

**Smirnov Golf Management Limited**

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COMMUNICATION
F&A - DEC 10/12
ITEM 4

December 10, 2012

**TO:** Mayor Bevilacqua and Members of Council  
**FROM:** Ben Smirnov, Smirnov Golf Management Ltd  
**RE:** COMMUNICATION ITEM - PUBLIC/PRIVATE PARTNERSHIPS  
Finance and Administration Committee – December 10, 2012

RECEIVED
DEC 5 - 2012
CITY OF VAUGHAN CLERKS DEPARTMENT

Dear Mayor and Members of Council,

This letter is in response to the staff report entitled Public/Private Partnerships being presented to the Finance and Administration Committee meeting of December 10, 2012.

Smirnov Golf Management Ltd. has managed the operation at the Uplands Golf and Ski Centre since 2001. At the end of 2010, our first 10 year contract with the City for the management of the Uplands Golf and Ski Centre, the City netted \$564,000 from the partnership, as noted in the report.


Smirnov Golf Management was the successful bidder on the recent RFP. The term of the new contract is for 15 years (term has 3 – 5 year options, rather than a straight 15 year term). We are confident that Smirnov Golf Management will again provide a positive balance in the City Reserve/Improvement Fund by the end of our full term of the contract.

Additionally there will have been over \$2,000,000 in improvements over the entire period of our agreements to the facility which have been made at no tax increase to the City's resident. These improvements included the New Ponding and Pump house installed during our first term; the new Quad Chairlift installed this season and the proposed Golf Course Watering/Snow Making System. These improvements will be paid from the revenues the city receives from the operations and deposits into the Reserve account.

The report is correct in the numbers (revenue & expense) stated; however it does list the benefit or the leisure experience of the residents using the centre. However the report does list the improvements as single year line item expenses and it only shows the first five years of the agreement, and does not project it out to the end of the contract in 2026. This is somewhat misleading as the full term of the contract between Smirnov Golf Management and the City of Vaughan would show the City Reserve Account in a positive balance.

The amount of \$1,182,000, for the new chairlift, would normally have been amortized over a period of the entire term and/or at the minimum to the equipment's life expectancy of 15 years. The line items in the report should show the cost of \$182,000 per year, over the life cycle of the lift, rather than a one year hit to the Reserve Account. This would certainly change the "Reserve Closing Balance" line items and provide a balanced view of the operations.

Respectfully submitted



Ben Smirnov,  
Smirnov Golf Management Ltd

Copy: Clayton Harris, City Manager  
Marlon Kallideen, Commissioner of Community Services  
Barbara Cribbets, Commissioner of Finance, City Treasurer  
John Henry, Director of Budgeting and Financial Planning  
Jeffrey Abrams, City Clerk