



City of Tucson Parks & Recreation Department

TUCSON GREENS COMMITTEE MINUTES OF JULY 16, 2015

The Regular Meeting of the Tucson Greens Committee was called to order at 3:02 p.m., on Thursday July 16, 2015. The meeting was held at El Rio Golf Course, First Tee Building, 1400 W. Speedway Blvd., Tucson, Arizona.

Committee Members present: John Anttonen; Jerry Anderson; Tom Duddleston; Jeff Farkas; Thomas Flanagan; Dr. David Kopec and Matthew Witzke. One seat vacant.

City Staff in Attendance: Greg Jackson (City Manager's Office); Hector Martinez (City Manager's Office, Real Estate Director); Joyce Garland (Budget Director); Melodee Loyer (Tucson Water); Wally Wilson (Tucson Water); Erin Gallego (Administrative Assistant – Parks and Recreation); Stephanie Brooks (Secretary – Parks and Recreation); Amy Stabler (Ward 6 Council Aide).

OB Sports Staff in Attendance: Phil Green (Chief Operating Officer); Mark Woodward (Senior Vice President of Operations); Robb Palmgren (General Manager – Randolph Golf Complex); Matt Kimble (Superintendent - Randolph Golf Complex); Tom Tatum (General Manager – Fred Enke Golf Course); Jeff Eckart (Superintendent – Fred Enke Golf Course); Al Murdock (General Manager – Silverbell Golf Course); Reuben Proper (Superintendent – Silverbell Golf Course); Robert Moreno (General Manager – El Rio Golf Course); Tim Brady (Superintendent – El Rio Golf Course); Ryan Fitzgerald (First Tee Program and Life Skills Director); Eddie Aguirre (Randolph Food and Beverage Manager).

I. CALL TO ORDER / ROLL CALL

The meeting was called to order at 3:02 p.m.

II. APPROVAL OF MINUTES – JUNE 25, 2015

Mr. Duddleston made a Motion to approve the minutes.

Mr. Anderson seconded the Motion.

The minutes were approved by a vote of 7-0

Approved on September 17, 2015

III. CALL TO THE AUDIENCE

None.

IV. STATUS OF CIVANO PROPERTY – JOYCE GARLAND, BUDGET, HECTOR MARTINEZ, REAL ESTATE

Mr. Anntonon stated that the status update is a result of Mr. Pagel's request at the June 25, 2015 Greens Committee meeting.

Ms. Garland explained the arrangement made by Mayor and Council with the Golf Course regarding the Civano property. The property was transferred to the general fund in exchange for the general fund taking over the certificates of participation (COP) lease. At the time the land had a book value of \$709,000 and the fair market value was greater. Therefore the debt was transferred at that time with the principal balance of about \$3.6 million. Once the property is sold the cash deficit of the enterprise fund that owes the general fund will be reduced by the net proceeds of the value of the property.

Ex: if the property sells for \$5 million, less the book value of \$709,000 and that dollar amount will reduce the cash deficit to the general fund.

Ms. Garland mentioned that details are written in correspondence with Mayor and Council which dates back to 2011.

Ms. Garland confirmed the COP debt was \$4 million with interest and is currently in the general fund. The general fund will continue to make the debt service on the COPs.

Mr. Anderson mentioned concerns regarding a recent statement from a council member related to the proceeds being used to benefit the general fund.

Ms. Garland explained the golf enterprise cash deficit loan with the general fund which ties up \$7.9 million of fund balance from the general fund. Once the land is sold and the loan is reduced the general fund balance will be freed up for the use by general fund.

Mr. Farkas requested a copy of the agreement for the Greens Committee to review. Ms. Garland agreed to provide Mayor and Council material as requested.

Mr. Martinez explained the process for moving forward the sale of land as directed by the Mayor and Council on June 23, 2015. The total property referenced as Civano is comprised of approximately 320 acres with the golf enterprise property totaling 244 acres acquired in 1977 from the state land dept through an exchange.

Mr. Martinez stated that an appraisal has been ordered to include a detailed survey of property and a phase one environmental study. The website for advertising the property is targeted to go live on August 10, 2015, be on the market for 75 days with an expected closing date in February or March 2016.

Approved on September 17,2015

Mr. Martinez mentioned the preliminary broker opinion provided by CBRE estimating the value of the property at \$5 million. The starting value of the property is yet to be confirmed by the appraisal process.

Mr. Martinez stated that the City of Tucson will retain 110 acres currently used by the biking community, selling approximately 173 acres; the remainder of approximately 40 acres was sold to Tucson Water for the Sharp Program.

Mr. Martinez mentioned the well attended public meeting with approximately 150 bikers and noted the majority supported the plan to retain 110 acres.

Mr. Martinez reaffirmed that the Mayor and Council have given direction and agree with recommendation on how to market the property. The Mayor and Council will be notified and presented with the offer once received and will provide further direction on the sale.

Mr. Farkas voiced concerns regarding the frontage road on Houghton and Irvington and suggested retail for the site.

Mr. Martinez briefly described zoning options for the purchaser utilizing the Houghton Area Master Plan as guidelines for mixed use.

Mr. Farkas requested a copy of the 2011 Mayor and Council item for review.

V. RECLAIMED WATER HISTORY – WALLY WILSON/MELODEE LOYER, TUCSON WATER

Mr. Jackson stated that the Greens Committee requested the history of reclaimed water pricing. Tucson Water staff Wally Wilson and Melodee Loyer presented information as requested.

Ms. Loyer reviewed data provided to Greens Committee regarding subsidized rates for past 6 years ranging from \$697 per acre-foot in 2008 to \$815 per acre-foot in 2016 with a projection of potable water customers subsidizing 23% of the reclaimed system.

Mr. Wilson stated the cost of service is subject to electrical costs. The system is 30 years old and will have ongoing capital investment to remain reliable.

Ms. Loyer stated that La Paloma and Skyline Golf Courses have experienced rate increases dependent on long term agreements and ground water rights turned over and therefore, in the next two to three years will become full rate customers.

Dr. Kopec requested data on the rate in 1985.

Ms. Loyer did not have information available and will provide the information as requested.

Mr. Duddleston inquired about where the subsidy comes from and if there are other reclaimed water systems in Arizona and their rates.

Ms. Loyer stated that potable customers subsidize the reclaimed system, however this minimizes use of potable water. Phoenix and Scottsdale have reclaimed systems.

Dr. Kopec inquired about the budgeted amount for production of reclaimed water versus delivery.

Ms. Loyer stated approximately 8%.

Mr. Wilson stated overall reduction in energy use could be an advantage in future energy costs due to improvements in water system.

Dr. Kopec inquired about the delivery of effluent water.

Ms. Loyer reviewed the history of 1979 Intergovernmental Agreement where the City of Tucson retained ownership of a portion of effluent from wastewater treatment plant which Pima County produces and other entities have ownership as well.

Mr. Wilson discussed water shortage concerns and Arizona's plan to keep levels sustainable by recharging 100% of CAP water.

Dr. Kopec inquired about the cost of water for City Golf Courses.

Ms. Loyer stated each golf course differs and reviewed the chart presented to the Greens Committee. Silverbell Golf Course receives water at no cost. Randolph and Del Ulrich receive a portion of water at no cost delivered by Pima County. Overall cost of water for all the golf course use results in approximately \$396 per acre foot.

Ms. Loyer and Mr. Wilson reviewed banking of water in aquifers, creating resources to meet future demands. There is about three years worth of water stored.

Mr. Duddleston inquired about OB Sports' water efficiency

Mr. Green mentioned that water is the biggest expense for golf courses. OB Sports is utilizing current irrigation equipment that is not state of the art, therefore not as efficient as newer systems. Replacement costs for a state of the art irrigation system is between \$1.3 and \$1.5 million per golf course.

VI. GOLF COURSE REPORTS (EVENTS, ROUNDS, MAINTENANCE)

A. RANDOLPH / DELL URICH

Mr. Woodward noted that general manager's will report on respective courses.

Mr. Woodward mentioned the following:

- July was Military Appreciation month at TCG with \$20 rounds and \$2 draught beer.
- Rounds and revenue are up.
- \$4,700 in revenue from the Bogeys and Beer event.
- Randolph hosted Ricki Rarick Tournament on July 11, with 85 players.
- Upcoming events include Jazz Night, a Fish Fry and a Buffet Night in August.
- The Mega Pass generated approximately \$4,000.
- OB received revised advertising rates in the Tucson newspaper.
- The July 4th event generated \$6,600.
- The Summer Five play pass generated \$4,400.
- There is a new Range Pass for \$99.
- The Blood Mary bar has been successful.

B. SILVERBELL

Mr. Proper reported issues with the greens continue to be a battle. Summer granular fertilizer applied on tees, fairways and greens. Chemical applications include insecticide and pesticides. Aerification was done in June with the next aerification scheduled for July 27 and July 28. Irrigation issues are a daily concern and old pumps need to be replaced. Bunkers are still an issue with no drainage. Dead trees have been cut down and removed. Overall, Silverbell is doing well.

Mr. Farkas commented on the great work done at Silverbell.

Mr. Murdock reported on the following:

- M.A.I.T.S. inspection compliance completed on July 15, 2015.
- Rounds are up and coming in at 175 rounds above budget.
- Greens fee and cart revenue approximately \$2,000 above budget.
- Upcoming events include the Flowing Wells Tournament with 120 players.
- Group play has slowed down and notification will go out soon.
- Currently a bag raffle for Fold of Honor, drawing on September 8, 2015.

Mr. Farkas recognized Mr. Proper for turf conditions at Silverbell.

Mr. Anderson recognized rounds and revenue updates for last five month.

Mr. Farkas inquired about the status of the air conditioning issues at the Silverbell restaurant.

Mr. Murdock confirmed that issues have been addressed and currently being managed.

C. FRED ENKE

Mr. Woodward announced Mr. Tatum will retire at the end of July but will remain a part of Tucson City Golf as an instructor. Mr. Joe Riekema has been hired for Mr. Tatum's position to begin August 1.

Mr. Woodward mentioned rounds and revenue are up at Fred Enke.

Mr. Woodward indicated that planning for overseeding is taking place and supplies have been ordered.

D. EL RIO

Mr. Woodward reported on the following:

- Rounds and revenue up slightly at El Rio.
- Ricki Rarick tournament was held at El Rio.
- El Rio will host the City Card event on July 21.
- A recent micro burst at El Rio caused some damage.
- The irrigation and pump stations continue to be issues of concern.

Mr. Woodward reviewed system wide issues including algae, summer aerification program using smaller tines, weed control and leeches in the lakes.

Mr. Witzke inquired about the options for golfers should the DM course close.

Mr. Jackson will follow up with DM staff and report back.

VII. OPERATING REVENUES AND EXPENSES REPORT

Mr. Woodward reviewed the report provided to the Greens Committee and rounds came in 6% higher than projected.

Mr. Woodward reviewed the monthly income report and noted the increase in revenue and the decrease in expenditures.

Mr. Green reviewed FY14/FY15 budget versus FY15/FY16 budget to include the breakdown of revenues, cost of sales, expenses and overall is projecting a net income of \$164,720(EBITDA).

Mr. Green mentioned the food and beverage increases will be from social events and the extended hours of operation. He noted the reduction in payroll expenses for 2015/2016 due to deliberate reduction in coverage. While operating expenses are projected to increase slightly, gross profit is expected to increase in 2015/2016.

Mr. Green stated the \$164,720 does not include the COP debt service payment.

Mr. Green stated that the budget presented shows a positive indication that things are going in the right direction as each course is currently ahead of budget.

Mr. Farkas inquired about the COP payment.

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Mr. Green confirmed the payment is for capital leases not the Civano property.

Mr. Anderson inquired about specific increases in course services and course maintenance.

Mr. Green stated he would need to report back with information requested by Mr. Anderson.

Mr. Farkas described the budget presented by OB Sports as an outstanding document and mentioned that this is first time in 12 years that City Golf has finished in the black.

Mr. Farkas confirmed that the City has accepted the budget provided by OB Sports.

Mr. Green stated the budget is achievable but not a guarantee and is based on prior year history.

Mr. Anderson inquired about the status of green fee flexibility.

Mr. Jackson stated that the recommendation is expected to go before the Mayor and Council in November 2015 at the time of annual report.

Mr. Flannagan inquired about the number of FTE's employed.

Mr. Green agreed to provide to Green Committee at future meeting.

VIII. FY 16 TUCSON CITY GOLF BUDGET

Presentation was included with item VII.

IX. FIRST TEE REPORT

Mr. Fitzgerald presented three participants and each stated a brief bio, their favorite parts of the First Tee program and their successes.

Mr. Fitzgerald stated the number of participants at schools and the Boys and Girls Clubs has reached 15,000 youth and mentioned the need for volunteers for the program.

Mr. Anderson commented on the great work done by First Tee and recognized the growth in female golfers to include the upcoming dedicated program for Girl Scouts from September 2015 through May 2016.

Dr. Kopec inquired about the type of volunteers needed.

Mr. Fitzgerald stated the need for coaches, life skills trainers, help with collecting and managing donations and clarified golf skill are not a requirement.

D.I.V.O.T.S.

Mr. Woodward reported that Mr. Anntonen volunteered 25 hours at Fred Enke in June and Ed Barron volunteered 26 hours in April, 38 hours in May, 36 hours in June and 9 hours so far in July.

Mr. Woodward thanked both volunteers for their time and efforts.

Mr. Anntonen mentioned the need for volunteers at other courses and that Mr. Ed Gates recently returned to Fred Enke.

X. GREENS COMMITTEE GOLF COURSE INSPECTIONS REPORT

Mr. Farkas presented a brief inspection report and stated there were very few golfers out on July 8th. He noted a recent discussion with Mr. Murdock regarding the need for a water fountain at Silverbell.

Mr. Farkas reported the driving range was well occupied and in excellent condition, bunkers continue to be a concern and pooled water.

Mr. Farkas stated the playability is adequate and noted the personnel is outstanding and reach out to the public and provide excellent customer service.

XI. CALL TO THE AUDIENCE

None.

XII. NEXT MEETING DATE AND LOCATION

The next Tucson Greens Committee meeting will be held on Thursday, August 20, 2015, at 3:00 p.m., Randolph Golf Complex, Cactus Room, 600 South Alvernon Way, Tucson, AZ 85711

XIII. FUTURE AGENDA ITEMS

Master Plan
OB Sports 1-2 year plan
Judy Mc Dermott – Update on Conquistadors
Future of Randolph North

XIV. ADJOURNMENT

Mr. Anderson made a Motion to adjourn.
Mr. Duddletson seconded the Motion.
The Motion passed, 7- 0.
The meeting was adjourned at 5:16 P.M