



## REPORT FOR ACTION

### Lease and Contract Extensions for City of Toronto Golf Courses

**Date:** August 27, 2020

**To:** General Government and Licensing Committee

**From:** General Manager, Parks Forestry and Recreation

Chief Procurement Officer, Purchasing and Materials Management

**Wards:** All

#### SUMMARY

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Parks, Forestry, and Recreation ("PFR") has seven golf courses under its operational management. Two are leased out fully, and five are operated under a mixed model where golf course assets and turf are maintained by the City, green fees are set by City Council, and ticket sales, golf cart rentals, pro shops, lessons, and food and beverage operations are contracted out under two separate agreements.

Through this model, PFR has consistently provided high-quality golf courses for all Torontonians. The courses promote junior, senior, and family golf through affordable fees and program offerings. The quality and maintenance standards of the courses has remained high, and commitments to naturalization and environmental stewardship have been incorporated at the sites where possible. While this model has allowed for outdoor recreational activity for many, there are a number of operational pressures that require thoughtful consideration to ensure the long term success and financial viability of the golf program.

In January 2018, agreements for food and beverage operations at the five courses with Grenadier Group, and for the golf course operations and management with Golf Plus Marketing Incorporated, were extended for a two year period, expiring November 30, 2019, with a City option for a further one year extension to November 30, 2020. The longstanding lease of Centennial Golf Park Centre is also set to expire on November 30, 2020. This was done to provide an opportunity for a third party review of golf course operations for consideration of any service delivery changes. Given the current unknown and changing market environment due to the COVID 19 Pandemic, PFR is requesting a further extension of the existing contracts until golf course operations have stabilized.

This report recommends a two year extension of the existing third party golf operator contracts, and the lease at Centennial Park Golf Centre, as well as a City option for further one year extensions should it be required.

These extensions will ensure contracts do not expire without a viable replacement being put in place, and will allow staff time to develop and recommend a comprehensive sourcing strategy for golf operations, including any relevant considerations resulting from a unique 2020 operating season.

## **RECOMMENDATIONS**

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The General Manager, Parks, Forestry and Recreation and the Chief Procurement Officer recommend that:

1. City Council authorize the General Manager, Parks, Forestry and Recreation to negotiate and enter into an agreement to extend and amend the Professional Services Agreement with Golf Plus Marketing Incorporated (Contract 47020512) respecting the operation and management of the Dentonia Park Golf Course, Don Valley Golf Course, Humber Valley Golf Course, Scarlett Woods Golf Course and the Tam O'Shanter Golf Course for an additional two year term from December 1, 2020 to November 30, 2022, with a further optional year from December 1, 2022 to November 30 2023, on terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation and the City Solicitor.
2. City Council authorize the General Manager, Parks, Forestry and Recreation to negotiate and enter into an agreement to extend and amend the existing food and beverage licence agreement with the Grenadier Group (Contract Number 301630) for all five City run golf courses for an additional two year term from December 1, 2020 to November 30, 2022, with a further optional year from December 1, 2022 to November 30 2023, on terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation and the City Solicitor.
3. City Council authorize the General Manager, Parks, Forestry and Recreation to negotiate and enter into an agreement to extend and amend the existing lease agreement with Centennial Park Golf Centre (Contract Number 301347) respecting the lease of Centennial Park Golf Center for an additional two year term from December 1, 2020 to November 30, 2022, with a further optional year from December 1, 2022 to November 30, 2023, on terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation and the City Solicitor.

## **FINANCIAL IMPACT**

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There is no financial impact for the 2020 operating and capital budgets. Annual funding for the ongoing operation and management of the golf courses is included in the 2020 Operating Budget for Parks, Forestry and Recreation. Expenditures and revenues anticipated in future years will be included as part of the 2021 and future year budget submissions.

The total potential net cost to the City as a result of entering into an additional two-year extension agreement with Golf Plus Marketing Incorporated (GPMI) for the operations and management of five golf courses is approximately \$0.589 million, by way of \$0.902 million in management fees paid to GPMI partially offset by a 3 year average of \$0.313 million in golf cart revenue to the City. These costs are consistent with the existing agreement.

The total potential rent revenue to the City as a result of entering into an extension agreement with the Grenadier Group for a food and beverage license for five golf courses is approximately \$0.06 million per annum, and approximately \$0.144 million per annum for extending the agreement at Centennial Park Golf Centre (Etobicoke). This rent is consistent with the existing agreements.

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

## **DECISION HISTORY**

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City Council, at its meeting on January 31 and February 1 2018, adopted report GM 24.4 with amendments, titled "Future Options for City Operated Golf Courses", recommending the approval of an extension and amendment of the Professional Services Agreement with Golf Plus Marketing Incorporated (Blanket Contract 47020512) respecting the operation and management of the five golf courses, and Grenadier Group respecting food and beverage for the five courses, for a two year term from December 1, 2017 to November 30, 2019, with an option to extend for a further one year term, on terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation and the City Solicitor.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM24.4>

The Bid Committee at its meeting of December 14, 2011, adopted BD53.1, "Contract Awards - December 14, 2011 - Composite Report", recommending, pursuant to RFP No. 9155-11-7227, the award of the contract to Golf Plus Marketing Inc. to manage the Play and Pro Shops at the City Run Golf Courses and collect Green Fees on behalf of the City.

<http://www.toronto.ca/legdocs/mmis/2011/bd/bgrd/backgroundfile-43083.pdf>

City Council at its meeting of February 22 and 23, 2010, adopted report GM28.8 entitled, "Professional Services Contract for Five City-run Golf Courses".

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM28.8>

## **COMMENTS**

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PFR operates five golf courses and leases out two golf courses. Of the City operated golf courses, Scarlett Woods and Tam O'Shanter are on land owned by the Toronto Regional Conservation Authority (TRCA) and are managed by PFR under a long-term management agreement. The remaining three courses are on land primarily owned by the City with some portions owned by the TRCA. These courses vary from a par three facility to full length regulation golf courses. All five courses are designated as parkland

and are governed by the City of Toronto Ravine and Natural Feature Protection by-law and TRCA regulations.

<b>Course</b>	<b>Address</b>	<b>Type</b>	<b>Yardage</b>	<b>Rounds (2019)</b>	<b>Primary Ownership</b>	<b>Operational Model</b>
<b>Dentonia Park</b>	718 Victoria Pk	Par 54	2,176	24,121	City of Toronto	Mixed
<b>Don Valley</b>	4200 Yonge	Par 72	6,163	37,824	City of Toronto	Mixed
<b>Humber Valley</b>	40 Beattie Avenue	Par 70	5,446	35,260	City of Toronto	Mixed
<b>Scarlett Woods</b>	1000 Jane Street	Par 61	3,749	25,934	TRCA	Mixed
<b>Tam O'Shanter</b>	2481 Birchmount	Par 72	6,083	36,709	TRCA	Mixed
<b>Royal Woodbine</b>	195 Galaxy Blvd	Par 71	6,405	Data not collected under current lease terms	City of Toronto	Leased
<b>Centennial Park Golf Centre</b>	550 Centennial Park Blvd	Par 90 (27 holes)	5,809 (27 holes)	Data not collected under current lease terms	Province of Ontario	Leased

Under the current mixed service delivery model for the five city operated courses, green fees are set by Council, golf course assets and turf are maintained by PFR, while the ticket sales, golf cart rentals, pro shops and food and beverage operations are contracted out under two separate agreements that were awarded through an RFP procurement process.

The 2020 golf operating season was significantly impacted by COVID-19, with the total rounds being played seeing significant increase. This is in line with the industry, which has been positively impacted by COVID-19 restrictions on other recreational activities. As of August 21 2020, City operated sites had seen 92,242 rounds played. This is 5,317 more rounds played compared to 2019 during the same period, representing an approximate 6% increase in play. The full financial picture from the season is yet to be determined. It is also yet to be determined if this single year growth will see lasting effects on participation.

Given the current unknown and changing market environment due to the COVID 19 Pandemic, PFR is requesting a further extension of the existing contracts until golf course operations have stabilized. In 2021, a future staff report will make recommendations on the sourcing strategy for the future of golf operations. This will be informed by the completed Ernst and Young review of potential operating models, as well as the relevant findings from the completed 2020 season.

## **CONTACT**

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## **SIGNATURE**

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Michael Pacholok  
Chief Procurement Officer, Purchasing and Materials Management

## **ATTACHMENTS**

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