

MEMORANDUM

September 18, 2009

TO: County Council

FROM: Marlene L. Michaelson, Senior Legislative Analyst *MLM*
Shondell H. Foster, Research Associate *SHF*

SUBJECT: Special Appropriation #10-283 to the FY10 Operating Budget for the Maryland-National Capital Park and Planning Commission, Enterprise Fund

- \$150,000 for Sligo Creek Golf Course Operations

The County Executive has requested a special appropriation to the FY10 Operating Budget to fund the continued operation of the Sligo Creek Golf Course through the remainder of fiscal year 2010. This amount reflects the amount to be paid by M-NCPPC to the Montgomery County Revenue Authority for operating and maintaining the golf course through Fiscal Year 2010. This request includes \$5,000 for any minor capital costs needed to sustain golf course operations.

Sligo Creek Golf Course

In October, 2006, the Council approved legislation to allow the Maryland-National Capital Park and Planning Commission (M-NCPPC) and the Montgomery County Revenue Authority to enter into a long term lease agreement where the Montgomery County Revenue Authority (MCRA) would operate all of the M-NCPPC owned golf courses. In early 2009, MRCA exercised an option in the lease to return Sligo Creek Golf Course to M-NCPPC on April 1, 2009 with a lease amendment that allowed for MCRA to operate the golf course through October 1, 2009.

This special appropriation would provide the financial support needed by the MCRA to operate Sligo Creek Golf Course after October 1, 2009 through the end of FY10. The County Executive supports this request because he believes it is a "modest investment in an existing recreational activity" and will provide additional time to explore other options that would allow Sligo Creek Golf Course to be a self-sustaining operation. The Executive is forming a task force that will explore these options. If, at the end of the FY10 fiscal year, more time is needed, then the Executive is willing to include additional funding in the FY11 Operating Budget. It is important to note that this supplemental appropriation does not include any support for major capital improvements or repairs and the Montgomery County Revenue Authority does not assume responsibility for any capital repairs or improvements. The Executive's request is attached at © 1-4.

This packet also includes:

- Letter from Councilmembers Valerie Ervin, Nancy Floreen, George Leventhal, Marc Elrich and Nancy Navarro to the M-NCPPC Planning Board Chairman, Royce Hanson and Parks Department Director, Mary Bradford requesting the Planning Board explore options to preserve Sligo Creek Golf Course
- Response letter from M-NCPPC Planning Board Chairman, Royce Hanson to Councilmembers Valerie Ervin, Nancy Floreen, George Leventhal, Marc Elrich and Nancy Navarro regarding Sligo Creek Golf Course

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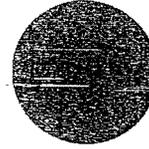


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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM



September 3, 2009

TO: Phil Andrews, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Special Appropriation #10-283 to the FY10 Operating Budget
Sligo Creek Golf Course Operations
Maryland-National Capital Park and Planning Commission
Department of Parks, Enterprise Fund - \$150,000

2009 SEP -4 AM 10:35

RECEIVED
MONTGOMERY COUNTY
COUNCIL

I am recommending a special appropriation to the FY10 Operating Budget of the Department of Parks of the Maryland-National Capital Park and Planning Commission in the total amount of \$150,000 to continue operation of the Sligo Creek Golf Course during this fiscal year. This amount reflects the amount of funds to be paid by the Department of Parks to the Montgomery County Revenue Authority for operating the golf course during FY10 including \$5,000 for any minor capital reserves that may be needed to sustain golf course operations. At my request, the Revenue Authority prepared a budget for the remainder of the fiscal year to allow for continued operation of the Sligo Creek Golf Course. The budget is attached and reflects a significant absorption of overhead expenses by the Revenue Authority through a reduced management fee of \$46,533.

While I share the Council's concerns about subsidizing golf activities, the reality is that the proposed supplemental is a modest investment in an existing recreation activity. When compared to the unavoidable costs the Department of Parks would incur this fiscal year to decommission Sligo Creek Golf Course and the investment that would be required to put this Course to a different use, I believe that this supplemental appropriation for operations will end up being a significantly smaller requirement of public funds at this time.

As I indicated in my July 29, 2009 memorandum to the Council, based on feedback I have received from you and a variety of community leaders, I believe we should again review our options before proceeding to close this golf course. I am in the process of forming a task force as described in my earlier memorandum to examine appropriate solutions to transform Sligo Golf Course into a self-sustaining operation. Barring any failure of capital improvements, this supplemental will get the golf course through FY10 while the group examines golf options for the Sligo Creek Golf Course, and if more time is needed, I am prepared to include another year of operations in my FY11 Operating Budget. It is important to note that while the Revenue Authority has proposed a budget for operating the golf course, it has clearly stated that it is not funding, nor assuming responsibility for, any capital repairs that may be required at the course.

Phil Andrews, President, County Council
September 3, 2009
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I recommend that the County Council approve this supplemental appropriation in the amount of \$150,000 and specify the source of funds as General Fund Undesignated Reserves. This supplemental will reduce County General Government Fund Reserves by \$150,000 and is consistent with the fund balance policy for tax supported reserves.

Given the anticipated closure of the golf course as of October 1, 2009, I appreciate your prompt consideration of this action.

IL:dj

Attachment: Special Appropriation #10-283

c: Keith Miller, Executive Director, Revenue Authority
Royce Hanson, Chair, Montgomery County Planning Board
Kathleen Boucher, Assistant Chief Administrative Officer
Diane Schwartz Jones, Assistant Chief Administrative Officer
Joseph F. Beach, Director, Office of Management and Budget

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Special Appropriation #10-283 to the FY10 Operating Budget
Sligo Creek Golf Course Operations
Maryland-National Capital Park and Planning Commission
Department of Parks, Enterprise Fund - \$150,000

Background

1. Article 28, section 2-118(a)(6) of the Annotated Code of Maryland permits the County Council to amend the budget of the M-NCPPC by resolution on the Council's initiative, or at the request of the Commission, after receipt of a recommendation from the County Executive, and after public hearing upon reasonable notice to the public.
2. Section 308 of the Montgomery County Charter provides that a special appropriation: (a) may be made at any time after public notice by news release; (b) must state that the special appropriation is necessary to meet an unforeseen disaster or other emergency or to act without delay in the public interest; (c) must specify the revenues necessary to finance it; and (d) must be approved by no fewer than six members of the Council.
3. The County Executive has requested the following FY10 Operating Budget appropriation increases for the Maryland-National Capital Park and Planning Commission – Department of Parks, Enterprise Fund:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$150,000	\$0	\$150,000	General Fund Undesignated Reserves

This increase is needed in order to ensure M-NCPPC has sufficient resources to continue operations of the Sligo Creek Golf Course.

4. The County Executive has requested a special appropriation to the FY10 Operating Budget in the amount of \$150,000 for the operation of the Sligo Golf Course including \$5,000 for any minor capital reserves that may be needed to sustain golf course operations and specifies that the source of funds will be General Fund Undesignated Reserves.
5. The public was notified by a news release.

Action

The County Council for Montgomery County, Maryland, approves the following actions:

1. A special appropriation to the FY10 Operating Budget of the Maryland-National Capital Park and Planning Commission – Department of Parks, Enterprise Fund is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$150,000	\$0	\$150,000	General Funds Undesignated Reserves

2. The County Council declares that this action is necessary to act without delay in the public interest.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

VALERIE ERVIN
COUNCILMEMBER
DISTRICT 5

To: Royce Hanson, Chair, Montgomery County Planning Board
Mary Bradford, Director, M-NCPPC, Department of Parks

From: Valerie Ervin, ^{VE} Nancy Floreen, ^{NF} George Leventhal, ^{GL} Marc Elrich, ^{ME} and Nancy Navarro, ^{NN}

Date: August 25, 2009

Subject: Request that the Planning Board and Parks Staff Evaluate Short- and Long-Term Options to Preserve Golf at Sligo Creek Golf Course

We are writing to request that you engage in discussions with the Revenue Authority to extend the lease at Sligo Creek Golf Course for 12 months and to work on long-term options for preserving golf at Sligo Creek Golf Course.

Various alternatives have been proposed for the use of the property. At this juncture, it does not seem to us that any alternative is preferable, nor more cost-effective, than the continued availability of golf. We request that Park and Planning staff evaluate – as one possible option for use of the property – how we can maintain golf at Sligo Creek over the short- and long-term without a taxpayer subsidy. If Park and Planning does not evaluate this option among others, there is a chance that the Council will adopt an option that has not had the benefit of Park and Planning's review.

As you know, the County Executive is planning to submit a supplemental appropriation to the Council in September that requires current revenue to maintain golf course operations at Sligo Creek Golf Course. We have concerns about spending taxpayer dollars to subsidize golf; however, possible alternative uses of the site will also require taxpayer dollars. For example, if golf operations do not continue, the Council will be expected to provide a \$56,000 supplemental for short-term interim care of the Sligo Creek Golf Course property. A strong case can be made that this money would be better spent towards keeping the Sligo Creek Golf Course operational.

One long-term solution proposed by Councilmember Ervin is the feasibility of a partnership between the Parks Department and the Maryland Department of Veterans Affairs focused on therapeutic golf for veterans at Sligo Creek Golf Course. Councilmember Ervin has discussed this proposal with Deputy Secretary Wilbert Forbes.

He expressed support for this idea and is willing to work with us to find a solution that could benefit the public and veterans.

Another long-term solution could include an evaluation of how the three funding streams (the Revenue Authority golf income, the Park & Planning enterprise fund, and the Recreation Department Agency Fund) can be restructured to keep Sligo Creek Golf Course open with a cross-subsidy from other recreational activities.

As you know, these are not the only options. Since Councilmembers have no expertise in managing golf courses, we encourage you to think creatively on how we can preserve golf at Sligo Creek while minimizing the burden on taxpayers.

Sligo Creek Golf Course serves an important community need and its closure would be detrimental to the County. Despite the County's dire budget constraints, we believe that we cannot be short-sighted about preserving this important resource. We hope that by working together we can come up with options to save the Sligo Creek Golf Course.

cc: Ike Leggett, County Executive
Keith Miller, Executive Director, Montgomery County Revenue Authority
Rachel Newhouse, Department of Parks Planner Coordinator
Shondell Foster, County Council Research Associate
Marlene Michaelson, County Council Senior Legislative Analyst
Mike Welsh, President of North Hills Civic Association
Heather Phipps, Vice President of Neighbors of Northwest Branch
Karen Howland, Woodside Forrest Civic Association
Woody Brosnan, North Woodside Civic Association
Jim Pierobon, Sligo Branview Civic Association
Mark Suffanti, SaveSligoGolf.com
Lillian Louise Hall



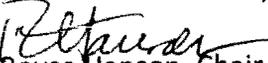
MONTGOMERY COUNTY PLANNING BOARD
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

OFFICE OF THE CHAIRMAN

MEMORANDUM

August 31, 2009

To: Council Members Ervin, Leventhal, Navarro, Floreen, and Elrich

From: 
Royce Hanson, Chair, MCPB

Subject: Sligo Golf Course

We have participated in discussions with the Montgomery County Revenue Authority (MCRA) and the Executive Branch concerning the County Executive's proposal to continue operation of the Sligo Golf Course (Sligo) for two years while further study is conducted of ways to sustain the course without a subsidy.

In your memo of August 25, 2009, you asked that our staff evaluate how the Commission can maintain golf at Sligo without a taxpayer subsidy. The Revenue Authority as operator of the county's 9 public golf courses is best positioned to undertake that task and has spent considerable time evaluating such options.

We gently remind you that the Council strongly encouraged the transfer of golf management to MCRA because our Enterprise Division was not operating the courses, including management of its debt service, without a subsidy. (It has been strong Council policy that all enterprise programs, including their debt service for capital improvements, be self sufficient. In fact, general fund support for these facilities has been reduced each year by the Council with Executive support.) As a condition of accepting the four Commission-owned golf courses into its portfolio, MCRA insisted on a lease provision that permitted it to return a course to the Commission if its continued operation adversely affected the financial condition of the entire golf system. A course returned to the management of the Commission may not, under the lease, be operated as a golf course, as it would compete with the rest of the public system and continue to affect adversely the MCRA's ability to operate a financially self sufficient golf system. The Council approved this lease.

MCRA examined alternatives that could allow Sligo to operate without a cross-subsidy from its other operations. Following its assumption of management of the system, MCRA undertook a months-long process of working with the Sligo community to seek agreement on improvements to the course that would make it financially self-sufficient. Agreement could not be reached on

a plan that was satisfactory to neighboring communities, or one that our board could endorse, because of its adverse impacts on nearby homes.

MCRA determined that it could not justify the capital investments necessary to sustain the course without more revenue-generating facilities. Early this year, MCRA advised the Commission that, based on an independent study by the National Golf Foundation of the entire system's finances, including each individual course, it would invoke the "return/no competition" clause of the lease and return Sligo to the Commission on April 1, 2009. We negotiated an agreement that the MCRA would delay the return until October 1, 2009, the end of the peak golfing season. The Council was informed of the situation and approved it.

The Parks Department began a process of community outreach and engaged in preliminary consideration of various options for short and long-term future uses for Sligo as a park once it was extracted from the golf system and returned to the Commission. The Parks Department made clear at each of these meetings that it could not operate the facility as a golf course unless the lease was amended to permit that to occur. And even in that event, an operating subsidy would be necessary, requiring an appropriation from the County Council.

At the Planning Board's hearing and work session on July 16th on alternative futures for Sligo, most of the testimony favored continuing operations as a golf course. The Board explained the situation, noting that *absent (a) Council action that would underwrite its continued operation as a golf course after October 1, and (b) an agreement with MCRA, we could not operate it as such.* Accordingly, we directed the staff to prepare interim and long term plans for the park that excluded golf operations.

Following that meeting the County Executive indicated that notwithstanding the current fiscal condition of the county, he would ask the Council to provide an operating subsidy to keep the course in operation while further efforts are undertaken to make it self-sustaining. I understand that he has now asked the Council for a special appropriation of \$150,000 to subsidize golf operations at Sligo for the remainder of this fiscal year, and indicated a willingness to extend the subsidy for another year if agreement has not been reached on a means of making the course self-sustaining. No provision has been made for any capital repairs or replacements that may become necessary during this period.

We do not think it is possible to sustain golf at Sligo without either the kind of major improvements proposed by the MCRA or a continuing subsidy for operations and major capital improvements. Having the course improved so that it can serve disabled veterans is an attractive idea, but that is also likely to require both capital and operating subsidies. Only the Council can make a policy decision that taxpayers should subsidize golf. Absent that commitment it is not helpful to hold out hope to those that wish golf to remain at Sligo.

You are correct that conversion to other uses, including nature-centered and active recreation facilities, will involve both capital and operating costs. These uses, however, are traditional public park activities that are supported primarily by tax revenues, with some supplemental

support from permit and user fees, in contrast with park enterprise facilities and Revenue Authority facilities, which have historically been expected to cover all operating and capital costs from user fees.

We should expect that interim uses will continue for five or more years before the property undergoes any major alteration for another purpose. The \$56,000 for 9 months that we reported during recent discussions was based on mothballing this valuable piece of real estate, which I do not believe is what we will actually do for the next 5 years. We will surely be asked to allow other uses that involve costs, and at a minimum we will have to police the property extensively, and maintain it for public use, whatever that is. It would, of course, be desirable to convert the property to its new park uses as soon as it is fiscally prudent to do so.

The Planning Board shares the dismay at closing the Sligo golf course. It has been an important asset of the park system for many years. Its use, however, has declined once again after a brief spike in usage. It remains underused and its infrastructure is well past its normal life and in need of major renovation and replacement. The Revenue Authority, which has been an effective and economical operator of the Commission's golf courses since assuming responsibility for them, found that Sligo's continuation, without major improvements that have been unacceptable to the neighboring community, was adverse to the financial viability of the overall public golf system. Golf courses across the country are closing due to rising costs and declining demand. The demographics of the service area for Sligo have changed substantially over the years, generating demand for more and different outdoor park activities. It may be time reluctantly to conclude that there can be a different and better future for this strategically located park.

Cc: Ike Leggett, County Executive
Keith Miller, Executive Director, MCRA
Shondell Foster, County Council Research Associate
Marlene Michaelson, County Council Senior Legislative Analyst
Mary Bradford, Director, Department of Parks