Winnipeg Golf Services

SPECIAL OPERATING AGENCY



Annual Report

2002

Winnipeg



Table of Contents

Message from the Acting Chief Administrative Officer	2
Message from the Director of Planning, Property & Development	2
Message from the Chief Operating Officer	3
History of Municipal Golf Courses	4
Golf Services Asset Mix	5
2002 Highlights	6
Statistics - 2002	10
Auditor's Report	12
Financial Statements	13



WINNIPEG GOLF SERVICES

Driving good times since 1921

OUR VISION is to be recognized as a leader in the delivery of municipal golf services.

OUR MISSION is to make Winnipeg municipal golf courses the location of choice by providing responsive customer service, maintaining the highest possible standard of play and continually striving to improve our product in the golf market.

MESSAGE FROM THE ACTING CHIEF ADMINISTRATIVE OFFICER

The City of Winnipeg is committed to providing services to citizens for the best possible value. It is with this in mind that alternative service delivery options were explored and Special Operating Agencies were formed. I am proud to recognize the completion of the first year of our third SOA – Winnipeg Golf Services.

Since assuming Agency status in January 2002, Winnipeg Golf Services has started rehabilitation of the City's golf courses with the intent of providing the golfing public with first class facilities and service, now and in the future. This will be achieved in a businesslike, fiscally responsible manner.

I commend the staff of Winnipeg Golf Services for the early successes they have achieved, and look forward to continued innovation and improvement. I am confident that 2003 will see Winnipeg Golf Services move forward in achieving the goals of their long-term plan.

Bob Pruden
(Acting) Chief Adminstrative Officer

MESSAGE FROM THE DIRECTOR OF PLANNING, PROPERTY AND DEVELOPMENT

In spite of the abundance of rain, snow and geese that confronted it, the newly created Golf Services Special Operating Agency met its first year of operations with a clear sense of purpose and determination. There is no question that the first year was an eventful one. As with the establishment of any new venture, there was (and still is!) much to be learned. It is my firm belief that the Management and Staff of Golf Services have done a commendable job in launching the new Agency and beginning the process of putting a fresh face to Winnipeg's municipal golf properties.

The mission of the Planning, Property and Development Department is to provide integrated planning, property and development services in a responsive, progressive and client-focused manner. The Winnipeg Golf Services Agency is an important component of our department, and in its first year has proven itself dedicated to operating within the principles that we espouse. We view the new Golf Agency as a true business unit, working to manage, in a responsive manner, the municipally–owned golf courses that have become an important part of Winnipeg's heritage. The Agency's commitment to customer service, fiscal responsibility and on-course improvements will not only serve to enhance the golf experience for citizens today, but also work to ensure that our tremendous golf course assets are preserved for the benefit of future generations.

I would like to take this opportunity to express my sincere thanks to the Golf Services Team for all of their efforts over the past year. I very much look forward to working with you to build on the success achieved to date and ultimately realizing your vision of being recognized as a leader in the delivery of municipal golf services.

Harry Finnigan, Director
Planning, Property and Development

MESSAGE FROM THE CHIEF OPERATING OFFICER

City Council approved the creation of Winnipeg Golf Services Special Operating Agency on April 24, 2002 retroactive to January 1, 2002. This decision was the result of several years of study and planning regarding how to best manage and operate the City's golf course assets. The Special Operating Agency (SOA) also represents a new era of municipal golf course management in Winnipeg.

This first year of operation has proven to be both a challenging and rewarding experience for the SOA. The challenge came early with weather conditions in April, May and early June that were far from favorable for golf activity. This slow start did not deter the commitment and enthusiasm of Agency staff who used the time to get our courses into top condition and prepare clubhouses and pro shops for the season ahead. Unfortunately, the weather worked against us in the fall months as well, with wet and cold conditions for much of September and October.

In the maintenance component of our operation a change in organizational structure contributed to more stable work units at Kildonan and Windsor Golf Courses. A Foreman level position was introduced at each site. This change resulted in more effective on-site supervision while at the same time freeing the existing maintenance coordinator (a Foreman III) to spend more time on turf quality matters at all of the City courses.

The SOA has worked diligently over the past year to actively promote City golf courses using a variety of communication and marketing tools. Professional posters and banners advertising on-site specials at each course worked to reinforce information shared through newspaper advertisements, public service announcements, media interviews, the City's Leisure Guide, coupon offerings and mailers to all City employees through the Outlook system.

This heightened awareness of what our courses have to offer and should serve us well in the future. Our goal is to have citizens and visitors increasingly look to us as their golf experience location of choice.

Over the past year Golf Services actively promoted and sought out tournament play. We hosted several new tournaments with some participants playing our courses for the first time. The annual Municipal Men's and Women's Tournament was taken to a new level with in excess of 260 golfers taking part. Sponsorship from Labatts, Jazz Golf and Pepsi greatly contributed to the success of the event.

A number of modest improvements to the City's courses have already captured the attention of golfers. Quick and courteous service, improved clubhouse amenities, new equipment and furnishings and improved merchandise selection are some of the changes that have been noticed by customers. In addition, a landscape architecture firm has been engaged to prepare a master plan for golf course improvements. Components of the plan will be implemented over a five-year period from 2003 to 2007.

In reflecting on this new entity it is essential to recognize the support and guidance of City Council, the Alternative Services Delivery Committee and the Chief Administrative Officer in forming the SOA. Each was instrumental in getting the Agency off to a seamless start. The assistance of the Chief Financial Officer and the Finance Department greatly assisted in a smooth financial transition.

I look forward with excitement and anticipation to implementing the long-term business plan approved by Council.

Michael Sterdan,
Chief Operating Officer
Winnipeg Golf Services

HISTORY OF MUNICIPAL GOLF COURSES

The City of Winnipeg has operated municipal golf courses since 1921 with the introduction of Kildonan Park Golf Course. Today, this course maintains the highest number of rounds of all the municipal golf courses.

In 1925, the City developed the Windsor Park Golf Course to meet increasing demand for the sport. This new course soon became as popular as the Kildonan Park facility. During the winter months, Windsor Golf Course is converted to the Windsor Park Nordic Ski Centre. The clubhouse and property are contracted to the Cross Country Ski Association of Manitoba to operate the longest lit cross-country ski trail facility in Canada.

In 1966, the Metro Corporation of Winnipeg developed the Crescent Drive Golf Course, a par 27, 9 hole facility. Beginner golfers and seniors who enjoy a shorter more relaxing golf experience enjoy this course today.

In 1969, John Blumberg Golf Course opened for play. Located at the extreme west end of the city, this course was ideally situated to accommodate that portion of the public market in relation to the proximity of the other municipal courses. As a result of the succession of Headingly in 1992, Blumberg is now situated in that municipality but still effectively services the west Winnipeg market.

As the demand for public golf courses increased in the 1980's, the City responded with the creation of the 9 hole, par 27 Harbour View Golf Course and Recreation Complex in Kilcona Park. The golf course is part of a recreation complex open year round. Other features of the facility include pedal boating, miniature golf, driving range, tennis, horseshoes, lawn bowling, children's play area, shuffleboard, tobogganing, ice skating, cross country skiing, banquet and meeting facilities, and a restaurant.

Since 1997, the City of Winnipeg has undergone significant restructuring. Golf Course Services has moved from the jurisdiction of the former Parks and Recreation Department to the Community Services Department and subsequently to its present home in the Planning, Property and Development Department. Golf Courses are viewed as valuable City assets and the creation of the SOA will ensure that they are managed in a businesslike manner within the competitive Winnipeg golf market.



1924 - Members of City Council, and the Parks Board inspect the Windsor Park property which was purchased for an 18 hole municipal golf course.

GOLF SERVICES ASSET MIX

The Agency encompasses the operation and contract management of 12 golf course properties in Winnipeg categorized as follows:

City Operated and Maintained

Kildonan Park Golf Course
Windsor Park Golf Course
Crescent Drive Golf Course

Leased Properties

Rossmere Golf Course
St. Boniface Golf Course
Transcona Golf Course
Wildwood Club Golf Course
Assiniboine Golf Course

Contracted Courses

John Blumberg Golf Course
Canoe Club Golf Course
Tuxedo Golf Course

Joint City/Contractor

Harbour View GC and Recreation Complex (contractor operated; City maintained)


Kildonan Park Golf Course


Crescent Drive Golf Course


Windsor Park Golf Course


Assiniboine Golf Course


St. Boniface Golf Course


Wildwood Golf Course


Transcona Golf Course


Rossmere Golf Course


Tuxedo Golf Course


Canoe Club Golf Course


Harbor View Golf Course


John Blumberg Golf Course

2002 HIGHLIGHTS

Tournaments and Special Events

In August the 80th Municipal Golf Tournament was held at the three 18 hole Municipal courses (Kildonan Park, Windsor Park and John Blumberg) with the Grand Final being staged at Windsor Park Golf Course. The Municipal tournament is the longest running golf event in Manitoba. It is unique in that it is open to public players only. This year 260 golfers entered. Participation in the form of sponsorships from Jazz Golf, Pepsi, Labatts, Canadian Golf Car Co. Ltd. and European Meats made the tournament extra special for local golfers. The Pro Am tournament held in conjunction with the Municipal tournament was very successful.

In July the Platinum Jets Charity Golf Tournament was held at Kildonan Golf Course with 144 golfers taking part. The combined efforts of tournament organizers, golf course staff and a host of sponsors resulted in $55,000 being raised and donated to local charities.

Customer Service

Clubhouse staff progressively acquired and practiced customer service skills that will eventually set us apart in the public golf market. New uniforms were purchased so that staff could be easily identified in the clubhouse and on the course.

Maintenance staff made a concerted effort to not disrupt golfers. Greens were cut before play started each morning. Fairway, rough and tee mowing were done with the least possible inconvenience to golfers.

Staff paid special attention to details that are so important: clubhouse cleanliness and litter pick up was a priority; graffiti was removed on a regular basis; benches, ball washers and tee marker signs were kept clean and in good repair.



Marketing and Promotion

Golf Services laid the groundwork for establishing a professional public image and identity. All signs, posters and promotional materials were professionally prepared using in-house design and production expertise.

A marketing plan was initiated and the results of the plan will guide Golf Services marketing and promotion efforts over the next three to five years. Components of the plan will include development of a successful positioning statement; design of a new visual identity; design and implementation of a customer information database; implementation of a proactive media relations strategy; implementation of a multi media advertising campaign.





Turf Maintenance

The acquisition of new equipment improved the level of maintenance on the courses. A new fairway mowing unit at Kildonan enhanced the quality and appearance of the fairways. High pressure power washers aided staff in keeping equipment clean and more importantly preventing clogging of grass clippings resulting in less down time.

A seasonal mechanic was hired to maintain all golf course equipment. This includes over 90 pieces of motorized turf maintenance equipment and numerous pieces of smaller equipment such as trimmers and chain saws. Preventative maintenance is performed on all equipment and repairs are being completed with minimal down time.

Environment

The City Naturalists Office conducted a habitat assessment of 4 courses. Resident plant and wildlife species were identified and recommendations made for management, preservation and control.

An Environmental Assessment in accordance with the Manitoba Golf Superintendents Association Environmental Self Assessment Checklist was conducted on each of 5 courses. Factors included hazardous materials management, integrated pest management, water management, wildlife management and emergency preparedness. Recommendations are being phased in on a priority basis.

A program to eliminate European Buckthorn, an invasive plant species that threatens the existence of native vegetation, was initiated this summer. Plants at Windsor, Kildonan and Crescent Drive were injected and will slowly die allowing native plant species to reestablish themselves.

In August, 10 new electric auto carts were leased. The current fleet of gasoline powered carts will be replaced over time with quieter, more environmentally friendly electric carts. The new carts proved to be very popular with golfers.



Lease Agreements

With the assistance of the Property Management and Sales Branch, Winnipeg Golf Services has finalized agreements with St Boniface, Transcona, Assiniboine and The Wildewood Golf Clubs. The signing of these agreements completes contractual arrangements for all City owned golf course properties.

Golf Course Improvements

A landscape architecture firm has been engaged to prepare a 5-year master plan for golf course renovations and improvements. Research and information gathering has started. The final report and plan is projected to be complete in Spring 2003. Course improveme1nts will begin shortly thereafter.

Several improvement initiatives were carried out in advance of the master plan being completed. These projects were previously identified as being required for structural integrity or health and safety purposes:

- Replacement of heating and ventilation system at Harbour View Pro Shop
- Replacement of roof at John Blumberg maintenance building
- Replacement of driving range fence at Harbour View

A program of acquiring greens covers was initiated with 12 new covers purchased. The covers reduce labour intensive preparation of greens in the fall and allow greens to be ready for play earlier in the spring.

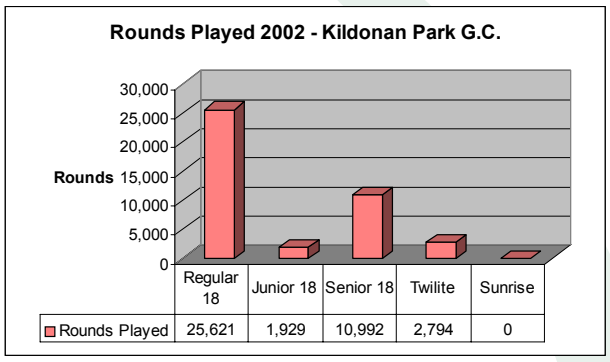
Clubhouses and pro shops at Kildonan, Windsor and Crescent Drive courses have been updated to provide better service. Televisions are in place at all 3 sites with a new large screen TV proving to be a popular attraction at Windsor. New outdoor patio furniture was purchased for Kildonan.

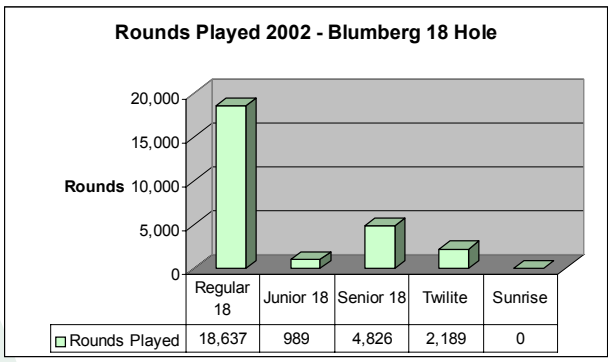


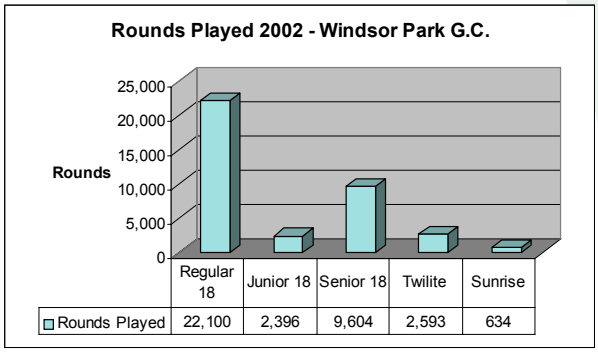


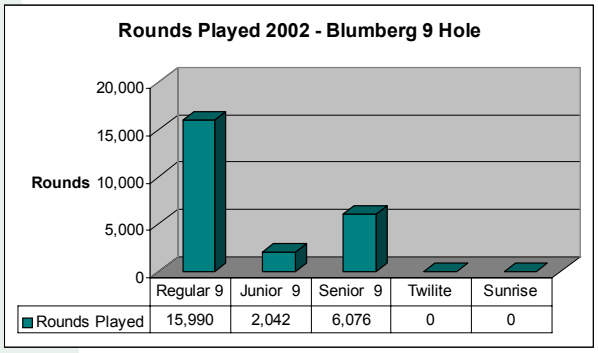


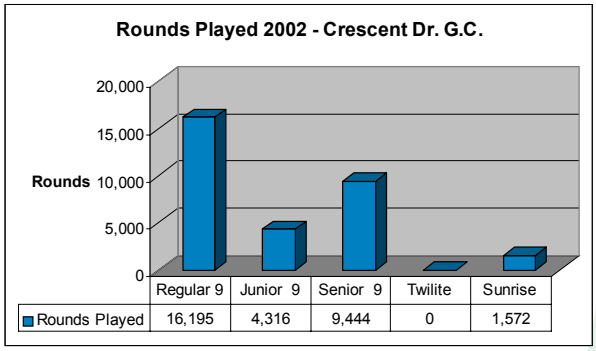
STATISTICS - 2002

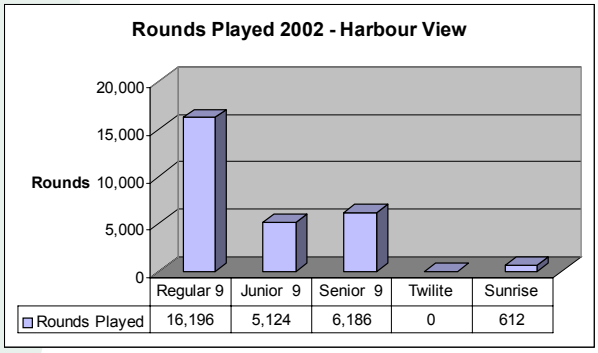


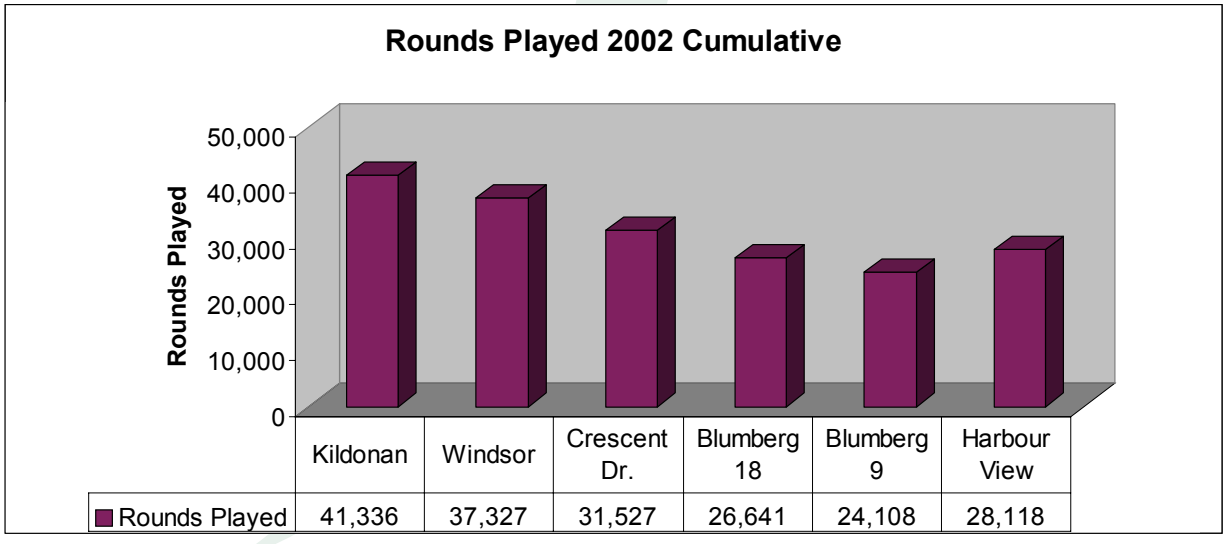












FINANCIAL PERFORMANCE

Pro forma financial statements including a statement of financial position, statement of operation and deficit, and a statement of cash flows follow.

In 2002, the Agency's operating deficit was $239,000 in comparison to a budgeted deficit of $152,000. This $87,000 difference is mainly attributable to poor weather conditions in the spring and fall. In June, Environment Canada confirmed that the spring of 2002 was the coldest on record in the Prairies. This combined with cold and wet conditions in October significantly reduced the number of playable golf days.

The adverse weather conditions affected green fees, equipment rentals, and concession revenues. Overall, revenues were $423,000 lower than budgeted. Expense savings of $334,000 minimized the overall deficit. Equipment purchases and some course improvements were deferred due to the lower than projected revenues.

On a positive note, gross profit on merchandise sales exceeded budget by $1,300. Although a relatively minor amount, it is a positive indicator of an area that has future growth potential. Merchandise sales is the only revenue stream that exceeded projections.

AUDITOR'S REPORT

To the Mayor and Members of City Council
The City of Winnipeg

We have audited the statement of financial position of The City of Winnipeg Golf Services - Special Operating Agency as at December 31, 2002 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The City of Winnipeg Golf Services - Special Operating Agency as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada
April 4, 2003

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

THE CITY OF WINNIPEG GOLF SERVICES - SPECIAL OPERATING AGENCY

As at December 31, 2002 (in thousands of dollars)

ASSETS	
CURRENT	
Accounts receivable	$ 2
Inventory	74
Prepaid expenses	5
	81
Capital assets (Note 4)	24,219
	$ 24,300
LIABILITIES	
CURRENT	
Due to City of Winnipeg - General Revenue Fund (Note 5)	$ 230
Accounts payable and accrued liabilities	12
Vacation (Note 6a)	35
	277
Retirement allowance (Note 6b)	121
Long-term debt - City of Winnipeg (Note 7)	4,051
	4,449
RETAINED EARNINGS	
Contributed surplus	20,090
Deficit	(239)
	19,851
	$ 24,300

See accompanying notes to the financial statements

STATEMENT OF OPERATION AND DEFICIT

THE CITY OF WINNIPEG GOLF SERVICES - SPECIAL OPERATING AGENCY

As at December 31, 2002 (in thousands of dollars)

REVENUES	
Green fees	**$ 2,142**
Equipment rentals	**194**
Concessions	**121**
Merchandise sales	**39**
Other	**26**
Total Revenues	**2,522**
EXPENSES	
Salaries and employee benefits	**1,132**
Services (Note 9a)	**570**
Debt and finance charges	**251**
Municipal tax equivalency charge (Note 8)	**240**
Amortization	**199**
Material, parts and supplies	**193**
Rent (Note 9b)	**15**
Total Expenses	**2,600**
LOSS FROM OPERATIONS	**(78)**
Transfer to City of Winnipeg - General Revenue Fund	**161**
DEFICIT FOR THE YEAR	**$ (239)**

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

THE CITY OF WINNIPEG GOLF SERVICES - SPECIAL OPERATING AGENCY

As at December 31, 2002 (in thousands of dollars)

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:	
OPERATING	
Deficit for the year	**$ (239)**
Non-cash items related to operations	
Amortization	**199**
Working capital from operations	**(40)**
Net change in working capital	**(202)**
	(242)
FINANCING	
Increase Due to City of Winnipeg - General Revenue Fund	**230**
Increase long-term debt - City of Winnipeg	**75**
	305
INVESTING	
Purchase of capital assets	**(66)**
Cash acquired on start-up	**3**
	(63)
CASH POSITION, END OF YEAR	**$ -**

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF WINNIPEG GOLF SERVICES - SPECIAL OPERATING AGENCY

As at December 31, 2002 (in thousands of dollars)

1. Commencement of Operations

On February 23, 2000, Council directed that a Business Plan and Operating Charter for a Golf Services - Special Operating Agency ("Agency") be prepared and further that the municipal golf course operations be realigned under the purview of the Planning, Property and Development Department.

The Agency manages the golf courses operated by the City and administer the agreements for those courses under lease or contract to other parties. The intent of the Agency is to maximize the annual return to the City on golf operations and ensure the long term sustainability of the City's golf course assets.

The Agency commenced operations on January 1, 2002.

2. Summary of Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends on future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

The financial statements have been prepared on the basis of Canadian generally accepted accounting principles and include the following significant accounting policies:

Inventory
Inventory is recorded at the lower of cost and net realizable value.

Capital assets
Land and buildings are stated at assessed values as of January 1, 2002, which were determined by the City of Winnipeg Property and Assessment Department. All golf course improvements incurred up to January 1, 2002 are assumed to be fully depreciated. Equipment on hand as at January 1, 2002, is recorded at its estimated net realizable value on that date. Subsequent acquisitions are recorded at cost.

Capital assets are amortized over the estimated useful life using the following rates and methods:

Furniture	10%	Straight-line
Golf course improvements	5%	Straight-line
Building	4%	Straight-line

NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF WINNIPEG GOLF SERVICES - SPECIAL OPERATING AGENCY

As at December 31, 2002 (in thousands of dollars)

Revenue Recognition
Green fees and equipment rental income are recognized when the services are provided. Sales of goods are recorded when sold.

Financial Instruments
Financial instruments include accounts receivable, due to City of Winnipeg - General Revenue fund, accounts payable and accrued liabilities and long term debt. It is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The book value of the Agency's financial assets and liabilities approximates their fair value.

3. Assets/Liabilities Acquired on Start-Up

The following assets and liabilities were acquired on start-up:

Assets	
Current assets	
Cash	$ 3
Inventory	45
	48
Capital assets	24,352
	$ 24,400
Liabilities	
Accounts payable and accrued liabilities	$ 213
Retirement allowance	121
Long-term debt	3,976
Contributed surplus	20,090
	$ 24,400

4. Capital Assets

	Cost	Accumulated Amortization/	Net Book Value 2002
Land	$ 20,376	$ -	$ 20,376
Building	3,383	134	3,249
Equipment	659	65	594
	$ 24,418	$ 199	$ 24,219

NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF WINNIPEG GOLF SERVICES - SPECIAL OPERATING AGENCY

As at December 31, 2002 (in thousands of dollars)

5. Due to City of Winnipeg - General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Cash transactions are credited or charged to the "Due (to)/from" account. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account. The limit of this line of credit is $400 thousand.

6. Employee Benefits

a) Vacation

The Agency's employees accrue vacation credits, which together with unused holidays from previous years generally become a charge to operations in the year they are earned.

b) Retirement allowance

Under various union agreements, unused sick leave credits accumulate and employees with specified minimum service requirements become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). An actuarial valuation has estimated the retirement allowance liability as at December 31, 2002, at $121 thousand.

c) Pension

The Agency's employees are eligible for pensions under The City of Winnipeg, Civic Employees' Pension Plan. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $52 thousand of pension costs were allocated to the Agency. An actuarial valuation for The City of Winnipeg, Civic Employees' Pension Plan was made as of December 31, 2001 and has an actuarial surplus.

7. Long-Term Debt - City of Winnipeg

Golf Course Reserve	
Golf course improvements loan, interest at 6%, with annual repayments of $10 thousand, commencing in 2004	$ 75
General Revenue Fund	
Start-up loan, interest at 6%, repayable in annual payments of $264 thousand commencing in 2007	3,976
	$ 4,051

NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF WINNIPEG GOLF SERVICES - SPECIAL OPERATING AGENCY

As at December 31, 2002 (in thousands of dollars)

a) Principal repayments due within the next five years are as follows:

2003	$ -
2004	6
2005	6
2006	32
2007	34
Thereafter	3,973
	$ 4,051

b) Interest on the golf course improvements loan during the year was $2 thousand and has been paid to the Golf Course Reserve.

Interest on the assets acquired at start-up loan during the year of $239 thousand has been paid to the General Revenue Fund.

c) Cash paid for interest during the year was $241 thousand.

8. Municipal tax equivalency charges

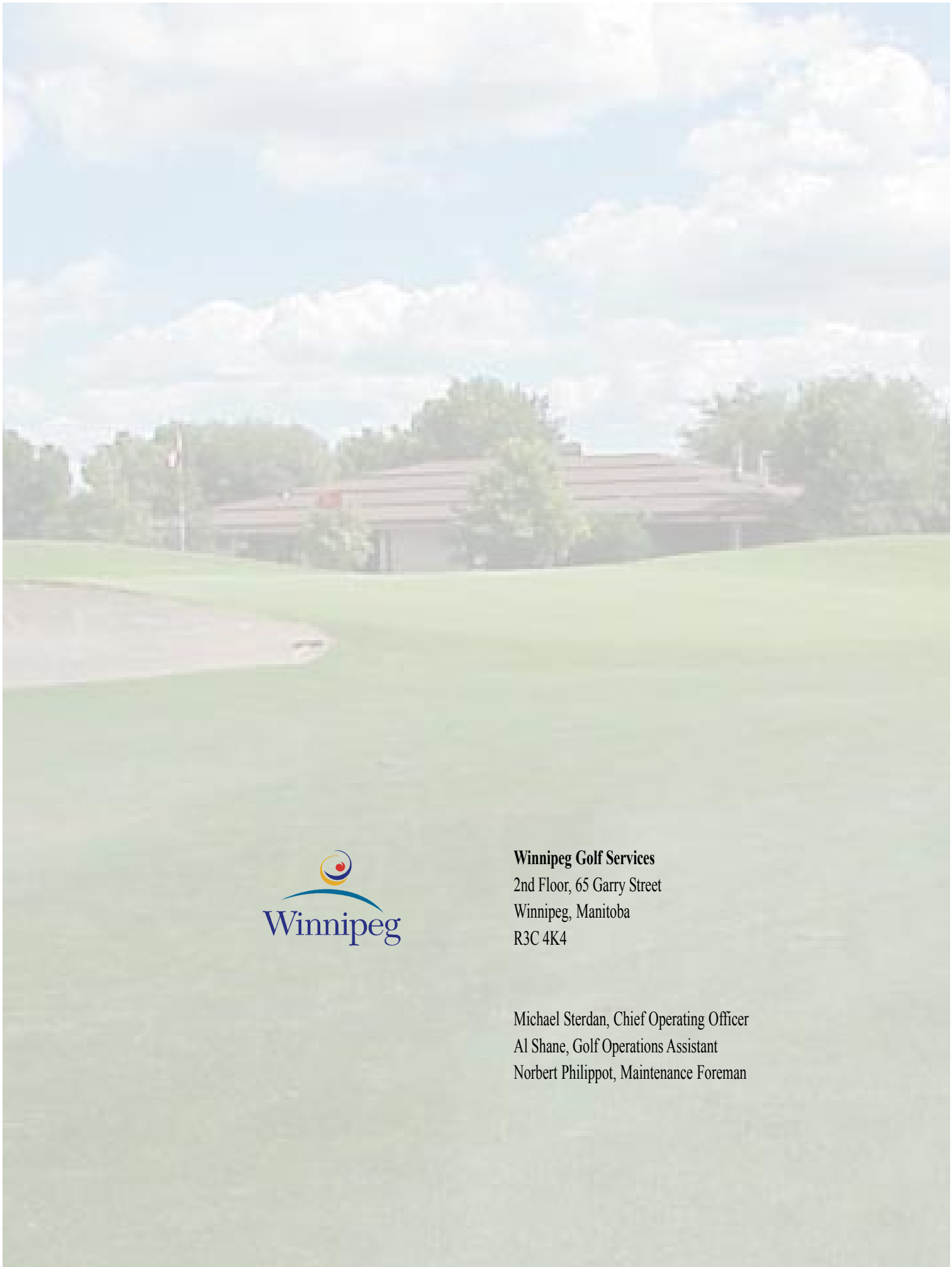
Municipal realty tax equivalency charges are applicable to the five facilities owned and previously operated by the City of Winnipeg - Windsor, Kildonan, Crescent Drive, Harbour View and John Blumberg. These charges are based on estimated assessments and mill rates that would have been applicable had these facilities been privately owned. Estimated business tax equivalency amounts are also included with respect to the three facilities operated entirely by the Agency, based on rates applicable to private golf course businesses.

9. Related Party Transactions

In addition to those transactions described elsewhere in the notes, included in the Agency's revenues/expenses are:

a) In Services, an amount of $59 thousand for general government charges has been included and paid to the General Revenue Fund which represents the estimated share of the City of Winnipeg's general expenses applicable to the Agency.

b) An amount of $15 thousand has been transferred to the Civic Accommodation Fund for the rental of office space.



Winnipeg Golf Services
2nd Floor, 65 Garry Street
Winnipeg, Manitoba
R3C 4K4

Michael Sterdan, Chief Operating Officer
Al Shane, Golf Operations Assistant
Norbert Philippot, Maintenance Foreman