Winnipeg Golf Services Operational Review

Audit Committee

May 6, 2011

Review Process

- Public RFP
- Engaged Golf Convergence to conduct review
- Extensive experience world-wide conducting strategic reviews of public and private golf operations

City of Winnipeg Courses

City Operated & Maintained	Leased to Semi-Private Clubs	Leased to a Mgmt. Co.	Contracted Operations	Contractor Operated City Maintained
Crescent Drive	Assiniboine	Tuxedo	Blumberg	Harbour View
Kildonan Park	Canoe Club			
Windsor Park	Rossmere			
	Transcona			
	St. Boniface			
	Wildewood			

Course	Par	Yardage
Crescent Drive	27	1,376
Kildonan Park	69	5,495
Windsor Park	69	5,176

Current Environment

- Annual financial losses exceed $1 million
- Market oversupplied by 10%
- Reduction in number of playable days due to weather was 7% from 2000 to 2009
- WGS total rounds played decreased by over 40% from 2000 to 2009
- Consultant noted that the price paid for round exceeds the experience derived

Critical Path

Short-Term Strategic Options:

- Competitive leases to management companies be awarded based on a "Request for Bid" for the three City-owned and operated golf courses.
- Current leases to semi-private golf clubs that are not consistent with best practices should be renegotiated to competitive market terms.

Critical Path

Short-Term Tactical & Operational Options - (contingent on the decision of whether the city is willing to contract out management of the courses)

- A general manager certified in management of a golf course (may be a PGA professional) should be retained.
- A golf management information system should be installed to create meaningful information.
- Financial statements for each golf course should be prepared consistent with best practices for golf courses.
- The CUPE contract for the golf courses should be renegotiated or the three WGS courses be contracted to professional management based on competitive bids.

Critical Path

Long Term:

- The City should divest itself from the operation of public golf courses. This need can be adequately met in the private sector.

- The sale of golf courses for commercial or residential development is advocated to raise capital for judicious reinvestment and to enhance the balance between commercial, residential, and open park space as part of a master plan for open space. Courses, both City and those operated under leases or contract, should be identified for potential conversion to open park space or sale.

Options Results

	1. Best Management Practices	2. Status Quo	3. Private Contract Management
Net Income (Loss)	200,000/yr	(1,000,000)/yr	0
Annual Income Rental Income			300,000/yr
Capital Investment by City[1]	(5,000,000)	(5,000,000)	0
Capital Investment in City's Assets by Contract Management [1]			3,000,000
Financial Return (After 5 Years)	($4,000,000)	(10,000,000)	4,500,000

Note 1: It is assumed that due to the necessity for capital investment to enhance the competitiveness of the courses that monies would be completely invested within the first couple years