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AMA: 8.22 FOOD SERVICES POLICY

DATE 28/02/95

REAL PROPERTY SERVICES BRANCH

OFFICE ACCOMMODATION SERVICES

VOLUME 8 - ASSET MANAGEMENT

[Français](#)

SUMMARY:

This policy outlines a consistent approach with respect to the provision of food services in Crown-owned or leased facilities by the Real Property Branch, as custodian.

POLICY STATEMENT:

Effective June 2, 1993, the Real Property Branch has the authority to make all decisions relating to the provision of food services in buildings of which it is custodian, with the exception of the preferential treatment to be granted to the Ottawa Civil Service Recreational Association (RA) in Ottawa and Hull and the Canadian National Institute for the Blind (CNIB) outside of Ottawa. (Note: By mutual agreement, CNIB no longer has the priority arrangement in Quebec and Ontario). (See References). These decisions are to be based on the operational requirements of the tenants to support the delivery of government programs, market supply, and should focus on the generation of the best return on investment, wherever possible, through business opportunities.

APPLICATION:

With the exception of those managed by the Parliamentary Precinct Directorate, this policy applies to all assets for which the Real Property Branch is the custodian including leased facilities, as required, where the leasing agreement permits.

AUTHORITIES:

This policy is issued under the authority of the Assistant Deputy Minister, Real Property.

REFERENCES:

Chapter 4 (Revenue) of the Real Property volume of the Treasury Board manual requires that custodian departments seek opportunities to earn revenue from the real property they hold for program purposes and that the revenues received reflect its market value.

Chapter 7 (Use of Facilities) of the same Real Property volume requires that custodial departments provide a safe, healthy and productive environment in their facilities within the minimum functional space required and to meet the operational needs of the users of the facility. Chapter 7 also notes that the principles that apply to real property also

apply to food facilities and other amenities in that real property, namely:

- the market value principle
- the principle of limiting real property holdings to those required to directly support government programs; and
- the principle of seeking opportunities to earn revenue.

Decision letter dated June 24, 1993 from Treasury Board notes that the approval of Chapter 7 made specific reference that paragraphs 2 and 3 of TB517521 of November 7, 1957 on the operation of cafeterias both in and outside Ottawa/Hull by PWC remained in effect. (See Appendix A for a copy of these two paragraphs).

Treasury Board Directive No. 820213 dated June 29, 1993 provides direction and assistance to building owners and contractors on the implementation of Ontario labour legislation amendments to federal contracting authorities. This Directive applies only to federal contracts for certain building services where the premises are located within Ontario.

DEFINITIONS:

Food services refers to any type of food service or eating facility provided in Crown-owned or leased buildings. This policy does not apply to food outlets operated on a commercial lease basis.

Cafeteria refers to premises that are fully equipped for the serving of hot and cold full-course meals and other such food items that would be sold in a normal commercial restaurant, together with tables and chairs for customers and facilities for dishwashing, storage and maintenance.

Lunch room refers to a room equipped with tables and chairs in which employees may eat food brought into the premises. A lunch room may be equipped with coffee makers, microwave ovens, etc., supplied and maintained by the tenant or employees.

Service Agreement refers to a legal written agreement between an operator of food services and the Real Property Branch.

ACCOUNTABILITY:

The accountability for ensuring compliance with this policy rests with the Regional Director, Real Property.

POLICY DETAILS:

EXISTING AGREEMENTS:

Regions shall, at the discretion of the Regional Director, Real Property, notify tenants and food service operators that currently have agreements with the Real Property Branch for the provision of food services, of the Branch's policy to charge market rents or to charge a rent based on sales/profits and to recover associated operating costs. Expressions of interest/proposal calls should be completed at least six months prior to the termination of the existing agreement.

Regions should, however, take into consideration the effect of agreement termination on food service operators, where existing agreements have been long-term and make strategic arrangements for their withdrawal as required.

NEW AGREEMENTS

Location and Type of Food Services

In general, cafeterias are to be installed in public buildings only when required by the operations of the tenant (e.g., 24 hour operations or lack of commercial eating facilities within 500 metres of the building) or determined to be required as part of a marketing strategy by the Real Property Branch.

The decision to provide food services should be based on projected tenant usage and a benefit/cost analysis or operational requirements. Real Property Branch, as custodian, and the tenant should decide on the type of facility required based on tenant requirements and local market supply. Identification of a tenant's requirements for food services should be clarified early in the negotiations for accommodation, to avoid changes in floor plans, unbudgeted expenses and to allow enough time for tender calls and set up of operations.

Lunch rooms required for operational purposes of the user are to be located within the tenant's usable space and addressed in the formulation of functional space standards on a department-by-department basis.

Vending machines

Where demand warrants, vending machines may be installed under a Service Agreement negotiated between the Real Property Branch and the supplier of the vending machine. Any such agreement must not be in conflict with other agreements for food services provided in the building and any expenses incurred by the Real Property Branch should be recoverable.

Subject to the foregoing, where an economic case can be made, and subject to the approval of the Regional Director, Real Property, food facilities may be provided as an integral point of the facility to attract tenants to the building.

Wherever possible, and subject to accessibility policies, cafeterias should be located so that highest and best use and optimum return on investment are achieved.

Expressions of Interest/Proposal Calls

Expressions of Interest/Proposal Calls should be sought for all new service agreements to permit the Real Property Branch to lease to the best private sector operator who will return the best revenue while providing quality service. The final choice of operator should be a decision made by the Real Property Branch in consultation with the tenant when driven by that tenant's operational requirements, with the Real Property Branch being the final authority.

Where required by Treasury Board direction, Service Agreements for cafeterias are to be offered to the RA or CNIB before expressions of interest are sought. At the discretion of the Regional Director, Real Property, regions are free to negotiate all terms and conditions with the contractor i.e. rent, equipment and payment of utilities, keeping in mind that should the RA or CNIB not wish to change existing practices, a submission to Treasury Board, seeking an exemption to the preferential arrangement, would be required. The submission is to clearly indicate reasons, other than purely financial, and use location-specific criteria as rationale where deemed appropriate. Should either organisation waive its priority, a confirmation in writing to that effect is to be acquired.

When required, the services of Realty Branch or, on an exceptional basis, a reputable food services consulting firm can be retained to manage the project. Responsibilities of the Project Manager could include research, benefit/cost analysis, the preparation of the proposal documents, liaison with potential proponents, provision of advice to the Real Property Branch on the evaluation process and preparation of the final Service Agreement with the operator. Fees for the Project Manager's services should generally be based on a per diem, flat or percentage of potential revenues rate.

Revenue

Revenue is to be based on a percentage of sales/profits, charged to the operator for the kitchen/serverly space, keeping in mind that the rate should be comparable to that of the regional or community private sector and should equate to the highest and best use for the space. When necessary (e.g., low market, rural areas), and at the discretion of the Regional Director, Real Property, lower rates may be charged; however, as a minimum, the Real Property Branch shall recover any associated building costs such as rent, heating, lighting, garbage removal and cleaning from the operator for the kitchen/serverly area.

Financial Control

In order to monitor the sales and expenses of the food services operator, authority for the Real Property Branch to review the financial statements of the operator and/or sub-contractor where applicable on a regular basis, should be indicated in the agreement.

Equipment

The food services operator is to be held responsible for the provision and maintenance of all kitchen, server and eating area equipment, unless a benefit/cost analysis indicates that service to the tenants would be maximised if the Real Property Branch was held responsible. Utility hook-ups and, wherever feasible, separate metering facilities are to be provided by the Real Property Branch into the kitchen area of a food facility. Any modifications or retrofits required by the operator are to be arranged by the Real Property Branch but paid for by the operator, unless otherwise negotiated as a condition of the Service Agreement.

Furniture

Furniture for the eating area in a cafeteria is to be supplied by the Real Property Branch as part of fit-up. Lunch room furniture is to be supplied by the tenant. Furniture should be easily moveable to permit the eating space to be used for other purposes of the tenant, such as meetings or special events.

Health Standards

Food quality and sanitary standards shall meet the requirements of the Department of Health (DOH) which shall be authorised to inspect the food facilities at any time. Department of Health regional offices are to be advised of the opening date of any new food facility so that arrangements can be made for sanitary inspections. Real Property Branch, as custodian, must carry out the recommendations in a DOH inspection report regarding areas such as structural changes to the building, replacement of equipment belonging to the Crown, requirements for painting, cleaning of ceilings and walls and the carpet in the dining area. Where the recommendations made in the DOH inspection report are identified as the operator's responsibility, Real Property Branch must ensure that the operator carries out the recommended action within a reasonable period of time.

Smoking

In accordance with Treasury Board policy, smoking is not permitted in lunch rooms or food facilities operated for government employees. Tenant departments are responsible for the control of their employees while using the facilities. For further information on the subject of smoking in the workplace, please see Chapter 1.17, Volume 1 and Chapters 2.16, 2.17, Volume 5 of the Real Property Branch Manual.

Alcohol

The serving or use of alcoholic beverages in food facilities operated for government employees is not permitted except for special events when the appropriate licences must be obtained.

Insurance

The operator shall save the Crown harmless with respect to liability and provide proof of liability insurance. A covenant to this effect is to be written into the Service Agreement.

Service Agreements

Terms and conditions of Service Agreements with food service operators are to be reviewed and approved by the Department of Justice. Adequate protection to the Crown and consistency should be sought. The length of an

agreement may vary from case-to-case, but consideration must be given to the required investment by the operator and Crown, the ability of the location to generate revenues and the cost of the request for proposal. A provision for termination of the contract in the event of default of any of the covenants in the agreement, must be included. Agreements are to be signed by the authority identified in the Handbook of Authorities.

EFFECTIVE DATE:

This policy is effective immediately.

REVIEW DATE:

This policy will be reviewed on or before December 31, 1996.

ENQUIRIES:

Enquiries regarding this policy should be directed to the Director, Asset Management, Real Property Branch, Headquarters at (613) 736-2181.

A generic tender package and service agreement is available from the Leasing Directorate, Realty Services. Enquiries concerning this package should be directed to the Director, Leasing Directorate, Realty Services Branch, Headquarters at (613) 736-2659.

APPENDIX A

This statement is extracted from a letter from Mr. A.W. Clayton, Executive Director of the Treasury Board to the Deputy Minister of Public Works, which letter is dated June 24, 1993.

"The cancelled policies are as follows... APM Chapter 130 and related Circular letters on food facilities. The submission noted that there was really no substantive policy in this Chapter which like Chapter 120 was aimed almost exclusively at PWC. The TB approval made specific reference that paragraphs 2 and 3 of TB517521 of November 7, 1957 on the operation of cafeterias both in and outside Ottawa/Hull by PWC remained in effect. Any change to this practice will require a further submission by the Minister of Public Works."

PARAGRAPHS 2 AND 3 OF TB517521 ARE AS FOLLOWS

2. Confirming existing practice, cafeterias to be installed in future in public buildings in Ottawa and Hull will be operated by the Ottawa Civil Service Recreational Association.
3. Outside Ottawa, cafeterias to be installed in future in public buildings will be operated either by the Canadian National Institute for the Blind or a recognized employee association, the selection of the operator to be made by the Treasury Board following receipt of a report from the Deputy Minister of Public Works.

[\[Current Documents\]](#) [\[Français\]](#)