

Not So Pro Sports



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Boardwalk Pub Scandal: A Tale of Two Cities

Beach Volleyball Pioneer Claims There Is One Set of Rules for Tuggs Inc. and Another Set of Rules for Everybody Else

Did Termination of His Contract Pave Way For Lucrative Tuggs Sponsorship Deal?

TORONTO, ONTARIO--(Marketwire - June 8, 2010) - John Morrison, the founder and creator of the thriving beach volleyball community at Ashbridge's Bay, is flabbergasted at what he says is blatant favouritism by the City towards Tuggs Inc. on a new 20-year deal for expanded concession and sponsorship rights in the Beaches.

"The hypocrisy is mind-blowing," said Morrison, who recently experienced completely different treatment at the hands of the City on his lease of the volleyball courts at Ashbridge's Bay.

Morrison says it is bizarre that even though his company created a lucrative revenue stream for the City and paid higher rent to the City than Tuggs Inc., his company was treated horribly while Tuggs continues to receive preferential treatment.

He says the two key City players at the heart of both situations have been the same people: local Beaches councillor Sandra Bussin and the General Manager of Parks, Forestry and Recreation, Brenda Patterson.

Morrison says both worked towards a solution between the City and Tuggs Inc. but both worked against a solution for his company.

"Same people, different treatment", according to Morrison, who says his company was at the wrong end of a stunning double standard.

First, his company, which started running recreational beach volleyball at Ashbridge's Bay 14 years ago, had to win multiple competitive RFP's to continue to operate for the last decade.

Tuggs, on the other hand, has been operating on the same City land at Ashbridge's for 24 years without ever being put to an RFP and its new agreement with the City would stretch that out to 42 RFP-free years.

"That is preposterous," said Morrison. "It begs the question, "Why?""

"Hey, I've got no problem with them running their mom and pop restaurant," said Morrison, "if that's what Sandra Bussin says it is. But what is this nonsense of them getting handed lucrative multi-million dollar sponsorship rights to the best piece of beach volleyball land in North America without an RFP? Are you kidding me?!"

Second, the City is allowing Tuggs to defer its capital project obligations for five years while it refused to allow Morrison's company to defer just one of its capital project expenditures by only one year.

"They refused to do that even though it would have easily and quickly solved my situation," said Morrison. "With me, they just demanded payment and then terminated my contract."

Third, the City has agreed to reduce Tuggs' rent and sponsorship payments by more than \$1.4 million from the original Tuggs proposal of 2006.

At the same time, the City refused to reduce Morrison's bill to the City by one penny in 2009 even though the City was on strike for two months during peak volleyball season, it had breached Morrison's contract in numerous ways and it did not provide the services it was supposed to under the contract.

The City played hardball with Morrison, showing no sympathy or flexibility despite the fact his company had to operate through the City strike and the worst recession in memory.

Meanwhile, the reason the City's staff report provided for agreeing to reduce Tuggs Inc.'s financial obligations by more than \$1.4 million? The recession.

Finally, Morrison says, the timing of the City's deal with Tuggs is very troublesome.

His latest contract with the City included a clause which stipulated that no sponsorship be allowed within 100 feet of the 85 volleyball courts at Ashbridge's Bay beach.

The City and Tuggs Inc. failed for over three years since 2007 to come to terms and the staff report indicated sponsorship was a key sticking point.

Tuggs Inc. presented a "revised" proposal to the City in April, 2009, and the City oddly sat on it for 13 months before finally bringing it to Council.

Only after Morrison's contract and its no sponsorship clause were finally spiked at City Council on March 31, 2010, was the City suddenly able to come to terms with Tuggs Inc. in April, 2010.

In a May 23, 2010 newspaper article, George Foulidis, the owner of Tuggs Inc., said the City will be getting more money from a "new sponsorship model" that didn't previously exist to them.

The article carried on to say, "He said his plan is to assign a team of employees to find big corporate sponsors like Molson to back events on the Beaches, sponsors that would then give him and the City a cut of the action."

Morrison says it is obvious those "events" will be primarily beach volleyball events. "They are absolutely the primary events that will draw sponsorship on that beach," he said.

Did the City breach its own policy of not entertaining a proposal (Tuggs') that interferes with an existing City lease or contract (Morrison's)?

"It certainly smells," said Morrison, who suspects that potentially lucrative multi-million dollar sponsorship revenues for beach volleyball, particularly with the Pan-Am games coming to Toronto, are behind all of this. "There is definitely something rotten in Denmark."

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More Information

It was only after the City terminated Morrison's contract in December 2009 and issued a new RFP for the volleyball courts, with the no sponsorship clause taken out, that George Foulidis and Tuggs Inc. were finally able to come to terms with the City for a new 20-year agreement.

Morrison says it is troubling that one person, Brenda Patterson, the General Manager of Parks, Forestry and Recreation, was the key point person for both Morrison's and Tuggs' contracts.

"She had the sole discretion to renew or not renew my contract for the next five years," said Morrison, "and I couldn't even get her to communicate with me."

"It is very disturbing to know that one person at the City has the power to decide, all on her own, about multi-million dollar situations like this," he added.

Morrison says Patterson did not return any of his phone calls or emails when he was trying to work things out with the City for the five-year lease renewal he was eligible for under the RFP his company had won.

"The only time I ever heard from her was when she terminated my contract in a formal letter," said Morrison, who added that she never even responded to his letter with an offer of a certified cheque for \$327,875, his company's full amount outstanding to the City.

Morrison also indicated that the key local Beaches councillor, Sandra Bussin, whose close ties to Foulidis and Tuggs Inc. have been well documented in recent newspaper articles, also gave him and his company the cold shoulder.

"She didn't have the time of day for me," said Morrison, "and my company was paying more money to the City than Tuggs was!"

According to Morrison, he could never understand why Bussin wasn't more of a champion for him and his company. He had created beach volleyball revenues out of nothing and over 14 years had built a revenue stream of over \$200,000 a year for the City.

He and his company created huge spin-off revenues for businesses in the Beaches and also contributed a lot of money to local charities.

"I could never figure out why she was so aloof with me and why she lined up against me and my thousands of members," said Morrison. "It made no sense to me."

He said this has literally been a Tale of Two Cities. There have been two sets of rules at play here: one for George Foulidis and Tuggs Inc. and another for Morrison and his company.

As for Bussin and Patterson, "They have both bent over backwards for George Foulidis and Tuggs Inc.," he said, "and the way they treated me and my company was appalling."

"An incredible injustice is being perpetrated here," said Morrison. "And we're just starting to scratch the surface."

The timeline of the beginning of Morrison's troubles with the City coincides with an argument he had with George Foulidis, the owner of Tuggs Inc. and the Boardwalk pub restaurant.

According to Morrison, Foulidis approached him at Ashbridge's Bay beach in 2008 to stop Morrison's staff from distributing free bottles of water to its players, indicating that Tuggs Inc. had all rights to beverages on the beach.

Morrison told Foulidis the water bottles were left over from a tournament, that they were not being sold and that the players wouldn't be too happy if they were told they now had to go over to his restaurant to buy water.

Foulidis expressed his displeasure right in front of all the volleyball players and Morrison responded by telling Foulidis that if he was going to play hardball over this, that Morrison had the right to make Foulidis remove his hot dog cart with the big Coke sign that was always sitting beside Morrison's volleyball courts.

Foulidis asked Morrison what on earth he was talking about.

When Morrison informed Foulidis that it was right in Morrison's contract with the City that there was no sponsorship allowed within 100 feet of the courts, and that Morrison's company had been graciously allowing Tuggs to have its cart there, Foulidis was completely shocked, said this was news to him and became very angry in front of all the volleyball players.

Foulidis never did move that hot dog cart with the Coke sign and Morrison's problems with the City soon ensued.

"I certainly learned what happens when you get on the opposite side of an issue to a friend of Sandra Bussin," said Morrison. "I learned that the hard way."

New questions are now being raised about a portion of the lease agreement that was negotiated between the City of Toronto and Tuggs Inc.

At issue is why Morrison's company, the lease holder of the volleyball courts at Ashbridges Bay and the winner of a legitimate RFP competitive bidding process, had its lease terminated by the City when the City treated Tuggs Inc. in a manner that was completely the opposite.

City staff refused to grant Morrison's company the five-year lease renewal it had won fair and square under its RFP while at the same time granting Tuggs Incorporated a 20-year lease extension that was never subjected to a competitive RFP process, came through an unsolicited proposal to the City and was more than \$1.4 million lower than what the City had agreed to at Council in 2007.

The City gave Tuggs Inc. the opportunity to defer its capital project expenditures by several years but would not do the same for Morrison.

The argument made by several councillors who voted for the new Tuggs contract was that the Boardwalk Pub is an example of local entrepreneurship that the City needs to encourage.

The problem with that argument is that it is much more applicable to Morrison than Tuggs Inc., which operates a restaurant and concessions that many other companies could easily operate.

Morrison, on the other hand, created and grew an innovative and substantial revenue stream for the City from scratch to the point where his company was paying the City over \$200,000 a year in rent for recreational beach volleyball... and that was just for Monday through Friday evenings, May to September.

That was truly entrepreneurial.

It all raises serious questions.

Why did one person, Brenda Patterson, have sole discretion to renew or terminate a multi-million dollar contract with the City?

How could that one person refuse to communicate with Morrison even once and then proceed to terminate his company's multi-million dollar contract? That would be absolutely unthinkable to many people.

How could that same person, Brenda Patterson, be in charge of making decisions on another contract (with Tuggs Inc.) that could interfere with Morrison's contract?

And why was there no appeal or dispute mechanism available to Morrison? He says he had a strong case to make and nobody to make it to.

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