Minutes - Executive Policy Committee – May 17, 2006

Minute No. 413
Report - Standing Policy Committee on Property and Development – May 2, 2006

Item No. 18 **Canoe Club Golf Course – Two-year Lease Agreement with Don Ferguson Maintenance Services Ltd.**
File FI-2.3(35)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submits the following to Council:

1. That the terms and conditions for a two-year lease agreement with Don Ferguson Maintenance Services Ltd. as outlined in the Report from the Director of Planning, Property and Development dated April 24, 2006, be approved.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Pursuant to Section 205(2) of The City of Winnipeg Charter, disposal of land owned or acquired by the City for park or cemetery purposes requires approval by two-thirds of all Members of Council.

Minutes - Executive Policy Committee – May 17, 2006

Report - Standing Policy Committee on Property and Development – May 2, 2006

DECISION MAKING HISTORY:

Moved by Councillor De Smedt,
That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On May 2, 2006, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

Re: **Canoe Club Golf Course – Proposed Terms and Conditions for a Two (2) Year Lease Agreement with Don Ferguson Maintenance Services Ltd.**
Riel Community
St. Vital Ward

For submission to: **Standing Policy Committee on Property and Development**

Original report signed by: **Director of Planning, Property and Development**

Report date: April 24, 2006

Recommendation(s):

1. That the proposed terms and conditions for a Two (2) year Lease Agreement with Don Ferguson Maintenance Services Ltd. as referenced herein, be approved.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Report Summary

Key Issues:

- In 2000, the City and Don Ferguson Maintenance Services Ltd. entered into a five-year lease agreement for the operation of the Canoe Club Golf Course.

- The Special Operating Agency – Golf Services is currently involved with a study involving the future of municipal golf courses. The study recommendations will likely not be implemented until the start of the 2007 golf season.

- In the interim, the Special Operating Agency – Golf Services requested the Real Estate Division conduct negotiations for a Two (2) year Lease Agreement with Don Ferguson Maintenance Services Ltd. for the 2005 and 2006 seasons.

Implications of the Recommendation(s):

General Implications:

	None
X	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment(s):
The Special Operating Agency – Golf Services requires a lease contract to guide the operations of the Canoe Club Golf Course in 2006.

Policy Implications:

X	No
	Yes

Comment(s):

Regulatory Implications

X	None
	Eliminates or reduces regulatory impact
	Proposes regulatory impact

Comments(s):

Environmental Implications:

X	No
	Yes

Comment(s):

Human resources implications:

X	No
	Yes

Comment(s):

Financial implications:

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment(s):

The proposed lease agreement will result in a new cash inflow to the Special Operating Agency – Golf Services of $50,000.00 in 2006.

The City will continue to receive the payment of realty taxes estimated at $15,873.27 plus GST.

Report

REASON FOR THE REPORT:

In accordance with the City of Winnipeg Charter, the leasing of parkland requires a 2/3-majority vote of Council.

HISTORY:

At its meeting held on February 16, 2000, the Executive Policy Committee approved the proposed terms and conditions for a five (5) year lease agreement between the City and Don Ferguson Maintenance Services Ltd. for the operation of the Canoe Club Golf Course in accordance with the following:

Owner:	City
Tenant:	Don Ferguson Maintenance Services Ltd.
Leased Lands:	Canoe Club Golf Course – Dunkirk Drive
Use:	Operation of a Nine Hole Public Golf Course
Term:	(5) years commencing April 1, 2000
Area:	See attached Misc. Plan RIEL 4750/15
Rent:	$1.00 plus amortization of $245,000 in golf course improvements over 5 years
Realty Taxes:	Tenant
Cancellation:	Upon (180) days written notice by either party
Insurance:	Tenants to provide separate Property Damage and Comprehensive General Liability in the amount of $5.M dollars including all necessary endorsements, as well as business interruption and all property policies and endorsements as yet to be determined.
Tenant Responsibilities:	To pay all operating costs, to maintain the Leased Lands in good and operating condition and in accordance with Schedules “B” and “C”, no assignment without written consent, no sub-letting without approval of landlord, no placement of signage or advertising without approval of Landlord and no leasehold improvements without approval of the Landlord.

At its meeting held on May 28, 2003, the Special Operating Agency – Golf Services was authorized by Council to negotiate one year extensions to various golf course operating agreements, and the CAO delegated authority, to enter into said extensions.

In 2005, the Special Operating Agency – Golf Services was involved with an initiative to retain a consultant to review the operation of municipal golf courses.

The Special Operating Agency – Golf Services notified Don Ferguson Maintenance Services Ltd., prior to the 2005 season, that it was extending the existing lease contract by one year on the same terms and conditions.

In February 2006, the Special Operating Agency – Golf Services requested the Real Estate Division to initiate negotiations with Don Ferguson Maintenance Services Ltd. for a new one (1) year lease contract to operate the Canoe Club Golf Course.

By letter dated April 5, 2006, the Planning, Property and Development Department extended the proposed terms and conditions for a new Lease Agreement, to Don Ferguson Maintenance Services Ltd.

Don Ferguson Maintenance Services Ltd. agreed to the proposed terms and conditions on April 12, 2006.

DISCUSSION:

1. Canoe Club Golf Course:

The Canoe Club Golf Course is a 44.9-acre fully improved nine-hole golf course located along the east bank of the Red River, south of the St. Vital Bridge, as shown on the attached Misc. Plan 4750/15. The Course is comprised of three fairways and greens adjacent to the Red River and six treed fairways and greens east of Dunkirk Drive and a Clubhouse/Storage building.

Approximately 20,000 rounds of golf are played at the course each season, primarily by recreation level and seniors golfers, in the local and adjacent communities.

Between 1995 and 2000, Don Ferguson Maintenance Services Ltd. completed extensive repairs to the golf course including: installation of a sprinkler system, land drainage improvements, installation of safety fence, fairway upgrading, installation of tee boxes, green construction, general landscaping and the construction of a new storage building, at a cost of $245,000.00.

The Tenant financed the improvements, and the cost was subsequently incorporated into the lease terms and conditions, for the 2000 through 2005 period, at a rate of $50,000 per year. The Tenant was given a credit of $50,000 per year in lieu of a rent fee. The cost of the improvements and financing has now been fully recouped by the Tenant.

The Special Operating Agency – Golf Services is in the process of completing a study regarding the future of municipal golf courses. The study recommendations will likely not be implemented until the start of the 2007 golf season at the earliest. In the interim, the SOA wishes to enter into a lease agreement with Don Ferguson Maintenance Services Ltd., for the operation of the course in 2006.

2. Leasing Issues:

a) 2005 Golf Season:

Prior to the 2005 season, the SOA notified the Tenant that its occupancy would continue, by extending the existing lease contract for one year pending the completion of a major golf course study. In late summer and early fall, the SOA contacted the Legal Services Division regarding the creation of an extension document. The Legal Services Division advised that the lease agreement had to be renewed and that a renewal would require Council approval. The SOA decided that the occupancy of the 2005 season would be incorporated into a new lease agreement

for the 2006 season given that the recommendations of the golf course review would not be implemented until the start of the 2007 golf season, at the earliest.

During the negotiation process, it was determined that a market rent to the Tenant, for the 2005 season, should not be charged for the following reasons:

- the Tenant believed that the previous contract was being extended by the SOA on the same terms and conditions including the previous rent rate of $1.00;
- the 2004 and 2005 golf seasons revenue was substantially less than projected as a result of poor weather;
- the Tenant incurred additional unusual golf course operating expenses due to replacement of maintenance equipment and irrigation equipment failure as a result of fluctuating river water levels.

The Chief Operating Officer of the Special Operating Agency has considered this matter and is in agreement with a lease of $1.00 per year plus realty taxes, for the 2005 Season.

b) Sale of former Canoe Club Clubhouse Site:

Coincident with the leasing of the golf course, the Department is involved with the sale of a portion of the former Canoe Club site. This includes the sale of the existing parking lot and tennis court areas as shown on the attached Misc. Plan 4750/15. As part of the sale, the purchaser is required to construct a new parking lot within the tennis court area to provide future parking for golf course patrons. During 2006, the Department will be coordinating the decommissioning of the existing parking lot and construction of a new parking lot with the golf course Tenant, in order to ensure that parking is available for golf course patrons.

c) Riverbank Stabilization:

The City Waterways Engineer indicates that the riverbank, adjacent to the golf course, has been susceptible to erosion during the past two years, resulting in the loss of portions of fairways 1 and 2. It is anticipated that this erosion will continue. However, the severity of the erosion is dependent on a number of factors including extended channel flooding as experienced in the spring and summer of 2005. In terms of operation of the golf course, additional loss of fairways may be viewed as presenting more of a challenge for holes along the river. The potential impact on greens is of greatest concern and will be evaluated via a site inspection.

d) Proposed Terms and Conditions for a new Lease Agreement:

With respect to the 2006 Season, the Planning, Property and Development Department formulated proposed terms and conditions for a Two (2) Year Lease Agreement and transmitted same to the Tenant. The Department and Tenant have reached an agreement on the proposed terms and conditions as follows:

Owner:	City
Tenant:	Don Ferguson Maintenance Services Ltd.
Location:	Canoe Club Golf Course – Dunkirk Drive
Use:	Operation of a Nine Hole Public Golf Course
Term:	(2) years commencing April 1, 2005

Area:	See attached Misc. Plan RIEL 4750/15 – Schedule “A"
Rent:	(2005) Season $1.00 (2006) Season $50,000.00
Realty Taxes:	Tenant
Cancellation:	Upon (180) days written notice by either party
Insurance:	Tenants to provide separate Property Damage and Comprehensive General Liability in the amount of $5.M dollars including all necessary endorsements, as well as business interruption and all property policies and endorsements as yet to be determined.
Tenant Responsibilities:	To pay all operating costs, to maintain the Leased Lands in good and operating condition; and in accordance with Schedules “B” and “C”, no assignment without written consent, no sub-letting without approval of landlord, no placement of signage or advertising without approval of Landlord and no leasehold improvements without approval of the Landlord.

Financial Impact Statement

Date: April 18, 2006

Project Name:

Proposed Two Year lease Agreement with Don Ferguson Maintenance Services Ltd. for the Operation of the Canoe Club Golf Course

First Year of Program 2006

	2006	2006	2007	2008	2009
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	65,873	-	-	-	-
Net Cost/(Benefit)	$ (65,873)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(65,873)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Incremental revenues consist of the $50,000 annual lease rate plus $15,873 in equivalent-to-realty taxes amounts.

"Original signed by"
Mike McGinn, CA
Manager of Finance

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

N/A

External Consultation With:

Special Operating Agency – Golf Services

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Real Estate
Prepared by: D. Armstrong
PPD File #: 7611/H V 6

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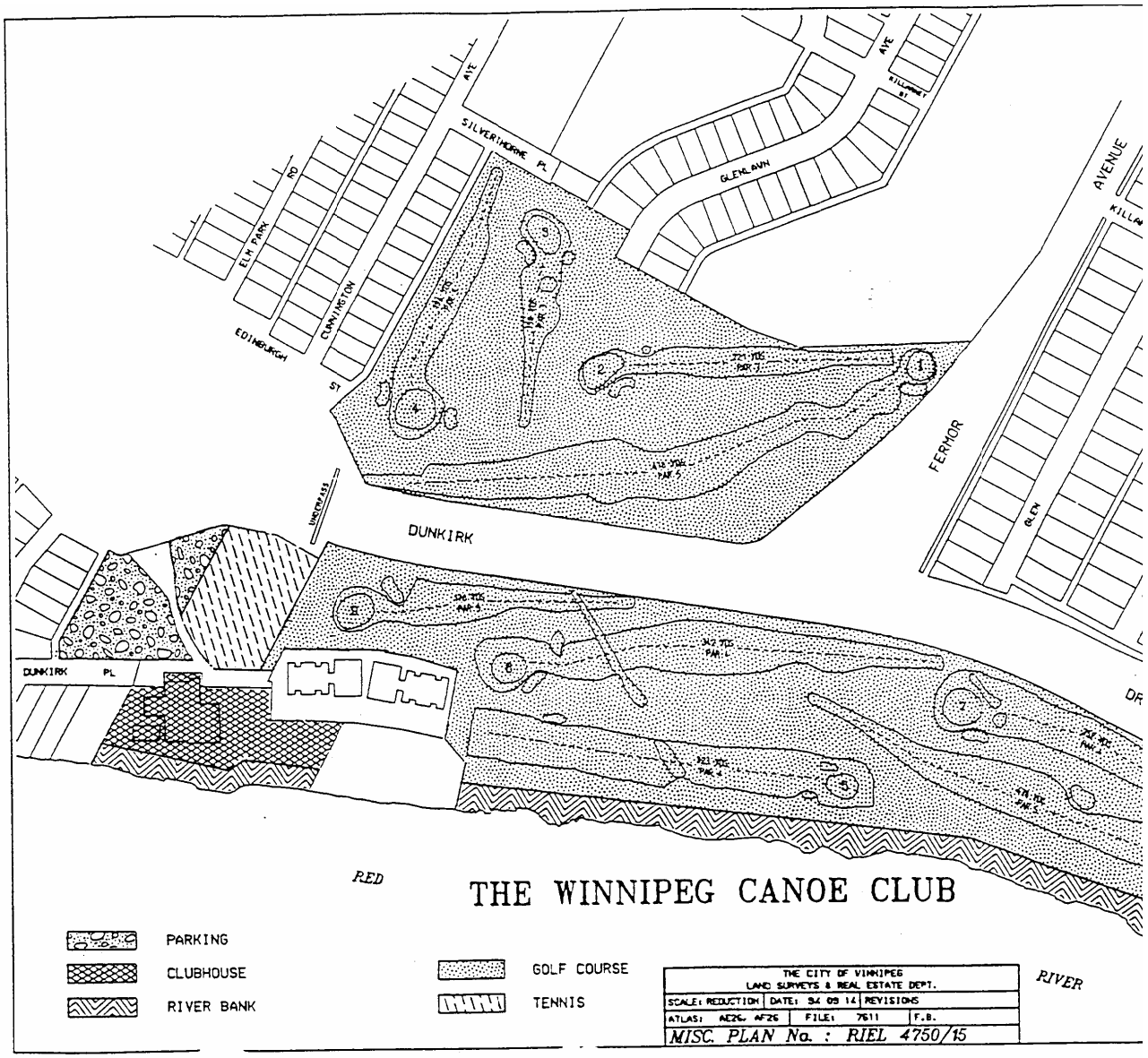
THE WINNIPEG CANOE CLUB
RED
RIVER
DUNKIRK
DUNKIRK PL
FERMOR
AVENUE
GLEN
GLENLAWN
SILVERTHORNE PL
ELM PARK RD
CUNNINGTON AVE
EDINBURGH ST
UNDERPASS
PARKING
CLUBHOUSE
RIVER BANK
GOLF COURSE
TENNIS
THE CITY OF WINNIPEG
LAND SURVEYS & REAL ESTATE DEPT.
SCALE: REDUCTION
DATE: 94 09 14
REVISIONS
ATLAS: AE26, AF26
FILE: 7611
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MISC. PLAN No. : RIEL 4750/15

3255

SCHEDULE B

Maintenance Requirements

Activity	Location	Frequency
a) Mowing Cycles:		
1. Greens (1/4")	Greens	Daily
2. Tees (1/2")	Tees	3 times/week
3. Fairways (5/8")	Fairways	3 times/week
4. Primary rough (1-2")	Fairways, greens	2 times/week
5. Second rough (2-3")	Fairways	2 times/week
6. Trim mowing	All courses	2 times/week
b) Tee Maintenance:		
1. Changing tee markers		Daily
2. Collect garbage		Daily
3. Fill ball washers		4 times/week
4. Aeration		2 times/season
5. Topdressing		3 times/season
6. Seeding		Every second week
7. Fertilizing		As required
c) Green Maintenance:		
1. Changing cups		Daily
2. Aeration		2 times/season
3. Topdressing		3 times/season
4. Seeding		Monthly
5. Fertilizing		As required
6. Fungicide application		As required
7. Topdressing		3 times/season
8. Sand bunkers		Raked daily
d) Fairway, Grounds Maintenance:		
1. Seeding		Monthly or as required
2. Fertilizing		Monthly or as required
3. Litter pick-up		Weekly or as required
e) Watering Cycles:		
1. Greens		Min. of 2"/week, or as required
2. Tees		Min. of 1½"/week, or as required
3. Fairways		Min. of 1½"/week, or as required
4. Trees		Every second week
5. Shrub, flower beds, etc.		Weekly or as required

Activity		Location	Frequency
f) **Other:**			
1.	Sand bunker mtce.	Add sand, cut edges	As required
2.	Flower bed mtce.	Weeding, general mtce.	As required
3.	Irrigation mtce.	Spring and fall	As required
4.	Washrooms mtce.	Clubhouse, course	Daily
5.	Leaf blowing	All courses and grds.	As required
6.	Parking lot mtce.	Parking lot	As required
7.	Pathway mtce.	Pathways, roads, etc.	As required
8.	Equipment servicing		Daily
9.	Equipment mtce.	Spring and fall	As required
10.	Markers, signs, benches, etc.		As required
11.	Tree pruning	All courses and grds.	As required
12.	Soil testing	Greens, tees, fairways	Once/year
Tennis Course Maintenance			
1.	Court maintenance	Sweeping, etc.	3 times/year
2.	Irrigate courts	Watering down of courts	Daily
3.	Line maintenance	Measuring, nailing, etc.	As required
4.	Levelling, patching, etc.	All courts	As required
5.	Grass mowing	Areas surrounding crts.	2 times/week
6.	Bleacher maintenance	Painting	As required
7.	Lights maintenance	All courts	As required
8.	Litter pick-up	All areas	Daily
9.	Net maintenance	Remeasuring, repairs	As required
10.	Wind screen maintenance	All courts	As required
General Activities			
1.	Ordering of parts, supplies and materials		As required
2.	Irrigation system	Start up, shut down	Spring, fall
3.	Inventory checks	Spring and fall	Twice/season
4.	Equipment servicing	All equipment	Daily
5.	Equipment storage	End of season	Once
6.	Record keeping	Of all mtce. activities	Daily
7.	Timekeeping	Staff working hours	Daily
8.	Staff scheduling	Employee shifts	Weekly
9.	Capital projects	As required	Fall
10.	Mtce. building	Cleaning, painting, etc.	As required

SCHEDULE C

Winterization Requirements

Winterization Requirements

The following activities are performed at the end of the normal golf season in preparation for winter:

i) Aeration of Greens

Aeration of greens should take place a minimum of twice per year (spring and fall) or on an as required basis. This operation involves the removal of cores/plugs for the green in order to soften up the playing surface, allowing air, water, fertilizers and new soil to be introduced to the root layer of the greens. This operation requires the use of an aeration machine and normally takes 2 to 3 days for 9 holes.

ii) Topdressing of the Greens

Topdressing of greens is normally performed several times a season and preferably in late fall. This operation involves the spreading of top soil over each green to a depth of approximately ¼" to ½". This will require approximately 20 yards of top soil consistent with the soil mix used in the past on the greens.

iii) Winterization of the Irrigation System for the Golf Course and Tennis Courts

Winterization of the irrigation system normally occurs in mid-October before frost appears on a regular basis. This will involve the use of an air compressor in order to force pressurized air through the system so as to remove all possible water in the lines. This includes the securing of the pump. The pump should be stored in a secure facility for the winter months and should be serviced as required.

iv) Application of Winter Chemicals

The spreading of a dry chemical mix of fertilizers and fungicides on the greens is an important work activity which normally requires two applications immediately before snow fall. Once the greens are treated, no golfer should be allowed on the greens for the balance of the season.

v) Green Cover

Snow fence should be placed around each green and/or tree branches or brush should be placed on each green to trap and retain an insulation blanket of snow.