Selection Report - Winnipeg Golf Services
Special Operating Agency
File GL-5.6.1 (Vol. 6)[c/r PR-6 (Vol. 9)]

2. On March 20, 1997, Council adopted Clause 1 of the Report of the Executive Policy Committee dated March 17, 1997, with respect to "*Reshaping Our Civic Government"* which identified the development of Special Operating Agencies as one of five strategic initiatives needed to create a more affordable City government.

On February 24, 1999, Council adopted Clause 3 of the Report of the Executive Policy Committee dated February 17, 1999, with respect to the *1999 Alternative Services Delivery Review Agenda* which identified the municipal golf course operation as an Alternate Service Delivery candidate. A Feasibility Study was subsequently prepared and presented to the Alternate Service Delivery Committee.

On February 23, 2000, Council adopted the recommendations contained in Clause 2 of the Report of the Alternate Service Delivery Committee dated February 4, 2000, directing that an Operating Charter and Business Plan for a Special Operating Agency with a mandate to manage and be accountable for maximizing the return on city-owned golf course assets, be prepared for consideration by Council.

Municipal golf courses have historically been regarded as recreation facilities that served a public good or social need. While revenue generation was important, it was not always the basis on which operational and strategic decisions were made.

It is the intention of the Agency, under the jurisdiction of the Planning, Property and Development Department to manage golf courses as valuable City assets and shift the strategic and operational focus to that of maximizing profitability.

The existing asset mix is comprised of:

Leased Properties - Private Clubs on City-owned lands:

Assiniboine Golf Course
Rossmere Country Club
St. Boniface Golf Club
Transcona Golf Club
Wildwood Club
Charleswood Golf Club - terminated October, 2001

Management Agreements - Private Operators on City Owned Lands

Canoe Club Golf Course
Tuxedo Golf Course

Contractor Operated City Courses

John Blumberg Golf Course
Harbour View Golf Course and Recreation Complex (Contractor operated; City maintained)

City Operated and Maintained Courses

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

In the short term, the existing mix of leased, externally managed and city-operated golf courses will be maintained. This strategy is required in order to reasonably assess the long-term viability and cost effectiveness of the courses in each of the categories. After a period of three years, an evaluation will be carried out and a business decision will be made relative to the future of these City assets.

During the initial three years of the business plan, the City operated courses, which have suffered in recent years from a lack of investment and improvement, will see significant capital funding invested in improvements to physical infrastructure and on-course playability features. This will provide the basis on which to assess the future viability of these courses to that of alternative methods of operation or uses.

Accountability Framework

Operating as an SOA will enhance the financial and organizational accountability of Winnipeg Golf Services. A flow chart outlining the accountability structure of the Agency is included in Section 8 of the Operating Charter identified as Appendix "A" hereto.

The expectations of Winnipeg Golf Services is that it will:

- Provide a financial benefit to the City beyond that of other ASD options or that of a Departmental Branch function.
- Improve the value of the City's golf course assets.
- Improve the public image of Municipal Golf Courses.
- Function under Generally Accepted Accounting Principles (GAAP).
- Be professional and business-like in all operational matters.

Financial Performance and Reporting Framework

Pro forma financial statements have been prepared which include a projected balance sheet, statement of projected revenues and expenses, statement of projected changes in financial position, and projected statement of equity identified as Appendix "C" hereto.

The Agency will analyse the cost of services provided by City departments and will make future purchase decisions based on the best business interests of the Agency.

Operating as an Agency, Winnipeg Golf Services will fully cost its operations and will be subject to an annual audit, quarterly reporting and an annual report in accordance with the Operating Charter.

Financial returns outlined in the Agency's annual year-end report, in excess of those outlined in the financial projections will be reviewed and proper treatment determined by the Alternate Service Delivery Committee.

Human Resource Framework

Golf Services envisions a team of motivated employees that are focused on providing the best possible level of service to our clientele within the context of the overall financial and operational success of the Agency. It is the intent of the Agency to invest time, energy and resources into the existing staff complement through training and development that will result in a more adaptable and productive unit. New staff will be carefully screened and selected in order to ensure a compatible fit with the direction, philosophy and skill set required for future success.

The former staff complement of Municipal Golf Courses consisted of:

- 0.6 Coordinator
- 0.5 Operations Assistant
- 1.0 Maintenance Foreman
- 50 seasonal staff

The Golf Services staff complement will consist of:

- 1.0 Chief Operating Officer
- 1.0 Operations Assistant
- 1.0 Maintenance Foreman
- 51 seasonal staff

The additional seasonal staff person is a Maintenance I position that is required to repair and maintain the fleet of turf equipment (92 units), auto carts (48 units) and miscellaneous small equipment.

All terms of the collective agreement and union representation continue to apply with the exception of those items that may be changed through negotiation and agreement between the Agency and the Union.

Information Technology Framework

Golf Services has negotiated a tentative internal service agreement with the Property and Information Systems (P&IS) Division of the Planning, Property and Development Department for the provision of technical, mapping and graphics support services. This agreement will be finalized upon approval of the establishment of the Agency.

P&IS will provide the following list of services to the Agency in the planning, development, implementation and support of information systems and graphic services:

- Information Systems & Technology Architecture Control
- Information Systems Methods Planning
- Information Systems & Technology Migration Planning
- Data Systems Support
- Information Systems & Technology Support
- Security Support
- Electronic Communications Support
- Mapping Services
- Publication Graphic Services

Additional services (e.g. Project Management, Database Management, Application Development, etc.) may be acquired on a project-by-project basis and full costs will be determined during project and business planning.

The Agency is not contemplating any major IT projects in the immediate future. Over the term of the plan, systems and equipment will continually be upgraded through existing resources. Communication will be enhanced via e-mail capability at each site and at the office of the Maintenance Foreman. Daily reporting of revenues and attendance including year to date totals will be automated.

When appropriate, the Agency will ensure that consistency and connectivity is maintained with standards established by the City of Winnipeg for communication and reporting.

Physical Asset Management

The operation and management of golf courses requires the use of a variety of material assets that can be categorized as follows:

- Land
- Buildings and other physical structures
- Turf maintenance equipment
- Furnishings, tools and other miscellaneous small equipment

The land assets of the Agency consist of 12 sites with a total assessed value of $20,376,565.00 as determined by the City of Winnipeg Property Assessment Department as of January 1, 2002. Each site houses a number of physical structures including some or all of clubhouse, maintenance building(s), equipment storage, chemical storage, starter enclosure, concession stand, pro shop, rain shelter(s), pump house.

The City does not own the physical structures at the Assiniboine, Rossmere and Wildwood sites. The buildings and land that the buildings are on are owned by the private operators. The Canoe Club clubhouse facility is not viewed as a golf course asset.

The condition of buildings varies considerably. Kildonan and Windsor clubhouses for example were constructed in the 1920's and, although quite functional, require significant annual maintenance and would benefit from a major renovation or replacement.

John Blumberg, Harbour View and Crescent Drive clubhouses are newer in relative terms but are at or near the stage where maintenance funds will be required to keep them in good operating condition.

Clubhouse facilities at the leased courses are the responsibility of the lessees. Tuxedo clubhouse was replaced in 2000.

The Agency maintains four golf course sites utilizing 90 pieces of equipment plus 2 half-ton trucks. Turf maintenance equipment includes tractors, rough cutters, fairway mowers, greens mowers, tee mowers, utility vehicles and aerators. Specialty equipment and attachments such as backhoes, spreaders, tillers, trenchers, leaf blowers, snow blowers and snowmobiles are also used and maintained. Equipment and vehicles will only be replaced as required. Some equipment does not receive extensive use and its usable life could exceed the projected replacement period. Each piece of equipment is assessed prior to replacement.

The Agency operates and/or maintains only five of the twelve sites under its jurisdiction. Furnishings, tools and equipment are supplied to Windsor, Kildonan, and Crescent Drive for all clubhouse and maintenance purposes. In the case of Harbour View and Blumberg, only limited equipment and furnishings are supplied, as the respective contractors are responsible for the supply of some of these items.

Hand tools and small equipment are replaced on a regular basis as required. Clubhouse furnishings at all sites that the Agency is responsible for is old, dated and in need of replacement or repair. This will be undertaken on a priority basis over the term of the business plan.

Performance Measurement

The success of the Golf Services SOA will be measured by the extent to which the Service Goals and Strategies are achieved. Ultimately, the Agency must attain the financial goals it has set and improve the overall asset worth of the City's golf course operation.

Performance of the Agency will be measured primarily in the following areas:

Goal	Description	Measure of success
Financial	Financial return to the City and improvement of the golf course asset.	Meet or exceed the forecasted financial return to the City over the course of the 5-year business plan. Increased value of the physical assets through infrastructure improvements.
Customer Service	Continually improve the image that we portray to customers.	Track each customer complaint, determine legitimacy, take appropriate action and provide feedback. Improved staff appearance through adherence to uniform guidelines. Assessed through observation and independent checks. Consistent use of appropriate greetings over the counter and on the telephone measured through observation, independent assessment and customer feedback. Positive customer survey results with satisfaction levels of 80%+. Aesthetic improvements that meet with customer satisfaction as determined through survey results.
Associated Services	Improved service and image through provision of golf related services.	Introduction of Corporate Sponsorship in selected areas. Increased merchandise sales. Increased sales of food and beverage in clubhouses and on courses. Increased auto cart rentals.
Environment	Reduce harmful affects of maintenance practices and contribute to the long-term viability of golf courses.	Reduced use of harmful chemicals. Increased native vegetation and wildlife on golf course properties. Recognition as an environmentally friendly golf course operation.

Specific annual and long-term goals will be established from which to measure the success of the Agency. These goals will be prepared in consultation with the Advisory Board and detailed in the annual business plan.

Issues

Competition: Winnipeg Golf Services will actively compete in the golf market. Green fees will be reflective of market pricing and other additional sources of revenue will be explored. The municipal golf courses presently are at the high end of rounds played among public golf courses in the Winnipeg market. New public courses that come into the market, depending on their green fee rate and degree of difficulty, could impact on the rounds played at municipal courses. A significant increase in marketing and promotion will be implemented in order to retain the current customer base and make the municipal courses an attractive choice for new golfers.

Course and Clubhouse Improvements: The Municipal courses have had effectively no capital improvements done in the last decade. As a result, the condition of the courses and clubhouses has fallen below the standard generally acceptable for public courses. A capital improvement program will be implemented that brings the courses and clubhouses up to a reasonable standard. This program

is designed to catch up with improvements that have been deferred over the years. The financial success of the operation will determine if additional improvements can be made that will make the municipal courses stand out among public golf courses.

Staff and Union Support: Permanent staff is aware of the challenges the Agency must overcome to be successful. Seasonal staff will be briefed on the vision and goals of the Agency and will be given the opportunity for input as to how targets are achieved. CUPE has, to date, been supportive of the efforts of the SOA in its formative stage. Support, cooperation and input from the staff and Union are essential to the success of the Agency.

Implementation

Golf Services implemented changes in 2001 that began the transition process toward an SOA. This transition will continue to be phased in throughout the 2002 season. In the short term, the existing mix of leased, externally managed and city-operated golf courses will be maintained. This strategy is required in order to reasonably assess the long-term viability and cost effectiveness of the courses in each of the categories. After a period of three years, an evaluation will be carried out and a business conclusion will be made relative to the future of these City assets.

During this three year period, the City operated courses, which have suffered in recent years from a lack of investment and improvement, will see significant capital funding invested in improvements to physical infrastructure and on-course playability features. This will provide the basis on which to assess the future viability of these courses to that of alternative methods of operation or uses.

Following the 2004 operating season, the Agency will conduct an overall assessment of its operation and make recommendations regarding future methods of operation for each grouping of golf courses (City operated; externally managed; leased).

Conclusion

Creation of the Special Operating Agency will allow the City to test its performance in the golf market while not jeopardizing the value of its golf course assets. A financially responsible and realistic strategy for the operation and long-term sustainability of municipal golf course operations has been developed which provides for a reasonable chance of success and a significant challenge for management and staff.

The creation of the SOA will provide the opportunity for the municipal golf courses to return to a position of prominence in the Winnipeg golf market. The Agency will recognize competition in the industry and be proactive in providing the best possible golf experience within its identified market niche. An aggressive approach will be employed in retaining the current customer base and attracting new clientele.

The Agency will be fully accountable for meeting service needs of customers in a timely, high quality, cost effective manner. The financial and operational flexibility afforded to the SOA will enable the Agency to make decisions in a business-like manner and customize services to satisfy golfer demands.

Report of the Alternate Service Delivery Committee dated April 9, 2002

The Alternate Service Delivery Committee recommends:

I. That the Winnipeg Golf Services be authorized to commence operations as a Special Operating Agency and that this change be retroactive to January 1, 2002.

II. That a loan in the amount of $695,000.00 be approved as outlined in the Financial Projection [Appendix "C", note 3(b)] from the Golf Course Reserve Fund at the City's borrowing rate, to finance capital improvements required by the Agency.

III. That an operating line of credit in the maximum amount of $400,000.00 be approved at the City's borrowing rate. Funds will be accessed through the inter-company balance with the general revenue fund to meet ongoing cash flow requirements of the Special Operating Agency.

IV. That the Winnipeg Golf Services Operating Charter as provided for in Section 81.10 through 81.16 of the City of Winnipeg Act be approved as outlined in Appendix "A", including:

A. the delegations and exemptions required by the Agency to exercise business-like practices, as outlined in Appendix "I" of the Operating Charter.

B. the establishment of the Agency's Advisory Board membership and terms of appointment as outlined in section 3.10 of the Operating Charter in Appendix "A".

C. the percentage of Council votes as being 2/3 majority of the total number of members of Council necessary to dissolve the Agency or change the Agency's Operating Charter.

V. 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.

APPENDIX ‘A’

WINNIPEG GOLF SERVICES

OPERATING CHARTER

Winnipeg Golf Services SOA

OPERATING CHARTER

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1. Delegations and Exemptions

Section 1: Preamble

1.1 Background

On March 20, 1997 Council adopted the *Reshaping Our Civic Government* document identifying the development of Special Operating Agencies as one of five strategic initiatives needed to create a more affordable City government.

On Feb. 24, 1999 Council adopted the *1999 Alternative Services Delivery Review Agenda* which identified the municipal golf course operation as an Alternative Services Delivery (ASD) candidate. A Feasibility Study was subsequently prepared and presented to the ASD Committee

On Feb. 23, 2000 Council adopted the recommendation of the Alternative Services Delivery Committee that an Operating Charter and Business Plan for a Special Operating Agency with a mandate to manage and be accountable for maximizing the return on city-owned golf course assets, be prepared for consideration by Council.

1.2 Establishment of the Agency

Winnipeg Golf Services has been designated effective January 1, 2002 as a Special Operating Agency and this operating charter has been approved by Council resolution **[No.]**, pursuant to ***The City of Winnipeg Act***.

1.3 Name of the Agency

Winnipeg Golf Services (pending registration)

Section 2: Policy Framework

2.1 Vision/Mission

Winnipeg Golf Services strives to be recognized as a leader in the provision of Municipal golf services. 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.

2.2 Goals

The primary goals of the Agency are:

- Maximize green fee revenue
- Improve golf course playability
- Provide high quality customer service
- Ensure financial and environmental sustainability
- Improve the image of municipal courses
- Increase revenues from associated services
- Administer contracts and leases for non-City operated courses

2.3 Values and Principles

The Agency's mission and goals are supported by the following core organizational values and guiding principles:

<u>Values</u>

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

<u>Guiding Principles</u>

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

2.4 Products and Services

The Agency provides a service that consists of:

- Operating and maintaining golf courses
- Managing contracts and leases for City lands used for privately operated golf courses
- Managing a contracted cross country ski operation
- Other services compatible with a golf operation

2.5 Markets

The Agency will actively compete for golf business in the Winnipeg and surrounding area market. It will endeavour to increase its market share by retaining existing customers and attracting new clientele from selected demographic groups. This includes Winnipeg residents and visitors to the city. Focus will be solely on the public golf market. There is no intention within the term of the business plan to undertake a private membership offering. (Note – leased courses offer a combination of private and public opportunities). The Agency will actively market its product and will introduce new products and services previously not offered at municipal courses.

2.6 Special Operating Agency Status

The Agency will operate and conform to accepted business practices in all financial and business dealings.

It will be accountable for the results of business operations on the basis of the performance measures as outlined in the Selection Report.

The Agency will be required to operate independently and be accountable to the appropriate administrative or political entity and will come forward for policy direction not explicitly covered or implied in the Charter document.

Section 3: Accountability Framework

3.1 Reporting Relationships

The Agency operates under the management and program direction of the Chief Administrative Officer and the Director of the Planning, Property and Development Department. Policy direction comes from Council, the Executive Policy Committee and the ASD Committee in consultation with the Standing Committee(s). The ASD Committee assures corporate financial direction and accountability.

The Agency's accountability structure aligns political, administrative and community interests, in support of the mandate and the public good.

3.2 Council Responsibility

Under The City of Winnipeg Act, Council has final decision authority relative to the Agency. This includes, but is not restricted to, designation of the Agency and its operating charter, feasibility study and selection report, delegations of authority, and advisory board appointments.

After a start up period of not longer than six months, Council receives summary quarterly and annual reports as information to assess the Agency's performance and policy outcomes.

3.3 Executive Policy Committee Responsibility

EPC on recommendation of the ASD Committee reviews the Agency's plans, reports, and proposals and recommends appropriate decisions by Council. EPC maintains a strategic oversight role.

3.4 ASD Committee Responsibility

The ASD Committee is responsible for providing corporate leadership of Alternative Service Delivery (ASD) initiatives, including SOAs.

While its overriding concern is to assess SOA financial needs and implications, it maintains a broader role in evaluating the corporate benefits delivered by the SOA within the strategic context of ASD.

3.5 Standing Policy Committee on Property and Development Responsibility

The Standing Policy Committee on Property and Development reviews Agency plans, reports, and proposals on referral from or in conjunction with the review process through the ASD committee. Its comments are factored into analyses and recommendations forwarded to EPC and Council.

3.6 Chief Administrative Officer Responsibility

The CAO has executive management responsibility, in concert with Standing Committees to provide policy advice, program and service direction concerning the effective management, operation, and performance of the Agency.

The CAO shall designate the chairperson of the Advisory Board.

3.7 Chief Financial Officer Responsibility

The CFO directs Corporate Finance expertise that assists the Agency in its formation and ongoing operations.

3.8 Department Head Responsibility

The Director of Planning, Property and Development monitors the Agency's management, operations, and performance relative to attainment of civic goals and departmental objectives.

As required, the Department Head assists the Agency COO in establishing effective and efficient working relationships within and outside the organization. The Department Head is an ex-officio member of the Advisory Board.

3.9 Agency Head Responsibility

The COO of the Agency is accountable for sound management of the Agency in accordance with the highest public sector standards and ensures the objectives and targets stated in the business plan are achieved.

The COO is responsible for managing the Agency planning and reporting processes. These plans and reports are provided through the CAO for the information / approval of the ASD Committee in consultation with the Standing Policy Committee, EPC, and Council.

The COO is an ex-officio member of the Advisory Board and provides the board with business plans, activity reports, charter revisions and other proposals and information required for effective management and accountability.

3.10 Advisory Board

The role of the Advisory Board is to provide advice on the Agency's strategic operations and on changes to its mandate, structure, business practices, and finances. The advisory board reviews and comments on the Agency's proposed business plans, quarterly and annual reports, and charter revisions.

The Advisory Board is chaired by a City representative appointed by the CAO. Other members are appointed for a two-year renewable term. Board members may be selected from various stakeholder groups approved by Council. Individual member appointments are delegated to the ASD Committee. Council is advised annually of current advisory board members through the annual Selection Report process.

Subject to approval of the stakeholder group by Council, the Advisory Board consists of:

- City representative (chair)
- Department Head or designate (ex-officio)
- Chief Operating Officer (ex-officio)
- Appointee of the Canadian Union of Public Employees
- Agency staff representative
- 3 stakeholder representatives (customer; business; golf industry)

The chairperson is responsible for calling meetings, setting agendas, directing meetings, seeking advice from members, and ensuring members receive sufficient information about the Agency and its operations to enable them to provide sound advice.

Other external resources or Agency staff may be invited to attend meetings at the request of the chairperson. The composition of the board may change over time as needs or circumstances warrant. No person is appointed to the board who has a conflict of interest unless an acceptable declaration is filed in accordance with City policy.

The board meets at least quarterly or at the call of the chairperson.

3.11 Customer Relations

The Agency is accountable to its client set in meeting program and service needs in a timely, quality-conscious, and cost-effective manner. The Agency embraces a service excellence ethic in all customer relations.

3.12 Corporate Relations

The Agency continues to be bound by relevant legislation, bylaws, and Council resolutions. Exemptions and delegations (Appendix I) are conferred through this operating charter by Council to enable the Agency to meet its mandate and business objectives.

3.13 Departmental Relations and Service Agreements

The Agency has been delegated the authority to exercise choice in the purchase of services, either internal or external to the City of Winnipeg.

The Agency will continue to receive its current levels of service, or service levels, from other civic departments as outlined in the Selection Report. During the three year transition period, the Agency, in conjunction with the relevant civic departments, will monitor and review all costs and utilization rates, and upon completion of a business case analysis, the Agency will determine whether or not it will be entering into a service agreement with a City service provider or seek an external service provider based on best business case practices.

3.14 Delegation of Authority

Exemptions from City policies and delegations are listed in Appendix I.

Exemptions cover those administrative policies considered to impair business-like operations, not relevant to the Agency, or for which non-compliance has minor consequences.

Delegations allow the Agency to administer the existing policy. They are vested in the Agency COO, who may sub-delegate to facilitate day-to-day operations.

Appropriate policy directives are to be incorporated as amendments to the Charter at the earliest opportunity. The Agency is exempt from new policies and directives unless specifically directed to participate.

Section 4: Planning and Reporting Framework

4.1 Planning and Reporting Schedule

The planning and financial reporting schedule is determined by the CFO in consultation with the Agency COO to synchronize with the general planning, budgeting, and reporting requirements of The City of Winnipeg.

4.2 Operating Charter

The Operating Charter is the formal articulation of the function, mandate, terms, conditions and requirements governing the operation, and defining the function and mandate of the Agency. Any proposed amendments are presented to Council for approval. The Operating Charter is a public document.

4.3 Selection Report

A summary of the annual business plan, the Selection Report, is provided to Council each year. The Agency will participate in the broader planning process of the City of Winnipeg.

4.4 Annual Report

Within 120 days following the end of the fiscal year, the Agency will prepare an annual report for Council detailing its results for the year. The report includes an analysis of operational and financial results compared to business plan targets, as well as the audited financial statements of the Agency for that fiscal year.

The separate and distinct nature of the Agency's report does not preclude consolidation in the City or a departmental annual report and year-end financial statements nor does it preclude any form of public consultation.

4.5 Quarterly Reports

Interim reports on the Agency's financial position and progress against key objectives and performance targets are prepared quarterly. Reports are forwarded in summary form to Council as information.

Section 5: Financial Framework

5.1 Fiscal Year

The fiscal year of the Agency coincides with the fiscal year of The City of Winnipeg.

5.2 Implementation

At an administrative level, the CAO or designate, the Department Head and the Agency COO shall discuss and agree on the following as detailed in the business plan:

- Accounting principles to be applied
- Valuation of assets and liabilities (an opening balance sheet)
- Periodic reporting
- Information systems and technology
- Long and short-term financing
- Cash management and investing
- Budget requirements (if any), and
- Service provision agreements

As part of the management principles inherent in SOAs, the standard budgetary expenditure controls do not apply. Bottom-line financial results are the mechanism for measuring the success of the Agency.

5.3 Costing and Pricing

The Agency costs its services on a full-cost basis including direct costs, support costs and overhead costs.

Subject to any fee or charge established by Council, the Agency can set and adjust its prices in response to market forces, and the need to provide a competitive service.

5.4 "Public Good Allocation"

If the Agency is directed to contribute to City policy objectives that run counter to pure business principles (e.g., subsidizing the provision of a service), costs of these contributions may be adjusted against the bottom-line targets of the Agency and/or covered by way of tax-supported funding. These "public good" allocations are assessed annually as part of the Agency's business plan review.

5.5 Audit

The Agency will have an annual audit in compliance with legislation. Special audits and/or evaluations may also be conducted as the need arises.

Section 6: Human Resource Framework

6.1 Staff Levels

The Agency may adjust its staff complement within established financial parameters as business circumstances dictate.

The Agency can utilize term and casual staffing as necessary to meet short-term workload requirements.

6.2 Compensation and Classification

The Agency's staffing and classification activities are governed by collective agreements.

The Agency may, in consultation with Human Resource Services, alter existing classifications or develop its own classification categories and/or groups through letter(s) of understanding with CUPE.

6.3 Training and Development

The Agency will provide its employees with training and career development opportunities necessary to serve its customers and respond to changing market forces and civic policies.

6.4 Performance Management

The Agency will conduct performance appraisals annually at all levels.

The emphasis on bottom-line finances and results assists in formulating measurable objectives and in deciding whether objectives have been met. Performance measures attempt to capture results-based information.

This bottom-line focus and the promotion of an entrepreneurial style across the organization means increased use of the business plan as a framework for assessing individual performance. The performance of the COO is assessed based on achievement of annual targets presented in the selection report.

6.5 Recognition and Rewards

The Agency may devise and implement rewards which stem from the business successes of the organization. Appropriate incentive programs can be explored in consultation with Human Resource Services and presented on a business-case basis in the summary of the annual business plan.

6.6 Labour Relations

All terms of the collective agreement and union representation continue to apply subject to terms and conditions of any supplemental agreement(s) that may be negotiated between CUPE and the City.

Section 7: Implementation and Review

7.1 Effective Date

The effective date of Agency status for Winnipeg Golf Services is January 1, 2002.

7.2 Transition Period

A transition period of up to three years is required. This enables customers, stakeholders, and the Agency itself to adjust to the modified operating environment with minimal disruption to service delivery.

7.3 Evaluation

In support of its mission, the Agency is responsible for achieving performance targets set out in its annual selection report.

The Agency is evaluated against these targets and reports on its performance in the annual report.

A formal evaluation of the Agency's effectiveness is planned to take place three years from start-up.

7.4 Review and Revision of Charter

Review of the Agency's operating charter is carried out as required. Proposed revisions to the charter are tabled with the ASD Committee as part of the annual business plan approval process. Any revisions to the charter are subject to Council approval through a 2/3 majority of the total number of members of Council.

7.5 Termination of Charter

Council, by 2/3 majority, may revoke the Agency's charter at any time and reorganize, reassign, or dissolve the Agency as Council deems necessary. If the Agency is dissolved or reorganized such that a substantially different organization is constituted, a final report covering the period from commencement of the fiscal year to the date Agency operations ceased or were reorganized must be submitted to Council within 120 days of reorganization or cessation of operations.

Section 8: Accountability and Reporting Structure



Agreement

This document represents the operating charter of the Winnipeg Golf Services Special Operating Agency as established by Council under ***The City of Winnipeg Act***.

The undersigned affirm the terms and conditions of this charter and agree to uphold its aims and objectives in support of a sustainable Agency.

Chairperson, ASD Committee	**Chief Operating Officer**
Chief Administrative Officer	**Department Head**

Dated this _____ day of _____, 2002.

APPENDIX I

DELEGATIONS AND EXEMPTIONS

In adhering to business-like practices, the Agency will require certain delegations and exemptions. The following delegations and exemptions are integral in meeting the financial and operational goals of the Agency:

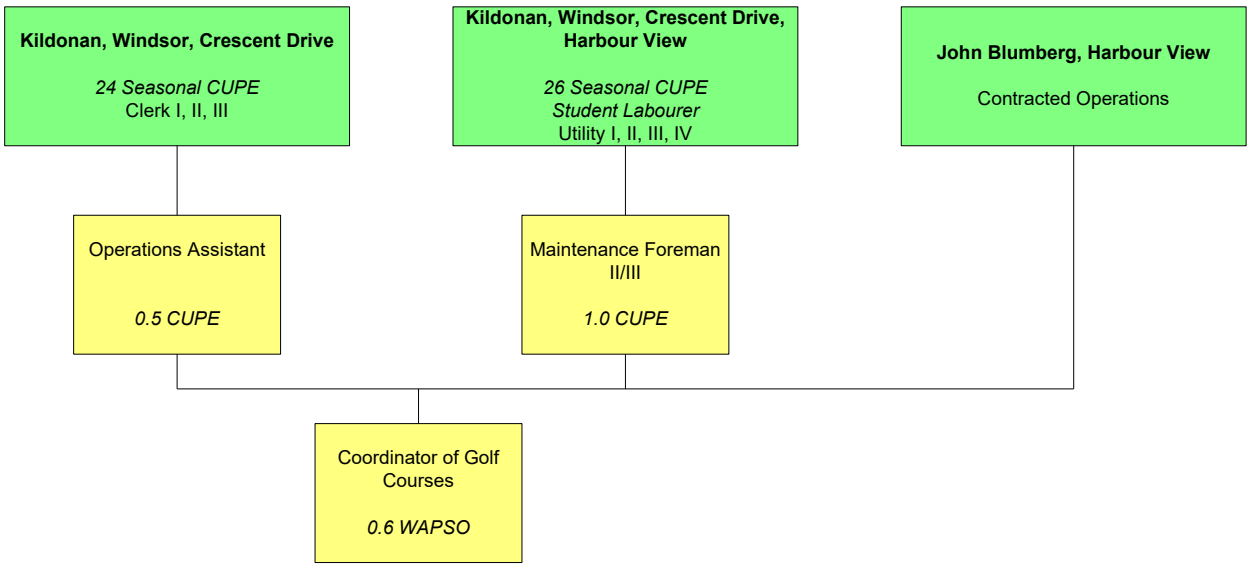
1. Exemption from the City of Winnipeg Fees and Charges Policy. Fee increases and amendments will be set out in the annual selection report for Council consideration.
2. COO is designated as the Contract Administrator for the golf course portion of the concession contract with Sodexho Corporation of Canada Ltd.
3. At the conclusion of the concession contract with Sodexho Corporation (November 30, 2004 or earlier date as may be mutually agreed) the method of operation of golf course concessions which best serves the mandate of the SOA be evaluated by the COO, and further the COO is authorized to operate golf course concessions with City staff, or alternatively, award a contract for operation as may be appropriate.
4. The COO is delegated authority within the jurisdiction of the Agency consistent with that of the Director of Planning, Property and Development with a dollar limit not to exceed $250,000.
5. Within the broad guidelines of the City's Purchasing Policy, the Agency is granted authority to exercise choice in the purchase of goods and services provided that such decisions are made in the best interests of meeting the mandate and financial goals of the business plan.
6. The Agency is exempt from standard spending limitations for budgetary control purposes.
7. When the Agency is directed to undertake "public good" initiatives, the cost of such initiatives will be reimbursed in full to the Agency.

APPENDIX ‘B’

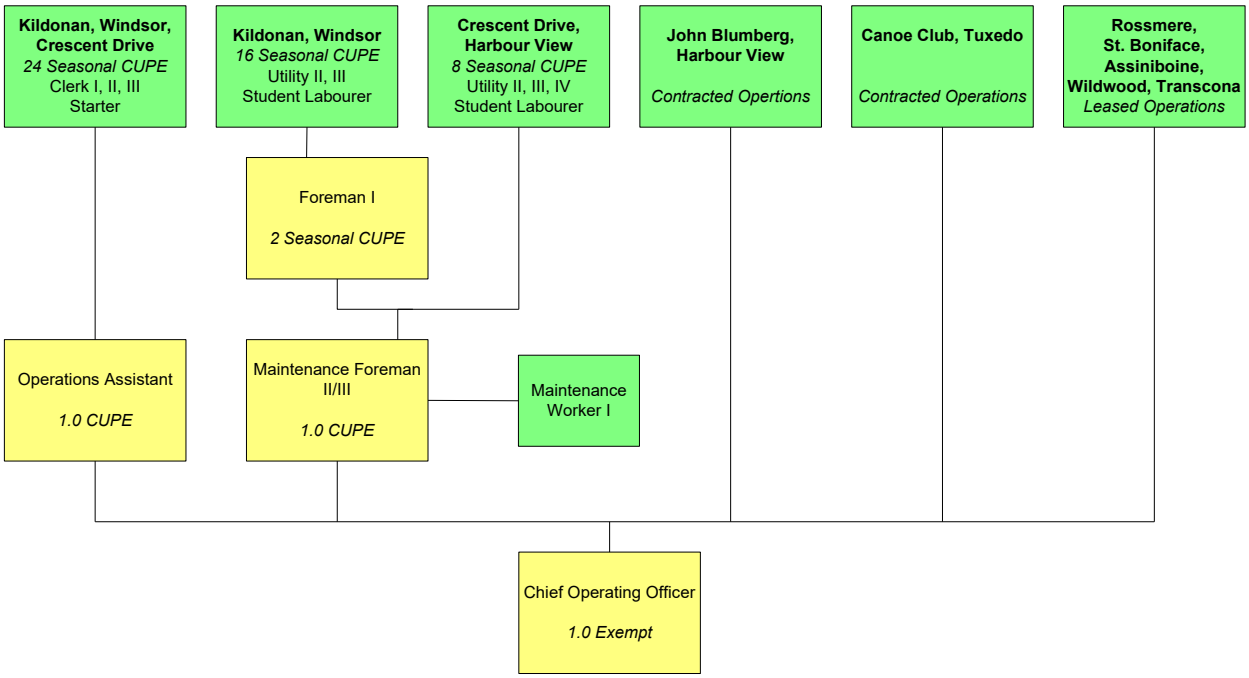
WINNIPEG GOLF SERVICES

ORGANIZATION CHARTS

Golf Courses Staff Complement
Traditional Model



Golf Courses Staff Complement
Proposed SOA Structure



APPENDIX ‘C’

WINNIPEG GOLF SERVICES

FINANCIAL PROJECTIONS

5 YEARS ENDING DECEMBER 31, 2006

Golf Services - Special Operating Agency
Projected Balance Sheet
December 31

	2002 $	2003 $	2004 $	2005 $	2006 $
ASSETS (Note 7)					
Current					
Cash on hand	2,700	2,700	2,700	2,700	2,700
Returnable Containers	50	50	50	50	50
Inventory (Note 2)	45,000	45,000	45,000	45,000	45,000
	47,750	47,750	47,750	47,750	47,750
Land, buildings and equipment: (Note 2)					
Land	20,376,565	20,376,565	20,376,565	20,376,565	20,376,565
Buildings	3,389,690	3,414,690	3,454,690	3,454,690	3,804,690
Golf Course Improvements	645,000	845,000	1,035,000	1,245,000	1,245,000
Furniture and Other Equipment	716,000	736,000	756,000	776,000	976,000
	25,127,255	25,372,255	25,622,255	25,852,255	26,402,255
Less: accumulated depreciation	218,313	467,750	733,738	1,012,526	1,314,563
	24,908,942	24,904,505	24,888,517	24,839,729	25,087,692
TOTAL ASSETS	24,956,692	24,952,255	24,936,267	24,887,479	25,135,442
LIABILITIES (Note 7)					
Current					
Accounts payable and accrued liabilities	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to City of Winnipeg (Note 3c)	13,784	95,499	142,427	32,219	153,280
Current portion of long-term debt	-	52,728	55,891	59,245	62,800
	13,784	148,227	198,318	91,464	216,080
Long Term (Notes 3b and 7d)					
Retirement allowance and vacation liability	333,926	300,535	267,142	233,749	200,357
Long-term debt - Acquired Assets	3,975,690	3,975,690	3,975,690	3,975,690	3,975,690
Long-term debt - Required for Capital Plan	695,000	642,272	586,380	527,135	464,334
	5,004,616	4,918,497	4,829,212	4,736,574	4,640,381
EQUITY	19,938,292	19,885,531	19,908,737	20,059,441	20,278,981
TOTAL LIABILITIES AND EQUITY	24,956,692	24,952,255	24,936,267	24,887,479	25,135,442

Golf Services - Special Operating Agency
Statement of Projected Revenues and Expenses
For the Years Ended December 31

	1996-2000 AVERAGE	2002	2003	2004	2005	2006
	$	$	$	$	$	$
Revenues: (Note 4)						
Green Fees	2,130,148	2,496,514	2,654,230	2,809,055	2,949,381	3,111,998
Equipment Rentals	159,196	209,856	237,702	237,702	245,338	250,945
Merchandise Gross Profits	36,221	38,000	45,000	48,000	55,000	57,500
Concessions	193,357	175,100	178,602	182,174	200,391	204,400
Miniature Golf	-	-	25,935	25,935	25,935	30,257
Other	43,523	25,500	27,500	27,500	30,000	30,000
Net Revenue-Leasing Operations	-	(4,318)	11,054	10,394	41,467	66,918
Total Revenues	2,562,445	2,940,652	3,180,023	3,340,760	3,547,512	3,752,018
Expenses: (Note 5)						
Salaries & Employee Benefits	1,024,819	1,222,939	1,247,117	1,271,748	1,297,181	1,323,122
Services	575,523	682,482	706,177	721,108	734,903	749,528
Materials,Parts,Supplies	159,833	157,075	162,915	165,973	169,093	212,275
Debt & Finance Charges	54,436	-	-	-	-	-
Transfer to Golf Course Reserve	219,267	-	-	-	-	-
Interest on Short Term Debt	-	4,956	12,047	9,283	7,948	11,128
Interest on Long Term Debt - Capital Plan	-	41,700	41,700	41,700	38,536	35,183
Total Expenses	2,033,878	2,109,152	2,169,956	2,209,812	2,247,661	2,331,236
Net Revenue	528,567	831,500	1,010,067	1,130,948	1,299,851	1,420,782
Allocated to the City: (Note 6)						
Property Tax Equivalents	-	214,772	221,215	227,851	234,687	241,727
Departmental Support Costs	-	41,000	41,820	42,656	43,510	44,379
Office Accommodation Costs	-	14,800	14,800	14,800	14,800	14,800
Provision for Payroll Taxes	-	1,071	1,914	2,806	3,722	4,657
Provision for Business Taxes	-	25,100	25,100	25,100	25,100	25,100
Interest on Long Term Debt - Acquired Assets	-	238,541	238,541	238,541	238,541	238,541
City's Return on Investment	-	220,000	260,000	280,000	300,000	320,000
Total Costs allocated to the City	-	755,284	803,390	831,754	860,360	889,204
Other Costs:						
Depreciation, Fixed Assets	-	218,312	249,438	265,988	278,787	302,038
Annual Audit Fee	-	10,000	10,000	10,000	10,000	10,000
Total Other and Allocated Costs	-	983,596	1,062,828	1,107,742	1,149,147	1,201,242
Net Income	528,567	(152,096)	(52,761)	23,206	150,704	219,540

Golf Services - Special Operating Agency
Statement of Projected Changes in Financial Position
For the Years Ended December 31

	2002	2003	2004	2005	2006
	$	$	$	$	$
Net inflow (outflow) of cash related to the following activities:					
OPERATING					
Net earnings (loss) for the year	(152,096)	(52,761)	23,206	150,704	219,540
Depreciation, not affecting cash	218,312	249,438	265,988	278,787	302,038
	66,216	196,677	289,194	429,491	521,578
Changes in non-cash operating working capital items					
Returnable Containers	(50)	-	-	-	-
Inventory	(45,000)	-	-	-	-
Accounts payable and accrued liabilites	-	-	-	-	-
Retirement allowance and vacation liab	333,926	(33,391)	(33,393)	(33,393)	(33,392)
Deferred revenue	-	-	-	-	-
	355,092	163,286	255,801	396,098	488,186
FINANCING					
Increase in Long-term debt - Acquired Assets	3,975,690	-	-	-	-
Incr in Long-term debt - Required for Capital Plan	695,000	-	(52,729)	(55,891)	(59,246)
Contributed Surplus	20,090,388	-	-	-	-
	24,761,078	-	(52,729)	(55,891)	(59,246)
INVESTING					
Purchase of Land	(20,376,565)	-	-	-	-
Purchase of Buildings	(3,389,690)	(25,000)	(40,000)	-	(350,000)
Purchase of Golf Course Improvements	(645,000)	(200,000)	(190,000)	(210,000)	-
Purchase of Furniture and Other Equipment	(716,000)	(20,000)	(20,000)	(20,000)	(200,000)
Proceeds from disposal of equipment	-	-	-	-	-
	(25,127,255)	(245,000)	(250,000)	(230,000)	(550,000)
NET CASH INFLOW (OUTFLOW)	(11,085)	(81,714)	(46,928)	110,207	(121,060)
CASH POSITION, BEGINNING OF YEAR	-	(11,085)	(92,799)	(139,727)	(29,520)
CASH POSITION, END OF YEAR	(11,085)	(92,799)	(139,727)	(29,520)	(150,580)
COMPONENTS OF CASH ASSETS					
Petty Cash	2,700	2,700	2,700	2,700	2,700
Due to City of Winnipeg	(13,784)	(95,499)	(142,427)	(32,219)	(153,280)
CASH POSITION, END OF YEAR	(11,084)	(92,799)	(139,727)	(29,519)	(150,580)

Golf Services - Special Operating Agency
Projected Statement of Equity
December 31

	2002 $	2003 $	2004 $	2005 $	2006 $
Contributed Surplus	20,090,388	19,938,292	19,885,531	19,908,737	20,059,441
Net Income (Loss) for year	(152,096)	(52,761)	23,206	150,704	219,540
	19,938,292	19,885,531	19,908,737	20,059,441	20,278,981

For 2002 Contributed Surplus made up of:	
Cash on Hand	2,700
Returnable Containers	50
Inventory	45,000
Land Value as of Jan 1/2002	20,376,565
	20,424,315
Less: Retirement Allowance & Vacation Liability	(333,927)
	20,090,388

Golf Services - Special Operating Agency
Notes to the Financial Projection

1. DESCRIPTION OF BUSINESS

On March 20, 1997, Council adopted a document entitled "Reshaping Our City Government". The document identified the development of Special Operating Agencies (SOAs) as one of five strategic initiatives needed to create a more affordable and fundamentally better Civic Government.

On September 24, 1997, Council adopted the strategic direction with regard to SOAs identified in the report entitled "Special Operating Agencies Initiative". Pursuant to the foregoing, the Community Services Department prepared a feasibility study which recommended the establishment of a Special Operating Agency with the mandate to manage and be accountable for maximizing the return on City-owned golf course assets.

On February 23, 2000, Council directed that a Business Plan and Operating Charter for a Golf Services SOA be prepared and further that the municipal golf course operation be realigned under the purview of the Planning, Property and Development Department. The Golf Services SOA will take effect upon adoption of the business plan and operating charter and be established retroactively for budget purposes to January 1, 2002

The SOA will manage 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.

2. ACCOUNTING POLICIES

The projected financial statements are prepared on the basis of generally accepted accounting principles. The projections include the following significant accounting policies:

Inventory

Merchandise inventory is stated at the lower of cost and net realizable value.

Land

Land is recorded at values as determined by the City of Winnipeg Property Assessment Department as of January 1, 2002.

Buildings

Buildings are recorded at January 1, 2002 assessed values and projected additions are valued at estimated construction or acquisition cost. Buildings are depreciated on a straight-line basis at 4% annually.

Golf Course Improvements

All past golf course improvements are assumed to be fully depreciated. Projected additional improvements are recorded at estimated total cost of construction. Improvements are depreciated on a straight line basis at the rate of 5%.

Furniture and other Equipment

All furniture and equipment owned by the predecessor City golf course operation has been inventoried and is valued at estimated net realizable value at January 1, 2002. These assets are being depreciated on a straight line basis at the rate of 10%.

3. HYPOTHESES

The financial projections have been based on the following hypotheses:

(a) Assets and Liabilities

That the City will transfer the assets named in note 2 to the Golf Services Special Operating Agency. These include all assets being used at City-operated golf courses, courses being operated under management contract and properties being leased to third parties. Depreciable assets will be financed by long-term debt. All land assets will be acquired from the City in exchange for an equity position. The Special Operating Agency will assume all known liabilities of the City-operated facilities

(b) Long-Term Debt

The City will provide a long-term loan to the Special Operating Agency during 2002, in the amount of $695,000 using the Golf Course Reserve as the source of funding. Interest is scheduled at the rate of 6% and principle repayment will be scheduled over ten years commencing in 2004. This loan is required to finance golf course improvements. A long-term loan will be provided by the City to finance the depreciable assets. This loan, in the amount of $3,975,690 will generate interest at the rate of 6%, and will be repayable commencing in 2007.

(c) Short-Term Debt

The City will extend an operating line of credit through the General Revenue Due To/Due From account at prevailing rates of interest, and will pay interest to the Agency at prevailing rates at such times in which the City owes money on current account to the Agency. The limit of this line of credit will be $400,000.00.

4. ASSUMPTIONS - REVENUE

(a) Green Fees

Green fees will be increased by $1.00 in each of the years 2002, 2003, 2004, 2005 and 2006. The number of rounds is based on the 5 year average (1997 – 2001) and is projected to increase by 5.2% over the term of the business plan.

(b) Equipment Rentals

The auto cart fleet will be increased in 2002 from the present 38 units to 48 units. In addition, the current fleet that had been leased up to the end of the 2001 season has been purchased allowing for greater flexibility of use in the shoulder seasons. The number of auto cart rentals over the period is projected to increase from 7460 in 2002 to 8410 in 2006. The fee per use will increase from $23.00 to $25.00 over the period. Other rental equipment includes individual clubs, club sets and pull carts. Modest revenue increases are projected on these items. Allowance has been made for the leveling of pull cart revenue as the projected popularity of auto carts increases. Club set revenues will increase moderately as the courses are more actively marketed to beginner golfers.

(c) Merchandise Gross Profits

Golf Services will be aggressive in merchandise sales. Pro shops at the 18 hole facilities have been expanded and clothing lines have been introduced. Gross profits are projected to increase by 50% over the term of the business plan and the average profit margin will increase from 28.57% in 2002 to 33.33% in 2006. The focus will be on the beginner and recreational golfer market but high end sales will also be accommodated through selective purchasing and special orders.

(d) Concessions

Concession revenues will show modest growth (2% per year) until the end of the current contract with the concession operator in 2004. A 10% increase is projected in 2005 when a new contract is awarded or a new method of concession operation is implemented. Alcoholic beverages account for 58% of net revenue while food and non-alcoholic beverage sales account for 42%. It is expected that this split will remain constant over the term of the business plan.

(e) Miniature Golf

A miniature golf course will be developed at Crescent Drive Golf Course in 2002 for play starting in 2003. This site offers the advantage of not requiring additional staffing as it will be located in close proximity to the existing clubhouse and starter building. The current staff compliment can service the mini golf. Revenues are being conservatively estimated with the number of rounds remaining constant through the first 3 years and modest growth shown in year 4.

(f) Other

Other revenues include the City's share of sport activity sales at Harbour View complex and miscellaneous income from promotions and special events. Revenues in this category show modest growth over the term of the plan.

(g) Leasing Operations

Revenues from leased and privately contracted courses (net of property taxes and leasing support costs) is returned to the golf operation.

5. ASSUMPTIONS - EXPENSES

(a) Salaries and Employee Benefits

The SOA will operate with the following staff compliment over the 5 year period assuming that the mix of leased / contracted courses versus City operated courses does not change:

1 Chief Operating Officer (full time) WAPSO Exempt
1 Operations Assistant (full time) CUPE
1 Foreman II/III (full time) CUPE
51 Seasonal CUPE Utility, Maintenance and Clerk positions (may vary due to operational requirements)

Salaries are based on existing grades with provision for increments. The position of Operations Assistant is presently under review. No salary adjustment has been taken into account. Projections include a 2% inflation factor. Employee benefits are estimated at 17%.

(b) Professional & Consultative Services

The SOA is responsible for the Manager's retainer fee for Harbour View Golf Course and Recreation Complex. Allowance has been made for the acquisition of Marketing expertise.

(c) Special Services - Non-Professional

Provision for cash pick up and security services as well as miscellaneous service requirements.

(d) Allocated Departmental Costs

The SOA receives building maintenance services from the Public Works Department. Approximately $50,000 is budgeted for routine and preventative maintenance and approximately $105,000 is budgeted for equipment repairs and replacements. As well this account funds special projects that are required to maintain current code, health and occupancy regulations and standards.

The Agency will assess the cost of Public Works providing building maintenance service against that of alternative methods of service delivery and will make adjustments based on cost effectiveness and service quality over the five year period.

(e) Auto Allowance

Three employees are on auto allowance in accordance with City policy.

(f) Utilities

Heat, power and water charges are paid by Golf Services for all clubhouse and maintenance buildings.

(g) Telephone

Telephone, cellular phone and alarm system charges are expected to remain constant. An inflationary increase has been projected.

(h) Advertising

Costs in 2002 will increase by $16,500 over 2001 expenditures. They will increase by an additional $46,000 and remain at that level for the balance of the term of the plan. These increases are required to adequately fund promotion related to merchandise sales, special events, retention of current customers and attraction of new demographic groups.

(i) Rentals

Rental of mobile concession carts, portable toilets and various maintenance equipment is required in situations where it is not practical or cost effective to purchase the equipment.

(j) Equipment Rental - Internal

Equipment and Material Services provides major turf maintenance equipment and vehicles to golf courses. Through contributions to a replacement reserve, this equipment is replaced as required. Beginning in 2002 Golf Services will employ a seasonal mechanic to maintain the fleet thus reducing the overall cost of equipment maintenance.

(k) Training

Employees will be trained in pesticide application, turf maintenance, supervisory skills and other programs that contribute to a more effective operation.

(l) Other Parts and Accessories

Parts for aging equipment and irrigation systems will require an increase of 75% in this account over current funding. It is expected to remain at the increased level over the term of the plan.

(m)Transfers to Reserves

The expense line, "Transfer to Golf Course Reserve" has been provided for comparative purposes only. All improvements and asset acquisitions over the projection period are projected to be financed by earnings retained from operations in addition to loans to be obtained from the City of Winnipeg using the Golf Course Reserve as the funding source.

6) ASSUMPTIONS - AMOUNTS ALLOCATED TO CITY

(a) Property tax Equivalents and Departmental Support Costs

Property tax equivalents have been estimated based on existing assessments and mill rates that would apply to Golf Course operations. Support Costs from the Planning, Property and Development Department consist of estimated variable costs of providing Financial, Human Resources/Payroll and Information Technology Services.

(b) Office Accommodation Costs

The costs of $14,800 are as allocated by the Civic Accommodations Utility and apply to the premises at 65 Garry Street.

(c) Provisions for Payroll and Business Taxes

These imputed costs have been estimated based on the prevailing rates of taxation.

(d) City's Return on Investment

The amounts projected include general government charges of 2% of total expenses, and have been set at a level that (with respect to total allocated costs) will provide a reasonable return on investment to the City.

7) ASSUMPTIONS - ASSETS AND LIABILITIES

(a) Petty Cash

Petty cash of $2,700 will be available for incidental expenditures.

(b) Accounts Receivable

The Agency's year end normally occurs 1.5 to two months after the completion of the golf season, it is expected that there will be no trade receivables outstanding as at December 31.

(c) Accounts Payable and Accrued Liabilities

Normal trade accounts payable and accruals are projected to be nil based on the year end timing referred to in b) above.

(d) Retirement Allowance and Vacation Liability

The initial liability of $333,927 is based on the estimated monetary value of unused sick time and accrued vacation time at December 31, 2001. It is assumed that further vacation time will be taken as earned. An expense estimate of sick time payouts has been projected for that portion of possible payouts that have not been accrued as at December 31, 2001.

(e) Due to City of Winnipeg/Long Term Debt

Please see comments related to these items under 3) Hypotheses.