



Lincoln City Golf

Strategic Plan for Sustainability

Final Draft: January 28, 2014

Lincoln Municipal Golf Advisory Committee

Clancy Woolman, Chair

Tom Nesbitt, Vice-chair

Bill Allen, Lincoln Senior Men's Golf League

Bradley Brandt, Parks and Recreation Advisory Board

Susan Feely, Lincoln Women's Golf Association

Todd Fitzgerald, Parks and Recreation Advisory Board

Sherrie Nelson, At-large

Jerry Petersen, Lincoln Men's Golf Association

Lincoln Parks and Recreation Department

Lynn Johnson, Director





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Executive Summary

The Challenge

The Lincoln City Golf program has experienced a decline in play over the past decade consistent with national trends. Reduced play and revenue has placed a financial strain on the program resulting in accumulation of debt to the General Fund and deferred repair and replacement of infrastructure.

The four challenges intended to be addressed through this strategic planning effort are:

- 1) Seeking operating efficiencies to reduce operating expenses, where possible.
- 2) Encouraging increased golf play thereby increasing revenue.
- 3) Establishing an ongoing strategy for funding needed capital repair and repair projects.
- 4) Increasing revenue per round to address increasing operating costs due to inflation.

Annual Plan

The Annual Plan is a new tool that will be used to strategically guide operation and administration of the Lincoln City Golf program. It is envisioned that the annual plan will:

- 1) Establish benchmarks and performance indicators for course playing conditions and customer satisfaction with services and facilities;
- 2) Establish the marketing and promotions plan for the program;
- 3) Determine the seasonal pricing approach; and
- 4) Identify repair and replacement projects for the upcoming year.

Paying Back the General Fund

The debt of the Golf Fund to the General Fund accrued during the mid-2000's will be retired through sale of land owned by the Golf Fund and revenue from cell tower leases, unless an alternative method of repayment can be determined.

Golf Community Engagement

Ongoing efforts for communication with the golfing community will be implemented for accountability and transparency regarding management of the Lincoln City Golf program.

Business Operations

Professional services contracts will be used to accomplish most of the business operations activities of the Lincoln City Golf program. The current Golf Manager position will be eliminated from the next budget cycle.

Player Development Program

Expanding the number of golfers will become one of the primary focuses of the Lincoln City Golf program. The Ager Golf Course will be rebranded as the Ager Golf Learning Center. A PGA golf professional will be contracted to develop and implement player develop programming using the PGA "Get Golf Ready" model.

Golf Course Maintenance

A new position, Golf Maintenance Coordinator, will oversee consistent standards for playing conditions and general maintenance practices at the of the City golf courses. Oversight and administration of golf course maintenance will be transferred to the Parks Operations division under supervision of the

Assistant Director of Parks Operations. With the exception of the Holmes Golf Course / Ager Golf Course maintenance team, Assistant Golf Course Superintendent positions will be eliminated and replaced with Laborers during upcoming budget cycles as a cost savings measure.

Capital Improvement Funding – Repair and Replacement of Facility Infrastructure

A recent study indicates that about \$600,000 is need annually for repair and replacement of existing facilities and improvements to keep them in good working condition and accessible to golf patrons. Funding for repair and replacement will be generated from staffing restructuring in golf course maintenance, phased fee increases, and growth in play from player development programs.

Fees

Differential Fee Structure

A recent study of the Lincoln City Golf Program by the National Golf program recommended a differential fee structure for the four 18-hole golf courses offering additional price point options for golfers. A three-tiered structure is proposed. A reduced fee schedule at Mahoney Golf Course would offer a “value” option for golfers, and a possible increased fee schedule at Highlands Golf Course would recognize the added cost of maintenance of this large public links-style facility.

Keeping Pace with Inflation

Projected expenses and revenues should be evaluated for each fiscal year, and fees should be adjusted annually to maintain the financial viability of the Lincoln City Golf program.

Operating Reserve Fund

An operating reserve fund should be established to address unforeseen expenses including added costs for water and electricity in during drought weather conditions.

Implementation

This strategic plan for sustainability of the Lincoln City Golf program is anticipated in be implemented primarily during the current fiscal year and following biennial budget period, FY 2014-16. Progress made toward achieving the goals of the sustainability plan should be evaluated in 2016 to determine where strategic adjustments need to be made.

Lincoln Municipal Golf Advisory Committee

- Clancy Woolman, Chair
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Lincoln Parks and Recreation Department

Lynn Johnson, Director

Lincoln City Golf Strategic Plan for Sustainability

Background – The Challenge

The Lincoln City Golf program is operated by the Parks and Recreation Department as an enterprise fund – revenues generated from fees support operations and capital repair and replacement projects. The system includes four 18-hole golf courses and one 9-hole course:

- Highlands Golf Course is a 7,021 yard, par 72 links-style course built in 1993.
- Holmes Golf Course is a 6,805 yard, par 72 course built in the 1960's.
- Mahoney Golf Course is a 6,458 yard, par 70 course opened in 1976.
- Pioneers Golf Course is a 6,479 yard, par 71 golf course built in 1930.
- Jim Ager Golf Course is a 1,224 yard par 27 course built in the 1960's.

The program has experienced a gradual decline in golf play consistent with national trends. This decline in play has resulted in decreased revenue. In the mid-2000's the program did not generate sufficient revenue to cover annual operating expenses and pay the bond debt associated with development of the Highlands Golf Course. As a result the golf program accumulated debt to the General Fund that needs to be repaid. In addition, repair and replacement of golf course infrastructure was deferred due to lack of funds. A positive note is that the Highlands Golf Course bond has been paid off, and, with recent adjustments to program staffing, revenue has essentially covered direct operating expenses for the past two fiscal years. A \$1.5 million 10- year bond was issued in 2012 for construction of a new clubhouse at Holmes Golf Course. This bond debt is being repaid by a combination of revenues generated from a surcharge on each round of golf and income from rent of communications towers on golf course properties.

The four challenges intended to be addressed through this strategic planning effort are:

- 5) Seeking operating efficiencies to reduce operating expenses, where possible.
- 6) Encouraging increased golf play thereby increasing revenue.
- 7) Establishing an ongoing strategy for funding needed capital repair and repair projects.
- 8) Increasing revenue per round to address increasing operating costs due to inflation.

Maintaining ongoing communication with the golfing community is important for accountability and transparency regarding management of the Lincoln City Golf program.

Annual Plan

The Annual Plan is a new tool that will be used to strategically guide operation and administration of the Lincoln City Golf program. It is envisioned that the annual plan will:

- 1) Establish benchmarks and performance indicators for course playing conditions and customer satisfaction with services and facilities;
- 2) Establish the marketing and promotions plan for the program;
- 3) Determine the seasonal pricing approach; and
- 4) Identify repair and replacement projects for the upcoming year.

The annual plan will be developed each fiscal year with guidance from the Lincoln Municipal Golf Committee, and will be adopted by the Parks and Recreation Advisory Board. The plan will be available for review on the Lincoln City Golf program website, and copies of the plan will also be available at the five clubhouses. The golf committee will monitor and provide guidance regarding implementation of the plan.

Paying Back the General Fund

As discussed above, the Golf Enterprise fund borrowed from the General Fund in the mid-2000's when revenue was insufficient to cover operating expenses and bond payments associated with development of Highlands Golf Course. About \$800,000 was borrowed from the General Fund during this period. This debt is proposed to be repaid primarily by sale of land around Highlands Golf Course, unless an alternative method of repayment can be determined. There is a five acre parcel located south of the driving range that has been declared as surplus and offered for sale for private development. An updated appraisal of the parcel was completed in November, 2013 and the estimated fair market value is \$530,000. Efforts are being made to sell the parcel, and the proceeds of the sale will be directed to the General Fund to retire a portion of the golf program debt. Also, the area where Highland Pool and associated parking is located was part of the land originally acquired for Highlands Golf Course. (Highlands Pool is a General Fund facility.) This area is about 2.3 acres in size and has an estimated fair market value of about \$244,000. The value of this former Golf Fund land will be provided to the General Fund to satisfy a portion of the Golf Fund debt. The remaining debt of about \$26,000 is proposed to be repaid to the General Fund from revenue derived from lease of communication towers on Golf Fund land during the upcoming three year period.

Golf Community Engagement

Ongoing efforts for communication with the golfing community should be established and sustained for accountability and transparency regarding management of the Lincoln City Golf program. The Lincoln Municipal Golf Committee was re-established as a subcommittee of the Parks and Recreation Advisory Board in 2012. The role of the golf committee is to serve as a liaison with the golfing community and to provide advice to Parks and Recreation Department staff regarding operation of the golf program. The Lincoln Municipal Golf Committee conducts an open public meeting on the first Thursday of each month.

Proposed ongoing community engagement activities include:

- Establish processes for establishing performance benchmarks and indicators, data collection and sharing of information regarding performance indicators;
- Post agendas and meeting summaries of the Lincoln Municipal Golf Committee meetings on the Lincoln City Golf website and post hard copies in clubhouses;
- Post the annual plan on the website and place hard copies in clubhouses;
- Establish electronic and/or hard copy suggestion boxes; and
- Consider an annual meeting / community conversation to share information regarding the golf program and to seek public comment.

Business Operations

Business operations associated with the Lincoln City Golf program include:

- Preparation and implementation of an annual plan for the golf program with guidance from the Lincoln City Golf Committee;
- Concession contracts for operation of the clubhouses and related services;
- Player development programming utilizing the Professional Golfers Association of America (PGA) “Get Golf Ready” program ;
- Financial oversight and reporting;
- Coordination of membership and loyalty programs;
- Coordination of golf course marshalling utilizing the PGA “It’s Okay” messaging;
- Operation of the point of sale (POS) system;
- Marketing and promotions, including development and management of a website and regular email and social media communications;
- Regular communication with golf superintendents regarding events and course maintenance activities.
- Facilitating working relationships with the Nebraska Chapter of the PGA and the UN-L Professional Golf Management program; and
- Providing staff support to the Lincoln Municipal Golf Committee and related subcommittees.

Previously, business operations have been accomplished by Parks and Recreation Department staff and contracted golf professionals. It is recommended that the City continue to contract for clubhouse operations and associated services through local golf professionals. It is also recommended that the Golf Manager position be eliminated from the next budget cycle and duties that cannot be re-distributed to existing positions be considered for outsourcing or contracting through the contracted golf professionals or other professional services contract.

The following table identifies how business operations services will be procured:

Services / Activities	City Staff / Golf Committee	Contracted Golf Professionals	Professional Services Contract
Preparation and implementation of the annual plan for the golf program with guidance from the Lincoln City Golf Committee			X
Data collection and reporting regarding benchmarks and performance indicators	X		X

Concession contracts for operation of the clubhouses and related services		X	
Customer service training for clubhouse staff		X	
Player development programming		X	
Financial oversight and reporting	X	X	
Coordination of membership and loyalty programs		X	
Coordination of golf course marshalling		X	
Operation of the point of sale (POS) system		X	
Marketing and promotions, including development and management of a website and regular email and social network communications		X	
Establish and maintain working relations with the PGA and UN-L Professional Golf Management program	X	X	
Daily communication between the superintendent and the golf professional at each course	X	X	
Contract Administration	X		

Player Development Program

Expanding the number of golfers will become one of the primary focuses of the Lincoln City Golf program. A PGA professional will be contracted to develop and implement player development programming focusing on youth and adults, and to operate the Ager Golf clubhouse. Player

development programming will utilize the PGA “Get Golf Ready” program and will be based at the Ager Golf Course which will be branded as a golf learning center. Player development programming will be coordinated with lessons and player development programming at the four 18-hole golf courses. Player development programming will focus on golf skill development, learning the rules and etiquette of the golf, retention of program participants, and making the game of golf fun and enjoyable.

Golf Course Maintenance

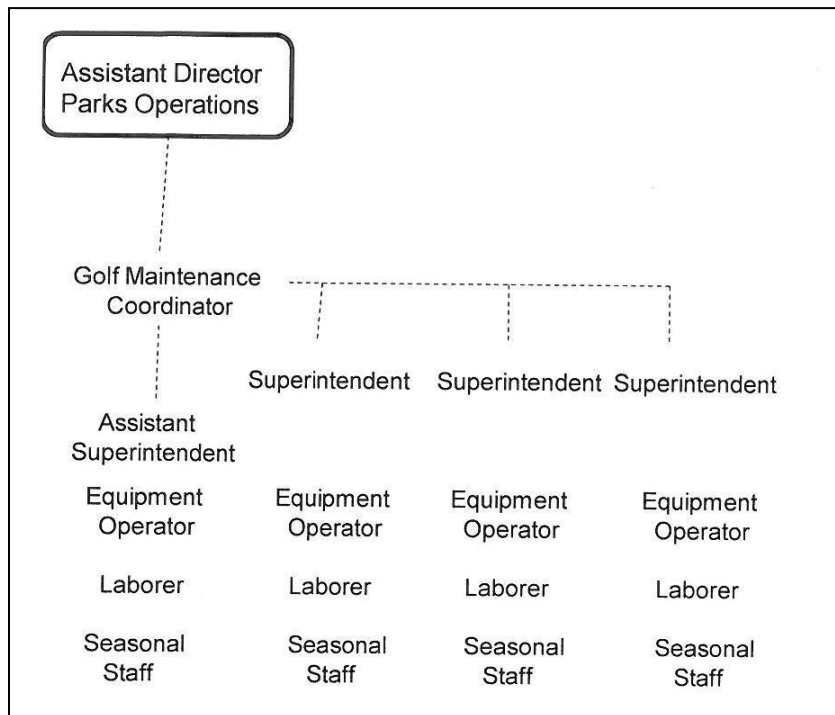
Golf course maintenance activities associated with the Lincoln Municipal Golf program include:

- Establishment of consistent standards for playing conditions and general maintenance practices at each of the golf courses;
- Collection of data regarding performance benchmark indicators regarding golf course playing conditions;
- Coordinated budget preparation and administration including monitoring of expenditures and preparation of monthly and year-end reports;
- Supervision of golf course operations staff, including sharing of staff resources between facilities;
- Coordinated procurement of materials and supplies for course maintenance and operations;
- Coordinated procurement of grounds maintenance equipment;
- Development and implementation of a winter projects at golf courses;
- Oversee volunteer maintenance program for landscape planting areas at golf courses;
- Regular communication with golf professionals regarding course maintenance activities and events.
- Implement capital improvement projects in cooperation with Planning and Construction Division staff and Facilities Maintenance staff; and
- Facilitate working relationship with the UN-L Turfgrass Management Program.

Oversight and administration of golf course maintenance will be transferred to the Parks Operations Division under the supervision of the Assistant Director of Parks Operations. A new Golf Maintenance Coordinator position will be created. This position will coordinate and oversee operations of the five golf courses and will report to the Assistant Director of Parks Operations. Ultimately it is envisioned that the Golf Maintenance Coordinator will supervise maintenance of Holmes Golf Course and Ager Golf Course, as well as coordinate operations of the other three 18-hole courses. With the exception of the Holmes Golf Course / Ager Golf Course maintenance team, the Assistant Golf Course Superintendent positions will be eliminated and replaced with Laborer positions as a cost savings measure.

It is anticipated that transition to the new staffing plan will be implemented over one or two fiscal years.

Proposed Golf Course Maintenance Staffing Plan



Capital Improvement Funding – Repair and Replacement of Facility Infrastructure

An inventory of Lincoln City Golf program facility infrastructure and associated life cycle costs was recently completed. This analysis indicates that about \$600,000 is needed annually for repair and replacement of existing facilities and improvements to keep them in good working condition and accessible to golf patrons. During the past ten-years repair and replacement projects have been largely deferred due to funding limitations and the commitment to pay-off bond debt associated with development of Highlands Golf Course. As a result a number of improvements and systems are well beyond their recommended life cycle replacement period. Examples of deferred repair and replacement projects include:

- Aged irrigation systems at Pioneers Golf Course (1983), Ager Golf Course (1966) and Holmes Golf Course (1987) need to be replaced;
- failing pond shoreline walls need to be addressed at Mahoney Golf Course and at Highlands Golf Course;
- restroom facilities at Pioneers Golf Course clubhouse need to be renovated;
- sand bunkers at Highlands Golf Course need to be renovated;
- ongoing cart path repair and replacement at all courses;
- replacement of trees at all courses;

In addition to repair and replacement projects, a recent study of the Lincoln City Golf program by the National Golf Foundation (NGF) recommended implementation of forward tees at the 18-hole courses to encourage play by women, seniors and beginning golfers.

Forward tees will also likely aid in increasing the speed of play at golf courses as golfers are given additional tee options to match skill and ability levels

It is anticipated that about 15-percent of funding needed for repair and replacement projects can be generated from cost savings associated with the proposed restricting of Golf Course Maintenance. Assuming an average of 180,000 rounds of golf played at the Lincoln City Golf courses, about \$3.80 of new revenue per round golf is needed to fund the remaining portion of the capital repair and replacement program. It is recommended that these fee increases be phased in over a period of time not to exceed five years, because of the current volume and scale of deferred projects. The amount of new revenue needed per round will decrease if player development efforts are successful in increasing the number of rounds of golf played at the City facilities each year.

Fees

Differential Fee Structure

The four 18-hole golf courses, one in each quadrant of the community, with differing features and challenges are key assets of the Lincoln City Golf program. A recent study of the program by the National Golf Foundation (NGF) recommended implementation of a differential fee structure offering additional price point options for golfers and recognizing the costs associated with maintenance of each golf course. A three-tier fee structure is proposed. A reduced fee schedule at Mahoney Golf Course would offer a “value” option for golfers. An increased fee schedule for Highlands Golf Course would recognize the added cost of maintenance of this large public links-style facility. A three-tier membership program would be reflective of the new pricing structure. A premium membership would allow play at all four 18-hole courses. A standard membership would allow play at Holmes, Pioneers and Mahoney Golf Courses. A value membership would allow play at Mahoney Golf Course. Golfers holding value or standard memberships would be allowed to play the upper tier(s) of course by paying an additional daily greens fee. A similar tiered fee structure could be developed for leagues depending on which courses are to be played.

Maintenance practices at Highlands Golf Course should be adjusted reflective of a links-style course, including reducing irrigation, during the 2014 season. Operating costs and revenue should be evaluated at the end of the 2014 season to evaluate the cost recovery rate and determine the need for a related fee increase beginning in the 2015 season. Consideration should be given to directing the revenue from a fee increase to funding needed capital repair and replacement projects at Highlands Golf Course, including renovation of sand bunkers.

Keeping Pace with Inflation

Personnel, utility, and material and supply costs associated with the Lincoln City Golf program increase annually as a result of inflation. The City golf program was established and continues to be operated as a public recreation program. As noted above, the program is operated as enterprise fund with revenues supporting operating expenses and capital repair and replacement costs. Projected expenses and revenues should be evaluated for each fiscal year, and fees should be adjusted annually to maintain the financial viability of the program and to

avoid larger incremental fee increases of adjusting fees on a multi-year basis. The need for fee increases should be implemented in tandem with efforts to achieve operating efficiencies and to encourage expanding play.

Operating Reserve Fund

Four of the five golf courses operated by the Lincoln City Golf program are partially or entirely dependent on municipal water for irrigation. The demand for irrigation water is variable depending on weather conditions. Funding for irrigation water is based on average conditions. In years with less rainfall additional irrigation water is needed, and additional funding is required to purchase the water. An operating reserve should be developed within the Golf Fund as a resource during droughty weather when additional irrigation water is purchased, or when other unforeseen expenses are incurred. The Golf program should budget \$10,000 each year to be placed in the operating reserve until a balance of \$100,000 is achieved and maintained. In fiscal years where revenues are sufficient to cover operating expenses, the commitment to the reserve fund, and the funding goal for the capital repair and replacement fund, the surplus funds should be directed to repair and replacement projects.

Central Service Charges

As an enterprise fund, the Lincoln City Golf program is subject to central service charges for services provided City and City/County General Fund Departments. Examples include legal services, human resource services, and financial accounting services. Previously central services charges included charges for the Mayor's Office and City Council. It is recommended that charges for the Mayor's Office and City Council be waived in future years, and that other central services charges be monitored on an ongoing basis to assure that costs are consistent with the value of services received.

Implementation

This strategic plan for sustainability of the Lincoln City Golf program is anticipated in be implemented over a series of years as follows. Progress made toward achieving the goals of the sustainability plan should be evaluated in 2016 to determine where strategic adjustments need to be made.

FY 2013-14

- Transfer golf course maintenance to the Parks Operations Division.
- Create Golf Maintenance Coordinator position and select a staff person to act in this role.
- Contract with golf professional for development and implementation of a golf player development program and operation of the Ager Golf Learning Center.
- Purchase and implement updated point of sale (POS) system.
- Implement updated Lincoln City Golf website.
- Annual fee review.
- Development and adoption of multi-year capital repair and replacement program.
- Review concession contracts with golf professionals for possible revisions.

- Preparation and adoption of FY 2014-16 budget.
- Review seasonal staffing for golf course maintenance.

FY 2014-16

- Restructure business operations and golf course maintenance staffing.
- Select a professional services contractor to assist with golf business activities.
- Prepare annual plan, including establishment of performance benchmarks and indicators.
- Annual fee review.
- Implement new marketing and promotions efforts.
- Initiate data collection and reporting regarding performance benchmarks and indicators.
- Implement initial phase of capital repair and replacement funding strategy.
- Begin building the operating reserve fund by budgeting \$10,000 annually to be placed in this fund.
- Implement identified capital repair and replacement project(s).

FY 2016-18 and future years

- Review progress made in achieving goals and determine strategic adjustments to sustainability of the program.
- Prepare annual plan, including establishment of performance benchmarks and indicators.
- Annual review of fees.
- Implement subsequent phases of capital repair and replacement funding strategy.
- Implement identified capital repair and replacement project(s).