Agenda – Council – March 20, 2020

Report – Standing Policy Committee on Innovation and Economic Development – March 16, 2020

Item No. 3 The City of Winnipeg – Golf Services – Special Operating Agency – 2020 Business Plan

STANDING COMMITTEE RECOMMENDATION:

On March 19, 2020, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Innovation and Economic Development and submitted the following to Council:

1. That the 2020 Business Plan for The City of Winnipeg – Golf Services – Special Operating Agency, including the 2020-2023 budget, included as Appendix A and A1 respectively, be approved.

2. That the 2018 audited financial statements, included as Appendix A5, be received as information.

3. That the Proper Officers of The City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Standing Policy Committee on Innovation and Economic Development – March 16, 2020

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 19, 2020, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Innovation and Economic Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On March 16, 2020, the Standing Policy Committee on Innovation and Economic Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: The City of Winnipeg – Golf Services – Special Operating Agency – 2020 Business Plan

Critical Path: Standing Policy Committee on Innovation and Economic Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Fey	M. Jack	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

A business plan for the City of Winnipeg Golf Services (Special Operating Agency) is submitted to Council each year. Highlights of the 2020 Business Plan, attached as Appendix A, are provided below.

The 2020 season will be the nineteenth year of operation for the Agency which includes the operation and contract management of 12 golf course properties in Winnipeg. The Agency is also responsible for managing contracts and leases for City lands used by the Thermea Spa and the Cross Country Ski Association of Manitoba.

For the second consecutive year, overall golfer participation increased at the City-operated golf courses (Kildonan, Windsor, Crescent Drive and Harbour View). This is despite the winter storm event in early October which forced the golf courses to close two and a half weeks early. In total, 74,613 rounds were played during the 2019 season, which is an increase of 6% over the 2018 golf season.

The increase is primarily due to an enhanced golf experience at the municipal golf courses. Recent capital upgrades include newly constructed tee boxes, turf drainage improvements, clubhouse renovations and the acquisition of specialized golf maintenance equipment. These upgrades combined with new maintenance practices have resulted in the golf courses being in superb condition over the last two years, which has contributed to the increase in participation. Customer service enhancements and innovative initiatives have allowed the Agency to offer golfers the latest in modern technology. A new web-based tee time reservation system, an interactive mobile app, the PAR loyalty program and the addition of electric golf carts have all contributed to the enhanced golf experience at the municipal golf courses.

The 2020 Preliminary Budget includes recommendations for the Public Service to report back with recommendations to sell or enter into a joint venture in respect of John Blumberg Golf Course, as well as a plan to re-purpose up to 30% of all City owned golf lands.

The 2020 Preliminary Budget (Capital) includes $200,000 to procure third party resources to assist in the development of the golf lands re-purposing study.

RECOMMENDATIONS

1. That the 2020 Business Plan for The City of Winnipeg – Golf Services – Special Operating Agency, including the 2020-2023 budget, included as Appendix A and A1 respectively, be approved.

2. That the 2018 audited financial statements, included as Appendix A5, be received as information.

3. That the Proper Officers of The City be authorized to do all things necessary to implement the intent of the foregoing.

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

In 2020, all green fees excluding the Junior category will increase by $1.00 per round.

The Agency's line of credit, due to The City of Winnipeg – General Revenue Fund balance, is projected to decrease from $5.299 million in 2019 to $4.726 million in 2020. Contributing to the decrease will be mill rate support of $729,000 from the City (i.e. transfer from the General Revenue Fund). This represents the fifth of ten annual transfers of $750,000, net of vacancy management, which are required to repay the outstanding balance.

HISTORY/DISCUSSION

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 2020 season will be the nineteenth year of operation for the Agency, which includes the operation and contract management of 12 golf course properties in Winnipeg.

Golf Services 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.

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 Thermea Spa and the Cross Country Ski Association of Manitoba.

On May 29, 2013, the future of the City's role in delivering Golf Services was debated and voted on at Council. Council directed Golf Services to continue with operations and management of the four City-owned and operated Kildonan Park, Windsor Park, Crescent Drive and Harbour View Golf Courses.

Further, on December 11, 2013, Council approved that, effective January 1, 2014, the following cost items identified as "Allocated to the City" be discontinued:

- Property tax equivalents
- Departmental support costs
- Office accommodation costs
- Provision for business taxes
- Transfer to General Revenue Fund for 311
- Transfer to Business Technology Services (BTS) internal service provider

The allocated costs noted above combined with the state of the local golf market during the years 2002 to 2013 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 balance with cash flow generated from its operations. However, the state of the local golf market and the continued charge of allocated costs did not enable the Agency to generate the required cash flow.

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 Agency's line of credit is projected to decrease from $5.299 million in 2019 to $4.726 million in 2020 (originally $7.5 million at the start of 2014).

Unionized City employees continue to operate both the pro shop 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.

The following recommendations affecting Golf Services have been included in the 2020 Preliminary Budget:

F. That Council direct the Public Service to report in 180 days to the Standing Policy Committee of Property Development, Heritage and Downtown Development with recommendations to sell or enter into a joint venture in respect of John Blumberg Golf Course or the land on which the John Blumberg Golf Course is situated and that a portion of the sale/development proceeds be deposited into the Transformative Fund.

G. That Council direct the Public Service to report back in 2020 with a plan to re-purpose up to 30% of all City owned golf lands. The repurposing options of these golf lands may include, but are not limited to, public green space, active transportation, reforestation, community gardens,

residential development (with affordable housing) and recreational opportunities. The report from the Public Service is to include a policy to deposit a portion of any proceeds from the sale of these lands into the Transformative Fund.

The 2020 Preliminary Budget (Capital) includes $200,000 to procure third party resources to assist in the development of the golf lands re-purposing study.

The Management Agreement at the John Blumberg Golf Course has been extended for the 2020 season and expires March 31, 2021.

FINANCIAL IMPACT

Financial Impact Statement **Date:** March 3, 2020

Project Name:

The City of Winnipeg - Golf Services - Special Operating Agency - 2020 Business Plan

COMMENTS:

2020 to 2023 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

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in alignment with the Strategic Opportunity #1, Corporate Leadership of the Winnipeg Climate Action Plan. It specifically addresses the following actions and directions:

> **Direction 1.1 Cultivate a Corporate Culture that Values Climate Action** [page 28]
> *Action* – Integrate sustainability and climate action into procurement standards which demonstrate increasing impact from year to year.
> Primary Responsibility – Office of Sustainability
>
> **Direction 1.3 Implement Low Carbon and Energy Efficient City Facilities and Buildings** [page 29]
> *Action* - Evaluate opportunities to invest in renewable energy technologies at City buildings.
> Primary Responsibility – Planning, Property and Development Department

SUBMITTED BY

Department: PPD
Division: Golf Services, SOA
Prepared by: B. Fey
Date: March 6, 2020

Attachments:

Appendix A – Golf Services Special Operating Agency Business Plan 2020
Appendix A1 – 2020 to 2023 Projected Financial Statements and Notes
Appendix A2 – Green Fees and Other Services
Appendix A3 – Golf Course Properties
Appendix A4 – Property Taxes for Leased Golf Courses
Appendix A5 – 2018 Auditors' Report & Financial Statements

APPENDIX A

THE CITY OF WINNIPEG

GOLF SERVICES

SPECIAL OPERATING AGENCY

BUSINESS PLAN

2020

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 2020 season will be the nineteenth year of operation for the Agency, which 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 Thermea Spa and the Cross Country Ski Association of Manitoba.

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 served with golf courses ranging from private and semi-private championship courses to shorter practice courses that are oriented to beginners, seniors and families.

To maintain market share, most public golf courses attempt to attract golfers by offering tee time discounts and other promotional opportunities. Golf Services uses a comparable strategy but in an effort to differentiate itself from the competition, has established a points and rewards program. Implemented in 2015, this was a new concept introduced to the Winnipeg golf market.

Upon approval of the 2020 Preliminary Budget, the Public Service will report back in 2020 with a plan to re-purpose up to 30% of all City owned golf lands. The repurposing options of these golf lands may include, but are not limited to, public green space, active transportation, reforestation, community gardens, residential development (with affordable housing) and recreational opportunities. The report from the Public Service is to include a policy to deposit a portion of any proceeds from the sale of these lands into the Transformative Fund.

The 2020 Preliminary Budget (Capital) includes $200,000 to procure third party resources to assist in the development of the golf lands re-purposing study.

Key Priorities

- Ensure financial sustainability.
- Improve the on course playing conditions.
- Provide high quality customer service.
- Improve the overall image of the municipal golf courses.

Strategic Objectives

- Make sound business decisions to achieve bottom-line accountability.
- Implement new golf course maintenance techniques with the expectation that the municipal golf courses be maintained to the standard of private and semi-private golf courses.
- Deliver exceptional customer service to golfers and the citizens of Winnipeg by enhancing staff training, innovation and technology and implementing industry best practices.
- Golf Services endeavors to be recognized as the leader in public golf while remaining affordable and accessible.

Key Goals and Strategies

Goal: Improve Golf Course Condition

Strategies:

Golf Services developed a master plan to improve the overall image of the Municipal golf courses. These strategic improvement projects will not only improve the appearance of the facilities but also improve playing conditions and extend the life expectancy of the assets. In order to complete the work but not disrupt daily golfers, plans were made to complete a few key areas each season starting with the most crucial.

- Implementation of new golf course cutting and maintenance techniques. The expectation from Golf Services' management team is that the municipal golf courses be cut and maintained to the standard of private and semi-private golf courses. Speed of greens, length of fairways and tees and the condition of bunkers are now all measured and monitored on a daily basis.

- Renovate and construct new tee boxes. Several older tee boxes have been renovated, new forward and back tees have been and will continue to be constructed.

- Renovate and construct new bunkers. In order to improve the strategic playing interest and layout of the holes, new bunkers have been constructed. Some existing bunkers have been restored to original design.

- Improve golf course drainage. Significant work has been completed to improve the turf drainage at the municipal golf courses. The improved conditions have provided for an increase in revenue as now in periods of rain and wet conditions, the Agency is still able to rent golf carts to customers. Prior to the drainage work, golf carts could not be rented during these periods for fear of damaging the turf.

Goal: Provide High Quality Customer Service

Strategies:

- In 2014, Golf Services purchased new Point of Sale Systems. The POS systems have improved the Agency's ability to collect and store data, review detailed financial reports, track golf attendance trends and has also improved the point of sale experience for the customer.

- The Agency has introduced modern day gift cards which customers can purchase in person or online directly from our website. The online service is available year round and an advertising push during the Christmas season has proven to be a successful venture.

- The new POS systems have allowed for the creation of the PAR Loyalty Program (Points and Rewards), which encourages golfers to patronize our courses by awarding points for every green fee purchased. At present, the PAR Loyalty Program has approximately 9000 members. The POS system has also allowed the Agency to accumulate an email database that is used to communicate with golfers advising them of green fee specials, merchandise sales and general information on programs.

- Develop and launch an interactive mobile golf app. The Golf Services app was introduced at Kildonan Park and Windsor Park in the summer of 2015. The app is free to download for golfers with an iPhone or Android device. Some of the benefits of using the app include:

    - GPS yardages
    - Tracking personal scoring statistics
    - Live leaderboard top scores for the day/week/month
    - Book your tee-time right from the app
    - Receive last minute deals
    - Social media sharing
    - In 2020, players using the app will 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.

- In 2020, Kildonan Park Golf Course will undergo clubhouse washroom renovations in order to modernize the layout and to conform to present day accessibility requirements. Additionally, new furniture will be purchased and an outdoor sound system will be installed to improve the customer experience on the outdoor patio.

- At Windsor Park, new clubhouse windows have been installed which will provide for enhanced views of the golf course and add to the heating and cooling efficiency of the facility.

Goal: Environmental Sustainability

Strategies:

- The Agency has acquired a new turf sprayer. This unit has allowed Golf Services 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 the Agency to be more environmentally responsible by properly regulating and reducing the amount of chemicals being applied. In 2020, Golf Services will continue to explore the potential of renting out the turf sprayer to other City departments and local golf courses.

- In 2020, maintenance staff will continue to be trained in the proper application of fungicides and herbicides.

- Annual inspection of trees on golf course properties by City Forestry Department. Trees infected with DED are identified and removed from the course. Golf courses attempt to plant replacement trees if/when possible.

- Recycling Bins are now situated on every tee box throughout the municipal golf courses. This has been expanded from originally having bins on just a few holes and around the clubhouses.

- Golf Services has started to phase in electric golf carts at Kildonan Park Golf Course. Currently 13 of the 50 carts at this site are electric. Application to FCM Green Municipal Fund will take place this spring in hopes of receiving funding for a new housing facility for an entire fleet of electric carts and their charging stations.

- Golf Services is exploring the potential of transitioning to hybrid/electric cutting equipment. This is a relatively new concept in the golf industry so further research is required.

Goal: Increase winter activity at the Municipal Golf Courses

Strategies:

- In 2017, the clubhouse at Kildonan Park Golf Course was renovated for the purpose of staying open into the winter season so it could be used as a cross country ski chalet. Kildonan now has a partnership with the Seven Oaks School Division, who uses the facility as part of its Cross Country Learn to Ski program. This program will continue in 2020.

- The Cross Country Ski Association of Manitoba continues to operate the Windsor Park Nordic Centre out of the Windsor Park Golf Course. This location is the premier destination in the City for cross country ski. Ski trails are also groomed at Kildonan Park, Crescent Drive and Harbour View golf courses during the winter season and are available for public use.

- The Agency is exploring the practicality of purchasing and installing virtual golf simulators into the clubhouses. This concept would increase winter revenues and provide a setting for golfers to remain active and engaged with our department during the winter months. Capital investment would be required to upgrade the clubhouses for this purpose.

Performance Measurement and Statistics

Golf Services Operating Cost

Kildonan Golf Course	2015	2016	2017	2018
Total Cost (Operations)	$ 805,403.00	$ 941,862.00	$ 907,486.00	$ 780,641.00
Total Revenue (Operations)	$ 973,641.00	$ 947,487.00	$ 892,786.00	$ 994,485.00
Net Revenue (Operations)	$ 168,238.00	$ 5,625.00	$ (14,700.00)	$ 213,844.00
Operating Cost per Round	$ 29.03	$ 35.97	$ 37.76	$ 31.37
Windsor Golf Course	**2015**	**2016**	**2017**	**2018**
Total Cost (Operations)	$ 863,043.00	$ 829,506.00	$ 802,284.00	$ 703,944.00
Total Revenue (Operations)	$ 782,182.00	$ 716,839.00	$ 723,005.00	$ 754,331.00
Net Revenue (Operations)	$ (80,861.00)	$ (112,667.00)	$ (79,279.00)	$ 50,387.00
Operating Cost per Round	$ 36.62	$ 38.93	$ 38.87	$ 32.77
Crescent Drive	**2015**	**2016**	**2017**	**2018**
Total Cost (Operations)	$ 310,900.00	$ 314,642.00	$ 302,752.00	$ 327,524.00
Total Revenue (Operations)	$ 247,905.00	$ 243,778.00	$ 235,939.00	$ 253,952.00
Net Revenue (Operations)	$ (62,995.00)	$ (70,864.00)	$ (66,813.00)	$ (73,572.00)
Operating Cost per Round	$ 19.01	$ 20.94	$ 21.82	$ 23.13
Harbour View	**2015**	**2016**	**2017**	**2018**
Total Cost (Operations)	$ 204,790.00	$ 190,813.00	$ 195,187.00	$ 204,567.00
Total Revenue (Operations)	$ 76,495.00	$ 68,135.00	$ 72,280.00	$ 69,961.00
Net Revenue (Operations)	$ (128,295.00)	$ (122,678.00)	$ (122,906.00)	$ (134,606.00)
Operating Cost per Round	$ 18.62	$ 16.96	$ 19.02	$ 21.29

Service Level Statistics

Rounds Played

Kildonan Park	2016	2017	2018	2019
Days Open (Golf Season)	189	186	179	175
Total Rounds Played	26,184	24,034	24,887	27,312
Windsor Park	**2016**	**2017**	**2018**	**2019**
Days Open (Golf Season)	181	166	171	168
Total Rounds Played	21,305	20,638	21,482	23,915
Crescent Drive	**2016**	**2017**	**2018**	**2019**
Days Open (Golf Season)	174	158	159	162
Total Rounds Played	15,029	13,872	14,158	13,596
Harbour View	**2016**	**2017**	**2018**	**2019**
Days Open (Golf Season)	189	187	174	175
Total Rounds Played	11,251	10,262	9,609	9,790

For the second consecutive year overall golfer participation increased at the City-operated golf courses (Kildonan, Windsor, Crescent Drive and Harbour View). This is despite the winter storm event in early October which forced the golf courses to close two and a half weeks early. In total, 74,613 rounds were played during the 2019 season, which is an increase of 6% over the 2018 golf season.

Winnipeg Area Golf Courses
Green Fee Comparison

Golf Course	Prime Time Fee (18)	With Golf Cart
Rossmere	$60.00	$81.00
Bridges	$58.00	$78.00
St. Boniface	$57.00	$77.00
Kingswood	$49.00	$70.00
Larters	$48.00	$66.00
Transcona	$42.00	$62.00
Tuxedo	$41.00	$61.00
Kildonan/Windsor	**$40.00**	**$59.00**
John Blumberg	$37.00	$54.00
Shooters Golf Course	$28.00	$40.50

The Agency periodically surveys the fee structure of other public and semi-private courses within the Winnipeg market to view current trends. In order to remain affordable and accessible, the municipal courses offer very competitive green fee rates in the Winnipeg market.

Most golf courses offer reduced rates to Senior and Junior golfers as well as during select hours throughout the week in an attempt to maximize revenue.

In 2018, Golf Services introduced new Golf Leagues as a new option for golfers in an effort to maximize rounds played during the weekday evenings. To date, nearly 200 golfers have joined a new league. In 2019, a new women's league was created at Kildonan Park, and in 2020, similar leagues will be introduced at Windsor Park and Crescent Drive.

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 four years ending December 31, 2023.

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 2018 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 2020 to 2023 Projected Financial Statements and Notes are presented in Appendix A-1.

The 2018 Auditors' Report and Financial Statements are presented in Appendix A-5.

Revenues

Green Fees

All Green fees excluding Junior category (golfers age 17 and under) are projected to increase by $1.00 in 2020 and forward.

Estimated number of rounds played is based on actual 2019 number of rounds played for Kildonan Park, Windsor Park, Crescent Drive and Harbour View golf courses, with a 1% increase projected for 2020 and forward.

Effective July 20, 2013, green fees 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 $750,000 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 at $730,000 annually, based on the $750,000 transfer, net of $20,000 vacancy management as determined by the Corporate Finance Department.

Other Revenue

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

Expenses

Salaries and Employee Benefits

Consistent with 2019, salaries and employee benefits expense is based on collective agreements, providing for 24 full-time equivalent (FTE) positions in 2020 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 $20,000 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.

The Agency reduces staff in periods of inclement weather and also in the shoulder seasons (Spring/Fall) when rounds of golf may decrease.

Services and Supplies

Services and supplies are based on estimates for operational requirements.

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 (Commencing in 2002)
- 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 Expenses

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 $750,000 annual transfer to the Agency from the General Revenue Fund.

However, due to an increase in allowance for doubtful accounts of $419,000 related to receivables from 2015 and 2016 and imposed vacancy management, 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.

Overview of City-Owned Golf Courses

Leased Golf Courses ($1.00 per year)

Assiniboine Golf Club (9 Holes)

Address: 2045 Ness Ave

Acres: 59.4 Hectares: 24

Property Taxes: $29,035

Rent to the City: $1.00

Lease Expiry Date: December 31, 2025 (requires five year notice for termination)

Rossmere Golf and Country Club (18 Holes)

Address: 925 Watt Street

Acres: 119.1 Hectares: 48.2

Property Taxes: $56,058

Rent to the City: $1.00

Lease Expiry Date: October 9, 2058

St. Boniface Golf Club (18 Holes)

Address: 100 Youville Street

Acres: 117.9 Hectares: 47.7

Property Taxes: $88,032

Rent to the City: $1.00

Lease Expiry Date: December 31, 2025 (requires five year notice for termination)

Golf Services and St Boniface are currently negotiating an extension. St Boniface has accepted the introduction of rent as a term in the new agreement.

Transcona Golf Club (18 Holes)

Address: 2120 Dugald Road

Acres: 135 Hectares: 54.6

Property Taxes: $79,179

Annual Rent to the City: $1.00

Lease Expiry Date: December 31, 2023 (requires five year notice for termination)

Wildewood Club (9 Holes)

Address: 761 North Drive

Acres: 67.9 Hectares: 27.5

Property Taxes: $45,242

Annual Rent to the City: $1.00

Lease Expiry Date: December 31, 2023 (requires five year notice for termination)

Leased Courses (For-Profit)

Canoe Club (9 Holes)

Address: 56 Dunkirk Drive

Acres: 48.2 Hectares: 19.5

Property Taxes: $23,478

Annual Rent to the City: $31,500

Lease Expiry Date: November 30, 2021 (requires six month notice for termination)

Tuxedo Golf Course (18 Holes)

Address: 400 Shaftesbury Blvd

Acres: 118.4 Hectares: 47.9

Property Taxes: $74,837

Annual Rent to the City: $92,474

Lease Expiry Date: February 28, 2021 (requires two year notice for termination)

Management Agreements

Harbour View Golf Course & Recreation Complex (9 Holes)

Address: 1867 Springfield Road

Acres: 62.3 Hectares: 25.2

Municipal Tax Revenue and Frontage Levies: N/A

Annual Rent to the City: Commission of sales ($71,643 in 2019)

Agreement Expiry Date: March 31, 2021

John Blumberg Golf Course (18 Holes)

Address: 4540 Portage Ave

Acres: 198.4 Hectares: 80.3

Municipal Tax Revenue and Frontage Levies: N/A

Annual Rent to the City: $1.50 per round ($15,000 in 2019)

Agreement Expiry Date: March 31, 2021

The following recommendation is included in the 2020 Preliminary Budget:

1F. That Council direct the Public Service to report in 180 days to the Standing Policy Committee of Property Development, Heritage and Downtown Development with recommendations to sell or enter into a joint venture in respect of John Blumberg Golf Course or the land on which the John Blumberg Golf Course is situated and that a portion of the sale/development proceeds be deposited into the Transformative Fund.

City Run Golf Courses

Crescent Drive Golf Course (9 Holes)

Address: 781 Crescent Drive

Acres: 29.3 Hectares: 11.8

Property Taxes: N/A

Financial Status: Loss of $73,000 in 2018

Agreement Expiry Date: N/A (City Run)

Windsor Park Golf Course (18 Holes)

Address: 10 Des Meurons Rue

Acres: 129.6 Hectares: 52.4

Property Taxes: N/A

Financial Status: Profit of $50,300 in 2018

Agreement Expiry Date: N/A (City Run)

Kildonan Park Golf Course (18 Holes)

Address: 2021 Main Street

Acres: 100.6 Hectares: 40.7

Property Taxes: N/A

Financial Status: Profit of $214,000 in 2018

Agreement Expiry Date: N/A (City Run)

APPENDIX A-1

2020 TO 2023 PROJECTED FINANCIAL STATEMENTS AND NOTES

APPENDIX A-2

GREEN FEES AND OTHER SERVICES

Kildonan / Windsor	2016	2017	2018	2019	2020
Adult	$36.00	$37.00	$38.00	$39.00	$40.00
Senior	$27.50	$28.00	$29.00	$30.00	$31.00
Junior	$21.00	$22.00	$23.00	$23.00	$23.00
Twilight	$23.00	$24.00	$25.00	$26.00	$27.00
Crescent Drive / Harbour View	**2016**	**2017**	**2018**	**2019**	**2020**
Adult	$18.00	$18.50	$18.50	$19.00	$20.00
Senior	$15.00	$15.50	$15.50	$16.00	$17.00
Junior	$14.00	$14.50	$14.50	$15.00	$15.00
Sunrise	$15.00	$15.50	$15.50	$16.00	$17.00
Other Services	**2016**	**2016**	**2018**	**2019**	**2020**
Power Cart 18 hole	$32.00	$34.00	$34.00	$36.00	$38.00
Power Cart 9 hole	$16.00	$17.00	$17.00	$18.00	$20.00
Rental Clubs 7 piece (18)	$8.50	$8.50	$8.50	$20.00	$20.00
Rental Clubs 7 piece (9)	$6.50	$6.50	$6.50	$8.00	$8.00
Pull Cart (18)	$5.00	$5.00	$5.00	$5.00	$5.00

APPENDIX A-3

GOLF COURSE PROPERTIES

Golf Course	Agreement	Expiry Date
Canoe Club	Lease Agreement	November 30, 2021
Tuxedo	Lease Agreement	February 28, 2021
Transcona	Lease Agreement	December 31, 2023
Wildewood	Lease Agreement	December 31, 2023
St Boniface	Lease Agreement	December 31, 2025
Assiniboine	Lease Agreement	December 31, 2025
Rossmere	Lease Agreement	October 9, 2058
Golf Course	**Agreement**	**Expiry Date**
John Blumberg	Management Contract	March 31, 2021
Harbour View	Management Contract	March 31, 2021
Golf Course	**Agreement**	**Expiry Date**
Kildonan Park	City Operated	
Windsor Park	City Operated	
Crescent Drive	City Operated	
Operation	**Agreement**	**Expiry Date**
Thermea Spa	Lease Agreement	August 31, 2036
Cross Country Ski	Lease Agreement	October 31, 2024

APPENDIX A-4

PROPERTY TAXES FOR LEASED GOLF COURSES

Golf Course	Address	Registered Owner	Roll #	2019 Taxes	Local Improvements	Frontage Levies	Total 2019 Taxes
Assinibione Golf Course	2045 Ness Avenue	City of Winnipeg; Lessee Assinboine Golf Club	07051911000	22,379.54		6,655.97	29,035.51
Tuxedo Golf Course	400 Shaftesbury Drive	City of Winnipeg; Lessee Western Golf Management	10006769100	54,963.22		19,874.04	74,837.26
Wildewood Golf Course	761 North Drive	City of Winnipeg; Lessee The Wildewood Club	03091612600	22,099.36		23,142.97	45,242.33
Transcona Golf Course	2120 Dugald Road	City of Winnipeg; Lessee Transcona Golf Club	09009638100	58,148.34		21,031.38	79,179.72
Rossmere Golf Course	925 Watt Street	City of Winnipeg; Lessee Rossmere Golf & Country Club	02021854500	22,961.86		6,649.08	29,610.94
		Rossmere Golf & Country Club	02030640000	24,240.97		2,207.29	26,448.26
Canoe Club Glof Course	56 Dunkirk Drive	City of Winnipeg; Lessee Ben Smirnov Golf Management	08021088400	21,232.09		2,246.50	23,478.59
St. Boniface Golf Course	100 Youville Street	City of Winnipeg; Lessee St. Boniface Golf Club	06080714700	57,338.78	8,148.95	22,544.34	88,032.07

APPENDIX A-5

2018 AUDITORS' REPORT & FINANCIAL STATEMENTS