

# Lincoln City Golf Program Sustainability Study

Prepared For:

**City of Lincoln Parks and Recreation Department**

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Lincoln, NE 68502



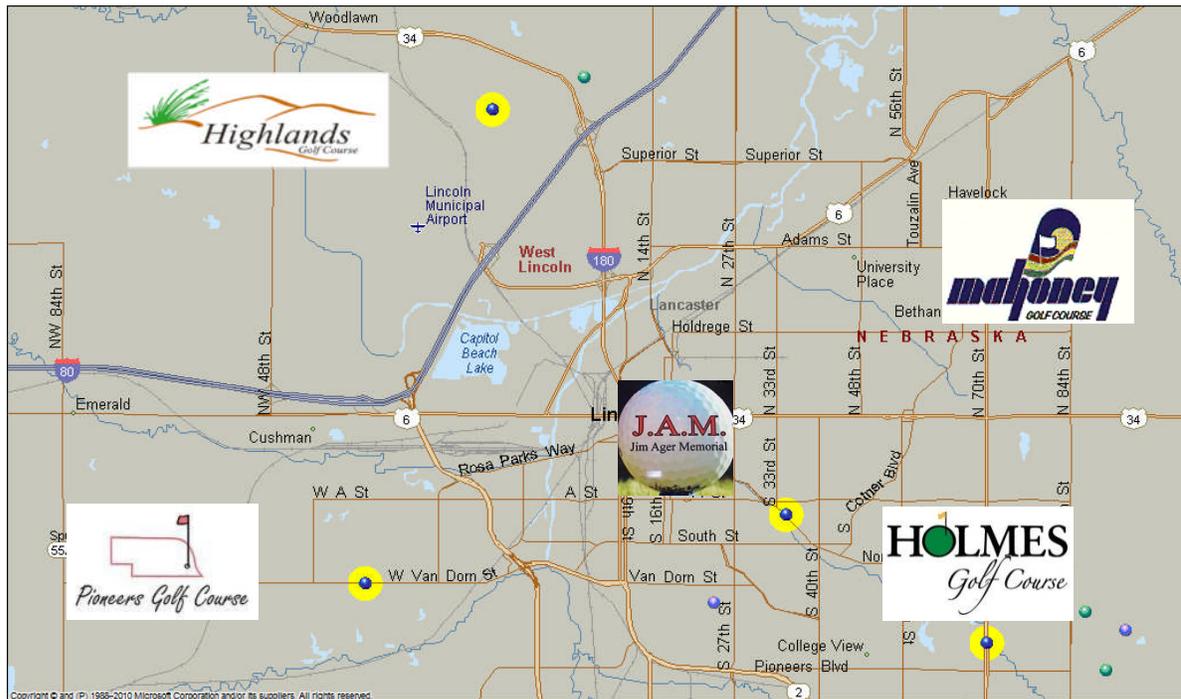
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July 2013

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# Table of Contents

<b>INTRODUCTION AND EXECUTIVE SUMMARY.....</b>	<b>1</b>
Purpose .....	1
Background.....	1
Summary of Findings and Recommendations .....	3
Key Findings on Performance and External Factors.....	3
Overall System Findings and Recommendations .....	5
Pioneers Golf Course Summary.....	8
Highlands Golf Course Summary.....	8
Holmes Golf Course Summary.....	9
Mahoney Golf Course Summary .....	10
Jim Ager Memorial Golf Course Summary.....	10
Financial Overview Summary.....	11
Summary Conclusion .....	13
<b>OVERVIEW OF CITY OF LINCOLN GOLF SYSTEM.....</b>	<b>14</b>
Organization and Administration .....	15
Organizational Structure 2013.....	15
Pro Shop Operations Agreements .....	16
City-Wide Support for Lincoln City Golf GC .....	17
Citizen Advisory Committee .....	18
Procurement / Depreciation / Capital Improvement Fund.....	19
Recent Actions to Improve City of Lincoln Golf Enterprises.....	19
Golf Course Operations .....	20
Staffing .....	20
Point of Sale (POS) and Reservation System.....	21
Food and Beverage Operations .....	22
Golf Cart Issues.....	23
Range Operations .....	24
Golf Course Maintenance Issues .....	24
Water Issues and Use .....	25
Winter Operations.....	25
Increased Participation from Women .....	26
Fee Structure.....	27
Memberships .....	27
Other Issues and Policies.....	29
Land Sale Considerations .....	31
Golf System Marketing.....	32
General Marketing.....	32
Website Review .....	32
Summary of City of Lincoln Golf Marketing.....	33
System-Wide Operational Performance .....	33

Rounds .....	34
Revenues .....	34
Expenses .....	35
System Summary .....	36
FY2013 Performance .....	38
<b>INDIVIDUAL FACILITIES .....</b>	<b>39</b>
Analysis of Pioneers Golf Course.....	39
Location and Access .....	39
Golf Course Review.....	39
Clubhouse Review.....	40
Pioneers Facility Physical Evaluation.....	41
Operations and Staffing.....	43
Other Operational Issues.....	44
Facility Performance and Data Analysis.....	45
Pioneers GC Golfer Survey .....	49
NGF Recommendations – Pioneers Golf Course .....	52
Summary – Pioneers Golf Course.....	53
Analysis of Holmes Golf Course.....	56
Location and Access .....	56
Golf Course Review.....	56
Clubhouse Review.....	57
Holmes Facility Physical Evaluation.....	58
Operations and Staffing.....	59
Other Operational Issues.....	60
Facility Performance and Data Analysis.....	61
Holmes GC Golfer Survey .....	66
NGF Recommendations – Holmes Golf Course .....	69
Summary – Holmes Golf Course.....	70
Analysis of Highlands Golf Course .....	71
Location and Access .....	72
Golf Course Review.....	72
Clubhouse Review.....	73
Highlands Physical Evaluation .....	74
Operations and Staffing.....	75
Facility Performance and Data Analysis.....	78
Highlands Golf Course Golfer Survey .....	82
NGF Recommendations – Highlands Golf Course .....	85
Summary – Highlands Golf Course.....	87
Analysis of Mahoney Golf Course .....	89
Location and Access .....	89
Golf Course Review.....	89
Clubhouse Review.....	90
Mahoney Physical Evaluation .....	91

Operations and Staffing.....	92
Facility Performance and Data Analysis.....	93
Mahoney Golf Course Golfer Survey .....	98
NGF Recommendations – Mahoney Golf Course.....	101
Summary – Mahoney Golf Course .....	101
Analysis of Jim Ager Memorial Golf Course .....	104
Facility and Operational Review.....	104
Facility Performance and Data Analysis.....	105
Jim Ager Memorial Golf Course Golfer Survey .....	108
NGF Recommendations – Jim Ager Memorial Golf Course .....	110
Summary – Jim Ager Memorial Golf Course.....	111
<b>GOLF INDUSTRY STANDARDS, NORMS, AND OPERATIONAL ISSUES .....</b>	<b>113</b>
Public Golf Operational Norms.....	113
Public Golf Facility Rounds Expectations.....	113
Public Golf Facility Revenue Expectations.....	114
Public Golf Facility Expense Expectations .....	114
Public Golf Facility Average Revenue and Expense per Round.....	115
Public Golf Course Staffing .....	116
Golfer Expectations of Better Quality Public Golf Facilities.....	117
Golf Course Expectations.....	117
Clubhouse Expectations.....	118
Service Expectations.....	119
Food and Beverage Operations .....	119
<b>CITY OF LINCOLN GOLF ENTERPRISE OPERATIONAL CONSIDERATIONS .....</b>	<b>121</b>
Management Options.....	121
Option 1: Self-Operation by City of Lincoln .....	121
Option 2: Concession Agreements.....	122
Option 3: Full Service Management Contract .....	124
Option 4: Full Service Operating Lease .....	126
Discussion .....	128
One, Some, or All of the City of Lincoln Golf Facilities.....	128
Closure of One or More of Lincoln City Golf Courses .....	129
NGF Recommendation .....	130
<b>EXTERNAL FACTORS AFFECTING THE OPERATION OF PUBLIC GOLF COURSES .....</b>	<b>131</b>
Basic Demographics and the Local Economy .....	131
Demographic Analysis.....	131
Key Economic Factors.....	132
Housing .....	135
Golf Market Supply and Demand Indicators .....	136
National Trends in Golf.....	136
Estimated City of Lincoln Golf Market .....	140

Golf Course Market Supply / Demand Summary .....	142
City of Lincoln Competitive Golf Market.....	144
Map of Competitive Facilities .....	144
Summary Information – Key Competitors .....	145
Significant Findings – Regulation Courses .....	146
Significant Findings – “Short” Courses.....	148
External Factors Summary.....	148
<b>NGF CONSULTING RECOMMENDATIONS FOR CITY OF LINCOLN GOLF .....</b>	<b>149</b>
System-Wide Organizational Recommendations .....	149
City of Lincoln Golf Administration and Structure.....	149
Improve Use of Technology (New POS) .....	150
Pace of Play Recommendations .....	151
Staffing Recommendations .....	152
Food & Beverage Operations.....	152
Becoming More “Women-Friendly” .....	153
Physical Upgrade Priorities .....	153
NGF Priority List – Physical Upgrades at All Four 18-Hole Facilities.....	154
NGF Priority List – Physical Upgrades at Each Individual Facilities .....	154
City of Lincoln – Marketing and Program Recommendations .....	154
Electronic Marketing.....	156
Other Marketing Recommendations.....	157
Fee Discussion and Recommendation .....	158
Lincoln City Golf Courses – Proposed Green and Cart Fee Schedule for FY2014 .....	159
Lincoln City Golf Memberships and Passports .....	159
Third-Party Wholesale .....	160
<b>FINANCIAL ANALYSIS OF EXPECTED CITY OF LINCOLN GOLF ENTERPRISE</b>	
<b>PERFORMANCE.....</b>	<b>161</b>
Summary of City of Lincoln Golf Projections (2012-2017) .....	161
City of Lincoln Golf System Summary by Line Item .....	162
City of Lincoln Golf System Summary by Facility.....	163
Summary of Golf Facilities’ Economic Performance .....	164
City of Lincoln Golf Under Management Company Operation .....	165
City of Lincoln Golf with Reduction to Three 18-Hole Courses (Course Closure) .....	166
Scenario One – Highlands GC Closure.....	166
Scenario Two – Mahoney GC Closure .....	168
Summary of Course Closure Considerations .....	169
<b>SUMMARY STATEMENT.....</b>	<b>170</b>
<b>APPENDICES (UNDER SEPARATE COVER).....</b>	<b>171</b>

# Introduction and Executive Summary

## PURPOSE

National Golf Foundation Consulting, Inc. (“NGF Consulting” or “NGF”) was retained by the City of Lincoln, Nebraska (“City” or “City of Lincoln”) to assist in evaluating the operational and economic performance of the City’s five public-access golf facilities: Highlands Golf Course, Pioneers Golf Course, Holmes Golf Course, Mahoney Golf Course, and Jim Ager Memorial Golf Course. City of Lincoln is seeking to have a full strategic review of the golf system and evaluate the long term potential of each of these facilities and the system as a whole. The following NGF report details findings and recommendations on the overall City of Lincoln golf system and each individual facility. In addition, the NGF team has detailed the overall economic condition of the City of Lincoln golf system and the market environment in which each facility operates, and has provided a set of recommendations for each individual facility and the system in its entirety.

## BACKGROUND

The City of Lincoln, Nebraska is operating five golf courses spread out over the City of Lincoln. The system dates back to the original development of Pioneers Golf Course at Pioneers Park in the 1930’s. Since that time, the City has completed several renovations and additions, the most recent of which was the addition of the modern, links-style golf course at Highlands Golf Course in 1992. Highlands was originally financed through the issuance of revenue bonds that were fully paid off by 2013. In 2013, the City added a new clubhouse at the Holmes Golf Course, financing the \$1.5 million development cost through revenue bonds. As a result, the City is now operating a widely diverse system of golf courses that offers “something for everyone,” from the beginner all the way up to seasoned golf professionals.

In the last two years, the economic performance of the City golf system has declined, leading to stress within the system in light of fiscal commitments within the City golf system. Each of the five facilities has been experiencing decline, although it is clear that some are faring worse than others. In reviewing the City of Lincoln Golf system, it is clear that these golf courses are important to the City of Lincoln, and add value to the City’s overall park system.

The five golf facilities include four 18-hole “regulation” courses and a Par 3 course (Jim Ager Memorial GC) originally dedicated to junior golf development. The four 18-hole City of Lincoln Golf facilities are spread out in each quadrant of the City. Even so, there is considerable overlap of clientele, competition, and market deficiencies. All but the newest Highlands GC sit on City Park property and thus have limitations in use and conveyance (sale of lease). It appears as though the system has experienced what can best be described as a “perfect storm” of events in the last few years, including a national recession, increasing competition, 2012 drought and challenging weather (e.g. snow in May 2013).

In 2013, the NGF was retained by the City to assist with evaluating the City of Lincoln golf system and to make recommendations to help ensure the long-term viability of the golf program. This includes a thorough review of the system on an ‘as-is’ basis, as well as a consideration of other operating alternatives, including privatization options. It is expected that the results of this NGF study will be used by the City as a guide for the future of the golf system, and to help convey to outside constituents (citizens of the City of Lincoln, legislators, policy makers, etc.) that the City will operate the golf system in the most efficient manner possible.

The findings and recommendations presented by NGF in this report are based on NGF Consulting experience, knowledge of golf industry best practices, and a review of each facility. NGF completed tours and meetings with key personnel (at each property and administration) in May and June of 2013.

NGF activities completed to date include meetings with the staff from the City of Lincoln Parks and Recreation Department, Finance Department, several City Council Members and other senior City staff. In addition, the NGF team had meetings and interviews with other City of Lincoln Golf staff at each individual facility and members of the City's Golf Advisory Committee, as well as representatives of several special interest groups such as the Men's Golf Association, Senior Golf Association, and Ladies Golf Association. These meetings involved substantive discussions about all key aspects of the City of Lincoln golf operations, as well as detailed reviews of each subject golf course. Further, the NGF consultants completed seven separate in-depth tours / inspections of each facility with complete interviews of each on-site manager and golf superintendent.

The key components and issues of this report include:

- Overall condition and operating structure of the City of Lincoln golf system as a whole
- A review of golf industry standards and norms of operation
- Status of the broader City of Lincoln Golf market, with focus on the balance between demand and supply in the local public golf market
- A summary of NGF recommendations for the continued operation of City of Lincoln golf facilities
- A survey of golfers who use Lincoln City Golf Courses
- An estimate of realistic economic potential of the City of Lincoln Golf system
- Benchmarking City of Lincoln golf operations with other regional municipal golf operations

The NGF consulting engagement was managed by Richard B. Singer, Director of Consulting Services for the NGF, with assistance from other NGF staff including: John Wait, Senior Associate Consultant; Ed Getherall, Senior Project Director; Kevin McLendon, Survey Manager; and Judy Cook, Consulting Administrator. In addition to meetings with City of Lincoln officials and golf course personnel, the NGF consultants collected materials to aid in understanding the local market area, weather data, other regional municipal golf operations, and golf operations in general. The NGF also collects considerable information and data on the golf industry on an ongoing basis as a regular part of our organization's work, and much of this information and data is presented throughout this report.

## **SUMMARY OF FINDINGS AND RECOMMENDATIONS**

The City of Lincoln is operating five separate golf facilities that clearly suffer from some competitive disadvantages due to issues that are both controllable and uncontrollable within the City of Lincoln structure. The NGF found six key specific areas of deficiency of underperformance around which our core recommendations to the City focus:

1. Declining physical condition of golf facilities coupled with a lack of adequate ancillary amenities (clubhouse, food, beverage, etc.);
2. Golf facilities with design features that are not attractive to women players;
3. Inadequate resources devoted to marketing and promoting the golf facilities;
4. Inefficient operational structure and antiquated technology that creates operating inefficiencies, is detrimental to customer service and financial control;
5. A rigid pricing schedule that lacks flexibility to be adjusted to varying levels of facility quality and respond to changing market conditions; and
6. Uncontrollable factors such as recent recession and unfavorable weather conditions.

The NGF finds that action on the five controllable items noted above will result in the greatest relief of economic stress to the system, although working to change the basic philosophy of the system from providing a public accommodation to running a business in a competitive market environment will also help to improve performance and ensure that the City of Lincoln golf system remains viable to cover its expense obligations.

The NGF recognizes that in operating public golf facilities there are variables to the operation that can be controlled by the owner (City) and variables that cannot be controlled. Uncontrollable factors include the location of the facilities, the demand for golf, the market competition, the condition of the national, local, and regional economy, and the weather. While some of the key controllable factors were identified above, other controllable factors include the condition of the subject golf facilities, the quality of services offered, and the extent to which the facilities are appropriately operated and marketed. The review and NGF recommendations contained in this report are designed to focus on the factors of the golf system that can be controlled by the City and to form the foundation of a system-wide business plan for golf.

The bullet points that follow summarize our findings and recommendations for each individual facility and the City of Lincoln Golf system as a whole. This executive summary is intended to provide an “at-a-glance” review of the full NGF report. Additional detail on this summary can be found in the full body of this report and its appendices.

### **Key Findings on Performance and External Factors**

The NGF review of performance showed the challenges facing the City of Lincoln golf system. The total rounds played at the golf courses all exceed national averages, while total golf revenue tends to be below industry standards. Further, the structure in place at City golf courses causes different sources of revenue to be treated differently, with green, cart and membership fees going to the City and range, merchandise, food and beverage income going to contracted golf professionals.

## Performance Findings

- **Rounds and Revenue.** The City of Lincoln Golf system had produced a stable level of rounds prior to 2009, with a steep decline (12%) in 2010 and 2011, and some recovery in 2012. The declines in rounds and revenue are generally comparable to the total U.S. average of 10% decline in golf course revenue over the same period. Total City of Lincoln Golf net after sales tax revenue was \$3.3 million in FY2012.
- **Expenses.** The \$3.27 million in operating expenses (including admin) have increased about 22% since 2008. The expenses to maintain City of Lincoln golf facilities are lower than golf course maintenance expense averages for standard public golf courses in the nation, and we note that labor expenses tend to be in proper proportion (50% at City of Lincoln compared to a “standard” of 50%). Still, when City administrative and depreciation expenses are added in, the maintenance expenses become much higher than is standard for the industry.

## Survey

NGF completed a survey of golfers at each of the five Lincoln City golf courses. The NGF collected a total of 1,350 surveys, with about half coming from those with direct affiliation (members, passports, leagues, etc.). The six most significant findings showed that golfers at the City courses:

- Show varying levels of satisfaction between facilities, with the highest satisfaction for Pioneers and the lowest satisfaction at Holmes. These golfers are very concerned about the golf course conditions at Holmes GC.
- Rate the golf staff highly
- Are concerned about the quality and amenities associated with the food and beverage service
- Want to see improvement in the courses’ use of technology and pace of play
- See City of Lincoln Golf Courses GC as a good overall value
- Are concerned that the courses are not “women-friendly” in both design and operation.

## External Factor Findings

The external (uncontrollable) factors that affect the City’s ability to sell golf service to the public tend to be mixed in the period of this 2013 review. The national and City economies appear to be recovering from a recent recession, competition is still strong, demographics are changing, and the weather is unpredictable. Other findings:

- NGF has documented a general decline in spending on golf from consumers and a rapid inflation in expenses to operate golf facilities nationwide.
- The moderate incomes along with the presence of the State Capitol and University in the greater Lincoln area typically translate to higher-than-average golf activity. Negative attributes include a generally short golf season and significant internal competition between the City golf courses for golf activity.
- Tourists and visitors to Lincoln could represent a sizable market opportunity for golf activity, especially for the Highlands Golf Course. The data shows over 11 million visitors in Lincoln each year, offering a potentially large market for the City of Lincoln golf courses. The tourist and visitor market is one that should be actively targeted with a wide range of promotional activities, including taking advantage of other City-wide efforts to grow tourist activity in Lincoln.

- A total of 9.0 new 18-hole courses have been added to the Lancaster County area since 1991. The overall ratio of households to golf courses is generally unfavorable in all of the City of Lincoln golf sub-markets.
- The weather clearly has an impact on the overall potential for golf rounds in this City. Data shows that the golf season tends to be short (six months), but can be lengthened from time-to-time resulting in better performance for these golf courses (like in FY2012).
- NGF has observed that the Lincoln City golf courses have numerous competitors that have been identified. In general, our review showed that the City of Lincoln golf courses generally compare favorably to their immediate competition with lower fees and acceptable quality. The market review suggests that Lincoln City courses are hosting many more rounds than their competitors, and that there is room to create a segmentation of fees in the market.

## Overall System Findings and Recommendations

The NGF has reviewed the operation and management of the City Golf System, along with alternate options for governance. It is the opinion of the NGF consultants that the present system should be modified into a more streamlined system with one single entity, either the City or a private management firm, operating AND maintaining the City's golf courses. This structure, along with the adoption of other NGF operational recommendations, should allow for the most efficient management structure for the City's golf courses and provide the maximum economic benefit. Some of the NGF observations regarding the City's golf system structure:

- The overall operating system in place with separate operations for pro shop and maintenance and the treating of certain income streams separately (green/cart fees to City and range, merchandise, food and beverage to golf pro) is highly inefficient for the golf operation. This inefficiency is affecting the economics both directly through increased costs, and indirectly through ineffective management. The City would likely improve performance with a modified system that pooled all revenue together before providing a split between the City and concessionaire.
- The outright sale of one or more of these golf courses would be difficult to complete. Four of the five facilities (Pioneers, Jim Ager, Holmes, and Mahoney) sit on City Park property and cannot be sold or leased without City referendum. Highlands GC has no such restrictions and could be sold, although no such sale should be sought unless the City can earn a minimum of \$65,000 per acre. The sale of the five-acre site adjacent to the Highlands GC could provide needed funds to complete some upgrades proposed for the golf system and Highlands GC in particular.
- A pure site lease arrangement may be problematic for this system due to four of the five facilities being located on park property and the debt service associated with the new clubhouse at Holmes GC.
- The simple closing of one (or more) of the 18-hole golf courses as a means to reduce expense is not recommended by NGF even though our economic review of the option suggests the Golf Fund could improve with the closure of Mahoney GC. The reasoning for our recommendation is that the City has not exhausted all of its options for improving performance, the high cost of passive park maintenance, the reality that only 1/3 of rounds will be recovered at the remaining City courses and that City overhead charged to the golf fund will not be reduced.
- A management company likely will charge between \$157,000 and \$290,000 per year in management fees (3% to 6% of gross), thus requiring the system to improve by

\$140,000 to \$250,000 in net revenue just to retain its present position. However, private sector operators are often able to reduce direct expenses on golf operations.

- The 5-facility City of Lincoln golf system has advantages stemming from the variety of offerings and geographic distribution. Any break-up of this system will result in a spin-off of better-performing facilities and a possible situation of internal competition. It is the NGF recommendation that the system remain as one single group of facilities, with the possible exception of Jim Ager moving out of the Enterprise.

### Recommendations on Basic Structure

The basic oversight and structure of the City of Lincoln golf system needs to change to become more entrepreneurial and allow the golf system to be run more like a business and less like a public accommodation. This means new and improved emphasis on marketing and promotion, **especially to markets beyond the residents of the City of Lincoln**. This will also mean enhancements to facilities and systems (spend money to make money), and that management will have to react quickly to changes in market characteristics.

**The NGF recommends that the City of Lincoln change its golf system operating structure to a single-source management agreement for the four 18-hole courses.** This would mean that operation of the City's 18-hole golf courses would be contracted to a single entity that would have full control of the day-to-day operations, including the pro shops, food and beverage operations, and maintenance. This structure, if properly implemented, is believed by NGF to offer the City of Lincoln the greatest opportunity for improvement in both revenues and expenses, and allow for a streamlined operation with appropriate alignment of interests. The Jim Ager Golf Course should be absorbed back into the City's Recreation Department to be covered from General Fund, and removed from the Golf Enterprise Fund.

The NGF recommends that this system be implemented with:

- A single "Golf Administrator" as a business-oriented position to facilitate contract compliance and provide a business perspective to the issues of marketing, green fee rates, programs, capital needs, etc.
- Improvement in the technology systems used to operate, market, and otherwise promote the four 18-hole golf facilities.
- Some physical upgrade to individual facilities to keep the product appealing and desirable among golfers.

### Operational Recommendations

- **Repositioning** – The City should work to create market segmentation within the City golf system, thus broadening its appeal and increasing revenue potential. The NGF recommendation calls for Mahoney to be repositioned as a "value" facility and serve as a "bridge" between Ager and the other courses. Highlands would be repositioned to be more attractive to travelers and out-of-area golfers, particularly those living in Omaha.
- **Physical Upgrades** - The NGF team has made specific recommendations for physical upgrades at each location, with each upgrade expected to add revenue or reduce expense at the facility, although the exact net benefit is not always fully quantified. These upgrades were presented by NGF in order of recommended priority and total some \$3.0 million through 2017, of which \$1.5 million to be invested in Pioneers GC. The NGF recommended upgrade list includes items to be completed at all four 18-hole facilities:

1. Cart path upgrades at all facilities
2. New forward tee positions at all facilities
3. Upgrade on-course (restrooms, drinking stations) at all facilities
4. Switch to a self-service, electronic (token-less) range ball dispensing system

**As well as items for each individual facility:**

1. Irrigation and Dredging program at Pioneers
  2. Clubhouse upgrades at Highlands GC
  3. Bunker / Tee improvements at Highlands GC
  4. Clubhouse upgrades at Pioneers
  5. Pavilion at Pioneers
  6. Driving Range netting at Mahoney
  7. Irrigation system at Holmes GC
  8. Pavilion at Mahoney GC
  9. Improve hitting bays at Jim Ager
  10. Irrigation at Jim Ager
- **Marketing.** The NGF review of City of Lincoln Golf marketing shows some deficiencies in system marketing. The NGF recommended changes to the golf system marketing, including:
    - Upgrading the golf system websites (including individual courses) to a more “golf-oriented” look and feel, as opposed to a “park system” look and feel with more information golfers seek;
    - Linking the facilities together in a unified marketing strategy, focusing on variety and “something for everyone.”
    - Maintaining a budget of at least \$75,000 (2% of revenue) for the golf system.
    - Improving signage to the golf courses.
    - Adding a golf-specific social media component to marketing (*Facebook / Twitter, etc.*).
    - Expanding direct selling of tournaments and outings.
    - Enhancing advertising in magazines, billboards, newspapers, etc.

### **Pricing Recommendations**

NGF has recommended some change in the pricing structure at Lincoln City golf courses. The key focus of NGF recommended changes includes:

- Creating segmentation between the City golf facilities, rather than have “one-size-fits-all” approach; and
- Improving yield management – increasing fees at peak demand times and decreasing fees when demand is reduced.

To achieve these goals, the NGF has prepared a recommended schedule of fees to be incorporated into the Lincoln City golf system. This new schedule of fees assumes that NGF recommended physical changes will be implemented, particularly the upgrades recommended

for Highlands GC. In general, the new schedule would place Highlands GC at the high end of the scale, Pioneers and Holmes in the middle and Mahoney at the lower end. Some of the main proposed changes:

- Adding a non-resident rate
- Gradually increasing the age for seniors to 62 by increasing the age limit one year each year
- Adding twilight times during non-league days
- Adding super-twilight rates during the summer
- Adding \$.50 to the second nine rate at Jim Ager

The proposed new Lincoln City golf fees are shown in the text of this report. In general, the highest peak weekend green fee will range from a low of \$23.00 at Mahoney to a high of \$41.50 for non-residents at Highlands GC. Of course, the new structure would include numerous discounts off these peak rates, including weekday, senior, junior twilight, and super-twilight.

### **Pioneers Golf Course Summary**

- Pioneers GC is the flagship facility for the City of Lincoln golf system, producing the highest level of rounds, total revenue, and net revenue after expense. The course appears to be the most popular in the system and showed the highest level of loyalty in the NGF survey.
- Pioneers is an aging golf course with significant infrastructure needs, both to the golf course playing area and the clubhouse:
  - On the golf course, the facility needs to upgrade its cart paths, irrigation, and on-course services (restrooms, drinking fountains, etc.).
  - The clubhouse is both deficient in space and lacks any kitchen or grill facilities. In addition, the restrooms are poor and the roof is in need of repair.
  - The driving range is small but functional, and includes lights that are not presently in use.
- A possible key driver of revenue for this facility is its potential to become a popular site for tournaments and outings, provided the facility could expand and upgrade its clubhouse facility to host large gatherings. The addition of an outdoor, open-air pavilion could be an addition to help in this market segment.
- NGF recommendations for Pioneers center on making new investment in the facility to help grow revenue, and enhancing the marketing to promote the outstanding value of the facility in relation to its price. The City should also be planning for future facility upgrades, as noted above, that are high on the NGF recommended list of priorities for the Lincoln City golf courses.

### **Highlands Golf Course Summary**

- Highlands is the premier facility in the City of Lincoln golf system in terms of quality, although total rounds and revenue have lagged behind Pioneers.
- Given its relative quality and newness, Highlands is probably underpriced, especially for tourists and visitors. The lower price may be contributing to the perception of low quality to out-of-City golfers that are less familiar with Highlands' quality.

- Highlands GC features a links-style golf course that is unique and marketable, and could become a popular regional draw. While the facility does have the potential to be re-positioned as a higher end facility, to be successful other changes (besides price) would also have to be made:
  - Upgrade the clubhouse to match the golf course with new furnishings, upgraded restrooms and improved electric system
  - Add a grill and/or kitchen
  - Add a bar
  - Improve the golf course with new expanded cart paths, bunker renovations and improved on-course services (restrooms, drinking stations, etc.)
- The City should expect that Highlands GC will have the highest operating and maintenance expenses of the City courses, especially if it is to be re-positioned as a higher fee, destination golf course.
- NGF recommendations for Highlands include upgrading the facility and re-branding the golf course as a premier, destination property. The City should adopt a segmented market strategy with Highlands serving as the highest priced golf course in the City system. However, to complete such a change properly, some upgrades to the facility will have to be made as noted by NGF. The City should also upgrade the direct marketing of the facility, especially improving the course's website - either as a page in the City of Lincoln system website or as a separate Highlands website.

### **Holmes Golf Course Summary**

- Holmes GC offers a high quality golf layout with interesting topography and even scenic views into downtown Lincoln. With its good quality layout, new clubhouse, and modest fees, Holmes has the potential to be a much stronger performer. However, the NGF found very poor maintenance conditions in early 2013 and a high level of dissatisfaction among Holmes' golfers, leading to poor performance.
- The new clubhouse added at Holmes in 2013 affords opportunities for the golf facility to increase its performance, but the quality of the golf course must match the quality of the new clubhouse. Further, the new clubhouse itself has deficiencies identified by NGF, including the lack of kitchen, lack of partitions and a primary rear entry. This new clubhouse was financed through a bond issue, resulting in limitations on contract options for pro shop management and supporting the concept of a fee-for-service management agreement as recommended by NGF for the whole system.
- Despite the new clubhouse, this facility would benefit from the addition of a full kitchen or grill. This would allow the site to host large events and banquets, related to golf (tournaments, outings, etc.) or non-golf events (weddings, luncheons, etc.).
- Holmes GC has one of the best driving ranges in the Lincoln system, which should be promoted for increased use.
- The most significant recommendation for Holmes involves improvement to golf course maintenance to match the quality of the clubhouse. Other items such as cart path and on-course restroom upgrades are also recommended.

## Mahoney Golf Course Summary

- Mahoney is one of the lesser-quality 18-hole courses in the Lincoln system, but with surprisingly good performance in rounds, revenue and customer satisfaction. If the City were to adopt a segmented market strategy, Mahoney GC would be the logical choice to fill the role as the lowest priced golf course in the City system.
- The basic clubhouse design and function is not efficient at Mahoney, particularly as it relates to restrooms, available space, and the adjacent cart storage shed.
- Overall, Mahoney offers many options for reconfiguration of the golf course and clubhouse, potentially leading to enhanced rounds and revenue. Options include:
  - Reconfiguration of the cart storage area into expanded food and beverage, or banquet space.
  - Reversing the 9's so what is now holes 10-18 would become 1-9 and vice-versa. This would probably help with pace of play and help enhance increased sales of F & B at the turn.
  - Expand the driving range.
  - Add a new covered deck or pavilion adjacent to the clubhouse
- The City should expect that Mahoney will have the lowest operating and maintenance expenses of the City courses, especially if it is to be re-positioned as the lowest fee 18-hole course in the system.
- Mahoney GC does not have a lot of urgent capital needs, thus the NGF recommendations for Mahoney involve the City undertaking one or more of the above reconfiguration options if capital becomes available. Anything that can be done to enhance the gathering space at Mahoney will make the property more appealing for tournaments and outings, which should lead to increased revenue.

## Jim Ager Memorial Golf Course Summary

- Jim Ager Memorial Golf Course is the short, par-3 “junior” course in the City golf system. While this facility was designed to appeal to the junior segment, it has developed a broader appeal to many segments of golfers of all skill levels.
- The key to future operation of this facility is to actively promote the learning center aspect of the facility, to introduce new players to the game of golf at all ages, genders and backgrounds. As such, Jim Ager can serve as a “feeder” facility to grow golf in Lincoln and attract new players to the game that can become customers for the other 18-hole courses.
- In addition, the facility may have even broader appeal to non-golfers as a source of fun and recreation, if it were to be modified for nighttime use (adding lights). This would open the facility up to a new segment of participants. Lighted par-3 golf courses are especially popular in the U.S. in college/university towns like Lincoln with large and athletically active student populations.
- The physical condition of Jim Ager is generally good, but the irrigation system is antiquated and poor and requires additional labor and other expenses to run properly. As such, the course would benefit in future cost savings from upgrades to the system. However, given the low revenue at this golf course, the City may find that other capital needs in the golf system will have to take higher priority.

- In all, the City of Lincoln may find that this facility will work better as a tax-supported, City recreation amenity that is outside of the Golf Enterprise. If Jim Ager is held to an enterprise standard, it is likely to fall short which may lead to cuts in expenses, leading to reductions in use. This could be problematic given Ager's role as a feeder facility for the other courses in the system.

## Financial Overview Summary

NGF Consulting has created a cash flow model for the continued operation of the City of Lincoln Golf system assuming a continuation of the current system of operation, and in consideration of a change to a single-source contract management for all facets of the facilities. The primary assumptions that drive the NGF Consulting financial projections are: (1) the completion of several key physical improvements to the golf courses; (2) changes to the pricing structure with facility segmentation and the addition of new resident and twilight discounts; and (3) that the City will commit to make the technology and marketing improvements identified by NGF – the most significant of which involve upgrading the golf courses' point of sale systems (POS).

## Summary of Performance

The results of the NGF analysis show that even with NGF recommendations and the modest growth of rounds and revenues projected by NGF, we still expect the City of Lincoln Golf system to see challenges in the next few years. A summary of findings from the NGF analysis:

- The City of Lincoln Golf Enterprises is viable to cover its basic operating expenses, but not capable of covering all of its obligations such as internal City charges, debt service and depreciation. Increases in revenue will be required to keep the system viable for the future.
- However, without these “below the line” expenses it appears as though this golf system is capable of generating revenue sufficient to cover operating expenses and set aside money for some capital upgrades. This status is common in about 50% of municipal golf courses nationwide, while only about 20% of public sector golf courses are able to cover all expenses, depreciation, and debt.
- The NGF projections assume historical inflation in expenses and some inflation in fees charged for golf facilities. The City of Lincoln Golf Enterprise will have to commit to at least 2% increases in fees every year to meet these projections.

<b>City of Lincoln Golf Courses Projected Economic Performance with NGF Recommendations</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total System Revenue</b>	<b>\$3,157,800</b>	<b>\$3,427,500</b>	<b>\$3,654,500</b>	<b>\$3,859,600</b>	<b>\$3,947,400</b>
Less:					
System Operating Expense	\$3,069,000	\$3,142,900	\$3,270,300	\$3,403,100	\$3,541,900
Total Capital	\$38,500	\$481,000	\$381,000	\$198,000	\$16,000
<b>Net Before Other</b>	<b>\$50,300</b>	<b>(\$196,400)</b>	<b>\$3,200</b>	<b>\$258,500</b>	<b>\$389,500</b>
Other Services/ City Overhead	\$156,000	\$159,900	\$163,900	\$168,000	\$172,200
Total Depreciation	\$560,000	\$557,200	\$554,400	\$551,600	\$548,800
<b>City of Lincoln Golf Net Income</b>	<b>(\$665,700)</b>	<b>(\$913,500)</b>	<b>(\$715,100)</b>	<b>(\$461,100)</b>	<b>(\$331,500)</b>

### City of Lincoln Golf under Management Company Operation

NGF has estimated the performance of the City golf system under the implementation of a management contract, using a 5% of revenue estimate for management fee. The result of this review shows that the City will be adding a new \$254,000+ expense line to the City of Lincoln golf system, in exchange for a golf management company that specializes in municipal golf operations and has a track record of increasing revenue and reducing expenses through golf management expertise and technology systems that are in place within these organizations. In this projection, to be conservative the NGF has assumed the same level of revenue as in the estimate above, even though private management companies will often increase revenue in golf systems such as this, while at the same time reducing expenses. The result of a move to a single-source management contract is expected to produce improved performance, even if the revenues are not improved:

<b>City of Lincoln Golf Enterprise Projected Economic Performance Under Management Company Operation</b>					
<b>System</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>
Green, Cart, Membership Rev.	\$3,157,800	\$3,427,500	\$3,654,500	\$3,859,600	\$3,947,400
Pro Shop Revenue	\$0	\$1,644,600	\$1,677,500	\$1,711,100	\$1,745,300
<b>Total Revenue</b>	<b>\$3,157,800</b>	<b>\$5,072,100</b>	<b>\$5,332,000</b>	<b>\$5,570,700</b>	<b>\$5,692,700</b>
<b>Less:</b>					
Direct Cost of Sales	\$0	\$654,200	\$667,300	\$680,700	\$694,300
Pro Shop Operating Expense	0	\$850,000	\$871,300	\$893,100	\$915,400
Maintenance Expense	3,069,000	\$2,514,300	\$2,616,200	\$2,722,500	\$2,833,500
Management Fee	0	\$254,000	\$267,000	\$279,000	\$285,000
<b>Net Before Other Items</b>	<b>\$88,800</b>	<b>\$799,600</b>	<b>\$910,200</b>	<b>\$995,400</b>	<b>\$964,500</b>
Capital	\$38,500	\$481,000	\$381,000	\$198,000	\$16,000
<b>City overhead</b>	<b>\$156,000</b>	<b>\$80,000</b>	<b>\$82,000</b>	<b>\$84,000</b>	<b>\$86,100</b>
Depreciation	\$560,000	\$557,200	\$554,400	\$551,600	\$548,800
<b>Lincoln City Golf Net Income</b>	<b>(\$665,700)</b>	<b>(\$318,600)</b>	<b>(\$107,200)</b>	<b>\$161,800</b>	<b>\$313,600</b>
*Includes the assumption of all pro shop revenue (merchandise, lessons, range, food, beverage) and all pro shop expenses, including direct cost of goods sold.					

## Summary Conclusion

It is our opinion that the City's golf operation is at a very critical point in its history. Declining performance has not only created stress within the system, but has resulted in a lack of reinvestment in the system in terms of major capital repairs. The position the City is in is a familiar one to us. If immediate action to correct the problems are not taken, the golf program is likely to engage in a "death spiral" where declining performance leads to continued budget cut-backs. These cut-backs, in turn, affect the performance of the facility and usually end up reducing revenue by more than the cost savings, thereby accelerating the decline.

Yet, there is a lot of reason for optimism as well. The five golf facilities have layouts ranging from good to excellent. The current rounds performance for the courses, while declining over time, still exceeds national standards and greatly exceeds other are facilities. Further, we find that most of the issues that led to declining financial performance are correctable.

In summary, our findings are that the City of Lincoln is operating popular golf facilities with amenities that are good enough to generate close to \$3.3 million in net (after sales tax) green, cart and membership revenue, plus an additional \$1.6 million in ancillary revenue earned by contracted golf professionals (and used to pay pro shop operating expenses). The NGF found six key specific areas that we feel are the most significant contributors to the recent declines in economic performance of City of Lincoln Golf Courses:

1. Inefficient operational structure and inadequate technology
2. Declining conditions at City golf facilities, especially Holmes GC
3. A need to improve marketing to include both passive and active marketing efforts
4. High City overhead and utilities expense structure
5. Inadequate service to female golfers
6. Unpredictable and unfavorable weather, coupled with a declining interest in golf nationwide and regionally

**In review of the Lincoln golf system, NGF finds that action on these above items will provide the greatest relief of economic stress to the system, although working to consolidate the system under a single operator will also help to relieve some economic stress. Assuming it is in the best interest of the City of Lincoln for the golf system to remain viable, it is expected that these changes will provide some economic relief to the City of Lincoln Golf Fund.**

**The most important NGF recommendations for Lincoln Golf include:**

1. Upgrade the physical condition of the golf courses and clubhouses
2. Modify the operational structure
3. Improve technology and marketing
4. Enhance food and beverage service at all facilities
5. Create a more segmented system, with lower fee and higher fee facilities
6. Make all the golf courses more "women-friendly"

# Overview of City of Lincoln Golf System

The City of Lincoln golf system comprises five golf courses all located within the City. These golf courses represent a mix of facility types and development histories. The first City golf course was Pioneers GC in the 1930s, followed by other “traditional” golf facilities developed in the 1960s and 1970s like Holmes GC (1963) and Mahoney GC (1975). These first three 18-hole courses, along with the Jim Ager “Junior” course (1965), were all developed on park property and therefore have limited allowable use. In the late -1980s, the City of Lincoln remodeled Pioneers GC and added new irrigation at Holmes GC in 1991. The newer and more modern Highlands GC was developed and opened in 1993, ostensibly to stimulate new growth and development in the northwest quadrant of the City.

As a whole, the golf system was able to generate over \$3.3 million in total revenue in FY2012. With total basic operating expenses around \$3.27 million, the combined four golf facilities are operating with revenues just barely sufficient to cover the basic day-to-day expenses, before the addition of other City expenses such as overhead and internal fund charges and depreciation. This basic financial condition is comparable to the majority of municipal golf course operations nationwide, very few of which are able to cover all direct expenses AND large depreciation or debt service (only 20% can cover debt and depreciation). The facilities, golf course type, amenities, and year open are shown below:

<b>Golf Facility</b>	<b>Type</b>	<b>Year Open</b>	<b>Amenities</b>
Highlands Golf Course	18-Hole Regulation	1993	Modern, links-style golf course, driving range and newer clubhouse
Holmes Golf Course	18-Hole Regulation	1963	Hilly golf course and driving range with nice views of the City. New clubhouse in 2013
Mahoney Golf Course	18-Hole Regulation	1976	Simple golf course and driving range with limited amenities
Pioneers Golf Course	18-Hole Regulation	1932	Older, classic golf course with small driving range and aging clubhouse
Jim Ager Memorial Golf Course	9-Hole Par 3	1965	Short golf course that is ideal for beginners

In our review of the City of Lincoln Golf system, the NGF Consulting team found good quality golf facilities that are spread out evenly over the City of Lincoln. The 18-hole golf courses may be somewhat competitive with each other in that they are all priced the same despite slight differences in quality. As such, the City may find it worthwhile to consider creating a plan to better segment the 18-hole courses in the system with a lower fee facility, two middle fee facilities and a higher fee facility. Also, it appears that the golf courses in the Lincoln City system have growing capital needs and the City should begin planning for some important capital investments in these properties that will be needed to sustain, and even grow rounds and revenue performance. In short, the City may find that City of Lincoln golf courses need to be better promoted to take advantage of the multiple offerings, noting that the system has a golf facility to serve every segment of existing golf demand, from a 9-hole course at Jim Ager to the “destination” championship golf at Highlands.

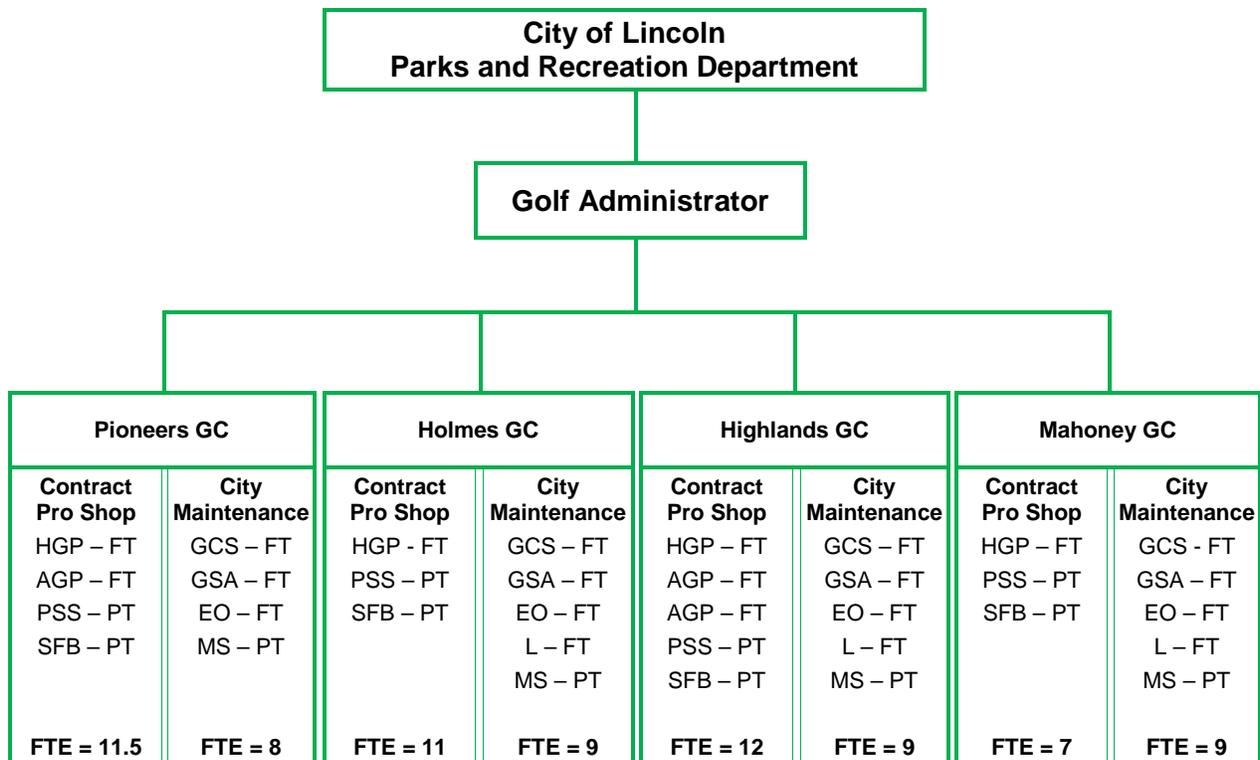
As part of this consulting effort, NGF Consulting has observed very dedicated and hard-working staffs at all City of Lincoln Parks golf facilities. All of the facilities are presently operating under somewhat reduced staffing due to budgetary limitations, and are trying to get by with often very limited resources. City of Lincoln appears to be willing to put appropriate resources into the golf courses, provided these resources are used to help improve financial performance and increase revenues.

## ORGANIZATION AND ADMINISTRATION

The golf program for the City of Lincoln is organized as an Enterprise Fund that falls under the control of the Parks and Recreation Department and its Director. To oversee operations, the Golf Enterprise has a single Golf Administrator, an individual who has been with Lincoln City golf for over 38 years but was recently added to his current position after the retirement of the previous long-term Golf Administrator.

The structure in place includes a system of City control of all golf course maintenance and contract vendors to operate the pro shops and food and beverage at the 18-hole courses. The Jim Ager course is fully operated by the City. The City employs a small golf administration staff and all golf course maintenance personnel, while the contracted professionals employ all pro shop and food and beverage staff at the 18-hole courses. At present, the City has only two contracted professionals, each responsible for two 18-hole golf courses. This is a change from the traditional model of four separate professionals each with their own golf course that was changed in 2012. The basic structure of the City golf system is shown in the table below:

### Organizational Structure 2013



**Abbreviations:** AGP Assistant Golf Professional; GCS Golf Course Superintendent; EO Equipment Operator; GSA Golf Superintendent Assistant; HGP Head Golf Professional; L Maintenance Laborer; SFB Seasonal Food and Beverage; MS Maintenance Seasonal; PSS Pro Shop Seasonal.

## Pro Shop Operations Agreements

### Pioneers, Highlands and Mahoney Pro Shop Concession Agreements

The concession agreement between the City of Lincoln, Nebraska (“City”) and its contracted golf professionals at Highlands and Mahoney (Dennis Vontz, PGA), and at Pioneers (Timothy L. Rowland, PGA) for the purpose of providing professional golf services at these golf courses.

Key aspects of the agreements include:

- Term is from November 1, 2011 through April 30, 2015.
- Compensation:

Period	Per Month	Plus Per Round
11/1/11 – 10/31/12	\$2,500	\$0.35
11/1/12 – 10/31/13	\$2,500	\$0.30
11/1/13 – 4/30/15	\$2,500	\$0.25

- Manager receives gross proceeds generated by operation of the restaurant, pro shop, alcohol sales, driving range, and provision of golf instruction.
- Manager pays all taxes and fees.
- Services:
  - Serve as the golf professional and manager of the course
  - Make professional golf services and concession services available to the patrons of the golf courses
  - Operation of the restaurant, sale of alcohol, clubhouse management, public relations, teaching, coaching, promotion of golf play, management of leagues and tournaments, rental of pull carts and riding carts.
  - Supervise all activities in the clubhouse designated for use by the public
  - Supervise and train all personnel in the Manager’s employ
  - Supervise Recreational programs in areas needed
    - Remain on duty during entire event for concession sales
    - Lock buildings at close of all events
- Maintenance
  - Keep clubhouse in a clean and sanitary condition at all times:
  - Keep all city golf cars in clean/safe working condition at all times
- Money Collection
  - Collect all money, keep records of all transactions, properly account for and remit to City documentation of the transactions including any proceeds that are not part of Manager’s compensation.
  - Complete daily sales report, balanced to match rounds played, golf cart rentals, and all sales made.
- Personnel
  - Employ, supervise, and train needed personnel to conduct the operations of the golf courses and pay all applicable payroll taxes, etc. for employees.
- Train and schedule adequate and efficient attendants on duty
- All materials, supplies, and assistance required in the operation of the concession will be furnished by Manager.
- Maintain a current State liquor license.

- Maintain a Class “A” PGA Professional classification.
- Maintain General Liability and Workers Compensation insurance at own expense.
- Provide annual financial statements to the City.

### **Holmes Pro Shop Concession Agreement**

Due to the new clubhouse being added at Holmes golf course in 2013, a new golf professional concession agreement is under development at the time of this consulting engagement. Although the terms of the agreement are not established, it is expected that the basic services to be provided will be comparable to the agreements summarized above, with some modification in compensation to be established between the parties.

### **City-Wide Support for Lincoln City Golf GC**

The Lincoln City Golf courses are a key element of the City’s public service offering, and NGF found direct support from the City in golf facility operations. Key issues related to the City’s relationship to the golf course include:

**Marketing** – At present there is no comprehensive City-wide marketing plan for golf, although the NGF did observe marketing, advertising, and promotional activities, and the Golf Enterprise’s “Golf Admin” budget includes \$12,000 for advertising and media services. We further note a golf citizen comment that the only publicity about Lincoln City Golf from City Hall has been negative, and that City officials rarely (if ever) mention the Lincoln City Golf GC facility. The City is providing website service via the City’s overall site ([www.Lincolncitygolf.com](http://www.Lincolncitygolf.com)).

**Accounting** – The golf courses are required to provide an appropriate accounting statement to the City each year for review. All financial statements provided to NGF Consulting by the City of Lincoln are prepared using an accrual basis of accounting, where revenues are recognized when earned, and expenses are recognized when incurred.

**Enterprise Fund** – The City of Lincoln operates the golf course under a defined Golf Enterprise Fund. The enterprise fund structure is very common for municipal golf systems, both in the State of Nebraska and nationwide. The City currently supports the enterprise fund for larger capital improvements and covers the debt service on the facility, as the fund itself is not earning enough to cover these expenses.

Enterprise accounting allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy or other available funds, if any. A community may choose to recover total service costs through user charges, but it is not required. Enterprise funds frequently are used to account for services whose costs are only partially funded by fees and charges. A community may account for a certain service in the general fund, special revenue fund or an enterprise fund. The advantages of using the enterprise fund method include the ability to demonstrate the total cost of the service, ability to retain investment income, and surplus.

**Internal Service Charges to the Golf Enterprise Fund** – The total expenses to operate the golf courses include approximately \$495,400 in total charges paid by the golf courses to the City General Fund in 2011. This figure was increased to over \$650,000 in FY2012. These charges are common in Enterprise Fund accounting, but can often make the difference in profitability, even though they are one City department charging another City department for services. However, if this was a private business, many of the services provided would have to be secured elsewhere, although perhaps for a lower cost. The summary of City administrative charges include:

Charge	Amount in FY2011
Lincoln Water System	\$177,858
Lincoln Electric System	\$87,388
Fleet Services (Fuel + Oil)	\$97,469
Central Services	\$71,504
Risk Management	\$40,535
Information Services	\$16,480
Other	\$4,180
<b>Total</b>	<b>\$495,414</b>

### Citizen Advisory Committee

The City of Lincoln has a citizen advisory board to consult on matters related to the operation of the City's municipal golf courses. This committee has existed for years but was reformed into its present structure in November of 2012. This Board is comprised of members drawn from various groups of active golfers (Men's Golf Association, Ladies Golf Association, Senior Golf Association, etc.), and is structured to function as an advisory board only, with no real authority to enact policy or set fees.

NGF has extensive experience in reviewing and analyzing citizen golf advisory boards from the municipality's perspective. We have experienced the full gamut in terms of the relative effectiveness of these groups, and the common denominator for the ones that we have found to be constructive, rather than obstructive, are boards that take their responsibilities seriously but also understand that their role is just that – advisory - **and not that of a policy making body.**

Though advisory boards can be an important liaison between golfers/other constituents and the municipality, there are potential pitfalls of creating advisory boards that NGF has found through years of experience. A few of the most common we've observed are:

- The board contains one or more dominant personalities; this is especially detrimental if they are direct stakeholders (e.g., members or frequent players) of the golf course.
- The board, by majority, comprises members with vested interest in the outcomes of policy decisions such as setting of fees and course access issues.
- The advisory board has the ability to "stir up" a small but vocal block of golf course customers and prevent implementation of actions and policies that are necessary to run the golf course according to best business practices.
- The board has members more concerned with how policies affect them personally than how policies can help ensure the sustainability of the enterprise fund for the long run.

NGF experience has shown that the role of an advisory board can be redundant and unnecessary when the following elements are met:

- Strong on-site management and expertise.
- Strong oversight and knowledge of the golf course/system at the City level.
- Frequent communication between golfers and management, as well as between on-site management and appropriate City staff (no surprises).
- City understanding of the realities of running a golf enterprise, as well as the constraints that political considerations can place on implementing best business practices.

## Procurement / Depreciation / Capital Improvement Fund

**Procurement** - Notes taken by NGF during this evaluation indicated growing concern within the City's golf system about the City of Lincoln purchasing policies and the impact on golf operations. NGF understands the City of Lincoln golf courses are bound by capital purchase limits that apply to all acquisitions made for the golf system. However, in larger, multi-facility golf systems, small purchases that would not ordinarily exceed the threshold may trigger purchase order requirements due to the purchase being made for four or five golf courses as opposed to one. As purchase orders sometimes entail delays, there is concern about being able to react appropriately to immediate needs. NGF recommends that City of Lincoln conduct a review of this policy and consider making exceptions to the procurement limits for individual items that are priced below the threshold, but are common purchases for golf courses that all courses may need to purchase together. This practice is common within larger municipal golf systems operating several golf facilities.

**Depreciation** - The City of Lincoln Golf system is listing depreciation as an operation expense within its formal statement of revenues and expenses. The depreciation expense for FY2012 is significant, totaling over \$562,500, and is the largest single line-item expense in the City's Golf Fund budget. While some level of depreciation is appropriate in golf facility operations, the amount is not a cash item and the impact on net income is significant. The NGF typically recommends that municipal golf courses create a real "reserve for replacement" fund in lieu of depreciation to create a formal program to save funds for needed large-scale replacement such as clubhouse upgrades or a new irrigation system (more discussion in NGF recommendations).

**Capital Improvement Fund** - The City of Lincoln Golf system has an internal policy of setting aside income for a capital improvement fund (CIP). The fund is used for larger projects that the courses might need, such as irrigation systems, clubhouse renovations, green reconstruction, building tee boxes, cart paths, bunker renovations, on course restrooms, etc. The formula for CIP is 25% of the green fee and cart revenue after taxes to be placed in a CIP account. The last several years, the CIP funds were added back into the golf fund to help meet basic expenses. Thus, very little has been spent on capital projects. The NGF sees this self-funding capital program could be a strong positive for the golf system and recommends it be continued.

## Recent Actions to Improve City of Lincoln Golf Enterprises

In reaction to recent declines in rounds activity and revenues, and in an effort to relieve the economic stress on the system, several key actions have been taken by the City to improve Golf Fund performance. These include some actions that are included in NGF's recommendations for City of Lincoln golf operations. Key initiatives that were recorded in the two years prior to the NGF visit include:

- The City reduced from four golf professionals (one each at four 18-hole golf courses) to two golf professionals with contracts covering two facilities each.
- Increased advertising and promotional activities.
- Approved the new clubhouse be developed at Holmes GC
- Revised the Golf Advisory Committee in November 2012.
- Created a formal capital plan for proposed enhancements to the City golf courses

## GOLF COURSE OPERATIONS

The basic structure of the City of Lincoln golf system is organized with formal management and oversight from the City's Park and Recreation Department and its Director. The City then employs a Golf Administrator to oversee the five golf courses. Each golf course then has an on-site golf professional / manager, retained via contract at the four 18-hole courses (Pioneers, Holmes, Mahoney and Highlands), and is a City employee at Jim Ager. All of the golf course maintenance staffs at each of the five courses are direct City of Lincoln employees, as the City is responsible for golf course maintenance. This structure has led to some minor inconsistencies within the City of Lincoln golf operation, and NGF recommendations presented later in this report are designed to both enhance revenues at each facility and the system as a whole, and bring some level of continuity and consistency to the City of Lincoln golf operations.

### Staffing

The basic staffing for City of Lincoln Golf facilities includes the positions shown in the table below. Although there are some variations from facility to facility, this is the basic structure of "standard" positions for each facility in the system. Full-time (FT) positions include full-time positions with salary and benefits. Some part-time positions may involve more than 40 hours per week, but are without benefits. All positions within the pro shop and food and beverage service areas are the responsibility of the contract concessionaire at the 18-hole courses (Highlands, Pioneers, Mahoney, and Holmes). It is expected that Highlands and Pioneers would require the most pro shop responsibilities, due to higher fees and higher customer expectations, as well as more large tournaments.

Golf Maintenance Positions	Pro Shop / Operations Positions
Golf Superintendent (FT)	Head Golf Professional (FT)
Asst. Superintendent (FT)	Assistant Golf Professional (FT or PT)
Equipment Operator (FT or PT)	Seasonal Golf Workers (PT)
Golf Maintenance Workers (PT)	F & B Assistants (PT)
	Range / Cart Workers (PT)

### Staffing Totals

Assuming the NGF standard of 1,678 hours per year for one Full Time Equivalent (FTE) position, the total system has now reduced to 52.25 FTE's in 2012. The NGF review of staffing at each City of Lincoln Golf facility shows the following total FTE estimate as of June 2012:

City of Lincoln Golf System Total Facility Staffing – 2012			
Facility	Pro Shop + F&B Staff (FTE)*	Maintenance Staff (FTE)	Total Staff (FTE)
Pioneers GC	11.5*	8.0	19.5
Highlands GC	9.0*	9.0	18.0
Holmes GC	11.0*	9.0	20.0
Mahoney GC	8.0*	9.0	17.0
Jim Ager GC	2.0	3.0	5.0
<b>Total</b>	<b>41.5</b>	<b>38.0</b>	<b>79.5</b>
<b>Avg. per 18-H Regulation**</b>	<b>10.4</b>	<b>9.5</b>	<b>19.9</b>
*Employed by private concessionaire			
** Includes Highlands, Pioneers, Holmes and Mahoney only.			

## Point of Sale (POS) and Reservation System

City of Lincoln is presently using the *Pro Shop Keeper* system for Point-of-Sale (POS) at all four of the City courses. Based on the NGF review, it does appear that there is some concern about the system and how the City is using all the features of the system, particularly those associated with marketing and customer tracking. Key areas of concern identified by NGF in this study include:

- There is only one server (installed in 2005) with a slow internet connection for all POS systems at all courses and it is located in the Golf Administrator's office. If this server goes down it goes down for ALL golf courses.
- The system is very slow during peak demand periods, and it often takes a long time to check in golfers on league and other busy days. (can take 30 seconds to get receipt)
- The City of Lincoln golf system does not use Pro Shop Keeper's Tee-sheet module. Instead, the City has written its own tee sheet system that does not interface with Shop Keeper and requires a separate terminal.
- There is only one POS station at each golf course. This creates major logjams during league check-ins and very busy times. There are reports of waiting times as long as 7 minutes and this can affect the volume of rounds that can be sold.
- The credit card system is NOT integrated into the POS and requires a separate machine. This slows down the check in process considerably. Also, the golf professionals are responsible for credit card charges, which is why they are not integrated. This system is not ideal as the charges are tracked separately and can lead to delays and reduction of business, not to mention a large expense borne by the concessionaires.
- The City requires concessionaire golf professionals to use the City's internet service, which uses a slow DSL line. At Pioneers the system is even slower due to an old and outdated telephone line. There is a cable line at Highlands and Mahoney, but Pros are not allowed to use it as per City contract.
- The food and beverage POS systems are NOT connected to the main POS and thus the City does not have access. This could lead to problems if green and/or cart fees are entered at these stations (NGF has no knowledge of this happening).
- It has been reported to NGF that if the Golf Administrator is accessing the system it freezes out all the other operators at the golf courses, which explains why they are all complaining of frequent freeze ups and glitches.
- The computers in use at the City's golf courses are all 10 years old or older and are very slow. Operators report frequently having to reboot system throughout the day, which slows down service, presents a bad image, is bad for employee morale, and makes it difficult to verify memberships.

This review of the POS and other technology systems in the Lincoln City golf courses shows the City is well behind in its use of technology and the problems observed above are contributing to lower rounds and reduced revenue. More modern and more efficient systems will help the Lincoln City golf courses with a more streamlined and simple check-in procedure, help the City understand its business better with improved reporting and sales data, while also providing assistance in marketing and customer tracking. In all, the NGF will make significant recommendations on this subject as it is viewed by the consultants as key to improving the overall Lincoln City golf system (more in recommendations section).

## Food and Beverage Operations

Ideally, every golf facility (regardless of type) needs to have some type of food and beverage operation. Food and beverage operations at golf facilities tend to achieve two goals: (1) provide direct revenue; and (2) help increase the overall volume of rounds and other revenues at the facility. As noted in the “Standards and Norms” presented later in this report, a high volume of net revenue is not expected from food and beverage operations. The typical 18-hole public golf course will earn about \$6.10 per round in food and beverage, leading to an expected total gross revenue level of around \$240,000 (±) per year, less direct costs. This would be considered “typical” for a regulation 18-hole public golf course playing around 40,000 (±) rounds, unless there was additional space for large banquets, parties, meetings, luncheons, etc.

As a subset of food and beverage service at golf courses, the service of beer and other alcoholic beverages is a natural partner to golf activities. Just as the overall food and beverage operation will enhance the golf experience and produce revenue, the service of at least beer will also add to direct revenue and help increase rounds and other revenues. The same can be said for beverage carts, which provide an important level of customer service that improves the overall golf experience and provides a competitive advantage (or eliminates a competitive disadvantage) over other golf courses a consumer can choose.

### City of Lincoln Golf Facility F & B Structure

The food and beverage operation at City of Lincoln golf courses is made up entirely of reduced service snack bars with no grill or kitchen and limited seating. Even the new clubhouse added at Holmes GC in 2013 does not include a full kitchen, although the operator at Holmes is expecting to have extensive use of an outdoor grill. The menus tend to be hot dogs, premade sandwiches, and beverages, including beer. All of the facilities (except Ager) do have outdoor grills that will be used from time-to-time, but use is not consistent and depends on daily volume (i.e. events, leagues, and tournaments). None of the facilities have healthy choices and they all run a beverage cart for on-course service starting at 10:00 am, expanding the service only during leagues. This structure limits the opportunity for enhanced food and beverage revenue, but also limits the golf courses ability to sell larger golf events and tournaments. A summary of the food and beverage concessions at City of Lincoln Golf courses is shown below:

City of Lincoln Golf System Food and Beverage Concession Review						
Course	Basic Features	Est. 2012 Gross Revenue	Gross Rev./ Round	Total Cost of Sales (COS)	COS % of Gross	Change Recommended
Highlands	Snack bar, banquets, on-course service	\$240,000	\$5.68	\$120,000	50%	Add new kitchen for larger tourn. + Banq.
Pioneers GC	Snack bar w/mostly pre-packaged, Bev. cart	\$198,000	\$4.18	\$93,976	47.5%	Add new kitchen + add pavilion
Mahoney GC	Snack bar w/mostly pre-packaged, Bev. cart	\$160,000	\$3.85	\$80,000	50%	Add pavilion
Holmes GC*	Snack bar w/mostly pre-packaged, Bev. Cart*	\$131,000*	\$3.03*	\$63,900	48%	Add kitchen in the new clubhouse
Jim Ager GC	Very small snack bar w/mostly pre-packaged	\$10,707	\$0.61	N/A		None
<b>Total System</b>		<b>\$729,000</b>	<b>\$4.18</b>	<b>\$357,876</b>	<b>49.1%</b>	

\*New clubhouse at Holmes opens June 2013.

## Golf Cart Issues

The City of Lincoln Golf Enterprise is responsible for operating and maintaining fleets of golf carts and maintenance equipment, as is appropriate and customary at municipal golf courses and multi-course golf systems. City of Lincoln golf has chosen to operate with full ownership of all carts and some equipment, funded through current expense dollars.

## Cart Operations

The golf system employs a fleet of power carts for rental at all four 18-hole golf facilities, with only two carts at Jim Ager. These carts are all gasoline powered and are all stored outdoors (except a portion stored indoors at Mahoney). This storage situation is a big factor related to the use of gas powered carts. Electric carts are generally less expensive to operate (both for the cost of gasoline and the ease of maintenance on the carts), and electric carts generally are preferred by golfers as they are quieter and do not have the exhaust fumes. However, electric cart fleets require appropriate storage facilities to allow for re-charging batteries each evening.

The issues reported to NGF regarding the carts at Lincoln City golf courses generally center on three key concerns expressed to the consultants:

- There are not enough carts at the 18-hole courses and the facilities frequently run out of available carts on busy days
- The carts often run out of gasoline. It was reported to NGF that the maintenance departments are supposed to fill up the carts, but this is not always done.
- Carts are frequently breaking down and as such each course has a fewer number of carts ready to use than the total for the facility.

A summary of cart operations at City of Lincoln golf facilities is shown in the table below. The data presented show that the average revenue earned per round on carts has been increasing the last three years. Golfers choose to walk for two reasons: (1) to save money, and (2) to add an exercise component to the enjoyment of the activity. The trend in the golf industry is to make carts mandatory, as many of the City of Lincoln area competing golf courses have done. This leaves the City courses as among few left for golfers wishing to walk the course.

<b>City of Lincoln Golf Cart Operations Review</b>					
<b>Course</b>	<b>Cart Type</b>	<b>Storage</b>	<b>Average 2012 Cart Revenue per Round</b>	<b>Trend Since 2006*</b>	<b>Change Recommended</b>
Pioneers GC	Gas	Outdoor w/no cover	\$5.20	Increase 14%	Provide covering for outdoor storage+ Add ADA Carts
Highlands GC	Gas	Outdoor w/no cover	\$6.12	Increase 17%	Provide covering for outdoor storage+ Add ADA Carts
Holmes GC	Gas	Outdoor w/no cover	\$4.72	Increase 28%	Provide covering for outdoor storage+ Add ADA Carts
Mahoney GC	Gas	Outdoor w/some stored in cart shed	\$4.76	Increase 18%	Provide covering for outdoor storage. Move all carts outdoors and expand F & B in cart shed
<b>Total System</b>			<b>\$4.72**</b>	<b>Increase 19%*</b>	
*Trend is in average cart revenue per round. **Excluding Jim Ager.					

## Range Operations

The table below shows that the driving range business represents a minor part of the City of Lincoln golf facilities' revenue, all of which flows through to the golf professional/concessionaires. The NGF notes that range facilities are generally small at the four 18-hole golf facilities. A realistic target for range revenues at facilities with driving ranges of this type is roughly \$2.00 per round of golf. This would equate to around \$350,000 in total driving range revenue for the system. The NGF recommendations related to City of Lincoln range operations center around ways to increase activity and revenue within this system.

City of Lincoln Golf Driving Range Operations Review					
Course	# Hitting Stations	Notes	2012 Range Revenue	Range Revenue per Round	Change Recommended
Pioneers GC	20	Small, grass only range with lights	\$45,000	\$0.95	Consider using lights for night use. Add practice green/chip area.
Highlands GC	35	Largest range with both grass and mat tees	\$70,000	\$1.66	Add range dispenser for self service
Mahoney GC	25	Shortest range w/ grass and mat tees	\$61,000	\$1.47	Prepare for eventual netting replacement
Holmes GC	25	Most extensive practice amenities	\$92,000	\$2.13	Add range dispenser for self service. Consider adding lights
Jim Ager GC	5	Fenced hitting bays	\$427	N/A	Expand hitting bays
<b>Total System</b>			<b>\$268,427</b>	<b>\$1.54</b>	
* 18-hole courses only - excluding Jim Ager.					

## Range Ball Dispensing

Range balls at all Lincoln City golf facilities are obtained directly from the pro shops. It is expected that this operation can be eased and enhanced by adding some form of self-service, automated range dispensing system that involves use of a magnetic "swipe" card that can be reloaded as the customer wishes. Coupled with a proper POS, this system will increase sales and allow for better use of quantity discounts and an ability to track customer use.

## Golf Course Maintenance Issues

The City of Lincoln handles the maintenance of all golf courses in-house with City (unionized) labor. The employees are City employees who report directly to the City's Golf Administrator, not to the on-site golf operations managers (golf professionals – contractors). This structure may not be optimal for the City in that it is of utmost importance that pro shop and maintenance operations be "on the same page" when it comes to priorities, timing of applications, course set up and busy periods. Other issues observed by NGF related to golf course maintenance (more in individual course section):

- All the courses report that they are losing a lot of trees due to nematodes and disease.
- The biggest complaints from golfers at all the courses seem to be speed of greens and the height of the rough. We note that only Highlands is able to maintain the

rough areas to high standards and a defined 2 inches. The rough tends to be much higher at the other facilities, and this slows down play as golfers look for balls that can get lost in the rough.

### **Maintenance Equipment**

The City of Lincoln Golf system requires a full fleet of golf course maintenance equipment to provide proper course conditions. Traditionally, City of Lincoln Golf has utilized a system that is a mix of ownership and leasing on maintenance equipment, with about 75% of the equipment presently under lease. There are two separate master leases, one of which is expiring in two years and the other was just renewed in 2012.

### **Water Issues and Use**

One of the major expenditures for every golf course operation in general is the cost of water. With water and energy costs on the rise, it is important to begin developing reasonable, long-term methods for reducing water consumption, which can also help better prepare for the conditions that may occur, as was the case in 2012. During this drought the courses were only allowed to water fairways one day a week, even at the well-water facilities not using City water. This caused the fairways to become brown and very hard. The policy has been revised so courses can water at least twice a week, even if water restrictions are in place. Apparently, the Lincoln City courses were the only four courses in the area to have brown fairways.

All the courses use City water to some extent, although Highlands and Mahoney have wells that supply most of the water. The City is not using reclaimed water at any facility, as the source of such water is too far away to be practical, although no formal study of this has been conducted. Any reduction in the volume of water used on City of Lincoln Golf courses will help the overall City water situation and help to reduce expense in the operation of golf courses. Nebraska is no stranger to the importance of water conservation and water rationing. In lean times, when water delivery must be managed, certain areas on a golf course will develop higher priority than others. To demonstrate how water is distributed on a typical course, we have included the following statistical information:

- The most heavily used areas on the golf course are the tees and greens. This equates to approximately 10% of the total area of most courses. While these are the highest demand areas, they use very little water overall. Trees also increase the use of irrigation water, with more trees leading to more irrigation water used.
- The approach and landing areas are also heavily used, but account for only 15% to 20% of the golf course. The other areas of the fairways account for another 20% of the course, and 30% of the typical course is playable rough area, or the area between the tee and fairway. Lastly, 20% of the typical course is non-playable or tall rough, which has the lowest irrigation demand.
- When extreme water conservation is required, water use can be reduced 20% simply by not irrigating the non-playable rough areas and 50% by eliminating irrigation in all rough areas. Introducing “native” or “natural” areas within the course is one of the best and most widely used methods for conserving water.

### **Winter Operations**

The City of Lincoln has opted to continue operating its golf facilities through the winter months, on a day-by-day basis depending on weather. This practice is common in this market, where winter golf is often played during the winter season. Depending on the weather, there is revenue to be made by keeping the facilities open through the winter, provided the staffing plan is

appropriate. A heavy reliance on seasonal/part-time labor will allow for some improved revenue opportunities. Specifically, winter operations can include:

Golf Facility	Comments
Highlands Golf Course	Extensive clubhouse operations should be promoted in winter + driving range activities
Pioneers Golf Course	Consider closing for the winter
Mahoney Golf Course	Consider closing for the winter
Holmes Golf Course	Extensive clubhouse operations should be promoted in winter + driving range activities
Jim Ager Memorial Golf Course	9-Hole golf open on day-to-day basis depending on weather.

### Increased Participation from Women

The NGF review of the Lincoln City golf system shows that the City’s golf courses are all too long for most women players. In addition, the new forward tees added at some courses are poorly maintained and look like an afterthought. This issue is related to other issues in this review, including rounds, revenue, and pace of play. In fact, the issue is so bad that NGF would suggest that the City’s golf system is actually going beyond most other municipal golf courses in actually **discouraging** participation in the female segment. Throughout this report and in the individual course reviews, the NGF will note the importance of the City adding a new forward set of tees so that the City’s 18-hole golf courses could become more female-friendly.

### NGF Research

Recent NGF studies have been related to women and golf, and the NGF has documented that increased participation in the female segment is a key to improving golf facility rounds and revenue performance. In our review, the NGF found several facets that female golfers conveyed to our researchers that were key in their consideration of where and how much to participate in golf. As a result, the NGF has identified several common characteristics that female-friendly golf facilities exhibit, such as:

- Golf courses that are not too overly difficult, and have a most forward tee of less than 5,000 yards, with no “forced carries” of over 60 – 80 yards.
- Restrooms (cleaned several times a day) at least every six holes on the golf course; features and items should include mirror, pictures, soap, lotion, sunscreen, Band-Aids, fragrance spray, mouthwash, bug spray, feminine hygiene products, heater, cleaning supplies, extra toilet paper and tissues.
- Ball washers on the forward tees.
- At least one female instructor and a golf staff that takes a consistent approach to all players regardless of gender.
- Help with selecting equipment and even women-only demo days and/or women-only custom fitting days.
- The availability of women’s club rental sets.
- Programs that allow more social and/or family involvement.

## Fee Structure

The table that follows shows the fee structure at Lincoln City golf courses. NGF has observed that all four 18-hole golf courses have the same fee structure despite the differences in the quality of the golf experience at each facility. The City does not offer a resident rate or reduced fee for City residents, as this has never been a policy in Lincoln City golf. There is a surcharge on green fees that is supposed to go into a capital improvement account (CIP fund). The City allows those 55 years of age and older to pay senior green fees. The NGF will provide specific recommendations regarding golf fees later in this report, and cover all issues related to each golf course, seniors, discounts, third-party wholesalers, residents, and multi-play programs.

<b>Lincoln City Golf Courses Prices for 2013</b>				
	<b>Monday-Friday and Sat-Sun-Hol after 1:00</b>		<b>Saturday, Sunday, Holiday until 1:00</b>	
	<b>18H</b>	<b>9 H</b>	<b>18H</b>	<b>9H</b>
<b>Green Fees</b> <sup>1,2</sup>				
Regular	\$19.00	\$14.75	\$30.50	\$21.00
Senior/Junior	\$15.75	\$12.50	\$25.00	\$17.00
Twilight <sup>3</sup>		\$8.50		\$8.50
<b>Riding Carts (per person)</b>	<b>18H</b>	<b>9H</b>	<b>18H</b>	<b>9H</b>
Regular	\$15.75	\$8.50	\$15.75	\$8.50
Senior <sup>4</sup>	\$13.00	\$7.00	\$13.00	\$7.00
Spectator	\$21.50	\$11.00	\$21.50	\$11.00
Rider Fee	\$6.00	\$6.00	\$6.00	\$6.00
Private Golf Cart (daily fee)	\$12.00	\$12.00	\$12.00	\$12.00
<b>Jim Ager Memorial Junior GC</b>		<b>9H</b>		<b>2<sup>nd</sup> 9H</b>
Adult		\$8.50		\$4.00
Senior		\$7.50		\$3.00
Junior		\$6.50		\$3.00
1. Fuel surcharge applies when average price of regular unleaded fuel goes to \$4.00 or higher, 50¢ added to each GF. 2. Clubhouse surcharge added to each daily green fee, including membership daily green fee, 50¢ for 9-H, \$1 for 18H. 3. Twilight available at Highlands, Holmes, Mahoney, and Pioneers; good only 1½ hour before sunset. 4. Senior age 55+; Sr. Limited Golf Pass is good Monday-Friday except Holiday. 5. Junior Teen (age 13-17 or in high school); Junior Unlimited good at Ager Jr. course only.				

## Memberships

The City of Lincoln offers a program for pre-payment of green fees on an annual basis, or put simply – a golf membership. These memberships are sold at each facility or through the Golf Administration office with rates shown in the table following this discussion. The NGF issues and concerns regarding the Lincoln City golf membership include:

- The membership is issued through a membership card that is laminated cardboard with a unique bar code on back and colored by member type. This card does not include a photo and the system in place does not have controls for multiple uses on the same day.
- Members can purchase the cards and spread payments out over three payments with no interest. Further, the amount due is NOT being stored in the POS, but at the Golf Admin office. This makes it difficult for a counter person to determine what the customer owes if it is not the standard payment due.

- While the memberships are sold at the counter, the application has to be faxed to the Golf Admin office for activation. There is often a 3-5 day delay in getting it put into the system.
- There is NGF concern about control of unsold member cards. The blank cards are active and could be used to play golf. Controls are needed to ensure only sold member cards are being used. Also, the bar code cards tend to be easy to copy and fake cards could be produced rather easily, whereas magnetic stripe cards are more difficult to copy.
- There is a separate card for the City's loyalty program and gift cards, and both of these also use the bar code system. This may be hard on the customer because they may have several cards.
- The current POS cannot handle more than one card per transaction, meaning a member cannot use their member card and a gift card in same transaction.
- Note: During golf committee meeting on June 7, letter was read from NU student complaining about lack of a student membership. Committee decided to implement \$70/month college student membership. Can buy anytime for any length.

<b>Lincoln City Golf Courses Annual Membership Payment Plan</b>				
<b>Type</b>	<b>Price</b>	<b>Payment 1 Due at Purchase</b>	<b>Payment 2 Due May 1</b>	<b>Payment 3 Due July 1</b>
Adult Unlimited	\$1,470	\$670	\$400	\$400
Spouse	\$920	\$520	\$200	\$200
Adult Limited	\$790	\$390	\$200	\$200
Spouse	\$500	\$300	\$100	\$100
Adult Passport	\$25		n/a	
Adult Cart Pass	\$840	\$440	\$200	\$200
Sr. Unlimited	\$1,200	\$700	\$250	\$250
Spouse	\$735	\$435	\$150	\$150
Sr. Limited	\$735	\$435	\$150	\$150
Spouse	\$450	\$250	\$100	\$100
Sr. Passport	\$25		n/a	
Sr. Cart Pass	\$685	\$385	\$150	\$150
Teen	\$190		n/a	
Junior	\$125		n/a	

### **Membership Review**

A review of the membership program in Lincoln shows that on average, the City earned \$458.64 per member pass sold, spread out over both the monthly membership program and annual permit program. This equated to an average of \$10.73 per round of golf recorded in the system. Both the total number of members and total member rounds increased considerably in 2012 over recent years' performance. The average member played just under 42 rounds per year. A summary of the program is shown in the table below.

<b>Lincoln City Golf Courses Membership Activity (2009-2012)</b>					
	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
Member Monthly Revenue	\$253,718	\$300,255	\$359,899	\$461,652	\$343,881
Annual Permit Revenue	\$314,732	\$299,141	\$279,184	\$283,175	\$294,058
<b>Total</b>	<b>\$568,450</b>	<b>\$599,396</b>	<b>\$639,083</b>	<b>\$744,827</b>	<b>\$637,939</b>
Total Member Rounds	58,302	57,913	59,174	69,415	\$61,201
<b>Average Revenue per Round</b>	<b>\$9.75</b>	<b>\$10.35</b>	<b>\$10.80</b>	<b>\$10.73</b>	<b>\$10.42</b>
No. of Members	1,327	1,465	1,458	1,624	\$1,469
<b>Average Revenue per Member</b>	<b>\$428.37</b>	<b>\$409.14</b>	<b>\$438.33</b>	<b>\$458.64</b>	<b>\$434.42</b>
<b>Average Rounds per Member</b>	<b>43.9</b>	<b>39.5</b>	<b>40.6</b>	<b>42.7</b>	<b>41.7</b>
Source: City of Lincoln					

## Other Issues and Policies

Other issues related to the operation of Lincoln City golf courses are reviewed below, including a review of tournament and outings, pace of play, the tee time policy, the allowance of fivesomes, check-in procedures, and junior golf.

### Tournament and Outings

NGF has observed that tournaments and outings can be big business in the golf market of Lancaster County and the greater Lincoln metro region, and it is expected that only the City of Lincoln 18-hole courses (Highlands, Pioneers, Mahoney, and Holmes) should have a large tournament segment. It appears that within the City of Lincoln golf system, Pioneers and Highlands are active in hosting a large volume of tournaments, while Holmes is second and Mahoney lags behind. However, total volume is down thus indicating there is capacity available to increase tournament rounds at each of the 18-hole facilities.

It is clear from the NGF review that the City of Lincoln golf courses need to do more to attract tournaments and outings to all of the 18-hole golf courses. Some of the deficiency can be traced to the lack of adequate ancillary amenities such as a gathering space for participants after these events, and the lack of a full kitchen, grill, or bar. NGF also notes that some competitor golf courses in the area are engaged in direct marketing of tournaments to prospects, as opposed for waiting for prospects to contact them (more in recommendations section).

### Pace of Play

A well-managed pace and flow of play is critical to the financial success of any golf course. Whether the course is municipal, resort or a private club, the problem of “slow play” erodes the player’s enjoyment of the entire playing experience, and therefore results in:

- Player frustration – even anger, usually directed at fellow players and the course
- Player perception of receiving low value for money spent and time invested – no matter what the green fee
- A resultant loss of player loyalty, or the course’s ability to build customer loyalty

- A course reputation for “slow play” – resulting from an active direct marketing campaign waged by disgruntled customers that send the powerful message to potential customers that the course consistently delivers a product of low or no value
- A declining number of rounds played
- A loss of revenue

Interestingly, the problem that is called “slow play” is not really a problem in and of itself. What we call “slow Play” is really a symptom of one or more underlying course design and/or management problems that if understood, can be corrected. Key causes of slow play in the Lincoln City golf system include:

- High volume of play with short tee time intervals
- Course design and set-up – rough too high, greens too fast, etc.
- The lack of any on-course marshaling or rangers – i.e. an authority figure to help move play along.
- The allowance of fivesomes

### **Tee Times Policy**

Key Issues related to tee times and the policy at Lincoln City courses:

- The City uses a 7 to 8 minutes tee time interval at all courses all the time. This may be too short and the schedule is rarely upheld. It is expected that this can be a factor in the pace of play issues noted above.
- The City does allow for an online tee time reservation system. There is a charge of \$10 (unless member) with fee applied to GF when they check in. It is unclear to NGF consultants just how well this service is working and/or how well this is being marketed on the City golf website(s).
- As noted previously in POS discussion, the tee sheet is not integrated with the golf POS and requires a separate terminal. This creates several issues, including:
  - Frequent down times
  - Booking 18-hole rounds off the front and back tee at the same time (this is not blocked)
  - Cannot edit blocked tee times if one time is already taken.

### **Fivesomes**

Each of the four 18-hole Lincoln City golf courses allows groups composed of five golfers (“fivesomes”) at all courses, any time and without restriction. This not common in the golf industry and may contribute to the pace of play issues noted above.

### **Check-In Procedures**

The procedure for checking in golfers appears to have some trouble as reported to the consultants and must be improved. Issues observed by NGF concerning check-in procedure include:

- Greeting a customer (not always consistent)
- Staff must check the tee sheet to verify the time and place (apparently, there are a lot of mistakes with bookings at the wrong course)
- Then, staff must return to the POS to finish transaction (separate from tee sheet)

- If the customer pays with a credit card, a third step is required to enter the transaction in the credit card machine
- Then, staff must go back to tee sheet to enter receipt and assign a golf cart number
- Then, staff will ask if the customer wants a receipt (most don't)

### Junior Golf

Programs for juniors in the Lincoln City golf system includes:

- Several programs at Jim Ager makes up the bulk of junior golf in Lincoln
- Holmes does have a teen league
- Highlands does run junior summer programs
- All participate in the Fore program of the Nebraska Golf Association where the juniors get to play for a greatly reduced price. (The course is reimbursed the difference between the regular fare and the reduced fare).

### Land Sale Considerations

One of the issues presented to us was the potential of selling one of the golf courses as a method to raise revenue for the golf fund and reduce the ratio of golf courses to population and increase paly at the remaining facilities. The facility that appeared to be the most logical and likely property was the Highlands GC, as none of the other facilities could be sold as they are City Park property.

As a general rule, NGF is reluctant to ever recommend a City from selling off what is often an important asset to the community. Once the asset is sold, it is unlikely to ever return, thereby denying future generations from enjoying the amenity. Further, once sold, the City has little control over what becomes of the land. If the land remains a golf course, it may become an even bigger competitor to the remaining courses, thus hurting the operation more than helping. If it is developed into something else, it may adversely affect the immediate area residents or even the City as a whole.

With Highlands, we are even more reluctant to complete the outright sale. First, we feel that Highlands has the potential to have the strongest cash flow of any of the City's golf courses, and secondly, in our vision, Highlands can become upgraded and be repositioned to become more attractive to tourists. This, in turn, can have a significant economic benefit to the City. It not only can lead to more tourism in the area, but can even help the City attract more businesses.

With all that being said, we understand that the City is trying to sell about five acres that adjoin the golf course for over \$100,000/acre. With 240 acres, even at \$50,000/acre, Highlands could potentially be worth \$12 million or more. At that price, one possibility presents itself that may be a win-win for the City and the golf division. If the course is sold for \$12 million or more, it would provide enough funds for the City to purchase the land and build a new golf facility elsewhere that would replace Highlands and still accomplish our goal of a higher-end facility to attract tourists. However, such a venture could easily cost \$12 million, so it would require 1) an offer of at least \$50,000/acre, which may not be feasible, and 2) the assurance from the City that it would replace Highlands with an equivalent facility AND that the remaining money would go into the golf fund to fund needed capital improvements to the other facilities.

In the alternative, if the City is successful in selling the five acres that adjoin the golf course, the resulting proceeds are assumed to belong to the golf enterprise and can be used to off-set any capital investment as proposed by NGF to upgrade City golf courses, including Highlands itself.

## GOLF SYSTEM MARKETING

Traditionally, NGF recommends marketing budgets for golf courses of at least 2% of total gross facility revenue, or roughly \$66,000 for the City of Lincoln in 2012. Review of marketing activities provided by City of Lincoln total just over \$12,000 for 2012, with most of this going for yellow pages advertisements (very outdated). The City of Lincoln has shown limited marketing activities for the golf courses, with low budgets and inefficient advertisements. One of the key recommendations from NGF for this review will be to upgrade the marketing of the City's golf courses, and stepping into the 2010's with an increased focus on electronic marketing (more in recommendations section).

### General Marketing

In review of the existing system, the NGF found the following key activities undertaken by the City in marketing and promoting City golf courses:

- Marketing is handled at the Golf Administrator level. Golf professionals expressed concerns that they are not fully informed of marketing activities and promotions.
- The City has partnered with University of Nebraska for a student passport - \$10 passport gets them a 20% discount on green fees.
- The City is not presently using third-party tee time wholesalers like Golf Now.
- POGO Program - \$25 coupon book, sold at Ager and elsewhere. The City gets the revenue on books sold at Ager only. This may not be effective in that the book has no restrictions. League players use it extensively (discounting to existing users). The City hosted 4,200 POGO rounds last year on a "5 rounds for \$20" promotion.
- Other promotional activities undertaken by Lincoln City Golf that were reported to NGF and did not appear to produce new revenue:
  - The City offered a 2-for-1 promotion and allowed members to participate by bringing guests – resulting in no City revenue.
  - There was a Mothers' Day promotion, but the message went out only one day prior, giving neither the customer nor the facility time to prepare.
  - A tournament was promoted only four days prior to the event.
  - The City has offered "free range balls" promotions, but apparently did not consult with golf pros who own the range concession.
  - The Passport Card costs \$25 for a 15% off green fees discount. This product could be modified to be more productive for the City.

### Frequent Player / Loyalty Program

The City of Lincoln has a formal loyalty program in place at its golf facilities. The program allows golfers to earn points that can be redeemed for free cart rentals and/or green fees after a certain level of points are earned. These loyalty cards can be obtained at any of the City's 18-hole golf courses (Mahoney, Highlands, Holmes, and Pioneers). The cards will work if not registered, but the registration protects the golfer if the card itself is ever lost. Holders of this loyalty card have the ability to make online tee times without having to pay the \$10 reservation fee.

### Website Review

It is clear that in 2013 and the foreseeable future, the Internet is the most significant piece of golf course marketing. NGF research shows upwards of 80% of all golfers get information on golf course from the internet, especially while travelling to a new market. As such, the Internet is

now the most important single element in a golf facility's (or golf facility system's) marketing. The Web has several key advantages over other forms of advertising:

- **Cost.** A Website is relatively inexpensive to set up and maintain.
- **Reach.** Almost every household that contains a golfer has access to the Internet.
- **Information.** The amount of information that can be put on the Web is virtually unlimited.

NGF has viewed the City of Lincoln golf website, which is located as part of the overall City Website at [www.lincolncitygolf.com](http://www.lincolncitygolf.com). This address appears to be easy and memorable enough to be easy to find. The information contained on this site was very limited, and included:

- Basic green fee pricing information
- Links to several golf sites, including the individual Lincoln courses
- Information on the loyalty program
- Surcharge information

The above list notes some positives and negatives. In our recommendations section, NGF will offer ideas on how to improve the site leading to greater site visits and page views, hopefully leading to increased rounds and revenue.

### Individual Course Sites

The individual pages for the City of Lincoln golf courses are somewhat disjointed and not consistent in look and quality of information. They each seem to be very “pedestrian” or “park-like” and not as well organized or complete as the successful golf course websites. Still, the sites are navigable and include most of the key aspects typically associated with higher quality golf facility sites, such as rate information and directions, but they are missing pictures of the facilities. NGF will address this more in our recommendations section later in the report.

### Summary of City of Lincoln Golf Marketing

The NGF review of City of Lincoln Golf marketing shows a program that is in need of upgrade, both in terms of budget and methodology. NGF experience has shown that the most effective marketing of multi-course golf systems involves a two-pronged approach, with a centralized program to market the system as a collective, augmented by individual facility marketing at each location. Employment of the most up-to-date technology has also been shown to help enhance performance, and thus upgrade in this area is recommended by NGF.

In our formal recommendations (presented later in this report) the NGF will suggest upgrading the golf system Website as a whole and creating more golf-appropriate Web pages for the individual facilities that resemble more upscale golf websites that can help these facilities market themselves (see NGF marketing recommendations).

## SYSTEM-WIDE OPERATIONAL PERFORMANCE

NGF has completed a full review of the performance of the City of Lincoln golf courses. This review is summarized in the paragraphs that follow and expanded upon in review of the golf industry “Standards and Norms” presented later in this report. In summary, it appears that the City of Lincoln golf courses are performing with activity, revenue, and expenses that in line with general expectations when compared to other municipal golf systems across the nation, considering that the City is only collecting green, membership and cart fees, while other

ancillary revenues (merchandise, food, beverage, range) belong to the golf professionals. The review below covers rounds activity, revenues and expenses over the last few years.

## Rounds

The table below shows total rounds by facility since 2008. We note that over this timeframe, the City of Lincoln golf system experienced a significant decline from 2009 to 2010, falling by almost 12%, and then falling another 2% in 2011. In 2012, the system saw considerable recovery to over 191,000 total rounds, but still is short of the almost 200,000 total rounds played in 2009. In comparison, the total U.S. golf industry has experienced a 9.7% decline in municipal golf course rounds between 2005 and 2010, with a 3% decline from 2009 to 2010. Total average rounds per 18 holes now stands at 31,527 for municipal golf courses and all of the City of Lincoln 18-hole Golf Courses exceeded this figure in each of the years shown.

<b>City of Lincoln Golf System Total Rounds Played by Facility (2009 – 2012)</b>							
<b>Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average</b>	<b>% of Total</b>
Highlands	40,868	41,498	36,760	38,024	42,274	39,885	21.3%
Pioneers	45,881	47,241	43,430	43,570	47,367	45,498	24.3%
Holmes	44,453	45,030	38,357	36,850	43,172	41,572	22.2%
Mahoney	43,780	43,249	37,076	34,560	41,536	40,040	21.4%
Ager	22,005	22,553	20,317	19,246	17,624	20,349	10.9%
<b>Total</b>	<b>196,987</b>	<b>199,571</b>	<b>175,940</b>	<b>172,250</b>	<b>191,973</b>	<b>187,344</b>	<b>100.0%</b>
<b>% Change</b>		1.3%	-11.8%	-2.1%	11.5%		

Source: City of Lincoln Parks and Recreation

## Revenues

The table below shows total gross revenue by facility since 2009. We note that the totals in 2009 and 2012 are similar, with declines observed in 2010 and 2011. In comparison, we see that City of Lincoln golf facilities are operating with revenues that tend to be below the average for 'standard' courses (under \$40 green fee), although the comparison is not "apples-to-apples" as the City of Lincoln figures only include green, membership and cart fees, while other ancillary revenues (merchandise, food, beverage, range) belong to the golf professionals (more later in this report). The U.S. average revenue for standard public golf courses was \$1,047,000 in 2012.

<b>City of Lincoln Golf System Total Revenue by Facility (2009 – 2012)</b>							
<b>Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average</b>	<b>% of Total</b>
Highlands	\$666,844	\$711,273	\$640,162	\$682,516	\$748,219	\$689,803	22.3%
Pioneers	\$697,915	\$733,692	\$681,653	\$700,670	\$776,570	\$718,100	23.2%
Holmes	\$608,593	\$628,610	\$538,579	\$525,440	\$658,193	\$591,883	19.2%
Mahoney	\$596,882	\$620,060	\$539,984	\$524,037	\$631,068	\$582,406	18.9%
Ager	\$122,183	\$139,073	\$123,238	\$118,186	\$113,555	\$123,247	4.0%
Admin	\$347,837	\$409,431	\$390,130	\$392,348	\$376,545	\$383,258	12.4%
<b>Total</b>	<b>\$3,040,254</b>	<b>\$3,242,139</b>	<b>\$2,913,746</b>	<b>\$2,943,197</b>	<b>\$3,304,150</b>	<b>\$3,088,697</b>	<b>100.0%</b>
		6.6%	-10.1%	1.0%	12.3%		

Source: City of Lincoln Parks and Recreation

### Average Revenue Analysis

The total average revenue earned per round of golf played now stands at \$17.21 for the full system in 2012. The average for standard public golf courses in the U.S. was \$23.51 for total golf revenue per round (green, cart, membership and range), plus an additional \$9.70 in ancillary spending for a total of \$33.21 per round. In general, the City of Lincoln is playing more rounds than the “standard,” but earning considerably less revenue per round than the total U.S. standard (averages displayed in next section of this report).

### Expenses

The table below shows total operating expenses by facility since 2008. We note the totals show relatively stable performance with rapid increase in 2011 and 2012. The overall expenses to operate City of Lincoln Golf facilities are lower than expense averages for standard public golf courses in the nation (average facility = \$997,200 in expenses), but does not include pro shop expenses (borne by golf professionals – more later in this report).

City of Lincoln Golf System Total Expenses by Facility (2009 – 2012)							
Year	2008	2009	2010	2011	2012	Average	% of Total
Highlands	\$632,229	\$673,339	\$673,678	\$691,774	\$766,594	\$687,523	24.1%
Pioneers	\$531,116	\$476,240	\$468,284	\$555,968	\$570,188	\$520,359	18.2%
Holmes	\$510,253	\$509,222	\$510,832	\$573,046	\$630,281	\$546,727	19.2%
Mahoney	\$437,976	\$493,018	\$504,830	\$533,224	\$530,339	\$499,877	17.5%
Ager	\$146,398	\$156,820	\$158,570	\$171,865	\$166,528	\$160,036	5.6%
Admin	\$410,141	\$313,958	\$431,103	\$438,454	\$603,616	\$439,454	15.4%
<b>Total</b>	<b>\$2,668,113</b>	<b>\$2,622,597</b>	<b>\$2,747,297</b>	<b>\$2,964,331</b>	<b>\$3,267,546</b>	<b>\$2,853,977</b>	<b>100.0%</b>
		-1.7%	4.8%	7.9%	10.2%		
Source: City of Lincoln Parks and Recreation							

## System Summary

A summary of performance of the City of Lincoln Golf System is presented in aggregate and by facility. The depreciation and interest expenses are shown for 2012 only.

<b>City of Lincoln Golf System Summary of Performance (2009 – 2012)</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average</b>
<b>Rounds</b>	<b>199,567</b>	<b>175,940</b>	<b>172,250</b>	<b>191,973</b>	<b>180,054</b>
<b>Revenue</b>					
Green Fees	\$2,002,838	\$1,785,621	\$1,751,887	\$1,997,788	\$1,845,099
Cart Fees	807,080	715,729	774,104	906,794	798,876
Other Ager Revenue	22,790	22,266	24,858	23,023	23,382
Annual Cart	67,220	65,107	65,514	63,890	64,837
Annual Members	310,339	299,168	279,184	283,175	287,176
Admin Revenue	31,872	25,855	47,650	29,480	34,328
<b>Total Revenue</b>	<b>\$3,242,139</b>	<b>\$2,913,746</b>	<b>\$2,943,197</b>	<b>\$3,304,150</b>	<b>\$3,100,808</b>
<b>Expense</b>					
Total Personnel Services	\$1,353,647	\$1,413,040	\$1,473,723	\$1,619,022	\$1,394,592
Total Materials & Supplies	455,075	471,531	504,924	529,712	426,953
Total Other Services	785,820	832,868	980,293	1,112,916	1,044,028
Capital Outlay	28,055	29,858	5,391	5,896	26,020
Permits & Fees	0	0	0	0	0
Other / Misc.	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$2,622,597</b>	<b>\$2,747,297</b>	<b>\$2,964,331</b>	<b>\$3,267,546</b>	<b>\$2,891,593</b>
<b>Net Operating Income</b>	<b>\$619,542</b>	<b>\$166,449</b>	<b>(\$21,134)</b>	<b>\$36,604</b>	<b>\$209,215</b>
Depreciation				\$562,569	
<b>Net After User Fees</b>				<b>(\$525,965)</b>	
<b>Interest + Fiscal Charges</b>				<b>\$15,524</b>	
<b>Net After Debt</b>				<b>(\$541,489)</b>	
Source: City of Lincoln Parks and Recreation					

**City of Lincoln Golf System  
Summary of per Facility Performance (2009 – 2012)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Pioneers</b>				
Facility Revenue	\$733,692	\$681,653	\$700,670	\$776,570
Less:				
Facility Operating Expense	\$476,240	\$468,284	\$555,968	\$570,188
<b>Pioneers Net Income</b>	<b>\$257,452</b>	<b>\$213,369</b>	<b>\$144,702</b>	<b>\$206,382</b>
<b>Highlands</b>				
Facility Revenue	\$711,273	\$640,162	\$682,516	\$748,219
Less:				
Facility Operating Expense	\$673,339	\$673,678	\$691,774	\$766,594
<b>Highlands Net Income</b>	<b>\$37,934</b>	<b>(\$33,516)</b>	<b>(\$9,258)</b>	<b>(\$18,375)</b>
<b>Holmes</b>				
Facility Revenue	\$628,610	\$538,579	\$525,440	\$658,193
Less:				
Facility Operating Expense	\$509,222	\$510,832	\$573,046	\$630,281
<b>Holmes Net Income</b>	<b>\$119,388</b>	<b>\$27,747</b>	<b>(\$47,606)</b>	<b>\$27,912</b>
<b>Mahoney</b>				
Facility Revenue	\$620,060	\$539,984	\$524,037	\$631,068
Less:				
Facility Operating Expense	\$493,018	\$504,830	\$533,224	\$530,339
<b>Mahoney Net Income</b>	<b>\$127,042</b>	<b>\$35,154</b>	<b>(\$9,187)</b>	<b>\$100,729</b>
<b>Jim Ager</b>				
Facility Revenue	\$139,073	\$123,238	\$118,186	\$113,555
Less:				
Facility Operating Expense	\$156,820	\$158,570	\$171,865	\$166,528
<b>Jim Ager Net Income</b>	<b>(\$17,747)</b>	<b>(\$35,332)</b>	<b>(\$53,679)</b>	<b>(\$52,973)</b>
<b>Admin</b>				
Facility Revenue	\$409,431	\$390,130	\$392,348	\$376,545
Less:				
Facility Operating Expense	\$313,958	\$431,103	\$438,454	\$603,616
<b>Admin Net Income</b>	<b>\$95,473</b>	<b>(\$40,973)</b>	<b>(\$46,106)</b>	<b>(\$227,071)</b>
<b>Summary City of Lincoln Golf System</b>				
Total System Revenue	\$3,242,139	\$2,913,746	\$2,943,197	\$3,304,150
Less:				
System Operating Expense	\$2,622,597	\$2,747,297	\$2,964,331	\$3,267,546
<b>Net Income Before Other</b>	<b>\$619,542</b>	<b>\$166,449</b>	<b>(\$21,134)</b>	<b>\$36,604</b>
Total Depreciation				\$562,569
Interest + Fiscal Charges				\$15,524
<b>City of Lincoln Golf Net Income</b>				<b>(\$541,489)</b>
Source: City of Lincoln				

## System Summary Discussion

The NGF review of the City of Lincoln golf system economic performance has revealed the following:

- The review shows a large system with the \$3.3 million in total City revenue earned in FY2012 representing a recent high, with an increase of over 12% from FY2011. The lowest revenue earned in recent years came in FY2010, with a total of \$2.91 million.
- Total operating expenses have been increasing in recent years to just under \$3.27 million in FY2012. This level of expense is likely the “bare minimum” that can be spent under the present structure and still maintain the integrity of the golf system. The NGF review has shown that expenses related to senior positions at or near retirement have caused particular stress within the system.
- The system’s financial position had improved considerably in FY2012, with favorable weather and a rebounding economy. Using 2012 as a template, the City of Lincoln golf system can be self-sustaining to cover its basic operations, but it is very unlikely that this system can produce enough revenue to cover all expenses, including depreciation and interest expense. This is a common position in municipal golf in the U.S. as just under one in three (33%) of all municipal golf courses were able to fully cover debt service payments in 2011.
- This golf system has just recently added new debt with the addition of the \$1.5 million clubhouse at Holmes GC. The NGF has also noted several key deficiencies in several properties indicating that additional capital (funded by debt) may be needed in order to improve the overall economic condition of the golf system.

## FY2013 Performance

The NGF review has occurred at or near the end of the third quarter of FY2013, while the strongest revenue performance in the Lincoln City golf system occurs in the fourth quarter each year. Our review of operating data thus far in FY2013 has revealed the following:

- The Lincoln City golf system is in the middle of one of its worst weather years on record. The City reported to NGF that FY2013 had lost 120 days due to weather through May 2013, compared to only 108 days lost by May 2011. The longer term average is for 85 days lost to weather through the end of May each year. As a result, the City should expect rounds and revenues for FY2013 to finish at levels close to 2010 or 2011 levels, or significant declines from FY2012.
- Golf revenues have declined in the first three quarters of FY2013 due mostly to poor weather as noted. However, income in June and early July of 2013 are ahead of any of the recent years, indicating that the system may be able to recover some of its income lost in the first three quarters of FY2013.

Based on this review it is the expectation of NGF that FY2013 will come in under budget, despite the improvement observed in the June – August fourth quarter. It seems that the golf system is too far behind coming into June to be able to catch up in the fourth quarter.

# Individual Facilities

## ANALYSIS OF PIONEERS GOLF COURSE

Pioneers Golf Course is an 18-hole championship golf facility originally developed in the 1930s, as part of the large Pioneer Park. The facility includes one 18-hole golf course, a driving range, and older clubhouse. The course is located in southwest quadrant of Lincoln, in a much less densely populated section of the City. The facility is owned by the City of Lincoln and operated via concession agreement with Timothy L. Rowland, PGA Professional for the purpose of providing professional golf services at Pioneers Golf Course. Pioneers GC is operated as an affordable, high-quality public-access golf course that has traditionally been the most active of the Lincoln City golf courses, despite its location. All of the property used by Pioneers GC is deeded for use as “Park Property,” and change in use of the site can be accomplished only through referendum.

### Location and Access

Although there is not a large population base around the Pioneers GC, the facility does enjoy excellent access characteristics. Pioneers GC is accessible via W. Van Dorn St., which connects east all the way into southern Lincoln (over the Van Dorn Bypass). Highway 77 and Rosa Parks Way provide additional multi-lane roadway access to the area. In all, the site is only 10 minutes from central (downtown) Lincoln, making the trip to the facility very convenient. As such, this facility does not have any locational characteristics that would serve to limit its capacity or market appeal.

### Golf Course Review

Pioneers GC represents a simple, straightforward golf course that is both aesthetically appealing and playable for all skill levels of golfers. The golf course appears to be very popular with golfers in the City of Lincoln golf market. A summary of the golf course follows:

- First opened in 1930 and designed by William H. Tucker.
- The course totals 200 acres, including:
  - Greens - 3 acres
  - Tees - 3 acres
  - Fairways - 26 acres
  - Rough – 128 acres
  - Native – 40 acres
- The course was remodeled in 1989 by a team led by golf architect Jeff Brauer. This remodeling included new greens that are now the best in the Lincoln City golf system.
- Par-71 layout with open fairways, some tree cover, and generally wide hole-corridors. All 18 greens are “push-up” greens from the 1930s.
- Three sets of tees (Back, Middle, Forward), with the longest measuring 6,493 yards and a USGA slope rating of 110 (slightly ‘easier’ than the USGA standard slope rating of 113). The most forward tee measures 5,507 with a slope rating of 104, or also easier than the “standard.”

- The most forward tee is commonly associated with a “ladies” tee, and the length of over 5,500 yards makes the course a bit long for women players. NGF prefers a ladies course be in the range of 5,000 total yards to maximize appeal in the female segment.
- There are no sand bunkers on the course and water is in play on only 3 of the 18 holes.
- Cart paths are present around greens and tees, but not continuous throughout the golf course.
- The irrigation system is the oldest in Lincoln City golf (except Ager), and the irrigation is not efficient and there are frequent repairs required. Pump capacity is such that they cannot pump in water fast enough to meet outflow demands. There is a need to increase irrigation water storage capacity.

Overall, the Pioneers GC offers a good quality public golf course that is generally easy to play, yet requires skill and accuracy to play well. This mix of ease and difficulty gives the Pioneers GC great flexibility in marketing and ability to attract golfers of all skill levels. In short, there is nothing inherent in the design of the golf course that would serve to limit its market appeal, although the NGF does believe the course could be made to be more “women-friendly.” The golf course has limited on-course services and would benefit from the addition of restrooms and/or drinking stations.

### **Practice Amenities**

Pioneers GC has modest practice amenities that include the small driving range, conveniently located near the parking lot and clubhouse. However, the range is small at only 65 yards wide in the hitting area (room for 20 golfers at a time). Range balls are obtained from the pro shop. The range is approximately 300 yards long at its longest point and includes 15 mat tee areas at the very back. The range has lighting for possible night use although this has not been used in many years. Pioneers GC does not have a practice green or a chipping practice area.

### **Maintenance Facility and Equipment**

Pioneers GC appeared to have a generally well-maintained golf course at the time of the NGF visit in May 2013. NGF expects that Pioneers, together with Highlands, will have maintenance requirements that should be at a higher level than Mahoney and Holmes in the City of Lincoln golf system. It is of great importance that maintenance at Pioneers be efficient, both in total labor, utilities, and supplies. The maintenance facility at Pioneers is generally sufficient to cover the basic needs of the golf course, but was definitely older and the facility would benefit from an upgrade. However, the facility is functional and provides space to store equipment and thus is not on the priority list of upgrades for this facility.

### **Clubhouse Review**

- The clubhouse footprint is approximately 5,000 square feet (sf) on two levels, and includes an upstairs “apartment” that is used mostly for storage.
- The facility dates back to the 1930’s and is showing its age in terms of structure, roofing, restrooms and basic design.
- The main section includes the pro shop, snack bar area, and offices. The pro shop includes a large window facing south out to the golf course with visibility to the 1<sup>st</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 18<sup>th</sup> holes.
- The facility includes a nice entrance presentation with a circle drive and bag drop at the front of the clubhouse. There is parking for up to 140 +/- cars, which is adequate for an 18-hole golf course.

- At present, carts are stored outside and uncovered in a 3,500 sf fenced off section just to the northeast of the clubhouse alongside the small driving range.
- The pro shop at Pioneers is of modest size and has produced around \$45,000 in pro shop sales in 2012.
- The food and beverage area is very small with seating available for a maximum of about 50 patrons. The kitchen is very small and does not have a grill. As such, only snacks, pre-made sandwiches and hot dogs are available for sale along with beverages. The room also includes high ceilings and one TV.
- An exterior patio has nice views of the golf course at the south end of the clubhouse, but the area is not covered from elements.

The clubhouse facilities at Pioneers offer some functional utility and pleasing aesthetics, although there is limited space. The kitchen facilities at Pioneers are the smallest on the Lincoln City golf system and clearly not sufficient to properly support a full service golf event. While there appears to be space to handle the basic needs of a public golf course, the facility is clearly deficient for handling large events and golf tournaments. The outdoor patio area could be modified to help serve this purpose. As the tournament and outing business is a key opportunity for Pioneers to maximize revenues, some modification to the kitchen and patio facilities may be in order (more later in this section). NGF sees this as a potential competitive advantage to maximizing revenue generation from outings and other non-golf related events.

### Pioneers Facility Physical Evaluation

Pioneers GC appeared to be generally well-maintained at the time of the NGF visits in May 2013. It is of great importance that maintenance at Pioneers be efficient, both in total labor, utilities, and supplies.

### Recommended Upgrades

The overall condition of the Pioneers Golf Course property is good, although much of the infrastructure is clearly beyond its expected useful life (see **Appendix A**). In looking to the future, some items should be considered for upgrade at Pioneers, mostly related to expanding the cart path system and planning for the eventual irrigation and greens improvement that may be forthcoming in the longer-term future (beyond 10 years). The physical improvements recommended for Pioneers, presented in order of NGF recommended priority:

1. **Continuous Cart Paths** – Complete a full overlay of asphalt cart paths to cover the full length of the golf course. Full cart paths will allow the golf course to be open and available for use more often during wet periods and can help improve rounds and revenue. ***NGF estimates that new cart paths at Pioneers GC will cost \$120,000 for the approximately 12,000 linear feet needed to complete a full upgrade to the cart path system for the golf course.***
2. **“Women-Friendly” Upgrades** – The NGF recommends a program to add new forward tees to bring the total length of the golf course from the most forward tee to around 5,000 total yards. Pioneers GC staff should commit to a program to add a more forward tee to at least 8 to 12 of the 18 holes to help reduce overall length from the most forward tee. This should be completed as an ongoing program with an ***estimated cost of \$2,000 per additional tee (complete 4 per year over 5 years).***
3. **Irrigation and Dredging**– Pioneers can complete a program to deepen its irrigation lake and increase storage capacity for irrigation needs, and upgrade and modernize the irrigation system. ***NGF estimates approximately \$900,000 for the project.***

4. **Event Pavilion** – Pioneers GC would benefit greatly from the addition of a new event pavilion capable of hosting at least 60 persons (perhaps up to 80). This could be located on open space to the south of the clubhouse, close to the 1<sup>st</sup> tee and 10<sup>th</sup> green. NGF envisions a fully covered pavilion with amenities such as ceiling fans and built-in barbecue grill. **NGF Estimated cost = 900 sf @ \$150 per sf = \$135,000 (incl. 'soft' costs for development).**
5. **On-Course Services** – Pioneers has no on-course services for golfers. Some form of stations with restrooms and/or drinking water should be added at a key location(s) on the golf course. The improvement of on-course services like these is common at other area facilities with similar pricing, show the facility to be of higher quality and will go a long way to help attract the female segment to the golf course. **NGF Estimated cost = approximately \$40,000 for one new full-service restroom facility, possibly located at the southwest corner of the property (hole #3 and #12).**
6. **Clubhouse Upgrade** – Pioneers would benefit from upgrades to the clubhouse totaling \$105,000. Key areas for upgrade include:
  - a. **Upgrade Kitchen** – If possible given the physical constraint of the building, the kitchen should be enlarged to allow for the addition of a grill. **NGF estimated cost = \$40,000.**
  - b. **Restroom Upgrades** – Pioneers should upgrade the restrooms in the clubhouse. **NGF estimated cost = \$20,000.**
  - c. **Painting and Fixtures** – A program of new paint and fixtures for the Pioneers clubhouse. **NGF estimated cost = \$20,000.**
  - d. **Pioneers Roof**– Pioneers should improve the roof and replace worn tiles. **NGF estimated cost = \$25,000.**
7. **Maintenance Facility Upgrade** – Pioneers needs upgrade to its facilities for storing and caring for maintenance equipment. **NGF estimates approximately \$50,000 for maintenance facility upgrades to Pioneers GC.**
8. **Cart Covering** – Pioneers could add covering for the carts being stored outdoors. **NGF Estimated cost assumes an average of \$30/SF for a fixed light weight frame and vinyl cover, or approximately \$150,000 for 4,900 sf.**

The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

<b>Pioneers Golf Course Needed Physical Improvements</b>	
<b>Highest Priority Items (1-5 years)</b>	<b>Highest Estimated Cost</b>
Continuous Cart Paths	\$120,000
Forward Tees	40,000
Irrigation and Dredging	900,000
Event Pavilion	135,000
On-Course Services	40,000
Clubhouse	105,000
Maintenance Facility Upgrades	50,000
Cart Covering	150,000
<b>Total Pioneers Upgrades</b>	<b>\$1,540,000</b>

## Operations and Staffing

As noted previously, Pioneers GC is presently operated jointly by a private contractor (pro shop) and the City of Lincoln (golf maintenance) through the City's Parks and Recreation Department and City employed Golf Administrator. On-site authority for the Pioneers GC is the responsibility of the Head Golf Professional, a contract employee who oversees operations at Pioneers and Holmes (as detailed earlier in this report).

### Pro Shop Concession Agreement

A concession agreement between the City of Lincoln, Nebraska ("City") and Timothy L. Rowland, PGA Professional ("Manager") for the purpose of providing professional golf services at Pioneers Golf Course. Key aspects of the agreement were identified previously in this report, with the key compensation factors including:

- Compensation:

Period	Per Month	Plus Per Round
11/1/11 – 10/31/12	\$2,500	\$0.35
11/1/12 – 10/31/13	\$2,500	\$0.30
11/1/13 – 4/30/15	\$2,500	\$0.25

- Manager receives gross proceeds generated by operation of the restaurant, pro shop, alcohol sales, driving range, and provision of golf instruction.
- Manager pays all taxes and fees.

### Staffing

The reported staff at Pioneers equates to approximately 19.5 FTE's and is summarized below:

<b>Pioneers Golf Course Facility Staffing 2012-2013</b>	
<b>Pro Shop / Contractor Employees</b>	
Head Golf Professional (Contractor – shares time between Pioneers and Holmes)	FT = 1 FTE
Assistant Golf Professional	FT = 1 FTE
Additional Seasonal Golf Staff (300 hrs./week)	PT = 6 FTE
Additional Seasonal F & B Staff (140 hrs. / week)	PT = 3.5 FTE
<b>City Maintenance Employees</b>	
Superintendent	FT = 1 FTE
Assistant Superintendent	FT = 1 FTE
Equipment Operator (Laborer II)	FT = 1 FTE
Additional Seasonal Maintenance Staff	PT = 5 FTE

The "standard" golf facility in the U.S. with seasonal climates (8 to 10-month golf season) employed a total of 20 FTE personnel in 2012, with 11 in golf maintenance, 6 in pro shop/operations and another 3 for clubhouse/F & B. This level of staffing represents a reduction from 2009 figures as a result of declining income and the need to reduce expense. As a result, many golf operations around the country are operating with very lean staff and Pioneers GC is no different. Based on the NGF review of the Pioneers GC staffing, and in comparison to golf industry norms, it appears that Pioneers GC is operating with a staff that is just barely sufficient to sustain operations at a high level.

## **Food and Beverage Operations**

The food and beverage operation at Pioneers GC appears to be “standard” for a public golf course operation, serving the basic concession needs of golfers in an efficient and convenient fashion, but with limited ability to expand the menu and/or host larger events and parties.

The food and beverage service at Pioneers is provided through two separate venues of operation: (1) the Pioneers snack shop and (2) on-course beverage carts. The Pioneers snack shop service includes counter service of a basic menu of items limited due to the lack of a full kitchen. A review of the menus shows modest pricing on items, with soft drinks at \$1.00 to \$2.50, beer at \$3.25 to \$4.00 (\$8 for a pitcher), hot dogs and pre-packaged sandwiches at around \$2.75 to \$4.50 and per-drink liquor at varied pricing. Seating is comfortable and convenient in the snack area, but space is limited to a max of 48 patrons.

The “typical” food and beverage concession at public golf courses produces approximately \$6.10 per round, including banquets (see next chapter). Analysis of Pioneers shows total gross revenue from the food and beverage operation at approximately \$198,000 in 2012, of which \$120,000 was from beer and liquor (60%). This equates to \$4.18 per round for total food and beverage. Considering the limitations on the food service at Pioneers, the NGF would consider this level of performance to be outstanding.

In summary, NGF believes that the food and beverage operation at Pioneers is limited, and that it is likely that improvements to the kitchen facilities at Pioneers would lead to increases in both direct revenue (increase F & B sales) and indirect revenue (increased rounds of golf).

## **Other Operational Issues**

The NGF review of the facility’s range and cart operations follows in this section.

### **Driving Range Operations**

The driving range operation at Pioneers Golf Course represents a nice additional revenue source to help support concessionaire operations and labor. Despite the small size and limited other practice amenities the Pioneers range generated over \$45,500 in 2012. This equates to revenue of \$0.96 per round of golf, or an amount that is lower than the industry “standard” of \$2.00 per round.

### **Carts**

Pioneers is presently using a fleet of 58 total carts, of which about 50 were in full operation at the time of the NGF inspection. The carts are owned by the City and stored outdoors in a compound without any covering. In years past the City was planning to switch from gas to electric carts, but the need to store and re-charge a large cart fleet and the hilly nature of the Pioneers Golf Courses led to the realization that gasoline powered carts would be best. NGF did note a tight configuration for cart storage at Pioneers, making any expansion of the cart fleet problematic.

## Facility Performance and Data Analysis

Pioneers is operating as a public golf course, generating the vast majority of its revenue totals from green and cart fees. The following paragraphs summarize each of these revenue sources, plus the expenses required to maintain the facilities and service customers.

### Activity Levels

The tables below show reported rounds activity at Pioneers since 2007. We see that this facility had shown a relatively stable activity over the period shown, with a slight dip in activity during the recession in 2010 and 2011, followed by a recovery in 2012. Early indications are that 2013 will finish with rounds lower than 2012 and closer to the 2010 and 2011 totals. Significant impacts to rounds totals were recorded during the 2010 and 2011 period, including both immediate effects of a recession in late calendar year 2008, and other weather events, including an extraordinarily cold April and even snow in early May 2013.

The total rounds recorded at Pioneers are down from totals observed at this facility in the last decade where higher totals were far more common (over 55,000 rounds in FY2000). This longer-term decline is generally consistent with national trends observed by the NGF. The average annual rounds per 18-hole public golf course in the total U.S. now stands at 31,527, down from more than 50,000 rounds in 2000 (see next chapter).

Pioneers Golf Course Historical Total Reported Rounds – 2007-2012							
	2007	2008	2009	2010	2011	2012	Average
Total Rounds	47,752	45,881	47,241	43,430	43,570	47,367	45,874
Annual % Change		-3.9%	3.0%	-8.1%	0.3%	8.7%	
<b>Total % Change (2007-12)</b>							<b>0.8%</b>
Source: City of Lincoln							

### Rounds by Type

Rounds at Pioneers are divided between adult, senior, and junior rounds. The totals are then further divided between daily green fee rounds and rounds played by season pass holders.

Pioneers Golf Course Rounds Played by Type (2008-2012)						
	FY2008	FY2009	FY2010	FY2011	FY2012	Average
Adult 9	15,669	15,254	13,000	12,726	13,383	14,006
Adult 18	10,972	11,829	10,322	10,504	12,167	11,159
Senior 9	5,453	5,251	5,395	5,822	6,253	5,635
Senior 18	11,737	12,913	12,007	12,680	14,021	12,672
Junior 9	1,325	1,190	1,190	1,092	1,010	1,161
Junior 18	725	804	1,516	746	533	865
<b>Total</b>	<b>45,881</b>	<b>47,241</b>	<b>43,430</b>	<b>43,570</b>	<b>47,367</b>	<b>45,498</b>
Source: POS Sales Reports - City of Lincoln						

### Rounds by Month

In reviewing the rounds totals by month for the last five years, NGF notes the clearly definable peak season for golf in the City of Lincoln with highest activity in June through August summer season that happens to coincide with the last three months of the fiscal year. This timing may

impact budget planning and made year-end projections difficult. There is a small “shoulder” season in April, May, September, and October, and a slower winter season where some rounds are generated on a weather-permitting basis.

<b>Pioneers Golf Course Rounds by Month (FY2008-2012)</b>						
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
September	4,750	4,651	5,081	4,886	4,543	9.6%
October	2,978	3,175	2,105	3,568	3,440	7.3%
November	1,703	1,490	2,000	1,378	1,408	3.0%
December	138	393	130	528	760	1.6%
January	0	397	0	15	1,135	2.4%
February	298	1,073	0	498	323	0.7%
March	2,177	2,485	1,895	1,709	3,937	8.3%
April	4,447	4,436	5,416	4,287	5,109	10.8%
May	6,861	7,424	6,218	6,271	6,793	14.3%
June	7,307	6,778	6,715	6,919	6,811	14.4%
July	7,843	7,734	7,098	6,605	6,327	13.4%
August	7,379	7,205	6,772	6,906	6,781	14.3%
<b>Total</b>	<b>45,881</b>	<b>47,241</b>	<b>43,430</b>	<b>43,570</b>	<b>47,367</b>	<b>45,874</b>

Source: POS Sales Reports - City of Lincoln

### Capacity Issues

As we will present later in the ‘Competitive Analysis’ section, current rounds played volumes at Pioneers are within the norms for public 18-hole golf facilities operating within the Lincoln Metro region. Based on Pioneers’ market positioning, location, and quality (ease of play), NGF Consulting has estimated a reasonable number of expected yearly rounds activity of about ±50,000 to ±60,000 rounds in a good weather year. Thus, NGF has not termed this a “capacity”: Pioneers is fully capable of hosting rounds in excess of 60,000, but it should not be expected at this location at this time.

### Revenue Analysis

NGF Consulting’s review of performance shows that Pioneers has experienced relatively steady income for the City of Lincoln, with between \$681,000 and \$776,500 in net after sales tax revenue each year for 2008 through 2012. The \$776,500 earned in FY2012 represented a recent high water mark for the facility. When compared to industry averages (see next chapter), we see that Pioneers is operating with revenues slightly higher than the average for ‘Standard’ courses (under \$40 green fee). The U.S. average revenue for Standard public golf courses was \$1,047,000 (18 holes) in 2012, inclusive of all facility revenue. The total combined City and Concessionaire revenue at Pioneers in 2012 totaled just over \$1,117,000.

<b>Pioneers Golf Course Total Gross Revenue (Net After Sales Tax) – 2008-2012</b>						
<b>Revenue</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
Green Fees	\$488,836	\$511,155	\$474,934	\$482,547	\$530,443	\$497,583
Cart Fees	209,079	222,537	206,719	218,123	246,127	\$220,517
<b>Total City Revenue</b>	<b>\$697,915</b>	<b>\$733,692</b>	<b>\$681,653</b>	<b>\$700,670</b>	<b>\$776,570</b>	<b>\$718,100</b>
Annual % Change		5.1%	-7.1%	2.8%	10.8%	
<b>Total % Change (2008-12)</b>						<b>11.3%</b>

Source: POS Sales Reports - City of Lincoln

### Average Revenue Analysis

The total average revenue earned per round of golf played in 2012 totaled \$22.49, divided between the City of Lincoln (\$16.40) and the pro concessionaire (\$6.09). The average for Standard public golf courses in the U.S. was \$23.51 for total golf revenue per round (green, cart, membership), plus an additional \$9.70 in ancillary spending (food, beverage + merchandise – see next chapter).

<b>Pioneers Golf Course Average Revenue per Round 2009 – 2012</b>				
<b>Revenue</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Total Rounds</b>	<b>47,241</b>	<b>43,430</b>	<b>43,570</b>	<b>47,367</b>
<b>City Revenue</b>				
Green Fees	\$10.82	\$10.94	\$11.08	\$11.20
Cart Fees	\$4.71	\$4.76	\$5.01	\$5.20
<b>Concessionaire (Pro) Revenue</b>				
Merchandise (Gross)				\$0.95
Driving Range				\$0.96
F & B				\$4.18
Source: City of Lincoln and Timothy Rowland				

### Expense Analysis

Basic expenses to maintain the golf course totaled just over \$570,000 in 2012, with steady increase since 2009. The overall expenses to maintain this facility are comparable to the average for standard public golf courses in the nation (average 18-hole facility = \$442,300 in expenses for golf course maintenance). We note that City expenses are for golf course maintenance only as other operating expenses are borne directly by the concessionaire.

<b>Pioneers Golf Course Golf Course Maintenance Expense 2009 – 2012</b>				
<b>Golf Maintenance Expense</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total Personnel Services	\$208,664	\$225,917	\$248,292	\$264,076
Total Materials & Supplies	\$81,753	\$86,108	\$90,333	\$102,862
Total Other Services	\$185,823	\$156,259	\$217,343	\$203,250
Capital Outlay/Other	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$476,240</b>	<b>\$468,284</b>	<b>\$555,968</b>	<b>\$570,188</b>
Source: City of Lincoln				

### Direct Expense Findings

The two key expense categories of labor and non-labor expenses at Pioneers are compared to the industry averages in the following table:

<b>Industry</b>	<b>Indicator</b>	<b>Pioneers GC</b>	<b>Total 2012</b>
50%	Labor	46.3%	\$264,076
50%	All other Expenses	53.7%	\$306,112
<b>Total Expense</b>			<b>\$570,188</b>
Source: City of Lincoln			

### Other Expense Findings

In review of the Pioneers Golf Course direct operating expenses, NGF offers the following basic summary:

- Total Golf maintenance expense at Pioneers GC is slightly elevated comparable to the “standard.”
- Direct costs for labor are in proportion to the standard for total spending at Pioneers GC in 2012. This finding, coupled with the previous review of positions, shows that Pioneers GC is not overstaffed, but total expenses include items such as equipment and carts that may typically be found in pro shop budgets.

### Pro Concession Summary

The Pioneers GC pro shop operation is run separately as per contract. The golf professional owns the revenue generated from merchandise, food, beverage and driving range sales, as well as a management fee (fixed + \$0.35 per round) paid by the City. The total Pioneers GC operation from the perspective of the golf professional is shown in the table below, with figures provided to NGF by the concessionaire:

<b>Pioneers Golf Course Golf Pro Concession Profit / Loss - 2012</b>	
<b>Total Income</b>	<b>2012</b>
Management Fee	\$30,000
Per Round Incentive	16,578
Merchandise	45,000
Snack Bar	198,000
Driving Range	45,000
Other (lessons, rentals, etc.)	6,025
<b>Total Pro Revenue</b>	<b>\$340,603</b>
<b>Less: Direct Cost of Sales (COS)</b>	
Merchandise	\$30,855
Snack Bar	\$93,976
<b>Gross Profit</b>	<b>\$215,772</b>
<b>Operating Expenses</b>	
Maintenance	\$40,440
Labor	115,600
Credit Card Expense	19,675
Utilities	4,305
Other	7,960
<b>Total Expense</b>	<b>\$187,980</b>
<b>Net Income</b>	<b>\$27,792</b>
Source: Timothy Rowland	

### Pioneers Golf Course Operations Summary – City Perspective

The Pioneers GC operates as a public golf course, with the City collecting revenue from green fees, cart fees, and associated memberships. In total, this and other revenue drivers generated just over \$776,500 in revenue for the City in 2012, up almost 11% over 2011. Total expenses to maintain the golf course are just over \$570,000 in 2012, an amount higher than the expected average for an 18-hole facility. The basic summary of the Pioneers golf operation financial position from the City perspective and before other items (depreciation and internal charges) are considered is shown in the table that follows:

<b>Pioneers Golf Course Summary of Operations City Perspective 2009 – 2012</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total City Revenue	\$733,692	\$681,653	\$700,670	\$776,570
Total City Maintenance Expense	\$476,240	\$468,284	\$555,968	\$570,188
<b>NET INCOME (Loss)</b>	<b>\$257,452</b>	<b>\$213,369</b>	<b>\$144,702</b>	<b>\$206,382</b>
Net Income % of Rev.	35.1%	31.3%	20.7%	26.6%
Source: City of Lincoln				

Other summary points from NGF regarding the Pioneers GC include:

- Despite the high rounds activity, there is opportunity to enhance revenue at Pioneers by increasing the volume of event and tournament rounds, and enhancing participation from the female segment. This will require new investment in the Pioneers GC facility as noted by NGF in this report.
- Revenue generated from ancillary items such as food, beverage driving range, lessons and merchandise total as much as \$340,000+ each year. The present system in place treating certain income streams separately (green/cart fees to City and range, merchandise, food and beverage to golf pro) is highly inefficient for the golf operation. The City would likely improve overall performance of the golf course with a modified system that pooled all revenue together before providing a split between the City and concessionaire (more later in this report).

### Pioneers GC Golfer Survey

NGF's Golfer Survey Program was distributed seeking opinions of the Pioneers GC. A total of **304 surveys** were collected by NGF, with 54% coming from members and 46% from non-members. The survey is not intended to be a scientific study of Lincoln golfers, although the high participation does give the results a high degree of confidence. A copy of the survey instrument is displayed in **Appendix B** to this report, with general findings shown below:

### Pioneers GC Survey Scores – Members

<b>Pioneers Golf Course Satisfaction Measures Members – 165 Responses (5/9/2013 – 6/25/2013)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Customer Satisfaction	8.1	66
Satisfaction compared to expectations	8.0	73
Satisfaction compared to other courses	8.0	74
Likelihood to play more	6.1	15
Likelihood to recommend	8.0	62
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.		

**Pioneers Golf Course Satisfaction Factors  
Members – 165 Responses (5/9/2013 – 6/25/2013)**

<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Value	8.1	70
Overall Course Conditions	7.6	31
Pace of Play	6.7	23
Friendliness/Helpfulness of Staff	8.5	68
Golf Course Design / Layout	8.6	70

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

**Pioneers GC Survey Scores – Non-Members**

**Pioneers Golf Course Satisfaction Measures  
Non- Members – 139 Responses (5/9/2013 – 6/25/2013)**

<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Customer Satisfaction	7.7	28
Satisfaction compared to expectations	7.1	14
Satisfaction compared to other courses	7.3	40
Likelihood to play more	6.1	12
Likelihood to recommend	7.7	33

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

**Pioneers Golf Course Satisfaction Factors  
Non- Members – 139 Responses (5/9/2013 – 6/25/2013)**

<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Value	7.4	23
Overall Course Conditions	7.4	25
Pace of Play	6.4	10
Friendliness/Helpfulness of Staff	8.2	30
Golf Course Design / Layout	8.4	59

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

## Summary of Findings

1. Pioneers golfers that responded to the survey show a varied level of overall customer satisfaction, with course members showing higher-than-average satisfaction and non-members showing lower satisfaction when compared to other golf facilities nationwide (in the same price category). Further, female golfers who responded to the survey were a particularly un-satisfied sub-group of customers in the survey.
2. The survey showed that 69% of Pioneers golfers made a positive referral about the course and that the average Pioneers golfer referred 4.4 other golfers to the facility. By comparison, only 10% of Pioneers golfers made negative referrals, with an average of 6.4 negative referrals. This level of satisfaction is comparable to golf courses of this type nationwide, and no discernible difference was noted between members and non-members, or between male and female participants.
3. The profile of the Pioneers golfer is predominantly male (90%) and generally older (75% over age 50) than the national benchmark (total U.S. is 85% male and 50% over 50). More than 27% of respondents indicated they played 25 or more rounds of golf at Pioneers annually. The survey group is also somewhat spread out geographically, with only 45% originating in the top three ZIP Codes: 68516, 68506, and 68512. The map displaying the origin of customers is displayed in **Appendix B** to this report.
4. Our surveys show that other golf facilities utilized by this survey group include primarily the other Lincoln City Golf Courses Holmes (67% use), Highlands (65%) and Mahoney (56%). Pioneers golfers also report playing at (in order of importance – all with more than 15%): Crooked Creek GC (30%), HiMark GC (29%), Wilderness Ridge GC (19%), and Yankee Hill CC (17%).
5. When asked to rate the ease of securing tee times at Pioneers GC, **82% of respondents indicated they were satisfied or very satisfied.** This view was supported by both members and non-members alike, as both groups indicated over 80% satisfaction.
6. Despite concerns conveyed to NGF in our site visits, golfers at Pioneers seemed relatively satisfied with the check-in procedure at Pioneers, as 89% of respondents indicated the procedure meets expectations. Only 8% indicated it needed improvement and only 3% indicated it was very frustrating. This finding was consistent between members and non-members, and between men and women.
7. Very few of the respondents (2%) indicated that they ever had to wait for a golf cart to become available before starting a round of golf. This finding was consistent between members and non-members, and between men and women.
8. Golfers at Pioneers seem neither satisfied nor dissatisfied with the way Pioneers organizes and manages golf events and tournaments. The vast majority of respondents (67%) gave this service a neutral score. This finding was consistent between members and non-members, and between men and women.
9. When asked if they would play more golf at Pioneers if the food and beverage services were upgraded and expanded, most of the survey group (60%) indicated they would play the same amount. Still, this does suggest that upwards of 40% would play more if the F & B operation were improved. On this question, younger golfers (under 50) seemed to indicate a greater desire for improvement in the F & B service at Pioneers GC. About 1

in 3 golfers indicated they would use the facility more if additional gathering space for after golf events.

10. In review of the general open-ended comments survey respondents made about **what they like about Pioneers GC**, the NGF noted several key themes that were common, including:

- Great customer service
- Good layout
- Generally good condition, but some areas need work
- Close to home
- Easy to walk
- Inexpensive
- Removed from the City

11. In review of the general open-ended comments survey respondents made about **what needed improvement at Pioneers GC**, the NGF noted many more comments with a variety of topics, the most common included:

- Clubhouse needs improvement
- Slow play
- Restrooms/locker room needs improvement, especially for women
- On course services – no restrooms or water coolers
- Needs to be more “women-friendly”
- Turf conditions – especially in 2012
- Disconnect between pro shop and maintenance staff
- Lights in the parking lot
- More options in F & B
- Improve outdoor seating

## **NGF Recommendations – Pioneers Golf Course**

Pioneers is a good quality public golf facility featuring a basic golf design that is very playable for all segments, but some upgrade to the facility’s infrastructure is needed and recommended by NGF. The facility is basically operating as a community municipal golf course offering high quality for a reasonable price with facilities that are ideal for both daily play and an ideal place to host tournaments or outings. The NGF is recommending that the City work to create some differential in pricing between Pioneers and Highlands Golf Courses.

In light of this reality, the NGF recommendations for Pioneers are designed to improve its economic performance with: (1) upgrades to its physical infrastructure; (2) continuing to maintain the facility with a modest staff; and (3) upgrading the marketing and promotional activities by both on-site and City staff.

### **Pioneers Recommendations**

- Complete the physical upgrade recommendations detailed previously by NGF and shown below, excluding lost revenue due to business disruption that may occur.

<b>Pioneers Golf Course Needed Physical Improvements</b>	
<b>Highest Priority Items (1-5 years)</b>	<b>Highest Estimated Cost</b>
Continuous Cart Paths	\$120,000
Forward Tees	40,000
Irrigation and Dredging	900,000
Event Pavilion	135,000
On-Course Services	40,000
Clubhouse	105,000
Maintenance Facility Upgrades	50,000
Cart Covering	150,000
<b>Total Pioneers Upgrades</b>	<b>\$1,540,000</b>

- Improve the marketing and promotion of the facility, both within the system and for Pioneers individually. As a method to improve marketing, City of Lincoln should work to improve the Pioneers GC website (or web page) with special focus on the quality of the golf course and as an ideal space for tournaments and events (after physical upgrades).
- In addition to web marketing, the continued and expanded production of facility-specific printed materials and advertisements is also recommended. Additional activities such as direct selling of outings and tournaments to regional businesses, organizations, and charitable organizations through enhancing print materials and direct selling (cold calls, meetings, other facility tournaments, etc.).
- Along with Holmes, NGF recommends only minor adjustments to the fee structure at Pioneers for 2013. All indications are that this facility is priced appropriately for daily green fees, tournament fees, and carts among its immediate competitive set. The NGF changes recommended for Pioneers are those recommended for all 18-hole courses in the system, such as adding a new resident/non-resident breakdown and adding twilight fees for later afternoons when demand is generally lower (more in system recommendations).

### **Summary – Pioneers Golf Course**

Given its location, quality of golf course, and pricing structure, Pioneers Golf Course has the potential to serve a defined niche of golfers in the greater Lincoln area, and possibly even become more of a regional destination facility, attracting value-conscious golfers seeking a high quality round of golf at an affordable price from a much wider geography than presently attracted to Pioneers GC. The facility is able to handle a much larger volume of golf rounds than is presently being served, with activity reduced due in part to weather and economic issues, but also due to a comparatively lower level of awareness (compared to some key competitors) in the broader Lancaster County region. As a note, Pioneers has the lowest population within 3 miles of the golf course of the four 18-hole courses in the Lincoln City system.

It is clear that the key issues facing the City of Lincoln in the Pioneers operation relate more to the physical needs of the facility, as opposed to operations. The course would benefit from some changes that would enhance the overall offering and make the facility more appealing to tournaments and organized events, as well as female players. The physical enhancements recommended by NGF should help in both market segments.

In short, Pioneers will likely remain the highest volume producer for the foreseeable future, provided the City and Pioneers staff can be successful in completing enhancements as recommended by NGF. As the facility has a generally high amount of revenue earned per round of golf, it is expected that revenue can grow considerably with any increase in activity.

### As-Is Economic Performance

The estimates in this section show Pioneers' performance at various rounds played totals (worst case, 'as-is,' modest growth and best case), assuming expected 2013 inputs for revenues and expenses. The table shows that Pioneers GC can cover all on-site obligations with rounds as low as 42,000, with net income before other City charges approaching \$230,000 with rounds as high as 55,000. NGF has prepared these projections noting that there is variability in expenses at higher rounds (i.e., more maintenance needed when more rounds are played – figures rounded to nearest \$100).

<b>Pioneers Golf Course Estimated City Economic Performance at Various Rounds Totals</b>				
<b>Rounds</b>	<b>42,000</b>	<b>46,000</b>	<b>50,000</b>	<b>55,000</b>
<b>Revenue</b>				
Green Fees	\$482,100	\$528,000	\$573,900	\$631,300
Cart Fees	223,700	245,000	266,300	292,900
<b>Total Revenue</b>	<b>\$705,800</b>	<b>\$773,000</b>	<b>\$840,200</b>	<b>\$924,200</b>
<b>Expenses:</b>				
Total Personnel Services	\$265,000	\$280,000	\$300,000	\$325,000
Total Materials & Supplies	105,000	115,000	125,000	140,000
Total Other Services	190,000	205,000	215,000	225,000
Capital Outlay	5,000	5,000	5,200	5,400
Permits, Fees & Other	1,000	1,000	1,100	1,100
<b>Total Expense</b>	<b>\$566,000</b>	<b>\$606,000</b>	<b>\$646,300</b>	<b>\$696,500</b>
<b>Net Income Before Other City Charges and Deprec. (Loss)</b>	<b>\$139,800</b>	<b>\$167,000</b>	<b>\$193,900</b>	<b>\$227,700</b>

### NGF Projections 2013-2017

NGF Consulting has created a cash flow model for the continued operation of Pioneers, through 2017. The table below shows the projected cash flows for the full operation through FY2017, assuming a "standard" market environment over the next five years. This projection is intended to provide a realistic projection of economic performance of Pioneers in the next five years considering NGF assumptions, particularly some upgrades to the facility and clubhouse. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Lincoln area economy, employment, or visitation.
- The decline observed in FY2013 is continued, with recovery expected leading to a slight increase in rounds in FY2014. The new marketing efforts recommended by NGF are expected to produce increases to a stable level of 50,000 rounds by FY2016 (conservative estimate). NGF projects this to become a new "stable" level of rounds, with some years falling below and some years rising above this expected 'average' figure.

- Green fee revenue has been calculated using the NGF recommended schedule of fees, including the implementation of the new resident/non-resident program and twilight rates. The NGF has also assumed that the City can adhere to some increases in fees each year (2.5% - approximately \$0.50).
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.
- It is assumed that the NGF recommended upgrades are completed as shown.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

<b>Pioneers Golf Course Projected Economic Performance with NGF Recommendations</b>						
	<b>2012 (Actual)</b>	<b>2013 (Projected)</b>	<b>2014 (Projected)</b>	<b>2015 (Projected)</b>	<b>2016 (Projected)</b>	<b>2017 (Projected)</b>
<b>Key Project*</b>		Forward Tees	Cart Paths, Tees	Pavilion, Tees	Clubhouse, Tees	Tees
<b>Rounds</b>	<b>47,367</b>	<b>45,800</b>	<b>47,500</b>	<b>49,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Revenue</b>						
Green Fees	\$530,443	\$525,700	\$558,900	\$590,900	\$618,100	\$633,500
Cart Fees	246,127	243,900	259,300	274,200	286,800	293,900
<b>Total City Revenue</b>	<b>\$776,570</b>	<b>\$769,600</b>	<b>\$818,200</b>	<b>\$865,100</b>	<b>\$904,900</b>	<b>\$927,400</b>
<b>Operating Expenses:</b>						
Total Personnel Services	\$264,076	\$280,000	\$294,000	\$308,700	\$324,100	\$340,300
Total Materials & Supplies	102,862	115,000	117,900	120,800	123,800	126,900
Total Other Services	203,250	205,000	210,100	215,400	220,800	226,300
Capital Outlay	0	5,000	125,000	140,000	110,000	5,000
Permits, Fees & Other	0	1,000	1,000	1,000	1,000	1,000
<b>Total Operating Expense</b>	<b>\$570,188</b>	<b>\$606,000</b>	<b>\$748,000</b>	<b>\$785,900</b>	<b>\$779,700</b>	<b>\$699,500</b>
<b>Net Operating Income after Expense (Loss)</b>	<b>\$206,382</b>	<b>\$163,600</b>	<b>\$70,200</b>	<b>\$79,200</b>	<b>\$125,200</b>	<b>\$227,900</b>
*Key projects based on NGF recommendations. Forward tee program = \$5,000 each year.						

## ANALYSIS OF HOLMES GOLF COURSE

Holmes Golf Course is an 18-hole championship golf facility originally developed in the early 1960s, as part of the large Holmes Lake Recreation Area. The facility includes one 18-hole golf course, a driving range, and older, temporary clubhouse. A newer modern clubhouse was under construction at the time of the NGF visit in May 2013, with opening expected in June 2013. The course is located in the densely populated southeast quadrant of Lincoln, with many upland features looking northwest into downtown Lincoln. The facility is owned by the City of Lincoln and operated via concession agreement with Timothy L. Rowland, PGA Professional for the purpose of providing professional golf services at Holmes Golf Course. Holmes GC is operated as an affordable, high-quality public-access golf course that has traditionally been the second most active of the Lincoln City golf courses. In 2013, the NGF consultants observed what appeared to be a recent decline in the overall condition of the property, possibly leading to a “mismatch” in comparison to the new clubhouse that was under construction in May 2013. All of the property used by Holmes GC is deeded for use as “Park Property,” and change in use of the site can be accomplished only through referendum.

### Location and Access

Of the four main 18-hole golf courses in the Lincoln system Holmes GC has the highest population within three miles of the golf course, indicating the density of the neighborhoods that surround the golf course. In addition, the facility has excellent access characteristics with accessibility from the main Recreation area entrance on Holmes South Shore Rd. Holmes GC is also easily accessible from S. 70<sup>th</sup> Street and Pioneers Blvd. In all, the site is only 10 minutes from central (downtown) Lincoln, making the trip to the facility very convenient. As such, this facility does not have any locational characteristics that would serve to limit its capacity or market appeal.

### Golf Course Review

Holmes GC represents a more challenging and topographically interesting golf course that has broad appeal to golfers of all skill levels. The facility also includes additional amenities to add to its appeal, such as a large driving range and a new clubhouse which make this facility an important component in the overall City golf system. While the golf course does appear to be popular with golfers in the City of Lincoln golf market, there is some evidence that the declining conditions are of growing concern. A summary of the golf course follows:

- First opened in 1964 and designed by Floyd Farley.
- Traditional Par-72 layout with numerous parallel fairways, interesting topography with some steep hills. All 18 greens are original from the 1963 construction.
- Three sets of tees (Back, Middle, Forward), with the longest measuring 6,791 yards and a USGA slope rating of 122 (slightly ‘harder’ than the USGA standard slope rating of 113). The most forward tee measures 5,350 with a slope rating of 115, or also harder than the “standard.”
- The most forward tee is commonly associated with a “ladies” tee, and the length of over 5,300 yards makes the course still a bit long for women players. NGF prefers a ladies course be in the range of 5,000 total yards to maximize appeal in the female segment.
- The course includes 17 bunkers on the front and 13 bunkers on the back, and water is in play on only 3 of the 18 holes (all on the back 9).
- The course totals 200 acres, including:

- Greens - 3.5 acres
- Tees - 4 acres
- Fairways - 38.5 acres
- Rough – 150 acres
- Native – 0 acres
- Cart paths are present around some greens and tees, but not continuous throughout the golf course.

Overall, the Holmes GC offers a good quality public golf course that is generally easy to play, yet requires skill and accuracy to play well. Overall, there is nothing inherent in the design of the golf course that would serve to limit its market appeal, although the NGF does believe the course could be made to be more “women-friendly.” The golf course has limited on-course services and would benefit from the addition of restrooms and/or drinking stations.

### Practice Amenities

Holmes GC has the most extensive practice amenities of all the Lincoln City golf courses. The driving range is conveniently located and has an ideal northeast facing orientation. The range is about 115 yards wide in its hitting area (room for up to 25+ golfers at any one time, and is over 305 yards long from the back tee line. Range balls are obtained from the pro shop. The range is designed to widen in the landing area and includes 20 mat tee areas at the very back. The facility also includes a small practice chipping area and a practice green. The set-up at Holmes is ideal for extensive lessons and programming and to generate new golfers for City courses.

### Maintenance Facility and Equipment

The Holmes golf course appeared to NGF consultants to be the worst conditioned golf course of the four 18-hole facilities in the system. We recognize that there are several reasons for this related to resources, weather and staffing. Holmes GC has the largest maintenance budget of the four 18-hole golf courses, but we note that the key maintenance position for the Jim Ager GC is included in the Holmes GC budget. It is of great importance that maintenance at Holmes be efficient, both in total labor, utilities, and supplies.

### Clubhouse Review

A new clubhouse facility at Holmes GC was under development at the time of the NGF visit in May 2013. The new facility has been added at a cost of \$1.5 million, although this figure was reduced to fit budget. Key amenities not incorporated into the final design include the kitchen and underground cart storage. The new clubhouse facilities at Holmes will provide a much needed boost in appeal of the facility, but it will take some time to sort out the maximum functionality of the new facility. The final design did not clearly define the pro shop, snack bar, and banquet areas, and there may end up being some overlap in actual operation.

Key NGF observations about the new facility include:

- No kitchen, but slick / slippery tile remains (could be a hazard).
- No partitions to separate the banquet area from the grill. This may cause problems such as added difficulty for booking banquets during golf activity and the reduced appeal of the grill.
- Entry is to the back of the building so golfers must pass the loading dock to go in.
- There is no access to the loading dock, except by using the cart path.

- The distance from the parking lot to the clubhouse is long, making it more difficult for golfers, especially seniors, to carry their bags to the pro shop and cart area.

There appears to be space to handle the basic needs of a public golf course, and the facility should be able to handle large events and golf tournaments. As the tournament and outing business is a key opportunity for Holmes to maximize revenues, some modification to the kitchen and banquet facilities may be in order (more later in this section). NGF sees this as a potential competitive advantage to maximizing revenue generation from outings and other non-golf related events.

## Holmes Facility Physical Evaluation

Holmes GC appeared did not appear to be well-maintained at the time of the NGF visit in May 2013. The overall turf quality was less than ideal and appeared to be a result of irrigation problems and lingering effects of a rough winter. It is of great importance that maintenance at Holmes be of very high quality, especially in light of a new clubhouse facility being added and the great potential for the facility to become a premier location for public golf in the area, especially tournaments and outings.

## Recommended Upgrades

The overall condition of the Holmes Golf Course property is fair, although improvement is needed. Much of the infrastructure is clearly beyond its expected useful life (see **Appendix A**). In looking to the future, some items should be considered for upgrade at Holmes, mostly related to expanding the cart path system and planning for the eventual irrigation and greens improvement that may be forthcoming in the longer-term future (beyond 10 years). The physical improvements recommended for Holmes, presented in order of NGF recommended priority:

1. **Continuous Cart Paths** – Complete a full overlay of asphalt cart paths to cover the full length of the golf course. Full cart paths will allow the golf course to be open and available for use more often during wet periods and can help improve rounds and revenue. ***NGF estimates that new cart paths at Holmes GC will cost \$120,000 for the approximately 12,000 linear feet needed to complete a full upgrade to the cart path system for the golf course.***
2. **“Women-Friendly” Upgrades** – The NGF recommends a program to add new forward tees to bring the total length of the golf course from the most forward tee to around 5,000 total yards. Holmes GC staff should commit to a program to add a more forward tee to at least 6 to 9 of the 18 holes to help reduce overall length from the most forward tee. This should be completed as an ongoing program with an ***estimated cost of \$2,000 per additional tee (complete 4 per year over 5 years).***
3. **Irrigation**– Holmes can upgrade and modernize the irrigation system. ***NGF estimates approximately \$750,000 for the project.***
4. **Cart Covering** – Holmes could add covering for the carts being stored outdoors. ***NGF Estimated cost assumes an average of \$30/SF for a fixed light weight frame and vinyl cover, or approximately \$72,000 for 2,400 sf.***

The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

<b>Holmes Golf Course Needed Physical Improvements</b>	
<b>Highest Priority Items (1-5 years)</b>	<b>Highest Estimated Cost</b>
Continuous Cart Paths	\$120,000
Forward Tees	18,000
Irrigation	750,000
Cart Covering	72,000
<b>Total Holmes Upgrades</b>	<b>\$960,000</b>

## Operations and Staffing

As noted previously, Holmes GC is presently operated jointly by a private contractor (pro shop) and the City of Lincoln (golf maintenance) through the City's Parks and Recreation Department and City employed Golf Administrator. On-site authority for the Holmes GC is the responsibility of the Head Golf Professional, a contract employee who oversees operations at Holmes and Holmes (as detailed earlier in this report).

### Pro Shop Concession Agreement

At the time of this report the agreement for operation of the Holmes GC was under development due to changes related to the addition of the new clubhouse at Holmes GC. For 2012, there was an agreement in place between the City of Lincoln, Nebraska ("City") and Timothy L. Rowland, PGA Professional ("Manager") that matched the agreement for Pioneers:

- Compensation:

<b>Period</b>	<b>Per Month</b>	<b>Plus Per Round</b>
11/1/11 – 10/31/12	\$2,500	\$0.35
11/1/12 – 10/31/13	\$2,500	\$0.30
11/1/13 – 4/30/15	\$2,500	\$0.25

- Manager receives gross proceeds generated by operation of the restaurant, pro shop, alcohol sales, driving range, and provision of golf instruction.
  - Manager pays all taxes and fees.
- Services match those at Pioneers.

### Staffing

The reported staff at Holmes equates to approximately 20.0 FTE's, an amount slightly higher than Pioneers GC. The key differences include the addition of a small driving range staff that is compensated by golf privileges and one extra full-time maintenance employee to assist with maintenance of the Jim Ager Golf Course (more later in this report). In addition, the principal of the pro shop concession (Tim Rowland) is included in the Pioneers golf staffing although this individual does spend time at both Holmes and Pioneers GCs. The estimated Holmes GC staffing is shown below:

<b>Holmes Golf Course Facility Staffing 2012-2013</b>	
<b>Pro Shop / Contractor Employees</b>	
Head Golf Professional	FT = 1 FTE
Additional Seasonal Golf Staff (300 hrs./week)	FT = 6 FTE
Additional Seasonal F & B Staff (140 hrs. / week)	PT = 3.5 FTE
Additional Seasonal Range (All paid with golf privileges)	PT = 0.5 FTE
<b>City Maintenance Employees</b>	
Superintendent	FT = 1 FTE
Assistant Superintendent	FT = 1 FTE
Equipment Operator I	FT = 1 FTE
Laborer I	FT = 1 FTE
Additional Seasonal Maintenance Staff	PT = 5 FTE

The “standard” golf facility in the U.S. with seasonal climates (8 to 10-month golf season) employed a total of 20 FTE personnel in 2012, with 11 in golf maintenance, 6 in pro shop/operations and another 3 for clubhouse/F & B. This level of staffing represents a reduction from 2009 figures as a result of declining income and the need to reduce expense. As a result, many golf operations around the country are operating with very lean staff and Holmes GC is no different. Based on the NGF review of the Holmes GC staffing, and in comparison to golf industry norms, it appears that Holmes GC is operating with a staff that is just barely sufficient to sustain operations at a high level.

### **Food and Beverage Operations**

The food and beverage operation at Holmes GC was in flux at the time of the NGF visit due to the new clubhouse under development. A full review of the existing food and beverage operation is not warranted given the pending change. In summary, Holmes GC generated a total of \$131,000 in snack bar revenue in 2012, despite the limitations in the temporary clubhouse. This equated to approximately \$3.03 per round of golf at Holmes, an amount that is roughly one-half of the “typical” food and beverage concession at public golf courses that is expected to produce approximately \$6.10 per round, including banquets (see next chapter).

In summary, NGF Consulting believes that the F & B operation at Holmes will be improved with the new facility. The NGF would expect that this facility could achieve F & B income in excess of \$5.00 per round upon completion of the new clubhouse, or an increase of roughly 67%. Further, the improved F & B structure could also lead to improved green and cart fee performance as the facility will be better able to host larger events and tournaments.

### **Other Operational Issues**

The NGF review of the facility’s range operations and carts follows in this section.

### **Marketing**

As documented by NGF in our System-Wide review, the marketing of City of Lincoln golf courses has two separate components, with marketing activities from each individual facility and a centralized marketing program covering all facilities. The result is a combination of marketing activities, with a broad-based central program and facility-specific activities that tend to be based on the individual operators at each location.

Traditionally, NGF recommends marketing budgets for golf courses of at least 2% of total gross facility revenue, or roughly \$20,000 for Holmes in 2012 (\$977,000 total revenue from City and

concessionaire combined). In larger, multi-course systems it is expected that these amounts can be reduced by 25% to 50%, as long as the total system is being marketed aggressively.

### Driving Range Operations

The driving range operation at Holmes Golf Course represents a nice additional revenue source to help support concessionaire operations and labor. The extensive practice range at Holmes produces over \$92,000 in revenue in 2012, or approximately \$2.13 per round of golf, or an amount that is slightly higher than the industry “standard” of \$2.00 per round.

### Carts

Holmes is presently using a fleet of 55 total carts. The carts are owned by the City and stored outdoors in a 2,400 sf compound without any covering. The new clubhouse does not include any provision for cart storage making this an issue that still needs a solution at Holmes GC.

### Facility Performance and Data Analysis

Holmes is operating as a public golf course, generating the vast majority of its revenue totals from green and cart fees. The following paragraphs summarize each of these revenue sources, plus the expenses required to maintain the facilities and service customers.

### Activity Levels

The tables below show reported rounds activity at Holmes since 2007. We see that this facility had shown a general decline in activity over the years, although there was significant recovery in 2012. Early indications are that 2013 will finish with rounds lower than 2012 and closer to the 2010 and 2011 totals. Significant impacts to rounds totals were recorded during the 2010 and 2011 period, including both immediate effects of a recession in late calendar year 2008, and other weather events, including an extraordinarily cold April and even snow in early May 2013.

The total rounds recorded at Holmes are down from totals observed at this facility in the last decade where higher totals were far more common (over 56,000 rounds in FY2000). This longer-term decline is generally consistent with national trends observed by the NGF. The average annual rounds per 18-hole public golf course in the total U.S. now stands at 31,527, down from more than 50,000 rounds in 2000 (see next chapter).

<b>Holmes Golf Course Historical Total Reported Rounds – 2007-2012</b>							
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average</b>
Total Rounds	48,336	44,453	45,030	38,357	36,850	43,172	41,572
Annual % Change		-8.0%	1.3%	-14.8%	-3.9%	17.2%	
<b>Total % Change (2007-12)</b>	<b>-10.7%</b>						
Source: City of Lincoln							

### Rounds by Type

Rounds at Holmes are divided between adult, senior, and junior rounds. The totals are then further divided between daily green fee rounds and rounds played by season pass holders.

<b>Holmes Golf Course Rounds Played by Type (2008-2012)</b>						
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
Adult 9	14,923	13,807	11,684	9,775	10,757	12,189
Adult 18	9,144	9,244	7,037	6,915	9,712	8,410
Senior 9	6,051	6,117	4,910	5,091	6,049	5,644
Senior 18	10,621	12,041	11,648	11,454	13,684	11,890
Junior 9	2,504	2,513	2,115	2,255	2,084	2,294
Junior 18	1,210	1,304	963	1,360	886	1,145
<b>Total</b>	<b>44,453</b>	<b>45,026</b>	<b>38,357</b>	<b>36,850</b>	<b>43,172</b>	<b>41,572</b>

Source: POS Sales Reports - City of Lincoln

### Rounds by Month

In reviewing the rounds totals by month for the last five years, NGF notes the clearly definable peak season for golf in the City of Lincoln with highest activity in June through August summer season that happens to coincide with the last three months of the fiscal year. This timing may impact budget planning and made year-end projections difficult. There is a small “shoulder” season in April, May, September, and October, and a slower winter season where some rounds are generated on a weather-permitting basis.

<b>Holmes Golf Course Rounds by Month (FY2008-2012)</b>						
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
September	4,477	4,366	4,282	3,714	4,103	9.5%
October	3,135	3,015	1,818	3,026	2,857	6.6%
November	1,653	1,485	2,113	1,305	1,382	3.2%
December	100	500	143	464	819	1.9%
January	0	369	0	0	1,018	2.4%
February	63	962	0	387	360	0.8%
March	2,305	2,188	1,310	1,558	3,679	8.5%
April	4,139	4,372	5,131	3,767	4,538	10.5%
May	6,590	6,704	5,841	4,927	6,055	14.0%
June	7,233	6,674	5,937	6,198	6,450	14.9%
July	7,496	7,479	5,953	5,529	5,935	13.7%
August	7,262	6,916	5,829	5,975	5,976	13.8%
<b>Total</b>	<b>44,453</b>	<b>45,030</b>	<b>38,357</b>	<b>36,850</b>	<b>43,172</b>	<b>41,572</b>

Source: POS Sales Reports - City of Lincoln

### Capacity Issues

As we will present later in the ‘Competitive Analysis’ section, current rounds played volumes at Holmes are within the norms for public 18-hole golf facilities operating within the Lincoln Metro region. Based on Holmes’ market positioning, location, and quality (ease of play), NGF Consulting has estimated a reasonable number of expected yearly rounds activity of about ±50,000 to ±60,000 rounds in a good weather year. Thus, NGF has not termed this a “capacity”: Holmes is fully capable of hosting rounds in excess of 60,000, but it should not be expected at this location at this time.

## Revenue Analysis

NGF Consulting's review of performance shows that Holmes has experienced low income (net after sales tax) for the City of Lincoln, with between \$600,000 and \$628,000 in revenue in 2008-09, falling as low as \$525,400 in 2011 before recovering back to \$658,200 in 2012 (the highest total of recent years). When compared to industry averages (see next chapter), Holmes is operating with revenues lower-than-average for 'Standard' courses (under \$40 green fee). The US average revenue for Standard public golf courses was \$1,047,000 (18 holes) in 2012, inclusive of all facility revenue such as merchandise, range, food and beverage (presently earned by concessionaire). The total combined City and Concessionaire revenue at Holmes in 2012 totaled just over \$977,000.

<b>Holmes Golf Course Total Gross Revenue (Net After Sales Tax) – 2008-2012</b>						
<b>Revenue</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
Green Fees	\$443,954	\$459,435	\$393,532	\$370,043	\$454,211	\$424,235
Cart Fees	164,639	169,175	145,047	155,397	203,982	\$167,648
<b>Total City Revenue</b>	<b>\$608,593</b>	<b>\$628,610</b>	<b>\$538,579</b>	<b>\$525,440</b>	<b>\$658,193</b>	<b>\$591,883</b>
Annual % Change		3.3%	-14.3%	-2.4%	25.3%	
<b>Total % Change (2008-12)</b>						<b>8.1%</b>
Source: POS Sales Reports - City of Lincoln						

## Average Revenue Analysis

The total average revenue earned per round of golf played in 2012 totaled \$21.44, divided between the City of Lincoln (\$15.24) and the pro concessionaire (\$6.20). The average for mid-fee public golf courses in the U.S. was \$21.54 for total revenue per round in golf revenue (green, cart, membership), plus an additional \$9.04 in ancillary spending (food, beverage + merchandise – see next chapter).

<b>Holmes Golf Course Average Revenue per Round 2009 – 2012</b>				
<b>Revenue</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Total Rounds</b>	<b>45,026</b>	<b>38,357</b>	<b>36,850</b>	<b>43,172</b>
<b>City Revenue</b>				
Green Fees	\$10.20	\$10.26	\$10.04	\$10.52
Cart Fees	\$3.76	\$3.78	\$4.22	\$4.72
<b>Concessionaire (Pro) Revenue</b>				
Merchandise (Gross)				\$1.04
Driving Range				\$2.13
F & B				\$3.03
Source: City of Lincoln and Timothy Rowland				

### Expense Analysis

Basic expenses to maintain the golf course totaled just over \$630,000 in 2012, with steady increase since 2009. The overall expenses to maintain this facility (after removing expenses for Jim Ager) are higher than expense averages for mid-range public golf courses in the nation (average 18-hole facility = \$442,300 in expenses for golf course maintenance only). We note that City expenses are for golf course maintenance only as pro shop and food/beverage operating expenses are borne directly by the pro shop concessionaire (more later in this section).

<b>Holmes Golf Course Golf Course Maintenance Expense 2009 – 2012</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Golf Maintenance Expense</b>				
Total Personnel Services	\$252,807	\$269,827	\$278,613	\$300,245
Total Materials & Supplies	\$85,175	\$88,763	\$93,361	\$103,007
Total Other Services	\$171,240	\$152,242	\$201,072	\$227,029
Capital Outlay	0	0	0	0
Other	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$509,222</b>	<b>\$510,832</b>	<b>\$573,046</b>	<b>\$630,281</b>
Source: City of Lincoln				

### Direct Expense Findings

The two key expense categories of labor and non-labor expenses at Holmes are compared to the industry averages in the following table:

<b>Industry</b>	<b>Indicator</b>	<b>Holmes GC</b>	<b>Total 2012</b>
50%	Labor	47.6%	\$300,245
50%	All other Expenses	52.4%	\$330,576
<b>Total Expense</b>			<b>\$630,821</b>
Source: City of Lincoln			

### Pro Concession Summary

The Holmes GC pro shop operation is run separately as per contract, although the details of the contract for the upcoming FY2014 are still not determined. For 2012 and 2013, the golf professional owned the revenue generated from merchandise, food, beverage and driving range sales, as well as a management fee (fixed + \$0.35 per round) paid by the City. The 2012 total Holmes GC operation from the perspective of the golf professional is shown in the table below, with figures provided to NGF by the concessionaire:

<b>Holmes Golf Course Golf Pro Concession Profit / Loss - 2012</b>	
<b>Total Income</b>	<b>2012</b>
Management Fee	\$30,000
Per Round Incentive	15,110
Merchandise	45,000
Snack Bar	131,000
Driving Range	92,000
Other (lessons, rentals, etc.)	6,025
<b>Total Pro Revenue</b>	<b>\$319,135</b>
<b>Less: Direct Cost of Sales (COS)</b>	
Merchandise	\$30,855
Snack Bar	\$62,900
<b>Gross Profit</b>	<b>\$225,380</b>
<b>Operating Expenses</b>	
Maintenance	\$40,440
Labor	125,400
Credit Card Expense	19,675
Utilities	4,305
Other	7,960
<b>Total Expense</b>	<b>\$197,780</b>
<b>Net Income</b>	<b>\$27,600</b>
Source: Timothy Rowland	

### Holmes Golf Course Operations Summary – City Perspective

The Holmes GC operates as a public golf course, with the City collecting revenue from green fees, cart fees, and associated memberships. In total, this and other revenue drivers generated just over \$658,000 in revenue for the City in 2012, up almost 25% over 2011. Total expenses to maintain the golf course (excluding Jim Ager) are just over \$630,500 in 2012. The basic summary of the Holmes golf operation financial position from the City perspective and before other items (depreciation and internal charges) are considered is shown in the table that follows:

<b>Holmes Golf Course Summary of Operations City Perspective 2009 – 2012</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total City Revenue	\$628,610	\$538,579	\$525,440	\$658,193
Total City Maintenance Expense	\$509,222	\$510,832	\$573,046	\$630,281
<b>NET INCOME (Loss)</b>	<b>\$119,388</b>	<b>\$27,747</b>	<b>(\$47,606)</b>	<b>\$27,912</b>
Net Income % of Rev.	19.0%	5.2%	-9.1%	4.2%
Source: City of Lincoln				

Other summary points from NGF regarding the Holmes GC include:

- The addition of a new clubhouse facility at Holmes in June 2013 provides opportunity to enhance revenue at the facility by increasing the appeal for event and tournament rounds. Other changes could also be made to the facility such as a new irrigation system and more forward tees to shorten the course for women players. This will require new investment in the Holmes GC facility as noted by NGF in this report.
- Revenue generated from ancillary items such as food, beverage driving range, lessons and merchandise total as much as \$320,000+ each year. The City would likely improve overall performance of the golf course with a modified system that pooled all revenue together before providing a split between the City and concessionaire (more later in this report).

### Holmes GC Golfer Survey

NGF's Golfer Survey Program was distributed seeking opinions of the Holmes Golf Course. A total of **341 surveys** were collected by NGF, with 54% coming from members and 46% from non- members. The survey is not intended to be a scientific study of Lincoln golfers, although the high participation does give the results a high degree of confidence. A copy of the survey instrument is displayed in **Appendix B** to this report. The general findings and a table showing the ratings follow below:

#### Holmes GC Survey Scores – Members

<b>Holmes Golf Course Satisfaction Measures Members – 185 Responses (5/16/13 – 6/25/13)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Customer Satisfaction	6.4	1
Satisfaction compared to expectations	6.2	1
Satisfaction compared to other courses	6.0	4
Likelihood to play more	5.4	0
Likelihood to recommend	5.8	1
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.		

<b>Holmes Golf Course Satisfaction Factors Members – 185 Responses (5/16/13 – 6/25/13)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Value	6.7	3
Overall Course Conditions	5.6	1
Pace of Play	5.9	2
Friendliness/Helpfulness of Staff	8.1	20
Golf Course Design / Layout	8.1	35
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.		

## Holmes GC Survey Scores – Non-Members

Holmes Golf Course Satisfaction Measures Non-Members – 156 Responses (5/16/13 – 6/25/13)		
Factor	Average Score (Scale 1-10)	Percentile*
Overall Customer Satisfaction	6.5	1
Satisfaction compared to expectations	6.2	1
Satisfaction compared to other courses	6.0	4
Likelihood to play more	5.2	0
Likelihood to recommend	6.1	1

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

Holmes Golf Course Satisfaction Factors Non-Members – 156 Responses (5/16/13 – 6/25/13)		
Factor	Average Score (Scale 1-10)	Percentile*
Overall Value	6.5	2
Overall Course Conditions	6.0	2
Pace of Play	5.8	1
Friendliness/Helpfulness of Staff	7.8	7
Golf Course Design / Layout	7.6	8

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

## Summary of Findings

1. Holmes golfers that responded to the survey show an extremely low level of overall customer satisfaction than is typical for other golf facilities nationwide (of similar pricing). Further, golfers identified as not being members were the least satisfied sub-group of customers in the survey.
2. The survey showed that only 39% of Holmes golfers made a positive referral about the course and that the average Holmes golfer referred 3.8 other golfers to the facility. By comparison, 25% of Holmes golfers made negative referrals, with an average of 5.5 negative referrals. This finding was consistent between members and non-members, and between men and women.
3. The profile of the Holmes golfer is predominantly male (87%) and generally older (75% over 50) than the national benchmark (total U.S. is 85% male and 50% over 50). Only 23% of respondents indicated they played a total of over 25 rounds of golf at Holmes annually, the lowest total in the Lincoln City golf system. The survey group is also more local geographically than other Lincoln courses, with over 62% originating in the top four ZIP Codes: 68516, 68506, 68510, and 68521. The map displaying the origin of customers is displayed in **Appendix B** to this report.

4. Our surveys show that other golf facilities utilized by this survey group include primarily the other Lincoln City Golf Courses Pioneers (68% use), Highlands (62%) and Mahoney (61%). Holmes golfers also report playing at (in order of importance – all with more than 15%): Crooked Creek GC (37%), HiMark GC (33%), Wilderness Ridge GC (20%), and Woodland Hills GC (15%).
5. When asked to rate the ease of securing tee times at Holmes GC, **78% of respondents indicated they were satisfied or very satisfied.** This view was supported by both members and non-members alike, as both groups indicated close to 80% satisfaction.
6. Despite concerns conveyed to NGF in our site visits, golfers at Holmes seemed relatively satisfied with the check-in procedure, as 83% of respondents indicated the procedure meets expectations. Only 14% indicated it needed improvement and only 3% indicated it was very frustrating. This finding was consistent between members and non-members, and between men and women.
7. Very few of the respondents (3%) indicated that they ever had to wait for a golf cart to become available before starting a round of golf. This finding was consistent between members and non-members, and between men and women.
8. Golfers at Holmes seem neither satisfied nor dissatisfied with the way Holmes organizes and manages golf events and tournaments. The vast majority of respondents (76%) gave this service a neutral score. This finding was consistent between members and non-members, and between men and women.
9. When asked what level of food and beverage service golfers would like to see in the new clubhouse at Holmes, the majority of responses (73%) fell somewhere in between a light snack bar and a full-service restaurant. Still, a sizable constituency (11%) indicated they would like to see a full-service restaurant added to the new clubhouse at Holmes GC.
10. In review of the general open-ended comments survey respondents made about what they like about Holmes GC, the NGF noted several key themes that were common, including:
  - Good employees
  - Greens are nice
  - Close to home
  - New clubhouse
  - Inexpensive
11. In review of the general open-ended comments survey respondents made about what needed improvement at Holmes GC, the NGF noted many more comments with a variety of topics, the most common included:
  - Golf maintenance is a problem
  - Improved F & B operation and selection
  - Lighted driving range
  - Golf course quality, fairways, bunkers, cart paths, etc.
  - Add a course marshal to help with slow play
  - Move up women's tee boxes

## NGF Recommendations – Holmes Golf Course

Holmes is a good quality public golf facility featuring a basic golf design that is very playable, but some upgrade to the facility's infrastructure is needed and recommended by NGF. The facility is presently in deteriorating condition for several reasons, and the quality of golf will need to be maintained in order to match the quality of the new clubhouse. The NGF is recommending that the City complete some upgrades to the golf course at Holmes so that the facility will be able to sustain its green fee structure in the middle range of the Lincoln system and at the level as Pioneers.

In light of this reality, the NGF recommendations for Holmes are designed to improve its economic performance with: (1) upgrades to its physical infrastructure; and (2) upgrading the marketing and promotional activities by both on-site and City staff.

### Holmes Recommendations

Complete the physical upgrade recommendations detailed previously by NGF and shown below, excluding lost revenue due to business disruption that may occur.

<b>Holmes Golf Course Needed Physical Improvements</b>	
<b>Highest Priority Items (1-5 years)</b>	<b>Highest Estimated Cost</b>
Continuous Cart Paths	\$120,000
Forward Tees	18,000
Irrigation	750,000
Cart Covering	72,000
<b>Total Holmes Upgrades</b>	<b>\$960,000</b>

In addition to the primary upgrades noted above, the NGF also recommends some simple modifications be made to the new clubhouse. These include the installation of partitions, a covering (or replacement) of the floor in the kitchen for safety and the addition of a circular drive up to the clubhouse with a bag drop area.

- Improve the marketing and promotion of the facility, both within the system and for Holmes individually. As a method to improve marketing, City of Lincoln should work to improve the Holmes GC website (or web page) with special focus on the quality of the golf course and as an ideal space for tournaments and events (after physical upgrades).
- In addition to web marketing, the continued and expanded production of facility-specific printed materials and advertisements is also recommended. Additional activities such as direct selling of outings and tournaments to regional businesses, organizations, and charitable organizations through enhancing print materials and direct selling (cold calls, meetings, other facility tournaments, etc.).
- Along with Pioneers, NGF recommends only minor adjustments to the fee structure at Holmes for 2013. However, this pricing assumes that the quality of the golf course will be improved to a level comparable to the new clubhouse. The NGF is recommending there be changes at all the 18-hole courses in the system to add a new resident/non-resident breakdown and twilight fees for later afternoons when demand is generally lower (more in system recommendations).

## Summary – Holmes Golf Course

With the addition of the new clubhouse facility and interesting golf course, Holmes GC has the potential to improve its economic performance, but some upgrade to the golf course will be required. The facility is able to handle a much larger volume of golf rounds than is presently being served, and the recent declines have coincided with declining golf course conditions, indicating the potential for improvement is strong. It is clear that the key issue facing the City of Lincoln in the Holmes operation is how to use the new clubhouse to maximize the organized event schedule of tournaments, outings, charity functions, etc. as a key to improving economic performance.

### As-Is Economic Performance

The estimates in this section show Holmes' performance at various rounds played totals (worst case, 'as-is,' modest growth and best case), assuming expected 2013 inputs for revenues and expenses. The table shows that Holmes GC will need to generate at least 44,000 rounds annually to cover all on-site obligations, excluding some expenses related to Jim Ager GC. Even with rounds total exceeding 50,000, the facility is not expected to generate net revenue at levels comparable to Pioneers GC. NGF has prepared these projections noting that there is variability in expenses at higher rounds (i.e., more maintenance needed when more rounds are played – figures rounded to nearest \$100).

<b>Holmes Golf Course Estimated City Economic Performance at Various Rounds Totals</b>				
<b>Rounds</b>	<b>36,000</b>	<b>40,000</b>	<b>44,000</b>	<b>50,000</b>
<b>Revenue</b>				
Green Fees	\$378,800	\$420,800	\$462,900	\$526,000
Cart Fees	170,100	189,000	207,900	236,200
<b>Total Revenue</b>	<b>\$548,900</b>	<b>\$609,800</b>	<b>\$670,800</b>	<b>\$762,200</b>
<b>Expenses:</b>				
Total Personnel Services	\$300,000	\$315,000	\$325,000	\$340,000
Total Materials & Supplies	105,000	115,000	125,000	140,000
Total Other Services	195,000	210,000	220,000	230,000
Capital Outlay	5,000	5,000	5,200	5,400
Permits, Fees & Other	1,000	1,000	1,100	1,100
<b>Total Expense</b>	<b>\$606,000</b>	<b>\$646,000</b>	<b>\$676,300</b>	<b>\$716,500</b>
<b>Net Income Before Other City Charges and Deprec. (Loss)</b>	<b>(\$57,100)</b>	<b>(\$36,200)</b>	<b>(\$5,500)</b>	<b>\$45,700</b>

### NGF Projections 2012-2017

The NGF Consulting cash flow model for Holmes GC through FY2017 assumes a "standard" market environment over the next five years. This projection is intended to provide a realistic projection of economic performance of Holmes in the next five years considering NGF assumptions, particularly the upgrades to the golf course to match the new clubhouse. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Lancaster County regional economy, employment, or visitation.
- There is a decline in FY2013, with recovery in 2014. Rounds stabilize at 47,000 total by 2016 (conservative estimate). NGF projects this to become a new "stable" level of

rounds, with some years falling below and some years rising above this expected 'average' figure.

- Green fees assume the NGF recommended schedule of fees, including the new resident/non-resident program and other twilight discounts. The NGF has also assumed that the City can adhere to increases in fees each year (2.5% - approximately \$0.50).
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.
- It is assumed the City will undertake NGF recommended capital projects as shown.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

<b>Holmes Golf Course Projected Economic Performance with NGF Recommendations</b>						
<b>Key Project*</b>	<b>2012 (Actual)</b>	<b>2013 (Projected)</b>	<b>2014 (Projected)</b>	<b>2015 (Projected)</b>	<b>2016 (Projected)</b>	<b>2017 (Projected)</b>
		Forward Tees	Cart Paths, Tees	Tees	Cart cover, Tees	Tees
<b>Rounds</b>	<b>47,367</b>	<b>39,500</b>	<b>42,500</b>	<b>44,000</b>	<b>47,000</b>	<b>47,000</b>
<b>Revenue</b>						
Green Fees	\$454,211	\$426,000	\$469,800	\$498,500	\$545,800	\$559,500
Cart Fees	203,982	191,300	211,000	223,900	245,100	251,300
<b>Total City Revenue</b>	<b>\$658,193</b>	<b>\$617,300</b>	<b>\$680,800</b>	<b>\$722,400</b>	<b>\$790,900</b>	<b>\$810,800</b>
<b>Operating Expenses:</b>						
Total Personnel Services	\$300,245	\$315,000	\$280,000	\$294,000	\$308,700	\$324,100
Total Materials & Supplies	\$103,007	115,000	117,900	120,800	123,800	126,900
Total Other Services	\$227,029	210,000	215,300	220,700	226,200	231,900
Capital Outlay	0	5,000	125,000	5,000	77,000	5,000
Permits, Fees & Other	0	1,000	1,000	1,000	1,000	1,000
<b>Total Operating Expense</b>	<b>\$630,281</b>	<b>\$646,000</b>	<b>\$739,200</b>	<b>\$641,500</b>	<b>\$736,700</b>	<b>\$688,900</b>
<b>Net Operating Income after Expense (Loss)</b>	<b>\$27,912</b>	<b>(\$28,700)</b>	<b>(\$58,400)</b>	<b>\$80,900</b>	<b>\$54,200</b>	<b>\$121,900</b>

\*Key projects based on NGF recommendations. Forward tee program = \$5,000 each year.

## **ANALYSIS OF HIGHLANDS GOLF COURSE**

Highlands Golf Course, an 18-hole links-style championship golf facility developed in 1992 as part of a broader plan to add high-end public golf to the City of Lincoln golf system. The facility was developed and originally financed with the issuance of public bonds, and the debt service from these bonds has just recently been retired. The facility consists of an 18-hole golf course, clubhouse from 1992, driving range and other appropriate support amenities. The course is located in the growing northwest quadrant of Lincoln, in proximity to the Lincoln airport. The facility is owned by the City of Lincoln and operated via concession agreement with Dennis Vontz, PGA Professional for the purpose of providing professional golf services at Highlands Golf Course. While Highlands is operated under the same general structure and fee schedule of the other three 18-hole City courses, the facility has the newness, uniqueness and high quality

that is typically associated with higher fee public golf courses. The clubhouse at Highlands GC is presently the only facility in the golf system (until the new clubhouse at Holmes) capable of hosting larger golf events and tournaments.

Unlike the other golf courses in the Lincoln system, the property used by Highlands GC is not deeded as “Park Property,” and therefore could be sold and/or leased to the private sector without referendum. However, there is a small 5.5 acre parcel at the southeast corner of the property that the City has been active in trying to sell. It is expected that if such a sale were to occur, the proceeds would fall to the Golf Fund as the property is presently part of a golf facility and within the Golf Fund domain.

## Location and Access

Highlands Golf Course is conveniently located with good access and visibility, potentially leading to high rounds activity. The facility is located in immediate proximity to the interchange between Interstate-80 and Interstate-180, only 1.5 miles from the golf course entrance on NW 12<sup>th</sup> Street. The property immediately adjacent to the golf course includes the airport, a small residential community on the east side of NW 12<sup>th</sup> Street, and several small businesses along NW 12<sup>th</sup> Street. The I-80 interchange with NW 12<sup>th</sup> Street is the local airport exist and includes several hotel properties, all in immediate proximity to the Highlands GC and should be considered a strong source for potential rounds of golf. There is also a large Kawasaki plant just to the northwest of Highlands GC, just across W Fletcher Avenue. In all, the site is generally convenient to access and is in proximity to several elements that can help generate activity, such as the airport and local hotels and businesses. As such, this facility is expected to function as a “destination-type” golf facility, with strong potential demand coming from golfers living beyond the standard public golf course drive time of approximately 20 minutes.

## Golf Course Review

Highlands GC is a newer public golf facility that was been designed and built to be operated as a high end public golf facility, although the City appears to be operating Highlands much the same as the other 18-hole courses in the system. Highlands GC is also longer and harder than the other courses in the system, which may limit its appeal to the broadest segment of golfers. This can be a weakness, but can also be a strength if the City were to consider changing the operation to reflect more of a destination-type golf experience (more later in this report). A summary of the golf course follows:

- First opened in 1992 and designed by Jeff Brauer.
- Links-style Par-72 layout with interesting topography, many hazards and several very large and steep bunkers. All 18 greens are original from the 1992 construction.
- Unlike the other courses in the system, Highlands GC has four sets of tees (Championship, Back, Middle, Forward), with the longest measuring 7,021 yards and a USGA slope rating of 128 (the ‘hardest’ in the system). The most forward tee measures 5,280 with a slope rating of 112, a number very close to the USGA “standard.”
- The most forward tee is commonly associated with a “ladies” tee, and the length of just under 5,280 yards makes the course still a bit long for women players. NGF prefers a ladies course be in the range of 5,000 total yards to maximize appeal in the female segment.
- The course includes over 40 sand bunkers, including several very large bunkers that add labor intensity to the maintenance operation. The large lake between the 9<sup>th</sup> and

18<sup>th</sup> holes adds a water hazard to the course, in addition to a small pond on the 12<sup>th</sup> hole.

- The course totals 234 acres, including:
  - Greens - 6 acres
  - Tees - 8 acres
  - Fairways - 80 acres
  - Rough – 125 acres
  - Native – 15 acres
- Cart paths are present around some greens and tees, but not continuous throughout the golf course.

Overall, the course at Highlands offers a good quality championship golf course that requires skill and accuracy to play well. This facility represents a generally more difficult golf challenge and requires higher skill levels to play well. This may have implications for the total volume of play as golfers tend to prefer playing golf courses that match their skill level. Thus a less skilled player may not feel comfortable playing at Highlands, while the better skilled players may seek out the challenge. Given that the majority of amateur golfers fall in the less skilled category, the difficulty of the Highlands offering may help to reduce total rounds played.

Highlands has some on-course services with one restroom near the 3<sup>rd</sup>-4<sup>th</sup> holes, a restroom between the 7<sup>th</sup> and 13<sup>th</sup> greens, and a shelter near the 18<sup>th</sup> tee. **Upon review and inspection it is clear to NGF that there is nothing inherent in the basic design of the golf course or the facility as a whole that could serve to negatively impact rounds or revenue, although the NGF does believe that the Highlands Golf Course may not be operated to its full potential.**

### Practice Amenities

Highlands Golf Course has nice practice amenities that include a large driving range that is over 380 yards long and 180 yards wide, and has hitting stations (both grass and mats) for up to 35 patrons. The driving range is conveniently located near the south side of the clubhouse, and in proximity to the practice green and practice chipping / bunker area. The range is also well located for access from the parking lot or directly from the cart staging area. Range balls are obtained from the pro shop. The driving range does not have any netting or firm barriers to prevent shots from leaving the range, but this does not appear to be a problem for this course. Overall, the practice amenities at Highlands GC are appropriate for a higher quality facility and would not need to be altered even if the City were to pursue a higher-end operational model at Highlands GC.

### Clubhouse Review

The clubhouse at Highlands includes about 10,000 sf of space and offers both appealing aesthetics and functionality. The key components of the Highlands Clubhouse:

- **Pro Shop** – Small, but open with a wide variety of offerings. The merchandise is well displayed in open shelving and racks/cabinets, all consistent with higher-end golf facilities.
- **Snack Bar / Grill** – Highlands has a small kitchen and limited storage for the food and beverage operation. There is ample room for up to 150 patrons in the clubhouse,

but the kitchen cannot handle that volume. The day-today F & B operation is very small and does not match the potential of the Highlands golf course.

- **Restrooms** – The facility includes very small restrooms for both men and women. The restrooms are not large enough to handle larger events, parties, and tournaments.
- **Kitchen** – Kitchen facilities are limited and not capable of providing a full menu of offerings for both daily restaurant fare and banquets and events.
- **Storage** – There is limited storage available throughout the building.
- **Electric** – It was reported to NGF that there is poor electrical circuitry in the Highlands GC clubhouse and this causes some problems with overloads from time to time.

The clubhouse at Highlands offers limited functional utility, but has pleasing aesthetics with nice views of the golf course. While there appears to be ample space to handle all the basic needs of a public golf course, the space is inefficient for hosting large events and parties. If the City elects to broaden the market appeal of the Highlands GC and possibly even increase green fees, it is likely that some upgrade of the clubhouse would be required.

## Highlands Physical Evaluation

Highlands GC appeared to have two well-maintained golf courses at the time of the NGF visit in May 2013. NGF expects that Highlands will have maintenance requirements that should be at the highest level in the City of Lincoln golf system. It is of great importance that maintenance at Highlands be efficient, both in total labor, utilities, and supplies.

## Recommended Upgrades

The overall condition of the Highlands Golf Course property is very good. Given the relatively recent (20 years) development of the golf course at Highlands, all infrastructure is clearly within its expected useful life (see **Appendix A**), and no major alteration of the golf course is required. In looking to the future, some items should be considered for upgrade at Highlands, mostly related to softening the difficulty of the courses for less skilled golfers, adding continuous cart paths and upgrading the clubhouse. The physical improvements recommended for Highlands, presented in order of NGF recommended priority:

1. **Complete a Long Range Plan for the Highlands GC** – Ideally a member of the American Society of Golf Course Architects (ASGCA) should be contracted to complete a long-range plan to evaluate the golf course needs over the next 10 years, specifically as it relates to maximizing its economic potential as a higher-end and higher-fee golf facility. **NGF estimated cost = \$15,000.**
2. **Continuous Cart Paths** – Complete a full overlay of asphalt cart paths to cover the full length of the golf course. Full cart paths will allow the golf course to be open and available for use more often during wet periods and can help improve rounds and revenue. **NGF estimates that new cart paths at Highlands GC will cost \$100,000 for the approximately 10,000 linear feet needed to complete a full upgrade to the cart path system for the golf course.**
3. **Clubhouse Upgrade** – Highlands would benefit from upgrades to the clubhouse totaling \$90,000. Key areas for upgrade include:

- a. **Upgrade Kitchen** – If possible given the physical constraint of the building, the kitchen should be enlarged to allow for the addition of a grill, fryer, and walk-in cooler. **NGF estimated cost = \$40,000.**
  - b. **Restroom Upgrades** – Highlands should upgrade the restrooms in the clubhouse. **NGF estimated cost = \$20,000.**
  - c. **Painting and Fixtures** – A program of new paint and fixtures for the Highlands clubhouse. **NGF estimated cost = \$15,000.**
  - d. **Increase Storage Capacity**– Highlands should improve the storage capacity of the building through the addition of modular external space. **NGF estimated cost = \$15,000.**
4. **Bunker Program** - Highlands has 40 total bunkers, with several needing work to improve and/or even be reduced or eliminated. The bunkers at Highlands are key to the challenge and also add to the overall visual appeal of the golf course, but the large size adds to the challenge and expense of maintaining the golf course. Given this visual appeal, many of the bunkers on this course are present primarily for visual appeal and not the play of golf. Thus, it is expected that the total number of bunkers could be reduced by 25%, leaving more than 30 bunkers. This should be completed as an ongoing program with an **estimated cost of \$8,000 per year each year over the next five years.**
  5. **Tee Program** - Highlands has 4 sets of tees, and the most forward tee is almost 5,300 yards, a length generally too long for most women players. Highlands staff should commit to a program to add a more forward tee to at least 8 to 10 of the 18 holes to help reduce overall length from the most forward tee. This should be completed as an ongoing program with an **estimated cost of \$2,000 per additional tee (complete 4 per year over 5 years).**

### Estimated Cost and Priority of Physical Improvements

The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

<b>Highlands Golf Course Needed Physical Improvements</b>	
<b>Lower Priority Items (1-10 years)</b>	<b>Highest Estimated Cost</b>
Long Range Plan	\$17,500
Continuous Cart Paths	100,000
Clubhouse Upgrades	90,000
Bunker Program (Total over 10 Years)	40,000
Tee Program (Total over 10 Years)	20,000
<b>Total Highlands Upgrades</b>	<b>\$265,000</b>

### Operations and Staffing

As noted previously, Highlands GC is presently operated jointly by a private contractor (pro shop) and the City of Lincoln (golf maintenance) through the City's Parks and Recreation Department and City employed Golf Administrator. On-site authority for the Highlands GC is the responsibility of the Head Golf Professional, a contract employee who oversees operations at Highlands and Highlands (as detailed earlier in this report).

## Pro Shop Concession Agreement

The key issues related to the Highlands pro shop agreement include items shown below. The contractor also has a similar agreement in place for the Mahoney GC:

- Compensation:

Period	Per Month	Plus Per Round
11/1/11 – 10/31/12	\$2,500	\$0.35
11/1/12 – 10/31/13	\$2,500	\$0.30
11/1/13 – 4/30/15	\$2,500	\$0.25

- Manager receives gross proceeds generated by operation of the restaurant, pro shop, alcohol sales, driving range, and provision of golf instruction.
  - Manager pays all taxes and fees.
- Services match those at Mahoney.

## Staffing

The reported staff at Highlands equates to approximately 18.0 FTE's, an amount slightly lower than several of the other courses in the system, despite this being the highest quality property. If Highlands GC is to be upgraded into a "premier," destination-type golf property, the City will find that staff in both pro shop operations and golf maintenance will likely have to be increased. In addition, the principal of the pro shop concession (Dennis Vontz) is included in the Highlands golf staffing although this individual does spend time at both Highlands and Mahoney GCs. The estimated Highlands GC staffing is shown below:

<b>Highlands Golf Course Facility Staffing 2012-2013</b>	
<b>Pro Shop / Contractor Employees</b>	
Head Golf Professional (Contractor – shares time between Highlands and Mahoney)	FT = 1 FTE
Assistant Golf Professional (PGA)	FT = 1 FTE
Assistant Golf Professional	FT = 1 FTE
Additional Seasonal F & B Staff (140 hrs. / week)	PT = 3.5 FTE
Additional Seasonal Golf (100 hrs / week)	PT = 2.5 FTE
<b>City Maintenance Employees</b>	
Superintendent	FT = 1 FTE
Assistant Superintendent	FT = 1 FTE
Equipment Operator I	FT = 1 FTE
Laborer I	FT = 1 FTE
Additional Seasonal Maintenance Staff	PT = 5 FTE

The "standard" golf facility in the U.S. with seasonal climates (8 to 10-month golf season) employed a total of 20 FTE personnel in 2012, with 11 in golf maintenance, 6 in pro shop/operations and another 3 for clubhouse/F & B. This level of staffing represents a reduction from 2009 figures as a result of declining income and the need to reduce expense. As a result, many golf operations around the country are operating with very lean staff and Highlands GC is no different. Based on the NGF review of the Highlands GC staffing, and in comparison to golf industry norms, it appears that Highlands GC is operating with a staff that is likely not sufficient to sustain operations if the facility were to be re-positioned as a higher quality golf facility (more later in this report).

## Food and Beverage Operations

The food and beverage operation at Highlands GC appears to be “standard” for a public golf course operation, serving the basic concession needs of golfers in an efficient and convenient fashion. However, the lack of a grill and/or bar area will serve to limit this facility’s potential as a higher-end golf facility that would be sought after as a destination property. The golf course layout and condition does appear to be consistent with a premium facility, but the food and beverage operation clearly does not match with a premium level of quality.

The clubhouse / food and beverage operation needs to match the quality of the golf course. A mismatched golf course and clubhouse can cause problems for facilities, especially if the facility plans to target tourist, event, tournament, corporate, and other group activity. An appropriate clubhouse and food and beverage service is important to revenues for two reasons:

- **Direct Revenue** – an enhanced clubhouse / F&B operation will lead to increases in food, beverage, and banquet sales, some of which can fall directly to the City (depending on the structure of operations/concession).
- **Indirect Revenue** – an enhanced clubhouse will make the overall experience of golf at Highlands Golf Course more appealing, leading to increased rounds and increased green and cart fee revenue.

The food and beverage service at Highlands is provided through two separate venues of operation: (1) the Highlands snack shop and (2) on-course beverage carts. The Highlands snack shop service includes counter service of a basic menu of items limited due to the lack of a full kitchen. A review of the menus shows modest pricing on items, with soft drinks at \$1.00 to \$2.50, beer at \$3.25 to \$4.00 (\$8 for a pitcher), hot dogs and pre-packaged sandwiches at around \$2.75 to \$4.50 and per-drink liquor at varied pricing. Seating is comfortable and convenient in the snack area, but space is limited to a max of 48 patrons.

The “typical” food and beverage concession at public golf courses produces approximately \$5.61 per round, including banquets (see next chapter). Analysis of Highlands shows total gross revenue from the food and beverage operation at approximately \$240,000 in 2012, or approximately \$5.68 per round for total food and beverage (very close to the U.S. average). Considering the limitations on the food service at Highlands, the NGF would expect that this figure could be much higher if the amenities available matched the quality of the golf course.

In summary, NGF Consulting believes that the food and beverage operation at Highlands is limited, and that it is likely that improvements to the kitchen facilities at Highlands would lead to increases in both direct revenue (increase F & B sales) and indirect revenue (increased rounds of golf).

## Facility Performance and Data Analysis

The following paragraphs summarize the activity, revenue, and expenses for Highlands GC.

### Activity Levels

The activity at Highlands tends to be comparable to the other City golf facilities, with steady performance in 2007-2009, steep decline in 2010 and 2011, followed by recovery in the good weather year of 2012. Early indications are that 2013 will finish with rounds lower than 2012 and closer to the 2010 and 2011 totals. Significant impacts to rounds totals were recorded during the 2010 and 2011 period, including both immediate effects of a recession in late calendar year 2008, and other weather events, including an extraordinarily cold April and even snow in early May 2013.

The total rounds recorded at Highlands are down from totals observed at this facility in the last decade where higher totals were far more common (over 49,000 rounds in FY2000). This longer-term decline is generally consistent with national trends observed by the NGF. The average annual rounds per 18-hole public golf course in the total U.S. now stands at 31,527, down from more than 50,000 rounds in 2000 (see next chapter).

Highlands Golf Course Historical Total Reported Rounds – 2007-2012							
	2007	2008	2009	2010	2011	2012	Average
Total Rounds	42,072	40,868	41,498	36,760	38,024	42,274	<b>40,249</b>
Annual % Change		-2.9%	1.5%	-11.4%	3.4%	11.2%	
<b>Total % Change (2007-12)</b>							<b>0.5%</b>
Source: City of Lincoln							

### Rounds by Type

Rounds at Highlands are divided between adult, senior, and junior rounds. The totals are then further divided between daily green fee rounds and rounds played by season pass holders.

Highlands Golf Course Rounds Played by Type (2008-2012)						
	FY2008	FY2009	FY2010	FY2011	FY2012	Average
Adult 9	14,825	15,034	12,989	12,757	14,294	14,825
Adult 18	12,542	12,173	10,432	10,684	12,020	12,542
Senior 9	3,483	4,043	3,837	3,853	3,750	3,483
Senior 18	7,618	8,681	7,941	9,429	10,163	7,618
Junior 9	1,462	1,107	933	717	853	1,462
Junior 18	938	460	628	584	1,194	938
<b>Total</b>	<b>40,868</b>	<b>41,498</b>	<b>36,760</b>	<b>38,024</b>	<b>42,274</b>	<b>40,868</b>
Source: POS Sales Reports - City of Lincoln						

### Rounds by Month

As with other City courses, there is a clearly definable peak season at Highlands with highest activity in June through August summer season. There is a small “shoulder” season in April, May, September, and October, and a slower winter season where some rounds are generated on a weather-permitting basis.

<b>Highlands Golf Course Rounds by Month (FY2008-2012)</b>						
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
September	4,458	4,632	4,319	4,526	4,670	3,768
October	2,815	2,566	1,544	3,100	2,865	2,148
November	1,279	750	1,415	810	862	853
December	51	165	88	234	517	176
January	0	277	0	100	783	193
February	210	879	0	792	376	376
March	1,594	1,868	1,462	1,184	3,367	1,579
April	3,998	4,404	4,794	4,023	4,939	3,693
May	6,132	6,445	5,323	5,238	5,828	4,828
June	6,979	6,254	5,923	5,678	5,893	5,121
July	6,688	6,650	5,818	5,606	6,076	5,140
August	6,664	6,608	6,074	6,733	6,098	5,363
<b>Total</b>	<b>40,868</b>	<b>41,498</b>	<b>36,760</b>	<b>38,024</b>	<b>42,274</b>	<b>40,249</b>
Source: POS Sales Reports - City of Lincoln						

### Capacity Issues

As we will present later in the 'Competitive Analysis' section, current rounds played volumes at Highlands are within the norms for public 18-hole golf facilities operating within the Lincoln Metro region. Based on Highlands' market positioning, location, and higher 'links-style' quality (difficulty of play), NGF Consulting has estimated a reasonable number of expected yearly rounds activity of about  $\pm 45,000$  to  $\pm 50,000$  rounds in a good weather year. Thus, NGF has not termed this a "capacity": Highlands is fully capable of hosting rounds in excess of 50,000, but it should not be expected at this location at this time.

### Revenue Analysis

NGF Consulting's review of performance shows that Highlands has experienced stronger income for the City of Lincoln, exceeding \$700,000 in 2009 and 2012. When combined with golf professional revenue (merchandise, range, food and beverage), the total revenue generated by Highlands is in excess of \$1.35 million in FY2012. When compared to industry averages (see next chapter), we see that Highlands is operating with revenues that clearly exceed the U.S. average for a "standard" public golf course (under \$40 green fee). The US average revenue for standard public golf courses was \$1,047,000 (18 holes) in 2012, inclusive of all facility revenue such as merchandise, range, food and beverage (presently earned by concessionaire).

<b>Highlands Golf Course Total Gross Revenue – 2008-2012</b>						
<b>Revenue</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
Green Fees	\$452,358	\$479,957	\$433,482	\$446,454	\$489,411	\$460,332
Cart Fees	214,486	231,316	206,680	236,062	258,808	\$229,470
<b>Total City Revenue</b>	<b>\$666,844</b>	<b>\$711,273</b>	<b>\$640,162</b>	<b>\$682,516</b>	<b>\$748,219</b>	<b>\$689,803</b>
Annual % Change		6.7%	-10.0%	6.6%	9.6%	
<b>Total % Change (2008-12)</b>						<b>12.2%</b>
Source: POS Sales Reports - City of Lincoln						

### Average Revenue Analysis

The total average revenue earned per round of golf played in 2012 totaled \$30.72, divided between the City of Lincoln (\$17.70) and the pro concessionaire (\$13.02). Both totals are the highest among the Lincoln City golf courses. The average for Standard public golf courses in the U.S. was \$23.51 for total golf revenue per round (green, cart, membership), plus an additional \$9.70 in ancillary spending (food, beverage + merchandise – see next chapter).

<b>Highlands Golf Course Average Revenue per Round 2009 – 2012</b>				
<b>Revenue</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Total Rounds</b>	<b>41,498</b>	<b>36,760</b>	<b>38,024</b>	<b>42,274</b>
<b>City Revenue</b>				
Green Fees	\$11.57	\$11.79	\$11.74	\$11.58
Cart Fees	\$5.57	\$5.62	\$6.21	\$6.12
<b>Concessionaire (Pro) Revenue</b>				
Merchandise (Gross)				\$5.68
Driving Range				\$1.66
F & B				\$5.68
Source: Denis Vontz				

### Expense Analysis

Basic expenses to maintain the golf course increased sharply in 2012, growing to over \$766,000 after very consistent performance of around \$680,000 each year between 2009 and 2011. The overall expenses to maintain this facility are the highest in the Lincoln system, and are higher than expense averages for public golf courses in the nation (average 18-hole facility = \$442,300 in expenses for golf course maintenance only). Given the newer golf course and higher, links-style quality it is expected that maintenance expenses should be higher at this facility.

<b>Highlands Golf Course Golf Course Maintenance Expense 2009 – 2012</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Golf Maintenance Expense</b>				
Total Personnel Services	\$327,586	\$330,225	\$340,056	\$349,919
Total Materials & Supplies	\$155,838	\$147,998	\$155,834	\$161,549
Total Other Services	\$189,915	\$195,455	\$195,884	\$255,126
Capital Outlay	0	0	0	0
Other	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$673,339</b>	<b>\$673,678</b>	<b>\$691,774</b>	<b>\$766,594</b>
Source: City of Lincoln				

### Direct Expense Findings

The two key expense categories of labor and non-labor expenses at Highlands are compared to the industry averages in the following table:

Industry	Indicator	Highlands GC	Total 2012
50%	Labor	45.6%	\$349,919
50%	All other Expenses	54.4%	\$416,675
<b>Total Expense</b>			<b>\$766,594</b>
Source: City of Lincoln			

### Other Expense Findings

In review of the Highlands Golf Course direct operating expenses, NGF offers the following basic summary:

- Total Golf maintenance expense at Highlands GC is higher than standard for a public 18-hole golf course. This is probably an appropriate position for Highlands, especially if the City were to adopt a higher fee structure for the facility (more later in this report).
- Direct costs for labor are closer in proportion to total expense at Highlands than any of the other facilities in the Lincoln City system. This suggests that the City is committed to spending on non-labor items such as materials and supplies, but also reflects the higher water cost at this facility.

### Pro Concession Summary

Highlands GC pro shop operation is run separately as per contract. The golf professional owns the revenue generated from merchandise, food, beverage and driving range sales, as well as a management fee (fixed + \$0.30 per round) paid by the City. The total Highlands GC operation from the perspective of the golf professional is shown in the table below, with figures provided to NGF by the concessionaire:

<b>Highlands Golf Course Golf Pro Concession Profit / Loss – 2012</b>	
<b>Total Income</b>	<b>2012</b>
Management Fee	\$30,000
Per Round Incentive	12,682
Merchandise	240,000
Snack Bar	240,000
Driving Range	70,000
Other (lessons, rentals, etc.)	12,000
<b>Total Pro Revenue</b>	<b>\$604,682</b>
<b>Less: Direct Cost of Sales (COS)</b>	
Merchandise	\$156,000
Snack Bar	\$120,000
Lessons	\$10,800
<b>Gross Profit</b>	<b>\$317,882</b>
<b>Operating Expenses</b>	
Maintenance	\$55,000
Labor	150,000
Credit Card Expense	18,000
Utilities	6,500
Other	20,000
<b>Total Expense</b>	<b>\$249,500</b>
<b>Net Income</b>	<b>\$68,382</b>
Source: Dennis Vontz	

### Highlands Golf Course Operations Summary – City Perspective

The Highlands GC operates as a public golf course, with the City collecting revenue from green fees, cart fees, and associated memberships. In total, this and other revenue drivers generated just over \$748,000 in revenue for the City in 2012, up 9.6% over 2011. Total expenses to maintain the golf course are the highest in the City system at just under \$767,000 in 2012. The basic summary of the Highlands golf operation financial position from the City perspective and before other items (depreciation and internal charges) are considered is shown in the table that follows:

<b>Highlands Golf Course Summary of Operations City Perspective 2009 – 2012</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total City Revenue	\$711,273	\$640,162	\$682,516	\$748,219
Total City Maintenance Expense	<b>\$673,339</b>	<b>\$673,678</b>	<b>\$691,774</b>	<b>\$766,594</b>
<b>NET INCOME (Loss)</b>	<b>\$37,934</b>	<b>(\$33,516)</b>	<b>(\$9,258)</b>	<b>(\$18,375)</b>
Net Income % of Rev.	5.3%	-5.2%	-1.4%	-2.5%
Source: City of Lincoln				

Other summary points from NGF regarding the Highlands GC include:

- The Highlands GC was originally designed to be a higher end, links-style golf facility that could command higher fees and be a regional draw. The maintenance budget was originally established based on the other City courses, but Highlands has a lot more acreage, especially in tees, greens and bunkers (also fairways). So the budget was never realistic and has always been exceeded without repercussions, but budget never modified.
- With well over \$600,000 in revenue, Highlands has by far the strongest performance in ancillary income in the Lincoln System. However, as noted by NGF, the system in place for distributing revenues between the City and its contracted golf professionals does need to be changed (more in recommendations section).

### Highlands Golf Course Golfer Survey

NGF's Golfer Survey Program was distributed seeking opinions of the Highlands Golf Course. A total of **385 surveys** were collected by NGF, with 54% coming from members and 46% from non-members. The survey is not intended to be a scientific study of Lincoln golfers, although the high participation does give the results a high degree of confidence. A copy of the survey instrument is displayed in **Appendix B** to this report. The general findings and a table showing the ratings follow below:

### Highlands GC Survey Scores – Members

<b>Highlands Golf Course Satisfaction Measures Members – 206 Responses (5/13/13 – 6/25/13)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Customer Satisfaction	8.0	55
Satisfaction compared to expectations	7.6	40
Satisfaction compared to other courses	8.0	78
Likelihood to play more	6.3	23
Likelihood to recommend	8.0	59
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.		

<b>Highlands Golf Course Satisfaction Factors Members – 206 Responses (5/13/13 – 6/25/13)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Value	7.9	56
Overall Course Conditions	7.8	48
Pace of Play	6.4	10
Friendliness/Helpfulness of Staff	8.2	35
Golf Course Design / Layout	8.6	69
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.		

### Highlands GC Survey Scores – Non-Members

<b>Highlands Golf Course Satisfaction Measures Non- Members – 179 Responses (5/13/13 – 6/25/13)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Customer Satisfaction	7.8	36
Satisfaction compared to expectations	7.0	11
Satisfaction compared to other courses	7.4	43
Likelihood to play more	5.7	1
Likelihood to recommend	7.6	31
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.		

**Highlands Golf Course Satisfaction Factors**  
**Non- Members – 179 Responses (5/13/13 – 6/25/13)**

Factor	Average Score (Scale 1-10)	Percentile*
Overall Value	7.4	25
Overall Course Conditions	7.8	41
Pace of Play	6.3	8
Friendliness/Helpfulness of Staff	7.9	14
Golf Course Design / Layout	8.5	60

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

### Summary of Findings

1. The overall level of customer satisfaction is higher at Highlands than the other courses in the Lincoln City system, with all factors except Pace of Play scoring in an acceptable range compared to other golf facilities nationwide (in the same price category). Further, golfers identified as being non-members tended to be a little less satisfied sub-group of customers in the survey.
2. The survey showed that 65% of Highlands' golfers made a positive referral about the course (highest in Lincoln) and that the average Highlands golfer referred 4.5 other golfers to the facility. By comparison, only 8% of Highlands golfers made negative referrals, with an average of 3.9 negative referrals.
3. The profile of the Highlands golfer is predominantly male (94% - highest in Lincoln) and generally older (67% over 50 – fewest in Lincoln) than the national benchmark (total U.S. is 85% male and 50% over 50). Only 23% of respondents indicated they played a total of over 25 rounds of golf at Highlands annually. The survey group is also more spread out geographically than other courses in Lincoln, with only 50% originating in the top three ZIP Codes: 68521, 68516, and 68506. The map displaying the origin of customers is displayed in **Appendix B** to this report.
4. Our surveys show that other golf facilities utilized by this survey group include primarily the other Lincoln City Golf Courses Pioneers (76% use), Holmes (66%) and Mahoney (58%). Highlands golfers also report playing at (in order of importance – all with more than 15%): HiMark GC (33%), Crooked Creek GC (31%), Wilderness Ridge GC (18%), Woodland Hills GC (17%), and Yankee Hill (16%).
5. When asked to rate the ease of securing tee times at Highlands GC, **82% of respondents indicated they were satisfied or very satisfied.** This view was supported by both members and non-members alike, as both groups indicated over 80% satisfaction.
6. Golfers at Highlands seem more satisfied than dissatisfied with the way Highlands organizes and manages golf events and tournaments. The vast majority of respondents (87%) gave this service a 3 or higher score, with 26% giving the highest score (highest in Lincoln).
7. When asked if they would pay more for golf at Highlands if the food and beverage services were upgraded and expanded, most of the survey group (56%) indicated they

would be willing to pay more, while 44% indicated they would not pay more. The increase of \$2 to \$4 was supported by 26%, \$5 to \$7 increase was supported by 17% and \$8 to \$10 by 3%. Approximately 9% indicated they would pay whatever the fee was set to be. This finding was consistent between members and non-members, with younger golfers tending to be more willing to pay higher fees for better service. However, when asked about volume of play, the vast majority (76%) indicated they would not play any more rounds if the F & B service at Highlands was improved.

8. Highlands seemed relatively satisfied with the check-in procedure, as 84% of respondents indicated the procedure meets expectations. Only 15% indicated it needed improvement and only 1% indicated it was very frustrating. This finding was consistent between members and non-members, and between men and women.
9. Very few of the respondents (3%) indicated that they ever had to wait for a golf cart to become available before starting a round of golf. This finding was consistent between members and non-members, and between men and women.
10. In review of the general open-ended comments survey respondents made about what they like about Highlands GC, the NGF noted several key themes that were common, including:
  - Good layout
  - Links style – unique for the area
  - Friendly staff
  - Well maintained
11. In review of the general open-ended comments survey respondents made about what needed improvement at Highlands GC, the NGF noted many more comments with a variety of topics, the most common included:
  - On-course services (restrooms, water)
  - Pace of play could be improved

## **NGF Recommendations – Highlands Golf Course**

The NGF recommendations related to the Highlands GC is for the City to consider adjusting the operating structure to allow for a tiered pricing system within the City of Lincoln golf courses, with Highlands GC at the highest end of the scale. Highlands GC was designed to fit this role, and the NGF believes it can be done with some new investment in the property. This facility has great potential to function as a high-end destination-type golf facility, although changes in both the golf course and support amenities will have to be made. Overall, Highlands has appeal as a 'destination' golf property, ideal for higher skilled, serious golfers and for an ideal place to host tournaments or outings.

Given this, the NGF recommendations for Highlands to improve its economic performance center around adjusting the facility to be operated more toward the higher-end of the golf market, focusing on visitors, tournaments, area hotels, and corporations. The City should also work to make adjustments in marketing to enhance the awareness of the facility as an ideal location for these segments, as opposed to just another municipal golf course in the Lincoln City system.

## Highlands Recommendations

- Complete the physical upgrade recommendations detailed previously by NGF and listed below. Some of the NGF physical recommendations involve slight changes to both the golf course and clubhouse to increase appeal in the higher fee segment of public golf. The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

<b>Highlands Golf Course Needed Physical Improvements</b>	
<b>Lower Priority Items (1-10 years)</b>	<b>Highest Estimated Cost</b>
Long Range Plan	\$17,500
Continuous Cart Paths	100,000
Clubhouse Upgrades	90,000
Bunker Program (Total over 10 Years)	40,000
Tee Program (Total over 10 Years)	20,000
<b>Total Highlands Upgrades</b>	<b>\$265,000</b>

- In addition to the physical upgrades noted above, some operational upgrades are also recommended by NGF to match the new pricing structure. Highlands should commit to a program that will include:
  - Starters and marshals at all times
  - Cart attendants providing help loading/unloading bags during peak times.
  - Table service in the grill area
  - Adding more logo merchandise for sale in the pro shop
  - Maintenance standards will need to be improved (along with the budget).
  - Widening the fairways
  - Making the greens firmer and faster
  - Reduce watering on the fairways to allow them to become harder.
  - Improved bunker maintenance
  - Additional landscaping
- Enhance the direct marketing of the facility, with specific focus on tournament and outing business. If possible within the City of Lincoln system, create a separate website for Highlands that focuses on tournaments and outings. Make sure to add photos of the Highlands facility to both the overall City of Lincoln golf webpage and the pages assigned for Highlands (or separate website as recommended by NGF). Photos should show the magnificence of the Highlands facility both in golf and the clubhouse.
- In addition to web marketing, the continued and expanded production of facility-specific printed materials and advertisements is also recommended. Additional activities such as direct selling of outings and tournaments to regional businesses, organizations, and charitable organizations through enhancing print materials and direct selling (cold calls, meetings, other facility tournaments, etc.).

- NGF recommends adjustments to the fee structure at Highlands, continuing an effort to create some price segmentation among the Lincoln City courses. If such a program is adopted, the NGF would place Highlands GC at the high end of the system, with its highest peak weekend green fee for non-residents at \$41.50 (\$59 with cart). From this highest fee, there would be several discounts for weekdays, seniors, juniors, and twilight. The NGF also recommends considering a “non-resident” rate for non-Lincoln golfers at all the courses, with the spread between residents and non-residents being the highest at Highlands GC (more in system recommendations).

### Summary – Highlands Golf Course

Given the quality of the golf course Highlands Golf Course has the potential to become one of the more popular higher fee golf courses in the region, and thus produce a strong volume of revenue. The potential high quality of the facility, couples with its proximity to the airport, the University, Capital and the northern section of Lincoln, all combine to make this facility a strong potential regional draw for the area.

It is clear that the key issues facing the City of Lincoln in the Highlands operation are: (1) how to maximize revenue through appropriate fee structure without ‘chasing away’ golfers with too aggressive a fee structure; (2) how to maximize the organized event schedule of tournaments, outings, charity functions, etc.; and (3) how to improve marketing and promotional activities to get the message out about Highlands and help to increase demand for the facility.

### As-Is Economic Performance

The estimates in this section show Highlands’ performance at various rounds played totals (worst case, ‘as-is,’ modest growth and best case), assuming a continuation of the existing 2013 operation (‘as-is’). Adjustments due to proposed fee changes are presented next. The table shows that Highlands GC is capable of exceeding \$1.0 million in green and cart fee revenue under its present fee and operating structure, if the facility can grow to approximately 49,000 rounds of golf. NGF has prepared these projections noting that there is variability in expenses at higher rounds (i.e., more maintenance needed when more rounds are played – figures rounded to nearest \$100).

<b>Highlands Golf Course Estimated City Economic Performance at Various Rounds Totals</b>				
<b>Rounds</b>	<b>36,000</b>	<b>40,000</b>	<b>44,000</b>	<b>50,000</b>
<b>Revenue</b>				
Green Fees	\$495,900	\$550,900	\$606,000	\$688,700
Cart Fees	240,800	267,500	294,300	334,400
<b>Total Revenue</b>	<b>\$736,700</b>	<b>\$818,400</b>	<b>\$900,300</b>	<b>\$1,023,100</b>
<b>Expenses:</b>				
Total Personnel Services	\$350,000	\$365,000	\$380,000	\$395,000
Total Materials & Supplies	160,000	170,000	180,000	190,000
Total Other Services	215,000	230,000	240,000	250,000
Capital Outlay	5,000	5,000	5,200	5,400
Permits, Fees & Other	1,000	1,000	1,100	1,100
<b>Total Expense</b>	<b>\$731,000</b>	<b>\$771,000</b>	<b>\$806,300</b>	<b>\$841,500</b>
<b>Net Income Before Other City Charges and Deprec. (Loss)</b>	<b>\$5,700</b>	<b>\$47,400</b>	<b>\$94,000</b>	<b>\$181,600</b>

## NGF Projections 2012-2017

NGF Consulting has created a cash flow model for the continued operation of Highlands, through 2017. The table below shows the projected cash flows for the full operation through FY2017, assuming a “standard” market environment over the next five years. This projection is intended to provide a realistic projection of economic performance of Highlands in the next five years considering NGF assumptions, particularly the adjustment in fees beginning in 2014, the upgrades to the facility and its marketing, and continued maintenance of the facility at a high level of quality. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Lincoln area regional economy, employment, or visitation.
- The decline observed in 2013 is temporary, leading to a slight increase in rounds beginning in FY2014. The publicity surrounding the facility upgrades, the change in fees and new marketing efforts recommended by NGF are expected to produce increases to a stable level of 43,000 rounds by FY2015 (conservative estimate). NGF projects this to become a new “stable” level of rounds, with some years falling below and some years rising above this expected ‘average’ figure.
- Green fee revenue has been calculated using the NGF recommended schedule of fees, including the implementation of the new rates as described elsewhere in this report. The NGF has also assumed that the City can adhere to some increases in fees each year (2% - approximately \$0.50).
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.
- It is assumed that the NGF recommended upgrades are completed as shown.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

<b>Highlands Golf Course Projected Economic Performance with NGF Recommendations</b>						
<b>Key Project*</b>	<b>2012 (Actual)</b>	<b>2013 (Projected) LR Plan, Bunkers, Tees</b>	<b>2014 (Projected) Cart Paths, Bunkers, Tees</b>	<b>2015 (Projected) Clubhouse, Bunkers, Tees</b>	<b>2016 (Projected) Bunkers, Tees</b>	<b>2017 (Projected) Bunkers, Tees</b>
<b>Rounds</b>	<b>42,274</b>	<b>39,500</b>	<b>41,000</b>	<b>43,000</b>	<b>43,500</b>	<b>44,000</b>
<b>Revenue</b>						
Green Fees	\$489,411	\$466,400	\$522,900	\$592,300	\$611,100	\$630,500
Cart Fees	258,808	246,700	268,800	287,600	296,700	306,200
<b>Total City Revenue</b>	<b>\$748,219</b>	<b>\$713,100</b>	<b>\$791,700</b>	<b>\$879,900</b>	<b>\$907,800</b>	<b>\$936,700</b>
<b>Operating Expenses:</b>						
Total Personnel Services	\$349,919	\$365,000	\$383,300	\$402,500	\$422,600	\$443,700
Total Materials & Supplies	161,549	175,000	179,400	183,900	188,500	193,200
Total Other Services	255,126	225,000	230,600	236,400	242,300	248,400
Capital Outlay	0	23,500	106,000	96,000	6,000	6,000
Permits, Fees & Other	0	1,000	1,000	1,000	1,000	1,000
<b>Total Operating Expense</b>	<b>\$766,594</b>	<b>\$789,500</b>	<b>\$900,300</b>	<b>\$919,800</b>	<b>\$860,400</b>	<b>\$892,300</b>
<b>Net Operating Income after Expense (Loss)</b>	<b>(\$18,375)</b>	<b>(\$76,400)</b>	<b>(\$108,600)</b>	<b>(\$39,900)</b>	<b>\$47,400</b>	<b>\$44,400</b>

\*Key projects based on NGF recommendations. Bunkers/tees = \$6,000 each year.

## ANALYSIS OF MAHONEY GOLF COURSE

The course is located in the northeast quadrant of Lincoln, at the very edge of development in this part of Lincoln. The facility is owned by the City of Lincoln and operated via concession agreement with Dennis Vontz, PGA Professional for the purpose of providing professional golf services at Mahoney Golf Course. The addition of Mr. Vontz as the golf professional at Mahoney is a recent change for the City as this facility had been operated separately by a different individual for many years prior to 2012. Like the other 18-hole courses, Mahoney GC is operated as an affordable public-access golf course that has been generally popular with City golfers. However, Mahoney GC is presently the least active of the four 18-hole golf courses. The course appears to be maintained well and is regarded as the shortest and easiest of the four City 18-hole golf courses. All of the property used by Mahoney GC is deeded for use as “Park Property,” and change in use of the site can be accomplished only through referendum.

### Location and Access

Mahoney Golf Course is located at the edge of the City in the northeast section of Lincoln, approximately five miles from the central downtown district. Direct access to Mahoney is via Adams Street, which is a major east-west thoroughfare through the northeast part of Lincoln. In all, the site is only 10 minutes from central (downtown) Lincoln, making the trip to the facility very convenient. As such, this facility does not have any locational characteristics that would serve to limit its capacity or market appeal.

### Golf Course Review

Mahoney GC is a good quality City golf course that appears to be popular with City golfers. The golf course measures 6,459 yards from the back tee and was designed with four sets of tees. The facility offers a simple and straightforward golf course without a lot of “frills” or major hazards that can add difficulty. As a result, this course tends to play easy for the golfer and appears particularly popular with senior age players.

- First opened in 1977 and designed by Floyd Farley (also designed Holmes GC).
- Traditional Par-72 layout with numerous parallel fairways, limited topography with fewer trees. All 18 greens are original from the 1977 construction, but a new irrigation system was added in 1993.
- Four sets of tees (Black, Blue, White Red), with the longest measuring 6,459 yards and a USGA slope rating of 118 (slightly ‘harder’ than the USGA standard slope rating of 113). The most forward tee measures 5,313 with a slope rating of 114, or very comparable to the “standard.”
- The most forward tee is commonly associated with a “ladies” tee, and the length of over 5,300 yards makes the course still a bit long for women players. NGF prefers a ladies course be in the range of 5,000 total yards to maximize appeal in the female segment.
- The course totals 144 acres, including:
  - Greens - 4 acres
  - Tees - 4 acres
  - Fairways - 43 acres
  - Rough – 90 acres
  - Native – 3 acres

- The course includes only 13 sand bunkers and water is in play on only 2 of the 18 holes (# 7 and #8).
- Cart paths are present around some greens and tees, but not continuous throughout the golf course.
- Mahoney has no on-course services for golfers. Although it is desirable to have some form of restroom and/or drinking stations on the golf course, the basic design of Mahoney is such that golfers are close to the clubhouse area several times throughout the round and can access the clubhouse easily, especially on the back nine.

Overall, the Mahoney GC offers a good quality public golf course that is generally easy to play. Overall, there is nothing inherent in the design of the golf course that would serve to limit its market appeal, although the NGF does believe the course could be changed slightly to make it more appealing and even play faster. NGF suggested changes include:

- Shorten the most forward tee to under 5,000 total yards; and
- Consider reversing the nines so that what is now 10-18 would become 1-9 and what is now 1-9 would become 10-18. This would allow the course to start with a par-4 holes (instead of a par-5 as present), #1 would not begin directly into the morning sun, and holes #7-9 would make for a better #16-#18 finish.

### Practice Amenities

Mahoney Golf Course has relatively modest practice amenities that include a small driving range with 25 hitting stations, both mats and grass. There is also a small practice green and practice bunker. The range is small (only 260 yards at its longest) and enclosed with netting, a key capital expense due to the frequent replacement that is required. Range balls are obtained from the pro shop. The set-up of this driving range appears to be relatively low maintenance, which is ideal given budget constraints.

### Clubhouse Review

The clubhouse at Mahoney appears to be sufficient for the operation, and has some open and available spaces that appear to be used efficiently. The attached cart storage area may be space that could be altered at some later date to enhance the overall clubhouse program and expand the facility offerings for tournaments and outings. The clubhouse includes a nice entry presentation making a nice first impression to golfers.

The clubhouse includes a total of approximately 4,600 sf of space, plus an additional 2,500 sf in the attached cart barn. Mahoney GC is the only course in the Lincoln City golf system to have indoor cart storage, although the space is not sufficient to cover all the course's carts and some are still stored outdoors. The clubhouse includes a small kitchen without a grill, seating space for 48 patrons, the pro shop, restrooms and a small office or pro room. Staff also identified space to the northwest of the clubhouse that could become an outdoor covered patio or pavilion.

The clubhouse facilities at Mahoney offer functional utility, but there appears to be more space within this clubhouse that if altered properly could enhance the facility offering and add more space, especially for tournaments and/or non-golf banquets. However, given the direct expense of such changes it is not likely that any change would be cost effective and thus not high on the NGF recommended upgrade list (more below).

## Mahoney Physical Evaluation

Overall, Mahoney GC appeared to be in good condition and shows signs of attentive and high quality maintenance. There are some issues observed that may be related to the climate and design of the facility, some of which can be improved with capital investment (i.e. new forward tees and full cart paths), while other aspects are not under City control (such as drought issues and older greens).

### Recommended Upgrades

The overall condition of the Mahoney Golf Course property is good, although much of the infrastructure is clearly within its expected useful life (see **Appendix A**), and some upgrade is likely to be required in the coming years. The NGF recommended upgrade for the Mahoney GC presented in order of NGF recommended priority includes:

1. **Continuous Cart Paths** – Complete a full overlay of asphalt cart paths to cover the full length of the golf course. Full cart paths will allow the golf course to be open and available for use more often during wet periods and can help improve rounds and revenue. **NGF estimates that new cart paths at Mahoney GC will cost \$120,000 for the approximately 12,000 linear feet needed to complete a full upgrade to the cart path system for the golf course.**
2. **“Women-Friendly” Upgrades** – The NGF recommends a program to add new forward tees to bring the total length of the golf course from the most forward tee to around 5,000 total yards. Mahoney GC staff should commit to a program to add a more forward tee to at least 8 to 10 of the 18 holes to help reduce overall length from the most forward tee. This should be completed as an ongoing program with an **estimated cost of \$2,000 per additional tee (complete 4 per year over 5 years).**
3. **Event Pavilion** – Mahoney GC would benefit greatly from the addition of a new event pavilion capable of hosting at least 60 persons (perhaps up to 80). This could be located on open space to the south of the clubhouse, close to the 1<sup>st</sup> tee and 10<sup>th</sup> green. NGF envisions a fully covered pavilion with amenities such as ceiling fans and built-in barbecue grill. **NGF Estimated cost = 900 sf @ \$150 per sf = \$135,000 (incl. ‘soft’ costs for development).**
4. **Range Netting** – Replacement of the netting / fence protecting Adams St and the maintenance area from the driving range. **NGF Estimated cost = \$16.67 per linear foot or approximately \$15,000 for 900 feet of fence/netting.**

### Clubhouse and Other Renovation Considerations

Mahoney GC offers several possibilities for clubhouse improvement, including the possibility of using the available space presently used for cart storage to expand the dining capacity of the facility. This idea does have merit given the large potential from group, outing, and tournament business that can be enhanced with such an amenity, although the total cost may be prohibitive. Given the likely high cost of such an addition, it is not considered a high priority by the NGF consultants and not included in our recommended list, opting for the pavilion idea instead. Still, the cart storage space could probably be used better and is something that should be considered by the City in the longer term future of the Mahoney GC.

### Estimated Cost and Priority of Physical Improvements

The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

<b>Mahoney Golf Course Needed Physical Improvements</b>	
<b>Highest Priority Items (1-5 years)</b>	<b>Highest Estimated Cost</b>
Continuous Cart Paths	\$120,000
New Forward Tee	20,000
Event Pavilion	135,000
Range Netting	15,000
<b>Total Mahoney Upgrades</b>	<b>\$290,000</b>

## Operations and Staffing

As noted previously, Mahoney GC is presently operated jointly by a private contractor (pro shop) and the City of Lincoln (golf maintenance) through the City's Parks and Recreation Department and City employed Golf Administrator. On-site authority for the Mahoney GC is the responsibility of the Head Golf Professional, a contract employee who oversees operations at Mahoney and Highlands (as detailed earlier in this report).

### Pro Shop Concession Agreement

The key issues related to the Mahoney pro shop agreement include items shown below. The contractor also has a similar agreement in place for the Highlands GC:

- Compensation:

<b>Period</b>	<b>Per Month</b>	<b>Plus Per Round</b>
11/1/11 – 10/31/12	\$2,500	\$0.35
11/1/12 – 10/31/13	\$2,500	\$0.30
11/1/13 – 4/30/15	\$2,500	\$0.25

- Manager receives gross proceeds generated by operation of the restaurant, pro shop, alcohol sales, driving range, and provision of golf instruction.
  - Manager pays all taxes and fees.
- Services match those at Mahoney.

### Staffing

The reported staff at Mahoney equates to approximately 16.0 FTE's, an amount that is the lowest within the City's 18-hole golf courses. Given the present operation of Mahoney and its relative place within the City system, this smaller staff does seem appropriate to NGF. In addition, the principal of the pro shop concession (Dennis Vontz) is not included in the Mahoney golf staffing (included in Highlands) although this individual does spend time at both Mahoney and Highlands GCs. The estimated Mahoney GC staffing is shown below:

<b>Mahoney Golf Course Facility Staffing 2012-2013</b>	
<b>Pro Shop / Contractor Employees</b>	
Head Golf Professional (PGA)	FT = 1 FTE
Additional Seasonal F & B Staff (140 hrs. / week)	PT = 3.5 FTE
Additional Seasonal Golf (140 hrs / week)	PT = 3.5 FTE

#### **City Maintenance Employees**

Superintendent	FT = 1 FTE
Assistant Superintendent	FT = 1 FTE
Equipment Operator I	FT = 1 FTE
Laborer I	FT = 1 FTE
Additional Seasonal Maintenance Staff	PT = 5 FTE

The “standard” golf facility in the U.S. with seasonal climates (8 to 10-month golf season) employed a total of 20 FTE personnel in 2012, with 11 in golf maintenance, 6 in pro shop/operations and another 3 for clubhouse/F & B. This level of staffing represents a reduction from 2009 figures as a result of declining income and the need to reduce expense. As a result, many golf operations around the country are operating with very lean staff and Mahoney GC is no different. Based on the NGF review of the Mahoney GC staffing, and in comparison to golf industry norms, it appears that Mahoney GC is operating with a staff that is likely not sufficient to sustain high level golf operations, but appropriate for lower level facilities like Mahoney GC.

#### **Food and Beverage**

The food and beverage operation at Mahoney GC appears to be “standard” for a public golf course operation, serving the basic concession needs of golfers in an efficient and convenient fashion. A review of the menu shows a very limited selection of hot dogs, pre-made sandwiches, beverages, and snacks. Hot dogs are priced at \$2.75 and sandwiches at \$4.50. Beer is available from \$2.25 on draught or \$3.25 for cans. Seating is comfortable and convenient in the snack bar, which can accommodate up to about 48 patrons. The space is limited and cannot handle larger post tournament gatherings or banquets.

The figures suggest an operation with a total gross revenue of approximately 160,000 in 2012, or approximately \$3.85 per round of golf. In summary, NGF Consulting believes that the food and beverage operation at Mahoney is the appropriate complement to the overall facility, and Mahoney customers seem satisfied with the quality of service. It seems that regular play golfers do purchase concessions on a regular basis, and the clubhouse set up is convenient for a “quick stop” between nines.

#### **Facility Performance and Data Analysis**

The following paragraphs summarize the activity, revenue, and expenses for Mahoney GC.

#### **Activity Levels**

The activity at Mahoney tends to be lower than the other City golf facilities, with a pattern that mirrors the system with a steep decline in 2010 and 2011, followed by recovery in the good weather year of 2012. Early indications are that 2013 will finish with rounds lower than 2012 and closer to the 2010 and 2011 totals. Significant impacts to rounds totals were recorded during the 2010 and 2011 period, including both immediate effects of a recession in late calendar year 2008, and other weather events, including an extraordinarily cold April and even snow in early May 2013.

The total rounds recorded at Mahoney are down from totals observed at this facility in the last decade where higher totals were far more common (over 48,000 rounds in FY2000). This longer-term decline is generally consistent with national trends observed by the NGF. The average annual rounds per 18-hole public golf course in the total U.S. now stands at 31,527, down from more than 50,000 rounds in 2000 (see next chapter).

<b>Mahoney Golf Course Historical Total Reported Rounds – 2007-2012</b>							
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average</b>
Total Rounds	41,667	43,780	43,249	37,076	34,560	41,536	<b>40,040</b>
Annual % Change		5.1%	-1.2%	-14.3%	-6.8%	20.2%	
<b>Total % Change (2007-12)</b>	<b>-0.3%</b>						
Source: City of Lincoln							

### Rounds by Type

Rounds at Mahoney are divided between adult, senior, and junior rounds. The totals are then further divided between daily green fee rounds and rounds played by season pass holders.

<b>Mahoney Golf Course Rounds Played by Type (2008-2012)</b>						
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
Adult 9	15,465	15,031	12,376	10,949	13,144	13,393
Adult 18	8,517	8,101	6,782	6,505	8,752	7,731
Senior 9	6,566	6,482	6,337	6,096	7,171	6,530
Senior 18	10,751	10,953	9,684	9,337	10,152	10,175
Junior 9	1,544	1,576	1,379	1,231	1,574	1,461
Junior 18	937	1,106	518	442	743	749
<b>Total</b>	<b>43,780</b>	<b>43,249</b>	<b>37,076</b>	<b>34,560</b>	<b>41,536</b>	<b>40,040</b>
Source: POS Sales Reports - City of Lincoln						

### Rounds by Month

As with other City courses, there is a clearly definable peak season at Mahoney with highest activity in June through August summer season. There is a small “shoulder” season in April, May, September, and October, and a slower winter season where some rounds are generated on a weather-permitting basis.

<b>Mahoney Golf Course Rounds by Month (FY2008-2012)</b>						
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
September	4,585	4,007	4,462	4,332	4,022	9.7%
October	2,981	2,407	1,513	2,479	2,524	6.1%
November	1,561	971	1,793	984	1,218	2.9%
December	115	400	96	349	632	1.5%
January	0	325	0	0	1,025	2.5%
February	46	939	0	386	426	1.0%
March	2,087	2,279	1,613	1,398	3,651	8.8%
April	4,471	4,786	4,740	3,390	4,759	11.5%
May	6,735	6,641	5,549	4,834	6,143	14.8%
June	7,117	6,758	5,971	5,347	5,774	13.9%
July	7,083	7,241	5,637	5,133	5,583	13.4%
August	6,999	6,495	5,702	5,928	5,779	13.9%
<b>Total</b>	<b>43,780</b>	<b>43,249</b>	<b>37,076</b>	<b>34,560</b>	<b>41,536</b>	<b>40,040</b>
Source: POS Sales Reports - City of Lincoln						

## Capacity Issues

As we will present later in the 'Competitive Analysis' section, current rounds played volumes at Mahoney are within the norms for public 18-hole golf facilities operating within the Lincoln Metro region. Based on Mahoney's market positioning, location, and easier layout, NGF Consulting has estimated a reasonable number of expected yearly rounds activity of about  $\pm 50,000$  to  $\pm 60,000$  rounds in a good weather year. Thus, NGF has not termed this a "capacity": Mahoney is fully capable of hosting rounds in excess of 60,000, but it should not be expected at this location at this time.

## Revenue Analysis

NGF Consulting's review of performance shows that Mahoney has experienced good income for the City of Lincoln, exceeding \$600,000 in FY2008 and again in FY2012. When compared to industry averages (see next chapter), we see that Mahoney is operating with revenues much lower than the average for 'Standard' courses (under \$40 green fee). The U.S. average revenue for Standard public golf courses was \$1,047,000 (18 holes) in 2012, inclusive of all facility revenue. The total combined City and Concessionaire revenue at Mahoney in 2012 totaled just over \$979,000).

<b>Mahoney Golf Course Total Gross Revenue – 2008-2012</b>						
<b>Revenue</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
Green Fees	\$436,130	\$383,258	\$359,955	\$433,387	\$406,491	\$403,844
Cart Fees	183,930	156,726	164,082	197,681	\$175,915	\$175,667
<b>Total City Revenue</b>	<b>\$620,060</b>	<b>\$539,984</b>	<b>\$524,037</b>	<b>\$631,068</b>	<b>\$582,406</b>	<b>\$579,511</b>
Annual % Change		3.9%	-12.9%	-3.0%	20.4%	
<b>Total % Change (2008-12)</b>						<b>5.7%</b>
Source: POS Sales Reports - City of Lincoln						

## Average Revenue Analysis

The total average revenue earned per round of golf played in 2012 totaled \$22.44, divided between the City of Lincoln (\$15.19) and the pro concessionaire (\$7.25). Both totals are the highest among the Lincoln City golf courses. The average for Standard public golf courses in the U.S. was \$23.51 for total golf revenue per round (green, cart, membership), plus an additional \$9.70 in ancillary spending (food, beverage + merchandise – see next chapter).

<b>Mahoney Golf Course Average Revenue per Round 2009 – 2012</b>				
<b>Revenue</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Total Rounds</b>	<b>43,249</b>	<b>37,076</b>	<b>34,560</b>	<b>41,536</b>
<b>City Revenue</b>				
Green Fees	\$10.08	\$10.34	\$10.42	\$10.43
Cart Fees	\$4.25	\$4.23	\$4.75	\$4.76
<b>Concessionaire (Pro) Revenue</b>				
Merchandise (Gross)				\$1.93
Driving Range				\$1.47
F & B				\$3.85
Source: City of Lincoln and Timothy Rowland				

## Expense Analysis

Basic expenses to maintain the golf course have remained relatively steady, between \$490,000 and \$530,000 through 2012. Unlike other courses in the City system, the City has spent on capital outlay at Mahoney, with \$21,300 in each of 2009 and 2010. The overall expenses to maintain this facility are the lowest in the Lincoln system, yet they are still comparable to the U.S. standard of \$442,300 in golf maintenance expenses. Given the simple and easy golf design and lower quality, it is expected that maintenance expenses should be lower at this facility.

<b>Mahoney Golf Course Golf Course Maintenance Expense 2009 – 2012</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Golf Maintenance Expense</b>				
Total Personnel Services	\$255,075	\$268,649	\$280,676	\$286,050
Total Materials & Supplies	87,034	98,196	109,629	112,116
Total Other Services	129,609	116,685	142,919	129,673
Capital Outlay	21,300	21,300	0	2,500
Other	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$493,018</b>	<b>\$504,830</b>	<b>\$533,224</b>	<b>\$530,339</b>
Source: City of Lincoln				

## Direct Expense Findings

The two key expense categories of labor and non-labor expenses at Mahoney are compared to the industry averages in the following table:

<b>Industry</b>	<b>Indicator</b>	<b>Mahoney GC</b>	<b>Total 2012</b>
50%	Labor	53.9%	\$286,050
50%	All other Expenses	46.1%	\$244,289
<b>Total Expense</b>			<b>\$530,339</b>
Source: City of Lincoln			

## Other Expense Findings

In review of the Mahoney Golf Course direct operating expenses, NGF offers the following basic summary:

- Total Golf maintenance expense at Mahoney GC is lower than standard for a public 18-hole golf course. This is probably an appropriate position for Mahoney, especially if the City were to adopt a lower fee structure for the facility (more later in this report).
- Direct costs for labor at Mahoney are the highest in the system, while total labor expense is the lowest in the system. This suggests that the City has been working hard to reduce spending on non-labor items such as materials and supplies, which may not be ideal for this facility.

## Pro Concession Summary

Mahoney GC pro shop operation is run separately as per contract. The golf professional owns the revenue generated from merchandise, food, beverage and driving range sales, as well as a management fee (fixed + \$0.30 per round) paid by the City. The total Mahoney GC operation

from the perspective of the golf professional is shown in the table below, with figures provided to NGF by the concessionaire:

<b>Mahoney Golf Course Golf Pro Concession Profit / Loss – 2012</b>	
<b>Total Income</b>	<b>2012</b>
Management Fee	\$30,000
Per Round Incentive	12,461
Merchandise	80,000
Snack Bar	160,000
Driving Range	61,000
Other (lessons, rentals, etc.)	4,500
<b>Total Pro Revenue</b>	<b>\$347,961</b>
<b>Less: Direct Cost of Sales (COS)</b>	
Merchandise	\$52,000
Snack Bar	\$80,000
Lessons	\$4,000
<b>Gross Profit</b>	<b>\$211,961</b>
<b>Operating Expenses</b>	
Maintenance	\$55,000
Labor	100,000
Credit Card Expense	18,000
Utilities	6,500
Other	15,000
<b>Total Expense</b>	<b>\$194,500</b>
<b>Net Income</b>	<b>\$17,461</b>
Source: Dennis Vontz	

### **Mahoney Golf Course Operations Summary – City Perspective**

The Mahoney GC operates with the City collecting revenue from green fees, cart fees, and associated memberships. In total, this and other revenue drivers generated just over \$631,000 in revenue for the City in 2012, up over 20% from 2011. Total expenses to maintain the golf course are the lowest in the City system at just over \$445,000 in 2012. The basic summary of the Mahoney golf operation financial position from the City perspective and before other items (depreciation and internal charges) are considered is shown in the table that follows:

<b>Mahoney Golf Course Summary of Operations City Perspective 2009 – 2012</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total City Revenue	\$539,984	\$524,037	\$631,068	\$582,406
Total City Maintenance Expense	\$493,018	\$504,830	\$533,224	\$530,339
<b>NET INCOME (Loss)</b>	<b>\$127,042</b>	<b>\$35,154</b>	<b>(\$9,187)</b>	<b>\$100,729</b>
Net Income % of Rev.	34.4%	21.6%	17.6%	29.5%
Source: City of Lincoln				

Other summary points from NGF regarding the Mahoney GC include:

- Mahoney GC has among the lowest revenue and the lowest expense in the Lincoln City golf system. Given the overall quality of the amenities in place at this facility, it is expected that Mahoney will continue to be at the lower end of the City's golf system, and it may make sense to feature this property as the lower-priced golf course in the tiered pricing structure proposed by NGF (more later in this report).
- Revenue generated from ancillary items such as food, beverage driving range, lessons and merchandise total as much as \$340,000+ each year. The City would likely improve overall performance with a modified system that pooled all revenue together before providing a split (more later in this report).

### Mahoney Golf Course Golfer Survey

NGF's Golfer Survey Program was distributed seeking opinions of the Mahoney Golf Course. A total of **278 surveys** were collected by NGF, with 54% coming from members and 46% from non-members. The survey is not intended to be a scientific study of Lincoln golfers, although the high participation does give the results a high degree of confidence. A copy of the survey instrument is displayed in **Appendix B** to this report. The general findings and a table showing the ratings follow below:

#### Mahoney GC Survey Scores – Members

<b>Mahoney Golf Course Satisfaction Measures Members – 151 Responses (5/16/2013 – 6/25/2013)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Customer Satisfaction	7.8	38
Satisfaction compared to expectations	7.3	25
Satisfaction compared to other courses	7.4	44
Likelihood to play more	6.4	33
Likelihood to recommend	7.3	16
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.		

<b>Mahoney Golf Course Satisfaction Factors Members – 151 Responses (5/16/2013 – 6/25/2013)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Value	7.6	32
Overall Course Conditions	7.7	39
Pace of Play	6.9	34
Friendliness/Helpfulness of Staff	8.3	43
Golf Course Design / Layout	7.2	2
* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.		

## Mahoney GC Survey Scores – Non-Members

Mahoney Golf Course Satisfaction Measures Non- Members – 127 Responses (5/16/2013 – 6/25/2013)		
Factor	Average Score (Scale 1-10)	Percentile*
Overall Customer Satisfaction	7.3	11
Satisfaction compared to expectations	6.5	4
Satisfaction compared to other courses	6.7	16
Likelihood to play more	5.6	0
Likelihood to recommend	6.4	2

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

Mahoney Golf Course Satisfaction Factors Non- Members – 127 Responses (5/16/2013 – 6/25/2013)		
Factor	Average Score (Scale 1-10)	Percentile*
Overall Value	6.9	6
Overall Course Conditions	7.2	19
Pace of Play	6.5	16
Friendliness/Helpfulness of Staff	7.7	5
Golf Course Design / Layout	6.7	--

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

## Summary of Findings

1. Mahoney golfers that responded to the survey show a moderately lower level of overall customer satisfaction than is typical for other golf facilities nationwide (at similar pricing). Further, golfers identified as not being members were the least satisfied sub-group of customers in the survey.
2. The survey showed that 50% of Mahoney golfers made a positive referral about the course and that the average Mahoney golfer referred 4.3 other golfers to the facility. By comparison, only 6% of Mahoney golfers made negative referrals (lowest in Lincoln), with an average of 5.3 negative referrals.
3. The profile of the Mahoney golfer is predominantly male (87%) and generally older (69% over 50) than the national benchmark (total U.S. is 85% male and 50% over 50). Only 23% of respondents indicated they played a total of over 25 rounds of golf at Mahoney annually. The survey group is also more spread out geographically than other courses in Lincoln, with only 46% originating in the top three ZIP Codes: 68516, 68507, and 68505. The map displaying the origin of customers is displayed in **Appendix B** to this report.
4. Mahoney golfers also primarily play at the other Lincoln City Golf Courses Holmes (64% use), Pioneers (58%) and Highlands (57%). Mahoney golfers also report playing at (in order of importance – all with more than 15%): Crooked Creek GC (40%), HiMark GC (31%), and Wilderness Ridge GC (16%).

5. When asked to rate the ease of securing tee times at Mahoney GC, **81% of respondents indicated they were satisfied or very satisfied.** This view was supported by both members and non-members alike.
6. Despite concerns conveyed to NGF in our site visits, golfers at Mahoney seemed relatively satisfied with the check-in procedure, although the scores were lower at Mahoney than the other Lincoln golf courses. Only 79% of respondents indicated the procedure meets expectations, while 17% indicated it needed improvement and 4% indicated it was very frustrating. This finding was consistent between members and non-members, and between men and women.
7. Very few of the respondents (2%) indicated that they ever had to wait for a golf cart to become available before starting a round of golf. This finding was consistent between members and non-members, and between men and women.
8. When asked if they would play more golf at Mahoney if the food and beverage services were upgraded and expanded, most of the survey group (66%) indicated they would play the same amount. About 1 in 5 golfers indicated they would use the facility more if additional gathering space for after golf events.
9. When asked about expanding and improving the driving range, the survey group was mixed, with 37% indicating they would spend more money at the driving range and 30% indicating they would play more rounds of golf if the range was improved.
10. In review of the general open-ended comments survey respondents made about what they like about Mahoney GC, the NGF noted several key themes that were common, including:
  - Good layout – scenic views
  - Generally good condition, but some areas need work
  - Close to home
  - Easy to walk
  - Inexpensive
  - Like the on-site staff
11. In review of the general open-ended comments survey respondents made about what needed improvement at Mahoney GC, the NGF noted many more comments with a variety of topics, the most common included:
  - Clubhouse needs improvement
  - Slow play
  - Restrooms/locker room needs improvement, especially for women
  - On course services – no restrooms or water coolers
  - Needs to be more “women-friendly”
  - Turf conditions – especially in 2012
  - Disconnect between pro shop and maintenance staff
  - High prices for beverages
  - Improve outdoor seating

**NGF Recommendations – Mahoney Golf Course**

Mahoney is a public golf facility featuring a golf course of good quality with outstanding scenery, but with conditions that may be beginning to decline due to recent budget/labor reductions. While Mahoney has operational and marketing challenges similar to other City of Lincoln golf courses, maintaining the high quality physical condition of this golf facility will be key to making the marketing efforts successful.

In light of this reality, the NGF recommendations for Mahoney are designed to improve its economic performance with: (1) upgrades to its physical infrastructure; and (2) considering a change to the operation and fees, making this the low priced alternative for Lincoln City golfers.

**Mahoney Recommendations**

The City of Lincoln should commit to a plan to complete upgrades at this facility as detailed previously by NGF, including:

<b>Mahoney Golf Course Needed Physical Improvements</b>	
<b>Highest Priority Items (1-5 years)</b>	<b>Highest Estimated Cost</b>
Continuous Cart Paths	\$120,000
New Forward Tee	20,000
Event Pavilion	135,000
Range Netting	15,000
<b>Total Mahoney Upgrades</b>	<b>\$290,000</b>

NGF recommends adjustments to the fee structure at Mahoney, continuing an effort to create some price segmentation among the Lincoln City courses. If such a program is adopted, the NGF would place Mahoney GC at the low end of the system, with its highest peak weekend green fee for non-residents at \$25.50. From this highest fee, there would be several discounts for weekdays, seniors, juniors, and twilight. The NGF also recommends considering a “non-resident” rate for non-Lincoln golfers at all the courses (more in system recommendations).

**Summary – Mahoney Golf Course**

Despite the history of high volume, this facility will always present a challenge to for increasing revenue. The concern from NGF is that the City will view the lower revenues as a reason to reduce expense budgets, putting the good quality of the product at risk. The facility is such that it needs some upgrade to make it more appealing, particularly in its forward tee length and better use of the present cart storage area.

**As-Is Economic Performance**

The estimates in this section show Mahoney’s performance at various rounds played totals (worst case, ‘as-is,’ modest growth and best case), assuming a continuation of the existing 2013 operation (‘as-is’). Adjustments due to proposed fee changes are presented next. The table shows that Mahoney GC is capable of being among the more profitable facilities, especially with high rounds activity that may come with slightly lower fees. NGF has prepared these projections noting that there is variability in expenses at higher rounds (i.e., more maintenance needed when more rounds are played – figures rounded to nearest \$100).

<b>Mahoney Golf Course Estimated City Economic Performance at Various Rounds Totals</b>				
<b>Rounds</b>	<b>34,000</b>	<b>40,000</b>	<b>45,000</b>	<b>50,000</b>
<b>Revenue</b>				
Green Fees	\$354,800	\$417,400	\$469,500	\$521,700
Cart Fees	161,800	190,400	214,200	238,000
<b>Total Revenue</b>	<b>\$516,600</b>	<b>\$607,800</b>	<b>\$683,700</b>	<b>\$759,700</b>
<b>Expenses:</b>				
Total Personnel Services	\$285,000	\$300,000	\$310,000	\$320,000
Total Materials & Supplies	110,000	120,000	130,000	140,000
Total Other Services	105,000	120,000	135,000	145,000
Capital Outlay	5,000	5,000	5,200	5,400
Permits, Fees & Other	1,000	1,000	1,100	1,100
<b>Total Expense</b>	<b>\$506,000</b>	<b>\$546,000</b>	<b>\$581,300</b>	<b>\$611,500</b>
<b>Net Income Before Other City Charges and Deprec. (Loss)</b>	<b>\$10,600</b>	<b>\$61,800</b>	<b>\$102,400</b>	<b>\$148,200</b>

### NGF Projections 2012-2017

The NGF Consulting cash flow model for Mahoney GC through FY2017 assumes a “standard” market environment over the next five years. This projection is intended to provide a realistic projection of economic performance of Mahoney in the next five years considering NGF assumptions, particularly the change in the Mahoney operating program to become a lower fee, high volume producer for the Lincoln City system. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Lincoln area regional economy, employment, or visitation.
- There is a decline in FY2013, with recovery in 2014. Rounds stabilize at 48,000 total by 2016 (conservative estimate). NGF projects this to become a new “stable” level of rounds, with some years falling below and some years rising above this expected ‘average’ figure.
- Green fees assume the NGF recommended schedule of fees, including the new resident/non-resident program and other twilight discounts. The NGF has also assumed much more modest annual fee increases at Mahoney between 2014 and 2017 (less than \$0.25 per 18-hole round).
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.
- It is assumed the City will undertake NGF recommended capital projects as shown.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

**Mahoney Golf Course  
Projected Economic Performance  
with NGF Recommendations**

	2012 (Actual)	2013 (Projected)	2014 (Projected)	2015 (Projected)	2016 (Projected)	2017 (Projected)
<b>Key Project*</b>		Forward Tees	Cart Paths, Tees	Pavilion, Tees	Range nets, tees	None
<b>Rounds</b>	<b>47,367</b>	<b>38,000</b>	<b>42,000</b>	<b>44,000</b>	<b>48,000</b>	<b>48,000</b>
<b>Revenue</b>						
Green Fees	\$406,491	\$396,500	\$438,200	\$463,700	\$505,800	\$510,900
Cart Fees	175,915	180,900	199,900	211,500	230,700	233,000
<b>Total City Revenue</b>	<b>\$582,406</b>	<b>\$577,400</b>	<b>\$638,100</b>	<b>\$675,200</b>	<b>\$736,500</b>	<b>\$743,900</b>
<b>Operating Expenses:</b>						
Total Personnel Services	\$286,050	\$300,000	\$315,000	\$330,800	\$347,300	\$364,700
Total Materials & Supplies	112,116	120,000	126,000	132,300	138,900	145,800
Total Other Services	129,673	125,000	131,300	137,900	144,800	152,000
Capital Outlay	2,500	5,000	125,000	140,000	5,000	0
Permits, Fees & Other	0	1,000	1,100	1,200	1,300	1,400
<b>Total Operating Expense</b>	<b>\$530,339</b>	<b>\$551,000</b>	<b>\$698,400</b>	<b>\$742,200</b>	<b>\$637,300</b>	<b>\$663,900</b>
<b>Net Operating Income after Expense (Loss)</b>	<b>\$100,729</b>	<b>\$26,400</b>	<b>(\$60,300)</b>	<b>(\$67,000)</b>	<b>\$99,200</b>	<b>\$80,000</b>

\*Key projects based on NGF recommendations. Forward tee program = \$5,000 each year.

## ANALYSIS OF JIM AGER MEMORIAL GOLF COURSE

The Jim Ager Memorial Golf Course is the most unique and economically challenged golf facility in the City of Lincoln golf system. The golf facility consists of a short-length, 9-hole par-3 golf course that was designed primarily for use by junior golfers, hence the formal name including the word “Junior” for many years. The facility includes the 9-hole golf course, small clubhouse facility and a few fenced-in practice hitting bays. The Jim Ager GC does feature a prime location in the center of the City of Lincoln, and is easily accessible from all areas of the City. The golf course remains popular with the younger demographics of Lincoln, but a growing number of adults are using the facility as well.

This facility has been attracting a modest level of rounds activity, between 17,000 and 22,000 since 2008. As the revenue is very low (under \$1200,000 each of last 2 years), the City has been experiencing a direct loss on operations, and has become clear to the City and the NGF consultants that the upside revenue potential of this facility is very low and thus meeting budget obligations is likely to always be a challenge at this property. It may not make sense for this property to be included as a true “enterprise” within the City structure, as the facility is operating more like a public accommodation to provide recreation to the City’s youth and others.

### Facility and Operational Review

Despite the issues associated with the small golf course, Jim Ager Memorial Golf Course does offer an appealing creek side golf layout. Other NGF observations regarding the Jim Ager GC:

- The course opened in 1965.
- There are 9 holes of golf totaling 1,228 yards and par-27. There is a forward tee of 1,004 yards.
- The course includes 6 sand bunkers and water in play on three of the nine holes.
- Can be open in winter when other area courses are closed.
- There is no driving range, but the facility does have a five-station hitting bay that allows golfers to hit into a net 40 yards away. Poles broke during a storm two years ago and have not been replaced.
- The irrigation system is outdated and is currently using City water – at \$30,000 per year. There is an old well that could be utilized. The irrigation system is completely manual and labor intensive with a system that must be turned off and on by hand at every station (takes one person half a day to water course). The system is reported to have frequent breakdowns and lots of leaks.
- A nearby bridge (South Street) was under construction from Sept 2011 until Nov 2012, reducing the total volume of play last two years (FY2011 and 2012).

### Operations

- Operated entirely by the City with a golf professional/manager to oversee on-site.
- About 33% of total play is from juniors, with seniors making up most of the rest. Most all of the junior play is in the 3-month summer.
- The pro on site estimates upwards of 500 new golfers are generated each year.
- Ager is also home to the Lincoln Special Olympics. This course also participates in the Cornhusker State Games and uses Get Golf Ready Programs (PGA Sponsored).

- The Ager course hosts a championship three days in July, and does a senior/junior tournament with proceeds donated to the facility. There are also a night-ball tournaments in the summer using LED lighted golf balls.
- There is a junior membership offered for \$125/year, and a teen member for \$190.
- Has two regular and two handicap golf carts. Partners with area rehabilitation hospital for their patients.
- Tough to have organized activities when school is in session – too many other distractions. There is a Fall Saturday morning league with 40 players.
- The Ager hosts a 3-day golf clinic for kids who have never played, attracting 80-150 kids at the end of June.

Overall, Jim Ager Memorial Golf Course offers a good quality small golf course experience with very convenient location. However, the small golf course and lower playing fees associated with this golf experience are contributing to very low revenue which could lead to reductions in maintenance if held to an enterprise standard. It is clear to NGF consultants that if this cycle continues the condition of Jim Ager GC could deteriorate to a level where it is no longer appealing to play. This golf course has a role in the City golf offering, both in terms of junior recreation and the ability to help grow the game of golf by attracting new beginners who could ultimately graduate to the other four 18-hole courses in the future.

### Needed Upgrades

The physical review of Jim Ager Memorial Golf Course reveals some deficiencies that could be addressed to help improve revenue and/or reduce expense. The Key issues reviewed include:

- **Hitting bays** – This course would benefit from some improvement to the fenced in hitting bays to allow for some warm-up and/or golf hitting practice. ***(NGF Estimated cost to improve is undetermined as more study is needed, but any investment is likely to be recovered through revenue).***
- **Irrigation upgrade** – This is in need of an irrigation upgrade, although probably not as high on the priority list as other capital needs in this system. Still, the irrigation at Ager is very inefficient, uses expensive City water, and requires additional labor to operate properly. ***NGF Estimated cost = \$350,000 to upgrade the system.***
- **Lighting** – This facility would likely benefit from the addition of lighting to allow the facility to be open for night use. This lighting should be done with modern design and systems that will not disturb surrounding elements. ***NGF Estimated cost = \$150,000 to add modern and appropriate lighting to the property.***

### Clubhouse

The Jim Ager clubhouse includes a small pro shop, small snack area, restrooms, and a small common area within the clubhouse that can accommodate 8-10 people. As such, the pro shop and food and beverage operations are not expected to produce significant revenue.

### Facility Performance and Data Analysis

Jim Ager is operating as an enterprise golf facility fully within the Lincoln City golf system. The course earns revenue from green fees and a small amount of income from other ancillaries, such as snack bar, merchandise, rentals, and league fees. The following section review summarizes the activity, revenue, and expenses of the Jim Ager GC.

### Activity Levels

The tables below show reported rounds activity at Jim Ager since 2007. We see that this facility had shown steady performance until the last two years, but a South St bridge project clearly had impact in 2011 and 2012. Unlike the 18-hole courses in the system, the total rounds recorded at Jim Ager are actually up from totals observed at this facility in the last decade where total rounds played rarely exceeded 20,000 total rounds.

Jim Ager Memorial Golf Course Historical Total Reported Rounds – 2007-2012							
	2007	2008	2009	2010	2011	2012	Average
Total Rounds	18,510	22,005	22,553	20,317	19,246	17,624	20,349
Annual % Change		18.9%	2.5%	-9.9%	-5.3%	-8.4%	
<b>Total % Change (2007-12)</b>	<b>-4.8%</b>						
Source: City of Lincoln							

### Rounds by Type/Month

Rounds at Jim Ager are divided between adult, senior, and junior rounds. In reviewing the rounds totals by month for the last five years, NGF notes a similar seasonal pattern as observed at the 18-hole courses.

Jim Ager Memorial Golf Course Rounds Played by Type (2008-2012)						
	FY2008	FY2009	FY2010	FY2011	FY2012	Average
Adult 9	9,199	9,656	8,677	7,295	7,166	8,399
Adult 2nd 9	425	395	323	324	541	402
Senior 9	2,208	2,692	2,501	2,111	2,245	2,351
Senior 2nd 9	76	84	133	196	186	135
Junior 9	9,590	9,234	8,305	8,505	7,055	8,538
Junior 2nd 9	507	492	378	815	431	525
<b>Total</b>	<b>22,005</b>	<b>22,553</b>	<b>20,317</b>	<b>19,246</b>	<b>17,624</b>	<b>20,349</b>
Source: POS Sales Reports - City of Lincoln						

Jim Ager Memorial Golf Course Rounds by Month (FY2008-2012)						
	FY2008	FY2009	FY2010	FY2011	FY2012	Average
September	1,952	1,714	1,958	1,646	1,650	9.4%
October	2,152	1,822	1,065	1,643	1,395	7.9%
November	0	375	743	318	254	1.4%
Dec., Jan. + Feb	92	0	0	0	0	0.0%
March	0	36	312	39	1,003	5.7%
April	1,937	2,160	3,099	2,468	1,942	11.0%
May	2,914	3,377	2,890	2,546	2,232	12.7%
June	4,371	3,883	3,729	3,690	3,094	17.6%
July	4,416	4,994	3,687	3,557	3,255	18.5%
August	4,171	4,192	2,834	3,339	2,799	15.9%
<b>Total</b>	<b>22,005</b>	<b>22,553</b>	<b>20,317</b>	<b>19,246</b>	<b>17,624</b>	<b>20,349</b>
Source: POS Sales Reports - City of Lincoln						

## Capacity Issues

The total capacity for a 9-hole par-3 golf course such as Jim Ager is difficult to quantify, as national averages and comparable facilities are less common. NGF Consulting has estimated a reasonable number of expected yearly rounds activity of about ±20,000 to ±25,000 rounds in a good weather year.

## Revenue Analysis

NGF Consulting's review of performance shows that Jim Ager has experienced low income for the City of Lincoln, with an average of \$123,000 in total revenue per year since 2008. The vast majority of this revenue (80%) is from green fees alone. The total average revenue earned per round of golf played in 2012 totaled \$6.06, the lowest total recorded in the last five years (the peak was \$6.44 in FY2011). There are no usable industry averages for rounds and revenue at this type of facility, but it is clear that revenue is not sufficient to fully cover expenses (more below).

<b>Jim Ager Memorial Golf Course Total Gross Revenue – 2008-2012</b>						
<b>Revenue</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Average</b>
Green Fees	\$97,288	\$116,161	\$100,415	\$92,888	\$90,336	<b>99,418</b>
Cart Fees	88	122	557	440	196	<b>281</b>
League Fees	2,602	2,030	2,748	3,570	2,790	<b>2,748</b>
Merchandise	5,035	5,935	6,049	6,631	6,209	<b>5,972</b>
Driving Range	1,461	1,450	1,150	1,198	427	<b>1,137</b>
Rentals	3,553	2,923	3,075	2,791	2,890	<b>3,046</b>
Snack Bar	12,156	10,452	9,244	10,668	10,707	<b>10,645</b>
<b>Total City Revenue</b>	<b>\$122,183</b>	<b>\$139,073</b>	<b>\$123,238</b>	<b>\$118,186</b>	<b>\$113,555</b>	<b>\$123,247</b>
Total Avg Revenue/ Round	<b>\$6.17</b>	<b>\$6.07</b>	<b>\$6.14</b>	<b>\$6.44</b>	<b>\$6.06</b>	<b>\$6.17</b>

Source: POS Sales Reports - City of Lincoln

## Expense Analysis

Basic expenses to maintain the golf course totaled just over \$166,000 in 2012, including an additional 43,520 that was recorded within the Holmes GC operating budget. We note that the City expenses in this operation are for both pro shop and maintenance, as there is no operating concession in place like the other 18-hole courses.

<b>Jim Ager Memorial Golf Course Golf Course Maintenance Expense 2009 – 2012</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Golf Maintenance Expense</b>				
Total Personnel Services	\$62,359	\$62,192	\$68,433	\$65,691
Total Materials & Supplies	37,850	38,383	42,524	30,615
Total Other Services	56,611	57,995	60,908	68,416
Capital Outlay	0	0	0	1,806
Other	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$156,820</b>	<b>\$158,570</b>	<b>\$171,865</b>	<b>\$166,528</b>

Source: City of Lincoln

### Jim Ager Memorial Golf Course Operations Summary – City Perspective

In total the Jim Ager GC is not earning enough to cover all expenses, let alone the expenses in maintenance borne by Holmes GC. The basic summary of the Jim Ager golf operation financial position from the City perspective and before other items (depreciation and internal charges) are considered is shown in the table that follows:

Jim Ager Memorial Golf Course Summary of Operations City Perspective 2009 – 2012				
	2009	2010	2011	2012
Total City Revenue	\$139,073	\$123,238	\$118,186	\$113,555
Total City Expense	\$156,820	\$158,570	\$171,865	\$166,528
<b>NET INCOME (Loss)</b>	<b>(\$17,747)</b>	<b>(\$35,332)</b>	<b>(\$53,679)</b>	<b>(\$52,973)</b>
Net Income % of Rev.	-12.8%	-28.7%	-45.4%	-46.6%
Source: City of Lincoln				

Other summary points from NGF regarding the Jim Ager GC include:

- With its low expense structure, the challenge for this facility is clearly on revenue generation. As such, all considerations to expand activity will have to be evaluated (more later in this report).
- The other issue with this facility is that Jim Ager clearly has capital and infrastructure needs that cannot be funded through operations. City of Lincoln will have to think hard about what level of investment is warranted for this facility in light of its present revenue situation.
- This facility would likely benefit economically if it were possible to add lights and open the facility to night use. This concept has done well at par-3 courses around the country, especially in University markets. It is likely that if such a move were to be completed that the service of beer would be added at Jim Ager after dark.

### Jim Ager Memorial Golf Course Golfer Survey

NGF's Golfer Survey Program was distributed seeking opinions of the Jim Ager Memorial Junior Golf Course. Because of the small number of responses (total of 41 surveys), NGF has chosen to present data based on total, rather than member/non-member. The survey is not intended to be a scientific study of Lincoln golfers, although the few responses that were received could be useful in gaining a general understating of users at this facility... A copy of the survey instrument is displayed in **Appendix B** to this report. The general findings and a table showing the ratings follow below:

## Jim Ager Memorial GC Survey Scores – All Golfers

<b>Jim Ager Memorial Golf Course Satisfaction Measures 41 Responses (5/6/2013 – 6/25/2013)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Customer Satisfaction	7.9	42
Satisfaction compared to expectations	8.1	81
Satisfaction compared to other courses	7.7	72
Likelihood to play more	6.4	31
Likelihood to recommend	7.8	50

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

<b>Jim Ager Memorial Golf Course Satisfaction Factors 41 Responses (5/6/2013 – 6/25/2013)</b>		
<b>Factor</b>	<b>Average Score (Scale 1-10)</b>	<b>Percentile*</b>
Overall Value	8.5	71
Overall Course Conditions	7.4	41
Pace of Play	7.4	50
Friendliness/Helpfulness of Staff	8.6	52
Golf Course Design / Layout	8.2	60

\* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other similarly-priced golf courses in U.S.

## Summary of Findings

1. The few customers at Jim Ager who took the time to complete this survey are among the most satisfied of any golfers in the Lincoln City golf system.
2. These golf customers do not frequent the course that much (51% play fewer than 7 rounds), nor do they seem to be that serious about golf overall. This is consistent with par-3 golf courses of this type nationwide.
3. Like the other City courses, Golfers at Jim Ager also utilize the Lincoln City courses, although much less than other golfers in the surveys. These golfers play at Pioneers (49% use), Holmes (41%) Highlands (34%) and Mahoney (34%). Jim Ager golfers also report playing at (in order of importance – all with more than 15%): West 9 at Firethorn (24%), Pine Lake G & TC (22%), Wilderness Ridge GC (20%), Crooked Creek GC (20%), and HiMark GC (17%).
4. When asked to rate the ease of securing tee times at Jim Ager GC, 80% of respondents indicated they were satisfied or very satisfied.
5. There is a general sense of satisfaction with the way junior programs and camps, as well as outings and tournaments, are handled at Jim Ager. All respondents rated these

programs and events a 3 or higher, with no respondents scoring these services lower than a 3.

6. This is also a favorable opinion from this group about the selection of rental clubs available at Jim Ager. Only 10% of respondents rated this a 2, with no 1 ratings recorded.
7. When asked if they would play more golf if additional practice amenities were made available at Jim Ager, 54% indicated that they would. Also, 63% of respondents indicated that they would play more at Jim Ager if the facility were lighted for night use.
8. In review of the general open-ended comments survey respondents made about what they like about Ager GC, the NGF noted several key themes that were common, including:
  - Good layout
  - Great staff
  - Great lesson programs for kids
  - Generally good condition, but some areas need work
  - Close to home
  - Easy to walk
  - Great place to learn the game
9. In review of the general open-ended comments survey respondents made about what needed improvement at Ager GC, the NGF noted many more comments with a variety of topics, the most common included:
  - Improve practice amenities (hitting area - range)
  - Allow beer sales
  - Course conditions could be improved

### **NGF Recommendations – Jim Ager Memorial Golf Course**

Jim Ager is clearly a unique facility within the City golf system with its own unique structure and issues to consider. The facility is performing a service to the City of Lincoln by offering a low cost recreation alternative to both youth and adults, while also helping to grow golf demand in the market by developing new players. Given this latter function, it should be acceptable to the City to cover the economics of this facility as it is helping to increase activity at the other 18-hole courses. As a shorter-length, par-3 golf course it is expected by NGF that this facility will always struggle to generate enough revenue to cover appropriate operating expenses. Key NGF recommendations for this facility include:

- Consider removing this facility from the Golf Enterprise Fund. The basic function of the Jim Ager course is not a true enterprise, and its place would be more appropriate within the City's recreation department with tax-funded support.
- Invest in some upgrades to the facility. Improvement in the Jim Ager irrigation system will help to reduce the total operating expense on the facility. The project will not be economically justified so it may be lower on the system's priority list.
- The City should seek to maximize the new golfer development aspect of the facility through expanded lessons, programs, camps, golf schools, etc. A key component of

this programming should include direct assistance to help new golfers “transition” from the Jim Ager facility to the other 18-hole courses in the Lincoln City system.

- One such upgrade that should be considered is the addition of lights for night use (if possible). This investment would produce new revenue as the facility would generate appeal in newer segments, especially college-age golfers seeking evening recreation. If the night-use option is undertaken, adding the service of beer to the food and beverage operation is also recommended.
- Offer free rental clubs to golfers as a means to help sell green fees.

### **Summary – Jim Ager Memorial Golf Course**

Given its facility type, it is clear to NGF that this property will always represent a challenge for the City of Lincoln. This property is not earning enough revenue to cover appropriate basic expenses, and it has some capital needs that NGF is recommending be delayed, as there are other priorities within the City of Lincoln golf system.

As such, this facility still has a place in the City golf system, although it should not be expected to operate at an economic profit, as such an expectation will lead to expense reductions that could be harmful to the facility. Instead, the City should think of Jim Ager as its “feeder” course, developing new players that can eventually seek out golf service at the other 18-hole City facilities.

### **NGF Projections 2012-2017**

The NGF cash flow model for the continued operation of Jim Ager through 2017 shows the projected cash flows for the full operation through FY2017. This projection is intended to show the City that it should not expect much by way of positive net income for this facility, especially if actual facility expenses are appropriated into this course’s financial results. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Lincoln regional economy, employment, and visitation.
- The declines of 2013 are continued, with slight recovery in 2014 and a new stable of 20,000 rounds annually beginning in FY2015. This performance is assumed with no additional capital to Jim Ager before 2017, or no upgrades to the hitting bays, irrigation or lighting.
- Average revenues per round are comparable to actual 2012 and 2013 results, including the additional revenue for pro shop, snack bar, and other.
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

**Jim Ager Memorial Golf Course  
Projected Economic Performance  
with NGF Recommendations**

	2012 (Actual)	2013 (Projected)	2014 (Projected)	2015 (Projected)	2016 (Projected)	2017 (Projected)
<b>Rounds</b>	<b>17,624</b>	<b>17,600</b>	<b>19,300</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Revenue</b>						
Green Fees	\$90,336	\$90,200	\$98,900	\$103,500	\$103,500	\$104,600
Cart Fees	196	200	200	200	200	200
League Fees	2,790	2,800	3,100	3,200	3,200	3,200
Merchandise	6,209	6,200	6,800	7,100	7,100	7,200
Driving Range	427	400	500	500	500	500
Rentals	2,890	2,900	3,200	3,300	3,300	3,300
Snack Bar	10,707	10,700	11,700	12,300	12,300	12,400
<b>Total Facility Revenue</b>	<b>\$113,555</b>	<b>\$113,400</b>	<b>\$124,400</b>	<b>\$130,100</b>	<b>\$130,100</b>	<b>\$131,400</b>
<b>Operating Expenses:</b>						
Total Personnel Services	\$65,691	\$65,000	\$68,300	\$71,700	\$75,300	\$79,100
Total Materials & Supplies	30,615	40,000	41,000	42,000	43,100	44,200
Total Other Services	68,416	54,000	55,400	56,800	58,200	59,700
Capital Outlay	1,806	0	0	0	0	0
Permits, Fees & Other	0	1,000	1,000	1,000	1,000	1,000
<b>Total Operating Expense</b>	<b>\$166,528</b>	<b>\$160,000</b>	<b>\$165,700</b>	<b>\$171,500</b>	<b>\$177,600</b>	<b>\$184,000</b>
<b>Net Operating Income after Expense (Loss)</b>	<b>(\$52,973)</b>	<b>(\$46,600)</b>	<b>(\$41,300)</b>	<b>(\$41,400)</b>	<b>(\$47,500)</b>	<b>(\$52,600)</b>

# Golf Industry Standards, Norms, and Operational Issues

NGF has presented a selection of basic golf industry information designed to help educate the City of Lincoln on “reasonable expectations” for public golf operations in the U.S. Information provided includes operational norms for public golf courses (rounds, revenues, expenses, staffing) as well as some other “standards” consistent with successful public golf courses.

## PUBLIC GOLF OPERATIONAL NORMS

For comparison purposes to the City of Lincoln Parks golf courses, we present a review of selected NGF data from our bi-annual surveys of golf facilities, supplemented by data provided by the PGA of America through its “*Performance Trak*” data collection. This includes data from the aggregate of all golf courses in the U.S. (by category), as well as data from selected sub-categories of golf facilities including mid-range (middle fee) public golf facilities. These data are detailed in the National Golf Foundation publication, *Operating & Financial Performance Profiles of 18-hole Golf Facilities in the U.S.* These figures were included and used for this effort as they represent “reasonable estimates” for comparison to the City of Lincoln Parks golf courses. In addition, NGF Consulting has added estimates from the “*Future of Public Golf in America*” study completed in 2012 and presented at the annual NGF Golf Business Symposium.

### Public Golf Facility Rounds Expectations

NGF research indicates that the average number of rounds played per 18-hole golf course has been declining in the last 25 years. The totals now stand at an average of 31,527 rounds for municipal golf courses, 26,071 for all daily fee (privately-owned, open to the public), and 19,402 for private (member only) clubs. We note these figures all represent significant declines since 1985, with acceleration of decline since 2001. As a benchmark comparison, average rounds per 18-hole municipal golf course was around 42,000± in 2000 and just over 36,000± rounds in 2005.

The NGF uses a golf industry standard that defines a round of golf as “one individual beginning a round in an authorized start.” As such, the NGF is essentially counting “starts” as a round. During the course of this study, the NGF has used the industry standard of “starts” to count rounds played and recommends the City continue to use this counting method for all future reporting.

<b>Average Total Rounds Played By Facility Type 2009, 2011 + 2012</b>			
	<b>2009</b>	<b>2011</b>	<b>2012</b>
Daily Fee	26,009	24,394	26,071
Municipal	32,497	29,681	31,527
Private	17,748	18,323	19,402
Source: National Golf Foundation and PGA <i>Performance Trak</i> .			

## Public Golf Facility Revenue Expectations

NGF research indicates that the total of all golf facility revenues in the U.S. represents a \$22.3 billion industry, down from a peak of \$29.1 billion in 2005. The section below shows the NGF estimate for total golf facility revenue (public and private combined) in the United States for recent years.

### Revenue Detail for 'Standard' Public Golf Courses

Further detail on 'standard' public golf facility operations in the United States has been collected by NGF over the years, a summary of which is presented below for 2009 and 2012. 'Standard' public golf courses are those with green fees below \$40 (excluding carts). The NGF consultants feel that this represents the best measure of comparison to performance at City of Lincoln Golf Courses, and is used for this purpose throughout the NGF engagement for the City of Lincoln.

Public Standard Average Revenues			
	2005	2012*	% change
Green fees, cart fees and member/passholder revenue	\$679,280	\$666,100	-1.9%
All other golf revenue	\$76,930	\$75,000	-2.5%
F&B revenue (incl. banquets)	\$214,400	\$192,200	-10.4%
Merchandise revenue	\$80,080	\$78,300	-2.2%
All other operating revenue	\$37,560	\$35,400	-5.8%
<b>Total Revenue</b>	<b>\$1,088,250</b>	<b>\$1,047,000</b>	<b>-3.8%</b>

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and "Future of Public Golf in America" study – 2012. \*Estimated totals derived from sample research in 2012.

## Public Golf Facility Expense Expectations

NGF research indicates that all golf facilities in the U.S. had a total of \$21.3 billion in direct operating expenses, down 20.5% from a high of \$26.8 billion in 2001. The section below shows the NGF estimate for total golf facility expenses (public and private combined) in the United States for recent years.

### Operating Expense Detail for 'Standard' Public Golf Courses

Further detail on 'Standard' public golf facility operational expenses in the United States from 2005 and 2012 are displayed below. The NGF will use these figures for comparison to City of Lincoln Golf Courses throughout the NGF engagement for the City of Lincoln.

Public Standard Average Expenses			
	2005	2012*	% change
Total maintenance costs	\$377,160	\$442,300	17.3%
Golf car fleet costs	\$31,120	\$32,500	4.4%
COGS F&B	\$86,360	\$77,400	-10.4%
COGS merchandise	\$56,450	\$55,200	-2.2%
Other expenses	\$315,280	\$389,800	23.6%
<b>Total Expenses</b>	<b>\$866,360</b>	<b>997,200</b>	<b>15.1%</b>

Notes: "Total maintenance costs" includes payroll, supplies, and equipment. "Other expenses" is a large category because it includes all non-maintenance payroll and all other operating expenses. Source: National Golf Foundation 2013.

### Other Expense Findings

NGF has also included basic information on golf industry ‘standards’ for golf courses of all types in all climates. Industry standards can vary depending upon specific courses, but as a “rule of thumb,” allocated spending in key areas coincide with the percentages displayed below. The two most significant of these figures for the analysis of the City of Lincoln Golf Enterprises are the percentage of labor expense and utilities, as addressed by NGF for each individual facility.

Key Area	Allocated Spending
Labor	50%
Products, Supplies & Repair	15%
Services (Incl. Equipment)	10%
Utilities	5%
Other	20%

Source: Golf Course Superintendents Association of America (GCSAA) and NGF. Expense totals do not include non-recurring capital expenses, amortization, or depreciation.

### Public Golf Facility Average Revenue and Expense per Round

The following section provides NGF estimates for revenues and expenses per round of golf played for each of ‘Standard’ golf facilities.

#### Public ‘Standard’ Revenue and Expense per Round

NGF research indicates that public golf courses in the U.S. with green fees under \$40 average \$33.21 in total facility revenue per round of golf in 2012. Of this figure, \$23.51 (70.8%) is derived from “golf” sources (green, cart, pass fees and driving range), with the remaining \$9.70 (29.2%) per round derived from “ancillary” (mostly merchandise, food + beverage) sources. Overall, this figure has increased by almost 10% between 2005 and 2012, although we note that 2012 was a particularly strong year for golf in much of the U.S. due to outstanding winter weather.

Standard Public Golf Courses Average Revenue Per Round			
	2005	2012	% change
Total Revenue	\$30.23	\$33.21	9.9%
Golf Revenue	\$21.01	\$23.51	11.9%
F&B revenue (incl. banquets)	\$5.96	\$6.10	2.3%
Merchandise revenue	\$2.22	\$2.48	11.7%
All other operating revenue	\$1.04	\$1.12	7.7%

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and “*Future of Public Golf in America*” study – 2010

Lower-fee public golf courses in the U.S. average \$31.63 in total facility expenses per round of golf. Of this figure, \$14.03 (44.4%) is derived from golf course maintenance, with the remaining \$17.60 (55.6%) per round derived from all other expenses. Overall, this figure increased by about 31.5% between 2005 and 2012.

<b>Standard Public Golf Courses Average Expense Per Round</b>			
	<b>2005</b>	<b>2012</b>	<b>% change</b>
Total maintenance costs	\$10.47	\$14.03	34.0%
Golf car fleet costs	\$0.86	\$1.03	19.8%
Total COGS	\$3.97	\$4.21	6.0%
Other expenses	\$8.76	\$12.36	41.0%
<b>Total Facility Expense</b>	<b>\$24.06</b>	<b>\$31.63</b>	<b>31.5%</b>

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and “*Future of Public Golf in America*” study – 2012

### Public Golf Course Staffing

As noted previously, the City of Lincoln Parks is operating its five golf facilities through a system of City maintenance and contracted golf professionals. This structure is common among municipal golf courses in the U.S., although the trend is moving in the direction of privatizing as an effort to reduce labor expense. The discussion that follows will help the City of Lincoln identify a “standard” for staffing a public golf course operation for ultimate use in establishing a program for staffing at all City of Lincoln Golf courses. However, we note that given the relative quality of each facility and the level of rounds played and revenue production, it is clear that a “one size fits all” approach will not be appropriate for this system.

There are no industry standards that can be referenced to determine the appropriate staffing levels for a golf operation. The number of staff needed for a particular golf operation depends on several factors, not the least of which is budget considerations. Personnel costs typically represent the largest single expense item in a golf course operation, as is the case for City of Lincoln Golf courses. Therefore, an analysis of these costs is essential to understanding the financial performance of the City of Lincoln Golf operation. It appears that City of Lincoln Golf has reduced staffing in 2012 through retirements and reassignments. The NGF review of public golf operations nationwide in 2012 revealed the following averages for full-time staffing at 18-hole public golf courses nationwide:

<b>U.S. Averages Distribution of Staffing – Full-Time Equivalents (Year-Round)</b>						
		<b>Total U.S.</b>	<b>Daily Fee Golf Courses by season length</b>		<b>Municipal Golf Courses by season length</b>	
	<b>“Typical” Lincoln City Golf Course in 2012**</b>	<b>Avg.*</b>	<b>10-12 mos.*</b>	<b>&lt;10 mos.*</b>	<b>10-12 mos.*</b>	<b>&lt;10 mos.*</b>
Golf Maintenance Staff	<b>9.5</b>	10.0	9.5	7.0	10.5	9.0
Pro Shop Staff	<b>10.4</b>	6.5	6.0	5.0	7.5	5.5
Clubhouse Staff (F&B)	<b>Incl.</b>	3.0	3.0	2.0	2.0	2.5
<b>Total</b>	<b>19.9</b>	<b>19.5</b>	<b>18.5</b>	<b>14.0</b>	<b>20.0</b>	<b>17.0</b>

Source: National Golf Foundation. \*Includes average per 18-holes and is based on combination of PT and FT. \*\*Includes both City maintenance and contracted pro shop staff.

## **GOLFER EXPECTATIONS OF BETTER QUALITY PUBLIC GOLF FACILITIES**

Golf consumers have developed certain expectations about the package of amenities they expect at golf courses of various levels of quality. These expectations extend to both the physical attributes (maintenance) of a facility as well as the level of service provided. In this section, NGF will provide a basic “checklist” of amenities and services that are expected at various levels of golf course quality and should be considered within the overall program of the City of Lincoln Parks golf system. This includes a review of golf course facilities, support amenities, and service.

### **Golf Course Expectations**

A summary of categories of expectations for golfers at middle-to-better quality golf courses includes:

- Clean carts
- Good scenery
- Appropriate length and challenges (see below)
- Well maintained conditions
- Well maintained greens
- Well maintained fairways
- Well maintained tees
- Well maintained bunkers
- Clearly marked and visible yardage and hazard indicators
- Rough that is not too difficult and ball can be found
- Practice facility
- On-course facilities / water fountains

### **Golf Course Standards (Length of Tees)**

The length of tees on a golf course can significantly impact course performance in three ways: Marketing (inherent appeal), playability, and pace of play. All three areas are important, but are often overlooked when a course is initially laid out.

From a marketing perspective, the length of tees that means the most is the one from the back tee. Any course that does not measure at least 7,000 yards from the back tee is at a disadvantage to be marketed as a true upscale “championship” facility. This is especially true for courses in resort areas or who count a lot on non-local play, especially tourists. The reason the back yardage is so important is not because golfers will actually play from there (fewer than 4% of golfers will play from tees over 7,000 yards), but because golfers have come to equate distance with quality -- a perception that is fed by the media. In the City of Lincoln system, Highlands GC meets this criterion and can be a factor in adjusting the market position of this course (more in recommendations).

While the back tee yardage is important to get golfers to the course for the first time, the length from the other tees is critical in getting them to return. This is because playability is crucial to generating return play. Golfers tend to prefer courses where they can score at their “normal” level. If a course is perceived as being too easy, it is considered inferior. On the other hand, few golfers want to get “beaten up” every time they play. Ideally, a course would appear challenging but allow most golfers to be able to score at their normal level.

The most commonly preferred yardage for male golfers is around 6,250 yards plus or minus 250 yards. Psychologically the “6” is critical. The average male golfer (who typically will shoot anywhere from 90 to 105) will normally choose the shortest tee that is at least 6,000 yards long. You will find this tee, regardless of color, will be the most popular tee on almost every course -- typically receiving 40-50% or more of the play. There is some logic to this yardage as it will allow most male golfers to use almost every club in their bag when they play. At this yardage, most male golfers will typically be able to reach every hole in regulation at most courses.

However, as golfers age, they are no longer able to hit the ball as far. As a result, they are no longer able to reach all the holes in regulation at 6,000 plus yards. So for seniors, the most comfortable and preferred yardage tends to be from 5,400 to 5,800 yards. Women, on the other hand, tend to hit the ball about 80% as far as men. So the equivalent distance of a 6,000 yard tee would be 4,800 yards. Thus, women tend to prefer yardage of 5,000 or less.

When these yardages are not present, golfers are forced to play from a length where they are not comfortable. In reviewing the yardages at City of Lincoln Golf facilities, it seems that the system provides an excellent mix of yardage offerings, with only Pioneers missing a second middle tee and all four 18-hole courses exceeding about 5,300 yards for the most forward tee. This is clearly too long for most women players (more in NGF recommendations section).

<b>Golf Facility</b>	<b>Longest Tee Yardage</b>	<b>Middle Tee Yardage</b>	<b>Forward Tee Yardage</b>
Highlands GC	7,021	6,423 / 6,022	5,280
Pioneers GC	6,493	6,141	5,507
Mahoney GC	6,459	6,020 / 5,585	5,313
Holmes GC	6,791	6,420 / 5,693	5,350

### **Clubhouse Expectations**

Basic expectations of golf course clubhouses from golf consumers at middle-to-better quality public golf courses include:

- Visually appealing entrance and landscaping
- Area to drop golf bags directly from auto
- Clean and clearly marked entrance
- Appropriate and visible art and decorations
- Visually appealing pro shop area
- Room to shop and view items for sale + ease of purchase
- Convenient restrooms cleaned twice daily
- Clear logistics and ergonomics (where do I go to check in?)
- Space and comfortable chairs to sit and relax
- Space for gatherings / tournaments (at least 72 patrons on 18 holes)
- Wi-Fi and cell service available
- Space to privately change clothes/shoes (if necessary)
- Nice views of the golf course
- Good food and beverage service

- Alcohol service (at least beer) and a comfortable place to go to enjoy food and drinks and reflect on their round with friends
- Big screen TVs in the lounge/bar and/or grill area that are always tuned to sports

The above items represent the basic package of clubhouse amenities expected by golfers to complete a better quality golf experience. Attention to these details will help produce repeat customers and strong “word-of-mouth” recommendations. In general, the City of Lincoln Golf facilities meet these expectations at Highlands, Pioneers, Mahoney and Holmes (except for Wi-Fi), but could be improved in some areas as noted by NGF.

## Service Expectations

Basic service expectations from golf consumers at middle-to-better quality public golf courses include:

- Availability of, and accommodation for booking tee-times
- Assistance with golf bag drop
- Ease of parking
- Friendly/courteous staff at check-in counter
- Pro shop stocked with appropriate basic items (balls, tees, gloves, umbrellas, etc.)
- Carts cleaned and fully charged for a round
- Courteous starter attentive to golfer needs
- Management/staff attention to pace-of-play
- Courteous ranger moving play along
- Beverage cart service
- On-course restroom / drinking stations
- Ability to conveniently consume snacks/beverages after 9<sup>th</sup> hole (the “turn”)
- Assistance with golf bag after the round
- Ability to conveniently consume snacks/beverages after 18<sup>th</sup> hole (“19<sup>th</sup> hole”)
- Pro shop open when round complete

The above items represent the basic service package expected by golfers to complete a better quality golf experience. Attention to these details will help produce repeat customers and strong “word-of-mouth” recommendations. NGF notes there are few deficiencies in these areas at Lincoln City courses, but service overall tends to match the fee structure.

## Food and Beverage Operations

The food and beverage (F&B) operation at most golf courses is critical to the facility’s profitability, either positively or negatively. The F&B operation, though, is more important to the success of a golf course than simply its direct contribution to the bottom line. What is often undervalued, perhaps because it is so hard to measure, is the F&B’s impact to the overall desirability of a golf course and thus its effect on rounds performance.

There is no question that for most golfers a golf course’s F&B operation significantly impacts the overall golfing experience. Given that an 18-hole golf round usually takes four to four and half hours to play, a golf round is inevitably going to impact at least one meal for a golfer. Further, many golfers enjoy relaxing after a round of golf, preferably while eating and/or drinking. This is an important social time as the golfers reflect on the round, settle bets, and often discuss

various issues that may have nothing to do with golf. (Notably, a golf course is a popular spot to conduct business).

As a result, a facility's F&B operation can be either an asset or a detriment to a facility. If the quality of food is excellent and the atmosphere and service are good, there is no doubt that the operation will have a positive impact on golf course performance. However, if the F&B is lacking (or even non-existent) it can deter a lot of players from even coming to the course. This is true if for no other reason than convenience. Given that the golfer is likely to need a place to eat either before, after or even during a round, if the golf course cannot provide the meal, the golfer must find another place – adding additional time and inconvenience to the round. Further, a golfer tends to want to satisfy thirst and hunger immediately. If this cannot be done at the golf course, the round can be much less pleasant.

On the other hand, if the food quality and service are good, it adds to the golf experience and increases the desirability of the golf course as a place to play. A high quality F&B operation can help make up for any deficiencies of the golf course. Similarly, a poor F&B operation can drag even a good golf operation down.

### Successful Food and Beverage Operations at Golf Facilities

From a golf perspective, the F&B operation does not need to be elaborate; a simple grill operation is often sufficient. Golfers are looking mostly for tasty items that can be prepared and delivered quickly in an inviting and friendly atmosphere. Hot dogs and hamburgers are still the overwhelmingly most popular items served. However, with healthy selections becoming more socially acceptable and appealing and with the desire to expand the market to include women and seniors, other menu items are required. There should be salad and healthy sandwich choices as well as fruit offerings. To increase appeal to regulars, there should be daily specials. A "signature" item is always desirable.

It is also important to understand that the F&B operation is not limited to the grill or restaurant, but definitely extends to the golf course. Many golf operators have discovered that offering a good beverage cart operation not only creates a new profit center, but also increases total rounds performance. Golfers tend to enjoy beverage cart service, when the operators are well-trained and personable and the prices and selection reasonable. It is not uncommon for a mid-level facility to average more than \$1 to \$2 per round from beverage cart sales alone. However, to be successful, a beverage cart operation needs to have the following:

- **Good Servers.** The attendants need to be friendly and helpful.
- **Beer.** Beer is the beverage of choice for a large percentage of golfers. Having beer readily available will significantly help performance – both for the F&B operation and for the golf course.
- **Good Selection.** Savvy operators track what golfers are buying and do their best to keep these items in stock and available on the golf cart.
- **Consistency.** This is perhaps the most important ingredient of all. To be successful, the beverage cart must be present consistently. It cannot be operated only during "peak" days and at "peak times." Golfers need to be trained to expect that the beverage cart will be there in order to leave their coolers behind and for the beverage cart to have a positive impact on the golf course rounds.

Where F&B operations tend to create fiscal problems for a golf facility is when they start offering dinner services that go beyond the typical golf course fare and try to compete with restaurants.

# City of Lincoln Golf Enterprise Operational Considerations

One of the key issues for review by the NGF Consulting team was the issue of overall governance and structure of City of Lincoln golf facilities, and to review and analyze options for the optimal structure of the City's system. Before we present our findings and recommendations on this subject, we believe it will be useful to provide a summary of the various management options available to public sector golf course operations.

## MANAGEMENT OPTIONS

In our experience, there is no ideal operating scenario that fits all situations, and each municipal entity must arrive at its own unique approach to operation and maintenance. In the following section, we summarize the options available to the City of Lincoln by presenting descriptions of the most typical operational structures for public sector golf facilities, as well as advantages, disadvantages and public policy implications of each. These options, which are presented in order of most direct City involvement to the least City involvement, include:

- **Self-Operation.** Under this scenario, the City would operate all five City golf facilities under the supervision of the Park and Recreation Director, through the Golf Administrator position, and with on-site authority given to an individual manager at each location. All employees in both pro shops and maintenance would be City of Lincoln employees.
- **Concession Agreements.** Often structured as “personal services” contracts with municipalities, typically involving Pro Shop, Food and Beverage and/or Maintenance and would involve the City contracting for one, some, or all of these services. The “status-quo” for Lincoln is the concession contracts in place with two professionals for pro shop and F & B services at each of the four 18-hole courses, while the City retains golf course maintenance.
- **Full-Service Management Contract.** Hire a management company to operate all aspects of the City's Golf Courses.
- **Full Service Lease.** Lease the facilities to a private operator in exchange for an annual (or monthly / quarterly) lease payment to the City.

Management contracts and operating leases are the most commonly used terms to describe a contract between a municipality and a private golf course operator. Each has significant differences, but also several common characteristics. A general discussion of each option, along with key advantages and disadvantages is presented in the following paragraphs.

### Option 1: Self-Operation by City of Lincoln

Self-operation gives the municipality the greatest control over golf operations and would expand the status quo for the City of Lincoln, which currently provides golf maintenance with concession contracts for pro shops and F & B. Under this option, the City would take full control of all aspects of the operation and then have full control over all employees, course maintenance, policies and procedures, hours of operation, fee schedules, and operating and capital budgets. All revenues (including green fees, cart fees, range, merchandise, snack bars, etc.) would belong to the City, as would all expenses associated with operating and maintaining the golf course. This is still the most common form of operation for municipal golf courses nationwide.

### **Advantages of Self-Operation**

- Direct City control of the assets.
- All workers are City employees.
- Full participation in upside revenue potential.

### **Disadvantages of Self-Operation**

- Requires municipal administrative support for the operation.
- Potential operating inefficiencies due to “red tape”, bureaucracy, and/or procurement issues.
- The municipality may lack necessary expertise in managing golf facilities, and would have to add staff for this purpose.
- All employees would be subject to municipal labor policies for wages, benefits (if applicable), termination policy, etc.
- Golf operation may experience fiscal loss and require subsidies from other departments (i.e., taxpayer support).

### **Discussion and Policy Implications**

Any golf facility owner must consider how it views its golf facilities. If the City’s golf courses in Lincoln are seen primarily as amenities to the overall City experience like other recreation amenities that have lower cost recovery, then the municipality should be prepared to realize lower economic return, and self-operation likely makes the most sense. However, if the municipality requires a positive economic return from its golf courses, then the self-operation option may not be the most effective in terms of maximizing economic performance and minimizing taxpayer support. Also, if a municipality is unable to fund needed capital improvements and/or is deferring routine maintenance, the result will be a less attractive product for golfers, leading to continued rounds and revenue decreases, and ultimately resulting in larger and larger subsidies by the municipality and continued deferral of needed capital upgrades.

### **Option 2: Concession Agreements**

This form of agreement is similar to a lease agreement. However, a concession agreement usually involves granting a license to operate a facility rather than the right to occupy the premises. It is very common in the golf industry, especially in the food and beverage service area, and presently exists at Lincoln City golf courses in the form of golf professional contracts that cover all pro shop and food/beverage operations.

### **Food and Beverage Concession**

The most common concession agreement at municipal golf courses nationwide is the food and beverage concession. This agreement typically covers all aspects of food and beverage operations and is in place in many municipalities due to restrictions on public sector agencies holding liquor licenses. These agreements will typically involve the concessionaire owning all revenues and paying a share to the municipality (usually around 10% of gross revenue). The concessionaire is responsible for all direct expenses (cost of sales, labor, materials, etc.) and can sometimes add capital investment such as kitchen equipment. If banquets and other non-golf events are hosted at the facility the concessionaire would have rights to provide all food and beverage service, but concessionaire collection of room rental fees is not common.

### **Pro Shop Concession**

The second most typical concession agreement would be for the Pro Shop, including one or more of the range, lessons, merchandise, or other defined revenue centers. The most common pro shop concession agreements usually involve the municipality owning all green fees and any

other revenue centers tied to large capital investment (i.e. carts). Pro shop concessionaires will often receive payment from the municipality for a share of certain pre-established revenue centers in order to cover direct expenses for overseeing golf operations. All money will typically flow in one direction with either the municipality collecting all revenue and paying the concessionaire, or vice-versa. Because of the short term of most pro shop concession agreements, there is little opportunity for the concessionaire to make major investments.

### **Maintenance-Only Concession**

Another area of separate concessions is in maintenance-only contracts. This model has become more common in certain areas of the country where labor costs for maintenance are increasing too rapidly to keep under control, or where maintenance staffs have been reduced significantly to reduce expense thereby reducing the overall quality of maintenance. Golf course maintenance, including associated labor, is almost universally the largest single line expense item on a golf course's operating budget. This is especially true in public sector golf operations, when employee wage and benefit costs are often significantly higher than in the private sector.

There are a number of companies that specialize in fixed-fee outsourced golf course maintenance, and these companies are able to offer considerable maintenance cost savings due to several reasons, foremost of which is the ability to employ cost-effective manpower and scheduling strategies, which most municipalities are constrained from doing. Additional savings are often achieved through the ability of the larger companies to leverage national purchasing agreements for equipment, materials, and supplies, and through other economies of scale.

### **Advantages of Concession Agreements**

- The municipality is generally removed from the day-to-day operation (in a pro shop concession) in exchange for collecting green (and other) fees.
- The term of a concession agreement is typically shorter than an operating lease.
- In a maintenance-only contract the vendor will typically provide all maintenance equipment. The agreement will typically include a reduction in labor expense with comparable quality.
- The municipality does not have to staff functions related to golf operations (e.g., reservations, green/cart fee collection, driving range operations, customer service, programming), food & beverage, and golf course maintenance, but receives all green fee revenue and a pre-determined percentage of other gross receipts.
- Concession contracts can provide a steady net income to the municipality for some components of the operation, thus somewhat reducing the overall operating risk.

### **Disadvantages of Concession Agreements**

- Concession agreements do not provide guaranteed revenue to the municipality, and the municipality remains responsible for most capital expenditures. Depending on the structure of the deal, some capital improvements, such as expansion of banquet space, are likely to accrue more benefit to the vendor than to the municipality.
- Possible conflict between concessionaires when multiple concessions involved, or if the municipality retains one function (i.e. maintenance). If contracts do not expire simultaneously the City may end up tied to a contractor for longer than truly desired.
- Contract enforcement still requires municipal staff time and overhead expense, although this should be reduced from the self-operation scenario.
- Concessions usually result in revenue not being treated equally. If the concessionaire benefits from one source of revenue (range or merchandise), than concessionaire attention tends to focus on these areas, rather than City revenue, such as green fees.

## Discussion and Policy Implications

The advantages to this type of arrangement are the municipality's relief of day-to-day operational responsibilities, while still retaining some control of the operation and keeping community service benefit. The system can also help reduce a municipality's overall operating costs, including administration and overhead expense. However, in structures where there are multiple agreements, or where the municipality retains a key function, this is not always possible due to the requirements of managing multiple concessions and getting all involved "on the same page."

### Option 3: Full Service Management Contract

The primary goal of a management contract or management agreement is to provide a golf facility with a single experienced, professional operator to be responsible for all aspects of the golf facility program, thus relieving the owner (municipality) of this task. In a typical management contract, the municipality hires a firm that is charged with all management and maintenance responsibility. The municipality funds all capital improvements, and the management firm hires all employees. Because employees work for the management firm and not the municipality, payroll cost may be less; thus, the operating expenses would be reduced from self-operation, and possibly from a multiple concession arrangement.

The management firm collects all revenue and provides accounting reports to the municipality. All revenues belong to the municipality, as well as the responsibility for all expenses. The municipality reimburses the management firm for all payroll expenses and pays the firm a management fee. Typical services provided under the management agreement include, but are not limited to:

- Personnel/Training/Human Resources
- Payroll / Benefit Administration
- Budgeting
- Marketing
- Accounting and Reporting
- Tee Sheet Management
- Agronomic Support

While the management company performs these functions, the municipality retains overall control of the operation and is the ultimate determinant of items such as fee structures, compensations, policies, employment practices, etc. (though it receives considerable input from the management entity).

The management firm submits detailed budgets to the municipality prior to the operating year. The municipality monitors the firm's utilization of budgeted funds and is responsible for any unforeseen expenses beyond the control of the management firm. Because of the close working relationship between the municipality and the management firm, the changing golf economy, and capital requirements of golf courses, the typical management contract requires frequent revision. The length of the typical agreement is relatively short, two to five years, and may include option periods. The most typical initial term is five years.

The management firm collects all revenue and provides accounting reports to the City, who reimburses the management firm for all payroll expenses and pays the firm a management fee. The most typical management agreement that NGF observes today involve compensation that comprises a fixed dollar amount plus an incentive component that is predicated on percentages of gross receipts or net income, over and above the established minimum revenues (terms may

be influenced by IRS regulations if tax-exempt bond financing, such as exists at Holmes, of facility improvements is involved). The incentive earned is typically predicated on the municipality achieving its predetermined goals with respect to financial performance. Also, the operating expense budget must be maintained at the original projection for incentives to be earned. Total compensation to the management company varies depending on the size of the facility and the level of responsibility of the management firm, but the industry “standard” is 3% to 6% of total facility gross revenues, with a minimum of \$60,000 for a regulation 18-hole facility, but could go as low as \$25,000 for an executive or par-3 golf course. The City of Lincoln should anticipate a management fee for the City of Lincoln golf courses to be:

<b>Estimated Management Fees City of Lincoln Golf Courses</b>			
<b>Facility</b>	<b>2012 Gross Revenue</b>	<b>Low Management Fee Estimate</b>	<b>High Management Fee Estimate</b>
Highlands GC	\$1,352,900	\$40,600	\$81,200
Pioneers GC	\$1,117,173	\$33,500	\$67,000
Mahoney GC	\$979,034	\$29,400	\$58,800
Holmes GC	\$977,328	\$29,400	\$58,800
Jim Ager GC*	\$113,555	\$25,000	\$25,000
<b>Total</b>	<b>\$4,539,990</b>	<b>\$157,900</b>	<b>\$290,800</b>
*Assumes the minimum rent due to low revenue.			

### **Advantages of Management Contracts**

- In municipalities with multiple facilities, management contracts can help to streamline disjointed operations into one single and efficient structure.
- The very nature of the agreement ensures that management company interests with respect to the golf course are aligned with the interests of the municipality/owner.
- Marketing and overall operating cohesion and effectiveness is generally maximized under this structure if a qualified company is chosen.
- A single entity controls every aspect of the golfer experience from the time he or she sets foot on the property.
- There is substantial upside to the municipality when a facility is on the upswing, as the municipality owns all of the net revenues, minus incentives earned by the management company. Also, incremental revenues generated by capital investments belong to the municipality.
- Operating costs may be reduced because the management firm hires all employees at costs that can be less than what the municipality would have to pay. (This benefit accrues mostly to municipalities that manage and/or maintain their facilities with public labor).
- Though mutually agreed upon budgeted expenses are the responsibility of the municipality, the management entity provides all on-site staff and performs the management and maintenance functions. However, the municipality retains overall control and remains the ultimate authority on fee structures, compensation, policies, employment practices, etc. Therefore, the management contract provides the most flexibility and municipal control of any structure short of self-operation.

### **Disadvantages of Management Contracts**

- Though this option offers the municipality more control than with an operating lease, it offers less control than self-operation.
- The municipality still needs a person in the structure with golf course expertise who could spend sufficient time overseeing the golf operation and contract compliance.
- Unlike an operating lease, management contracts do not provide a guaranteed income for the municipality, and the fixed portion of the management fee is guaranteed as long as the contract provisions have been met. Therefore, positive net operating income to the municipality is not assured.
- Unlike with a lease agreement, the municipality would still be responsible for the capital improvements.

### **Discussion and Policy Implications**

The full-service management contract structure can result in significant positive results and is an option that is typically considered as a reaction to insufficient economic performance and the inability of municipal staff to either appropriately operate the golf course (management, marketing, maintenance, etc.), or control expenses. The overall quality of these types of agreements rests with the municipality's ability to find a qualified company, negotiate a contract that is "win-win" for both sides, and then provide proper oversight to see to it that the contract is complied with.

In conjunction with a well-constructed contract, the management contract form of operation provides the controls necessary to protect a substantial asset. A management contract, unlike a lease agreement, offers no assurance of a net profit to the municipality. In the case where a golf facility is experiencing, or expects to experience, an upswing in revenues due to factors such as an improved product or new capital investment, the management contract provides the greatest amount of up-side revenue potential to the municipality, and allows the municipality to reinvest in operating and capital programs. Finally, this option provides the most flexibility of any management style short of self-operation.

### **Option 4: Full Service Operating Lease**

The primary goals of an operating lease are to relieve the golf course owner (municipality) of all operating concerns, to ensure a minimum rent payment to the municipality, and to improve and/or protect the asset. An operating lease is similar to a management contract in that the lessee, like the management firm, hires and fires all employees and is responsible for the day-to-day operation of the facility. The difference between the two is that the lessee would be committed to pay all operating expenses, supply equipment, and, typically, provide some capital for investment in the golf facility. The ability of the selected private vendor to have control over the labor resource at the facility, and not have to pay "municipal" wages and benefits, would be key to making this arrangement work. These leases are typically for a longer term (longer than 10 years), especially when large lessee capital investment is involved.

In exchange for incurring all operating expenses and capital upkeep, the private lessee would receive most (if not all) of the revenue and pay the municipality either a flat payment (flat lease) or a percentage of revenue (percentage lease). In today's golf economy, there are fewer and fewer properties for which the economics of a lease work for both parties, as reduced net cash flows often will not allow for guaranteed minimum lease payments, profit for the lessee, and funding of required capital improvements. Also, IRS regulations (e.g., rule 97-13) may preclude this option entirely if tax-exempt bond financing of facility improvements is at issue, such as it is with the construction of the Holmes clubhouse.

### Advantages to Leasing

- **Burden of Risk.** If structured appropriately, leasing the facility to a private entity can shift the burden of operational risk to the lessee. This includes the risk associated with rising labor and other expenses, as well as potential downturns in rounds played and revenues. Barring a breach of the contract, the municipality would have a guaranteed net revenue stream. The only expenses remaining with the municipality will be those associated with administering the contract, oversight, and compliance.
- **Simplicity.** The municipality's day-to-day administration of the golf facilities could be significantly reduced or eliminated. (As with all privatized management options, the municipality should still have a person who has golf course expertise monitoring the operation and enforcing contract compliance).
- **Capital Improvements.** Depending on the relative attractiveness of the business opportunity to the private entity, the lease terms could require (or at least incentivize) the lessee to make, or at least contribute significantly to, needed capital improvements (i.e., improving irrigation, cart paths and driving range).
- **Maintenance Equipment.** The lessee would be responsible for providing maintenance equipment and golf carts, or could assume the balance of existing leases.
- **Reduce Municipal Involvement.** Minimizes political influence with less direct involvement of the City in setting fees, policies, and practices.

### Disadvantages to Leasing

- **Control.** This lease option offers municipalities the least amount of control over the golf course operation, especially with regard to pricing and community benefits (leagues, clubs, high schools, etc.).
- **Profit Motive.** This is closely tied to the control issue. If not carefully executed, a lease arrangement may conflict with the objective of providing an affordable recreation activity for residents, as private interests (including maximizing return) can often be in opposition to public interests (such as providing a community service).
- **Revenue Constraint.** As would be expected when one party shares a disproportionately low share of the risk, the municipality would receive less of the upside revenue potential than it would with a management contract.
- **Long Term.** Leases are typically for a long term, especially if capital improvements are included in the lease terms. This makes it difficult to get out of the lease, should the municipality become displeased with the lessee's operation of the facility.
- **Down Market.** The lessee may be forced to cut maintenance expenses and/or raise fees if revenues do not meet expectations. Unexpected golf market downturns often lead to declines in property condition or the lessee seeking to renegotiate terms.

### Discussion and Policy Implications

While leasing of public sector golf facilities was popular in previous decades, its popularity waned in the 1990s as golf revenues were increasing and public agencies began to see what they thought were large sums in golf revenue going to an outside vendor and not being reinvested in the facility or going as profit to the municipality. However, since the turn of the 21<sup>st</sup> century, leases are again becoming more attractive to municipalities in the face of public sector budget challenges. Leasing out the golf operations shifts the burden of operating risk to the private vendor, helps to reduce (or eliminate) large fiscal losses, and, in some cases, provides a

guaranteed revenue stream to public agencies. In most cases, the vendor will also contribute to capital improvements.

Although the appeal of turning everything over to an outside agency does have merit, especially in terms of transferring operational risk, we should note some downsides of this option. First, the City would have much less control over operational issues such as pricing and programs. Second, it may be difficult to attract an acceptable vendor with lease terms palatable to both the City and the vendor(s). The golf course owners that find trouble in lease agreements often have entered into agreements where one party is doing considerably better than the other. If the deal is too favorable to the City, the lessee may struggle and the facilities could suffer. Likewise, if the deal is too favorable for the vendor, the City could experience lower returns than expected.

## DISCUSSION

The NGF review of the various operational considerations for the City of Lincoln Golf facilities shows that two of the four options presented are probably not the best fit for City of Lincoln and can be eliminated from further evaluation:

- **Outright Lease.** The NGF review of the lease option shows that leasing may not be fully allowable under various legal and City provisions. The two most important of these are bond covenants and conveyance of park property. Further review of these issues will be required if the City is to consider a lease option, as there clearly are “gray” areas in these considerations. The two key considerations covered include:
  - **Bond Covenants.** The Holmes clubhouse development was funded through the issuance of revenue bonds, which will be in place for the next 10 years. The restrictive covenants in this bond issue prevent the private sector from profiting on this property or allowing the City to “convey” the property to a private entity. Even concession agreements could be problematic at Holmes GC.
  - **Park Property.** Three of the four 18-hole City of Lincoln golf facilities (Pioneers, Holmes, and Mahoney) are located on Park property that may also have restrictions on “conveyance” that may apply under a lease option.
- **Self-Operation.** The City of Lincoln is likely not equipped to create a full self-operation scenario for the City golf courses. This is due to the high cost of labor and the need to reduce expense in the operation, not increase it.

In light of this, NGF sees the continued mix of pro shop concessions and self-operated maintenance, or some form of management agreement as the two most appropriate options for the City going forward. However, NGF must also note that if the City opts to pursue a management agreement for City of Lincoln golf courses, the key issues that must be addressed prior to making the evaluation include the issue of whether to include one, some, or all of the City of Lincoln facilities in the agreement.

### One, Some, or All of the City of Lincoln Golf Facilities

Another consideration for the City of Lincoln if it considers a new management arrangement for the golf system is which of the golf courses will be placed within this structure. As noted above there may be some restrictions on certain properties, while others may not be affected. There may also be the possibility that a private vendor will want only certain facilities that they deem most profitable (Pioneers, Highlands), leaving City of Lincoln with its lower-performing golf courses. Other issues to consider include:

- Some facilities in the system may not be overly profitable, but serve some other “public purpose” such as recreation amenity or economic development driver.
- If the City of Lincoln does not commit to a management agreement model at all four facilities (retaining some as concession/self-operated), the City may find itself competing with its own golf properties for customers and market share.
- Several of the City of Lincoln golf facilities would benefit from infrastructure upgrades that will require a high level of capital to complete.

## **CLOSURE OF ONE OR MORE OF LINCOLN CITY GOLF COURSES**

Another option the City of Lincoln can consider to help improve the overall financial condition of the golf system would be to close one (or more) of the system’s 18-hole golf courses. This closure could come in the form of an outright sale of property (only Highlands GC could be considered for this), or modifying one of the three 18-hole courses that sit on park property into more “passive” park space. The City has asked the NGF to consider this option under the idea that the closure of a golf course would reduce overall operating expense, thus improve the Golf Fund’s financial position.

The NGF review of the Lincoln City golf course facilities in 2013 suggests that this course of action is highly premature, and would likely not improve the fiscal position of the golf fund. As such, this action is not recommended by NGF for the following reasons:

- Closing municipal golf courses is an extreme step that would usually come at the end of a lengthy process of attempts to improve operations. Put another way, the NGF does not believe that the City has exhausted all options for improving the operations of the City’s golf system. Action on many (or all) of the NGF recommendations provide a much better opportunity to improve the economics of the golf system than closure of one (or more) golf course.
- The estimated capital investment proposed for the golf courses would continue at the other three courses that remain open.
- There is a cost to close a City golf course, both in terms of direct capital remediation and on-going maintenance. City data provided to NGF indicates the City spends \$600 per acre on park maintenance, which would become a new expense to the City for the closed golf course, if maintained as a passive park with no revenue (\$86,400 total for Mahoney).
- An estimated one-third of the rounds that were being played on the closed Lincoln golf course would end up being recovered at the remaining golf courses. NGF research into golf course closures like this suggest that about 1/3 of rounds are lost entirely, 1/3 end up at other (non-Lincoln) area golf courses and 1/3 at other Lincoln City courses.
- The resulting effect on the public golf market will be a limiting of public golf options that usually leads to an increase in the price of golf for consumers (higher green fees).
- The closing of one golf course is not likely to reduce the City’s administrative overhead. The City’s overhead on the Golf Fund will either: (1) be re-allocated across three 18-hole courses instead of four, thus increasing the per-facility overhead charges on the remaining courses; or (2) re-allocated into the City’s General Fund. The underlying overhead costs will not be reduced.

## NGF RECOMMENDATION

NGF recommends that the City of Lincoln keep its golf system intact, but change its operating structure to a single-source management agreement for the 18-hole courses. This would mean that operation of the City's 18-hole golf courses would be contracted to a single entity that would have full control of the day-to-day operations, including the pro shops, food and beverage operations and maintenance. This structure, if properly implemented, is believed by NGF to offer the City of Lincoln the greatest opportunity for improvement in both revenues and expenses, and allow for a streamlined operation with appropriate alignment of interests. The Jim Ager Golf Course should be absorbed back into the City's Recreation Department to be covered from General Fund, and removed from the Golf Enterprise Fund.

It is of utmost importance that the new single-source management agreement for the 18-hole courses be structured with the following key terms included in the master agreement:

- **Be a "Hybrid" agreement** – Involve a low fixed management fee to the operator and include a variable portion that helps spread the risk to the operator (as much as is allowable with the Holmes Bond Issue).
- **Pooled Revenue** – All revenue to the facilities is treated equally, with division between the City and management based on a split covering all revenue centers.
- **Include Some Capital Investment** – Encourages the private vendor to contribute capital to the properties, which would be in their interest given the recommended investments are designed to increase revenue.
- **Firm Standards** – The agreement should be structured with firm standards on operations, fees, maintenance, marketing, and use of technology. It would be expected that many (if not all) of the basic operational recommendations made by NGF in this report would be incorporated into the standards contained in a new operating agreement.
- **Strong Contract Compliance** – The City must establish practices that ensure full compliance with all terms within the new contract, subject to periodic reviews and/or inspections by City staff, or an independent third party.

# External Factors Affecting the Operation of Public Golf Courses

In this section of the report, NGF Consulting will provide a summary of important uncontrollable factors that have direct effect on the operation of the City of Lincoln golf program. This includes a review of local demographics and the economy and their effect on golf facility operations, national trends in golf industry demand and supply and a specific estimate of golf demand in the City of Lincoln and each City course's local market. The NGF will also provide a review of other golf courses in the market area that compete with the City golf courses' market share. We will then provide a summary of these factors and how they relate to the continued operation of City of Lincoln golf facilities.

## BASIC DEMOGRAPHICS AND THE LOCAL ECONOMY

The NGF has examined certain factors that have the potential to affect the performance of the City of Lincoln golf courses. Following are some key observations highlighting the basic demographics, economy, climate, and transportation of City of Lincoln, and the potential impact of each on golf activity. The overall findings are viewed as generally positive for the City's golf courses in that the City's economy is stable, but the overall size of the City and County may be small relative to the support of four 18-hole golf.

### Demographic Analysis

With more than 1.86 million people (2012 estimate), the State of Nebraska has seen steady growth from 1990 to the present, but at a slower rate than the U.S. as a whole. Lancaster County, however, has experienced growth rates higher than the U.S. average. Incomes in Nebraska tend to be lower than the total U.S. figure.

Summary Demographics			
	Lancaster County	State of Nebraska	U.S.
Population 1990 Census	212,946	1,577,613	248,584,652
Population 2000 Census	250,290	1,711,170	281,399,034
<b>CAGR 1990-2000</b>	<b>1.63%</b>	<b>0.82%</b>	<b>1.25%</b>
Population 2010 Census	285,407	1,826,341	308,745,538
<b>CAGR 2000-2010</b>	<b>1.32%</b>	<b>0.65%</b>	<b>0.93%</b>
Population Estimate 2012	294,129	1,861,334	314,893,068
Population 2017 Projected	313,408	1,939,094	328,560,041
<b>CAGR 2010-2017</b>	<b>1.35%</b>	<b>0.86%</b>	<b>0.89%</b>
Median HH Income (2012 Estimate)	\$52,405	\$50,649	\$59,501
Median Age (2012 Estimate)	33.2	36.3	37.5

CAGR = Compound Annual Growth Rate. Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions

The local communities that surround each of the City of Lincoln golf sites have differing basic demographic characteristics. The markets around Holmes and Pioneers tend to have higher median household incomes, but these two areas also have fewer residents than Ager. While these 3-mil rings do not necessarily represent the true "market" for each of the Lincoln City golf sites, the localized analysis does give an indication of the characteristics of the immediate local

populations and the level of support that can be expected from the “fall-out-of-bed” markets that surround each property.

<b>Local Population and Income 2012</b>				
	<b>Population</b>		<b>Median HH Income</b>	
	<b>3-Mile Ring</b>	<b>10-Mile Ring</b>	<b>3-Mile Ring</b>	<b>10-Mile Ring</b>
Highlands Golf Course	35,462	261,582	\$51,771	\$49,538
Holmes Golf Course	75,301	272,726	\$60,937	\$51,317
Mahoney Golf Course	49,445	275,530	\$44,779	\$51,114
Pioneers Golf Course	20,886	270,256	\$58,769	\$50,975
Jim Ager Memorial Jr. GC	126,819	275,346	\$41,558	\$51,202

Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions. N/A = not available

Other key demographics of City of Lincoln are described below:

- The overall trade area has minority (African-American and Hispanic) populations, although these are smaller than the total U.S. Lancaster County overall reports about 8% residents of Hispanic origin and about 4.5% African-American. This compared to the total U.S. population that includes approximately 17% Hispanic and 12.6% African-American. Research studies have revealed that the golf participation rates among African-Americans and Hispanics aged 18 and older are about 3.9% and 7.7%, respectively, compared to the overall U.S. golf participation rate of 9.6%. Therefore, NGF believes it is important that the City of Lincoln golf courses cultivate player development programs aimed at stimulating latent golf demand among these communities in order to maximize utilization of the golf course in the future.
- The median income for a household in the Lincoln area is about \$52,400 or approximately 12% lower than the total U.S. median income of \$59,500. Only 5.7% of the area’s households have incomes over \$150,000 annually, much lower than the 8.9% observed nationally. In general both golf participation and golf frequency (rounds played) tend to be higher among higher income populations. As the income levels in Nebraska tend to be lower than total U.S. averages, NGF has assumed a “standard” level of golf participation for the Lincoln area but with green fee pricing expected to be lower-than-average.

### **Key Economic Factors**

It is clear that the recent (2008-2012) recession has had a direct effect on the demand for golf both nationally and locally, as decreased discretionary income and the plunging values of many stock portfolios, retirement accounts, and homes has led to reductions in recreational / leisure spending. The restaurant industry in Nebraska has certainly experienced this phenomenon, and interviews with area golf operators have borne out that this has happened to them, as golfers are shifting to less expensive rounds, and tournament and banquet business is off at many clubs. On the other hand, deep declines in asset values may result in many golfers giving up expensive memberships at private golf clubs in favor of playing at high quality public courses.

Some observations related to the local area economy at the beginning of 2013:

- The City of Lincoln is the capital and the second-most populous city of the state of Nebraska. Lincoln is also the county seat of Lancaster County and the home of the University of Nebraska. The State Capital and large university offer the City

advantages over other similar-sized communities that can have a positive impact on the demand for golf.

- Located on the Great Plains far from the moderating influence of mountains or large bodies of water, Lincoln possesses a highly variable four-season humid continental climate: winters are cold but relatively dry, summers are hot and occasionally humid. With little precipitation falling during winter, precipitation is concentrated in the warmer months, when thunderstorms frequently roll in, often producing tornadoes. Snow tends to fall in light amounts, though blizzards are possible. Snow cover is not very reliable due to both the low precipitation and the frequent thaws during winter. As a result, the golf season is relatively limited in Lincoln and there is a definable short season within which all golf income must be earned.

<b>Climate Data Lincoln, Nebraska 2003-2012</b>		
<b>Month</b>	<b>Average Temperature</b>	<b>Average Precipitation(inches)</b>
January	24.02	0.667
February	27.95	1.146
March	42.79	1.479
April	52.62	2.744
May	63.00	3.703
June	72.73	4.734
July	78.49	2.587
August	75.55	3.064
September	65.53	2.631
October	53.40	2.197
November	40.55	1.226
December	26.86	1.315
<b>Annual</b>	<b>51.90</b>	<b>27.491</b>
Source: University of Nebraska, Lincoln		

2012 Drought – The total Lincoln precipitation between January and August, 2012 was 13.66 inches. This data shows 2012 as the 15th driest on record (127 years of data). Greatest January 1-August 20 precipitation = 31.44 inches in 1951. Least January 1-August 20 precipitation = 6.80 inches in 1934. In July and August 2012, Lincoln has had only 0.45 inches of precipitation and this is the driest on record for that time period.

### **Economy and Employment**

- Lincoln's economy is fairly typical of a mid-sized American city, as most economic activity is derived from service industries. The state government and the University of Nebraska-Lincoln are both large contributors to the local economy. Other prominent industries in Lincoln include medical, banking, information technology, education, call centers, insurance (such as Ameritas Life Insurance Company and Allstate Insurance subsidiary Lincoln Benefit Life), and rail and truck transport.
- The unemployment rate in Lincoln, at 4.8% in February 2013, is much lower than national figure of 7.7%.

<b>Labor Force Data Lincoln, NE</b>						
<b>Lincoln, NE</b>	<b>Oct 2012</b>	<b>Nov 2012</b>	<b>Dec 2012</b>	<b>Jan 2013</b>	<b>Feb 2013<sup>3</sup></b>	<b>Mar 2013</b>
Civilian Labor Force <sup>1</sup>	177.5	177.7	176.7	177.2	178.6	
Employment <sup>1</sup>	171.7	172.3	170.7	169.8	171.8	
Unemployment <sup>1</sup>	5.8	5.4	6.0	7.4	6.7	
Unemployment Rate <sup>2</sup>	3.3%	3.0%	3.4%	4.0%	4.8%	
1. Labor Force number of persons, in thousands, not seasonally adjusted 2. Not seasonally adjusted 3. February data preliminary Source: BLS.gov						

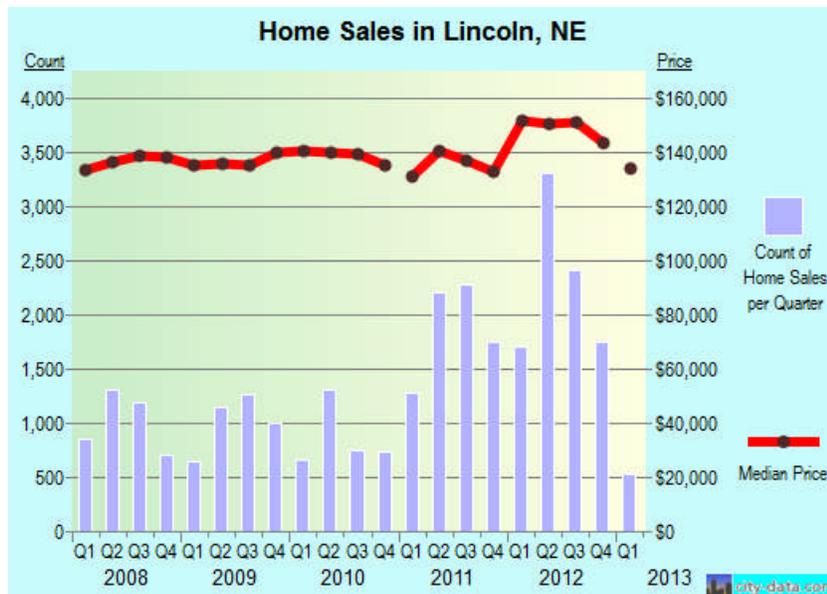
- The presence of large employers tends to provide support for public golf courses. According to the County's 2011 Comprehensive Annual Financial Report, the top employers in the City are:

<b>City of Lincoln, Nebraska Largest Employers</b>	
<b>Employer</b>	<b>Employees</b>
State of Nebraska	9,008
Lincoln Public Schools	7,524
University of Nebraska-Lincoln	6,024
Bryan Health	3,604
United States Government	2,867
City of Lincoln	2,581
St. Elizabeth Regional Med. Center	2,259
BNSF Railway	1,800
State Farm Insurance	1,382
Kawasaki	1,351
Source: City of Lincoln 2011 Comprehensive Annual Financial Report.	

- **Tourism** – With approximately 11 million visitors bringing in \$1.8 billion annually, tourism is important to the local economy. In fact, 50% of the U.S. population lives within 500 miles of Lancaster County. The relaxing atmosphere, peaceful scenery, unique attractions, and family activities are just some of the reasons why two thirds of the visitors to Lancaster County come back again. The City of Lincoln has a total of 4,614 hotel rooms, and this is expected to increase to 4,839 by February 2014. The average citywide occupancy for 2012 was 57.7% with an average daily rate of \$79.03
- **Transportation** – The transportation / roadway conditions in Lincoln in proximity to the subject City golf courses include a mix of major roadways and smaller side streets that are easily accessible. As golf is a time consuming activity, this roadway structure should be assumed to help golf participation by reducing time to the activity, and thus easing to the consumer time commitment to participate in the activity. The somewhat convenient locations of the City of Lincoln golf courses mean that these facilities will be less reliant upon the availability of highway access and a relatively low price for gasoline (positive for golf courses).

## Housing

- Housing Trends** – The median sales price for homes in Lincoln Nebraska for Jan 13 to Mar 13, 2013 was \$139,000, a decline of 7%, or \$10,500, compared to the prior quarter but an increase of 3% compared to the prior year.
  - Sales prices have appreciated 3.7% over the last 5 years in Lincoln.
  - The average listing price for Lincoln homes for sale on Trulia was \$160,677 for the week ending Apr 17, 2013, which represents an increase of 0.3%, or \$422, compared to the prior week and an increase of 1%, or \$1,589, compared to the week ending Mar 27.
  - Average price per square foot for Lincoln was \$1,841, an increase of 999.9% compared to the same period last year.
  - Popular neighborhoods in Lincoln include Near South, West A, University Place, Meadowlane, Country Club, and Hartley.
- The real estate market in Lincoln has been relatively stable compared to many other U.S. cities affected by the recession. The site City Data.com documented home sales holding steady between 600 and 1,200 per quarter at an average price of about \$140,000 in late 2007 and first quarter 2013. The stable real estate market in Lincoln is viewed as a positive indicator for public golf in the area (table below).

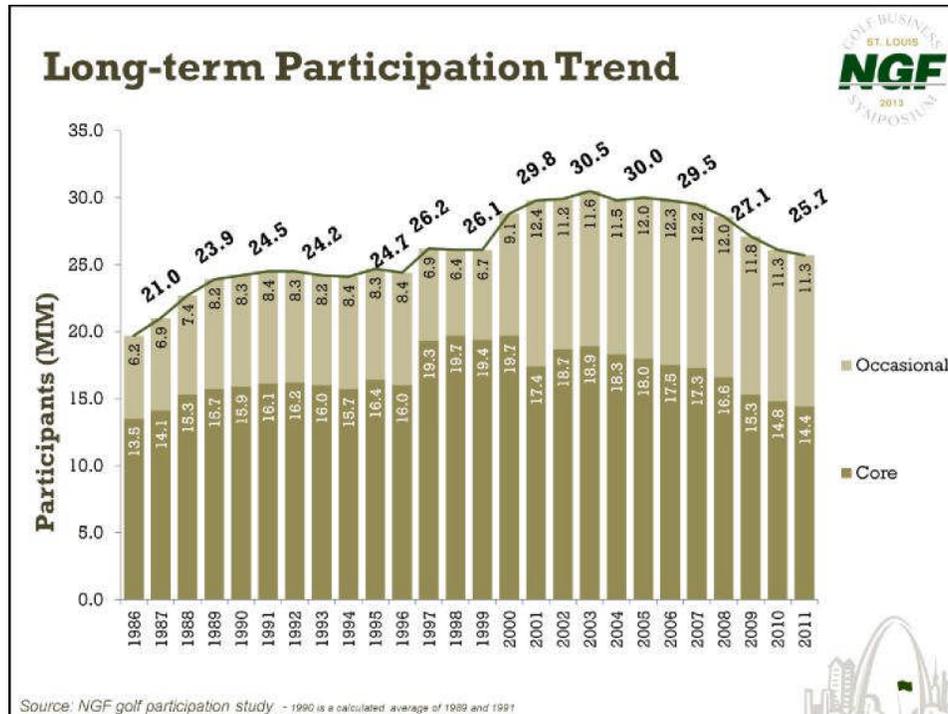


## GOLF MARKET SUPPLY AND DEMAND INDICATORS

NGF made several key observations regarding the local Lincoln, Nebraska area golf market, including national trends, local demand/supply, and area golf facility competition.

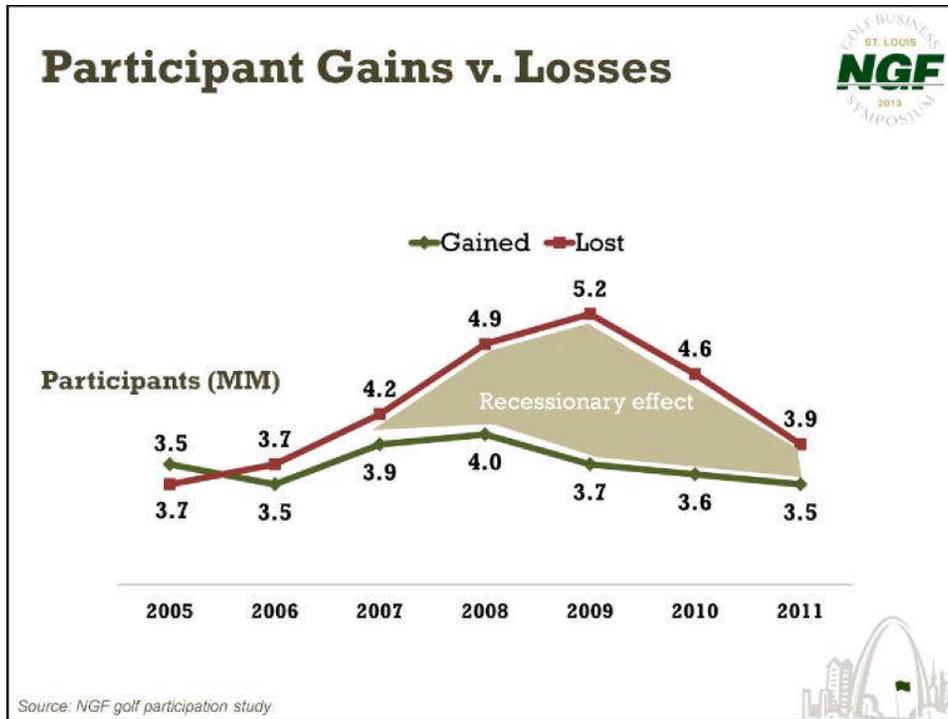
### National Trends in Golf

Golf participation in the U.S. has grown from 3.5% of the population in the early 1960s to about 9% of the population today. NGF estimates that the number of golfers fell in 2011 to 25.7 million, essentially even with 2010. For research purposes, a golfer is defined as a person age 6 or above who plays at least one round of golf in a given year.



All U.S. Golfers(in millions)						
	1985	1990	1995	2000	2005	2011
All golfers age 6+	19.5	27.4	24.7	28.8	30.0	25.7
Source: National Golf Foundation						

The number of golfers remained essentially steady in 2011 at 25.7 million. (Compared to the 26.1 million recorded in 2010, the estimated drop of 400,000 golfers is within the range of research sampling error.) For research purposes, a golfer is defined as a person age 6 or above who played at least one round of golf in a given year.



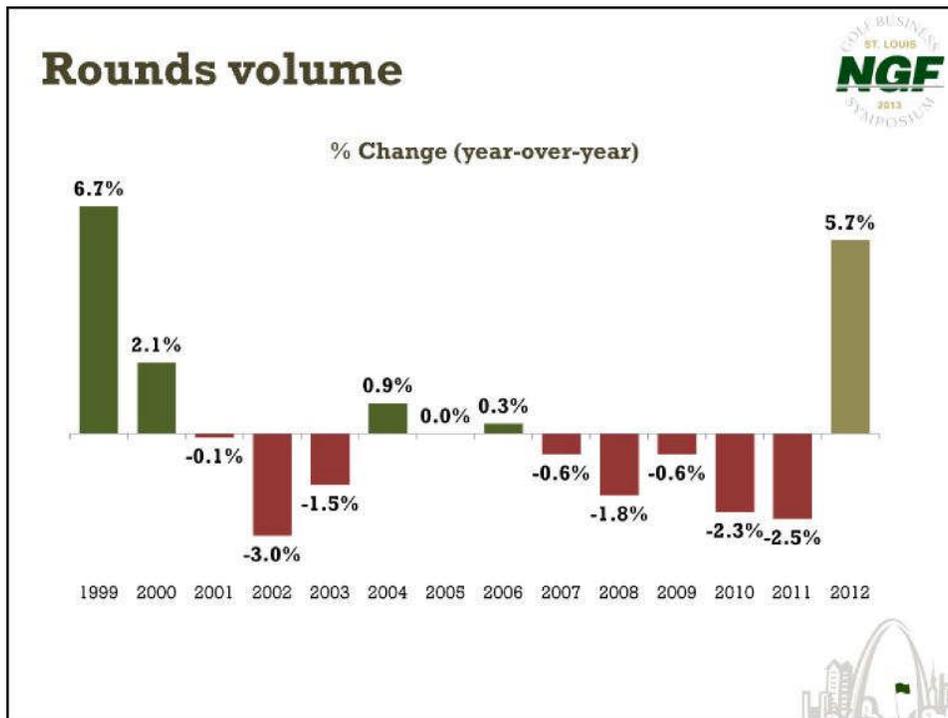
The north central and mid-Atlantic regions of the country (which include Nebraska) drove much of last year's increase. This is because this area is home to 44% of all U.S. golf courses and 47% of all public golf courses.



West North Central Region statistics are shown here:

Regional Profile				
	Participation Rate	Number of Golfers	Percent of Golfers	Total Annual Rounds
West North Central	11.7%	2,238	8.7%	40,200,000
United States	9.2%	25,682,000	100.0%	463,000,000

Source: *Golf Participation in the U.S.*, 2012 edition, National Golf Foundation



To put this 2012 increase in perspective, the rise represents about 27 million rounds and more than \$.5 billion in additional revenue for the nation’s golf course operators. However, keep in mind that rounds played fell 11%, or about 55 million rounds, over the last ten years. So we recovered only about half of our losses; a move in the direction, but with a long way still to go.

Rounds played for the first two months of 2013 are off about 6% compared to 2012. However, if we compare the first two months of 2013 to 2011, it shows we are UP by almost 7%. This illustrates what an extraordinary year 2012 was for favorable weather.

### Golf Industry Outlook for 2013

Golf continues to recover slowly from the recession of 2008/2009. The recovery has been very modest to date. The outlook for 2013 is for modest sales growth in golf consumer products and services, and golf course equipment and supplies. Rounds played are most likely to drop somewhat from 2012 levels, as the number of play days are unlikely to match those of last year, but overall course revenues should not be as affected. Course closures will continue to outpace openings significantly, resulting in another year of supply correction with negative net growth.

Continued economic uncertainty and anemic U.S. economic growth will continue to provide a headwind against rising consumer confidence and spending. However, both are likely to continue to rise slowly provided there are no major disruptive events.

**2012 Facility Openings and Closings** - U.S. golf course openings remain at historic lows, as NGF recorded only 13.5 openings in 2012, compared to 154.5 golf course closures, measured in 18-hole equivalents (18HEQ). As in recent years, closures were disproportionately lower priced public facilities (68% of total closures).

According to NGF data, since the market correction in golf course supply began in 2006, there has been a cumulative net reduction of 499.5 golf courses (18HEQ), which represents a drop of 3.3% off the peak supply year of 2005. However, the cumulative decline over that period must be considered in context: even with seven consecutive years of net reduction in supply, closures represent only about 500 of 16,000 total facilities. For perspective, we opened 400 courses in a single year during the heart of the building boom. And, over the 20-year period from 1986 to 2005 the U.S. saw more than 4,500 18HEQ golf courses open. NGF projects that golf course openings will remain at 20 or fewer per year for the foreseeable future, while annual closures are expected to continue in the 150-180 range. The gradual market correction is expected to continue with annual net reduction of supply in the 130-160 range, helping us inch gradually closer to equilibrium.

	Openings	Closures	Net Change
Total 2012	13.5	154.5	-141.0
Daily Fee	8.5	130.5	-122.0
Municipal	1.5	8.5	-7.0
Private	3.5	15.5	-12.0

Source: National Golf Foundation, 2013

18-Hole Equivalents (U.S.) as of December 31, 2012						
	Openings 13.5		Closures 154.5		Total 14,671.5	
	Number	% of Total	Number	% of Total	Number	% of Total
Public	10.0	74	139.0	90	10,696.5	73
Daily Fee	8.5	63	130.5	84	8,415.0	57
Municipal	1.5	11	8.5	6	2,281.5	16
Private	3.5	26	15.5	10	3,975.0	27
Real Estate	7.0	52	34.5	22	3,529.5	24
Public Fee <\$40	4.5	33	105.5	68	4,884.0	33

Source: National Golf Foundation, 2013

**Local Golf Course Closure** - Following a nation-wide trend, there was one golf facility closure in the Lincoln area, the North Forty Golf Course which was a small 9-hole facility that closed in November of 2006. According the NGF research, the site was replaced by a new housing development.

## Estimated City of Lincoln Golf Market

NGF Consulting uses actual data from competing golf facilities to provide documentation of the local golf economy, and this information is presented in this report. NGF Consulting also utilizes predictive models as benchmarks for estimating potential market strength. The methodology for determining the relative strength of the subject market is described in the following section.

## Basic Characteristics of Golf in Lincoln, Nebraska (2012)

In this section, NGF Consulting will summarize the basic golf demand and supply characteristics of the overall golf market in Lincoln County. The table below summarizes some of NGF's findings on the golf market in the market area for City golf courses:

Lancaster County, Nebraska Market Characteristics	
Characteristic	Lancaster County
Total Number of Facilities	18
<i>Change in Golf Supply (2003-2012)</i>	0
Private Facilities	5
Public Facilities:	13
<i>Premium Facilities</i>	1
<i>Standard Facilities</i>	7
<i>Value Facilities</i>	5
Predicted Household Participation Rate	3.91%
Predicted Number of Golfing Households	26,218
Predicted Number of Rounds Demanded	670,626
Source: National Golf Foundation	

## Predicted Local Golf Demand

The **Golfing Household Index** is based on Predicted Golfing Households, and compares golfing household participation in a particular geography to the national base index of 100. The **Rounds Index** is based on Predicted Rounds, and compares the propensity of rounds played per household in a particular geography to the national average rounds index of 100.

The predictive indices for golfing households and rounds demanded were developed in order to determine the relative strength of a particular golf market area in comparison to other golf markets and the nation as a whole. These predictive demand indices help identify where golfing households and rounds activity are concentrated by comparing various geographies with one another and the national average (Index=100). For example, if a particular county has a Golfing Household Index of 120, that area is estimated to have 20 percent higher golf participation rate as compared to the U.S. average. And, if a county has a Rounds Index of 120, that area is estimated to have 20 percent higher rounds per household as compared to the U.S. average.

Although both the golfing household index and the rounds index help to predict golf demand in a particular market, each index is derived independently and does not necessarily relate to the other. ***It is possible for an area with a low golf household index to have a high rounds demand index and vice versa. In other words, some markets may have fewer golfing households, but those households play more rounds of golf; other markets may contain a large number of golf households but the households play less frequently.*** A market area with a higher than average golfing household index in conjunction with a higher than average rounds index would be considered a prime area in terms of overall predicted golf demand.

### Local Golf Demand Indices

The golf demand indices for each of the five Lincoln City golf system sub-markets are above the U.S. standard for golf participation (U.S. Standard Index = 100), and also higher for rounds played. For comparison, NGF has provided the indices for Lancaster County and the State of Nebraska as a whole.

Predicted Golf Demand 2013				
10-mile Rings	# of Golfing Households	Golf Index	Predicted Rounds	Rounds Index
Highlands Golf Course	23,135	144	580,441	156
Holmes Golf Course	24,513	148	619,432	162
Mahoney Golf Course	24,243	146	606,889	158
Pioneers Golf Course	23,711	146	597,255	159
Jim Ager Memorial Junior Golf Course	24,203	147	608,263	160
Lancaster County	26,218	149	670,626	164
State of Nebraska	155,509	140	4,536,421	73

Source: National Golf Foundation

### Corporate Market Demand

As we note in our economic overview, the Lincoln MSA has a considerable number of large corporate and public employers. Although potential corporate demand for golf rounds is difficult to quantify, it is clear that City of Lincoln Golf facilities should target this market by emphasizing high quality facilities and the willingness of the staff to accommodate large corporate events and outings.

### Golf Course Supply Factors

There are a total of 18 golf facilities in Lancaster County, comprising 297 holes of golf. The table below shows the total number of golf facilities and total golf holes within 10 miles of each Lincoln City golf facility site, with a comparison to the number of households within that same geography. The resulting ratio is a telling measure of the relative supply of golf in any geography. The Household/Supply Ratios are derived by dividing the number of households by the number of 18-hole equivalent golf courses. This measure is used as a benchmark to establish the level of support (households) that is available for each 18 holes of golf in the market. A Household /Supply index is derived from these ratios and compared with the base national figure of 100.

As the following table indicates, four of the Lincoln City golf courses are located within markets that have Household/Supply indices well below 100, indicating **fewer** households available to support each 18-hole golf course (unfavorable). Only the Highlands Golf market has a Household/Supply index well above 100, indicating **more** households available to support the 18-hole golf course (favorable).

<b>Golf Facility Supply 2013</b>				
<b>10-mile Rings</b>	<b>Total No. of Golf Facilities</b>	<b>Total No. of Golf Holes</b>	<b>Households per 18 holes</b>	<b>HH per 18 Hole Index (US=100)</b>
Highlands Golf Course	13	216	8,752	107
Holmes Golf Course	16	261	7,456	92
Mahoney Golf Course	17	270	7,225	89
Pioneers Golf Course	15	243	7,874	97
Jim Ager Memorial Junior Golf Course	16	261	7,398	91
Lancaster County	18	297	6,993	86
State of Nebraska	219	2,862	4,611	52

Source: National Golf Foundation.

### Change in Golf Supply

The area has seen a loss of private holes, resulting in more new public holes (private to public conversion), clearly increasing each golf course's competition for public golf play.

<b>Golf Supply Change Past Ten Years (2003-2012)</b>				
<b>10-mile Rings</b>	<b>Total Holes Net</b>	<b>Total Public Holes Net</b>	<b>Households per 18 holes</b>	<b>HH per 18 Hole Index (US=100)</b>
Highlands Golf Course	9	9	8,752	107
Holmes Golf Course	0	18	7,456	92
Mahoney Golf Course	0	18	7,225	89
Pioneers Golf Course	9	27	7,874	97
Jim Ager Memorial Junior Golf Course	0	18	7,398	91
Lancaster County	0	18	6,993	86
State of Nebraska	-9	72	4,611	52

Source: National Golf Foundation.

The NGF database indicates some interest in increasing the golf supply in Lancaster County:

- **Hickman Golf Course** (in Hickman) is in very early planning stages for a new recreational complex for a four-phased project. Proposed are a drive-in theatre, followed by a baseball complex, and a future par-3 9-hole golf course. Construction timeline has not been published.
- **HiMark Golf Course** (in Lincoln) plans to add another nine holes to its 27-hole facility, along with some changes to existing HiMark holes and a new pro shop. When completed, the new addition will extend the facility to 36 holes in all. No timeline for construction has been announced.

### Golf Course Market Supply / Demand Summary

The collection of the previous data allows NGF to make comparison between supply and demand in the broader Lancaster County market area, as well as for the City of Lincoln as a whole and each of the City of Lincoln golf sub-markets. As expected, the results are comparable to the population and income data with the small rings areas around each property showing relatively strong demand, but a large number of golf courses relative to the small population.

## Market Status

Using the most basic measures of golf demand and supply, we note there are four possible combinations for any given geography: (1) favorable demand and favorable supply (“opportunity”); (2) favorable demand and unfavorable supply (“active”); (3) unfavorable demand and favorable supply (“inactive”); and (4) unfavorable demand and unfavorable supply (“saturated”).

As shown in the table below, all the City of Lincoln golf sites are in markets with generally favorable supply conditions, with a mix of demand conditions. Many of the successful golf facilities in the U.S. tend to be located in “opportunity” markets, although this is not universal. The Lancaster County market as a whole would be categorized as “opportunity,” with favorable demand and supply.

<b>Golf Market Demand 2013</b>			
<b>10-mile Rings</b>	<b>Demand Index</b>	<b>HH/Supply Index</b>	<b>Market Status</b>
Highlands Golf Course	144	107	Opportunity
Holmes Golf Course	148	92	Active
Mahoney Golf Course	146	89	Active
Pioneers Golf Course	146	97	Active
Jim Ager Memorial Junior Golf Course	147	91	Active
Lancaster County	149	86	Active

Source: National Golf Foundation. N/A = Data not available

## Golfers per 18 holes

NGF has also evaluated the relative strength of these markets with a comparison to a national “threshold” of golfers per golf course within 10 miles of a golf course. In its 2009 publication *“The Future of Public Golf in America,”* NGF hypothesized that the best predictor of a public golf course’s success was the number of golfers per 18 holes within a 10-mile radius, with 4,000 identified as the key number for projected financial stability. As shown in the table below, the City of Lincoln golf courses are all in sub-markets with far fewer golfers per golf course than the identified threshold. In fact, the overall Lancaster County market has only 60% to 70% of the number of golfers per golf course compared to the identified threshold. Still, the overall Lincoln area market is still much more favorable than the State of Nebraska overall, which has fewer than 37% of the number of golfers per golf course compared to the identified threshold.

<b>10-mile Rings</b>	<b>Est. No. of Golfers</b>	<b>Total 18-H Equivalent</b>	<b>Golfers per 18 holes</b>
Highlands GC	34,700	12.0	2,892
Holmes GC	36,770	14.5	2,536
Mahoney GC	36,365	15.0	2,424
Pioneers GC	35,567	13.5	2,634
Jim Ager GC	36,305	14.5	2,504
<b>Total U.S. “Threshold” for Successful Public Golf</b>			<b>4,000</b>
<b>Aggregate Lancaster County</b>	<b>39,327</b>	<b>16.5</b>	<b>2,383</b>
<b>Aggregate State of Nebraska</b>	<b>233,263</b>	<b>159</b>	<b>1,467</b>

Source: National Golf Foundation

## CITY OF LINCOLN COMPETITIVE GOLF MARKET

In examining the competition, NGF defined the market as the area within a 25 mile radius of downtown Lincoln. This area includes all of Lancaster County and parts of each of the surrounding counties. Our focus was on public courses, with special attention paid to those facilities deemed most comparable to the City facilities. Within this area, there are 26 golf facilities, including the five Lincoln City courses and five private courses. Of the private course, four are 18-hole regulation length facilities and one is a nine-hole Par 3. However, we are mostly concerned with the courses the public can play.

In general, there is little overlap between the golfers who play Par-3 courses and those who play regulation courses, a fact that was confirmed in our survey of Lincoln golfers. Thus we split up the courses into two groups – those that are more comparable to the four 18-hole City courses, and those that are more comparable to Jim Ager. We also eliminated the outlying nine-hole courses (Thornridge, Seward, and College Heights) as they do not appear to get significant play from the golfers who play the City courses (based on our survey). In general, nine-hole courses will not perform nearly as well as a comparable 18-hole course.

### Map of Competitive Facilities



## Summary Information – Key Competitors

Local Area Public Courses										
Course Name	City	Type	Holes	Yr Built	Age	M Par	W Par	Tees	Back Tees	
									Yard	Slp
Pioneers Golf Course	Lincoln	MU	18	1932	81	71	74	3	6,493	110
Holmes Golf Course	Lincoln	MU	18	1963	50	72	72	4	6,791	122
Highlands Golf Course	Lincoln	MU	18	1993	20	72	72	4	7,021	128
Mahoney Golf Course	Lincoln	MU	18	1976	37	70	70	4	6,459	118
Jim Ager Memorial Jr Golf Course	Lincoln	Par 3	9	1967	46	54	54			
The Links at Lincoln	Lincoln	DF	9	2007	6	72	72	4	6,396	
Quarry Oaks Golf Club	Ashland	DF	18	1997	16	71	71	4	7,012	139
Yankee Hill Country Club	Lincoln	SP	18	1998	15	72	72	5	7,007	129
Hidden Valley Golf Club	Lincoln	DF	18	1962	51	70	72	3	6,155	121
Iron Horse	Ashland	DF	18	2001	12	71	70	5	6,504	128
Wilderness Ridge	Lincoln	DF	18	2001	12	71	71	5	7,107	135
West Nine at Firethorn	Lincoln	DF	9	2000	13	68	68	4	5,256	110
HiMark Golf Course	Lincoln	DF	27	1993	20	72	72	4	6,718	129
Crooked Creek Golf Club	Lincoln	DF	18	1995	18	72	72	4	6,697	123
College Heights Country Club	Crete	SP	9	1952	61	72	72	3	5,698	115
Ashland Golf Club	Ashland	SP	18	1968	45	70	71	4	6,242	122
Thornbridge Golf Course	Milford	DF	9	1991	22	72	72	3	6,102	119
Seward Country Club	Seward	SP	9	1967	46	70	74	4	6,552	124
Pine Lakes	Lincoln	Par 3	9	1971	42	54	54		2,796	
Woodland Hills	Eagle	DF	18	1991	20	71	71	4	6,590	132
Grandpas Woods	Elmwood	Exec	9	1991	22	60	60	2	3,216	
<b>Averages</b>			<b>315</b>	<b>1982</b>	<b>31</b>	<b>69</b>	<b>69</b>	<b>3.8</b>	<b>61,41</b>	<b>124</b>

## Significant Findings – Regulation Courses

The complete results of the NGF review of local area golf competitors can be found in **Appendix C**. Below are the most salient findings.

### The Courses

- **Age** - The average age of the 15 comparable courses (including the four City courses) is 27.7 years. However, the average age for just the City courses is 47 years. The newest course, Links at Lincoln, was built in 2007. Three others, Iron Horse, Wilderness Ridge, and West Nine were built in 2000 or 2001. Of the remaining courses, only Ashland Golf Club (1968) and Hidden Valley (1962) were built before 1990. This finding is important for a couple of reasons:
  - In general, golfers tend to prefer modern courses over older courses.
  - There was a dramatic increase in the number of public courses, starting in 1991. In 1990, there were only five public facilities, three of which were City golf courses. By 1995 that number had grown to nine, with four being City courses. By 2000, the number reached 11 and 14 by 2002.
  - The rapid increase in facilities diluted the rounds activity per facility, leading to a price war. As a result, there are fewer rounds played per facility and each round is at a lower yield per round. This can put a lot of financial stress on golf courses.
- **Number of Tees** - The 15 courses average 4.1 sets of tees. Three facilities (Yankee Hill, Iron Horse, and Wilderness) have five. Only Pioneers and Hidden Valley have three. More tees make the course more appealing to a wider selection of golfers.
- **Back Yardage** - The back yardage is important from a marketing perspective, as most golfers will look at the back yardage in assessing the desirability of a course, even if they do not play from the back tees. This is because there is a “stigma” from playing courses considered “short.” Indeed, courses over 7,000 yards have a distinct marketing advantage in this regard as that is considered the modern standard. Of the City courses, only Highlands reaches this mark. Three other area courses are also over 7,000 yards (Yankee Hill, Quarry Oaks, and Wilderness Ridge). Not coincidentally, these courses are also among the most expensive to play. On the other side, West Nine, at 5,256 yards, is a very short course for a regulation facility. It is the only course in the group under 6,000 yards.
- **Forward Tees** - The forward tees are very important as they are the preferred tee for most women players, as women hit the ball about 75% as far as men. Most male players prefer to play from 6,000 to 6,500 yards, where the equivalent yardage for women would be 4,500 to 4,875. However, none of the City courses have a tee with less than 5,200 yards. Only three of the other 11 public courses are over 5,000 yards from the forward tee (Quarry Oaks, Hidden Valley, and Wilderness). The average for the four City courses is 5,363 yards. The average for the other 11 is 4,796. This makes the City courses very difficult for most women players and puts them at a distinct competitive disadvantage. (It also has a major adverse effect on pace of play, which is a significant issue for the City courses).

## Green Fees

In comparing green fees, Both Quarry Oaks and Iron Horse include cart fee with green fees. So for our analysis of just green fees, we assumed a \$17 cart fee for these courses. It is also important to note that all the courses include sales tax in their rates (including City courses).

- **Weekday Green Fee** - The average weekday green fee for comparable golf courses was \$26.31, ranging from \$17 at Crooked Creek to \$46 at Wilderness Ridge. The City courses are all at \$19, and the average for the remaining courses is \$28.97. Nine of the facilities are priced between \$17 and \$21. Three facilities (Quarry, Wilderness, and Woodland) are priced between \$45 and \$46. Ashland and Yankee Hill are priced close (\$26 and \$28), leaving Iron Horse (\$33) all alone. This suggests there may be a market opportunity for a facility in the \$35-\$39 range.
- **Fridays** - Five of the facilities (Quarry, Yankee, Hidden Valley, Iron Horse, West Nine, and HiMark) have Friday priced as a weekend. The others, including the City courses, have it as a weekday. As Friday is currently one of the lowest volume days at the City courses, being priced as a weekday makes sense.
- **Weekends** - The average green fee on weekends is \$35.29, ranging from \$21.50 at Hidden Valley to \$72.90 at Quarry Oaks. The City courses are at \$30.50, while the others average \$37.04. There is a lot more variability with the weekend rates. Four facilities are priced between \$21.50 and \$26 (Hidden Valley, Links, West Nine, and Crooked Creek). HiMark (\$28) and Ashland (\$32) are priced competitively with the four City courses. Yankee Hill (\$40) and Iron Horse (\$43) are priced close to each other, as are Quarry Oaks (\$55.9), Woodland Hills (\$50), and Wilderness Ridge (\$57). Again, there is a sizeable gap, suggesting a market opportunity between \$45 and \$49. The average difference between weekday and weekend rate was 37.5%. The City courses are the most aggressive at 60.5% increase. The next highest is Crooked Creek at 47.1%.
- **Seniors** - All of the facilities offered seniors a weekday discount, averaging 20%. The City courses give seniors a 17.1% discount, which is in line with the competition. However, the City courses begin the discount at 55, while most of the others start at age 60 or even 62. We feel 55 is too young to offer a discount as these golfers are not likely to be retired and are at the peak of their earning power. Nine of the fifteen facilities also offer seniors a discount on weekends. The average discount being 22.2%. The City, at 18% is in line with the competition.
- **Twilight** - Six of the facilities (Quarry Oaks, Hidden Valley, Wilderness, HiMark, Crooked Creek, and Woodland Hills) offer a twilight rate during the week. The average discount is 26.1%. Presumably the others do not offer this discounted rate due to heavy league play. In contrast, all but four of the facilities offer a twilight rate on weekends. The average discount is 32.3%. The City courses are competitive at 37.7%. Most of the courses start twilight at 2:00. The City is the earliest at 1, while Woodland Hills waits until 3pm.

## Annual Passes

There is a lot of variability in how the passes are structured, making comparisons more difficult. The most common pass is the 7-day Pass where the green fees are prepaid for a full year. The average rate for individual was \$1,481 and \$2,233 for couples. However, what is more revealing is the break-even point (cost of the pass / average green fee) of 50.8 rounds for an individual and 76.5 rounds for a couple. The City's pass was at the high end for both, with 59.4 rounds for individuals and 96.6 rounds for couples. Yankee Hill was the next highest at 83. Part of the reason the City pass is so high is that the City does offer alternatives with the Passport and the discounted green fee pass.

## Performance

While NGF was not able to obtain rounds played information from all of the market competitors, it was still clear from our observations and interviews that the City courses are by far the busiest of all the public courses in this market area. The four City courses each generated over 40,000 rounds. Most, if not all, of the competing courses hosted fewer than 30,000 annually.

## Significant Findings – “Short” Courses

There are only three other facilities that could be considered a comparable to the Ager course, Pine Lakes, the executive nine at Wilderness and Grandpas Woods. Of these, Pine Lake, which is also a Par-3, would be considered the most similar. Ager is, by far, the shortest of the four courses at 1,224 yards. Pine Lakes, which is next, measures 2,796 from the back tees and 2,192 from the front. Ager is also the only one to have just one tee.

Ager is also the least expensive to play at \$8.50 for nine holes during the week. Both Pine Lakes and Grandpas Woods are at \$9. For 18 holes, Ager is at \$12.50, Pine Lakes at \$14, Grandpas is \$16.50 and Wilderness at \$28. Ager and Wilderness both charge the same seven days a week. Pine Lakes charges \$1 more on weekends, while Grandpas charges \$1.50.

## EXTERNAL FACTORS SUMMARY

Some summary points about the overall market environment within which the City of Lincoln Golf courses are operating include:

- National trends in the golf industry are not favorable for operators of golf courses. The total number of “core” golfers is declining and total spending on golf is declining along with them. Similarly, the total number of golf courses has expanded in the last ten years, leading to a decline in per-course rounds and revenues collected. NGF has also documented rapid inflation in expenses to operate golf facilities nationwide.
- The greater Lincoln area has many favorable attributes related to economic activity that can translate to high golf activity. These include the presence of the large University of Nebraska Campus and the State Capitol. Both have the effect of attracting tourists and visitors to Lincoln well beyond what should be expected from a City this size. Negative attributes include slightly lower-than-average incomes and a generally unfavorable ratio of golf courses to population.
- Visitors to Lincoln represent a sizable market opportunity for golf activity. The data shows over 11.0 million visitors to Lincoln each year, which represents a potentially large market for the City of Lincoln golf courses, and a market segment that should be actively targeted with a wide range of promotional activities.
- Along with an expected higher participation rate comes lots of golf courses, including 9.0 new 18-hole courses added in the Lancaster County area since 1991. Also, the weather clearly has an impact on the overall potential for golf rounds in this City. Data shows that the golf season tends to be short (six months), but can be lengthened from time-to-time resulting in better performance for these golf courses (like in FY2012).
- NGF has observed that the Lincoln City golf courses have numerous competitors that have been identified. In general, our review showed that the City of Lincoln golf courses generally compare favorably to their immediate competition with lower fees and acceptable quality. The market review suggests that Lincoln City courses are hosting many more rounds than their competitors, and that there is room to create a segmentation of fees in the market.

# NGF Consulting Recommendations for City of Lincoln Golf

NGF Consulting has prepared a schedule of recommendations for the continued operation of the City of Lincoln Golf system. These recommendations have been organized into four main categories: (1) System-wide basic oversight and structure, (2) Operational Recommendations, (3) Physical Upgrade Priorities, (4) Marketing and Program Recommendations, and (5) pricing recommendations. These recommendations are intended to apply to the system as a whole and are designed to benefit all facilities in the system. Previous discussion on the individual facilities provided additional recommendations unique to each City of Lincoln golf property. In the chapter following these recommendations, NGF Consulting will display the potential financial impact of enacting all of the system-wide and individual facility recommendations.

## SYSTEM-WIDE ORGANIZATIONAL RECOMMENDATIONS

### City of Lincoln Golf Administration and Structure

As noted elsewhere in this report, the City of Lincoln golf system is operating with system-wide oversight from the City's Parks and Recreation Department, with direct oversight from a Golf Administrator and on-site golf professionals (contractors). **It is the NGF recommendation that this system be modified so that BOTH the golf pro shops AND golf maintenance functions are under one unified system. The most ideal arrangement to facilitate this structure would be to put the four 18-hole golf courses into one single-source operation, preferably through a management contract agreement with a private operator.** This structure will allow for the greatest economic performance in the system, by creating the "alignment of interests" that is needed and streamlining the system under unified operations and maintenance management, with one entity reporting to the Golf Administrator and/or Parks and Recreation Director.

NGF has observed that the present operational system for City of Lincoln golf is basically disjointed with a clear need for change. In addition, the recommended change in structure should help the City: (1) enhance the marketing and promotion of the City of Lincoln golf facilities; (2) enhance the overall technology capabilities of the City of Lincoln golf system; and (3) provide some physical upgrade to individual facilities to keep the product appealing and desirable among golfers.

Other key findings and recommendations regarding the City of Lincoln Golf Administration include:

- **The basic oversight and structure of the City of Lincoln golf system must change to become more entrepreneurial and run the golf system more like a business and less like a public accommodation.** This means new and improved emphasis on marketing and promotion, especially to markets beyond City of Lincoln. This will mean enhancements to facilities and systems and mean that management will have to react quickly to changes in market characteristics. NGF recommends Golf Administrator position function with a more business and marketing approach, as opposed to a maintenance and management approach. The inclusion of a single-source management entity with greater on-site authority, answering directly to the City based on defined contractual obligations will help this system better react to changing market conditions and provide a business perspective to golf operations.

The NGF believes that a full-service management contract with a single operator covering all aspects of the operation (pro shop, maintenance and food / beverage) would lead to the most efficient structure for the Lincoln golf system due to:

- **Reduce City Overhead.** This option should simplify the City of Lincoln Golf Courses operation for the City and allow for reduced City involvement and thus a reduction in City allocations of “services of other departments.”
- **Operating Efficiency.** There are likely to be operating efficiencies and economies of scale with a single operator that is responsible for management, maintenance and food and beverage. Having a single operator results in full coherence and cohesiveness of all aspects of the operation, thus reducing redundancy.
- **Alignment of Interests.** This option allows for the consolidation of separate contracts into one single contract covering all aspects of the City of Lincoln Golf Courses. The City could (and should) encourage the present pro shop vendors to combine and form a single entity for this agreement to provide continuity.
- **City Retain Control.** The City of Lincoln will still be able to retain control of the golf courses in terms of providing community service benefits such as high school golf, junior/senior discounts, and an active league and club program.
- **Shorter Term.** The City can continue with its preferred program of keeping agreements to five years or less.
- **Economic Impact.** NGF expects that this structure will improve the overall economic performance of the City Golf Fund. However, one key assumption that will drive the economic improvement will be a reduction in the “services of other departments” that is charged to the Golf Fund (may remain as a cost to the City).

## BASIC OPERATIONAL RECOMMENDATIONS

Additional recommendations regarding basic operations that apply to all City of Lincoln golf facilities include ideas for improving technology capabilities, tee time reservations, staffing, food and beverage operations, and ideas for becoming more “women-friendly.”

### Improve Use of Technology (New POS)

NGF recommends that City of Lincoln continue to work to improve the use of technologies available to the system, such as the point-of-sale (POS) system and tee time reservation system. We strongly recommend the purchase of a modern POS system with an integrated tee-sheet. This will help solve a lot of operational problems as well as make accounting easier and improve customer service. Our recommendations include:

- There should be two POS / cashier stations behind the pro shop counter and one at the snack bar at each Lincoln City golf facility. There should also be an administrative computer with access to the system at each course. It is recommended that only one single POS be in use in each operation, not two as is the case today. Having a single system makes it easier to manage, eliminates the possibility of losing City revenue by entering transactions into the wrong register, and makes it easier on the customer and employees. Other key features that should be included:
  - **Monitors** - We encourage use of 17-inch touch-screen monitors.
  - **Bar Code Reader** - Each station should have a bar-code reader

- **Credit cards** - Each station should have an integrated credit-card reader.
  - **Remote Access** - The system should allow for remote access so that the City can access the system from the Parks office and accounting offices.
  - **Email marketing** - The system should allow for customer tracking and targeted email campaigns.
  - **Photos** - We recommend the POS use a photo-membership card. With the new system, photo cards are inexpensive to produce and they will greatly reduce the risk of people “sharing” a membership card.
- The POS should have an integrated tee sheet, with the current tee sheet system being “retired”.
  - The tee sheet should be able to take online tee times without a third party interface.
  - There should be a member billing module to eliminate having to manually track memberships and allow for member billing of dues.
  - We would encourage having a system that offers a beverage cart module with inventory control.
  - Most all of the newer POS systems on the market feature an integrated loyalty system. This will eliminate the need for a “loyalty” card, and the new system should be able to use one card for membership, loyalty, passport, and credit balances.
  - Utilize a system that allows for automated tee sheet to be integrated with the POS. This includes the phone tee sheets and much is still done by hand.

### Tee Sheet Management

Allowing customers to book tee times online is a benefit for all involved in the golf transaction. It is more convenient to the customer and greatly reduces the amount of time spent on the phone by staff. With the new POS and integrated tee sheet, booking online should be a much easier process than is currently the case. We recommend that both the City and operators do whatever they can to encourage golfers to use the online system. This can be done a number of ways:

- Eliminate the \$10 fee
- Post signs in the pro shop.
- Mention “book online” in all advertisements
- Allow online bookings 7 days out, while phone bookings for only 4 days out.

### Pace of Play Recommendations

Pace of play is the single biggest complaint from customers. Below are some corrective measures the City can take to reduce significantly the pace of play:

- **New Forward Tees** - creating at least four sets of tees (preferably five) at each 18-hole course. The new tees should be between 4,400 to 4,800 yards in length.
- **Tee time Interval** - While a shorter interval theoretically will allow for more golfers, it can also contribute to a much slower pace. Earlier groups tend to play faster, so one possibility may be to have a 7/8 minute interval for the first two hours, than shift to a longer interval. With a longer interval, walk-up groups can be inserted between times, if the course is making pace.
- **Add Marshals** - We recommend utilizing marshals seven days a week (more in staffing notes below).
- **Decrease the number of Fivesomes** – Staff suggests that the current fivesome policy is not adversely affecting pace, but customers still have that perception. We

would encourage requiring fivesomes to use carts during peak play. We also would make it clear to them they must keep pace or will be split into two groups. Using Marshalls will help in enforcing fivesomes to play at pace.

- **Course Maintenance** - We recommend that the rough be kept at no longer than 2 inches in length and that the areas under trees be kept as clear as possible. Better overall maintenance will help with the pace as well as overall customer satisfaction. At the highest volume courses, if pace continues to be a big problem, consider shortening the rough even more.
- **Monitor** - We recommend that the pace of play be consistently monitored and recorded. Look for patterns when it slows down to see if other adjustments may be required.

## Staffing Recommendations

The NGF has recommended a continuation of the basic staffing structure in place for City of Lincoln golf facilities, within the single-source system recommended. The only other changes recommended include:

- **Starters and Marshals** - We encourage using starters and marshals to improve pace of play, decrease unpaid walk-ons, and improve customer service. Key functions include:
  - **Customer Service** – Starters and marshals can provide information, set a positive attitude, and free up pro shop staff.
  - **Pace of Play** – These positions can assist with pace with 1<sup>st</sup> tee instructions, on-course services and communication with the pro shop.
  - **Volunteers** - We recommend using volunteers instead of paid workers for these positions. This is standard in the golf industry with compensation based on a strict formula of free golf (some courses include cart - some courses do not). IRS regulations require a 1099 form be issued for the cash equivalent of the free golf (if over \$600 a year) so volunteers will need to understand this.
- **Hiring** - A strong screening program needs to be put in place to ensure that the golf system employees have a friendly personality and appropriate attitude and are not just looking for “free” golf. They also need to be responsible and take the job seriously.
- **Training** - A systematic training program needs to be implemented that covers customer service and how to effectively encourage faster play without creating ill will. Training should also cover how to handle unruly customers and emergency situations. Proper training is essential to a good golf operations program.
- **Free Golf** - While the starters and marshals are compensated with free golf, it should not come without restriction. Their free rounds should always be scheduled during non-peak times and require the supervisor’s approval. Such approval should not be denied without cause.

## Food & Beverage Operations

Without full kitchens or even indoor grills, fryers or ovens, the operators are very limited in what they can offer by way of food items. However, this doesn’t mean that the service cannot be improved “as-is.” Such improvements will not only generate more revenue for the operators, but they will enhance the golf experience, which should increase performance for the City as well. NGF recommends the following changes to F & B operations in the City of Lincoln system:

- **Outdoor Grill** - Each of the courses has an outdoor grill, but use varies by facility. In general, they are only used for tournaments and some leagues. While this is better than nothing, we feel there is greater potential. We recommend expanding the use of the outdoor grills at all the facilities during peak play periods, such as weekends and leagues. But the grill should NOT be limited to league participants (as is the case at some of the facilities) but be available to all golfers at the facility. The best way to take advantage of the grill is to stage it in a very public place, such as an outdoor deck or close to the #10 tee or #9 green. The area should also have a cooler for beverages, and be stocked with chips and other convenience items. With the outdoor grill, you will not only sell more food, but a lot more beverages as well.
- **Menu** - Adding a grill will greatly enhance the menu. But there are other choices available as well that will improve the selection. One of the main things missing from the current menus are healthy choices. As mentioned in other areas, having healthy choices is particularly important to women. However, it is becoming increasingly important to men as well in today's health-conscious society. We would encourage adding salads and wraps to the menu, as well as some sandwiches made with whole-grain breads, and fresh fruit.

### Becoming More “Women-Friendly”

As noted in several places in this report, the City courses do not appear to operate in a “women-friendly” fashion and tend to get a lower percentage of women players than the other area courses. While there are many reasons for this reality, we note that they are all fixable.

- **Length** - As noted throughout the report, all the City 18-hole courses are too long for most women golfers. We recommend new forward tees at each course, with a length of 4,400 to 4,800 yards.
- **Restrooms** – Female golfers tend to be a lot more conscious about restrooms than male golfers (borne out by national surveys). In many cases, the City falls short on these standards, in both on-course restrooms (porta-pottys) and in clubhouses. Even at the new Holmes clubhouse, the women’s restroom is noticeably smaller than the men’s, the opposite of what it should be. The City needs to make a concerted effort to improve the restroom facilities for women and add more permanent on-course restroom facilities.
- **Merchandise** – In the City’s golf pro shops, women’s apparel appears scarce. Not only is this a lost revenue source, but it sends a message to women “you are not welcome here.”
- **Food and beverage** - Women tend to be more health and weight conscious than men. As a result, they want healthy choices on the menu, which are lacking at City courses.
- **Attitudes** – NGF interviews and survey responses all indicate a general sense among female golfers that the City courses are unfriendly to women. Improvement in this area will have impact in attracting female golfers to City golf courses.

### PHYSICAL UPGRADE PRIORITIES

In the previous chapter, the NGF team made specific recommendations for physical upgrades at each City golf course, with documented estimates of costs for each item. As most of the NGF review is centered on enhancing activity and revenue (particularly event and female activity) and reducing expense, some of the physical improvements are a high overall priority for the system and should not be ignored or postponed for too long. Key physical upgrade recommendations

made for individual facilities are listed below in overall priority order, based on NGF's review of the full City of Lincoln golf system and each individual facility. NGF notes that this order of priority is the NGF recommendation, and may not match exactly with City of Lincoln's planning and approved budgets. The list represents NGF's best thinking on prioritizing future physical upgrades to City of Lincoln golf facilities. We also note that some of the recommendations apply to all the 18-hole facilities in the system, and these are the highest priority items from NGF's perspective.

### **NGF Priority List – Physical Upgrades at All Four 18-Hole Facilities**

The NGF priority list of items to be completed at all four 18-hole golf courses follows below. We note that not all items require significant capital expense, and some items (even though they are lower on the list) could be completed at relatively low expense:

1. Cart path upgrades at all facilities
2. New forward tee positions at all facilities
3. Upgrade on-course (restrooms, drinking stations) at all facilities
4. Switch to a self-service, electronic (token-less) range ball dispensing system

### **NGF Priority List – Physical Upgrades at Each Individual Facilities**

The NGF priority list for each individual facility follows below:

1. Irrigation and Dredging program at Pioneers
2. Clubhouse upgrades at Highlands GC
3. Bunker / Tee improvements at Highlands GC
4. Clubhouse upgrades at Pioneers
5. Pavilion at Pioneers
6. Driving Range netting at Mahoney
7. Irrigation system at Holmes GC
8. Pavilion at Mahoney GC
9. Improve hitting bays at Jim Ager
10. Irrigation at Jim Ager

## **CITY OF LINCOLN – MARKETING AND PROGRAM RECOMMENDATIONS**

Few things can positively affect performance more than marketing, and there is often a direct correlation between the amount of money spent on marketing and economic performance. However, in today's competitive and media-rich environment, it may take more than just money to be effective – it also has to be invested wisely.

In reviewing the Lincoln City golf system, we see that at present most (if not all) of the City's marketing campaign focuses on coupons and specials. While coupons (redemption ads) and specials certainly should be part of the marketing program, they should not be the sole or even the primary type of advertising. When you promote only discounts or coupons, you are going to attract golfers who are mostly loyal to the discount, as opposed to the golf course. These golfers will leave as soon as another better offer comes along. Another danger of overusing discounts is that the discounted price then becomes your standard price. In these situations, you may

build volume, but not profits. Discounting, particularly through redemption ads, can be very valuable when used judiciously. They are especially valuable in attracting new clients to the course and in tracking a particular media's effectiveness.

Another issue with the current marketing effort is the disconnect between the Golf Administration in the Parks Department, where the campaigns are generated, and the operators. It is apparent that the operators are rarely consulted about the marketing campaigns. The operators have reported to NGF that they find out about an upcoming campaign at the last minute, and there were reports of instances when the operators were not informed at all, but learned of the campaign only through customers attempting to redeem an advertisement.

In preparing our recommendations for the Lincoln City golf system, the NGF sees a two-pronged marketing approach: (1) A system-wide approach that promotes ALL facilities under a unified brand and logo; and (2) an individual facility approach that identifies and promotes each individual facility based on its unique characteristics and offering, along with its own unique brand and logo. Some of the NGF recommendations will be for one approach or the other, while some of the recommendations will apply to both approaches. In general, most recommendations concern the need to enhance marketing of the golf facilities, especially in the area of electronic (Internet) marketing. Thus, the list of NGF recommendations may be short and may even include areas where the City is already active.

- **Branding** - The City courses fall under the Lincoln Parks and Recreation Department, and there has been a logo developed for "Lincoln City Golf Courses," although this logo is awkward. Further the name "Lincoln City Golf Courses" is cumbersome. We would recommend trying to develop a new logo and a shorter name, such as "Lincoln City Golf" or just "Lincoln Golf." The logo, if done well, may become marketable in its own right on salable items (clothing, caps, etc.) which will help with merchandise sales.
- **Theme** - Assuming our recommendation to reposition Mahoney and Highlands, the city can promote "a golf facility for everyone," as there will be a clear progression of facility types from beginner (Ager) all the way up to professional (Highlands) and everything in between. The City can work to create a strong theme in branding the City golf courses as offering "something for everyone."
- **Strategy** - While the City should continue to market the brand of "Lincoln Golf" (all the City courses taken together), we would also encourage developing more facility-specific marketing. This will be essential for Highlands, which will be attempting to penetrate markets currently not being targeted.
- **Budget** - We recommend a total golf marketing budget of \$77,000 per year, broken down as follows:
  - \$15,000 brand marketing (all facilities)
  - \$40,000 Highland only
  - \$6,000 each Pioneer, Mahoney and Holmes
  - \$4,000 for Ager
- **Administration** – The NGF has recommended the City switch to a single operator model with one operator responsible for operations and maintenance of all facilities. We would make this operator responsible for all marketing. Depending on the nature

of the contract, the expenditures can come from the City, the operator or a combination of the two.

## Electronic Marketing

**Website** - In today's world, the web is where golfers first turn when looking for a place to play, and this is especially true for visitors to the area. Unfortunately, the City golf course websites are weak compared to the competition. This is true both for the City website covering all the courses and the individual course websites. Some recommendations related to the City's golf website(s) include:

- **Design** - The overall design of the websites varies from average to poor, and do not include key features that would intrigue or excite the viewer. It is crowded and links can be difficult to see. The City's site does provide links to the individual course websites. Unfortunately, those sites are also not as well done as the better quality golf websites. The most successful golf websites designed by golf courses that consistently produce high rounds and revenue typically include:
  - Multiple pictures of the most scenic locations on the golf course
  - Some even include at least one picture of each hole in the course description page
  - Multiple pictures of the clubhouse, especially if the facility is active in selling banquets and parties
  - Pictures of practice facilities
  - Pictures of key staff
  - Prominent display of the facility logo on each page
- **Continuity** - The four course websites are completely different from each other and share little common information. While the four courses are unique, they all operate under the same "brand" – Lincoln Golf. The websites need to be similar in nature and content.
- **Current** - We would like to see each course's website become more current, with a newsletter as a webpage, and postings of upcoming tournaments and recent league results.

**Email** - Email is the most cost-effective marketing tool there is today, and we encourage a regular email campaign with large mail-outs at least once a month and targeted emails on a weekly basis. We also suggest that the staff's email address utilize the golf course's domain name (e.g. staffname@courename.com) or all have the same domain name (staffname@lincolngolf.com).

**Social Media** - City of Lincoln should allow for the creation of a golf-specific social media program comparable to other multi-facility golf systems. Many successful golf operators are using Facebook and Twitter, among others, as a means to stay in communications with potential customers, get their name out there and even attract a new, younger demographic. However, to be effective, these types of social media pages need to be updated regularly. Consider posting league results or linking to the website for this content. A strong twitter following allows for opportunities to fill tee times at last minute (e.g. "late specials").

## Other Marketing Recommendations

**Staff** - Assuming all the courses come under a single operator, it would be beneficial to have at least a part-time marketing specialist who can keep the website up to date, send out the email blasts, and regularly post on the social media sites.

**Print Media** - Contrary to popular opinion, print media is not dead, but still effective for golf. This is true in part because of the generally older population that plays golf, especially at the City courses. We encourage occasional ads in local papers and regional golf publications. Print campaigns should be coordinated with social media and email campaigns.

**Brochure** - Brochures can be effective, especially when promoting to tourists and for tournaments. The City should develop a high quality, professionally produced rack brochure for City of Lincoln golf courses as a fold-out piece with "Golf" in the upper 1/3 of the front page. We recommend there be a City golf brochure, as well as a separate piece for Highlands GC. An enhanced commitment to distributing this piece and placing it in as many area visitor centers, hotels, tourist attractions with information racks, restaurants with tourist racks, Chambers of Commerce, etc. is reasonable. NGF research (NGF publication The U.S. Golf Travel Market) reveals that 44% of all golfers play golf when they travel.

**Public Relations** - PR announcements are free and can be effective. Make sure to send out press releases on holes-in-one and any significant event at City courses.

**Tracking Ads** - Savvy marketers realize it is important to constantly monitor the effectiveness of their marketing campaigns to identify which campaigns are actually working and allow for appropriate adjustments. Redemption ads (coupons) are always easy to track. Internet ads that require a "click" that can be monitored are also easy to track. More difficult are general ads, such as billboards or print ads, which do not provide a discount or other easily trackable item. There are still ways of tracking effectiveness. These include:

- **Tracking Play** - The bottom line is how much impact the ads have to the bottom line. Simply tracking play before and after an ad is run and comparing to similar time periods, can give you a good idea. Of course there are always confounding elements (such as weather), so ideally this is repeated.
- **Phone Number** - The cost of phones has dropped and the digital age has made it easier to track calls. A sure way of tracking an ads effectiveness is to give it a unique phone number (or website address, etc.) where the responses can be easily monitored.

**Tournaments and Outings.** The City of Lincoln golf staff needs to be more aggressive in direct marketing to tournament and outing prospects to bring in a larger share of that business. Keys to marketing in this segment include some direct contact selling, as well as actively seeking groups, charities, and corporations that have hosted tournaments in the past.

**Signage.** The signage for some of the City of Lincoln golf courses should be improved, to the extent that is allowable by County, City, and local guidelines. It is recommended that any signage to City of Lincoln golf sites include the facility logos (as opposed to City of Lincoln logo) and make locations of each golf course as clear as possible and note that each golf course is "open to the public." Billboards can be very effective in bringing in visiting golfers. A billboard for Highlands on I-80 would be appropriate after Highlands has been upgraded.

## **FEE DISCUSSION AND RECOMMENDATION**

NGF has reviewed the existing fee structure at Lincoln City golf courses, as well as a review of competing facilities in each market. The review shows there is some room to adjust fees on several levels, including:

- Creating segmentation between the City golf facilities, rather than have “one-size-fits-all” approach; and
- Improving yield management – increasing fees at peak demand times and decreasing fees when demand is reduced.

To achieve these goals, the NGF has prepared a recommended schedule of fees to be incorporated into the Lincoln City golf system. This new schedule of fees assumes that some physical changes as described by NGF previously will be implemented, particularly the upgrades recommended for Highlands GC. In general, the new schedule would place Highlands GC at the high end of the scale, Pioneers and Holmes in the middle and Mahoney at the lower end. Some of the main proposed changes:

- Adding a non-resident rate
- Splitting up the courses, with Mahoney at the low end and Highlands at the high end.
- Gradually increasing the age for seniors to 62 by increasing the age limit one year each year
- Adding twilight times during non-league days
- Adding super-twilight rates during the summer
- At Jim Ager the only change would be to add \$0.50 to the 2nd nine rate across the board.

The proposed new Lincoln City golf fees are shown in the table below:

### Lincoln City Golf Courses – Proposed Green and Cart Fee Schedule for FY2014

Lincoln City Golf Courses Proposed Green Fee Rates							
Green Fees	Current All	Proposed					
		Mahoney		Holmes / Pioneer		Highlands	
		Resident	Non resident	Resident	Non resident	Resident	Non resident
<b>Weekday</b>							
18 hole Green Fee	\$19.00	\$16.00	\$18.00	\$19.00	\$21.00	\$23.00	\$32.50
9 hole Green Fee	\$14.75	\$12.50	\$14.00	\$14.75	\$16.50	\$16.00	\$18.50
Senior/Junior 18	\$15.75	\$13.00	\$14.50	\$15.75	\$17.50	\$18.00	\$23.00
Senior/Junior 9	\$12.50	\$10.00	\$11.00	\$12.50	\$14.00	\$14.00	\$16.00
Twilight 18*	NA	\$13.00	\$14.50	\$15.75	\$17.50	\$18.00	\$25.00
Twilight 9*	NA	\$10.00	\$11.00	\$12.50	\$14.00	\$14.00	\$16.00
Super-twilight 9	\$8.50	\$7.50	\$8.50	\$8.50	\$9.44	\$12.00	\$12.00
<b>Weekend</b>							
18 hole Green Fee	\$30.50	\$23.00	\$25.50	\$30.50	\$34.00	\$34.00	\$41.50
9 hole Green Fee	\$21.00	\$15.00	\$16.50	\$21.00	\$23.50	\$22.00	\$27.00
Senior/Junior 18	\$25.00	\$22.00	\$24.50	\$25.00	\$27.80	\$29.00	\$34.00
Senior/Junior 9	\$17.00	\$14.00	\$15.50	\$17.00	\$19.00	\$18.00	\$20.00
Twilight 18	\$19.00	\$16.50	\$18.00	\$22.00	\$24.50	\$29.00	\$34.00
Twilight 9	\$14.75	\$13.00	\$14.50	\$15.00	\$16.50	\$18.00	\$23.00
Senior Twilight 18	\$15.75	\$15.50	\$17.00	\$15.75	\$17.50	\$25.00	\$30.00
Senior Twilight 9	\$12.50	\$12.50	\$14.00	\$12.50	\$14.00	\$16.00	\$18.50
Supertwilight 18	NA	\$13.00	\$13.00	\$16.00	\$16.00	\$19.00	\$24.00

Lincoln City Golf Courses Proposed Cart Fees							
Cart Fees	Current All	Proposed					
		Mahoney		Holmes/Pioneer		Highlands	
		Resident	Non- resident	Resident	Non- resident	Resident	Non- resident
18 Hole Cart Fee**	\$15.75	\$15.00	\$16.50	\$16.00	\$17.00	\$16.50	\$17.50
9 hole Cart Fee	\$8.50	\$8.00	\$9.00	\$8.50	\$9.00	\$8.50	\$9.50
18 Hole Cart Fee Senior	\$13.00	\$12.50	\$13.50	\$13.50	\$15.00	\$14.00	\$16.00
9 hole Cart Fee Senior	\$7.00	\$7.00	\$7.50	\$7.00	\$8.00	\$7.50	\$8.50

### Lincoln City Golf Memberships and Passports

The changes proposed by NGF related to the memberships and passports include the following key elements:

#### Memberships

- Creating three levels of membership:
  - Mahoney only: Good only at Mahoney.
  - Holmes/Pioneer: Good at Mahoney, Holmes and Pioneer
  - Highlands: Good at all four regulation courses.
- Add a 10% surcharge if the membership is paid out in three payments as opposed to paying all at once.
- Adding an “Adult Limited” membership that provides unlimited play with no green fee Monday-Friday only
- Eliminating the “Discounted Adult Limited” membership

## Passports

The City should revise the Passport program to offer four levels to golfers:

- Resident Passport - Holders are entitled to the resident rate.
- Silver - This replaces the current passport with a discount of 10% off green fees.
- Gold – This Passport offers 25% discount on published green fees and 10% discount on the carts
- Platinum - This Passport offers 50% discount on published green fees and 10% discount on the carts.

Lincoln City Golf Courses Proposed Membership / Pass Rates				
Memberships	Current	Proposed		
	All	Mahoney	Holmes / Pioneer	Highlands / Combo
Adult Unlimited	\$1,470	\$1,150	\$1,470	\$1,700
2nd Family Member	\$920	\$650	\$920	\$1,200
Senior Unlimited	\$1,200	\$1,025	\$1,200	\$1,350
2nd Family Member	\$735	\$550	\$735	\$800
Adult Weekday	NA	\$750	\$900	\$950
2nd Family Member	NA	\$450	\$500	\$550
Senior Weekday	\$735	\$600	\$800	\$850
2nd Family Member	\$450	\$400	\$475	\$500
Adult Discount	\$790	\$750	\$850	\$950
2nd Family Member	\$500	\$450	\$550	\$650
Teen Unlimited	\$190	\$190	\$250	\$300
Junior Unlimited	\$125	\$125	\$150	\$200
College Student monthly	\$75	\$50	\$60	\$75
<b>Cart Pass</b>				
Unlimited Cart Pass	\$840	\$750	\$875	\$950
Private cart trail fee	\$185	\$250	\$350	\$450
Passport	Current	Resident	Non Resident	
Current (15% discount)	\$25	NA	NA	
Resident	NA	Free	\$50	
Silver (10% discount)	NA	\$40	\$100	
Gold (25% discount)	NA	\$350	\$500	
Platinum (50% discount)	NA	\$800	\$950	

## Third-Party Wholesale

City of Lincoln golf courses (except Jim Ager) utilize *GolfNow.com* as a method to increase sales of golf rounds in the system. This is a growing service that allows golfers to book tee times through an on-line system for all Lincoln City golf courses. There are also several other independent tee time providers who are functioning like “wholesalers” of tee times, ultimately selling rounds of golf and paying significant discounts to the golf course.

Though moving unsold inventory through wholesalers / discounters can be a very useful tool (and can result in increased awareness of a facility), NGF does not recommend that it become a substitute for vigilant internal tee sheet / yield management. NGF has witnessed instances where golf course management seemingly cedes too much control of its tee sheet management to on-line wholesalers. Though there is no quantitative standard for identifying exactly how much is too much, a good indication that a facility has lost some control of its tee sheet is when managers begin releasing discounted tee times that, with some internal effort (e.g., email blasts promoting a package deal Tuesday afternoon after 1:00 p.m.), they could fill themselves. NGF has included the National Golf Course Owner’s Association’s (NGCOA) recommendations for managing third-party wholesalers in **Appendix D** to this report.

# Financial Analysis of Expected City of Lincoln Golf Enterprise Performance

As part of this NGF Consulting study effort, the consultants have prepared an economic evaluation to show the potential economic performance of the City's golf courses under certain operational and/or performance scenarios. In this section of our report, the entire City of Lincoln Golf system's economic potential is evaluated and summarized, with estimates of individual facility performance that were presented earlier in this report. All NGF projections are based on a set of assumptions that may or may not become reality. We feel that these estimates represent the best effort to create a "fair estimate of performance" for these facilities based on our complete review of each Individual operation.

## SUMMARY OF CITY OF LINCOLN GOLF PROJECTIONS (2012-2017)

NGF has made projections for each of the five individual City of Lincoln Golf facilities, detailed in an earlier chapter of this report. In the table below, NGF has summarized the projections on each facility's performance by revenue and expense line items and by individual facility. We note that these projections are based on NGF estimates for future performance in consideration of recommendations made for each individual facility and the system as a whole.

The projections we have made include capital needs, with the expense for the recommended projects is included in the projection. It has been assumed that City of Lincoln will make the other recommended capital enhancements, as these are expected to enhance revenue and reduce expenses, which have been assumed in the individual facility projections. The details of NGF projections are presented in the following tables, summarized both by line item for the total system and by facility. Other direct operating expenses, administration, and depreciation are included in the projections. The NGF recommendations that are expected to have the most significant economic impact include:

- The modification of the fee structure, with Highlands at the high end, Mahoney at the low end and Pioneers and Holmes in the middle;
- Upgrading the City of Lincoln system marketing, particularly Internet marketing;
- Revising the fee structure slightly to incorporate a new resident/non-resident split, new twilight discounts and the fee adjustments at Highlands and Mahoney;
- Continue the program to increase fees on a consistent basis to keep up with inflation;
- Committing to a program to control labor expense in the system through natural vacancies and retirements, with some re-staffing completed with part-time staff, when vacancies come open;
- Upgrading the overall technology of the golf course operations and POS system, leading to improved revenue.

## City of Lincoln Golf System Summary by Line Item

<b>City of Lincoln Golf Courses Projected Economic Performance with NGF Recommendations</b>					
<b>Description</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Rounds</b>	<b>180,400</b>	<b>192,300</b>	<b>200,000</b>	<b>208,500</b>	<b>209,000</b>
<b>Revenue</b>					
Green Fees	\$1,904,800	\$2,088,700	\$2,248,900	\$2,384,300	\$2,439,000
Cart Fees	863,000	939,200	997,400	1,059,500	1,084,600
Other Ager Revenue	23,000	25,300	26,400	26,400	26,600
Annual Cart	62,300	63,500	64,800	66,100	67,400
Annual Members	276,000	281,500	287,100	292,800	298,700
Admin Revenue	28,700	29,300	29,900	30,500	31,100
<b>Total Revenue</b>	<b>\$3,157,800</b>	<b>\$3,427,500</b>	<b>\$3,654,500</b>	<b>\$3,859,600</b>	<b>\$3,947,400</b>
<b>Expense</b>					
Total Personnel Services	\$1,660,000	\$1,692,400	\$1,777,100	\$1,865,900	\$1,959,200
Total Materials & Supplies	585,000	602,700	620,800	639,600	659,000
Other Services (Excl. Overhead)	819,000	842,700	867,200	892,300	918,300
Capital Outlay	38,500	481,000	381,000	198,000	16,000
Permits & Fees	5,000	5,100	5,200	5,300	5,400
<b>Total Expenditures</b>	<b>\$3,107,500</b>	<b>\$3,623,900</b>	<b>\$3,651,300</b>	<b>\$3,601,100</b>	<b>\$3,557,900</b>
<b>Net Operating Income</b>	<b>\$50,300</b>	<b>(\$196,400)</b>	<b>\$3,200</b>	<b>\$258,500</b>	<b>\$389,500</b>
Other Services/ City Overhead	\$156,000	\$159,900	\$163,900	\$168,000	\$172,200
<b>Net After Admin. + Overhead</b>	<b>(\$105,700)</b>	<b>(\$356,300)</b>	<b>(\$160,700)</b>	<b>\$90,500</b>	<b>\$217,300</b>
Total Depreciation	\$560,000	\$557,200	\$554,400	\$551,600	\$548,800
<b>Net After Other Svcs., Overhead + Depreciation</b>	<b>(\$665,700)</b>	<b>(\$913,500)</b>	<b>(\$715,100)</b>	<b>(\$461,100)</b>	<b>(\$331,500)</b>

## City of Lincoln Golf System Summary by Facility

Pioneers Golf Course					
	2013	2014	2015	2016	2017
<b>Total Facility Revenue</b>	<b>\$769,600</b>	<b>\$818,200</b>	<b>\$865,100</b>	<b>\$904,900</b>	<b>\$927,400</b>
Less:					
Facility Operating Expense	\$601,000	\$623,000	\$645,900	\$669,700	\$694,500
Capital	\$5,000	\$125,000	\$140,000	\$110,000	\$5,000
<b>Pioneers Net Income</b>	<b>\$163,600</b>	<b>\$70,200</b>	<b>\$79,200</b>	<b>\$125,200</b>	<b>\$227,900</b>

Highlands Golf Course					
	2013	2014	2015	2016	2017
<b>Total Facility Revenue</b>	<b>\$713,100</b>	<b>\$791,700</b>	<b>\$879,900</b>	<b>\$907,800</b>	<b>\$936,700</b>
Less:					
Facility Operating Expense	\$766,000	\$794,300	\$823,800	\$854,400	\$886,300
Capital	\$23,500	\$106,000	\$96,000	\$6,000	\$6,000
<b>Highlands Net Income</b>	<b>(\$76,400)</b>	<b>(\$108,600)</b>	<b>(\$39,900)</b>	<b>\$47,400</b>	<b>\$44,400</b>

Mahoney Golf Course					
	2013	2014	2015	2016	2017
<b>Total Facility Revenue</b>	<b>\$577,400</b>	<b>\$638,100</b>	<b>\$675,200</b>	<b>\$736,500</b>	<b>\$743,900</b>
Less:					
Facility Operating Expense	\$546,000	\$573,400	\$602,200	\$632,300	\$663,900
Capital	\$5,000	\$125,000	\$140,000	\$5,000	\$0
<b>Mahoney Net Income</b>	<b>\$26,400</b>	<b>(\$60,300)</b>	<b>(\$67,000)</b>	<b>\$99,200</b>	<b>\$80,000</b>

Holmes Golf Course					
	2013	2014	2015	2016	2017
<b>Total Facility Revenue</b>	<b>\$617,300</b>	<b>\$680,800</b>	<b>\$722,400</b>	<b>\$790,900</b>	<b>\$810,800</b>
Less:					
Facility Operating Expense	\$641,000	\$614,200	\$636,500	\$659,700	\$683,900
Capital	\$5,000	\$125,000	\$5,000	\$77,000	\$5,000
<b>Holmes Net Income</b>	<b>(\$28,700)</b>	<b>(\$58,400)</b>	<b>\$80,900</b>	<b>\$54,200</b>	<b>\$121,900</b>

<b>Jim Ager Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$113,400</b>	<b>\$124,400</b>	<b>\$130,100</b>	<b>\$130,100</b>	<b>\$131,400</b>
Less:					
Facility Operating Expense	\$160,000	\$165,700	\$171,500	\$177,600	\$184,000
Capital	\$0	\$0	\$0	\$0	\$0
<b>Jim Ager Net Income</b>	<b>(\$46,600)</b>	<b>(\$41,300)</b>	<b>(\$41,400)</b>	<b>(\$47,500)</b>	<b>(\$52,600)</b>

<b>Administration</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Admin Revenue</b>	<b>\$367,000</b>	<b>\$374,300</b>	<b>\$381,800</b>	<b>\$389,400</b>	<b>\$397,200</b>
Less:					
Operating Expense	\$355,000	\$372,300	\$390,400	\$409,400	\$429,300
Capital	\$0	\$0	\$0	\$0	\$0
<b>Admin Net Income</b>	<b>\$12,000</b>	<b>\$2,000</b>	<b>(\$8,600)</b>	<b>(\$20,000)</b>	<b>(\$32,100)</b>

### Summary of Golf Facilities' Economic Performance

<b>Summary City of Lincoln Golf Courses</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total System Revenue</b>	<b>\$3,157,800</b>	<b>\$3,427,500</b>	<b>\$3,654,500</b>	<b>\$3,859,600</b>	<b>\$3,947,400</b>
Less:					
System Operating Expense	\$3,069,000	\$3,142,900	\$3,270,300	\$3,403,100	\$3,541,900
Total Capital	\$38,500	\$481,000	\$381,000	\$198,000	\$16,000
<b>Net Before Other</b>	<b>\$50,300</b>	<b>(\$196,400)</b>	<b>\$3,200</b>	<b>\$258,500</b>	<b>\$389,500</b>
Other Services/ City Overhead	\$156,000	\$159,900	\$163,900	\$168,000	\$172,200
Total Depreciation	\$560,000	\$557,200	\$554,400	\$551,600	\$548,800
<b>City of Lincoln Golf Net Income</b>	<b>(\$665,700)</b>	<b>(\$913,500)</b>	<b>(\$715,100)</b>	<b>(\$461,100)</b>	<b>(\$331,500)</b>

The results of the analysis show that even with NGF recommendations and the modest growth of rounds and revenues, we still expect the City of Lincoln Golf system to see challenges in the next few years. A summary of findings from the tables above:

- The City of Lincoln Golf Enterprises is expected to be able to cover its basic operating expenses, but not capable of covering new investment, City overhead and depreciation. Increases in revenue will be required to establish a system that can cover its needed capital upgrades, but it is unlikely that this system will ever be able to generate enough revenue to cover the large depreciation expense.
- The above projections assume historical inflation in expenses and some inflation in fees charged for golf facilities. The City of Lincoln golf courses will have to commit to at least two percent (2%) increases in fees every year to meet these projections.

## CITY OF LINCOLN GOLF UNDER MANAGEMENT COMPANY OPERATION

NGF has estimated the performance of the City golf system under the implementation of a management contract, using a 5% of revenue estimate for management fee (it is possible that City of Lincoln can negotiate to lower fees). Under this scenario, the City will be responsible for all capital improvements, as is customary under management contracts. This program is simply hiring a company to manage the operations for City of Lincoln in exchange for a management fee paid to the management company. NGF has assumed that City of Lincoln can find an interested third party willing to take on all five facilities.

The result of this review shows that the City will be adding a new \$254,000+ expense line to the City of Lincoln golf system. Unless the new management company can increase revenue OR reduce expenses (or combination) by \$254,000, there will be no net change in net income performance. Many of the nationally recognized golf management companies that specialize in municipal golf operations have a track record of increasing revenue and reducing expenses through golf management expertise and technology systems that are in place within these organizations. Key assumptions in the management company performance estimate include:

- Green, cart and membership revenue is assumed as previously projected by NGF;
- Pro shop revenues (range, lessons, merchandise, food, beverage) is estimated based on actual performance by contractors at Lincoln golf courses;
- Direct cost of sales and pro shop operating expenses based on actual performance by contractors;
- Golf course maintenance expenses are assumed to be reduced by 20% to reflect management company (private sector) operation;
- Management fee is estimated at 5% of total revenue (from all sources);
- The previous estimates for capital, other services/overhead, and depreciation are assumed to remain constant in this estimate.

<b>City of Lincoln Golf Enterprise Projected Economic Performance Under Management Company Operation</b>					
<b>System</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>
Green, Cart, Membership Rev.	\$3,157,800	\$3,427,500	\$3,654,500	\$3,859,600	\$3,947,400
Pro Shop Revenue	\$0	\$1,644,600	\$1,677,500	\$1,711,100	\$1,745,300
<b>Total Revenue</b>	<b>\$3,157,800</b>	<b>\$5,072,100</b>	<b>\$5,332,000</b>	<b>\$5,570,700</b>	<b>\$5,692,700</b>
<b>Less:</b>					
Direct Cost of Sales	\$0	\$654,200	\$667,300	\$680,700	\$694,300
Pro Shop Operating Expense	0	\$850,000	\$871,300	\$893,100	\$915,400
Maintenance Expense	3,069,000	\$2,514,300	\$2,616,200	\$2,722,500	\$2,833,500
Management Fee	0	\$254,000	\$267,000	\$279,000	\$285,000
<b>Net Before Other Items</b>	<b>\$88,800</b>	<b>\$799,600</b>	<b>\$910,200</b>	<b>\$995,400</b>	<b>\$964,500</b>
Capital	\$38,500	\$481,000	\$381,000	\$198,000	\$16,000
<b>City overhead</b>	<b>\$156,000</b>	<b>\$80,000</b>	<b>\$82,000</b>	<b>\$84,000</b>	<b>\$86,100</b>
Depreciation	\$560,000	\$557,200	\$554,400	\$551,600	\$548,800
<b>Lincoln City Golf Net Income</b>	<b>(\$665,700)</b>	<b>(\$318,600)</b>	<b>(\$107,200)</b>	<b>\$161,800</b>	<b>\$313,600</b>
*Includes the assumption of all pro shop revenue (merchandise, lessons, range, food, beverage) and all pro shop expenses, including direct cost of goods sold.					

## CITY OF LINCOLN GOLF WITH REDUCTION TO THREE 18-HOLE COURSES (COURSE CLOSURE)

NGF has considered the performance of the City golf system under the consideration that one of the four 18-hole golf courses is closed, with all 18-hole activity falling to the remaining three 18-hole courses. This review was completed to show the City what the potential direct economic effect might be, assuming that closure of one course results in reduction of the operating expenses of an entire course while retaining 1/3 of the revenue. The NGF has reviewed two possible facility reduction scenarios as requested by the City of Lincoln:

- Closure of Highlands Golf Course
- Closure of Mahoney Golf Course

### Scenario One – Highlands GC Closure

In this scenario, Highlands GC would be closed beginning in FY2014 and the land sold for redevelopment. The proceeds of the sale would be used to fund needed capital improvements, pay off Golf Fund debt and establish an endowment with the proceeds being used to fund various aspects of the municipal golf operation. The City has provided an appraisal estimate of between \$35,000 and \$40,000 per acre for residential development. The City is expected to retain land for the swimming pool and related parking (estimated at five acres). Thus about 234 acres would be available for sale. The proceeds of sale of the land under this scenario would be \$8.19 million to \$9.36 million. Other key assumptions include:

- All assumptions for activity and fees from the previous NGF projection are continued, except all capital expenditures proposed for Highlands GC.
- NGF estimates approximately 1/3 of Highlands GC's 40,000 annual rounds would be absorbed by other City golf courses, or 4,000 additional rounds per course (Holmes, Pioneers and Mahoney).
- Total on-site facility expenses are adjusted upward at 5%-7% to reflect higher expenses associated with higher activity (as previously noted).
- Other items such as depreciation and administrative overhead are assumed at levels constant to previous NGF projections. NGF has not considered direct proceeds from sale of land.

### Summary of Golf Facilities' Economic Performance

City of Lincoln Golf Enterprise Projected Economic Performance Highlands GC Closure					
	2013	2014	2015	2016	2017
<b>Total Rounds</b>	<b>180,400</b>	<b>163,300</b>	<b>169,000</b>	<b>177,000</b>	<b>177,000</b>
<b>Total System Revenue</b>	<b>\$3,157,800</b>	<b>\$2,829,500</b>	<b>\$2,972,200</b>	<b>\$3,153,000</b>	<b>\$3,216,000</b>
Less:					
System Operating Expense	\$3,069,000	\$2,362,800	\$2,461,400	\$2,564,600	\$2,672,200
Total Capital	\$15,000	375,000	285,000	192,000	10,000
<b>Net Before Other</b>	<b>\$73,800</b>	<b>\$91,700</b>	<b>\$225,800</b>	<b>\$396,400</b>	<b>\$533,800</b>
Other Services/ City Overhead	\$156,000	\$159,900	\$163,900	\$168,000	\$172,200
Total Depreciation	\$560,000	\$557,200	\$554,400	\$551,600	\$548,800
<b>City of Lincoln Golf Net Income</b>	<b>(\$642,200)</b>	<b>(\$625,400)</b>	<b>(\$492,500)</b>	<b>(\$323,200)</b>	<b>(\$187,200)</b>

<b>Pioneers Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$769,600</b>	<b>\$887,100</b>	<b>\$935,800</b>	<b>\$977,200</b>	<b>\$1,001,700</b>
Facility Operating Expense	\$601,000	\$631,100	\$654,400	\$678,700	\$703,900
Capital	\$5,000	\$125,000	\$140,000	\$110,000	\$5,000
<b>Pioneers Net Income</b>	<b>\$163,600</b>	<b>\$131,000</b>	<b>\$141,400</b>	<b>\$188,500</b>	<b>\$292,800</b>

<b>Mahoney Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$577,400</b>	<b>\$698,900</b>	<b>\$736,500</b>	<b>\$798,000</b>	<b>\$806,000</b>
Facility Operating Expense	\$546,000	\$557,400	\$585,400	\$614,800	\$645,500
Capital	\$5,000	\$125,000	\$140,000	\$5,000	\$0
<b>Mahoney Net Income</b>	<b>\$26,400</b>	<b>\$16,500</b>	<b>\$11,100</b>	<b>\$178,200</b>	<b>\$160,500</b>

<b>Holmes Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$617,300</b>	<b>\$744,800</b>	<b>\$788,000</b>	<b>\$858,300</b>	<b>\$879,700</b>
Facility Operating Expense	\$641,000	\$636,300	\$659,700	\$684,100	\$709,500
Capital	\$5,000	\$125,000	\$5,000	\$77,000	\$5,000
<b>Holmes Net Income</b>	<b>(\$28,700)</b>	<b>(\$16,500)</b>	<b>\$123,300</b>	<b>\$97,200</b>	<b>\$165,200</b>

<b>Jim Ager Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$113,400</b>	<b>\$124,400</b>	<b>\$130,100</b>	<b>\$130,100</b>	<b>\$131,400</b>
Facility Operating Expense	\$160,000	\$165,700	\$171,500	\$177,600	\$184,000
Capital	\$0	\$0	\$0	\$0	\$0
<b>Jim Ager Net Income</b>	<b>(\$46,600)</b>	<b>(\$41,300)</b>	<b>(\$41,400)</b>	<b>(\$47,500)</b>	<b>(\$52,600)</b>

<b>Highlands Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$713,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Facility Operating Expense	\$766,000	\$0	\$0	\$0	\$0
Capital	\$0	\$0	\$0	\$0	\$0
<b>Highlands Net Income</b>	<b>(\$46,600)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>Administration</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Admin Revenue</b>	<b>\$367,000</b>	<b>\$374,300</b>	<b>\$381,800</b>	<b>\$389,400</b>	<b>\$397,200</b>
Operating Expense	\$355,000	\$372,300	\$390,400	\$409,400	\$429,300
Capital	\$0	\$0	\$0	\$0	\$0
<b>Admin. Net Income</b>	<b>\$12,000</b>	<b>\$2,000</b>	<b>(\$8,600)</b>	<b>(\$20,000)</b>	<b>(\$32,100)</b>

## Scenario Two – Mahoney GC Closure

In this scenario, Mahoney GC is closed with the property maintained as public parkland for the future. The City would likely explore development of master plan for public recreation use of the land, or sale of the land with the proceeds being utilized to purchase additional parkland in growth areas of the community. Other key assumptions include:

- All assumptions for activity and fees from the previous NGF projection are continued, except all capital expenditures proposed for Mahoney GC. The program to improve Highlands as a premier course is continued.
- NGF estimates approximately 1/3 of Mahoney GC's 45,000 annual rounds would be absorbed by other City golf courses, or 5,000 additional rounds per course (Holmes, Pioneers and Highlands).
- Total on-site facility expenses are adjusted upward at 5%-7% to reflect higher expenses associated with higher activity (as previously noted).
- Other items such as depreciation and administrative overhead are assumed at levels constant to previous NGF projections. NGF has not considered additional expense to maintain Mahoney as parkland, or direct proceeds from sale of land.

### Summary of Golf Facilities' Economic Performance

City of Lincoln Golf Enterprise Projected Economic Performance Mahoney GC Closure					
	2013	2014	2015	2016	2017
<b>Total Rounds</b>	<b>180,400</b>	<b>165,300</b>	<b>171,000</b>	<b>175,500</b>	<b>176,000</b>
<b>Total System Revenue</b>	<b>\$3,157,800</b>	<b>\$3,052,100</b>	<b>\$3,251,900</b>	<b>\$3,402,300</b>	<b>\$3,488,900</b>
Less:					
System Operating Expense	\$3,069,000	\$2,612,000	\$2,712,500	\$2,817,400	\$2,926,800
Total Capital	33,500	356,000	241,000	193,000	16,000
<b>Net Before Other</b>	<b>\$55,300</b>	<b>\$84,100</b>	<b>\$298,400</b>	<b>\$391,900</b>	<b>\$546,100</b>
Other Services/ City Overhead	\$156,000	\$159,900	\$163,900	\$168,000	\$172,200
Total Depreciation	\$560,000	\$557,200	\$554,400	\$551,600	\$548,800
<b>City of Lincoln Golf Net Income</b>	<b>(\$660,700)</b>	<b>(\$633,000)</b>	<b>(\$419,900)</b>	<b>(\$327,700)</b>	<b>(\$174,900)</b>

Pioneers Golf Course					
	2013	2014	2015	2016	2017
<b>Total Facility Revenue</b>	<b>\$769,600</b>	<b>\$904,300</b>	<b>\$953,400</b>	<b>\$995,400</b>	<b>\$1,020,200</b>
Facility Operating Expense	\$601,000	\$631,100	\$654,400	\$678,700	\$703,900
Capital	\$5,000	\$125,000	\$140,000	\$110,000	\$5,000
<b>Pioneers Net Income</b>	<b>\$163,600</b>	<b>\$148,200</b>	<b>\$159,000</b>	<b>\$206,700</b>	<b>\$311,300</b>

<b>Highlands Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$713,100</b>	<b>\$888,300</b>	<b>\$982,100</b>	<b>\$1,012,300</b>	<b>\$1,043,100</b>
Facility Operating Expense	\$766,000	\$806,600	\$836,500	\$867,600	\$900,100
Capital	\$23,500	\$106,000	\$96,000	\$6,000	\$6,000
<b>Highlands Net Income</b>	<b>(\$76,400)</b>	<b>(\$24,300)</b>	<b>\$49,600</b>	<b>\$138,700</b>	<b>\$137,000</b>

<b>Holmes Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$617,300</b>	<b>\$760,800</b>	<b>\$804,500</b>	<b>\$875,100</b>	<b>\$897,000</b>
Facility Operating Expense	\$641,000	\$636,300	\$659,700	\$684,100	\$709,500
Capital	\$5,000	\$125,000	\$5,000	\$77,000	\$5,000
<b>Holmes Net Income</b>	<b>(\$28,700)</b>	<b>(\$500)</b>	<b>\$139,800</b>	<b>\$114,000</b>	<b>\$182,500</b>

<b>Jim Ager Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$113,400</b>	<b>\$124,400</b>	<b>\$130,100</b>	<b>\$130,100</b>	<b>\$131,400</b>
Facility Operating Expense	\$160,000	\$165,700	\$171,500	\$177,600	\$184,000
Capital	\$0	\$0	\$0	\$0	\$0
<b>Jim Ager Net Income</b>	<b>(\$46,600)</b>	<b>(\$41,300)</b>	<b>(\$41,400)</b>	<b>(\$47,500)</b>	<b>(\$52,600)</b>

<b>Mahoney Golf Course</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Facility Revenue</b>	<b>\$577,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Facility Operating Expense	\$546,000	\$0	\$0	\$0	\$0
Capital	\$0	\$0	\$0	\$0	\$0
<b>Mahoney Net Income</b>	<b>\$31,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>Administration</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Admin Revenue</b>	<b>\$367,000</b>	<b>\$374,300</b>	<b>\$381,800</b>	<b>\$389,400</b>	<b>\$397,200</b>
Operating Expense	\$355,000	\$372,300	\$390,400	\$409,400	\$429,300
Capital	\$0	\$0	\$0	\$0	\$0
<b>Admin Net Income</b>	<b>\$12,000</b>	<b>\$2,000</b>	<b>(\$8,600)</b>	<b>(\$20,000)</b>	<b>(\$32,100)</b>

## Summary of Course Closure Considerations

The simple closing of one (or more) of the 18-hole golf courses as a means to reduce expense is not recommended by NGF, even though our economic review of the option does show that the Golf Fund could improve with the closure of Mahoney GC. However, we note that none of the closed facility options show economic performance that is better than the option of retaining all golf courses and retaining the services of a qualified golf management company to operate all facets of all facilities.

# Summary Statement

It is our opinion that the City's golf operation is at a very critical point in its history. Declining performance has not only created stress within the system, but has resulted in a lack of reinvestment in the system in terms of major capital repairs. The position the City is in is a familiar one to us. If immediate action to correct the problems are not taken, the golf program is likely to engage in a "death spiral" where declining performance leads to continued budget cut-backs. These cut-backs, in turn, affect the performance of the facility and usually end up reducing revenue by more than the cost savings, thereby accelerating the decline.

Yet, there is a lot of reason for optimism as well. The five golf facilities have layouts ranging from good to excellent. The current rounds performance for the courses, while declining over time, still exceeds national standards and greatly exceeds other are facilities. Further, we find that most of the issues that led to declining financial performance are correctable.

In summary, our findings are that the City of Lincoln is operating popular golf facilities with amenities that are good enough to generate close to \$3.3 million in net (after sales tax) green, cart and membership revenue, plus an additional \$1.6 million in ancillary revenue earned by contracted golf professionals. The NGF found six key specific areas that we feel are the most significant contributors to the recent declines in economic performance of City of Lincoln Golf Courses:

1. Inefficient operational structure and inadequate technology
2. Declining conditions at City golf facilities, especially Holmes GC
3. A need to improve marketing to include both passive and active marketing efforts
4. High City overhead and utilities expense structure
5. Inadequate service to female golfers
6. Unpredictable and unfavorable weather, coupled with a declining interest in golf nationwide and regionally

**In review of the Lincoln golf system, NGF finds that action on these above items will provide the greatest relief of economic stress to the system, although working to consolidate the system under a single operator will also help to relieve some economic stress. Assuming it is in the best interest of the City of Lincoln for the golf system to remain viable, it is expected that these changes will provide some economic relief to the City of Lincoln Golf Courses GC Golf Fund.**

**The most important NGF recommendations for Lincoln Golf include:**

1. Upgrade the physical condition of the golf courses and clubhouses
2. Modify the operational structure
3. Improve technology and marketing
4. Enhance food and beverage service at all facilities
5. Create a more segmented system, with lower fee and higher fee facilities
6. Make all the golf courses more "women-friendly"

# **Appendices**

## **(Under Separate Cover)**

**Appendix A – Golf Course Life Cycle**

**Appendix B – Lincoln Golfer Survey Results**

**Appendix C – Lincoln Golf Competitors**

**Appendix D – NGCOA Guidelines for Third-party Resellers**

# Lincoln City Golf Program Sustainability Study Appendices

Prepared For:

**City of Lincoln Parks and Recreation Department**

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Lincoln, NE 68502



Prepared By:



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July 2013

# Appendices

## Table of Contents

Appendix A – Golf Course Life Cycle .....	1
Appendix B – Lincoln Golfer Surveys .....	2
Pioneers Golf Course .....	2
Highlands Golf Course .....	8
Holmes Golf Course .....	14
Mahoney Golf Course.....	20
Ager Golf Course.....	26
Appendix C – Lincoln Golf Competitors.....	32
Appendix D – Third-Party Outsourcing .....	38

## APPENDIX A – EXPECTED LIFE CYCLE

# GOLF COURSE ITEMS EXPECTED LIFE CYCLE

### HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

ITEM	YEARS	ITEM	YEARS
Greens (1)	15 – 30 years	Cart Paths – concrete	15 – 30 years
Bunker Sand	5 – 7 years	Practice Range Tees	5 – 10 years
Irrigation System	10 – 30 years	Tees	15 – 20 years
<i>Irrigation Control System</i>	10 – 15 years	Corrugated Metal Pipes	15 – 30 years
<i>PVC Pipe (under pressure)</i>	10 – 30 years	Bunker Drainage Pipes (3)	5 – 10 years
<i>Pump Station</i>	15 – 20 years	Mulch	1 – 3 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)	Grass (4)	Varies

**NOTES:** (1) Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and response to changes in the game from an architectural standpoint (like the interaction between green speed and hole locations). (2) Assumes on-going maintenance beginning 1 – 2 years after installation. (3) Typically replaced because the sand is being changed — while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. (4) As new grasses enter the marketplace — for example, those that are more drought and disease tolerant — replanting may be appropriate, depending upon the site.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. We encourage golf course leaders to work with their golf course architect, superintendents and others to assess the longevity of their particular course's components.

The American Society of Golf Course Architects (ASGCA) thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.

The materials presented on this chart have been reviewed by the following Allied Associations of Golf:

For more information,  
contact ASGCA at  
**262-786-5960** or  
**www.asgca.org**



DATA COMPILED BY ASGCA, 125 NORTH EXECUTIVE DRIVE, SUITE 106, BROOKFIELD, WI 53005

## **APPENDIX B – LINCOLN GOLFER SURVEYS**

### **Pioneers Golf Course**



## Pioneers Golf Course

### Your Golf

- 1) About how many rounds have you played at Pioneers Golf Course in the past 12 months? \_\_\_\_\_  
 rounds
- 2) Do you play most of your golf at Pioneers Golf Course?  Yes  No
- 3) What other courses in the area, if any, have you played on a somewhat regular basis in the past 12 months?
- 1) \_\_\_\_\_ rounds
- 2) \_\_\_\_\_ rounds
- 3) \_\_\_\_\_ rounds

### Your Experience at Pioneers Golf Course

- 4) How satisfied are you, overall, with Pioneers Golf Course?  
 Very dissatisfied 1 2 3 4 5 6 7 8 9 10 Very satisfied
- 5) Given the cost to play here, do we meet your expectations?  
 We fall short of your expectations 1 2 3 4 5 6 7 8 9 10 We exceed your expectations
- 6) How does your overall satisfaction with Pioneers Golf Course compare to your satisfaction with other similarly priced courses you have recently played?  
 Unfavorably 1 2 3 4 5 6 7 8 9 10 Favorably
- 7) In the next 12 months, are you likely to play here more often, less often or about the same?  
 Much less often 1 2 3 4 5 6 7 8 9 10 Much more often
- 8) If asked, how likely would you be to recommend Pioneers Golf Course to another golfer?  
 Not at all likely to recommend 0 1 2 3 4 5 6 7 8 9 10 Extremely likely to recommend
- 9) Please tell us what it would take for you to rate it a 9 or 10? (If rated 0-8 on question 8)

- 10) What do you like most about Pioneers Golf Course?

### Playing History & Referrals at Pioneers Golf Course

- 11) Approximately how long have you been playing golf at Pioneers Golf Course?  
 Less than one year  
 Over one year (list total years) \_\_\_\_\_
- 12) Did you first play Pioneers Golf Course because someone recommended us to you?  Yes  No
- 13) Have you recommended Pioneers Golf Course to anyone in the past 12 months?  Yes  No  
 If yes, how many? \_\_\_\_\_
- 14) Have you advised anyone against playing at Pioneers Golf Course in the past 12 months?  Yes  No  
 If yes, how many? \_\_\_\_\_

**Survey continued on opposite side**

Customer survey conducted by the National Golf Foundation. © Copyright 2013 – All Rights Reserved.



### Your Level of Satisfaction

For each factor below, select a number from 1 to 10 indicating your level of satisfaction.

Factors	Very Dissatisfied										Very Satisfied	Don't Know/ Can't Rate
15) Overall Course Conditions	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
16) Pace of Play	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
17) Overall Value	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
18) Friendliness/Helpfulness of Staff	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
19) Golf Course Design/Layout	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
20) Food and Beverage Service	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
21) Amenities(Clubhouse, pro shop, Locker room)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
22) Affordability	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
23) Condition of Golf Cars	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
24) Condition of Greens	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
25) Overall Experience	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
26) Quality of Practice Facility	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
27) Convenience of Course Location	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
28) Overall Quality of Golf Shop Apparel	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
29) On-Course Services (Restrooms, water)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
30) Condition of Tees	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
31) Overall quality Golf Shop Merchandise	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
32) Scenery & Aesthetics of Course	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
33) Tee Time availability	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
34) Condition of Bunkers	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
35) Overall Quality of Golf Shop	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
36) Condition of Fairways	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>

### Your Spending

- 37) What would you estimate is your **average cost per round** (including green fee, golf car if used, range balls, etc. – but excluding merchandise and food & beverage) at Pioneers Golf Course? \$ \_\_\_\_\_
- 38) About how much would you say you have spent in total on **merchandise** (e.g., apparel, golf balls, clubs and other items) over the past 12 months at Pioneers Golf Course? \$ \_\_\_\_\_
- 39) About how much would you estimate you spend, on average, on **food & beverage** each time you visit the course? \$ \_\_\_\_\_

### Other

Please rate your level of satisfaction related to the ease of securing tee times at Pioneers Golf Course

- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

Please rate your level of satisfaction for the way Pioneers Golf Course organizes and manages golf events and tournaments



- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

**Would you use the facility more if additional gathering space was available for after golf (or other) events?**

- Yes
- No

**Would you play more golf at Pioneers Golf Course if the food and beverage services were upgraded and expanded?**

- 1 - (Play about the same amount)
- 2
- 3
- 4
- 5 - (Play a lot more)

**Please evaluate the sets of golf clubs that are available for rent at Pioneers Golf Club**

- Adequate
- Not Adequate
- Can't Evaluate / Never rented clubs at Pioneers

**Please evaluate the check-in procedure at Pioneers Golf Club**

- Meets Expectations
- Needs Improvement
- Very Frustrating

**Have you ever had to wait for a golf car to become available before starting your round?**

- Yes
- No

**Please share or comment about anything else you feel would be helpful in improving the customer experience at Pioneers Golf Course**

### **Your Demographics**

Please enter zip code of your primary residence:

Please select your gender:



Please enter your age: \_\_\_\_\_

Please enter your average 18-hole score: \_\_\_\_\_

Which of the following best describes you? (Check all that apply)

- Non-Member (green fee player)
- Non-Member & Loyalty Club Member
- Golf Member & Loyalty Club Member
- Golf Member & Not Loyalty Club Member
- Senior Golf Member & Loyalty Club Member
- Senior Golf Member & Not Loyalty Club Member
- League Player
- Out of town visitor to Lincoln

#### Your Contact Information

First name: \_\_\_\_\_

Last name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

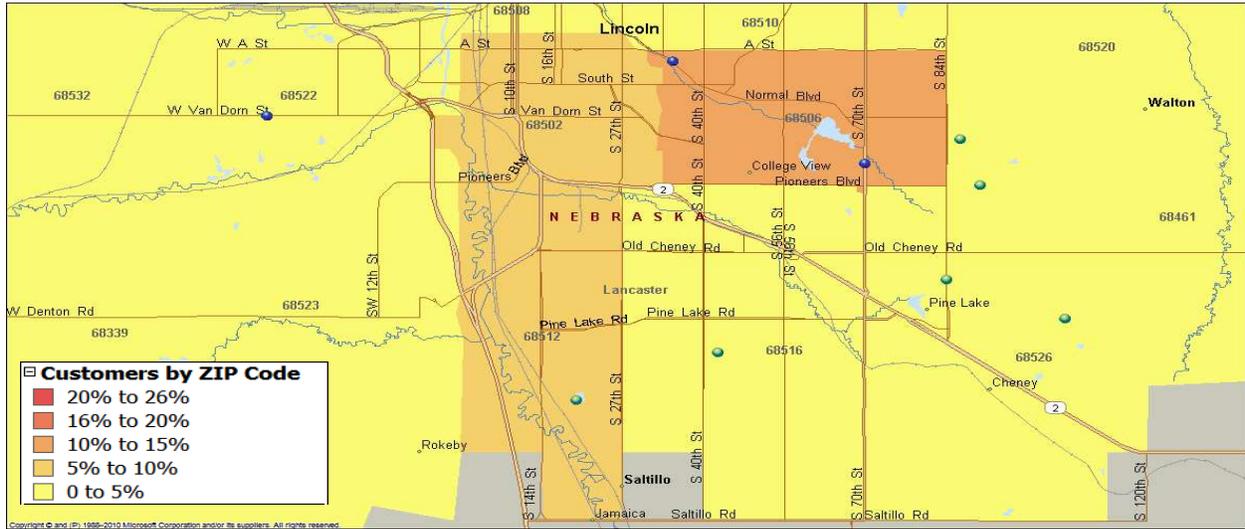
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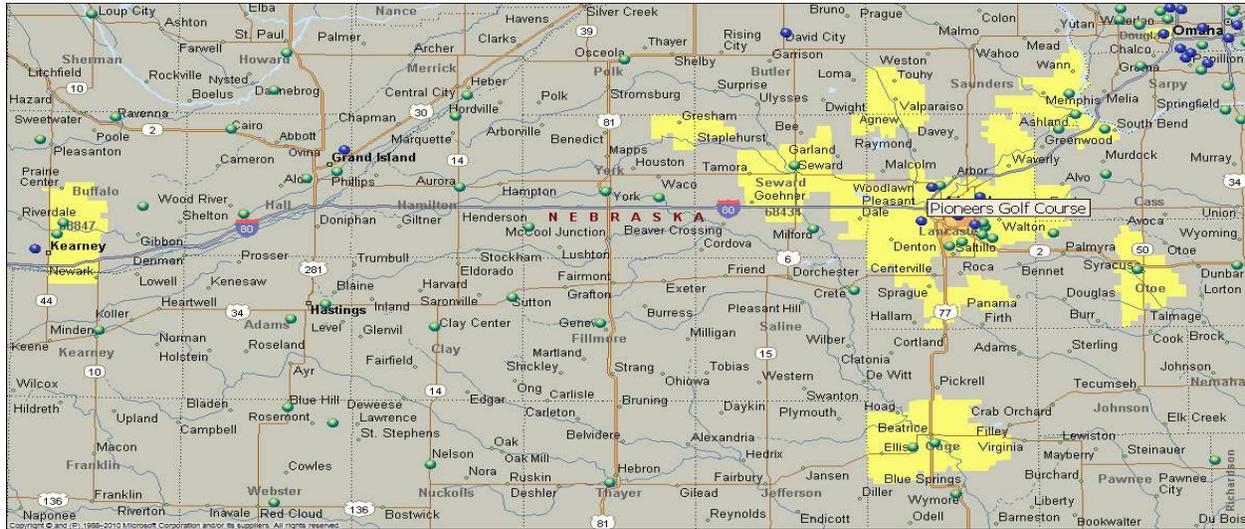
**Thank you for your time and input!**

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## Pioneers Local



## All Responses



## Highlands Golf Course



## Highlands Golf Course

### Your Golf

- 1) About how many rounds have you played at Highlands Golf Course in the past 12 months? \_\_\_\_\_  
 rounds
- 2) Do you play most of your golf at Highlands Golf Course?  Yes  No
- 3) What other courses in the area, if any, have you played on a somewhat regular basis in the past 12 months?
- 1) \_\_\_\_\_ rounds
- 2) \_\_\_\_\_ rounds
- 3) \_\_\_\_\_ rounds

### Your Experience at Highlands Golf Course

- 4) How satisfied are you, overall, with Highlands Golf Course?  
 Very dissatisfied 1 2 3 4 5 6 7 8 9 10 Very satisfied
- 5) Given the cost to play here, do we meet your expectations?  
 We fall short of your expectations 1 2 3 4 5 6 7 8 9 10 We exceed your expectations
- 6) How does your overall satisfaction with Highlands Golf Course compare to your satisfaction with other similarly priced courses you have recently played?  
 Unfavorably 1 2 3 4 5 6 7 8 9 10 Favorably
- 7) In the next 12 months, are you likely to play here more often, less often or about the same?  
 Much less often 1 2 3 4 5 6 7 8 9 10 Much more often
- 8) If asked, how likely would you be to recommend Highlands Golf Course to another golfer?  
 Not at all likely to recommend 0 1 2 3 4 5 6 7 8 9 10 Extremely likely to recommend
- 9) Please tell us what it would take for you to rate it a 9 or 10? (If rated 0-8 on question 8)

- 10) What do you like most about Highlands Golf Course?

### Playing History & Referrals at Highlands Golf Course

- 11) Approximately how long have you been playing golf at Highlands Golf Course?  
 Less than one year  
 Over one year (list total years) \_\_\_\_\_
- 12) Did you first play Highlands Golf Course because someone recommended us to you?  Yes  No
- 13) Have you recommended Highlands Golf Course to anyone in the past 12 months?  Yes  No  
 If yes, how many? \_\_\_\_\_
- 14) Have you advised anyone against playing at Highlands Golf Course in the past 12 months?  Yes  No  
 If yes, how many? \_\_\_\_\_

**Survey continued on opposite side**

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**Your Level of Satisfaction**

For each factor below, select a number from 1 to 10 indicating your level of satisfaction.

Factors	Very Dissatisfied										Very Satisfied	Don't Know/ Can't Rate
15) Overall Course Conditions	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
16) Pace of Play	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
17) Overall Value	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
18) Friendliness/Helpfulness of Staff	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
19) Golf Course Design/Layout	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
20) Food and Beverage Service	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
21) Amenities(Clubhouse, pro shop, Locker room)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
22) Affordability	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
23) Condition of Golf Cars	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
24) Condition of Greens	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
25) Overall Experience	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
26) Quality of Practice Facility	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
27) Convenience of Course Location	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
28) Overall Quality of Golf Shop Apparel	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
29) On-Course Services (Restrooms, water)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
30) Condition of Tees	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
31) Overall quality Golf Shop Merchandise	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
32) Scenery & Aesthetics of Course	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
33) Tee Time availability	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
34) Condition of Bunkers	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
35) Overall Quality of Golf Shop	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	
36) Condition of Fairways	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	

**Your Spending**

- 37) What would you estimate is your **average cost per round** (including green fee, golf car if used, range balls, etc. – but excluding merchandise and food & beverage) at Highlands Golf Course? \$ \_\_\_\_\_
- 38) About how much would you say you have spent in total on **merchandise** (e.g., apparel, golf balls, clubs and other items) over the past 12 months at Highlands Golf Course? \$ \_\_\_\_\_
- 39) About how much would you estimate you spend, on average, on **food & beverage** each time you visit the course? \$ \_\_\_\_\_

**Other**

Please rate your level of satisfaction related to the ease of securing tee times at Highlands Golf Course

- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

Please rate your level of satisfaction for the way Highlands Golf Course organizes and manages golf events and tournaments



- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

How much additional green fees would you be willing to pay if the course quality, F&B and overall service was enhanced at Highlands Golf Course?

- \$2 - \$4
- \$5 - \$7
- \$8 - \$10
- Not willing to pay more
- I will pay whatever the fees are

**Would you play more golf at Highlands Golf Course if the food and beverage services were upgraded and expanded?**

- 1 - (Play about the same amount)
- 2
- 3
- 4
- 5 - (Play a lot more)

**Please evaluate the sets of golf clubs that are available for rent at Highlands Golf Club**

- Adequate
- Not Adequate
- Can't Evaluate / Never rented clubs at Highlands

**Please evaluate the check-in procedure at Highlands Golf Club**

- Meets Expectations
- Needs Improvement
- Very Frustrating

**Have you ever had to wait for a golf car to become available before starting your round?**

- Yes
- No

**Please share or comment about anything else you feel would be helpful in improving the customer experience at Highlands Golf Course**



**Your Demographics**

Please enter zip code of your primary residence:

Please select your gender:

Please enter your age:

Please enter your average 18-hole score:

Which of the following best describes you? (Check all that apply)

- Non-Member (green fee player)
- Non-Member & Loyalty Club Member
- Golf Member & Loyalty Club Member
- Golf Member & Not Loyalty Club Member
- Senior Golf Member & Loyalty Club Member
- Senior Golf Member & Not Loyalty Club Member
- League Player
- Out of town visitor to Lincoln

**Your Contact Information**

First name: \_\_\_\_\_

Last name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

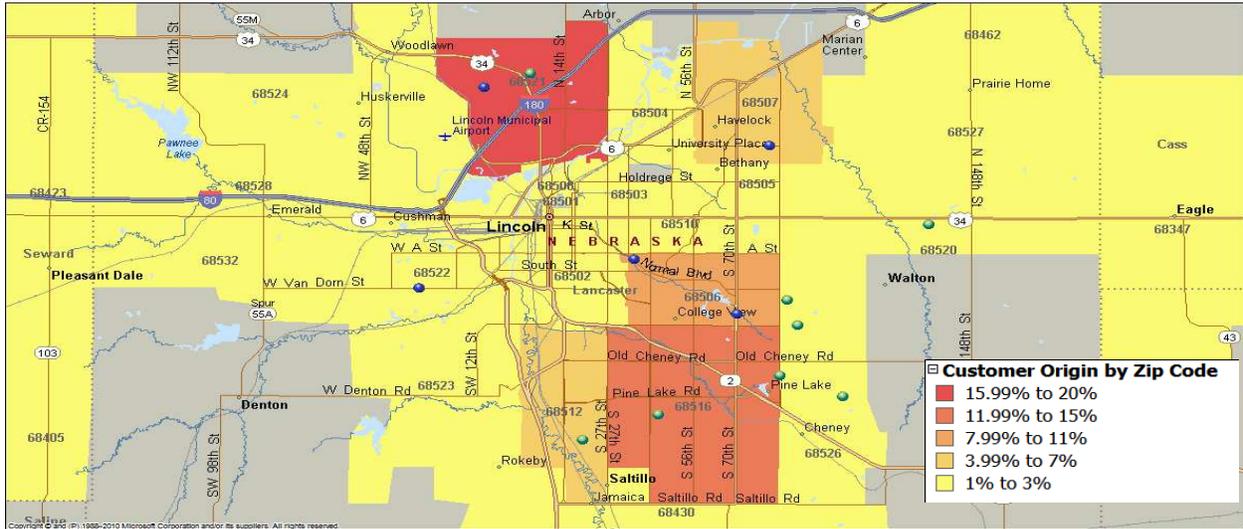
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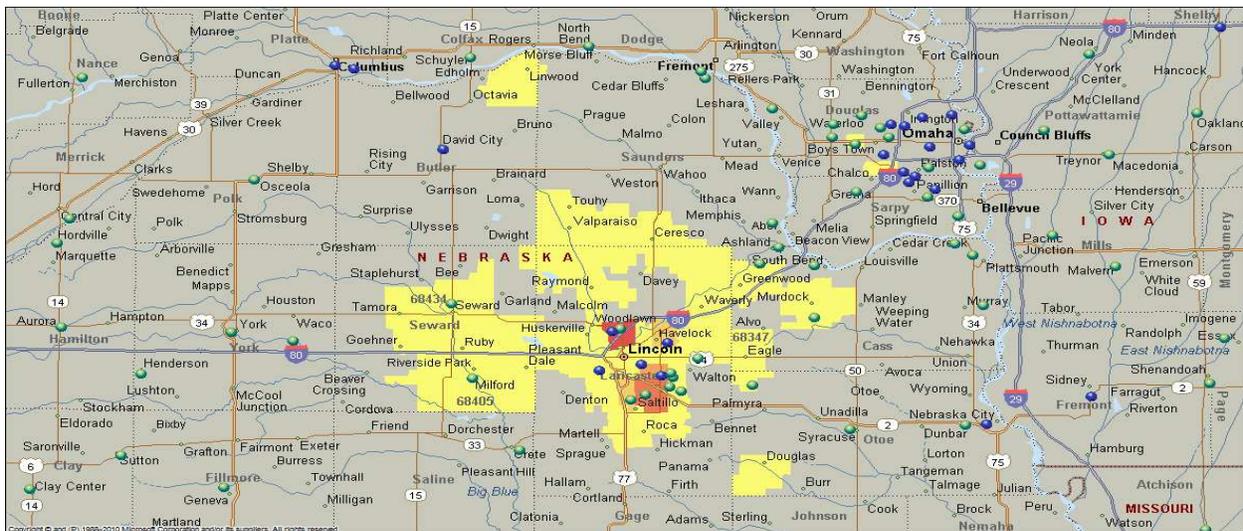
**Thank you for your time and input!**

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## Highlands Local



## All Responses



**Holmes Golf Course**



## Holmes Golf Course

### Your Golf

- 1) About how many rounds have you played at Holmes Golf Course in the past 12 months? \_\_\_\_\_ rounds
- 2) Do you play most of your golf at Holmes Golf Course?  Yes  No
- 3) What other courses in the area, if any, have you played on a somewhat regular basis in the past 12 months?
- 1) \_\_\_\_\_ rounds
- 2) \_\_\_\_\_ rounds
- 3) \_\_\_\_\_ rounds

### Your Experience at Holmes Golf Course

- 4) How satisfied are you, overall, with Holmes Golf Course?  
 Very dissatisfied  1  2  3  4  5  6  7  8  9  10 Very satisfied
- 5) Given the cost to play here, do we meet your expectations?  
 We fall short of your expectations  1  2  3  4  5  6  7  8  9  10 We exceed your expectations
- 6) How does your overall satisfaction with Holmes Golf Course compare to your satisfaction with other similarly priced courses you have recently played?  
 Unfavorably  1  2  3  4  5  6  7  8  9  10 Favorably
- 7) In the next 12 months, are you likely to play here more often, less often or about the same?  
 Much less often  1  2  3  4  5  6  7  8  9  10 Much more often

- 8) If asked, how likely would you be to recommend Holmes Golf Course to another golfer?  
 Not at all likely to recommend  0  1  2  3  4  5  6  7  8  9  10 Extremely likely to recommend

9) Please tell us what it would take for you to rate it a 9 or 10? (If rated 0-8 on question 8)

10) What do you like most about Holmes Golf Course?

### Playing History & Referrals at Holmes Golf Course

- 11) Approximately how long have you been playing golf at Holmes Golf Course?  
 Less than one year  
 Over one year (list total years) \_\_\_\_\_
- 12) Did you first play Holmes Golf Course because someone recommended us to you?  Yes  No
- 13) Have you recommended Holmes Golf Course to anyone in the past 12 months?  Yes  No  
 If yes, how many? \_\_\_\_\_
- 14) Have you advised anyone against playing at Holmes Golf Course in the past 12 months?  Yes  No  
 If yes, how many? \_\_\_\_\_

**Survey continued on opposite side**  
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**Your Level of Satisfaction**

For each factor below, select a number from 1 to 10 indicating your level of satisfaction.

Factors	Very Dissatisfied					Very Satisfied					Don't Know/ Can't Rate
15) Overall Course Conditions	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
16) Pace of Play	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
17) Overall Value	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
18) Friendliness/Helpfulness of Staff	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
19) Golf Course Design/Layout	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
20) Food and Beverage Service	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
21) Amenities(Clubhouse, pro shop, Locker room)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
22) Affordability	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
23) Condition of Golf Cars	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
24) Condition of Greens	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
25) Overall Experience	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
26) Quality of Practice Facility	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
27) Convenience of Course Location	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
28) Overall Quality of Golf Shop Apparel	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
29) On-Course Services (Restrooms, water)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
30) Condition of Tees	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
31) Overall quality Golf Shop Merchandise	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
32) Scenery & Aesthetics of Course	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
33) Tee Time availability	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
34) Condition of Bunkers	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
35) Overall Quality of Golf Shop	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>
36) Condition of Fairways	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>

**Your Spending**

- 37) What would you estimate is your **average cost per round** (including green fee, golf car if used, range balls, etc. – but excluding merchandise and food & beverage) at Holmes Golf Course? \$ \_\_\_\_\_
- 38) About how much would you say you have spent in total on **merchandise** (e.g., apparel, golf balls, clubs and other items) over the past 12 months at Holmes Golf Course? \$ \_\_\_\_\_
- 39) About how much would you estimate you spend, on average, on **food & beverage** each time you visit the course? \$ \_\_\_\_\_

**Other**

Please rate your level of satisfaction related to the ease of securing tee times at Holmes Golf Course

- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

Please rate your level of satisfaction for the way Holmes Golf Course organizes and manages golf events and tournaments



- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

**As you know, a new clubhouse is currently under development at Holmes Golf Course. What level of F&B services would you like to see at the course?**

- Light fare / snacks
- 
- 
- 
- Full Service Restaurant

**Please evaluate the check-in procedure at Holmes Golf Club**

- Meets Expectations
- Needs Improvement
- Very Frustrating

**Have you ever had to wait for a golf car to become available before starting your round?**

- Yes
- No

**Please share or comment about anything else you feel would be helpful in improving the customer experience at Holmes Golf Course**

### Your Demographics

Please enter zip code of your primary residence:



Please select your gender:

Please enter your age:

Please enter your average 18-hole score:

Which of the following best describes you? (Check all that apply)

- Non-Member (green fee player)
- Non-Member & Loyalty Club Member
- Golf Member & Loyalty Club Member
- Golf Member & Not Loyalty Club Member
- Senior Golf Member & Loyalty Club Member
- Senior Golf Member & Not Loyalty Club Member
- League Player
- Out of town visitor to Lincoln

### Your Contact Information

First name: \_\_\_\_\_

Last name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

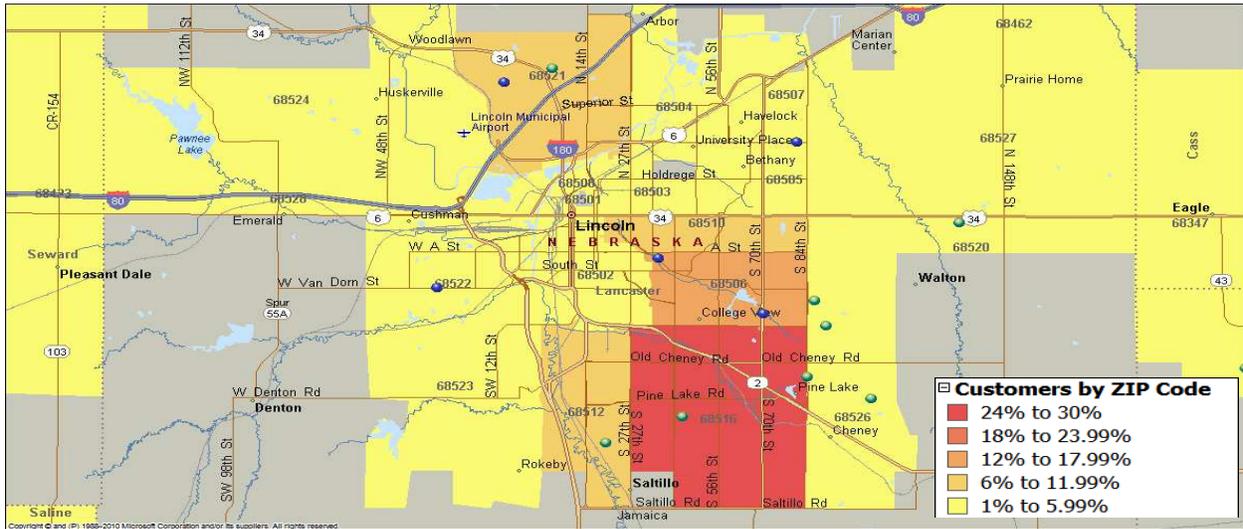
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Email: \_\_\_\_\_

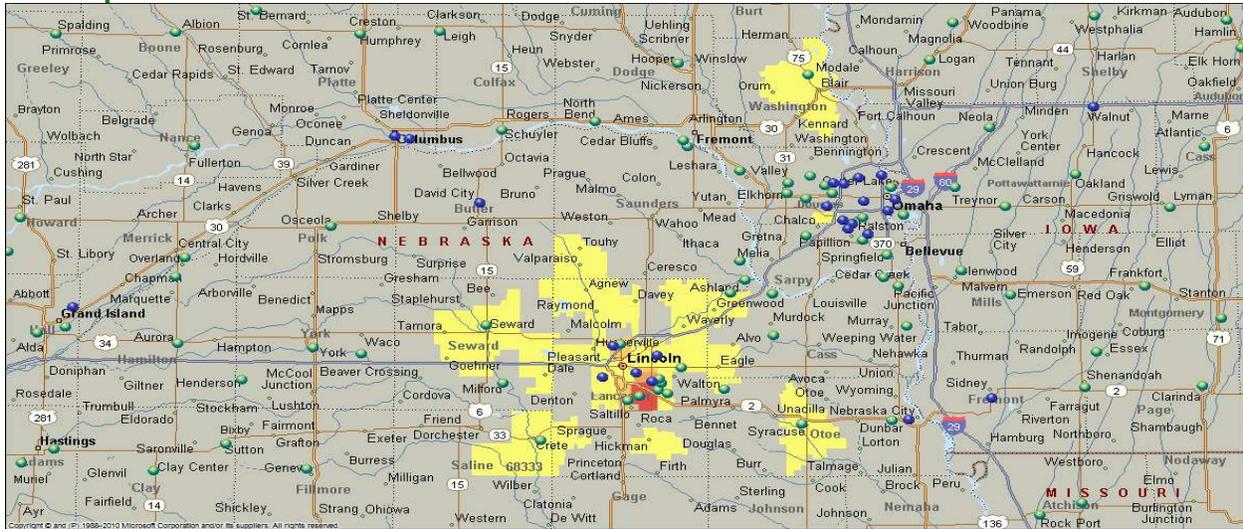
**Thank you for your time and input!**

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## Holmes Local



## All Responses



## **Mahoney Golf Course**

# Mahoney Golf Course



## Your Golf

- 1) About how many rounds have you played at Mahoney Golf Course in the past 12 months? \_\_\_\_\_ rounds
- 2) Do you play most of your golf at Mahoney Golf Course?  Yes  No
- 3) What other courses in the area, if any, have you played on a somewhat regular basis in the past 12 months?
- 1) \_\_\_\_\_ rounds
- 2) \_\_\_\_\_ rounds
- 3) \_\_\_\_\_ rounds

## Your Experience at Mahoney Golf Course

- 4) How satisfied are you, overall, with Mahoney Golf Course?  
Very dissatisfied  1  2  3  4  5  6  7  8  9  10 Very satisfied
- 5) Given the cost to play here, do we meet your expectations?  
We fall short of your expectations  1  2  3  4  5  6  7  8  9  10 We exceed your expectations
- 6) How does your overall satisfaction with Mahoney Golf Course compare to your satisfaction with other similarly priced courses you have recently played?  
Unfavorably  1  2  3  4  5  6  7  8  9  10 Favorably
- 7) In the next 12 months, are you likely to play here more often, less often or about the same?  
Much less often  1  2  3  4  5  6  7  8  9  10 Much more often
- 8) If asked, how likely would you be to recommend Mahoney Golf Course to another golfer?  
Not at all likely to recommend  0  1  2  3  4  5  6  7  8  9  10 Extremely likely to recommend
- 9) Please tell us what it would take for you to rate it a 9 or 10? (If rated 0-8 on question 8)

- 10) What do you like most about Mahoney Golf Course?

## Playing History & Referrals at Mahoney Golf Course

- 11) Approximately how long have you been playing golf at Mahoney Golf Course?  
 Less than one year  
 Over one year (list total years) \_\_\_\_\_
- 12) Did you first play Mahoney Golf Course because someone recommended us to you?  Yes  No
- 13) Have you recommended Mahoney Golf Course to anyone in the past 12 months?  Yes  No  
If yes, how many? \_\_\_\_\_
- 14) Have you advised anyone against playing at Mahoney Golf Course in the past 12 months?  Yes  No  
If yes, how many? \_\_\_\_\_

**Survey continued on opposite side**

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### Your Level of Satisfaction

For each factor below, select a number from 1 to 10 indicating your level of satisfaction.

Factors	Very Dissatisfied										Very Satisfied										Don't Know/ Can't Rate	
15) Overall Course Conditions	<input type="radio"/>	<input type="radio"/>																				
16) Pace of Play	<input type="radio"/>	<input type="radio"/>																				
17) Overall Value	<input type="radio"/>	<input type="radio"/>																				
18) Friendliness/Helpfulness of Staff	<input type="radio"/>	<input type="radio"/>																				
19) Golf Course Design/Layout	<input type="radio"/>	<input type="radio"/>																				
20) Food and Beverage Service	<input type="radio"/>	<input type="radio"/>																				
21) Amenities(Clubhouse, pro shop, Locker room)	<input type="radio"/>	<input type="radio"/>																				
22) Affordability	<input type="radio"/>	<input type="radio"/>																				
23) Condition of Golf Cars	<input type="radio"/>	<input type="radio"/>																				
24) Condition of Greens	<input type="radio"/>	<input type="radio"/>																				
25) Overall Experience	<input type="radio"/>	<input type="radio"/>																				
26) Quality of Practice Facility	<input type="radio"/>	<input type="radio"/>																				
27) Convenience of Course Location	<input type="radio"/>	<input type="radio"/>																				
28) Overall Quality of Golf Shop Apparel	<input type="radio"/>	<input type="radio"/>																				
29) On-Course Services (Restrooms, water)	<input type="radio"/>	<input type="radio"/>																				
30) Condition of Tees	<input type="radio"/>	<input type="radio"/>																				
31) Overall quality Golf Shop Merchandise	<input type="radio"/>	<input type="radio"/>																				
32) Scenery & Aesthetics of Course	<input type="radio"/>	<input type="radio"/>																				
33) Tee Time availability	<input type="radio"/>	<input type="radio"/>																				
34) Condition of Bunkers	<input type="radio"/>	<input type="radio"/>																				
35) Overall Quality of Golf Shop	<input type="radio"/>	<input type="radio"/>																				
36) Condition of Fairways	<input type="radio"/>	<input type="radio"/>																				

### Your Spending

- 37) What would you estimate is your **average cost per round** (including green fee, golf car if used, range balls, etc. – but excluding merchandise and food & beverage) at Mahoney Golf Course? \$ \_\_\_\_\_
- 38) About how much would you say you have spent in total on **merchandise** (e.g., apparel, golf balls, clubs and other items) over the past 12 months at Mahoney Golf Course? \$ \_\_\_\_\_
- 39) About how much would you estimate you spend, on average, on **food & beverage** each time you visit the course? \$ \_\_\_\_\_

### Other

Please rate your level of satisfaction related to the ease of securing tee times at Mahoney Golf Course

- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

Please rate your level of satisfaction for the way Mahoney Golf Course organizes and manages golf events and tournaments

- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

**Would you use the facility more if additional gathering space was available for after golf (or other) events?**

- Yes
- No

**Would you play more golf at Mahoney Golf Course if the food and beverage services were upgraded and expanded?**

- 1 - (Play about the same amount)
- 2
- 3
- 4
- 5 - (Play a lot more)

**If the driving range was expanded and improved, would you spend more money at the driving range at Mahoney Golf Course?**

- Yes
- No

**If the driving range was expanded and improved, would this lead you to play more rounds of golf at Mahoney Golf Course?**

- Yes
- No

**Please evaluate the check-in procedure at Mahoney Golf Club**

- Meets Expectations
- Needs Improvement
- Very Frustrating

**Have you ever had to wait for a golf car to become available before starting your round?**

- Yes
- No

**Please share or comment about anything else you feel would be helpful in improving the customer experience at Mahoney Golf Course**

**Your Demographics**

Please enter zip code of your primary residence:

Please select your gender:

Please enter your age:

Please enter your average 18-hole score:

Which of the following best describes you? (Check all that apply)

- Non-Member (green fee player)
- Non-Member & Loyalty Club Member
- Golf Member & Loyalty Club Member
- Golf Member & Not Loyalty Club Member
- Senior Golf Member & Loyalty Club Member
- Senior Golf Member & Not Loyalty Club Member
- League Player
- Out of town visitor to Lincoln

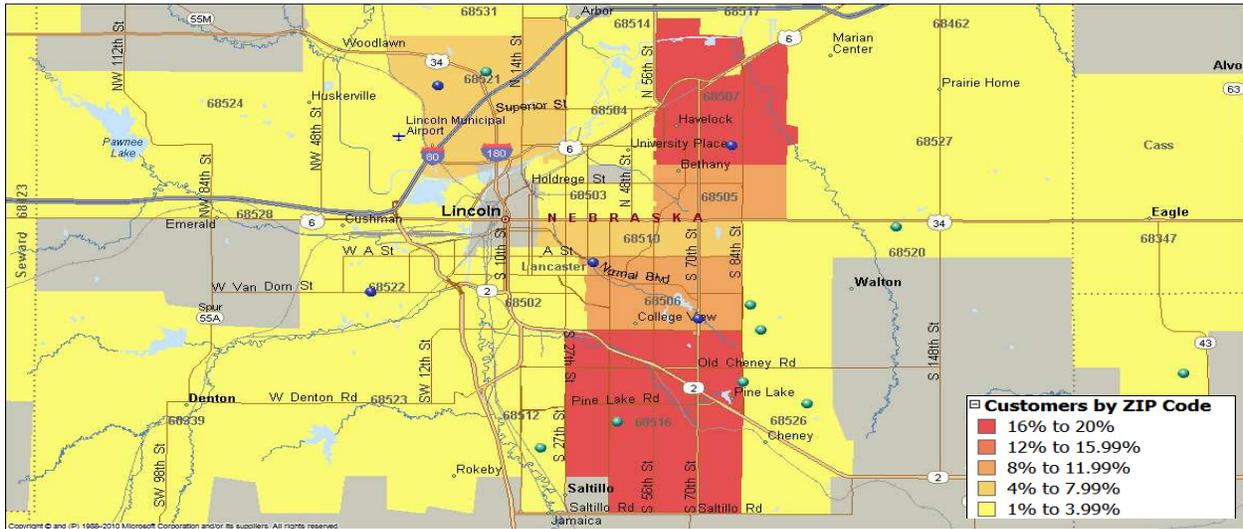
**Your Contact Information**

First name: \_\_\_\_\_  
Last name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

**Thank you for your time and input!**

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## Mahoney Local



## All Responses



## **Ager Golf Course**

# Jim Ager Memorial

## Jim Ager Memorial Golf Course

### Your Golf

- 1) About how many rounds have you played at Jim Ager Memorial Golf Course in the past 12 months?  
 \_\_\_\_\_ rounds
- 2) Do you play most of your golf at Jim Ager Memorial Golf Course?  Yes  
 No
- 3) What other courses in the area, if any, have you played on a somewhat regular basis in the past 12 months?
- 1) \_\_\_\_\_ rounds
- 2) \_\_\_\_\_ rounds
- 3) \_\_\_\_\_ rounds

### Your Experience at Jim Ager Memorial Golf Course

- 4) How satisfied are you, overall, with Jim Ager Memorial Golf Course?  
 Very dissatisfied  1  2  3  4  5  6  7  8  9  10 Very satisfied
- 5) Given the cost to play here, do we meet your expectations?  
 We fall short of your expectations  1  2  3  4  5  6  7  8  9  10 We exceed your expectations
- 6) How does your overall satisfaction with Jim Ager Memorial Golf Course compare to your satisfaction with other similarly priced courses you have recently played?  
 Unfavorably  1  2  3  4  5  6  7  8  9  10 Favorably
- 7) In the next 12 months, are you likely to play here more often, less often or about the same?  
 Much less often  1  2  3  4  5  6  7  8  9  10 Much more often
- 8) If asked, how likely would you be to recommend Jim Ager Memorial Golf Course to another golfer?  
 Not at all likely to recommend  0  1  2  3  4  5  6  7  8  9  10 Extremely likely to recommend
- 9) Please tell us what it would take for you to rate it a 9 or 10? (If rated 0-8 on question 8)

- 10) What do you like most about Jim Ager Memorial Golf Course?

### Playing History & Referrals at Jim Ager Memorial Golf Course

- 11) Approximately how long have you been playing golf at Jim Ager Memorial Golf Course?  
 Less than one year  
 Over one year (list total years) \_\_\_\_\_
- 12) Did you first play Jim Ager Memorial Golf Course because someone recommended us to you?  Yes  No
- 13) Have you recommended Jim Ager Memorial Golf Course to anyone in the past 12 months?  Yes  No  
 If yes, how many? \_\_\_\_\_
- 14) Have you advised anyone against playing at Jim Ager Memorial Golf Course in the past 12 months?  Yes  No  
 If yes, how many? \_\_\_\_\_

**Survey continued on opposite side**

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# Jim Ager Memorial

## Your Level of Satisfaction

For each factor below, select a number from 1 to 10 indicating your level of satisfaction.

Factors	Very Dissatisfied										Very Satisfied	Don't Know/ Can't Rate
15) Overall Course Conditions	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
16) Pace of Play	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
17) Overall Value	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
18) Friendliness/Helpfulness of Staff	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
19) Golf Course Design/Layout	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
20) Food and Beverage Service	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
21) Amenities(Clubhouse, pro shop, Locker room)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
22) Affordability	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
23) Condition of Golf Cars	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
24) Condition of Greens	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
25) Overall Experience	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
26) Quality of Practice Facility	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
27) Convenience of Course Location	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
28) Overall Quality of Golf Shop Apparel	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
29) On-Course Services (Restrooms, water)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
30) Condition of Tees	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
31) Overall quality Golf Shop Merchandise	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
32) Scenery & Aesthetics of Course	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
33) Tee Time availability	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
34) Condition of Bunkers	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
35) Overall Quality of Golf Shop	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>
36) Condition of Fairways	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6	<input type="radio"/> 7	<input type="radio"/> 8	<input type="radio"/> 9	<input type="radio"/> 10	<input type="radio"/>	<input type="radio"/>

## Your Spending

- 37) What would you estimate is your **average cost per round** (including green fee, golf car if used, range balls, etc. – but excluding merchandise and food & beverage) at Jim Ager Memorial Golf Course? \$ \_\_\_\_\_
- 38) About how much would you say you have spent in total on **merchandise** (e.g., apparel, golf balls, clubs and other items) over the past 12 months at Jim Ager Memorial Golf Course? \$ \_\_\_\_\_
- 39) About how much would you estimate you spend, on average, on **food & beverage** each time you visit the course? \$ \_\_\_\_\_

## Other

Please rate your level of satisfaction related to the ease of securing tee times at Jim Ager Memorial Junior Golf Course

- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

Please rate your level of satisfaction for the way Jim Ager Memorial Junior Golf Course organizes and manages junior golf events and

# Jim Ager Memorial

## tournaments

- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

**Please rate your level of satisfaction with the selection of junior programs and camps at Jim Ager Memorial Junior Golf Course**

- 1 - (Very Dissatisfied)
- 2
- 3
- 4
- 5 - (Very Satisfied)

**If additional practice amenities (range, practice green) were added to Jim Ager Memorial Junior Golf Course, would you use the facility more?**

- Yes
- No

**Please evaluate the selection of junior and beginner golf clubs that are available for rent at Jim Ager Memorial Junior Golf Club**

- Adequate
- Not Adequate
- Can't Evaluate / Never rented clubs at Jim Ager Memorial

**If the course became lighted for evening play, would you play more golf at Jim Ager Memorial Junior Golf Course?**

- Yes
- No

**Please share or comment about anything else you feel would be helpful in improving the customer experience at Jim Ager Memorial Junior Golf Course**

## Your Demographics

**Please enter zip code of your primary residence:**

# Jim Ager Memorial

Please select your gender:

Please enter your age:

Please enter your average 18-hole score:

Which of the following best describes you? (Check all that apply)

- Non-Member (green fee player)
- Non-Member & Loyalty Club Member
- Golf Member & Loyalty Club Member
- Golf Member & Not Loyalty Club Member
- Senior Golf Member & Loyalty Club Member
- Senior Golf Member & Not Loyalty Club Member
- League Player
- Out of town visitor to Lincoln

## Your Contact Information

First name: \_\_\_\_\_

Last name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

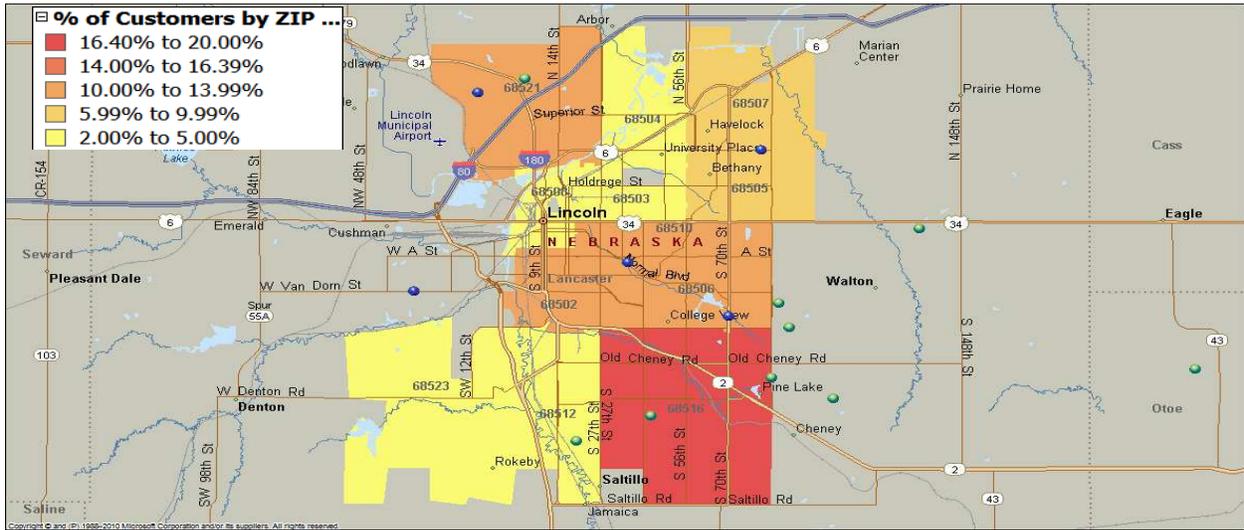
Phone: \_\_\_\_\_

Email: \_\_\_\_\_

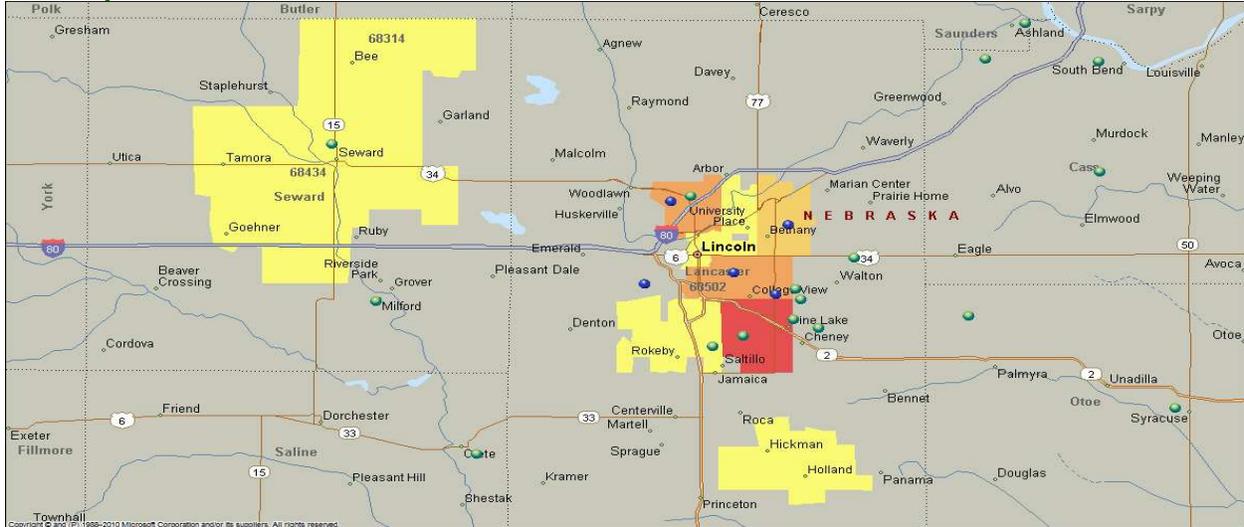
**Thank you for your time and input!**

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**Ager  
Local**



**All Responses**



## **APPENDIX C – LINCOLN GOLF COMPETITORS**

**Comparables Par 3**

	City	Type	# Holes	Yr Built	Age	M Par	W Par	# Tees	Back Tees		Forward Tees		Driv Rng	Cart Fee	Weekday
									Yard	Slp	Yard	Slp			
<b>Jim Ager Memorial Jr Golf Course</b>	<b>Lincoln</b>	<b>Par 3</b>	<b>9</b>	<b>1967</b>	46	<b>54</b>	<b>54</b>	<b>1</b>	<b>1,224</b>		<b>1,224</b>			<b>\$8.50</b>	<b>\$12.50</b>
Pine Lakes	Lincoln	Par 3	9	1971	42	54	54	3	2,796		2,192			\$14.00	\$14.00
Wilderness Ridge Exec		Exec	9			64	64	3	4,228	106	3,238	97		\$17.00	\$28.00
Grandpas Woods	Elmwood	Exec	9	1991	22	60	60	2	3,216		3,116			\$17.00	\$16.50
		<b>4</b>	<b>36</b>	<b>1976.3</b>	<b>36.7</b>	<b>58.0</b>	<b>58.0</b>	<b>2.3</b>	<b>2,866</b>	<b>106.0</b>	<b>2,443</b>	<b>97.0</b>	<b>0</b>	<b>\$14.13</b>	<b>\$17.75</b>

**Comparables Par 3**

**Peak Season Rates**

	Friday	Weekend	% Dif WE WD	Weekday	Friday	Weekend	% Dif WE WD	Sen WD	% Disc	Sen WE	% Disc	9 H wkd	9 H wkE
<b>Jim Ager Memorial Jr Golf Course</b>	<b>\$12.50</b>	<b>\$12.50</b>	0.0%	<b>\$21.00</b>	<b>\$21.00</b>	<b>\$21.00</b>	0.0%	<b>\$10.50</b>	16.0%	<b>\$10.50</b>	16.0%	<b>\$8.50</b>	<b>\$8.50</b>
Pine Lakes	\$14.00	\$15.00	7.1%	\$28.00	\$28.00	\$29.00	3.6%	\$13.00	7.1%	\$14.00	6.7%	\$9.00	\$10.00
Wilderness Ridge Exec	\$28.00	\$28.00	0.0%	\$45.00	\$45.00	\$45.00	0.0%	\$20.00	28.6%	\$20.00	28.6%	\$14.00	\$14.00
Grandpas Woods	\$16.50	\$18.00	9.1%	\$33.50	\$33.50	\$35.00	4.5%					\$9.00	\$10.50
	<b>\$17.75</b>	<b>\$18.38</b>	<b>#DIV/0!</b>	<b>\$12.75</b>	<b>\$12.75</b>	<b>\$13.00</b>	<b>#DIV/0!</b>	<b>\$14.50</b>			<b>17.1%</b>	<b>\$10.13</b>	<b>\$10.75</b>

**Comparables**

	City	Type	# Holes	Yr Built	Age	M Par	W Par	# Tees	Back Tees		Forward Tees		Driv Rng	Cart Fee	Weekday	Friday	Weekend	% Dif WE Wk	Weekday	Friday	
									Yard	Slp	Yard	Slp									
<b>Pioneers Golf Course</b>	Lincoln	MU	18	1932	81	71	74	3	6,493	110	5,507	104	30	\$15.75	\$19.00	\$19.00	\$30.50	60.5%	\$34.75	\$34.75	
<b>Holmes Golf Course</b>	Lincoln	MU	18	1963	50	72	72	4	6,791	122	5,350	115	40	\$15.75	\$19.00	\$19.00	\$30.50	60.5%	\$34.75	\$34.75	
<b>Highlands Golf Course</b>	Lincoln	MU	18	1993	20	72	72	4	7,021	128	5,280	112	40	\$15.75	\$19.00	\$19.00	\$30.50	60.5%	\$34.75	\$34.75	
<b>Mahoney Golf Course</b>	Lincoln	MU	18	1976	37	70	70	4	6,459	118	5,313	114	18	\$15.75	\$19.00	\$19.00	\$30.50	60.5%	\$34.75	\$34.75	
The Links at Lincoln	Lincoln	DF	9	2007	6	72	72	4	6,396		4,534		20	\$7.00	\$19.26	\$19.26	\$24.00	24.6%	\$26.26	\$26.26	
Quarry Oaks Golf Club	Ashland	DF	18	1997	16	71	71	4	7,012	139	5,068	109	50	\$17.00	\$45.90	\$55.90	\$55.90	21.8%	\$62.90	\$72.90	
Yankee Hill Country Club	Lincoln	SP	18	1998	15	72	72	5	7,007	129	4,878	116	15	\$17.00	\$28.00	\$40.00	\$40.00	42.9%	\$45.00	\$57.00	
Hidden Valley Golf Club	Lincoln	DF	18	1962	51	70	72	3	6,155	121	5,251	117	15	\$15.50	\$17.50	\$21.50	\$21.50	22.9%	\$33.00	\$37.00	
Iron Horse	Ashland	DF	18	2001	12	71	70	5	6,504	128	4,411	105	0	\$17.00	\$33.00	\$43.00	\$43.00	30.3%	\$33.00	\$43.00	
Wilderness Ridge	Lincoln	DF	18	2001	12	71	71	5	7,107	135	5,097	122	30	\$15.00	\$46.00	\$46.00	\$57.00	23.9%	\$61.00	\$61.00	
West Nine at Firethorn	Lincoln	DF	9	2000	13	68	68	4	5,256	110	3,914	103		\$17.00	\$21.00	\$26.00	\$26.00	23.8%	\$38.00	\$43.00	
HiMark Golf Course	Lincoln	DF	27	1993	20	72	72	4	6,718	129	4,858	116	50	\$17.00	\$20.00	\$28.00	\$28.00	40.0%	\$37.00	\$45.00	
Crooked Creek Golf Club	Lincoln	DF	18	1995	18	72	72	4	6,697	123	4,985	113	40	\$9.00	\$17.00	\$17.00	\$25.00	47.1%	\$26.00	\$26.00	
Ashland Golf Club	Ashland	SP	18	1968	45	70	71	4	6,242	122	4,816	111	0	\$16.00	\$26.00	\$26.00	\$32.00	23.1%	\$42.00	\$42.00	
Woodland Hills	Eagle	DF	18	1991	#REF!	71	71	4	6,590	132	4,945	118		\$15.00	\$45.00	\$55.00	\$55.00	22.2%	\$60.00	\$70.00	
			<b>15</b>	<b>261</b>	<b>1985.1</b>	<b>#REF!</b>	<b>71.0</b>	<b>71.3</b>	<b>4.1</b>	<b>6,563</b>	<b>124.7</b>	<b>4,947</b>	<b>112.5</b>	<b>27</b>	<b>\$15.03</b>	<b>\$26.31</b>	<b>\$30.24</b>	<b>\$35.29</b>	<b>37.6%</b>	<b>\$40.21</b>	<b>\$44.14</b>

Comparables	Peak Season Rates													Rounds					Sin	
	Weekend	% Dif WE	Sen WD	% Disc	Sen WE	% Disc	9 H wk	9 H wkE	Twil Wday	% Disc	Twil WE	% Disc	Twil Start	2012	% Memb	% Women	% Seniors	% League	Init	5 day
Pioneers Golf Course	\$46.25	33.1%	\$15.75	17.1%	\$25.00	18.0%	\$14.75	\$21.00			\$19.00	37.7%	1:00 PM	47,362	34%	4%	43%	18%		\$700
Holmes Golf Course	\$46.25	33.1%	\$15.75	17.1%	\$25.00	18.0%	\$14.75	\$21.00			\$19.00	37.7%		43,207	34%	4%	46%	20%		\$700
Highlands Golf Course	\$46.25	33.1%	\$15.75	17.1%	\$25.00	18.0%	\$14.75	\$21.00			\$19.00	37.7%		42,296	34%	4%	33%	20%		\$700
Mahoney Golf Course	\$46.25	33.1%	\$15.75	17.1%	\$25.00	18.0%	\$14.75	\$21.00			\$19.00	37.7%		41,521	34%	4%	42%	17%		\$700
The Links at Lincoln	\$31.00	18.1%	\$19.00	1.3%			\$12.00	\$19.00												
Quarry Oaks Golf Club	\$72.90	15.9%	\$39.90	13.1%			\$39.90	\$39.90	\$54.90	-19.6%	\$42.90	23.3%	2:00 PM	20,000	1%	5%				
Yankee Hill Country Club	\$57.00	26.7%	\$20.00	28.6%	\$27.00	32.5%	\$20.00	\$24.50						22,500	70%	10%	40%	20%	\$750	
Hidden Valley Golf Club	\$37.00	12.1%	\$14.50	17.1%	\$17.50	18.6%			\$14.50	17.1%	\$18.50	14.0%	2:00 PM							\$660
Iron Horse	\$43.00	30.3%	\$17.75	46.2%			\$27.50	\$32.50					2:30 PM							
Wilderness Ridge	\$72.00	18.0%	\$36.00	21.7%			\$23.00	\$28.00	\$30.00	34.8%	\$40.00	29.8%	2:00 PM							
West Nine at Firethorn	\$43.00	13.2%	\$17.00	19.0%					\$13.00	38.1%	\$16.00	38.5%								
HiMark Golf Course	\$45.00	21.6%	\$16.00	20.0%	\$20.00	28.6%	\$17.00	\$20.00	\$23.50	36.5%	\$35.00	22.2%			70%	12%	60%	70%		\$925
Crooked Creek Golf Club	\$41.00	57.7%	\$13.00	23.5%	\$24.00	4.0%					\$27.00	34.1%		27,000	22%	7%	60%	22%		
Ashland Golf Club	\$48.00	14.3%	\$19.00	26.9%	\$25.00	21.9%	\$15.00	\$19.00							77%	17%	75%	25%		
Woodland Hills	\$70.00	16.7%	\$25.00	\$0.44		44.4%	\$23.00	\$30.00	\$30.00	50.0%	\$40.00	42.9%	3:00 PM		6%	10%	20%	10%		\$850
	\$49.66	25.1%	\$20.01	22.0%	\$23.72	22.2%	\$19.70	\$24.74	\$27.65	26.1%	\$26.85	32.3%	2:05 PM	34,841	38.2%	7.6%	46.5%	24.7%	\$750	\$748

**Comparables**

	Fees			Couple		Cart Single	Cart Couple	
	7 day	GF/Rn 5d	GF/Rn 7d	5 day	7 day	7 day	5 day	7 day
<b>Pioneers Golf Course</b>	\$1,470	\$17.50	\$24.50	\$1,200	\$2,390	\$685		
<b>Holmes Golf Course</b>	\$1,470	\$17.50	\$24.50	\$1,200	\$2,390	\$685		
<b>Highlands Golf Course</b>	\$1,470	\$17.50	\$24.50	\$1,200	\$2,390	\$685		
<b>Mahoney Golf Course</b>	\$1,470	\$17.50	\$24.50	\$1,200	\$2,390	\$685		
The Links at Lincoln	\$1,000		\$16.67					
Quarry Oaks Golf Club	\$2,695		\$44.92		\$3,590	incl		incl
Yankee Hill Country Club	\$2,340		\$39.00		\$2,820			
Hidden Valley Golf Club	\$900	\$16.50	\$15.00		\$1,100	\$660		\$660
Iron Horse								
Wilderness Ridge						\$600		\$900
West Nine at Firethorn								
HiMark Golf Course	\$1,100	\$23.13	\$18.33		\$2,100	\$900		\$1,550
Crooked Creek Golf Club								
Ashland Golf Club	\$975		\$16.25		\$1,255	\$525		\$680
Woodland Hills	\$1,400	\$21.25	\$23.33	\$1,000	\$1,900	\$550	\$400	\$675
	<b>\$1,481</b>	<b>\$18.70</b>	<b>\$24.68</b>	<b>\$1,160</b>	<b>\$2,233</b>	<b>\$664</b>	<b>\$400</b>	<b>\$893</b>



NATIONAL GOLF COURSE OWNERS ASSOCIATION

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## Best Practices

### *when contracting a Third Party Tee-Time Reseller*

The NGCOA recommends that golf courses opting to use Third Party Tee-Time Resellers utilize the Best Practices below to protect their business interests and manage business relationships with Third Party Tee-Time Resellers.

1. **Signed Written Contract.** All agreed upon terms and conditions should be contained in a written document signed by representatives of both parties who have authority to execute binding legal agreements.
2. **Term.** The term of the agreement should be clearly defined. The Golf Course should have the right to immediate termination with no penalty for any breach of the agreement by the Third Party. It is also in the interest of the Golf Course to incorporate in the agreement the shortest possible notice period for termination without cause.
3. **Best Rate Guarantee.** The Golf Course should contract so that their own posted rates and promotions are the best offers at all times, or equivalent to the best available. Any exceptions must require written consent in advance.
4. **Data Ownership.** The Third Party should provide unfiltered access to the Golf Course of all pertinent customer information, forwarding all such data in whatever form and timing is mutually agreed upon. The Golf Course acquires ownership of all such data immediately upon receipt.
5. **Payment Model.** Terms of payment should be clearly defined. The NGCOA recommends a commission based model which calls for a reasonable percentage paid to the Third Party on tee-times actually sold. If a merchant model is used instead (course provides tee-time at net rate to Third Party and then Third Party sells to golfer at gross rate), then a defined mark up from net to gross rates should be included in the agreement.
6. **Auction Model.** No auctioning of tee-times by the Third Party should be permitted without the expressed written consent by the Golf Course. Golf Course should in that case still provide a floor below which the round cannot be sold by the Third Party so that the course preserves its best rate guarantee.
7. **URL Ownership.** The Golf Course should own and protect its Uniform Resource Locator (URL) for all its own websites at all times.
8. **Search Engine Optimization.** To protect the Golf Course from online golfer searches being diverted away from its own websites, the Third Party should not use the Golf Course or related facility names for their own search engine optimization (SEO) without written consent from the Golf Course.
9. **Selective Inventory.** The Golf Course should retain the right to offer the Third Party only that tee-time inventory that it deems to be in its own best interest to market through the Third Party. ▶

- 10. Brand Protection.** The Third Party should only utilize the Golf Course's name, logo, slogans, photographs, images, marks, and promotions for the marketing purposes specified within the contract. The Golf Course retains the sole right to determine any updated presentation of these marketing properties on the Third Party website or any other marketing materials.
- 11. Loyalty & Membership Programs.** Any Third Party loyalty or membership programs that leverage the customers of the Golf Course should be fully disclosed within the contract. The Golf Course should be diligent about protecting itself from any such programs that will be competing with its own loyalty or membership program.
- 12. Indemnification & Regulatory Compliance.** The Third Party should protect the Golf Course from all possible liability for taxation and regulatory matters related to the resale of tee-times, both state and federal. The Third Party should be fully compliant with all relevant regulatory standards, including the Privacy Act and PCI Compliance.
- 13. Additional Services.** If the Third Party is offering additional services beyond tee-time reselling, all such services and any related fees should be specified in the contract.
- 14. Price Parity.** The Golf Course retains the sole right to impose price parity (same price for the same product throughout all marketing and distribution channels).
- 15. Online Links.** The Third Party should be required to fully disclose all proposed links to any other sites, in writing and in advance.
- 16. Transferability.** The Third Party should not be entitled to sell, give, partner, or transfer by any means its reseller services as they relate to the Golf Course to any other Third Party without the express written consent of the Golf Course. Further, the Golf Course retains the right to terminate or otherwise adjust the terms and conditions of the agreement upon any type of transfer.
- 17. Exclusivity.** The Golf Course should retain the right to work with any other Third Party.
- 18. Confidentiality.** The Third Party should not be entitled to a confidentiality clause that prevents the Golf Course from disclosing the terms of the agreement.
- 19. Proprietary Business Information.** The Golf Course should request reasonable protection for all proprietary business information that may be exposed to the Third Party as a result of the business relationship.
- 20. Support Services.** The contract should define all of the Third Party support services to the Golf Course including IT, customer relations, marketing and consultation.
- 21. Legal Entity.** The contract should define the legal business configuration of the Third Party and clearly state that the Third Party will present itself as an entity separate and independent from the Golf Course.