

M-NCPPC



MONTGOMERY COUNTY DEPARTMENT OF PARK AND PLANNING

THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION

8787 Georgia Avenue
Silver Spring, Maryland 20910-3760
301-495-4500, www.mncppc.org

MCPB
Item: 10

December 9, 2004

Memorandum

TO: The Montgomery County Planning Board

VIA: Charles R. Loehr, Director, Department of Park and Planning *CR*

FROM: William Mooney, Chief, Enterprise Division *William Mooney*

SUBJECT: Commission Operation of White Oak Golf Course

Action Requested: Planning Board Approval of Staff Recommendation

STAFF RECOMMENDATION

Cease Commission operation of White Oak Golf Course, effective January 31, 2004. GSA must be given 30 days notice of this action. Since July 1997, Enterprise has experienced a cumulative net loss of \$1,022,000 from this operation and it is not a critical part of the golf system, nor is it part of the Park system.

Background

*The mission of the Enterprise Division is to provide great affordable recreation opportunities for **all** residents of Montgomery County.* This is a significant shift for non-golf facilities in that the FY06 budget has been restructured to meet this mission with a focus on increasing opportunities to recreate through enhanced outreach and marketing, strengthened management and oversight, and tighter fiscal controls.

The proposed FY06 Enterprise Division budget is based on the premise that the non-golf facilities within the division should focus on the mission of providing active recreation as a priority.

Golf

A new approach, some will argue a bolder approach, is needed to ensure the long-term viability of the park golf system within the Enterprise Division. Marketing and outreach will not be enough. We need to recognize that there is a difference in the provision of golf and other Enterprise programs. Most providers support the notion that golf is, or should be, operated as a self-supporting business, even though it is a recreational opportunity. This model is consistent with the Revenue Authority and private sector courses.

The general financial decline of the Commission golf operation is the culmination of operating a major business in an increasingly competitive arena. The Commission must revitalize and stabilize the Enterprise Fund in order to be competitive and address the condition of its' public golf course program.

Last year the Board received the KPMG Report, of which many of the recommendations are being implemented. A second more recent assessment undertaken by Robert Kendal, former Director of the Montgomery County Office of Management and Budget compares our Commission courses with the Revenue Authority courses. Staff believes the most effective utilization of the Kendal Golf Study is to evaluate and implement the strategies identified in the Study that will return the Commission's golf system to the best operating model. Staff is initiating work that will bring a series of comprehensive recommendations to the Board late in the winter of 2005.

At this time, it is clear that critical capital investments will be required under any scenario, and the short-term cash flow projections do not indicate that maintaining the status quo in current operations will support the investments. To justify capital investments, the golf system must be in an improved cash flow position. As we move the system forward and rework the management structure, the one facility that we must address immediately is the White Oak Golf Course.

The Commission began operating White Oak in 1997 as part of the greater effort to bring the FDA to White Oak. The golf course was and is considered an amenity to the facility. In order to continue the operation of the course, The Commission incorporated it into the Enterprise Fund. The course and its continued operation has been an economic development issue as opposed to being a viable enterprise function. During the years of operation, the course has lost \$1,022,000 and does not have a realistic prospect to recover in the near future. In addition, the course needs capital improvements that have been estimated to be over \$6,000,000.

While it is entirely possible that the course will operate with a positive cash flow after the FDA is fully staffed with approximately 7,000 employees, the Enterprise Division is not in a position to support the course in the interim time frame nor to make any capital investment in the course. Such subsidies – both operating and capital – would have to be made at the expense of the Enterprise Golf courses that are part of the park system. White Oak, while it is an amenity to the FDA project, it is not a critical part of the golf system and is not needed to

achieve the mission. There are sufficient alternatives for all residents of the County to play affordable golf. For example, Sligo is a nearby nine-hole course with very affordable rates and significant capacity for additional play.

As we are considering this issue, the GSA is seeking expressions of interest for private partners interested in redeveloping the golf course into a more robust 9-hole course or other possible golf use. Due to the timing of their process, we are unable to know the results of the solicitation as we make our decision. Regardless of our action regarding the Enterprise Division, we are prepared to work with GSA and our County Department of Recreation to develop a plan to maintain the course until such time as a new project is undertaken, subject to funding by the County Council.