



Waterton Park Community Association
Generations of Tradition

REQUEST FOR PROPOSALS

RFP 20201221001

FOR THE MANAGEMENT, OPERATION AND MAINTENANCE OF

WATERTON LAKES GOLF COURSE

WATERTON LAKES NATIONAL PARK OF CANADA

Submission of the Waterton Park Community Association

January 25, 2021

In September 2020, the Waterton Park Community Association (“WPCA”) submitted a Proposal to Parks Canada for a new lease of the Waterton Lakes Golf Course. In a meeting with the Superintendent and Townsite Manager shortly thereafter, the WPCA was advised that Parks Canada was going to issue a Request for Proposals (“RFP”) to gauge outside interest before responding further to our Proposal and that the WPCA would not be required to respond to the RFP.

On January 22, 2021, in a conversation with the Chair of ID#4, the Townsite Manager recommended that the WPCA now resubmit its Proposal as a response to the RFP.

Therefore, as requested, please find attached our September 2020 Proposal in its entirety.

When the WPCA submitted its Proposal and met with Parks Canada, we clearly advised that the primary purpose of the WPCA was to ensure that the Golf Course was properly capitalized, managed, maintained and operated so that it would be sustainable for the benefit of the Waterton Community and its visitors for decades to come.

We also stated that, building on our experience in managing the golf course for the last 27 years, our Proposal, if accepted, would enable the Golf course to meet the requirements

necessary to sustain the golf course over the long term and to provide a “great golfing experience and quality service” (RFP section 1.6).

Recently we have been advised that Parks Canada has indicated to an “interested party” that the WPCA is not interested in acquiring a new lease of the Golf Course. This assertion is categorically false and we request that Parks Canada clarify its RFP to reflect our continuing interest.

Since we have been requested to resubmit our Proposal, we have also reviewed the RFP in detail and find that it is seriously deficient and does not accurately reflect what Interested Parties will need to know to capitalize, maintain, and operate the golf course in the future.

We are compelled to remind Parks Canada that we have provided a thorough description of the matters that will require the short and long term attention of any prospective lessee and such matters require disclosure to the public through the RFP process.

Specifically:

1. **Water:** The RFP makes no mention of the ongoing problems with water supply to the golf course; the lack of sufficient water storage capacity; and the complexity of the operation of the irrigation system in conjunction with the Townsite wastewater management system. We understand that Parks Canada is installing a new pump (which we have been requesting for years), but there is no mention in the RFP as to how the waste water system will be integrated into the Golf Course water system; or how/if the storage pond will be expanded to its original design capacity (nearly double its current configuration) in order to store sufficient volumes of water for irrigation; or how the operation of the pumping systems will be managed; or what training and personnel (if any) will be provided by Parks Canada to operate this complex water supply system.
2. **Electric Power:** The RFP indicates that there is a preference that the lessee provide electric carts. The RFP also provides that Parks Canada will provide water and gas to the Golf Course but no mention of power. At this time, there is insufficient power supply to the golf course to power the necessary charging stations for electric vehicles and there is no infrastructure in place to permit the use of electric vehicles. This means that there will have to be major extensions of power lines from the Fortis electrical system in order to provide the necessary power capacity. We have estimated that a lessee, if it commits to using electric carts, will have an immediate start-up cost this spring approximating \$500,000 (assuming 50 new carts and all necessary infrastructure and power supply). Non-disclosure of this major financial obligation in the RFP is a significant oversight.
3. **Capital Program:**

- a) There is a significant capital deficiency at the Golf Course that has been recognized by Parks Canada for many years. Parks Canada had its own study in 1994 (not disclosed) that indicates a capital deficiency in excess of 3 million dollars. We have employed professional advisors who have confirmed that the capital deficiency is at least as much as stated by Parks Canada.
- b) Together with the Improvement District #4 (Provincial Government), the WPCA has clearly identified a path forward that addresses the capital deficiency. The WPCA has requested in the Proposal that Parks Canada participates in the recapitalization of the Golf course in circumstances where the capital improvements become the property of the Crown. This participation takes the form of rent reduction.
- c) The RFP doesn't mention some of the most pressing capital requirements and establishes a Capital Reserve Fund that is less than 5% of the actual funds (in today's dollars) required to recapitalize the golf Course.
- d) Our Proposal identifies almost 3 million dollars of capital expenditures that are necessary. These capital expenditures are not just a "wish list", they are absolutely necessary to keep the golf course operating and sustainable and, in our opinion, must be disclosed to potential lessees.
- e) The capital program in the RFP only refers to two significant items, the Maintenance Building (which is almost complete) and the Clubhouse.
- f) Regarding the Clubhouse, the RFP states that a successful lessee "can present their vision for improvements to the Clubhouse that would demonstrate innovation and creativity..." (RFP section 1.6.6.2). The WPCA has conducted extensive investigation of the clubhouse and proshop and has determined that the regulatory requirements to upgrade the clubhouse to current health and safety codes, strongly suggests that the clubhouse and proshop be rebuilt, not "improved". Prospective lessees should be made aware of the requirements for the replacement of the clubhouse and proshop.
- g) The WPCA has also developed a plan to relocate the clubhouse/proshop which will permit the new construction to be undertaken while maintaining the current clubhouse services.
- h) Prospective bidders should be made aware that we have costed the replacement of the clubhouse (and adjacent parking renewal) at \$1.5-2 million dollars. The WPCA proposal has committed to this expenditure in its Proposal.
- i) Although we have agreed that the Clubhouse requires replacement, it is not the most urgent matter requiring capital expenditure.
- j) The RFP makes no mention of the immediate and urgent need for replacement of the irrigation system. Currently the irrigation system is a patchwork of 50 year old

metal pipes and plastic repairs that have been done whenever the metal pipe fails. It is entirely a manual system that requires sprinkler heads to be moved manually every night, which is very labour intensive and costly. Replacement of the irrigation system by a fully automated system has been on our planning schedule for a considerable time pending the resolution of the lease issues. We have retained a golf course architect to oversee the planning of the replacement irrigation system and it has been costed at \$800,000. It is important that this be disclosed to potential bidders because it is a cost that must be incurred very early in any new lease term – likely at end of season 2021 or early 2022 - if not, the system will fail and the course won't be able to be watered

- k) The RFP also makes no mention of the course upgrades that will be necessary and does not identify some of the unique planning that is required to maintain the course (example - will the potential lessee have a plan in place to protect and/or repair the greens in the fall during the annual migration of elk to the Pass Creek flats).
4. Financial: The RFP fails to provide any information on the financial condition of the golf course. You have recently published gross revenue numbers for past years (some of which are incorrect), but we would submit that a potential lessee should know that capital spending on the Golf Course is required to lift the Golf Course out of a downward financial spiral that has seen its financial position barely at “break even” even though it is operated by a non-profit organization that returns every dollar back into the course and even though the non-profit is run by a very dedicated and expert group of unpaid volunteers. We have been fortunate to have the backing of the Provincial government (through the ID#4) and its taxpayers, that have provided funding and will continue to provide funding to commit to the capital and operating expenditures to keep the Golf Course sustainable. In short, if a private operator wants to run this Golf Course, it will need to have “deep pockets” and a desire to operate a golf course - because it won't be making any return on its investment.
5. There are numerous other requirements in the RFP that are impractical and/or impossible.

When the WPCA advised the Superintendent and Townsite Manager that the WPCA was prepared to step aside in favour of a new operator, we understood that Parks Canada would fully disclose and require the operating and capital expenditures that would be necessary to keep the Golf Course up to appropriate and necessary standards. The RFP falls far short of such full disclosure and if Parks Canada attempts to sign a lease without such disclosure, the Golf Course will not be sustainable in the short or long term.

In our opinion, if a potential proponent is awarded a lease based only on the RFP, the proponent will arrive at a golf course with a clubhouse that does not meet health and safety standards; inadequate power; a complex and failing water management system; a worn out and unworkable irrigation system; and a course that requires major rehabilitation.

For the sake of the Golf course and considering the stipulated deficiencies, we would suggest that Parks Canada withdraw this incomplete RFP. Any party signing a lease based on the information in the RFP is doomed to fail, and whether the WPCA operates the Golf Course or not, that is not an outcome anyone wants to see – not the Community, nor our visitors, nor, we would assume, Parks Canada.

The WPCA remains fully ready, willing and able to finalize a new lease in accordance with our Proposal of September 2020, which will permit the continued operation, recapitalization, long term viability, and sustainability of the Golf Course.

Respectfully Submitted:

Waterton Park Community Association

Improvement District #4