



LOUISVILLE PARKS AND RECREATION

GOLF COURSE ECONOMIC AND VIABILITY STUDY

FEBRUARY 15, 2019



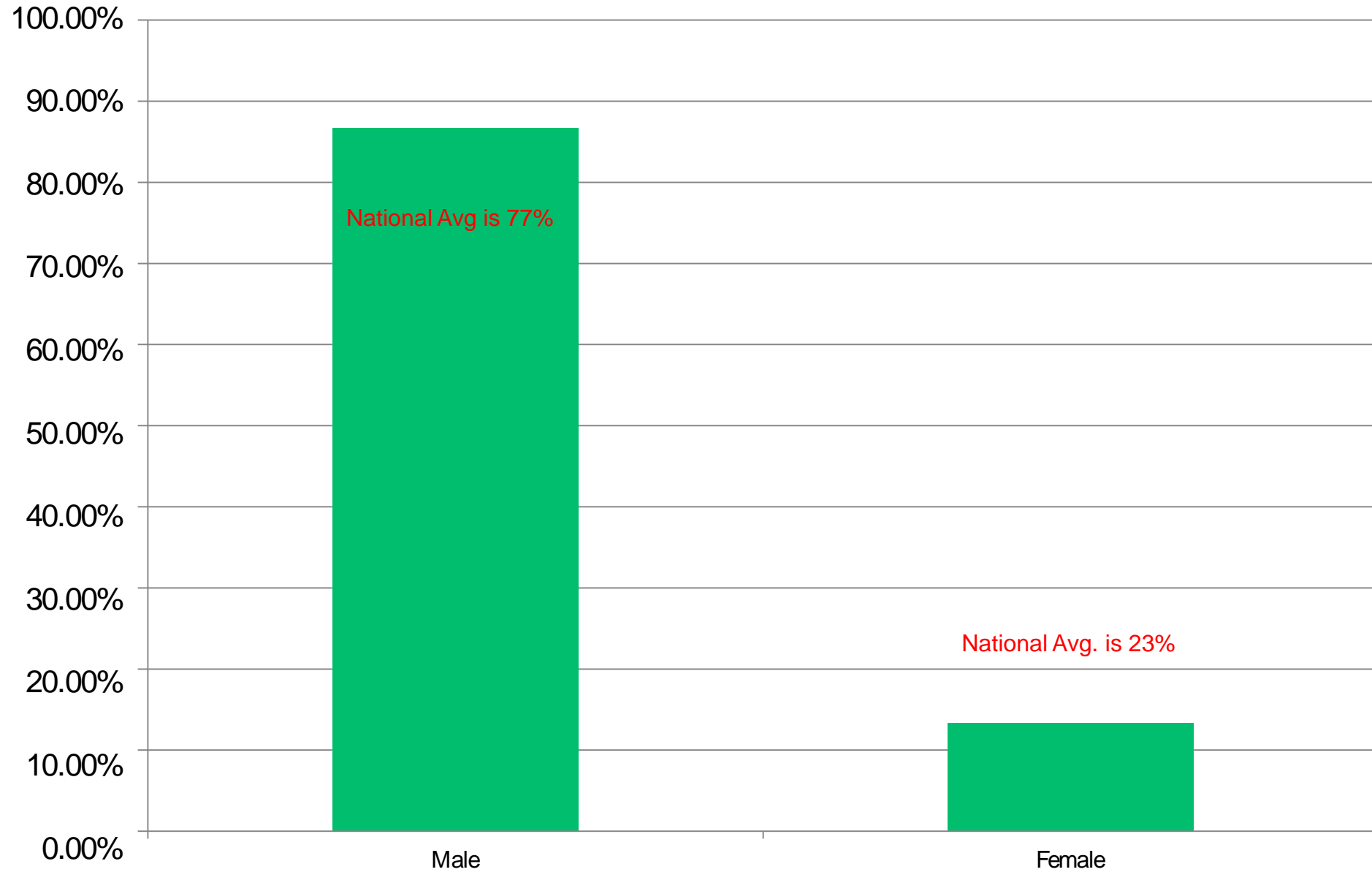
LOUISVILLE PARKS AND RECREATION

2018 GOLFER SURVEY RESULTS

22,936 SURVEY REQUEST FROM GOLF AND REC. TRAC LIST
1,939 TOTAL REPOSES

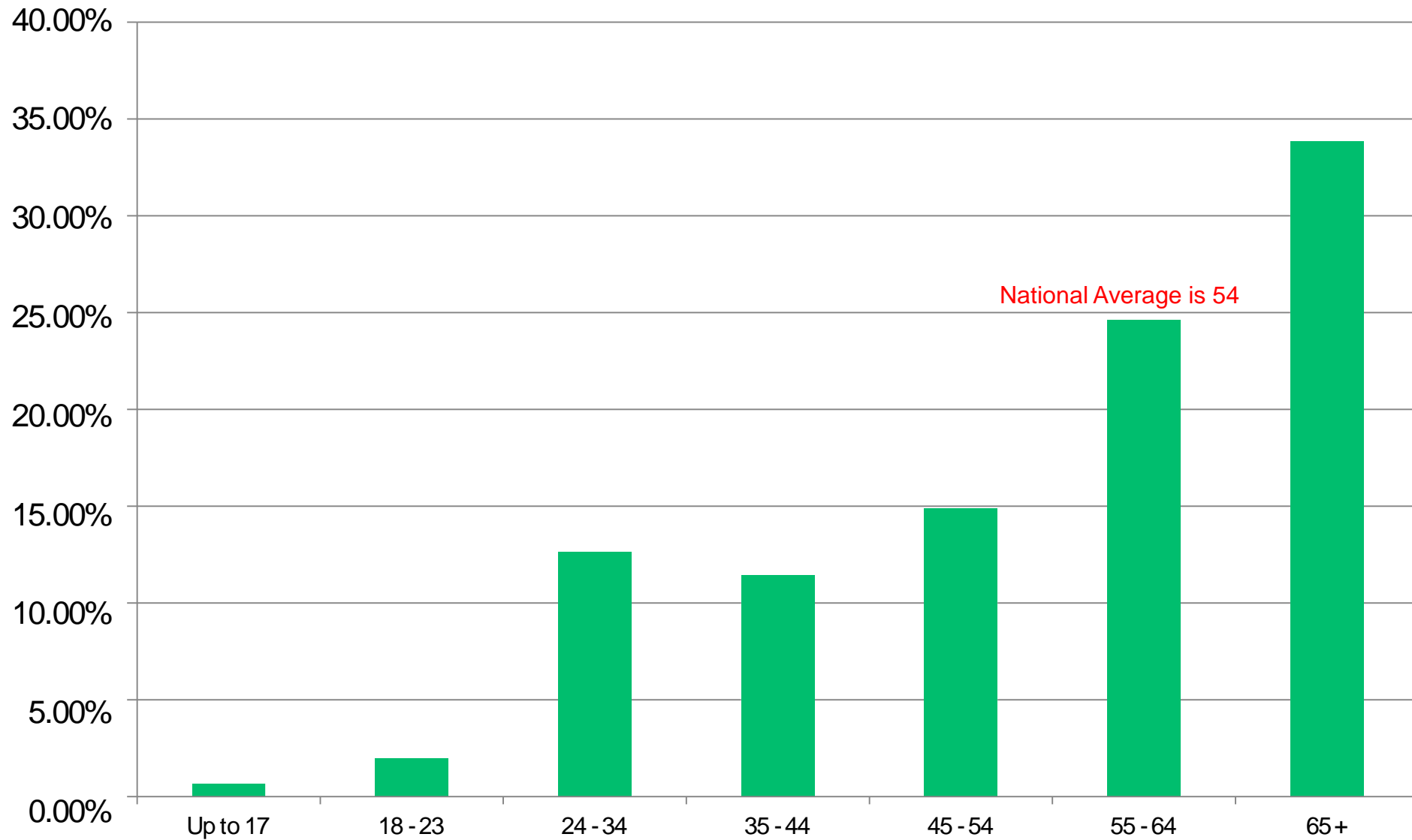
CONDUCTED BY: J.J. KEEGAN, GOLF CONVERGENCE INC., AUGUST 2018

What is your gender?



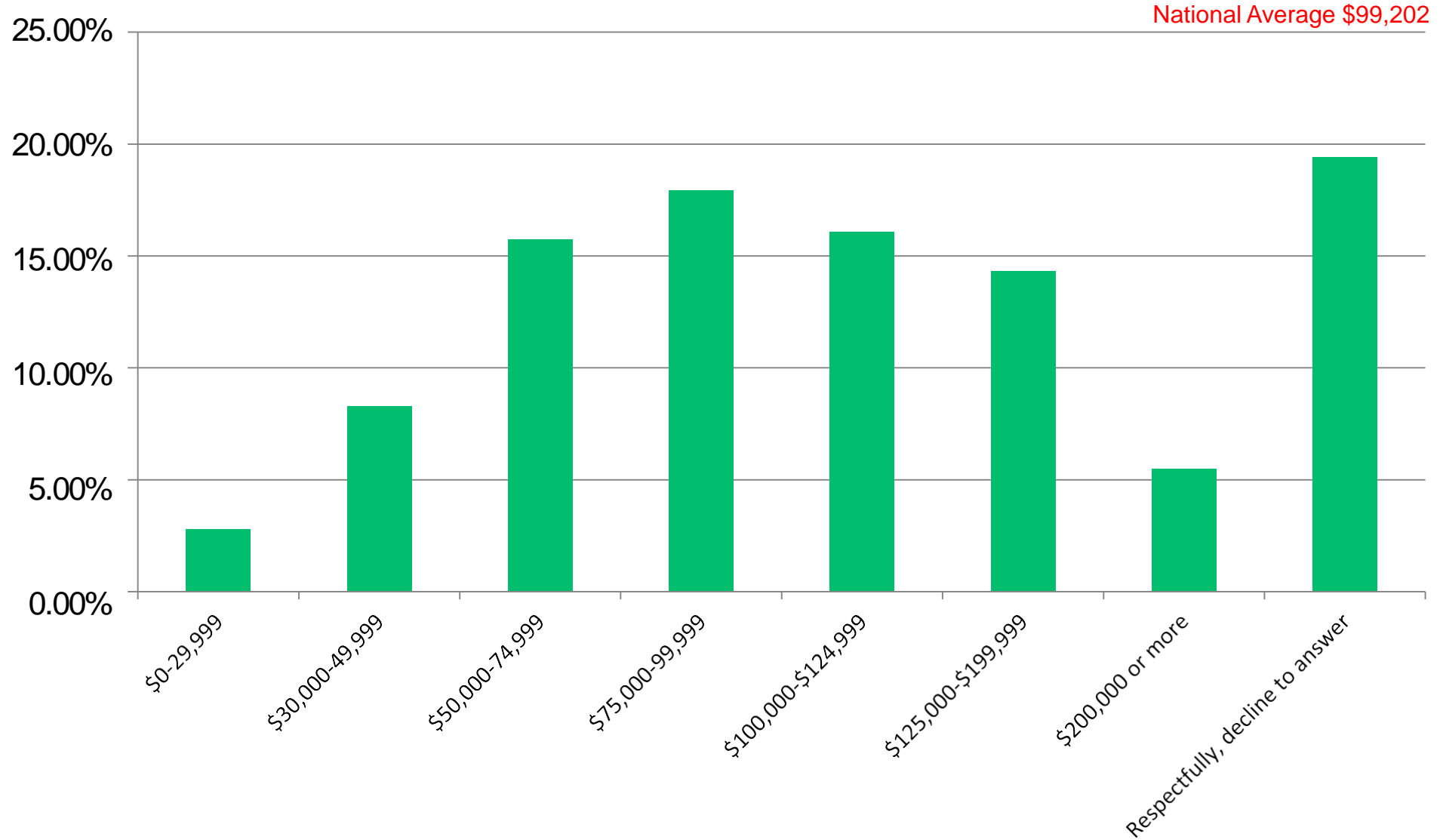
What is your age?

Average 55.0

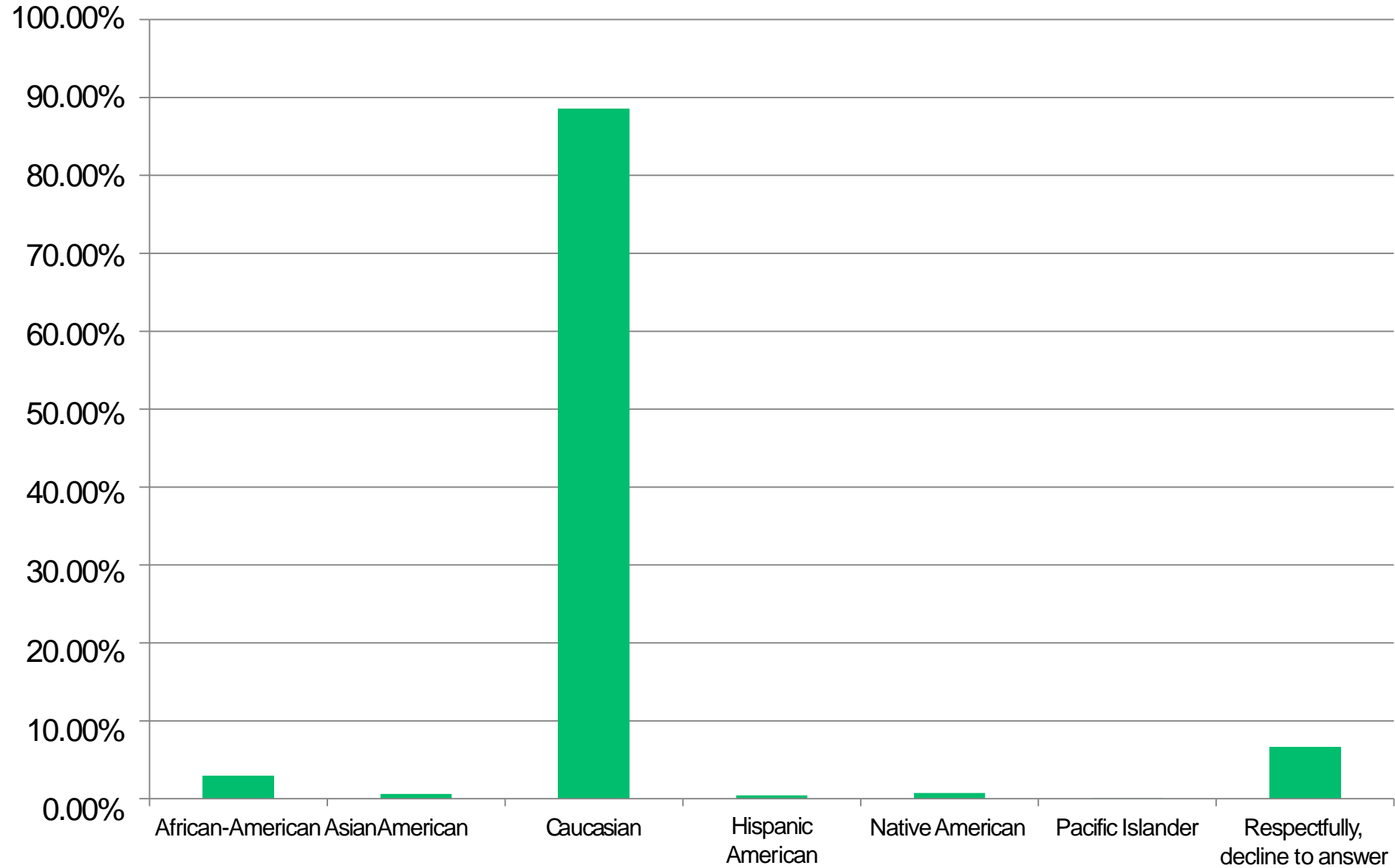


What is your household income?

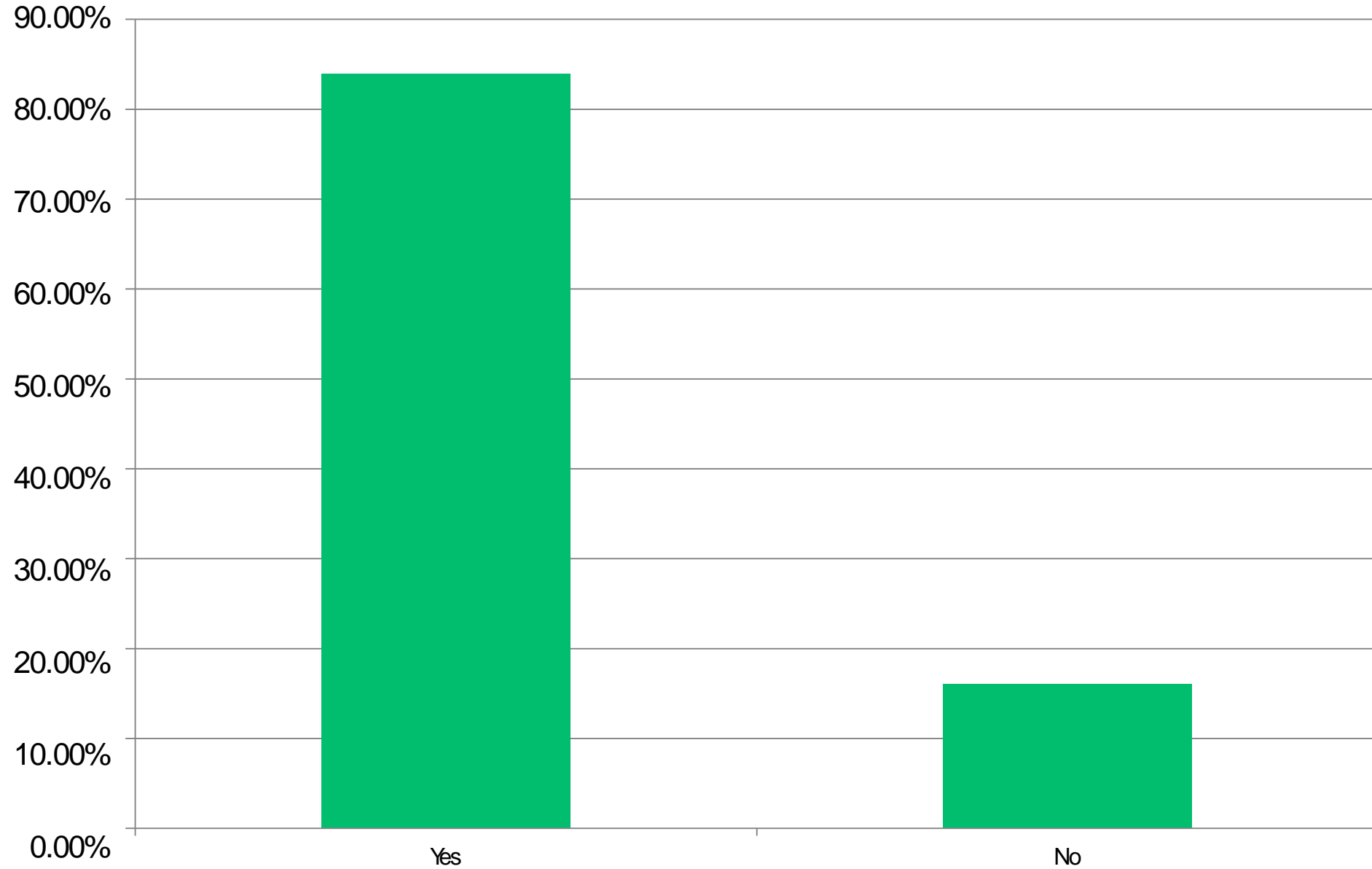
Average \$84,378



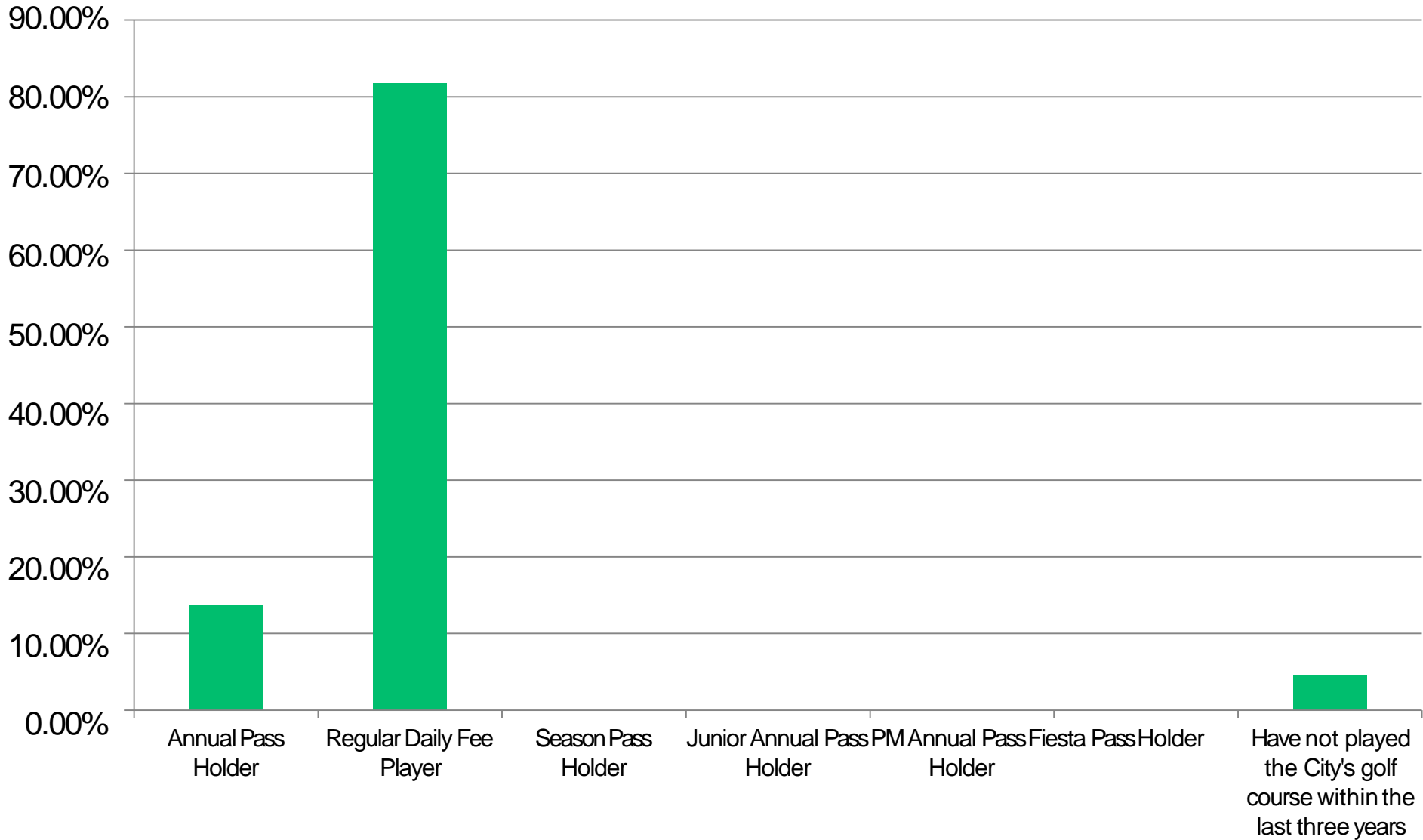
What best describes your race?



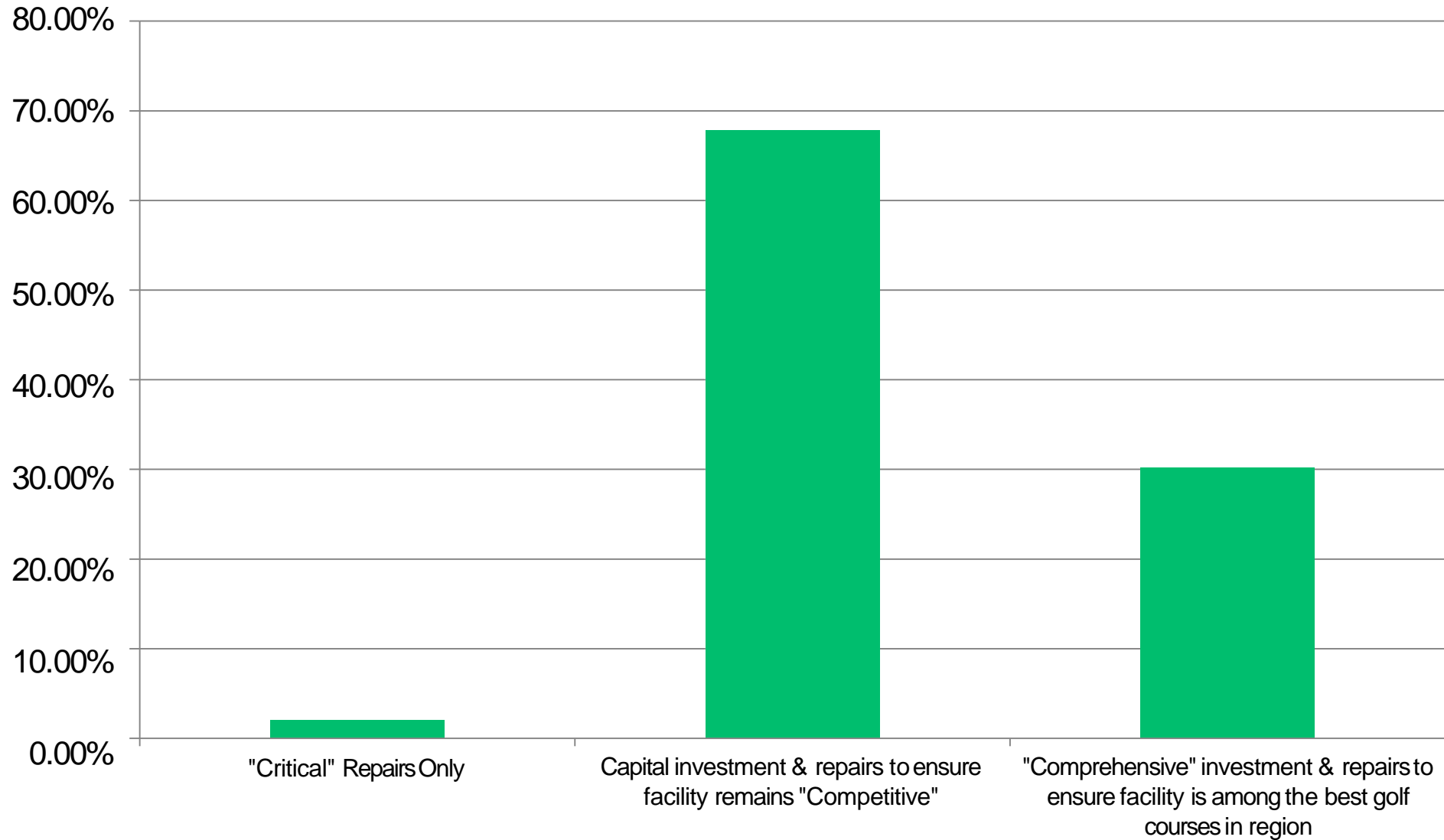
Are you a resident of Jefferson County?



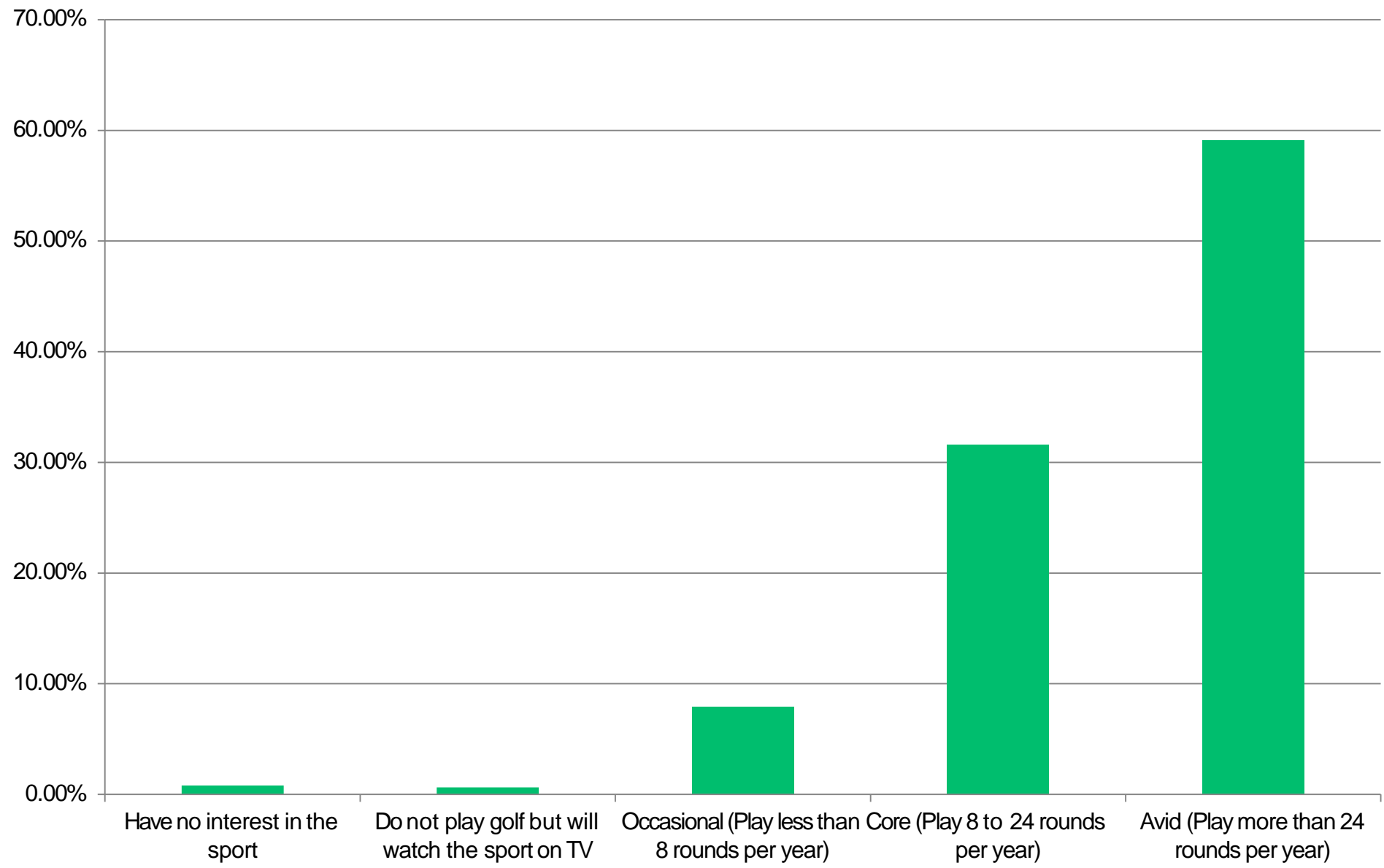
What best describes your affiliation with the Louisville Park and Recreation's Golf Courses?



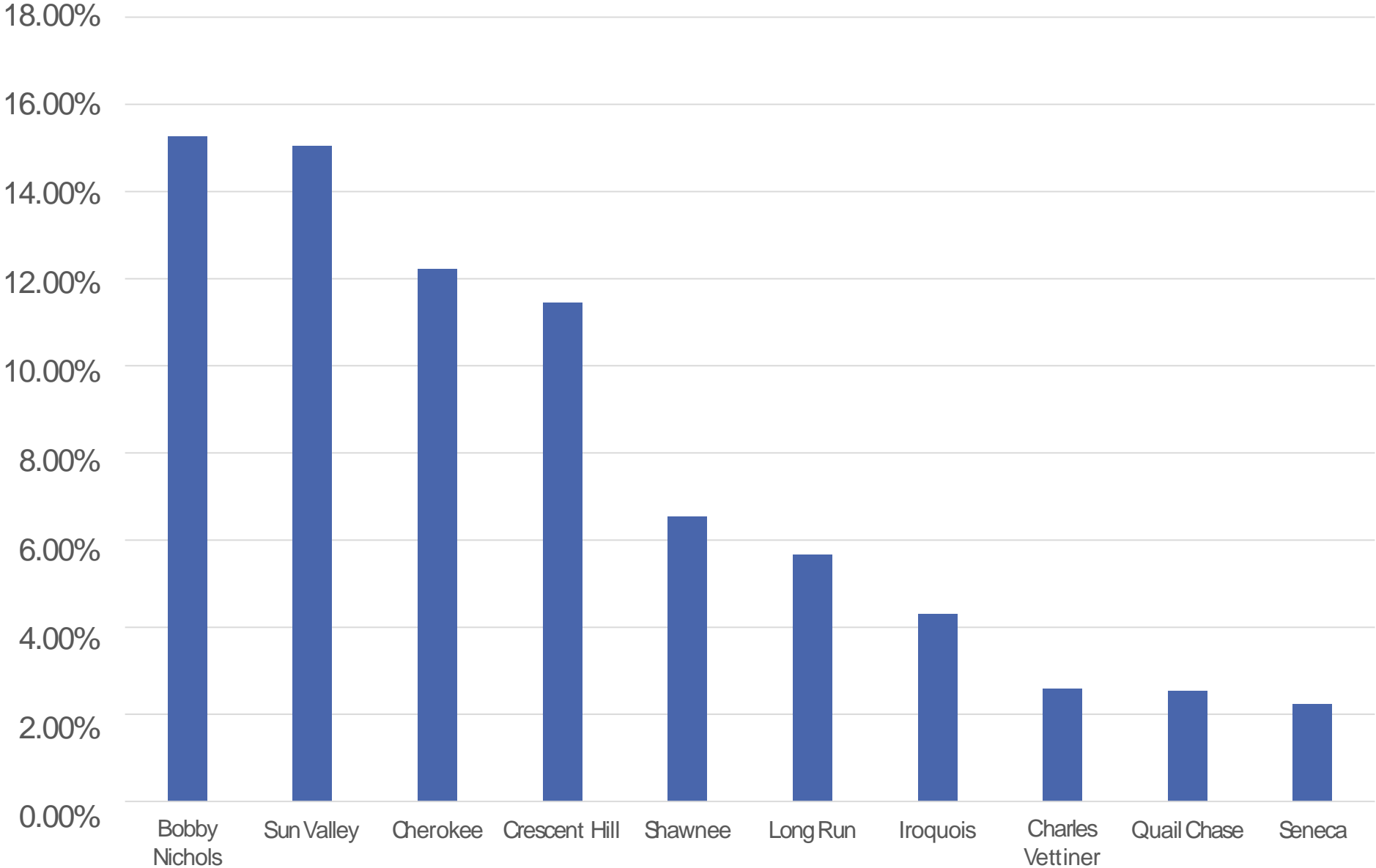
At what level should Louisville Parks and Recreation invest in capital improvements and repairs for the golf course?



What is your interest level in golf?



If Necessary, Which Course Should Close





LOUISVILLE PARKS AND RECREATION
GOLF COURSE PROFILES

Seneca Golf Course



Seneca Golf Course



Seneca Golf Course

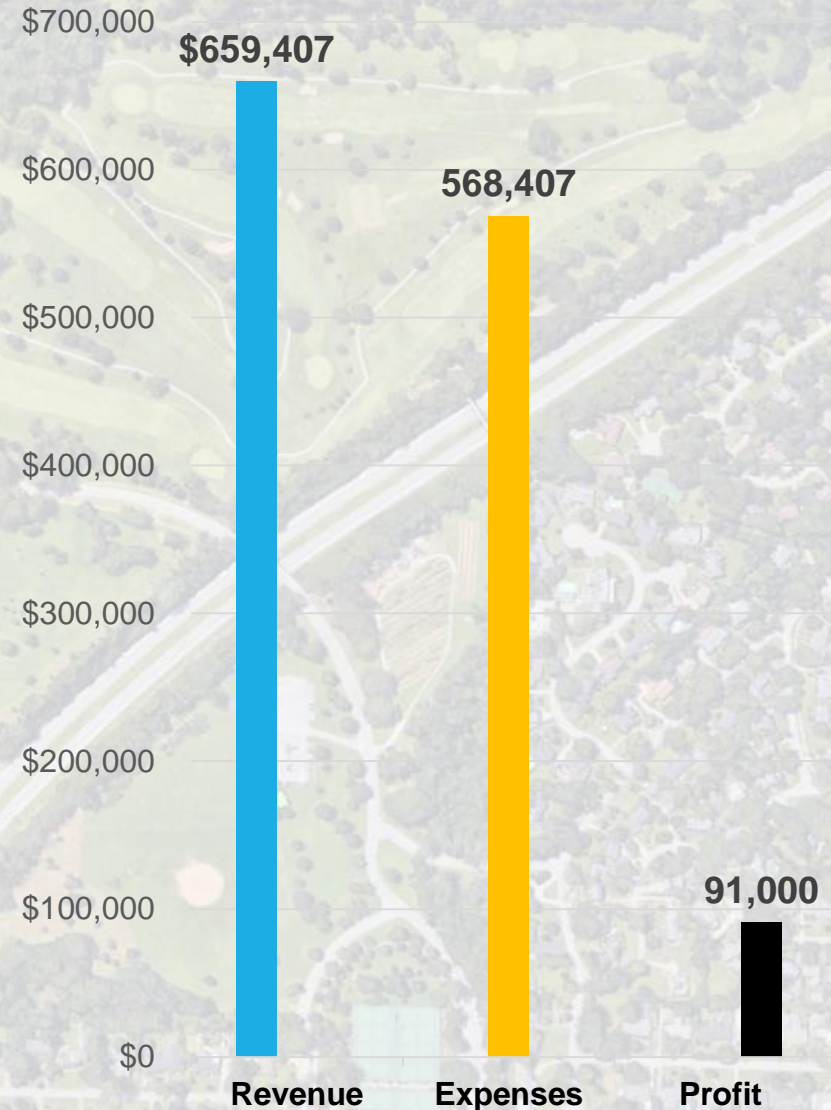
Economic Performance FY-18

Critical Investment Need:

- The current irrigation system is 80 years old and is constantly breaking. Major problem for the city's most profitable course.
- Bunker improvements to properly place, drain and stabilize the bunkers.

Estimated cost:

\$2,000,000



Vettiner Golf Course



Vettiner Golf Course



Vettiner Golf Course



Vettiner Golf Course

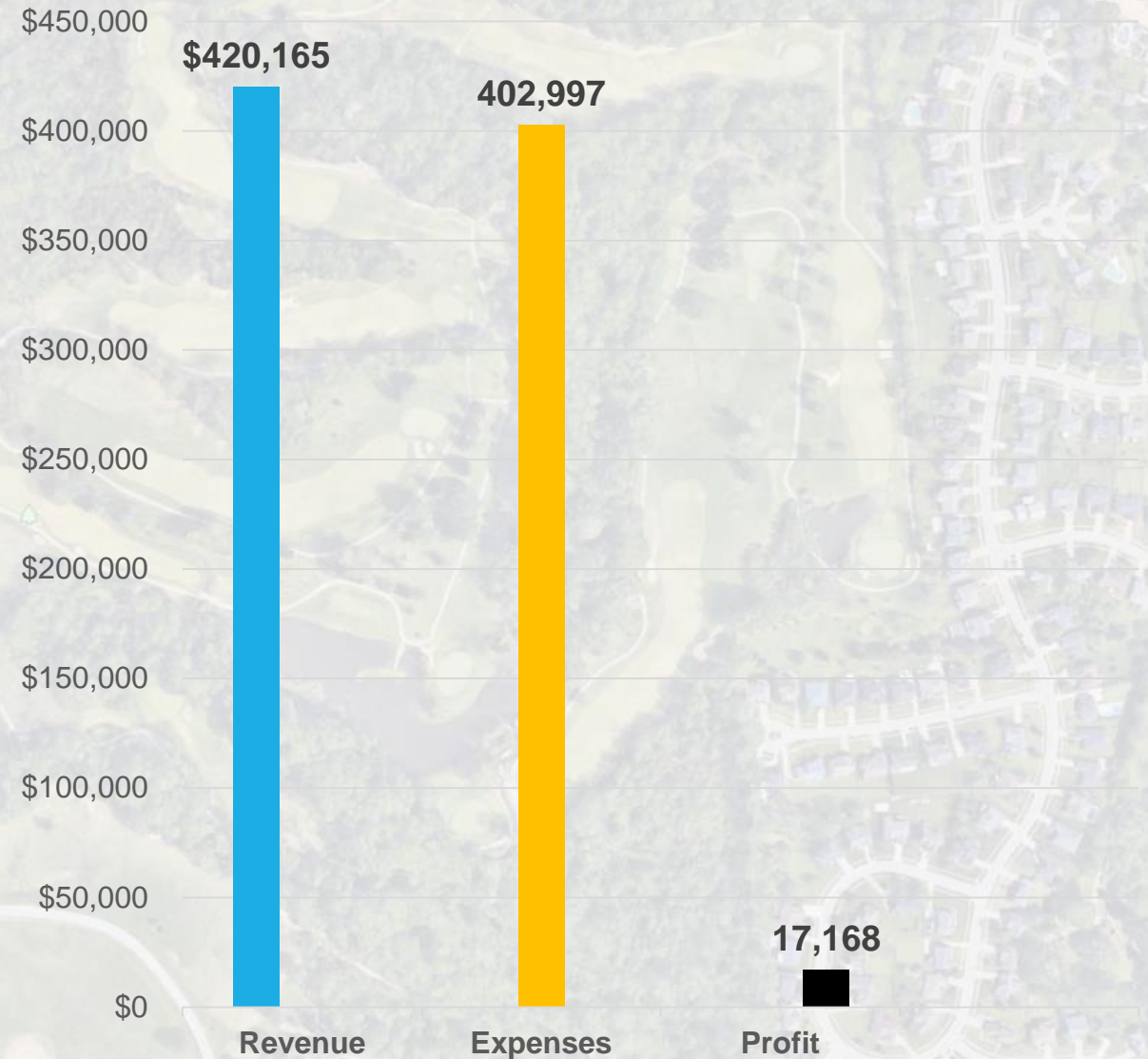
Critical Investment Needs:

- Drainage improvements to make the course more playable and improve turf health.
- Redesign and repair the cart path between holes 16 & 17.
- General Cart path repair

Estimated cost:

\$600,000

Economic Performance FY-18



Quail Chase Golf Course



Quail Chase Golf Course



Quail Chase Golf Course



Quail Chase Golf Course

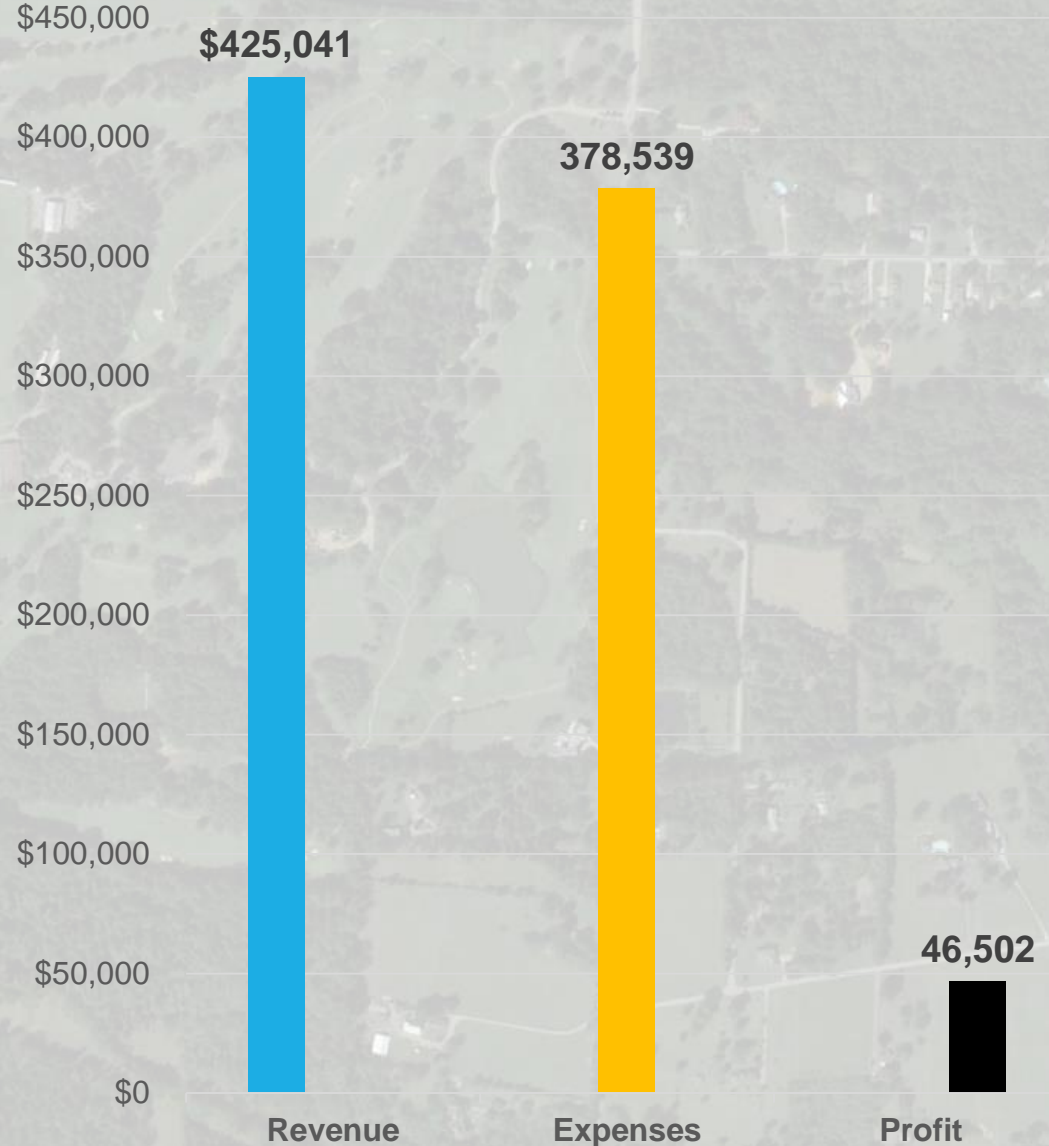
Critical Investment Needs:

- Fairway grass conversion to a variety that will be sustainable. (Lo Mow Bluegrass or Sodded Zoysia)
- Stream restoration, holes 1&4 on East course.
- Bunker renovation to place and drain bunkers properly and add sand.

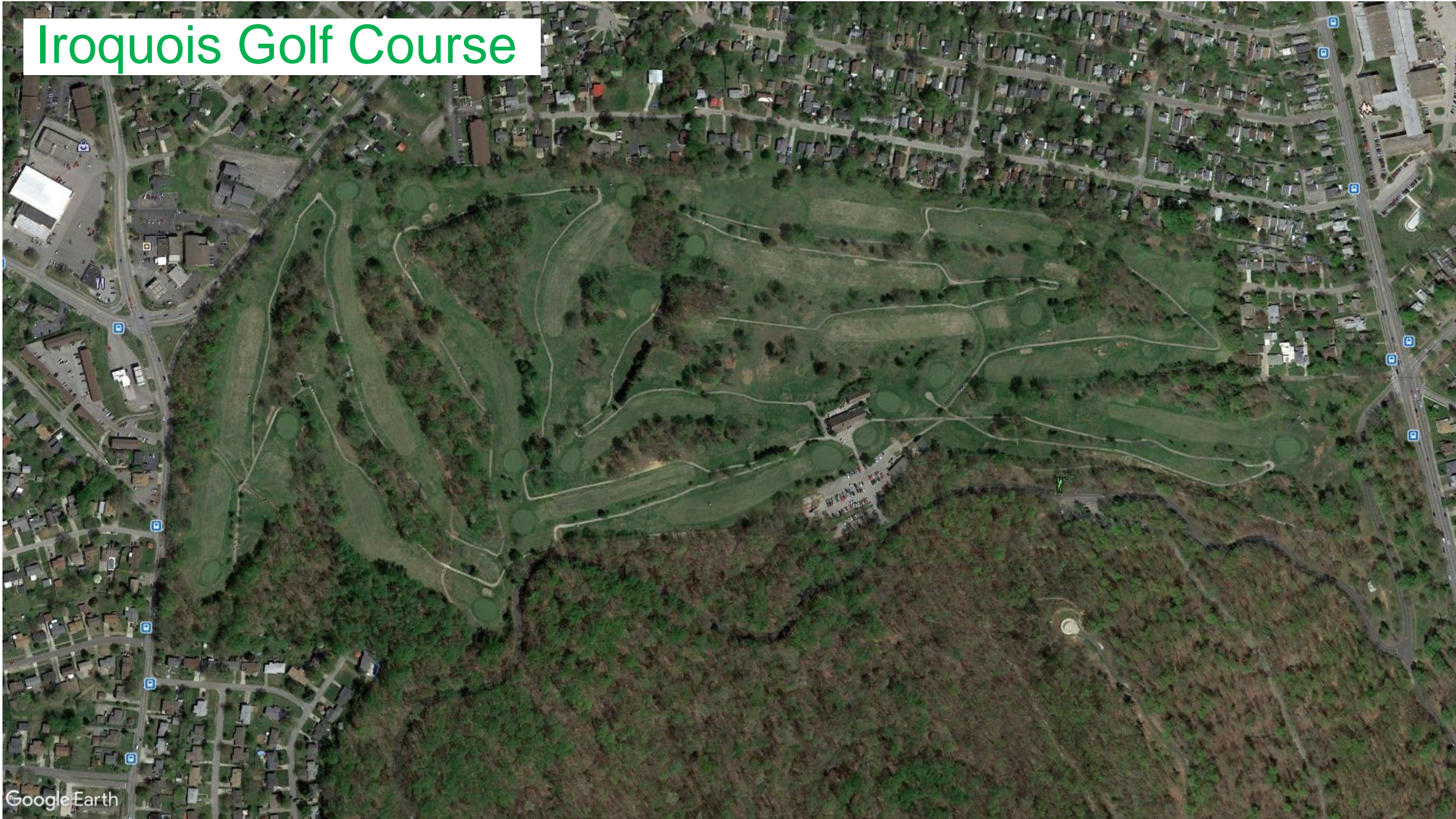
Estimated cost:

\$1,500,000

Economic Performance FY-18



Iroquois Golf Course



Iroquois Golf Course

Economic Performance

Critical Investment Needs:

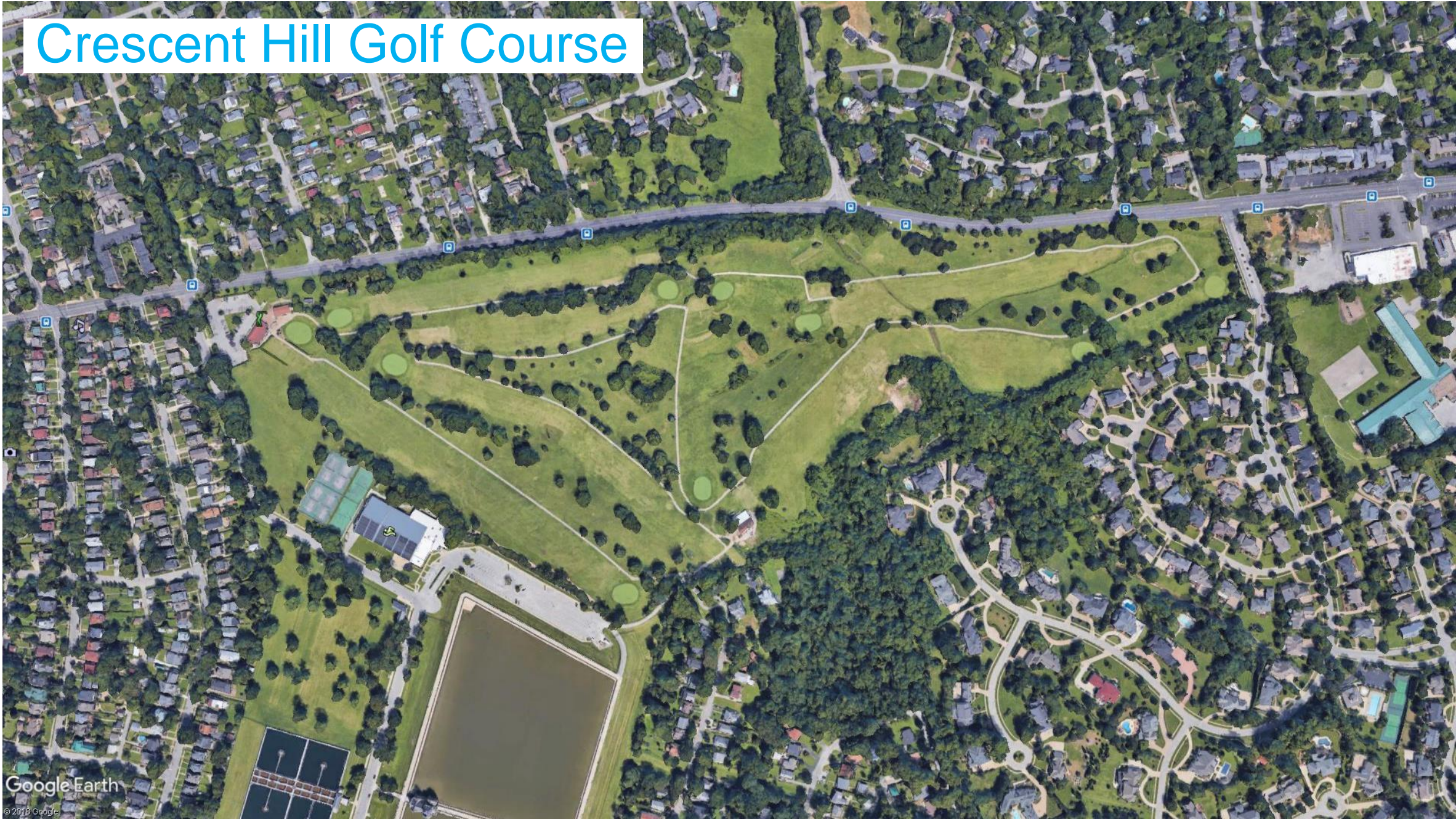
- Major drainage improvements needed.
- Bunker renovation to place and drain bunkers properly and add sand.

Estimated cost:

\$800,000



Crescent Hill Golf Course



Crescent Hill Golf Course



Crescent Hill Golf Course



Crescent Hill Golf Course

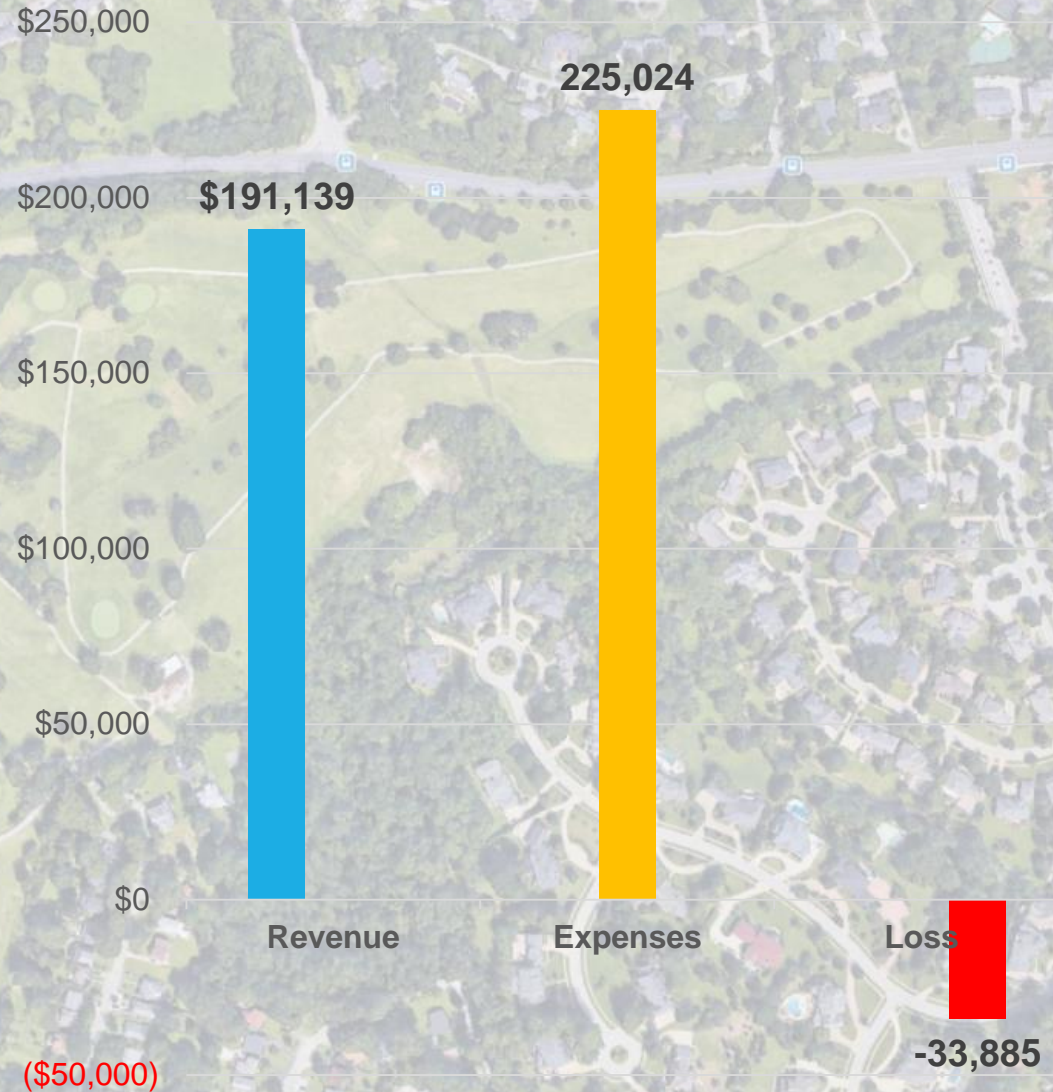
Economic Performance FY-18

Critical Investment Needs:

- Fairway grass improvements
- Drainage work is needed.

Estimated cost:

\$200,000



Cherokee Golf Course



Cherokee Golf Course



Cherokee Golf Course

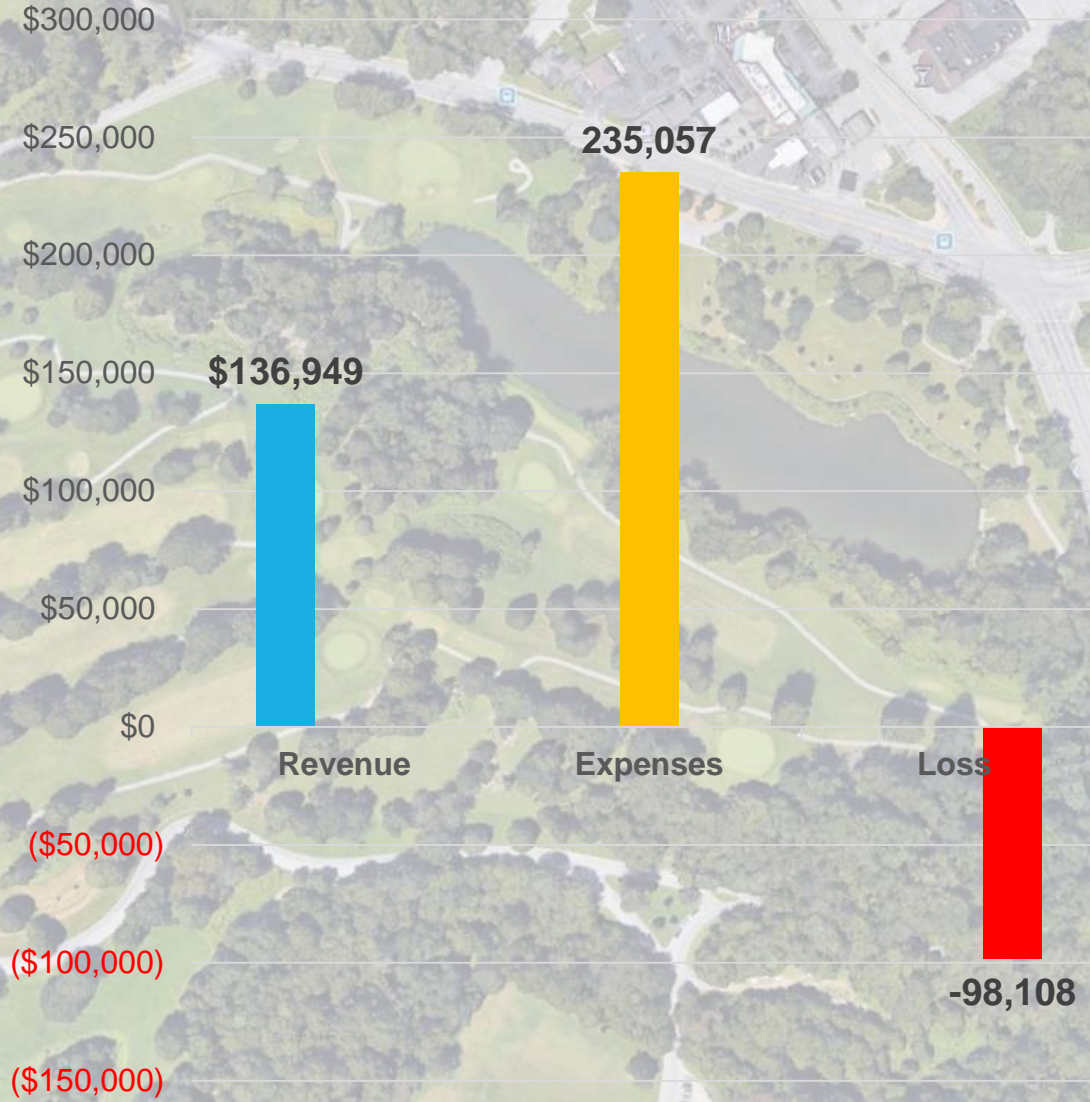
Economic Performance FY-18

Critical Investment Needs:

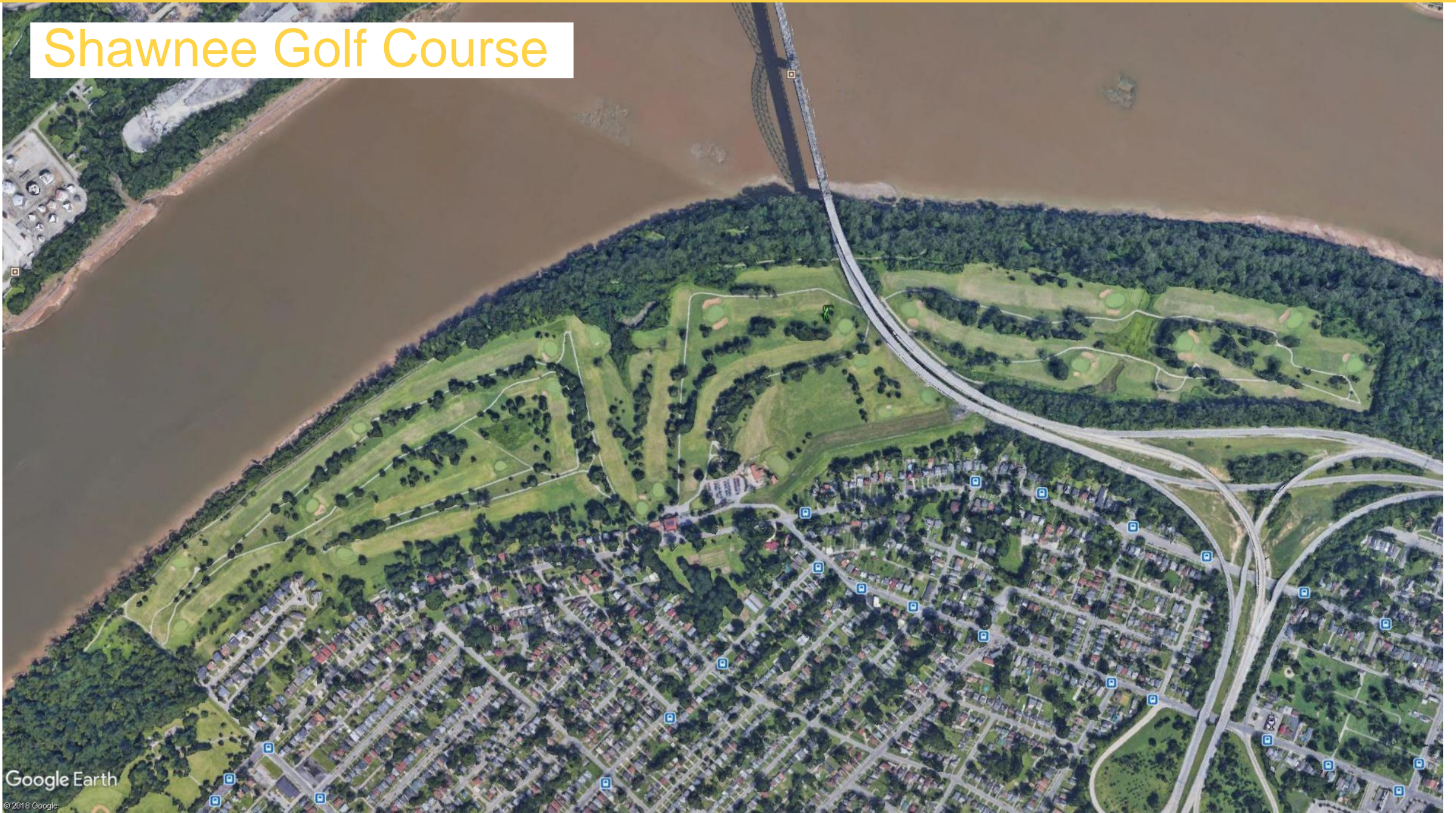
- Fairway grass improvements
- Clubhouse is in bad condition

Estimated cost:

\$300,000



Shawnee Golf Course



Google Earth

© 2018 Google

Shawnee Golf Course



Shawnee Golf Course



Shawnee Golf Course

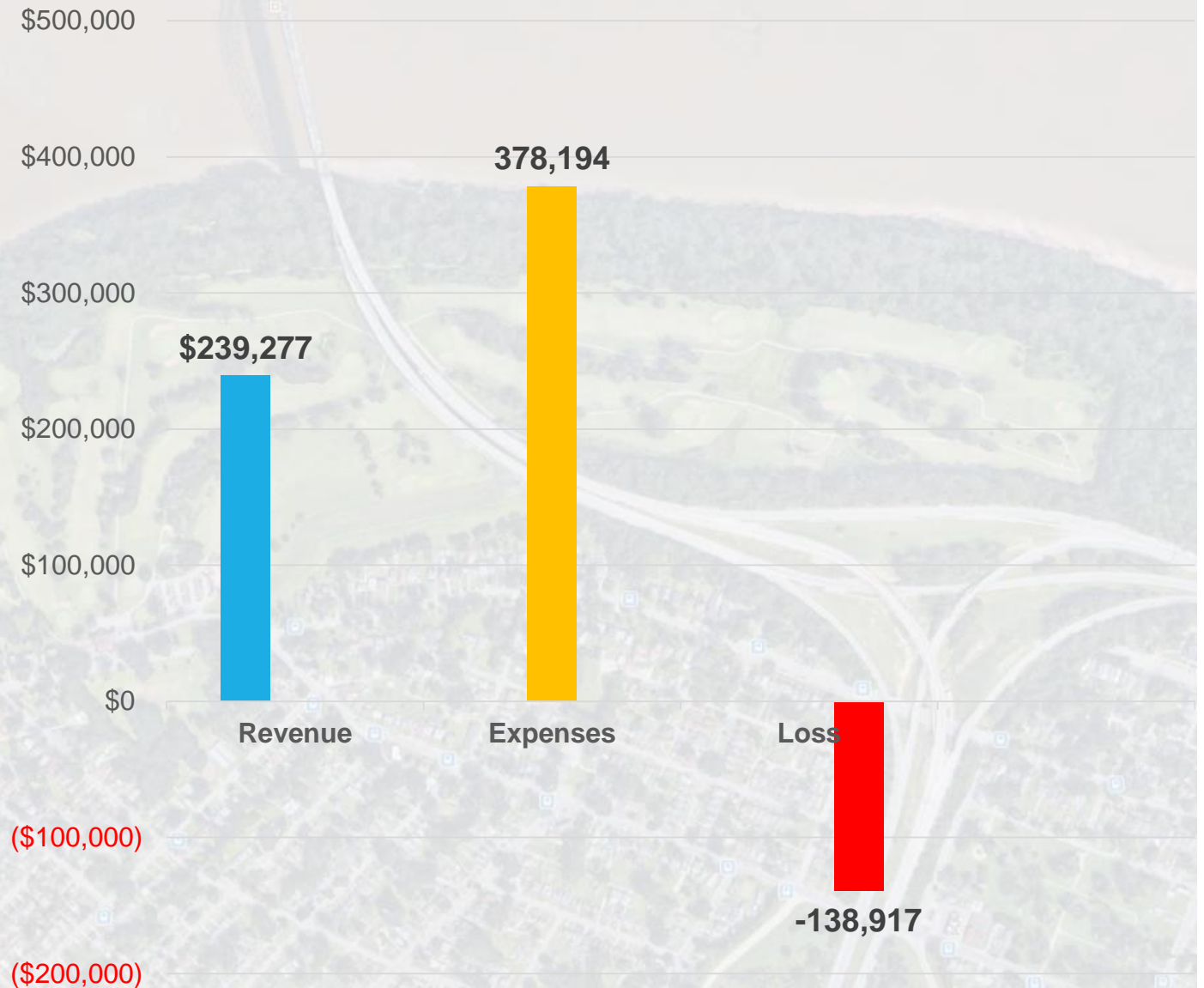
Critical Investment Needs:

- Eliminate bunkers due to nearly yearly flooding that contaminates and ruins the bunkers.
- Major drainage work is needed to deal with flat golf course that flood frequently.

Estimated cost:

\$500,000

Economic Performance FY-18



Long Run Golf Course



Google Earth

Image USDA Farm Service Agency

Long Run Golf Course



Long Run Golf Course

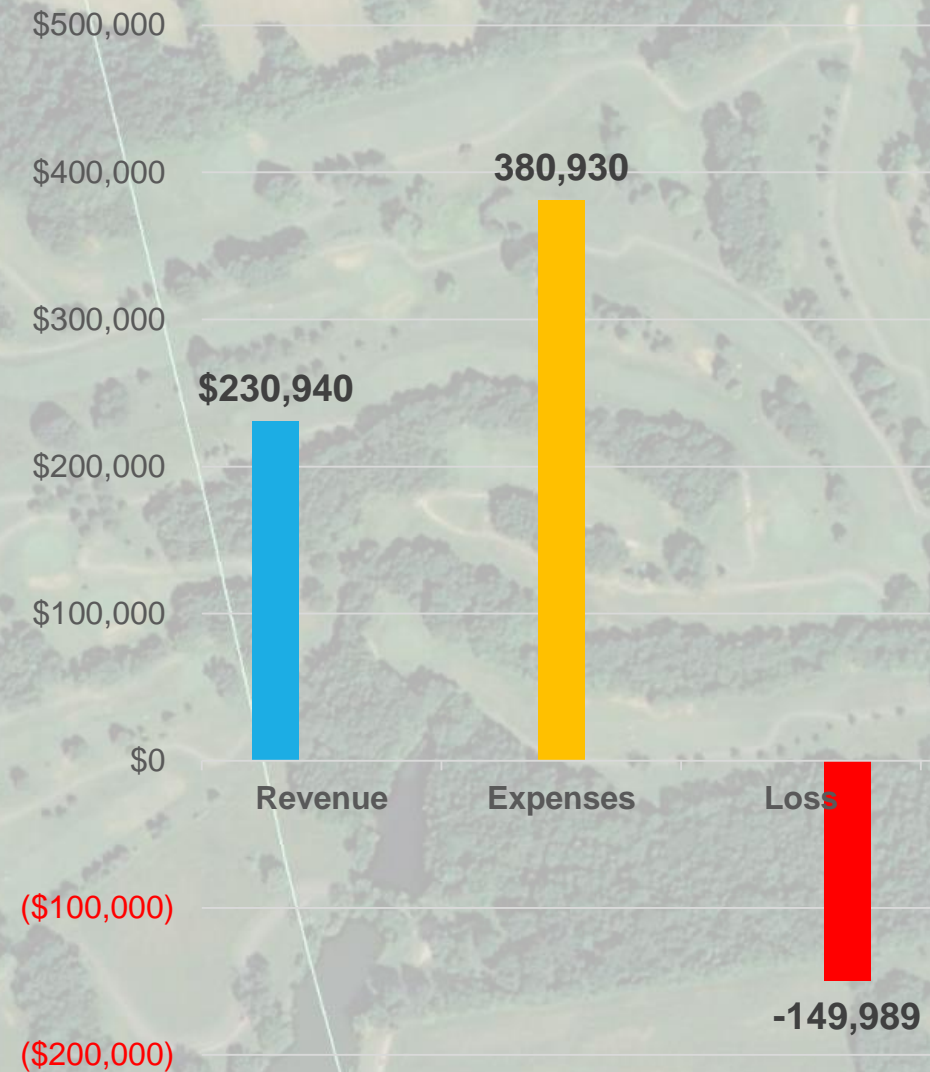
Critical Investment Needs:

- Drainage work to be able to improve fairway Grass quality and make the course playable after a storm event.
- Clubhouse area appearance upgrade
- Bunker renovation to place and drain bunkers properly and add sand.

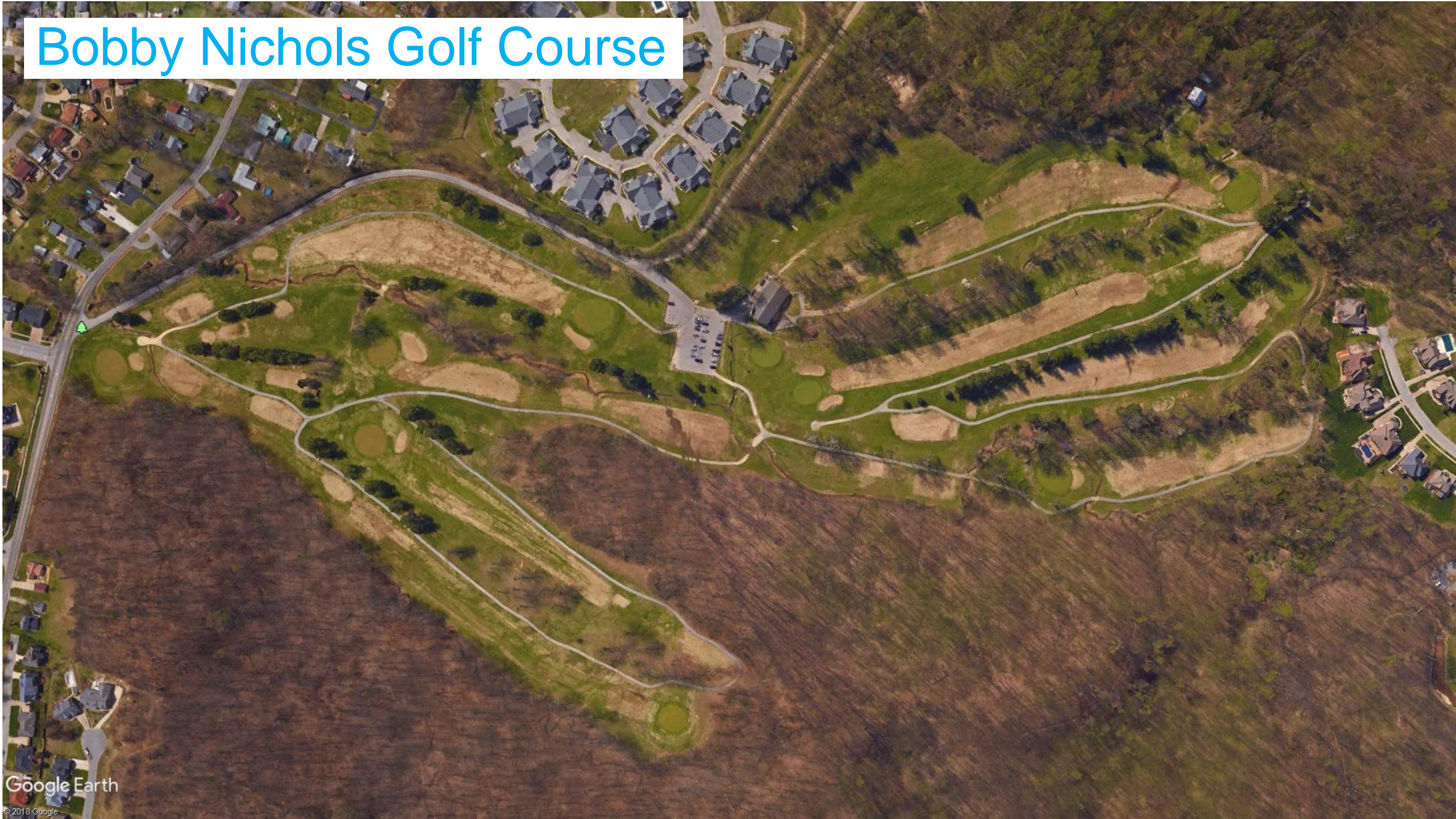
Estimated cost:

\$700,000

Economic Performance FY-18



Bobby Nichols Golf Course



Bobby Nichols Golf Course



Bobby Nichols Golf Course



Bobby Nichols Golf Course

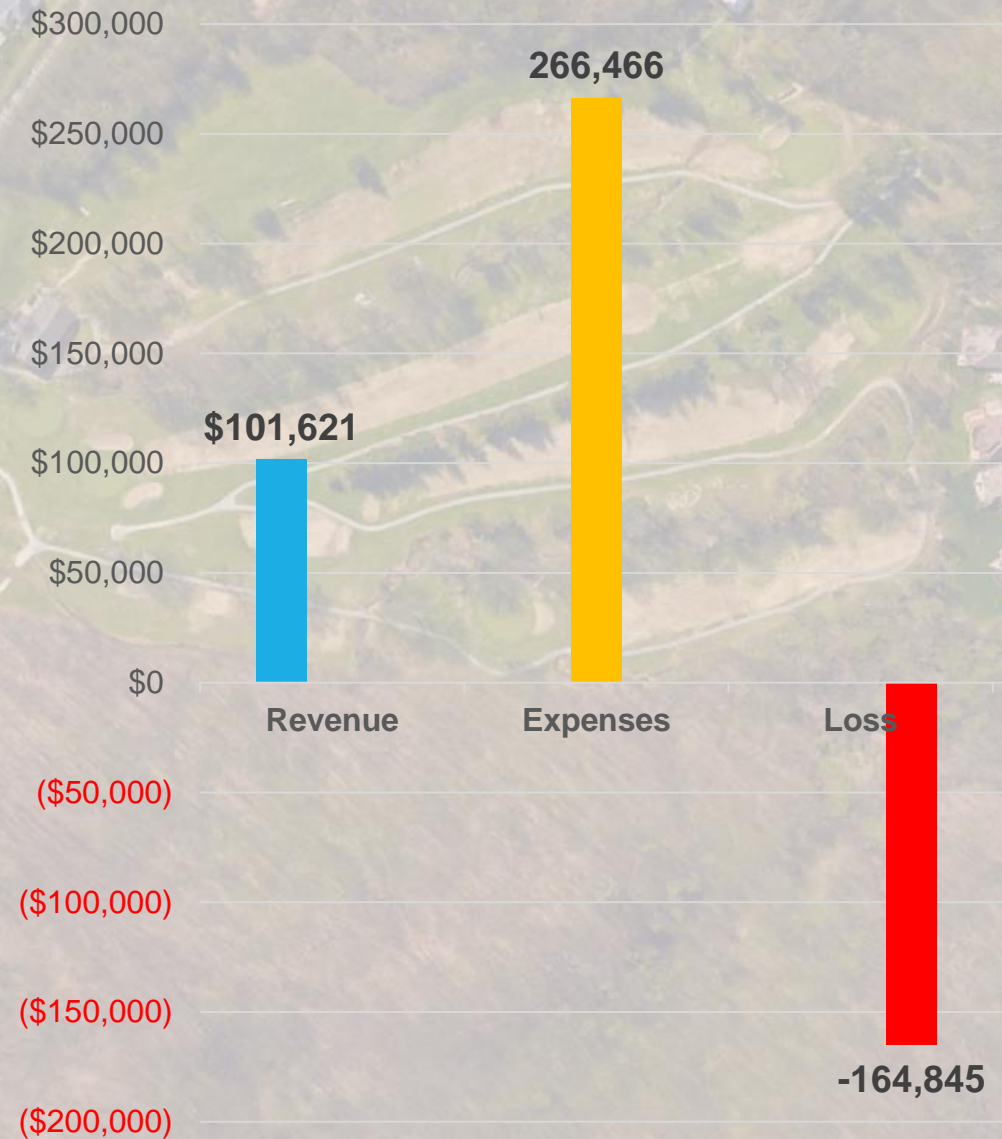
Economic Performance FY-18

Critical Investment Needs:

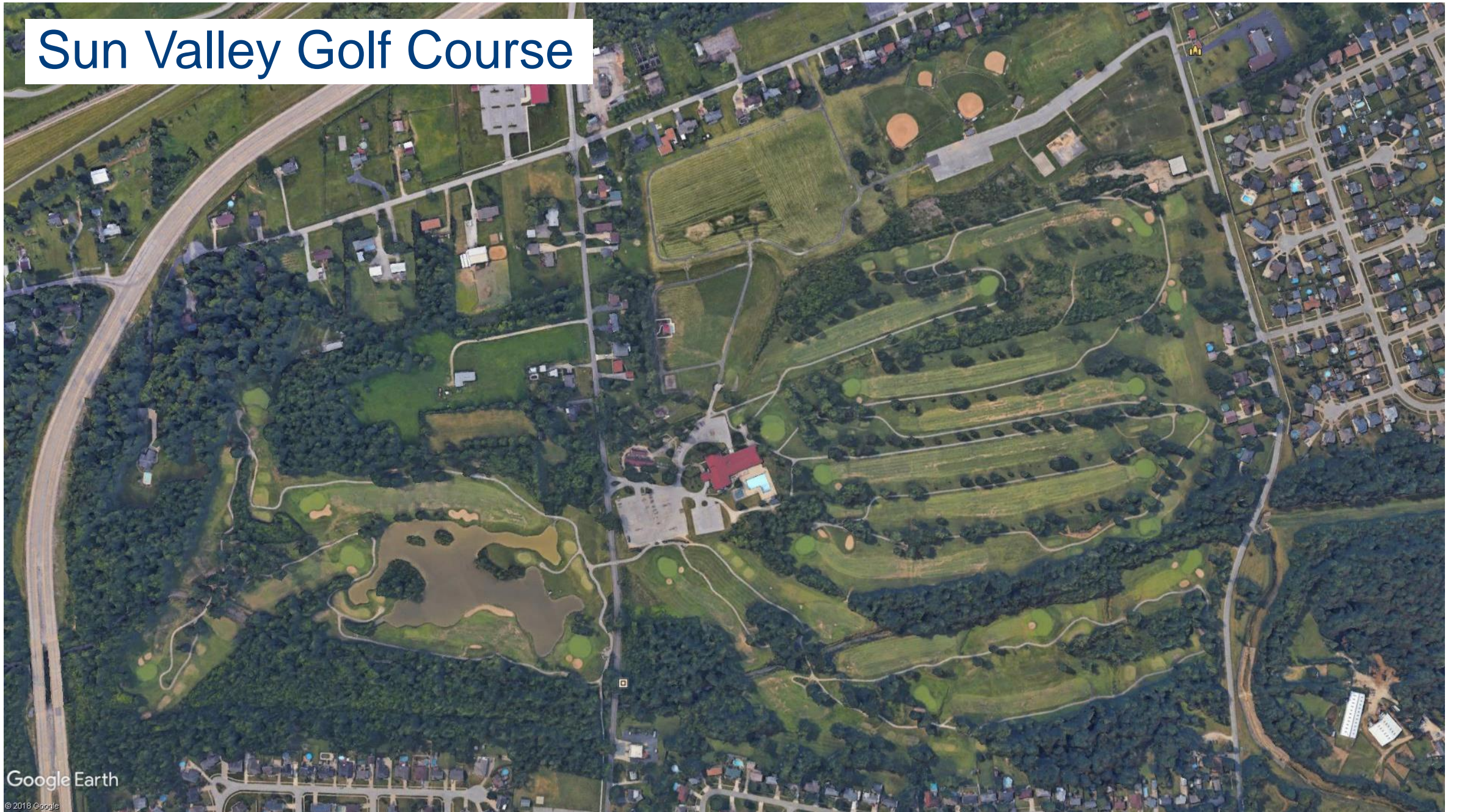
- Cart Path improvements and repair.
- Bridge repair is critical.
- Bunker renovation to place and drain bunkers properly and add sand.

Estimated cost:

\$500,000



Sun Valley Golf Course



Sun Valley Golf Course



Sun Valley Golf Course



Sun Valley Golf Course



Sun Valley Golf Course

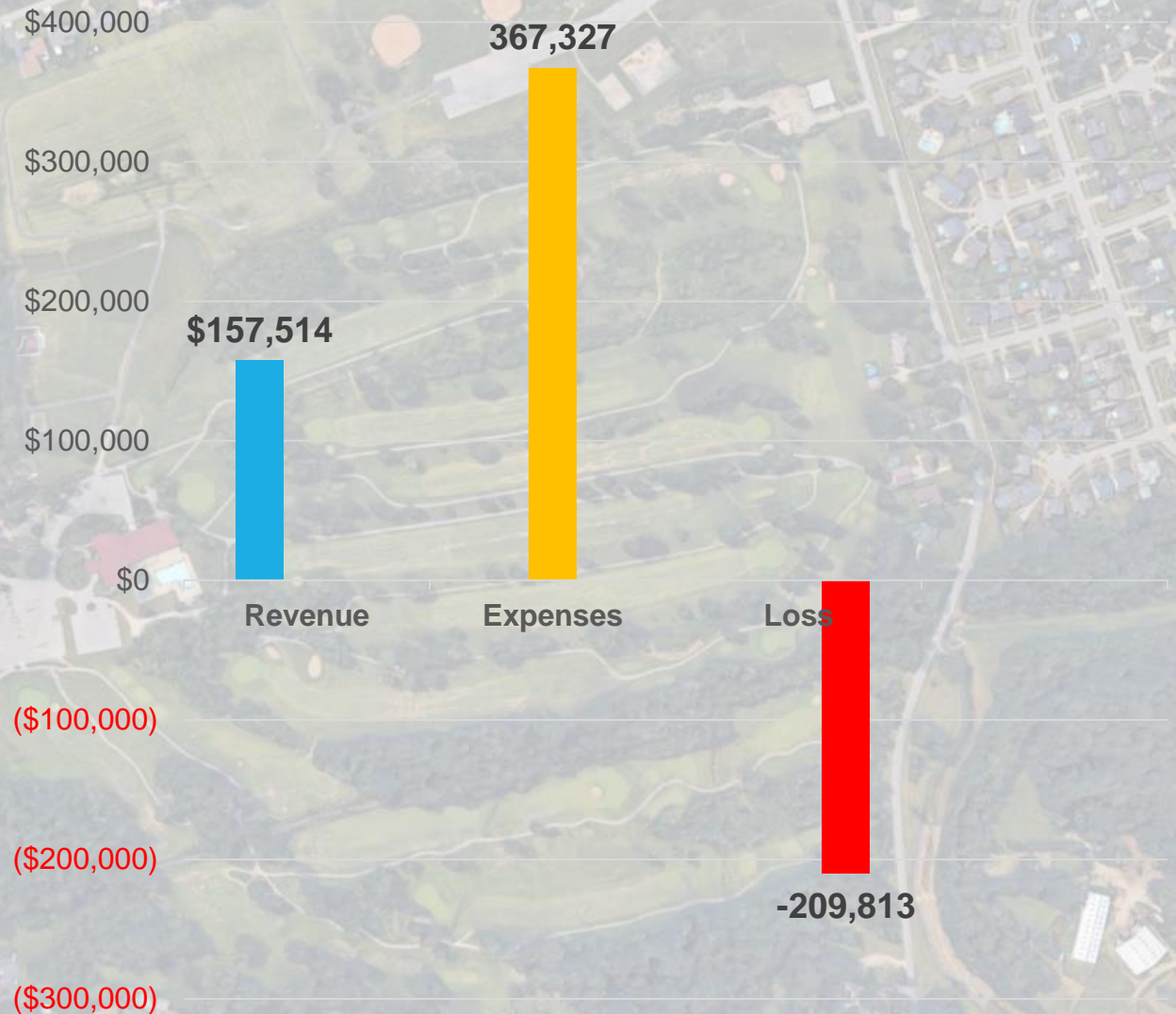
Economic Performance FY-18

Critical Investment Needs:

- Lake bank stabilization
- Drainage improvements
- Cart path repair
- Bunker renovation to place and drain bunkers properly and add sand.

Estimated cost:

\$1,700,000





LOUISVILLE PARKS AND RECREATION

STATE OF MUNICIPAL GOLF IN LOUISVILLE

CAPITAL IMPROVEMENTS SINCE YEAR 2000

- New Clubhouses at Charlie Vettiner and Long Run Golf Courses
- New irrigation pump stations at Long Run and Quail Chase Golf Courses
- New Sand installed in bunkers at Quail Chase Golf Course
- Clubhouse improvements at Quail Chase Golf Course
- Redesign of Holes 1 and 10 at Seneca Golf Course
- Convert Fairways to Zoysia Grass at Charlie Vettiner Golf Course
- Driving Range redesign and new pavilion at Seneca Golf Course
- New kids course, driving range improvements and practice area at Shawnee Golf Course
- New greens construction on holes 12, 14 at Shawnee Golf Course
- New practice green at Charlie Vettiner Golf Course
- New greens on holes 5, 11 at Sun Valley Golf Course
- New 9- hole kids course at Seneca Golf Course
- Sprigged zoysia grass into the fairways at Sun Valley Golf Course
- ~~New 3 hole kids course at Long Run Golf Course~~

CURRENT CHALLENGES

- Organizational structure on which golf courses are operated is flawed. Only one City of Louisville Golf Course exceeds the national median benchmark of (\$532,353) green fees earned annually.
- The deferred capital investment to render the courses competitive exceeds \$20 million. Bunkers, signage, tees and greens need ongoing investment to remain viable.
- \$0 is currently being invested in deferred maintenance fund.
- Equipment needs exceed \$2 million



CRITICAL EQUIPMENT INVESTMENT IS NEEDED JUST TO SUSTAIN OPERATIONS AT CURRENT LEVELS OR WE CAN'T GO ON.



361,060 miles equivalent



426,790 miles equivalent

Negative Revenue Trend Downward

- 4.4% 2012–2017 -10.5% if you count 2018



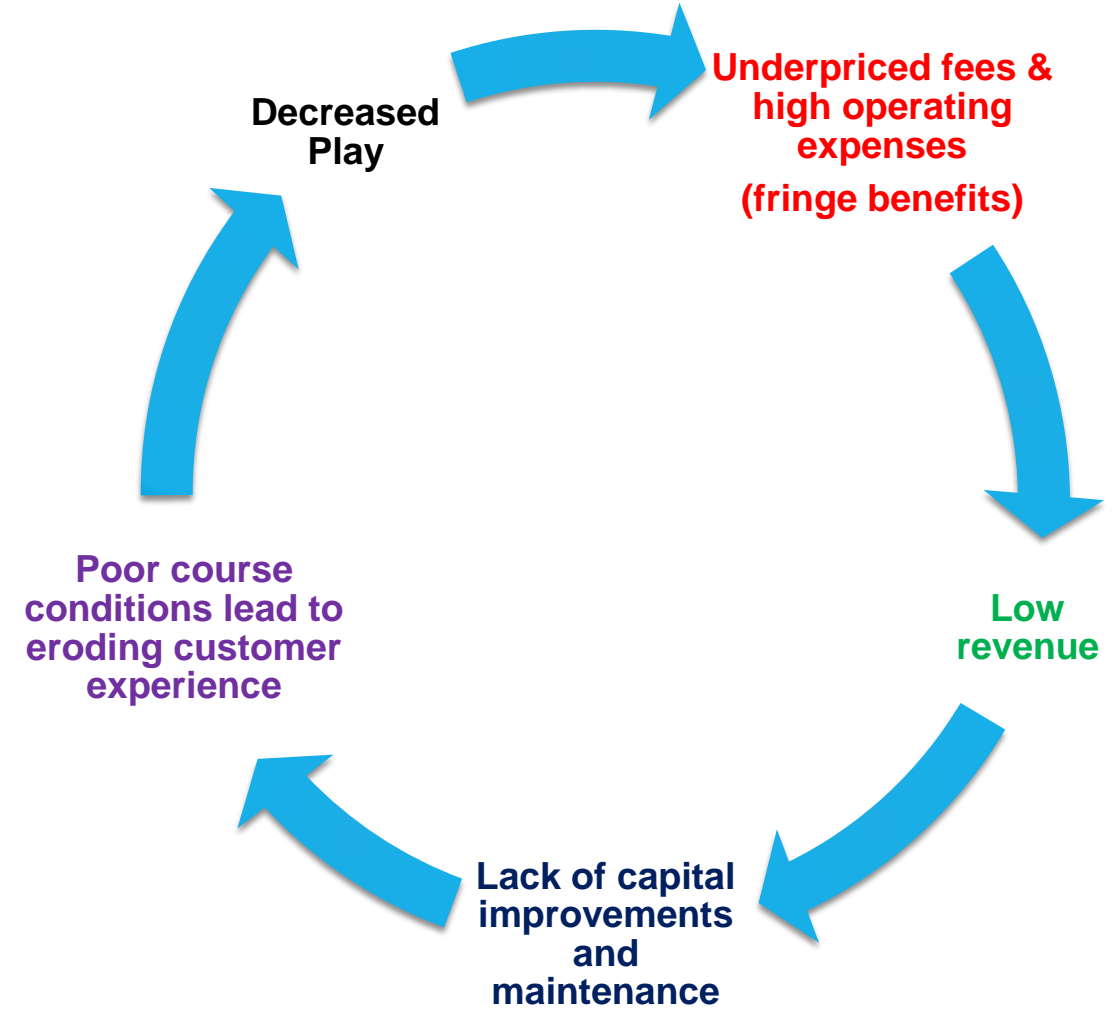
-5.8% decline in golf participation nationally over same period

	2012	2013	2014	2015	2016	2017	2018
Annuals	-183,291	-191,189	-180,550	-170,200	-172,995	-157,627	-150,000
Bobby Nichols	-103,398	-98,457	-96,969	-129,331	-128,593	-111,706	-101,621
Charles Vettiner	-450,521	-438,541	-445,291	-453,433	-482,711	-474,852	-420,165
Crescent Hill	-233,949	-206,671	-210,730	-202,451	-204,563	-192,467	-191,139
Cherokee	-161,269	-149,333	-142,052	-117,558	-131,396	-129,348	-136,949
Iroquois	-434,048	-396,031	-373,208	-359,889	-347,564	-345,440	-324,653
Long Run	-248,240	-227,545	-234,582	-248,774	-260,367	-248,203	-230,940
Seneca	-581,987	-584,908	-600,472	-605,769	-669,328	-677,097	-659,407
Shawnee	-347,169	-386,527	-384,737	-310,918	-336,897	-284,279	-239,277
Sun Valley	-190,582	-174,189	-170,971	-150,467	-173,830	-167,757	-157,514
Total	-2,751,164	-2,662,204	-2,659,011	-2,578,589	-2,735,249	-2,631,148	-2,461,666
		-3.23%	-0.11%	-3.02%	+6.07%	-3.80%	-6.44%

Revenue decreases exceeding 15% between 2012-2017:

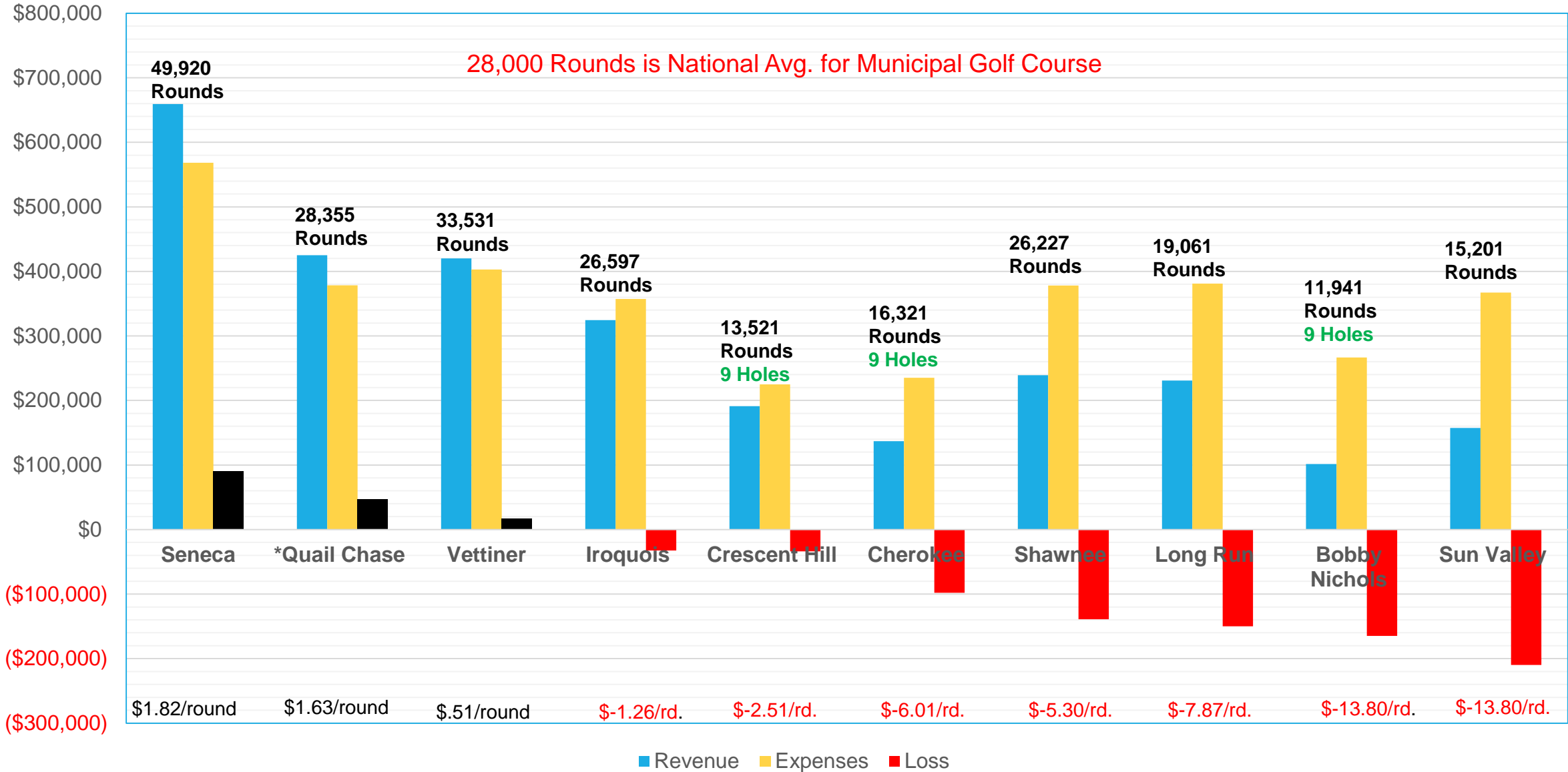
Cherokee (-19.8%), Crescent Hill (-18.0%), Iroquois (-20.4%), Shawnee (-18.1%) and Sun Valley (-17.3%)

Cycle of Decline



Golf Course Economic Performance FY-2018

28,000 Rounds is National Avg. for Municipal Golf Course



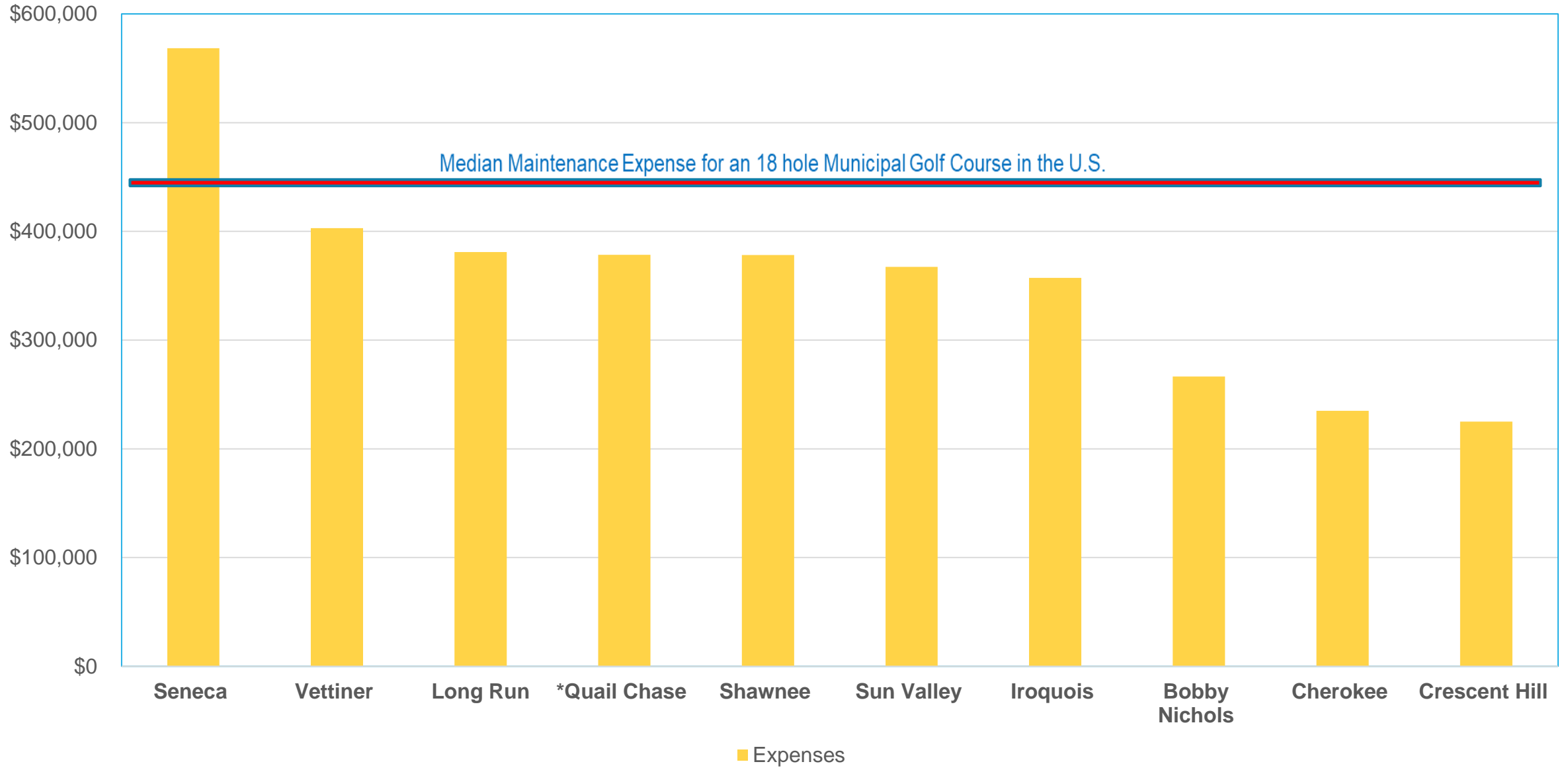
* Estimated results for Quail Chase

Golf Course Combined Economic Performance FY-2018

- Total Loss for Fiscal Year 2018 - **\$673,480**
- Total Rounds- **240,675**
- Average loss/round for all courses combined **(\$-2.79)**
- Green fee needs to raise **\$3.00** at all courses per round just to stop loss.

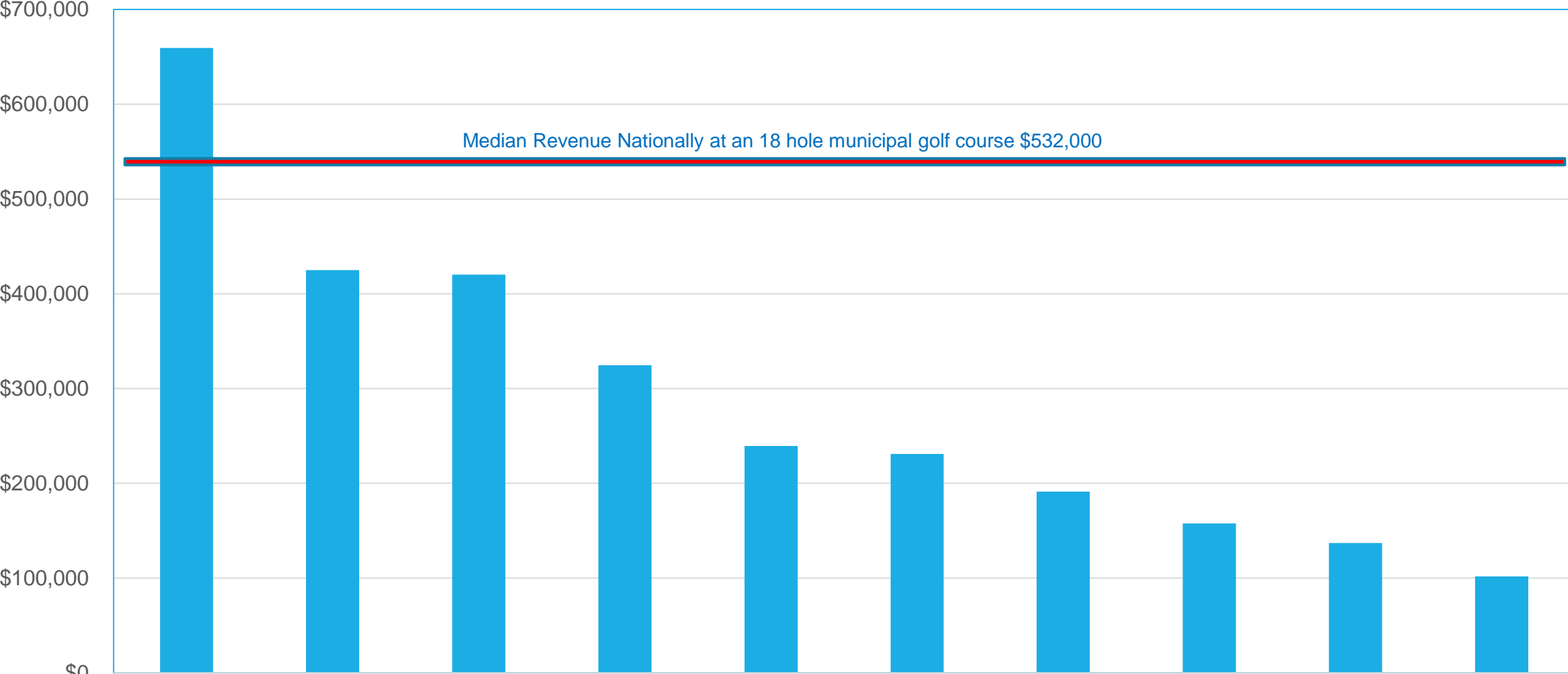
Assumptions: Income, expenses and annual rounds remain the same.

Golf Course Maintenance Expenses FY-2018



* Estimated results for Quail Chase

Golf Course Revenue FY-2018

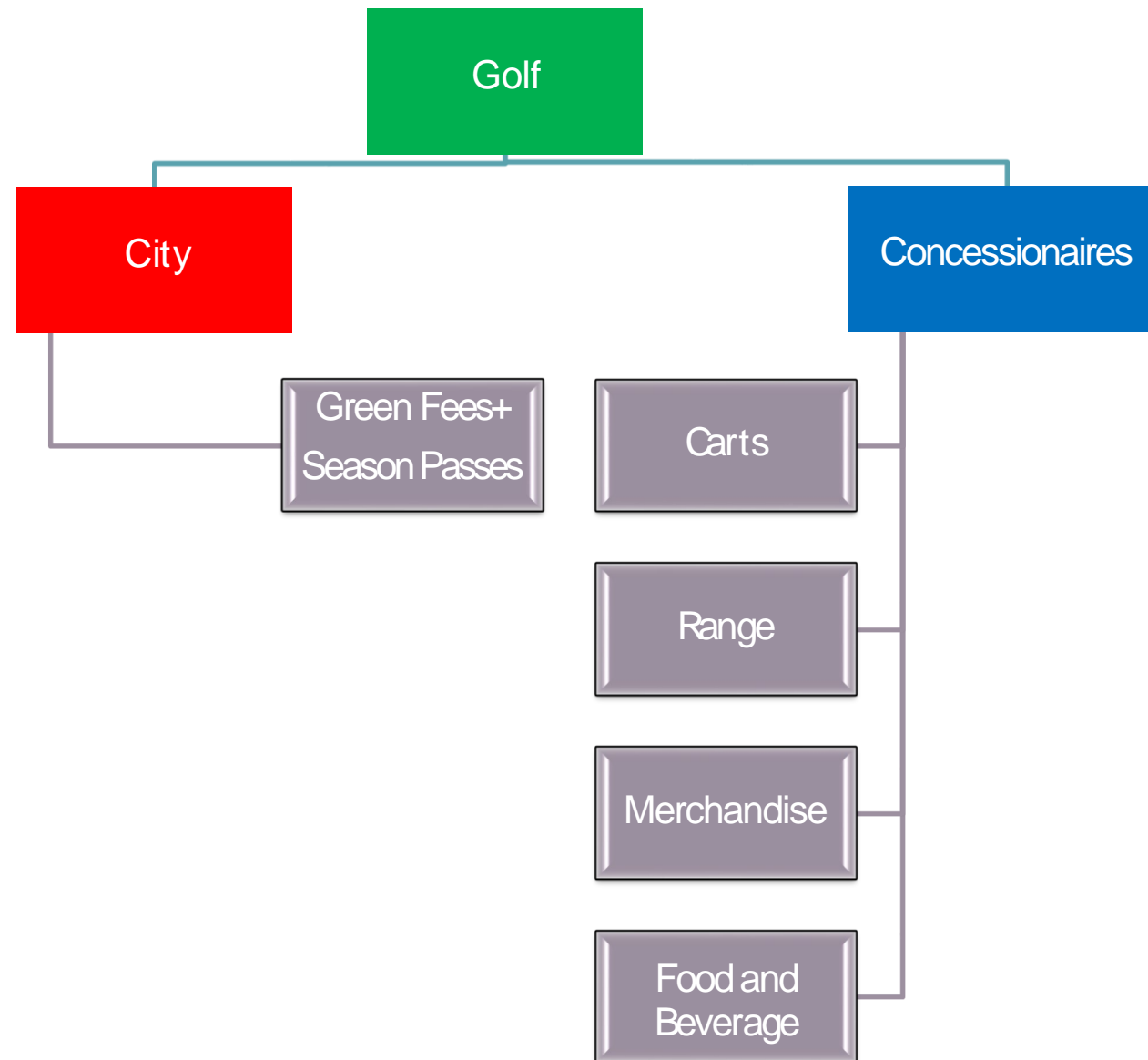


Seneca *Quail Chase Vettiner Iroquois Shawnee Long Run Crescent Hill Sun Valley Cherokee Bobby Nichols

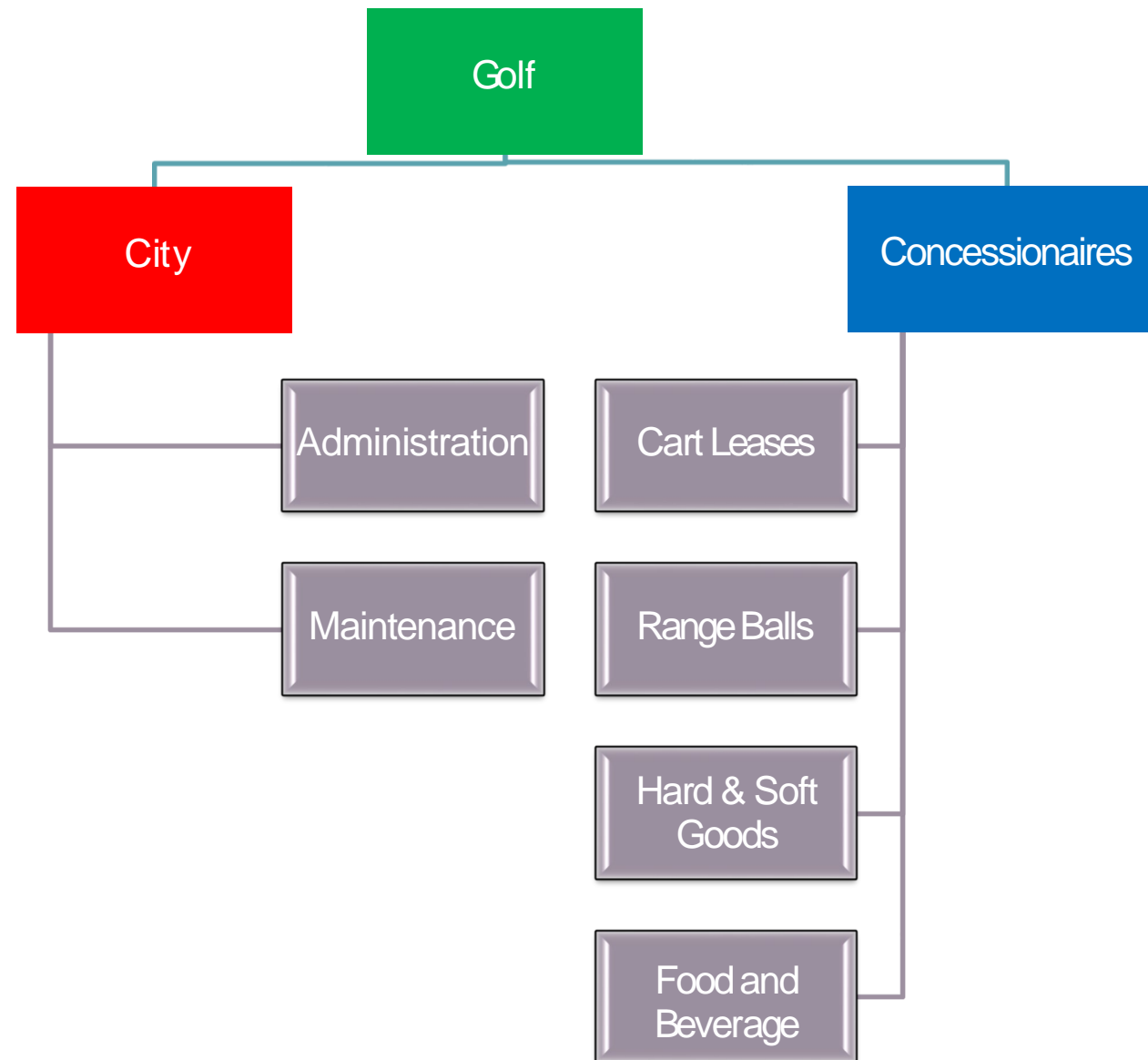
■ Revenue

* Estimated results for Quail Chase

Current Revenue Opportunities



Current Expense Responsibilities

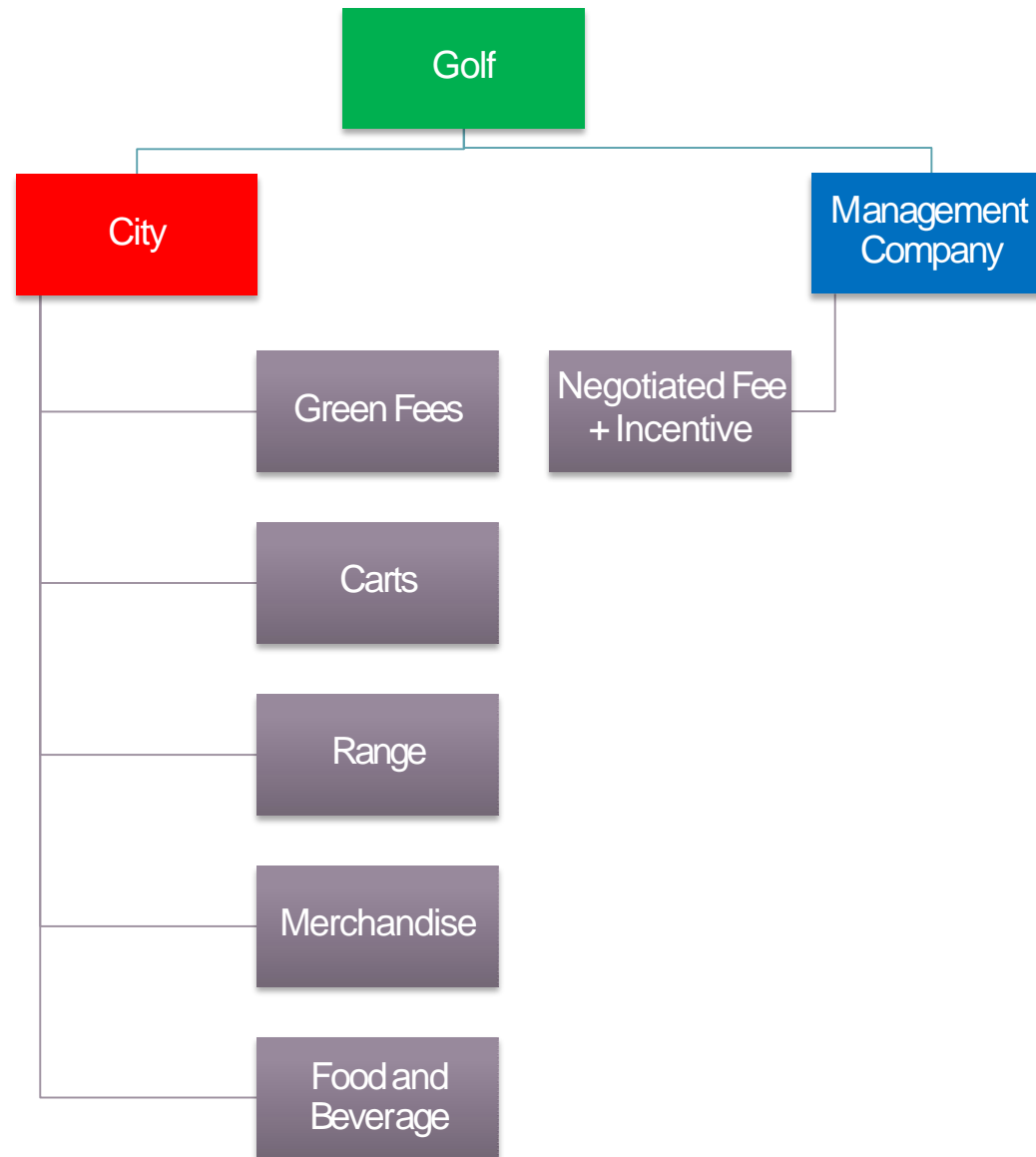


Matrix of Decisions	Self-Manage	Management	Lease
Risk	Full Risk	Full Risk	No Risk
Capital Investment	Full Capital	Full Capital	No Capital, unless negotiated.
Profits	Full Profits	Full Profits less a management fee	No Profits other than "rent."

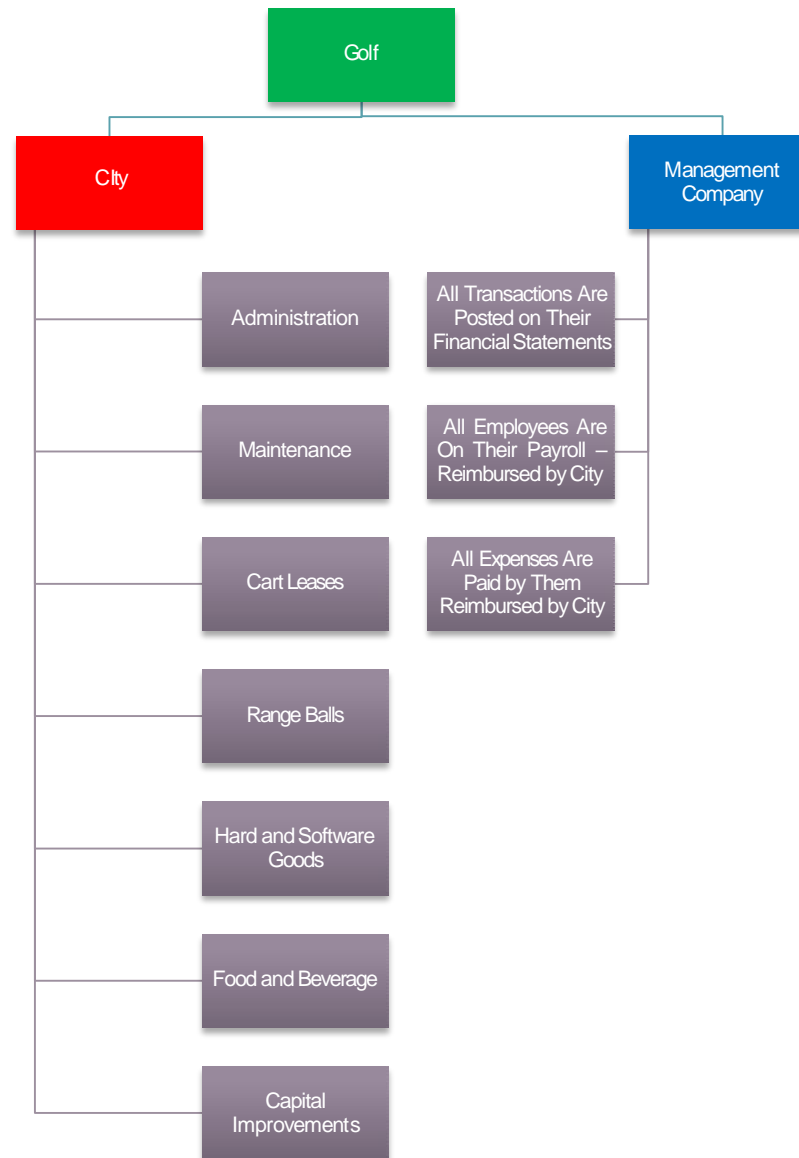
Pros and Cons Of External Management

Pros	Cons
<p>Professional management skills are more diverse and better refined.</p>	<p>Contract compliance. Requires retention of contract administrator.</p>
<p>Proven systems, policies and procedures can be implemented faster, particularly in the areas of technology, marketing and staffing.</p>	<p>Financial stability. The ability of a third party to meet its contract obligations are predicated on having a firm financial position and the willingness to provide a superior product. Third-party management companies have often been categorized as “sucking the paint off the walls.”</p>
<p>Efficient labor structure in number of personnel used and wages paid.</p>	<p>Course Access. Tournaments and more dynamic pricing.</p>
<p>Flexibility in contract negotiation, and timeliness and cost efficiency of completing capital improvements.</p>	
<p>Stakeholders aligned more easily between City Council, City Management, Course Staff, Golfers and Taxpayers.</p>	

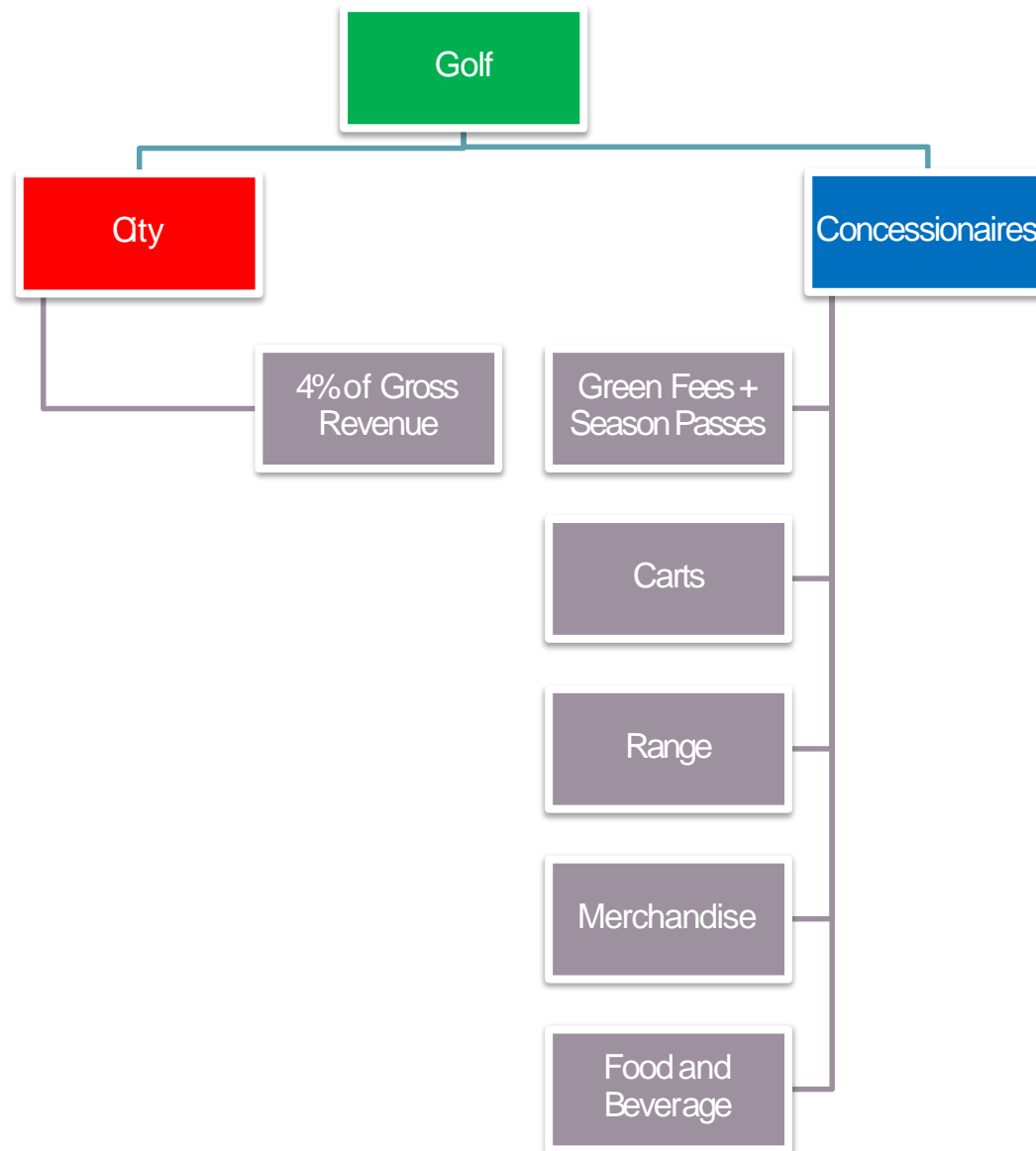
Management Company – Revenue Opportunities



Management Agreement – Expense Responsibilities



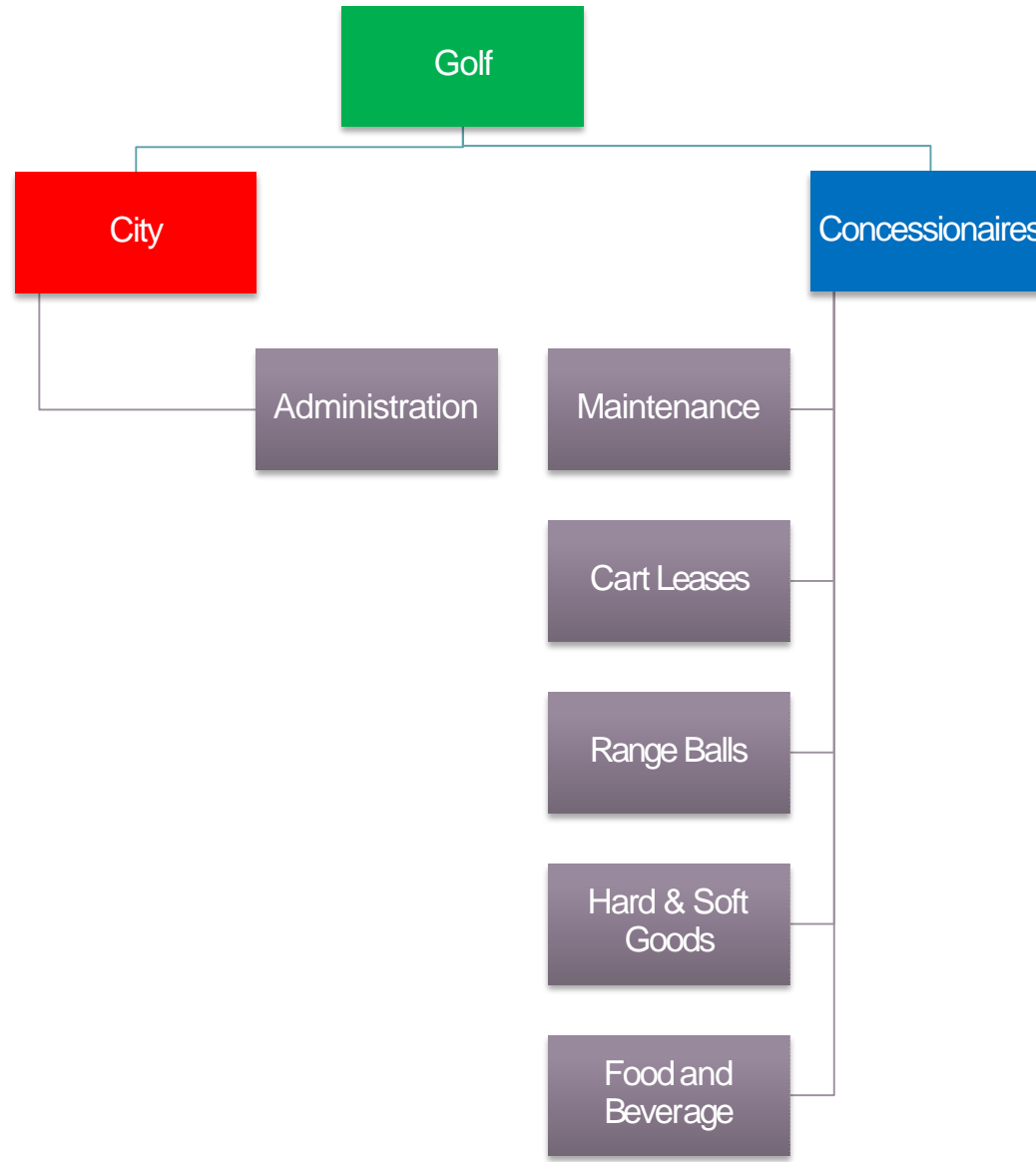
Lease – Revenue Opportunities



Advantages of Operating Lease

- Shifts the burden of operational risk to the lessee
- Administrative overhead is eliminated
- Municipality relieved of the day-to-day responsibility of maintaining and operating the facilities
- Lease terms could require (or at least incentivize) the lessee to make, or at least contribute significantly to, needed capital improvements or perhaps profit sharing

Lease - Expense Responsibilities



Capital
Improvements to
Be Negotiated



LOUISVILLE PARKS AND RECREATION

END
