

**Board of Park Commissioners
Meeting Minutes
February 26, 2004**

Present: Bruce Bentley, Chair
James Fearn
Joanna Grist
Terry Holme
Kate Pflaumer

Excused: Sarah Neilson

Staff: Ken Bounds, Superintendent
Sandy Brooks, Park Board Coordinator

Note: Archived agendas and minutes from January 2000 to present may be viewed online at
<http://www.cityofseattle.net/parks/parkboard>

Chair Bruce Bentley called the meeting to order at 6:03 p.m. **Kate moved, and Terry seconded, that the February 26 agenda, February 12 minutes as corrected, and acknowledgment of correspondence be approved. The vote was taken and the motion carried unanimously.**

Superintendent's Report

Parks Superintendent Ken Bounds reported on the following:

Northgate Library/Community Center Update: Over 120 citizens attended the February 23 public meeting to learn about the final design development. Ken distributed a small drawing of the proposed plan to the Board and briefly reviewed the changes since the Board last saw the plans. A larger drawing of the complex will be sent to the Board. In general, the design was extremely well liked by the community.

Mayor's 2004 Environmental Action Agenda: Ken distributed a copy of the Agenda, which lists goals to create healthy urban environments; promote smart mobility; encourage strong environmental practices; and provide a lean green City government.

Woodland Park Zoo Conservation Programs: Ken attended the Zoo Board's meeting this week and distributed to the Park Board copies of the Zoo's Field Conservation Programs. The Zoo has four international Partners for Wildlife: International Snow Leopard Trust in Central Asia; Muraviovka Park for Sustainable Land Use in Russia; Tree Kangaroo Conservation Project in Papua New Guinea; and Botswana Wild Dog Research Project in Botswana. There are also five staff-directed Partners for Wildlife: Indonesian Veterinary Training Project; Western (U.S.) Pond Turtle Recovery Project; Oregon Silverspot Butterfly Recovery Project; Sun Bear Reproduction Study; and Raptor Ecology of the Shrub-Steppe. Approximately 35 additional projects receive grant support.

Garfield Teen Life Center Members Attend Leadership Program in Olympia: Eight youth from the Garfield Teen Life Center Garfield Campus spent four of their five midwinter break days in Olympia as part of the statewide

“Know Your Government Leadership Program.” The youth learned about government policies and organization and public administration.

Sand Point Magnuson Park Focus of E-mails: The Department has received more than 1200 e-mails in the last few days in support of moving forward on the fields/wetlands project. Councilmember David Della and other City Councilmembers are receiving the same amount of mail. These appear to be coming from youth soccer supporters.

High Point Community Center to Re-open: The grand re-opening ceremony is scheduled for Saturday, March 20, 1:00 to 3:00 pm. Mayor Nickels will be the keynote speaker at this event and several City Councilmembers are expected to attend.

Sand Point Buildings 47 and 406 to be Dedicated: Seattle Parks and Recreation will celebrate the completion of the Sand Point Community Center on February 28, 1:00-3:00 p.m., with an Open House. Building 47 is the former military base recreation center. Building 406 is the former brig, or U.S. Naval jail. Building 47’s renovation was funded through the 1999 Community Center Levy at a cost of \$4 million; Building 406 was renovated through the 2000 Pro Parks Levy at a cost of \$619,000. The community has long looked forward to the completion of these two facilities, which will greatly enhance the use of this unique and well-loved park.

MLB – Mariners All-Star Legacy Field at Lower Woodland Park Update: On February 19, the Safeco Field Grounds Crew built the pitcher’s mound at this field to Major League Baseball standards. Organized baseball activity is scheduled to begin with North Central Little League tryouts on February 28. A grand opening will be scheduled for spring.

Sustainability Practices Within the Parks Department: The Parks Department and the Office of Sustainability and Environment (OSE) have teamed up to promote Parks’ sustainability practices and to promote the use of these practices among residential homeowners. The Department distributed a press release on February 23, and have been following up with the media to carry out the message. The press release has stimulated follow-up requests for information from various media outlets. Richard Gelb of OSE will be talking with reporters from the *Beacon Hill and South District Journals*, *Madison Park Times*, and the *North Seattle Herald Outlook*. The intent of this is to advance the Department’s environmental stewardship mission by leveraging our lessons learned to promote more sustainable development practices among residents and businesses.

Flo Ware Park Renovation: The primary construction work at the Flo Ware Park renovation project is complete, and the park is open to the public. This ½ acre park is located at the intersection of 28th Avenue South and South Jackson Street. The new play equipment, basketball hoop, and benches are being actively used by neighbors of all ages. The new park lights allow users to continue activities into the evening while the new grass and plants add a fresh new look in the daytime. Several quotes of Flo Ware, an African American community activist in the Leschi community and Central Area, are being cast in bronze and installed in the colorful “ribbon” that meanders through the park. The Flo Ware entry structure, which is being constructed by artists and students from Coyote Junior High School, will be installed in March and the grand opening event is scheduled for May 8.

Occidental Square Improvements: The Parks Department will engage the community in the question of: “What can we do to transform Occidental Square into an active, vibrant, and neighborhood-enhancing public space so enjoyable that it is sought out by the people who live in, work in, and visit Pioneer Square?”

To accomplish this, Parks has invited community stakeholders in an exercise with the public spaces consultant, Project for Public Spaces (PPS). PPS is internationally renowned for its work in improving the design and management of public spaces. The stakeholder forum is scheduled for March 8, 8:00-10:00 a.m., at the Klondike Gold Rush National Historic Park, 117 S Main Street, in the Klondike second floor classroom.

Information on the outcome will be brought back to the Park Board.

Advisory Council of the Year: The annual meeting of the Associated Recreation Council was held on February 23, and enjoyed its largest attendance ever. In a new effort to recognize excellence in volunteer service, the Green Lake Rowing Advisory Council was selected as "Council of the Year". This advisory council has done outstanding work with ongoing fundraising to pay for scholarships and outreach programs and to replace aging equipment. The Rainier Beach Advisory Council received the "Most improved Council" Award for growth, teamwork, and partnership.

Regrade Park Off-leash Area to Open: The opening of the new dog off-leash area in Regrade Park is planned for March 7.

Automated Public Toilets Open for Use in March: Final site preparation is being completed so that the long-awaited, automated public toilets at Hing Hay and Steinbrueck Park can be opened for use in March.

Freeway Park Jamboree Planning: Planning for the Freeway Park Jamboree is going strong. The volunteers have an ambitious plan to be accomplished during the Jamboree, scheduled for March 29–April 2. This event will be followed by a Volunteer Party on April 3.

Oral Requests and Communication from the Audience

Bruce explained that the general public comment portion of the agenda is reserved for topics that have not had or are not scheduled for a public hearing. Testimony is limited to three minutes per speaker. One person signed up to testify.

Kelly O'Neill: Distributed a handout to the Board. She is a skater who supports keeping the current Ballard skateboard park at its current site and as part of the Ballard Civic Center project. She stated that the site is safe and controlled, serves a need, and is the only public skateboard site in the city. She understands that the community planners of the current site worked for years on the skateboard bowl. It was not originally intended to be permanent, but plans change. And as plans change, Ballard itself can change. She asked that the Park Board members consider the petitions of support for the skateboard park that have been signed.

After the testimony, Ken stated that a public hearing has been scheduled for the Ballard Civic Center project on April 8. Bruce reminded the audience that further oral testimony on this project and the related skateboard park will be heard during the public hearing.

Bobby Morris Playfield Discussion and Recommendation

At its February 12 meeting, the Board heard a briefing and held a public hearing on the Bobby Morris Playfield project. http://www.cityofseattle.net/parks/ParkBoard/minutes/2004/02-12-04_minutes.pdf The public testimony during the public hearing was positive. Eric Gold, project manager, came before the Board tonight to answer questions on the project.

After the February 12 meeting, Eric forwarded additional information on the cost estimate and budget to the Board, at its request.

The Board asked about the Capitol Hill Soccer Club's offer of financial assistance to assist with this project. Ken stated that a response was mailed to the Club today and a copy is being mailed to the Board. The Club had proposed a method of construction for this project that is not allowable under the Washington State design/build law. The Club had been working with a contractor and proposed that they (the Club) do the design/build. Under State law, public works projects under \$12 million are obligated to go out for bid. Parks staff will work with the Soccer Club to determine if there is another way the Club wants to approach this project. Gifts may be accepted for projects.

Terry said the issue of the \$12 million requirement came up in the most recent Pro Parks Oversight Committee meeting.

Terry commented that on Page 2 of the additional information that was forwarded to the Board, there is a request to "please do not distribute this material." He wanted to clarify whether information received by the Park Board is public information. Ken confirmed that the information is now public record.

Terry had several questions on the additional information mailed to the Board:

- How accurate is the estimated construction contract amount (CCA) of \$1,317,699? Eric answered that estimating costs at this level is purely schematic. This is a draft figure and could be updated during the design stage. He gave additional information on how the estimates are made during different stages of the project.
- Terry asked if the negotiation with the neighborhood near Bobby Morris and the City Council determines that the project timeline could be moved forward six months (and be completed in 2004 rather than 2005), can the Park Department still get it designed in a timely fashion? Eric answered that if the Superintendent gives this direction, staff would proceed with the project. However, time is a factor and it has already taken longer than anticipated to get this project to its current stage.
- Terry asked about the preference for keeping or replacing the candy cane backstops with a similar design. Eric stated that the priorities of this project include protecting the on-site historic elements. Part of the work on those backstops was citizen-initiated work that also will be taken into account.
- Terry suggested that, if possible, planners include conduit specs in the design that would benefit any future improvements to the lighting system. Eric stated that, based on the current condition and priority level, it is doubtful that the lighting system will be replaced before the next six-to-seven years. The work scheduled during this project is to adjust the existing control cabinet and adjust the depth of the existing conduit to accommodate the re-grading, if necessary.
- Terry asked if there is any urgent lighting deficiency at the park. His understanding is that the lighting is sufficient for soccer and nearly sufficient for baseball and softball. Eric doesn't believe, from the analysis and the Department's recently-revised ballfield lighting guideline, that there is any urgency to replace the lighting.

Terry moved, and Kate seconded, to accept the staff recommendation, and recommends that Parks construct this project in 2004 or keep it on the front burner for 2005." There was no further discussion. The vote was taken and the motion passed unanimously.

Ken complimented Eric for his work on this project and Eric acknowledged Kim Baldwin's contributions.

The Board requested that a letter from the Board to City Council members urging that the Bobby Morris Playfield project proceed as per the motion, be distributed prior to the March 1 meeting with Councilmember Della.

Golf Request for Proposals Briefing

Fritz Hedges, Parks Department Policy and Planning Director; Herbye White, Parks Department Director of Recreation; Andy Soden, Golf Course Manager; and John Gibson, economics consultant, gave a briefing on the Request for Proposals (RFP) process to determine management of the City's four municipal golf courses. The Board will discuss the process at its March 11 meeting and make a recommendation to the Superintendent. An additional briefing on pesticide usage and other environmental golf course issues will be presented at the Board's April 22 meeting.

Tonight, the Board received both a written and verbal briefing. Both are included in these minutes.

Written Briefing

Seattle's Golf Courses are currently being managed under an interim contract by Premier Golf Centers, Inc. This came about when Family Golf Centers Inc. (Interbay) declared bankruptcy in 2001 and Municipal Golf of Seattle (MGS aka Seattle Golf) reached a mutual contract termination agreement with the City in 2003 for operation of Jackson Park, Jefferson Park, and West Seattle Golf Courses.

The interim contracts with Premier Golf Centers expire at the end of this year. We are recommending that the Parks Department conduct a Request for Proposals (RFP) process to select a single firm to manage and operate the three regulation courses (Jackson, Jefferson, and West Seattle) and the same firm to manage, operate, and maintain Interbay. We are recommending that City employees continue to maintain the three regulation courses. Following selection, we would propose to negotiate a contract for the above services under a term of three-to-five years.

Following this written briefing is a report prepared by Parks Department staff titled "Background Information."

We have also contracted with John Gibson to conduct an analysis of our three primary management alternatives: (1) privatization-operations and maintenance by private concessionaire; (2) all City-operations and maintenance by City employees; and (3) combined-operations by private concessionaire and maintenance by City employees. The options that involve a private concessionaire would also include management services by the same firm. Mr. Gibson is working on a very tight time frame. His written report will be submitted with his presentation at the February 26 Park Board meeting.

As a Department, we are committed to responsible environmental stewardship of the golf courses. We are also committed to other City non-golf objectives related to race and social equity, working with surrounding neighborhoods, etc. Information available to us and our recent experience suggests that a long-term contract for management is neither very viable nor desirable in the existing challenging golf market. We believe the option recommended above offers the best customer service, the best maintenance, the best control of costs, the best chance to achieve the City's non-golf objectives, the least risk to the City, and the best prospects for keeping golf affordable, while at the same time generating sufficient revenues in excess of costs to further improve all four golf complexes.

We have presented our recommendation to the Emerald City Golf Oversight Committee, which includes representatives from the four complexes. The Committee supports our direction.

The Board will be verbally briefed on the following background report, John Gibson's' analysis, and the Department's recommendation at the February 26 Park Board meeting. We hope to learn your recommendations at the Board's March 11 meeting.

Background Information

INTRODUCTION

This information paper prepared by Department staff, along with a consultant report by John Gibson, is intended to provide the public, the Emerald City Golf Oversight Committee, the Golf Course Links Councils, Department employees, the Board of Park Commissioners, and our elected officials with the history, background, issues, alternatives, and findings associated with the future management of Seattle's four municipal golf courses.

Prompting this paper and the consultant's review of management alternatives is the upcoming expiration of Premier Golf Centers' golf management contracts. The first contract for operations and maintenance at Interbay Golf Center (formally Family Golf) started with Premier in March 2001 and the second contract started in July 2003 for operations at Jackson Park, Jefferson Park, and West Seattle Golf Courses. Both contracts will expire on December 31, 2004.

I. BACKGROUND INFORMATION (prepared by Department staff)

A. History of Golf Management in Seattle

Jefferson Park opened for public play in 1915, and was the first municipally-owned and -operated golf course in the Pacific Northwest. Jackson Park opened its doors in 1930, followed by West Seattle in 1940, and Interbay in 1997. These four golf complexes comprise the City's three regulation 18-hole courses, three nine-hole courses, and two driving ranges. Interbay has a larger driving range with 80 stalls; Jefferson Park has 23 stalls. Interbay also has a state-of-the-arts instructional program.

Seattle's regulation courses were built with the technology of their time, i.e., none of the superior agronomic practices in effect today were in practice then. However, the sport of golf is considerably more popular today than it was in the early and middle part of this century. In 1916, Jefferson Park hosted 49,000 players; in 2003, over 65,000. Jackson Park is one of the busiest courses in the Pacific Northwest, hosting as high as 85,000 rounds on its regulation course and 35,000 on its short nine-hole courses in 1992.

Seattle's public courses have evolved into multimillion dollar enterprises. In 1919, Jefferson Park's receipts totaled \$13,604. In 2003, all four facilities generated just under \$8 million in proceeds from rounds, driving ranges, reservations, pro-shop sales, tournaments, cart rentals, instruction, and food/beverage sales.

Prior to 1978, the Parks and Recreation Department operated its three municipal golf courses using City employees. City employees staffed the driving range, starter's office, and ranger positions. City employees maintained the golf courses. The Department contracted with food service concessionaires for the operation of the course restaurants and with golf pros for lessons and operation of pro shops. The fees at that time were below market rates for municipal courses and golf was heavily subsidized.

Beginning in 1978, the Department contracted with concessionaires for operation of the pro shops, driving ranges, starter's offices, ranger positions, and the restaurants. By the end of the 1980's, Seattle's golfers were very unhappy with the lack of capital investment in the courses. This led in 1989 to the establishment of a golf course sub-account to ensure that a specified amount of golf revenues was used to make improvements to the courses. Master plans for the City's golf facilities were completed in 1991.

Toward the end of the concession contracts, the Department initiated a public process to determine a new management approach. Working with a Municipal Golf Advisory Council (MGAC) and the Board of Parks Commissioners, the Department recommended a not-for-profit corporation model that a few years earlier had been

successfully implemented in Baltimore, Maryland. However, the Seattle proposal included continued maintenance by City employees, whereas the Baltimore model was total not-for-profit corporation.

The not-for-profit recommendation was approved by elected officials in 1994. With assistance by the MGAC and Parks Board, the not-for-profit Municipal Golf of Seattle (MGS), later Seattle Golf, was established and a 12-year contract beginning in July 1995 for operation of the three regulation courses was negotiated. In the meantime, the Department conducted a Request for Proposals (RFP) process to find a developer-operator of a nine-hole, executive course, and major driving range at Interbay. Family Golf Centers Inc. was selected, developed the Interbay site, and began operating and maintaining the facilities in 1997.

By the year 2000, the golf market was in decline, Family Golf was overextended, and MGS was suffering financial difficulties. Family Golf filed for bankruptcy and the City purchased their Interbay contract at a public auction of their assets. The Department contracted with Premier Golf Centers for interim management, operation, and maintenance of Interbay, basically retaining the same staff and positive approach to customer service. By 2003 MGS and the City decided to end their relationship, with the City taking over operations and assuming a debt of almost \$3 million. The Department contracted with Premier Golf Centers for interim management and operations. A number of cost reduction measures, staffing changes, and new marketing approaches have been part of the transition from MGS to Premier. Both Premier contracts expire at the end of this year.

B. Current Regional Golf Market

During the approximately seven years that MGS was operating Seattle's three regulation golf courses and Family Golf developed and opened Interbay, there have been some significant changes in the national and local golf picture. The country's recession and the events of 9-11 combined to have a major negative impact on several segments within the golf industry. That, plus a lack of much growth in total golf participation, created some real problems for many operators across the United States.

Here in Seattle, the same factors have come into play. In addition, many feel that the Seattle, or Puget Sound, area market has become overbuilt in terms of the number of courses serving the current population of golfers. This has led to very low pricing at some sites and several courses are believed to be in serious financial difficulty.

Nationwide, demand for a round of golf in 2003 dropped 5.59%, compared to demand in 2002. For King County, this drop was 6.19%. For our courses, Jackson dropped 12.51%, in part due to the large construction project, Jefferson dropped 4.04%, West Seattle actually gained 3.90%, and Interbay dropped 6.98%.

C. Golf Advisory Councils

Until the early 1990's, the Department relied on three local site golf advisory groups to provide advice and customer input. At that time, the Department established a citywide golf council, the Municipal Golf Advisory Council (MGAC). MGAC, with the assistance of individual Course Advisory Councils, was active in recommending golf fees, course improvements, and policies dealing with course rules and reservations. They also supported youth programs.

During the MGS era, the MGS Board served as a citywide voice for golf. Links Councils were established at each course except Interbay, which was not operated by MGS. Following the changeover, the Links Councils have been retained. A new Links Council is being established for Interbay. The Department has reestablished a citywide council under the name Emerald City Golf Oversight Committee (ECGOC). ECGOC has representatives from each of the four Links Councils. Together, these councils function in a very similar manner to the advisory structure which existed prior to MGS.

D. Current Golf Management Structure

Premier Golf Centers and the City entered into a management agreement in July 2003 to operate the pro shops, driving range, starter's office, ranger service, instruction, and restaurants at Jackson, Jefferson, and West Seattle as an interim measure following the departure of MGS as agreed by the City. Premier entered into a separate management agreement with the City to operate Interbay Golf Center (previously Family Golf), immediately following the auction sale of the course to the City in March 2001.

Since July 2003, Premier and the City have worked in collaboration to complete a plan that allowed the majority of MGS employees to become Premier employees in a seamless transition that has not adversely affected golfing services.

Premier is responsible for operating the four courses, pro shops, and all points of sales including food and beverage, day-to-day facility maintenance, and the driving ranges. In addition, they have presented proof of purchase for all the appropriate and required insurances and have continued to improve operations.

Golf is part of the Department's Recreation Support Division. A golf manager administers the contracts with Premier Golf and supervises the Department's golf maintenance employees. During the latter years of MGS and continuing to present time, the Department and Labor have pursued efficiency measures at the courses, which have included reducing the number of year-round full-time employees and establishing a new lower-level job classification for some of the seasonal work.

Unlike the previous concessionaire and MGS agreements with the City, this interim agreement does not require Premier Golf to perform major maintenance or a variety of capital improvements to the courses. The Department is directly managing the golf capital program.

E. Golfer Demographics

The Department does not have current reliable data on the demographics of golfers presently using City facilities, but is in the process of gathering such data. The following information on the United States comes from the National Golf Foundation and is based on numbers from 2002:

- *Total number of golf participants: 36.7 million (down from 37.1 million in 2002)*
- *Junior participation: 6.1 million, ages 5-17 (up from 4.4 million in 2001)*
- *Sizeable drop in driving range use*
- *Female golfers represent 22% of participants (down from 24% in 2001)*
- *Senior golfers 50 years and over were at 33% of all golfers (up from 28% in 2001)*
- *Spending on golf balls and soft goods (bags, gloves, shoes) was down significantly*
- *Golf travel numbers were down significantly*

F. Current Course Conditions

The 1991 Master Plans for Seattle's municipal golf courses makes the following statement: "While they have aged fairly well, the City's golf facilities, which were all built to less than contemporary standards, are becoming more difficult to maintain and operate at acceptable quality levels and are showing signs of deterioration. Yet, public use of these facilities continues high and is nearing maximum capacity."

MGS was never able to generate substantial revenues in excess of operating expenditures to fund capital improvements. Nevertheless, there were a number of significant capital improvements accomplished from 1995-2003, partially funded by City funds and/or through partnerships. All courses now have at least basic golf cart pathway systems. Automatic irrigation exists at Jefferson and West Seattle. Two major partnership projects with

Seattle Public utilities for drainage detention ponds have significantly enhanced Jackson Park. And yet, the overall condition of our courses is still less than desirable. With the possible exception of Jackson Park, all the clubhouses are old and need remodeling. Similar conditions exist for golf crew facilities, especially at Jefferson Park. There are also many golf holes which require modifications for either safety reasons or increased playability. The two short nines at the regulation courses are underdeveloped and underutilized. West Seattle's expansion area remains undeveloped. Many tees and greens on the regulation 18s could still be improved. And, finally, there is presently only one driving range at the regulation courses.

G. Current Financial Conditions

In July 2003 the City took over management of the three municipal courses, after MGS dissolved, and assumed a \$2.1 million loss in the Park and Recreation Fund related to MGS liabilities. During the fall of 2003, the City's Department of Finance and the Department developed a financial plan which projected that income from golf activities at the three courses would be able to repay the Park and Recreation fund by 2006. The forecast assumptions include an annual increase in greens fees conservatively set at 1.5% and an annual \$240,000 reserve from golf revenues for capital improvements at the courses. In 2006, and thereafter, additional net revenue will be available for capital improvements. Our preliminary assessment is that overall performance will be on target. Revenues are expected to be lower than projected, offset by expenses which are also lower.

H. Capital Improvement Planning

The Department is currently preparing a five-year capital plan for golf. The intent is to fund golf capital improvements from golf revenues. The strategy will be to focus on investments on projects that will increase demand or revenues, sustain or restore infrastructure, and/or improve environmental stewardship.

The first project likely to be implemented will be improvements to the existing driving range at Jefferson Park. Other needs to be addressed include new driving ranges at Jackson Park and West Seattle, completing automatic irrigation at Jackson Park, upgrading to concrete golf cart paths at Jackson Park and Jefferson Park, replacing or remodeling golf maintenance facilities at the three regulation courses, and various repairs and improvements at Interbay.

II. EXPERIENCE WITH THE NOT-FOR-PROFIT MANGEMENT STRUCTURE

In considering what type of management structure is optimal for municipal golf in Seattle, the following issues encountered by MGS need to be considered:

A. Management

Golf is a very competitive business, especially in this region that some regard as overbuilt with golf courses. It is very important to have management that is knowledgeable, experienced, creative, and aggressive to deal with the changing regional market. At the same time, the golf courses are major neighbors to a large number of Seattle residents, so community relations are an important consideration. MGS suffered quite a bit of turnover in management, so stability is also a consideration.

B. Customer Service

Along with location, quality of facilities, and pricing, customer service is one of the most important factors in attracting and retaining golf patrons. Customer service was a priority for MGS and their golfer surveys reflected general satisfaction. Whatever form of management is selected for the future needs to make customer service a very high priority.

C. Capital Investment

Golfers like to see periodic course improvements and like to think their fees are contributing to such improvements. If golf revenues are to pay for significant golf improvements, then the fee structure including a capital surcharge, marketing, maintaining/increasing demand, and controlling costs must all be key elements of a strategy that produces sufficient funds for capital improvements. MGS experienced considerable difficulty generating funds for capital improvements. The next management structure will need to improve performance in this area.

D. Fees

As noted, the fee structure is an important factor in demand and revenues. The Department's goal for municipal golf is affordable fees. When MGS began operations, Seattle fees were below or at the low end of other municipal courses in this area. Fees are now more toward the upper range of municipal fees. However, within the overall menu of fees, there is still the opportunity for fine tuning some fees more in line with management objectives.

E. Efficiencies

MGS certainly had efficiency as one of their goals and rating efficiency is sometimes difficult to measure in absolute terms. Additional efficiencies have been implemented as part of the interim contracts. The next management structure will need to explore even more efficiencies. Management knowledge and experience come into play in terms of negotiating the most favorable materials and equipment contracts, determining optimal staffing levels, etc.

F. Environment

The City and the Department have a number of environmental goals which need to be priorities for golf management. Protecting the two creeks that run through the golf courses — Longfellow Creek at West Seattle and Thornton Creek at Jackson Park — are primary goals. Reducing the use of pesticides, increasing recycling, conserving energy and water, etc., are all environmental goals that need to be part of management considerations.

G. Other City Goals

There are other City goals which will affect management decisions on the golf courses. The following is not all inclusive. Certainly reducing or eliminating any safety liabilities is in everyone's best interest. Working with the surrounding neighborhoods on neighborhood planning and mitigating any significant negative golf-related impacts is a priority. Finally, race and social equity in terms of employment and ensuring equitable access to use of the golf facilities will be important considerations for the future.

III. LONG TERM LEASE OR CONTRACT OPTION

On February 10, 2004, Department staff spoke with Gene Krekorian of Economics Research Associates (ERA) in Los Angeles. Mr. Krekorian is the primary author of two earlier consultant reviews related to Municipal Golf of Seattle. Given Mr. Krekorian's knowledge of the national golf situation and his knowledge of the market in this area, staff asked Mr. Krekorian to share his thought on the viability of a long term lease or contract option. Under this option, the contractor would be expected to invest some private funds in course improvements in return for a 15-30 year term of contract.

- *Mr. Krekorian has not seen any recent survey or report on current golf contracting.*
- *He has observed that the trend for municipalities is fixed-fee management contracts in the range of three-to-five years.*
- *He believes that municipalities favor the control possible with the shorter-term management contracts.*
- *He is not aware of many recent long-term leases.*
- *Long-term lease is still an option, but private investment will cost more than in years past either in the terms of length of contract or other considerations.*
- *Many cities with existing long-term contracts are now running into difficulties with their contractor (contract issues) during the latter years of the contract.*
- *Public financing is so much cheaper than private financing that pursuing private financing does not make much economic sense.*

Fritz gave a brief verbal review of the information in the written briefing papers.

He then introduced John Gibson, of Gibson Economics. John distributed and reviewed a 28-page study “Seattle Department of Parks and Recreation Golf Management Options Evaluation: Impact Comparison.” John stated that any of these management policies has the possibility of working out well or badly. He discussed the study’s financial philosophy and stated that he is not recommending one option over another — the recommendation comes from City staff. Pages 1 and 2 of the study contain a summary, which follows:

Introduction

Background. *With its golf management contracts due to expire at the end of 2004, the Seattle Department of Parks and Recreation (the Department) is at a decision juncture where it can choose among alternative management models for the next several years of service, to become effective in January 2005. Management approaches will be selected for three Department 18-hole golf courses (Jackson Park, Jefferson, and West Seattle), as well as its Interbay golf facility. Presently, the three 18-hole courses all feature a combination of City management of course maintenance and private concessionaire management of golf operations. Interbay’s golf operations and maintenance are both managed under a concessionaire agreement.*

The Department has had experience with various management models over the past few decades, and recognizes that there may be different costs, benefits, opportunities, and risks associated with each. To help inform its management choice decision, the Department intends to review the pros and cons of each major management model alternative. This evaluation constitutes part of that overall effort. It focuses on three management models:

- *Private contract operation and maintenance*
- *Private contract operation and City maintenance, and*
- *City operation and maintenance*

The range of these options facing the Department is actually even broader. The private contract management arrangements could include contract of varying terms, which is an important consideration for either of the first two alternatives. In addition, the Department could select a “hybrid strategy,” and choose different management models at different golf facilities.

The evaluation below includes three perspectives on the golf management models under consideration. These are:

1. *A comparative cost evaluation of golf course maintenance and operation under alternative management models*

2. *An issues and impacts comparison and evaluation covering other social, environmental, and policy impacts of alternative management models, and*
3. *A description of important implementation issues that will influence the relative success of whichever management model is selected*

Comparative Cost Evaluation. *Despite the many variables affecting golf course maintenance and operations costs, it is possible to identify some clear distinctions between certain categories of costs under one management model as opposed to another. A composite evaluation of these cost distinctions helps to illustrate the financial pros and cons of City and private management options.*

It is difficult to predict and quantify with confidence the level of service differences that might accompany one management model versus the other. Establishing and valuing such differences would be necessary to present “benefit:cost” analysis results. Instead, the cost evaluation below assumes comparable levels of service. This converts the quantified portion of the overall analysis to a “comparative cost evaluation.” The evaluation addresses golf maintenance costs in more detail, and golf operations costs on the City courses with more qualifications, primarily because of the greater feasibility of assuming an “apples-to-apples” quality of service basis for maintenance activities.

Possible level of service differences and impacts of switching from one management model to another, among other issues, are addressed separately in the Issues and Impacts Comparison section.

Issues and Impacts Comparison for Alternative Golf Management Models. *Many issues are involved in the provision of golf services through the four City golf course facilities. Pros and cons of each alternative management model can be described for each of these issues. While some of the issues are addressed in the comparative cost evaluation, others — while important — are not.*

The aim of this review section is to assemble information on major management impact issues in a comprehensive fashion, describing non-quantified distinctions and impact differences among management alternatives.

In that way, it will be possible for City decision makers to consider the order of magnitude of potential cost differences, and to compare those to the remaining policy or other non-quantified differences, to better inform a decision on the preferable overall management structure for the golf facilities.

Implementation Issues and Strategies for Golf Management Alternatives. *Each management model has strengths and weaknesses. In addition, each can be adopted with varying degrees of success, depending on the approach employed by the municipality at the implementation stage.*

This third portion of the Golf Course Management Options Evaluation considers implementation issues that may allow the City to perform at the upper end of the “performance variability scale” for whichever management model or models it selects. Generally, the issues involve either protections and performance enhancement through well-crafted contract term, or establishment of appropriate staffing and supervisory procedures for City-managed functions.

John reviewed pages 4-15, “Comparative Cost Evaluation of Alternative Golf Management Models” which discusses and to some degree, estimates cost differences that may accompany a choice to manage golf course maintenance or operations with City staff, or alternatively with a contract concessionaire.

Pages 18-28 compare the three options in 12 different areas: City Work Force Issues; Labor Management Practices; Customer Service, Golf; Customer Service, Citizen Relations; Implementation of CIP; Coordination of Activities; Economic Efficiency; environmental Stewardship; Balance of Profit Maximization and Service Maximization; Performance Risk; East of Transition; and Service Model Flexibility.

Fritz next introduced Andy Soden, Golf Manager for the Parks Department. Andy previously managed the golf courses for Pierce County. He reviewed the history of golf courses in both the Northwest area and the Parks Department. Andy stated that at his former management position with Pierce County the management consisted of the County staff managing the maintenance of the golf courses and concessionaires managing the money, food, beverages, and other sales. Many municipalities are now returning to this style of management. Municipal courses that have been completely privatized have had a difficult time succeeding.

Review of Recommendation and Process

Fritz again reviewed the Department's recommendation: "the Department will conduct a Request for Proposals (RFP) process to select a single firm to manage and operate the three regulation courses (Jackson, Jefferson, and West Seattle), with City employees continuing to maintain these three regulation courses. The same firm would manage, operate, and maintain Interbay. Following the selection of a management firm, a contract for these services would be negotiated for a three-to-five year term."

He also reviewed the steps to be followed in this selection process. The Board is asked to discuss and make a recommendation to the Superintendent at its March 12 meeting. The Superintendent will then make a recommendation to the Mayor. The City Council will also review and approve the process.

The Request for Proposals will be advertised in the next one-to-two months. The Board asked how many responses the Department expects from the RFP. Staff answered that there may be as many as 50 initial responses. Parks Department staff will come back before the Park Board in late summer/early fall for a recommendation on the contract.

Questions and Answers

Kate asked staff to explain the reasons for the decline in golf rounds. Fritz answered that when the economy was doing well many investors were confident and invested a great deal of money towards developing new golf courses. With the decline of the economy, there are fewer golfers and investors are not now as willing to fund the courses.

Joanna asked if all four City golf courses are now making a profit. Ken answered that currently the courses are not making a profit, because when MGA managed the courses, it had a \$2.1 million loss on the three courses at Jackson Park, Jefferson, and West Seattle. The City assumed this debt when it regained control of the courses and is now repaying that debt, which will be paid off in three years.

Joanna asked after the debt is re-paid, will the proceeds (now being used to repay the debt) be used for long-term capital costs. Andy answered that a small surcharge is now being charged to fund long-term improvements. He went on to state that the green fees on weekends are \$31 and listed the other rates. This reflects a doubling of fees since 1995. Kate asked why Department staff now believe that demand will increase. Andy stated that, with population increasing in the area, golf demand will catch up with supply and swing the other way.

Kate stated that one could argue and say that one of these four golf courses should be closed and converted to something else. Terry stated that the projected population growth of the Puget Sound area is that it will increase. Fritz stated that possibly the loss of demand has been overstated and that demand is still very good at the courses. Joanna asked what is the demand. Andy answered that 200,000 rounds of golf were played in 2003, which is low, historically. Ken stated that when 290,000 rounds yearly were played the demand was hard on the courses (mats were placed on tee greens due to damage, etc.)

Kate discussed the history of the management of the golf courses and what has been presented to the Board over the past several years. Several years ago, the Board was told that contracting the management out was a good thing, and

then the Department had to pick up the debt and mess that was left behind. Andy stated that once construction at Jackson Park is completed, revenues should increase. The economic forecast for golf for the next five years is good. The Board made several comments that the economic downturn had a negative impact on golf and not as many golfers could afford to play. Andy commented that Kate is asking good questions. It is unknown whether the bottom of the economic downturn has been reached. The City has to watch carefully and be responsive to the income from golf. Kate asked whether the City might not be a better manager of the various aspects of the contract (being a responsive neighbor, environmental concerns, etc.) and whether the City could respond more efficiently to changes in economics. Ken stated that the Department doesn't want to again be locked into a long-term contract; it wants a short contract that is flexible. There may be some point in the future that four golf courses cannot be sustained. That point is not at this time, though. Joanna asked if one course was converted to another use, would the demand cause overuse of the other three. Ken stated that the idea of closing the courses is not being considered at this time.

Joanna stated that she feels comfortable with the recommendation that Fritz described. The other issues that the Board is interested in (pesticides, environmental, etc.) will be discussed at the April 22 briefing and she is not as concerned with the management. Kate stated that these other issues (water usage, pesticide, etc.) should become part of the contract. Fritz stated that the Department will have more control over the maintenance under the new contract.

Kate asked if the new manager goes bankrupt, would Parks once again absorb any debt. Ken stated no, the next time Parks will collect the money. In the previous contract, the manager collected the money and did not pay Parks — that is how the debt came about.

Kate asked if the new management company will be at risk for lawsuits. Ken answered yes, and that the management company must be fully insured. Kate asked if the City would have immunity. Ken stated that the City has no immunity from lawsuits.

Terry asked if any of the private golf courses hire separate management companies. The representative from Premier Golf answered that there are many golf courses that are self-owned and self-managed. Two nearby courses that aren't are Snoqualmie Ridge and Harbor Point, both of which are privately owned and managed by golf management companies.

Terry referred to John's report on prevailing wages and asked who makes the recommendation that the prevailing wage is paid. Ken answered that City Council makes this recommendation. Kate stated that the Board could also make a recommendation on this. Terry asked if Parks staff recommend prevailing wage. Ken answered that it has been found that a full time, well paid staff gives better results. City staff who work at the golf courses are paid the prevailing wage; contractors are not under the same obligation and may pay what they decide to pay.

Terry asked who is responsible for marketing the golf courses and suggested that the concessionaire be obligated to do a portion of the marketing. Ken answered that the concessionaires have a vested interest in marketing, as the more people play, the more profits they make.

Joanna asked about the current marketing plan. The representative from Premier Golf described several of the current components: an internet site, internet marketing, electronic tee sheets, three campaigns on KJR, and advertising in various publications. Marketing efforts will increase as the golf season gets into full swing.

Joanna asked if there are opportunities to address water and pesticide use issues with the management firm. Ken stated that, under the City's recommended plan, the City will maintain the three largest courses. Interbay will be the only one where contractors are responsible for the maintenance. Fritz stated that City staff will stress the City's environmental goals and policies in the bid process.

The Board will hold a discussion at its March 12 meeting, followed by a recommendation to the Superintendent.

Park Board Business – Items of Interest to the Board

None

Old/New Business

All Board members and the Superintendent will meet with Councilmember David Della on March 1. Councilmember Della is the Chair of City Council’s Parks, Neighborhoods, and Education Committee. Suggestions were made for the format of this meeting, which will be an opportunity for the Board members to introduce themselves and discuss the Park Board’s role.

There being no further business, the meeting adjourned at 8:00 p.m.

APPROVED: _____ DATE _____

Bruce Bentley, Chair