



Date: July 30, 2003

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: AWARD OF PAY TENNIS CONCESSION AT STANLEY PARK

RECOMMENDATION

- A. *THAT the Board award the pay tennis concession at Stanley Park to Gayle Dobson and Gordon Cheng for the 1999 season, to be renewed for the 2000 and 2001 seasons by mutual consent of the Board and the pay tennis operators.*
- B. *THAT no legal rights shall be created by the passage of these resolutions and none shall arise hereafter except by the signing of the contemplated documents.*

BACKGROUND

Pay tennis has operated at six of the 17 tennis courts in front of the Fish House restaurant in Stanley Park, in the summer months since the early 1980's. The Board awards the concession to an Operator on a revenue sharing basis. The Operator rents out the courts, offers lessons and, with staff approval, runs tennis programs. Despite previous Operators' efforts to develop programs, this location has remained primarily a rental concession, offering lessons and only very limited programming.

The previous Operator ran the concession for two years of the three year term awarded to him. Due to other business commitments, he is not returning for 1999.

DISCUSSION

Request for Proposals (RFP)

The RFP was advertised in a local newspaper and notices were sent to Tennis BC and seven of the larger local tennis facilities. Prospective Operators were requested to state the percentage of revenues to be paid to the Board, and to project their 1999 gross revenues, for court rentals and for lessons and programs. The RFP specified that the contract would be awarded for the 1999 season, renewable for 2000 and 2001 by mutual consent. This would allow either the Board or the Operator the ability not to renew, if circumstances changed for either party, or if the arrangement was not working out as anticipated.

Three proposals were received to operate the concession. The bidders, their proposed percentages

of revenues to be paid to the Board, and their projected 1999 payment to the Board, are:

	<u>% of revs. from court rentals paid to Board</u>	<u>% of revs. from lessons & programs paid to Board</u>	<u>projected payment to the Board -1999</u>
Gayle Dobson & Gordon Cheng	50%	15%	\$10,400
Robert Last	50%	10%	\$ 9,200
Tennis BC	40%	10%	\$ 7,000

The previous Operator paid the Board 50% of court rental revenues and 10% of lesson and program revenues. Amounts paid to the Board were \$7,795 in 1997 and \$7,244 in 1998.

Operating Revenues

Court rental revenue is the main component of the revenue paid to the Board. Ms. Dobson & Mr. Cheng project considerably higher gross court rental revenue (\$19,000, compared to \$16,000 & \$15,000 from the other two bidders.) The actual gross court rental revenue in 1998 was \$14,673.

While staff believe it is unlikely that there would be such a significant variation in the potential rental revenues from a well run operation, Ms. Dobson & Mr. Cheng may be in the best position to maximise these revenues. They live near the courts and have indicated that they would be very responsive to any daily closing and reopening of the concession office due to changing weather conditions (typically a regular occurrence for this operation).

All of the bidders have experience in coaching and in developing and running tennis programmes. They have all indicated that they would organise lessons and programmes at these courts. Mr. Last projects considerably higher gross revenues from this source. However, he has agreed that his estimates may be optimistic.

Management of Concession

The RFP stated a preference for an Operator who is prepared to commit to being present for at least 30 hours / week. Past experience has shown that having the Operator on-site personally for a significant part of its opening hours is important in ensuring that the concession is operated to its full potential and in a manner responsive to the other users of the courts.

Tennis B.C.'s proposal did not nominate a specific individual for this role. Mr. Last confirmed that he would commit to an average of 35 hours per week. As a husband and wife team, Ms. Dobson & Mr. Cheng indicated that, individually or together, they would spend significantly more than those minimum hours at the concession.

Award of Concession

In addition to not proposing an “Owner-Operator” type of arrangement, Tennis BC offered the lowest percentages and projected revenues to the Board. They have indicated that their main reason for bidding was to be able to run tennis programs on these courts. Both of the other bidders are willing to work with Tennis BC. As a result, staff recommend that Tennis BC’s bid not be accepted but that the successful bidder work with Tennis BC, to jointly develop programs.

There is little difference in projected revenues to the Board between the other two bids. Issues other than price also have to be considered in determining the successful bidder. The ultimate payment to the Board will depend on many factors which cannot be accurately predicted, including weather conditions, court usage and the success of proposed programs. Both Mr. Cheng and Mr. Last were interviewed. Staff consider that either of them could be a good prospective Operator but, for the reasons mentioned in this report, staff recommend that the concession be awarded to Ms. Dobson and Mr. Cheng.

Ms. Dobson operated this concession from 1986 to 1993 and has coached at various levels. Mr. Cheng is a past president of Burnaby Tennis Club and has run tournaments. They are both regular tennis players at Stanley Park and should be in a good position to develop business from the other court users. They clearly understand the tennis culture and environment within which the concession operates. They have both been closely involved with the Stanley Park Tennis Tournament, held at these courts each July.

JUSTIFICATION

The proposal from Ms. Dobson & Mr. Cheng offers the highest percentages of revenues to be paid, and highest projected total revenues, to the Board. They have past experience in running this concession, good knowledge of the local environment, and the experience to offer coaching. They have committed being on-site personally at the courts for more than the minimum weekly hours required by the Board, and to work with Tennis BC to offer tennis programs at these courts.

Prepared by:
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