



SUBJECT: Tyandaga – Public Park and Golf Course Follow Up Report

TO: Environment, Infrastructure & Community Services Cttee.

FROM: Recreation, Community and Culture Department

Report Number: RCC-01-21

Wards Affected: 1

File Numbers: 940-01

Date to Committee: May 6, 2021

Date to Council: May 18, 2021

Recommendation:

Direct the Director of Recreation, Community and Culture to permanently phased-in over 2022 – 2026, a change to the Tyandaga operating model, shifting from the current net zero model to a tax-supported model funded by both user fees and the general tax-base, as outlined in recreation, community and culture department report RCC-01-21.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Executive Summary:

This report is a subsequent report to RS-02-20 and summarizes the engagement process hosted in 2020. Appendix A summarizes the outcome of the engagement opportunities and captures the interests of the broader community. Moreover, this report recommends a permanent adjustment to the current operating model to align Tyandaga with other programs and facilities provided in the Recreation, Community and Culture department (RCC) to ensure service and financial sustainability, and to allow programs and services to adapt and grow based on community need and interest heard as part of engagement.

Background and Discussion:

Based on Report RS-02-20, staff were tasked to further engage the community regarding both the golf service and public park opportunities. The community spoke clearly of the ongoing desire to maintain a 18 hole golf course, improve basic amenities like cart paths, and enhance the winter park play experience and use of the clubhouse.

To recap, during the Spring, Summer and Fall, the grounds at Tyandaga are primarily used for a multitude of golf related programs which are open, affordable and accessible to all. During the Winter months, the grounds are transformed into an active public park where people can enjoy the space for a variety of casual play opportunities including tobogganing and snow shoeing. This entire four-season operation is considered a net zero and expected to be funded solely by revenues earned through golf programs and services.

Report Recap RS-02-20:

At minimum, maintaining both the golf program and community access in the winter months was foundational going into the engagement session hosted in Q4 of 2020. Council was most interested on hearing from the community on their ideas of new or expanded opportunities for both the golf program and the park.

The common consensus amongst Council members as noted in Report RS-02-20 were:

- ✓ We value the greenspace at Tyandaga
- ✓ We value having a municipal golf course
- ✓ We value having a destination for the community year-round
- ✓ We look forward to hearing about additional uses for the Clubhouse
- ✓ We would welcome hearing about additional uses on the greenspace for the community to enjoy.

Challenges with Current Operating Model:

For decades, Tyandaga has operated as a net zero operation. Under this model Tyandaga receives no financial contribution from the general tax-base for the operation and upkeep of the asset. User-fee revenues generated from golf are expected to fully fund both the operating and capital budgets requirements year-round, including all winter park opportunities. The business model operating within a municipal government model comes with many challenges. Uncontrollable factors such as climate change and extreme weather patterns have also impacted golf revenues in recent years. The outcome highlights that revenues earned have only been able to cover basic operational expenses with very limited and selected investment in capital. Adequate investments in ongoing course maintenance and major capital renewal has been deferred for many years while in this model.

Over the past 5 years, the public park component of Tyandaga has become more popular, especially during the provincial shutdown. People enjoy unrestricted access to the grounds to participate in a multitude of winter activities including hiking, cross country skiing, snow shoeing, tobogganing and more. This year disc golf was introduced which has seen some great success in a short period of time. The park operation including the maintenance and repair of the property is also solely supported by the golf program under our existing net zero operating model.

It should be noted that this net zero operating model for a municipally owned and operated golf course is quite unique to the City of Burlington. Most, if not all other municipal golf courses in Ontario have some degree of tax-base support. For example, both the City of Hamilton and the City of Mississauga both operate municipal golf courses and are supported by the tax-base. While Tyandaga has seen a degree of success in operating this way for so long, we are now in a position where a change is necessary based on the current needs of the assets as well as the interests of the community to offer more. Any further delay on renewal of these assets will lead to failure and subsequent service level impacts. Some examples of essential renewal include irrigation system replacement, parking lot renewal, and underground fuel system replacement.

As noted within the engagement section of this report, adding recreational amenities or offering other recreational programs in the clubhouse has also been impossible to implement because there were simply not enough funds left over at the end of the year to support anything new. The subsequent operating model has financially limited our ability to stretch our uses of the property and to explore new ideas and trends which the community spoke clearly about as part of the engagement section of this report.

Operating Models in RCC:

There are three primary types of operating models that exists within the RCC department presently. They are shown below with some examples of what types of services/assets are associated with each of them.

Model	General Description	Location Examples
<p>Department / Tax-Supported Programs & Assets</p>	<p>The general tax-base supports these facilities / services, both operating and capital. Financial support is also provided through the collection of user fees (e.g. rental permits, registration fees and drop-in fees). Many of the user fees also include a capital surcharge which contributes towards future capital needs.</p>	<ul style="list-style-type: none"> • Pools • Arenas • Community Centres • Sport Fields • Specialty Facilities (e.g. Music Centre)

Model	General Description	Location Examples
Net Zero Operations	These locations are not supported by the tax-base for their operations or capital needs. Tenant rent supports the operating & capital needs for the food & beverage locations, whereas Tyandaga is financially supported by golf revenues. Historical direction placed Tyandaga (recreational golf and public park) into the same category as commercially operated entities like the Waterfront Centre, Paletta Mansion and LaSalle Pavilion.	<ul style="list-style-type: none"> • Waterfront • Paletta • LaSalle • <i>Tyandaga</i>
Joint Venture	Independent not-for-profit organizations who operate recreational programs / assets at arm's length from the City at locations that are city owned (facility and / or property). This model was developed many decades ago is currently under review. Currently these organizations receive no city financial support.	<ul style="list-style-type: none"> • LPMA* • Tennis Clubs • Gymnastics Clubs

*As noted in previous reports, the City did invest \$4 million towards the replacement of the wave break.

When comparing Tyandaga to the other net zero locations noted in the chart above, Tyandaga offers recreational activities that the city directly intended for broader community access including youth golf and league play and a multitude of winter park causal play opportunities. Tyandaga is far more aligned with a sport field and public park as opposed to the commercially based net zero operations in the department. The net zero food service locations are commercial tenant-based / for-profit businesses that provide commercial food and beverage services (e.g. banquets, concession, restaurant).

On-the-other-hand, pools, arenas, parks and community centres are all financially supported by the tax-base, with a portion of their costs offset through user fees where appropriate (e.g. rental permits, registration fees and drop-in fees).

The ongoing sustainability of this operation, service and asset, as well as meeting the evolving needs and interests of the community is the basis for why a change to the operating model is necessary.

COVID-19 Impact on 2020 Operations:

Interest in golf has been strong and steady for many years, especially during this past season (2020). With the province wide shut down imposed in late March 2020, the opening of the golf course was delayed by over 6 weeks. When permitted to open, several restrictions were mandated which subsequently limited program offerings. The

delayed opening and the limited program opportunities had a significant impact on the course's ability to generate revenues to its fullest potential.

Through a strategic re-design approach in 2020, dedicated staff, and decent weather, the course saw 28,993 rounds of golf (80% capacity utilization) which then translated into an annual profit of \$179,000. Under the current net-zero operating model, \$77,411 of the profit was transferred to the vehicle depreciation reserve fund (VDRF) while the balance of \$101,705 was transferred to the general Tyandaga reserve fund. Golfers, new and returning flocked to Tyandaga with great interest in participating in one of the first recreational opportunities reopened to the public.

Proposed Operating Model:

Through discussions with senior staff, the proposed new operating model must be guided by a key set of principles. These include:

- Service and Financial Sustainability
- Adherence to Asset Management principles and practices
- Allow for adaptations and adjustment to service levels to meet the needs of the community
- Supported by the Framework for Community Recreation in the City of Burlington (e.g. affordability, play for all ages / abilities, variety, access, etc.) *
- Align with the operating model that is most suited
- Phased in over time to ease the financial burden
- Promote active green space opportunities

*The proposed new operating model was vetted through the methodology of the [Framework for Community Recreation for the City of Burlington](#). This alignment includes the broad use of the land for a variety of recreational activities, with a focus on the fundamentals of play, ensuring access and affordability is at the forefront of the services provided, meaningful engagement with the neighbourhood and stakeholders, and to maximize use of the property, year round.

The proposed operating model for Tyandaga will look to align the program/service and assets/amenities to a typical RCC model; drawing on both user fees and the tax-base to support. This recommendation will position Tyandaga to be equal to a city pool, arena, sports field, community centre or park.

Phased in Approach (2022-2027)

To support this proposed change, staff are recommending this shift occur over a five-year phased in approach (2022-2027). This approach is recommended to slowly ease the financial burden onto the tax-base over time, as opposed to all at once. This new operating model has three distinct advantages:

- Sustainability: Both financial and service levels will have a higher degree of certainty and sustainability into the future.
- Growth / Change: This model will allow for new and exciting opportunities to be considered and introduced both for the golf course and for the park without the sole and limited reliance on the revenue produced by golf.
- Asset Renewal: All asset renewal will be planned for using the same asset management principles and practices throughout the city. The asset will get renewed at the right time and be embedded within the broader capital budget prioritization process when competing for funding.

The phased in approach will begin in 2022, and span over five years into 2027 (2022-2027). As shown below, there will be three distinct phases, slowly moving expenses over to the tax-base to support. To note for this year (2021), will operate as previously planned and budgeted for, following all COVID regulatory requirements.

As shown below, each phase will capture two years of operation with an assessment completed after each phase. Council will be informed of the progress of this process as part of Tyandaga’s annual update. Each phase will introduce financial requirements into the general tax-base. For example, in phase 1, the Golf Operation (revenues) will support the overall operating budget, as well as all fleet requirements, while general capital requirements will be transferred over to the tax-base to support. As part of the annual budget process each year (operating and capital), changes as noted in each of the three phases will be highlighted.

Phased in Model (2022-2027):

2021	PHASE 1		PHASE 2		PHASE 3	
	2022	2023	2024	2025	2026	2027
<p>Current Net Zero Operating Model</p> <p>Golf Operations Funds:</p> <ul style="list-style-type: none"> • Operating* • Fleet • Capital 	<p>Golf Operation Funds:</p> <ul style="list-style-type: none"> • Operating* • Fleet <p>Tax-Base Funds:</p> <ul style="list-style-type: none"> • Capital 	<p>Golf Operation Funds:</p> <ul style="list-style-type: none"> • Operating* • Fleet <p>Tax-Base Funds:</p> <ul style="list-style-type: none"> • Capital 	<p>Golf Operation Funds:</p> <ul style="list-style-type: none"> • Operating* <p>Tax Base Funds:</p> <ul style="list-style-type: none"> • Capital • Fleet 	<p>Golf Operation Funds:</p> <ul style="list-style-type: none"> • Operating* <p>Tax Base Funds:</p> <ul style="list-style-type: none"> • Capital • Fleet 	<p>Full alignment with Typical Department Based Model.</p> <p>**Revenues Support Operating Model with 5% capital surcharge applied to user fees.</p>	

To note:

- *Operating, as noted in the chart above includes all operating expenses year-round including operating costs associated with operating a public park in the winter months.
- **By 2026, Tyandaga will begin to implement a 5% surcharge on user fees which will then fund the Tyandaga reserve fund. This reserve fund will be used to partially support capital renewal needs at the course. This surcharge approach is used presently at pools, arenas and community centres.
- Fleet is the required equipment needed to maintain the greens. Fleet also includes snow clearing equipment needed to clear the parking lot in the winter months.
- The above model removes the annual 'Payment in Lieu' of \$25,000 that Tyandaga had traditionally paid the RCC department for management overhead and to simulate property taxes within a net zero operating model.

Programs and Service Delivery during the Phases

Based on feedback heard, staff will look to create new programs and services over the 5 years and look to support some needed capital upkeep and repair. Below is a quick summary of some of the initiatives planned should this new operating model be approved:

Public Park Initiatives - Winter:

- Introduction of a winter inspired public access 9-hole Disc-Golf experience
- Neighbourhood-based Clubhouse Hub concept like the work underway in the Orchard
- Family based small scale events (e.g. family fun days)
- Family based recreation programs / clubs in the clubhouse (e.g. family euchre nights)
- Community meetings and events in collaboration with a variety of neighbourhood associations / groups
- Potential location for outdoor synthetic ice rink
- Rental / Borrow hub location for winter related activities like snowshoes
- Look to explore path systems connections between Tyandaga, City View and Kerncliff

Golf Related Initiatives - Spring, Summer and Fall:

- Retain the 18-hole affordable, 2.5-star golf course experience and introduce more 9-hole options to support this growing interest:
 - Sunrise Special: an early morning golf experience where golfers can play up to 9-holes before work. This will be offered on weekdays beginning any time from 6am to 8am depending on daylight.
 - Sunset Special: a late day golfing experience offered seven days a week during the prime daylight season beginning at 6pm where golfers can enjoy up to 9-holes of golf.
 - Twilight Special: Starting at 4pm, seven days a week, a special rate is provided for golfers to purchase and play as many holes as they can before dark.
- Create new league options
- Enhance both the Junior program and the Learn-to-Golf program
- Enhance certain amenities like cart paths
- Replace irrigation system to support course play, beautification and asset maintenance
- Replace underground fuel system.

Any funding required to support any of the above capital work or service initiatives will be brought forward each year for consideration as part of the annual budget approval process.

Options Considered

As previously stated, operating this location as a net zero operation is not sustainable or viable. A change must occur to the operating model to ensure we meet the changing needs of the community. If a change is not considered, Tyandaga can only operate in the current operating model for 2 more years before it is estimated that the reserve fund will be depleted. This also carries a considerable risk of asset failure as 57% of the assets at Tyandaga are in the poor to very poor categories and the reserve fund is insufficient to address these immediate capital needs.

Staff had considered a variety of other options as well. Some of these options include:

1. As opposed to phasing in a new operating model over a 5-year period, consider an all at once approach beginning in 2022. This would mean the tax impact for next year would be immediate as opposed the gradual introduction over 5-years.

2. Stretch the phased in approach for longer than the proposed 5-year period. This approach was also not recommended because the reserve funds for Tyandaga could not sustain a longer duration. This also increases the risk of asset failure for those assets still reliant upon the Tyandaga reserve funds for funding.

While other more significant options could be considered, they were not introduced in this section as they did not align with the original direction provided from Council summarized earlier in this report.

Financial Matters:

Shown below is a financial summary which highlights the transfer of expenses over a phased in period. Overtime, \$405,000 will be transferred over to the tax-base to fund, which includes: all capital renewal, all fleet renewal, and a portion of operating expenses. The modeling also highlights the removal of the internal charge of \$25,000 noted below. The tax impact to the city and the overall tax impact have also been calculated for each of the three years that new expenses are shifted on to the tax-base.

	2022	2023	2024	TOTALS
Capital Renewal	\$125,000	\$125,000		\$250,000
Additional operating tax-based support and removal of internal charges	\$25,000		\$40,000	\$65,000
Fleet Renewal			\$90,000	\$90,000
TOTALS	\$150,000	\$125,000	\$130,000	\$405,000
Tax Impact - City	0.08%	0.07%	0.06%	
Tax Impact - Overall	0.04%	0.03%	0.03%	

It is important to note within the short term, there are three notable capital projects that will need to be carefully considered as part of the capital budget process. These include the irrigation system estimated at \$1.2 million, the parking lot estimated at \$450k and the fuel system estimated at \$350k. Based on budget guidelines and prioritization against other renewal needs, these items will create some pressure on the capital budget over the next few years as all items require replacement and are past life expectancy.

Total Financial Impact

Shown below, Tyandaga has an uncommitted reserve fund balance of \$292,841 as of December 31, 2020. Based on financial modelling prepared by Finance, layered with

the proposed phased in approach shown within this report, the reserve fund will see draws for the first three years. For the duration of this approach, the reserve fund will remain in a positive position.

As previously noted, beginning in 2026, a 5% fee surcharge will also be introduced allowing for the reserve fund to partially support capital needs similar to other reserve funds in RCC (e.g. pools, seniors centre, etc.).

Tyandaga Reserve Fund Forecast

	2021	2022*	2023	2024**	2025	2026***	2027
Opening Balance	\$292,841	\$155,187	\$125,840	\$61,965	\$109,581	\$157,958	\$182,110
Funding for Capital	\$(60,000)					\$(25,000)	\$(25,000)
Reserve Fund Provision / (Draw)	\$(77,654)	\$(29,347)	\$(63,875)	\$47,616	\$48,377	\$49,152	\$49,938
Ending Balance	\$155,187	\$125,840	\$61,965	\$109,581	\$157,958	\$182,110	\$207,048

*capital now supported by tax-based funding

** fleet renewal now supported by tax-based funding

*** surcharge fee introduced to partially fund capital needs

Climate Implications

Burlington has been experiencing many extreme weather events that have negatively affected the golf industry throughout southern Ontario. The climate crisis directly affects the overall operations, causing later openings and early closures to the golf season which has negatively impacted the overall financial performance.

It has been five years since the City of Burlington received 191 millimeters of rainfall in 8-hours causing significant flooding and damage throughout the City. Since that date, we have consistently received major climate challenges year after year. Flooding, ice storms and draughts to name a few. Most recently, between April 1 and May 13, 2019 Burlington experienced 226 millimeters of rain adversely affecting participation, revenues and expenses at the golf course, a recent trend impacting the golf operation.

Engagement Matters:

Throughout October and November, staff launched an engagement strategy through the Get Involved platform as well as two Live Teams events to hear directly from the community. Staff along with the local councilor hosted a live presentation and

engagement session to provide the community with more information on Tyandaga as well as an opportunity for them to ask questions and provide their ideas.

A survey was created to help staff better understand the areas that the community valued, including both the local neighborhood and the golf community. The survey focused on new or adapted opportunities for recreational uses of the property.

Summarized in appendix A, captures the outcome of the engagement opportunities and captures the interests of the broader community. It is important to highlight, that in order to provide the community what they want, this shift into a tax-supported operating model must occur.

Conclusion:

The current Tyandaga Operating model needs to evolve to support the needs of the community. No longer can the golf program financially support the entire operation within a net zero model. Evolving into an operating model that is funded by user fees and supported by the tax base will ensure programs and services can be modified and introduced based on community need, ensure financial and service sustainability, and support city owned asset renewal into the future.

Respectfully submitted,

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Appendices:

A. Engagement Summary

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.