



To: Parks and Recreation Board

Date: June 27, 2013

From: James P. Burke, Acting Director

Subject: Recommendation for Approval to Enter Into an Inter-Governmental Agreement with Arizona State University for the Use of Phoenix Papago Golf Course

This report requests that the Parks and Recreation Board recommend City Council approval to enter into an Intergovernmental Agreement (IGA) with Arizona State University (ASU) for the management and operation of the Papago Golf Course.

BACKGROUND

Papago Golf Course, built in 1963, is the City's third oldest municipal course. The 18-hole course is located at the south end of Papago Park, at 56th and Van Buren Streets. In 2007, the City of Phoenix entered into an agreement with the Arizona Golf Association Management, LLC (AGAM) to renovate and manage the course. The \$7.8 million course renovation included a new irrigation system, installation of a drainage system, re-lining of the lakes, all new tees, greens, fairways and bunkers, new on-course restroom and snack shack, and an expanded driving range. Although the course renovation was a success, asbestos, lead paint and an out-of-code electrical system in the original clubhouse made renovating the existing facility difficult. As a result, the clubhouse was demolished. The AGA re-opened Papago in 2008 with temporary trailers and a plan to begin construction on a new clubhouse within two years. Failure by the AGAM to complete the new clubhouse and other areas of non-performance on the agreement resulted in the City taking over management of the course in May 2011. Since that time, the Department had contracted with Mark Woodward to temporarily oversee the daily operations at the course until a permanent operator could be found. Under Mark's direction, the course had rebounded very nicely with revenues and rounds at Papago increasing substantially.

DISCUSSION

As part of a comprehensive study and recommendation on the City's golf program, the City Council on March 6, 2013 authorized staff to negotiate a possible agreement with Arizona State University for the management and operation of Papago Golf Course. In addition, through the agreement ASU would relieve the City of operating obligations while paying the City golf program a share of revenues.

Under the proposed agreement, Papago would become the home to the ASU Men's and Women's Golf Program. ASU would manage and maintain the course as a municipal golf facility and be responsible for all future capital improvements, including the development of a new clubhouse and entry drive.

The following are the recommended terms of the proposed IGA:

- 30-year IGA Operating Agreement
- ASU would facilitate the creation of a non-profit golf foundation to to manage the golf course (similar structure as the management at ASU-Karsten) and develop the capital improvements. The current operator will continue through the transition.
- The non-profit foundation would cover all operating and capital expenses.
- The non-profit foundation will construct a new clubhouse within three (3) years or the agreement may be terminated.
- Green Fees for resident card holders would be no greater than the current fee model approved by City Council. Any future change in the model would require Council approval. (Currently \$47 peak season).
- Resident Card Holders would have access to 50% of all rounds to be distributed evenly between weekday and weekend and by month.
- Papago Men's and Ladies Clubs will maintain tournament and event access similar to today's operations.
- ASU would have access to the course (at no charge) for team practices and up to two NCAA tournaments per year.
- The non-profit foundation will pay the City Rent of \$200,000 annually. At the completion of the new clubhouse, rent will be reduced to \$100,000 for the next three (3) years and then increased to \$200,000 or 20% of net revenue, whichever is greater.
- The Papago Golf Course name will be maintained, but ASU will have naming rights to the new clubhouse.
- The non-profit foundation with City approval, will create a new entrance, access road off Galvin Parkway, and additional parking for the golf course. The Clubhouse will be built at its prior location between the #1 tee and the 18th green (see attachment).

RECOMMENDATION

Staff requests that the Parks and Recreation Board recommend that the City Council enter into an Intergovernmental Agreement (IGA) with Arizona State University for the management and use of the Papago Golf Course based on terms set forth above.

Prepared by: James P. Burke, Director

Approved by: Rick Naimark, Deputy City Manager.