

Award of Request for Proposal for Centennial Park Golf Course Operation (RFP No. 2023-PFR RFP-01) at 550 Centennial Park Blvd.

Date: December 5, 2023

To: General Government Committee

From: Acting Executive Director, Corporate Real Estate Management and Acting General Manager, Parks, Forestry and Recreation

Wards: 2- Etobicoke Centre

SUMMARY

This report seeks to authorize the City to enter into sublease and sublicence agreements (collectively, the “Agreements”) with Centennial Park Golf Centre Inc. (the “Tenant Operator”) for Centennial Park Golf Course located at 550 Centennial Park Blvd. (the “Subleased and Sublicenced Areas”). The Agreements have an initial term of seven years, with an option, in favour of the City, to extend by four years, and a further option to extend for up to an additional six years, provided the Tenant Operator is not in default of the Agreements and the City extends the existing terms of the head lease and the head licence with the Province of Ontario (the “Province”). The Subleased and Sublicenced Areas are owned by the Province and licenced and leased by the City under two long-term agreements ending December 31, 2030 and December 31, 2034 respectively.

The Tenant Operator was selected through a Request for Proposals (RFP) process conducted by Parks, Forestry, and Recreation in collaboration with Corporate Real Estate Management, as directed by Purchasing and Materials Management Division. The RFP was issued in summer 2023 to ensure an operator was in place ahead of the 2024 golf season.

The City provides access to high-quality and affordable golf at seven golf courses, five of which are City-operated, and two of which are leased-out to private third-party operators. Centennial Park Golf Course is one of these two golf courses.

RECOMMENDATIONS

The Acting Executive Director, Corporate Real Estate Management and Acting General Manager, Parks, Forestry and Recreation, recommend that:

1. City Council authorize the City to enter into a sublease agreement and a sublicense agreement (collectively, the “Agreements”) with Centennial Park Golf Centre Inc. for the operation of the Centennial Park Golf Course (the “Tenant Operator”) located at the property municipally known as 550 Centennial Park Blvd., substantially on the terms and conditions set out in Attachment 1, with such other terms and conditions as may be acceptable to the Acting Executive Director, Corporate Real Estate Management in consultation with the Acting General Manager, Parks, Forestry and Recreation and in a form acceptable to the City Solicitor.
2. City Council authorize the Acting Executive Director, Corporate Real Estate Management and the Director, Transaction Services severally to execute and deliver the Agreements and any related documents contemplated thereunder on behalf of the City of Toronto.
3. City Council authorize the Acting Executive Director, Corporate Real Estate Management, in consultation with the Acting General Manager, Parks, Forestry and Recreation, to administer and manage the Agreements including the provision of any amendments, consents, approvals, waivers, notices, and notices of termination, provided that the Acting Executive Director, Corporate Real Estate Management may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

FINANCIAL IMPACT

Under the Agreements, the Tenant Operator will pay an annual base rent of \$350,000 with percentage rent of 8 per cent of gross revenue (net of Harmonized Sales Tax) in excess of \$3,000,000 annually. This new arrangement is an improvement from the previous Agreements which was \$75,000 Minimum Rent with 13 per cent percentage rent for gross revenue in excess of \$1,000,000. From 2018 to 2022, the City received \$128,000 - \$262,000 annually from the Tenant Operator. For 2023, projected revenue is anticipated to be \$308,000 under the previous Agreements. The average revenue to the City from 2018 to 2023 is \$225,000.

The new Agreements are expected to provide more stable and predictable rent to the City, while improving revenue by approximately \$125,000 compared to average revenue to Parks, Forestry and Recreation. Additional revenue from the Tenant Operator will be included in the 2024 Operating Budget submission for PFR as part of the 2024 Budget process.

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

EQUITY IMPACT STATEMENT

As part of the RFP process (described in further detail in the Comment section), proposals were evaluated for considering equitable access for their programs and services. The Tenant Operator plans to advance equitable access through pursuing partnerships to provide access to underserved communities. This includes a program for underprivileged youth, through a partnership with First Tee, Magnitude and YMCA to offer discounted and free access for youth who would not have the opportunity to enjoy golf related activities.

Green fees are kept low and affordable, and are aligned with other City golf courses to promote access. Fee structures and new fees are to be provided to the City for review and input. If there are concerns, the City reserves the right to request changes for fees to meet public service goals.

The Tenant Operator supports hiring of members of the Indigenous community. Currently five per cent of their staffing identify as Indigenous, which is higher than the 0.8 per cent of the Toronto population who identified as Indigenous according to the 2021 census.

DECISION HISTORY

At its meeting on September 30, 2020, City Council authorized the General Manager, Parks, Forestry and Recreation to negotiate and enter into an agreement to extend and amend the existing lease agreement with the Tenant Operator (Contract Number 301347) respecting the lease of Centennial Park Golf Centre 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 City Solicitor.

<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 seven golf courses, five of which are City-operated, and two of which are leased-out to private third party operators. Centennial Park Golf Course is one of the two leased properties.

The Subleased and Sublicensed Areas are owned by the Province and leased and licenced by the City under the following two long-term agreements:

- The City leases a portion of the Subleased and Sublicensed Areas from January 1, 1984 to December 31, 2034 (areas 1, 2, 4 identified on the “Preliminary Sketch of Subleased and Sublicensed Areas” in Attachment 2)
- The City licences a segment of the hydro corridor that intersects the Subleased and Sublicensed Areas from January 1, 2010 to December 31, 2030 (area 3)

identified on the “Preliminary Sketch of Subleased and Sublicensed Areas” in Attachment 2)

In 1987, in response to a proposal call from the former City of Etobicoke for a proponent to develop and operate golf play for properties leased and licensed from the Province, the Tenant Operator established the Centennial Park Golf Centre as an executive 18-hole golf course. This site presently features a popular 27-hole Par 3 golf course (Par 90,5809 yards), including:

- Fully functional clubhouse featuring a pro shop, food service area, and patio
- Mini-putt course
- Driving range
- Practice green
- Chipping green

Right of First Refusal

Under the existing sublease, the current Tenant Operator has the right of first refusal and an opportunity to match the top-scoring proposal received by the City through any Request for Proposal (RFP) process. The existing sublease requires that the Agreements must be awarded to the Tenant Operator if they are able to match proposals, and the RFP specified to proponents that matching requires the Tenant Operator to meet all mandatory requirements and match the financial offer from the top-scoring proposal.

Overview of the 2023 Request for Proposals Process

In summer 2023, the City issued a RFP seeking proposals for golf operations at Centennial Park. The RFP was conducted by PFR in collaboration with CREM, as directed by Purchasing and Materials Management Division.

The RFP requirements were structured to allow potential operators to demonstrate their qualifications, experience, operational capacity, and technical knowledge to offer quality golf programming and services, while ensuring the City’s revenue expectations were met. This includes a mandatory financial requirement that ensures the base rent financial offer is no less than the appraised market rental value of \$350,000 annually.

The RFP was issued on August 2, 2023 and the submission deadline closed on September 5, 2023. An optional virtual information meeting and an optional on-site meeting was offered on August 9 and 10, 2023, respectively. The Tenant Operator was asked to also submit a proposal and follow the process outlined for proponents.

Details of the Evaluation Process

A formal selection committee consisting of staff from PFR and CREM worked in collaboration to evaluate submitted proposals. The City received three submissions from the following suppliers:

1. Centennial Park Golf Centre Inc.– the current Tenant Operator
2. GolfLinks Toronto Inc.
3. Thistle Golf Ltd.

Evaluation Stages

The evaluation included the following stages:

Stage 1: Mandatory Submission Requirements

Stage 2: Evaluation

Stage 3: Ranking of Proposals

After the ranking of proposals, as per the right of first refusal conditions and procedures outlined in the RFP document, the Tenant Operator was afforded an opportunity to provide additional information to demonstrate their ability to match the top-scoring proposal. It was assessed that the terms for the Tenant Operator's financial offer were comparable and better than the top-scoring proponent's financial proposal, and following submission and evaluation of the additional information, the Tenant Operator was deemed as meeting all mandatory requirements. In accordance to the criteria set out by the RFP, this process determined that the Tenant Operator should be recommended for selection as the preferred proponent to be awarded the Agreements.

Centennial Park Golf Centre Inc.

The Tenant Operator, Centennial Park Golf Centre Inc., brings considerable experience to operate a 27-hole golf course, as a result of their experience in developing this golf course and managing it since 1987. With an established reputation in the community, this operator has the required staffing, facilities, equipment, golf reservation software, and resources to operate a golf course of this scale, and is set up to continue operation. In addition, they have knowledge and experience in providing food and beverage services and managing a driving range, mini-putt and practice areas to enhance golf services at the location.

Terms and Conditions of the Agreements

The Agreements commence on December 1, 2023 for an initial seven year term for the provision and facility of golf play on the Subleased and Sublicensed Areas by the Tenant Operator. The Agreements also include an option, in favour of the City, to extend by four years, and a further option to extend for up to an additional six years, provided the Tenant Operator is not in default of the Agreements and the City extends the existing terms of the head lease and the head licence with the Province. See Attachment 1 for details on the major terms and conditions of the Agreements.

CONTACT

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SIGNATURE

Marco Cuoco
Acting Executive Director, Corporate Real Estate Management

Howie Dayton
Acting General Manager, Parks, Forestry and Recreation

ATTACHMENTS

Attachment 1: Major Terms and Conditions of the Agreements
Attachment 2: Map and Sketch of Subleased and Sublicensed Areas