

RESOLUTION No. 30926

A RESOLUTION adopting financial policies for the operation of the City's Golf Program operated by the Department of Parks and Recreation.

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RESOLUTION 30926

A RESOLUTION adopting financial policies for the operation of the City's Golf Program operated by the Department of Parks and Recreation.

WHEREAS, the City Council and the Mayor are committed to high standards of financial management; and

WHEREAS, adopting financial policies is an important action that helps to assure consistent and rational financial management of City programs; and

WHEREAS, the City has worked intensively over the last several years to develop a Golf Program that is financially self-sustaining; and

WHEREAS, the City Council and Mayor desire to adopt proposed financial policies to assure that the Golf Program is operated in an efficient and effective manner and provides the resources needed to maintain its self-sufficiency; and

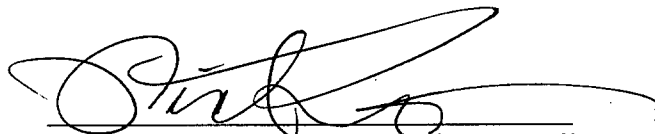
WHEREAS, the financial policies when implemented will allow the Golf Program to use net revenues to make much needed investments in its capital facilities which will help it achieve greater self-sufficiency over time; and

WHEREAS, the City Council and Mayor have reviewed the financial policies for the Golf Program and wish to adopt such policies; NOW, THEREFORE,

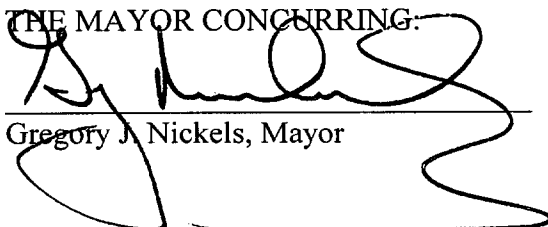
BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. The Council adopts the attached financial policies (Exhibit A) for the Golf Program operated by the Department of Parks and Recreation.

Adopted by the City Council the 20th day of November, 2006, and signed by me in open session in authentication of its adoption this 20th day of November, 2006.

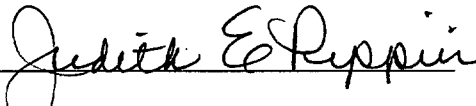

President _____ of the City Council

THE MAYOR CONCURRING:


Gregory J. Nickels, Mayor



Filed by me this 22nd day of November, 2006.



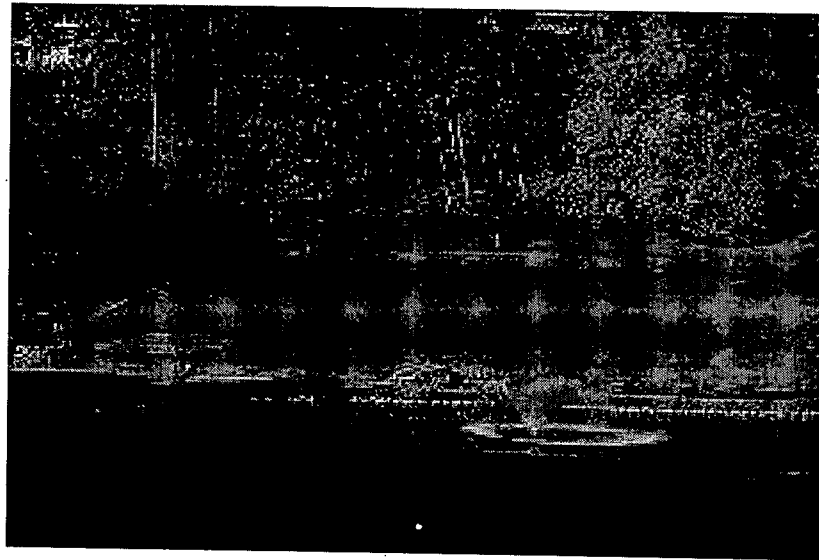
City Clerk

(Seal)

Exhibit A: Golf Financial Policies

Exhibit A

**Golf Program
Six-Year Development Plan & Financial Policies**



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Golf Program Six-Year Development Plan 2006-2012

INTRODUCTION

Over the past decade Seattle's municipal golf courses have undergone a series of performance reviews, transitions in management, and changes in staffing at all levels. Recent actions by Seattle Parks and Recreation, the Mayor and the City Council have stabilized the management of the golf courses and set the stage for addressing the long-term maintenance and improvement needs at the courses. In 2005, the City Council approved two statements of legislative intent (SLI) that provide an outline for this 6-year development plan for golf. After outlining basic principles and values for the golf courses and providing background information, this development plan provides a prioritization of golf capital needs and presents golf financial policies.

SLI 75-2-A-3 PRIORITIZE GOLF CAPITAL NEEDS

- The Department of Parks and Recreation is requested to conduct an assessment of the capital facilities at the City's golf courses (Jefferson, West Seattle, and Jackson Park) and the Interbay golf facility. This assessment will: 1) determine the current physical condition of these facilities; 2) prioritize the need for repairing, replacing or renovating such facilities; 3) include updated cost estimates with identified resources available for completing such work; and 4) include a timeline for completing such work based on availability of likely resources used to conduct such work.

SLI 75-2-B-3 GOLF FINANCIAL POLICIES

- The Council requests the Executive to develop and provide for review and adoption proposed financial policies related to the operation and maintenance of the City's Golf Facilities. These financial policies are to include, but are not limited to, the following: how much of net golf revenues are to be used to fund ongoing capital improvements at City's golf facilities; how much of net golf revenues is the Department of Parks and Recreation allowed to use for "general DPR overhead" and "general parks programs"; how much the City might consider investing other City funds such as REET I & II in capital improvements at the City's golf facilities.

GOLF COURSE PURPOSE

Seattle's golf courses are an important part of Seattle Parks and Recreation programs and facilities. They provide recreational opportunities, a unique circumstance to enhance Parks environmental stewardship ethic, and the prospect of providing revenues to support itself and other parks programs.

PROVIDE RECREATION OPPORTUNITY

Seattle's municipal golf courses provide a unique recreational opportunity for Seattle's residents and visitors. One of Parks' primary objectives is to provide affordable facilities that ensure a variety of safe and enjoyable outdoor recreational opportunities for community residents, patrons and employees. The golf courses provided over 256,000 recreation experiences, as measured by rounds of golf played, in 2005.

ENVIRONMENTAL STEWARDSHIP

The four golf courses encompass 420-acres of green space in Seattle's neighborhoods. The courses are recognized as distinct open space assets providing much needed green space in a dense urban environment. The courses are part of the Audubon Sanctuary Program and are managed with environmental stewardship as a key part of the mission. Recent reductions in use of pesticides, fertilizers, and water are examples of attention to environmental stewardship.

FINANCIALLY SELF-SUSTAINING

The golf courses are recognized as one of the few opportunities to balance the mandate to provide recreational opportunities and to generate revenue to support it and other recreation services. People who play golf accept the notion that there are fees associated with the privilege to play and there is a willingness to pay market rate fees in exchange for a quality golf experience. It is necessary, however, to maintain and improve the courses in such a way that the users are content paying the fees or they will exercise their option of golfing elsewhere in the Puget Sound region.

BACKGROUND

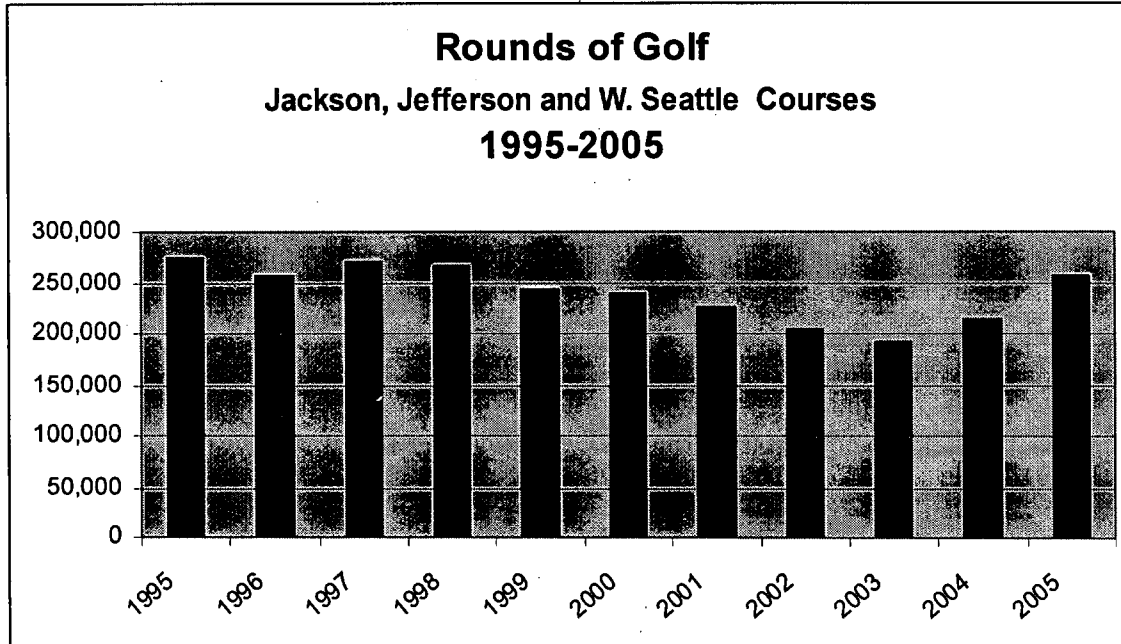
The City of Seattle owns three standard 18-hole golf courses (Jefferson, Jackson Park, and West Seattle), and one nine-hole course with a double-decker driving range (Interbay Golf Center). As the result of a competitive process, in 2005 the City hired Premier Golf Centers LLC to provide professional golf management for all the courses. Premier Golf provides management of the courses including operation of the clubhouses. Seattle Parks and Recreation is responsible for the maintenance of the golf course grounds.

Over the past decade Seattle golf course management has evolved and has struggled through several financial challenges. From 1995 to 2003, the three standard golf courses were operated by Municipal Golf of Seattle (MGS). MGS was a non-profit organization that was not able to effectively manage the courses and their contract was terminated. Family Golf Centers, a national golf development and management firm, developed Interbay Golf Center in 1996 on Seattle Parks property. By 2001, Family Golf operations nationwide declared bankruptcy and Seattle Parks took over the facility, contracting with Premier Golf to manage its operations.

The underlying cause of the recent financial challenges of Seattle golf courses can be seen in Figure 1, showing the total number of rounds of golf played at the City's three 18-hole golf courses. This shows rounds dropping from 275,000 in 1995 to a low of 193,000

in 2003, a decrease of 30% over an 8-year period. While this trend reversed in 2004, recovery is not coming as quickly as hoped due in part to the seven new public golf courses that have opened in the region since 1998.

FIGURE 1



RECENT REVENUES AND EXPENSES

In 2004, as part of the 2005/06 Budget Process, DPR submitted a Golf Financial Plan that included a rapid recovery of golf revenues from \$7.8 million in 2003 to \$9.4 million in 2004. DPR soon recognized that it would likely not reach this level of revenues for 2004 and revised its forecast to \$8.8 million for 2004. DPR projected revenues would rise to \$9.1 million in 2005 and increase at 2% per year thereafter. Unfortunately, the actual 2004 revenues didn't meet the revised forecast of \$8.8 million; in 2005 golf revenues were \$8.3 million and are currently projected to be 8.5 million in 2006 (Table 1). This compares with 2006 budgeted revenues of \$9.1 million.

By closely managing the maintenance and operations of the courses Parks and Premier Golf were able to trim expenditures to offset the lower than expected revenues. This has allowed golf to maintain its net revenues at or above a sustainable level (Table 1).

TABLE 1: Revenues and Expenses**GROSS REVENUE**

	2003	2004	2005	2006*
Actual	7.8	8.4	8.3	
Forecast				8.5

EXPENDITURES

Actual	6.8	8.0	7.5	
Forecast				7.6

NET REVENUE

Actual	1.0	0.4	0.8	-
Forecast				0.9

*2006 forecasted revenues and expenditures differ from the budgeted revenues (\$9.1M) and expenditures (\$7.7M). The forecasted amounts used in this table are based on recent trends in revenues and expenses.

2006 FEES

In 2006 a \$2 increase in the fee for an 18-hole round of golf was implemented. Not all customers pay the full fee, as there are special discounts for seniors, youth, and frequent customers. As shown in Table 2, the fee increase brings Seattle courses up to a bit below the average fee for municipal courses in the region. It is only with this fee increase that Parks can realize the forecast revenues (Table 1).

TABLE 2**Fees per 18-Hole Round (listed by "weekend" rate)**

<u>Course</u>	<u>Weekday</u>	<u>Weekend</u>
Lynnwood Golf Course	\$25.00	\$27.00
Everett - Walter Hall	\$27.00	\$30.00
Renton - Maplewood	\$24.00	\$30.00
Seattle - Previous	\$26.00	\$31.00
Bellevue Municipal	\$27.00	\$32.00
Kent - Riverbend	\$30.00	\$32.00
Snohomish Golf Course	\$25.00	\$32.00
Tacoma -Lake Spanaway	\$27.00	\$32.00
Seattle - 2006	\$28.00	\$33.00
Auburn Golf Course	\$28.00	\$34.00
Sumner Meadows	\$26.00	\$34.00
Avg Non-Seattle (non-weighted)	\$29.43	\$35.07
Everett - Legion Memorial	\$37.00	\$38.00
Snoqualmie - Mount Si	\$29.00	\$39.00
Tacoma - North Shore	\$32.00	\$40.00
Bremerton Gold Mountain	\$40.00	\$42.00
Redmond - Willows Run	\$35.00	\$49.00

ECONOMIC RESEARCH ASSOCIATES 2005 ASSESSMENT

In 2005, Economics Research Associates (ERA) was contracted to help Parks develop a business and strategic plan for golf. The firm was also engaged by the City and Municipal Golf Seattle in 1999 and 2001 to review the performance of the golf operations managed by the non-profit MGS. Given this history, ERA was a logical choice to assist Parks in reviewing the current operating models performance, outline a business and strategic plan for the future, and recommend a capital improvement strategy to enhance operating performance. This plan uses recommendations from the ERA report as its guide.

ERA wrote in its executive summary that the City's golf programs, now managed under the new operating model with Premier Golf, are turning the corner toward profitability. After suffering losses of approximately \$250,000 annually at Jackson, Jefferson and West Seattle courses in 2002 and 2003, net operating income totaled \$340,000 in 2004, an improvement of nearly \$600,000. Interbay's net operating income for 2004 was \$720,000 before debt service and offset to the Department. Total net operating income (gross income minus operating expenses, and not including capital investments or other costs) for all facilities was \$1,067,000, which was almost 13% of total gross revenues. ERA recommended that the golf program's net operating income be between 15-20% of gross revenues (ERA, section II).

In the current management model the Department maintains the courses and Premier Golf provides golf services in the clubhouses. ERA concluded that each entity is performing at or above expectations, and the associated expenses for course maintenance and golf services are well within their understanding of industry norms. The Department reduced maintenance expenses in 2004 by almost \$250,000, attributable to the reorganization of course maintenance staff. Premier Golf has reduced golf services expenses approximately \$350,000, resulting in reduced payroll and other efficiencies (ERA, section II-4).

In the golf services arena, notable performance enhancements increased rounds of golf in 2004, albeit not to the level of the City's high expectations. The golfer loyalty program has over 6,000 enrolled members, who receive rewards and discounts for repeat play at the city courses. Our customer surveys indicate high levels of satisfaction with course maintenance and golfer services, despite the reduction in expenses (ERA, section II-5).

ECONOMIC RESEARCH ASSOCIATES 2005 RECOMMENDATIONS

After reviewing and endorsing the current operating model, ERA recommended an extensive Action Plan that contains a series of recommendations for moving Parks' golf program forward. Highlights of the Action Plan are as follows:

1. Continue current efforts to recapture market share, improve facility presentation and expand grow-golf programming.

- *Implementation: Parks and Premier Golf are working closely together to implement action steps. This Plan is designed to describe how this will be accomplished.*
- 2. Implement recommended fee increases in 2006, and earmark increased net operating income for capital improvements. Establish a fee review process.
 - *Implementation: A \$2.00 per round increase was implemented in 2006. The fee increase was not earmarked for any special purpose pending development of financial policies. A fee review process will be established.*
- 3. Update, review and modify the course master plans and priorities for capital improvement. Evaluate and identify options for funding.
 - *Implementation: The following sections of this plan provide detailed updates and present the priorities for capital improvements needed at each course.*
- 4. Finalize estimates and design to accelerate the completion of identified capital and facility improvements for completion by 2007.
 - *Implementation: This plan outlines the capital improvement priorities. Due to budget realities it is not feasible to accelerate capital improvements as recommended by ERA. The prioritized approach presented in this plan balances the needs with the funds available and establishes a timeline for implementation.*
- 5. Maintain the biannual golfer survey to measure and ensure continued improvement in golfer satisfaction.
 - *Implementation: Parks and Premier Golf intend to continue the customer satisfaction survey.*
- 6. Continue to foster and promote the joint efforts of the Department and Premier Golf, which will continue to create efficiencies and coordinate efforts benefiting customer services, accounting, reporting and management systems currently in development (ERA, section II).
 - *Implementation: Parks and Premier Golf have refined our reporting and tracking systems and will continue to do so to increase management efficiency.*

Following a review of existing facilities, historical performance and a market overview, ERA recommended an aggressive capital improvement plan to act as the cornerstone of the strategic plan. In ERA's opinion, prioritized capital improvements at this time would bolster revenues, develop new profit centers, and ensure the golf system's economic viability. Without these improvements, ERA believed that the courses would continue to generate an average return for the Department, but jeopardize its long-term competitiveness in the regional golf marketplace. ERA identified MGS's inability to complete capital improvements on the City courses in an orderly and effective manner as its single most important failing during its tenure as the operator of the City's three 18 hole golf courses (ERA, section V).

The final pages of ERA's draft plan are devoted to the financial performance projections of the golf facilities, under the assumption that the capital improvement recommendations

detailed in their document are completed by 2007 (ERA, section VI). The final section of this Plan builds on the capital improvement recommendations of ERA, establishes a prioritization based on set criteria and the anticipated funding level.

GOLF FINANCIAL POLICIES

The City Council requested that the Golf financial policies include, but not be limited to, the following: how much of net golf revenues is to be used to fund ongoing capital improvements at the City's golf facilities; how much of net golf revenues is the Department of Parks and Recreation allowed to use for "general DPR overhead" and "general parks programs"; how much the City might consider investing other City funds such as REET I & II in capital improvements at the City's golf facilities.

Golf net revenues have averaged \$0.7 million per year since 2002. They are projected to be \$0.9 million in 2006. One of the recent challenges has been developing reliable projections of net golf revenues. Overly optimistic projections in past years have resulted in recent skepticism. The reliability of revenue projections is important to understanding and developing financial policies that will withstand changing priorities and golf revenue realities.

An important consideration in outlining financial policies for the golf program is determining the appropriate financial return to the Parks fund and the appropriate level of reinvestment in the courses. Parks incurs costs associated with its ownership and oversight of the golf program beyond the direct costs of the maintenance staff and the dedicated Golf Director. The Finance Director, Enterprise Division Director, Superintendent, accounting staff, public information staff, web master, and administrative support staff each provide a portion of their time supporting golf programs.

A survey of municipal courses in the Puget Sound area reveals that other jurisdictions collect a portion of golf course revenues to support general administrative functions and programs (Table 3).

Table 3: Comparison of Other Municipal Courses

Jurisdiction	# of holes	Gross Revenue	Interfund fees, Overhead services and rent	% of Gross revenues *
Auburn Municipal (Enterprise Fund)	18-hole	\$1,475,000	None	0%
City of Everett (Enterprise Fund)	2 – 18 hole courses	\$3,115,000	\$207,183	6.7%
City of Tacoma Meadow Park (Enterprise Fund)	18 hole course, + short 9	1,505,000	None	0%
Lynnwood Municipal (Enterprise Fund)	18 hole executive	\$1,677,000	\$93,000	5.5%
Pierce County (Enterprise Fund)	18 hole course, + short 9 executive	\$1,900,000	\$105,680	5.6%
TOTAL	127 Holes	\$9,672,000	\$405,863	4.2%

** Interfund fees, overhead charges and rent may not be determined using a percentage of gross revenues as a financial policy.*

In 2005, \$0.5 million of net revenues was allocated for capital reinvestment and \$0.3 million was retained for Parks administrative costs. The retained amount was 3.5% of gross revenues. This amount is slightly less than the average for other municipal courses in the region. Policy 4 proposes maintaining 3.5% for Parks administrative support consistent with 2005 levels.

POLICIES

GOLF PRICES

- **POLICY 1 – BASIS FOR GOLF PRICES:** Golf will use a market-based approach to establish fees for the golf courses. These will be maintained at a level that is competitive with other public courses and maximizes course use and revenue over time. Reduced fees for youth and seniors and incentives for frequent play may be charged. Differential fees and charges for non-Seattle residents may also be charged.
- **POLICY 2 – RESPONSIBILITY FOR SETTING FEES:** Within ranges approved by the City Council, the golf operator, with the approval of the Superintendent, will set fees and charges

USE OF GOLF REVENUES

- POLICY 3 -- GOLF DIRECT OPERATING EXPENSES: In general, the City shall operate the Golf program on a current-funding basis, with current revenues paying for current expenditures. Budgets will be set with this principle in mind. Revenues and expenditures shall be monitored throughout the year. If at any time during the fiscal year, golf revenue and expenditure forecasts are such that an operating deficit is projected at year-end, the Department and its golf operator will take actions to reduce operating expenditures or increase revenues as necessary. If adjustments to operating expenditures and revenues are not sufficient to alleviate the deficit then contributions to the golf capital reserve will be reduced accordingly.
- POLICY 4 – GOLF INDIRECT EXPENSES AND RETURN ON OWNERSHIP: Parks provides management coordination, financial oversight, accounting, general management support, community outreach, policy analysis, and other services for the Golf program, and it accepts the financial risk and liability as the owner of the courses. In order to acknowledge and pay for these activities, a percentage of gross golf revenues will be retained by Parks. That percentage will be 3.5% for 2006 through 2008 and will be reviewed biennially thereafter as part of the City's budget process.
- POLICY 5 – CAPITAL INVESTMENT: After all expenses for operations, management, maintenance, and debt service have been paid, any remaining golf revenues will be deposited into a capital reserve account dedicated to capital improvements at the golf courses. Funds projected to be earned in the current year will be appropriated in the following year's budget.

ADDITIONAL CAPITAL INVESTMENT INTO GOLF FACILITIES

- POLICY 6 -- PRIORITY OF CAPITAL INVESTMENTS: Golf capital improvements will be prioritized based on life/safety needs, facility integrity, customer service and potential revenue-generating enhancements. Projects will be identified for funding through the biennial budget process.
- POLICY 7 – CRF FUNDING: Parks will allocate funds from its CRF major maintenance allocation for maintenance crew quarters for the golf courses. No other CRF major maintenance funds will be targeted for golf courses unless an emergency exists.
- POLICY 8 – USE OF DEBT: In general, the City will use a pay-as-you-go method for funding golf capital improvements. The City will consider using debt for capital improvements at golf courses if it can reliably demonstrate that revenues from the improvement will cover the debt service of the investment. Consistent with City-wide debt management policies found in Resolution 30345, and as modified by Resolution 30630, DPR will consider debt financing golf improvement projects on a case-by-case basis. Additionally, the City's Debt Management Policy Advisory Committee would have to approve any debt-financed projects above \$50,000.

PRIORITIZE GOLF CAPITAL NEEDS

Parks golf management and maintenance staff and Premier Golf staff reviewed past assessments of the capital facilities at the City's golf courses and facilities (Jefferson, West Seattle, and Jackson Park and Interbay). This assessment: 1) reviewed the current physical condition of these facilities; 2) prioritized the need for repairing, replacing or renovating such facilities; 3) updated cost estimates; and 4) outlined a timeline for completing the work. The itemized list in table 4 presents the capital improvements in priority order and based on the criteria in policy 6: life/safety needs, facility integrity, customer service and potential revenue-generating enhancements.

The prioritization and phasing of the capital projects is tied to funding available each year. The funding projections allow for \$5,584,000 (in 2006 dollars) of capital improvements through 2012. An additional \$3,374,000 (in 2006 dollars) in capital improvements are delayed beyond 2012. Cost estimates for each project were developed based on preliminary bids from suppliers and cost comparisons of recent comparable projects. Some project costs are set as cost allocations rather than specific project cost estimates and can be adjusted depending on the final scope of the project. For example, the scope and extent of projects such as bunker remodels and general infrastructure improvements can be adjusted based on funds available.

Project costs are presented in table 4 in 2006 dollars. Each project will require development of final project scopes and cost estimates prior to its getting underway. The intent of this prioritization is to establish a tentative schedule of projects and preliminary cost estimates were developed to assess the viability of the schedule in relation to anticipated funding availability.

Table 4: Capital Investment by Year

Total Capital Investment (in 2006 dollars)	
2006	\$ 1,120,000
2007	\$ 50,000
2008	\$ 888,000
2009	\$ 730,000
2010	\$ 950,000
2011	\$ 946,000
2012	\$ 900,000
TOTAL	\$5,584,000

Course	Project Title	Benefit Type	Description	Project Cost (in 2006 dollars)
2006				
Interbay	Interbay Synthetic Turf Replacement	Improve or Expand Capacity, Customer Service	Redesigns and replaces target areas	350,000
Interbay	Interbay Range Netting Replacement	Structural Integrity/Safety	The entire netting for the driving Range is nearing its useful life. It is anticipated that there is only one season of use left in the netting.	150,000
Interbay	Interbay Clubhouse Major Maintenance Phase 1: kitchen renovations, pro shop counter, floor maintenance	Improve or Expand Capacity, Customer Service	Floors, kitchen facility and pro shop counter have deteriorated and require major maintenance repairs and upgrades.	63,000
Interbay	Interbay Exterior Painting	Structural Integrity/Safety	Protects exterior surfaces from rust and decay	30,000
Interbay	Lighting and Netting Major maintenance	Structural Integrity/Safety	Replace and upgrade all lights on the range and major maintenance on netting.	20,000
Interbay	Interbay Elevator and Washer Replacement	Structural Integrity/Safety	The range ball elevator and washer are nearing the end of their useful life and require replacement.	20,000
Jackson	Jackson Park Golf Irrigation System Renovation	Structural Integrity/Safety	Improves course aesthetics and conserves water consumption - SPU participating in cost	150,000
Jackson	Jackson - Reconfigure 1st Hole to accommodate a Par 4 vs. Par 5 hole.	Improve or Expand Capacity, Customer Service	Course throughput is hampered by design of 1st hole. Changes would enable course to achieve budgeted revenue	70,000
Jackson	Jackson club house major maintenance - electrical and flooring	Structural Integrity/Safety	Café electrical system is outdated and doesn't meet current demand and will be improved, major maintenance will be done to floor surfaces.	29,500

Course	Project Title	Benefit Type	Description	Project Cost (in 2006 dollars)
Jefferson	Jefferson - Remodel bunkers on Golf Course	Improve or Expand Infrastructure	Rebuilding of dilapidated bunkers would be a very visible improvement leading to increased play. Potential added annual green fee revenue	45,000
Jefferson	Jefferson Park Pave Cart Path around the 1st and 10th tees & staging area	Improve or Expand Capacity, Customer Service	The staging area is a mess and the carts get dirty just being towed from the cart barn or sitting into the staging area when it rains.	30,000
Jefferson	Jefferson Park club house major maintenance -- banquet room, floor surfaces, water fountains, exterior surfaces, café	Improve or Expand Capacity, Customer Service	Renovate a portion of building to create a banquet room, replace floor surfaces, replumb water fountain, modernize restaurant and repair and paint exterior surfaces.	65,500
West Seattle	West Seattle Clubhouse Bathroom Remodel and major maintenance	Improve or Expand Infrastructure	Complete remodel of all clubhouse bathrooms, floors and exterior surfaces require major maintenance.	70,000
West Seattle	West Seattle Banquet Hall Refurbishment	Improve or Expand Capacity, Customer Service	New lights, drapes, tables and chairs and refinish or carpet existing hardwood flooring. High potential increase in banquet revenue.	27,000
Total 2006				1,120,000
2007				
Interbay	Interbay Patio addition	Improve or Expand Capacity, Customer Service	An area of patio outside the exit doors to the Interbay Café will be enclosed to allow functions to take place in inclement weather.	50,000
Total 2007				50,000
2008				
Interbay	Interbay Ball Dispenser Replacement	Improve Infrastructure	Replaces worn and dated equipment	50,000
Interbay	Interbay Parking Lot Renovation	Structural Integrity/Safety	Resurfaces degrading surfaces and curbing	30,000

Course	Project Title	Benefit Type	Description	Project Cost (in 2006 dollars)
West Seattle	West Seattle Course Restroom	Improve or Expand Infrastructure	Demolish dilapidated restroom on hole 14 and build new restroom.	30,000
Jackson	Jackson - Remodel Parking lot to accommodate more vehicles, provide for Disabled parking and provide for Disable access to upper level pro shop area.	Improve or Expand Capacity, Customer Service	Disabled parking and access is inadequate and entire lot is in deteriorated condition. Customer service and compliance with ADA would be improved	25,000
Jackson	Jackson - Expansion of Cart Barn to house total Fleet	Improve or Expand Capacity, Customer Service	The carts get dirty over night when parked outside in the fenced area outside the cart barn	20,000
Jefferson	Jefferson - Air conditioning in restaurant and pro shop	Improve or Expand Infrastructure	Temperatures in the summer are unacceptable, for both employees and customers. Air conditioning would improve customer service and working conditions.	18,000
West Seattle	New Entrance Signage	Improve or Expand Infrastructure	New Grand Sign (Ranch Style - Drive under) at entry of course on 35th Ave SW.	25,000
ALL	Infrastructure Improvements	Structural Integrity/Safety	Clubhouse, Course and Maintenance Building Electrical, Plumbing and Physical Plant Replacement	50,000
Interbay	Interbay Landscape Renovation	Improve or Expand Capacity, Customer Service		20,000
Jefferson	Jefferson - Extend Cart Storage Building to Hold 50 Cars	Improve or Expand Capacity, Customer Service	The carts get dirty over night when parked outside in the fenced area outside the cart barn	20,000
Jackson	Jackson Park Golf Irrigation System Renovation	Structural Integrity/Safety	Improves course aesthetics and conserves water consumption - SPU participating in cost	600,000
Total 2008				888,000

2009				
ALL	Infrastructure Improvements	Structural Integrity/Safety	Clubhouse, Course and Maintenance Building Electrical, Plumbing and Physical Plant Replacement	455,000
Interbay	Interbay Second Story Build out	Improve or Expand Capacity, Customer Service	A second story will be added. The second story will allow the addition of much needed banquet space as well as additional office space. Since the framework is already in place, this project will add a lot to the facility at a reasonable cost.	275,000
		Total 2009		730,000
2010				
Jackson	Jackson Park Golf Cart Path System	Improve or Expand Capacity, Customer Service	Concrete surfacing of the existing gravel and earth cart path system will increase car rental revenues.	550,000
Jefferson	Jefferson - New Parking lot on the par 3 course.	Improve or Expand Capacity, Customer Service	Due to lack of parking, Jefferson's afternoon play is low compared to other courses. Potential increase in net revenue.	200,000
ALL	Infrastructure Improvements	Structural Integrity/Safety	Clubhouse, Course and Maintenance Building Electrical, Plumbing and Physical Plant Replacement	200,000
		Total 2010		950,000
2011				
Interbay	Mini Golf Ponds	Structural Integrity/Safety	Seal ponds and repair or replace pumps.	11,000
Interbay	Interbay Putting Course Turf Replacement	Improve or Expand Capacity, Customer Service	Replaces artificial turf on the putting course	20,000
Jackson	Jackson - Remodel on course Restroom to accommodate winter usage	Structural Integrity/Safety	Restrooms are currently closed all winter. Customer service will be improved with improvement in restroom conditions	15,000

Jackson	Jackson Park Driving Range - 1st Phase	Improve or Expand Capacity, Customer Service	Increase in annual net operating revenues	900,000
		Total 2011		946,000
2012				
Jefferson	Jefferson Park Driving Range, Phase 2	Improve or Expand Capacity, Customer Service	Increase in annual net operating revenues	900,000
		Total 2012		900,000
		Total 2006-2012 (2006 dollars)		5,584,000
Deferred				
Jefferson	Jefferson Facility Expansion	Improve or Expand Capacity, Customer Service	Construct building adjacent to double deck tee structure to accommodate pro shop operations and food and beverage expansion	450,000
ALL	Infrastructure Improvements	Structural Integrity/Safety	Clubhouse, Course and Maintenance Building Electrical, Plumbing and Physical Plant Replacement	224,000
Jackson	Jackson Facility Expansion	Improve or Expand Capacity, Customer Service	Remodel Restaurant and Clubhouse and add banquet space	500,000
Jefferson	Jefferson Park Golf Cart Path System	Improve or Expand Infrastructure	Concrete surfacing of the existing gravel and earth cart path system will increase car rental revenues	550,000
West Seattle	West Seattle 35th Street Complex Phase One	Improve or Expand Capacity, Customer Service	Phase One of Driving Range, Practice Area, and Mini Golf and related parking.	350,000
West Seattle	West Seattle 35th Street Complex Phase Two	Improve or Expand Capacity, Customer Service	Phase Two of Driving Range, Practice Area, and Mini Golf and related parking.	800,000
West Seattle	West Seattle 35th Street Complex Phase Three	Improve or Expand Capacity, Customer Service	Phase Three of Driving Range, Practice Area, and Mini Golf and related parking.	500,000
		Total Deferred (2006 dollars)		3,374,000
		Total Cost (2006 dollars)		8,958,000

REVENUE AND EXPENSE PROJECTIONS

Applying the financial policies and following the capital investment priorities results in the financial projection presented in table 5. This projection assumes:

- Revenues will increase by 1% per year and due to capital improvements in facilities.
- Expenses are managed so they increase by just 1% per year.
- Interbay debt service is fixed at \$425,479 per year.
- Return to the department is fixed at 3.5% of gross revenues.
- Expenditures on capital projects are limited to net revenues after all other expenses.
- Capital project costs have been inflated by 3% per year from 2006.

The financial analysis shows that an average of \$963,000 per year is available for new capital improvements and \$356,000 is available to offset Parks costs for managing the courses.

Table 5: Projected Revenues and Expenses

	Actual 2005	Adopted Budget 2006	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012
Total Revenues									
Base	8,332,299	9,120,446	8,531,000	8,941,440	9,031,802	9,139,487	9,254,725	9,378,078	9,719,097
(assume increase 1%/yr.)	8,332,299	9,120,446	8,806,000	8,894,060	8,983,001	9,072,831	9,163,559	9,255,195	9,347,746
Capital Related NET Rev (Cumulative)	0	0	-275,000	47,380	48,801	66,656	91,166	122,883	371,350
Total Expenses									
Direct Expenses	7,641,036	7,753,568	7,601,443	7,673,449	7,745,948	7,819,171	7,893,127	7,967,823	8,043,265
(assume increase 1%/yr.)	7,215,558	7,328,089	7,178,089	7,249,870	7,322,369	7,395,592	7,469,548	7,544,244	7,619,686
Interbay Debt Service	425,479	425,479	423,354	423,579	423,579	423,579	423,579	423,579	423,579
Net Revenue									
To Park Fund	691,263	1,366,878	929,557	1,267,991	1,285,864	1,320,316	1,361,598	1,410,255	1,675,832
(3.5% of gross rev. 2006-2012)	331,263	946,662	555,585	312,950	316,113	319,882	323,915	328,233	340,168
To Golf Capital Reserve	360,000	420,216	373,972	955,041	969,741	1,000,434	1,037,683	1,082,022	1,335,663
Golf Capital Reserve									
Beginning of Year Balance	0	798,000	798,000	51,972	472	13,434	185,484	116,684	57,694
Net Golf Revenue to Reserve	360,000	420,216	373,972	0	955,041	969,741	1,000,434	1,037,683	1,082,022
Capital Expenditures	360,000	1,218,216	1,120,000	51,500	942,079	797,691	1,069,233	1,096,673	1,074,647
New Capital Reserve	0	0	51,972	472	13,434	185,484	116,684	57,694	65,069

*2006 revenues reduced due to delay in completion of driving range project.

**In the 2006 Adopted Budget, it was assumed that \$946,662 of golf net revenue would be retained by Parks (including \$257,000 for the Late Night Teen Program). The Golf Capital Reserve would receive \$420,216 golf net revenue. In addition to this, the Golf CIP received \$257,000 of REET I funds to replace the net revenues that went to support the Late Night Teen Program and \$541,000 of REET II funds that Council allocated for improvements at golf courses. The sum of the REET I and II funds are shown as the Beginning of Year Balance in the Golf Capital Reserve totaling \$798,000. In the Projected 2006 column, the amount of net golf revenues retained by Parks is assumed to be 3.5% of gross revenues (per the new financial policies) plus the \$257,000 of golf net revenues designated to support the Late Night Teen Program.

*** Additions to the Golf Capital Reserve for 2006 have been appropriated at \$420,216 in the Operating Budget and the CIP. However, only the net revenues actually available (after reserving 3.5% of gross revenues plus \$257,000 for general Parks use) will be transferred to the Golf Capital Reserve in 2006.

**** Capital expenditures were inflated at 3% per year from 2006 dollars

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
City Council	Traci Ratzliff 4-8153	Tyler Running Deer 4-8075

Legislation Title:

A RESOLUTION adopting financial policies for the operation of the City's Golf Program operated by the Department of Parks and Recreation.

• **Summary of the Legislation:**

This legislation establishes financial policies guiding the operation of the Department of Park and Recreation's (DPR's) Golf Program. These policies cover the following general topics: setting of golf fees; use of net revenues generated from the golf program; overhead fees paid to DPR to cover costs associated with administering the Golf Program; funding of capital improvements at City golf facilities, etc. The City desires to adopt these policies by resolution to provide clear guidance concerning the operation of the Golf Program for the next several years.

Background:

The City has worked intensively over the last several years to develop a Golf Program that is financially self-sustaining. The City Council and Mayor desire to adopt financial policies to assure that the Golf Program is operated in an efficient and effective manner and provides the resources needed to maintain its self-sufficiency. The financial policies, when implemented, will allow the Golf Program to use net revenues to make investments in its capital facilities which will help it achieve greater self-sufficiency over time; and

- *Please check one of the following:*

☐ **This legislation does not have any financial implications.** *(Stop here and delete the remainder of this document prior to saving and printing.)*

☒ **This legislation has financial implications.** *(Please complete all relevant sections that follow.)*

Appropriations:

N/A

Fund Name and Number	Department	Budget Control Level*	2006 Appropriation	2007 Anticipated Appropriation
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*

Anticipated Revenue/Reimbursement: Resulting From This Legislation:

N/A

Fund Name and Number	Department	Revenue Source	2006 Revenue	2007 Revenue
TOTAL				

Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact:

N/A

Position Title and Department*	Fund Name	Fund Number	Part-Time/ Full Time	2006 Positions	2006 FTE	2007 Positions**	2007 FTE**
TOTAL							

* List each position separately

** 2007 positions and FTE are total 2007 position changes resulting from this legislation, not incremental changes. Therefore, under 2007, please be sure to include any continuing positions from 2006

- **Do positions sunset in the future?** N/A

Spending/Cash Flow:

N/A

Fund Name and Number	Department	Budget Control Level*	2006 Expenditures	2007 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

- **What is the financial cost of not implementing the legislation?** *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)*
- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*
- **Is the legislation subject to public hearing requirements:** No
- **Other Issues** *(including long-term implications of the legislation):*

STATE OF WASHINGTON – KING COUNTY

--SS.

205033
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

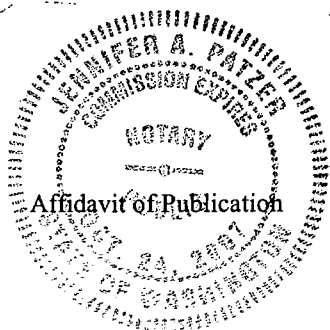
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:30922,25,26,30&34

was published on

12/04/06

The amount of the fee charged for the foregoing publication is the sum of \$ 69.00, which amount has been paid in full.



Affidavit of Publication

[Signature]

Subscribed and sworn to before me on
12/04/06 *[Signature]*

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following resolutions, passed by the City Council on November 20, 2006, and published hereby title-only, will be mailed upon request or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

RESOLUTION NO. 30934

A RESOLUTION endorsing the work of Open Space Seattle 2100 in developing concepts to integrate green infrastructure and urban sustainability efforts, requesting the Office of Sustainability and Environment to provide a framework for incorporating Open Space Seattle 2100's goals into the City's integrated Environmental Action Agenda and to present the framework to the City Council's Environment, Emergency Management and Utilities Committee, and requesting that consultant resources be used to support analysis of green infrastructure opportunities.

RESOLUTION NO. 30930

A RESOLUTION stating the City Council's intent to develop a multi-year plan for police staffing and requesting recommendations from the Mayor on police staffing.

RESOLUTION NO. 30926

A RESOLUTION adopting financial policies for the operation of the City's Golf Program operated by the Department of Parks and Recreation.

RESOLUTION NO. 30925

A RESOLUTION relating to the Nordic Heritage Museum, expressing the City of Seattle's intent to explore entering into an agreement with the Museum under which the Museum would provide and guarantee access for the City and its residents to the exhibits, guided tours, hands-on activities, programs, events, classes, lectures, meeting space and other expanded resources that are anticipated to be offered by the Museum's new facility on Northwest Market Street.

RESOLUTION NO. 30922

A RESOLUTION endorsing a 2008 budget for the City of Seattle.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of publication in the Seattle Daily Journal of Commerce: December 4, 2006.

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