

December 10, 2013

Dan Gudgel  
134 South Olive Street  
Lemoore, CA 93245

Lemoore City Council  
(Through the Clerk of the Board)  
119 Fox Street  
Lemoore, CA 93245

Subject: Proposed Sale of the Lemoore Municipal Golf Course

To the City Council:

After attendance at the Lemoore City Council Information Session in regard to the potential sale of the Lemoore City Municipal Golf Course to the Tachi-Yokut Native American Tribe (Tribe), I have found myself very concerned at several levels in regard to such a sale and even more resolved that the sale is a bad business deal in many ways for the city of Lemoore. I feel that the city maintaining ownership and exercising a lease option to a Golf Association Professional like Rich Rhoads, who has demonstrated that the golf course, well-managed, is a much more beneficial solution to the city. I will try to express my points for consideration by the Council as you contemplate your options in regard to the golf course:

- There is **concern about the golf course being a liability against the city's general fund** that demands higher priority to police, fire, and infrastructure costs. Those higher priority entities are very important but without quality-of-life amenities, any city loses usefulness and attractiveness for its residents. Having a golf course is one of such amenities. Look around at other smaller west side San Joaquin Valley communities and the quality of your municipal golf course is one of those items that helps differentiate this city from other smaller, struggling communities. If it weren't for the U.S. Navy's huge contribution to our city's economy and stability, this city might look a bit more like Huron, Mendota, or any other non-descript little town.
- In regard to the purchase, I am appalled that the city would even consider **carrying papers on the course for payment over 14 years?** If this isn't an outright purchase by the Tribe then why is this deal even being considered from a business point-of-view? No wonder the Tribe is making an unsolicited bid on such terms as it is a "heck of a business deal." The Tribe gets ownership/control and a public entity simply gets paid in devaluing dollars over 14 years? And having worked in a bureaucracy and in a management position I am sorry to say that cash into a general fund isn't money "saved" but rather entices new ways to spend it (and the providing income asset is ultimately gone). Why not simply keep the asset?
- I have played several rounds of golf over the last couple of years with both active and retired navy personnel, enlisted as well as officers. The **navy had plans to build its own golf course** at one time much like any major U.S. Military Base. However, the navy did not build that planned

course on base grounds for a variety of reasons. I have been told that the city of Lemoore made a point to the naval air station that the military would always have a benefitted access to the municipal course thereby minimizing any base recreational golf need for their personnel. Would not the sale of the course be a failure to honor our city's word to the navy about the course being a "joint" use course? Much like the past "promise" to the navy, the intentions stated by the current City Council and the Tachi-Yokut Tribe that the course would remain a public course rings similar to empirical events reflecting the fact that intentions at the time of sale can get "re-evaluated" with time?

- (As a side-bar) Even with the best-intentions, the **current City Council can not guarantee the stated promises of this sale** nor those promises would/could be kept over time. For example, the lot next to the Sarah Moody Museum was supposed to have remained on "open-lot" park for the community as told to the directors of the museum. However, the county in cooperation with Lemoore City subsequently placed a home for young ladies on that lot! I am not questioning this Council's good intentions but just pointing out that despite those best intentions you have no hold on the future or future actions. No matter what legal counsel places for conditions-of-sale, those conditions only apply to what is thought of at the time of the sales contract and can not guarantee that some future council allows a "work-around" on our intentions at this point.
- It was mentioned in the information meeting that the golf course would become eligible to be tax assessed for the benefit of Kings County with course ownership transferred to the Tribe. However, **this tax assessment is not a condition/promise that is the jurisdiction of the city of Lemoore nor even Kings County**, e.g., the Mono Indians just got the right to classify purchased land in Madera County as reservation property from the governor despite local concerns! A petition to the state governor and/or the Federal Government can result in Tribe property being classified as reservation property. I am sure that the location of the golf course next to Highway 198 is extremely important to the Tribe. With the Tribe obtaining ownership of the golf course property, with its visibility and ease of freeway access, sound business practices would almost certainly lead to changes in appearance of the course along the freeway. With a "national" autonomy given to tribes' reservations, local Lemoore zoning requirements or even some of the conditions of sale could be altered after the fact.
- The Tribe has promised that the golf course would remain a public golf course as a condition of purchase. For city residents and military personnel, there is a **big difference about the golf course being "public" with equal access versus that of "availability and preference"** given to Tribe members and casino patrons. Currently both the general public and the military enjoy equal access on a first-call, reservation basis for tee times outside of sponsored tournaments that are well advertised ahead of time. As a matter of sound business on the Tribe's part, equal access by the community would/could NOT be the case with the Tribe. Good business dictates the use of the course as a draw by the Tribe for out-of-town casino visitors. By your conditions-of-sale the Tribe has promised to meet a requirement to keep a "public course" by definition; but availability time by Lemoore residents, navy, and other San Joaquin Valley residents becomes limited to those times favored/dictated by the new owners. To the Tribe it is business and in all fairness they see money to be made on an already constructed course. Indeed the

- representing chief financial officer pointedly referenced that he had golf course ownership experience in that building a course was too costly. Subsequently tribes have gone out and simply bought ten other existing courses?! There appears to be a steady income to be made in keeping the course for the city. Paradoxically isn't the case made quite well by the Tribe that business is good enough to purchase/own a golf course by their unsolicited offer to purchase the city course? So why does the city feel compelled to sell when the Tribe wants to buy?
- Why not use that same "business sense" for the city? Under efficient Rich Rhoads Management **you are receiving a return on the city's investment**. With no other public golf course of such quality on the west side, the navy's steady employment and use of the city's golf course along with city residents and other communities' residents playing numerous rounds, high activity on the city's golf course continued even through the current economic downturn. This course appears to provide the city an asset that is adjustable for monetary inflation along with a monetary rate-of-return (however meager one might assess that return). Almost all other higher-priority city services require tax-payer money and are draws on the general fund as opposed to the golf course as a recreational facility that generates income. The golf course is no different than any other city "service" in that property upkeep and maintenance for equipment are a part of doing business. But unlike police and fire, golf course green fees can be adjusted to meet operating costs like any business. But, again, your golf course has a demonstrated track record of making a return on the investment...why sell it?
  - The council's current desire to sell the golf course appears to be **driven by fear that the course could be a future economic liability** on the general fund due to maintenance and repair, and a payment change in 7 to 8 years. Again and as much as I would not like it, a small rise in green fees would easily accommodate expenditures to keep the golf course self-sufficient relative to the general fund, e.g., a water well failing would not constitute an excessively high golf fee increase given the number of rounds being played per year. If the feared increase in payments in 7 to 8 years is a driving concern to sell the golf course now, why not simply re-finance at that time with the benefit that monetary inflation will have lowered the value of the remaining debt? Again, the city has a physical asset that can generate revenue and consequently it is the best hedge the city has in regard to monetary inflation. The golf course as an asset might actually help the city's financial base.
  - **Land ownership is priceless in ways that can't be measured** in planning or monetary terms alone. Should the golf course be sold, the Tribe states it would remain a public golf course. But no longer the owner, the city wouldn't have flexibility in golf course land utilization that it currently possesses. Should the city wish to hold events requiring a nice open, green area, e.g., a "Concourse de Elegance" type of car show (that are often presented on golf courses), it has the ability to do so. The city will lose any such ability for "other" land utilization options with the sale of the property. Yes, you may have zoning control and promises from the Tribe about golf rights...but the city loses its ownership rights and options. Under an operating lease agreement with the city retaining ownership such land use options can still be exercised! Furthermore, there is a lot of adjacent land around the golf course that is part of the overall property the city owns. Selling the golf course unnecessarily might look much like the local school district sale of "excess" property at Engvall Elementary School and shortly thereafter

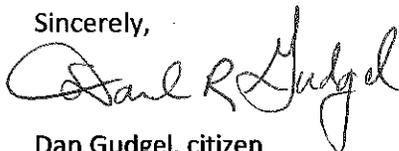
having to put more classrooms on their remaining playground area. Current residents adjacent to the golf course bought their property with the idea that they had a city property as a neighbor with some degree of input as citizens. Despite the value of the golf course estimated at \$3M and the Tribe offering \$5M (again, this sales price is seriously devalued with 'purchase-over-time'), further development of land around the golf course and played golf rounds provide the opportunity for the city to keep an attractive and yet fiscally sound asset. The city can only put into a purchase agreement conditions that would restrict undesired use and maintain availability for its citizens with what is envisioned now. Keeping the land as an owner keeps future options and developments under Lemoore's direct control for the community's benefit.

- Lastly, the municipal golf course with its local ambiance, convenience, availability without "country club membership" restrictions, and reasonable fee structure is an **attractive part of your community**. Even though I was not a golfer when I first arrived in Lemoore 19 years ago, I certainly did regard the golf course as an attractive, pleasingly aesthetic part of the community. As I have retired and think of why I am willing to stay in Lemoore, a part of that equation is the golf course and other small-town, recreation aspects and atmosphere. Required police and fire support is necessary but they do not differentiate nor make the community necessarily an attractive location to live. I wonder how many of the retired military personnel in town along with others like myself possessing a steady, retirement income might reconsider other locations for retirement if it were not for assets like the municipal golf course? I would think that part of the reason Lemoore weathers economic downturns is the number of retirement incomes that continue to support the tax rolls even as other workforce participants are forced to leave, cut-back expenses, or even default tax bills. Loss of a true public golf course (a true "public" course would no longer be the case as one would NOT be a member of the Tachi "club" with preferential treatment) is an intangible attraction that could cost Lemoore more than a "savings or bankroll of money" to the general fund.

**Please do not sell the golf course;** consider evaluating lease options such as that being offered by Rich Rhoads as an alternative. Keep the golf course as the asset you have had since 1928 along with its ownership's sound business principals. You are NOT short money for the city's general fund so there is no immediate pressure to sell the course now, the Tribe is making an obvious unsolicited offer for the course because it obviously has business profitability potential, and the city risks losing an important piece of its recreational attractiveness.

If you have further questions or wish to meet with me about this issue, I will gladly do so. Thank you.

Sincerely,



Dan Gudgel, citizen

cc:

Captain Monty Ashliman, Jr., NASL Commandant  
Rich Rhoads, Owner Rich Rhoads Golf Management