Agenda – Executive Policy Committee – February 18, 2025

Report – Standing Policy Committee on Property and Development – February 6, 2025

Item No. 4 Golf Operations at Canoe Club Golf Course

STANDING COMMITTEE RECOMMENDATION:

On February 6, 2025, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the establishment of four permanent, seasonal Full-Time Equivalents, comprised of eight seasonal positions, in order to fulfill staffing requirements at the Canoe Club Golf Course for 2025 and onward, be approved.

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

Agenda – Executive Policy Committee – February 18, 2025

Report – Standing Policy Committee on Property and Development – February 6, 2025

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On February 6, 2025, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

The following persons submitted communications with respect to the matter:

- Kathryn Kawka
- Shelley Sweeney
- Pam Lucenkiw
- David Green

ADMINISTRATIVE REPORT

Title: Golf Operations at Canoe Club Golf Course

Critical Path: Standing Policy Committee on Property and Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Fey	H. Borys	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

The City of Winnipeg owns the Canoe Club Golf Course located at 50 Dunkirk Drive. The lease agreement expired in November of 2022 and the tenant, B.S.E Limited, has been operating on a year-by-year basis for the last two seasons. Golf Services is concerned about the current state and future direction of the operation as the condition of the golf course and service level being offered to the public has rapidly declined. The tenant is currently delinquent with 2023 and 2024 property taxes as well as 2024 rent. A notice of lease termination letter was sent to the tenant on October 29, 2024.

There are several alternatives to consider for the operations at the Canoe Club Golf Course:

1. **Operating the course internally** – requiring the addition of four permanent, seasonal FTEs and anticipated to result in a $75,000 surplus to Golf operations in 2025 and increasing thereafter.

2. **Lease the course to a new third-party operator** – projected to result in $45,000 or less in base rent and taxes, although there is no certainty that an operator can be put in place for the start of the 2025 golf season as a result of the time needed to market the property and negotiate terms.

3. **Operate the course through a management agreement** – projected revenue of $20,000 to $40,000/annum with the inherent risk that revenues will be insufficient to offset costs.

4. **Allow the land upon which the course sits to go fallow** – at an annual, currently unbudgeted, maintenance cost of approximately $214,500.

5. **Undertake a repurposing option outlined in the prior Golf Repurposing Study** – any of which would require additional budget.

Upon evaluating all the alternatives, Option #1 (operate the course internally) provides the best return to the City and is consistent with Council's mandate that Winnipeg Golf Services "manage and be accountable for maximizing the return on City-owned golf course Assets."

It is recommended that four permanent Full-Time Equivalents, comprised of eight seasonal positions, be added to Winnipeg Golf Services' (WGS) staff complement effective for the 2025 season so that WGS can assume daily operations of the Canoe Club Golf Course.

RECOMMENDATIONS

1. That the establishment of four permanent, seasonal Full-Time Equivalents, comprised of eight seasonal positions, in order to fulfill staffing requirements at the Canoe Club Golf Course for 2025 and onward, be approved.

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

REASON FOR THE REPORT

Council approval is required to increase the permanent staff establishment of the Winnipeg Golf Services Special Operating Agency.

IMPLICATIONS OF THE RECOMMENDATIONS

Daily golf operations will continue to be offered to the public at the Canoe Club Golf Course. Following the model currently implemented at other golf courses fully run by the City, Golf Services staff will restore conditions and assume daily operations.

HISTORY/DISCUSSION

On Feb. 23, 2000, Council adopted the recommendation of the Alternative Services Delivery Committee that an Operating Charter and Business Plan for a Special Operating Agency with a mandate to manage and be accountable for maximizing the return on City-owned golf course assets, be prepared for consideration by Council.

On April 24, 2002, Council adopted the recommendation of the Alternative Services Delivery Committee that the Winnipeg Golf Services be authorized to commence operations as a Special Operating Agency and that this change be retroactive to January 1, 2002.

The City of Winnipeg owns the Canoe Club Golf Course located at 50 Dunkirk Drive. The lease agreement expired in November of 2022 and the tenant, B.S.E Limited has been operating on a year-by-year basis for the last two seasons.

The City is concerned about the current state and future direction of the operation as the condition of the golf course and service level being offered to the public has rapidly declined. It became apparent in early October 2024 that the existing arrangement was no longer tenable.

The tenant is currently delinquent with 2023 and 2024 property taxes as well as 2024 rent. A notice of lease termination letter was sent to the tenant on October 29, 2024.

Immediate repairs are required to the irrigation system and golf course turf. Repair costs are estimated at $60,000.

Evaluation of Alternative Operating Models

The Public Service evaluated several alternatives for the operation of the Canoe Club Golf Course based on 20,000 projected rounds of golf in 2025:

1. **Operate the course internally**
   Gross revenue generated off 20,000 rounds in 2025 is estimated at $614,000, which would offset projected expenses estimated at $539,000, ultimately resulting in a surplus of $75,000 to Golf operations in Year One and growing on an annual basis. This option would require the addition of four permanent, seasonal FTEs.

2. **Lease the course to a new third party**
   The previous lease generated revenue of approximately $45,000 or less between base rent and taxes. It is expected that a new operator would pay less than $45,000 in order to run a financially productive course at the City's expected standard. There is no certainty that an operator can be put in place for the start of the 2025 golf season as a result of the time needed to market the property and negotiate terms.

3. **Operate the course through a management agreement**
   The City could expect between $1 to $2 per round in revenue or $20,000 to $40,000 per annum. No tax revenue is generated under a management agreement and the City would likely be responsible for facility maintenance costs (i.e. structures & capital repairs). Inherent in this option is the risk that revenue generated will be insufficient to offset costs; a risk that has been realized at Harbour View.

4. **Leave the course fallow**
   This option would cost approximately $11,000 per hectare, or $214,500 annually, a cost that is currently unbudgeted.

5. **Undertake one of the options in the Golf Repurposing Study that was received as information by Council in April 2023**
   a. Create a soccer field, tennis courts or disc golf course (east of Dunkirk)
   b. Create a dog park, greenspace or disc golf course (west of Dunkirk)
   c. Create a community or healing garden
   d. Construct a pedestrian bridge to integrate with trails and paths

   Council provided no further direction upon receiving the Study as information and has not allocated funding to undertake any of the above noted options.

Upon evaluating all the alternatives, Option #1 (operate the course internally) provides the best return to the City.

Given Council's mandate "to manage and be accountable for maximizing the return on City-owned golf course assets," Winnipeg Golf Services plans to assume operation of the Canoe Club Golf Course beginning in 2025. An additional of four FTE's (eight Seasonal CUPE

employees) to the Golf Services seasonal staff complement are required. These eight new seasonal positions would be split evenly between the pro shop and maintenance operations at the Canoe Club in 2025 and onward.

Council approval is required to increase Golf Services' permanent (seasonal) staff complement. Should an alternative to the Golf Services-run operating model be pursued in the future and these FTEs be deleted, given the nature (i.e. rate of turnover) of the four permanent FTEs to be added, it is reasonable to assume any employee incumbent in those positions could be redeployed within Golf Services operations.

Subject to the recommendation of this report being approved, a concerted effort will be made to promote the change in management using the various marketing tools Winnipeg Golf Services Special Operating Agency has at its disposal. Following the model currently implemented at other golf courses fully run by the City, Golf Services believes it is well positioned to restore conditions and assume daily operations.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 14, 2025

Project Name:

First Year of Program **2025**

Golf Operations at Canoe Club Golf Course

	2025	2026	2027	2028	2029
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - (Enter Description Here)	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 539,000	$ 504,000	$ 509,000	$ 519,000	$ -
Less: Incremental Revenue/Recovery	614,000	661,000	712,000	766,000	-
Net Cost/(Benefit)	$ (75,000)	$ (157,000)	$ (203,000)	$ (247,000)	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (75,000)	$ (157,000)	$ (203,000)	$ (247,000)	$ -

Additional Comments: Direct costs consists of salaries & benefits (+/- 60% of the total) and other operating costs (+/- 40% of the total) while revenues consist of green fees (+/- 80% of the total) and equipment rentals, merchandise and concession sales (+/- 20% of the total). Revenue projections are based on 20,000 rounds in 2025 increasing by 5%/annum.

Mike McGinn Jan. 14, 2025

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Real Estate Division, Planning Property and Development

OURWINNIPEG POLICY ALIGNMENT

Good Health and Well-Being

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Planning, Property and Development
Division: Golf Services
Prepared by: Ben Fey
Date: January 15, 2025
File No: N/A

Attachments: N/A