

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 24, 2015**

Item 12, Report No. 7, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on March 24, 2015.

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#### **UPLANDS GOLF & SKI CENTRE MANAGEMENT CONTRACT RENEWAL WARD 5**

**The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Interim City Manager, dated March 9, 2015:**

##### **Recommendation**

The Interim City Manager in consultation with the Commissioner of Finance & City Treasurer, the Interim Commissioner of Legal & Administrative Services/City Solicitor and the Director of Parks Development (Chair of Uplands Operations Committee) recommends:

1. That staff be authorized to negotiate a modified extension to the management agreement for the operation of the Uplands Golf & Ski Centre with the current service provider, Smirnov Golf Management, for a period of up to two additional years, expiring November 1, 2017, and that the Commissioner of Finance & City Treasurer and the Interim Commissioner of Legal & Administrative Services/City Solicitor be delegated authority to finalize the terms of the agreement.

##### **Contribution to Sustainability**

This report is consistent with the priorities previously set by Council in Green Directions Vaughan, Community Sustainability Environmental Master Plan, Goal 4, Objective 4.3:

- To encourage the establishment of green businesses and sustainable business practices.

##### **Economic Impact**

The intent of the current management agreement for the third-party operation of the Uplands Golf & Ski Centre (Uplands) is to allow the City to provide golf and ski programs for Vaughan residents and visitors in a cost-effective manner that is revenue neutral. Revenues received from Smirnov Golf Management (the Operator) are deposited into the City's Uplands Reserve account and used to fund capital projects for the repair and replacement of facility infrastructure (grounds and buildings).

An extension to the current operating agreement is proposed for a period of up to two additional years, expiring November 1, 2017 to allow sufficient time to complete a review of Uplands facilities, programs and services and determine a long-term strategy for the property. During the two-year extension, an estimated minimum revenue of \$300,000 is anticipated to be provided, based on current level of service, terms and conditions. Alternatively, it may also be possible to have the Operator provide a certain amount of capital improvement to the facility in lieu of providing a portion of revenue. Details on the financial terms and benefit to the City will be negotiated with the Operator.

##### **Communications Plan**

Upon approval from Council, staff will negotiate with the Operator to finalize the terms of a modified extension to the current agreement for the continued operation of Uplands for a period of up to two additional years, expiring November 1, 2017.

It is anticipated that a community consultation process will be required as an integral consideration of a long-term strategy for Uplands Golf and Ski Centre.

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##### **Purpose**

The purpose of this report is to seek Council approval to negotiate and finalize a modified extension to the current management agreement for the operation of Uplands.

##### **Background - Analysis and Options**

On November 1, 2000, the City entered into a five-year management agreement with the Operator for the operation of Uplands, pursuant to Council direction. In exchange for the right to operate the facility, the Operator was obligated to provide a license fee linked to gross revenues, with a guaranteed minimum payment. Given satisfactory performance by the Operator, a five-year renewal was agreed to on November 1, 2005 by Council. In 2010 a new RFP process was undertaken to secure a third-party management group to oversee golf and ski operations at Uplands. Smirnov Golf Management was the successful proponent to this process and is currently under agreement to manage the Uplands operations until November 1, 2015. The terms of the current agreement include two additional five-year options for renewal.

Over the years that the Operator has been managing Uplands, the City has been provided with approximately \$1,600,000 in revenue, which has been used to fund various capital improvements to the facilities and infrastructure at Uplands. The Operator has been a good manager over these years and has met the required contractual obligations with relatively few issues of concern. The Operator has also identified the need for continued capital investment by the City into Uplands in order to keep the golf and ski facilities in good working order and to a standard that is safe and suitable to support public access and use of the facilities.

In 2012 the City provided a significant investment of \$1,100,000 to replace the chair lift at the ski hill which was necessary to meet industry standard safety requirements. Completion of this project fully depleted the Uplands Reserve account, placing financial strain on the City's ability to provide further capital improvement and repairs, including the much needed replacement of the irrigation and snow-making water system. The absence of a significant source of funding for capital repair places strain on the Operator who is often required to complete emergency repairs in order to keep the watering system functional. It also places financial pressure on the City's operating budgets for major repairs and replacements that are the City's obligation under the terms of the management agreement.

In 2014, preliminary facility condition audits were undertaken for the building and facilities components and for the golf and ski components of the Uplands property. The purpose of these condition audits is to assess the general condition of the existing capital assets and to identify areas requiring repair or replacement. The results of the condition audits identify that capital improvements in the order of \$975,000 are required in the next 1-5 years to maintain existing facilities in a safe and usable condition. In addition, capital investment in the order of \$1,000,000 will be required beyond the 5 year horizon. Capital projects will continue to be identified by departments and submitted to the annual budget process for consideration.

In light of the capital pressures faced by Uplands and to allow for an opportunity to formulate a long-term strategy for the Uplands Golf and Ski Centre, staff recommend that a two-year contract extension with the current operator be approved.

##### **Relationship to Vaughan Vision 2020/Strategic Plan**

In consideration of the strategic priorities related to Vaughan Vision 2020, the project will provide:

- **STRATEGIC GOAL:**  
Service Excellence – Providing service excellence to citizens.

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- **STRATEGIC OBJECTIVES:**  
Pursue Excellence in Service Delivery; and Enhance and Ensure Community safety, Health and Wellness – To deliver high quality services and to promote health and wellness through design and program.

**Regional Implications**

Not applicable.

**Conclusion**

Considering the above analysis and the fact that the current management agreement is scheduled to expire November 1, 2015, it is recommended that staff negotiate a modified extension to the management agreement with the current Operator for a period of up to two years to allow continued operation of the golf and ski facilities while a longer term strategy is considered.

**Attachments**

Not applicable.

**Report prepared by:**

Jamie Bronsema, Director of Parks Development, ext. 8858

**UPLANDS GOLF & SKI CENTRE  
MANAGEMENT CONTRACT RENEWAL  
WARD 5****Recommendation**

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Upon approval from Council, staff will negotiate with the Operator to finalize the terms of a modified extension to the current agreement for the continued operation of Uplands for a period of up to two additional years, expiring November 1, 2017.

It is anticipated that a community consultation process will be required as an integral consideration of a long-term strategy for Uplands Golf and Ski Centre.

## **Purpose**

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- **STRATEGIC OBJECTIVES:**  
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**Attachments**

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**Report prepared by:**

Jamie Bronsema, Director of Parks Development, ext. 8858

Respectfully submitted,

Barbara Cribbett,  
Interim City Manager