



SPOKANE PARK BOARD STUDY SESSION

4:08 p.m. Dec. 14, 2017

City Hall Conference Room 5A, 5th floor, City Hall

NOTES

1. **Roll Call:** *Leroy Eadie*

Park Board: Chris Wright, President; Nick Sumner, Vice President; Leroy Eadie, Secretary; Ross Kelley; Greta Gilman; Rick Chase; Steve Salvatori (call-in); Sally Lodato; and Jennifer Ogden

Parks Staff and Guests: Jason Conley, Jennifer Papich, Rob Sanders, David Saraceno, Rex Schultz, Steve Conner, Mark Gardner, Doug Phares, Al Vorderbrueggen, Nick Hamad, Mark Buening, Ryan Griffith, Fianna Dickson and Hal McGlathery.

2. **Discussion Item:**

A. [Golf Strategic Plan](#) – Jason Conley presented an overview of the Golf Strategic Plan which included a Golf Enterprise Fund update, Golf Strategic Task Force purpose and opportunities outline, consultant observations and recommendations, and the staff Capital Plan.

B. [Golf Enterprise Fund](#) – In reviewing the 2018 Golf Enterprise Fund budget, adopted by the Park Board and City Council, Mr. Conley reported the following: Golf revenues are budgeted at \$3.77 million and expenses at \$3.65 million with a staff of 10.24 full-time employees. Riverfront Park revenues are budgeted at \$3.27 million and expenses at \$4.32 million. Recreation revenues are budgeted at \$1.5 million and expenses at \$3.22 million.

C. [Golf Strategic Task Force](#) – This team formed last year with its first meeting September 2016. Members include representatives from the Park Board, Mayor's office, Finance, Parks and Golf staff, Desautel Hege Communications and the golf community. Mr. Conley recapped the group's accomplishments. The task force assigned staff the following: 1) refine a list of capital needs; 2) review Esmeralda property deed; 3) explore dynamic/tiered pricing models; 4) research economic impact of golf in Spokane; and determine what makes the four courses unique.

D. [Golf Consultant](#) – Jim "JJ" Keegan, MBA/CPA, was hired this year. With more than 13 years as a golf strategist, he brought a depth of knowledge to the table. He conducted a 10-week, customized webinar series for the task force. Mr. Keegan stressed that the value of the golf experience must be greater than the price charged to play. Based on that premise, he recommended tiered pricing for all four city courses. Mr. Keegan believes Parks can raise

prices further if a capital plan is implemented resulting in improvements to the courses. Mr. Keegan offered recommendations for branding for each golf course. Additional observations by the consultant included: 1) deferred capital is hampering the playing experience and revenues; 2) the Golf Fund is over charged by the City; and 3) Golf Fund is not recovering all eligible revenue sources. Mr. Keegan suggested two options: 1) reconcile over charges and under-valued revenue streams, and remain an Enterprise Fund; or 2) return Golf to the Park Fund, and subsidize Golf as with other Parks activities and facilities. The task force is leaning toward the first option and maintaining the Golf Enterprise Fund.

E. [Enterprise Fund](#) – Mr. Conley reviewed the pros and cons of the Enterprise Fund for Golf, and the Park Fund for Golf.

F. [Other recreational opportunities](#) – The task force discussed more than 25 additional recreational uses at the golf courses, including cross-country skiing on groomed trails. Today, the Park Board approved a [pilot cross-country ski program](#) at Indian Canyon.

G. [Staff capital plan](#) – Mr. Conley recapped the staff capital plan which involves securing a \$7.5 million line of credit for irrigation and site improvements at the four courses. The goal is to complete one irrigation rebuild per golf course each year. In addition to irrigation systems, the plan includes implementing \$600,000 improvements per year for the next four years.

H. [Capital plan funding](#) – These funds would be derived from implementing a [facility impact fee](#) to every round beginning in 2018. [Other funding opportunities](#) include: 1) matching funds from city Utilities; 2) sponsorships; 3) Friends groups; 4) Park Fund revenues; 5) admission tax savings; and 6) inter-fund cost reductions. Mr. Conley shared a [spreadsheet outlining golf financing scenarios from 2018 through 2021](#).

3. **Adjournment**

A. The meeting adjourned at 5:20 p.m.

B. Next Park Board Study Session: 3:30 p.m. Jan. 11, 2018, at City Hall Conference Room 5A

Minutes approved by:



Leroy Eadie, Director of Parks and Recreation

Golf Strategic Plan



Today's Agenda



- Overview of Golf Enterprise Fund
- Golf Strategic Task Force, Purpose and Outcomes
- Identified Challenges and Opportunities
- Consultant Observations and Recommendations
- Staff Capital Plan

“Let’s Go!”
“While We’re Still Young!”



Golf Enterprise Fund



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2018 Budget Highlights

Golf Revenues:	\$3,766,270
Golf Expenses:	\$3,652, 068
Golf Employees FTE:	10.24

2018 Park Fund Budget Highlights

RFP Revenues:	\$3,267,000
RFP Expenses:	\$4,318,651
Recreation Revenues:	\$1,495,000
Recreation Expenses:	\$3,220,780

Golf Enterprise Fund



- 4 City of Spokane Golf Courses

- Downriver: Est. 1916
- Indian Canyon: Est. 1935
- Esmeralda: Est. 1956
- Qualchan: Est. 1992

- Mission Statement

To provide a quality recreational golf experience for the citizens of Spokane and visitors, by welcoming players of all ages and abilities; offering affordable rates; accessible, well-operated and maintained facilities; and outstanding customer service.

Golf Strategic Task Force



September 2016, Golf Strategic Task Force Inauguration

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Nick Summer

Ken Van Voorhis

Chris Wright

Tim Dunivant

Jason Conley

Nick Hamad

Mark Gardner

Bob Mielke

Christine Varela (DH)

Susan Traver

Ross Kelley

Theresa Sanders

Leroy Eadie

Al Vorderbrueggen

Fianna Dickson

Steve Conner

Dave Saraceno

Jessica Wade (DH)

Golf Strategic Task Force

September 2016 Agenda



Defining intended outcomes of the Strategic Task Force

- 1) Review of the Golf Mission Statement
- 2) Review of the Golf Organizational Chart
- 3) Overview of rounds played 2011-2015
- 4) Discussion of golf capital needs
- 5) Discussion of other recreational opportunities at golf courses
- 6) Outlining next steps:

Golf Strategic Task Force

Next Steps Assigned to Staff



- Refine list of capital needs
- Review property deed for Esmeralda
- Explore dynamic/tiered pricing models
- Research the economic impact of golf/Spokane
- Golf course branding—what makes our courses unique?

Staff Identified Challenges And Opportunities



- Refining list of capital needs
- Identifying funding source(s) for capital needs
- Researching dynamic/tiered pricing models
- Technology assessment
- Branding for each course
- Development of a capital strategic plan for golf

Golf Consultant

Jim (JJ) Keegan, MBA/CPA



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- Golf Strategist for 13 years including time as GM
- 2016 clients: Cities of Albuquerque, Baltimore, Brookings, Enid, Minneapolis, South Bend, Superior, Round Rock, and Spokane
- Visited 4,000+ courses in 46 countries
- Panelist for Golf Magazine's Top 100 golf courses
- Executive member of National Golf Foundation and Superintendents Association of America
- Golf Inc. "Top Consultant" award

JJ Keegan

Webinar Series Topics



- Why? Importance of course branding
- Golfer Local Market Analysis
- Weather—Impacts on Revenue—Forecasting
- Technology
- Financial Benchmarking
- Agronomy and Architecture
- Assembly Line of Golf
- Customer Habits and Preferences—Golf Survey
- Consultant Recommendations

JJ Keegan Consultant Recommendations



Recommendation— Tiered pricing at all 4 courses

Outcome—2018 pricing adopted by Park Board:

- ✓ Downriver \$37
- ✓ Esmeralda \$36
- ✓ Indian Canyon \$38
- ✓ Qualchan \$38

JJ Keegan

Consultant Recommendations



Recommendation— Value of the golf experience must be greater than the price charged to play

- Experience > Price = Financial Prosperity
- Price > Experience = Failure

Outcome—2018 prices reflect the current tipping point where experience > price. Consultant believes we can raise prices further upon implementing capital plan.

JJ Keegan Consultant Recommendations



Recommendation— Develop course branding

Outcome—Marketing brand developed for each course

- ✓ **Downriver** *A 100-year favorite; just down the river, just far enough away from everything else.*
- ✓ **Esmeralda** *Where the obsession starts; open spaces and flat fairways for all. Warm up your swing here.*
- ✓ **Indian Canyon** *Scenic vistas of downtown; rise above the stress and rise to the challenge of this historic course.*
- ✓ **Qualchan** *A grand challenge; modern, target-style golf into untamed, natural beauty with panoramic views.*



Observation— Deferred capital is hampering the playing experience and revenues

Keegan— “The golf course is a living organism that requires constant capital reinvestment to maintain the customer value proposition to avoid the death spiral of a declining experience.”

Outcome—Staff have been working for months to design a capital plan for the golf enterprise fund, towards rectifying this deferred maintenance.

JJ Keegan Consultant Observation



Observation— Golf fund is over-charged by City

General Administration	\$ 688,828
Golf Administration	\$ 364,422
Total Administration	\$1,053,250
Fair Market Value of Services (National Avg.= \$75,000 per course)	\$ 300,000
Excess Charges by City to Golf Fund	\$ 753,250
Number of years	25
Overcharges (Per Consultant)	\$18,831,250

Reason deferred capital has not been addressed

JJ Keegan Consultant Observation



Observation— Golf fund is not recovering all eligible revenue sources

Annual Admission tax paid to City(expense)	\$250,000/year
Pepsi Sponsorship paid to Park Fund	\$ 45,000/year
Storm water funds paid to Park Fund	\$ 400,000+/year
Park Fund Joint use agreement (2,300 rounds allocated to high school golf in exchange for gym space to support Recreational sports programs)	\$ 60,000/year
Total monies impacting golf fund	\$755,000/year

JJ Keegan Consultant Recommendations



Recommendation— Reconcile over-charges and under valued revenue streams and remain an Enterprise Fund (Strategic Task Force is leaning towards this model)

OR

Recommendation— Return golf to Park Fund and subsidize golf as with all other Parks and Recreation activities and facilities

Enterprise Fund for Golf Pros and Cons



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PROs:

- Revenues earned in golf, stay in golf
- Users (golfers) pay, non-users do not
- All courses supported
- Profit-focused fund

CONs:

- Expenditures must align with revenues
- No mechanism to off-set weather impacts
- Inter-fund impacts to golf fund—no controls

Park Fund for Golf Pros and Cons



PROs:

- Golf courses benefit entire community
- Less reliance on profit, more focus on benefit
- Consistent with funding of other types of recreation

CONs:

- Non-golfer subsidizes golf
- Capital projects compete with other Park facilities
- Revenues earned in golf, may not remain in golf
- Weather impacts in golf will also impact Park Fund

Strategic Task Force

Other Recreational Opportunities



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- During the inaugural Strategic Task Force Meeting over 25 alternate use ideas were discussed during a brain-storming session
- Historical activities were also discussed
- A pilot was presented at today's Park Board Meeting, towards revising a previous Board decision



Winter Recreation Pilot 2017-2018

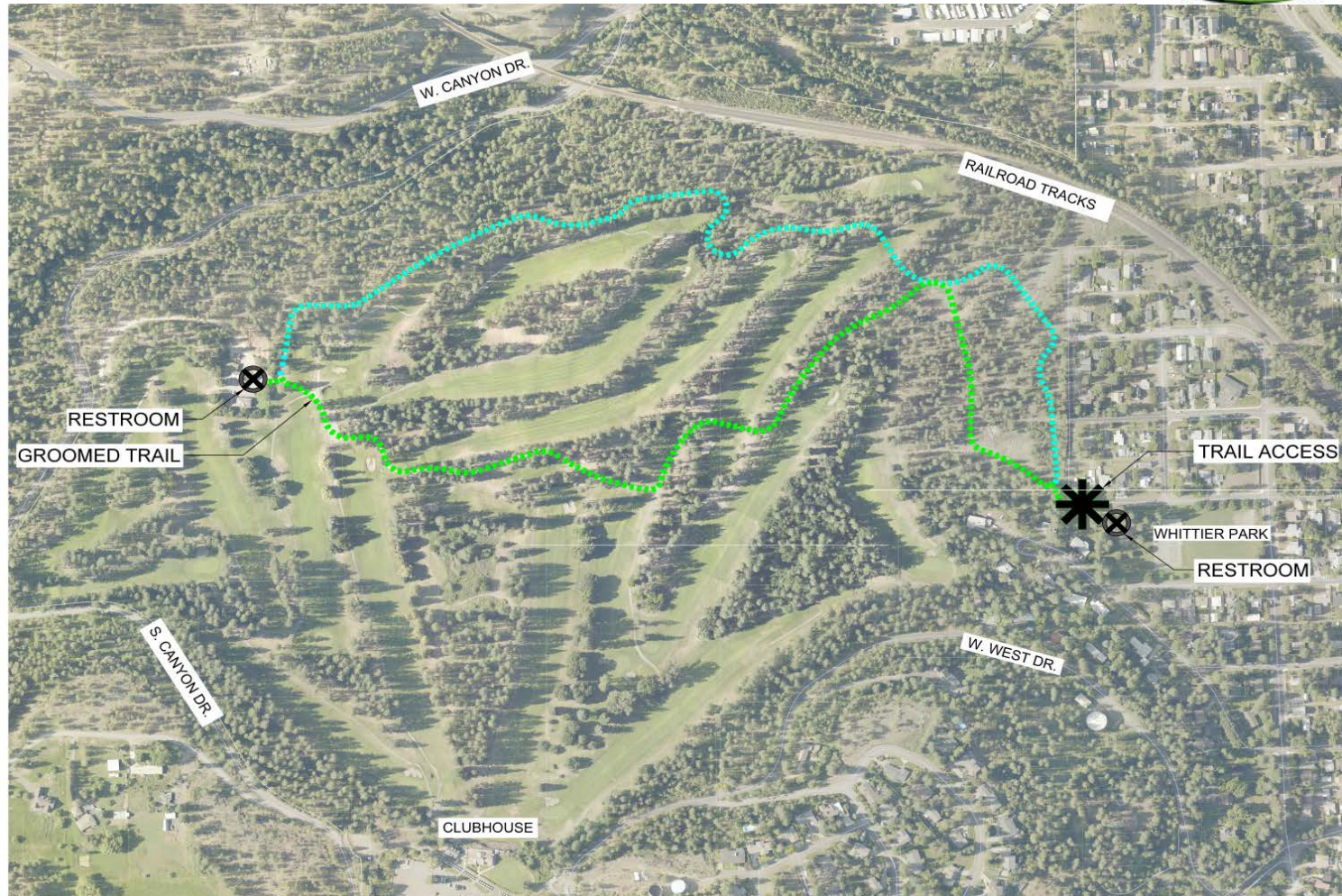


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CROSS COUNTRY SKI GROOMING AT INDIAN CANYON

- Provide winter recreation activities on groomed trails for xc and skate skiing
- Trail will be groomed primarily on course service roads and areas approved and routed by course Superintendent Josh Harty, Leroy Eadie and staff
- Main goal is to provide winter recreation while minimizing disturbance to manicured course turf
- Greens and fairways have been roped off
- Trail head access will be located at Whittier Park adjacent to the course
- Information signs will be placed at trail access and along route to direct skiers

Winter Recreation Pilot 2017-2018



Staff Capital Plan



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- Secure a \$7.5 million dollar line of credit for irrigation and site improvements
- Conduct 1 golf course irrigation rebuild per year for next 4 years
- Negotiate with Professionals, operational impacts and revenue mitigation

Staff Capital Plan



- In addition to irrigation systems, implement \$600,000/year on-course and off-course improvements for the next 4 years to include:
 - Green rebuilds
 - Cart paths—replacement and in-fill
 - Parking lot improvements
 - On-course restroom facilities
 - Drinking fountains

Staff Capital Plan



- Solicit input from men's/women's club, pros and maintenance staff to force rank improvements above and beyond irrigation systems
- Establish Golf Facility Impact Fee to fund debt service for future on-course and off-course capital investment projects

Capital Plan Funding Facility Impact Fee



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Beginning in 2018, implement a Facility Impact Fee to every round

2018—existing rates excess balance		\$114,000		
2018 + \$1.00/round	+	\$146,000	Net	\$260,000
2019 + \$1.00/round	+	\$146,000	Net	\$406,000
2020 + \$2.00/round	+	\$292,000	Net	\$698,000

***Assumes fixed interest rate @ 2.5%

Capital Plan Funding Additional Funding Sources



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- City (Utility) match funding opportunities
- Sponsorships
- Friends groups
- Revenues in Park Fund, not currently passed along to Golf Fund
- Admission tax savings
- Inter-fund cost reductions

Summary



- ✓ Overview of Golf Enterprise Fund
- ✓ Golf Strategic Task Force, Purpose and Outcomes
- ✓ Identified Challenges and Opportunities
- ✓ Consultant Observations and Recommendations
- ✓ Staff Capital Plan
- ✓ First Project—Indian Canyon Golf Course

