



The MISSION of the Yankton Department of Parks and Recreation is to enhance the quality-of-life (social, cultural, educational, and physical well-being) for the citizens of Yankton and the surrounding area through responsible, innovative, and cost-effective creation, maintenance, and management of high quality parks, facilities, programs, and community special events.

MINUTES
FOX RUN GOLF ADVISORY BOARD
Thursday, September 28, 2017

Fox Run Golf Course Clubhouse – 12:00 P.M.

I. ROUTINE BUSINESS

Roll Call:

Present: Annette Kohoutek, Carll Kretsinger, Steve Sager, Jim Miner, Dan Kramer, Terry Carda.

Absent: Commissioner Stephanie Moser.

Also present were Golf Operations Manager Tom Jeffers, Course Superintendent Rockie Wampol, and Department Secretary Chasity McHenry.

Public Appearances: None.

Minutes: August 17, 2017 minutes approved. Kretsinger motioned, Sager second. Motion carried 6-0.

II. NEW BUSINESS

- A. Monthly round report and season pass report from Tom J. and course software. (attachment) For as cool and wet as August was, revenue was up on rounds played in August. Other reports attached were run from January to September 28, 2017, and compared to last year's revenues run January to December 31, 2016, and the good news is this year's revenue is up \$4000.00 over all of 2016. Finally, the normal comparative report for sales by detail category is attached and compares 2017 to 2016 Year-to-Date through September 28.
- B. League updates. Fall league starts next week. 14 men's teams and 4 ladies' teams. Same number of teams as last year.
- C. Year-to-Date Financials through August 31 from City Software. City Financials show total revenues are up from last year. The net operating income is also ahead of last year and at a positive \$18,674 without adjusting for capital expenses.
- D. New revenue ideas discussion. Have a burger night as a special. Take reservations for food orders. More advertising for food offerings and specials.
- E. 2017 course events update. October 5th is the 2 Man Scramble. October 10th is the 4 Man Scramble. October 17th is the 6-6-6. October 24th is the 2-Man Vegas. October 31st is the Blind Draw. November 7th is the 4-Man Vegas. November 14th is the Sr.

Shootout. November 21st is the Sr. Cross Country and November 28th is the Frozen Tundra Open.

- F. Summary of National Golf Foundation Report for the three city-owned golf courses in Sioux Falls. (attachment) Fox Run is trying to minimize the net losses in each budget year. The goal is to get the yearly net income loss down to \$30,000.
- G. Investigate the removal of the four trees between the club house and 18th green. The trees block the view when sitting on the deck and trying to view the 18th green. Rockie is going to investigate the trees. The oak may be able to move and he is also going to trim them up to see if that helps with visibility.
- H. Leveling ladies tee boxes. Rockie will look into leveling the boxes.
- I. 2017 Capital Plan for Fox Run Golf Course. (attachment) The City is working under a 5% budget reduction in 2017 due to sales tax collection amounts. The Board is wondering if asphalt would be cheaper to use for cart paths instead of concrete?
- J. Course conditions and projects. Rockie plans on deep-tining the greens this next week if the weather is good.

III. OTHER BUSINESS

- A. Next Meeting Thursday, October 19, 2017.

IV. ADJOURN

Kretsinger motioned, Kramer second. Motion carried 6-0.

Fox Run Golf Course

Comparative Sales Summary by Department

Aug 01, '17 - Aug 31, '17 Aug 01, '16 - Aug 31, '16

	<u>Qty</u>	<u>Sales</u>	<u>Qty</u>	<u>Sales</u>	<u>QtyΔ</u>	<u>\$Δ</u>	<u>%Δ</u>
Golf Course Revenue Total:	4,303	\$42,468.11	4,079	\$41,405.87	224	1,062.24	2.57%
Golf Shop Revenue Total:	1,267	\$11,417.85	1,157	\$12,960.43	110	-1,542.58	-11.90%
Food & Beverage Reve Total:	6,877	\$25,562.08	6,712	\$24,143.46	165	1,418.62	5.88%
Simulator Revenue Total:	2	\$500.00	0	\$0.00	2	500.00	100.00%
Advertising Revenue Total:	2	\$400.00	1	\$994.61	1	-594.61	-59.78%
Unrecognized Revenue Total:	1,152	\$2,731.57	535	\$36,273.87	617	-33,542.30	-92.47%
Grand Total:	13,603	\$83,079.61	12,484	\$115,778.24	1,119	-32,698.63	-28.24%

Fox Run Golf Course

Sales Summary By Department

From: Tuesday, August 1, 2017

To: Thursday, August 31, 2017

Account #	Qty	Sales	Cost	Margin %
Golf Course Revenue Total:	4,303	\$42,468.11	\$0.00	100.00
Golf Shop Revenue Total:	1,267	\$11,417.85	\$8,869.32	22.32
Food & Beverage Reve Total:	6,877	\$25,562.08	\$5,003.73	80.43
Simulator Revenue Total:	2	\$500.00	\$0.00	100.00
Advertising Revenue Total:	2	\$400.00	\$0.00	100.00
Unrecognized Revenue Total:	1,152	\$2,731.57	\$0.00	100.00
Grand Total:	13,603	\$83,079.61	\$13,873.05	83.30

Fox Run Golf Course

Comparative Sales Summary by Department

	Jan 01, '17 - Sep 28, '17		Jan 01, '16 - Dec 31, '16		QtyΔ	\$Δ	%Δ
	Qty	Sales	Qty	Sales			
Golf Course Revenue Total:	24,637	\$435,734.73	25,594	\$445,088.42	-957	-9,353.69	-2.10%
Golf Shop Revenue Total:	6,632	\$65,705.59	7,606	\$91,063.55	-974	-25,357.96	-27.85%
Food & Beverage Reve Total:	38,884	\$141,679.83	41,033	\$140,560.63	-2,149	1,119.20	0.80%
Simulator Revenue Total:	357	\$5,378.84	631	\$8,594.59	-274	-3,215.75	-37.42%
Advertising Revenue Total:	6	\$1,900.00	5	\$3,694.61	1	-1,794.61	-48.57%
Unrecognized Revenue Total:	5,939	\$83,508.25	2,997	\$67,813.87	2,942	15,694.38	23.14%
Accounts Receivables Total:	37	(\$25,450.47)	51	(\$52,370.45)	-14	26,919.98	-51.40%
Grand Total:	<u>76,502</u>	<u>\$708,460.77</u>	<u>77,917</u>	<u>\$704,445.22</u>	<u>-1,415</u>	<u>* 4,015.55</u>	<u>0.57%</u>

Fox Run Golf Course

Comparative Sales Detail by Department: Golf Course Revenue

Item #	Description	Jan 01, '17 - Sep 28, '17		Jan 01, '16 - Sep 28, '16		QtyΔ	SΔ	%Δ
		Qty	Sales	Qty	Sales			
Department: Golf Course Revenue								
2918	11 Fall Pass	2	\$0.00	0	\$0.00	2	0.00	0.00%
Sub Department: Green Fees - Daily								
4535	Specials - 18 For 9	0	\$0.00	0	\$0.00	0	0.00	0.00%
Category: Weekday								
4764	Coupon - Comeback	1,025	(\$3,075.00)	0	\$0.00	1,025	-3,075.00	-100.00%
Sub Category: Daily								
Type: 18 Holes								
1352	M-F18summer Gf	42	\$959.51	1,114	\$24,921.41	-1,072	-23,961.90	-96.15%
1358	M-F 18 Winter Gf	0	\$0.00	56	\$628.32	-56	-628.32	-100.00%
2938	Weekday 18 Senior	3	\$56.10	224	\$4,188.80	-221	-4,132.70	-98.66%
2947	Junior 18 Holes	0	\$0.00	37	\$414.77	-37	-414.77	-100.00%
4689	Summer 18 Hole Gf	1,040	\$21,286.67	0	\$0.00	1,040	21,286.67	100.00%
4691	Off Season 18 Hole Gf	23	\$369.15	0	\$0.00	23	369.15	100.00%
4693	Sr 18 Hole Gf	313	\$6,112.89	0	\$0.00	313	6,112.89	100.00%
4695	Sr Off Season 18 Hole Gf	3	\$43.98	0	\$0.00	3	43.98	100.00%
4697	Junior 18 Hole Gf	33	\$552.75	0	\$0.00	33	552.75	100.00%
4699	Junior Off Season 18 Hole Gf	1	\$12.56	0	\$0.00	1	12.56	100.00%
18 Holes Total:		1,458	\$29,393.61	1,431	\$30,153.30	27	-759.69	-2.52%
Type: 9 Holes								
1353	M-F 9 Summer Gf	0	\$0.00	1,637	\$28,099.76	-1,637	-28,099.76	-100.00%
1382	M-F 9 Group-Outing Gf	0	\$0.00	0	\$0.00	0	0.00	0.00%
2939	Weekday 9 Senior	0	\$0.00	108	\$1,514.16	-108	-1,514.16	-100.00%
2946	Junior 9 Holes	0	\$0.00	217	\$1,321.75	-217	-1,321.75	-100.00%
3320	M-F 9 Winter Gf	0	\$0.00	53	\$371.53	-53	-371.53	-100.00%
3685	M-F Fall 9	0	\$0.00	1	\$12.15	-1	-12.15	-100.00%
4690	Summer 9 Hole Gf	1,465	\$23,176.30	0	\$0.00	1,465	23,176.30	100.00%
4692	Off Season 9 Hole Gf	20	\$237.40	0	\$0.00	20	237.40	100.00%
4694	Sr 9 Hole Gf	178	\$2,484.88	0	\$0.00	178	2,484.88	100.00%
4696	Sr Off Season 9 Hole Gf	1	\$10.47	0	\$0.00	1	10.47	100.00%
4698	Junior 9 Hole Gf	169	\$1,802.84	0	\$0.00	169	1,802.84	100.00%
9 Holes Total:		1,833	\$27,711.89	2,016	\$31,319.35	-183	-3,607.46	-11.52%
Daily Total:		3,291	\$57,105.50	3,447	\$61,472.65	-156	-4,367.15	-7.10%
Sub Category: Event								
Type: 18 Holes								
1381	M-F 18 Group-Outing Gf	0	\$0.00	76	\$2,059.60	-76	-2,059.60	-100.00%
4705	Schools 18 Hole Event Gf	51	\$679.64	0	\$0.00	51	679.64	100.00%
18 Holes Total:		51	\$679.64	76	\$2,059.60	-25	-1,379.96	-67.00%
Type: 9 Holes								
4707	Outside Group Wkdy 9 Hole Gf	1	\$15.82	0	\$0.00	1	15.82	100.00%
9 Holes Total:		1	\$15.82	0	\$0.00	1	15.82	100.00%

Fox Run Golf Course

Comparative Sales Detail by Department: Golf Course Revenue

Item #	Description	Jan 01, '17 - Sep 28, '17		Jan 01, '16 - Sep 28, '16		QtyΔ	\$Δ	%Δ
		Qty	Sales	Qty	Sales			
Event Total:		52	\$695.46	76	\$2,059.60	-24	-1,364.14	-66.23%
Sub Category: Specials								
Type: 18 Holes								
3171	Specials 18-Hole Reciprocal G F + Cart	33	\$443.46	43	\$602.86	-10	-159.40	-26.44%
4718	Special Great Life 18 Hole Gf	356	\$3,310.80	0	\$0.00	356	3,310.80	100.00%
4720	Special 4 For 3 18 Hole Gf	4	\$64.20	0	\$0.00	4	64.20	100.00%
18 Holes Total:		393	\$3,818.46	43	\$602.86	350	3,215.60	533.39%
Type: 9 Holes								
4719	Special Great Life 9 Hole Gf	156	\$725.40	0	\$0.00	156	725.40	100.00%
9 Holes Total:		156	\$725.40	0	\$0.00	156	725.40	100.00%
Specials Total:		549	\$4,543.86	43	\$602.86	506	3,941.00	653.72%
Weekday Total:		4,917	\$59,269.82	3,566	\$64,135.11	1,351	-4,865.29	-7.59%
Category: Weekend								
Sub Category: Daily								
Type: 18 Holes								
1359	Sa-Su 18 Summer Gf	0	\$0.00	1,172	\$26,614.45	-1,172	-26,614.45	-100.00%
1361	Sa-Su 18 winter Gf	0	\$0.00	121	\$1,357.62	-121	-1,357.62	-100.00%
2944	Sa-Su Non-Family Unlimited After 4:00	0	\$0.00	34	\$409.36	-34	-409.36	-100.00%
4496	Weekend 18 Hole Gf	0	\$0.00	1	\$22.90	-1	-22.90	-100.00%
4708	Weekend Summer 18 Hole Gf	1,161	\$29,461.80	0	\$0.00	1,161	29,461.80	100.00%
4709	Weekend Off Season 18 Hole Gf	23	\$449.19	0	\$0.00	23	449.19	100.00%
18 Holes Total:		1,184	\$29,910.99	1,328	\$28,404.33	-144	1,506.66	5.30%
Type: 9 Holes								
1360	Sa-Su 9 Summer Gf	0	\$0.00	880	\$15,215.20	-880	-15,215.20	-100.00%
2942	Sa-Su Family 9	0	\$0.00	14	\$117.74	-14	-117.74	-100.00%
2943	Sa-Su Non-Family 9 After 4:00	0	\$0.00	75	\$630.75	-75	-630.75	-100.00%
4443	Sa-Su 9 winter Gf	0	\$0.00	74	\$553.52	-74	-553.52	-100.00%
4710	Weekend Summer 9 Hole Gf	1,119	\$22,905.93	0	\$0.00	1,119	22,905.93	100.00%
4711	Weekend Off Season 9 Hole Gf	46	\$706.10	0	\$0.00	46	706.10	100.00%
9 Holes Total:		1,165	\$23,612.03	1,043	\$16,517.21	122	7,094.82	42.95%
Daily Total:		2,349	\$53,523.02	2,371	\$44,921.54	-22	8,601.48	19.15%
Sub Category: Event								
Type: 18 Holes								
4078	Sa-Su Y H S Boosters	13	\$241.80	0	\$367.52	13	-125.72	-34.21%
18 Holes Total:		13	\$241.80	0	\$367.52	13	-125.72	-34.21%
Type: 9 Holes								
1384	Sa-Su 9 Group-Outing Gf	0	\$0.00	80	\$1,116.00	-80	-1,116.00	-100.00%
4713	Weekend Outside Group 9 Hole Gf	2	\$39.06	0	\$0.00	2	39.06	100.00%
9 Holes Total:		2	\$39.06	80	\$1,116.00	-78	-1,076.94	-96.50%
Event Total:		15	\$280.86	80	\$1,483.52	-65	-1,202.66	-81.07%
Sub Category: Specials								
Type: 18 Holes								

Fox Run Golf Course

Comparative Sales Detail by Department: Golf Course Revenue

Item #	Description	Jan 01, '17 - Sep 28, '17		Jan 01, '16 - Sep 28, '16		QtyΔ	\$Δ	%Δ
		Qty	Sales	Qty	Sales			
4714	Weekend Special Great Life 18 Hole Gf	0	\$0.00	0	\$0.00	0	0.00	0.00%
4716	Weekend Special 4 For 3 /18 Hole Gf	4	\$78.12	0	\$0.00	4	78.12	100.00%
18 Holes Total:		4	\$78.12	0	\$0.00	4	78.12	100.00%
Type: 9 Holes								
4715	Weekend Special Great Life 9 Hole Gf	1	\$4.66	0	\$0.00	1	4.66	100.00%
9 Holes Total:		1	\$4.66	0	\$0.00	1	4.66	100.00%
Specials Total:		5	\$82.78	0	\$0.00	5	82.78	100.00%
Weekend Total:		2,369	\$53,886.66	2,451	\$46,405.06	-82	7,481.60	16.12%
Category: Pass Rounds								
1379	M-F Industry Pro Gf	1	\$0.00	7	\$0.00	-6	0.00	0.00%
1380	Sa-Su Industry Pro Gf	0	\$0.00	12	\$0.00	-12	0.00	0.00%
3967	M-F First Tee	0	\$0.00	7	\$0.00	-7	0.00	0.00%
4095	Sa-Su Free Pass (no Cart Included)	0	\$0.00	4	\$0.00	-4	0.00	0.00%
4324	M-F Free Pass-No Cart	0	\$0.00	4	\$0.00	-4	0.00	0.00%
Sub Category: Member								
Type: Limited								
1373	M-F 18 Ltd Pass Sum Gf	0	\$0.00	20	\$0.00	-20	0.00	0.00%
1374	M-F 18 Ltd Pass Winter Gf	0	\$0.00	14	\$0.00	-14	0.00	0.00%
1376	M-F 9 Pass Limited Winter Gf	0	\$0.00	1	\$0.00	-1	0.00	0.00%
4406	M-F Ltd. Fall 18	0	\$0.00	2	\$0.00	-2	0.00	0.00%
4407	M-F Limited 9 Pass	0	\$0.00	3	\$0.00	-3	0.00	0.00%
4703	Limited 18 Hole Gf	512	\$0.00	0	\$0.00	512	0.00	0.00%
4704	Limited 9 Hole Gf	204	\$0.00	0	\$0.00	204	0.00	0.00%
Limited Total:		716	\$0.00	40	\$0.00	676	0.00	0.00%
Type: Unlimited								
1366	Sa-Su 18pass Unlimited Winter Gf	0	\$0.00	380	\$0.00	-380	0.00	0.00%
1367	Sa-Su 9 Pass Summer Unlimited Gf	0	\$0.00	200	\$0.00	-200	0.00	0.00%
1368	Sa-Su 9pass Unlimited Winter Gf	0	\$0.00	10	\$0.00	-10	0.00	0.00%
1369	M-F Fall 18 Pass Unlimited Gf	0	\$0.00	18	\$0.00	-18	0.00	0.00%
1370	M-F 18 Pass Unlimited Winter Gf	3	\$0.00	265	\$0.00	-262	0.00	0.00%
1371	M-F 9 Pass Summer Unlimited Gf	0	\$0.00	1,274	\$0.00	-1,274	0.00	0.00%
1372	M-F 9 Pass Unlimited Winter Gf	0	\$0.00	5	\$0.00	-5	0.00	0.00%
3862	Sa-Su 18 Pass Summer Unlimited Gf	0	\$0.00	488	\$0.00	-488	0.00	0.00%
3863	M-F 18 Unlimited Pass Summer Gf	25	\$0.00	4,883	\$0.00	-4,858	0.00	0.00%
4082	M-F Fall 9 Pass Unlimited Gf	0	\$0.00	11	\$0.00	-11	0.00	0.00%
4701	Unlimited 18 Hole Gf	5,544	\$0.00	0	\$0.00	5,544	0.00	0.00%
4702	Unlimited 9 Hole Gf	1,593	\$0.00	0	\$0.00	1,593	0.00	0.00%
Unlimited Total:		7,165	\$0.00	7,534	\$0.00	-369	0.00	0.00%
Member Total:		7,881	\$0.00	7,574	\$0.00	307	0.00	0.00%
Sub Category: Schools								

Fox Run Golf Course

Comparative Sales Detail by Department: Golf Course Revenue

Item #	Description	Jan 01, '17 - Sep 28, '17		Jan 01, '16 - Sep 28, '16		QtyΔ	ΔA	%Δ
		Qty	Sales	Qty	Sales			
1394	M-F 9 High School Golf Team Gf	0	\$0.00	127	\$0.00	-127	0.00	0.00%
2590	Mount Marty Golf Team	2	\$0.00	90	\$0.00	-88	0.00	0.00%
4688	School Golf Teams Gf	288	\$0.00	0	\$0.00	288	0.00	0.00%
Schools Total:		290	\$0.00	217	\$0.00	73	0.00	0.00%
Sub Category: Comp Rounds								
4726	Complimentary Round	122	\$0.00	0	\$0.00	122	0.00	0.00%
Comp Rounds Total:		122	\$0.00	0	\$0.00	122	0.00	0.00%
Pass Rounds Total:		8,294	\$0.00	7,825	\$0.00	469	0.00	0.00%
Category: Not Valid								
Sub Category: Event								
Type: 18 Holes								
3173	M-F High School Tourney Green Fee	0	\$0.00	133	\$1,823.00	-133	-1,823.00	-100.00%
4340	State B Practice Round	0	\$0.00	2	\$30.00	-2	-30.00	-100.00%
18 Holes Total:		0	\$0.00	135	\$1,853.00	-135	-1,853.00	-100.00%
Event Total:		0	\$0.00	135	\$1,853.00	-135	-1,853.00	-100.00%
Not Valid Total:		0	\$0.00	135	\$1,853.00	-135	-1,853.00	-100.00%
Green Fees - Daily Total:		15,580	\$113,156.48	13,977	\$112,393.17	1,603	763.31	0.68%
Sub Department: Annual Pass Fees								
Category: Limited								
Sub Category: Adult								
1410	Annual Pass Adult Limited Play	39	\$15,400.00	45	\$18,219.03	-6	-2,819.03	-15.47%
3318	Annual Pass Adult Limited Play + 1	5	\$2,455.83	7	\$3,598.14	-2	-1,142.31	-31.75%
4673	'17-Annual Pass Adult Limited Play	5	\$1,937.47	0	\$0.00	5	1,937.47	100.00%
Adult Total:		49	\$19,793.30	52	\$21,817.17	-3	-2,023.87	-9.28%
Sub Category: Jr Adult								
4436	Annual Pass Individual Jr. Adult Limited Pl	1	\$186.05	4	\$747.68	-3	-561.63	-75.12%
Jr Adult Total:		1	\$186.05	4	\$747.68	-3	-561.63	-75.12%
Limited Total:		50	\$19,979.35	56	\$22,564.85	-6	-2,585.50	-11.46%
Category: Unlimited								
Sub Category: Adult								
1408	Annual Pass Individual Adult +1	74	\$48,689.26	85	\$57,991.25	-11	-9,301.99	-16.04%
1409	Annual Pass Adult Individual	127	\$64,595.41	145	\$75,417.62	-18	-10,822.21	-14.35%
4192	Annual Pass Additional Child	15	\$809.25	10	\$560.80	5	248.45	44.30%
4669	'17-Annual Pass Adult Individual	23	\$12,235.67	0	\$0.00	23	12,235.67	100.00%
4671	'17 -Annual Pass Individual Adult +1	4	\$2,824.20	0	\$0.00	4	2,824.20	100.00%
4685	'17-Annual Pass Additional Child	3	\$182.34	0	\$0.00	3	182.34	100.00%
4836	Kynt '17 -Annual Pass Individual Adult +1	2	\$0.00	0	\$0.00	2	0.00	0.00%
4837	Kynt '17-Annual Pass Adult Individual	1	\$0.00	0	\$0.00	1	0.00	0.00%
Adult Total:		249	\$129,336.13	240	\$133,969.67	9	-4,633.54	-3.46%
Sub Category: Jr Adult								
4435	Annual Pass Jr. Adult Individual	30	\$8,176.73	30	\$8,411.37	0	-234.64	-2.79%
4670	'17-Annual Pass Jr. Adult Individual	26	\$7,488.20	0	\$0.00	26	7,488.20	100.00%

Fox Run Golf Course

Comparative Sales Detail by Department: Golf Course Revenue

Item #	Description	Jan 01, '17 - Sep 28, '17		Jan 01, '16 - Sep 28, '16		QtyΔ	\$Δ	%Δ
		Qty	Sales	Qty	Sales			
4839	Kynt '17-Annual Pass Jr. Adult Individual	1	\$0.00	0	\$0.00	1	0.00	0.00%
Jr Adult Total:		57	\$15,664.93	30	\$8,411.37	27	7,253.56	86.24%
Sub Category: College/jr								
1411	Annual Pass College	26	\$4,470.96	24	\$4,127.04	2	343.92	8.33%
1412	Annual Pass H.s. Or Younger	18	\$2,140.38	24	\$2,938.32	-6	-797.94	-27.16%
4657	'17-Annual Pass College	5	\$888.35	0	\$0.00	5	888.35	100.00%
4658	'17-Annual Pass H.s. Or Younger	5	\$632.55	0	\$0.00	5	632.55	100.00%
College/jr Total:		54	\$8,132.24	48	\$7,065.36	6	1,066.88	15.10%
Unlimited Total:		360	\$153,133.30	318	\$149,446.40	42	3,686.90	2.47%
Annual Pass Fees Total:		410	\$173,112.65	374	\$172,011.25	36	1,101.40	0.64%
Sub Department: Golf Carts								
Category: Pull Cart Rental								
1431	Pull Cart Rental	123	\$460.02	98	\$366.52	25	93.50	25.51%
Pull Cart Rental Total:		123	\$460.02	98	\$366.52	25	93.50	25.51%
Category: Cart Storage								
1415	Annual Golf Car Storage Fee	82	\$20,399.41	92	\$23,840.95	-10	-3,441.54	-14.44%
4678	'17-Annual Golf Car Storage Fee	2	\$544.60	0	\$0.00	2	544.60	100.00%
Cart Storage Total:		84	\$20,944.01	92	\$23,840.95	-8	-2,896.94	-12.15%
Category: Annual Trail Fee								
1414	Annual Trail Fee	135	\$21,768.67	156	\$26,107.20	-21	-4,338.53	-16.62%
2948	Annual Trail Fee (co-Owner)	18	\$1,095.22	18	\$1,261.80	0	-166.58	-13.20%
4675	'17-Annual Trail Fee	3	\$516.30	0	\$0.00	3	516.30	100.00%
4677	'17-Annual Trail Fee (co-Owner)	4	\$372.08	0	\$0.00	4	372.08	100.00%
Annual Trail Fee Total:		160	\$23,752.27	174	\$27,369.00	-14	-3,616.73	-13.21%
Category: Annual Cart Rental								
1426	Annual Golf Car Lease - Individual	18	\$6,474.54	18	\$6,635.48	0	-160.94	-2.43%
1427	Annual Golf Car Lease - Individual +1	8	\$3,724.65	8	\$3,887.92	0	-163.27	-4.20%
4679	'17-Annual Golf Car Lease - Individual	4	\$1,525.60	0	\$0.00	4	1,525.60	100.00%
4680	'17-Annual Golf Car Lease - Individual +1	1	\$493.02	0	\$0.00	1	493.02	100.00%
Annual Cart Rental Total:		31	\$12,217.81	26	\$10,523.40	5	1,694.41	16.10%
Category: Daily Cart Usage								
Sub Category: Trail Fees								
1413	Trail Fee Daily	59	\$544.98	65	\$514.35	-6	30.63	5.96%
Trail Fees Total:		59	\$544.98	65	\$514.35	-6	30.63	5.96%
Sub Category: 9 Holes								
1388	Golf Car 9	2,720	\$25,296.00	2,455	\$22,855.90	265	2,440.10	10.68%
2940	Golf Car 9 Senior	387	\$2,488.74	211	\$985.37	176	1,503.37	152.57%
9 Holes Total:		3,107	\$27,784.74	2,666	\$23,841.27	441	3,943.47	16.54%
Sub Category: 18 Holes								
1375	Golf Car 18 SE	0	\$0.00	1	\$0.00	-1	0.00	0.00%
1385	Golf Car 18	2,317	\$32,062.75	2,462	\$29,645.09	-145	2,417.66	8.16%

Fox Run Golf Course

Comparative Sales Detail by Department: Golf Course Revenue

Item #	Description	Jan 01, '17 - Sep 28, '17		Jan 01, '16 - Sep 28, '16		QtyΔ	\$Δ	%Δ
		Qty	Sales	Qty	Sales			
1829	Golf Car Tournament Car	20	\$500.00	14	\$350.00	6	150.00	42.86%
2941	Golf Car 18 Senior	336	\$3,753.12	234	\$2,187.90	102	1,565.22	71.54%
2945	Golf Car After 4:00	0	\$0.00	36	\$252.36	-36	-252.36	-100.00%
2949	Rider Fee	52	\$241.80	4	\$18.68	48	223.12	1,194.43%
4415	Golf Car Y H S Boosters	7	\$52.26	29	\$269.70	-22	-217.44	-80.62%
18 Holes Total:		2,732	\$36,609.93	2,780	\$32,723.73	-48	3,886.20	11.88%
Daily Cart Usage Total:		5,898	\$64,939.65	5,511	\$57,079.35	387	7,860.30	13.77%
Golf Carts Total:		6,296	\$122,313.76	5,901	\$119,179.22	395	3,134.54	2.63%
Sub Department: Range								
Category: Range Balls Daily								
1416	Small Range Bucket	699	\$3,171.75	966	\$3,558.10	-267	-386.35	-10.86%
3642	Range Token - Junior Golf	40	\$72.40	34	\$31.28	6	41.12	131.46%
4503	Large Range Bucket	986	\$8,122.09	1,044	\$7,704.72	-58	417.37	5.42%
4730	Junior Golf Member Bucket	3	\$11.01	0	\$0.00	3	11.01	100.00%
Range Balls Daily Total:		1,728	\$11,377.25	2,044	\$11,294.10	-316	83.15	0.74%
Category: Range Balls Annual								
1418	Range Pass Individual	34	\$3,082.48	44	\$4,009.40	-10	-926.92	-23.12%
1420	Range Pass High School Student	7	\$321.09	8	\$368.72	-1	-47.63	-12.92%
2613	Range Pass College	2	\$137.60	0	\$0.00	2	137.60	100.00%
3636	Range Pass Additional Member	14	\$258.02	12	\$221.16	2	36.86	16.67%
4681	'17-Range Pass High School	1	\$55.04	0	\$0.00	1	55.04	100.00%
4684	'17-Range Pass Individual	6	\$595.43	0	\$0.00	6	595.43	100.00%
Range Balls Annual Total:		64	\$4,449.66	64	\$4,599.28	0	-149.62	-3.25%
Category: Range - Non-Tax								
1764	Range Pass - High School/college Golf Team	4	\$600.00	2	\$300.00	2	300.00	100.00%
4341	Range - High School Tournaments	145	\$580.00	261	\$1,044.00	-116	-464.00	-44.44%
4610	Yhs Invite Range Balls	0	\$0.00	12	\$180.00	-12	-180.00	-100.00%
Range - Non-Tax Total:		149	\$1,180.00	275	\$1,524.00	-126	-344.00	-22.57%
Range Total:		1,941	\$17,006.91	2,383	\$17,417.38	-442	-410.47	-2.36%
Sub Department: Handicaps								
Category: Handicap Fee								
1444	Handicap Fee - Adult	354	\$8,299.51	339	\$7,997.01	15	302.50	3.78%
4761	Handicap Fee - Junior	1	\$9.39	0	\$0.00	1	9.39	100.00%
Handicap Fee Total:		355	\$8,308.90	339	\$7,997.01	16	311.89	3.90%
Handicaps Total:		355	\$8,308.90	339	\$7,997.01	16	311.89	3.90%
Sub Department: Lessons								
Category: Private								
1429	Lessons (1)	24	\$892.10	5	\$319.61	19	572.49	179.12%
2873	Lessons- Series Of 5	1	\$187.80	0	\$0.00	1	187.80	100.00%
Private Total:		25	\$1,079.90	5	\$319.61	20	760.29	237.88%
Category: Group								

Fox Run Golf Course

Comparative Sales Detail by Department: Golf Course Revenue

Item #	Description	Jan 01, '17 - Sep 28, '17		Jan 01, '16 - Sep 28, '16		QtyΔ	\$Δ	%Δ
		Qty	Sales	Qty	Sales			
4727	Lessons - Group 2 To 5 People(3 Lessons)	0	\$0.00	0	\$0.00	0	0.00	0.00%
	Group Total:	0	\$0.00	0	\$0.00	0	0.00	0.00%
Category: Junior Lessons								
4728	Lessons - Jr (1)	2	\$42.24	0	\$0.00	2	42.24	100.00%
4858	Lessons - Advanced Junior Golf	9	\$633.87	0	\$0.00	9	633.87	100.00%
	Junior Lessons Total:	11	\$676.11	0	\$0.00	11	676.11	100.00%
	Lessons Total:	36	\$1,756.01	5	\$319.61	31	1,436.40	449.42%
	Golf Course Revenue Total:	24,620	\$435,654.71	22,979	\$429,317.64	1,641	6,337.07	1.48%
	Grand Total:	24,620	\$435,654.71	22,979	\$429,317.64	1,641	6,337.07	1.48%

09/15/17

Fox Run Golf Course
Statement of Revenues & Expenses

	01Aug2017 31Aug2017	01Aug2016 31Aug2016	01Jan2017 31Aug2017	01Jan2016 31Aug2016	Legal Budget
Direct Revenues:					
Concessions	29,705.74	28,853.17	126,940.26	113,708.29	155,880.00
Pro Shop	14,319.67	13,492.61	57,892.45	54,800.49	57,800.00
Course	45,150.23	40,764.92	408,898.63	416,383.60	469,500.00
	-----	-----	-----	-----	-----
Total Direct Revenues	89,175.64	83,110.70	593,731.34	584,892.38	683,180.00
Direct Expenses:					
Concessions	13,389.19	10,604.20	46,444.44	38,324.94	68,600.00
Pro Shop	6,177.25	5,639.23	59,216.11	69,356.21	38,000.00
Course	7,498.00	1,155.00	38,483.91	35,631.81	37,300.00
	-----	-----	-----	-----	-----
Total Direct Expenses	27,064.44	17,398.43	144,144.46	143,312.96	143,900.00
Add Beginning Inventory					
Less Ending Inventory					
Net Direct Income (Loss)					
Indirect Revenues -	.16		(2.63)	(26.20)	600.00
Indirect Expenses:					
Personal Services	33,658.86	47,685.63	267,028.48	284,206.99	458,507.00
Insurance	99.47		5,492.02	6,071.57	6,405.00
Professional Services	2,189.38	2,366.79	17,710.43	13,195.01	22,400.00
Advertising	481.94	820.00	6,099.95	10,750.95	8,500.00
Repair & Maintenance	2,050.02	7,042.03	32,517.59	32,168.05	52,500.00
Supplies & Materials	15,112.14	9,353.93	46,626.34	45,188.45	60,250.00
Travel, Conference & Dues			1,370.56	2,557.70	3,650.00
Utilities	4,940.51	4,754.25	20,314.32	16,777.17	35,900.00
Billing and Administration				67,340.00	
Depreciation	4,218.78	4,218.78	33,750.24	39,209.70	55,745.00
	-----	-----	-----	-----	-----
Total Indirect Expenses	62,751.10	76,241.41	430,909.93	517,465.59	703,857.00
Net Operating Income	(639.74)	(10,529.14)	18,674.32	(75,912.37)	(163,977.00)
	=====	=====	=====	=====	=====
Capital Outlay			90,747.98	46,894.57	77,000.00
	=====	=====	=====	=====	=====

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Fox Run Golf Course
Statement of Revenues

1

	01Aug2017 31Aug2017	01Aug2016 31Aug2016	01Jan2017 31Aug2017	01Jan2016 31Aug2016	Legal Budget
Concessions					
CASH Long	96.95	292.98	1,012.95	850.21	1,000.00
PREPARED FOOD	7,789.81	7,658.04	32,827.44	25,623.20	34,180.00
PRE-PACKAGED FOOD	1,263.83	1,431.49	5,531.12	6,588.64	10,700.00
BEER	17,282.36	15,479.62	72,898.61	63,296.56	85,000.00
BOTTLED POP	3,272.79	3,991.04	14,670.14	17,349.68	25,000.00
MISCELLANEOUS CONCESSIONS					
Total Concessions	29,705.74	28,853.17	126,940.26	113,708.29	155,880.00
Pro Shop					
GOLF BALLS	2,300.12	1,637.12	11,801.08	12,000.32	14,000.00
GLOVES	931.77	995.68	3,719.54	4,108.21	2,000.00
GOLF CAPS/VISORS	1,028.92	1,502.64	3,266.52	4,822.56	1,800.00
MERCHANDISE	5,186.28	2,972.30	14,697.25	9,224.20	12,500.00
MERCHANDISE NON-TAX				156.62	500.00
GOLF EQUIPMENT	3,637.99	4,786.56	17,129.44	17,585.94	12,500.00
MISCELLANEOUS MERCHANDISE				94.34	
CLUB REPAIRS	1,093.72	1,448.07	5,569.56	6,488.69	11,000.00
LESSONS	140.87	150.24	1,709.06	319.61	3,500.00
Total Pro Shop	14,319.67	13,492.61	57,892.45	54,800.49	57,800.00
Course					
SIMULATOR			4,723.53	5,048.50	6,000.00
SIMULATOR NON-TAXABLE				500.00	1,200.00
SEASON PASS	177.67	122.43	166,590.08	167,906.33	164,000.00
SEASON PASS NON-TAX				3,446.69	3,500.00
GREEN FEES-WEEKENDS/HOLIDAYS	12,529.32	10,537.93	45,099.80	42,269.31	45,000.00
GRREN FEES NON-TAX			1,982.48	3,410.20	6,500.00
GREEN FEES - WEEKDAYS	14,151.57	14,591.63	49,204.18	50,960.47	80,000.00
GOLF CAR RENTAL	15,009.83	12,309.21	67,210.95	58,960.12	65,000.00
GOLF CAR STORAGE (NON-TAX)			20,413.49	23,581.52	21,600.00
TRAIL FEES		93.50	23,589.47	27,565.01	29,000.00
PULL CART RENTAL	97.24	52.36	407.66	332.86	300.00
GOLF CLUB RENTAL		77.70		788.12	800.00
DRIVING RANGE	2,484.60	1,914.78	14,711.45	15,089.17	18,000.00
DRIVING RANGE NON-TAX	300.00		323.53	539.66	800.00
HANDICAPING		70.77	8,285.43	7,973.43	8,500.00
LEAGUES					
JUNIOR GOLF PROGRAM			4,452.58	3,794.00	4,000.00
GOLF CART WRAPS	400.00	994.61	1,900.00	3,694.61	15,300.00
LEAGUE SOFTWARE ADS			4.00		
Total Course	45,150.23	40,764.92	408,898.63	416,383.60	469,500.00
Total Direct Revenues	89,175.64	83,110.70	593,731.34	584,892.38	683,180.00

09/15/17

Fox Run Golf Course
Statement of Expenditures

1

	01Aug2017 31Aug2017	01Aug2016 31Aug2016	01Jan2017 31Aug2017	01Jan2016 31Aug2016	Legal Budget
Concessions					
CASH SHORT	24.97	319.78	737.98	1,799.26	2,500.00
PREPARED FOODS	5,203.35	2,879.50	18,911.87	9,711.85	26,000.00
CANDY	384.80	674.55	1,544.20	1,848.30	4,000.00
BEER	6,340.10	5,063.85	20,384.05	18,700.70	27,000.00
POP	1,435.97	1,585.95	4,866.34	5,160.03	9,000.00
	-----	-----	-----	-----	-----
Total Concessions	13,389.19	10,604.20	46,444.44	38,324.94	68,600.00
Pro Shop					
GOLF BALLS	265.95	4,256.53	6,466.38	28,902.41	10,000.00
GLOVES	229.18		3,237.68	3,056.45	1,000.00
GOLF CAPS/VISORS	104.74	245.39	892.84	2,800.01	1,000.00
MERCHANDISE	2,613.40	33.98	24,080.15	11,886.89	10,000.00
GOLF EQUIPMENT	1,141.66	(927.22)	21,677.12	17,798.80	10,000.00
TRADE IN GOLF EQUIPMENT					
CLUB REPAIRS	1,822.32	2,030.55	2,861.94	4,862.16	6,000.00
	-----	-----	-----	-----	-----
Total Pro Shop	6,177.25	5,639.23	59,216.11	69,356.21	38,000.00
Course					
GOLF CAR RENTAL	150.00	725.00	25,985.81	25,305.81	26,000.00
REIMBURSEMENT-GOLF SHED RENTAL		430.00		430.00	
PULL CART RENTAL					
DRIVING RANGE			4,109.00	3,276.00	2,500.00
HANDICAPING	7,348.00		7,348.00	6,620.00	7,800.00
JUNIOR GOLF PROGRAM			1,041.10		1,000.00
GOLF CART WRAPS					
LEAGUE SOFTWARE ADS					
	-----	-----	-----	-----	-----
Total Course	7,498.00	1,155.00	38,483.91	35,631.81	37,300.00
Total Direct Expenditures	27,064.44	17,398.43	144,144.46	143,312.96	143,900.00
	=====	=====	=====	=====	=====

Highlights from National Golf Foundation Report on Sioux Falls Golf Courses

One of the primary reasons NGF was brought in to work with the City is the declining economic performance of the golf system over the last several years. Prior to the renovation of Elmwood Park and the entrance of GreatLIFE Malaska into the Sioux Falls market, revenues were easily sufficient to cover Dakota Golf Management's ("DGM") operating expenses and its 20% payment to the City. However, this has not been the case since 2013, prompting the City to make the vendor "whole" for their operating losses, and guaranteeing a \$43,000 profit. (For context, NGF survey research from a few years ago indicates that only about one-third of public agency golf courses are currently covering all expenses (including debt, overhead and capital obligations), while one in three are unable to cover even operating expenses.) The overall impact of golf operations on the City was a subsidy of nearly \$390,000 in FY 15.

The review and recommendations contained in this report are designed to help identify actions the City can take to help maximize the performance of its facilities, with the realization that the economics of golf courses are subject to uncontrollable factors, such as yearly weather variations, competitive factors and unexpected expenses.

Long time operator Dakota Golf Management (DGM) exhibits very strong institutional knowledge of the three facilities, gets excellent value out of its maintenance staff, has built a strong junior program, and is willing to spend money on marketing. NGF believes that management has largely utilized industry best practices, but that some operational enhancements and a new way of thinking will be required to grow rounds and revenues in the face of headwinds with respect to golf participation and, more important, the new competitive dynamic in the Sioux Falls public golf market.

Up until 2013, the City golf operations were very much 'turnkey' – generating strong profits for lease operator DGM, even after the 20% payment into the Golf Management Account. However, this has not been the case since 2013, prompting the City to make the vendor "whole" for their operating losses, and guaranteeing a \$43,000 profit. Thus, the lease structure has essentially converted to a de facto fee for service management contract.

In the body of this report, NGF summarizes the management structures most commonly utilized by municipalities for their golf operations. We concluded that, given the negative net operating income of recent years, it is going to be difficult to attract a lease operator (other than perhaps GL Malaska), even if no capital improvements are required of the vendor. (This statement proved to be untrue as these were the companies that bid on the Sioux Falls Golf Course operations as the deadline was August 31: Dakota Golf Management; GreatLife Management; Kemper Sports Management of Chicago; Landscapes Management Company of Lincoln, Nebraska; and Orion Management Solutions of Leawood, Kansas.)

NGF recommends that the marketing focus must be on the high quality of the City golf courses, the great value they represent, and the overall golf experience that they provide.

From a macro level, while overall golf participation in the U.S. appears to be stabilizing, there is little doubt that socioeconomic and demographic trends are creating headwinds for golf operators. For instance, golf is having particular trouble engaging young adults. Also, the effects of the Great Recession appear to be lingering, and discretionary time and money continue to be suppressed. Moreover, despite

the fact that spending is at or near its highest point in years, people are still saving more and spending less than they were prior to the recession.

Finally, all golf facilities face factors beyond their control that can affect demand: First, a high fixed expense structure and operating expenses that tend to rise more rapidly than revenues (e.g., ability to raise fees is constrained); this dynamic appears to be particularly acute in the public sector. Second, golf will always be at the mercy of the weather. In South Dakota climate, yearly weather variations can significantly lengthen or shorten the golf season, perhaps making the difference between operating profits and losses for some golf courses.

NGF's Municipal Golf Survey in late 2013 showed some key results that are indicative of the struggle that an increasing percentage of municipalities are having in terms of generating operating revenue sufficient to cover all expenses. The survey showed:

A third of Golf Enterprise Funds had a negative cumulative fund balance

More than half that had debt were unable to meet all expenses

70% of all reporting facilities had to defer capital improvements due to financial considerations

On the negative side, the entry of GL Malaska into the Sioux Falls golf market has significantly upset the competitive balance due to its very low cost unlimited golf add-on to its fitness memberships.

Season pass sales in Sioux Falls, since peaking at 739 in 2012, fell to 583 by 2015, with the biggest drop-off occurring between 2013 and 2014, when sales dropped by 124. Likewise, punch pass sales have steadily declined, falling nearly 50% from a peak of 1,338 in 2012 to 689 in 2016.

The mix of rounds for the Sioux Falls Golf System has changed over the five-year period, with season pass rounds now accounting for about 45% of play, up from about 35% five years prior. During that time, punch pass play has declined from nearly 17% of play to 10% of play, and daily fee rounds have decreased from close to 50% of play to about 45%. With the number of both season and punch passes declining over that time, and GreatLIFE members accounting for such a high percentage of play at Bakker and Willow, NGF finds it surprising that daily fee play has not increased as a percentage of play at the Sioux Falls Courses.

As would be expected with the decrease in rounds played since 2012, total revenues have fallen from \$3.15 million to \$2.33 million, a fall of 26%. Elmwood Park has accounted for nearly all of this net loss in revenue, declining steadily from \$1.59 million in 2012 to \$925,000 in 2016, a drop of just under 42%.

By revenue category, daily fee + daily fee cart revenue has taken the biggest drop between 2012 and 2015, decreasing by about \$410,000. Also taking a big drop during that four-season span was punch pass + punch pass cart revenue, falling by about \$153,000, or just under 39%.

On a per round basis, daily fee rounds generate modestly more revenue than punch pass rounds, and nearly three times as much revenue as season pass rounds (cart fees and ancillary spending excluded). This pattern is very typical for municipal golf course that offer these prepaid green fee arrangements.

SIOUX FALLS ORGANIZATIONAL STRUCTURE / CITY SUPPORT

The golf courses are operated by Dakota Golf Management under a management services agreement that expires on December 31, 2017. Oversight is provided by the City's Parks & Recreation Director, under the full administrative authority of the City Manager. Golf is accounted for as a budget line item with the Parks & Recreation part of the General Fund. The long-term agreement with DGM as formerly turnkey lease that required DGM to pay 20% of total gross revenues each year into a golf Management Account controlled by the City. The 20% payment formerly comprised 10% for smaller expenditures, which represented DGM's contribution to improvements, and 10% for larger capital expenditures (e.g., clubhouse, buildings) through the City's Capital Improvements Plan, which represented the City's contribution. Currently, the entire 20% essentially just gets paid back to the operator as part of the "make whole" term of the Management Services Agreement.

DGM's operational and financial plans, including marketing plan and fee recommendations, are reviewed annually by the City Administration and Parks Director. After review and submission, the City Council reviews the Preliminary Budget, determines amendments they may want made, and adopts the Final Budget as amended. Rate recommendations are separately reviewed and acted upon. There is also an informal Golf Advisory Board, which meets 2 to 3 times per year. This Board is not a City entity, comprising mostly interested season pass holders; they have no policy making power, but provide their feedback on rates, policies, etc. Aside from overall oversight and contribution to the capital Management Account as noted above, the City has traditionally provided little direct support for the golf courses, which is typical when golf is outsourced under a turnkey operating lease agreement. There has traditionally been very little, if any, direct marketing support, and no dedicated marketing budget for the golf courses, other than providing a difficult-to-find link to the golf course website under "Parks" on City website. Given the new golf market realities, the City has agreed to coordinate more with DGM on marketing efforts, especially as pertains to the Grand Reopening of Elmwood Park GC planned for the spring of 2017. Most support is expected to be through the Parks Department social media accounts.

From the perspective of the City, a snapshot of the Golf Course Management Account in 2015 tells the story:

Sioux Falls Golf - Management Account Net Impact of Golf Operations - 2015

DGM Operating Loss (incl. profit sharing) (\$250,093)

DGM "Make Whole" Payment (\$43,000)

Past DGM Cap Improvements (\$73,800)

Elmwood Pump Controls (\$17,083)

Net Impact of DGM Operations – 2015- (\$383,976)

Future Management Structure & RFI / RFP Process

Option 1) Operating autonomously, with current access by customers such as season pass holders fully preserved, but with a strong possibility that the City's budget contribution for the Golf Management Account line item within the Parks and Recreation budget will need to be increased considerably to meet yearly operating obligations, Sioux Falls Regional Airport Authority debt requirements (short-term), and capital needs.

OR

Option 2) Operating with much less autonomy with respect to the golf courses, resulting in some level of change for existing customers of the golf courses (extent of such change TBD by terms of agreement), but also removal of risk from the City, which would receive guaranteed annual lease payments and have some or all capital improvements funded by the private sector.

Overall, NGF's analysis of alternatives available to the City of Sioux Falls, given the current economic and market realities that its golf courses face, indicates that an operating lease is likely not feasible through DGM or the national golf management companies, leaving GreatLIFE Malaska, which has already approached the City about such an arrangement, as the only likely lessee candidate.

CAPITAL IMPROVEMENT NEEDS

Although not technically an operational issue, the list of needed improvements for the Sioux Falls courses may directly affect the management structures that may be viable beginning in 2018. Given the negative net operating income of recent years, it is going to be difficult to attract a lease operator (other than perhaps GL Malaska) for the courses, even if no capital improvements are required of the vendor. Therefore, the City must develop and fund - under virtually any scenario other than entering into an agreement with GreatLIFE - a formal Capital Improvement Plan that addresses the items noted earlier in this report in the individual facility sections. In addition to those facility-specific improvements, Ash tree replacement is required on all of the golf courses, and the City should strongly consider permanent restrooms on the course if it wants to effectively market the overall experience. (Not easily remedied, as sewer access is problematic).

Weather

NGF data estimates that almost all golf is played with temperatures between 50 and 90 degrees Fahrenheit. Understanding local weather patterns helps determine the number of golf playable days. The data suggests that golf in southeastern South Dakota can be played for 8+ months in an abnormally warm year, but that the area is essentially a ± 7.5 -month golf market. With an average of ± 26 inches of precipitation a year, this golf market does lose a significant number of playable hours/days, with the rainiest months during the peak demand months of May through August.

Golf Market Supply and Demand

Socioeconomic and demographic trends continue to present challenges for golf operators. For instance, golf is having trouble attracting and retaining young adults (i.e., Millennials); though this segment continues to account for a large percentage of annual play and spending, factors such as debt and competing recreational activities have suppressed golf demand from this segment. **The smartest, best-managed and most innovative golf facilities will win market share and have the best opportunity for growth.**

Participation - The national golfer number (participation) appears to be continuing a stabilization trend, though there has been continued net attrition, primarily among occasional/less committed golfers.

Golf Course Supply - The correction in golf course supply continued in 2015 at a level comparable with the previous three years. According to NGF data, since the market correction in golf course supply began in 2006, there has been a cumulative net reduction of 679 golf courses, which represents a drop of about 5% off the peak supply year of 2005. For perspective, golf supply grew by 40% in the previous 20 years (1985-2005). We note that not all golf courses are closing due to competitive dynamics; rather, some golf courses – especially in geographies where developable land is at a premium – are closing because residential or commercial is a much “higher and better use”. Whatever the reasons, this much-needed move toward supply/demand equilibrium is expected to continue for the next several years.

NGF Municipal Golf Survey Results

NGF periodically conducts national surveys of municipal golf operators (18 holes or greater facilities). Our last survey in late 2013 showed some key results that are indicative of the struggle that an increasing percentage of municipalities are having in terms of generating operating revenue sufficient to cover all expenses. Key findings included:

53% of responding municipalities accounted for their golf assets as an Enterprise Fund (30% General Fund, 17% Special Revenue Fund or ‘Other’)

60% self-operated their facilities (13% mgmt. contract; 8% lease)

1 out of 3 of Enterprise Funds had a negative cumulative fund balance

1 out of 3 facilities had debt (average = \$3.7 MM) ☐ Of those with debt, less than half were covering all costs

Among those with no debt, about 1 in 3 was losing money (before depreciation)

70% of all reporting facilities had to defer capital improvements due to financial considerations

50% had reduced full-time staffing in the prior several years (half of these solely through attrition)

The median annual transfer from the Golf Enterprise Fund to the municipality General Fund (includes items such as allocated overhead, indirect charges, other charges for services provided) was \$119,000.

NGF can reference no formal ‘standard’ for municipal golf course staffing due to recent industry trends that have seen the reduction of full-time staff in favor of part-time and/or seasonal workers. 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 DGM in operation of the City courses.

Great Life Golf & Fitness

GL Malaska reports about 30,000 members in the Sioux Falls market, about 52% of whom have chosen the Fitness + Golf membership option. The basic fitness membership for an individual is \$40 per month, while the Unlimited Golf option adds only \$20 per month to the cost (including cart adds \$50 per month to Golf option). Unlike the GreatLIFEKC (Kansas City), GL Malaska has no tiers of pricing – all local golf courses are included with the base Fitness + Golf membership, which includes unlimited walking golf at all of their owned leased facilities.

Reported to NGF about 130,000 total rounds in 2016 at the four core courses, plus another ±20,000 at the affiliate courses (up from 11,374 in 2014). Overall, members account for about 75% of rounds at the four owned/leased facilities. Below is summary operating performance data for these four facilities, as reported to NGF by GL Malaska management:

Bakker Crossing has grown from about 21,000 rounds in 2013 to a reported 42,000 rounds in 2016. Bakker was budgeted for a little over \$2 million in revenues and should hit \$1.9 to \$2 million, with expenses of a little over \$1.7 million for an expected net of about \$290,000.

Willow Run, an active facility for events, has grown from about 32,000 rounds in 2013 to a reported 42,200 rounds in 2016. Budgeted revenues are \$3.2 million for 2016, and GL expects about \$3 million to \$3.1 million actual, with a loss attributed to high rent and P&I insurance.

Central Valley has seen rounds increase steadily from just fewer than 10,000 in 2013, to 18,735 in 2014, and 26,958 in 2015 (2016 saw decrease to 24,239). Revenue for 2016 was budgeted for \$1.15 million but will fall a little short due to closure October 1st for construction of the new club house, which is expected to be completed in March; expenses are budgeted at \$900,000, resulting in an expected net of ±\$230,000.

Rocky Run (acquired in 2015) - rounds grew from 11,436 in 2014 to 20,207 in 2015 (2016 saw decrease to 19,577). Revenue for 2016 was budgeted at \$943,000, but is expected to come in short of budget, but still over \$900,000; with expenses of \$812,000, net is projected to be ±\$100,000.

The City of Brandon self-operates its municipal golf course, using Enterprise Fund accounting. As with Sioux Falls, Brandon was approached by GL Malaska, which reportedly wanted to lease and then purchase the facility. Proposed terms reported to NGF were \$140,000 lease payment for 3 years, which would then be applied toward a \$2 million purchase price. City chose to continue to own and operate Brandon Municipal.

Golf Website

The DGM website is fairly basic, but contains most of the essential elements that industry best practices dictate for a golf website (listed below). Importantly, the website shows up at the top of the list when searching the term 'Sioux Falls Golf' (or 'Golf Sioux Falls').

Elements that are missing include photos, course video (e.g., aerial), and testimonials/ accolades.

Golf course details

Rates & policies

Photos of the golf course (including slideshow on landing page)

List of facilities

Calendar of events

Directions to the course

Online store (gift certificates and lesson packages)

Tournament/outing request page

E-club / E-specials sign up page (free round of birthday golf as incentive)

At the time of this report, DGM was working on some website improvements. These include improving the tee time portal so that DGM can offer a similar interface to third party tee time provider Golfnow, and users will no longer be required to log-in to book a tee time. The tee time reservation improvements will also facilitate development of a smartphone App.

DGM over the last several years has had a marketing budget equivalent to about $\pm 1.5\%$ of total gross revenues. Traditionally, NGF Consulting recommends marketing budgets for golf courses of at least 1% of total gross facility revenue, so DGM has been exceeding this NGF recommended benchmark. Review of the 2017 budget shows the marketing budget more than doubling, from about \$26,500 in 2016 to a proposed \$55,500, with an increased emphasis on digital marketing.

2016 Fox Run Gross Revenues: \$700,902

2016 Fox Run Advertising: \$11,606

2016 Fox Run percent of total gross revenues = 2%

Daily Fees

There are no distinction between residents and non-residents for any fees. Both 9-hole and 18-hole rates are available, and seniors, juniors, and military have special days at each course where they receive discounts. The highest peak daily green + cart fee in 2016 was \$54 at Prairie Green and \$50 at Elmwood. Each of these rates will increase by \$1 in 2017. In addition to regular rates there are discounted twilight rates and 'dew duster' specials. Unlike the majority of municipal golf courses NGF has observed in recent years, the Sioux Falls courses do not offer discounted daily fees through other channels (e.g., through third party tee time providers).

2016 Fox Run daily green fee + cart fee = \$37.50

2017 Fox Run daily green fee + cart fee = \$43.00

Season Passes

Season passes allow for unlimited walking rounds at no additional fee. DGM/the City offer a variety of passes, both All-time (7-day) and Weekday only. Subcategories within these two main categories include Adult, Couple, Family, Senior and Youth. There are also passes specially priced for young adults age 25-29, and 19-24. Passes are available for the individual facilities, as well as on an All City basis.

In terms of actual golf fee revenue per round, pass holders are paying by far the lowest effective rate per round at the City courses. However, NGF experience shows that they are often, as a group, the heaviest consumers of merchandise, food & beverage, and lessons. The break-even multiples of the 18-hole daily fee rate are between 25 (Elmwood) and 33 (All City). **NGF typically recommends a multiple of ±30 for municipal golf courses**, so the City of Sioux Falls facilities are within a normal range.

Fox Run break-even multiples:

Individual (aged 31+) = 21

Individual (aged 18 – 30) = 12

Adult Couple = 28

Limited Play Individual (only Monday – Friday) (aged 18 -30) = 10

Limited Play Individual (aged 31+) = 20

Limited Play Couple = 25

ANCILLARY REVENUES

The significant majority of total revenues for the City golf courses comes from green fees (daily, punch, season pass) and cart revenues, but each facility has ancillary revenue earned from the sale of food & beverage, merchandise and driving range buckets.

2016 Fox Run Gross Revenues: \$700,902

2016 Fox Run golf revenue: \$417,610 (60%)

2016 Fox Run ancillary revenue: \$241,076 (34%)

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. The primary focus of public golf course F & B service is to serve the needs of the golfers, with occasional non-golf customers and banquet/meeting business a plus.

Food & Beverage F&B service at a public golf course is not necessarily intended to be a profit center, but rather is there to support the primary business of selling green and cart fees. For instance, food & beverage carts, in isolation, are often money losers for a golf course, but this is a service that is expected by golfers, who might otherwise play elsewhere. Most successful food and beverage operations at public golf courses are those that offer simple, quick, and inexpensive service that is convenient to the round of golf.

The industry standard for direct cost of sales at golf course F & B operations is around 40%.

2016 Fox Run cost-of-sales in F & B is 42%

Merchandising operations are within industry standard for direct cost of sales, which should be around 70%-75%.

2016 Fox Run cost-of-sales in Merchandise was a LOSS at -2%.

NGF uses a national benchmark of about \$1 driving range revenue per round for standard price point 18- hole public golf courses.

2016 Fox Run driving range revenue per round was \$0.93.

Nationally, NGF is observing a trend among active operators of doing more programming centered on the driving range to draw targeted groups such as millennials. Some of these operators are combining events, music and food & beverage to enhance the 'fun' aspect of golf. Programs on the range generally also address time and money constraints.

ORGANIZED GOLF ACTIVITIES

One of the keys to successful public golf operations and generating green fee revenue is the continued promotion and hosting of group activities such as leagues, outings and tournaments, and instructional programs. These activities are a key to maximizing rounds activity at public golf courses and NGF has observed that **golf courses without an active calendar of events are at a severe disadvantage in achieving strong rounds activity.** These events tend to stimulate repeat play, resulting in higher rounds per golfer than would be achieved with just daily fee and season pass play.

Player Development & Programming

Cultivating new golfers is not only key to the future of golf, but it has also proven to be an immediate generator of revenues for facilities. NGF has found that the municipal golf facilities that are most successful tend to be very active in adult player onboarding and development, as well as other “grow-the-game” initiatives. Creative programming is especially effective in onboarding new players from segments (e.g., women, millennials) that represent strong latent demand for the game but that may not prefer to be introduced to the game in traditional ways, such as individual lessons.

Facility Improvements

Cart path work should continue with an emphasis on making sure that the investment is in the City’s best interest in terms of return on such investment. For example, while conversion to concrete paths is likely preferable, this ultimate decision may prove too costly or may not be as much of a priority as some of the other issues noted.

OVERVIEW OF COMMON MUNICIPAL GOLF OPERATING ALTERNATIVES

To provide the proper context to the City as it considers its golf system management options for 2018 and beyond, below we provide a summary of the most common operating structures utilized by public agencies for their golf operations. Our summary overview of options includes:

1. **Self-Operation:** Self-operation indicates the City is the direct employer of facility workers, who manage the golf courses through business plans and goals set by the City. Two of the biggest potential disadvantages of this type of structure are: (1) Lack of management/marketing expertise, procurement efficiencies, etc.; (2) Often, employees are subject to City labor policies and benefits, which can significantly increase personnel expenses. There may also be limitations on paying incentives to public employees. The biggest potential advantage is that this structure offers the highest level of direct control by the City.
2. **Full-Service Management Contract:** In this structure, a management company is hired to operate all aspects of the golf course(s). This structure, which is currently the de facto arrangement for the City of Sioux Falls courses, can come in several forms but most typically include all facets of the operation. The greatest advantage of this structure is having a highly qualified professional golf management company control the operation and employ all staff directly. Outsourced management can also result in reduction

in expense over self-operation. The greatest disadvantage of this option is that the operational risk remains with the City. Although much control is given to an outside management organization, the City is responsible for paying the management fee to the operator, provided all terms of the agreement are being met, even if the golf course financial performance does not improve. These contracts work best when they are incentive-based and do not lock the golf course owner into long-term contracts. Ideally, the agreement will create an “alignment of interests” so that if the management company is doing well, the City is doing well and vice versa.

3. Concession Agreements or Personal Services Contract: A Personal Services Contract is very similar to the management contract, with the exception that the vendor is an individual as opposed to a company. A concession contract is similar and can function more like a lease agreement. In addition, while a personal services contract is often narrower in scope (often covering only some of golf operations), it can also be comprehensive and include both operations and maintenance. Although a personal services contract could be just for the services of the individual, the contract could also be structured to where the employees of the operation become employees of the contractor.

4. Operating Lease: The golf course could be leased to a private golf company (or individual), who would be responsible for all operating expenses as well as some, or all, capital upkeep. This was the structure that the City of Sioux Falls had with DGM, prior to the negative turnaround in the finances of the golf system. The lease can be structured to provide an annual lease payment to the City, and the lease could be established to include certain lessee requirements, including capital investment in facility improvements, maintenance standards and/or restrictions regarding green fees. The advantage of this structure is the removal of the City from the day-to-day operation and the shifting of risk to the operator. The key disadvantage is the loss of control in the operation and the growing difficulty in finding a qualified vendor willing to accept the risk, especially when large-scale capital investment is required in a difficult competitive market (such as Sioux Falls at present).

5. Hybrid Contract: A hybrid contract combines some of the advantages of a lease with those of a management contract. These are usually of shorter term (5 +/- years) than a lease and are essentially a management agreement with a program of revenue and risk sharing. Hybrid contracts typically do not include large-scale capital improvement on the part of the vendor, but some management companies may be willing to take on some capital improvements in exchange for a longer-term contract and/or higher management fees. The advantages and disadvantages to the hybrid contract are basically the same as the management contract, except that the arrangement is generally more flexible and provides for a greater sharing of revenues and assumption of risk by the operator.

Marketing

A marketing emphasis is generally critical for a golf course to create awareness, increase pass sales, daily fee and tournament play, and in some cases correct misperceptions in the market. Strategies often include advertising to create a brand image and maintain awareness, developing a public relations campaign to tout the high quality of a facility, and increasing utilization of web, print, and yield management strategies. An effective and comprehensive marketing plan incorporates research, planning, strategy, market identification, budget, advertising, timetable, and follow-up, such as tracking to adequately gauge effectiveness of various campaigns and vehicles.

NGF recommends that the marketing focus must be on the high quality of the City golf courses, the great value they represent, and the overall golf experience that they provide.

An effective way to measure acceptance of promotions is to offer a printable coupon (with expiration) that can be printed or shown on a smart phone at the golf shop.

In addition to offering punch passes, consider a loyalty/frequent player program. These have become ubiquitous across the country and are an effective way to increase frequency of play among some customers. There are many varieties of these programs, but all involve a low-fee or no-fee membership that entitles the holder to fee discounts or allow them to accumulate points that can later be applied toward purchases.

Offer promotional deals (marketed via email blasts), including packages with food & beverage and/or driving range bucket, to help fill tee times that typically go unsold (e.g., midday periods).

NGF research reveals that 33% of all golfers play golf when they travel.

NGF encourages all municipal golf courses that have inelastic demand with respect to marginal fee increases to do this every year or every other year as a means to keep up with rising operating costs.

NON-ECONOMIC VALUE OF PUBLIC GOLF

In addition to the direct economic benefit derived from green, cart and other fees, a public-access golf course brings other value that cannot be measured directly in economics. Golf courses provide:

Open spaces

A healthy recreational outlet for residents

A venue to attract visitors

Enhancement to the overall quality of life

Good reflection on the image/brand of a community

Enhancement to local property values

Golf-related jobs and income to the community through purchases, wages, and taxes

Additionally, a golf facility can elevate the quality of life, improve the health and well-being of citizens and provide an outlet for youth activities and programming.

Indirect Benefits to City of Sioux Falls: The indirect, non-economic benefits of municipal golf in City of Sioux Falls include many factors related to quality of life and the enhancement of community recreation programs. In this case, there are specific benefits to the City from preserving the golf courses, as well as other more general benefits from having public (municipal) golf courses. These intrinsic value propositions are detailed below:

Specific Benefits of Municipal Golf Courses

From the City's perspective, offering municipal golf service provides at least the following benefits:

Provision of high quality golf courses for the enjoyment of the citizens of City of Sioux Falls, especially those not able or willing to belong to a private golf club.

Marketing value (e.g., in drawing companies or professionals) for City of Sioux Falls, related to being a wonderful community in which to live, with a diverse array of recreational and cultural opportunities.

Providing an exceptional venue for the scholastic use in practice rounds, inter-squad competition and tournaments.

Providing a venue for hosting charity tournaments, outings, golf events and other fundraising activities that presently have direct cost to host at other golf facilities.

Providing enhancement to City resident "quality of life" in areas such as community-based sport programs, parks and recreation programming and improved socialization.

Other Benefits of Municipal Golf

Aside from the direct net cash flows that can result from a profitable daily operation and the specific issues related to the golf courses noted above, there are two main impacts from municipal golf within a city such as Sioux Falls: (1) indirect economic impact; and (2) recreation/programming impact.

Indirect Economic Impact

Although an economic impact study has not been completed for the golf courses, the City can assume that the presence of the golf course adds to the economy of City of Sioux Falls by:

1. Job creation
2. An in-migration of golfers
3. Direct spending by visitors at off-site establishments such as gas stations, grocery stores, restaurants, and hotels
4. Sales tax revenue generation
5. Enhanced property values
6. The multiplier effect of indirect and induced spending throughout the local economy

Recreation and Programming Benefits Communities with municipal golf courses can offer:

1. Low fee golf service to residents
2. High quality outdoor recreation
3. Junior programs and camps
4. Scholastic programs
5. Community outreach and new golfer development programs

2017 PARKS AND RECREATION CAPITAL BUDGET PROCESS

decrease in amount
increase in amount

641.641 Golf Course MORE AGGRESSIVE

	2017	2018	2019	2020	2021
Restroom Partitions	\$0	\$5,000	\$0	\$0	\$0
Simulator Screen	\$1,000	\$0	\$0	\$0	\$0
Bunker/Sand Trap Rake	\$0	\$0	\$15,000	\$0	\$0
CONCRETE CART PATHS- number one complaint	\$0	\$10,000	\$10,000	\$10,000	\$10,000
Replace bad concrete around cart sheds- Insurance Recommendation	\$0	\$10,000	\$10,000	\$0	\$0
Triplex Greens Mower	\$0	\$27,000	\$27,000	\$27,000	\$0
Utility Carts- have five total	\$0	\$30,000	\$0	\$50,000	\$30,000
Fairway Mowers (2) -	\$90,000	\$0	\$0	\$0	\$0
Vicon Spreader	\$0	\$0	\$0	\$7,000	\$0
Cushman Core Harvester	\$0	\$0	\$9,000	\$0	\$0
Vibratory Green Rolling System	\$0	\$0	\$12,000	\$0	\$0
Groomer attachments for greens mower	\$0	\$0	\$19,000	\$0	\$0
Toro Tri-plex Trim Mower	\$0	\$0	\$0	\$0	\$40,000
New server, software, CC processing	\$5,000	\$0	\$0	\$0	\$0
Turf sprayer and gun	\$0	\$0	\$0	\$12,000	\$0
Easy Picker Range Picker	\$0	\$0	\$5,000	\$0	\$0
Turf slicer, water tanks, electric lift	\$0	\$0	\$0	\$15,000	\$0
Aerator	\$0	\$0	\$0	\$0	\$30,000
Kubota tractor with attachments	\$0	\$0	\$0	\$15,000	\$0
Contour Rotary Mower (roughs)	\$0	\$0	\$0	\$0	\$50,000
Kubota mower	\$0	\$0	\$0	\$0	\$18,000
SUB-TOTAL	\$96,000	\$82,000	\$107,000	\$136,000	\$178,000

Speed bumps for drive leading to Fox Run housing devolpment from Cart Shed C.
Security cameras for gas pump and for parking lot by cart shed C, security cameras for cart storage sheds
Paved parking lot by cart shed C

2017- Contingency Budget in place. 5% reduction.

2016- spent \$46,895 in golf CIP
2015- spent \$66,920 in golf CIP
2014- spent \$53,000 in golf CIP
2013- spent \$0 in golf CIP
2012- spent \$26,404 in golf CIP
2011- spent \$56,369 in golf CIP