

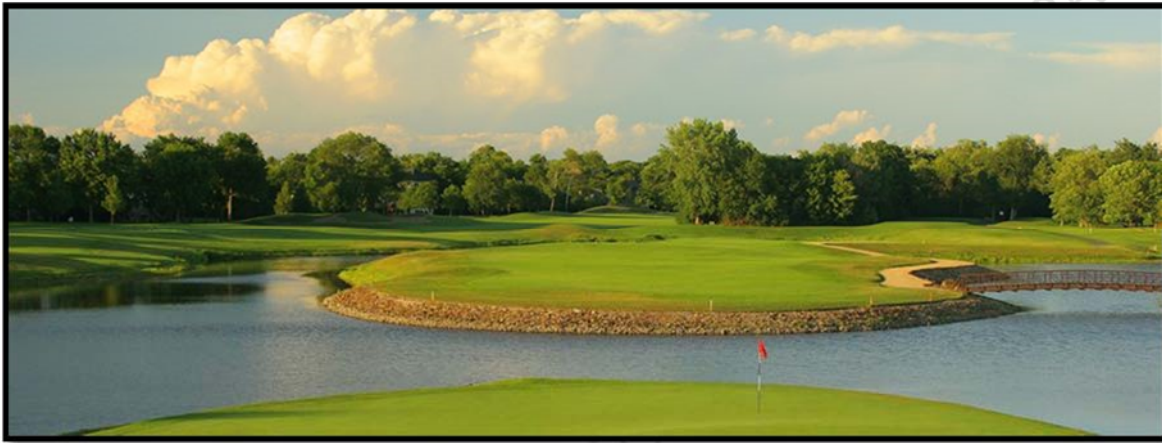


Golf Course Operational Consulting Services

City of Brooklyn Park Golf Courses

Brookland Golf Park
Edinburgh USA

Golf Course Operational Consulting Services



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Table of Contents

Executive Summary 5

The Thought Process and Rationale..... 7

 The Subject Matter..... 7

 The Questions Before Us 7

 Philosophy..... 8

 The Role of Municipal Golf..... 9

 The Potential..... 10

 The Handcuffs 11

 Self-Evident Truths about a Golf Course..... 13

 The Alternatives..... 16

 Supporting Research..... 20

 Step 1 – Demographics: 20

 Step 2 - Weather Playable Days 21

 Step 4 – Financial Benchmarking..... 22

 Step 5 - The Playing Field..... 23

 Step 6 - The Assembly Line of Golf..... 24

 Step 7 - The Golfer – Preferences and Loyalty 27

 Where to from Here?..... 28

 The Crystal Ball..... 31

The Supporting Research for the Management and Operational Review for the City of Brooklyn Park’s Golf Courses..... 33

 Analysis and Research Performed 33

 Step 1: Analysis of regional and local trends in public golf, including supply and demand..... 35

 Geographic Local Market Analysis 35

 Demand..... 39

 Supply..... 40

 Demand versus Supply – Is the Market in Balance? 41

 Step 2 - Weather Impact Study 47



Annual Golf Playable Days47

Viable Operating Season48

Yearly Playable Rounds48

Over- or Underperforming the Weather50

Storm Clouds Ahead50

Step 3: Technology52

 Who Is the Customer?52

 The Goals to Be Achieved Formula for Proper Adoption of Technology56

Step 4: Financial Analysis59

 Financial Performance Analysis61

 What Is the Right Price for the Green Fees65

Step 5: The Physical Assets – Resources on Which to Grow70

 The Review Performed70

 Greens70

 Tees74

 Fairways75

 Sand Bunkers77

Equipment79

Labor80

Golf Course Assets and Features80

Step 6 – Operations83

 Key Benchmarks83

 The Assembly Line of Golf84

 Site85

 Building86

 Building Layout86

 Pro Shop86

 Food and Beverage Functions86

Conclusion – Building and Building Site87

 The Secret Shopper87

Step 7 - Customer Survey89

 Who Are Brooklyn Park’s Golfers?90



What Do Golfers Like about Brooklyn Park’s Golf Courses?90

What Is Important?91

Customer Franchise Analysis.....94

Summary – A Community Asset of Costly Potential.....99

Appendix A –Supporting Documentation..... 101

 Scope of Work..... 101

Limitations of Study and Caveats..... 103

Appendix B: How a Management and Operational Review Relates to a Strategic Plan.. 104

The Role of Government in Golf 105

The Organizational Structure of Municipal Golf 106

Global Perspectives – Current Economic Outlook 108

Analysis of National Trends in Public Golf, including Supply and Demand..... 111

The Business of Golf – Balancing Demand and Supply..... 114

A Closer Look at Demand – What Is the Profile of a Golfer? 115

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Executive Summary

All companies and organizations on the planet know WHAT they do. They are easily able to describe their products and services. Some companies are able to explain HOW they are different—their unique selling proposition. Few companies are able to clearly articulate WHY they do what they do. Such applies to the city of Brooklyn Park's golf courses: Edinburgh USA, a championship course of national acclaim, and to a lesser extent, Brookland Golf Park, an ideal venue for new entrants to the game.

Since construction of Edinburgh USA in 1987, a culture has evolved, based on the initial vision, of creating a high-end daily fee club, supported by memberships and club play.

The question before City Council is, "Does that original vision of 26 years ago continue to optimize the interests of the City, the taxpayers, and the golfers?"

The answer to that question is likely to be rooted in differing beliefs as to whether a city should invest in the intangible asset of a brand that has the potential to create economic development and provide a subsidized recreational amenity for the community or whether the activity should be financially self-sustaining..

City Council has two choices:

- 1) Ratify the original vision with the understanding that the model will require an on-going financial subsidy.
- 2) Approve an extensive realignment that will require, over the next five years:
 - a. Modernizing the course with a progressive renovation of greens, approaches, bunkers and enhancing shot corridors;
 - b. Raising fees to appropriate fair market value to recapture investment contemplated;
 - c. Leveraging new technology to more efficiently manage and market;
 - d. Creating accountable standards for management and maintenance;
 - e. Adapting reservation policies supportive of general public play;
 - f. Incurring the possible displeasure of existing club members who have long had the benefit of prime tee time access at discounted prices;
 - g. Forgiveness of \$1.5 million debt involving purchase of the triangle property.
 - h. Investment of \$2.5 million in the renovation of the clubhouse to create a more efficient environment to support a vision of operating the finest daily fee golf course in the Minneapolis area



To the extent that compromises are made in undertaking a realignment of the golf course operation, the resulting financial performance will be weaker.

This report presents the thought process, rationale, and economic data to facilitate City Council making an informed decision. One does not need to read this report if they already know their choice on the spectrum of perpetuating an evolved culture versus mandating that the golf courses be financially self-sustaining.

Regardless of the decision made, what is certain is that the following course improvements should be made forthwith to ensure that Edinburgh USA remains contemporary and competitive in the local market:

Date	Architectural Enhancement	Cost
Fall, 2013	Order dual heads around greens. Installation by internal resources.	\$80,000
Fall, 2013 through Winter, 2014	Aggressively remove problem trees (~50) and trim under bush comprising course playability with retention of private vendor.	\$40,000
	Remove (12) & reposition bunkers identified by Robert Trent Jones Chief Design Officer, Bruce Charlton with internal resources	\$30,000
Fall, 2014	Lower "front lip of bunkers" to improve site lines on golf holes	\$200,000
	Trouble shoot all bunkers for correct and functioning drainage. Install "Better Billy Bunker" Lining (\$2.17 per square foot) in all bunkers and utilize topdressing sand.	
Total		\$350,000

Regarding Brookland Golf Park, as it is unlikely to generate a positive financial return, because of the intangible value created for the community-at-large, transferring the course to the general fund is appropriate.

The authors' of this report believe that a municipal golf course should be financially self-sustaining, as it is a discretionary activity within the mission of a City's Parks and Recreation Department, especially when that activity is adequately provided to a community by private enterprise. But this belief comes with an understanding that an ingrained culture is difficult to change, and even the crispest vision will not be achieved, if the appropriate resources are not allocated and if the policies and procedures to support the vision are not consistently carried out.



The Thought Process and Rationale

The Subject Matter

The City of Brooklyn Park has fabulous assets in its two golf properties.

Edinburgh USA, designed by Robert Trent Jones, Jr., is among the finest public golf courses in the Minneapolis area. The 6,888 yard, par-72 (course rated 74.2, slope rated 149) was formerly ranked by *Golf Magazine* among “The Top 100 Golf Courses” you could play in the United States.

Brookland Golf Park, the city’s 1,795-yard, par-30, 9-hole golf course, is ideally suited to serve as the entry door that will attract new entrants to the game.

The Questions Before Us

If you owned a golf course designed by an internationally-renowned golf course architect that was generating nearly \$1.8 million in revenue (top 15% of comparable courses), had over 35,000 visitors annually in a limited play season of 204 days, was \$1.5 million in debt, had deferred capital course liabilities of \$4.8 million, was forecast to spend \$1.1 million for maintenance equipment through 2019, and was projected to lose \$1.75 million from operations over the next five years, what would you do?

If you owned a second course that was generating only \$200,000 in revenue, had around 13,000 visitors and was likely to lose at least \$50,000 per year or more ad infinitum, what decision would you make regarding this property?

What options would you consider?

- 1) Would you sell the golf courses?
- 2) Would you convert the golf courses to open park space?
- 3) Would you lease the facilities to a private third party to ensure a minimum rental income stream and avoid of the ongoing capital investment?
- 4) Would you engage a third party, who was an expert in the management of golf courses, to guide the facilities?
- 5) Or would you explore opportunities to increase revenues and more efficiently spend and judiciously plan for ongoing capital investment?



Philosophy

The answer to these questions becomes complicated by the ownership of the assets. The decisions you might make if the facility was privately owned become vastly different when the asset is owned by a municipal government.

The economic and recreational interests of the taxpayers who don't play golf, the patrons of the facility (who may or may not be residents), the management and staff, and the City Council must all be considered.

The central point of debate among these diverse constituencies is, "Can our golf courses provide a value-based experience to the patrons while maximizing the investment return of the assets?" They must also consider whether the encumbrances of operating within a political framework permit the financial subsidy of the asset in order to create a rewarding recreational amenity with a positive brand image and thereby underwrite the leisure of 12.75% of the population.

What if the majority of individuals playing the city's golf courses perpetuated a culture of entitlement, even those who were non-residents? What if those entitled constituencies had numerous opportunities to participate in the sport via venues funded by private enterprise? What if 91% of the interested parties were Caucasian and had a median household income of \$102,473, contrasted to the 75,781 Brooklyn Park residents whose median household income is \$62,077? What if 24% of the citizens of Brooklyn Park are African-American? If the original intent of the golf course was to create a national and regional brand image to stimulate economic development, do the interests of the residents matter at all? The answers to these questions and those below greatly affect the fiscal management of the city's recreational assets; in this case, its golf courses.

Should Brooklyn Park's golf courses:

- A) Be a fiscally self-sustaining enterprise?
- B) Break even on a cash-flow basis (prior to interest, taxes, depreciation and amortization) and accept an annual subsidy from the City's general fund, especially when required to fund capital improvements?
- C) Receive operational and capital funding support from the City's general fund?

The purpose of this study is to provide the economic data, customer assessments, and professional analysis to address these issues.



The Role of Municipal Golf

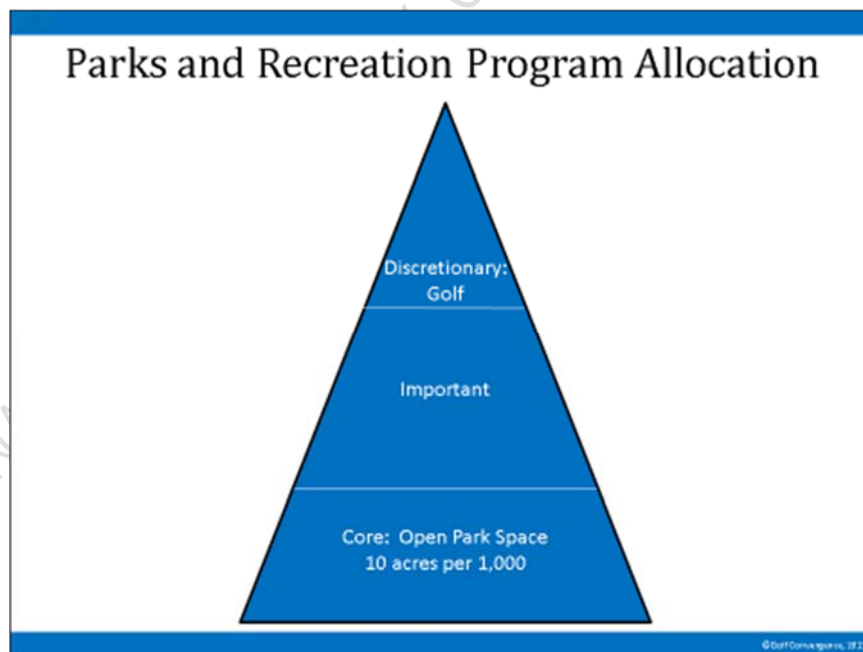
A municipal golf course serves a vital role in a City, providing value-based recreation and leisure entertainment to its citizens.

Why? It serves as an entry door to the game as it introduces individuals to the sport, its rules, and its defining culture. Golf is the only sport in which professionals are role models who demonstrate that referees are not necessary for an event to be fair and fun.

For families and friends, golf is an opportunity to enjoy each other's company via a walk through nature's preserve. For the competitive athlete, golf is an arena to demonstrate ability. For business men and women, golf is an office, and for those who are retired, golf serves as a place to meet, exercise, and enjoy the reward for a life of diligent effort.

During the past decade, and specifically since 9/11, the financial priority for the allocation of municipal funds has been police and fire, while other municipal services compete for the remaining resources.

Thus, it is essential to understand the organizational framework in which the golf course operates within a City's defined charter of providing leisure services. Parks and Recreation systems across this country provide three types of services:



- **Core Essential Services:** These are services the city must provide to manage parks. They would include providing parks and open space for no cost, park maintenance, security, administration, and essential parks-related duties that are commonly



considered public good services. These types of services are typically supported by tax dollars. The City of Brooklyn Park maintains 17 acres per 1,000 in population.

- **Important Services:** These are services which provide for the public good and for the private good. Examples of Important Services would include programs such as swim lessons, summer day camps, and after-school programs.
- **Value-Added/Discretionary Services:** These are services that are nice to provide if money is available to support the services and if the community is willing to invest in them through user fees. These services would include **golf**, senior trips, fitness programs, and individual instructional classes and lessons.

With golf clearly a value-added/discretionary service, the golf course needs to be **fiscally self-sustaining**, especially since private enterprise can adequately fulfill this need for the citizens. It is with this understanding that the recommendations within this report were framed.

While this report emphasizes the desire that an enterprise fund be financially self-sustaining, such may not be achievable due to uncontrollable factors such as the demographics of the courses' locations and the fluctuations in weather. Also interfering with the goal of being self-sustaining are controllable factors such as the lack of a strategic vision for the facilities, inadequate and/or misallocated resources, and the implementation of compromised policies and procedures due to the necessity of operating in a political environment, lack of time, knowledge, and ability can cripple the operation of any business.

The Potential

The historical encumbrances of Edinburg USA are many. It is immersed in debt (\$1.5 million). It has \$4.8 million in deferred capital expenditures, and it pays approximately \$300,000 annually in excess wages (over fair-market value) to the pro shop and maintenance staff. Furthermore, its clubhouse is not conducive to public play, some of its golfers claim (invalidly) the cultural entitlement of private club members as they are given the best tee times at the lowest prices per round. Add to these encumbrances inadequate marketing, poor utilization of technology (Web site, POS/TTRS integration, customer-relationship tracking) and fiscally self-sustaining golf courses are unlikely to result. However, there is hope that fiscally self-sustaining facilities will result when and if proper management is practiced.

The mere fact that Edinburg USA, with a top effective green fee (daily specials lower the posted non-resident rack rate) of \$46 (\$63 with cart) has a significant competitive advantage over the perceived market leader, Rush Creek, which charges \$109 (\$121 with cart) for a comparable tee time, provides hope regarding the opportunity of



Edinburgh USA to compete profitably. It is hard to fathom the curious fact that two courses that offer comparable strategic quality and are only nine miles apart command such different rates.

It is important to realize that Edinburgh USA with its Girvan Grille and clubhouse are so superior to courses in its marketplace that it can attract and retain sufficient golfers, groups, leagues, and tournaments to be profitable. Edinburgh USA truly is a gem.

Its core asset, the championship layout, is clearly superior, and while rankings as to what is the “best course” are subject to widespread opinion, it is our professional opinion that Edinburgh USA is currently among the top three golf courses in the Minneapolis market. This opinion was formed by “secret shopping” 15 courses that directly compete with Edinburgh USA and by conducting a golfer survey of consumer preferences and loyalty.

Brookland Golf Park finds itself with a different set of challenges. This golf course that was supposedly designed for new entrants to the game is perhaps more challenging than the Edinburgh USA course. Fifty-two trees throughout the course adversely impact play by blocking well played shots, and green complexes are perched and so small that a deft touch is required for a shot to remain on a very well groomed putting service.

As a stand-alone enterprise, Brookland Golf Park has little chance of achieving profitability. However, based on the economies of scale that should be available from operating two golf courses, the probability of losing less than \$50,000 annually increases, especially if structural flaws are remedied through tree removal and green side collar expansion, and if marketing programs are implemented. Note that the cost of correcting the structural flaws is estimated at \$40,000, if contracted to a third party. Resources could be available within the City for the tree removal program if priorities are redirected from other City forestry projects.

The Handcuffs

Successful golf courses operate on a defined vision. Every operational decision can be traced to the tactical plan and the strategic vision for the golf course.

At the outset, when Edinburgh USA was built in 1987, at the height of the national golf course construction boom, it was envisioned as a public/private partnership. The goal was to create a national and regional brand for the City of Brooklyn Park based on providing a superior championship golf experience.

A component of that vision was the establishment of a club component with private club golf lounge, lockers, club storage, shoe shine service, and a private dining area.

The golf course was built with Park Development funds, and credits were given to land developers who donated land to the City for the golf course. At a cost of \$4.4 million, the



clubhouse was built by a private enterprise. The Edinburgh Men’s Golf Association (EMGA) was formed, and members played at Sundance Golf Course while the course was being constructed. The St. Andrews Club, a private club also utilizing the facilities at Edinburgh USA, was formed in 1987 and struggled until 1991, when an Executive Director was appointed.

Unfortunately, the private component of the partnership struggled and didn’t achieve its objectives. The City of Brooklyn Park Economic Development Authority purchased the clubhouse for \$1.5 million in the early 1990’s.

Note that in 2013, Edinburgh USA does not have a published vision statement identifying the purpose of the facility. The published mission statement, which should make clear how it is going to operate, is as follows: “The mission of the Edinburgh USA Golf Course is to provide a high quality, pleasurable golfing experience to all golfers. The course shall be managed in the most efficient and economical manner and will generate revenue over and above operating expenses. The course will provide pride and identity for the City of Brooklyn Park.”¹ It is interesting that the mission statement does not mention the requirement that the golf course’s financial performance cover ongoing capital requirements.

Due to the flawed original vision and the lack of adequate capitalization, the City of Brooklyn Park Economic Development Authority acquired the clubhouse and assigned the management of the clubhouse to City personnel.

Our analysis of Edinburgh USA revealed the following:

Strengths	Weaknesses	Opportunities	Threats
Unique championship layout for accomplished golfers	Location	Management	Competition
Enhances City’s brand	Clubhouse design	Technology	Capital requirements
National acclaim for course	Culture (politics of appeasement)	Marketing	Organizational inflexibility

The City also obtained title to Brookland Golf Park, also originally developed by a private investor, as an integral part of open park space. A summary of that facility is below:

¹ Policies – Edinburgh USA Golf Course – 2013, pg 1.



Strengths	Weaknesses	Opportunities	Threats
Good potential venue for new golfers and recreational golfers	Small target market with limited revenue potential	Management	Competition
Appropriate clubhouse	Course design	Technology	Capital requirements
Efficient allocation of resources	Lack of short-game area	Marketing	Organizational inflexibility

Self-Evident Truths about a Golf Course

There are four fundamental principles that govern the management of a golf course.

- 1) A golf course is a living organism that requires constant capital investment approaching \$250,000 per year for greens, irrigation systems, bunker sand, tee complexes, forestry practices, etc. The cost of completely renovating a golf course is close to \$8 million. In addition, annual reserves for equipment replacement can be \$92,000. A golf course is not an arboretum. Based on the aging infrastructure, the city of Brooklyn Park should have \$4.8 million in capital reserves for Edinburgh USA’s golf course renovations to maintain the course to appropriate standards and is expected to spend \$1,082,500 in equipment replacement through 2019.
- 2) Ninety percent of all golfers reside or work within 30 minutes of a golf course. Fifteen percent of the golfers generate 60% of the annual revenue. The typical golf course has only 6,000 distinct customers each year, and they generate the 30,000+ rounds played. The city of Brooklyn Park is not leveraging technology fully to be able to determine the appropriate comparable statistics needed to engage in segmented customer-relationship marketing.
- 3) Customer loyalty to a course occurs when the experience received equals or exceeds the fees charged. To the extent that the price exceeds the experience, customer attrition occurs. In numerous surveys conducted by Golf Convergence and confirmed in the golfer survey performed for this review, course conditions are the primary determinant of a golfer selecting one course over another. Price and pace of play were two other important factors respondents noted in the Brooklyn Park survey conducted in July, 2013. The condition of the golf course was of concern when reviewed in June, 2013 for this study.



- 4) Nationally, golfers average 41.5 years of age with median household income of \$85,800, and nearly 80% are Caucasian and 78% male. The national median household income is \$51,618, and the median age of 37.1.²

For every round played in the U.S. by someone who is Hispanic or African-American, Caucasians play seven rounds. For every round played by a female, males play 5.1 rounds. Generation Y plays 58% less than baby boomers.

The customers of the city of Brooklyn Park's courses average 46.7 years of age, have a median household income of \$102,474, are 71% male and 91% Caucasian.

The above statistics indicate that golf lacks the foundation required for an industry hoping for dynamic growth.

In 1899, when 307 golf courses existed in the United States, Thorstein Veblen, the author of *The Theory of the Leisure Class*, expressed his opinion that golf was a game in which individuals participated to demonstrate their conspicuous consumption of leisure.³ In essence, people were attracted to the sport to demonstrate their superior financial position and to flaunt their lack of need for work as America transitioned from an agrarian to an industrial society.

From that meager beginning, golf in the United States is now a \$24.8 billion industry supported by 26 million golfers who play 460 million rounds while frequenting 15,647 facilities.

More than 110 years later, despite that growth, golf has not lost its elitist brand. As reflected above, it is a game principally played by the well-to-do.

Managing a golf course is a financially challenging business. Considering the fact that the median earnings of a municipal golf course before interest, taxes, and depreciation amount to \$142,406, and that the annual capital reinvestment requirement nears \$342,000, it is not surprising that only 70% of municipal golf courses cover operating expenses, only 40% cover debt service, 73% are deferring capital investment, and 39% are lowering maintenance standards. Eighty-one percent of municipalities retain a full-time general manager to guide their golf operations.⁴

²Tactician, "National Golf Foundation Demand Report," February, 2013.

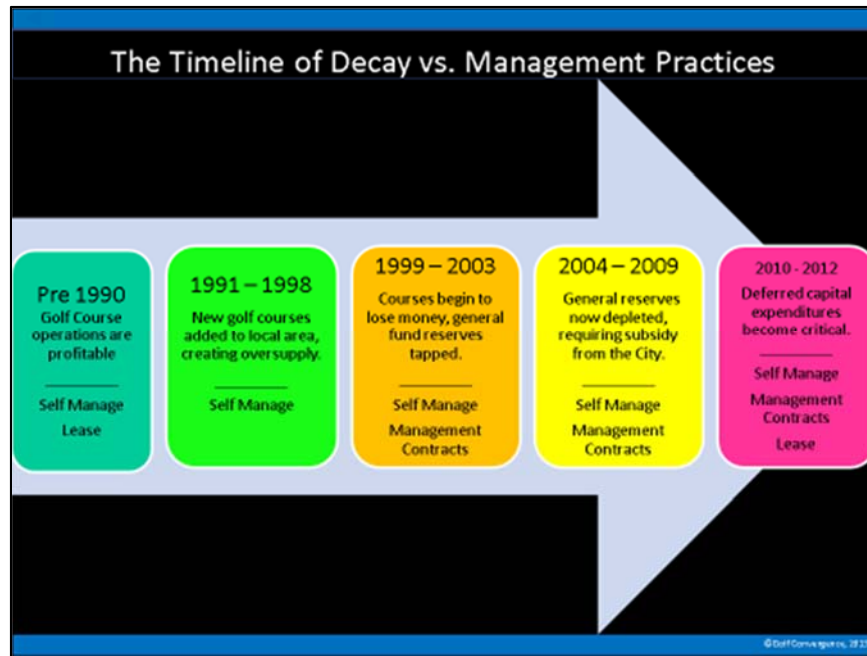
³ Veblen, Thorstein, *Theory of the Leisure Class* (Oxford, Oxford University Press), 1899.

http://en.wikipedia.org/wiki/The_Theory_of_the_Leisure_Class.

⁴ National Golf Foundation, "NRPA 2012 - Maximizing the Economic Benefit of Municipal Golf Courses," Slide 25.



While golf was booming in the 1980's, a time of decay and changes in municipal golf courses has occurred during the past three decades, as reflected below:



As a result of the increasing challenges municipalities face while self-managing a golf course, 44% of municipal golf courses are now managed by third parties, either via lease (6%), fully managed by a third party(15%), or some combination thereof(23%).⁵ Nine percent of maintenance, 36% of golf shops, and 95% of food and beverage operations are managed by private parties.

For cities hoping to self-manage a golf course on a financially self-sustaining basis, understanding the challenges faced across the United States is fundamental to determining the optimum vision and management structure for their golf courses.

This is not a business to operate while wearing rose-colored glasses. That fact is reflected in the financial performance of the City of Brooklyn Park's golf courses compared to municipal golf courses nationally:

⁵ National Golf Foundation, "NRPA 2012 – Maximizing the Economic Benefit of Municipal Golf Courses," Slide 27.



A Detailed Snapshot of the Bleeding

	Municipal	Edinburgh USA	Brookland
Rounds Played	30,000	35,097	13,051
Full Time Employees	6	5	1
Total Revenues	978,249	1,782,198	168,889
Membership Fee and Dues Revenues	96,500	163,715	9,985
Green Fees	440,548	844,811	123,112
Cart Fees	190,239	298,750	12,531
Merchandise	86,000	234,934	12,546
Golf Shop Salaries	182,908	312,826	62,481
Maintenance Salaries	250,000	587,393	52,379
Total Maintenance Costs	220,000	676,421	42,260
EBITDA	142,406	50,620	-54,799

Source: PGA Performance Trak 2011 (survey conducted in 2012)

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The revenue of Edinburgh USA places the golf course in the Top 15% of municipal courses. We believe, based on its superior championship layout, revenues can increase an additional \$400,000, with disciplined yield management.

The real opportunity to bolster profits is largely in adjusting wages to the fair market value available in private enterprise, as highlighted in the chart above. However, adjusting wages in a government organization is difficult to achieve in a timely manner.

The Alternatives

Depending on the financial goals established, options abound.

The sale of Edinburgh USA to a private third party is viable. The fair market value for the golf course might approach \$2.5 million, based on the reported 2012 pricing metric of 1.245 gross income multiplier for golf courses⁶. The economic potential and likelihood of selling the clubhouse was beyond the scope of this review.

The sale of Brookland Golf Park is not a viable option, as it's bordered by open park space and would require rezoning.

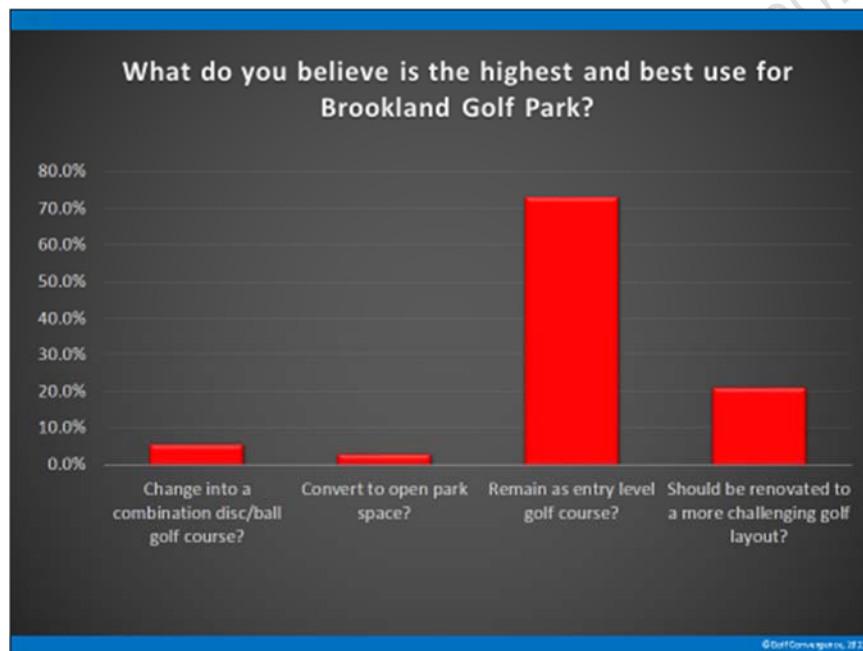
Converting the golf courses to open park space doesn't seem wise, for Edinburgh USA's splendid reputation is the primary intangible asset that creates a positive brand for the City of Brooklyn Park. Further, the impact of an expected reduction in property tax receipts from

⁶ James J. Keegan, *The Business of Golf – Why? How? What?*, September, 2013, page 251.



what would be the diminished value of housing now bordering the golf course makes this option not feasible. Securing a private buyer to continue the operation of the golf course is far more probable.

For Brookland Golf Park, to the extent the net cash flow deficit from operating the golf course is less than the cost of maintaining open park space, it is the recommendation of this report that Brookland Golf Park should continue as a Recreation and Parks amenity for the masses, if and only if, the infrastructure of the golf course is enhanced to encourage new entrants. The addition of a putting game and short game is also advised. This recommendation was supported in the survey conducted for this report that reflected the following:



Leasing Edinburg USA to a third party or retaining a third party to manage the facility are viable options. Billy Casper Golf Management, Kemper Sports Management, and Lancer Hospitality are three companies that expressed an interest in either leasing or managing the facility. A plethora of golf management and hospitality companies would submit proposals should the City Council select this option. Edinburg USA is an attractive option to a third party when revenues begin to exceed \$1.2 million

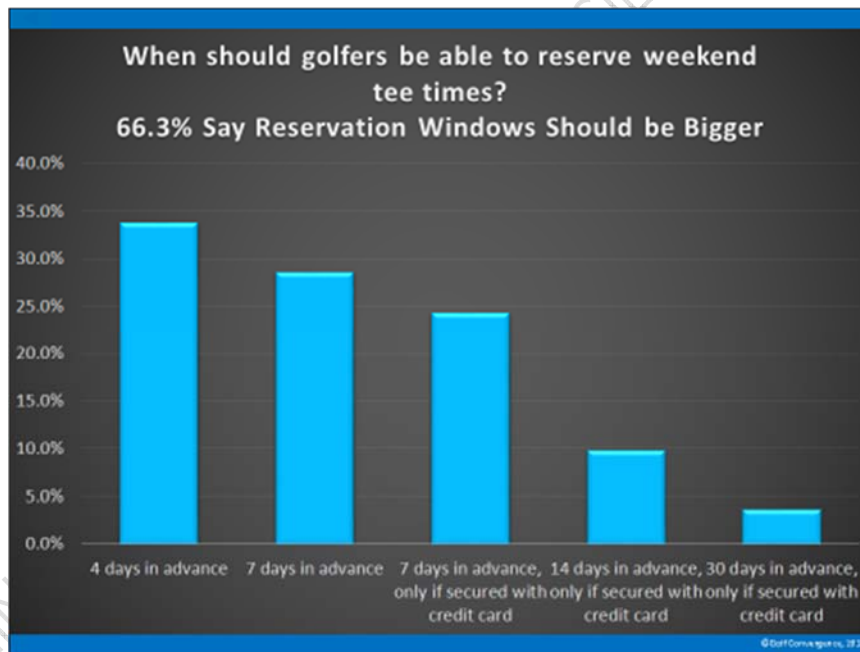
A lease would consist of a rental payment of 5% of gross revenue, a capital reserve created by the lessee of 2% of revenue, and a revenue-sharing split of up to 40% on revenue exceeding \$1,000,000 from green fees, membership sales, cart rental, and range revenues. Thus, the City is likely to receive up to \$200,000 annually with no requirement to fund ongoing capital requirements.



The current fees paid by golf course owners to a third-party management company range from \$75,000 to \$125,000 annually. Why would it make sense for the City to consider this alternative? Management companies are a viable option when the cost savings available from improved procurement practices and labor savings from paying workers based on private versus public wage scales exceed the management fee paid. Private management companies introduce a disciplined business approach, an emphasis on marketing, and a focus on improved profitability. For the City of Brooklyn Park, the net economic benefit is likely to approach \$200,000.

Should the City elect to continue self-management, Edinburgh USA has an upside revenue potential of an additional \$400,000 in revenue with an adjustment in fees and tee-time reservation policies (general public allowed to book 14 days in advance and 7 days in advance for club members, rather than the current 4 days in advance for members at 7 a.m. and 4 days in advance at 2 p.m. for the public).

The preference for a large tee time windows was confirmed by the golfers; 63% preferred the opportunity to reserve 7 days or more in advance, as shown here:



Leveraging technology to create a contemporary Web site and build a customer relationship management system for effective marketing to the core, acquired, and defectors who frequent the facility would stimulate revenue also.

Further, there is an opportunity to save upwards of \$300,000, if it were possible to adjust wages to the competitive market standards used in private enterprise.



Finally, Edinburgh USA has excess equipment worth almost \$401,000. The replacement of which can be eliminated and the immediate sale of which can be accomplished, albeit at less than original cost.

A summary of alternatives is presented below:

Options	Edinburgh USA			
Category	EBITDA Financial Result	Operational Exposure	Capital Exposure	Risk Factor
Sale	\$3,000,000	No	No	Low
Convert to open park space	Decrease in property tax revenues	No	No	Low
Lease to third party	\$180,000 annually	No	No	Moderate
Management agreement with third party*	\$200,000 net benefit before operational and capital exposure	Yes	Yes	Moderate
Self-manage (status quo)	\$50,000	Yes	Yes	High
Self-manage (full implementation of the recommendations herein)	\$400,000	Yes	Yes	High

While the self-management of the golf course presents the greatest potential economic return, self-managing the courses comes with the highest risk factor Staff will need to execute while confronting the historical culture of entitlements and the many political forces.

Of all the barriers in operating a golf course, status quo is perhaps the most formidable foe. Meaningful change is really difficult. Rather than a progressive renewal of a golf course operation, small incremental changes are usually made with the promise of subsequent changes. What is needed gets watered down so that any recommendations are largely ineffective, and they vastly undermine the potential of a golf course.

It is our professional opinion that the organizational structure at Edinburgh USA and the resulting management philosophies and practices, combined with a strong club culture, are so embedded that meaningful change will be nearly impossible.

Thus, it is the recommendation of this report that privatization be explored.

Regardless of the option selected, the City Council should consider the following two tactical resource allocation recommendations:

- The Economic Development Agency should invest up to \$2.5 million to reconfigure the clubhouse to be conducive to operating an upscale public golf course. Lacking such renovation, the customer flow to creating a meaningful golf



experience will remain daunting. It is suggested that a clubhouse architectural firm such as Sirny & Partners be retained to determine how to relocate the pro shop closer to the parking lot on the west side of the building. Note that the Economic Development Agency has \$11,616,008 in fund balances and generates nearly \$2.0 million annual in revenues to support this initiative.

- The debt of \$1,558,152 owed by the Recreation Fund (and allocated to the golf course for the acquisition of land located between the 10th, 11th, and 18th holes) should be forgiven. Golfers will attempt to reject the City's mandate that the golf course be self-sustaining and that fees must be increased, citing the historical profits extracted from the golf enterprise fund to support Recreation and Parks activities. Through 2007, the golf course transferred to the ice arena out of capital reserves \$2,111,700. Eliminating this "intra-fund" debt on the golf course would be the first step to public acceptance of revised policies and recognizing the golf course's long standing financial support of other Recreation and Parks Department activities.

Supporting Research

The stewardship of a golf course blends the interests of many groups: City Council, Mayor, Parks Board, management, staff, golfers, and taxpayers. Each group has a different view as to how the golf courses should operate. It is not surprising that people can see the same data and reach very different conclusions. Thus, your prudence in undertaking this study is to be commended.

To create a common focus on which everyone can agree, we have employed a process called the Golf Convergence WIN™ formula to crystallize the insights necessary to make informed decisions. This thorough progression of evaluation and research usually comprises **seven steps** to ascertain the viability of a course. These steps include: local market analysis, weather impact, technology integration, financial analysis, facilities assessment, operational review, and a golfer preference survey.

A summary of the insights presented from each step are provided below and expanded upon in the body of this report.

Step 1 – Demographics:

The demographics within the City of Brooklyn Park are not conducive to the operation of an upscale public golf course within a five-mile radius of the facility.

The residents' average age is 35.50, and their median household income is \$59,350. These demographics, along with the fact that 65.40% of the population is Caucasian, indicate that there would be great support for a recreational entry-level course. While those



demographics are supportive of the Brookland Golf Park, they are inconsistent with support for the successful operation of a championship golf course such as Edinburgh USA.

However, there is some positive statistical data for both courses. The number of golfers per 18 holes, a measure of demand versus supply, reflects that within 15 miles of Edinburgh USA there are 4,560 golfers, compared to a national average of 2,400 golfers per 18 holes in the Top 100 core based statistical areas in which Brooklyn Park is included. Thus, while Brookland Golf Park might rely on the local population, the target market for Edinburgh USA will have to expand far beyond the City's boundaries. Therefore, we advise simplifying the rate structure by eliminating the resident rate.

The vision of Edinburgh USA is to re-brand itself as the finest public golf course within the Minneapolis marketplace, stimulated by a gentle restoration by the Robert Trent Jones architectural firm. Removing a few trees and bunkers will increase the course's playability without compromising the strategic value the routing offers. The course must be supported based on a value proposition offered to the residents of Champlin, Crystal, Golden Valley, Maple Grove, Minneapolis, New Hope, Plymouth, and St. Paul that now comprise 13.25% of Brooklyn Park's current customer base.

The 2014 green fee rates with cart should be raised from \$63 to \$70. Season passes, currently priced at \$1,875, should be eliminated, and the player pass program that provides a 5% discount for 10 rounds, a 10% discount for 25 rounds, and a 20% discount for 50 rounds pre-purchased should be retained. These rate changes will be vehemently opposed by the current private club members who frequent Edinburgh USA. If the golfers are unwilling to participate to ensure the fiscal viability of the facility, their preferred access to reserving at the beginning of the golf season should be withdrawn. The harsh reality is that a premium should be paid by clubs, leagues, groups, and outings that are able to reserve premium tee times in advance of public play.

Step 2 - Weather Playable Days

Over the past 10 years, the number of playable golf days in Brooklyn Park, measured by the temperature range of 45 to 90 degrees with less than .20 inch of rain during daylight hours, was 204. During 2010, 2011 and 2012 the number of playable days totaled 201, 205, and 228, respectively. Management outperformed the weather by \$6,719 in 2010 but underperformed the weather by \$76,713 and \$47,116 in 2011 and 2012, respectively. Considering the favorable weather experienced, revenue should have been higher in 2011 and 2012.

Note that because of the adverse spring weather in 2013, it is likely that revenues will decrease by more than 10% in 2013. Through June, 2013, playable days in the Midwest are down 6.2%, based on a precipitation increase of 38% over the prior year.



Step 3 - Technology

One of the great opportunities to increase revenue for Edinburgh USA is by leveraging technology. Independently, Teemaster Reservation software (a staple booking platform for many courses in Minnesota and Vermont Systems have very solid software programs. Vermont Systems is one of the leaders in the United States for the integration of all Parks and Recreation activities.

Unfortunately, these two systems do not integrate, and tracking many vital customer and facility statistics are lost, most notably the core, acquired, and defectors. Further, lack of proper systems mean that dynamic yield management pricing to optimize revenue, is not possible, even though it is offered by such firms as Active Network, Club Prophet, EZ Links, and Quick 18.

The segmentation of the database with focused email communication to various groups is vital to stimulate revenue. It is our understanding that email communication to the golfer database is not occurring.

Further, the Edinburgh USA Web site is extremely understated, with little functionality and a lack of easy tee time reservation booking. In 2012, 28,859 reservations were booked by phone or in person, while only 9,328 rounds were booked via the Internet. Note that 113 rounds were reserved via the Teemaster call center. To access a wider golfer base, Brooklyn Park must implement up-to-date golf course technology.

Step 4 – Financial Benchmarking

The Edinburgh USA golf course, the clubhouse facade, and the potential customer experience suggest that its financial performance should be in the Top 10% of municipal golf courses. While its revenues are in the Top 15%, the earnings before interest, taxes, depreciation and amortization place both Edinburgh USA and Brookland Golf Park in the bottom 25% of municipal golf courses, as reflected below:



Financial Performance Municipal Golf Courses vs. City of Brooklyn Park				
	Platinum Top 10%	Gold Top 25%	Silver Median	Steel - Bottom 25%
MUNICIPALITIES				
Rounds Played	50,000	40,000	30,000	22,865
Full Time Employees	20	11	6	5
Total Revenues	2,081,461	1,400,000	978,249	615,128
EBITDA	1,000,000	572,541	142,406	50,000
	Edinburgh		Brookland	
Rounds Played	35,097		13,051	
Full Time Employees	5		1	
Total Revenues	\$1,782,198		\$168,889	
EBITDA	\$50,620		-54,799	

A detailed analysis of the financial performance of Edinburgh USA revealed that high salaries were largely the culprit for the financial underperformance.

Step 5 - The Playing Field

The golf course, built in 1987, reflects a dated architectural style with a plethora of needless bunkers that have been obsolete with the enhancement of golf equipment. Because the golf course is a living organism, trees have grown and have altered the playing corridors. Management and staff were presented a detailed photo essay of the enhancement desired to attract the accomplished and recreational player.

What was of concern was the condition of the golf course when observed on June 9-10 and June 24-25. The practice putting green, the first, the seventh, and the fifteenth greens were in poor condition. Boat ramps existed on the majority of bunkers, reflecting careless maintenance practices, and trees were impacting play, particularly on holes 1, 7, 15, and 16.

The average maintenance budget is \$458,071 and \$848,901 for a public and private golf course, respectively. Though the published maintenance budget at Edinburgh is \$1,270,784, the effective budget is \$906,815 (after eliminating central service charges, depreciation, cart fleet maintenance, and clubhouse maintenance).

In our professional opinion, the City of Brooklyn Park is not getting appropriate value for the expense incurred in maintaining the golf course. To the department's credit, while many of the issues noted in our study were corrected by our third review on August 2, 2013 (i.e., the



bunker boat ramps), issues remain regarding green surface quality, speed, par-3 tee conditions, trees, and drainage. To restore the golf course to current standards, an investment of up to \$4.8 million should be made over the decade.

Of equal note is that the maintenance department has \$401,000 in excess unneeded equipment and is scheduled to purchase \$1,105,000 in new equipment through 2019. The analysis below is a snapshot of the equipment issue:

Category	Amount
Total Equipment	\$1,686,000
Red-Lined Equipment to be traded or sold	270,000
Additional Equipment (backup) not needed	131,000
Golf Carts incorrectly classified as part of maintenance fleet	234,500
Net Equipment	\$1,050,000
Equipment Required for split tees	\$1,023,500
Equipment Required for 18-hole operation	\$981,500

The level of equipment listed above would be appropriate for a golf course that had a prime time green fee of \$102.35 for a split tee operation. Interestingly, Rush Creek is at \$121.00. Edinburgh's rack rate of \$63 suggests that an additional \$393,500 could be pared to be consistent with the green fee charged. There is a direct correlation between the maintenance budget and the green fee charged (maintenance budget times 0.0001%).

Note that Gross National maintains an equipment fleet of \$500,000 and invests 8,968 hours in the maintenance of its courses annually compared to 25,702 hours at Edinburgh. St. Paul's Highland Park invests 12,275 hours in maintaining that course and handling winter duties such as snow plowing and cross country trails, as do the City of Minneapolis and the Minneapolis/St. Paul courses.

Thus, our conclusion is that either the green fee rates at Edinburgh USA be raised significantly or the maintenance standards reduced to align maintenance costs with the green fees charged. This is not a popular conclusion but one supported by the economic data.

Step 6 - The Assembly Line of Golf

There are 14 potential customer touch points from the time golfers contemplate making a tee time to the point they depart the facility after playing. Ironically, these customer touch points are staffed by the lowest paid employees.

The Clubhouse configuration at Edinburgh USA creates an initial negative impression from a golfer's perspective, with no manned bag drop, remote parking, and no clear entrance to the pro shop. With four of the eight doors to the clubhouse locked, Edinburgh USA creates a



negative impression for the first-time golfer. Upon registering, the golfer witnesses a putting green that remains damaged by winter kill in early August. A golfer seeking breakfast may or may not enjoy the mini-breakfast sandwiches offered before being directed down a long corridor to a pay-by-cup coffee dispenser.

Customer loyalty is created by ensuring that the experience received equals or exceeds the price paid. Edinburgh USA's course provides greater than a \$75 experience, but it is mated with customer service comparable to that seen at a \$30 golf course. In the survey we administered, the staff was rated as courteous and helpful.

Part of the negative experience encountered is the dominant influence of clubs. From the private patios, to a club room with bar, lockers, club storage and shoe shine, the first-time golfer is not included. This exclusion is unique in the municipal golf environment.

The pro shop is located in the bowels of the building, as is often the case at a private club, where access is gained after passing through a reception area and a long corridor.

Emphasis is placed on catering, banquets, and food and beverage operations, as indicated by the fact that the main entrance leads directly to these activities, The kitchen restocking dock is at the front left of the building. Food and beverage patrons are provided priority access to parking, and valet services are available. For golfers, an unattended bag drop, inconveniently located parking, and a walk to the pro shop that leads past the outdoor patio of a private club, is the frequent access point for a public golfer.

Membership in the St. Andrews Club is available as follows:

Membership Category	Dues	Food and Beverage Minimum (Annual)	Total
Under 35 years of age	\$475	\$720	\$1,195 plus tax
35 years +	\$845	\$720	\$1,570

Only upon purchasing a membership in this private club is an individual eligible to purchase the following discounted rates from the City:



Golf Course Operational Consulting Services

Description	Rounds	Rate	Quantity Sold in 2013	Yield Per Round
Bronze	10 rounds	\$350	30	\$35.00
Silver	25 rounds	\$725	47	\$29.00
Gold	50 rounds	\$1,350	40	\$27.00
Platinum	Unlimited Play	\$1,875	34	N/A

1: Note in 2012, that 57 members in 2012 purchased the unlimited season pass rate for \$1,800 and 13 purchased 5-day passes for \$1,150. The 2012 season pass holder played an average of 70 rounds at a cost per round of \$25.72 per round, representing up to a 44% discount from the posted rate.

While the practice of requiring a customer to join a private club to obtain a discount rate at a golf course owned by a municipality was examined by counsel for the City as part of this study and found to be legal, the policy feels unfair – all golfers should have equal access to the same rates. That sentiment was confirmed in the survey of golfers; 82% responded that they did not feel it is appropriate to have to join a private club to get an unlimited play golf season pass:



Public golfers, and those members of the EMGA, the EWGA, or the St. Andrews (29 members), who don't care to pre-pay for golf, can buy a patron card for \$90 and get a \$6 reduction per 18 holes in their green fees from \$46 to \$40 for weekend play. Note that the golf course runs daily specials with varying rates.

At the current time, members of the St. Andrews Club are eligible to play in 22 “major events,” primarily on Friday, Saturday and Sunday, 10 social events throughout the year,



and 33 “minor events” held on Wednesdays. The EMGA conducts 17 tournaments, and the EWGA 16 tournaments.

By holding so many events, Lancer Hospitality is in violation of the Second Amended Lease with the City of Brooklyn Park’s Economic Development Authority. Page 44 of that document states as follows:

“The Authority will permit clubs sanctioned by Manager, such as the St. Andrews Club, to block a maximum of 40 tee times on Wednesdays. The Authority will allow such club to host, in the aggregate, up to 8 weekend tournaments during the golf season, provided each such tournament has a maximum of 120 players.”

The Second Amended Lease is silent with respect to the rights of the concessionaire to collect membership dues or create a “food and beverage” minimum from Club members. The only reference to dues was the requirement to transfer pre-paid member dues to the Economic Development Authority upon termination of the lease. The Executive Director of the St. Andrews Club is an employee of the concessionaire, Lancer Hospitality.

The issue is not the presence of the clubs; they provide a continuing and vital revenue stream. The focus should be on the yield per round from such groups. It appears, but cannot be fully documented due to the lax utilization of the POS system, that the City is, in essence, selling its best tee time inventory at the lowest price, resulting in great revenue loss.

Besides these numerous tee times blocked for Club members, members of these Clubs can call when not conducting an event 4 days in advance for tee times on weekends at 7:00 a.m., while the general public can only reserve 4 days in advance at 2:00 p.m. The standard advanced reservation policy in the Minneapolis marketplace is 7 days. At Rush Creek the public can obtain a tee time 14 days in advance while their club members are restricted to calling 7 days in advance. This report advocates the adoption of the Rush Creek policy for tee time reservations.

Step 7 - The Golfer – Preferences and Loyalty

This report is grounded in the belief that both courses, Edinburgh USA and Brookland Golf Park, serve vital niches in the social fabric of the City of Brooklyn Park. That belief is based on the strong customer loyalty rating received from the survey conducted in July, 2013. The question asked was,

Based on your playing experience over the last 24 months, how likely is it that you would recommend the following courses to a friend, colleague, or family member? (Rate your likelihood to recommend on a scale of 0 to 10 with “10” being “Extremely Likely” and “0” being “Not At All Likely.” If you did not play a course, please indicate by checking "N/A.")



The answers from 1,077 respondents indicated the following:



Though the national average score is 26, Edinburgh scored a positive 46, reflecting the underlying potential of the course.

Where to from Here?

In a city with \$415,221,407 million of net assets and annual revenues of \$66,498,650 million, the intangible value of the positive brand image of Edinburgh USA is greater than the financial benefit that can be derived from operating the facility.

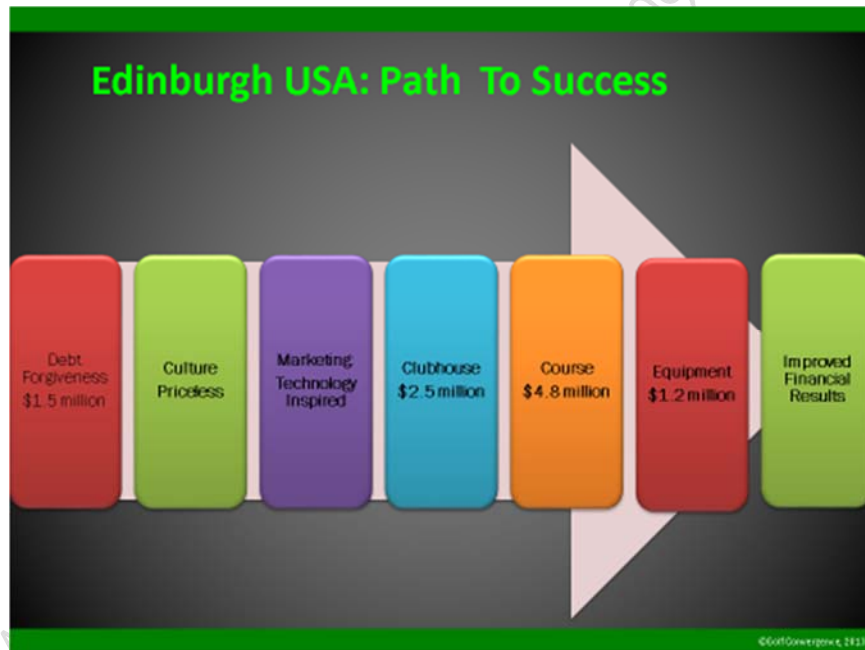
It is important to note that the reported financial performance of the golf courses is not as bleak as one might think from an examination of published statements. The golf courses are charged "a central service charge" for services performed by the City of Brooklyn Park; these include accounting, human resources, legal, payroll, etc., and these charges total \$183,499. The fair market value for such services for both courses would total only \$75,000. This excess allocation of \$108,499 should be considered when examining the financial statements presented below, and if such charges were assessed at fair market value, Edinburgh USA's EBITDA would exceed the national median for municipal golf courses.

The most recent financial statements of Edinburgh USA are reflected here.



Edinburgh			
Category	2010	2011	2012
Revenues	1,688,177	1,638,205	1,782,198
Operating Expenses	1,403,675	1,393,575	1,574,907
City Central Service Charges	161,577	174,258	156,670
Cash Flow	122,925	70,372	50,621
Depreciation	202,718	211,549	223,321
Net Loss	-79,792	-141,177	-172,701

For Edinburgh USA to be financially self-sustaining, its path to success would include the following steps:



Tactically and operationally, the following changes are suggested:

- 1) Retention of a full-time general manager. The current Director of Golf is amply qualified for the position should his work schedule be changed.
- 2) Designation of a new assistant “superintendent-in-waiting”.
- 3) Reduce payroll expenses through conversion to additional seasonal labor.
- 4) Implement an integrated tee time reservation system with a POS system, utilizing a vendor that offers proactive dynamic pricing capability.



- 5) Engage in proactive customer email marketing with segmentation of the database, facilitating bi-weekly newsletters.
- 6) Adopting new reservation policies that allow the general public to book 14 days in advance for weekend play.
- 7) Club events, which are highly encouraged, should be charged based on the rack rate on the day of play. Lacking that yield management optimization approach, all club play should be limited to after 11 a.m. on Saturdays and Sundays, with the elimination of split tee and shotgun formats.
- 8) Limit Club events until after 11 a.m. on weekends.
- 9) Reduce equipment fleet requirements by selling equipment deemed surplus and unnecessary.
- 10) Invest in a forestry management program to provide guidance for the timely removal of trees that compromise the strategic options on the golf course.
- 11) Invest in a clubhouse renovation to enhance customer experience by improving traffic-flow problems.
- 12) Raise the 2014 green fee with carts during prime time to \$71.
- 13) Eliminate season passes.
- 14) Restructure patron cards, providing prepaid discounts of 5% for 10 rounds, 10% for 25 rounds, and 20% on 50 rounds.

The financial statements for Brookland Golf Park are as follows:

Brookland Golf Park			
Category	2010	2011	2012
Revenues	177,546	151,164	168,889
Operating Expenses	170,957	155,004	180,976
City Central Service Charges	28,476	29,100	26,829
Cash Flow	-21,887	-32,940	-38,916
Depreciation	21,295	17,483	15,883
Net Loss	-43,181	-50,423	-54,799

Brookland Golf Park serves a vital role in providing a potpourri of activities within the scope of services offered by a Recreation and Parks Department. While the long-term financial viability of this Brookland Golf Park is in question, the path to improve the financial results is outlined below:



For Brookland Golf Park to have the opportunity to be the entry door to the game and to improve its financial performance, the golfing experience must be aligned with the abilities of the customers. To grow rounds, a consistent marketing message emphasizing the playability of the course and the learning opportunities available should be the central theme in frequent messages published in all Recreation and Parks newsletters and marketing materials.

Lacking that, operating losses will increase.

The Crystal Ball

The benchmarks to achieve profitability are well established within the golf industry. The bottom line is that the City of Brooklyn Park has two core assets that contribute to a positive lifestyle within the community.

Should these assets be financially self-sustaining? While being part of an enterprise fund would suggest the answer is “yes,” it is our professional opinion, based on extensive experience in comparable situations, that the politics of appeasement will weigh heavily on the decision process, resulting in incremental changes rather than the radical changes required. If the golf courses were privately owned, it is likely the operations would generate the following return:



Golf Course Operational Consulting Services

Course Name		Financial Projections				
CATEGORIES		2014	2015	2016	2017	2018
Rounds	Season Pass	35,000	35,350	35,704	36,061	36,421
	General Public	7,000	7,070	7,141	7,212	7,284
		28,000	28,280	28,563	28,848	29,137
Revenue						
Green Fees		\$ 1,572,500	\$ 1,604,107	\$ 1,636,350	\$ 1,669,240	\$ 1,702,792
Carts		\$ 302,400	\$ 308,478	\$ 314,679	\$ 321,004	\$ 327,456
Other Revenue	Merchandise	\$ 262,500	\$ 267,776	\$ 273,159	\$ 278,649	\$ 284,250
	Food and Beverage	\$ -	\$ -	\$ -	\$ -	\$ -
	Range	\$ 87,500	\$ 89,259	\$ 91,053	\$ 92,883	\$ 94,750
	Other	\$ 61,250	\$ 62,481	\$ 63,737	\$ 65,018	\$ 66,325
Total Revenue		\$ 2,286,150	\$ 2,332,102	\$ 2,378,977	\$ 2,426,794	\$ 2,475,573
Cost of Goods Sold						
Merchandise	Merchandise	170,625	\$ 174,055	\$ 177,553	\$ 181,122	\$ 184,762
Restaurant	Food and Beverage					
Total Cost of Goods Sold		\$ 170,625	\$ 174,055	\$ 177,553	\$ 181,122	\$ 184,762
Net Operating Income		\$ 2,115,525	\$ 2,158,047	\$ 2,201,424	\$ 2,245,672	\$ 2,290,810
Operations - Expenses						
Administration & Clubhouse		\$ 150,000	\$ 151,500	\$ 153,015	\$ 154,545	\$ 156,091
Maintenance Total		\$ 662,200	\$ 669,890	\$ 677,679	\$ 685,567	\$ 693,556
Golf Shop Total		\$ 352,950	\$ 356,931	\$ 360,961	\$ 365,040	\$ 369,170
Total Expenses		\$ 1,165,150	\$ 1,178,321	\$ 1,191,654	\$ 1,205,152	\$ 1,218,817
EBITDA Before Cap. Reserves		\$ 950,375	\$ 979,726	\$ 1,009,769	\$ 1,040,520	\$ 1,071,994
Capital Reserves						
		\$ 350,000	\$ 353,500	\$ 357,035	\$ 360,605	\$ 364,211
Cash Flow		\$ 600,375	\$ 626,226	\$ 652,734	\$ 679,915	\$ 707,782

Such return is unlikely in an enterprise internally managed by the City of Brooklyn Park due to the organizational inflexibility involved with labor, dynamic yield pricing controls, and the historical culture that permeates the club.

Our role was to provide the economic data, customer assessments, and professional analysis to address these issues.

It is our sincere hope that a value-based experience can be provided to the accomplished golfer at Edinburgh USA and that Brookland Golf Park can be leveraged to grow the game, with an emphasis on youth, females, and minorities through comprehensive implementation of the recommendations contained within this study – all on a basis that is fiscally self-sustaining.



The Supporting Research for the Management and Operational Review for the City of Brooklyn Park’s Golf Courses

Analysis and Research Performed

To undertake this management and operational review, Golf Convergence employed a precise methodology of seven steps. These steps and the knowledge gained from each are summarized below:

Step	Function	Description	Knowledge Gained
1	Strategic	Geographic Local Market Analysis	Do the demographics indicate that there is sufficient demand to meet the available supply of golf courses? Based on the age, income, ethnicity, and population density, what type of facility would create the highest probability of a fiscally sustainable golf operation?
2		Weather Impact Analysis	Are the current losses being realized a function of adverse weather or of management policies? Are there sufficient playable days to generate a return on the proposed investment?
3	Tactical	Technology	How effectively has an integrated golf management solution been deployed to create the collection of data required to properly manage the golf course?
4a		Key Metrics	How does the operational performance of BPGCS compare to the 15 industry benchmarks that measure strengths and weaknesses?
4b		Financial Modeling/ Revenue Management	Are the proposed course renovations on the 27-hole regulation course, driving range, and new maintenance facility financially viable? What debt service can the golf course cover? Have accurate financial models that support proactive decision-making been developed. What is the current utilization and REVPAR?
5	Operational	Golf Operation and Course Agronomic Review	What is the current physical state of the golf course? What is the optimal and best use of the property? What are the recommendations for facility expansion and layout modification?
6		Management, Marketing, and Operational Review	Does the value provided equal or exceed the associated fees? Are the proper operating procedures consistently deployed through each step of the “assembly line of golf”?



Step	Function	Description	Knowledge Gained
7a		Customer Preferences	Who are your core customers and how much do they spend? What is the annual retention rate of your golfers? What are the barriers to increased play? What are the primary reasons they select one course over another?
7b		Customer Loyalty	How loyal are your customers? What are the key loyalty drivers that create satisfaction, and what is the financial referral impact of promoters versus the negative impact of detractors?

Presented in the body of this report are economic data, customer assessments, and professional analysis to support the recommendations summarized in the Executive Summary of this study.

Because of the small revenue stream and the limited upstream from Brookland Golf Park, the vast majority of research and analysis was focused on Edinburgh USA.

PRELIMINARY DRAFT FOR CITY COUNCIL 2003 273 DRAFT



Step 1: Analysis of regional and local trends in public golf, including supply and demand

Geographic Local Market Analysis

For this operational review, we conducted intensive research of the demographic trends, the local golfer base, supply levels, the current supply/demand balance, and the impact of historical supply dilution.

This analysis is undertaken because we have learned from conducting strategic analyses for over 200 golf courses nationally that certain characteristics are predictable, as highlighted below:

Just the Facts: The Industry	
90% Rounds	Live or work within 30 minutes of golf course
15% of Customers	Core golfers generate 60% of revenue
Defectors	50% play course once and don't return within 12 months
Distinct Customers	6,000 golfers play 4 to 7 courses annually
Barriers to playing more	Time or "No Barriers". Money is cited less than 20% of time
Game	Caucasian, Well-to-do, Older than General population

In essence, 60% of a golf course's revenue is generated from 15% of the customers. This 15% represent an average of 6,000 distinct customers who play 4 to 7 different golf courses, resulting in the fact that more than 30,000 rounds per year are played at the average golf course. What is always fascinating is that 50% of the golfers who play a golf course one year will not return the next, especially if the golf course is not utilizing effective email communication. Those defectors are replaced by a new set of golfers who are playing the first time or returning after a one year absence or greater.

When asked to identify their barriers to increased play, survey respondents cited the "lack of time" or, surprisingly, "no barriers," answers common to every survey by Golf Convergence. The expense of the sport, while ranked third, is selected by less than 20% of the respondents.



Those statistics were derived as an integral part of crafting this management and operational review. A 25-question electronic survey was undertaken. Respondents were from the following areas:

Zip Code	Location	% of Respondents	Cumulative %
55443	Brooklyn Park	38.73%	38.73%
55444	Brooklyn Park	12.10%	50.84%
55445	Brooklyn Park/Center	8.01%	58.85%
55311	Maple Grove	3.17%	62.01%
55316	Champlin	2.70%	64.71%
55428	New Hope	2.61%	67.32%
55369	Osseo	1.77%	69.09%
55429	Crystal	1.68%	70.76%
55422	Golden Valley	1.40%	72.16%
55446	Plymouth	1.40%	73.56%
55112	St. Paul	1.02%	74.58%

Based on the survey of golfers, it was enlightening to compare their responses and the statistics they represent to the responses and statistics gathered nationally.

Characteristic	Golfers*	City of Brooklyn Park Residents
Male	70.9%	49.0%
Age	46.7	32.5
Median Household Income	\$102,474	\$64,297
Caucasian	91.2%	52.2%
African American	3.9%	24.4%
Education	15.4 years	N/A

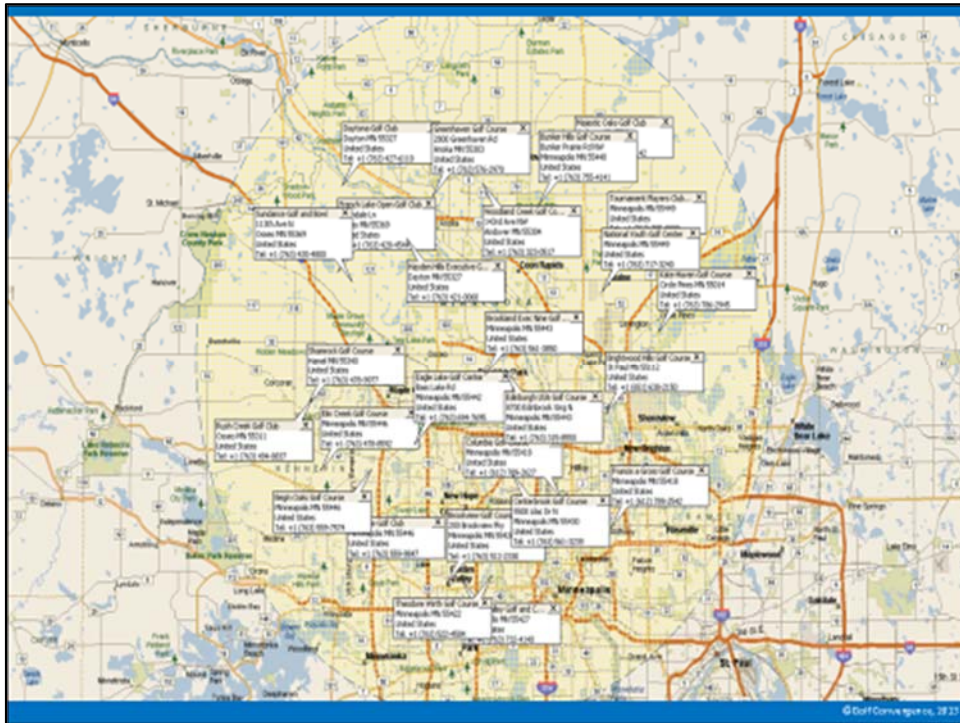
Source for Golfer Data: Golf Convergence, July, 2013 Survey

Source for Resident Data: Wikipedia

The age, income levels, number of different courses played, and rounds per year were significantly higher among Brooklyn Park golfers when compared to national averages. What these statistics indicate is that the City of Brooklyn Park golfer, being older, is likely to be overly price-sensitive and to create great political resistance (even chaos) when faced with possible price increases. These resisters may “threaten” the City Council by insisting, “If you raise the rates, we will go elsewhere.”



However, what is important to a golfer in selecting one course over another, course conditions and price, were consistent. Consequently, in determining the competitive forces surrounding Brooklyn Park’s golf courses, facilities that are located within 10/20/30 miles from the City of Brooklyn Park were evaluated. The competitive map locates the golf courses within 10 miles of Edinburg USA.



A detailed analysis of the 22 golf courses in the 10-mile radius is presented below. Edinburg, USA is the 2nd most expensive course in the competitive set, is included in the 15 golf courses that have a driving range, and it offers the largest pro shop of all of the golf courses.

PRELIMINARY DRAFT



Golf Course Operational Consulting Services

Distance	Company Name	Total Holes	Year Open	Type	Number of Tee Stations	Peak Green Fee	Sales Sq. Ft.
0	Edinburgh USA	18	1987	MU	25	63	6000
1	Brookland Golf Park	9	1969	MU	0	28	1400
3.9	Centerbrook Golf Course	9	1988	MU	0	25	0
4.7	New Hope Village Golf Course	9	1963	MU	0	26	1200
5.7	Brightwood Hills Golf Course	9	1969	MU	6	30	0
5.9	Eagle Lake Golf Center	9	2001	MU	40	23	350
6	Victory Links Golf Course	18	2004	DF	40	58	600
6.6	Bunker Hills Golf Course	36	1968	MU	40	59	1400
7	Columbia Golf Club	18	1919	MU	43	47	400
7.2	Begin Oaks Golf	9	2000	DF	25	29	300
7.4	Hayden Hills Golf Course	18	1972	DF	0	35	0
7.6	Greenhaven Country Club	18	1935	MU	0	47	400
7.8	Sundance Golf & Bowl	18	1970	DF	40	49	1400
8.1	Kate Haven Golf Course	9	1981	DF	0	23	200
8.3	Majestic Oaks Golf Club	45	1960	DF	30	56	400
8.4	Theodore Wirth Golf Course	27	1916	MU	0	47	900
9	Rush Creek Golf Club	27	1996	DF	35	128	800
9	Francis A. Gross Golf Course	18	1925	MU	17	47	500
9.2	French Lake Golf Course	9	1985	DF	10	26	0
9.3	Brookview Golf Course	27	1937	MU	35	50	1000
9.6	Hollydale Golf Course	18	1965	DF	20	46	50
9.7	Island Lake Golf and Training Center	9	1995	DF	35	20	400

Note that Brooklyn Park’s golf course location northwest of Minneapolis place them at a competitive disadvantage, as the area golfer has many convenient alternatives. There are 469 golf courses in the State of Minnesota and 52 golf courses within 15 miles of Edinburgh USA and Brookland Golf Park.

Thus, providing a superior experience – not the lowest price – is essential. The consumer has many choices.



Demand

The City of Brooklyn Park golf market is very unique. To undertake an operational review for Brooklyn Park, it is necessary to first measure the potential for each course individually, and second, to consolidate those financial projections to create a concentric perspective for the enterprise.

Presented below are the geographic local market demographics for the City of Brooklyn Park:

Category	5	10	20	30	Minnesota	U.S.
Demographics						2012 Data
Age (Median)	35.50	36.10	36.20	36.40	37.60	37.10
Age (Index)	96	97	98	98	101	100
Income (Med Hhld)	\$ 59,350	\$63,595	\$62,002	\$66,772	\$59,020	\$53,214
Income (Median)	112	120	117	125	111	100
Disposable Income (Med Hhld)	\$49,217	\$52,251	\$51,114	\$ 54,546	\$49,012	\$44,907
Disposable Income (Median)	110	116	114	121	109	100
Ethnicity (% Cauc.)	65.40%	72.50%	74.00%	77.40%	83.70%	72.40%
Ethnicity Index	90	100	102	107	116	100
Hispanic	6.60%	5.50%	6.80%	6.20%	5.00%	17.20%
Hispanic Index	38	32	40	36	29	100
Black	16.20%	12.40%	10.50%	8.60%	5.50%	12.70%
Black Index	128	98	83	68	43	100
Asian	9.30%	7.30%	7.10%	6.20%	5.00%	4.90%
Asian Index	190	149	145	127	102	100

Source: Tactician

Note: An age index of 96 represents that the population is 4% younger than the U.S. population.

These statistics indicate weak demand for the Brooklyn Park market when contrasted to the national golfer profile. The age and income levels are not supportive of a financially prosperous championship course within a five-mile radius of the course.

The unique nature of the Brooklyn Park market is seen from an analysis of the MOSAIC® lifestyle database. MOSAIC is a geo-demographic segmentation system developed by Experian and marketed in more than 20 countries worldwide. It is from these statistics that major chains such as Starbucks, Nordstrom, and Best Buy determine where to build stores. The basic premise of geo-demographic segmentation is that people tend to gravitate towards communities with other people of similar backgrounds, interests, and means.



It is noteworthy that the closest Starbucks to Edinburgh USA is a “distant” 3.6 miles away. There is a direct correlation between Starbucks locations and golf courses.

Presented below is the MOSAIC Golf Rating profile for the City of Brooklyn Park.

MOSAIC – US Scale : > +20% for Success			
	Brooklyn Park	Columbia	Meadowbrook
MOSAIC Golf Rating	-1.20%	-5.30%	23.80%
Power Elite	-4.10%	-4.60%	12.00%
Flourishing Families	0.60%	4.40%	2.10%
Booming with Confidence	4.40%	-5.10%	9.70%
Suburban Style	-2.10%	-5.50%	-4.80%
Thriving Boomers	-0.10%	-0.30%	4.30%
Promising Families	0.60%	-2.00%	-1.90%
Young City Solos	-0.60%	7.00%	8.30%
Middle-class Melting Pot	5.20%	-4.20%	-3.70%
Family Union	1.40%	-1.30%	-5.90%
Autumn Years	4.60%	4.10%	-0.30%
Significant Singles	-1.30%	0.80%	1.10%
Blue Sky Boomers	3.40%	17.90%	-2.80%
Families in Motion	-3.20%	-3.40%	-3.40%
Pastoral Pride	-6.70%	-7.00%	-7.00%
Singles and Starters	6.10%	-1.10%	3.00%
Cultural Connections	-1.80%	6.90%	-6.60%
Golden Year Guardians	-1.10%	-2.70%	1.40%
Aspirational Fusion	-2.40%	0.10%	-2.30%
Struggling Societies	-3.30%	-4.00%	-3.50%

The vast majority of golfers can be classified in the Power Elite, Flourishing Families, and Booming with Confidence. With Brooklyn Park receiving a rating of -1.20%, a championship golf course would struggle if it were solely reliant on golfers from within a five-mile radius. Note that two other courses are presented to help the reader assess and confirm the strength of this index tool as it measures the strength of a potential golf course operation.

Supply

When considering price, quality, proximity, and accessibility to the BPGCS, golfers have many viable alternative courses to play that are in close proximity to Brooklyn Park, which is important, since proximity from work/home to the golf course is a determining factor in measuring the viability of a golf course and its tendency to prosper. A detailed list of courses within 30 miles of BPGCS and in the State of Minnesota is included in the research deliverables to this report, but not included herein.

Presented below is a summary of the supply of golf courses within a 30-mile radius of the Brooklyn Park area:



Category	5	10	20	30	Minnesota	U.S.
Premium >\$71	0	1	1	8	23	1,313
Value \$40-\$70	1	11	37	60	181	3,893
Price <\$40	2	9	24	37	213	6,438
Category	5	10	20	30	Minnesota	U.S.
Private/Public Mix	0%	13%	28%	23%	11%	26%
Premium/Value Mix %	0%	8%	3%	12%	11%	25%
Premium >\$71 %	0%	5%	2%	8%	6%	11%
Value \$40-\$70 %	33%	52%	60%	57%	43%	33%
Price <\$40 %	67%	43%	39%	35%	51%	55%

A standard measure of golf course supply within a local market is the segmentation of courses by price point and public/private status. That allows for greater insight as to the potential of an individual facility.

This chart reflects that as the distance from Edinburg USA increases, the number of “value - \$40 to \$70 golf courses” increases dramatically. Somewhat surprisingly, the market is lacking the abundance of “premium” golf courses that would be anticipated based on the disposable income in the southwest and west suburbs of Minneapolis, but the season’s relatively short length mitigates against a large capital investment.

Demand versus Supply – Is the Market in Balance?

To evaluate the economic potential of this golf course, it is appropriate to examine the demand demographics within a 30-mile radius of Brooklyn Park’s courses, measuring the number of avid golfers, total participation, golfing fees, and golf fees per round. These statistics for Brooklyn Park are presented below:

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Golf Course Operational Consulting Services

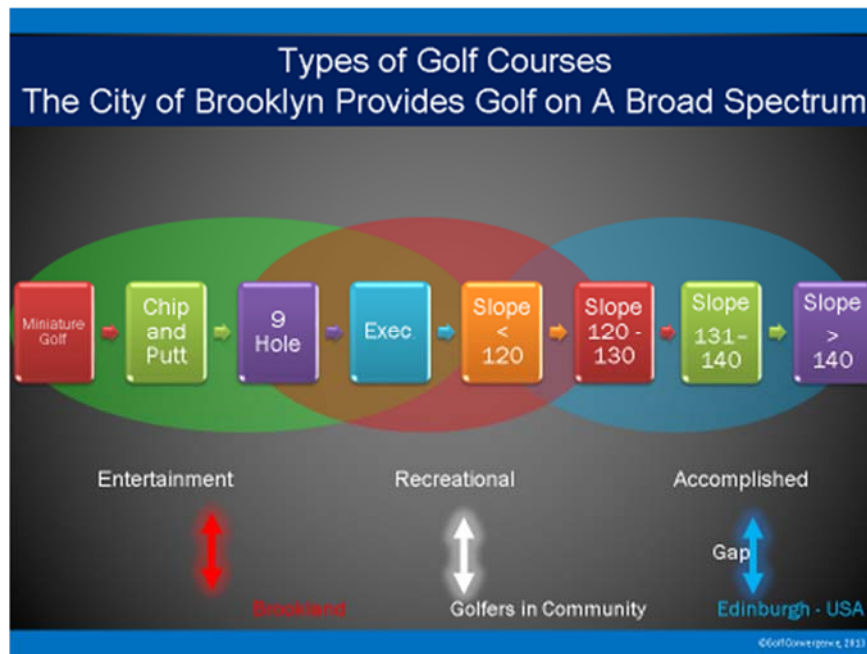
Demand	5	10	20	30	Minnesota	U.S.
Avid Golfers	7,284	26,559	74,146	106,573	180,021	6,878,980
Total Golfers	27,178	99,100	276,665	397,660	671,719	25,667,835
Golfing Households	19,413	70,786	197,618	284,043	479,799	18,334,168
Rounds Played	397,227	1,469,987	4,204,128	6,058,149	11,481,272	424,452,832
Seasonal Rounds	540	6,839	32,773	53,937	718,678	22,052,904
% of Rounds Played Outside Local Market	0%	0%	1%	1%	6%	5%
Rounds Played Per Golfer	14.62	14.83	15.20	15.23	17.09	16.54
Golf Participation	11.75%	13.01%	13.25%	13.43%	12.48%	8.31%
Total Population +18	169,949	557,188	1,575,894	2,194,644	4,082,596	239,719,509
% Population > 18	73%	73%	75%	74%	76%	78%
Population	231,238	761,467	2,088,572	2,961,938	5,383,655	308,745,538
Households	85,377	293,281	827,140	1,147,414	2,088,911	116,716,292
Population/Household	2.71	2.60	2.53	2.58	2.58	2.65

Within five miles, the percent of rounds played outside local market is a reflection of both income level and a low propensity for golf. The “casual” nature of the market inside 10 miles is reflective of the fact that while golf participation is higher than national averages, the rounds played per golfer stat is lower.

What do these statistics mean? These statistics suggest that as a recreational golf course Brookland Golf Park is more naturally suited for the interests of the local population. To attract enough golfers to sustain a championship course, the target market strength starts at 10 miles and extends throughout the state.

The City of Brooklyn Park is home to a broad spectrum of potential golf experiences, as reflected below:

PRELIMINARY DRAFT CITY OF BROOKLYN PARK



Ask golf course operators if the market is oversupplied with golf courses, and they will answer with a resounding “yes.” They would cite the fact that two courses in the Minneapolis market are closing within the next two months – Elm Creek in Plymouth and Lakeview Golf Club in Orono.

This demonstrates how incidental isolated examples are often used by superficial observers to generate incorrect conclusions that they project as empirical and irrefutable facts to groups such as city councils. Lacking contrary data, confusion results and inaction occurs.

In fact, the golf market in Minneapolis is actually stronger than popular opinion would support.

As can be derived from the information contained in the National Golf Foundation Demand Report and the Supply Report, when examining the Top 100 core-based statistical areas in the United States, the following data is reflected:



Analysis of Top 100 Core Based Statistical Areas

	Nation	Top 100 Core Based Statistical Areas	% in Top 100 CBSA	Remaining USA	% in Non Top 100 CBSA
Households	18,334,168	12,017,942	65.55%	6,316,226	34.24%
Rounds	424,452,832	251,382,304	59.23%	173,070,528	41.85%
Rounds Per Household	23.15	20.92		27.40	
Courses	15,677	7,202	45.94%	8,475	54.06%
Rounds/Course	27,075	34,912		20,415	
Golfers > Courses			19.81%		-19.81%

Source: National Golf Foundation
© Golf Convergence Co., 2015

This analysis reflects that 65.55% of the golfers in the United States reside in the Top 100 core-based statistical areas, Minneapolis included, yet only 45.94% of the golf courses are located in those areas.

Blending the demand demographics with supply, as measured by golfers per 18 holes within the competitive market, the potential of a golf course can be ascertained.

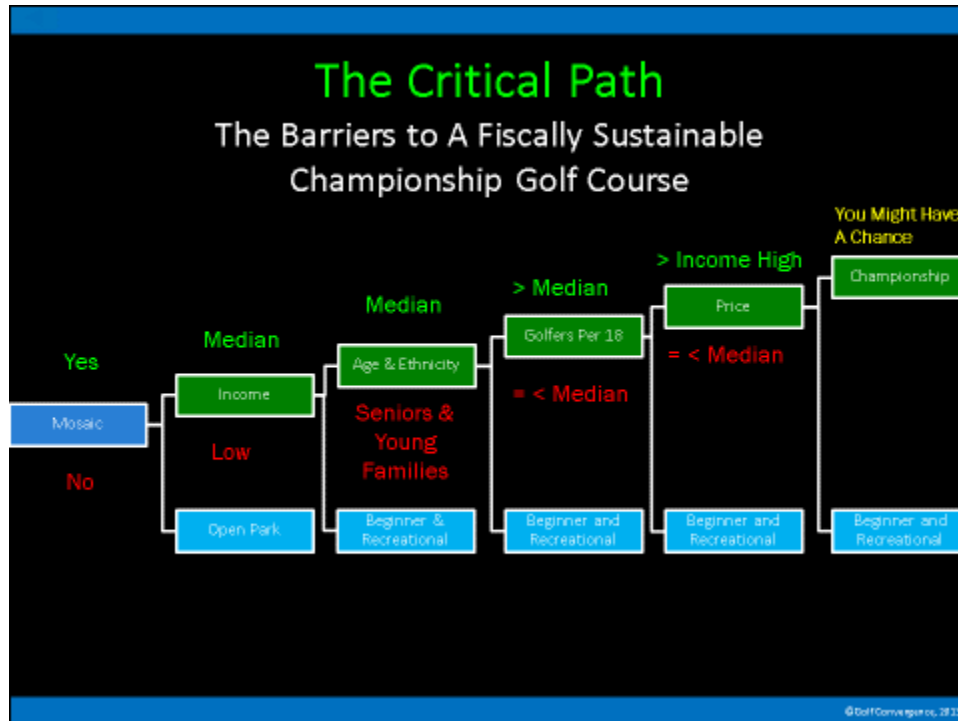
Within the U.S., there are 1,737 golfers per 18 holes. Within the core-based statistical areas, there are 2,328 golfers per 18 holes. In the core-based statistical areas that aren't classified in the Top 100, there are only 1,092 golfers per 18 holes.

When analyzing this data at a local level, the City of Brooklyn Park has a very positive strength of market, as noted below:

	5	10	20	30	Minnesota	United States
Golfers per 18 Holes	10,871	4,045	8,259	3,632	5,089	1,737
Avid Golfers per 18 holes	2,914	1,084	2,213	973	1,364	468
Avid Household Index	623	232	473	208	291	100



Matching the customer demand profile (age, income, ethnicity) with the supply quotient of golfers per 18 holes determines the product (the type of course) that has the greatest probability of financial success, as reflected in the chart below:



To conclude the geographic local market analysis, the data reflects that within five miles of Edinburgh USA, there is substantial demand for affordable recreational golf, which presents a dictomy for the City of Brooklyn Park. Brookland Golf Park is too unfair and difficult for the recreational golfer, and Edinburgh USA would be perceived as too expensive at the published rack rate. The latter perception is what stimulates the success of the clubs that support Edinburgh USA with their ability to purchase discounted golf via punch pass programs and unlimited play season passes.

Thus, a quandary is created for management. For Edinburgh USA, do we support the local golfers' desire for affordable golf by downgrading the quality of maintenance and customer service at Edinburgh UAS, or do we expand the target market segment to those willing to pay fair market value for the experience currently being offered? For Brookland Golf Park, does the City invest in a money-losing operation in the hopes of tracking recreational golfers who play infrequently and seek a low price-point experience?



The answer that provides the best financial return for Edinburgh USA? Expand the target market by raising prices. But that action will be unpopular with the clubs. For Brookland Golf Park, unless course improvements are made that will produce little short-term economic benefit, the losses are likely to accelerate at a greater rate than if the investment isn't made.

Neither of these are good options, but they are the only practical options.

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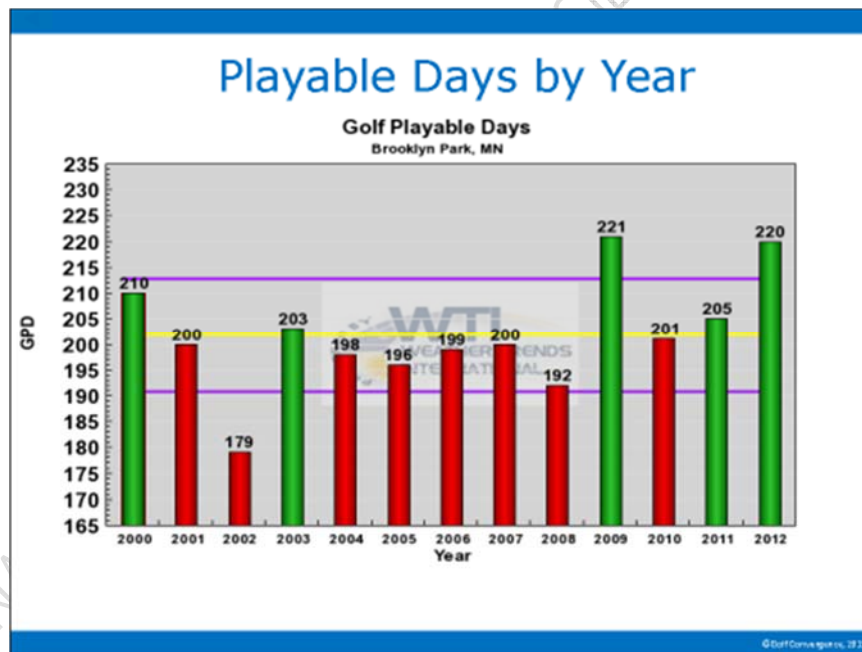
Step 2 - Weather Impact Study

The axiom that “if rounds are up, it’s because of good management, and if rounds are down, it’s because of bad weather,” is a standard joke. But golf is an outdoor sport. Experts estimate that over 90% of rounds are played when the temperature is between 55 and 90 degrees. Rain, snow, and wind are mitigating factors that will reduce the number of playable days.

Monitoring the number of playable golf days in a year compared to a 10-year trend allows an analyst the opportunity to filter the financial information to clearly differentiate between the impact of weather and the impact of management on a course’s performance.

Annual Golf Playable Days

In three of the past four years (2009 – 2012), the amount of playable days at Brooklyn BPGCS was significantly above Brooklyn Park’s 10-year average. On average, there are 202 playable golf days per year in Brooklyn Park, as illustrated below:

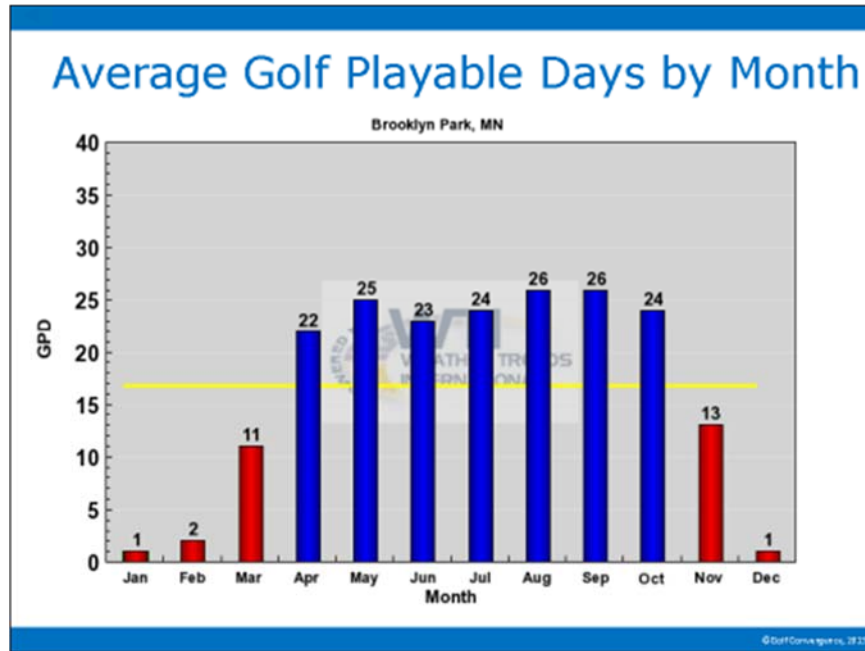


Based on this chart, and the knowledge that weather to date for 2013 has been very unfavorable, it would be reasonable to expect that revenues in 2013 are likely to be at least 10% below those achieved in 2012.



Viability Operating Season

A second analysis of weather-playable days reveals that the City of Brooklyn Park effectively has a seven-month golf season, as illustrated below:

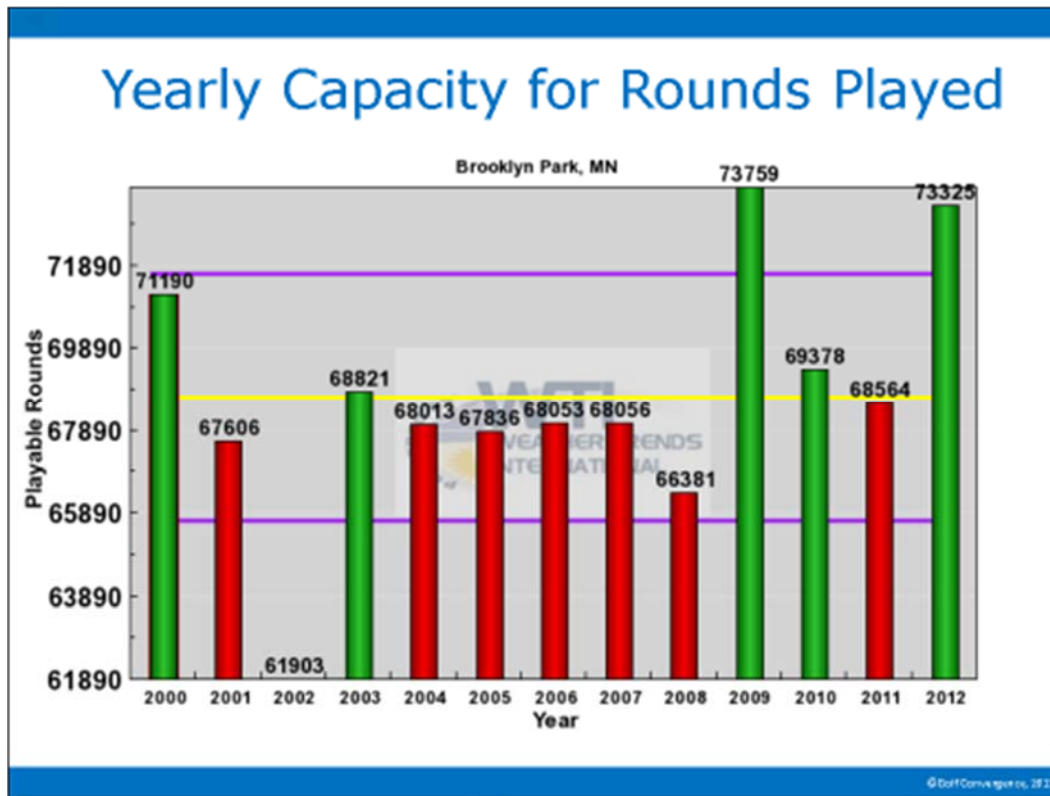


A Golf Playable Day (GPD) is defined as a day when the maximum heat index (a combination of temperature and humidity) is below 97 and above 45, and there is less than 0.20 inches of rainfall. This variable is quite subjective, as golfers in different parts of the country may be harder when it comes to the weather in which they play golf, but this should capture just about all “normal” golfers. These numbers can be used to compare “good” years with “not good” years. Monthly values can help owners and managers determine when to have the most staff and plan for the most rounds.

A golf facility that is open seven months per year comes with the operational challenges of balancing full-time and seasonal staff. The temptation is to use a lot of seasonal staff to avoid benefits. However, these employees, who are the lowest paid and the least vested in ensuring a superior customer experience, are the employees who most frequently interact with the customers and therefore define the customer experience.

Yearly Playable Rounds

A third analysis has been undertaken to determine the efficiency of management, this by comparing actual rounds played to the course’s theoretical capacity, based on weather patterns.



The capacity of a golf course is defined by its potential number of starts from sunrise to two hours before sundown on the number of playable days available, presuming a starting interval of eight minutes.

In contrast to the airline and hotel industry, in which utilization exceeded 70% in 2012, the utilization of the golf course industry was 52%.

Rounds at Brookland and Edinburgh USA were as follows:

Course	2009	2010	2011	2012
Brookland Golf Park	16,319	12,794	10,907	13,051
Revenue Per Round	\$8.10	\$7.14	\$6.55	\$6.90
Utilization % Capacity	22.13%	18.45%	15.91%	17.80%
Edinburgh USA	32,958	33,349	31,366	35,097
Revenue Per Round		\$50.62	\$52.23	\$50.78
Utilization % Capacity		48.07%	45.75%	47.87%



Over- or Underperforming the Weather

Analysis of weather-playable days can reveal whether management is under- or out-performing the weather, as reflected below:

	Base Averages	2010	Variance	2011	Variance	2012	Variance
Gross Revenue	\$1,706,553	\$1,688,177	(\$18,376)	\$1,638,205	(\$68,348)	\$1,793,277	\$86,724
Playable Days (Weather Trends International)	204	201	(3)	205	1	220	16
Revenue Per Playable Day	\$8,365	\$8,399	(25,095)	\$7,991	8,365	\$8,151	133,840
Revenue Change that Should Have Been Attributable to Weather			\$(25,095)		\$8,365		\$133,840
Under Performance			N/A		(\$76,713)		(\$47,116)
Over Performance			\$6,719		N/A		N/A

In 2011, Edinburgh USA was under-managed. Even though there was one more playable day which should have generated \$8,365 in revenue, revenue fell by \$68,348 for the year, suggesting that \$76,713 of potential revenue was lost.

In 2012, comparable under-performance was seen. Though there were 16 more playable days from which revenue should have increased by \$133,840, revenue only increased by \$86,724, again suggesting that Edinburgh USA was undermanaged.

The fundamental question is, “How can that be corrected?” First, leverage technology (segment the data) with yield management (dynamic pricing). Then use short- and long-range weather forecasting to efficiently manage the facility.

Storm Clouds Ahead

Short- and long-term weather forecasting provides a golf management team the opportunity to adjust its operational practices. Examples of such are presented below:

- 1) Knowing season start times on a city-by-city basis will improve revenue forecasting and enhance the strategic planning process.



- 2) Production profiles for clubs, balls, apparel and other golf-related merchandise could be adjusted to better manage a possible overstock scenario and soften the need for dramatic markdowns.
- 3) Inventory allocation could be adjusted to place the most product in areas of the country with the most favorable weather.
- 4) Caution should be exercised in offering off-season rates in the spring, thinking that the revenue can be made up in the summer.
- 5) Outings and events could be scheduled for days on which the probability for rain is low.
- 6) Advertisements in local media could be placed for weekends during which weather is to be favorable.
- 7) If a superintendent knew that in 48 hours it was going to rain 1¼ inches, using 400,000 gallons of water on the golf course could be avoided, saving as much as \$600 in water expenses.
- 8) A superintendent could defer a fertilizer application costing upwards of \$10,000 with the knowledge that it would likely be washed away by heavy rains.

To illustrate, the 36-week advanced weather forecast for the City of Brooklyn Park is illustrated below. Note that, as in 2013, it appears that spring will be late in coming in 2014; the maximum temperature doesn't exceed 50 degrees until the week of April 10. Fifty degrees is an important benchmark, since that is the temperature required for the germination of most grasses to begin.

	08/15	08/22	08/29	09/05	09/12	09/19	09/26	10/03	10/10	10/17	10/24	10/31	11/07	11/14	11/21	11/28	12/05	12/12	12/19	12/26	01/02	01/09	01/16	01/23	01/30	02/06	02/13	02/20	02/27	03/06	03/13	03/20	03/27	04/03	04/10		
	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th	Th
Tavg	70	73	70	68	65	63	58	56	52	49	46	45	41	38	34	28	23	22	17	20	20	16	14	16	13	15	17	19	22	24	29	31	38	40	47		
ΔTavg	-3	3	2	-3	-10	-4	4	3	-3	6	-5	-6	4	-2	-6	-17	-2	-13	-7	-7	6	2	-11	-3	7	1	-9	6	-5	0	-1	12	5	3	8		
Tmax	79	82	80	78	74	72	67	64	62	58	52	52	49	46	41	34	30	27	25	27	27	23	21	22	23	22	24	27	31	32	37	40	44	45	57		
ΔTmax	-3	4	1	-3	-13	-8	-6	-2	-12	3	-6	-7	3	0	-10	-21	-2	-17	-6	-6	3	1	-11	-5	3	1	-8	5	-2	2	2	12	3	3	12		
Tmin	61	64	61	59	56	54	49	47	43	40	39	38	33	30	27	21	16	16	9	13	12	9	7	10	6	7	9	12	13	16	21	23	28	30	37		
ΔTmin	-2	3	4	-8	-7	-1	-2	7	-5	6	-4	-5	4	-5	-2	-12	-2	-13	-7	-9	3	4	-10	-1	8	1	-10	7	-8	-2	-3	12	5	3	4		
Prp	.15	.66	1.5	1.4	.49	.92	.80	.52	.08	.33	.55	.70	.40	.51	.78	.65	.15	.19	.30	.11	.18	.33	.28	.15	.35	.12	.33	.23	.16	.14	.39	.74	.57	.62	.09		
ΔPrp	-.36	-.07	1.4	1.3	.47	.83	.61	.52	.08	.30	.50	-.52	.40	.19	.51	.67	.13	.17	-.78	-.35	.08	-.25	0	-.12	.34	-.07	-.47	.22	-.08	-.61	-.25	.32	.57	.43	-2.1		



The areas on the chart that are dark blue represent that temperatures will be approximately 200% colder than the year before. Green represents 200% more precipitation than the previous year. Thus, the forecast for Minneapolis would be a very snowy Thanksgiving to Christmas season, and though the spring will be warmer than it was in 2013, it will still not be conducive to playing golf.

Step 3: Technology

Who Is the Customer?

A fundamental test for any business is identifying who its customers are and what they are spending. Thus, we reviewed the use of technology by analyzing the golf course’s internet use, its integration of tee time reservations with the POS, and its deployment of email-based communication.

While the City installed a superior golf management software program provided by Vermont Systems and a capable tee time reservation system with Teemaster, it is unfortunate that the systems don’t integrate, and that many of the most valuable reports required to operate a golf course are not available, as reflected in the chart below:

The Key Reports

Customer Analysis	Report Available
Customer Distribution: stratifies golfers into 10 segments by number and spending	No
Customer Demographics: age, income, and ethnicity of your customers	Yes
Customer Retention: core, new and lost customers	No
Customer Spending by Class: SKU generates highest yield per transaction	Yes
Customer Spending by Individual: the best customers by frequency and spending	No
Zip Code Analysis: residential and business location of customers	Partial
Facility Analysis	Report Available
Merchandise Sales by Vendor: rank vendors orders by inventory, sales and turnover	Yes
Reservations by Booking Method: customer reservation preferences, i.e., phone, internet, etc.	Yes
Reservations by Day of Week: highlights demand by day to facilitate proper pricing	Yes
Revenue Benchmarks: benchmarks (green fees, carts, etc.) to compare to competitive norms	Yes
Revenue Per Available Tee Time: established net rate per round by time slot	No
Revenue by Department: focuses on revenue centers	Yes
Rounds per Revenue Margins: customer frequency versus yield per customer	No
Course Utilization	No

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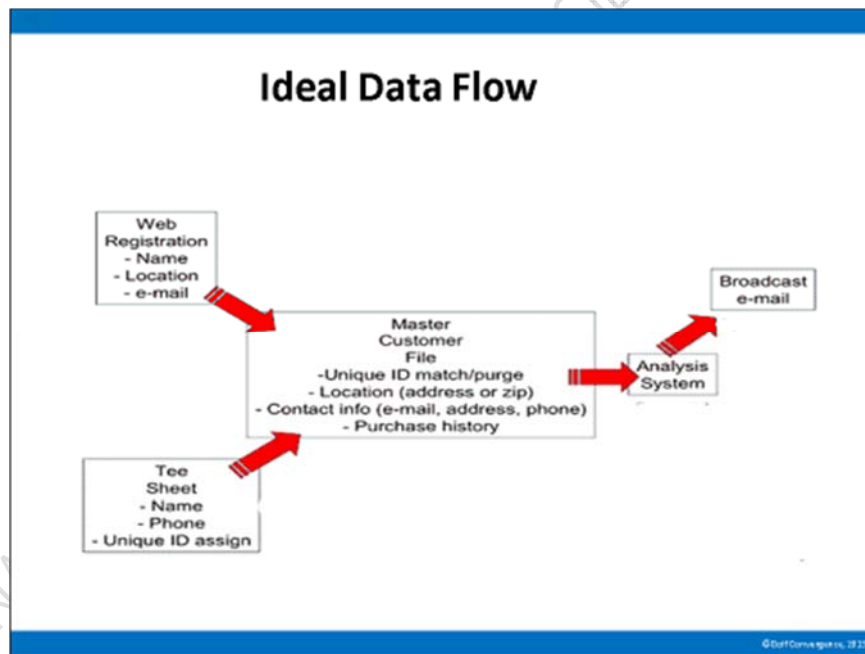


While Teemaster is the software of choice in the Minneapolis marketplace because of its central reservation system and call center, the lack of integration to the POS, which Teemaster does not offer, is an unfortunate shortcoming.

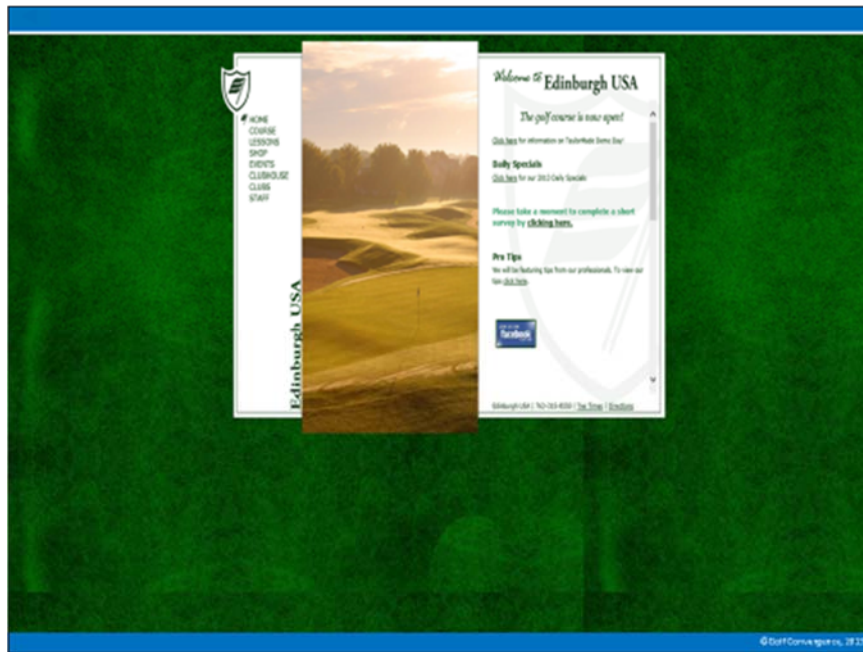
Why is the integration of the tee time reservation with the POS system important? It provides the opportunity to engage in dynamic yield management pricing. It allows for the creation of a customer database when reservations are made. Most importantly, it provides for the segmentation of that database that serves as the foundation for effective marketing and the reinforcement of customer loyalty through timely communication.

The records of Brooklyn Park's golf courses, as currently maintained, do not facilitate that proper financial analysis to optimize revenue. For example, the segmentation of core, acquired, and defectors cannot be accomplished. The potential positive impact of yield management cannot be determined. And, a modeling analysis comparing the revenue impact of club play versus open public play can only be loosely estimated.

The ideal data flow for a golf course is reflected below:



A core component of the ideal solution is an online reservation system in which the ability to book a tee time is displayed on the home page. Edinburgh USA's site, as reflected below, is inadequate.



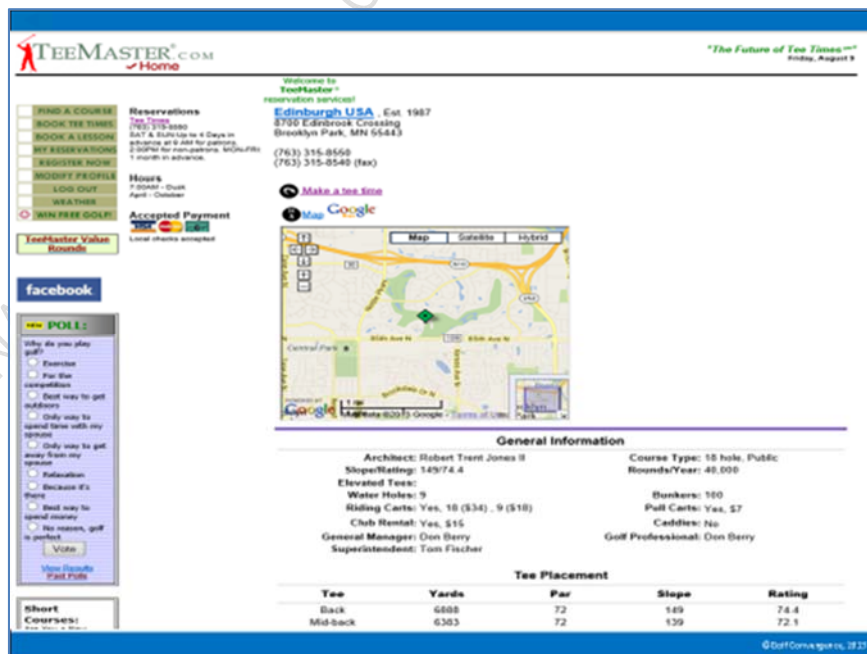
The properly constructed home page for a golf course Web site will contain the following:

- ◆ Why Statement
- ◆ Phone Number
- ◆ Flash of Pictures
- ◆ Online Reservations
- ◆ Minimum Below Fold
- ◆ Email Registration
- ◆ Search Functionality: Title Tags, Meta Tags
- ◆ Social Media Marketing Icons

It is suggested that the City of Brooklyn Park consolidate the information for both golf courses on one site, integrating the information to feature both courses. Currently, information for Brookland Golf Park is posted to the City of Brooklyn Park's website under the Recreation and Parks Department.

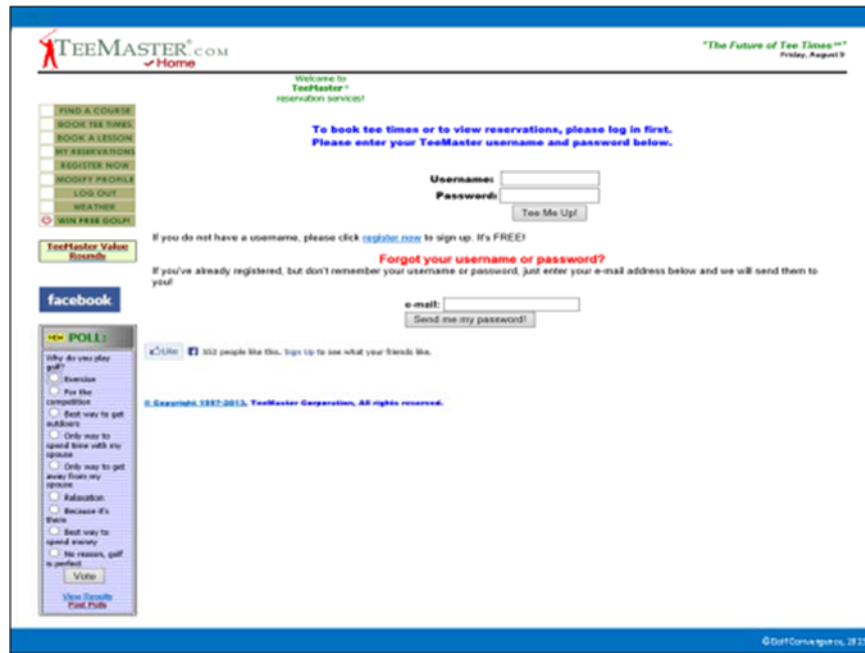


When reconstructed, the site should be maintained “current.” In late June, we noted that the Edinburgh USA home page featured a dated message; “We are now open for the 2013 golf season.” The current site is just not customer-friendly. The home page doesn’t provide an obvious way to book a tee time reservation, but after two clicks, the user can locate the primary booking engine for Edinburgh USA.





A third-party vendor is defining the brand image for the golf course through a template-based system. With another click to reserve a tee time, the following screen is displayed:



Can you imagine walking up to a Neiman Marcus, Nordstrom, or any retail store and being required to demonstrate who you are and whether you have the ability to pay before being allowed to enter the store to purchase?

With respect to the home page, it should include a button to sign up for e-specials and tournaments and a newsletter to create golfer loyalty.

The key to market positioning is establishing strong, exclusive brand recognition. This could be occurring more effectively for the City of Brooklyn Park golf courses. One might address the ineffective use of title and meta tags in promoting the golf course on the Internet. Google searches for Brooklyn Park's golf courses pulled up the golf course in the fourth position.

The Goals to Be Achieved Formula for Proper Adoption of Technology

The formula to profitably operate a golf course consists of the following steps:

- ◆ Create a customer database of upwards of 4,000 names.
- ◆ Integrate the Tee-Time Reservation System with POS.
- ◆ Issue identification cards and/or capture golfers' email addresses.
- ◆ Communicate with your customers via an opt-in email marketing program.



- ◆ Display tee times by best available time or price (maximum two times displayed).
- ◆ Center a marketing focus on your Web site.
- ◆ Develop a consolidated reporting system, and monitor the 15 key management benchmarks.

An online registration system integrated into the POS system can identify specific golfer interests, such as last-minute tee times, tournaments, and other course activities.

For the survey launched on August 23, 2012, the email statistics confirmed that greater efforts can be placed in this area, as noted below:

Database Component	Launch Date	Emails Sent	Open	Clicked Through	Bounce Rate	Unsubscribe
Teemaster Golfer	June 20 - 4:52 a.m.	3,406	32.74%	13.65%	13.30%	0.53%
St. Andrews and EMGA	June 20 - 7:15 a.m.	255	51.37%	32.16%	3.92%	0.00%
Park and Recreation	June 26, 2013 - 4:51 a.m.	7,130	24.03%	4.57%	6.82%	0.50%
EWGA	June 26, 2013 - 8:25 a.m.	90	48.89%	18.89%	2.22%	0.00%

The bounce rate of 13.65% indicates that the database is not being maintained and culled of bad addresses. The unsubscribe rate was acceptable.

As part of this review, management and staff completed a technology utilization exercise, the summary of which is reflected below:

Your Rating of technology adaption.		
Less than 20 "yes": High School - potential to boost income greater than \$200,000.	YOUR SCORE	21
21 - 30 "yes": College - typical use by a golf course - potential to boost income greater than \$100,000.		
31 - 40 "yes": Graduate - in top 25% of golf courses - potential to boost income greater than \$50,000.		
More than 40 "yes": Post graduate - top 1% of golf courses in US - potential to boost income greater than \$25,000.		

With 50 possible points, the golf department scored 21, highlighting the great need to focus on enhancing the utilization of technology.

The correct deployment of technology will yield the following benefits:



- Maximize Revenue
 - Web-based marketing presence
 - Reservation cards sold for premium access
 - Dynamic yield management
 - Create a distinct brand for the City of Brooklyn Park golf courses

- Increase Operational Efficiency
 - Better internal control
 - Timely and more meaningful reporting
 - Elimination of repetitive tasks by staff
 - Enhance customer service
 - 24-hour access to tee-time reservations
 - Email communication of promotions, tournaments, and updates
 - Sell prepaid gift cards online

In conclusion, the proper use of technology should create a management and marketing advantage. The creation of a unique selling proposition (such as affordability and welcoming new entrants to the game at Brookland Golf Park and a championship venue for Edinburgh USA) that is communicated to the existing customer base will boost revenues. This can only be done effectively if technology is properly installed and utilized.

PRELIMINARY DRAFT FOR CITY COUNCIL 09 03 2013 PACKET



Step 4: Financial Analysis

While the geographic local market analysis and weather impact study evaluate the strategic investment opportunity from a macroeconomic perspective, a financial analysis and a market review look at the microeconomic perspective of each golf course as a stand-alone entity.

Account Descriptions	Brookland Golf Park	Edinburgh USA Golf Course
Assets		
Cash and Investments	\$ 262,888	\$ (729,776)
Accrued Interest- Investments	2,505	
Accounts Recievable	180	21,812
Inventories	7,894	109,519
Prepaid Items		1,813
Capital Assets:		
Property, Plant&Equipment	472,271	10,354,807
Accumulated Depreciation	(205,228)	(1,948,521)
Net Capital Assets	267,043	8,406,286
Total Assets	540,510	7,809,654
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	358	29,045
Wages Payable	243	20,268
Due to other Funds		703,658
Unearned Revenue	762	1,726
Current long-term debt		75,000
Long-term debt		1,583,902
Total Liabilities	1,363	2,413,599
Fund Equity		
Invested in capital assets, NORD Totals	267,043	8,406,286
Unrestricted Totals	272,104	(3,010,231)
Total Fund Equity	539,147	5,396,055
Total Liabilities and Fund Equity	\$ 540,510	\$ 7,809,654

Note: Sic - receivable spelled incorrectly in the financial information provided



A general “rule of thumb” is that a golf course cannot successfully amortize from golf operations any debt that exceeds \$1.0 million due to the ongoing capital investment of nearly \$350,000 annually for course components and equipment.

Edinburgh USA Golf Course received a restructured advance from the general fund to purchase the “triangle property,” a piece of land between the 10th, 11th, and 18th holes. This land has been converted into a short game practice area with land remaining to possibly move the maintenance operation to that location. This zero interest loan is to be amortized as follows:

Date	Loan Proceeds	Payment	Principal	Principle Balance	Loan Balance
1/1/2010	\$ 1,758,901.67			\$ 1,758,901.67	\$ 1,758,901.67
12/31/2010		\$ 50,000.00	\$ 50,000.00	\$ 1,708,901.67	\$ 1,708,901.67
12/31/2011		\$ 50,000.00	\$ 50,000.00	\$ 1,658,901.67	\$ 1,658,901.67
12/31/2012		\$ 75,000.00	\$ 75,000.00	\$ 1,583,901.67	\$ 1,583,901.67
12/31/2013		\$ 100,000.00	\$ 100,000.00	\$ 1,483,901.67	\$ 1,483,901.67
12/31/2014		\$ 125,000.00	\$ 125,000.00	\$ 1,358,901.67	\$ 1,358,901.67
12/31/2015		\$ 125,000.00	\$ 125,000.00	\$ 1,233,901.67	\$ 1,233,901.67
12/31/2016		\$ 125,000.00	\$ 125,000.00	\$ 1,108,901.67	\$ 1,108,901.67
12/31/2017		\$ 125,000.00	\$ 125,000.00	\$ 983,901.67	\$ 983,901.67
12/31/2018		\$ 130,000.00	\$ 130,000.00	\$ 853,901.67	\$ 853,901.67
12/31/2019		\$ 135,000.00	\$ 135,000.00	\$ 718,901.67	\$ 718,901.67
12/31/2020		\$ 140,000.00	\$ 140,000.00	\$ 578,901.67	\$ 578,901.67
12/31/2021		\$ 145,000.00	\$ 145,000.00	\$ 433,901.67	\$ 433,901.67
12/31/2022		\$ 150,000.00	\$ 150,000.00	\$ 283,901.67	\$ 283,901.67
12/31/2023		\$ 155,000.00	\$ 155,000.00	\$ 128,901.67	\$ 128,901.67
12/31/2024		\$ 128,901.67	\$ 128,901.67	\$ -	\$ -

The golf course is greatly encumbered by the need to repay this loan from cash flow. Forgiveness of this debt would be appropriate considering the following:

- 1) The significant deferred capital investment that is required to ensure the course remains competitive (\$4.8 million), and the \$1,082,500 million equipment purchases by 2019,
- 2) Numerous transfers have occurred from the golf course enterprise fund to the City’s general fund during prior years of profitability.
- 3) The golf course is properly responsible for repaying an additional inter-fund loan detailed below:



Year	Amount:	\$94,500.00	Loan Balance
	Rate		0%
	Balance		\$0.00
	Start Date		12/31/2010
	Annual Payment		\$6,750.00
			\$94,500.00
1	12/31/2011	\$6,750.00	\$87,750.00
2	12/31/2012	\$6,750.00	\$81,000.00
3	12/31/2013	\$6,750.00	\$74,250.00
4	12/31/2014	\$6,750.00	\$67,500.00
5	12/31/2015	\$6,750.00	\$60,750.00
6	12/31/2016	\$6,750.00	\$54,000.00
7	12/31/2017	\$6,750.00	\$47,250.00
8	12/31/2018	\$6,750.00	\$40,500.00
9	12/31/2019	\$6,750.00	\$33,750.00
10	12/31/2020	\$6,750.00	\$27,000.00
11	12/31/2021	\$6,750.00	\$20,250.00
12	12/31/2022	\$6,750.00	\$13,500.00
13	12/31/2023	\$6,750.00	\$6,750.00
14	12/31/2024	\$6,750.00	\$0.00

Financial Performance Analysis

Financial benchmarks serve as the guiding light to determine if a facility is performing to its potential. They highlight the strengths of an operation and identify potential variances warranting detailed examination.

Type of Course	Courses	%	Courses	%	Holes	Median Age	Avg. Age	Median Fee	Avg. Fee
United States	United States		Minnesota						
Daily Fee	9,199	58.79%	337	69.63%	150,948	1972	1971	37	45.19
Municipal	2,445	15.63%	94	19.42%	41,022	1964	1961	38	39.79
Private Equity	2,415	15.43%	34	7.02%	42,255	1949	1946	72	74.60
Private Non-Equity	1,561	9.98%	18	3.72%	30,024	1974	1968	75	79.76
Private - Resort	27	0.17%	1	0.21%	432	1973	1981	38	47.00
Total Private	4,003	25.58%	53	10.95%		1961	1955	73	76.44
Minnesota			484	100.00%	7,479	1970	1966	41	45.11
Total	15,647				264,681	1969	1965	41	52.34



The age of Brooklyn Park’s golf courses is comparable to the national average, while the average fee posted is less.

The possibilities for municipal courses are reflected here:

Municipal Golf Courses: What's Possible? 18 Hole Golf Course				
	Platinum Top 10%	Gold Top 25%	Silver Median	Steel - Bottom 25%
Rounds Played	50,000	40,000	30,000	22,865
Full Time Employees	20	11	6	5
Total Revenues	2,081,461	1,400,000	978,249	615,128
Green Fees	1,000,000	710,867	400,548	215,000
Cart Fees	360,000	280,000	190,239	120,000
Merchandise	205,000	140,000	86,000	50,000
Golf Shop Salaries	455,052	276,000	182,908	128,000
Maintenance Salaries	498,000	357,269	250,000	150,000
Maintenance Expenses	538,500	350,000	220,000	126,147
EBITDA	1,000,000	572,541	142,406	50,000

Source: 2012 PGA Performance Trak © GolfConvergence.com, 2012

With the range of revenues and net income widely varying on a national basis, comparison of the median financial performance of U.S. public golf courses, U.S. municipal golf courses, and municipal golf courses operating in the State of Minnesota reflects the strong core revenue performance of Edinburgh USA, as illustrated below:

PRELIMINARY DRAFT

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Financial Benchmarks - Median				
	18 Holes		18 Holes	
	All	Municipal	Minnesota PGA Section - Municipal	Edinburgh
Rounds	22,000	30,000	26,400	35,067
Peak-Season Green Fee with cart - 18 Holes	\$65	45	48	63
# of Full-Time Employees	14	6	4	6
# of Full-Time Golf	3	3	1	2
# of Full-Time Maintenance	5	4	3	4
# of Part-Time Employees Facility Wide	25	20	29	13
Facility Revenues	\$1,375,000	978,249	680,000	1,782,198
Membership Fees and Dues	\$297,500	96,500	*	163,715
Green Fees	\$250,000	440,548	340,000	866,215
Cart Fees	\$167,119	190,239	120,000	297,850
Merchandise	\$125,000	86,000	80,000	234,034
EBITDA	\$205,435	142,406	*	50,621
Revenue Per Round	\$62.50	\$32.61	25.76	\$50.82

Source: 2011 PGA Performance Trak

Note: Minnesota PGA Section includes Minnesota, North Dakota and South Dakota
* Data not available for this number of courses
© Golf Consultants, 2011

* Full time employees defined for this report as participating in “vested retirement plan”

With some municipalities generating \$1 million in earnings before interest, taxes, depreciation and amortization (EBITDA) and with the median EBITDA of municipalities at \$142, 406, what is of concern is why the operating results of Edinburg USA are only generating \$50,602.

While there are opportunities to generate incremental revenues, as discussed in Step 6 – Operations, the real culprits are maintenance expenses, in the aggregate, and wages paid in maintenance, as well as in golf operations.

With respect to maintenance, the annual cost of maintaining the various types of golf courses, usually laid out on about 150 acres of land, can vary from \$200,000 to more than \$2.5 million.

There is a rule of thumb that green fees should equal 0.0001% of the maintenance budget. Based on Edinburg USA’s maintenance budget, the green fee should be set at \$90.69, still \$30.31 less per round than charged at Rush Creek. Presented below is a benchmark analysis of the maintenance budget in comparison to national and state medians:



Maintenance Expense Benchmarks

	PGA Performance Track			
	18 Holes		18 Holes	
	All	Municipal	All - Minnesota PGA Section	Edinburgh
Golf Course Maintenance Payroll & Benefits	\$272,784	250,000	146,300	\$613,392
Other Maintenance Expenses	294,424	220,000	172,695	\$293,423
Total Maintenance	\$567,208	470,000	318,995	\$906,915

Note 1: Minnesota PGA Section includes Minnesota, North Dakota and South Dakota
Note 2: Insufficient number of Minnesota 27-hole golf courses reported. All data marked ***

© Golf Consulting Co., 2012

What is even more alarming is that the maintenance department’s “reported” budget is actually charged \$1,270,884 million when the following additional items are posted to the department’s financial statements:

Category	Amount
Depreciation	\$ 215,000
Equipment Maintenance	\$ 3,657
General Fund	\$ 50,645
Insurance	\$ 13,742
Integrated Technology	\$ 12,925
Land Improvements	\$ 68,000
	\$ 363,969

While maintenance is responsible for carts and some nominal clubhouse cleaning and repair, the largest opportunity to boost net income is within the maintenance operation. The Golf Course Industry conducts an annual survey of maintenance costs; presented below are the 2013 results, including, in red, Edinburgh USA’s figure:



	18 Hole Facilities		
	PUBLIC	PRIVATE	ALL
Edinburgh USA: \$1,270,884			
Total Maintenance Budget	\$458,071	848,961	651,392
Salaries	298,098	588,171	445,592
Line Item Components:			
Water	12,484	20,390	16,499
Fuel	22,260	33,876	28,174
Mowing Equipment	25,335	50,649	37,644
Handheld Equipment	1,702	4,419	3,066
Course Accessories	3,804	5,294	4,561
Electricity and Natural Gas	17,990	20,088	19,046
Shop tools	1,878	3,284	2,568
Irrigation Parks, heads and maintenance	5,948	9,876	7,918
Fungicides	22,163	44,476	33,461
Herbicides - Preemergent	5,109	7,603	6,369
Herbicides - Post emergent	3,613	4,144	3,869
Insecticides	3,694	6,570	5,141
Granular fertilizers	15,203	20,244	17,723
Liquid fertilizers	7,315	13,088	10,231
Wetting agents	3,129	5,669	4,399
Plant Growth regulators	4,309	5,982	511
Seed	4,127	5,138	4,620
Aquatic weed contro/water quality issues	1,635	2,145	1,890
Total Line Item Components	160,063	260,790	205,800

Industry surveys are subject to variance. However, in comparing the PGA Performance Trak statistics and the Golf Course Industry survey, there is a third data point that confirms that the Edinburgh USA maintenance budget is askew. Club Benchmarking, while doing extensive analysis of more than 1,000 private clubs, has determined that there is a direct correlation between golf course revenue and maintenance expense. Throughout the nation, maintenance expenses lie within a very narrow band width of 31% of revenue. That would suggest the maintenance budget for Edinburgh should be around \$552,000, a savings of \$718,844.

What Is the Right Price for the Green Fees

Is the customer experience and the resulting value derived at the City of Brooklyn Park’s golf courses comparable to the prices charged?

Usually, the prices charged by municipal golf courses serve as the standard from which all other area golf courses determine their fees.

There are many ways to establish the green fees:

- 1) Last year’s prices adjust for inflation
- 2) A percentage of the construction cost (\$0.0001)
- 3) A percentage of the maintenance budget (\$0.001)
- 4) Based on value provided
- 5) Based on competitors’ prices



The guidepost for a management and operational review is the value provided to the customer. To the extent that the experience exceeds the price, value is created and customer loyalty is developed. Conversely, to the extent that the price exceeds the experience created, value is squandered and customer attrition occurs.

Value in golf derives from two basic components shared by all golf courses: the physical – infrastructure – property, plant, and equipment (the course, the clubhouse, and maintenance equipment); and secondly, the human element – the personnel.

To determine the appropriate price to charge, we need to evaluate the value provided to the golfers. To the extent the price charged exceeds the experience, customer attrition occurs. When the prices are comparable to the experience provided, a golf course will thrive.

The competitive set of golf courses which Edinburgh USA competes against is shown below:

Distance	Company Name	Total Holes	Year Open	Type	Peak Green Fee
9	Rush Creek Golf Club	27	1996	DF	128
26.8	StoneRidge Golf Club	18	2000	DF	100
26.5	The Wilds Golf Club	18	1995	DF	96
24.5	Chaska Town Course	18	1997	MU	86
27.3	The Meadows At Mystic Lake	18	1982	DF	85
25	Prastwick Golf Club At Wedgewood	18	1984	DF	80
24.3	Deer Run Golf Club	18	1969	DF	79
22.9	Logger's Trail Golf Club	18	2003	DF	74
25.5	Island View Golf Club	18	1960	DF	69
29.1	White Eagle Golf Club	18	2000	DF	69
0	Edinburgh USA	18	1987	MU	63
27.8	Mississippi Dunes Golf Links	18	1995	DF	62
13.1	The Links At Northfork	18	1992	DF	60
22.7	Bluff Creek Golf Club	18	1971	DF	59
6.6	Bunker Hills Golf Course	36	1968	MU	59
6	Victory Links Golf Course	18	2004	DF	58
17	The Refuge Golf Club	18	2001	DF	58
25.1	Stonebrooke Golf Club	27	1969	DF	58
25.1	Eagle Valley Golf Course	18	1998	MU	58
8.3	Majestic Oaks Golf Club	45	1960	DF	56
28.3	Crystal Lake Golf Course	18	1995	DF	56
22.3	Inver Wood Golf Course	27	1992	MU	56
14.4	Fox Hollow Golf Club	27	1989	DF	55
22.1	Oak Marsh Golf Club	18	1996	DF	55
24.9	Volleywood Golf Course	18	1974	MU	54
27.3	Wild Marsh Golf Club	18	1995	MU	54
14.6	Baker National Golf Course	27	1986	MU	53
22.2	Pioneer Creek Golf Course	18	2000	DF	52
29	St. Croix National Golf Course	18	1996	DF	52
17	Broomar Golf Course	36	1964	MU	52

Source: National Golf Foundation Supply Database

Key: MU = municipally owned, DF = daily fee – privately owed

Note that the rates posted above are always subject to much debate. While they may be the posted rack rate as reported to National Golf Foundation, the time of the year, the day of the week, the time of the day, and the player type all result in a different set of lower rates, even before discounting and promotions are published. Thus, it is important to view this as a guideline on the top posted price and the relative distribution therein. To illustrate, though the posted rate for Edinburgh is \$63, the net effective rate realized is less \$33.00 when pricing 9 holes versus 18, season passes, punch cards, twilight rates, etc.



As part of this study, we “secret shopped” those golf course in the competitive set to Edinburgh. It is our professional opinion in benchmarking those courses, the Edinburgh USA course against the competitive set it rivals the best, though the\$63.00 green fee is below the average of \$66.60.

This becomes a real quandary for management as they attempt to establish green fees that are in historical context for the facility yet reflect the fair market value of the experience provided. While it is our opinion that a rack rate for Edinburgh USA during prime time with cart based on the experience provided could near \$89, that opinion is tempered with the political reality that the current average yield during prime time is less than \$45.00. Thus, setting the price at fair market value would create excessive political rancor among the current golfers.

The angst is amplified by the knowledge of the current effective rate the clubs are paying, as illustrated here:

Club	Rounds	Green Fees	Green Fee Yield	Cart Fees	Merchandise	Total	Total Yield	Economic Impact to Lancer
EMGA	1,380	\$39,685	\$28.76	\$7,742	\$18,645	66,100	47.90	Unknown
EWGA	1,268	\$34,880	\$27.51	\$6,594	\$3,597	45,098	35.57	Unknown
St. Andrews	724	\$20,511	\$28.33	\$7,385	\$7,277	35,201	48.62	\$126,000
	3,372	\$95,076	\$28.20	\$21,720	\$29,519	146,400	\$43.42	
Outings	2,294					199,218	86.84	Unknown

The clubs are consuming 9.61% of rounds played, but the green fees they pay represent only 5.33% of the total revenue. Considering cart fees and merchandise, they are only contributing to 8.21% of total revenue. We find it curious that the justification for these clubs is to provide a revenue stream to a private third-party hospitality concessionaire.

The known impact of these clubs is summarized below:

- ◆ Prime tee times being sold at lowest price
- ◆ Public denied access to book until four days before weekend play
- ◆ Equipment required to maintain “split tees” > \$42,000
- ◆ Labor scheduling adversely impacted
- ◆ Golfers are required to join private club to be able to purchase unlimited season pass
- ◆ Culture of golf course impacted by “club environment” (private patio, locker rooms, club storage).



Note that because of the lack of integration of the tee time reservation system and POS, as highlighted in Step 3, there is no way to account for no-shows or short shows, and the financial impact of the clubs cannot be precisely measured. To illustrate, if the tee sheet is blocked in mid-March for an event with 80 players, and only 72 register for the event five days in advance, the club should be financially responsible for paying for 80 regardless of the number of “short-shows.”

Thus, it is the recommendation of this study that groups such as the St. Andrews Club, the EWGA, and the EWGA be required to commit by contract in mid-April for the players to be blocked at prime time for their benefit. To the extent that additional members would like to play in the event, Edinburgh USA should be pleased to accommodate on a space-available basis.

An event average of \$28.20 per round represents a 39% discount from the rack rate. However, notice that these outings utilize only 6.5% of the inventory while contributing 11.2% to the total revenue.

If the goal is to maximize net income, an emphasis on outings over private club play appears evident.

With that understanding, it is suggested that the fees for 2014 be established as follows:

PRELIMINARY DRAFT FOR CITY COUNCIL 09/22/2013



	Current Rate*	Green Fee	With Cart
Monday	40	\$28	45
Tuesday	50	\$38	55
Wednesday	60	\$48	65
Thursday	55	\$43	60
Friday	63	\$53	70
Saturday	63	\$53	70
Sunday	63	\$53	70
Season Passes	1,875	Eliminate	
Patron Card	90	\$125	
Patron Card Discount Per Round	6	Patron Card Discount per round - \$4 M-Th., \$8 Fri-Sun	
10 Punch Card Pass	350	\$425	
25 Punch Card Pass	725	\$1,000	
50 Punch Card Pass	1350	\$1,750	
Twilight Rate	25	\$29	
Range tokens	4.00	\$4.50	
Carts	17	\$17 for 18 holes, \$12 for Twilight and 9 holes	
Resident Rates	46	Eliminate	
Non Resident Rates	54	Eliminate	
Senior Rates	42	Eliminate	
Junior Rates	26	Keep the same	

* Current rate includes cart.

For Edinburgh USA, based on the proposed capital investment over the next five years, \$53.00 would be an appropriate rack rate green fee for prime time. While the rate increase suggested would cause much heartbreak and push back from the frequent player, the issue of shared responsibility between the City and the golfers must be resolved if the golf course is to achieve fiscal sustainability.



Step 5: The Physical Assets – Resources on Which to Grow

The City of Brooklyn Park’s two courses have the following characteristics:

Course	Yardage	Par	Slope Rating
Brookland Golf Park	1,795	30	N/R
Edinburgh USA	6,888	72	149

The average slope rating for U.S. golf courses built prior to 1980 is 120. Since 1980, the slope rating has increased to 127. Slope ratings range from 85 to 155. Edinburgh USA would be considered one of the most challenging golf courses.

The Review Performed

Course conditions for the 18-hole Edinburgh USA course were reviewed in combination with the impact of trees on course playability and golfer experience. Included in this review was an evaluation of soil profiles, turf conditions, and maintenance practices. The review included hitting various golf shots off tees, fairways, rough areas, and bunkers, as well as putting on numerous greens on each nine to evaluate green speed, smoothness, texture, and quality from a golfer’s prospective. Interviews were conducted with management and staff.

Overall, Edinburgh USA appeared to be in good condition. With extreme wet weather, drainage issues were encountered on many areas of the course – especially greens, fairways, and sand bunkers. There were a number of items of concern when the review was conducted on June 9-12 and June 24-25. Of concern were

- Quality of green surfaces
- Speed of green
- Tree encroachment
- Bunker that were raked improperly
- Tee surfaces on par 3s
- Drainage

It should be noted that the condition of the bunkers was addressed and corrected during a subsequent course analysis on August 2, 2013.

Greens

The putting green and the 1st, 7th, and 15th greens exhibited poor quality turf, attributable to high traffic, shade encroachment from trees, and poor drainage throughout the root zone. Deep tine aerification may be the remedy for these poorly drained areas on the greens.



Over time, organic matter binds to the sand root zone and inhibits air and water movement throughout the profile.



Photo 1: Turf loss on low area at the practice green

Aerification, along with the addition of 100% sand top dressing, will create vertical channels in the root zone, allowing rapid movement of water into the drain tiles below. It must be noted that aerification with a solid or hollow tine, to a depth of at least six inches, should be used to facilitate maximum rooting and drainage.

Aerification should take place in spring and fall as well as subsequent venting during the high season. Currently, aerification occurs only once during the spring.

One of the areas of maintenance concern that significantly affects the quality of the putting surface is thatch. Thatch accumulates on the surface of the soil just below the grass line and usually out of sight, as shown below. Thatch is described as a "layer of grass stems, roots, clippings, and debris that settles on the ground and either slowly decomposes and/or accumulates over time. Thatch buildup is commonly found on courses where grass has grown tall and mulch is frequently left, as well as on courses that have never been aerated. Thatch is most common on courses in warm weather regions and with creeping grasses such as Bermuda, zoysia, bent grass, and Kentucky bluegrass.

To prevent thatch from occurring, golf course superintendents aerate, punching holes in the surface to allow deeper root growth that should reduce soil compaction. Photo 2 shows an example of thatch from one of the Edinburgh USA greens from a core sample pulled on June 24, 2013.



Photo 2: The two red lines indicate the thatch layer is in excess of one inch

Once aerated, the root system has better access to air, water, and nutrients. One of the big accumulations of thatch is highlighted.

Regular sand top dressing should also take place to dilute organic matter in the root zone. Light weekly top dressing works especially well and is not a distraction to golfers. If sand is applied lightly to greens on a weekly basis, immediately after mowing, a quick irrigation cycle or rolling will remove the sand from the turf canopy into the thatch layer below. While this is being undertaken bi-weekly at Edinburgh USA, the desired results have not been achieved.

Another issue of concern is the mowing pattern. Vertical mowing will enhance ball roll and provide a more healthy turf. By vertical mowing, the turf plant will be in a more upright position, allowing the turf to make less contact with a rolling ball. Vertical mowing will also aid in sand incorporation into the thatch layer to dilute the organic build up currently in place.



Photo 3: Bentgrass plant leaves are growing in a horizontal fashion

In photo 3, it is noticeable that the Penncross bentgrass, even though an older, strongly creeping variety, is growing much more horizontally than desirable for maximum health and playability.

Although not as problematic, other greens have exhibited the same type of thinning on the turf canopy as observed on the practice green and on number 1. Contributing factors are poor drainage and, in some cases, shade from trees.

Photo 4 is a good illustration of the impact of tree encroachment on the quality of the putting service.



Photo 4: A perfect example of a tree not only interfering with play but shading a green surface, number 16

Consider using green covers during the winter. Excelsior brand (<http://www.americanexcelsior.com>) green covers, for instance, can be used in areas where freeze/thaw problems exist. The initial cost of these covers is relatively the same as fabric covers. They provide a bit more winter protection against crown hydration, which is more than likely the problem in low areas on the greens where water tends to pool.

Recommendations for improved putting quality include:

- ◆ Deep tine aerification of greens two times per year, at a minimum
- ◆ Frequent light sand top dressing
- ◆ Vertical mowing, twice per month
- ◆ Venting during the season
- ◆ Removal of trees that inhibit sunlight and air movement
- ◆ Examination of green drain tiles to ensure proper function
- ◆ Installation of Excelsior green covers for winter

Tees

Tees appeared to be in generally good health. Par three tees looked to be rather small considering the amount of play. Seeded and filled divots exhibited slow germination rates, as illustrated in Photo 5.



Photo 5: Divots had been filled but seed germination was poor

With the amount of play at Edinburgh USA, perhaps a divot mix that incorporates a fertilizer would enhance seed germination. Proper tee marker rotation may also spread out the wear more evenly on various tees. Marker rotation on wider tees can make use of side-to-side rotation, as well as front-to-back rotation, doubling the teeing ground and allowing more time for divots to heal.

Every five years, the tee surface should be stripped, the tee re-leveled, and the sod replaced. We note that many tees, particularly the par 3 and the 12th tees, are “crowned,” which is the result of repairing divots. The buildup in the center of the tee occurs because the majority of the golfers use the center of the tee.

Fairways

Major drainage issues were observed on fairway turf, illustrated in Photo 6.



Photo 6: Poor Drainage observed on 1st hole.

Standing or slow-moving water should be eliminated if proper turf growth and health is to be achieved. Surface drainage and/or subsurface drainage may be added, and the degree of slope may be increased in some areas. Many times when ponding water is an issue, drain tile is installed, along with risers and drain grates, to quickly move water to the tile line, as illustrated below:

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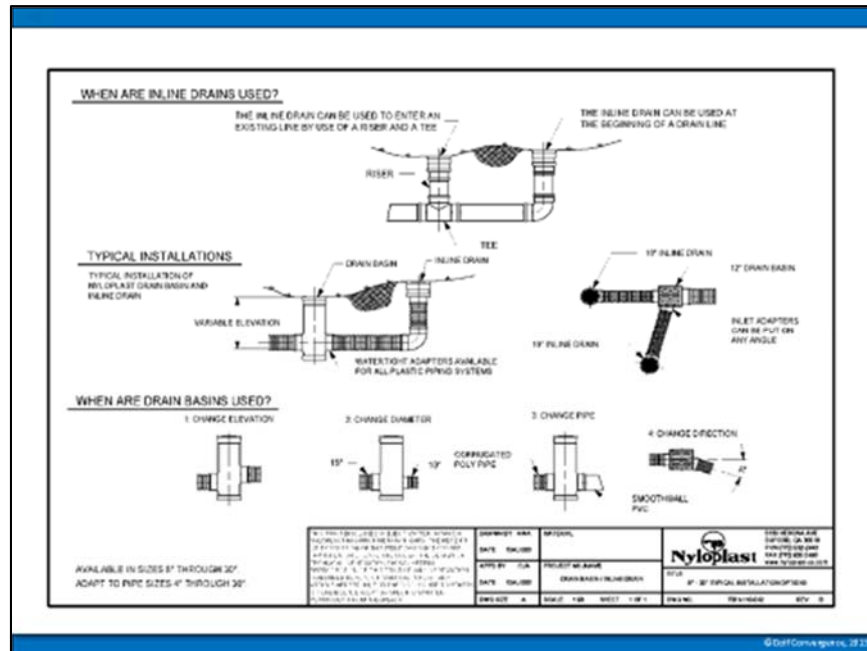


Figure 1: A typical drainage riser installation with drain tile connection

The riser illustrated in Figure 1 will facilitate water removal. The main water conducting tile must be installed below the frost level. The golf course has an extensive mainline drainage system that can be tapped into and utilized to conduct water from additional supplemental drain lines.

These additional drainage lines can be installed with little down time, in some cases, by maintenance staff. A drainage engineer may be enlisted to create a comprehensive plan to insure continuity, proper placement, and product specifications.

Another solution to drainage problems in select areas would be to re-grade the fairway surface, to sheet or surface-drain excess water. This solution is very disruptive and works best in stable soils, with slopes of at least two feet fall in 100 feet of distance.

Sand Bunkers

Sand bunkers are beginning to show signs of sand contamination from the periodical washing during heavy rain events. This action is caused by native soils mixing with bunker sand and causing crusting and inconsistent playability.

Many times, a course maintenance staff undertakes sand bunker renovation, and many times, less than ideal results are achieved. I recommend that a golf course architect and golf course construction professionals work in concert to accomplish this renovation. It should be noted that Bruce Charlton, President of Robert Trent Jones, Jr., the original golf course architects of Edinburgh USA, performed an on-site inspection on August 20, 2013, to



aid and guide the maintenance staff and the Director of Golf to ensure that the golf course was contemporary and that issues that have arisen concerning the playability of the course were prioritized.

Many variables exist when renovating bunkers:

- ◆ The correct type of sand
- ◆ Properly working drainage
- ◆ Continuity of shapes and styles
- ◆ Depth of bunker
- ◆ Ongoing maintenance considerations
- ◆ Proper placement
- ◆ Construction type (lined, polymers spray on gravel, polymers spray on soil, native soil, etc.)
- ◆ Bunkers currently in play

Illustrated in Photo 7, the color of the sand indicates soil contamination:



Photo 6 Sand bunkers lose their original shape over the years due to mechanical raking and edging.

The red circle in Photo 7 indicates sand being dragged outside the sand bunker hazard, causing poor definition of the hazard and turf loss. The sand grooming machine, in some cases, could enter and exit the sand bunker from alternate areas. Maintenance operators need to be made aware of these options to extend the life of sand bunker edges.

Photo 8 demonstrates an area of repair and re-sod of a sand bunker where the “boat ramp” has been extended through poor maintenance practices.



Photo 7 Area of repair and re-sod on sand bunker.

Equipment

The equipment observed was in very good condition. It should be noted that extending the useful life of equipment may lead to a sense of saving, but often results in increased maintenance and repair cost and the diminished overall value of the fleet.

A detailed review of the equipment was performed. The schedule below reflects the annual depreciation that should be accrued and the projected replacement cycle:



		Year	Capital Equipment Replacement Schedule
Name of Club	Edinburgh USA	2015	72,500
		2016	216,500
This Year	2013	2017	174,000
		2018	194,000
Today's Date	08/10/13	2019	226,000
		2020	72,000
Superintendent Name	Thomas Fischer, CGCS	2021	200,000
		2022	146,000
Total Equip. Inventory	\$1,686,000	2023	145,000
Capital Required Next Five Years - through 2019	\$1,082,500	2024	0
		2025	83,000
		2026	28,000
		2027	0
		2028	74,000
		2029	9,000
		2030	0
		2031	0
		2032	0
		2033	0
		Capital Replacement	1,640,000
		Average Investment Per year	91,111

Labor

How many hours does it take to maintain a golf course?

The answer to the question is first derived by ascertaining what the vision for the course is: platinum (exclusive private club), gold (upscale daily fee and mid-tier private clubs), silver (daily fee and low-tier private clubs), bronze (low-end daily fee and high end municipal golf courses), and steel (municipal and entry level golf courses).

The hours it takes to maintain a golf course can range from 9,000 hours for an 18-hole course to over 40,000 hours for an exclusive private club course. The average golf course in the United States north of Interstate 70 invests 18,500 hours. Edinburgh USA's maintenance hours are 25,702 annually.

While the maintenance department is responsible for maintaining the cart fleet, a short-game facility, and some nominal clubhouse cleaning responsibilities, the real question is does the golf course reflect the superior conditioning that would be suggested by that investment in labor? That question is subject to debate.

Golf Course Assets and Features

Greens, tees, fairways, sand bunkers, irrigation, drainage, water features, cart paths, and associated buildings on the golf course all have a useful life. It is not the intention to do a full asset reserve study in this document; however, it is important to point out the general



condition of the assets viewed, to establish a businesslike course of action, to protect your golf course asset from unexpected and undiscovered asset depletion.

We also highly recommend that a golf course architect be consulted prior to any major golf course work. It should be noted that golf course maintenance employees and managers should not be chosen to do, or be required to do, major golf course construction. We reviewed the components of the golf course and determined that the capital reserve account should have a current balance of \$4.8 million to reflect the accumulated depreciation of the core components of a golf course. Presented below is a chart that highlights the useful life of each core component of a golf course and the number of years lapsed since each component was renovated:

Golf Course - Estimated Deferred Capital Expenditures: Conservative Approach							
Golf Course Name:				Based on Maximum Life	Input Field	Automatic Calculation	
Component		Years Minimum	Years Maximum	Estimated Cost to Replace	Years Since Asset Replaced		Annual Capital Reserve
Greens	Sand based root-zone	15	30	\$1,250,000	25	1,041,667	41,667
Sand Bunkers	Total Bunkers	10	15	975,000	15	975,000	65,000
Irrigation System							
	Controls and Satellites	15	20	175,000	3	26,250	8,750
	Pipe and Wire	15	25	500,000	27	500,000	20,000
	Pumping Systems	15	25	425,000	27	425,000	17,000
	Sprinklers	10	15	150,000	27	150,000	10,000
Tees	Re-Turf	15	20	225,000	27	225,000	11,250
Drainage		20	30	870,000	27	783,000	29,000
Water Features	Front Nine Liners (estimate)	25	35	65,000	8	14,857	1,857
	Back Nine Liners (estimate)	25	35	80,000	3	6,857	2,286
Cart Paths	Asphalt (6-8 feet wide)	15	25	625,000	25	625,000	25,000
Fairways	Re-Turf as needed	15	30	1,500,000		-	50,000
Total Deferred Capital				\$6,840,000		4,772,631	281,810

This level of deferred capital renovations was evidenced as our review of Edinburgh USA exposed negative course conditions and management considerations to be well above industry average for municipal facilities. Difficulties with turf conditions are apparent on greens and fairways especially. These problems are mostly water-related and have been encountered at other courses in the Minneapolis area.

With additional aerification and sand topdressing on greens and examination of green drains to determine whether they are functioning correctly, these turf challenges on greens may be eliminated. The addition of green covers for those perennial problem greens should be considered to enhance winter survival.



Fairway turf survivability can be augmented by increasing surface drainage as well as by adding subsurface drainage. A comprehensive plan on fairway drainage should be developed by a golf course architect or drainage specialist.

A complete sand bunker renovation should be considered within the next five years. New advances in bunker construction could vastly improve conditions and reduce the cost of maintenance.

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Step 6 – Operations

Key Benchmarks

Knowing who your customers are, their spending preferences, and their playing frequency is fundamental to maximizing your net income, increasing your operational efficiency, and enhancing your customer service. This knowledge is the essential foundation for a meaningful marketing program. Without this information, most golf courses greatly minimize their revenue opportunities.

A leading golf course management company⁷ that serves more than 100 public golf courses has identified certain predictable characteristics:

- 1) A golf course, on average, has 8,000 distinct customers, from a minimum of 3,500 to a maximum of 11,000.
- 2) 10% to 20% of those customers are “initiators” and make the tee time.
- 3) 50% of those customers play the course only once per year.
- 4) 50% of those who play will not return the next year.
- 5) Only 13% will play six or more times per year.
- 6) Customers average six rounds played at a specific course per year.
- 7) 20% of a golf course’s wallet share will come from core golfers who play 40 rounds per year.
- 8) Customers become at risk of not returning when they haven’t played your course in 90 days.
- 9) The response rate from customers offered a 20% off coupon, a 10% off coupon, or merely receiving acknowledgement that they are missed is nearly the same.

It is fair to conjecture that golfers at Edinburgh USA have comparable profiles, except that Edinburgh USA probably serves only 6,000 distinct customers annually.

However, because the POS system is not properly utilized, measuring any of the key metrics is not possible at this time.

By the proper adoption of technology, the City of Brooklyn Park will be able to engage in Customer Franchise Analysis to identify retained customers, defectors, and new acquisitions. Targeted messages to appropriate golfer segments can be automatically created and delivered monthly. (Note: as a general rule of thumb, a course should only send an email to its entire list of golfers two or three times per month.)

Implementation of pro-active marketing will greatly boost revenues for both golf courses.

⁷ Peter Hill, Billy Brooklyn Park Golf Management, “Programming for Profit,” February 4, 2009 presented at NGCOA Multi-Users Conference.

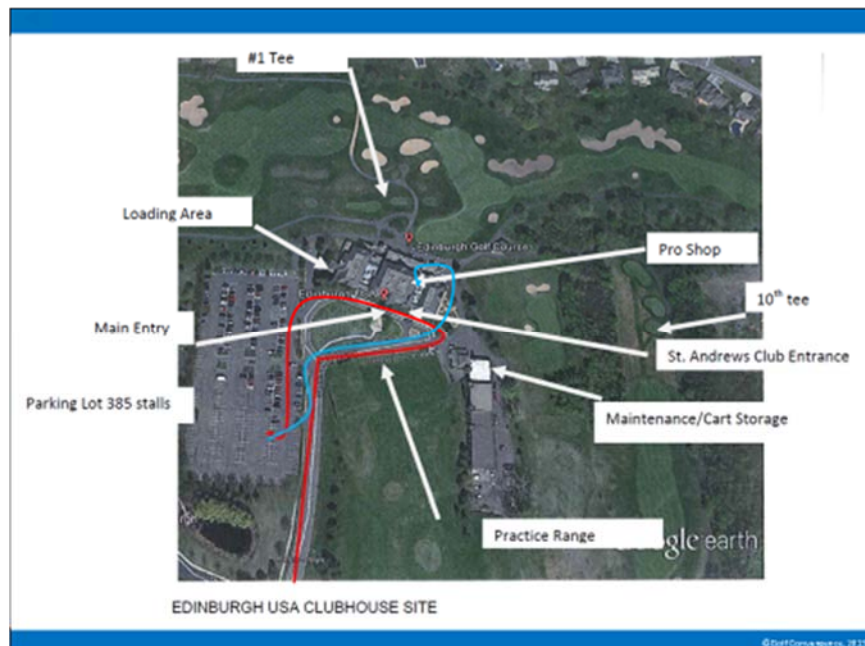


The Assembly Line of Golf

From the time an individual contemplates playing golf to the time that golfer leaves the golf course, there are a number of touch points through which the customer experience is defined, as highlighted below:

Touch Point	Municipal	Daily Fee	Military	Resort	Private Club
Reservations					
Club Entrance					
Bag Drop					
Locker Room					
Pro Shop					
Cart					
Range					
Starter					
Course					
Beverage Cart Attendant					
Half Way House					
Cart Return					
Locker Room					
Bar/Restaurant					
Likely # of Points of Contact	9	11	9	12	14

Our review of the City of Brooklyn Park's Golf courses indicated that each customer touch point has the opportunity to enhance customer service. The fundamental challenge from which nearly all golf course customer problems emanate is the poor positioning of the clubhouse and its interior layout. The customers' first impressions when entering Edinburgh USA is confusion, as depicted below:



Note 1: Red Line identifies how far a first-time golfer is likely to drive to drop off clubs, if they drop off their golf clubs in an unsecured area.

Note 2: The blue line identifies the probable path that will be taken by a first-time golfer carrying clubs.

Site

The clubhouse at Edinburg USA is accessed from 85th Avenue N and is connected to the metro freeway system via a short drive to the east on Highway 252. As you turn north onto the site, you first see an impressive sign and the practice range. Driving further in you see the impressive large two-story brick Tudor style clubhouse.

The parking lot is just to the left and can hold up to 385 cars — more than enough space. The majority of the parking spaces are a long way from the pro shop and the golf course, an inconvenient but not unusual situation at comparable golf venues. Pedestrian access to the clubhouse is not direct. The first thing you see from the end of the parking lot is the service loading dock.

The pro shop entrance is 300 feet from the center of the parking lot. The loop was not designed properly to accommodate emergency vehicles to make a complete loop in front of the clubhouse.

The relationship of the clubhouse to the closest finishing hole is remote, at 300 feet from the building edge to the center of the green.



Current standards locate finishing holes 150 feet from the center of the green to provide great views from the clubhouse. The view from the Grille and the pro shop is also compromised by the fact the elevation of the green is five feet above the main-level dining rooms, making viewing of a finishing hole impossible.

Building

The clubhouse was built in 1987 and has approximately 30,000 square feet on the main level and 10,000 square feet on the upper level. It is of sound construction with a steel and concrete structural frame and a full masonry exterior. HVAC systems are located on the roof, which is consistent with current clubhouse systems. There doesn't appear to be a basement level, as the carts are stored in the maintenance building just to the east. The floor-to-floor height seems ample and not the problem it can be with older structures.

Building Layout

The building layout is dysfunctional in its relationship to the site. The loading dock and back-of-house functions are where the pro shop and golf functions should be. The pro shop doesn't have a direct door from the front of the clubhouse; it's buried and hard to find. The first door you come to from the parking lot is marked "staff entry." The second door to the building enters into a large two-story lobby with a grand staircase. The pro shop is still 70 feet away.

Pro Shop

Once you arrive at the shop, it's a pleasant space with adequate space for merchandise. There are two offices in the south end of the shop and a small merchandise storage room adjacent to them. Space could be given up from the merchandise floor to allow for a more adequate store room. The pro shop desk is centered in the room and has no views of the golf course operations.

The third building entrance accesses the locker rooms and the St. Andrews Club room which are all located on the east side of the building. Current daily fee golf trends do not provide for locker space, as the majority of patrons come dressed ready to play especially with the more business-casual attire common today. The St. Andrews club is a private space dedicated for use by those who pay a yearly fee for membership.

Food and Beverage Functions

The clubhouse has a very large food and beverage operation run by Lancer Hospitality. It can accommodate more than 600 in two banquet rooms, one located on the west side of the building with limited views and the second on the second level with the best views of the golf course. This level also has two meeting rooms. The Girvan Grill seats 170 and is positioned on the north side of the main level. The kitchen spaces are divided by a corridor



that connects to the banquet room. The grill kitchen is adjacent to the grill on the west side and the banquet kitchen is separate; dividing them often creates issues.

Conclusion – Building and Building Site

The “State of the Art” in municipal daily fee golf clubhouse design has become much more refined since the Edinburgh USA clubhouse was built in 1987.

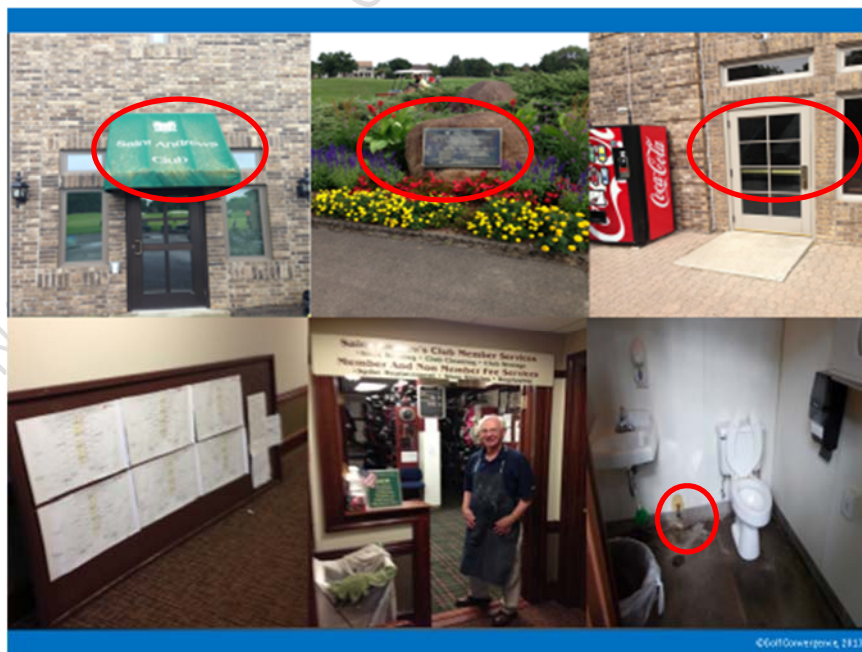
There are a number of improvements that could be made to the facility at a variety of construction costs.

While it is beyond the scope of this review, it is projected that correcting the fundamental deficiencies of this course could cost as much as \$2.5 million.

The Secret Shopper

As the expression goes, a guest sees more in an hour than a host sees in a year. Such was the case in the secret shopper review performed at the Brookland Golf Park, Edinburgh USA and 15 competitive courses.

The secret shopper analysis as part of this study comprised an analysis of over 200 components of the operation. Edinburgh received a score of “45,” indicating that it is a bronze tier golf course with respect to the customer experience. Items and areas pictured below contribute to that rating:





The pictures show (from left to right, top to bottom) that the St. Andrews Club awning was dirty, the dedication sign for the course had not been cleaned for some time, the entrance door to the grill was locked, a scoreboard was left in the hallway, the entrance to the pro shop was through a back door past the shoe shine room, and in the toilet area, we found broken drywall.

While reviews like this are patently unfair, as they picture only one place, one time, and one day, they are indicative of the experience a customer will generally receive.

While the bronze tier rating might be disappointing, the pro shop was well appointed, and Girvan's Grille served from a nice luncheon menu.

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Step 7 - Customer Survey

Creating an operational review requires a clear understanding of the golf industry and the unique characteristics that define the sport.

Presented below are some statistics regarding golf in the United States provided by the National Golf Foundation:

- There are 26.2 million golfers in the United States.
- 36.7 million Americans are golf participants, defined as anyone ages 5 and above who either played a round of golf or visited a golf practice facility.
- More than 45 percent of golfers (11.9 million) are between the ages of 18 and 39. Seniors (ages 50 and over) comprise another 33 percent, or 8.6 million.
- There are 5.76 million female golfers; they represent 22 percent of all golfers. And 6.1 million juniors play golf.

There are 16,057 golf facilities, 11,690 of which are open to the public.

- Only 22 percent of all golfers regularly score better than 90 for 18 holes on a regulation-length course. For females, the percentage is just 7 percent, and for males, it is 25 percent.
- The average 18-hole score is 97 for men and 114 for women. It's an even 100 for all golfers.
- The average scores have changed very little over the years.

In conducting a management and operational review, it is invaluable to obtain a current perspective of the customer database by identifying customers' ages, genders, net incomes, ethnicities, playing frequency, favorite golf courses, and price point barriers. The key point being measured is the opportunity to increase current market share.

We conducted a survey of the golfers in the City of Brooklyn Park.

The survey remained open for 10 days and generated 1,079 responses from a survey sample size of 10,881 email addresses, providing a 90% confidence factor and a margin of error on the results of 5% +/- . The completion rate for those starting the survey was 78.2%, an acceptable response rate.



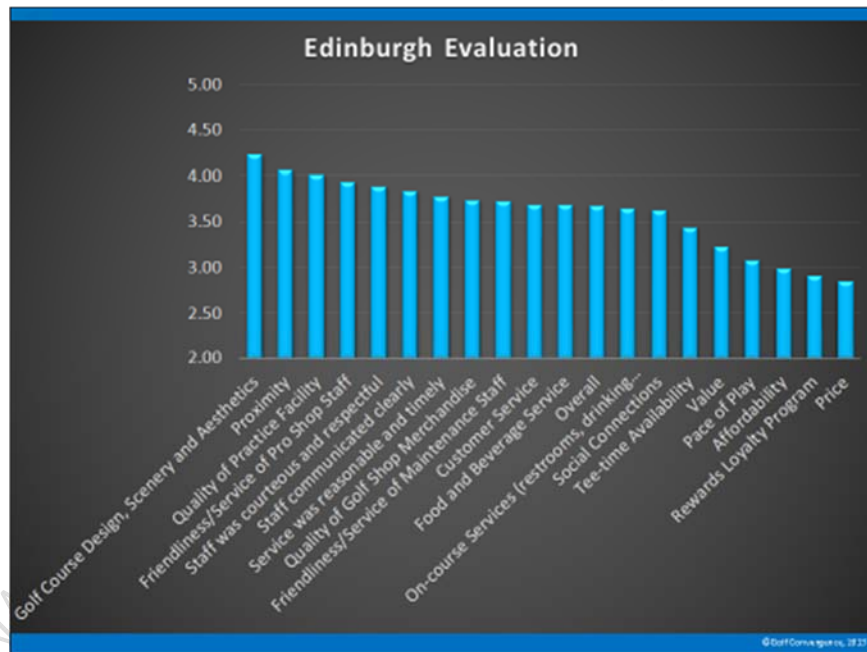
Who Are Brooklyn Park’s Golfers?

The geographic local market analysis performed in Step 1 of the Golf Convergence WIN™ formula indicated that the City of Brooklyn Park’s golfers were likely to be Caucasian, slightly older, and earn above-average income. The survey confirmed that fact.

The respondents average 46.7 years of age, have median household incomes of \$102,474 (nearly 75% higher than the average income of a Brooklyn Park resident), are 70.8% male and 91% Caucasian, and play 26.7 rounds on 7.3 different courses.

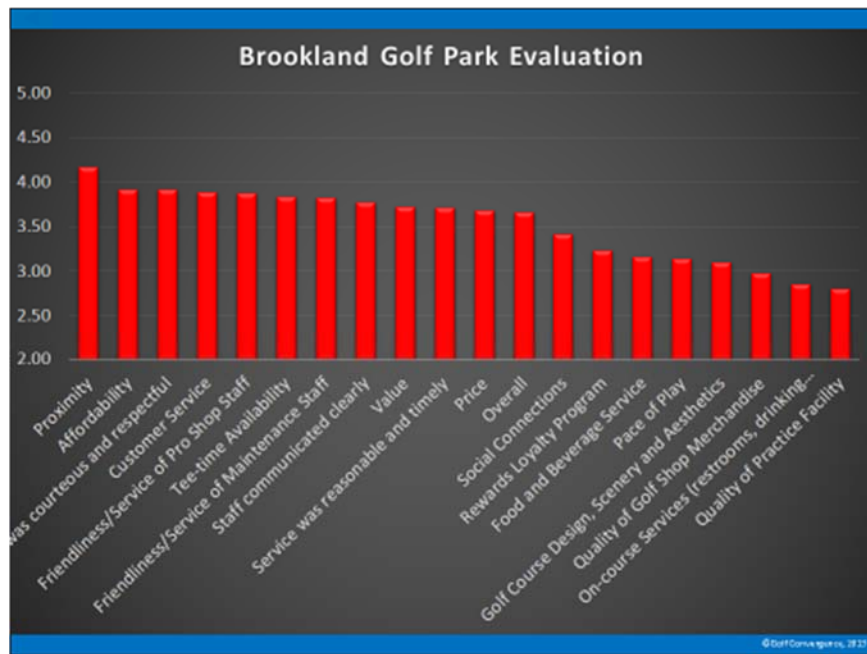
What Do Golfers Like about Brooklyn Park’s Golf Courses?

The golfers were asked to rate 21 attributes of BPGCS. What always surprises us about these surveys is that the golfers always get it right. Presented below is a comparison of these factors:



The golf course design, its proximity, and the quality of its practice facility were rated high. Of concern were value, pace of play, affordability, and price – all rated as deficient.

The ratings for Brookland Golf Park are shown below:



Proximity, affordability, and courteous and respectful staff finished in the Top 3, which is an accurate reflection of the potential this golf course has for the entrant to the game.

What Is Important?

When asked, “What factors are important to you in selecting one course over another?” the results of the City of Brooklyn Park survey were consistent with other surveys conducted by Golf Convergence and by leading trade organizations such as the Golf Course Superintendents Association of America. Positive impressions of conditioning and value (price/experience delivered) predict success, as shown below:



Since a large part of the "experience" equation is the conditioning of the golf course, this should be no surprise. Of concern is the fact that the survey respondents ranked "price" as the 2nd most important criterion for choosing what course to play.

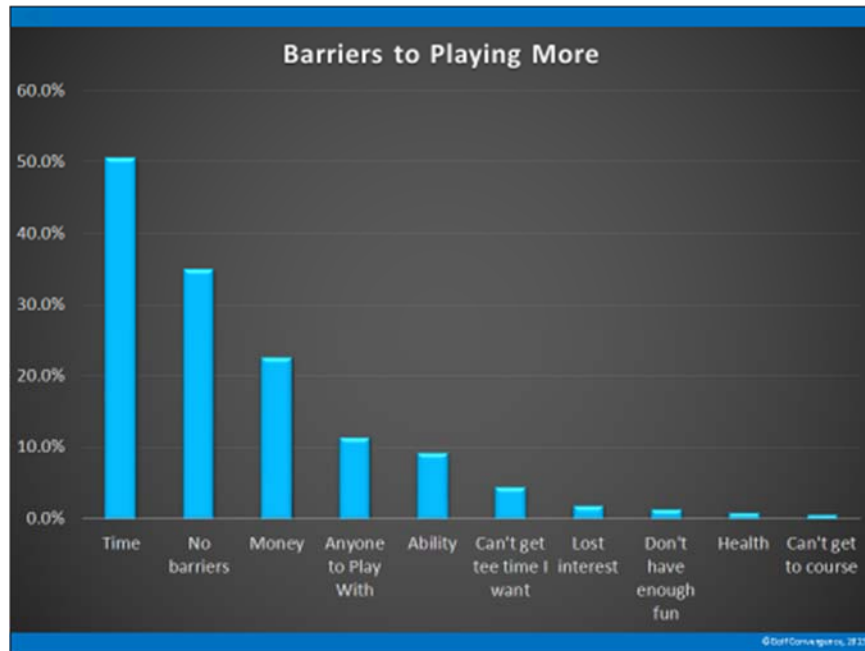
With affordability rated as quite important, the price of the green fees and the value being provided needs to be closely examined. Golfers often maintain that if the prices were lowered, the increase in rounds would offset the lower fees. But such a trade-off is perilous, as noted in the chart below:

Decrease in Price	Number of Additional Rounds Required to Offset Discount
5%	5.26%
10%	11.11%
15%	17.65%
20%	25.00%
25%	33.33%
30%	42.86%
35%	53.85%
40%	66.67%
45%	81.82%
50%	100.00%

Despite many survey respondents asking for lower prices, discounting makes little economic sense, as the golf course only achieves 50% yield on the rack rate advertised. Considering that the median household income reported is \$102,474, and \$123,497 among club members who averaged 49.5 years of age, a rate increase could easily be absorbed by the



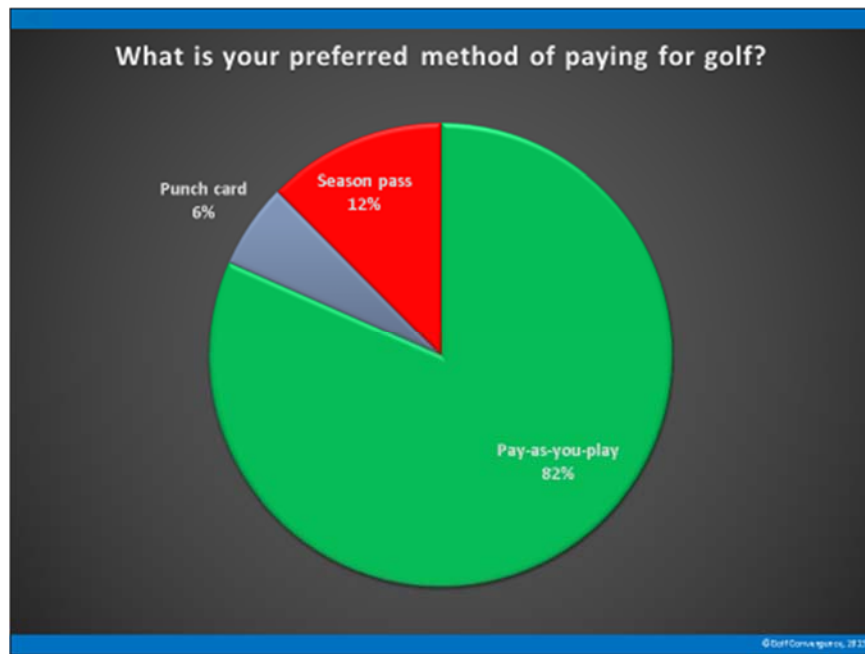
constituents to help fund the capital investment sought. Price doesn't seem to be a major barrier to current play, as shown below:



The answer "time" and "no barriers" are troubling in that they are uncontrollable factors.

Another beneficial insight as to the customers' preferences was their preferred method of paying for golf shown here:

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Customer Franchise Analysis

The customer franchise analysis (CFA) provides operators with the first tool to win the share-of-golfer battle caused by the current oversupply environment in many markets. The CFA leverages information in the operator's point-of-sale (POS) or electronic tee sheet system to understand and target key customer groups regarding financial metrics. The CFA measures customer franchise health, such as the number of unique guests acquired, retained, and lost, as well as the spending level of each group down to the individual customer level.

In undertaking this operational review, a golf course must identify core customers, spending patterns, customer retention, turnover frequency of golfers, zip code distribution, course utilization, revenue per available tee time, and revenue per tee time purchased. These critical metrics have not been created by the third-party contractor.

However, we were able to ascertain those factors that are vital to golfers in the City of Brooklyn Park. With a national average loyalty rating being 26, the Edinburgh USA scored a very encouraging 46, as noted below:



Note: "Promoter Score" is a term to measure the loyalty of customers to a facility. Are they "promoters" of that enterprise? The national average is 26. A negative score represents that the facility has more detractors than loyal customers.

Three of the four competitors immediately following Edinburg USA, have significantly higher fees, thus making Edinburg USA an attractive offering.

With Edinburg USA leading among all competitive courses, one must ponder whether objections to raising the green fees are a "bluff" by the club members or if their concerns are valid. Based on their median household income, it is our "guess" that their focus on price is a bluff. Edinburg USA may well be such a good golf course, such a fine a playing experience, that it can rival the best public golf courses in the metro area.

Should City Council call the season pass holders' possible bluff? If prices are raised, some will clearly leave. However, as illustrated in the chart below, Brooklyn Park's golf courses could increase prices 25%, lose 20% of rounds currently played, have better course conditions from decreased use, and possibly lower maintenance costs with the same revenue.



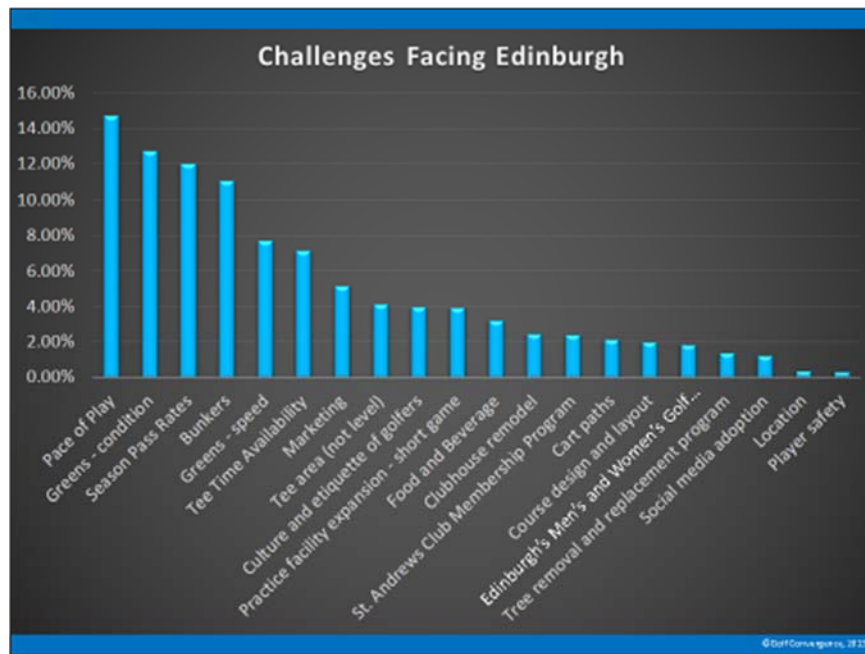
Increase Price	Decrease In Rounds Than Can Occur to Generate the Same Revenue
5%	4.76%
10%	9.09%
15%	13.04%
20%	16.67%
25%	20.00%
30%	23.08%
35%	25.93%
40%	28.57%
45%	31.03%
50%	33.33%

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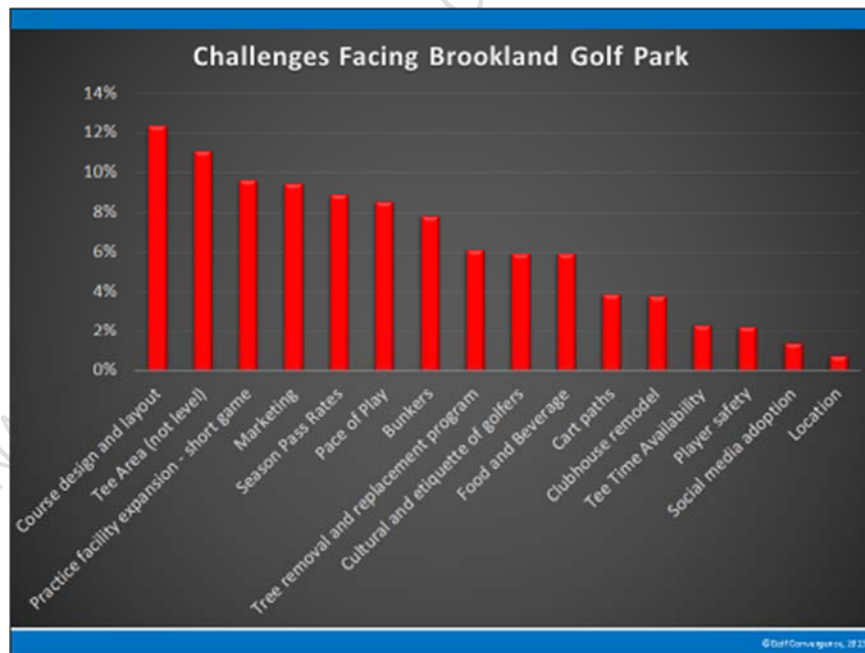
Why are those loyalty share numbers important? Loyalty correlates to wallet share, and the percentage of wallet share a course receives from its golfers is a highly predictive factor of success. Higher wallet share equals higher revenue equals higher net income. Wallet share represents the percentage of a golfer's money spent at each golf course versus the total amount spent annually by the golfer.

It is much easier to attract a greater wallet share of an existing customer through building loyalty than it is to attract a new customer to the golf course. Promoters refer five golfers per year to the facility, while strong detractors can provide up to five negative references.

That is why addressing the challenges identified in the survey, as reflected below, is important to sustain the loyalty to Edinburgh USA:



Similarly, the challenges facing Brookland Golf Park were identified in the customer survey as follows:



It is our opinion that some of the course design and layout challenges are reflected in the pictures below taken during our secret shopper review of the golf course:



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Summary – A Community Asset of Costly Potential

Undertaking a management and operational review for the City of Brooklyn Park necessitated the evaluation of the potential of the facility, the future investment required, the highest and best use of the property, and if the experience offered to golfers was consistent; all of these were evaluated with the goal of creating a financially self-sustaining entity if possible. Our evaluation of the City of Brooklyn Park concluded that challenges exist, as noted below:

Project	Brookland Golf Park	Edinburgh
Strategic		
Vision - Competitive Mix	Green	Green
Demographics	Green	Yellow
Weather - Recent	Yellow	Yellow
Tactical		
POS/TTRS	Yellow	Yellow
Web Site	Red	Red
Financial	Red	Red
Operational		
Course Layout	Yellow	Green
Agronomic	Yellow	Yellow
Deferred Capital	Red	Red
Clubhouse	Yellow	Yellow
Range/Short Game	Red	Yellow
Food and Beverage	Yellow	Yellow
Tournament/Outing Site	Red	Green
Parking	Green	Green
Golf Playing Preferences	Green	Green
Customer Loyalty	Yellow	Green

Key: Red – negative
 Yellow – neutral
 Green – positive

The City of Brooklyn Park golf courses are in need of capital investment and likely to see short-term operational losses. The limited playing season and customer expectations of low-priced value golf render a significant up-front capital investment, a hazardous financial proposition. As daunting as any hurdle is the embedded culture of the clubs.

However, the core assets have the potential, with the creation of the proper vision, the allocation of the appropriate resources, and the consistent execution of operational policies



and procedures to become a financially self-sustaining asset enhancing the brand image of the City of Brooklyn Park and stimulating indirect economic development.

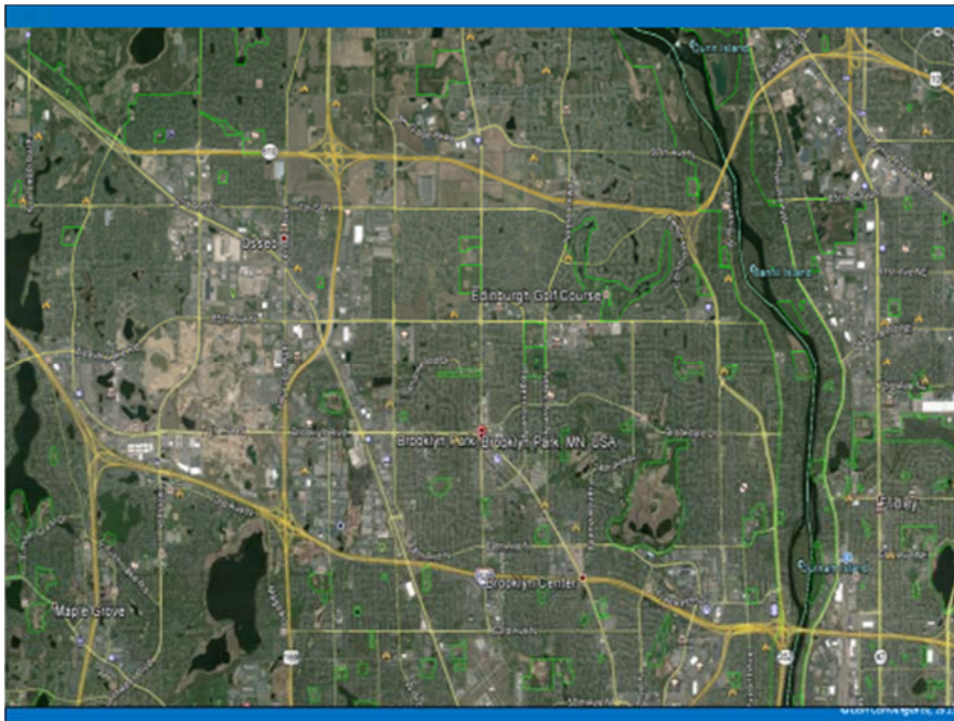
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Appendix A – Supporting Documentation

Scope of Work

The City of Brooklyn Park was seeking to complete a golf course operational consulting service review for the City’s two courses. Brookland Golf Park and Edinburgh USA are pictured below:



The conclusions contained in this report have been reached based on the evaluation of:

- Step 1 – Geographic Local Market Review
- Step 2 – Weather Playable Day Review
- Step 3 – Technology Evaluation
- Step 4 – Financial Benchmarking and Model
- Step 5 – Architecture and Agronomy
- Step 6 – Customer Operations
- Step 7 – Golfer Preferences and Loyalty

Attached to this report are the research and data that support the conclusions presented.

The chart below summarizes the research from which the conclusions and recommendations in this report were formed. This data was presented to the City of Brooklyn Park as a supplement to this report.



Task	Document	Date
Step 1 - City of Brooklyn Park - Geographic Local Market Analysis	Power Point	5/4/2013
Step 1 - City of Brooklyn Park - Geographic Local Market Analysis	Excel	5/4/2013
Step 1 - NGF Golf Demand Report: 10 20 30 Miles	Adobe Acrobat	5/4/2013
Step 1 - NGF Golf Supply Report	Adobe Acrobat	5/4/2013
Step 1 - NGF Facility Report: 10 20 30 Miles	Adobe Acrobat	5/4/2013
Step 1 - Tactician Demographic Trend Report	Adobe Acrobat	5/4/2013
Step 1 - Tactician Income and Disposable Income Report	Adobe Acrobat	5/4/2013
Step 1 - Tactician MOSAIC Comparative Population Report	Adobe Acrobat	5/4/2013
Step 1 - Tactician Population Greater than 18: 10 20 30 Miles	Adobe Acrobat	5/4/2013
Step 2 - Weather Trends International Playable Days Report	Adobe Acrobat	5/8/2013
Step 2 - Playable Day Analysis vs. Management Performance	Excel	6/14/2013
Step 4 - Financial Comparison to National - State Benchmarks	Excel	3/21/2013
Step 4 - 2010 - 2012 Operating Statistics Review	Excel	8/10/2013
Step 5A - Agronomic Review - Mike Vogt, CGCS	Adobe Acrobat	7/10/2013
Step 5B - RTJ Summary Comments - Edinburgh USA	Adobe Acrobat	
Step 5C - Herfort Norby Architectural Review - Brookland Park	Narrative	6/24/2013
Step 6A - Competitive Course Review : Brooklyn Park's golf courses	Adobe Acrobat	7/10/2013
Step 6B - Competitive Course Review : Brooklyn Park's golf courses Competitors - 10 golf courses	Adobe Acrobat	7/10/2013
Step 7A - City of Brooklyn Park Customer Survey	Adobe Acrobat	7/10/2013
Step 7B - City of Brooklyn Park Raw Data Files - - Survey Summary	Microsoft Excel	7/10/2013
Step 8 - Brooklyn Park's golf courses Patron Customer Loyalty Analysis	Power Point	7/10/2013

This analysis also included review of:

1. 2012 Consolidated Annual Financial Report for City of Brooklyn Park
2. 2010 - 2012 Historical Data, by G/L account code, for Brooklyn Park's golf courses
3. 2010 - 2012 financial data by line item - unaudited
4. Meeting with City staff and Golf Course Management to discuss questions/issues arising from review of above



5. Identifying any contractual or use-permit compliance issues.
6. Preparing findings and recommendations, including plan for financing improvements and achieving financial stability
7. Conducting site visits on June 9 – 10, June 23 – 24, August 2, and August 20, 2013
8. It is our hope that this operational review achieves the goal of aligning common interests.

Limitations of Study and Caveats

This management and operational review engagement, like many, has taken many twists and turns, creating some unanticipated challenges, including the following:

- ◆ The City has not created a strategic business plan for the golf courses, so the vision for the facilities isn't defined.
- ◆ The facilities' adoption of technology, including meaningful customer tracking, was lacking. A thorough yield management analysis to determine the revenue potential of the facility was therefore restricted in scope.
- ◆ The political environment, with strong insistence on maintaining unreasonably low season pass fees, effectively constrains the magnitude of prudent investment that will be required to produce a sustainable financial return.
- ◆ The Clubhouse is architecturally challenged. These issues present some unique ongoing operational challenges that were beyond the scope of this limited golf course review. The ability of the City to successfully resolve these operational issues will have a direct impact on the sustainability of the golf course.



Appendix B: How a Management and Operational Review Relates to a Strategic Plan.

A management and operational review aims to objectively and rationally uncover the strengths and weaknesses of the existing business or proposed venture, opportunities and threats presented by the environment, the resources required to carry through, and ultimately the prospects for success.

In its simplest terms, the two criteria to judge feasibility are 1) cost required and 2) value to be attained.

As such, a well-designed management and operational review should provide the historical background of the business or project, a description of the product or service, accounting statements, details of the operations and management, marketing research, policies, financial data, legal requirements, and tax obligations.

A management and operational review is the precursor to the development of a strategic plan, which is a written document that defines a golf course's future direction. It is a beacon with which elected officials, the facility's lessee, management and staff of the golf course, golfers, and the taxpayers can see the value proposition for the enterprise. A strategic plan provides a consensus for future direction, one that can be measured and evaluated.

Without a defined management and operational review, effective tactical plans cannot be developed. Without tactical plans, efficient operational execution cannot occur.

This guidepost for the implementation of the strategic plan is an understanding of the value provided to the customer. To the extent that the experience exceeds the price, value is created and customer loyalty is developed. Conversely, to the extent that the price exceeds the experience created, value is squandered and customer attrition occurs.

Value in golf derives from two basic components shared by all golf courses: the physical – infrastructure – property, plant, and equipment (the course, the clubhouse, and maintenance equipment); and secondly, the human element—the personnel.

How these resources are applied determines the experience created.

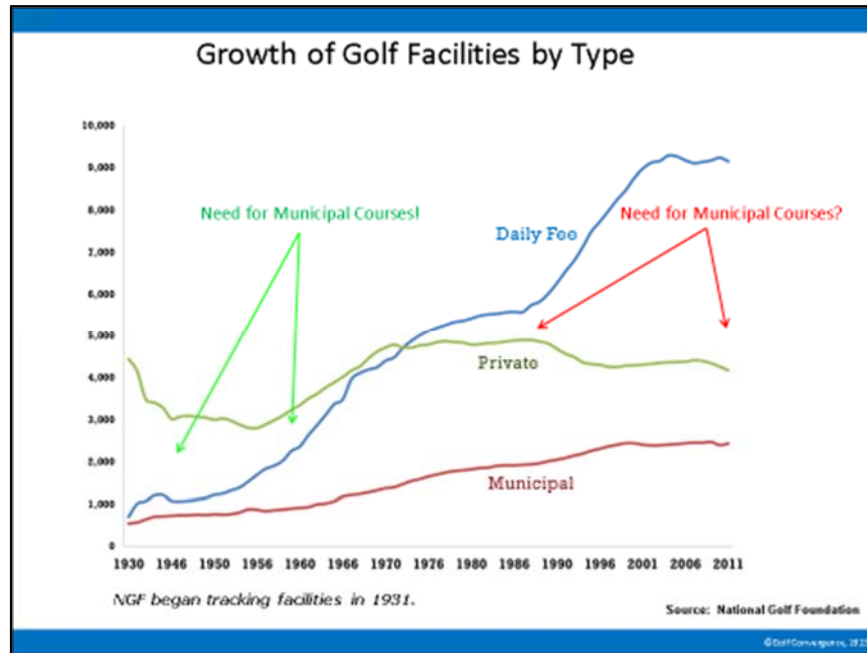


While the creation of a new strategic plan for the City of Brooklyn Park was beyond the scope of this analysis, understanding the facility’s role within the community in providing a leisure-based entertainment experience was fundamental to determining the feasibility of the proposed options available for the golf course.

The Role of Government in Golf

Golf started in North America in the late 1880’s. Access was largely through private country clubs.

Because of the origins of the game within the U.S. as private and club-based, municipalities filled the void for the public by building golf courses as part of their Parks and Recreation programs. The need for municipalities to continue to operate golf courses has been largely eliminated by the evolution of daily fee golf courses – those open to the public via private enterprise – which became a significant factor starting in the 1960’s, as illustrated below:



The current debate: Is providing golf to citizens an essential function of government?

The role of government is to provide those essential services to a society, services that could not otherwise be provided efficiently or effectively by private enterprise. Hence, police, fire, water, sanitation, and highways are usually within the bailiwick of government. But if a need of the citizens is adequately met by private enterprise, should the government provide that service if it is not essential to the health and welfare of its citizens?

It is impractical for a government funded by all its taxpayers to sustain losses from the operation of a golf course that serves only a small portion of the electorate.

The Organizational Structure of Municipal Golf

Municipal golf courses serve various constituencies, including: City of Brooklyn Park City Commission, Management/Staff, Golfers, and ultimately, Taxpayers.

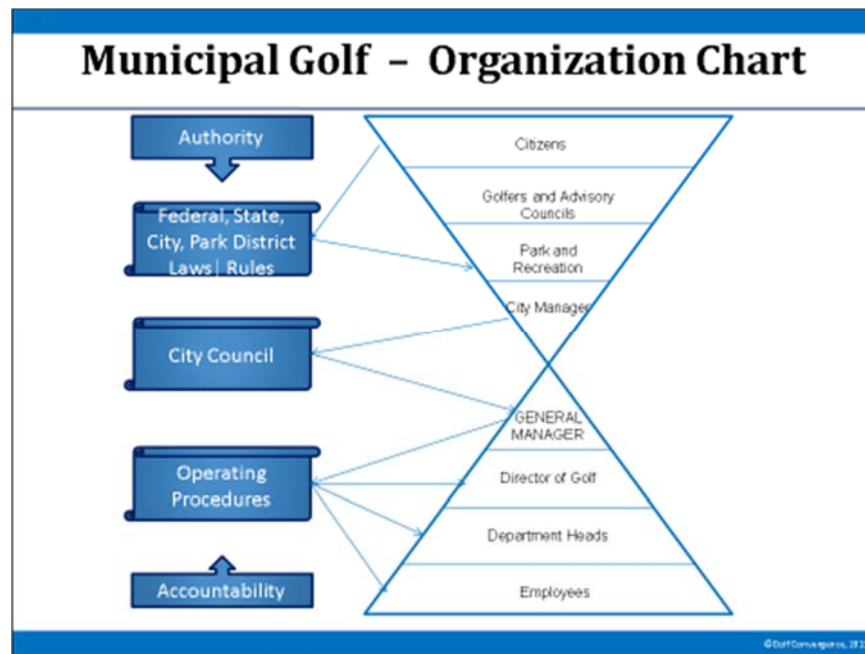
The mission statement of a municipal golf course can range from generating the largest possible return on investment to merely creating a value-based recreational opportunity, or alternatively, catering to the perceived needs of niche groups. Some golf courses also emphasize the value of teaching core values to young golfers.

The national brand image of municipal golf courses often gets a bad rap, especially those facilities viewed as an entry door to the game; they often are downtrodden and degrading.



Such is not the case at the City of Brooklyn Park. Both management and staff are dedicated, hardworking, and passionate about creating value. But decision-making in response to the uncontrollable factors reported, as well as the lack of resources, often impairs their ability to execute.

With that considered, the real organization chart for most municipal golf courses is as follows:



With this understanding of the macroeconomic factors prevalent in our nation, the microeconomic influences affecting the local golf course, and the current political, economic, and financial environment observed in the City of Brooklyn Park, this much is clear— if the City is to provide golf, it must do so in a way that ensures that the golf course is financially self-sustaining and free from general fund support.

Two beacons of hope for the future of golf suggest that perhaps in the intermediate, and maybe even in the long term, Brooklyn Park’s two golf courses might be viable.

First, on November 16, 2011, the National Golf Foundation reported that there are positive developments that suggest the golf industry has reached some balance, as noted below:



National Golf Foundation Reports November 16, 2011

- Latent demand – millions of non-golfers interested in taking up the game
- Dedicated PGA of America Golf 2.0 initiatives to help activate interested non-golfers
- Economic recovery should aid increases in rounds played and spending
- The expected net closure of golf facilities over the next decade should help improve the dilution of demand at the golf course level
- We expect the combined result of these factors to reverse the trend and provide a rise in golfers and rounds per 18 holes.

© Golf Course opm co, 2011

Second, municipalities, recognizing that labor expenses and the associated fringe benefits are the source of many of their financial challenges in operating golf courses, are seeking privatization of those operations. By December, 2011, 43% of all municipal golf courses had privatized.

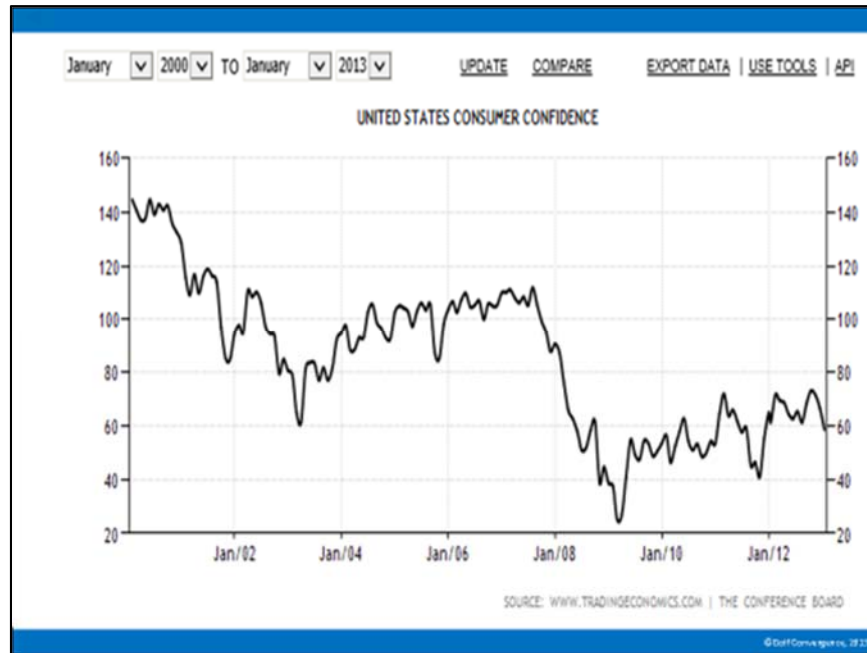
Wisely, the City of Brooklyn Park has leased its associated restaurant to a third-party firm. Thus, this liability, one that is carried by many other municipalities, is a non-issue for the City.

Understanding the global perspectives on the economy and the micro-economic forces impacting the golf industry provided the appropriate framework within which of the recommendations contained within this report were made.

Global Perspectives – Current Economic Outlook

Golf is a recreational sport that consumes the disposable income of its patrons. Golf competes for the entertainment dollars of its consumers.

Clearly, the economy in 2013 and our confidence in it are not at the levels they were in 2000, as reflected in the following Conference Board Consumer Confidence Index:



Why is consumer confidence important? Since golf is a recreational activity that consumes disposable per capita income, the higher consumer confidence is, the greater is the probability that entertainment activities, such as golf, will be sustainable.

The signals are mixed. In January, 2013 it was announced that the U.S. economy contracted at the annual rate of 0.01%, the first decline since the second quarter of 2009. On the same day, it was announced that “Home sales rebounded to the strongest level in five years in 2012, as home building bounced back to levels not seen since early in the recession. Near record low mortgage rates, rising home prices, and a drop in foreclosures have combined to bring buyers back to the market.”⁸ The headlines the next day were “Personal incomes post biggest gain in eight years.”⁹

We get absorbed by the daily details that flood our consciousness, and we lose sight of the major trends. One merely need to reflect on the tremendous changes that have occurred in the U.S. during the last four years, as evidenced in the following table, to realize a lot has changed.¹⁰

⁸ <http://money.cnn.com/2013/01/27/news/economy/housing-economic-growth/index.html>

⁹ <http://www.foxbusiness.com/news/2013/01/31/personal-income-posts-biggest-gain-in-eight-years/>

¹⁰ <http://money.cnn.com/galleries/2012/news/economy/1206/gallery.Obama-economy/13.html>

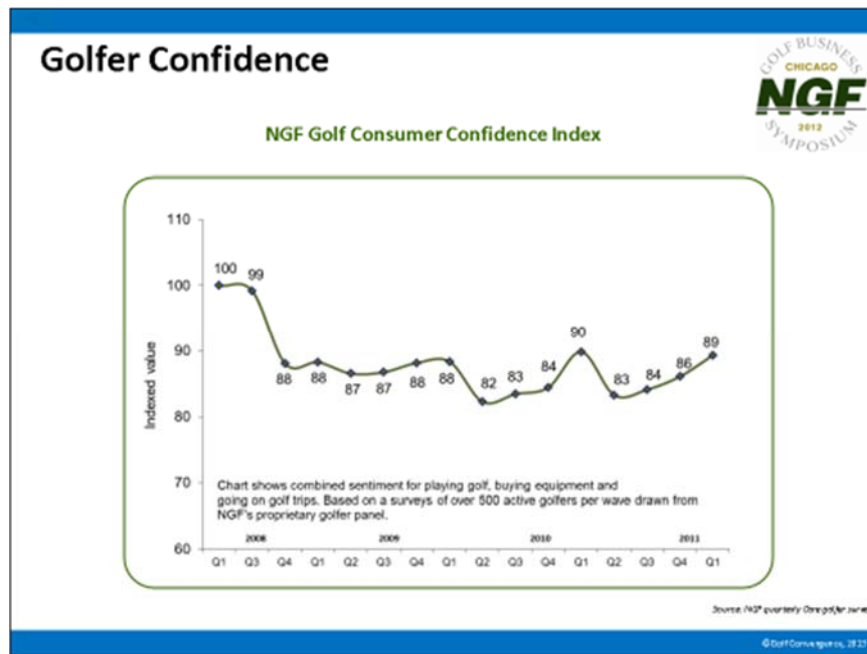


Category	2009	2012
Annual Consumer Price Index	-0.10%	1.70%
Consumer Spending	-1.60%	1.60%
Economic Growth	-5.30%	3.10%
Foreclosure	66,777	53,054
Gas Prices	\$1.62	\$3.29
Government Spending (Billions)	\$3,517	\$3,540
Housing Prices	\$175,500	\$189,000
Interest Rates (10-Year Treasury)	2.46%	1.86%
Job Growth	-818,000	114,000
Manufacturing (Industrial Production Index)	87.4	98.1
National Debt	54.10%	72.80%
Standard and Poor Stock Index	931.8	1472.6
Unemployment	7.80%	7.80%

Clearly, the economy in 2013 is performing at a level comparable to the year the recession began. Merely sit on an airplane or wait in a Red Carpet room and the fact that the economy is a lot better is apparent.

Looking ahead, consumers are more optimistic that business conditions, employment prospects, and their financial situations will continue to get better. While consumers are in a somewhat more upbeat mood, it is too soon to tell if this is a rebound from earlier declines or a sustainable shift in attitudes.

The consumer confidence of golfers is increasing, as noted below:

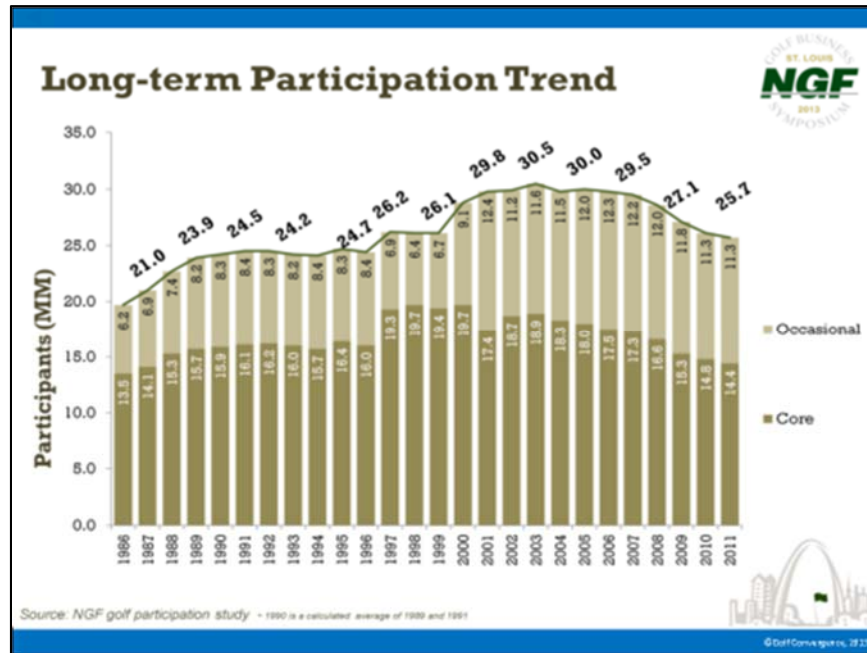


Analysis of National Trends in Public Golf, including Supply and Demand

All economic forecasts from leading industry research groups forecast a “flat industry” for the foreseeable future. For the next decade, the sport is likely to remain at 25 to 30 million participants, and revenue growth will only come from market share increases (stealing your competitors’ customers) or price increases.

Those conclusions are reached based on overall golfer trends, as reflected below:

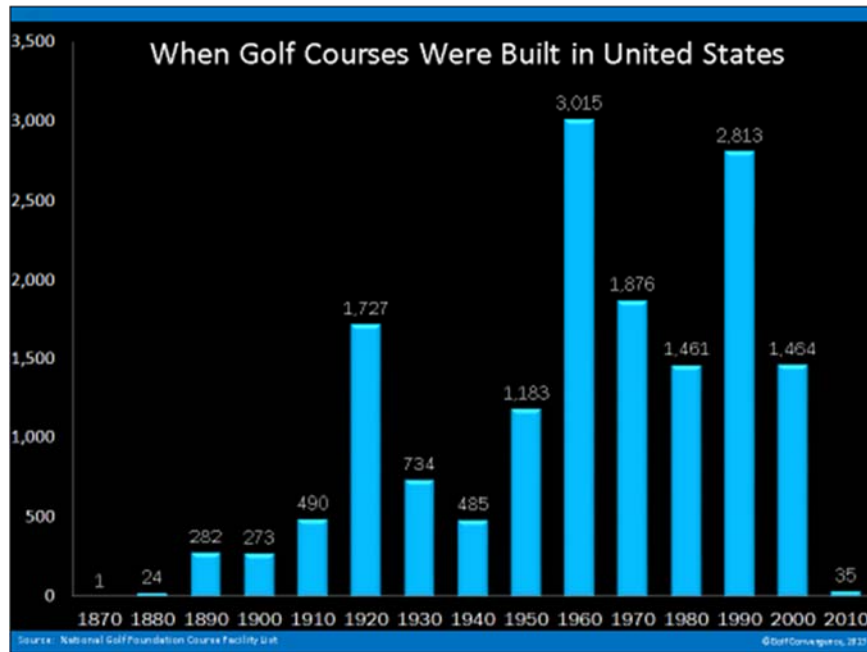
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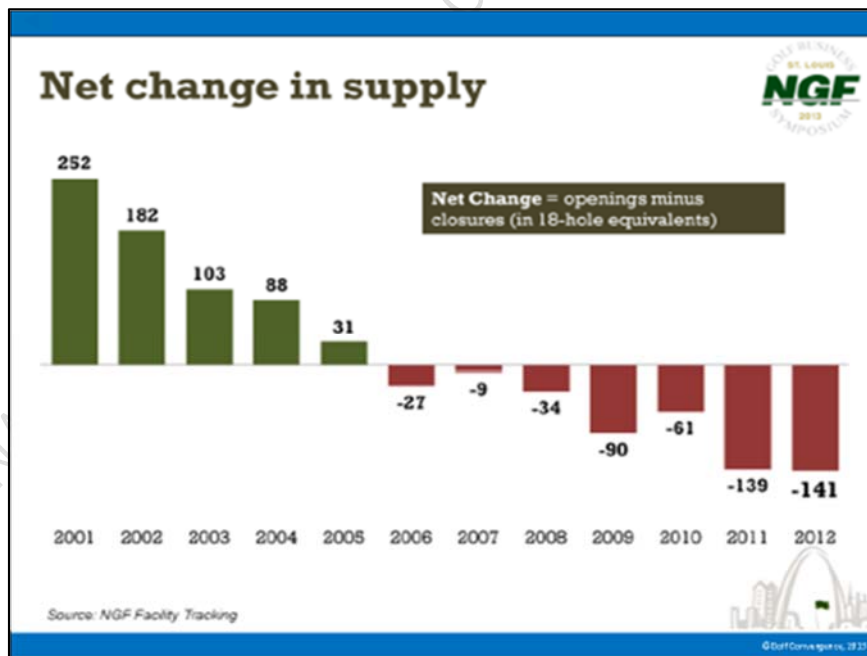
The net decrease of 1.4 million golfers from 2009 to 2012 included 5.2 million golfers who left the game; their numbers were not offset by the 1.8 million beginners and the 2.0 million former golfers who returned to the sport.

Since 1990, the growth in the number of golf courses is up 24%, while the number of golfers has increased only 16%. As a result, the number of rounds played at each golf course have fallen from 40,400 in 1990 to 31,303 today. During this same period, while the number of golfers has fallen 9.2%, rounds volume has fallen 2.7%.

Today's supply imbalance is attributable to the golf courses opened during the '60's and the '90's, as reflected below:



For the past seven years, and for the first time in history, more U.S. courses have closed than opened, as evidenced in the following chart:



Thus, the largest contributing influences are “uncontrollable factors” at a national level, and a quick reversal is not likely. And there are no foreseeable changes which will provide the



City of Brooklyn Park the opportunity to grow its golf course operation based on a surge in demand or a dramatic reduction of supply.

In 2009, the National Golf Foundation published an extensive study on “The Future of Public Golf in America,”¹¹ which cited that 15% of golf courses rated their financial health as extremely poor. Of those golf courses, 56% of daily fee golf courses were considering closing and selling, and 26% of municipal golf courses were evaluating the same alternatives. Uniformly, with rounds and revenue off, losses had increased, maintenance standards were deteriorating, capital investments were deferred, and discounting practices were being used to boost rounds. The City of Brooklyn Park has experienced the same situations.

As a result, the NGF concluded the golf courses most at risk¹² were:

- Facilities with lower price points
- Alternative facilities
- Facilities in less-populated areas

The NGF study further revealed significant differences between how successful golf courses were operating in contrast to those courses that were financially challenged.

Maintaining customer databases, engaging in email marketing, and publishing newsletters are additional traits of successful facilities that have been widely recognized over the years. As long as the City of Brooklyn Park doesn't fully engage in such activities, these missing marketing activities increase its risk of failure.

The Business of Golf – Balancing Demand and Supply

In theory, business is actually very simple. It is balancing supply against demand. By establishing the price that correctly balances the value delivered commensurate with market demand, net income is maximized.

Business can be made very complicated. The permutations of operating a successful golf course increase quickly when one considers the factors that impact supply (the number of golf courses) or those factors that affect demand (course conditioning, price, weather, service, and customer demographics and preferences).

In a perfect market, customers purchase products that satisfy their needs or desires for prices they determine to be the best value. Golfers purchase a round of golf for the price

¹¹ National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009, Slides 1 -43.

¹² National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009, Slide 21.



that creates the social status they seek, for the networking they want to achieve, for convenience to home or business, and for the recreational and leisure experience.

Unfortunately, capitalism is not about perfect markets. Inadequate information, undisciplined decision making, and government intervention can create aggregate failure. The essence of capitalism is for the successful entrepreneur to gain a strategic advantage over competitors within an imperfect market.

The goal of the golf course owner should be to blend the following triad:

- 1) Superlative information
- 2) Disciplined decision making
- 3) Crisp execution

But that first component, superlative information, starts with an understanding of the breadth and depth of the golf industry.

An understanding of macroeconomics as it relates to supply and demand and the underlying performance, structure, and behavior of the golf industry creates the essential perspective necessary to craft an operational review as part of an operational analysis for which this study was commissioned. In the previous pages, we have examined macroeconomic supply and demand changes, but it is necessary to take a microeconomic perspective regarding demand.

A Closer Look at Demand – What Is the Profile of a Golfer?

In 1899, when 307 golf courses existed in the United States, Thorstein Veblen, the author of *The Theory of the Leisure Class*, expressed his opinion that golf was a game in which individuals participated to demonstrate their conspicuous consumption of leisure¹³. In essence, individuals were attracted to the sport to demonstrate their superior financial position and to flaunt their lack of need for work as America transitioned from an agrarian to an industrial society.

From that meager beginning, golf in the United States has grown to a \$24.8 billion industry in which 26 million golfers play 463 million rounds while frequenting 15,882 facilities.

Despite that growth, more than 110 years later, golf has not lost its elitist brand. Two-thirds of golf rounds are played by those with a household income of at least \$85,500, and whose

¹³ Thorstein Veblen, *Theory of the Leisure Class* (Oxford, Oxford University Press), 1899. http://en.wikipedia.org/wiki/The_Theory_of_the_Leisure_Class.



median age is 41.9. The national median household income is \$51,618, and the national median age of 37.1. For every round played in the U.S. by someone who is Hispanic or African American, Caucasians play seven rounds. For every round played by a female, men play 5.1 rounds. The fact that Generation Y is playing 58% less than baby boomers is hardly the foundation for an industry hoping for dynamic growth.

The financial health of the business of golf can be measured by many numbers. Three of the most effective are the relationship between the number of golf courses, the number of golfers, and the number of rounds played. Many factors influence those three components.

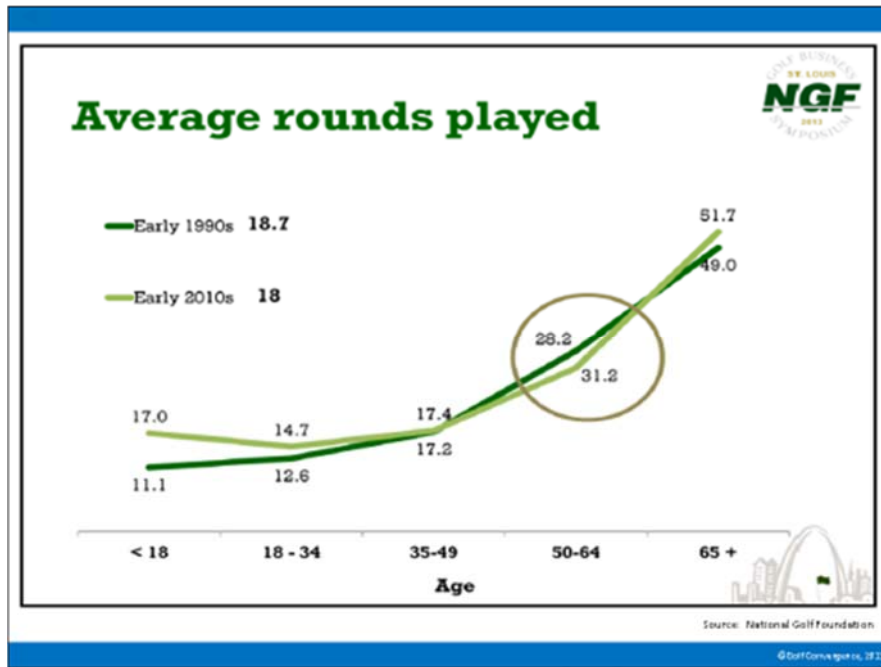
In order to compute the number of golfers and the number of rounds, we first need to define “golfer.” The National Golf Foundation defines a “golfer” as an individual, age 6 or older, who played at least one round in the past year. “Core golfers” are defined as those adults 18 or older who play between eight and 24 rounds per year. The term “avid golfer” is used for those golfers who play more than 24 rounds per year. Other industry research groups use “12 years or older” as the benchmark for what constitutes a golfer. Again, the golf industry’s methods of gathering statistics are not standardized.

Another term that causes much debate is “round.” When you play a “round,” have you played nine or 18 holes? The most common use of the word “round” merely means “a start.” In other words, a golfer teed off on at least one hole.

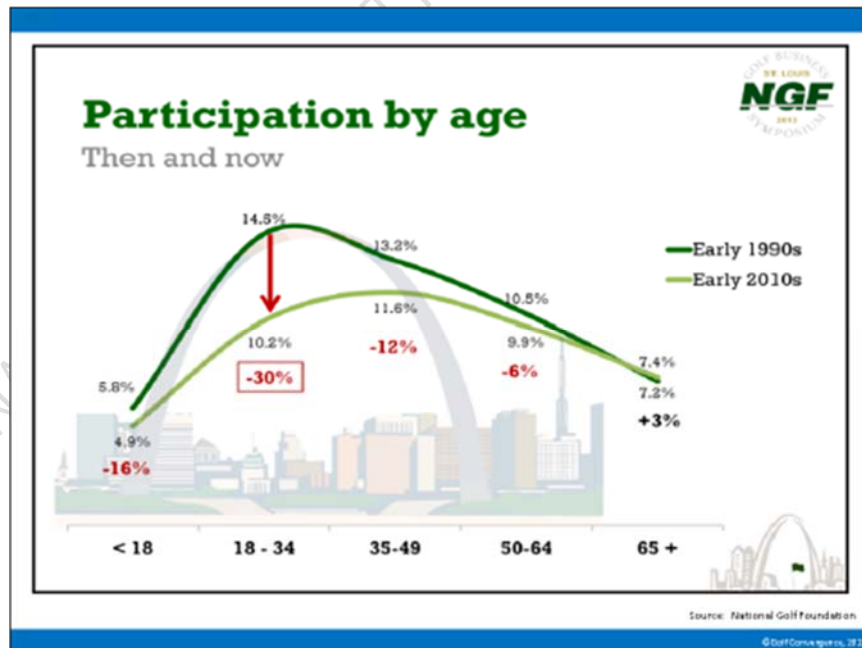
With the term “golfer” now defined, a further analysis reveals that the game of golf is all of the following:

- 1) Golf is a game of the aging population.
- 2) Golf is a game of the wealthy.
- 3) Golf’s growth is constrained by the time-crunched nature of our society.

As has been demonstrated in economic surveys conducted throughout the world, golf thrives in cities where the population is aging. Over 68% of all golf rounds are played by those older than 43 years of age, as reflected below:



The City of Brooklyn Park's population is 4% younger than the national average. Not only are more rounds played by an older generation, but the participation rate by age reflects that over the 20 years, those between the ages of 18 – 34 play far less, as shown here:



All of this begs the question as to why golf is not more popular among the young, middle, and working classes.



First, the game is difficult to learn, and if you're not very good at it, it isn't a lot of fun. Second, the cost to even begin playing is high—clubs, shoes, golf balls. It's not uncommon to invest at least \$500 to more than \$3,000 to start. Third, a round of golf consumes the better part of a day. Fourth, the attitude present in many male-dominated pro shops creates a harsh and unfriendly environment for many women. Finally, many golf course personnel believe that they are “members” of the club, not “workers” at the club.

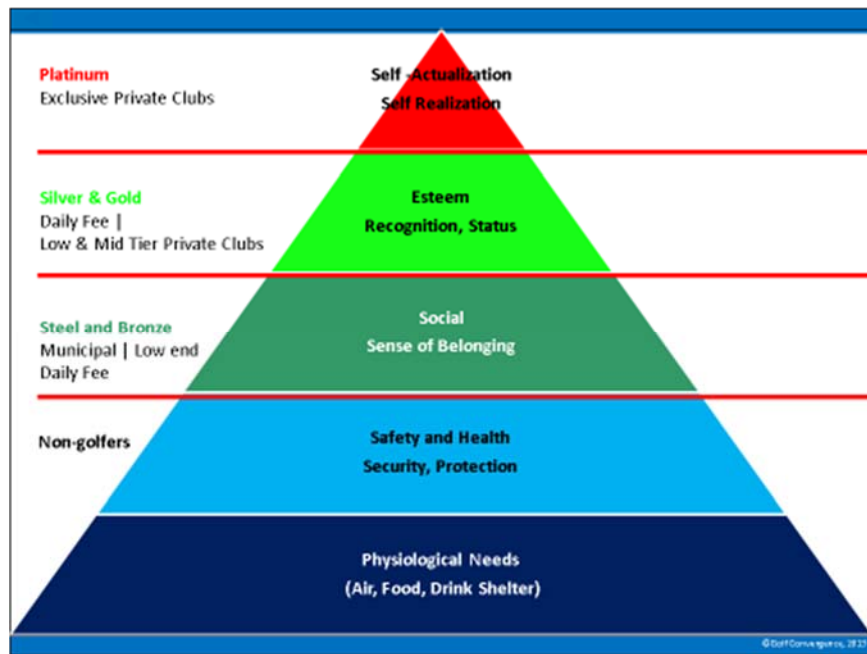
While the demand/supply imbalance bodes poorly for golf, such imbalance masks a more subtle and pervading problem that is retarding the growth of the game. That problem is the significant change in the demographics of how our society functions in the United States. Sociologists track seven major categories to determine the nature of a society, some of which are technology (medicine, computers), social trends (reduced social conformity), and demographics (baby boomers and Gen X).

Within the seven categories, when three or more become altered significantly, society changes. That is what has occurred during the past seven years. Labeled the “time crunch,” societal changes include the following:

- 1) The technology traps of endless improvements:
- 2) The update mandate (email, Twitter, texting, etc.) of our knowledge of events, education, and our values (tolerance to risk, work, etc.)
- 3) The marketplace of endless choices.
- 4) We have become an experience economy of going to Starbucks to see it made, Krispy Kreme to watch it bake, and Harley events together on weekends to participate.
- 5) Lifestyle integration: Our key value is that everything must be efficient and we can do it once, causing the erosion of the barriers between home, work, and commuting.
- 6) Child centeredness: Our focus on wants, needs, and desires has transferred from ourselves to our children. There is now a social status attached to the “children first” attitude. Our parents put themselves first. We put our children first.
- 7) Conspicuous activation. Status is now achieved by showing how busy you are and how many activities you are involved in.

The time crunch, in which 50% of all families are divorced and 80% of existing families have dual wage earners, has completely redefined the concept of leisure.

What this all relates to, is that the selection of a golf course by a consumer can be traced to Maslow's Hierarchy of Needs, as shown below:



As such, for the game of golf to grow and be successful, it must focus on the elements of time outdoors, the social aspect of the game, and the exercise opportunities offered.

Why We Play	Not and Fringe	Casual	Hooked and Nuts	Average
Time outdoors	43	54	63	53
Social aspect	33	46	53	44
The exercise	32	44	48	41
Ball striking	23	40	59	41
The challenge	18	36	66	40
The courses	20	28	52	33
Stress relief	19	36	43	33
Mental game	10	23	39	24
Values of the Game	9	23	39	24
The competition	6	13	34	18
Keeping score	6	10	35	17
History & Traditions	6	9	27	14
Practicing	5	9	26	13