



Date: November 21 , 2003

TO: Board Members - Parks and Recreation

FROM: General Manager - Parks and Recreation

**SUBJECT: GOLF PROFESSIONAL SERVICES - AWARD OF
CONTRACTS**

RECOMMENDATIONS

- A. THAT the Board award a 5 year contract for Golf Professional Services at Fraserview Golf Course and Driving Range to Earl Francis Pro Shop Ltd. effective January 1, 2004, at the compensation level outlined in this report.*
- B. THAT the Board award a 5 year contract for Golf Professional Services at McCleery Golf Course and Driving Range to Muncie Booth effective January 1, 2004, at the compensation level outlined in this report, with the provision for a 5 year extension, at the Board's discretion.*
- C. THAT the Board award a 5 year contract for Golf Professional Services at Langara Golf Course to Muncie Booth effective January 1, 2004, at the compensation level outlined in this report.*
- D. THAT no legal rights shall arise and no consents, permissions or licences are granted hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.*
- E. THAT once the form of all legal documentation has been approved by the General Manager and Director of Legal Services for the City of Vancouver that the General Manager be authorized to execute and deliver such documentation.*

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 the tee and controlling play, 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.

The existing 5 year contract for Fraserview Golf Course and Driving Range is held by Earl Francis Pro Shop Ltd. and expires on December 31, 2003. The existing contracts for Langara Golf Course and McCleery Golf Course and Driving Range are held by Muncie Booth and expire on December 31, 2003.

Funding for these contracted services are provided in the annual operating budget.

DISCUSSION

The tendering process for Golf Professional Services for Fraserview, McCleery and Langara Golf Courses was initiated in August 2003. The Park Board advertized for golf professionals to submit requests for pre-qualification to participate in a Request for Proposal. The ad was placed on the Canadian Professional Golf Association website and sent to the British Columbia Professional Golf Association for inclusion in their newsletter to members. The closing date for submissions was September 5, 2003. Sixteen submissions were reviewed by a selection committee comprised of staff from Vancouver East District, Purchasing and City of Vancouver. Ten qualified proponents were selected to participate in the Request for Proposal. The proponents were invited to tour the three golf courses and participate in a question and answer session on October 16. The closing date for proposals was October 31, 2003.

Six 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
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 2003 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 with a minimum deduction of \$12,000 per year. In addition to the net retainer the contractor receives, they also retain 100% of the revenue from golf lessons, 50% of the revenue from the driving range and the gross revenue from the contractors pro shop retail sales. Proponents were asked to submit a compensation structure similar to this. They 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 seen to be the premier course in our system. It has consistently been one of the busiest courses in the Lower Mainland and has the greatest potential for revenue generation for the contractor. Two proposals for Fraserview Golf Course and Driving Range met all of the selection criteria outlined above.

Earl Francis Pro Shop Ltd. currently holds the contract at Fraserview and has been operating at this location since 1976. This submission is the lowest cost qualified proposal for Fraserview. The \$25,800 cost to the Board, as outlined in this proposal, is calculated on gross retainer minus rent for the proshop/cart storage and a minimum of \$12,000 power cart revenue. In addition to this net retainer, Earl Francis Pro Shop Ltd will derive a 50% share of driving range revenue each year and 100% of revenues generated from lessons and pro shop retail sales.

The proposal includes capital upgrades to the driving range and cart storage area, estimated to be valued at \$80,000, which will be at no cost to the Board. Increased participation at the driving range resulting from this capital upgrade is expected to generate additional revenue for the Board and the contractor over the term of the contract. The proposal also includes an expanded junior program and customer service enhancements. A 5 year contract for golf professional services at Frasersview Golf Course and Driving Range is recommended.

McCleery Golf Course and Driving Range

One proposal for McCleery Golf Course and Driving Range met all of the selection criteria outlined above.

Muncie Booth currently holds the contract at McCleery and has provided service to the Board since 1994. The \$41,327.50 cost to the Board, as outlined in his proposal, is calculated on gross retainer minus rent for the proshop/cart storage and a minimum of \$12,000 power cart revenue. In addition to this net retainer, Mr. Booth will derive a 50% share of driving range revenue each year. The revenue to Mr. Booth generated from the lesson program will initially be 100% and will change to 97% following capital improvements.

Mr. Booth's proposal includes significant capital upgrades, estimated at \$300,000, at no cost to the Board. Proposed upgrades to the Driving Range include covering additional stalls, construction of public washrooms and the addition of a teaching area and classroom. Increased participation at the driving range resulting from these capital upgrades is expected to generate additional revenue for the Board and the contractor. Expansion of the cart storage area will allow additional power carts to be purchased, which in turn is expected to generate additional revenue for the Board. In 2005, upon completion of improvements to the driving range and lesson area, the Board will receive 3% of revenue generated from the teaching program, estimated to be \$8,000 - \$9,000 annually. The proposal also includes purchase of keys and tokens for the driving range, which currently costs the Board approximately \$2,500 per year. Due to the significant capital cost to be borne by Mr. Booth, staff are recommending a 5 year contract with a provision for a 5 year extension. This longer term provides the contractor with time to recover fair return on his capital investment.

Langara Golf Course

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

Muncie Booth currently holds the contract at Langara Golf Course and his submission is the lowest cost qualified proposal to the Board. The \$28,516.75 cost to the Board, as outlined in his proposal, is calculated on gross retainer minus rent for the proshop/cart storage and a minimum of \$12,000 power cart revenue. In addition to this net retainer, Mr. Booth will derive 100% of revenues generated from the lesson program and pro shop retail sales. There is no driving range at Langara. A 5 year contract for golf professional services at Langara Golf Course is recommended.

CONCLUSION

The contract award for Golf Professional Services to provide services at Vancouver's municipal golf courses is in accordance with City policy.

The new contracts will have a total annual net retainer cost of \$95,644, a savings \$5,162 per year over the previous contracts, with potential for higher revenue for the Park Board through increased cart rental, driving range participation, lessons revenue and cost savings. The new contracts also present capital improvements at Fraserview and McCleery at no cost to the Board, enhanced junior programs and customer service at Fraserview and a premier golf teaching academy program at McCleery. Golfers will also benefit from an increased power cart fleet provided by the contractors.

The competitive Request for Proposal process has ensured that the Board is receiving the overall best value based on quality, service and cost.

Prepared by:

Vancouver East District Office
Vancouver Board of Parks and Recreation