



APPROVED
BY THE CITY COUNCIL

AUG 26 1997

OFFICE OF THE
CITY CLERK

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OFFICE OF THE
CITY TREASURER

THOMAS P. FRIERY
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August 8, 1997
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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Bing Maloney Golf Course Debt Restructuring

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report recommends that the City Council adopt the attached Resolution approving the following actions in order to improve the fiscal viability of the Golf Fund:

- Restructure Bing Maloney Golf course debt, and
- Authorize the City Treasurer to execute the necessary documents to complete this restructuring.

CONTACT PERSON: Thomas P. Friery, City Treasurer 264-5168

FOR COUNCIL MEETING OF: August 26, 1997

SUMMARY

On May 27, 1997, the Golf Division presented a report describing operating and capital plans to improve the fiscal viability of the Golf Fund. In addition, an analysis of the existing debt was conducted to determine what alternatives might be available. In order to provide cash flow relief without extending the term of the existing debt, it was decided to restructure the interest rate of the debt.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND INFORMATION

On May 27, 1997, the Golf Division presented a report detailing measures recommended by the Golf Division Working Group as established at the direction of City Council. This Working Group consisted of 26 members including four golf public representatives, two bargaining units, golf course professionals and food lessees, and City staff from Neighborhood Services, City Treasurer's Office, Real Estate, Facility Management and the City Manager's Office.

The Golf Division Working Group recommended that City staff continue to provide golf course maintenance and marshaling services through FY 1998-99, and that the Golf Division examine the viability of privatization, a Joint Powers Agreement (JPA) with the County, and continued City-provided services at a lower cost.

In addition, a review of the existing debt was analyzed to determine if savings might be available through a restructuring. Currently, the largest debt within the Golf fund is the 1993 Lease Revenue Bonds which were issued to construct the Bartley Cavanaugh Golf Course. This debt currently has an outstanding debt of approximately \$11.0 million at a true interest cost rate of 5.4%. This debt, issued in 1993, was part of a larger refunding which provided savings for a number of City funds and is therefore not refundable a second time. The Bing Maloney debt was issued in July of 1987 and was used to construct a nine-hole extension to the existing Bing Maloney golf course. This debt matures in FY 2002 and has an outstanding balance of \$520,000.00 at an interest rate of 9.5%.

FINANCIAL CONSIDERATIONS

The annual debt payment of the Bing Maloney debt is \$114,000.00. The City Treasurer initially structured the investment and established an interest rate of 9.5% for the Sacramento City Employees Retirement System. The City Treasurer recommends a change in the interest rate to 7.5 % to reflect the decline in interest rates. The annual cash flow savings would be approximately \$7,000.00 with a total cash flow savings of \$33,625.00 and total present value savings of \$30,067.62 through the maturity date of 2002.

POLICY CONSIDERATIONS

Approval of this restructuring is consistent with City Council's approval of the May 27, 1997 report which recommended efforts to improve the fiscal operations of the Golf Fund.

ENVIRONMENTAL CONSIDERATIONS

Ongoing administrative and maintenance activities which are not for purposes of a public works construction project do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

MBE/WBE

The City Treasurer's policy and past practice is to include MBE/WBE participation whenever possible.

Respectfully submitted,



Thomas P. Friery
City Treasurer

RECOMMENDATION APPROVED:



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 William H. Edgar, City Manager

RESOLUTION NO. 97.478

APPROVED
BY THE CITY COUNCIL

ADOPTED BY THE SACRAMENTO CITY COUNCIL

AUG 26 1997

ON DATE OF _____

OFFICE OF THE
CITY CLERK

RESOLUTION AUTHORIZING RESTRUCTURING OF THE BING MALONEY GOLF COURSE DEBT AND AUTHORIZING THE CITY TREASURER TO EXECUTE ANY AND ALL NECESSARY DOCUMENTS RELATED TO THIS RESTRUCTURING

WHEREAS, the City Council has authorized the City Treasurer to proceed with execution of necessary documents related to this restructuring

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Sacramento, that the City Treasurer is hereby authorized to

- proceed with restructuring of the Bing Maloney Debt and to
- execute necessary documents.

MAYOR

ATTEST:

CITY CLERK

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____