

**LYNNWOOD PARKS AND RECREATION BOARD  
MEETING MINUTES ~ February 27, 2013**

10. Call to Order – The meeting began at 7:00 p.m.

20. Roll Call

Boardmember Aldrich  
Boardmember Bluford  
Boardmember Cheek  
Boardmember Gilbertson  
Boardmember Hildebrandt  
Boardmember Megill  
Boardmember Swan

Mayor Gough  
Councilmember Smith  
Director Sordel  
Administrative Assistant Flesher

30. Approval of Minutes – January 2013 – Postponed to March 6, 2013.

40. Written Communications – None.

50. Public Comments – None.

60. Comments from Boardmembers – None.

70. Resolutions and Other Business.

70.1 Election of 2013 Officers. Postponed to March 6, 2013.

70.2 Golf Course Discussion.

Mayor Gough thanked attendees and indicated that the purpose of the meeting would be to get input from citizens and stakeholders. He reported that City Council would meet to discuss this issue on Monday, March 4 beginning at 8:15pm, with a goal to make a decision by the end of March.

Director Sordel thanked attendees for their loyalty and support of the Golf Course. He gave a brief overview of the report, "Policy Options Including: Creating a New Sustainable Business Model for Operations, Cost Savings & Debt Options."

Director Sordel indicated that there is unanimity in declining rounds/revenues at municipal golf courses throughout the region. He referenced the charts reflecting Lynnwood's historical round and revenue data. Many of Lynnwood's key local competitors have been reinvesting in their business, while Lynnwood has not.

Director Sordel explained the options that were explored for selling and closing part or all of the Golf Course. Each of the options was vetted by staff and determined not to be advantageous. Lynnwood's Golf Course has a unique relationship with Edmonds Community College.

Director Sordel described the various strategies for dealing with the existing golf debt, approximately \$1,265,000 at the end of 2011.

Director Sordel explained potential policy options to reduce costs: providing relief from the City's self-imposed Interfund/Administrative and overhead costs paid to the General Fund, deciding the Golf Course is a recreation activity and moving it into the General Fund, or privatizing the Pro Shop Golf Course

management and marketing operations. The cities of Seattle, Bellevue, Maple Valley and Everett have adopted the approach of privatizing golf course management and marketing.

Director Sordel described various challenges of municipal golf course management. He explained why many municipal golf courses are shifting to private management. Eleven local courses are run by third-party operators, and those courses have shown increasing, rather than decreasing, rounds and revenues. Third-party operators have the ability to maintain large regional customer databases and fully utilize social media and technology to attract and retain customers.

Director Sordel summarized the recommendation for a new business model – a hybrid model with private management/marketing and City-provided course maintenance. Recommended steps include strategies for repaying the debt, reducing expenses and making capital investments (hitting area and eating/sitting area) in 2013 and 2014.

Director Sordel reiterated that, if a third-party operator were used, the City would maintain decision-making authority for the course.

Comments/Questions:

- *In six years, won't the college want the property?* Director Sordel highlighted an excerpt from the lease agreement with the college. If the lease were not renewed, the college would have to pay the City a large amount of money. In discussions with the college staff, they have not expressed a desire to take back the property.
- *What is the timeframe for implementation if an RFP is posted for a third-party operator?* Director Sordel indicated that the process takes about 90 days.
- *In the other models explored – was there an incentive?* Director Sordel indicated that every agreement he's seen has had built-in incentives based on performance. *Are there also non-incentives for underperformance or low customer satisfaction?* Director Sordel responded that he had not seen such a clause.
- *Is there any way to ensure that Dan, Eric and Andy stay?* Director Sordel responded that it's a tough question to answer. He values the whole team and has involved them in the process. He can't control it, but would want to make sure there would be some consideration made. At the other cities, private operators have made a concerted effort to re-hire existing staff.
- *Have any private sector operators approached the City offering to take over?* Director Sordel noted that he hasn't fielded too many of those calls. There is a very clear process that would be followed in selecting a third-party operator.
- *If the private sector takes over, do revenues go back to maintenance costs?* Director Sordel noted that agreements are structured such that the City takes in every dollar of revenue. Money goes to the third-party operator as reimbursement for services provided, per the negotiated

agreement. There is typically a monthly fee for services. Money that comes in stays within the golf fund.

- *Would capital expenditures be the responsibility of the Golf Course?* Director Sordel noted that increasing revenues can be used to pay back debt and start to reinvest in the course. First and foremost, the Golf Course would have to repay the debt.
- *Does the private sector help improve and solicit tournaments?* Director Sordel noted that the private sector would have some contacts for tournaments but likely won't be soliciting specifically for tournaments.
- *Won't a social area draw more tournaments?* Director Sordel agreed that would be a draw. There is a nice patio area but weather is a factor.
- *On the Administrative costs to the City, could you break it out?* Director Sordel indicated that \$100,000 is from the Finance Department. The other costs are from Human Resources and Parks, Recreation & Cultural Arts and a few other areas. *How does that compare to other cities?* Director Sordel indicated that we are right in the ballpark with other local cities. *Tukwila decided to waive the fee?* Director Sordel noted that Tukwila was unable to pay its bond payment and administrative fee, and its Council waived the fee.
- *Do other courses have the costs of renting their maintenance building?* Director Sordel responded that no other local courses have this issue.
- *Was part of the business plan to build our own warehouse?* Director Sordel stated that it is in the approved business plan. There is land designated for a future maintenance building when funding is available. *Is that location more convenient than the current location?* Director Sordel noted that it is still problematic, but we would own the building.
- *Have there been any conversations with the college about educational/work experience specific to marketing for golf.* Director Sordel noted that this has not happened, but it is an interesting possibility. There potential for a partnership there, even with a third-party operator.
- *Is there any thought of putting another restroom on the back nine?* Director Sordel indicated that we would love to find a location to build a restroom building. It would another nice amenity. Most courses have restrooms on each nine. This is another reason why it is so important to have dollars to be able to reinvest.
- *If we were sitting here without the \$1,265,000 debt, would the current model work?* Director Sordel indicated that Lynnwood's revenues have been in decline. The model would need to be tweaked and an investment made to get some of the critical technology and social media.
- *Do you have a feeling as to the worth of the Golf Course if you were to sell it as a golf course business?* Director Sordel indicated that he did not know.

- *Hasn't the college indicated that it isn't really interested in being in the golf business? Would a third-party operator enter into a partnership with the City when the City might not renew the lease? Shouldn't the college be a part of the discussions? Why can't we look at creating a win-win situation for all parties with a strategic plan? Why don't we create a model that can be sustainable and profitable down the road? If you don't invest in a business and keep up with your competition, you're not going to succeed.* Director Sordel agreed that the reinvestment in the Golf Course pales in comparison to the reinvestment made in the Recreation Center.
- *What does the Mayor think?* The Mayor responded that Director Sordel works for him and he is doing what he wants him to be doing. To be clear on what the college has been saying – they don't want to be in the golf business. It is not part of their mission and they don't want to be in the game. Director Sordel noted that the college would never invest in the golf program.
- *Is there any possibility of helping the college no longer being attached?* The Mayor noted that when they created the 30-year lease agreement, they added a lot of stipulations to the lease for the land. The college would like to re-write the lease to get itself out of the golf business. Director Sordel noted that, of course they would be happy to see the Golf Course make a profit and share in that profit.
- *Would an outside provider want to help you pay back your debt?* Director Sordel noted that it isn't a private operator's responsibility to pay back debt or make capital improvements.
- *Can't you invest more money in marketing and increase your rounds?* Director Sordel noted that we cannot get the database of golfers and we cannot implement the social media and technology available to third-party operators.
- *What is the Golf Course debt?* Director Sordel indicated that 2012 numbers are being finalized, but the auditor report spoke to \$1,265,000. No matter what is done with the Golf Course, the debt must still be paid.
- Mayor Gough noted that whatever decision is made this year, it will be re-evaluated in five years when the lease is up for renewal. We need to give it enough time to determine how well it is working. And we need to invest in amenities (if you don't change that what will the marketing be worth?).
- *What is the typical agreement length?* Director Sordel indicated that it makes sense to negotiate a 3-5 year agreement to start with, and re-evaluate afterwards.
- *How will an investment in the course be paid? Where will the money come from to pay for the investment?* Mayor Gough responded that, out of the sale proceeds of the warehouse, and with the City's cash capability, there is some money that could build the hitting area and eating/sitting area. This would require approval of the City Council.

Mayor Gough asked for feedback from attendees.

- *How do you pay for the private sector management?* Director Sordel noted that revenues from green fees would be used to pay for the third-party operator.

Councilmember Mark Smith commended the attendees for coming out and asking the hard questions. There are two questions the Council has to answer – how do we pay back the debt and how do we make the Golf Course sustainable? He encouraged everyone to attend the City Council meeting on March 4.

- *Is it likely that the Council would pass this?* Councilmember Smith indicated that yes, there is only one Councilmember who is not so much anti-golf but very conservative fiscally.

March 4 is the Council Work Session to discuss this issue (8:15pm). March 11 is a business meeting at which the public can comment. There is a placeholder on for March 18 if continued discussion is necessary.

- *I would like to see it go forward, setting aside emotional issues regarding the staff.*
- *Ditto. However, I would like to see you divorce yourselves from the college. They can't be calling the shots for us all the time.*
- *What about the liquor issue in that building?* Director Sordel responded that would be a negotiated item. Private operators handle all of the permitting and business licensing, etc.
- *Not a single one of the other sites I work with has the effort, care and due diligence of the asset under their watch. I'm super impressed. There is definitely some care here about the asset you have and how it impacts your community.*
- *I like where the Mayor was going when he was talking about the marketing. To me the concept of marketing goes beyond just the advertising/promotion. It starts with the facility. It's time to really think about what you have and improving it. It's an excellent golf course in the winter. I think you need to invest more in it with a driving range, good access and parking. It is something the City of Lynnwood should be proud of.*

Director Sordel closed, noting that the staff has done an extraordinary job and he can't thank them enough for their professionalism and the way they have taken care of the course. It is extremely important that we maintain that in whatever plan goes forward.

80. Staff Reports – None.
90. Messages from the City Council. None.
100. Adjournment – The meeting ended at 9:15 p.m.