

Proposal for Sligo Creek Golf Task Force

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Overview

Sligo Creek Golf Course is a valuable Montgomery County asset. It is the only county-owned course inside the Beltway, an environmental buffer zone, and a starter course for golfers that is easily playable and affordable for new players, seniors, youths, women and disabled persons. It serves to remove the stigma of golf as an “elitist” sport, and makes golf available to a down-county population that would not normally have access or means to play.

Unfortunately, the county neglected Sligo Creek Golf Course over the last two decades while other public courses were being developed. Sligo is the only course in the county without handicapped-accessible bathrooms. Its irrigation system is in precarious condition. This was not an issue so long as the county was willing to subsidize golf, but it left Sligo in a difficult position when the county decided golf should be self-supporting and shifted the courses from Maryland-National Capital Park and Planning (M-NCPP) to the Montgomery County Revenue Authority (MCRA).

This year the MCRA elected to close Sligo Creek Golf Course, claiming its capital needs were “adverse” to the whole golf system. Since taxpayer dollars can not be used to support golf-related county assets, M-NCPP began looking at other uses for the land.

After careful examination of course finances, it has become apparent that closing Sligo will be more adverse to county taxpayers than keeping it open under a new business plan. The M-NCPP will be faced with spending approximately \$95,000 of taxpayer dollars simply to maintain the land as a passive park. Repurposing the land for anything other than a passive park will cost taxpayers well in excess of any costs needed to continue golf operations. And, the potential to develop any revenue-generating facilities for the property is limited by the same traffic, environmental and neighborhood objections that doomed the MCRA’s plan for a massive driving range and mini-golf. The community has made it clear it wants Sligo to survive with minimal changes.

The MCRA has stated during the course of the task force meetings that closing Sligo would not result in any reduction in their overhead costs nor result in layoffs at their Rockville headquarters. Instead, those costs currently being borne by Sligo would be passed on to its eight remaining courses, some of which are in worse financial condition than Sligo. There is no evidence that the rounds played at Sligo would significantly add to rounds played at other county

courses if Sligo is closed. It is likely that Sligo golfers will either reduce play or transfer play to nearby courses, most of which are either in the District of Columbia, Prince Georges or Howard counties. This was supported by a recent survey of Sligo golfers conducted by the Sligo Creek Golf Association, which found that approximately 65% of golfers would not replace their Sligo rounds at other MCRA courses. Proximity is a critical factor in golfers choosing to play Sligo, with 75% of Sligo golfers indicating it was a top reason for playing there. Closing Sligo Creek Golf Course would also engender tremendous distrust between county government and nearby residents. There is widespread public suspicion that the property was being vacated for future residential or commercial development.

All the key stakeholders on the task force have a shared interest in keeping Sligo Creek Golf Course open. This includes golfers and neighbors who want to see the course continue in the same environmentally and community-friendly tradition; the Parks Department which wants to avoid costly maintenance or conversion costs; the MCRA which wants to maintain Sligo as a gateway course feeding new golfers to the larger facilities; and public officials who want to see this amenity preserved for the down-county area without annual subsidies by the taxpayers.

Sligo Creek Golf Course did not get into its current condition overnight. It will not return to physical and fiscal health in one year, three years, or even five years. The most immediate task is to get the course operating at a profit while developing a long-range plan to address its capital needs.

A Proposed Operating Plan - The Path Ahead for Sligo Creek Golf Course

It is our belief as members of the Task Force that everyone who has an interest in keeping Sligo Creek Golf Course should be expected to contribute to the solution. That includes golfers and neighbors, who want to see the golf course continue in the same environmentally and community-friendly tradition; the Parks Department which wants to avoid costly maintenance or conversion costs; the Revenue Authority which wants to maintain Sligo as a gateway course; and public officials who want to see this amenity preserved for the down-county area without subsidies. This is the guiding principle of the proposal outlined below:

The county should request proposals from private and public course managers to participate in a revenue-sharing model for operating the course. From the presentations offered by three golf managers to the Task Force, there is sufficient evidence that other methods and approaches to managing Sligo could make the course self sustaining and thus achieve the Council's primary goal.

Many communities across the country have been turning to private management to limit taxpayer exposure and more effectively run publicly-owned golf courses. The Chicago Park District uses a

private management company. So does the National Park Service in the District of Columbia. These contracts are typically constructed so that either the government pays the operator a management fee and keeps the profit or subsidizes the loss, or the government charges the golf management company rent for the course and the management company assumes all risk for profit or loss.

We recommend that the County pursue an agreement similar to the latter model to guarantee that taxpayer dollars will not be needed to operate the course. Terms for making capital improvements can be addressed separately from the day-to-day operating costs as outlined by the example below:

- An operator could pay 5 to 7 per cent of its gross revenues to the county as rent. In the case of Sligo that would mean the county would receive between \$30,000 and \$36,000 in rent on revenues of \$600,000 a year.
- The operator would assume all responsibility for costs to run and perform regular maintenance on the course as well as cosmetic improvements to the clubhouse.
- The rent would go into a capital fund
- The capital fund would also be supplemented through other sources
 - \$39k from the parking lot rental
 - \$27k from the radio tower lease
 - \$24 - 30k from a capital fund surcharge (virtually all golfers surveyed agreed they would contribute \$1 each time they played to a capital fund)
 - \$25k from fundraising events, grants, and donations

Once established, the capital fund could build to the point whereby 2012 it could support financing \$1,000,000 with \$80,000 a year in payments over 20 years. In consideration of the County's commitment to a long term lease, the operator would be expected to manage any capital improvement projects and possibly contribute to capital improvements. However, the responsibility for funding capital improvements would likely remain with the County and be supported by the capital fund. A detailed plan is outlined in the corresponding power point presentation.

The current operator (MCRA) could either respond to the RFP or propose a new operating agreement that better aligns overhead costs with the revenue of the course and commits to operating the course as a treasured down-county amenity for county citizens. By placing more emphasis on their mission of preserving and enhancing public assets, the MCRA would benefit by gaining partners in the community who would help stabilize the operating budget and raise funds for capital improvements.

Given the importance of Sligo Creek Golf Course to the community, selected members should be involved in the RFP process, including helping to define the criteria for selecting an operator,

reviewing proposals, and selecting the operating partner. Public forums should also be held to keep the broader community informed. This openness with the community is in line with what should be expected of a course management company. The RFP should stipulate the vision of this how this course might be managed and require bidders to demonstrate how they would:

- work with local community groups
- expand golf programs for new target groups
- market the course
- build support with local businesses
- involve neighborhood associations (This emphasis on neighborhood was a standard marketing approach for a 9-hole course by the golf course managers who met with the Task Force.)

The details of the agreement would require negotiation of a new operating contract for Sligo that requires accountability for profitable operations and acceptance of capital improvements made over a long-term timeframe. Any contract should involve approval of the three main government organization stakeholders - the County Executive, County Council, and M-NCPP. If a new agreement cannot be completed by next June 30, the county should be prepared to keep operating the course with transition funds.

Capital Needs

The Sligo Creek Golf Task Force has been charged with identifying essential capital improvements needed to keep the course operational over the next five years. To achieve self-sustainability, the revenue from operating the course, along with other sources of funds as identified earlier, must cover any annual debt service for these essential capital equipment or improvements.

The Sligo Creek Golf Association (SCGA) polled the community to determine what improvements were needed to encourage more rounds of golf, attract new golfers and revenue, or prevent current golfers from abandoning the course. In addition to the customer's perspective, the capital improvement plan must take into account what professional golf course operators believe is needed to keep the course operational and in good playable condition.

We believe that a prudent capital investment plan should be based on determining what reasonable debt could be serviced by the projected revenue of the course and other fund sources. Once that has been determined, it is a matter of prioritizing capital projects. In addition, the task force should recommend to the Council other potential sources for funding (e.g., parking lot rental, radio tower lease) that would not require additional debt to the course.

The first goal should be to raise a reserve fund to set aside for the expected first-year interest expense if it becomes necessary to borrow funds to replace the irrigation system. We recommend

that the decisions on how fast to move on capital fund projects should be determined by the County Council based on recommendations from a new advisory board composed of the course operator company, county and park representatives, representatives of Sligo Creek golfers, and neighborhood representatives.

Relative importance and suggested ways to address proposed needs:

The Irrigation System

The irrigation system is in need of work. All of the course operators agree that investing in the irrigation system is important for the long-term viability of the course. The task force should seek multiple proposals for addressing the need with tiered options and costs. Community business supporters of the course who do this type of work should be included

The Bunkers

Golfers polled wholeheartedly agreed that the bunkers are in bad shape. However, this is a condition that has persisted for 5-10 years by some accounts. Other than tilling the dirt that sits in the bunkers, no real attempt has been made to mitigate the problem. The consensus among golfers is it is not an essential item for the next five years. The course can remain operational and golfers can continue to strive to avoid the bunkers. Progress on the bunkers can be made in stages and through low cost means.

The Tees

For the most part, golfers polled found the tees to be in good condition. There are some that could be more level, but all are playable as is. Keeping them playable could be helped through enlarging some so as to rotate the tees and allow reseeding in parts that become worn. None polled would play more rounds or less rounds based on the condition of the tee boxes. This item is considered a “nice-to-have.”

The Cart Paths

Allotting money for cart paths in the next five years is viewed as a misappropriation of funds. The textbook might say they are “well beyond their life expectancy” but they are in excellent condition. Sligo is predominantly a walkers course, but even those who use drive carts agreed this was a low priority.

Tree Work

Other than ensuring the course is not littered with dead trees and for aesthetic pleasure, golfers do not view tree work as a high priority. Some pruning is necessary to ensure greens get enough light. SCGA questions why this is considered a capital outlay versus a maintenance or operating cost. There needs to be some ongoing plan for pruning, removing debris, pulling invasive vines, etc. As in other parts of the park, much of this work could be supported through supervised

volunteers. Business “hole” sponsors in exchange for placards or other forms of recognition could also help offset cost.

Parking Lot

Like the cart paths, the parking lot was deemed by golfers as a low priority. Obviously, potholes should be filled and any other liability issues addressed. Resurfacing or replacing the lot in the next five years is not necessary.

The Clubhouse

The clubhouse was the one item on which non-golfers in our community commented. The general consensus is that the snack bar area is a missed opportunity to increase the patronage of the course beyond golfers. Golfers also felt that improvements could be made to the facility that could potentially increase revenues. Rebuilding the clubhouse was not seen as necessary or even desirable. The clubhouse could be made more inviting with a thorough cleaning and a fresh coat of paint. These tasks have repeatedly been suggested as volunteer events – like Habitat for Humanity. These improvements could be made at nominal cost – possibly covered through fundraising efforts.

The next level of improvements should address making the facility and especially the bathrooms ADA compliant. Although not essential immediately, it would be desirable as programs for the disabled begin operating. Funding for ADA improvements could be sought through state funds, private foundations, or reallocating funds from other park projects.

Any plans beyond these should be a longer-term endeavor with thorough cost-benefit analysis tied to specific goals for the outlays.

The Maintenance Yard

This does not add value from the golfers’ perspective and should not be considered essential. The specific needs should be detailed and any improvements should be funded on a pay-as-you-go basis. Creative ways to support improvements should be pursued.

Role of Volunteers

Sligo Creek golfers and neighbors recognize that the preservation of their course and tranquility requires a commitment of resources and time. They have already organized the Sligo Creek Golf Association, which in a short time has raised more than \$12,000 and enlisted about 1,000 members. The association is in the process of filing for tax-exempt status. Although there can be no guarantee of future financial support, this association plans to pursue a variety of means to support Sligo Creek Golf Course in partnership with whatever entity operates the course.

It should be noted that private fundraising for public works is already being used in Maryland and Montgomery County. The state sells Chesapeake Bay license plates to raise funds for the Bay. The Montgomery Parks Department is seeking tax-exempt donations to hire private contractors to rid the parks of kudzu and other invasive species.

To maximize the value of volunteers in supporting Sligo Creek Golf Course, the county and the operating entity should set up the legal framework to allow volunteers to aid in the maintenance and upkeep of the course through weeding, planting, removing invasive species, and maintaining clubhouse and parking areas. Again, the Parks Department already does this through the “weed warrior” program. The appearance of a course contributes to the golfer’s appreciation of his or her round and the prospects for his or her return.

Long-term Goals

Part of the mission of Sligo Creek Golf Course should remain growing the game of golf through instruction and outreach to underserved communities. The course is ideally located to serve minority residents, young people, women, seniors and the disabled.

But this is a public mission and may require public resources, either through taxpayer dollars or the contributions of golfers at other public courses. Sligo golfers and neighbors cannot be expected to sustain the course without subsidy and build a capital fund to make up for decades of county neglect and at the same time pay for instructional support for the county’s new golfers. For instance, as the capital fund is used to replace bunkers, it would be a laudable goal to make changes so that the bunkers are accessible to handicapped golfers. If this results in additional costs, support should be provided by other public agencies or funded through outside donations and not be borne by the course.

Summary

The most pressing need at Sligo Creek Golf Course is to find an operator who can operate the course at no-cost to the county. We are recommending that Council authorize an RFP for management of the Sligo golf course. A timely approval would allow the Council and its appointed RFP Task Force an opportunity to evaluate submissions and finalize an agreement prior to June 30, 2010, when the existing supplemental expires.

The second critical need is for the county working with local neighbor groups and Sligo supporters to establish a means for forming a capital fund and ensuring that other revenue generated from use of the property is directed to that fund. A mechanism should be established to allow private donations through groups like SCGA to supplement the course generated

revenues in the capital fund. The course operator should proactively seek to minimize costs for maintenance and additional improvements by enlisting Sligo's loyal golfers and neighbors in volunteer activities at the course. Costs associated with expanding the mission of the course, e.g., creating a learning center, should be viewed as providing better services to county citizens and therefore should not be borne by course revenue alone.