

Operational Models

golf
**MADISON
PARKS**

Municipal Operational Models

In-House Management Models:

▶ **Direct Management -**

- Utilizes existing employees to manage the entire golf operation.
- City incurs all expenses and receives all revenue.
- Current GEP model.

▶ **Indirect Management -**

- City hires contracted professionals who report to a city manager.
- City incurs all expenses and receives all revenue.
- GEP model prior to 2013.

Municipal Operational Models

Third Party Management Models

- **Private Management -**
 - City contracts with third-party private management firm
 - City and third party share revenues and expenses.
 - Incentives built in for manager
- **Lease to Private Firm -**
 - Right to operate the golf course is leased to private firm
 - Firm incurs all expenses and retains all revenues
 - City receives payment per contract agreement

According to NGF, approximately 15% of courses are operated by Management Companies

Municipal Operational Models

- City owns, City operates, no tax support
- City owns, City operates, tax support
- City owns, City leases, no tax support
- City owns, City leases, tax support
- City owns, City operates part, City leases part, no tax support
- City owns, City operates part, City leases part, tax support

Comparable Municipal Facilities Across America

CITY	Population	9 Hole Courses	18 Hole Courses	36 Hole Courses	Total Holes	Clubhouse Management	Maintenance Management	Capital Source
Madison, WI	255,214	2	1	1	72	Direct	Direct	Golf Revenue
Cedar Rapids, IA	132,228	0	4	0	72	Direct	Direct	Golf Revenue
Rockford, IL	147,651	1	4	0	81	Direct	Direct	Golf Revenue
Lincoln, NE	284,736	1	4	0	81	Indirect	Direct	Golf Revenue
St. Paul, MN	306,621	1	3	0	63	Direct/Indirect	Direct/Indirect	Golf Revenue
Janesville, WI	64,359	1	1	0	27	Private	Private	City Tax Support
Portland, OR	647,805	1	3	1	99	Direct/Indirect	Direct/Indirect	Golf Revenue
Austin, TX	950,715	1	3	1	99	Direct/Indirect/ Lease	Direct/Lease	City Tax Support
Chicago, IL	2,700,000	5	1	0	63	Private Management	Private Management	City Tax Support/Private

Comparable Municipal Facilities

Direct

▶ Cedar Rapids, IA

- ▶ Four courses under GEF system
- ▶ All courses managed by City staff
- ▶ Current revenue shortfalls and infrastructure issues
 - ▶ Have worked to reduce expenses since 2013
 - ▶ Pay central services, but do not pay stormwater or taxes
 - ▶ General Fund is currently paying off all debt service with no loan repayment asked
- ▶ Diversification: Currently building mini golf course

▶ Rockford, IL

- ▶ Five courses under GEF with no general fund support, ran through Park District, which is funded through taxes
- ▶ All courses managed by Parks District staff
- ▶ Currently facing budget shortfalls
 - ▶ Pay City for water usage, but not stormwater, taxes or other fees
 - ▶ Have worked to reduce expenses over last 5 years
 - ▶ Increased rates in 2019 resulted in fewer rounds played
 - ▶ Have actively considered the closure of property to cut losses to aid in repair of infrastructure issues.
- ▶ Diversification: 4 Indoor Simulators and Indoor Driving Range

Comparable Municipal Facilities

▶ Lincoln, NE

- ▶ Five golf courses within a Golf Enterprise Fund, no general fund support
- ▶ Clubhouse operations is contracted to outside Golf Professionals
- ▶ Partner with Univ. of NE Turfgrass program on one course
- ▶ Program currently profitable, when loss occurs, City extends loan
 - ▶ The program retains all greens fees, 83% carts fees, and memberships
 - ▶ The City pays for all maintenance of the facilities
 - ▶ Pay central services and pay for water usage, do not pay tax or stormwater,
 - ▶ Exploring operational model changes and have implemented cost reductions
 - ▶ Have sold land in past to pay off debt
- ▶ Each Golfer pays a fee towards Capital Improvement Fund

Indirect

Comparable Municipal Facilities

- ▶ **St. Paul, MN**
 - ▶ The City of St. Paul Parks and Rec Department owns four golf courses, Special Service Fund
 - ▶ Two facilities operated by City Staff
 - ▶ Two facilities operated through private management companies
 - ▶ Operator covers course operating costs and contributes to capital
 - ▶ City receives 4% of gross revenues or annual minimum payment of \$65K and responsible for capital
 - ▶ In 2005 they received bonds of \$4.5 million for course infrastructure renovations

Direct/Private

Comparable Municipal Facilities

▶ Janesville, WI

- ▶ Two courses - One 9 hole, one 18 hole.
- ▶ Beginning in 1982, the city leased operations of the facilities, since 2011, the city has contracted with KemperSports to manage golf operations.
 - ▶ KemperSports receives yearly payment of \$115K from the city.
 - ▶ The City pays all of the operational and maintenance costs while retaining all revenue.
 - ▶ All employees are considered Kemper employees, however, the city provides funding via budget for employee labor expense.
 - ▶ City pays water and stormwater, though does not pay property tax.
- ▶ The City had been investing \$200,000 of general fund capital investment into the Golf program up until the past few years where this dropped to \$100,000

Private Management

Comparable Municipal Facilities

- ▶ **Portland, OR.** -
 - ▶ Five courses under GEF system along with management agreements
 - ▶ Three courses operated by a management agreement
 - ▶ Third party pays City set percent of sales
 - ▶ City pays third party set percent of greens fee
 - ▶ Two courses managed by City
 - ▶ City staff manage both sides of the operation
 - ▶ The City had started investing into facilities for higher volume use and diversified revenue streams, this has since halted and differed capital investment is needed.
 - ▶ Recently given \$800,000 by the City for operating losses.

Direct/Private Management

Comparable Municipal Facilities

▶ Chicago, IL. -

- ▶ Six courses, three driving ranges owned by Park District
- ▶ Operated by private management agreement with Billy Casper Golf since 2009
 - ▶ BCG paid monthly fee to manage course
 - ▶ BCG incurs all expenses and is reimbursed by City, potential for incentives
 - ▶ BCG contributes towards Capital
- ▶ Park District recognizes profit from program and continues to invest in capital improvements.
- ▶ Allows free golf for youth golfers to grow the game for the next generation.
- ▶ Diversification: 3 learning centers and 1 miniature golf course, 1 banquet facility/venue

Private Management

Comparable Municipal Facilities

- ▶ **Austin, TX. -**
 - ▶ Five golf courses within of Austin Parks & Rec system operated as GEF
 - ▶ Four facilities operated by City
 - ▶ City Staff maintain course and manage clubhouses
 - ▶ Concessions (food/beverage) are contracted
 - ▶ One facility is operated by a lease agreement
 - ▶ Only Net Income from lease agreement is accounted for in GEF
 - ▶ Program experiencing loss since 2017, General Fund pays for debt service
 - ▶ City currently leases one course for \$500,000 from Univ. of TX
 - ▶ NGF completed analysis in 2019 and made recommendations
 - ▶ Living wage increase from \$7.25/hr. to \$15.00/hr. in 2016. Since that time, the general fund has paid off the increase in wages.
 - ▶ In 2009, 9 full time employees were converted from the Golf Fund to the General Fund. This allowed for less employment expense on the Golf Fund.
 - ▶ City has committed \$4.0 Million towards Capital facility improvements
 - ▶ Capital Improvement Fund (\$1 per greens fee paid) \$200,000 is earned yearly to be used for Capital improvements on the golf courses
 - ▶ GEF pays water, storm water and central services fee. Does not pay property tax.

Indirect/Private Management

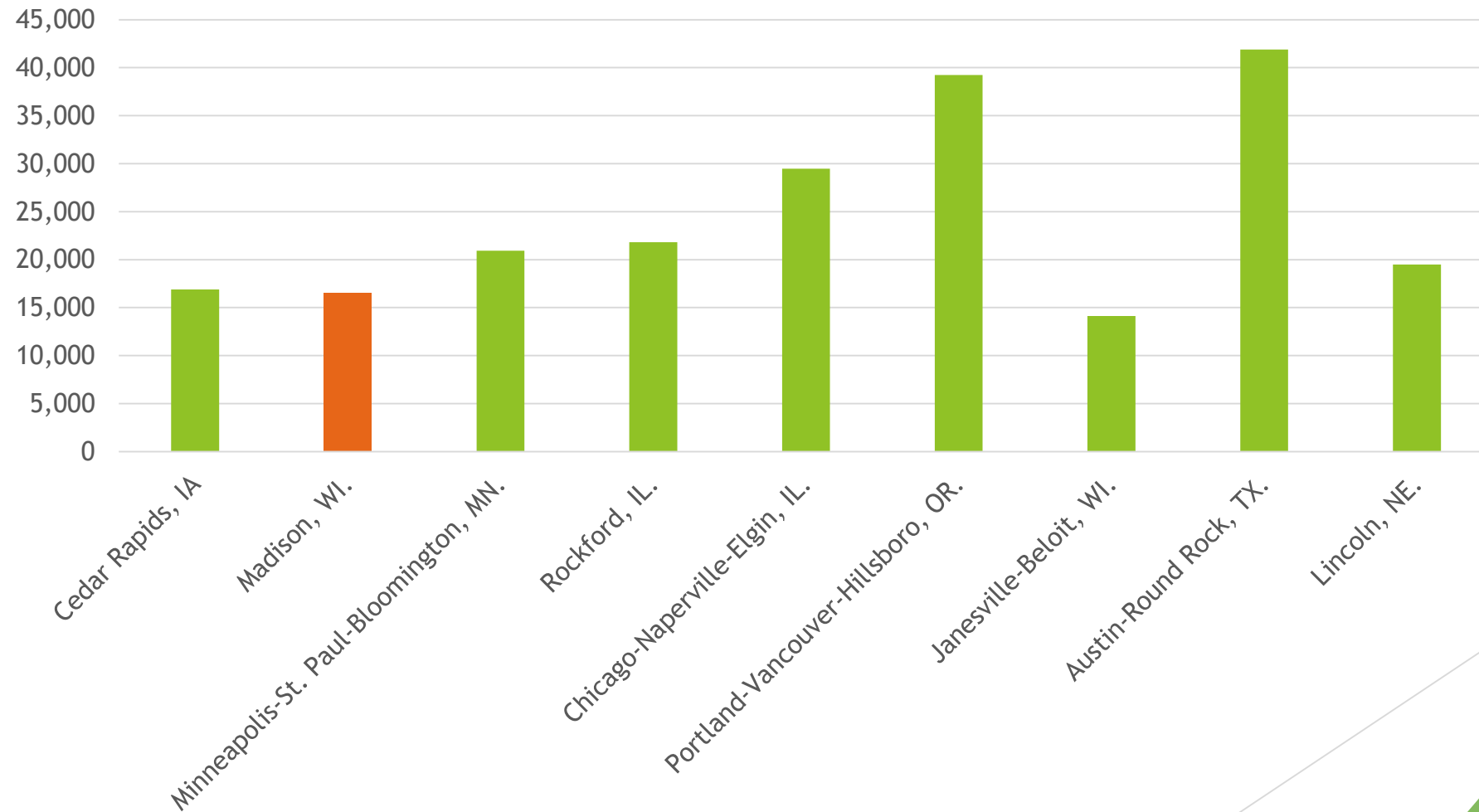
Population per 18 Holes of Comparative Courses

Metropolitan Area	Population	# of Holes	Pop. Per 18 Holes	Metro Ranking
Janesville-Beloit, WI.	162,309	207	14,114	62
Madison, WI.	654,230	711	16,563	93
Cedar Rapids, IA	270,293	288	16,893	98
Lincoln, NE.	331,519	306	19,501	142
Minneapolis-St. Paul-Bloomington, MN.	3,600,618	3,096	20,934	162
Rockford, IL.	338,291	279	21,825	178
Chicago-Naperville-Elgin, IL.	9,533,040	5,823	29,468	258
Portland-Vancouver-Hillsboro, OR.	2,453,168	1,125	39,251	330
Austin-Round Rock, TX.	2,115,827	909	41,893	338

Ranking is out of 381 Total Metropolitan areas

Source: NGF 2019 Edition Golf Facilities in the U.S. - Golf Accessibility by MSA/Metropolitan Statistical Areas - 2018

Population per 18 Holes of Comparative Courses



Market Analysis

golf
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National Market Analysis

According to National Golf Foundation's (NGF) 2019 Golf Industry Report:

- Golf is an \$84.1 billion industry
 - up from \$68.8 billion in 2011
 - Approximately 22% increase
- Golf is the #1 outdoor pay-for-play participation sport in the United States.
- 24 million golfers played 434 million rounds of golf in 2018.
 - National Golf Participation Rate = 8.1%
 - East North Central Region (WI, IL, MI, IN, OH) Participation Rate = 9.5%

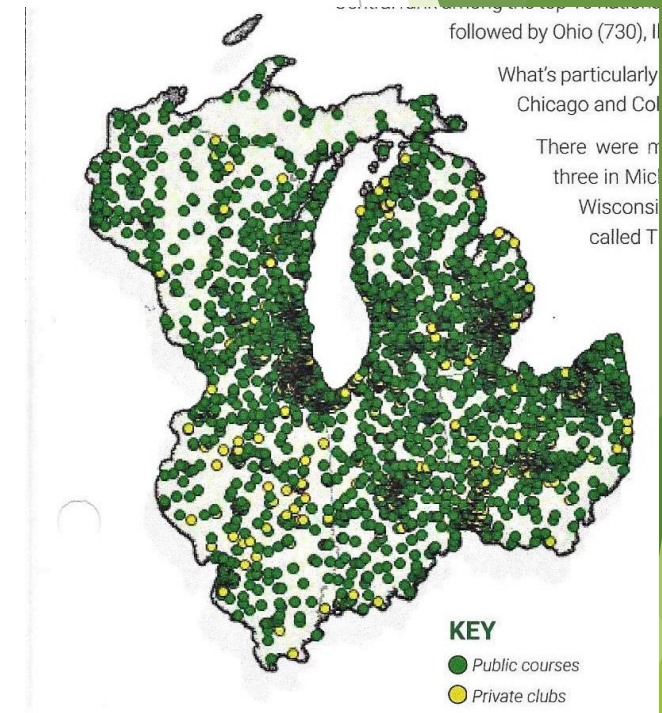
Regional Market Analysis -

According to NGF, WI is included in the “East North Central Region”

- Total number of golf courses within this region: 3,310
- Course Openings in 2018: 4.5
- Course Closings in 2018: 47

Demand within Region

- Estimated number of golfers: 4.1 Million
- Estimated total rounds played: 78 Million
- Total Population (6 years and older): 43 Million



Source: NGF 2019 Edition Golf Facilities in the U.S.

State of Wisconsin Market Analysis

- ▶ Population of Wisconsin: 5,813,568
 - ▶ Total Holes of Golf: 7,713
 - ▶ Population per 18 Holes: 13,567
 - ▶ National Average Population per 18 Holes: 23,757
- ▶ Wisconsin Golf Participation Rate: 10.5%
 - ▶ National Participation Rate: 8.1%
 - ▶ East North Central Participation Rate: 9.5%

State of Wisconsin Market Analysis

Wisconsin is ranked #10 nationally for population per 18 holes

Course Changes in 2018:

- Course Openings in 2018: 2
- Course Closings in 2018: 6.5

Source: NGF 2019 Edition Golf Facilities in the U.S. -
Golf Accessibility by State - 2018



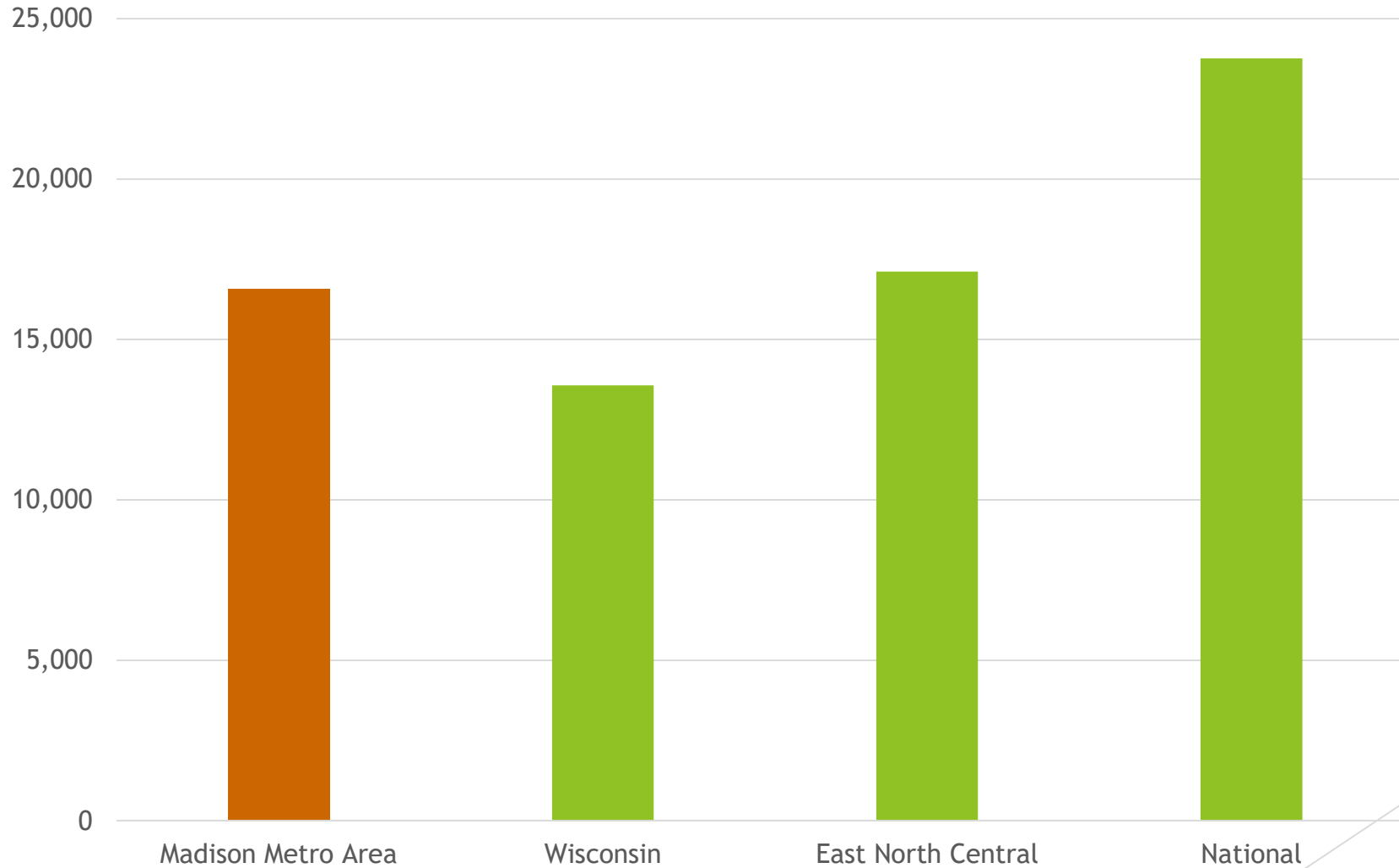
Metropolitan Area of Madison, WI. Market Analysis

- ▶ Population: 654,230
- ▶ Total Holes of Golf: 711
- ▶ Population per 18 Holes: 16,563
 - ▶ National Average Population per 18 Holes: 23,757 (mean), 22,027 (med.)
- ▶ Ranks 93/381 metropolitan areas measured in U.S.



Source: NGF 2019 Edition Golf Facilities in the U.S. - Golf Accessibility by MSA/Metropolitan Statistical Areas - 2018

Population per 18 Hole Comparison



History of Golf in Dane County

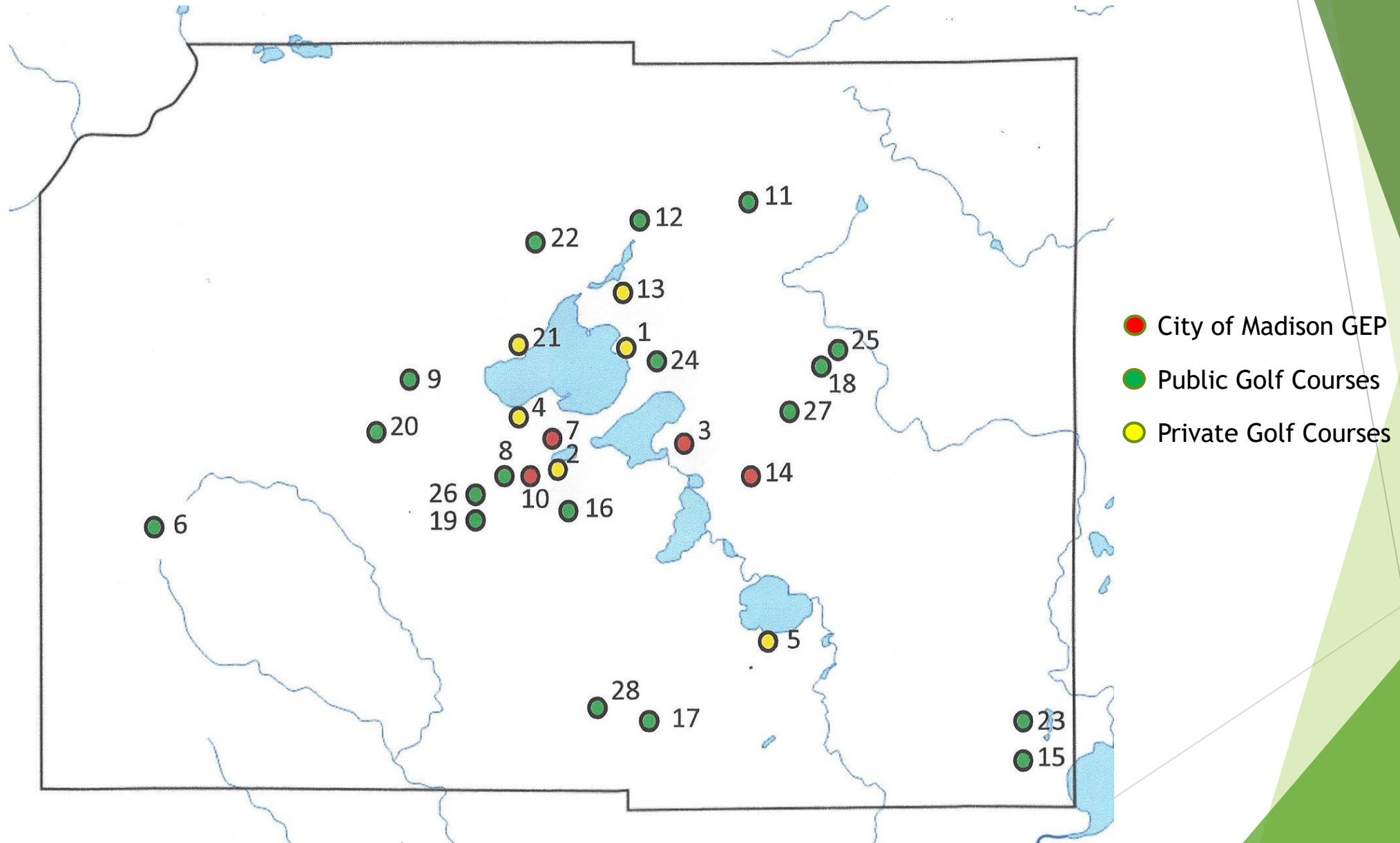
- ▶ Currently 486 holes of golf available in Dane County
- ▶ Out of 414 non City of Madison golf holes in Dane County, 207 were added between 1985-2005.
 - ▶ Total had been steady from 2011-2018 at 504
 - ▶ 18 holes lost since 2018

Map Number	Course	Opening/Closing Year	Operation Type	Holes
1	Maple Bluff Country Club	1899	Private	18
2	Nakoma Country Club	1920	Private	18
3	Monona Golf Course	1920	Municipal	18
4	Blackhawk Country Club	1921	Private	18
5	Stoughton Country Club	1922	Private	18
6	Norsk Golf Course	1927	Public	9
7	Glenway Golf Course	1927	Municipal	9
8	Vitense Golf Land	1955	Public	9
9	Pleasant View Golf Course	1957	Municipal	27
10	Odana Hills Golf Course	1957	Municipal	18
11	Sun Prairie Golf Course	1961	Public	18
12	Lake Windsor Golf Course	1964	Public	18
13	Cherokee Country Club	1964	Private	18
3	Monona Golf Course	1966	Municipal	-4
14	Yahara Hills Golf Course	1968	Municipal	36
15	Coachman's Golf Course	1969	Public	18
3	Monona Golf Course	1978	Municipal	-5
16	Nine Spring Golf Course	1985	Municipal	9
17	Foxboro Golf Course	1988	Public	18
18	Door Creek	1990	Public	27
19	University Ridge Golf Course	1991	University	18
20	Tumbledown Trails Golf Course	1993	Public	18
21	Bishops Bay Country Club	1995	Private	18
22	Meadows of Six Mile Creek	1997	Public	18
23	Creekview Par 3	1997	Public	9
9	Pleasant View Golf Course	2003	Municipal	9
24	The Bridges Golf Course	2000	Public	18
25	The Farm	2003	Public	9
26	Hawks Landing Country Club	2001	Public/Private	18
27	The Oaks Golf Course	2003	Public	18
28	The Legend at Bergamont	2005	Public/Private	18
20	Tumbledown Trails Golf Course	2019	Public	-18

Dane County Golf Course History

Out of 414 non City of Madison golf holes in Dane County, 207 were added between 1985-2005.

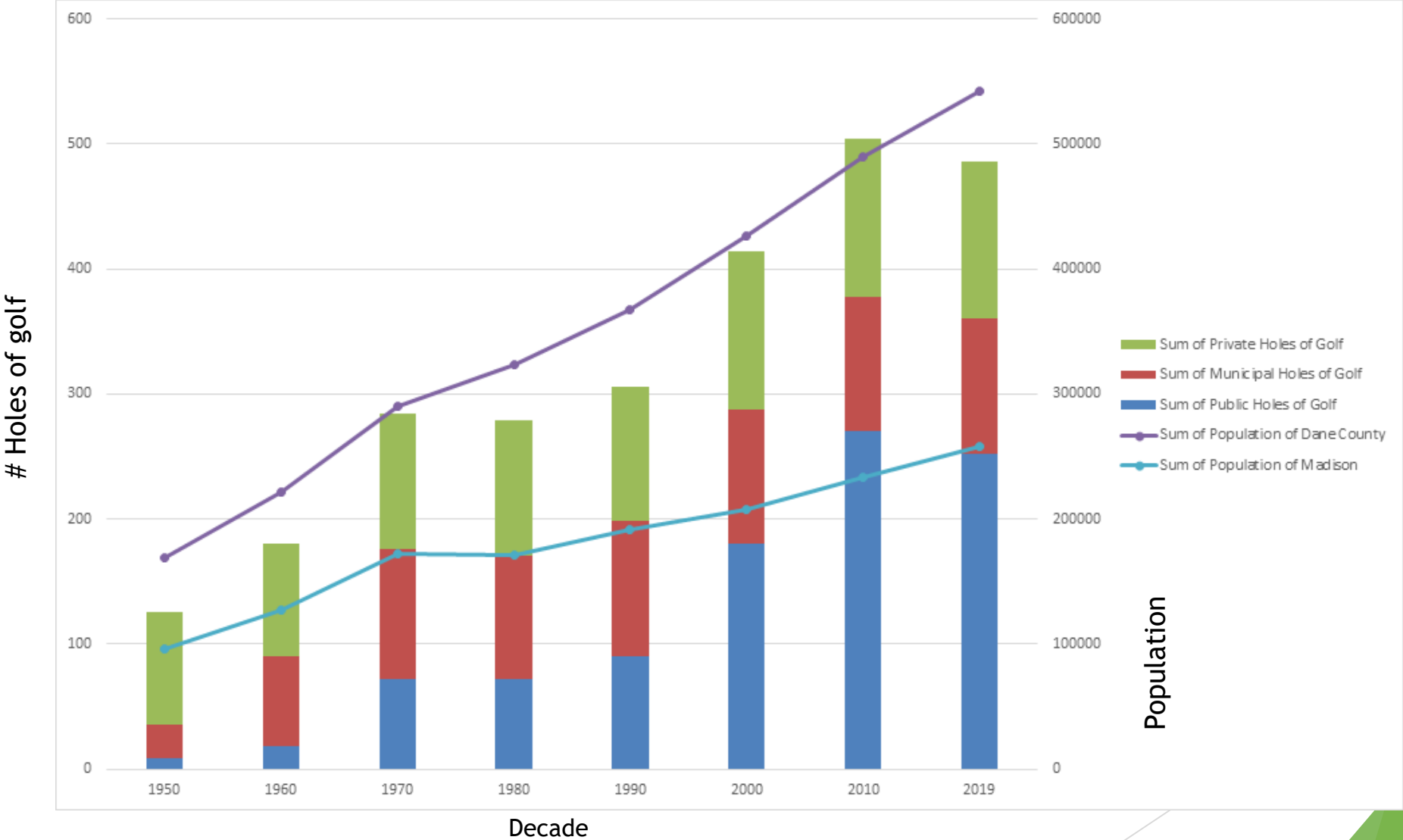
Map of Dane County Golf Courses



Analysis of Dane County Golf Courses

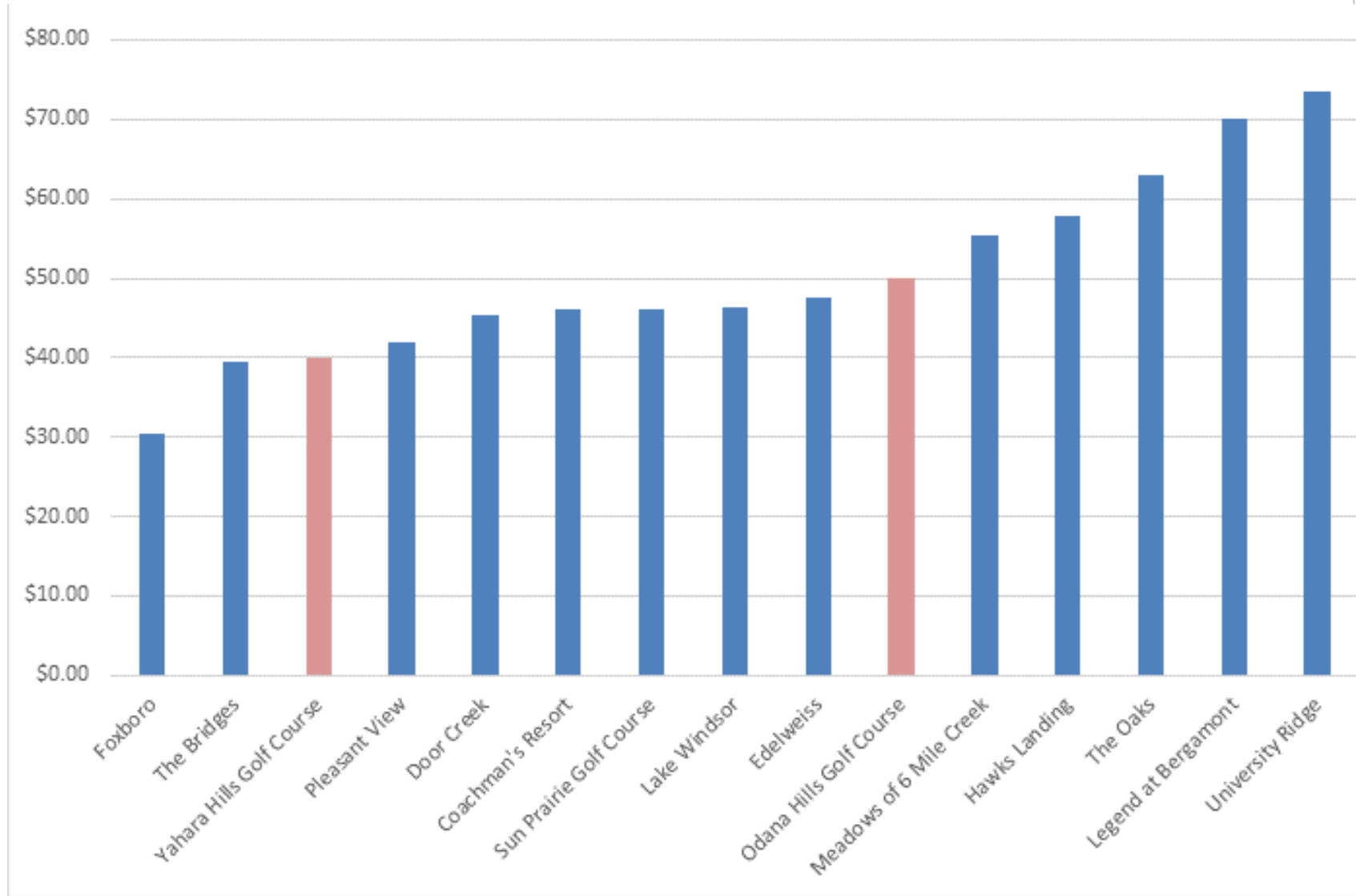
Decade / Year	Municipal Holes of Golf	Public Holes of Golf	Private Holes of Golf	Total Holes of Golf	Change	Population Per 18 Holes in Dane County
1950	27	9	90	126		24090
1960	72	18	90	180	54	22210
1970	104	72	108	284	104	18398
1980	99	72	108	279	-5	20874
1990	108	90	108	306	27	21593
2000	108	180	126	414	108	18542
2010	108	270	126	504	90	17431
2011	108	270	126	504	0	17739
2012	108	270	126	504	0	17969
2013	108	270	126	504	0	18198
2014	108	270	126	504	0	18425
2015	108	270	126	504	0	18646
2016	108	270	126	504	0	18938
2017	108	270	126	504	0	19158
2018	108	270	126	504	0	19370
2019	108	252	126	486	-18	19881

History of Golf in Dane County



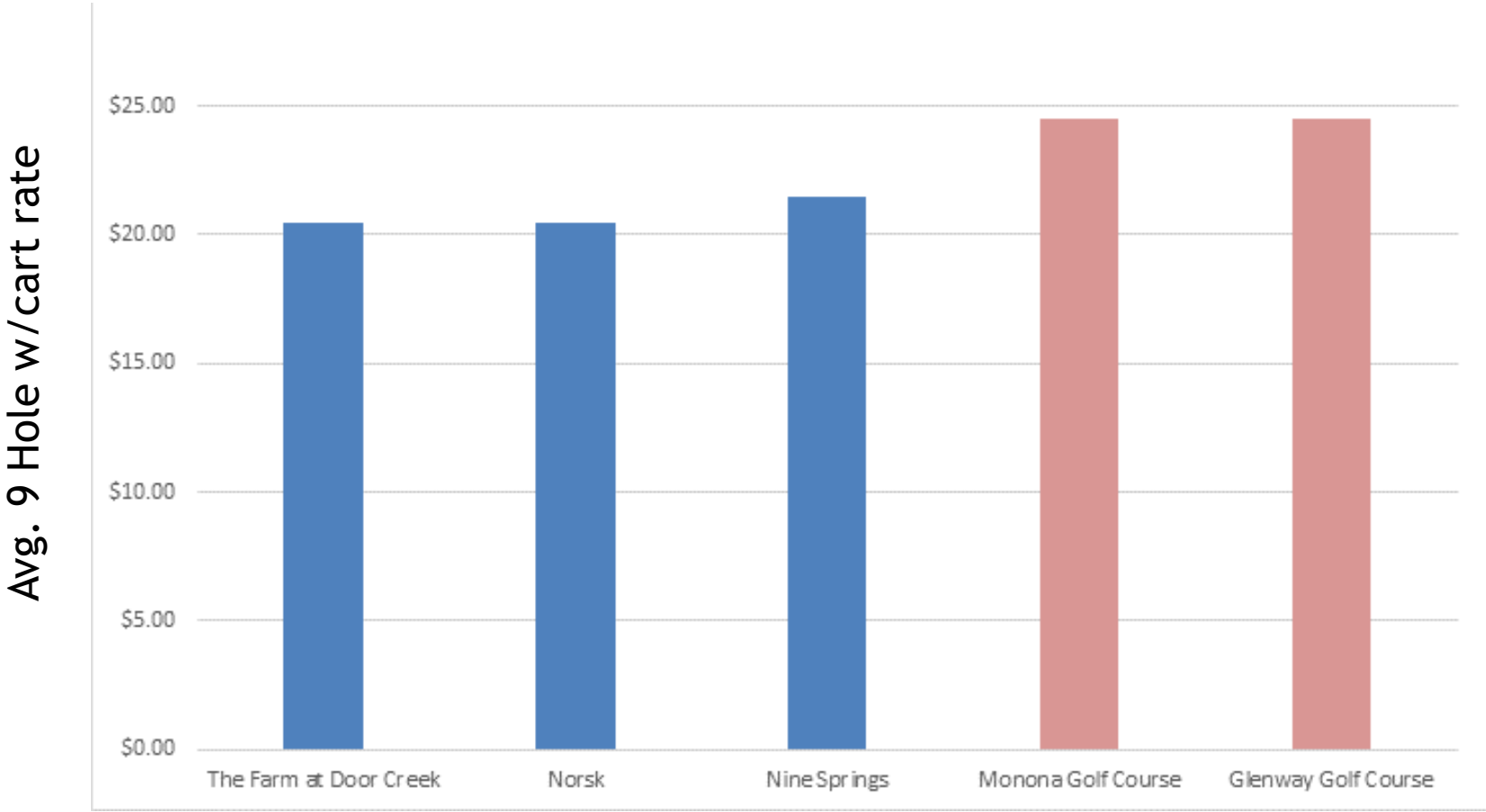
Dane County 18 Hole Comparison Courses

Avg. 18 Hole w/cart rate.



Info available via each course's website.

Dane County 9 Hole Comparison Courses



Info available via each course's website.

Questions?

