



CITY OF CONCORD

REPORT TO MAYOR AND THE CITY COUNCIL

FROM: David Gill, Parks and Recreation Director

DATE: October 1, 2015

SUBJECT: Approve this report for golf simulators and a supplemental appropriation for Beaver Meadow Golf Course

Recommendation

City staff and the Golf Course Advisory Committee recommend passage of a resolution to approve Golf Fund Bonds for \$130,000 and the passage of a supplemental FY16 Golf Budget that increases expenses by \$25,100 and revenues by \$39,160 to support the golf simulators at Beaver Meadow Golf Course.

Background

Beaver Meadow Golf Course (BMGC) is operated as an enterprise fund of the City. This operation has undergone significant improvements over the past several years. These improvements have enhanced the daily operations, course conditions and customer service. With a goal of bringing BMGC into a year round operation, this recommendation adds two indoor golf simulators for FY 2016.

Over the past several years, the City has added cross country skiing and increased the size of the pond for winter ice skating. Although both of these activities improve Concord's quality of life and recreational opportunities, they do not generate any additional revenue opportunities for either BMGC or the City's General Fund. Adding indoor golf simulators will make the golf course a year round destination while increasing revenues during the off season (December – April).

This overall plan has been approved by the Golf Course Advisory Committee and has the support of City Administration.

Discussion

As part of the ongoing improvements at Beaver Meadow Golf Course, the recommendation is to add two indoor golf simulators. This request also recommends upgrading our seasonal golf pro position to a full time year round PGA Professional position and hiring seasonal personnel as necessary to appropriately operate the two indoor golf simulators. Management will also handle advertising to promote increased play, lessons, camps, leagues and outings. As the revenues and profitability increase, funds will be invested for additional course improvement projects.

Business Plan Overview:

So far during the 2015 golf season, Beaver Meadow has seen an increase in the number of patrons playing golf. Monthly sales are ahead of the last year and are better than the past several years. The new 19th Hole Restaurant and new Golf Professional have been extremely well received by both members and daily golfers. The positive atmosphere and enthusiasm at the course is evident making Beaver Meadow the place to play. While revenue growth during the golf season is positive, there remains an opportunity to bring in additional revenue during the off season and during poor weather conditions.

Indoor golf simulators have gained in popularity at many golf courses nationwide. The simulators are a way for courses to maintain contact with their golfers. They increase revenues by offering leagues, club fittings and lessons during the off season. In the Greater Concord area there are currently three indoor seasonal golf simulators: Pembroke Pines has two and Loudon Country Club has one. All three are only operational December to March annually. Over the past year Derryfield Country Club in Manchester has added a third simulator and Rochester County Club installed three year round simulators this summer. In addition, both Pease and Manchester County Club also have had simulators for several years.

Beaver Meadow Golf Course has more than 250 season members, over 130 league players, as well as having an excess of 2,000 golfers that have signed up for our e-club service. If just 3% of these golfers use either of the two golf simulators regularly revenues will exceed projections.

With this plan Beaver Meadow will have two golf simulators, one of which will be the only year round golf simulator in the Greater Concord area.

Function Room and Pro Shop Simulators

The year round golf simulator will be set up in the function room. This unit will have a large seventeen foot screen that offers the largest indoor golf screen in Greater Concord. This unit will also function as a HDTV and have the ability to be used for business meetings and training seminars. The equipment is fully retractable to allow continued use of the room for functions and elections.

The second unit will be set up seasonally in the pro shop and will operate from December to March. This unit will have all the same features as the unit in the function room, for the exception of a slightly small screen, as well as the inability to retract.

The business plan calls for both units to be open seventy six hours a week from December to March and will have the ability to increase hours as business increases. The operating hours will be Monday – Thursday 12:00 pm to 10:00 pm and Friday – Sunday 10:00 am to 10:00 pm. If approved, the 19th Hole Restaurant at Beaver Meadow has agreed to be open during these times.

The initial revenue projections reflect 50% usage of open hours and show profitability for the investment. There is also an opportunity for additional revenue from the year round unit on rainy days during the golf season or during the “shoulder months” (April and November) when weather prevents the course from being open. These projections do not fully show all revenues during these months since they are limited by weather conditions. We do recognize, however, that we have more revenue opportunities than we are projecting at this time.

Function Room Golf Simulator – year round unit



Unit not in use- room fully useable



Unit ready for indoor golf

Pro Shop Unit - seasonal



Golf Simulator Budget Projections

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
| Revenues | | | | | | | |
| Golf Simulator Revenue | \$34,910 | \$54,000 | \$54,270 | \$54,540 | \$54,810 | \$55,080 | \$56,182 |
| Winter Golf Lessons net Revenue | \$1,250 | \$2,770 | \$2,770 | \$2,770 | \$2,770 | \$2,770 | \$2,770 |
| Additional Daily Fees & Leagues | \$1,000 | \$3,540 | \$7,150 | \$10,870 | \$10,870 | \$10,870 | \$10,870 |
| Additional Annual Concession Income | \$2,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| | \$39,160 | \$70,310 | \$74,190 | \$78,180 | \$78,450 | \$78,720 | \$79,822 |
| Expenses | | | | | | | |
| Additional Compensation & Benefits | \$21,354 | \$33,190 | \$33,850 | \$34,870 | \$35,570 | \$36,280 | \$37,368 |
| Debt Service | \$0 | \$30,095 | \$29,276 | \$28,457 | \$27,638 | \$26,819 | \$0 |
| Simulator Related O&M Expenses | \$3,750 | \$5,800 | \$5,860 | \$5,980 | \$6,040 | \$6,100 | \$6,222 |
| | \$25,104 | \$69,085 | \$68,986 | \$69,307 | \$69,248 | \$69,199 | \$43,590 |
| | | | | | | | |
| Net Fund Position | \$14,056 | \$1,225 | \$5,204 | \$8,873 | \$9,202 | \$9,521 | \$36,231 |

First full year of operation FY17

Seasonal Head Golf Professional to Full Time Year Round Employee

As part of this plan, it is recommended to change the current seasonal Golf Professional position to a full time year round position. This increase costs has been included in our supplemental budget request. An added benefit of having a year round golf professional will allow more “off season” planning for club fittings, private golf lessons, golf outings and overall outreach for the course to generate additional seasonal revenues. Please see additional report from the Human Services Director and associated Ordinance change.

Next Steps

With approving this plan and scheduling for public hearing for November the city will be issuing an RFP on Wednesday, October 14, for the two golf simulators. The RFP will close prior to the public hearing in November and will ensure our bond cost projections are 100 percent accurate. Two years ago the city sent out an RFP for golf simulators the bond request in this report (\$130,000) is consistent with the information obtained at that time (with projected increase of costs including \$10,000 for contingency).

If approved at the November City Council Meeting follow timeline will be followed:

- Sign contract for golf simulators – by November 20, 2015
- Begin upgrades to clubhouse for year round unit – finished early December, 2015
- Advertise winter golf leagues and lessons – beginning December 1, 2015
- Golf simulators installed by first half of January, 2016
- Both units are in operation by mid-January, 2016.