



# **LOUISVILLE PARKS AND RECREATION**

**GOLF COURSE ECONOMIC AND VIABILITY STUDY**

**FEBRUARY 15, 2019**

---



**LOUISVILLE PARKS AND RECREATION**

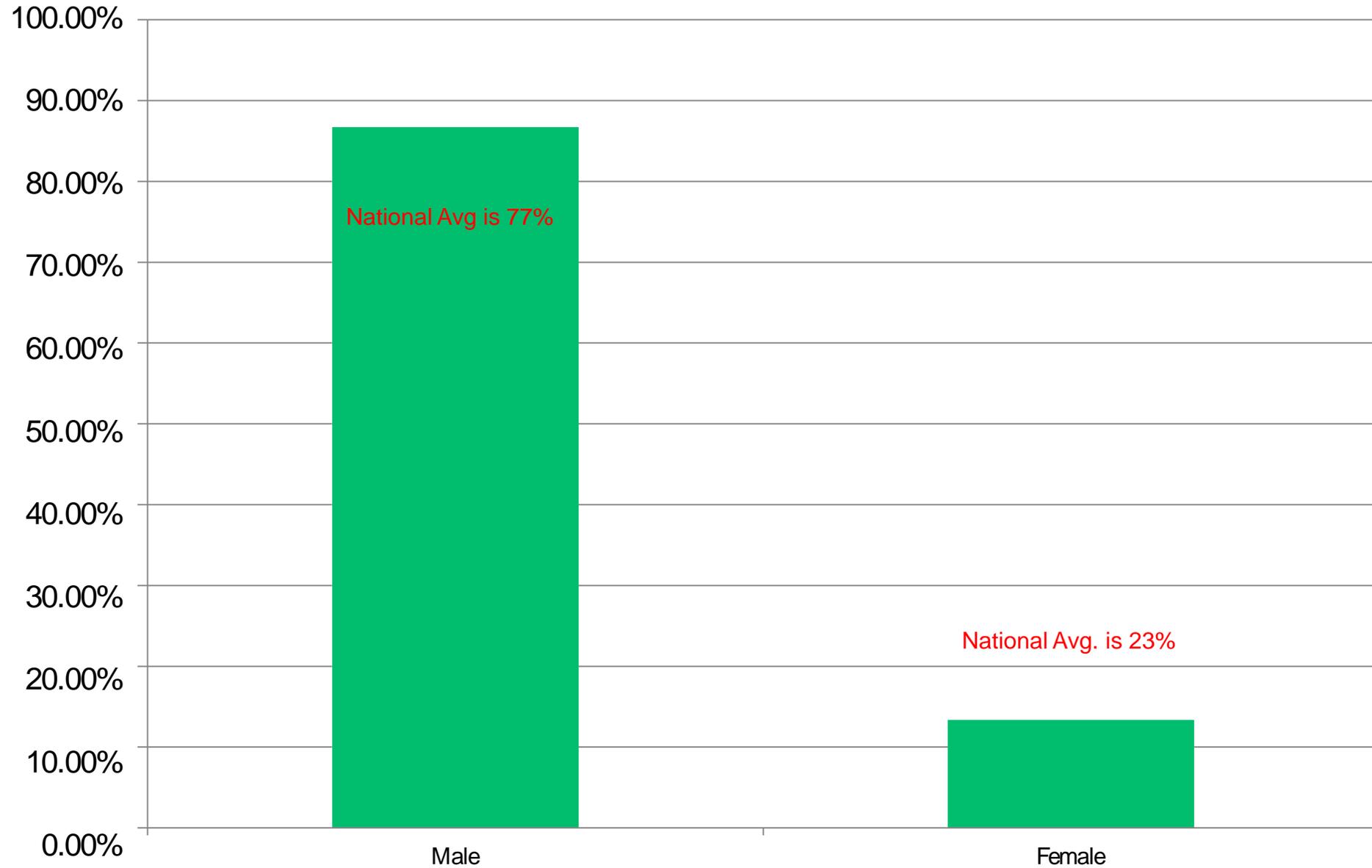
**2018 GOLFER SURVEY RESULTS**

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

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

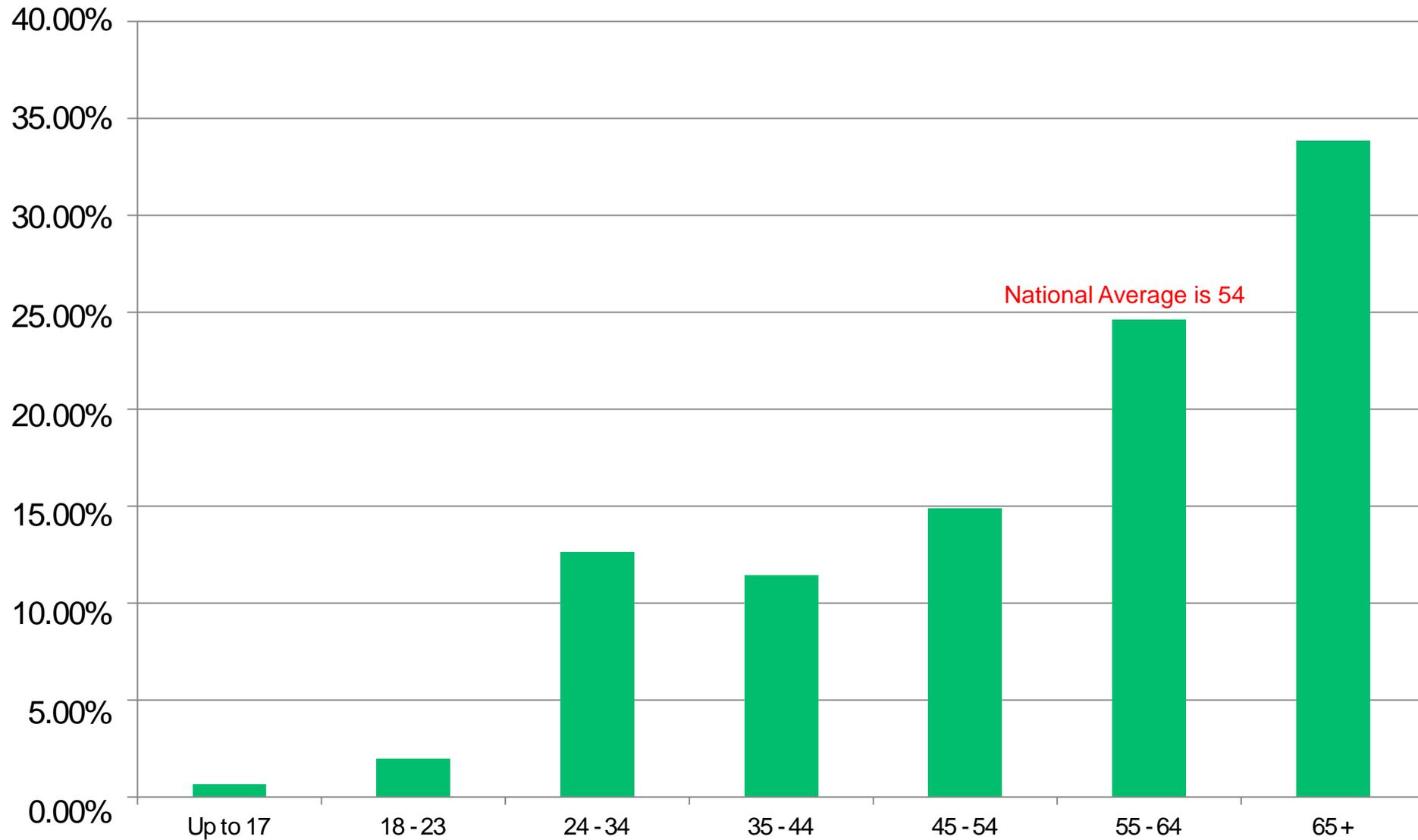
---

# What is your gender?



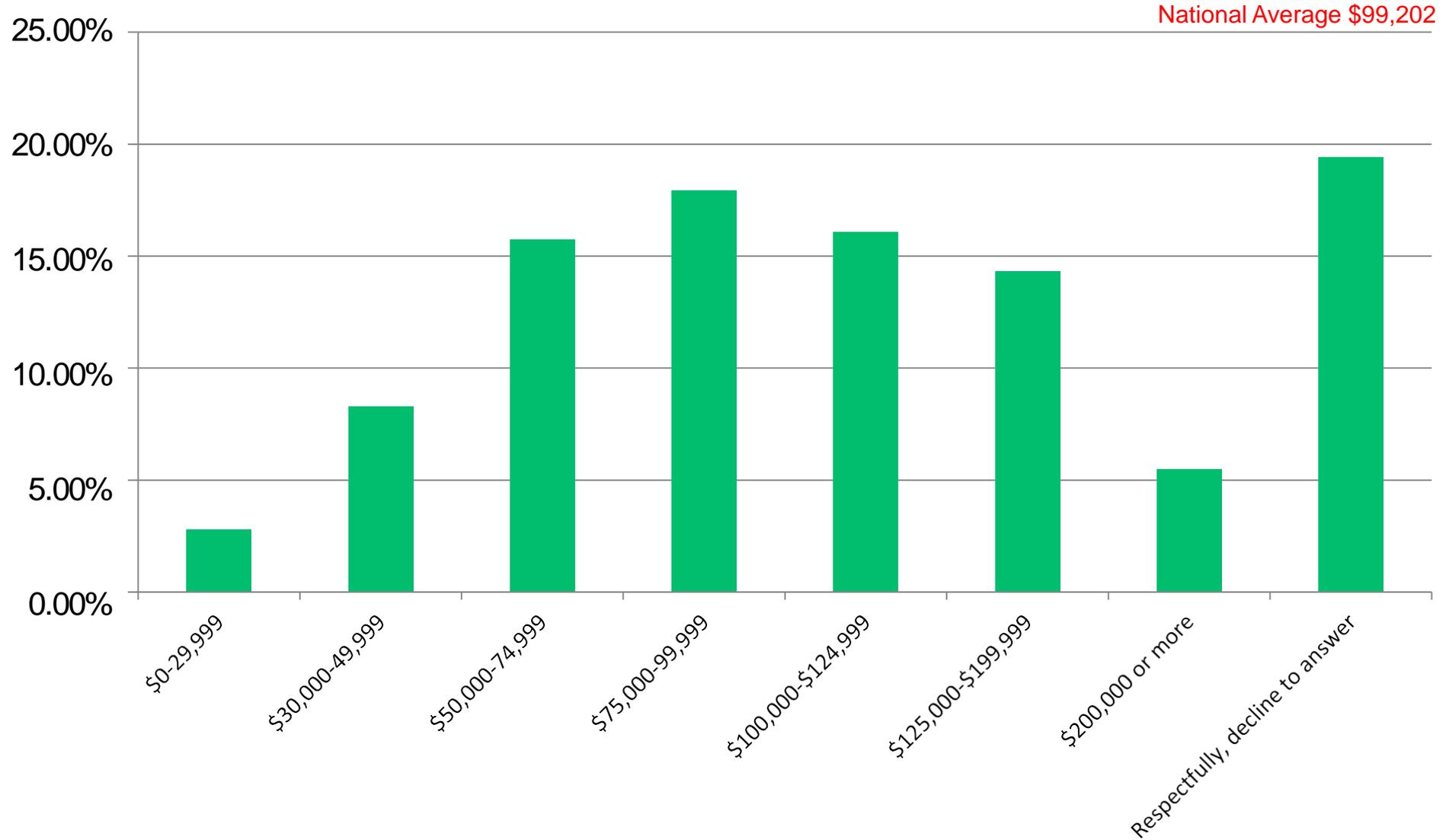
# What is your age?

Average 55.0

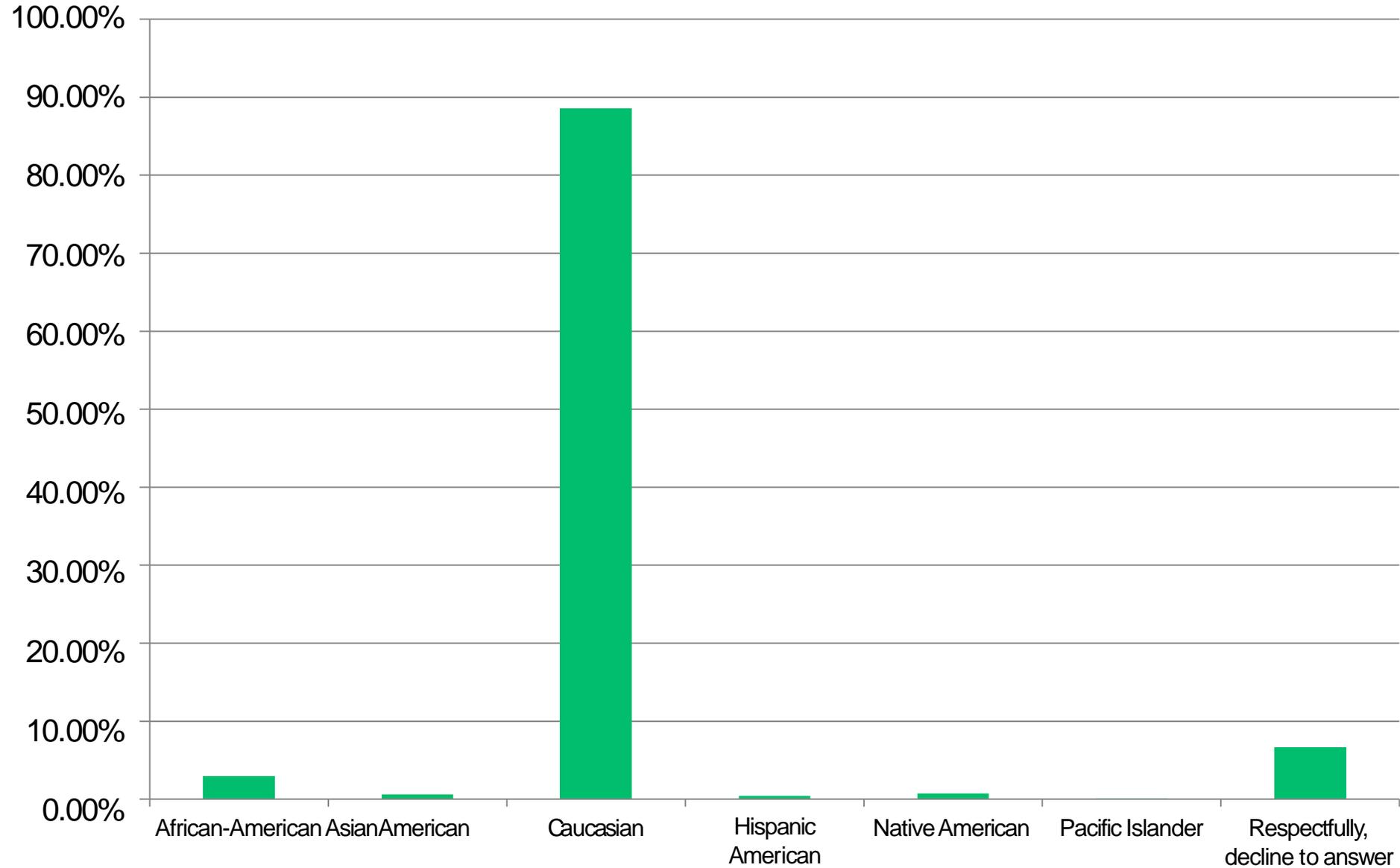


# What is your household income?

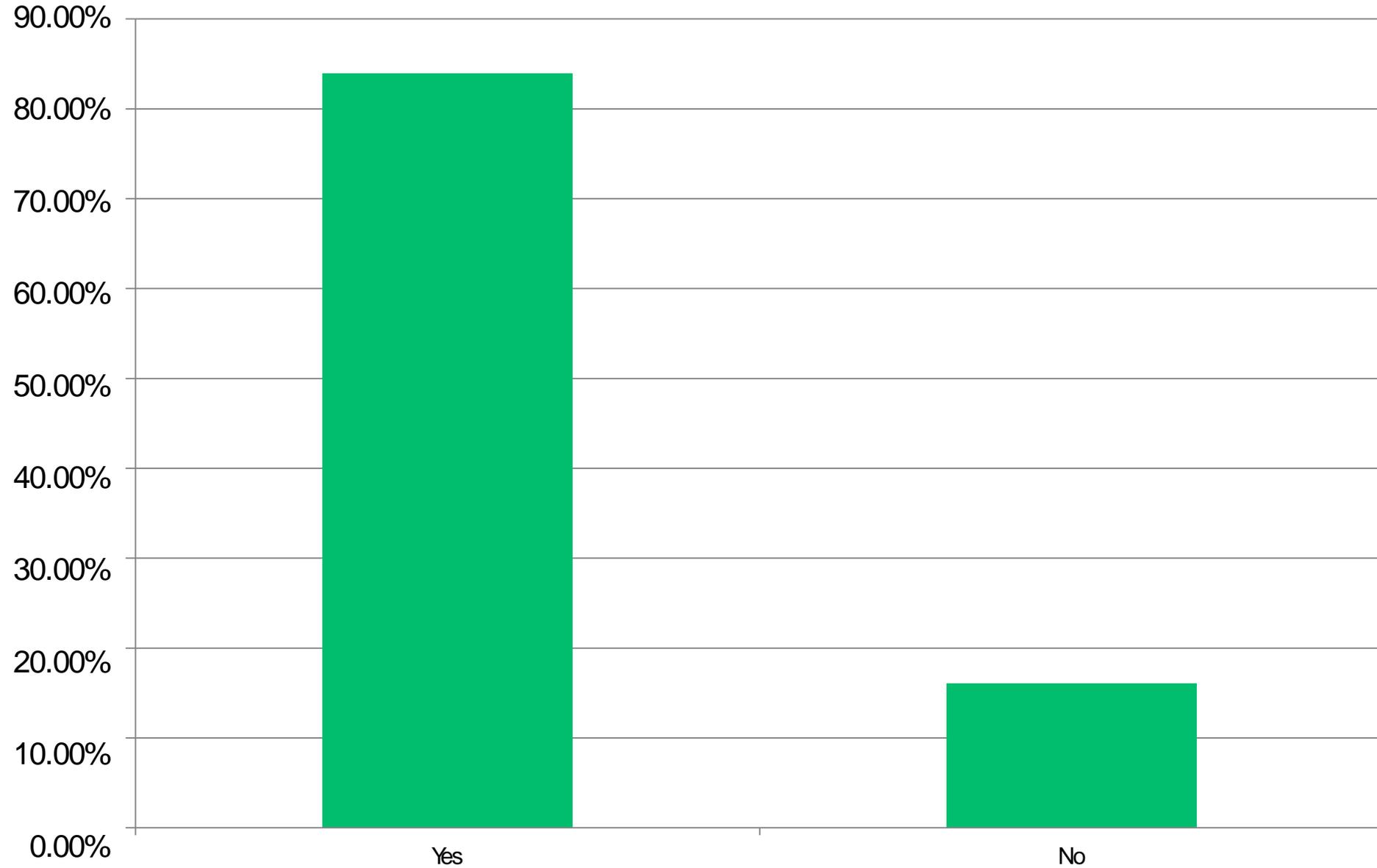
Average \$84,378



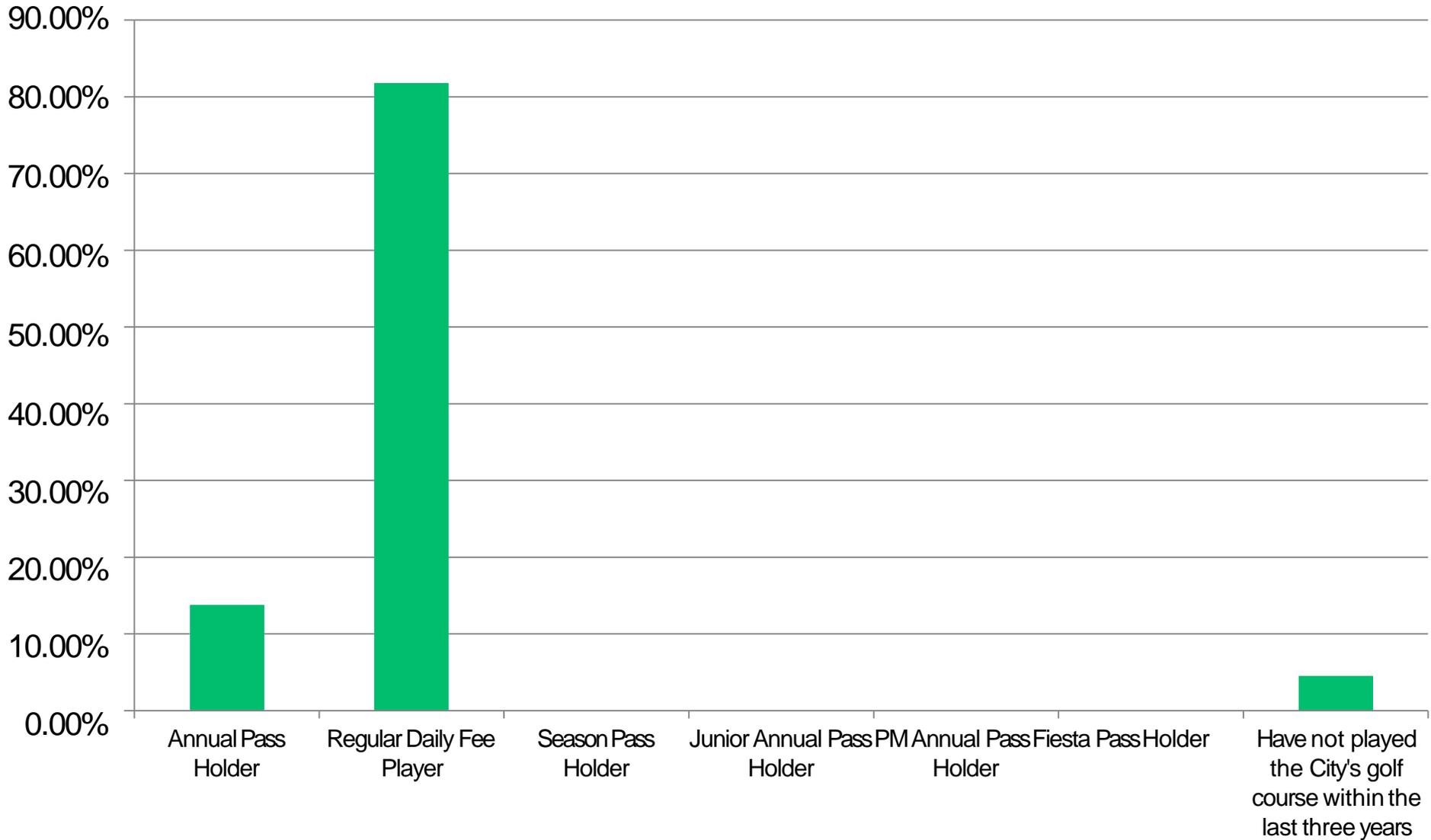
# What best describes your race?



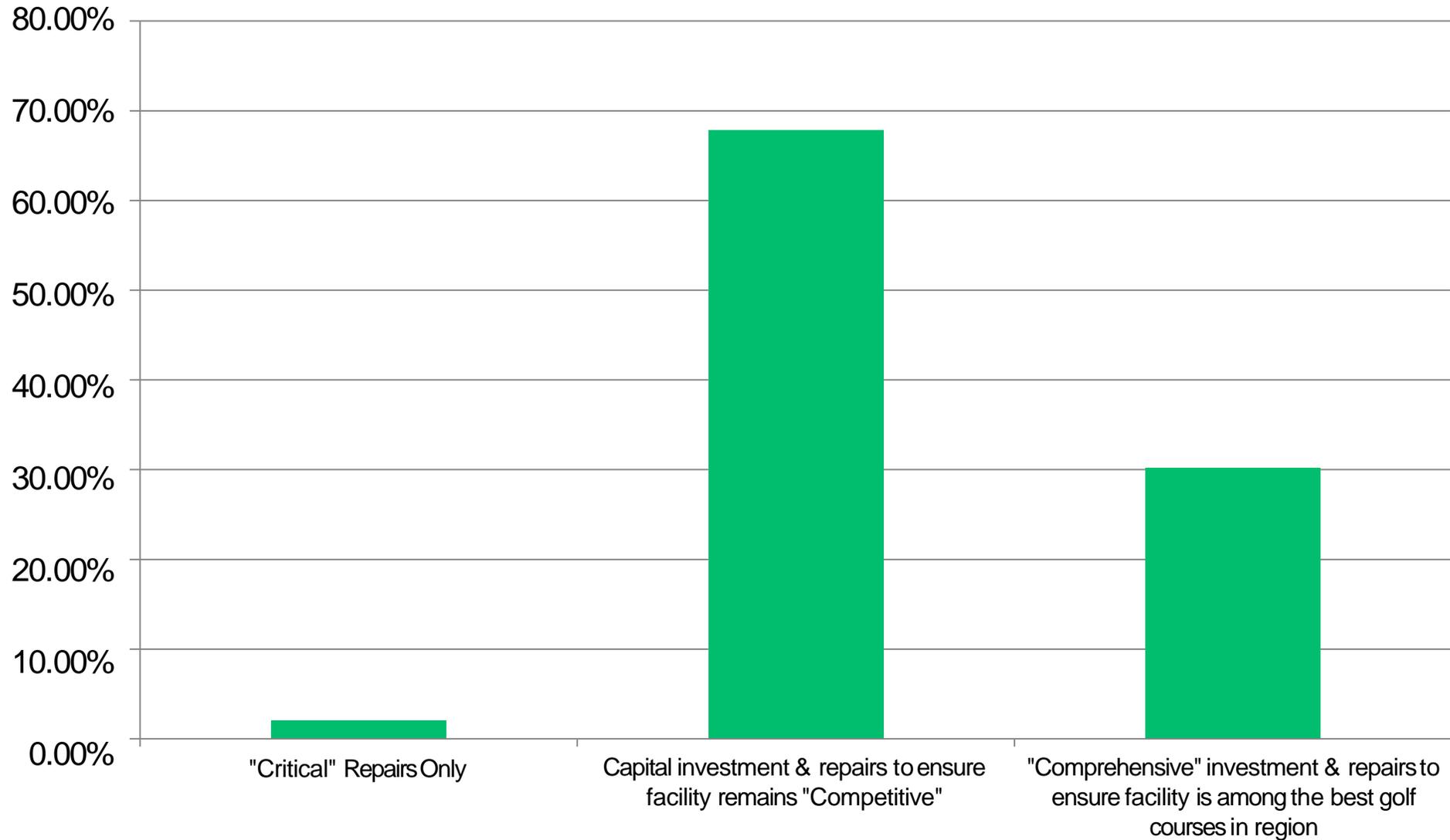
# Are you a resident of Jefferson County?



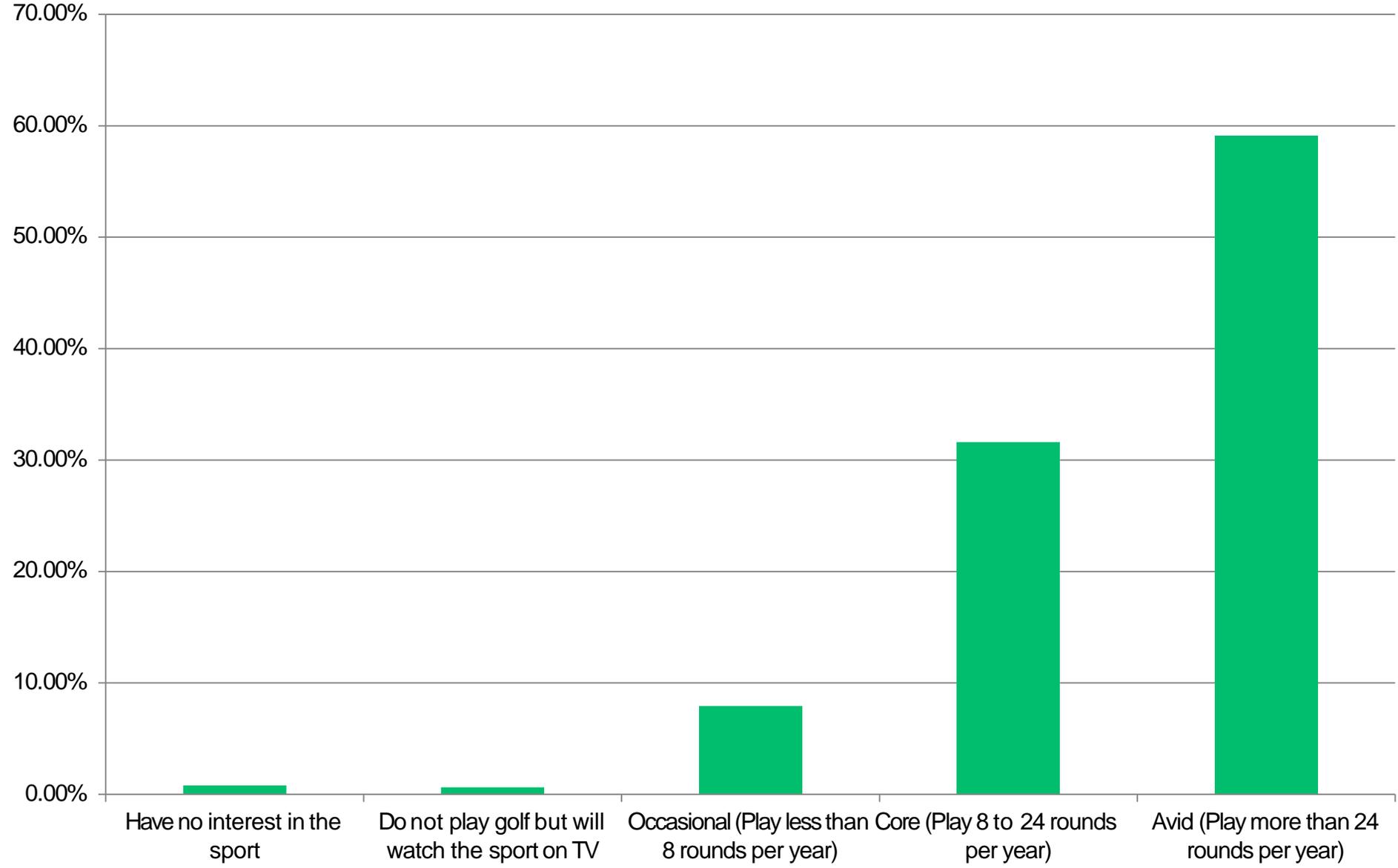
# What best describes your affiliation with the Louisville Park and Recreation's Golf Courses?



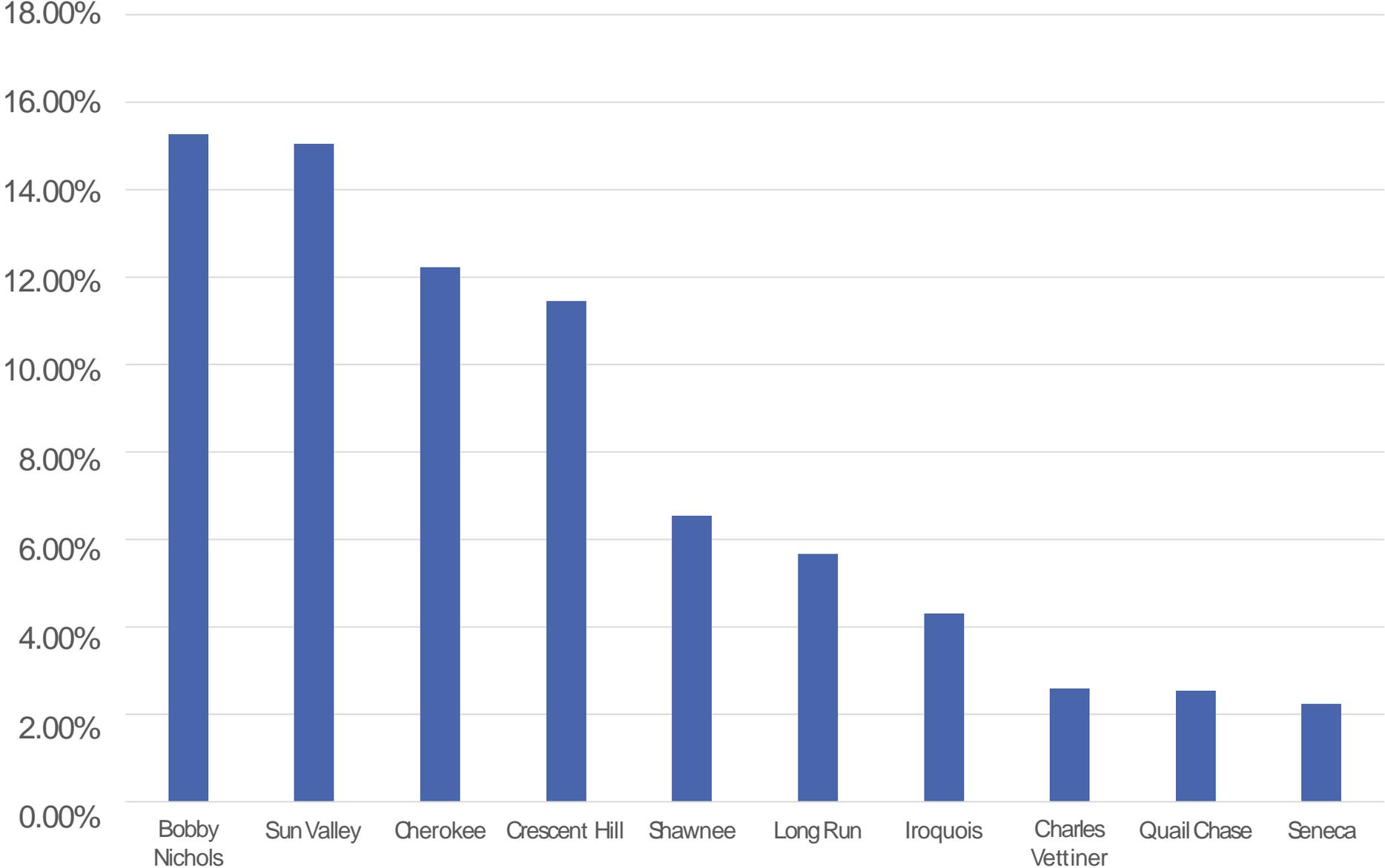
# At what level should Louisville Parks and Recreation invest in capital improvements and repairs for the golf course?



# What is your interest level in golf?



# If Necessary, Which Course Should Close

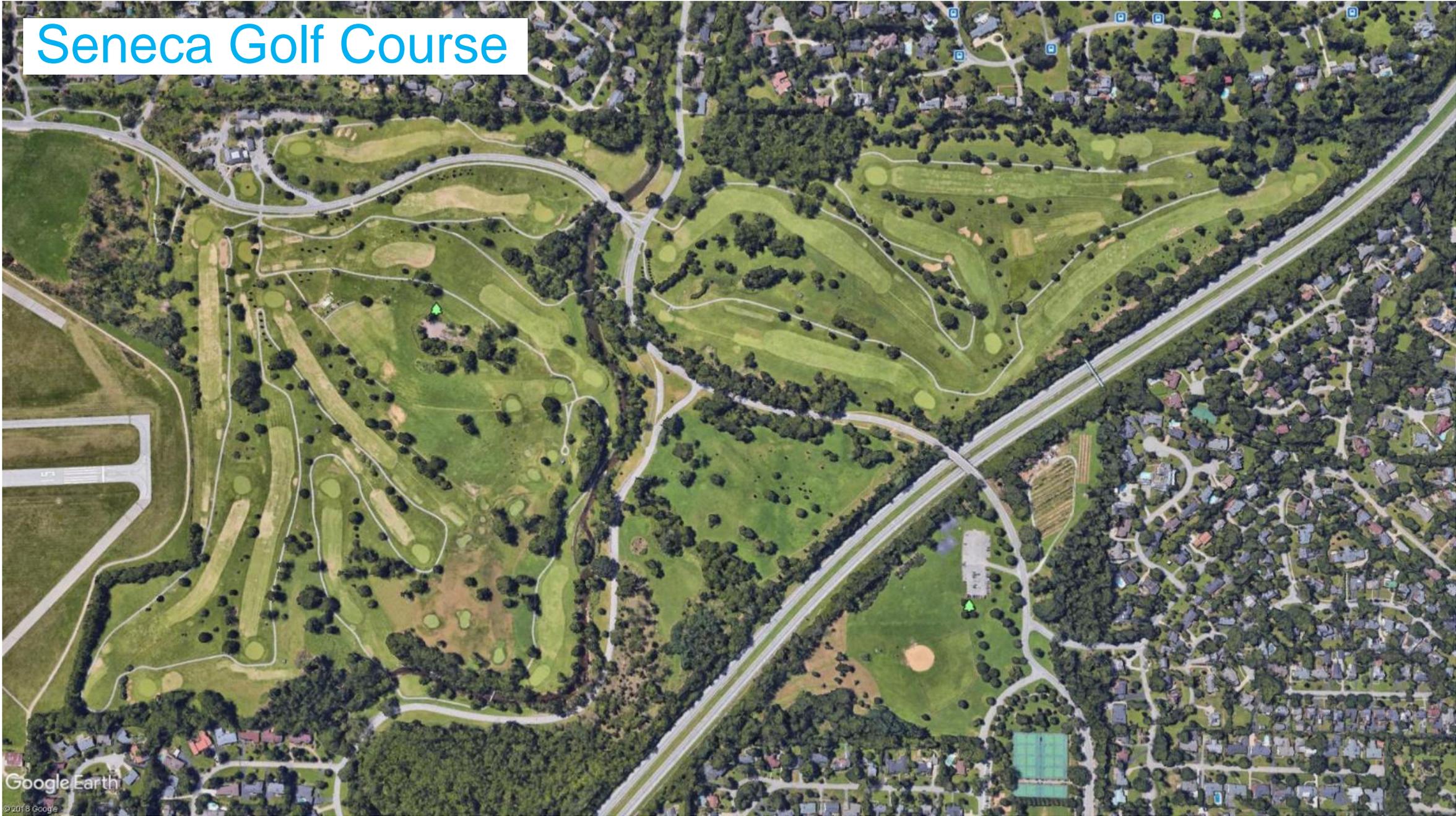




**LOUISVILLE PARKS AND RECREATION**  
**GOLF COURSE PROFILES**

---

# Seneca Golf Course



# Seneca Golf Course



# Seneca Golf Course

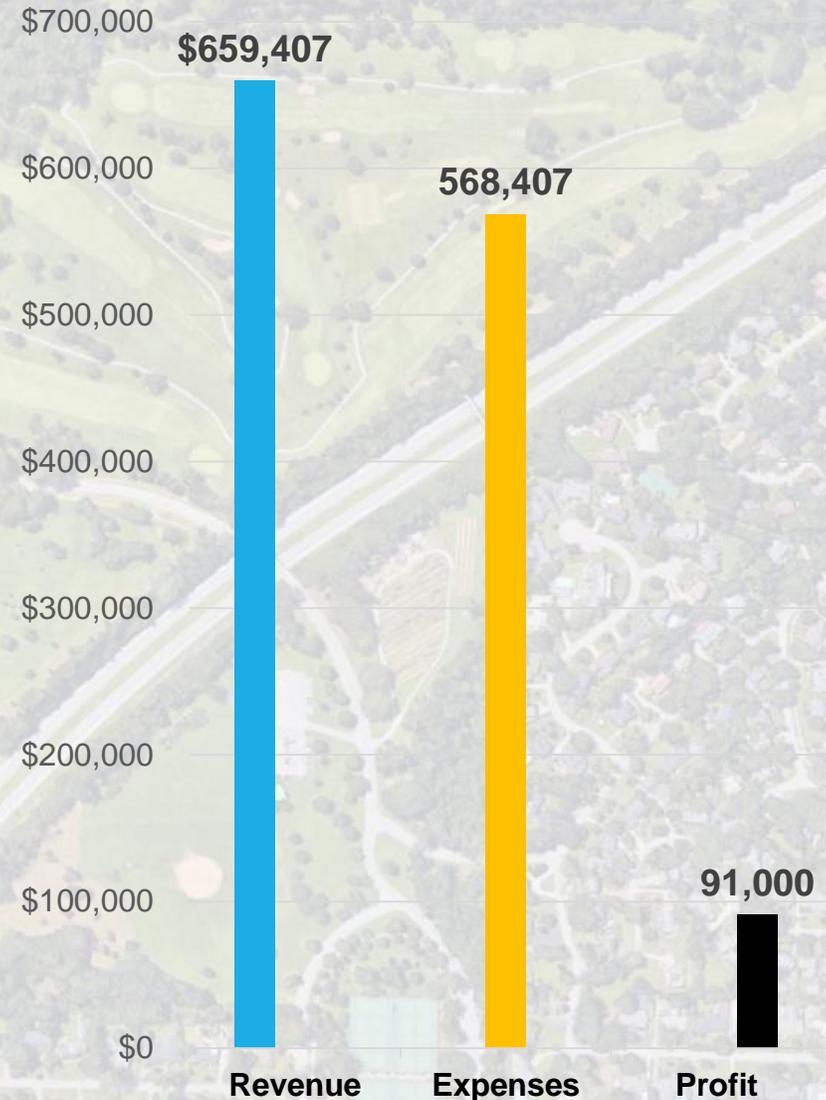
## Economic Performance FY-18

### Critical Investment Need:

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

### Estimated cost:

**\$2,000,000**



# Vettiner Golf Course



# Vettiner Golf Course



# Vettiner Golf Course



# Vettiner Golf Course

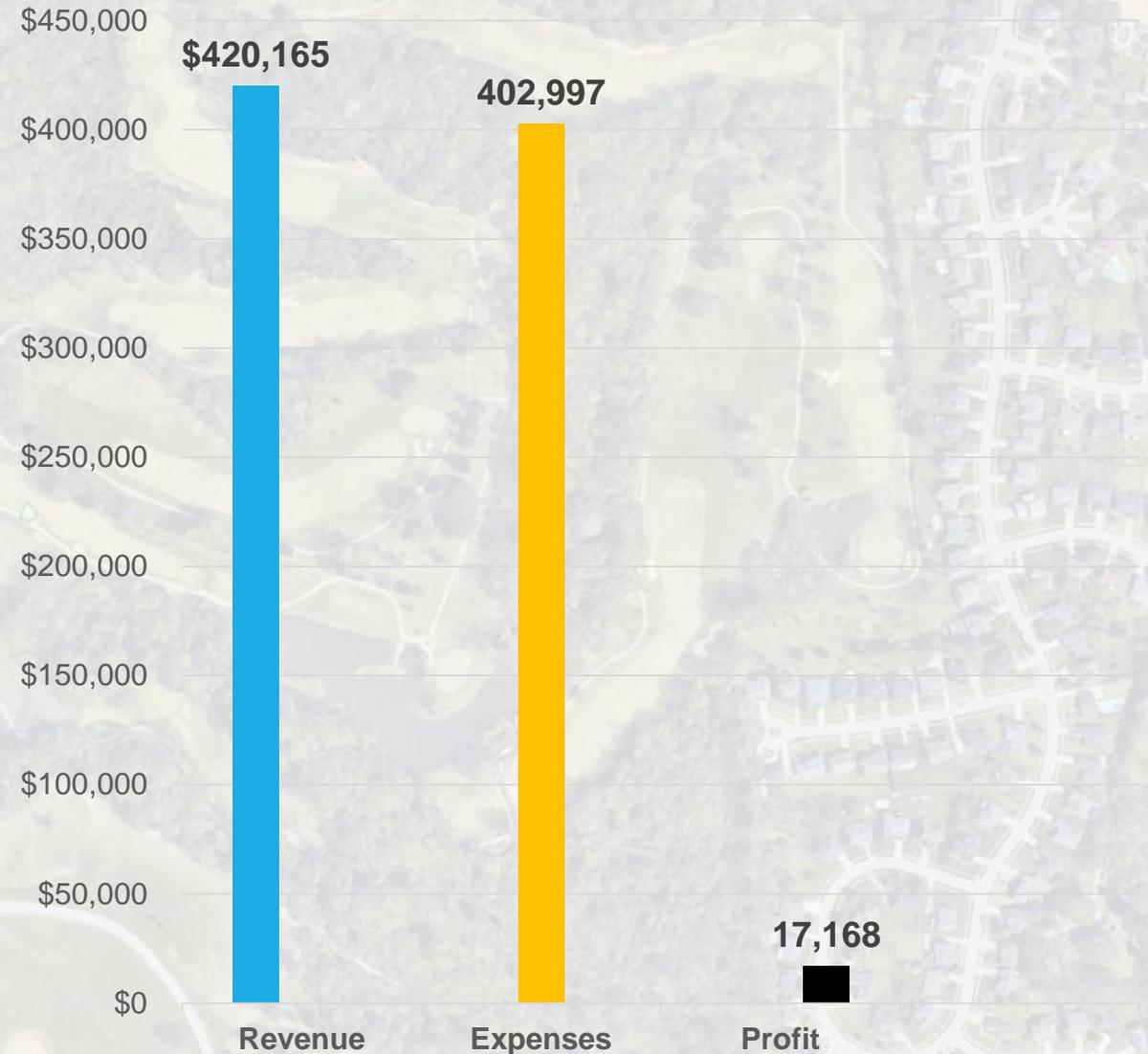
## Critical Investment Needs:

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

## Estimated cost:

**\$600,000**

## Economic Performance FY-18



# Quail Chase Golf Course



# Quail Chase Golf Course



# Quail Chase Golf Course



# Quail Chase Golf Course

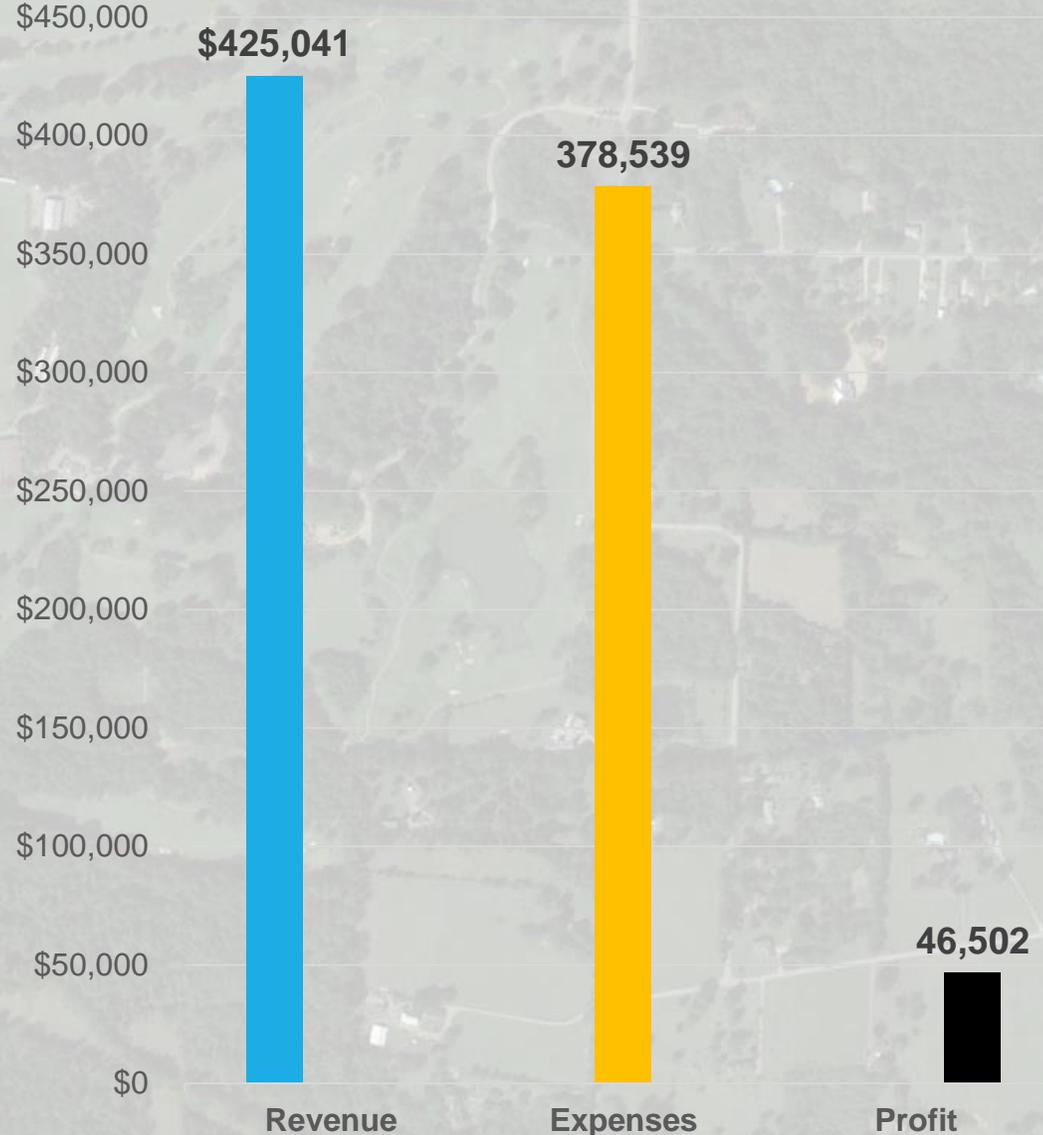
## Critical Investment Needs:

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

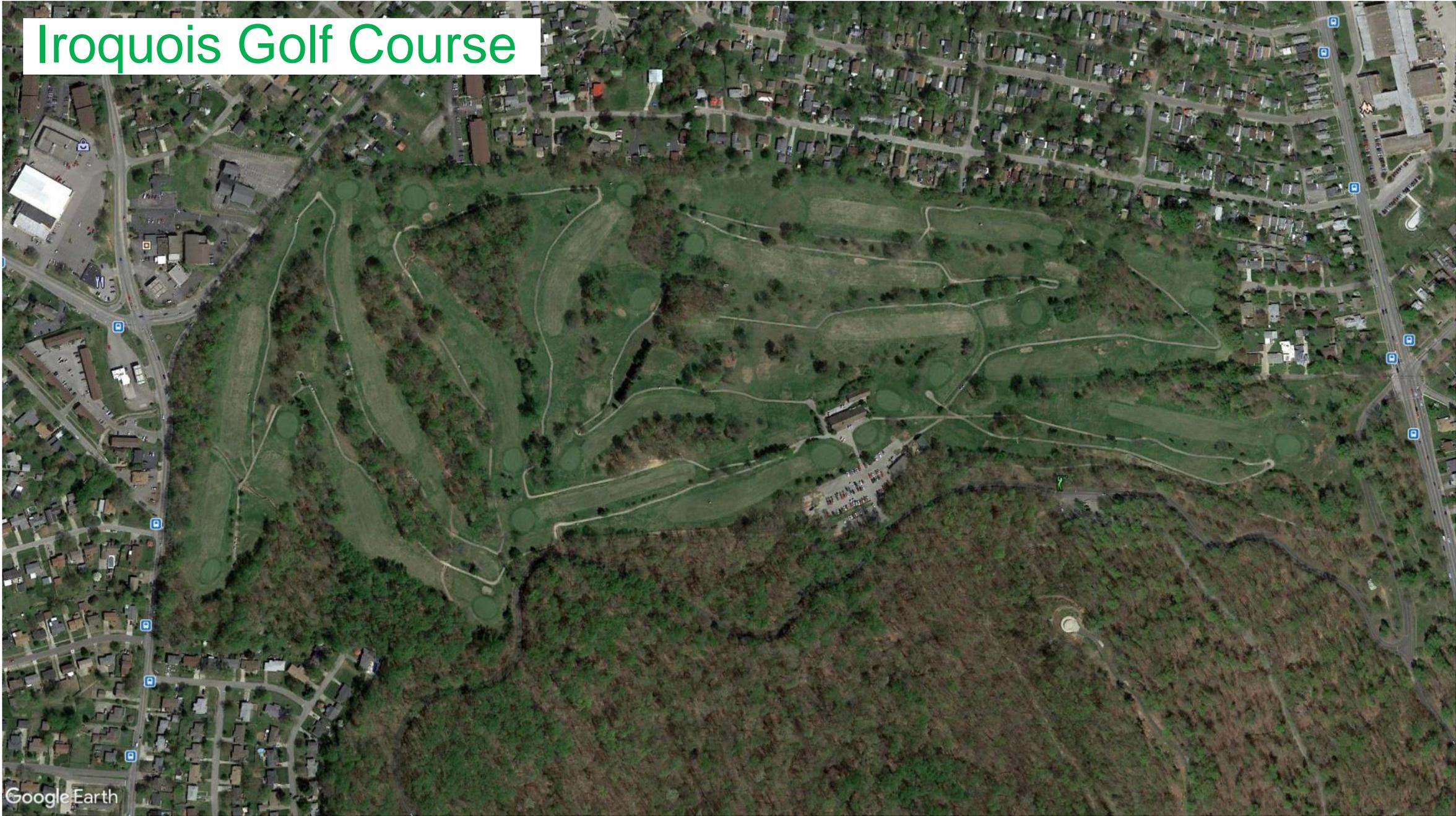
## Estimated cost:

**\$1,500,000**

## Economic Performance FY-18



# Iroquois Golf Course



# Iroquois Golf Course

## Economic Performance

### Critical Investment Needs:

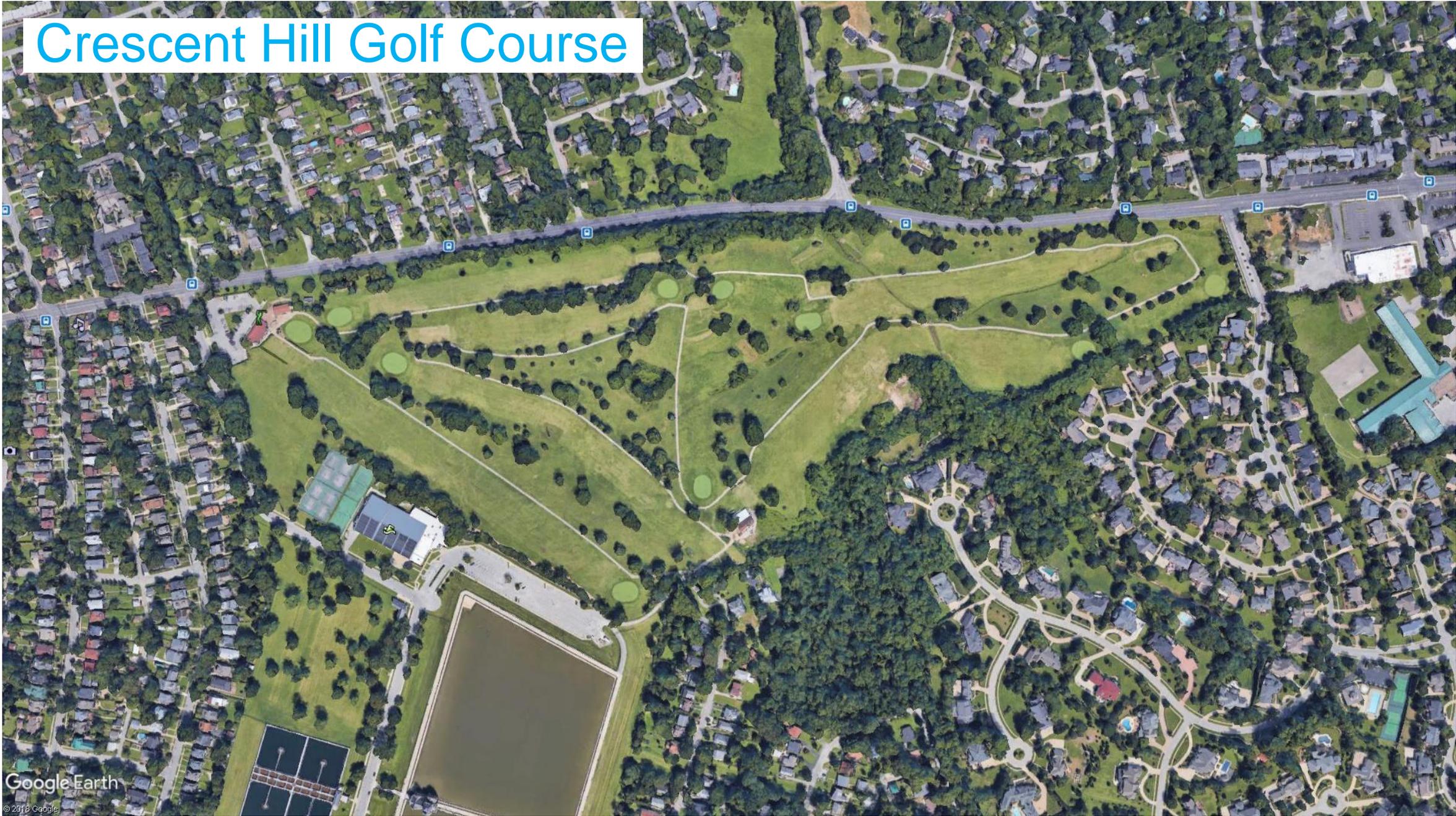
- Major drainage improvements needed.
- Bunker renovation to place and drain bunkers properly and add sand.

### Estimated cost:

**\$800,000**



# Crescent Hill Golf Course



# Crescent Hill Golf Course



# Crescent Hill Golf Course



# Crescent Hill Golf Course

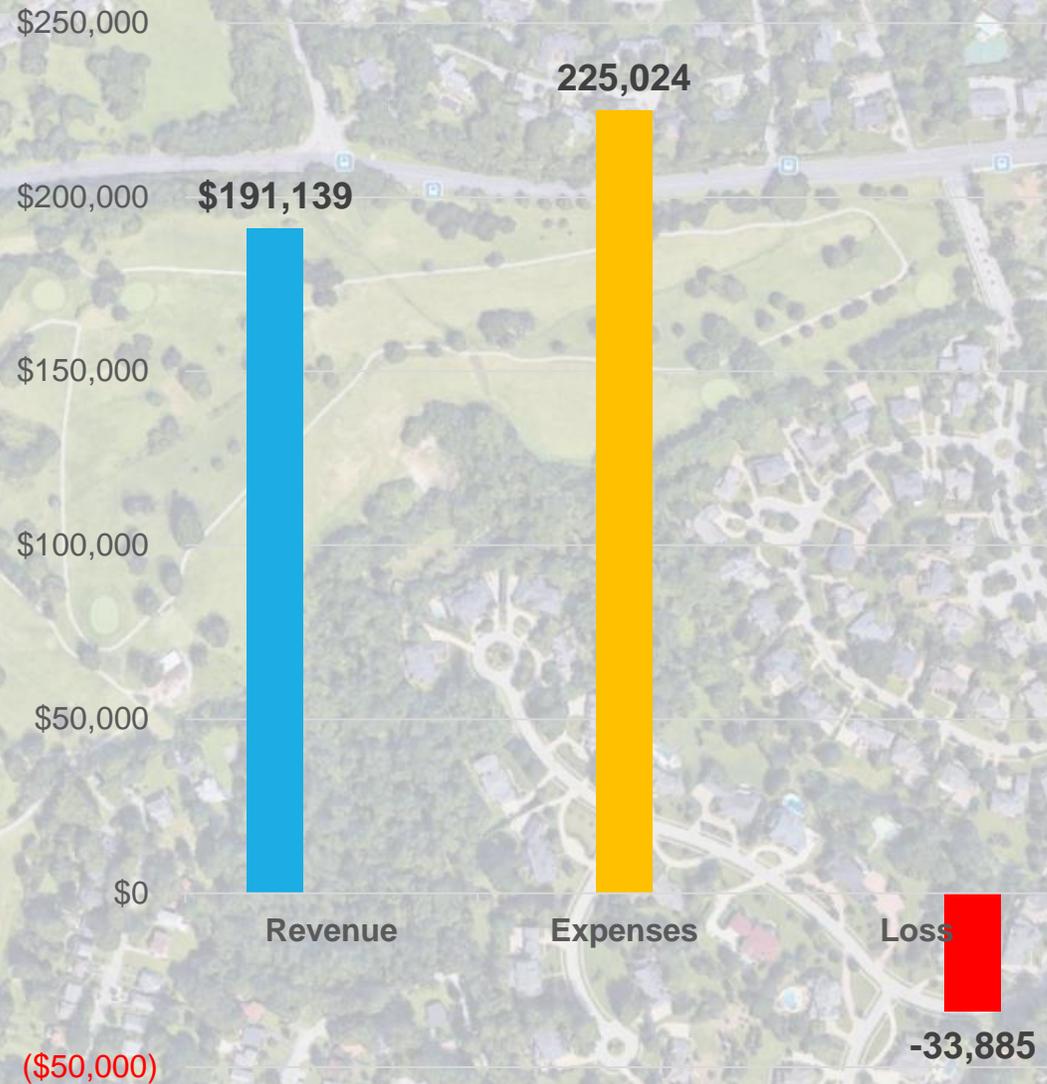
## Economic Performance FY-18

### Critical Investment Needs:

- Fairway grass improvements
- Drainage work is needed.

### Estimated cost:

**\$200,000**



# Cherokee Golf Course



# Cherokee Golf Course



# Cherokee Golf Course

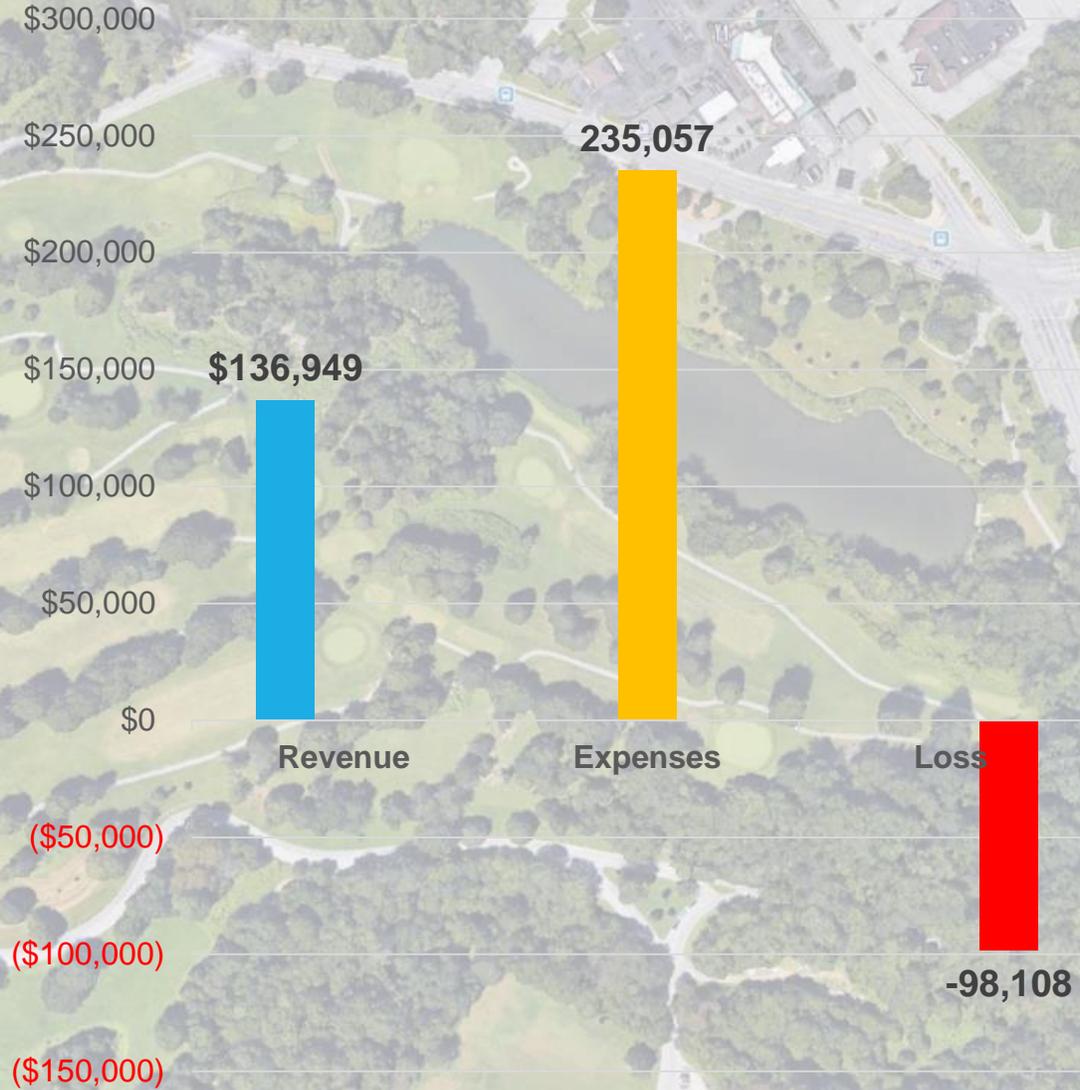
## Economic Performance FY-18

### Critical Investment Needs:

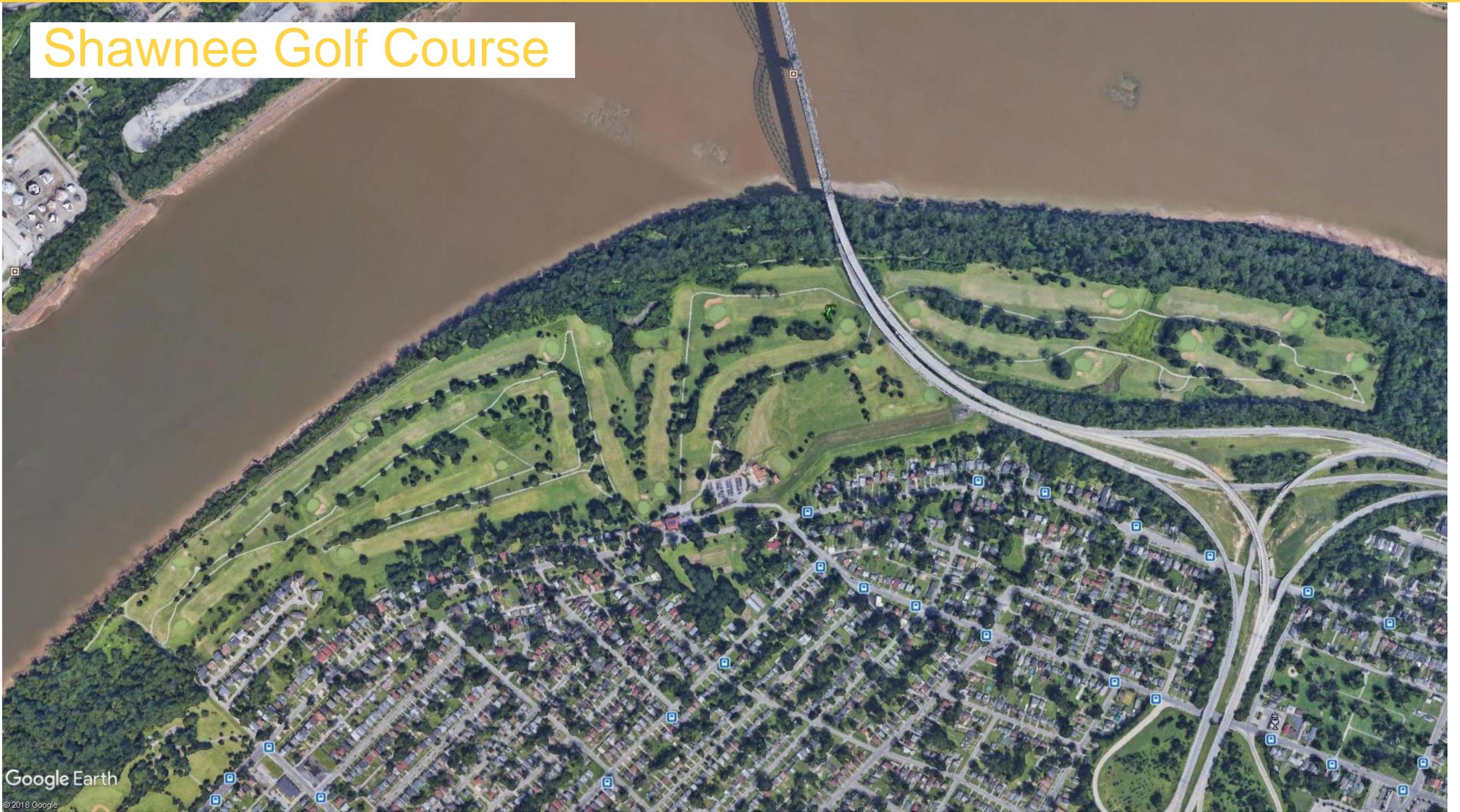
- Fairway grass improvements
- Clubhouse is in bad condition

### Estimated cost:

**\$300,000**



# Shawnee Golf Course



Google Earth

© 2018 Google

# Shawnee Golf Course



# Shawnee Golf Course



# Shawnee Golf Course

## Critical Investment Needs:

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

## Estimated cost:

**\$500,000**

## Economic Performance FY-18



# Long Run Golf Course



Google Earth

Image USDA Farm Service Agency

# Long Run Golf Course



# Long Run Golf Course

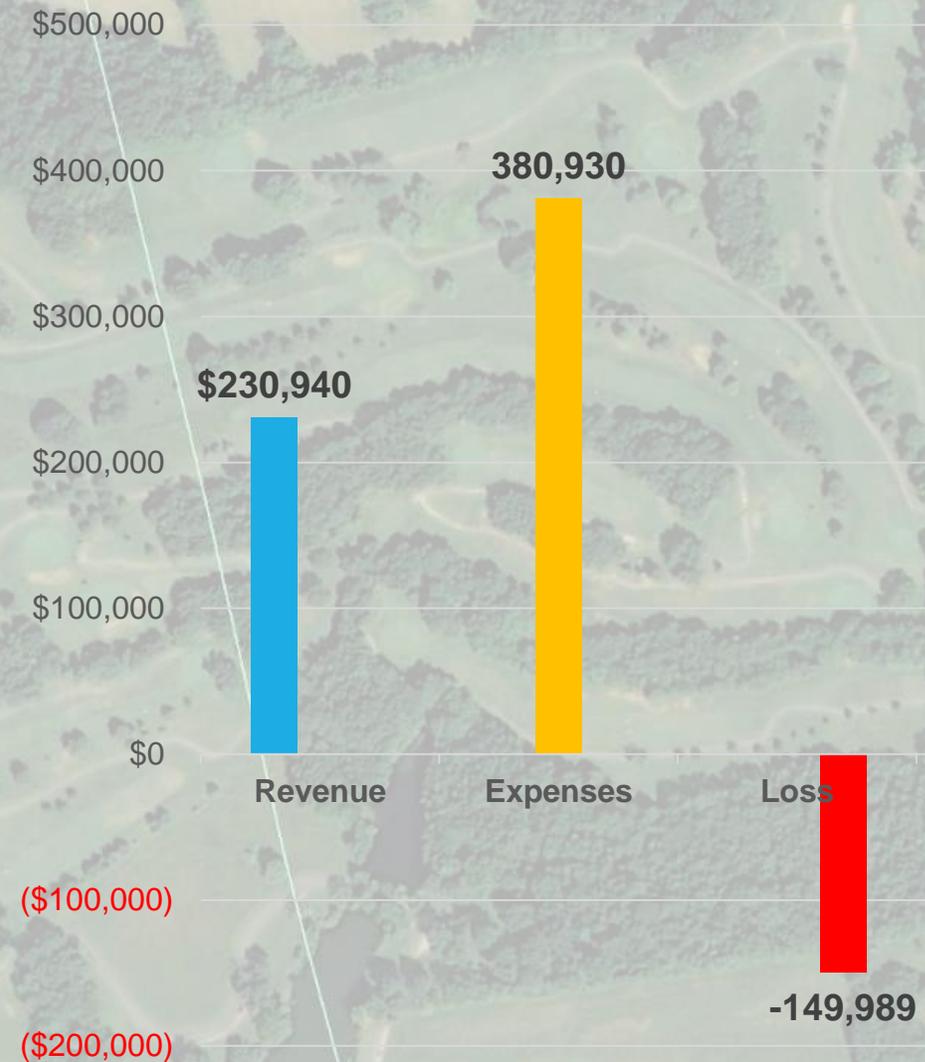
## Critical Investment Needs:

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

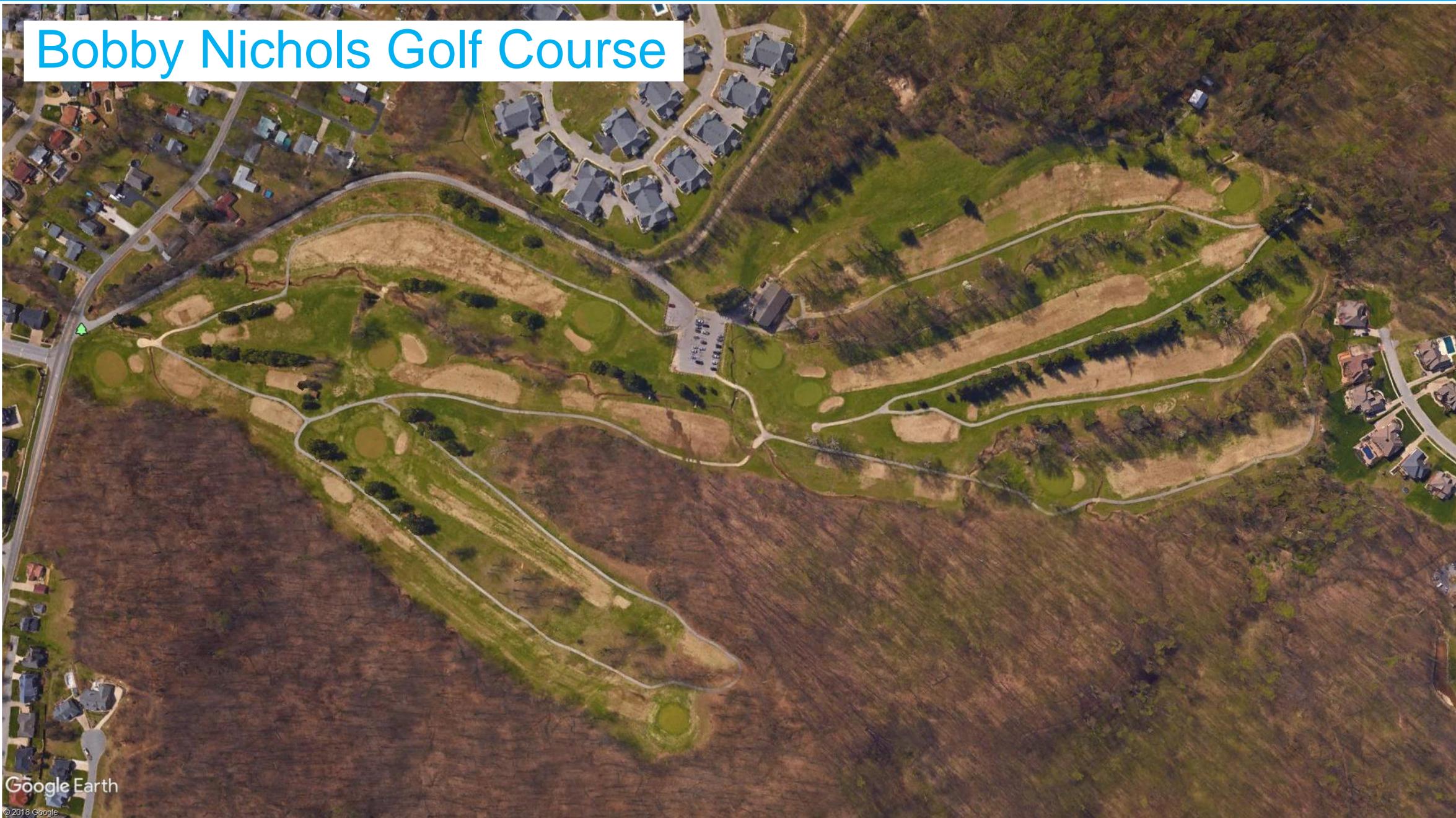
## Estimated cost:

**\$700,000**

## Economic Performance FY-18



# Bobby Nichols Golf Course



# Bobby Nichols Golf Course



# Bobby Nichols Golf Course



# Bobby Nichols Golf Course

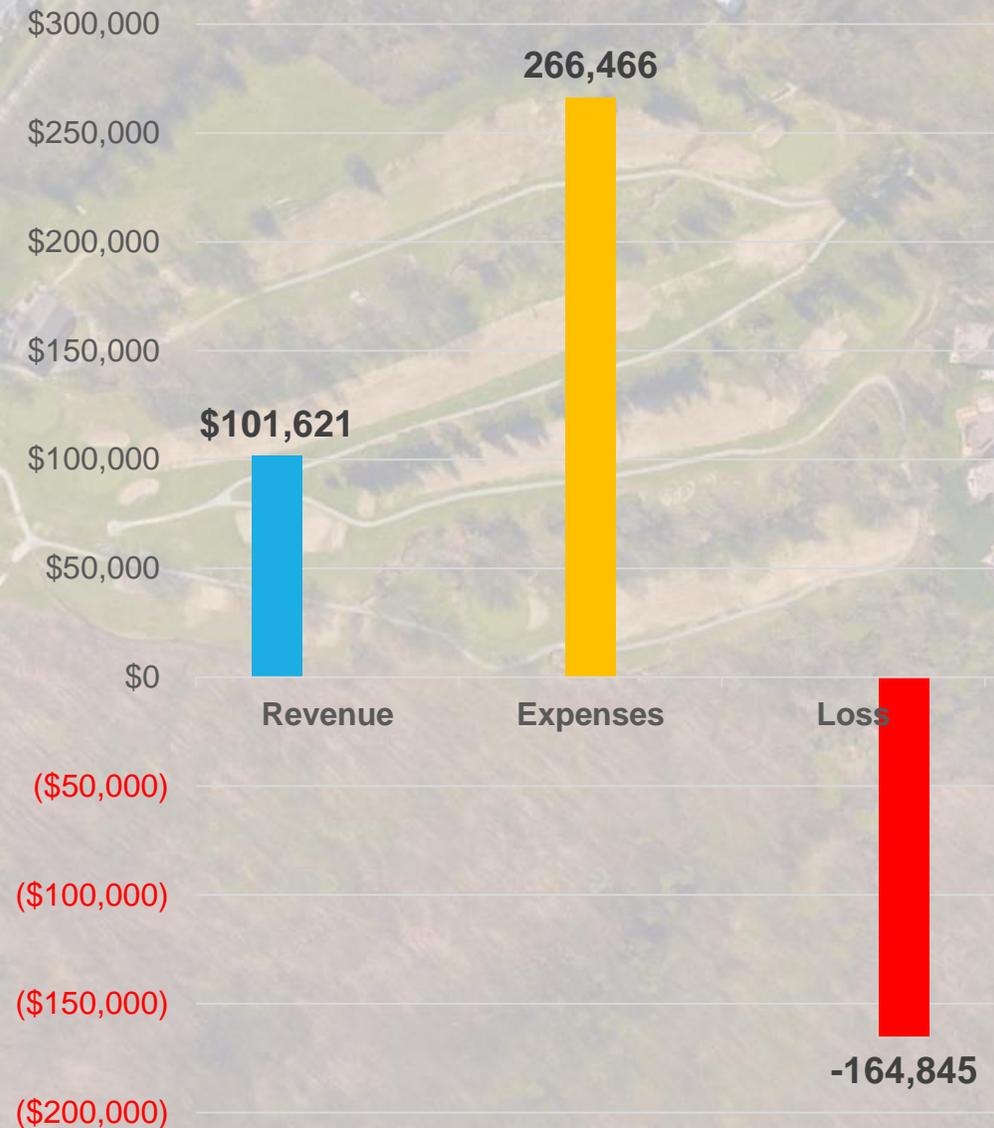
## Economic Performance FY-18

### Critical Investment Needs:

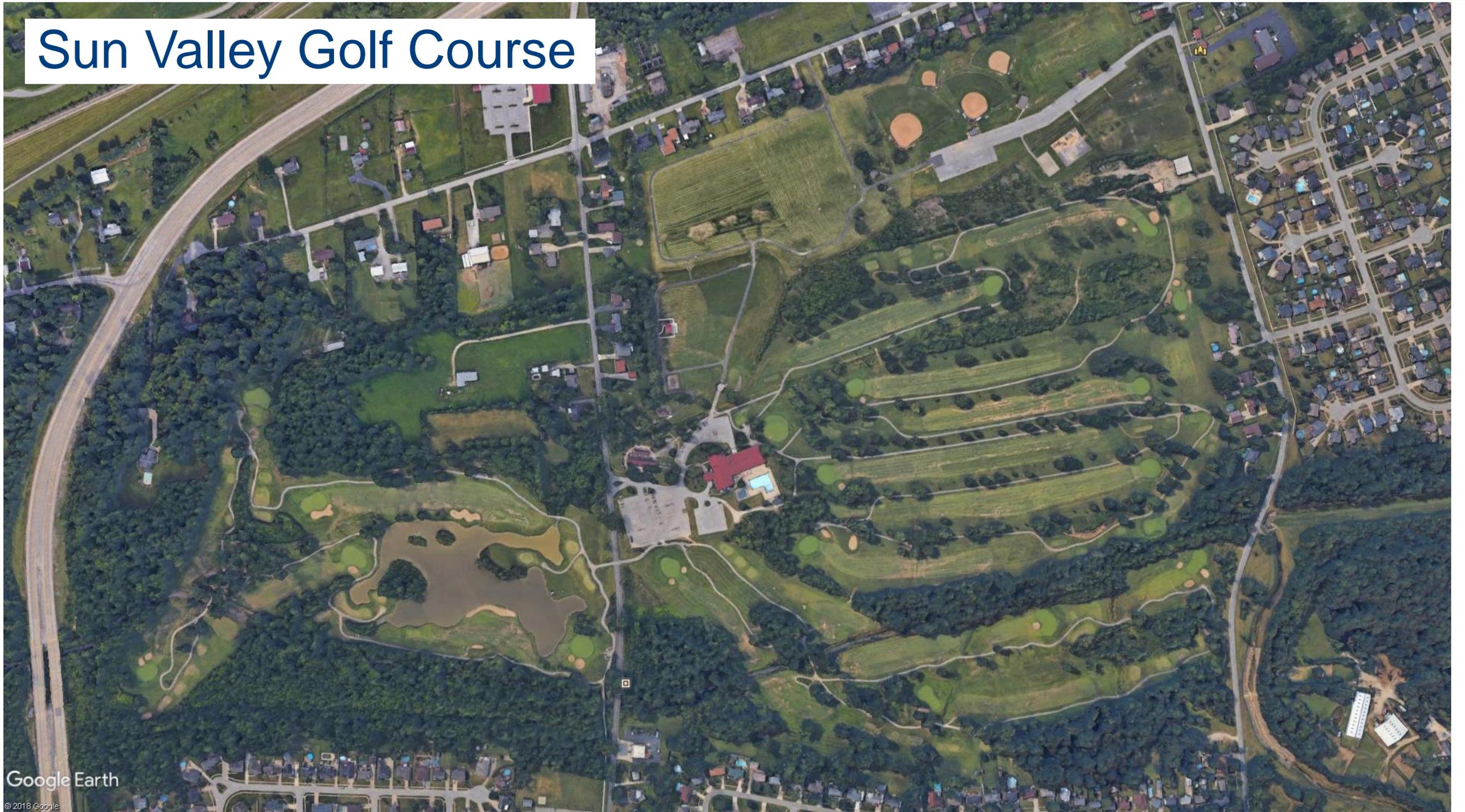
- Cart Path improvements and repair.
- Bridge repair is critical.
- Bunker renovation to place and drain bunkers properly and add sand.

### Estimated cost:

**\$500,000**



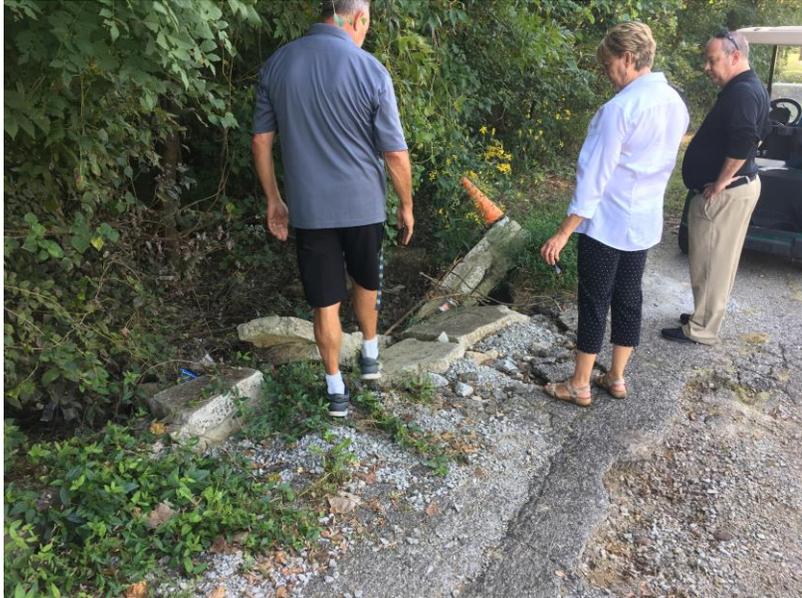
# Sun Valley Golf Course



# Sun Valley Golf Course



# Sun Valley Golf Course



# Sun Valley Golf Course



# Sun Valley Golf Course

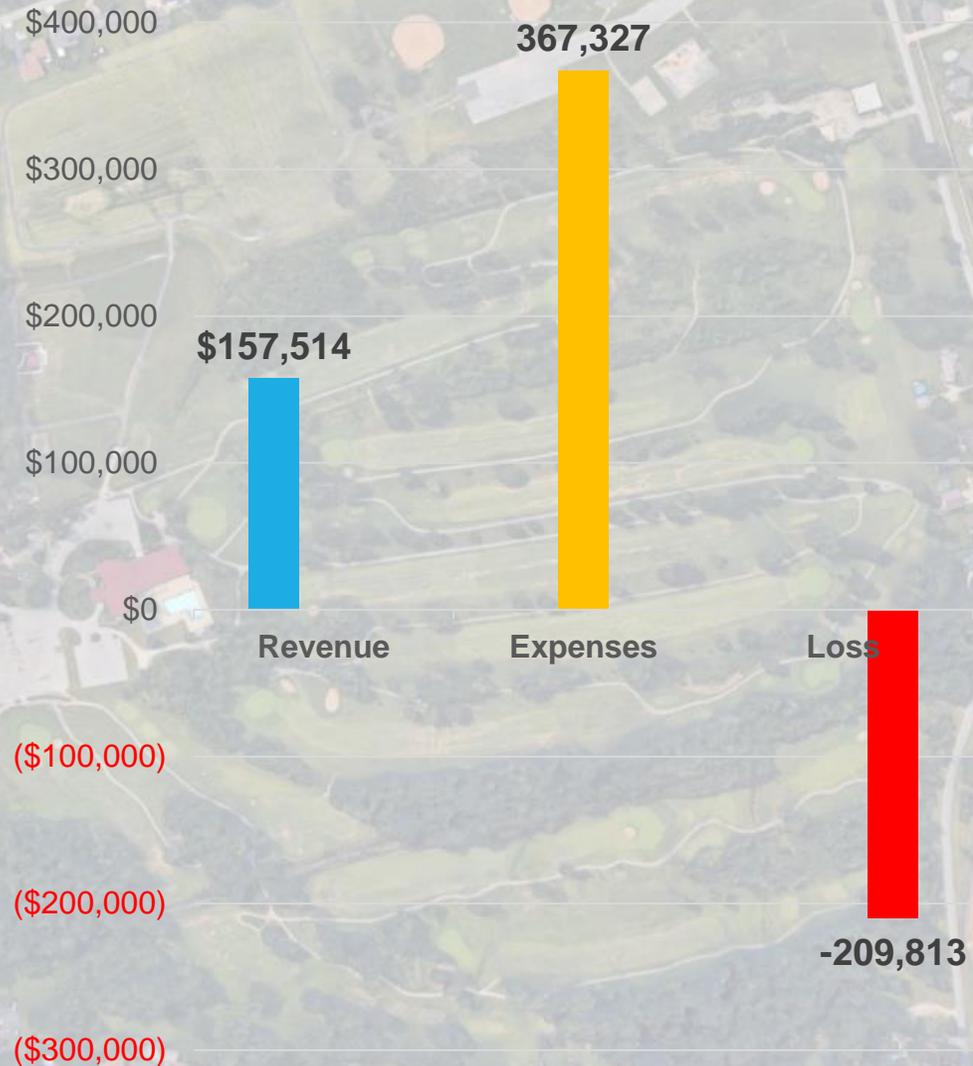
## Economic Performance FY-18

### Critical Investment Needs:

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

### Estimated cost:

**\$1,700,000**





**LOUISVILLE PARKS AND RECREATION**

# **STATE OF MUNICIPAL GOLF IN LOUISVILLE**

---

## CAPITAL IMPROVEMENTS SINCE YEAR 2000

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

## CURRENT CHALLENGES

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



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



**361,060 miles equivalent**



**426,790 miles equivalent**

# Negative Revenue Trend Downward

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



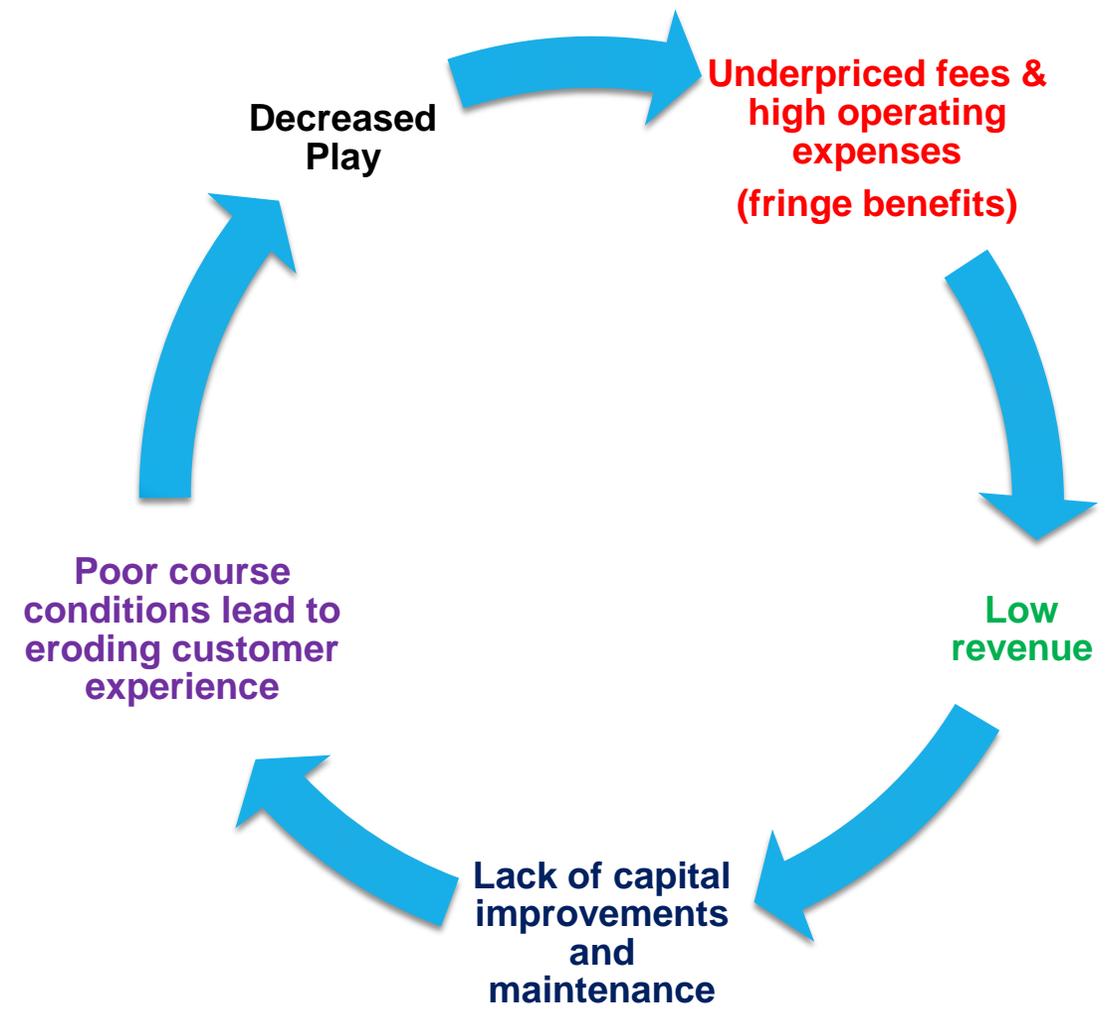
-5.8% decline in golf participation nationally over same period

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

Revenue decreases exceeding 15% between 2012-2017:

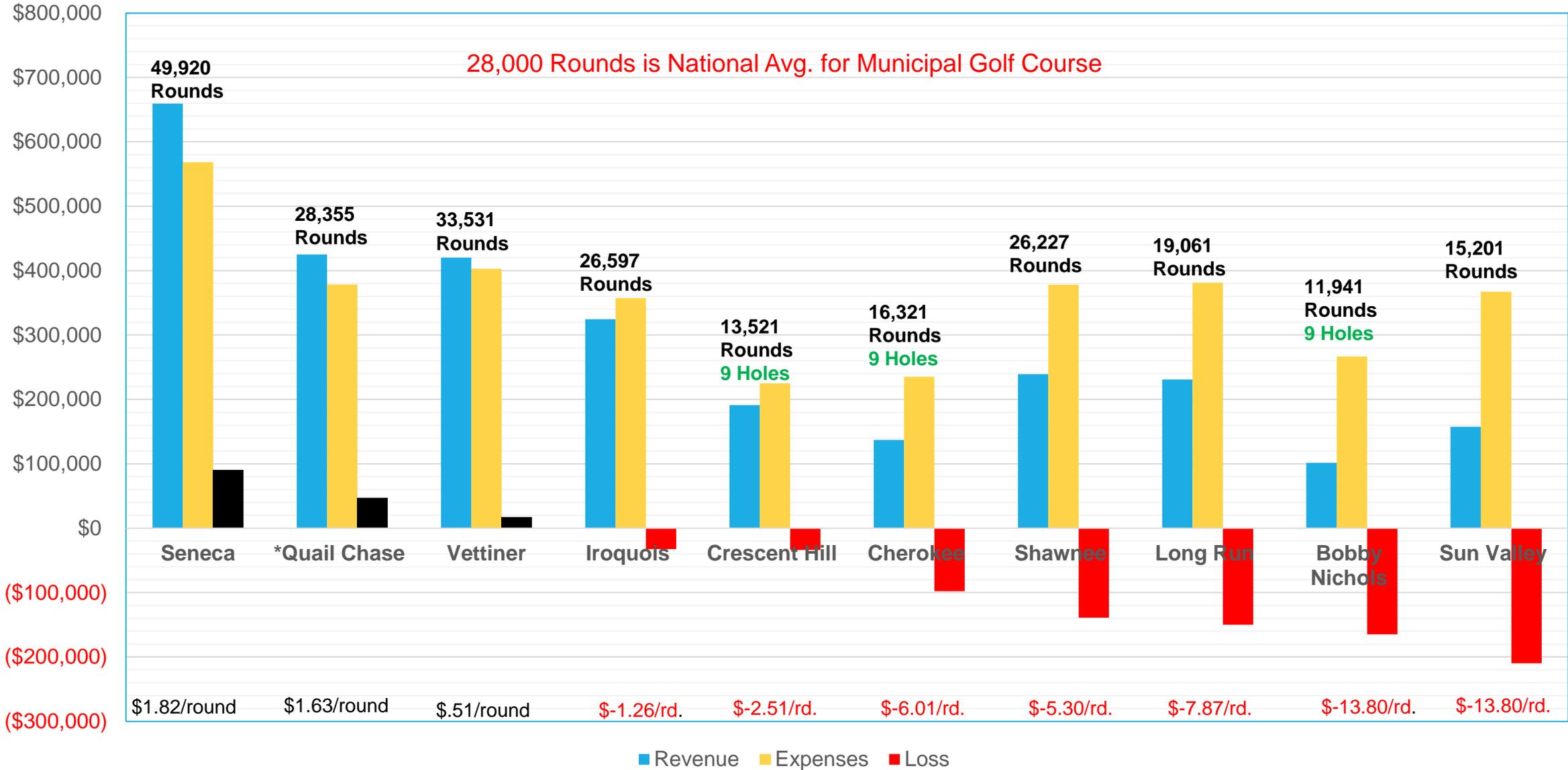
Cherokee (-19.8%), Crescent Hill (-18.0%), Iroquois (-20.4%), Shawnee (-18.1%) and Sun Valley (-17.3%)

# Cycle of Decline



# Golf Course Economic Performance FY-2018

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



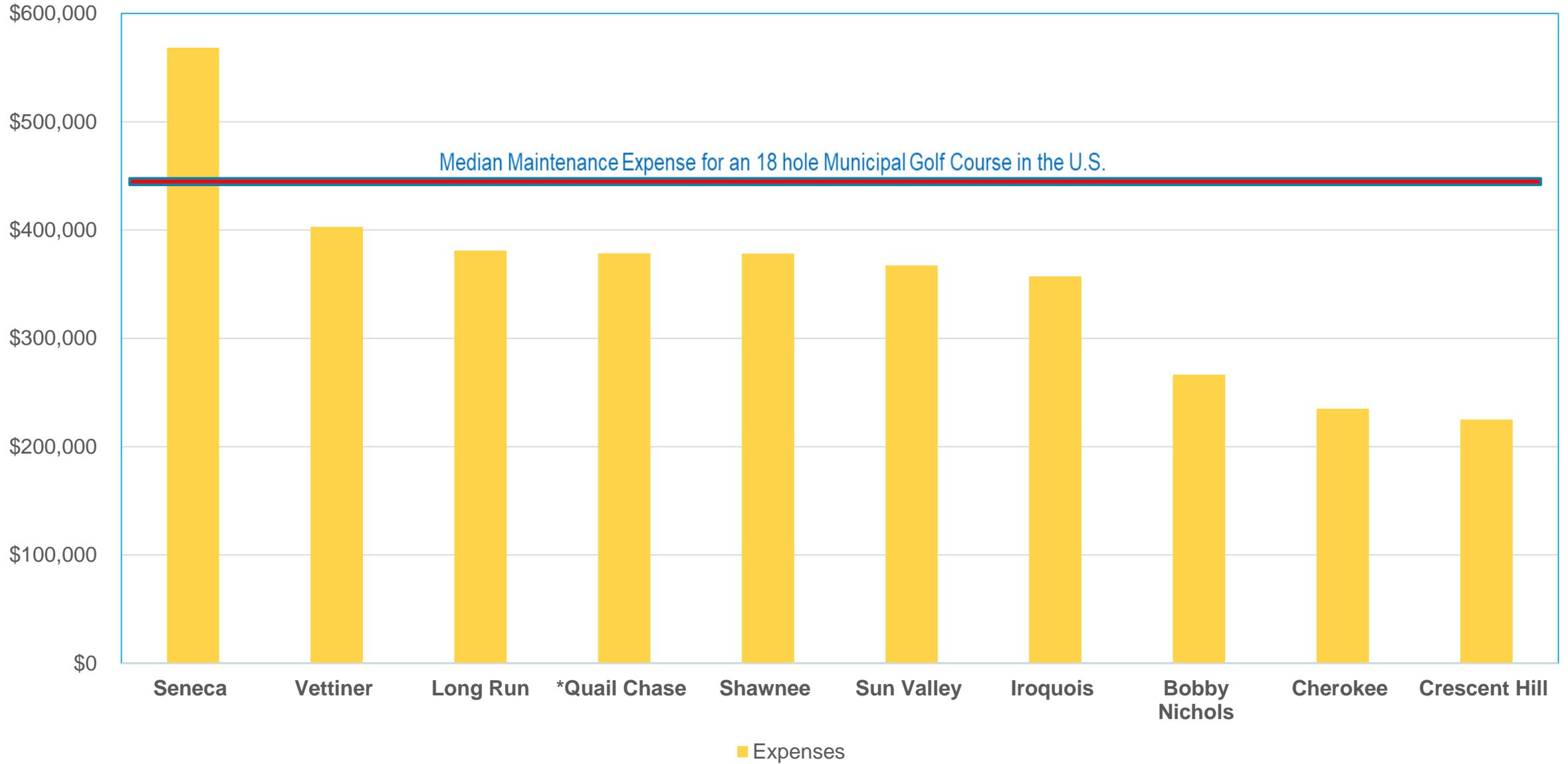
\* Estimated results for Quail Chase

## Golf Course Combined Economic Performance FY-2018

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

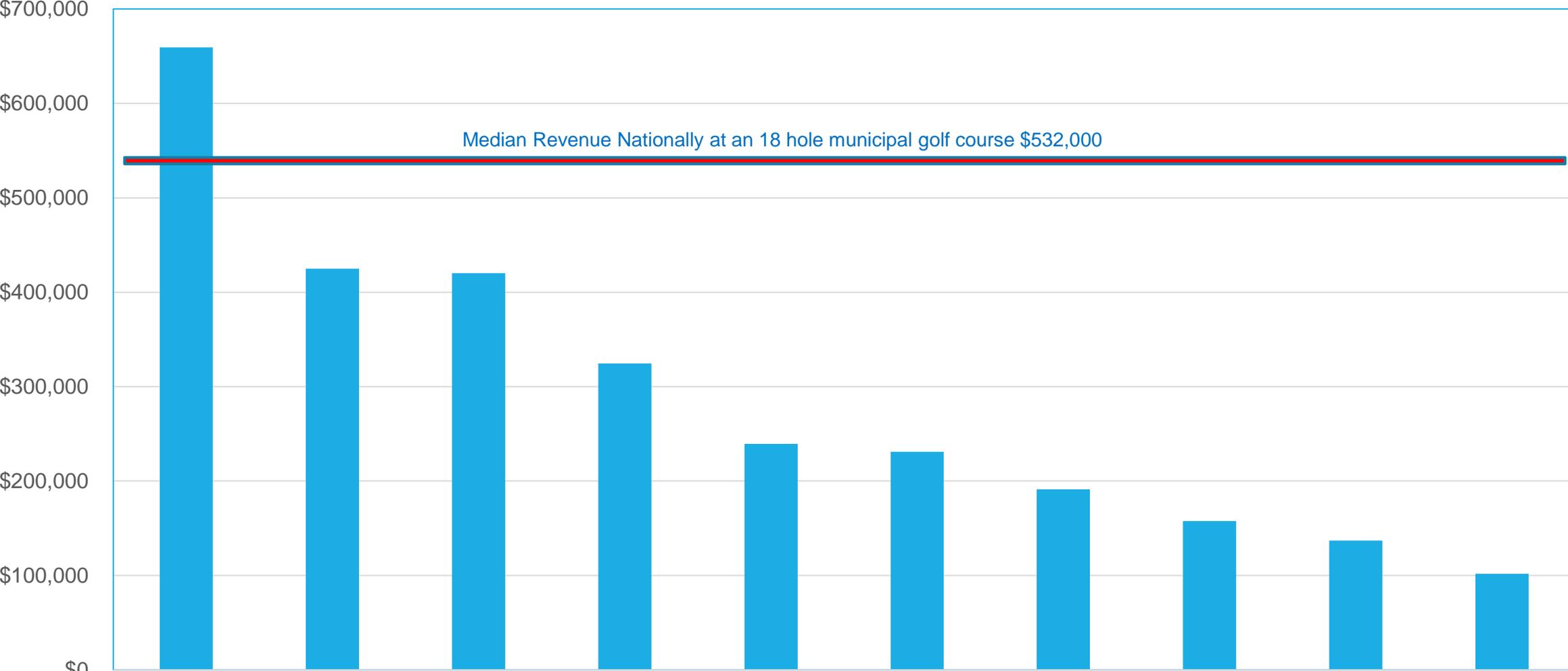
Assumptions: Income, expenses and annual rounds remain the same.

# Golf Course Maintenance Expenses FY-2018



\* Estimated results for Quail Chase

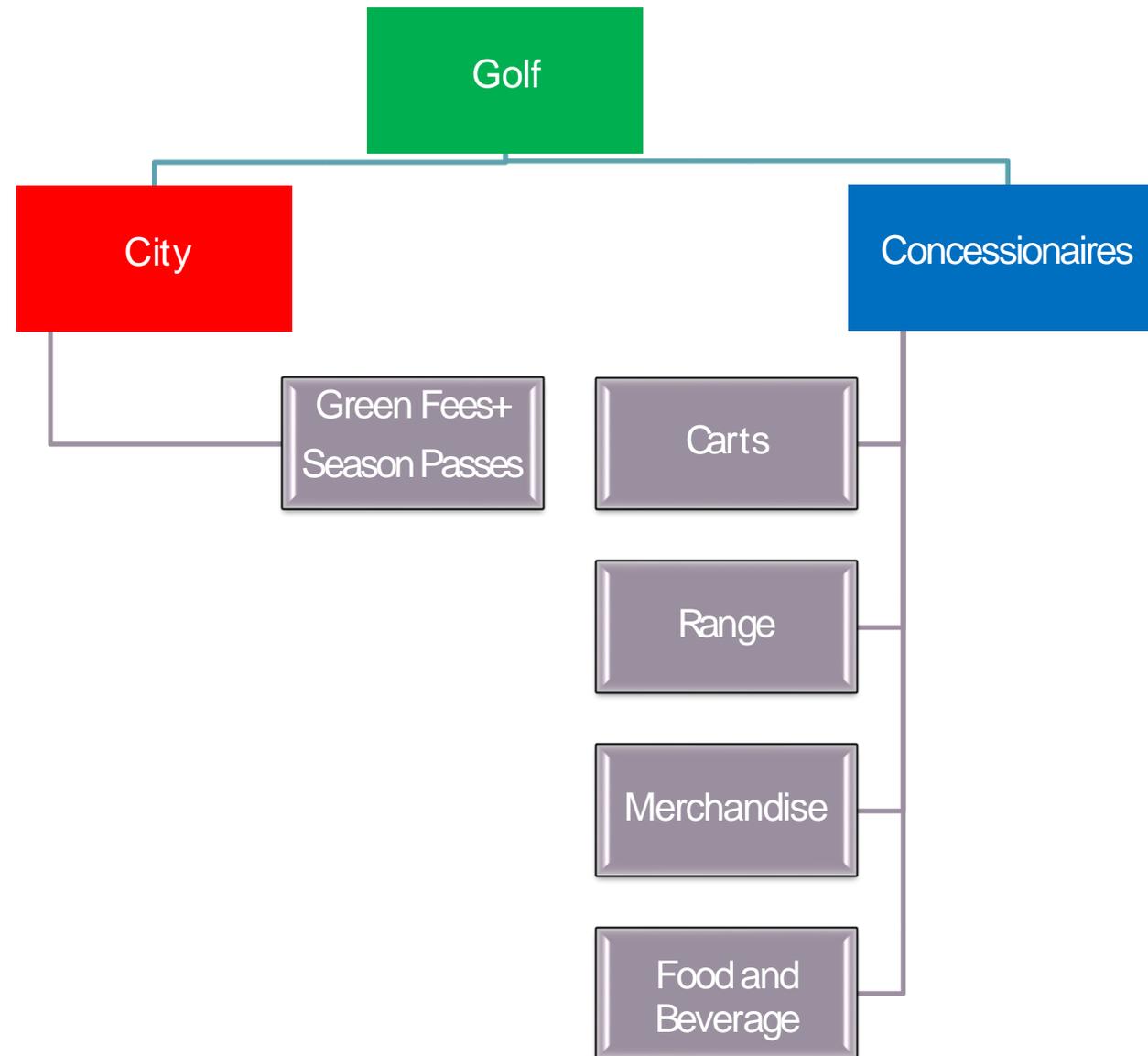
# Golf Course Revenue FY-2018



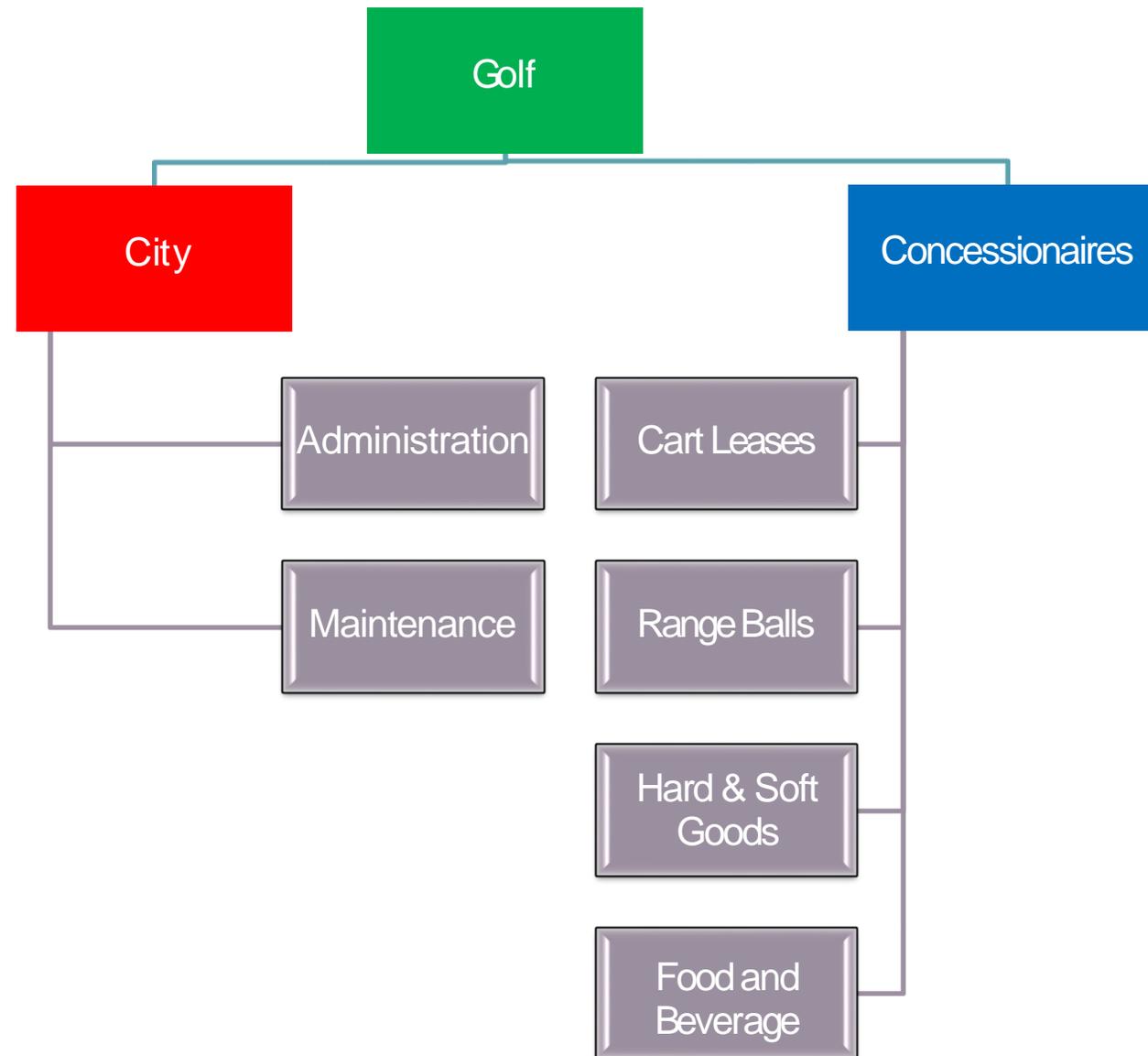
\* Estimated results for Quail Chase

■ Revenue

# Current Revenue Opportunities



# Current Expense Responsibilities

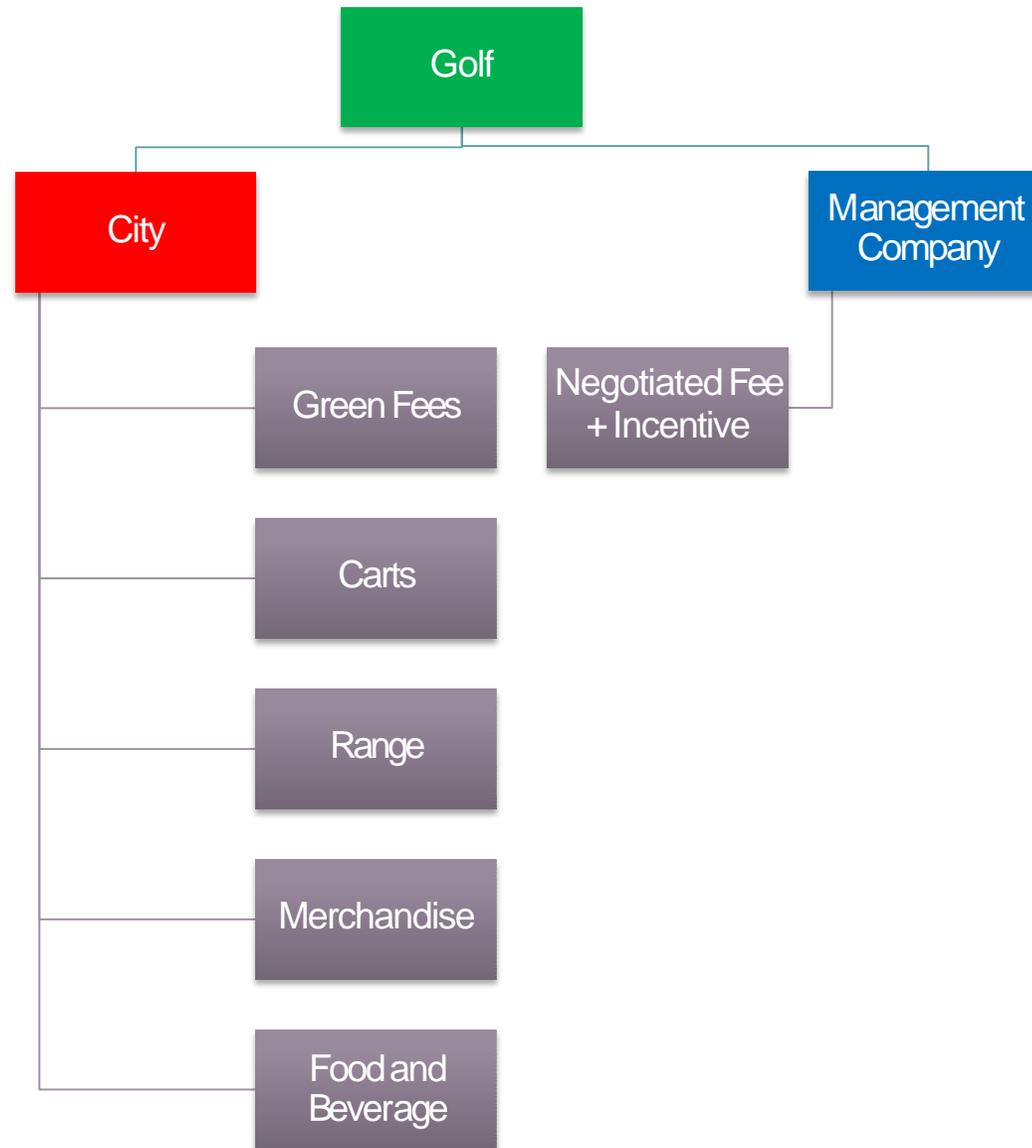


Matrix of Decisions	Self-Manage	Management	Lease
Risk	Full Risk	Full Risk	No Risk
Capital Investment	Full Capital	Full Capital	No Capital, unless negotiated.
Profits	Full Profits	Full Profits less a management fee	No Profits other than "rent."

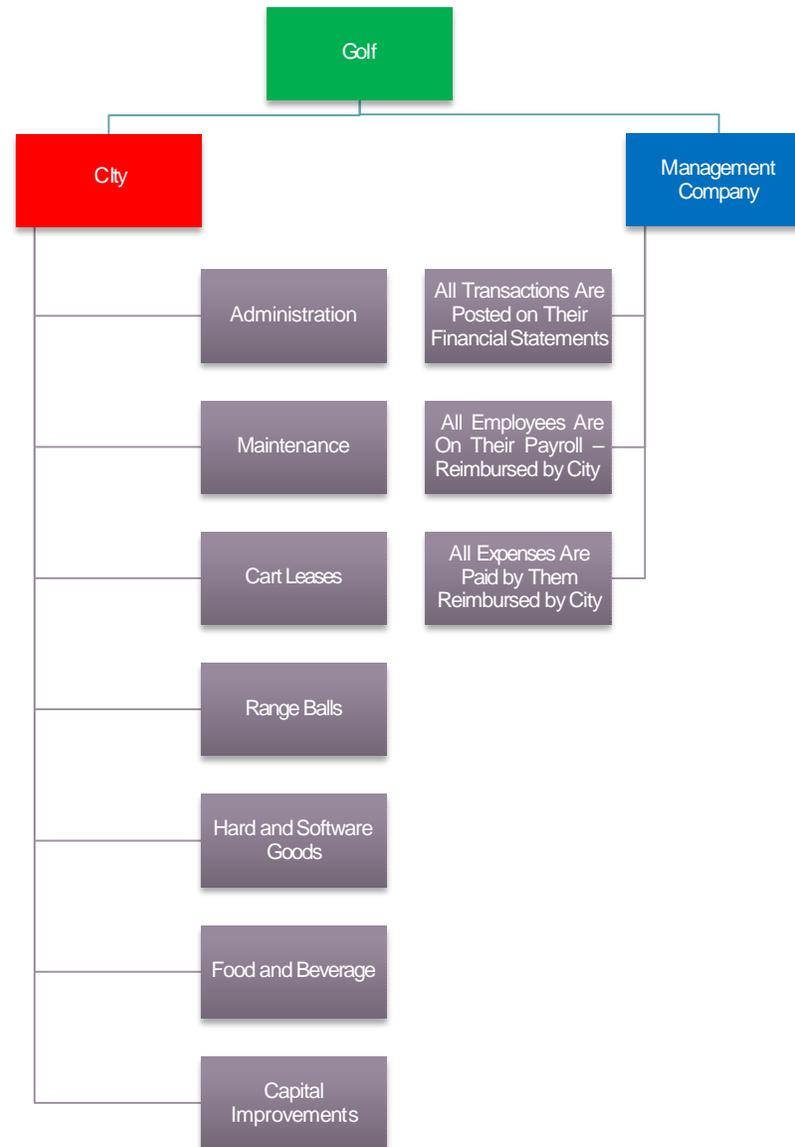
# Pros and Cons Of External Management

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

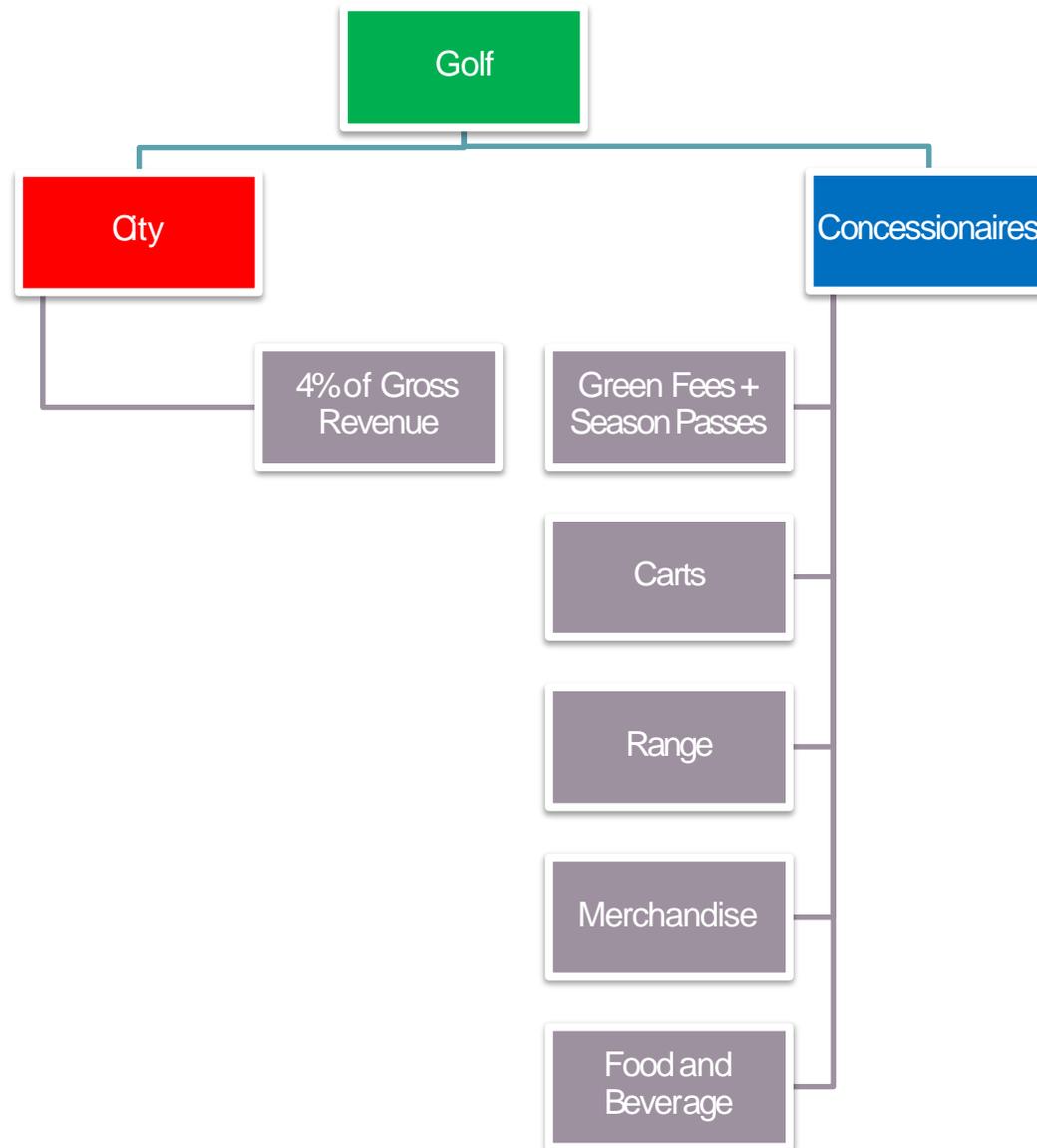
# Management Company – Revenue Opportunities



# Management Agreement – Expense Responsibilities



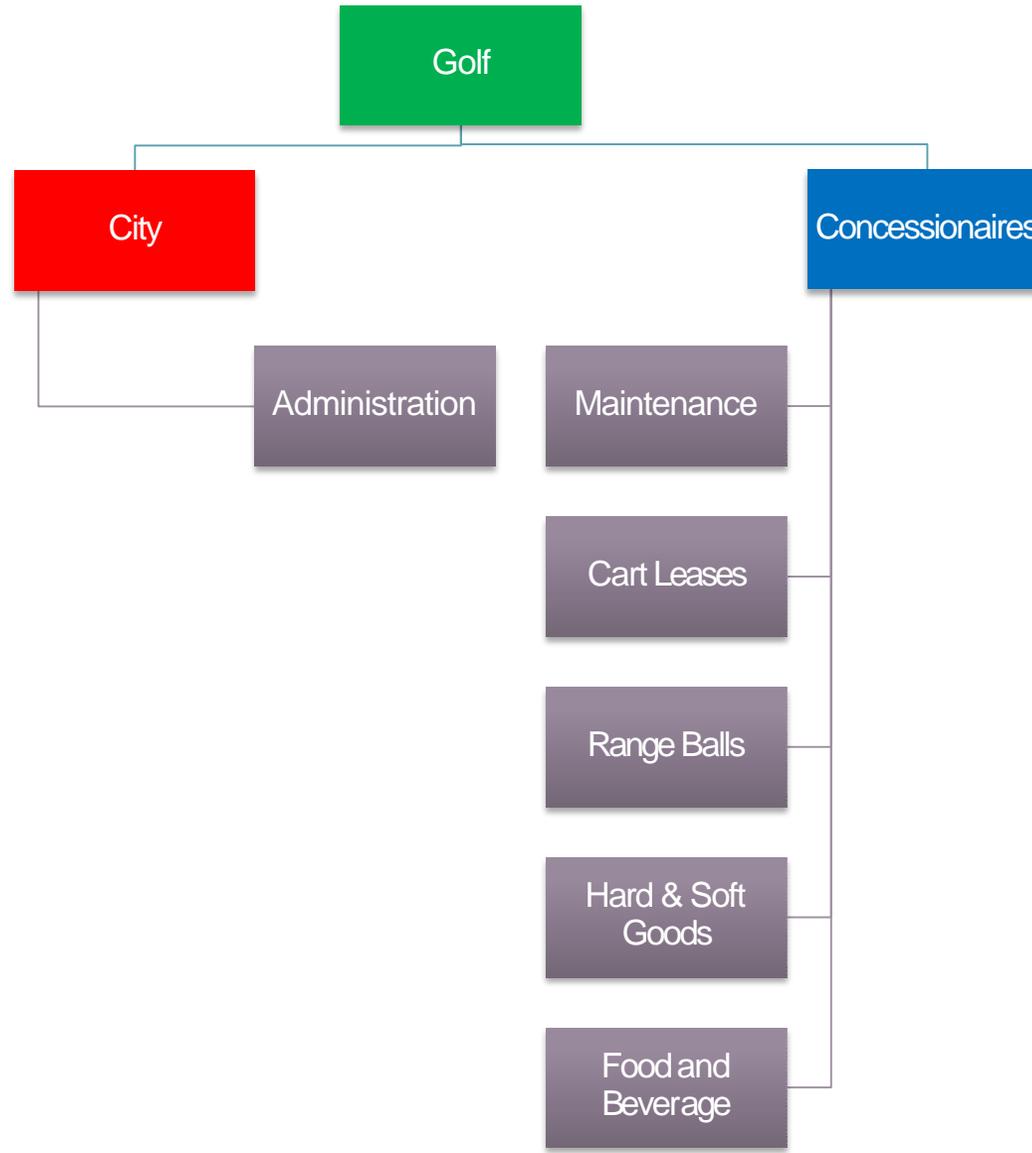
# Lease – Revenue Opportunities



# Advantages of Operating Lease

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

# Lease - Expense Responsibilities



Capital Improvements to Be Negotiated



**LOUISVILLE PARKS AND RECREATION**

**END**

---