Agenda - Audit Committee – May 6, 2011

REPORTS

Item No. 5 Winnipeg Golf Services Operational Review

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

The Audit Committee receive as information the Winnipeg Golf Services Operational Review dated November 2010, and forwarded the matter to the Executive Policy Committee and Council.

Audit Department Report
Winnipeg Golf Services Operational Review – November 2010

An Operational Review of the Special Operating Agencies was included in the City Auditor's 2009-2010 Audit Plan in response to a request from the Alternate Service Delivery Committee. In November 2009, The Audit Department through a Request for Proposal process awarded a contract to conduct an operational review of Winnipeg Golf Services to Golf Convergence. The Audit Department reviewed the report provided by Golf Convergence and agreed with the recommendations presented.

Report Summary

The Winnipeg Golf Services (WGS) has been in existence for approximately eight years and during that time, the golf industry has changed dramatically. Decreased participation along with increased competition are two factors that have altered the external environment. Lack of investment in infrastructure and staff training, inadequate information systems and labour constraints imposed by the collective bargaining agreements have contributed to an internal environment that requires significant change to be successful over the longer-term.

In the short-term, Golf Convergence recommends contracting out the management of the City operated golf courses. External firms bring best practice business processes to maximize the potential of these courses. City of Winnipeg taxpayers will no longer have to subsidize golf course operations which incurred an approximate $1 million loss in 2009. Instead, the City will receive annual lease payments and property taxes and WGS customers will receive increased value as a contract management company may be willing to invest up to $1 million in improvements per course under a long-term lease. If contract management is not pursued Golf Convergence makes several recommendations to improve the operations of the City operated golf courses including the requirement to make capital investments in the golf courses. These actions will improve short-term results and should reduce the annual losses.

In the longer-term, Golf Convergence recommends that the City divest itself from the operation of public golf courses since the need is adequately met in the private sector. Any surplus property can then be sold for commercial or residential development to raise capital for reinvestment in other open park space.

Winnipeg Golf Services management reviewed the recommendations and has agreed to implement those within their control. Some recommendations require Council direction before management can initiate action.

Policy

The report is submitted in accordance with the City Organization By-law 7100/97 section 19(d)(iv) that the Audit Committee will "Receive and review audit reports, and table such reports with its recommendations at a regular meeting of Executive Policy Committee".

Recommendation:

The Audit Committee receive as information the Winnipeg Golf Services Operational Review dated November 2010, and forwarded the matter to the Executive Policy Committee and Council.

Audit Department Report
Winnipeg Golf Services Operational Review – November 2010

Attachment - Winnipeg Golf Services Final Report



Winnipeg Golf Services Final Report

Report Written By B. Mansky Approved by B.Whiteside April 18, 2011