



Exhibition Place

ACTION REQUIRED

Item No. 13

May 2, 2012

To: The Board of Governors of Exhibition Place

From: Dianne Young, Chief Executive Officer

Subject: **Agreement for Rental of Golf Cars - Revised**

Summary:

A Request for Quotation (RFQ) process was issued through the City of Toronto, Finance Department, Purchasing and Material Management Division (PMMD) for the provision of various golf cars on a short term rental basis to Exhibition Place.

At its meeting of April 5, 2012, the Board had before it a report from the CEO dated March 19, 2012 and entitled "Agreement for Rental of Golf Carts". The Board referred this matter back to Exhibition Place staff requesting further information.

This revised report responds to the questions raised by the Board at its April 5th meeting and recommends the Board enter into an agreement with Skyway Lawn Equipment Ltd. (Skyway) commencing May 15, 2012, for the provision of various golf cars on a short term rental basis to Exhibition Place.

Recommendations:

- 1) It is recommended that the Board approve an agreement with Skyway Lawn Equipment Ltd for a period of one (1) year, with the option to extend for an additional three (3) separate one (1) year periods, on the terms and conditions outlined in this report and other such terms and conditions satisfactory to the CEO and the City Solicitor; and,**
- 2) Prior to entering into an extension in 2013 and following CNEA independence, Exhibition Place staff report back to the Board on this matter.**

Financial Impact:

The projected annual expenditure for the rental of golf cars is \$61,800, of which \$42,800 is attributed to the operational needs of the Canadian National Exhibition Association (CNEA) and \$19,000 to the service needs of Exhibition Place, and is provided for in the 2012 Operating Budgets, and will be further provided for in the 2013, 2014 and 2015 Operating Budgets.

Decision History:

The Exhibition Place 2009-2012 Strategic Plan had an Environmental Goal to *reduce the impact of our operations/business on all aspects of the environment* and as a Strategy to support this Goal *we will develop a number of operational plans to address energy and water issues.*

At its meeting of April 23, 2010, the Board entered into an agreement with Bennett Equipment Services Inc. for the provision of various golf cars on a short term rental basis, commencing May 1, 2010 and expiring April 30, 2012.

At its meeting of April 5, 2012, the Board considered a report dated March 19, 2012 and entitled “Agreement for Rental of Golf Carts” and referred it back to Exhibition Place staff for further clarifications.

Issue Background:

On January 11, 2012, Exhibition Place through the services of PMMD issued a Request for Quotation to establish a new agreement for the rental of golf carts given the expiry of the existing agreement on April 30, 2012.

At its meeting of April 5, 2012, the Board referred the recommendation to contract with the low bidder back to staff to respond to questions related to the cost/benefits of renting versus purchasing and the possibility of contracting with Ontario Place.

Comments:

Questions Raised by the Board at its meeting of April 5, 2012

Exhibition Place as part of its fleet owns 20 turf utility vehicles (Club Car “Carry-all type 2”) acquired as an efficient and cost effective means of delivering services on site during the non-winter months by the Operations Department and Sales, Events and Marketing Department. These vehicles are similar in design to golf cars, however are built to more industrial and service oriented standards. The average purchase cost is \$8,000 per unit with an annual service/maintenance cost (2011) of \$368.00 per unit. Typically, this type of vehicle has an operating life at Exhibition Place of approximately 9 years. Generally, the 20 purchased utility vehicles meet all the needs of Exhibition Place during the trade show season given this activity is generally limited to Direct Energy Centre.

However, in the summer months, with the major grounds-wide events (CNE, Caribana, Honda Indy) additional golf carts are needed because staff are required to travel across the entire 192-acres and not just within Direct Energy Centre. In addition, during the CNE when only Manitoba Road is open to regular vehicles or during the Honda Indy when most of the grounds is closed to vehicles, use of a golf-cart is the only efficient means of transport for service delivery.

- (a) Exhibition Place Rentals – Not only are the additional golf carts not necessary for Exhibition Place to deliver services for the trade and consumer shows, the golf carts leased in the summer are leased only as needed and for varying lease periods, the most leased only for the CNE. Based on 2011 experience, Exhibition Place requires 28 additional rental golf cars in accordance with the following requirements:

Facility Services	8 Golf Cars	1- month
Operations	13 Golf Cars	2- months
Security services	3 Golf Cars	2 -months
Finance & IT	3 Golf Cars	1- month
Event Services	1 Golf Car	1- month

The average purchase cost of a rental Club Car golf car is \$6,950.00 and monthly rental cost average to \$381.50. This short term needs do not justify the expenditure of approximately \$224,000 along with the additional maintenance costs and storage requirements that cannot be met.

(b) CNE Rentals - In contrast, the CNE Program requires 74 golf cars based on the following rental timelines:

51 Golf Cars 1- month
 20 Golf Cars 2- months
 2 Golf Cars 3 -months
 1 Golf Car 4- months

Given that the CNE will be independent in 2013, 2012 will be the final year of required approval of the Board with respect to the CNE leases. While the CNEA may decide its in their best interest to own some vehicles, ownership does have to be balanced with the capital requirements but also storage outside the summer months.

Use of Ontario Place Equipment

Ontario Place owns 14 turf utility vehicles of which 12 are serviceable. As requested by the Board, Exhibition Place staff made inquiries as to the possibility of either renting or purchasing these units. However the current management team for Ontario Place has not decided upon which direction it will take with respect to recent operational changes as they need the Ministry approval for the disposal of assets. Exhibition Place staff will continue to monitor developments at Ontario Place for opportunities to either rent or purchase these utility vehicles.

RFQ Process

As reported previously, the RFQ listed the various configurations and types of the estimated 102 rental golf cars required, with a focus on obtaining primarily electric powered as well as solar power augmented units. In addition, the RFQ advised all bidders that these quantities provided are estimates only and should not be interpreted as indicating a minimum or maximum order quantity. The quantities would be used as a basis for comparison upon which the award of the Quotation will be made. The quantities were not guaranteed to be accurate and were furnished without any liability to the Board/City whether actual rentals decreased or increased. Bidders were required to submit rates based on 4 week rental periods. Firm prices were quoted for the first year with percentage increases for each of the three option years.

The RFQ closed on January 11, 2012 with four quotations received. The results excluding HST were as follows:

Bidder	May 1, 2012 to April 30, 2013	Maximum Percentage Increase Optional Year 1	Percentage Increase Optional Year 2	Percentage Increase Optional Year 3
Skyway Lawn Equipment Ltd.	\$61,800.00	2%	2%	2%
Bennett Equipment Services Inc.	\$62,175.00	0%	2%	1%

Turf Care Products	\$66,300.00	2%	2%	2%
Albion Golf Cars	\$74,506.00	5%	5%	5%

The Skyway quotation is the overall lowest acceptable bid received in compliance with all requirements.

Skyway is based in Stoney Creek, Ontario and has carried on business since 1966. They have a fleet of approximately 450 vehicles available for rent and the capacity to deliver up to 34 cars at one time. References include Grand Niagara Golf, Comstock Canada, and the City of Brantford.

Staff have contacted Skyway and confirmed their capacity and capabilities to meet the requirements of this agreement. The City of Toronto Fair Wage and Labour Trades Office confirms that Skyway is in compliance with the Fair Wage and Labour Trades requirements.

The CNEA is one party to this three party agreement and given the direction for the CNEA to become independent as of April 1, 2013, the terms provided below allows the CNEA to withdraw from an extension of the agreement in Year 2.

Proposed Agreement:

Staff are recommending the approval of an agreement with Skyway on the following terms and conditions:

- (a) Term: One year commencing May 1, 2012, on an as required basis, with the option to extend for three additional one-year periods subject to satisfactory performance review, PMMD market analysis, budget availability and the rights of the CNEA, as one party to the agreement, to not proceed with the option to extend.
- (b) Pricing: Pricing is to be fixed during the term of the Agreement in accordance with the terms of the RFQ
- (c) Assignment: The agreement shall not be assigned by Skyway without written consent of the Board.
- (d) Indemnity/Insurance: Skyway shall provide proof of insurance in a form and amount satisfactory to the Board and containing provisions including the Board and the City of Toronto as additional insured with a cross liability/severability of interest clause of standard wording.
- (e) Union Obligations: Skyway shall comply with all trade union/association agreements affecting work done on the grounds.
- (f) Other Commercial Terms: The agreement shall include other standard commercial terms respecting termination and other matters in a form satisfactory to the City Solicitor and the CEO.

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Submitted by:

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