

**SUBMITTED BY:** Luis Pedroza, Deputy City Manager/City Treasurer

**MANAGEMENT TEAM REVIEW:** Ana Urquijo, City Manager

**FOCUS AREA:** Other / NA

**ORGANIZATIONAL IMPROVEMENTS:** EnterTextHere

**SUBJECT:** **RESOLUTION NO. 24-1605**, a Resolution of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **AUTHORIZING** the City of Douglas to enter into a **GOLF COURSE MANAGEMENT SERVICES AGREEMENT** with the Douglas Public Facility Municipal Property Corporation for continued **MANAGEMENT** of the **GOLF COURSE** located at 1372 E. Fairway Drive, Douglas, Arizona.

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**EXECUTIVE SUMMARY:**

The Golf Course Facility and Alcoholic Beverage Concessionaire Agreement between the Douglas Public Facility Municipal Property Corporation (MPC) and the City of Douglas expired on July 11, 2022. The proposed new Golf Course Management Agreement proposes a new agreement with changes to the operation and responsibilities of parties in the operation of the Douglas Municipal Golf Course.

**BACKGROUND:**

With the hiring of a Golf Superintendent under the city payroll, there is increased direct city involvement in the management of the course. The new proposed Management Services Agreement includes the Golf Superintendent involvement as well as operational changes that include cash handling oversight to come back to the city as recommended by the city audit to improve cash handling procedures.

The new agreement provides that the MPC would furnish management services in the form of hiring employees for the grounds, pro shop and bar/hall operation. The MPC shall operate the golf course and associated services. The Golf Superintendent under the direction of the city, shall manage the maintenance of the greens, fairways, practice ranges, and RV Park. MPC grounds employees shall take direction from the Golf Superintendent.

The agreement also directs for all cash collected by the MPC to be deposited with the city as prescribed by the Finance Department as well as all accounts payable invoices to be reviewed by the Golf Superintendent or MPC employees and the city issue payment. The city will account for all of the Golf revenues and expenditures within the Golf Fund including the Golf Superintendent salary and benefits excluding the MPC employees' costs.

The agreement places the responsibility of insurance with the city except for Worker's Compensation insurance that will remain under the MPC. The city's insurance policy through AMRRP can accept the course into the city's umbrella policy at a much-reduced rate saving approximately \$32,000 in insurance premiums.

The agreement is also structured to pay a management fee to the MPC in the amount of what MPC will spend on the employee and employee-related expenses including taxes and workers' compensation. The projected employee cost for the upcoming fiscal year is \$200,000. The management fee replaces what the city referred to as the subsidy. In previous years, the subsidy ranged from \$180,000-\$200,000 per year.

The agreement also calls for the continued use of the city's Series 5 liquor license on the premises with proper liquor handling training of its employees.

The city would be responsible for the maintenance of the buildings on the course. Although this responsibility fell on the MPC per the last agreement, in practice the city provided maintenance of the facilities because of the MPC not having the resources and the city being able to help in various areas of need.

The agreement is proposed to become effective July 1, 2024, with the start of the new fiscal year as being proposed in the budget. The MPC provided comments and approved the agreement in their May 21, 2024, regular meeting.

**DISCUSSION:**

Staff recommend approval of the Golf Course Management Services Agreement and making it effective July 1, 2024.

**FISCAL IMPACT:**

None.

**Fiscal Year:** 2024/2025

**Amount Requested:** \$0

**Budgeted:** Y / N

**Account (s):**

**“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE RESOLUTION NO. 24-1605.”**