



TOWN OF PALM BEACH

RECREATION DEPARTMENT

MINUTES OF THE RECREATION ADVISORY COMMISSION PAR 3 GOLF COURSE PRIVATIZATION STUDY GROUP HELD ON MONDAY, OCTOBER 18, 2010

I. CALL TO ORDER & ROLL CALL

A meeting of the Town of Palm Beach Recreation Advisory Commission Par 3 Golf Course Privatization Study Group was held on October 18, 2010, in the Town Council Conference Room at Town Hall. The meeting was called to order by Mrs. Danielle Moore, Chairman of the Recreation Advisory Commission at 9:00 a.m. Other individuals of the study group in attendance were Mr. Steven Hall, Mr. Timothy O'Hara, Mr. Scotch Peloso, Ms. Kellie Stenzel and Mr. Stuart Shulman. (Ms. Stenzel participated by phone) Staff members in attendance were Director, Mr. Jay Boodheshwar, Assistant Director Mr. Alan Brown, and Office Manager Mrs. Lisa Walkowich. Also in attendance were Town Council members Mr. William Diamond and Mr. Richard Kleid.

II. COMMUNICATIONS FROM CITIZENS

Mrs. Moore suggested that rather than taking citizen comments at the beginning of the meeting she would prefer to have a questions answered as information is presented. Everyone agreed.

III. APPROVAL OF THE AGENDA

Mrs. Moore asked for a motion to approve the agenda. Mr. Hall made the motion to approve the agenda, seconded by Mr. O'Hara. All were in favor.

IV. OLD BUSINESS

A. Management Models for Area Golf Courses

Mr. Boodheshwar stated that at the last Study Group Meeting the committee members requested that staff investigate management models for the West Palm Beach, North Palm Beach and Palm Beach Gardens municipal golf courses. He said that two of the golf courses are staff operated and one uses a management company. He reported that the WPB GC is in the last year of a multiyear contract with JCD Golf Inc. JCD provides all staffing and resources as needed to maintain and operate the golf course. However, the City reimburses the payroll costs for all full time and part time employees of JCD, provided they work 100% of their time at the West Palm Beach Course. The City also pays for all other operating and maintenance expenses. JCD is

responsible for employing a Class A PGA professional, who is responsible for developing and implementing teaching services for all demographics of the community. JCD also operates the pro shop and maintains appropriate merchandise to ensure that customer needs are met. The city will pay JCD \$90,000 for fiscal year 2011. Mr. Hall said that he heard that they were not doing very well. Mrs. Moore stated that the golf course has had some very serious problems and the course is not well maintained. Mr. O'Hara said that he would be curious to see if the City was going to renew the contract with JCD. The committee members requested that staff investigate if the City has made any money with this current management company.

Mr. Boodheshwar reported that the Village of North Palm Beach Golf Course is operated as an enterprise fund, encompassing both the golf course and the restaurant. It is operated by City employees with the exception of the maintenance operations which are contracted out and included in their enterprise fund at an expense of just over 1 million dollars annually. Their management model is similar to what the Town currently uses with a Head Pro/Manager who has a supplemental agreement for teaching services.

Mr. Boodheshwar reported that the City of Palm Beach Gardens was privately leased and operated for many years, until recently. Based on their experience with the previous private operator, the City felt they were better able to operate and manage all operations of the course with City staff. Teaching services and merchandise are addressed through a PGA Professional, who is hired as an independent contractor.

B. Deed Restrictions

Mr. Boodheshwar stated that staff with the help of the Finance Department has completed a review of Par 3 purchase and financing documents with respect to deed restrictions on the re-sale of the golf course property. Staff was unable to identify any limitations to selling the golf course, other than the restrictions outlined in the Town Charter. Mrs. Moore felt that this item does not need to be investigated further, and the committee members agreed.

C. Expansion of Marketing Program

Mr. Boodheshwar stated that a variety of approaches are being taken to expand our marketing/advertising efforts. The following is a list of marketing strategies that staff is currently working on:

- The Town has entered into a contract with an online marketing firm, Course Trends, to provide services including design and management of our website. They will provide weekly e-mail blasts for specials and programs. These services will be provided through an exchange for tee time system that results in no actual cash outlay from the golf budget.
- The Town has entered into an agreement with GolfNow.com, a nationally recognized internet advertisement platform, for tee time sales. This program is operated by the Golf Channel and is fully customer driven and provides

exposure to millions of golfers nationally. This service is also provided through an exchange for tee time system.

- Continue the hotel partnership program with local area hotels. A tiered rate system has been created which provides a special rate for hotel partner guests.
- Staff will approach local civic organizations that provide newsletters to their members to advertise the golf course.
- Staff will be providing new services such as a re-gripping. In addition, staff will be working with the teaching staff to run special clinics, programs and demo days.

D. Pro-Shop Merchandise

Mr. Boodheshwar stated that staff is in the process of finalizing credit applications with various vendors. This is expected to be completed in time for us to order new inventory prior to the beginning of season.

E. Additional Functions to Consider for Privatization

Mr. Boodheshwar stated that there are several functions at the golf course that are currently privatized. We contract with companies to provide certain maintenance services, such as tree trimming and lake water management. In addition, we have also privatized the vast majority of our maintenance labor through the use of a labor service company.

Mr. Boodheshwar reported that additional staffing could be privatized through use of the contract labor. He said that existing part time employees could be transferred to a labor service company. He stated that the cost savings would be minimal - ultimately the Town would pay a similar hourly rate for the service and the employee would receive a lower hourly rate, due to the multiplier that the Town would have to pay the company for each employee. However, employees would no longer be restricted to working less than 20 hours per week, which is the current labor policy for part time staff (with no benefits).

Ms. Stenzel said that she had concerns about having staff that directly interacts with customers, being supplied by a labor company. Mr. Hall said that he had the same concerns. He felt that we have reduced costs in the area of employees as much as we can. He said that he would rather pay more and expect more from our employees, draw in a higher caliber of employees who will build relationships with the customers. Mrs. Moore said that there is nothing more to cut that will not sacrifice quality of experience and service and for all of us on this committee that is paramount. The committee members agreed.

Mr. Shulman stated that we have come to the point where we need to show the council that they will do better financially if staff continues to run the golf course. He said that we need to find out if any private management company would take on all the risk and still make a profit for the Town and will they guarantee a specific dollar

amount. Mrs. Moore asked Mr. Boodheshwar to complete some research and informally obtain the information that Mr. Shulman was seeking.

Mr. Boodheshwar also reviewed additional staff privatization options, which would include the elimination of two permanent positions (with benefits) and transferring these employees to the labor service. The committee decided to table any decisions regarding staffing until their next meeting when information regarding private management companies could be obtained

- V. ANY OTHER MATTERS – The study group members scheduled their next meeting for November 1, 2010, at 8:30 a.m. The meeting will be held at Town Hall in the Council Conference Room.

VI. ADJOURNMENT

The meeting was adjourned by Mrs. Moore at 10:15 a.m.