

Date: October 6, 2006



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: McCleery Golf Course - Golf Professional Services Contract

RECOMMENDATION

THAT the Board approve a seven year extension for the Golf Professional Services Contract at McCleery Golf Course, commencing January 1, 2009, subject to the completion of capital improvements funded by the Golf Professional, on terms satisfactory to the General Manager and Directors of Legal Services and Risk Management.

BACKGROUND

On December 15, 2003 the Board awarded a five year contract to Muncie Booth (the Golf Professional) for Golf Professional Services at McCleery Golf Course commencing January 1, 2004, with a provision of a five year extension commencing January 1, 2009, at the Board's discretion. The five year extension was subject to the Golf Professional completing capital improvements (Professional's Upgrades) at McCleery Golf Course valued at \$300,000, which was included in proposal. The Professional's Upgrades were envisioned to be completed in 2005, providing 3+ years in the term and a further 5 year extension term, for a total of 8+ years, to recover the investment.

DISCUSSION

Park Board staff and the Golf Professional have recently concluded contract negotiations, agreeing on terms and conditions, including the \$300,000 Professional's Upgrades. Terms of the contract include equally sharing driving range revenue with the Golf Professional, the Board receiving 15% of power cart revenue and the Board receiving 3% of lessons revenue from the Golf Professional's teaching programs.

At the time of the Golf Professional's proposal, the intention was to make improvements to the driving range, including covering 14 driving range stalls, enclosing the driving range entrance to create a reception/waiting area, constructing a teaching centre with washrooms and extending the power cart storage area. These Professional's Upgrades are considered enhancements that would help to generate additional revenue at the driving range, increase capacity for lessons programs and increase power cart use, all of which would improve service to the public and be financially beneficial to the Golf Professional and the Board.

In order for the Golf Professional to secure the full financing required to complete the Professional's Upgrades, it is important that the Golf Professional have security that an extension term will be approved and that both the Golf Professional and the financing institution have sufficient time to recover their investments. The current approval from the Board suggests that the Board may apply discretion in granting the extension. Staff is recommending that the extension term be secured for the Golf Professional, subject to the Golf Professional completing \$300,000 in Professional's Upgrades within the initial term.

Since the approval by the Board of the contract award, the Park Board has entered into an interim contract with the Golf Professional and concluded negotiations on a new contract. The development of the new contract has taken considerable time and resources by both parties. During this time, an extension to the power cart storage area has been completed at a cost of \$30,000 as part of the Professional's Upgrades.

During this time, issues of cost escalation have resulted in rethinking the scope of the balance of the proposed upgrades and exploring alternative options. This is similar to many other current development projects, including Park Board projects, where available funds are no longer sufficient to achieve the initial concept plan. Current discussions between the Golf Professional and Park Board are focused on a revised concept for the balance of the Professional's Upgrades, which focus on increasing the number of covered driving range stalls and enclosing the driving range entrance area. These discussions will result in a mutually agreed upon plan for upgrades to the driving range facilities which will satisfy the full capital investment requirement and be completed by the end of 2007. At the time of completion, the Golf Professional would have one year and a further possible five year extension term to recover his full capital investment. This is two years less than the parties anticipated at the time of the award of contract and staff is recommending that the renewal term be adjusted from five years to seven years to reflect the amount of time required for the Golf Professional to recover sufficient return on the investment.

Due to the substantial investment and because of the length of time it has taken to negotiate the final terms of the contract, staff is recommending the extension to the golf services contract be increased from five to seven years. The terms will be documented in the final Golf Professional contract which will be executed to the satisfaction of the General Manager of the Park Board and Directors of Legal Services and Risk Management.

The Golf Professional has a long relationship with the Park Board and his past performance has been consistently at a high level. Staff have every reason to expect that future performance will continue to provide for excellent golf service and that the enhancements that the capital improvements will bring to McCleery Golf Course will help the positive growth of the game in Vancouver.

CONCLUSION

This report recommends a 7 year extension for the McCleery Golf Course - Golf Professional Services Contract January 1, 2009 to December 31, 2015 subject to completion of the \$300,000 Professional's Upgrades to provide the Golf Professional the ability to secure financing and have sufficient time to recover his investment.

Prepared by:

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