

Award of Negotiated Request for Proposal Document Number 3703952212 for Management of Play, Pro Shops and Food and Beverage Services at Five City-Operated Golf Courses

Date: September 18, 2023

To: General Government Committee

From: Acting General Manager, Parks, Forestry and Recreation and Chief Procurement Officer

Wards: All

SUMMARY

The City of Toronto provides access to high-quality and affordable golf at five City-operated golf courses. Service at the golf courses is provided through a mixed model which incorporates responsibilities from both the City and its contractors. The current contracts delivering these services will expire at the end of the November 2023, and a new supplier must be secured by the end of 2023 in order to continue delivering these services.

The purpose of this report is to advise on the results of the Negotiated Request for Proposal (nRFP) Document Number 3703952212 for the management of play, pro-shops and food and beverage services at these five City golf course locations, and to seek authority to enter into legal agreements with the recommended supplier, Thistle Golf Ltd., for a fixed period of ten years from the date of award, with options to renew for two additional five-year periods at the City's sole discretion, with revenue expectation to be in line or better than historic net financial performance. The scope of this nRFP incorporated the Council-approved recommendations included in 2022.IE27.6 Review of City of Toronto Golf Courses.

The nRFP process identified Thistle Golf Ltd., a private contractor with considerable industry expertise, to deliver on the City's intended hybrid operating model at five City golf courses. Under this new hybrid operating model, the City maintains the golf courses and retains control over the asset, its access, and green fee rates, while the single supplier manages golf play and programming, food and beverage services, pro shops, retail, rentals, and clubhouse improvements.

RECOMMENDATIONS

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

1. City Council authorize the Acting General Manager, Parks, Forestry and Recreation to sign on behalf of the City of Toronto a management agreement and any ancillary agreements and documents, and to amend the agreements as required with Thistle Golf Ltd. to manage play, pro shops, and food and beverage services at five City-operated golf courses for 10 years starting on approximately December 1, 2023, with two optional renewal terms of five years each, exercisable at the General Manager's sole discretion, substantially on the terms and conditions set out in Attachment 1 and on such other terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation and in a form satisfactory to the City Solicitor. The golf courses include: Dentonia Park, Don Valley, Humber Valley, Scarlett Woods, and Tam O'Shanter.
2. City Council direct the Acting General Manager, Parks, Forestry and Recreation to collect socio-demographic data from users of the City's golf courses in order to form a general profile of who is using the golf courses and to determine how the City's golf courses and programming can be improved and adjusted to best serve all the residents of Toronto, as described in 2022.IE27.6 Review of City of Toronto Golf Courses adopted by Council on February 2, 2022, and in accordance with 2020.EX18.6 Data for Equity Strategy adopted by Council on November 25, 2020, with the purpose of understanding user profile, measuring trends for shaping future golf policies, and supporting priorities for equitable access.

FINANCIAL IMPACT

Under the new agreement, subject to City Council approval, the City will receive funds from a percentage revenue share model, which is outlined in Attachment 1: Major Terms and Conditions. Through the negotiated revenue share model, the City is expected to receive \$5.7 million - \$7.3 million annually, through a combination of:

- 84 – 87 per cent of green fees gross revenue depending on course performance
- 20 per cent cart rental gross revenue over \$1 million
- 2 per cent of retail gross revenue over \$1 million
- 2 per cent of food and beverage and ancillary gross revenue over \$2.5 million.

Thistle Golf Ltd. retains 13 – 16 per cent of green fees gross revenue as a management fee, and rights to other lines of business minus City percentage shares. The negotiated revenue share model is expected to improve the net revenue performance for the City, where the historical annual average is \$5.6 million for the past five years.

Thistle Golf Ltd. also will invest \$768,000 in capital improvement upgrades in the first five years of the contract to improve existing conditions and enhance customer experience and \$100,000 per year during subsequent terms if the contract is renewed.

The City continues to be responsible for the maintenance and state-of-good-repair of the golf courses and facilities. Funding to deliver these services is included in the existing Parks, Forestry and Recreation Operating Budget and 10-Year Capital Plan.

Green fee rates will continue to be determined and approved by City Council through the budget process. This ensures access to City-operated golf courses will remain affordable and competitive to the municipal golf system.

Any financial impacts resulting from future capital improvements or unanticipated operating budget shortfalls will be submitted for consideration through future budget processes.

The recommended agreement is expected to be cost and revenue neutral while delivering significant improvements to service and customer experience, as well as investments into technology and capital improvements.

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

EQUITY IMPACT STATEMENT

Public access, affordability, and equity are priorities at City-operated golf courses. To advance these priorities, the City has discounted green fee rates for juniors and seniors, permits the application of Welcome Policy (PFR's recreation fee subsidy program) for junior memberships and continues to pursue collaborative partnerships and programming opportunities such as First Tee with Golf Canada.

The Negotiated Request for Proposal (nRFP) embedded these principles by evaluating potential suppliers on social programming for underrepresented groups, as well as support for Indigenous economic opportunities. Under the new agreement, a liaison committee will be formed with representation by City staff and Thistle Golf Ltd. to discuss management, business, operational, and policy decisions, including those related to pricing strategies and programming.

Thistle Golf Ltd. agrees to improve equitable access by:

- Pursuing recruitment strategies that are intentionally inclusive of Indigenous communities.
- Committing to broader community events and year-round activities to ensure non-golf leisure opportunities and access to greenspace for all residents.
- Providing a minimum of six free golf clinics at each golf course (two clinics for women, two for seniors, and two for juniors), with a further commitment to offer additional clinics for beginners to help expand golf participation.
- Working with the City's existing and new partners (such as Golf Canada) to advance City objectives through programming (e.g. First Tee).

DECISION HISTORY

At its meeting on February 2, 2022, City Council directed the General Manager, Parks, Forestry and Recreation and Chief Procurement Officer to issue a negotiated request for proposals for the operation of the five City-operated golf course operations for an improved status quo model ("hybrid model"), with consideration for improved accessibility, affordability, partnerships, data collection, trail connections, Indigenous place-making, public access, and environmental protection.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.IE27.6>

At its meeting on September 30, 2020, the General Government and Licensing Committee authorized 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 for the operation and management of the five City-operated golf courses, and with Grenadier Group for the food and beverage for the five courses which are set to expire, November 2023.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.GL15.14>

COMMENTS

Background

The City of Toronto provides access to high-quality and affordable golf at five City-operated golf courses. Service has historically been provided at the golf courses through a mixed model which incorporates responsibilities from both the City and contractors. Currently, the City is responsible for maintenance of facilities and turf, while contractors under two separate agreements manage food and beverage services, and pro-shop management and golf programming.

From 2013-2019 the courses were experiencing a number of concerning trends, including decreasing rates of play, declining revenues, escalating costs, and ongoing and long-term capital maintenance concerns. These trends led the City to undertake a third-party review of golf operations. During the review period, there was a surge in interest for golf and the review was extended and expanded to incorporate changing trend analysis, and to consider alternative and complementary golf course uses.

The expanded third-party review provided directions on how best to:

- continue to provide access to high-quality and affordable golf in Toronto
- improve golf-related amenities (clubhouses, food services, customer service)
- maintain a sustainable and financially responsible model
- ensure responsible environmental stewardship and management
- explore opportunities for alternative and complementary parkland uses
- advance a winter-use strategy for access and activation during the off-season
- balance multiple and competing desired uses for the parkland sites.

In February 2022, City Council adopted a report based on key findings from the third-party review and directed staff to issue a nRFP for the operation of the five City-operated golf courses that would pursue an improved service delivery model.

This nRFP was developed to deliver the Council-approved hybrid model, merging the two previously separate contracts for golf management and food and beverage services under a single contract. The City will continue to be responsible for maintaining the golf courses and facilities, and determining green fee rates. This ensures oversight for critical components, such as environmental stewardship, turf maintenance, management and control of the property, affordability of recreational opportunities, public access and accessibility.

A single supplier is responsible for managing and facilitating golf play, the pro shops, retail and rentals, golf programming, contributing to clubhouse improvements, and food and beverage services. This ensures industry expertise in delivering golf programming and food and beverage services, as well as a clear single point of accountability for the holistic experience at the golf courses.

Additional City Council directions for the golf program remain with City staff to advance in collaboration with the future vendor, and these are addressed in the City's Continuous Improvements for Golf section of this report.

Procurement Process

The City issued a non-binding nRFP to select a top proposal for the City's golf operations. The nRFP proposal requirements were structured to allow suppliers to provide their own creative and strategic solutions while ensuring the City's operational requirements and revenue expectations were met.

To help the City secure the best solution in market, the nRFP process leveraged Ernst & Young LLP.'s expertise, as the consulting firm that conducted the Golf Review, to provide guidance in crafting the nRFP call document and evaluation criteria, and support during the Commercially Confidential Meeting (CCM) and negotiation processes.

Evaluation Process

A formal selection committee reviewed and evaluated the submitted proposals. This committee consisted of senior staff from Parks, Forestry and Recreation (PFR) and Purchasing, Materials Management Division, and included third-party consulting advice from Ernst & Young LLP. P1 Consulting was retained as an independent fairness monitor to ensure the procurement process was open, fair and transparent.

Evaluation Stages

The evaluation included the following stages:

Stage 1: Mandatory Submission Requirements

- Stage 2: Initial Evaluation
- Stage 3: Joint Solution Development
 - Stage 3A: Commercially Confidential Meetings (CCMs)
 - Stage 3B: Best and Final Offer (BAFO)
- Stage 4: Revised Bid Evaluation and Rankings
- Stage 5: Negotiation and Final Agreement

Proposal submissions

Seven submissions were received:

1. City Golf Plus Inc.
2. Global Brand Foodservices Inc.
3. GolfNorth Management Corp.
4. 505707 Ontario Ltd. OBA Grenadier Group
5. Group 1111 Business Development, Management and Consulting
6. Markham Sports Dome Inc.
7. Thistle Golf Ltd.

Fairness Monitor Report

The fairness monitor reported satisfaction from a fairness perspective and that the processes undertaken was open, fair, consistent and transparent. The fairness monitor's report is included as Attachment 2: Attestation Report from the Fairness Monitor.

Thistle Golf Ltd. - Proposal Highlights

The proposal from Thistle Golf Ltd. was the highest-ranking proposal, meeting all technical requirements alongside a negotiated financial proposal deemed satisfactory to the City. The operator brings considerable local industry expertise and a proven track record of success, having delivered golf and food and beverage management services at municipal and private golf courses. Thistle Golf Ltd. understands the role these courses play in quality recreation opportunities, the broader importance of these courses within Toronto's parkland system, and are committed to establishing Toronto as a benchmark for municipally-run golf. Further, they have the partnership and programming track record and expertise to deliver the City's desired programming outcomes. Additionally, the City will work collaboratively to ensure excellence at the City-operated golf courses in the coming years. A formal liaison committee, made up of City and Thistle Golf Ltd. management representatives, will continually review and improve operations, troubleshoot any ongoing issues, and advance City objectives for the courses.

The proposal contained a number of notable highlights for improvements for the City-operated golf courses.

1. Improved Golf Programming

Thistle Golf Ltd. is providing a robust golf program mix by offering lessons with Canadian Professional Golf Association certified staff, camps, leagues, and

tournaments will be delivered in accordance with industry standards. Free clinics targeting women, seniors, and juniors will also be offered at all courses with a commitment to offer additional clinics for beginners to expand clinic opportunities. Golf simulators will be installed at Don Valley, and a new event tent at Tam O'Shanter will increase programming and event opportunities.

Furthermore, the City reserves the right to execute programming partnerships as required to advance the City's strategic objectives, such as expanding access to the sport.

2. Upgrades to Food and Beverage Services

Thistle Golf Ltd. will upgrade restaurants, kitchens, and food and beverage areas at the golf courses to create a welcoming atmosphere and improve the dining experience. Food and beverage outlets will be staffed appropriately, ensuring service levels are maintained throughout the golf season. In addition, retail area improvements and cosmetic enhancements to clubhouse areas will create a modern and updated environment.

3. Capital Investments

Thistle Golf Ltd. will provide \$768,000 in capital investments which will fund upgrades to food and beverage and golf programming improvements indicated above, with an additional investment of \$100,000 per year during the subsequent term(s) if the contract is renewed for other improvements.

4. Indigenous Opportunities

Thistle Golf Ltd. will be advancing initiatives that support Indigenous communities and economic activities, such as promoting golf within Indigenous communities, providing preference for Indigenous vendors, and conducting outreach for employment initiatives focused on members of the Indigenous community.

5. Reservation and Technological Improvements

Championing a "service everywhere" concept, Thistle Golf Ltd. will provide multiple ways to book tee times, and will allow users to make reservation changes and purchases easily and efficiently. The new reservation software will provide a streamlined experience in facilitating golf tee time bookings, cart rentals, food and beverage purchases, retail purchases, and registration for lessons, clinics, events, and camps. Participants will be able to reserve online, by phone, or in-person. Online payment for services will also be available.

Communication to clients will be improved through email and SMS campaigns, with capabilities for notifications, reminders, and ability for customers to self-withdraw from bookings to minimize no shows and maximize golf opportunities. The introduction of a golf course optimization and pace management technology system will be piloted in concert with on course marshals to ensure pace of play.

6. Community Events and Other Activities (non-golf)

Thistle Golf Ltd. has made a commitment to work with the City to maximize the public utility of these spaces, both during the golf season and throughout the winter. Thistle Golf Ltd. plans to engage the local community to ensure the courses are welcoming places for all community members, including non-golfing residents and visitors interested in other activities. With an annual commitment of \$50,000 for community events, a minimum of six community events at low or no cost to the public will be offered at each golf course.. These community events, along with expanded food and beverage services, will help complement City initiatives to support in-season and off-season non-golf activities at the courses.

7. Commitment to Transition to Electric Golf Carts

Thistle Golf Ltd. has committed to provide 150 powered golf carts for public use. Though the golf cart fleet will not be City-owned, in the spirit of aligning with the City's TransformTO Corporate goal of transitioning 50 per cent of the City-owned fleet to zero-emissions vehicles, Thistle Golf Ltd. will transition to electric golf carts when infrastructure allows. The City will work with Thistle Golf Ltd. to explore and scope the appropriate infrastructure and implement an appropriate plan to realize electrification within the term of the contract.

8. Data Collection

The City and Thistle Golf Ltd. will work closely to improve the tracking and analysis of golf program data on key performance indicators.

To improve data collection, key performance indicators will be established, and key information will be collected and regularly shared with the City, including but not limited to: usage rates, programming information, cart usage, sales information, "no-show" tracking, customer satisfaction survey data, and community event participation. Thistle Golf Ltd. will provide reports in formats agreed by the City, and additional data requests will flow through the liaison committee. A full data capture strategy will be further refined through the liaison committee in 2024. The supplier will comply with City policies for privacy and cybersecurity, and also help support the data collection for shaping the future golf services and management policy for continuous improvement. This will in turn help create an accountable, transparent, and evidence-informed process to sustain the golf program for the City of Toronto.

The City will work with Thistle Golf Ltd. to utilize the golf reservation system data to streamline the collection of user profile data for the golf courses, including socio-economic data to help measure, monitor and report on progress towards equity priorities or inequities in service access as recommended by the Data for Equity Strategy 2020 EX18.6, November 25, 2020.

City's Continuous Improvements for Golf

In parallel with developing the nRFP and since the adoption of 2022.IE27.6 Review of the City of Toronto Golf Courses, the City has been implementing other Council-directed

improvements to the golf program. The nRFP and resulting contract were structured to ensure ongoing collaboration between the City and Thistle Golf Ltd. to cooperatively continue to advance additional improvements.

1. Reducing Barriers for Participation

The City aims to keep golf affordable and accessible. Currently, the City offers discounted rates for seniors and juniors. The ability for the City to set appropriate green fee rates to achieve desired City outcomes is embedded within the new contract structure, and is foundational to the City oversight role. Fees will continue to be approved by City Council through the budget process, and collaborative conversations with Thistle Golf Ltd. through the liaison committee will ensure City rates are monitored in comparison to industry trends for municipal golf. Further, the Welcome Policy program has also been made available to cover Junior Membership fees for 9-18 year-old participants where individuals qualify.

The City has also established a partnership with Golf Canada, implementing First Tee programming at select Community Recreation Centres and on City courses. This program is specifically designed to introduce golf to underrepresented youth and to help increase participation and interest in the sport. Integrating a life skills curriculum with golf, this program helps youth build resilience and leadership skills, and offers training, curriculum, and equipment for the facilitation of the program. The nine-week program is currently offered seasonally at two locations, and the City will work with Golf Canada and funding partners to continue to expand the program.

The City will continue to pursue partnerships to advance growth and equity in the game in collaboration with Thistle Golf Ltd.. The City will also work with Thistle Golf Ltd. to identify barriers to the game in our local market, and creatively take steps with industry partners and community groups to develop solutions to advance a more inclusive game.

2. Indigenous Placemaking

City golf courses are situated on lands that are the traditional territory of many Indigenous Nations and are now covered by Treaty 13 signed with the Mississaugas of the Credit First Nation and the Williams Treaties signed with multiple Mississaugas and Chippewa Nations. In recognition of Indigenous Peoples' enduring presence here, and as part of the City's ten year [Reconciliation Action Plan \(RAP\)](#), PFR is developing an Indigenous Placemaking Program in collaboration with Indigenous communities. This program will support both capital projects and land-based programming in order to advance the goals of the [City of Toronto Indigenous Placemaking Framework \(2020\)](#):

- expanding and ensuring commemoration of Indigenous histories and culture;
- creating space – physically, and in process and policy – for ceremony, teaching and community;
- strengthening Indigenous connections with lands and waters, both traditionally and contemporarily used; and
- building capacity for land-based Indigenous engagement greater cultural competency in City staff.

City golf courses will be included in PFR's Indigenous Placemaking Program and may be considered as potential sites for Indigenous land-based practices, public art, Indigenous place names and/or interpretative signage/wayfinding, while continuing to support the sport of golf. Identification and prioritization of Placemaking initiatives, including any located at golf courses, will be developed through engagement with Treaty Partners as well as the urban Indigenous community and will be reported to City Council through bi-annual updates on RAP implementation.

3. Expanding Uses of the Courses (Trail Connectivity, Winter Use, and Access for Non-Golf Activities)

The City is committed to making the most of the golf courses as parkland assets. A number of initiatives are being pursued to improve and facilitate opportunities for better trail connectivity, winter use, and public access, all while protecting the playability of the golf courses.

For the off-season (November - April), greater trail access through use of the golf courses is being made available. At Don Valley Golf Course, staff are re-establishing the connection from Gwendolyn Park through hole #2, to the Don Valley Golf Course Club house and to Yonge St. and Sheppard Ave. This will provide safer access to promote winter use of the golf course trails by having the trail at an elevated portion of the golf course, avoiding low terrains for the snow loops (winter trails for walking, snowshoeing or cross-country ski) where ice may accumulate. It also provides better access to washrooms, and connection to public transit. This off-season trail improvement is underway and construction is expected to begin spring 2024.

Another connection from the bottom of Earl Bales Park into the course will be coordinated with PFR and Toronto Water to allow access during off-season. With the above two connections, along with the additional access from the parking lot, there would be three means to access snow loops and trails for winter use at Don Valley Golf Course.

The City has also implemented other improvements to better facilitate winter uses at all the golf courses. Parking lots are plowed, washrooms remain open, and snow loops are available for walking, cross-country skiing, and snowshoeing at all City golf courses. Disc-golf courses at Scarlett Woods and Dentonia Park are also available.

To further promote active living, outdoor fitness activity stations have been installed across City golf courses. A set of 10 Bench Fit stations are available at each golf course, offering up to 40 exercises from station to station, spread over a 10km walk/run distance from beginning to end.

A feasibility study at Dentonia Golf Course is also underway to explore the safe continuation of the Taylor Massey Creek Trail through the golf course while maintaining 18-holes of golf. Preliminary investigation from City staff has been completed to inform a scope of work, and PFR is initiating a tender call for the services of a landscape architect that specializes in golf design to further investigate the potential. It is anticipated that the draft feasibility report recommendations will be available prior to the end of year and a finalized feasibility report complete in the first quarter of 2024. Should

a potential trail connection be deemed feasible, staff will bring forward a business case through future capital budget submissions.

New shared and complementary uses will continue to be explored, expanding on past successes such as fling golf, permitting movie nights at some locations, and fitness programs like yoga and tai chi on the practice greens at Tam O'Shanter. The City will continue to assess need and invest in developing opportunities for winter and non-golf activities, and work in collaboration with Thistle Golf Ltd. Initiatives will be aligned with the guiding principles included in the Parkland and Ravine Strategies, which aim to connect the parks system so that it grows and evolves in an equitable manner. This will identify opportunities to safely and sustainably improve the physical connection and enhance public access to the ravines.

4. Environmental Stewardship

The City will continue to oversee turf management and environmental stewardship, while adhering to maintenance and industry standards and best practices. The City works closely with Toronto and Region Conservation Authority to collaborate on environmental maintenance practices and to coordinate planned works. The City follows pesticide and herbicides standards that are in alignment with the Audubon Cooperative Sanctuary Program. While use of pesticide is acceptable as an industry standard and environmental conditions can create fluctuation in pesticide use, PFR has successfully reduced pesticide use drastically from prior years, by using methods such as cultural and manual pest controls.

Naturalization efforts implemented on golf courses are being considered to support the City's strategic goal of increasing the City's canopy cover to 40 per cent. In an effort to assess opportunities to prioritize naturalization and increase the tree canopy, the City partnered with Golf Ontario and the United States Golf Association to monitor play and use of golf course terrains. This work identified areas of high and low usage to inform naturalization efforts. There are now designated naturalized areas for low maintenance at all five golf courses. This study also helped inform tree planting and in 2022, 21,156 trees and shrubs were planted at Tam O'Shanter Golf Course. Urban Forestry has a plan to plant approximately 20,000 trees and shrubs at Humber Valley Golf Course in 2024 and approximately 10,000 trees and shrubs at Don Valley Golf Course in 2025. City staff will work to implement this method to other locations as appropriate.

5. Golf-steering Committee

The City will establish and implement a Golf Steering Committee by Q3 2024 to act as a program advisory body. The committee is intended to provide ongoing input, guidance and advice for the City's golf program. The terms of reference for the group will be further refined in consultation with Thistle Golf Ltd. once awarded. This committee will include golfers and golf industry representation. The aim is to bring a collaborative and consultative approach to advance and elevate the municipal golf experience at City courses.

Conclusion and Next Steps

Through a competitive nRFP process designed to achieve City outcomes, Thistle Golf Ltd. submitted the highest-ranking proposal. This nRFP was developed to deliver the Council-approved hybrid model. A number of improvements to both golf management and facilities will be made under the new contract. This contract is designed to be an ongoing collaboration, and Thistle Golf Ltd. and the City will work together over the term of contract to continuously improve City operated courses and increase access to these spaces for both golfers and non-golfers.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Major Terms and Conditions

Attachment 2: Fairness Monitor Report