

Professional Services Contract for Five City-run Golf Courses

Date:	January 27, 2010
To:	Government Management Committee
From:	General Manager, Parks, Forestry and Recreation Director, Purchasing & Materials Management Division
Wards:	2, 10, 11, 16, 23, 35, 39
Reference Number:	P:/2010/Internal Services/pmmd/GM10006pmmd (AFS #11305)

SUMMARY

The purpose of this report is to request authority to extend the Professional Services Agreement with the former operator, Golf Plus Marketing Inc. (GPMI) which expired on December 31, 2009, for the right to operate and manage the five City-run golf courses for a one year term commencing January 1, 2010 and expiring on December 31, 2010 with an option to renew the agreement for an additional one-year term for the period January 1, 2011 to December 31, 2011. The decision to exercise the option to renew the agreement will be at the sole discretion of the General Manager of Parks, Forestry and Recreation.

This agreement will provide the City and the golfing patrons a continued service at the five City-run golf courses until a further review of golf operations is completed.

RECOMMENDATIONS

The General Manager of Parks, Forestry and Recreation and the Director of Purchasing and Materials Management recommend that:

1. City Council approve an extension of the existing Professional Services Agreement with Golf Plus Marketing Inc.(GPMI) in relation to the operation and management of the Dentonia Park Golf Course, Don Valley Golf Course, Humber Valley Golf Course, Scarlett Wood's Golf Course and the Tam O'Shanter Golf Course, including clubhouse facilities for a one year term from January 1, 2010 to December 31, 2010, on the same terms and conditions as the existing agreement, in the amount of \$315,000.00 net of GST and HST recoveries with an option,

exercisable at the sole discretion of the General Manager of Parks, Forestry & Recreation, to extend the agreement for a further one year from January 1, 2011 to December 31, 2011, in the amount of \$315,000.00 net of HST recoveries all in a form and content that is satisfactory to the General Manager and the City Solicitor. The extension of the agreement (including the optional term) with Golf Plus Marketing Inc. will increase the total value of the agreement from \$2,920,000.00 net of GST to \$3,550,000.00 net of GST and HST recoveries.

FINANCIAL IMPACT

Since 2000, the City has been paying a management fee to GPMI for Professional Services to operate and manage the five City-owned golf courses. The Professional Services Agreement with GPMI expired on December 31, 2009. The City needs to continue to provide this service for the general public.

The total potential management fee increase identified in this report (including the optional term) is \$699,300.00 including all applicable taxes and charges. The cost to the City, net of GST and HST Recoveries is \$638,316.00. Funding in the amount of \$315,000 net of GST and HST Recoveries is available in the Parks, Forestry and Recreation's Golf Courses Operating Base Budget. Should the option to renew be exercised for the 2011 term, funds will be requested in the 2011 Parks, Forestry and Recreation's Golf Courses Operating Base Budget.

In 2008, the five golf courses generated gross revenue of \$5.9 million, with expenditures of 4.8 million, which included the management fees to GPMI and ground maintenance costs. Net revenue to the City was \$1.1 million.

In 2009, the five golf courses generated gross revenue of \$4.4 million, with expenditures of \$4.0 million, which included the management fees to GPMI and ground maintenance costs. Net revenue to the City was \$0.4 million. The net revenue was impacted by the 39-day labour disruption.

Total impact of this agreement is consistent with the previous agreement.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On July 20, 21, and 22, 2004, City Council adopted Clause 11 of Report 5 of the Economic Development and Parks Committee, entitled; "Proposed Renewal of the Agreement for the Professional Services of Golf Plus Marketing Inc. (GPMI) in Relation to the Operation and Management of the City-owned Golf Courses" (Various Wards).

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040720/edp5rpt/cl011.pdf>

ISSUE BACKGROUND

The City of Toronto Parks, Forestry and Recreation Division owns and operates five golf courses. These courses vary from a par three facility to full length regulation golf courses. While the City provides the direct operation in terms of grounds and maintenance, the balance of the operation, including all customer service personnel, ticket sales, cart rentals and pro-shop services, along with food and beverage concessions, are operated on a contract basis. This model has been in place for several years with two separate contracts for the golf courses.

Parks, Forestry and Recreation has for a number of years engaged a “Pro-Manager” to manage the play and the pro shops at the five City of Toronto municipal golf courses along with a separate food and beverage concession operator.

COMMENTS

An RFP was issued by the Purchasing and Materials Management Division (PMMD) on November 17, 2009 for the managing of the play, pro shops, power golf carts along with the operation of food and beverage concessions at the five City run golf courses and the collection of green fees on behalf of the City, all at no cost to the City.

Three proposals were received in response to the RFP, however, no successful proponent was selected and the RFP call was cancelled in accordance with the Toronto Municipal Code, Purchasing Chapter 195-8B, Cancellation of calls.

As a result, Parks, Forestry and Recreation is required to extend the Professional Services Agreement with the existing operator GPMI for the 2010 golfing season to ensure the golf courses remain open to the public. This agreement will allow the Division an opportunity to develop a plan for the City’s five golf courses and move forward with the release of a new RFP.

GPMI will continue to provide and perform the following services at each of the City-run golf courses during the term: employ, train and supervise all staff other than ground maintenance staff; supervise all pro shops and operate all aspects of play, marshalling, sale of green fees; supply all equipment, materials and technical assistance required to perform the service; organize and control play on the courses; provide lessons and instructions; provide golf carts and golf cart rentals; collect on behalf of the City, all green fees and remit to the City 20 percent of all golf cart rentals.

GPMI have performed their services in the past to an acceptable standard and staff are confident that GPMI will continue to provide this level of service at a competitive price for the renewed term. GPMI has been the successful operator for the past ten years and has provided experience, vision and quality of service and a proven financial return to the City.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and the Labour Trades requirements and has agreed to comply fully.

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SIGNATURES

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