CUPE Canadian Union of Public Employees
Local 500

CUPE Local 500 Speaking Notes

Executive Policy Committee

RE: BUSINESS PLAN FOR THE PRIVATE MANAGEMENT OF GOLF COURSES, PROPOSED LEASING OF CITY OPERATED GOLF COURSES AND DECLARATION AS SURPLUS OF JOHN BLUMBERG GOLF COURSE LAND.

May 22, 2013

Thank you for the opportunity to express our views today about this important matter.

Our public golf courses have been around since 1921 and have a long and proud history of providing accessible and affordable golf in our city. They have been a special part of Winnipeg's landscape for many decades and are essential to the quality of life we enjoy in our city.

CUPE Local 500 opposes the proposed lease arrangement and contends that they should remain publicly managed and operated. We do not believe the City's recommendations make sense. In short, the move to privatize these services, are poor policy options for the following reasons.

Golf Courses are Profitable Assets:

We firmly believe that the municipal golf courses are, and can remain, profitable assets to the City of Winnipeg. They do not lose money.

Based on recent findings, direct revenues exceeded the direct expenses. For instance, in 2011, direct revenues exceeded direct expenses by $107,000. On the other hand, in 2012, the expenses were $30,000 more than revenues. Projections for 2013, 2014, and 2015 have a small excess of direct revenues over expenses.

The City then allocates an additional 35% to 40% "costs" that accrue to the City – property tax equivalents, departmental support, office space, interest, transfers to general revenues for depreciation, audit fees, etc.

Some of these are real expenses such as payroll and office space, but the allocation is in the control of the City itself.

These are not losses; they are transfers to the City's general revenues which will likely vanish with contracting out. The City-run golf courses more than pay their own way, and have provided a reasonably-priced accessible sporting option for Winnipeggers for the past 90 years.

The business arrangement, as it now stands for semi-private courses, must be revisited in the best interest of the citizens of Winnipeg. We believe the one-dollar lease per year fee for the semi-private courses can no longer be offered and should be renegotiated to competitive market terms. In addition, we would recommend that the City of Winnipeg examine charging rent at market rates to privately run golf courses as a method of generating revenue.

Capital Neglect:

Unfortunately, the City-owned and operated golf courses have been badly neglected in terms of capital improvements.

In the mid-1990s, the City began levying a $1.00 per round levy to begin a golf course reserve to fund future course capital improvements. The Winnipeg Free Press captured the brief history of this levy in 2006:

> **Golf Course Reserve**
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> **** In 1995, $1 from every round of play on a municipal course was deposited into the reserve, which was meant to fund capital improvements to the courses. When Golf***

> ***Services became an arm's-length agency four years ago, those deposits stopped and the fund became a source of financing for course improvements, like a loan nest egg that Golf Services can borrow from and then repay with interest.***
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> ***Balance: $1.8 million***
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> (Source: Winnipeg Free Press – February 14, 2006)

The City's February 21, 2013 media release – "Leasing City-run golf courses to reduce reliance on taxpayers" states, in part:

> ***"In an operational review of Winnipeg Golf Services, the City Auditor noted that offering golf services is increasingly unaffordable, unsustainable and costly to the City ..... these figures do not include the needed capital improvements currently estimated at $4.6 million".***

Ending the $1 per round capital levy in 2002 was a mistake in our view; it has cost the City well over $1 million in badly needed capital resources.

Had the City left the 1995 levy in place, and had it been indexed to the percentage increase in golf course fees, the City would have the necessary funds to meet the public course capital requirements ($4.6 million in 2013) without imposing any burden on the City's existing capital budget.

We also don't believe there are any contractors who are going to want to pay out of their own pocket, the costs to repair the infrastructure needed for our City operated golf courses.

Public input and consultation process:

In January of this year, the Mayor was quoted in the media as saying **"Communication is extremely important, having the proper staff is important and getting input from the public is important"**.

(Source: Winnipeg Sun – January 24, 2013)

There has been literally no public consultation and no community engagement initiated by the City with respect to our municipal golf courses.

In fact, the operating budget which was tabled on January 9, 2013 contained no mention of any proposals to privatize city services. Had the City included this and other initiatives in the budget process, we believe many councillors may have voted differently. Winnipeggers need to be heard and this is no way to treat our neighbourhoods and citizens.

Conclusion:

Our municipal golf courses play an important role in the lives of the citizens of Winnipeg. They are entry door to beginner golfers and for people who cannot afford the green fees at private clubs. Each of the City courses has its own unique qualities and benefits that appeal to golfers of every skill level and age. They have provided affordable recreational opportunities for local residents and should continue to be publicly owned and operated for the enjoyment of everyone in the years to come.

CUPE has been an important part of the community for 50 years and we want to continue to play a role in assuring public services remain available for the citizens of Winnipeg today, and into the future.

Thank you for your time today.

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