

COUNCIL AUTHORITY FOR CONTRACT AWARDS PROPOSAL AWARD

Project Award	Proposal Award No. 23 – 562 – Seasonal Air Supported Structure / Dome Operator
Recommendation	Staff are recommending the award of the proposal for the Town (the lessor) to enter into a 21-year less one day lease agreement with Razor Management Inc. (the lessee) for a Seasonal Air Supported Structure and Dome Operator Services.
Purpose of Report	To present Council with a recommended 21 year less a day lease agreement
Background information	<p>Through COMS-004-23, Council approved the issuance of a Request for Proposal for the supply and installation of an air supported structure (dome) for indoor sports at the site of the existing Milton Indoor Turf Centre as well as the operation/finance of the dome. The Town's objective was to engage the services of a third-party to deliver indoor sports for the use of the community, without capital or operating costs to the Town. The Town will be providing the grade beam and field house for the facility at the Milton Indoor Turf Facility located at St. Francis Xavier Secondary School, through a lease agreement with the Contractor.</p> <p>This site is property of Halton Catholic District School Board (HCDSB) and this arrangement will be a subletting from the Town's agreement with the Board. The Board retains ownership and access to the field and facility during school hours and dates subject to the school calendar.</p> <p>Potential elements of the agreement include (but are not limited to):</p> <ul style="list-style-type: none"> • The vendor will supply, install, operate and maintain an air supported structure to provide rental opportunities primarily for Milton youth at this location • The lease agreement may extend over a period of greater than 20 years • A focus on the period from October 1st to April 30th on an annual basis • Access for the HCDSB during school hours and dates subject to the school calendar • All naming rights and branding are subject to the approval of the Town and HCDSB • The Town is not expected to incur capital or operating costs • The vendor will obtain all necessary permits and approvals at their sole expense • The vendor shall provide opportunity for public access and community programs, maintain operating hours and fees that are to the satisfaction of the Town, and comply with the current agreement between the Town and the HCDSB <p>The vendor shall maintain insurance to the satisfaction of</p>

	<p>the Town and comply with all applicable laws and regulations</p> <p>As the terms above may require some amendment through the negotiation process, the authority requested from Council to execute the contract has been made contingent on the review and satisfaction of the Commissioner of Community Services.</p> <p>The execution is also contingent on the review and satisfaction of the Town's legal counsel, who will also be engaged in this process. The legal review will also include assessment of the potential use of Section 110 of the Municipal Act, 2001 in order to designate this as a municipal capital facility as described in the Act, and as such may require approval of a related by-law by Council at a future date.</p> <p>Finally, amendments to the Town's current lease agreement with the HCDSB will also be required in order to ensure alignment with the results of the RFP process and resulting agreement. As such authority has also been requested in relation to that amendment/extension.</p>
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Purchasing Section: Bid Award Information

Date bid issued	April 19, 2023
Advertisements	Town of Milton website and Bids & Tenders website
Closing Date	May 10, 2023
# of Plan takers	Six (6)
Proposal Submissions received	<p>Proposals were received from the following companies:</p> <ul style="list-style-type: none"> • 1991855 Ontario Inc. o/a Colab Sport Management • Field Recreation Inc. • Milton Youth Soccer Club Inc. • Razor Management Inc.
Evaluation Criteria	<p>The proposals were evaluated based on the following criteria:</p> <ul style="list-style-type: none"> • Understanding of the project scope of work (15 points) • Experience indicating overall ability to implement projects with similar project scope, size and complexity (25 points) • Capital works plan (20 points) • Operational plan (20 points) • Project references (10 points) • Value Added Services (10 points) <p>An evaluation team with representation from Community Services evaluated the proposals against the established criteria and one (1) proponent was invited to an interview. Based on the evaluation criteria, Razor Management Inc. (RMI) has been identified as the</p>

highest scoring proponent.

RMI has developed a number of similar recreational facilities with various school boards and other organizations within Ontario. Pending Council's approval of the RFP award, Staff will proceed to enter into negotiations with RMI to finalize the terms of the lease agreement. Upon mutual acceptance of the terms, and subject to the satisfaction of the Commissioner of Community Services and the Town's legal Counsel, a contract can then be fully executed.

Financial Planning Section: Budget Impact

The Town's 2023 operating budget had included net annual revenue of \$199,678 for the variable costs and revenues that were directly associated with the operation of the dome, including annual funding of certain capital replacement costs (example – turf).

The proposal submitted would result in all net operating and capital costs being absorbed by RMI over the term of the lease. There may be an option for the Town to share in a percentage of the annual profits/losses that are associated with the facility, however it will be further discussed during the lease negotiations and weighed against the potential financial risk that it may introduce.

Should the Town not participate in the sharing of profits/losses it would result in a one-time financial pressure in the 2024 operating budget of up to \$276,976, which represents the removal of the net revenues while maintaining the existing infrastructure renewal funding for costs that remain with the Town (example – potential future turf replacement).

The Town will benefit from the cost avoidance of the initial investment for a new air supported structure, which was previously estimated at approximately \$2.0 million in COMS-004-23. The Town will also benefit from the transfer of certain financial and operational risks to the third party provider, as well as from the reduction of staff time requirements directed to the operations of the facility.

The financial impacts will be finalized through the lease agreement negotiations and will be reflected in the budget beginning in the 2024 process.