

Date: November 27, 2008



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: GOLF PROFESSIONAL SERVICES - AWARD OF CONTRACTS

RECOMMENDATION

- A.** *THAT, subject to Recommendations C and D, the Board award a 5-year contract for Golf Professional Services at Fraserview Golf Course and Driving Range to Thomas Monaghan effective January 1, 2009, at the compensation level outlined in this report, with the provision for a 4-year extension, upon completion of capital upgrades to the Board's satisfaction;*
- B.** *THAT, subject to Recommendations C and D, the Board award a 5-year contract for Golf Professional Services at Langara Golf Course to Muncie Booth effective January 1, 2009, at the compensation level outlined in this report.*
- C.** *THAT all legal documents required to evidence and implement the above contracts be on such terms and conditions and in such form as is satisfactory to the Director of Legal Services for the City of Vancouver in consultation with the General Manager, AND THAT the General Manager be authorized to execute and deliver such documentation; and*
- D.** *THAT no legal rights or obligations will be created or arise by the Board's adoption of Recommendations A, B and C, unless and until the legal documents contemplated thereby are executed and delivered by all parties.*

POLICY

Contracts in excess of \$300,000 are awarded by the Board.

BACKGROUND

Since 1976, the Board has retained Class 'A' Golf Professionals on contract at its three golf courses to provide professional services.

The services provided through these contracts include:

- managing tee-off times and monitoring play on the course;
- stocking and operating a retail golf shop;
- sales and rentals of golf equipment;
- rental of power carts;
- club and apparel fitting;
- providing teaching programs and skill development;
- tournament administration;
- record keeping; and
- driving range operation and management where applicable.

Recently, the collection of green fees has been moved into the Pro Shops as a customer service initiative.

The existing 5-year contracts for Fraserview Golf Course and Driving Range, and Langara Golf Course expire on December 31, 2008. The existing contract at McCleery Golf Course expires on December 31, 2015. Funding for these contracted services are provided in the annual operating budget of the Board.

DISCUSSION

The tendering process for Golf Professional Services for Fraserview and Langara Golf Courses was initiated in September 2008. The Park Board advertised for golf professionals to submit requests for pre-qualification to participate in a Request for Proposals (RFP). The ad was placed on the B.C. Bid website and distributed to the Canadian Professional Golf Association, PGA of BC and PGA of Alberta. The closing date for submissions was September 19, 2008. Thirteen submissions were reviewed by a selection committee comprised of staff from Vancouver East District Office and Golf Operations. Nine qualified proponents were selected to participate in the RFP. The proponents were invited to tour the two golf courses and participate in a question and answer session on October 14, 2008. The closing date for proposals was October 31, 2008.

Five proposals were received that met the criteria outlined in the RFP. The proposals were evaluated with consideration given to:

1. the ability to deliver the services;
2. compensation structure as outlined in RFP;
3. other compensation structures that would provide additional benefit to the Board;
4. experience;
5. business and technical reputation;
6. financial stability and track record;
7. environmental responsibility;
8. references;
9. management, customer service, community relations and conflict resolution philosophy and experience; and

10. qualifications and experience of the Pro Shop manager.

The proponents whose submissions met the criteria listed above were interviewed. Viable proposals were then evaluated with regard to cost and added value.

Compensation Structure

The current compensation structure, as outlined in the RFP, involves the Board paying a gross retainer for each calendar year, which the contractor bills monthly. A deduction is made from the retainer for rental of the Pro Shop and storage areas. These rental rates were reviewed in 2008 and increased to reflect current market values and will be applied to the new contract. A further deduction from the gross retainer is taken as a percentage of the rental revenue from the power golf carts. In addition to the net retainer the contractors receive, they also retain 100% of the revenue from golf lessons, 50% of the revenue from the driving range and the gross revenue from the Pro Shop retail sales. Proponents were asked to submit a base compensation structure and were also encouraged to submit other compensation structures that would provide additional benefit to the Board.

COMPARISON OF PROPOSALS

Fraserview Golf Course and Driving Range

Interest from proponents was highest for Fraserview Golf Course. This reflects the fact that Fraserview is the premier golf course in our system. Three proposals for Fraserview Golf Course and Driving Range met all of the selection criteria outlined above.

The proposal selected was from Tom Monaghan Golf Services. Mr. Monaghan has over 10 years experience in the golf industry and became a member of the CPGA in 2001. He obtained his Class A Professional certification in 2004. He has worked at a number of respected private, semi-private and municipal golf courses including Langara Golf Course, Capilano Golf & Country Club, Richmond Golf & Country Club, Vancouver Golf Club and Westwood Plateau Golf & Country Club. He is currently the Head Professional and Director of Instruction for the Musqueam Golf and Learning Academy.

Thomas Monaghan submitted the lowest cost qualified proposal for Fraserview. The \$26,200 annual cost to the Board, as shown in Appendix 1, is calculated on a gross retainer of \$80,000, minus rent for the Pro Shop/cart storage, practice area and 15% of power cart revenue. In addition to this net retainer, the Professional will receive a 50% share of driving range revenue each year and 100% of revenues generated from lessons and Pro Shop retail sales. The cost to the Board is \$12,200 per year more than the current contract, which in part reflects increased staffing costs in the Pro Shop due to the collection of green fees by the Professional.

Mr. Monaghan's proposal also includes a capital upgrade, estimated at \$120,000, at no cost to the Board. The proposed upgrade involves an extension to the existing building where power carts are stored. Additional power carts are expected to generate additional revenue, of which the Board receives 15%.

In recognition of the value of the capital upgrade in Mr. Monaghan's proposal, staff are recommending a 5-year contract with a provision for a 4-year extension, if the upgrade is completed by the end of year 2. This longer term provides the Professional with time to see a fair return on his investment, and is consistent with a similar arrangement with the Professional at McCleery Golf Course. Contingent on completion of the capital upgrade and the 4-year contract extension, the Professional will pay the Board 2% of gross lessons revenue beginning in year 3 of the contract, increasing the payment to 3% of gross lessons revenue beginning in year 6. At the end of the contract, the capital upgrade will become the property of the Board.

Mr. Monaghan has a strong team who are experienced at delivering excellent customer service and quality instructional programs.

Langara Golf Course

Two proposals for Langara Golf Course met all of the selection criteria outlined above.

Muncie Booth currently holds the Golf Professional contracts at both Langara Golf Course and McCleery Golf Course where he consistently provides excellent customer service and high quality lessons programs, including the Inner City Youth Golf Program. His submission is the lowest cost qualified proposal and provides the best value to the Board.

The \$51,614 cost to the Board, shown in Appendix 1, is calculated on a gross retainer of \$98,000 minus rent for the Pro Shop/cart storage and 15% of power cart revenue. A higher retainer is appropriate for Langara when compared with Fraserview because Langara has no driving range, which serves as a revenue stream for the Golf Professional. In addition to this net retainer, Mr. Booth will derive 100% of revenues generated from Pro Shop retail sales and any lessons programs. The cost to the Board is \$4,904 less per year than the current contract.

A 5-year contract for golf professional services at Langara Golf Course is recommended.

SUMMARY

The contract award for Golf Professional Services to provide services at Fraserview and Langara golf courses is in accordance with City policy. The competitive Request for Proposal process has ensured that the Board is receiving the overall best value based on quality, service and cost.

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