside pick-up only Oct. 1 to Dec. 25, 2020 (three months) and again Feb. 22 to April 1, 2021 (approximately one month);
- No vending services were allowed March 2020 to August 2021 (inclusive).

Haldimand County Caledonia Centre – Concession:

- Operator: Dobro Jesti Inc./Good Eats Concession;
- Agreement from September 1, 2016 to August 31, 2021;
- Annual rent of \$5,940 plus applicable taxes; \$660/month (September to May inclusive);
- During the pandemic the concession was able to operate with takeout and curbside pick-up only Oct. 1 to Dec. 25, 2020 (three months) and again Feb. 22 to April 1, 2021 (approximately one month);

Haldimand County Caledonia Centre – Vending:

- Operator: Tiger Vending & Coffee Service;
- Agreement from September 1, 2016 to August 31, 2021;
- Annual rent of \$5,100 to be paid in 12 monthly installments of \$425 plus applicable taxes;
- No vending services were allowed March 2020 to August 2021 (inclusive).

**Service Impacts During the Pandemic (2020-2021):**

From March 2020 to September 2021, operations at Haldimand County Arenas were significantly limited, including:

- Extensive lockdowns by provincial order, resulting in approximately four months of actual Arena access (October 1 to December 25, 2020 and February 22 to April 1, 2021);
- Limited programming while Arenas were open (e.g. far fewer rentals with less participants);
- Limits to how long users could access the Arenas (e.g. participants could only enter the facility 15 minutes before the start of the rental and had to leave 15 minutes after completion);
- No vending services—considered a high-touch area—were allowed by the County in order to minimize potential COVID transmission; and,
- Only take-out and curbside service was allowed for concession operators.

Due to the sudden and unpredictable closures the past two years, all operators reported food/product spoilage losses and additional work to maintain/clean their concessions/equipment both during times when the Arenas were open and closed by provincial order, with no ability to generate revenues to offset those losses.

**Recommended Financial Adjustments to Agreements (2020-2021):**

Although the operating Agreements stipulate that: “The County shall in no case be required to cover operational losses in whole or in part at any time during the Agreement regardless of any circumstances that may be presented in the operation of the facility” (Section 4. Financial Terms), all operators requested consideration to eliminate or reduce rental fees during the pandemic. Staff feel the exceptional impacts of the pandemic and loss of revenue to the operators should be taken into consideration as follows as of April 1, 2020:

<b>Location</b>	<b>Service Details</b>	<b>Rental Rates Current Agreements</b>	<b>Proposed Revenues to be Invoiced (Mar. 2020-Aug. 2021)</b>	<b>Revenue Deficit in 20/21 Tax Supported Operating Budgets</b>
Cayuga Memorial Arena	<ul style="list-style-type: none"> <li>• Concession/vending by Cayuga Minor Hockey</li> <li>• Services allowed for three months (Oct. 1 to Dec. 25, 2020)</li> <li>• Arena closed in 2021 for mass vaccination clinic</li> </ul>	\$250/month; \$3,000 per year	\$250/month for three months (Oct. 1 to Dec. 25, 2020)  Total Adjusted Rent: \$750	(\$2,250)
Dunnville Memorial Arena	<ul style="list-style-type: none"> <li>• Concession by Inge Griffin/Scoop Delicious</li> <li>• Services allowed for four months (Oct. 1 to</li> </ul>	\$700/month; \$4,900 per year (Sept. to March inclusive)	\$700/month for four months (Oct. 1-Dec. 25, 2020; Feb. 22-April 1, 2021)	(\$2,417)

<b>Location</b>	<b>Service Details</b>	<b>Rental Rates Current Agreements</b>	<b>Proposed Revenues to be Invoiced (Mar. 2020-Aug. 2021)</b>	<b>Revenue Deficit in 20/21 Tax Supported Operating Budgets</b>
	Dec. 25, 2020; Feb. 22 to April 1, 2021)		Total Adjusted Rent: \$2,800	
Hagersville Arena	<ul style="list-style-type: none"> <li>• Concession/vending by Dobro Jestí/Good Eats</li> <li>• Services allowed for four months (Oct. 1 to Dec. 25, 2020; Feb. 22 to April 1, 2021)</li> </ul>	\$400/month (Sept. to March), \$100/month (April to Aug.); \$3,300 per year	\$400/month for four months (Oct. 1 to Dec. 25, 2020; Feb. 22 to April 1, 2021)  Total Adjusted Rent: \$1,600	(\$1,700)
Haldimand County Caledonia Centre	<ul style="list-style-type: none"> <li>• Concession by Dobro Jestí/Good Eats</li> <li>• Services allowed for four months (Oct. 1 to Dec. 25, 2020; Feb. 22 to April 1, 2021)</li> </ul>	\$660/month; \$5,940 per year (Sept. to May inclusive)	\$660/month for four months (Oct. 1 to Dec. 25, 2020; Feb. 22 to April 1, 2021)  Total Adjusted Rent: \$2,640	(\$3,300)
Haldimand County Caledonia Centre	<ul style="list-style-type: none"> <li>• Vending by Tiger Vending Inc.</li> <li>• No vending service allowed for duration of pandemic (March 2020 to Sept. 2021)</li> </ul>	\$425/month; \$5,100 per year	\$425/month for March 2020  Total Adjusted Rent: \$425	(\$5,100)
<b>Total Annual Adjustments:</b>		<b>\$22,240</b>	<b>\$8,215</b>	<b>(\$14,767)</b>

The above-noted recommendation takes into consideration the inability of the operators to generate revenue to offset rent during the many months of shutdown and associated losses (food/product). This approach is similar to the one taken with operators providing services at Grandview Lodge, including audiology, hair dressing and a 'Day Away' program. If the vendors were unable to provide their services due to outbreaks at the Lodge and associated restrictions to access, their rent was pro-rated/waived for those missed days.

## **FINANCIAL/LEGAL IMPLICATIONS:**

Haldimand County's Tax-Supported Operating Budgets include revenue from the concession and vending contracts. The above-noted recommendations from staff will impact these budgets as follows:

Arena	Approved Budget 2020	Proposed Fees 2020	Variance 2020	Approved Budget to April 1, 2021	Proposed Fees to April 1, 2021	Variance 2021	Total Revenue Deficit
Hagersville Arena	3,300	2,400	(900)	1,200	400	(800)	(1,700)
Cayuga Arena	3,000	1,500	(1,500)	750	0	(750)	(2,250)
HCCC Concessions	5,940	3,960	(1,980)	1,980	660	(1,320)	(3,300)
HCCC Vending Machines	5,100	1,275	(3,825)	1,275	0	(1,275)	(5,100)
Dunnville Arena	4,900	3,883	(1,017)	2,100	700	(1,400)	(2,417)
<b>Total:</b>	<b>22,240</b>	<b>13,018</b>	<b>(9,222)</b>	<b>7,305</b>	<b>1,760</b>	<b>(5,545)</b>	<b>(14,767)</b>

Total revenue shortfall for the period April 1, 2020 to April 1, 2021 is \$14,767 associated specifically with the pandemic in 2020 and 2021. The Council-approved Tax Supported Operating Budget does not include any funds related to the waiving of rental fees due to the pandemic. In October 2020, Haldimand County received approximately \$2.5 million in funding from the provincial Safe Restart Program (COVID-19 grant). The province's expectation is that any funds not utilized in 2020 will be utilized to offset any additional costs/shortfall in 2021.

Future agreements with operators should include an annual review and adjustment based upon the Statistics Canada Consumer Price Index.

## STAKEHOLDER IMPACTS:

This report was prepared in consultation with and input from the Divisions of: Facilities, Parks, Cemeteries & Forestry Operations, Finance and Legal & Support Services.

## REPORT IMPACTS:

Agreement: Yes

By-law: Yes

Budget Amendment: Yes

Policy: No

## ATTACHMENTS:

1. Cayuga Memorial Arena Food Services (Concession & Vending) Draft Agreement – Cayuga Minor Hockey Association.
2. Haldimand County Caledonia Centre Food Services (Vending) Draft Agreement – Tiger Vending Inc.
3. Draft Expression of Interest Document.