Agenda – Executive Policy Committee – April 16, 2019

Report – Standing Policy Committee on Innovation – April 8, 2019

Item No. 3 Winnipeg Golf Services Special Operating Agency – 2019 Business Plan (Selection Report)

STANDING COMMITTEE RECOMMENDATION:

On April 8, 2019, the Standing Policy Committee on Innovation concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the 2019 Business Plan for the City of Winnipeg Golf Services Special Operating Agency including the 2019 budget be approved and the 2020 and 2021 Financial Projections as outlined in Appendix A be received as information.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.

Agenda – Executive Policy Committee – April 16, 2019

Report – Standing Policy Committee on Innovation – April 8, 2019

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 8, 2019, the Standing Policy Committee on Innovation concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

On March 11, 2019, the Standing Policy Committee on Innovation laid over the Winnipeg Golf Services Special Operating Agency – 2019 Business Plan to its meeting on April 8, 2019.

ADMINISTRATIVE REPORT

Title: Golf Services – Special Operating Agency – 2019 Business Plan

Critical Path: Standing Policy Committee on Innovation – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Fey	M. Jack	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

An annual business plan for the City of Winnipeg Golf Services (Special Operating Agency) is submitted to Council each year. Highlights of the 2019 Business Plan, attached as Appendix A, are provided below:

In 2018, rounds played to the end of September at the Kildonan Park, Windsor Park and Crescent Drive Golf Courses increased by 2,371 rounds or 4.3% over the number of rounds played to the same point of the 2017 season The increase was primarily due to favorable weather and continued efforts to enhance the golfer experience by providing an upgraded on-course product and improved golf course playing conditions as well as by way of increasing customer loyalty through the PAR loyalty program.

Capital improvements at the Kildonan Park Golf Course in 2018 consisted of the replacement of the clubhouse carpeting, renovation of the sun room, the construction of new tee boxes on holes #2, #11, and #15, and a new greenside bunker on hole #10.

Proposed capital improvements for 2019 consist of reconstructing two tee boxes at Windsor Park on holes #1 and #9, as well as the renovation and redesign of the front entrance. At Kildonan Park, both the men's and women's washrooms will be renovated to accessibility standards.

In 2019, at the Kildonan Park and Windsor Park Golf Courses, all green fees excluding the Junior category will increase by $1.00 per round. At the 9 hole courses, Crescent Drive and Harbour View, all green fees will increase by $0.50 cents per round.

The Agency's line of credit, due to The City of Winnipeg – General Revenue Fund balance, is projected to decrease from $6.487 million in 2018 to $6.197 million in 2019. Contributing to the decrease will be mill rate support of $750,000 from the City (i.e. transfer from the General

Revenue Fund). This represents the fifth of ten annual transfers of $750,000 which are required to repay the outstanding balance.

RECOMMENDATIONS

1. That the 2019 Business Plan for The City of Winnipeg – Golf Services – Special Operating Agency including the 2019 budget be approved and the 2020 and 2021 financial projections be received as information, as outlined in Appendix A.

2. That the Proper Officers of The City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.

REASON FOR THE REPORT

A Business Plan is presented to Council, annually, in accordance with The City of Winnipeg – Golf Services – Special Operating Agency's Operating Charter.

IMPLICATIONS OF THE RECOMMENDATIONS

The Agency's line of credit, due to The City of Winnipeg – General Revenue Fund balance is projected to decrease to $6.197 million in 2019.

In 2019, at the Kildonan Park and Windsor Park Golf Courses, all green fees will increase by $1.00 per round and at the 9-hole courses, Crescent Drive and Harbour View, all green fees will increase by $0.50 cents per round.

HISTORY/DISCUSSION

Winnipeg Golf Services (WGS) was designated as a Special Operating Agency effective January 1, 2002. On May 29th, 2013, Council directed WGS to continue to maintain operations and management of the four City-owned and operated Kildonan Park, Windsor Park, Crescent Drive and Harbour View Golf Courses.

The Golf Course Reserve Fund, originally established by Council on April 27, 1994, became a financing source for Golf Course Improvements with the establishment of the Golf Services SOA on January 1, 2002. The Reserve received principal and interest payments from Golf Services in order to fund future capital improvements at municipal golf courses. On December 11, 2013, Council approved that, effective January 1, 2014, the loans from the Golf Course Reserve Fund to Golf Services be forgiven. Since that time, a $2.00 per round golf course improvement levy has been applied to all green fees sold, with revenues being held in the Reserve, to provide for future capital improvements to municipal golf courses. Effective January 1, 2017, the Golf Course Reserve Fund was closed and the balance transferred to allocated equity in the Winnipeg Golf Services – Special Operating Agency.

The WGS SOA was established to operate in a businesslike manner; that is, it was to generate sufficient revenue to offset its expenses and provide a return to the City (i.e. General Revenue Fund). However, given the declining state of the local golf market since WGS' inception, the Agency has been unable to achieve its revenue projections and, as a result, has accumulated an operating deficit of $9.706 million from inception in 2002 to 2017.

The declining local golf market also led to the Agency borrowing funds from the City to meet its annual cash flow requirements. It was planned that the Agency would repay this line of credit (Due to the City of Winnipeg – General Revenue Fund) balance with cash flow generated from its operations. However, the stagnant nature of the local golf market did not enable the Agency to generate the required cash flow and as result, the line of credit balance increased to $7.656million in 2014.

To address the line of credit balance, beginning in 2015, the Agency's budget included $750,000 in annual mill rate support from the City of Winnipeg – General Revenue Fund. This annual mill rate support was intended to enable the Agency's line of credit, due to the City of Winnipeg – General Revenue Fund, balance to be repaid by the end of 2024. However, based on current projections, eliminating the outstanding inter-company balance within this timeframe represents a challenge, which the Agency will endeavor to address by streamlining operations to the extent possible on a go-forward basis. The line of credit balance as at December 31, 2017, the most up-to-date audited amount, is $6.495 million.

During the 2019 golf season, revenues from the $2.00 per round golf course improvement levy will continue to be charged by the Agency, which will increase the Agency's allocated equity balance. The Agency's allocated equity will provide for future golf course improvement capital asset acquisitions.

Unionized City employees continue to operate both the clubhouse and maintenance operations at Kildonan Park, Windsor Park, and Crescent Drive Golf Courses.

At Harbour View, the Pro Shop and related amenities (mini-putt, driving range, etc.) continue to be operated through a management contract, with golf course maintenance being performed by unionized City employees.

FINANCIAL IMPACT

Financial Impact Statement **Date:** February 28, 2019

Project Name:

The City of Winnipeg - Golf Services - Special Operating Agency - 2019 Business Plan

COMMENTS:

2019 to 2021 projected financial statements and notes are presented in Appendix A-1.

"Original Signed By"
Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Planning, Property and Development Department

OURWINNIPEG POLICY ALIGNMENT

Section 01 – A City That Works

Section 01 – 5 Recreation – Direction 6 – Plan for Sustainable and Connected Recreation and Leisure Infrastructure

SUBMITTED BY

Department: Winnipeg Golf Services SOA
Division: n/a
Prepared by: Ben Fey, Chief Operating Officer, WGS
Date: February 21, 2019

APPENDIX A

THE CITY OF WINNIPEG

GOLF SERVICES –

SPECIAL OPERATING AGENCY

BUSINESS PLAN

2019

Overview

The City of Winnipeg has operated municipal golf courses since 1921. The City of Winnipeg – Golf Services – Special Operating Agency was established in 2002 to administer the City's golf course assets. The Special Operating Agency concept permits the Agency to operate in a business-like and transparent manner, through managerial flexibilities including special delegations, exemptions and authorities.

The 2019 season will be the eighteenth year of operation for the Agency, and includes the operation and contract management of 12 golf course properties in Winnipeg. There are four different types of arrangements under which the golf courses are managed by the Agency:

1. City operated and maintained: Kildonan Park, Windsor Park and Crescent Drive
2. Leased properties: Rossmere, St. Boniface, Transcona, Wildewood, Assiniboine, Canoe Club and Tuxedo.
3. Managed Contract: John Blumberg
4. City maintained/ Contractor operated: Harbour View Golf Course and Recreation Complex.

The Agency is also responsible for managing contracts and leases for City lands used by the Thermea Spa, Smokin Hawg BBQ, privately operated courses, the Cross Country Ski Association and other services compatible with a golf operation.

A list of contract termination dates for the leased properties, and properties under managed contracts is contained in Appendix A-4.

Strategic Direction

The Agency's strategic direction is set out by its Operating Charter and Business Plan, and places emphasis on managing for results, bottom-line accountability, customer satisfaction, and full disclosure.

The Agency participates in the competitive Winnipeg golf market. The market is well served with a wide range of courses ranging from private and semi-private championship quality courses to short, practice courses that are oriented to beginners and families. In all, there are approximately 50 courses within a 70 kilometer radius of Winnipeg.

The current Winnipeg golf market has become over saturated with golf courses whereby supply now exceeds demand. In recent years this over supply has resulted in several golf course closures with other golf courses having to adjust their operating models to remain solvent. Winnipeg Golf Services anticipates this trend to continue.

To maintain market share, most public golf courses attempt to attract golfers by offering tee time discounts, auto cart specials and other promotional opportunities. Winnipeg Golf Services uses a comparable strategy but in an effort to differentiate itself from the completion also offer a

player discount program, (PAR) Points and Rewards, which is a new concept introduced to the Winnipeg golf market in 2015. Also introduced that year was a new interactive golf app unlike any other available in the current market.

Following direction from Council on May 29th, 2013, the Agency will continue to operate/manage the Kildonan Park, Windsor Park, Crescent Drive, and Harbour View Golf Courses.

Vision

WGS strives to be recognized as a leader in the provision of Municipal golf services.

Mission

The Agency endeavours to make 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.

Values

- Customer focus
- Business mentality
- Creativity and innovation
- Environmental responsibility

Guiding Principles

- Teamwork
- Sustainability
- Focus on value and results
- Flexibility
- Be responsive

Key Goals and Strategies

Goal: Improve Golf Course Playability

Strategies:

To improve playability and increase revenues, in 2014 Winnipeg Golf Services began several turf related capital improvement projects at the Kildonan Park and Windsor Park Golf Courses. New tee boxes were built, several other older tee boxes were renovated, new sand traps were added and multiple drainage projects were completed.

In 2019 in an effort to continue to improve the golf product and the customer experience the following capital improvement projects will be undertaken at Windsor Park Golf Course:

- Reconstruction of tee boxes on holes #1 and #9
- Renovation of the front entrance way and first tee area

Goal: Provide High Quality Customer Service

Strategies:

In 2014 in an effort to improve Customer Service, Winnipeg Golf Services introduced a new Point of Sale System that allowed for the sale of gift cards, on-line purchasing capability and the implementation of the PAR Loyalty Program.

- A Point of Sale (POS) system has been installed at Kildonan Park, Windsor Park and Crescent Drive Golf Courses. The POS system improved financial reporting and attendance tracking and allowed for the introduction of pre-loaded gift cards, eliminating the need for the 10-game pass card, which were costly to produce and monitor, and allowed for the creation and implementation of a new Customer Loyalty Program, Points and Rewards (PAR) that encourages players to patronize our golf courses by awarding points for every green fee purchased. At present, the PAR Loyalty Program has in excess of 7000 members. The POS system has allowed the Agency to accumulate an email database that is used to communicate with Agency patrons, advising them of green fee specials, discounts on merchandise, and general information on Agency programs.

In 2015 a new in interactive golf app was also introduced, which is the only one of its type in the Winnipeg golf market.

- The new mobile app was introduced at the two 18 hole courses, Kildonan Park and Windsor Park. The app is free to golfers with an iPhone or Android device. Golfers can enhance their playing experience by using the interactive scorecard, viewing detailed video fly overs of each hole and tracking their personal scoring statistics. Players can also use the app to more easily book a tee time. In 2019, players using the app will also receive “push” notifications advising them of specials or discounted unused tee times. Players who are members of the PAR Loyalty Program who receive these notifications could receive additional bonus PAR points if they book the promotional unused tee times. At present there are in excess of 3,000 app users.

- During the 2017 operating season, WGS renovated the clubhouse at Kildonan Park for the purpose of being used as a cross country ski chalet. In February and March of 2017 and 2018 the Seven Oaks School Division used the facility as part of its Cross Country Learn to Ski program and it is anticipated that in 2019 the Cross Country Ski Association will be leasing the facility which allow for the introduction of an adaptive ski program.

- In 2019, all clubhouse staff and Marshals will continue to be certified in First Aid, CPR, and the use of a defibulator.

Goal: Ensure Financial and Environmental Sustainability

Strategies:

Winnipeg Golf Services equipment servicing is done by a using a combination of internal (Winnipeg Fleet Management Agency), and external (equipment service contractor) sources. By using both internal and external services, Winnipeg Golf Services is better able repair equipment in the shortest time possible, at the lowest possible cost, while still having equipment repaired by certified mechanics.

- In 2016 a new turf sprayer unit was purchased. This new turf sprayer unit has allowed WGS to be better able to react to the onset of turf diseases and to be better able to control noxious weeds and clover which has improved playing conditions. The new sprayer unit has also allowed WGS to be more environmentally responsible by properly regulating and reducing the amount of chemicals being applied.

- In 2019, WGS will explore the potential of renting the turf sprayer out to other city departments and golf courses in an effort to become cost recoverable.

- In 2019, Maintenance staff will continue to be trained in the proper application of fungicides and herbicides.

Goal: Improve the Image of the Municipal Courses

Strategies:

In 2014, Winnipeg Golf Services began improving the overall image of the Municipal golf courses by undertaking multiple capital improvement projects that not only improved the overall appearance of the facilities but will also improved the product and extend the life expectancy of the assets.

- Capital improvements at the Kildonan Park Golf Course in 2018 consisted of the replacement of the clubhouse carpeting, renovation of the sun room, the construction of new tee boxes on holes #2, #11, and #15, and a new greenside bunker on hole #10.

- At Kildonan Park, capital improvements in 2017 included the completion of drainage projects on holes #7, #9, #14 and #16, the maintenance building roof was replaced, the interior and exterior of the clubhouse were painted and three new air conditioning units were installed. On hole #16 a new secondary tee box was built and on holes #4 and #16 the exiting tee boxes were renovated.

- At Windsor Park in 2017, the clubhouse carpeting was replaced, new chairs were purchased for the lounge area, a new air conditioning unit and window were installed in the kitchen area and a new front entry way was built.

- At the beginning of the 2017 golf season, each of the three City-operated golf courses, Kildonan Park, Windsor Park and Crescent Drive had Wi-Fi capability installed.

Goal: Increase Revenues from Associated Services

Strategies:

For 2019, operating revenues and expenditures reflect a return based on a typical prairie golf season of 195 days, and green fees are based on approximately 70,000 rounds. In 2019, all green fees at the 18 hole courses, Kildonan Park and Windsor Park will increase by $1.00 per round and at the 9 hole courses, Crescent Drive and Harbour View all green fees will increase by $0.50 cents per round.

In the summer of 2018, WGS entered into a partnership promotion with Thermea Spa at Crescent Drive Golf Course whereby customers had the opportunity to be treated to a memorable golf and relaxation experience with a 9 hole round of golf followed by a signature spa experience at Thermea. Further partnerships of this nature will run again in 2019.

In 2016, a new patio at the Kildonan Park Golf Course was opened. Patio service was introduced and “patio specials” were offered to both the golfers and the general public.

In 2016, WGS obtained an additional liquor license (Dining Room) at the Kildonan Park Golf Course that allows the Concessionaire to sell liquor to both golfers and non-golfers.

Performance Measurement and Statistics

Golf Services Operating Cost per Round (18 Holes)*

Kildonan Golf Course	2013	2014	2015	2016	2017
Total Cost (Operations)	$711,788	$712,852	$805,403	$941,862	$907,486
Total Revenue (Operations)	$985,686	$922,595	$973,641	$947,487	$892,786
Net Revenue (Operations)	$273,898	$209,743	$168,238	$5,625	($14,700)
Operating Cost per Round	$24.76	$25.80	$29.03	$35.97	$37.76
Windsor Golf Course	**2013**	**2014**	**2015**	**2016**	**2017**
Total Cost (Operations)	$880,775	$767,628	$863,043	$829,506	$802,284
Total Revenue (Operations)	$737,604	$674,049	$782,182	$716,839	$723,005
Net Revenue (Operations)	($143,171)	-$93,579	($80,861)	($112,667)	($79,279)
Operating Cost per Round	$39.15	$38.27	$36.62	$38.93	$38.87

Golf Services Operating Cost per Round (9 holes)*

Crescent Drive Golf Course	2013	2014	2015	2016	2017
Total Cost (Operations)	$335,072	$332,699	$310,900	$314,642	$302,752
Total Revenue (Operations)	$203,801	$207,244	$247,905	$243,778	$235,939
Net Revenue (Operations)	($131,271)	($125,455)	($62,995)	($70,864)	($66,813)
Operating Cost per Round	$24.04	$24.53	$19.01	$20.94	$21.82
Harbour View Golf Course	**2013**	**2014**	**2015**	**2016**	**2017**
Total Cost (Operations)	$341,998	$200,811	$204,790	$190,813	$195,187
Total Revenue (Operations)	$178,787	$69,918	$76,495	$68,135	$72,280
Net Revenue (Operations)	$163,211	($130,893)	($128,295)	($122,678)	($122,906)
Operating Cost per Round	$25.72	$19.92	$18.62	$16.96	$19.02

* Note: Only direct operating costs for each course. No administrative charges included.

Green Fee Comparison of Golf Services and Other Winnipeg Golf Courses (2017)

Winnipeg Golf Services has one of the lowest green fees for 18 holes in the Winnipeg golf market.

Golf Course	Weekend	Adult Week Day	Senior	Junior	Twilite
Rossmere	$57.75	$47.25	n/a	$26.25	n/a
St. Boniface	$56.00	$52.50	n/a	$22.00	$31.00
Bridges	$51.50	$47.00	n/a	$32.00	$20.00
Larters	$45.00	$45.00	$41.00	$26.00	$29.00
Kingswood	$46.50	$44.50	$38.50	$22.00	$38.00
AVERAGE	**$51.35**	**$47.25**	**$39.75**	**$25.65**	**$23.60**
Transcona	$42.00	$38.00	n/a	$24.00	$28.00
Tuxedo	$37.00	$37.00	$28.00	$20.00	$24.00
City of Winnipeg	$37.00	$37.00	$27.00	$22.00	$24.00
John Blumberg	$30.00	$30.00	$28.00	$28.00	$26.00

The Agency periodically surveys the fee structure of other public and semi-public courses within the Winnipeg market to determine market-pricing trends. Agency courses offer very competitive green fee rates in the Winnipeg market. Green fee information is contained in Appendix A-2

Golf Services Operating Cost per Hole

	2013	2014	2015	2016	2017
Kildonan Golf Course	$1.38	$1.43	$1.61	$2.00	$2.10
Windsor Golf Course	$2.17	$2.13	$2.03	$2.16	$2.16
Crescent Drive Golf Course	$2.67	$2.73	$2.11	$2.33	$2.42
Harbour View Golf Course	$2.86	$2.21	$2.07	$1.88	$2.11

The Golf Services Operating Cost per hole is calculated annually for comparative purposes. The costs can be influenced by weather conditions, the length of the operating season, as well as the age of the Golf Services infrastructure and assets.

Service Level Statistics

Description	2014	2015	2016	2017
Kildonan (39.49 hectares)				
Days Open	175	198	189	186
Total Rounds	27,631	27,740	26,184	24,034
Windsor (46.13 hectares)				
Days Open	161	191	181	166
Total Rounds	20,058	23,570	21,305	20,638
Crescent Drive (15.39 hectares)				
Days Open	148	177	174	158
Total Rounds	13,562	16,353	15,029	13,872
Harbour View (12.8 hectares)				
Days Open	180	199	189	187
Total Rounds	10,083	11,000	11,251	10,262

There are four different types of arrangements under which the golf courses are managed.
City Operated and Maintained: Kildonan Park, Windsor Park, Crescent Drive
Leased Properties: Rossmere, St. Boniface, Transcona, Wildwood Club, Assiniboine, Canoe Club and Tuxedo
Managed Contract: John Blumberg
City Maintained/Contractor Operated: Harbour View Golf Course and Recreation Complex

In 2018, rounds played to the end of September at the Kildonan Park, Windsor Park and Crescent Drive Golf Courses increased by 2,371 rounds or 4.3% over the number of rounds played to the same point of the 2017 season (note: rounds played at Harbour View are not yet available). The increase was primarily due to favorable weather and continued efforts to enhance the golfer experience by providing an upgraded on-course product and improved golf course playing conditions as well as by way of increasing customer loyalty through the PAR loyalty program.

Assumptions to the Projected Financial Statements

The projected financial statements include management's best estimates of future financial performance, and incorporate the financial implications of the Agency's goals and strategies.

The financial projections are estimates of the financial position, operations and accumulated surplus, cash flows, and change in net financial liabilities using management's assumptions that reflect the Agency's planned courses of action for the three years ending December 31, 2021.

Management's judgment has been used in the assumptions, with the most probable set of economic conditions. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this projection. Therefore, the actual results achieved during the projection period will vary from the projections, and the variations may be material.

The financial forecast and projections are based on actual 2017 results of operations with increases for annual inflation, except where otherwise described in the notes to the projected financial statements or as noted in these assumptions.

The 2019 to 2021 Projected Financial Statements and Notes are presented in Appendix A-1.

The 2017 Auditors' Report and Financial Statements are presented in Appendix A-6.

Revenues

Green Fees

Green fees for Kildonan and Windsor are projected to increase by $1.00 in 2019 and forward, excluding Junior. Green fees for Crescent Drive and Harbour View are projected to increase by $0.50 in 2019 and by $1.00 in 2020 and forward.

Estimated number of rounds played are based on actual 2017 number of rounds played for Kildonan Park, Windsor Park, Crescent Drive and Harbour View golf courses, with an increase in the number of Junior rounds of 3% in 2019, and 5% in 2020 and forward.

Effective July 20, 2013, green fee rates include a $2.00 per round golf course improvement levy charge, intended to provide funds to the Agency for capital acquisitions.

Net Revenue from Leasing Operations

Net revenue from leased properties and managed contracts are based on current arrangements, and are estimated for periods beyond contract expiry dates.

Transfer from the City of Winnipeg – General Revenue Fund

As outlined in The City of Winnipeg – Golf Services – Special Operating Agency 2015 Business Plan, adopted by Council on January 28, 2015, the due to The City of Winnipeg – General Revenue Fund balance is to be reduced to $nil, by way of an annual $750 thousand transfer to the Agency from the General Revenue Fund, over the ten-year period from 2015 to 2024.

Transfer from the City of Winnipeg – General Revenue Fund is projected as follows:

- $730 thousand annually excluding 2020, based on the $750 thousand transfer, net of $20 thousand vacancy management as determined by the Corporate Finance Department
- $1,730 thousand in 2020, based on the above, with the addition of $1,000 thousand for funding capital golf course amenities at the Canoe Club

Transfer from the City of Winnipeg – Golf Course Reserve Fund

Transfer from the City of Winnipeg – Golf Course Reserve Fund is projected at $nil for 2018 and forward. As outlined in the Agency's 2017 Business Plan, adopted by Council on July 19, 2017, the Golf Course Reserve Fund was closed and the accumulated surplus transferred to the Agency in 2017.

The $2.00 per round golf course improvement levy, charged in green fee rates, was previously transferred to the Golf Course Reserve to provide future funds for the Agency's capital asset acquisitions. Due to the closure of the Reserve, the golf course improvement levy will remain in the Agency as allocated equity, and used to fund the Agency's future capital asset acquisitions as intended.

Other

Other revenue includes Provincial support grant, sports sales at Harbour View, and miscellaneous revenue.

Concessions

Concessions revenue includes estimates in 2019 and forward for Smokin Hawg BBQ, the new restaurant provider at Harbour View Golf Course.

Transfer from the City of Winnipeg – Contributions in Lieu of Land Dedication Reserve Fund

Transfer from the Contributions in Lieu of Land Dedication Reserve Fund is $nil in 2018 and forward. One-time funding in 2017 provided for club house building improvements at Kildonan Park.

Expenses

Transfer to The City of Winnipeg – General Capital Fund

Transfer to the City of Winnipeg – General Capital Fund is projected at $1,000 thousand in 2020, for funding capital golf course amenities at the Canoe Club golf course.

Salaries and Employee Benefits

Consistent with 2018, salaries and employee benefits expense is based on collective agreements, providing for 24 full-time equivalent (FTE) positions in 2019 and forward, including 1 FTE WAPSO exempt position, 1 FTE WAPSO position, 1 FTE CUPE position, and 21 FTE CUPE seasonal positions. Pension, group insurance, dental, vision, and employment insurance benefits are projected at 19% of salaries.

The vacancy management target of $20 thousand, as determined by Corporate Finance, may not be met, as the Agency's salaries and benefits projections are estimated by the COO at minimum levels required to operate the Agency. Imposed vacancy management reductions may result in decreased revenues due to associated reductions in existing golf course services. It should be noted the Agency's Operating Charter provides an exemption from vacancy management, as approved by Council on July 21, 2004.

Services

Fleet operating and capital lease costs are based on estimates provided by Winnipeg Fleet Management Agency.

Seasonal maintenance services, equipment rental and legal fees are reduced by $103 thousand in 2018 resulting from a contract change at John Blumberg Golf Course.

Water costs are reduced by $13 thousand in 2018 due to a change to water tank supply at Crescent Drive Golf Course.

Printing costs are estimated to increase by $3 thousand in 2018 and 2021 for score cards.

Supplies

Uniform costs are estimated to increase by $5 thousand in 2019, as replaced every three years.

Amortization

Tangible capital assets are amortized on the basis of cost less residual value on a straight-line basis over their estimated useful lives as follows:

- Buildings; 25 years
- Equipment; 5 to 10 years
- Golf course improvements; 20 years

Interest

Interest expense is based on the due to The City of Winnipeg – General Revenue Fund balance, which operates as the Agency's line of credit.

Other

Other expenses include miscellaneous costs, provincial payroll tax, and credit card commission.

Liabilities

Due to The City of Winnipeg – General Revenue Fund

Due to The City of Winnipeg – General Revenue Fund, represents the Agency's operating line of credit. As outlined in the Agency's 2015 Business Plan, adopted by Council on January 28, 2015, the due to The City of Winnipeg – General Revenue Fund balance is to be reduced to $nil over a ten-year period from 2015 to 2024, by way of a $750 thousand annual transfer to the Agency from the General Revenue Fund.

However, due to an increase in allowance for doubtful accounts of $419 thousand related to receivables from 2015 and 2016, imposed vacancy management, and an anticipated reduction in demand for golf services and amenities, the line of credit will be required for continued operations past 2024.

Debt

Due to The City of Winnipeg – General Revenue Fund debt represents a non-interest bearing start-up loan.

Accrued Employee Benefits

Accrued employee benefits are estimated for retirement allowance, vacation, and compensated absences.

Non-Financial Assets

Tangible Capital Assets

Tangible capital assets include land, buildings, golf course improvements and equipment. Annual asset acquisitions are contained in the Projected Statement of Cash Flows in Appendix A-1, and are estimated based on operational requirements.

Accumulated Surplus

The Agency's accumulated surplus consists of the following:

- Invested in tangible capital assets
- Allocated equity
- Contributed surplus
- Operating

As outlined in the Agency's 2017 Business Plan, adopted by Council on July 19, 2017, the Golf Course Reserve Fund was closed as at January 1, 2017, and the accumulated surplus of the Reserve was transferred to the Agency. Allocated equity includes the Golf Course Reserve Fund's accumulated surplus balance as at January 1, 2017, representing cumulative $2.00 per round golf course improvement levy from July 20, 2013 onward, net of the Agency's cumulative capital acquisitions from January 1, 2014 onward.

The $2.00 per round golf course improvement levy, included in the green fees rate, will continue to be charged by the Agency to fund capital acquisitions as intended, with the net cumulative balance reported as allocated equity.

APPENDIX A-1

2019 TO 2021 PROJECTED FINANCIAL STATEMENTS AND NOTES

APPENDIX A-2

GREEN FEES AND MISCELLANEOUS SERVICES

	2014	2015	2016	2017	2018	2019
Kildonan / Windsor						
Adult	34.00	35.00	36.00	37.00	38.00	39.00
Senior*	25.50	26.50	27.00	28.00	29.00	30.00
Junior*	20.00	21.00	21.00	22.00	23.00	23.00
Twilight	22.00	23.00	23.00	24.00	25.00	26.00
Sunrise (Windsor)	18.50	19.50	19.50	20.50	21.50	22.50
Crescent Drive / Harbour View						
Adult	17.00	17.00	17.00	18.00	18.50	19.00
2nd round	11.00	11.00	11.00	11.00	11.00	11.50
Senior	14.00	14.00	14.00	15.00	15.50	16.00
2nd round	7.00	7.00	7.00	7.00	7.00	7.50
Junior	13.00	13.00	13.00	14.00	14.50	14.00
2nd round	5.00	5.00	5.00	5.00	5.00	5.50
Sunrise	14.00	14.00	14.00	15.00	15.50	14.50
Miscellaneous Services (Windsor / Kildonan / Crescent Drive)						
Auto cart 18 hole	33.00	34.00	34.00	34.00	35.00	36.00
Auto cart 9 hole	16.50	17.00	17.00	17.00	18.00	18.00
Trail fee private auto cart (18)	20.00	20.00	20.00	20.00	20.00	25.00
Rental clubs 7 piece (18)	8.25	8.50	8.50	8.50	8.50	10.00
Rental Clubs 7 piece (9)	6.25	6.50	6.50	6.50	6.50	7.00
Pull cart (18)	5.00	5.00	5.00	5.00	5.00	5.00
Pull cart (9)	3.25	4.00	4.00	4.00	4.50	5.00

Includes $2.00 per round fee to fund course improvements implemented July 20th, 2013

APPENDIX A-3

ROUNDS PLAYED 2011 TO 2017

	2011	2012	2013	2014	2015	2016	2017
Kildonan	32,580	29,481	28,753	27,631	27,740	26,184	24,056
Windsor	17,203	25,212	22,500	20,058	23,570	21,305	20,664
Crescent Drive	17,667	16,006	13,936	13,562	16,353	15,029	13,883
Harbour View	17,741	15,010	13,298	10,083	11,000	11,251	10,556
Annual Total	**85,191**	**85,709**	**78,487**	**71,334**	**78,663**	**73,769**	**69,159**

APPENDIX A-4

LEASED PROPERTIES AND MANAGED CONTRACTS

Leased Properties	**Expiry Date**
Canoe Club Golf Course	April 30, 2019
Tuxedo Golf Course	February 28, 2021
Transcona Golf Course	December 31, 2023
Wildewood Golf Course	December 31, 2023
Assiniboine Golf Course	December 31, 2025
St Boniface Golf Course	December 31, 2025
Rossmere Golf Course	October 9, 2058

Managed Contracts	**Expiry Date**
Harbour View Golf Course and Recreation Complex (contractor operated amenities; City maintained)	March 31, 2020
John Blumberg Golf Course	March 31, 2020

APPENDIX A-5

PROPERTY TAXES FOR LEASED GOLF COURSES

Golf Course	Address	2017 Taxes	Local Improvements	Frontage Levies	Total 2017 Taxes
Assiniiboine Golf Course	2045 Ness Ave	18,788.26		6,655.97	25,444.23
Tuxedo Golf Course	400 Shaftesbury	52,076.41		19,874.04	71,950.45
Wildwood Golf Course	761North Dr	19,376.67		23,142.97	42,519.64
Transcona Golf Course	2120 Dugald Rd	47,414.41		21,031.38	68,445.79
Rossmere Golf Course	925 Watt St	18,547.67		6,649.08	25,196.75
		19,697.16		2,207.29	21,904.45
Canoe Club Golf Course	56 Dunkirk Dr	18,702.28		2,246.50	20,948.78
St. Boniface Golf Course	100 Youville St	57,337.72	8,148.95	22,544.34	88,031.01

APPENDIX A-6

2017 AUDITORS' REPORT & FINANCIAL STATEMENTS