



To: Parks and Recreation Board

Date: November 15, 2012

From: James P. Burke, Acting Director

Subject: Golf Ad-Hoc Committee Meetings and Recommendations

This report provides an update to the Parks and Recreation Board on the Phoenix Golf Ad-Hoc Committee meetings and recommendations.

BACKGROUND

Since 1981, Phoenix Municipal Golf Courses have been an enterprise funded section of the Parks and Recreation Department. All golf course fees and other revenue are kept separate from all general funds and are the sole source of for operational, administrative, capital and debt costs for the seven municipal golf courses.

At its peak, Cave Creek and Papago Golf Courses averaged over 80,000 rounds annually. Following September 11, 2001 the local golf economy saw rounds drop significantly. Meanwhile, local developers continued to build more courses creating an excess in supply. Rounds leveled off in 2003 but dropped again as a result of the recent recession in 2007. Revenues at municipal courses are up 6.2% this fiscal year over last year and up 9.4% for the first three months this fiscal year. Although these trends are encouraging, they are not enough to significantly cut the existing budget deficit or sustain future operations.

The Golf Fund began having annual deficits in 1998-99, initially brought on by the debt associated with the purchase of Palo Verde and the construction of Aguila. By the end of FY2011-12 the debt had grown to a cumulative deficit of \$14.5 million.

The City Manager's Office requested that the Budget and Research Department conduct a study of the City of Phoenix's 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 (Board) at their May 24, 2012 meeting. At this meeting the Board voted to establish a Citizens Golf Ad-Hoc Committee to be chaired by a current 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 representatives from the various Men's and Ladies Golf Associations, community leaders from the neighborhoods surrounding municipal courses, and local community golf leaders. The Board specifically asked that meetings be held with public input and that meetings be held in the neighborhoods that are adjacent to the municipal golf courses. The Board also requested that a public outreach campaign be implemented to inform the public of the meetings.

DISCUSSION

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 | Aguila Golfer and 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 |

Beginning September 18, 2012, five public hearings were held at locations near each golf course in addition to two committee work study sessions. They included the Washington Activity Center, John Jacobs Elementary School, Maryvale Community Center, Cesar Chavez Library and Pueblo Grande Museum. Both work study sessions were held at Washington Activity Center.

Prior to these meetings the following outreach was conducted:

- A Golf Ad-Hoc Committee web page was set up with schedules, the narrated golf budget presentation, the full Budget and Research report, and updates posted throughout the process
- Sixty-five thousand e-mail blasts were sent to individuals in the Phoenix Golf database
- Post cards with meeting schedules were sent to over 5,000 households within a ½ mile radius of each golf course
- Schedules and information was sent to 95 HOA's and businesses surrounding the golf courses
- Information and schedules were sent to the leadership of our 10 Men's and Ladies Clubs and our key partners in providing youth, minority and women's golf
- Notices were posted at all our golf courses and snack shack areas and were available at our golf shop front counters
- Two of the five public hearings were video recorded and posted on the web-page for the public to view
- A phone line was established for the public to leave a recorded comment;
- An e-mail link was established on our web-page so the public could leave a comment on-line

More than 500 citizens attended the five public hearings and two committee work study sessions held from September 18 through October 30, 2012, with 86 choosing to speak at the hearings. One hundred twenty three citizens provided public comment through e-mails on our web-page and 36 left voice messages on the hot-line.

Following the five public hearings and two committee work study sessions, the Citizen's Golf Ad-Hoc Committee approved the following recommendations:

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 Phoenix Parks and Preserve Initiative, the General Fund, and other funding.
4. Explore outsourcing of maintenance for all courses.
5. Explore 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 Parks and Recreation Department to develop a five year capital expenditures plan for golf courses for Parks and Recreation Board and City Council approval.

RECOMMENDATION

This report is for information only. The final recommendations will be presented for approval to the Parks and Recreation Board and to the Parks, Arts, Families and Seniors Subcommittee (PAFS) at their meeting in January 2013.

Prepared by: Rob Harman, Deputy Director

Approved by: James P. Burke, Acting Director