

**NOTICE OF PUBLIC MEETING
PHOENIX CITY COUNCIL
SPECIAL MEETING**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **PHOENIX CITY COUNCIL** and to the general public, that the **PHOENIX CITY COUNCIL** will hold a meeting open to the public on **Wednesday, February 6, 2013 at 2:00 p.m., located at Phoenix City Hall, 1st Floor Atrium, Assembly Rooms A, B, & C, 200 West Washington Street, Phoenix, Arizona.**

One or more Council members may participate via teleconference. The agenda for the meeting is as follows (items may be discussed in a different sequence than posted):

1.	Call to Order	Chair Simplot
Item 2 is for information and discussion.		
2.	GOLF AD-HOC COMMITTEE MEETINGS AND RECOMMENDATION This report provides information to the Subcommittee regarding the recommendations made by the Phoenix Golf Ad-Hoc Committee and staffs recommended action plan as unanimously approved by the Parks and Recreation Board on December 13, 2012. This report is for information and discussion only. This item is for information and discussion.	James P. Burke, Parks and Recreation Page 3
3.	Call to the Public: Consideration, discussion, and concerns from the public. Those wishing to address the Subcommittee need not request permission in advance. Action taken as a result of the public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration and decision at a later date.	Chair Simplot
4.	Adjournment	Chair Simplot

For further information, please call Brandie Ishcomer Barrett, Management Assistant, City Manager's Office at 602-262-7684.

Persons paid to lobby on behalf of persons or organizations other than themselves shall register with the City Clerk prior to lobbying or within five business days thereafter, and must register annually to continue lobbying. If you have any questions about registration or whether or not you must register, please contact the City Clerk's Office at 602-262-6811.

For reasonable accommodations, call Brandie Ishcomer Barrett at Voice/602-262-7684 or TTY/602-534-5500 as early as possible to coordinate needed arrangements.

February 1, 2013

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CITY COUNCIL REPORT

TO: Jerome E. Miller
Deputy City Manager

FROM: James P. Burke
Acting Parks and Recreation
Director

SUBJECT: GOLF AD-HOC COMMITTEE MEETINGS AND RECOMMENDATION

This report provides information to the Parks, Arts, Families & Seniors (PAFS) Subcommittee regarding the recommendations made by the Phoenix Golf Ad-Hoc Committee and staffs recommended action plan as unanimously approved by the Parks and Recreation Board on December 13, 2012. This report is for information and discussion only.

THE ISSUE

With the construction of Encanto Golf Course in 1937, the mission of the Phoenix Municipal Golf program has been to provide affordable, accessible golfing opportunities to the residents of Phoenix. The program continues to play an integral part in serving all residents, including groups that have been traditionally underserved by the private sector.

Since 1981, Phoenix Municipal Golf Courses have been included in the Enterprise Fund. All golf course fees and other revenue are kept separate from all general funds and are to be used for operational, administrative, capital and debt costs associated with operating the Department's seven Municipal Golf Courses. The Golf Enterprise Fund began running annual deficits in fiscal year 1998-99. Initially brought on by the debt associated with the purchase of Palo Verde and the construction of Aguila, the Golf Enterprise Fund continues to generate annual operating deficits. By the end of fiscal year 2011-12 the debt had grown to a cumulative deficit of \$14.5 million.

OTHER INFORMATION

At their peak, the Cave Creek and Papago courses averaged more than 80,000 rounds annually. However, rounds at local golf courses began to drop significantly following September 11, 2001, while local developers continued to build more courses creating an excess supply. Maricopa County currently has 9.7 golf course holes per 10,000 population. This compares to 5.3 in San Diego, 4.5 in Dallas, 4.4 in San Antonio, 4.2 in Houston and 3.4 in San Jose. Rounds leveled off in 2003, but dropped again in 2007 as a result of the recent recession. Revenue at city courses is up 6.2 percent this fiscal year over last, and up 9.4 percent for the first six months this fiscal year. Although these trends are encouraging, they will not be enough to cut into the deficit or sustain the operation in the near future.

The City Manager's Office requested that the Budget and Research Department conduct a study of the City of Phoenix Golf program to identify options available to improve the financial condition of the Golf Enterprise Fund. This study was presented to the Parks and Recreation Board on May 24, 2012 and to the PAFS Subcommittee on June 20, 2012. At the Parks and Recreation Board meeting, the Board voted to establish a Citizens Golf Ad-Hoc Committee to be chaired by a current Parks and Recreation Board (Board) member and co-chaired by a current member of the Citizen's Golf Advisory Council (CGAC). The Board recommended the committee consist of no more than 11 people and should have additional representatives from the various Men's and Ladies Golf Associations, community leaders from the neighborhoods that surround Phoenix golf courses, and local community golf leaders. The Board specifically asked that meetings include public input and be held in the neighborhoods that are adjacent to the City golf courses. The Board also requested that a public outreach campaign be implemented to inform the public of the meetings.

The Citizens Golf Ad-Hoc Committee included:

Name	Affiliation
Mike Lieb, Chair	Parks and Recreation Board member
Cleve Lynch, Co-Chair	CGAC member
Trish Alston	Encanto Ladies Club and Encanto resident
Jesse Bravo	Palo Verde golfer and resident
Jim Carl	Maryvale Men's Club
Mark Gallegos	Laveen resident
Curt Hudek	Executive Director of the SW Section-PGA
Dave Maddox	Cave Creek Men's Club
Larry McLennan	Save Papago Golf
Jim Miller	John F. Long Properties, Inc
Adreienne Wilhoit	Resident and Attorney

From September 18, 2012 to October 30, 2012, five public hearings were held at locations near each golf course, including the Washington Activity Center, John Jacobs Elementary School, Maryvale Community Center, Cesar Chavez Library and Pueblo Grande Museum. Two additional work-study sessions were held at Washington Activity Center.

Prior to these meetings, staff conducted the following outreach:

- A Golf Ad-Hoc Committee web page included schedules, the narrated golf budget presentation, the full Budget and Research report, and updates throughout the process
- Sixty-five thousand e-mails were sent as part of the outreach effort
- Post cards with meeting schedules were sent to more than 5,000 households within a ½ mile radius of each golf course
- Information, including meeting schedules was sent to 95 homeowners associations and businesses surrounding the golf courses
- Information, including meeting schedules was sent to the leadership of the 10, Phoenix Men's and Ladies Clubs and key partners in providing youth, minority and women's golf

- Notices were posted at all City golf courses and snack shack areas and were available at golf shop front counters
- Two of the five public hearings were video taped and posted on the webpage
- A phone line was established for the public to leave a recorded comment
- An e-mail link was established on our webpage for public comment

More than 500 residents attended the five public hearings and two committee work-study sessions, and 86 chose to speak at the hearings. One hundred twenty three citizens provided public comment through e-mail and 36 left voice messages on the hotline.

Following the five public hearings and two committee work-study sessions, the Citizen's Golf Ad-Hoc Committee approved the following recommendations, which were also approved by the Parks and Recreation Board on December 13, 2012.

1. Keep all golf courses open.
2. Explore eliminating the Golf Enterprise Fund.
3. Direct the Parks and Recreation and Finance departments to work together to determine how to pay off the \$14.8 million in cumulative debt through Phoenix Parks and Preserve Initiative, the General Fund, and other funding.
4. Explore outsourcing of maintenance for all courses.
5. Explore a Request for Proposals to developers, golf advocates, and the community using existing assets to help generate revenue and development ideas including the possibility of a partnership between ASU and the Papago Golf Course.
6. Explore food and beverage revenue by concessionaires who can accommodate special events such as weddings at each of the courses.
7. Explore creating a Golf Advisory Board made up of PGA professionals, golf superintendents, business professionals, and community golf advocates.
8. Improve the marketing plan and increase or create a marketing budget.
9. Direct Golf Operations to prepare a five-year business plan for annual submission to the Parks and Recreation Board.
10. Explore the idea of deed restrictions. Deed restrictions must include maximum flexibility of golf development with minimum restrictions.
11. Direct the Parks and Recreation Department to develop a five year capital expenditures plan for golf courses for Parks and Recreation Board and City Council approval.

Staff supports the Ad-Hoc Committee recommendations and proposes the following Action Plan, which was approved by the Parks and Recreation Board on December 13, 2012.

1. The Parks and Recreation, Finance, and Budget and Research departments will develop revisions to the 1982 Resolution establishing the current Golf Enterprise Fund. The revised resolution would require City Council approval.
2. The Parks and Recreation and Finance departments to establish an immediate plan to pay down the current cumulative debt and fund any annual deficits using non-golf revenue. Use of non-golf funds to pay down golf debt would require City Council approval.
3. Issue an RFP for outsourcing maintenance of golf courses to be phased in as vacancies become available.
4. The Parks and Recreation, Economic Development, and Planning & Development departments will issue an RFP for a firm specializing in Golf Course Development to provide recommendations on development opportunities at Phoenix Golf Courses.
5. Issue an RFP for the management and operation of Papago Golf Course to be approved by the Parks and Recreation Board.
6. Issue an RFP to replace current food and beverage service providers at the four 18-hole courses at Cave Creek, Maryvale, Encanto and Aguila with a single provider to be approved by the Parks and Recreation Board.
7. Issue an RFP to secure a firm specializing in golf course operations and financing to develop a five-year business plan, five-year capital expenditure plan, assist with RFP development and review, and improve the current marketing plan to be approved by the Parks and Recreation Board.
8. The Parks and Recreation Department will work with the private sector to develop an annual Phoenix Golf Summit made up of golf industry leaders and golf advocates to assist in the development short-,medium-, and long-range goals for the Phoenix Golf operation. Report findings will be presented to the Parks and Recreation Board and City Council.
9. The Parks and Recreation Department will work with the Finance Department – Real Estate Section on the development of golf course deed restrictions, to include maximum flexibility to allow future golf course developments. Deed restrictions would require City Council approval.

RECOMMENDATION

This report is for information and discussion only.

At a future meeting of the Parks, Arts, Families and Seniors Subcommittee, staff will request City Council approval of the Golf Ad-Hoc Committee recommendations, and the staff recommended Action Plan.