

October 6, 2015

TO: Golf Advisory Board

FROM: Amy Teegarden, Director, Parks and Recreation

Subject: 2016 Golf Fee Analysis

Staff Recommendation: Based on a review of 2015 revenue reports, course/trend observations and comparison to the local market, city staff does not recommend an overall fee increase for the 2016 season. Instead staff recommends an increase to two service categories (golf simulator and club storage).

Process:

1. Reviewed year-end report and course observations:

- To date, the golf course has a profit of \$25,166 (net FY15) which includes being able to pay cash for several capital items;
- Seeing an increase in younger players and women who are playing golf for the first time. Overall staff has observed seeing “a lot of new faces”;
- There continues to be an increase in Senior season passes;
- There was a decrease in Senior Couple and Adult Couple passes;
- There was an increase in 18-hole play, 9-hole play, and 9-hole Senior;
- There was an increase in lessons, driving range, and concessions;
- There was an \$25,000 increase in merchandise revenue;
- Cart repair revenue increased from \$5,600 to \$7,914;
- Winter golf simulator program continues to be successful and saw increase of \$8,000. There was a direct tie to increased merchandise sales with operation of the simulator and launch monitor;
- The estimated revenue per round is \$31.09 - this includes golf fees, merchandise, concessions and lessons. FY14 was \$30.86 per round;
- FY15 had 45,073 rounds, an increase of 3,563 rounds;
- Addressing capital needs with cash reserves.

2. Reviewed the FY16 approved budget:

- The FY15 approved budget indicates a loss of -\$91,136. The budget figures are an estimate and staff believes this is a manageable loss that can be controlled through savings in expenditures. Historically the shortfall has been absorbed;
- By inserting “FY15 actual figures” for revenue into the budget worksheet there is a \$44,000 balance of revenue over expenditures.
- Supply costs continue to increase;
- The capital budget includes a \$77,000 outlay for two greens mowers and club storage lockers;
- There is a debt service and interest payment of \$80,307.

3. Reviewed fees in consideration of opportunities for increase/decrease.

- Staff reviewed fee services and items and discussed which items might be considered for increase. It was agreed most fees were near or at the “tipping point”;
- Staff feels strongly that \$34 for 18-hole green fee is at the threshold of pricing;
- Green Meadow Country Club is offering split memberships this year;
- Simulator fees did not increase when the new simulator and launch monitor were purchased. Due to high demand and higher quality equipment, staff recommends increasing the hourly rate from \$25.00 to \$27.00;
- A new club storage locker system will be installed this fall. Staff recommends increasing the club storage fee to a flat rate of \$50.00.

Fiscal View:

<u>FY</u>	<u>Profit/Loss</u>
07	\$41,975
08	\$ (-3,300)
09	\$27,286
10	\$61,728
11	\$23,445
12	\$23,919
13	\$134,944 (Cart loan income and expenditure are reflected)
14	\$95,668
15	\$25,166 (projected)
16	\$(-91,136) or \$44,000 revised budget worksheet using FY15 actuals

Considerations:

Three main factors influence staff ability to meet or exceed the FY16 approved budget:

- revenues,
- golf trends, and
- successfully meeting projections (alternative revenue- sponsorships, ads, simulator, etc.)

Some of these factors influencing budget balances are within staff control (revenue rate increases, expense savings) and some are not (weather influences, play trends).

Trends show that BRGC continues to save money and continues to make money! It appears the course is gaining momentum without raising green fees or passes. Last year the course generated \$107,000 above expenses. BRGC has loyal players and pass holders. They spend additional money at the course (merchandise, concessions, lessons, etc.) Overall the “dollars per round” continue to go up. Increased revenue exists in the categories of;

- Lessons
- Concessions
- Merchandise
- Simulator
- Cart Services