



Minutes
City Council's Arts and Community Services
Committee
November 15, 2006

Minutes of the City Council's Arts and Community Services Committee held on Wednesday, November 15, 2006, 3:00 p.m., at the Library Board Room, 3500 S. Rural Road, Tempe, Arizona.

Committee Members Present:

Councilmember Barb Carter, Chair
Councilmember Shana Ellis

City Staff Present:

Tom Canasi, Community Svcs Mgr
Tom Duensing, Deputy Financial Svcs Mgr
Don Fassinger, Cultural Facilities Admin
Kathy Gasperich, Council Aide
Cecelia Pinkston, Executive Asst
Mark Richwine, Parks & Recreation Mgr
Sam Thompson, Deputy Mgr, Parks
Jody Ulich, Deputy Comm Svcs Mgr

Guests Present:

Steve Martin, Childsplay

Councilmember Carter called the meeting to order at 3:05 p.m., and introduced Steve Martin from Childsplay.

Agenda Item 1 – Golf Overview 0703-01

Mark Richwine updated the committee regarding the Golf Course Enterprise Fund Status.

- Preliminary close of FY 05-06 showed an unreserved fund balance of \$468,457.
- Past three years shows a decline in fund balance of approximately \$70K annually.
- Balance remains above the minimum required by Council for the Enterprise Fund.
- Have raised rates and have not filled maintenance positions but that has not made a large difference in the fund balance.
- Greatest reduction in rounds played has been in July, August and September.
- Rolling Hills is on a potable water system and Ken McDonald uses reclaimed water. The cost for water alone at Rolling Hills (which is 40% of the total turf area at Ken McDonald) is almost ten times as great.
- If we were on a comparable water system, Rolling Hills would be closer to breaking even. The cost of water at Rolling Hills is over \$100K per year. If the Water

Department does do the line from the Kyrene Reclamation Plant to Town Lake, we would request it be extended up to the Rolling Hills.

- If we continue as an Enterprise operation, another issue will be the other post employment benefits for our staff. That could be between \$200K and \$300K per year.
- Unknown at this point whether privatizing Rolling Hills would be possible.
- Pro shop concessionaire contract at Rolling Hills is up for renewal next summer, and the pro shop concessionaire contract at Ken McDonald will be up for renewal in 2009, but it has a clause that if the enterprise move in another direction than its current structure, that we reserve the right to terminate the agreement.
- City of Phoenix is \$1.6M in debt and is hiring a consultant to study their golf operations and offer recommendations.
- Golf Committee is aware of fund balance and has recommended a rate adjustment.

Councilmember Carter stated that at some point, this will need to come back to Council if this keeps dropping.

There was discussion regarding rent payments on the food and beverage side of the operation, Mr. Richwine added that the rent payments received on the food and beverage side of the operation were predicated on an agreement that was crafted twenty years ago. Although those payments went up 3% per year, the environment in which that restaurant is located has changed. A new business owner would hopefully be able to do better. The current owner isn't as motivated as they once were to improve the operation. We will see what the response is there and that will give us a greater indication of what our position will be financially moving forward. We are limited with the current cash position in the way the enterprise is structured with our total revenues being about \$2.2M to afford capital improvements at the golf courses and the irrigation system is now in the \$2M neighborhood and building construction in the Tempe area is now approaching \$200 per square foot. Another clubhouse would be about \$2M immediately and our cash position doesn't allow us to move in one direction by 20% to 30% increments.

Carter: Cities that bond for the capital improvements for their golf courses and the regular O&M to maintain them when there is less than 10% of the population using them. How do you sell that to the taxpayers? Wait to see what Phoenix finds out from its consultant.

Richwine: By that time we will know what we have on the table as an offer to operate our food and beverage concession at Rolling Hills. Staff will probably be making a recommendation to extend the contract for the pro shop concession, but do it under a condition where we have the right to terminate based on change in operational condition. That first five year contract will be up in 2007. We have basically finalized the RFP and we will bring proposals to this committee.

Ellis: The tennis courts at Kiwanis Rec Center to renovate those costs quite a bit of money, and that's another example where tennis fees aren't paying for that. That's not an enterprise fund. When we were talking about the \$2M to renovate the clubhouse, would taxpayers be willing to pay for that, they are paying out of property taxes for the tennis courts and I'm thinking less than 10% use them. But we are using taxpayer money to renovate those courts.

We are hoping that with a modest increase on January 1 for our peak season for golf at both courses for January, February, March and April

DIRECTION: Staff was directed to provide another update when the Phoenix study is completed.

Agenda Item 2 – Tempe Center for the Arts Rate Structure Update 0109-19

Staff was asked at the last meeting to provide a list of Tempe Center for the Arts partners and a proposed rate schedule for all spaces in the facility.

Brief discussion was held on each partner.

Difficult to do rate comparisons because spaces in different facilities are so different.

Some of the rates discussed will need to be adjusted to take into consideration the tiers and resident discounts.

Rental rates will include some basic services. Other charges such as labor and overtime will be clarified in the final operational policies and procedures.

There will be some flexibility on certain rate items.

Steve Martin voiced three concerns: (1) that the catering contract allow children attending school performances be able to bring their sack lunches into the building, (2) rate schedule look at having an extended period rate (day and half day) for rooms in addition to hourly rates, and (3) liquor license discussions to address 501(c)(3) fund raisers using donated liquor. Staff assured that all three issues were being addressed.

The Committee indicated that the Policies and Procedures, including rate schedule, were on track. Staff was directed to keep moving forward with the Policies and Procedures, adjusting as they go.

Agenda Item 3 – Future Agenda Items.

- Update on TCA Policies and Procedures
- Rate Schedule updates
- Executive Summary

No meeting in December.

Meeting adjourned at 4:10 p.m.

Prepared by: Connie Krosschell

Reviewed by: Mark Richwine



Connie Krosschell
Acting City Clerk