

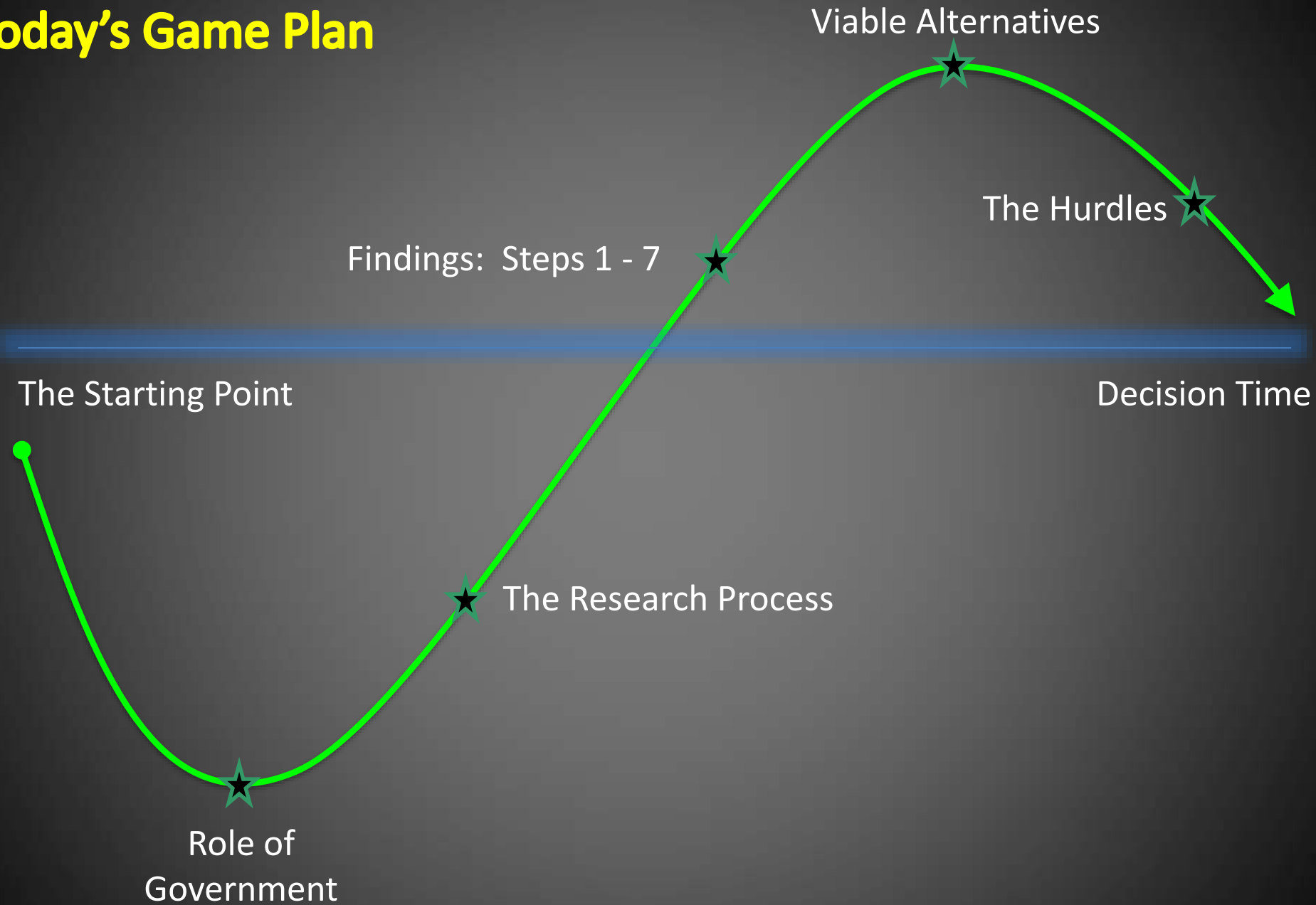
WELCOME



City of Gardner
Gardner Golf Course
City Council Workshop
August 7, 2017



Today's Game Plan



J. J. KEEGAN: GOLF INC. TOP 10 CONSULTANT

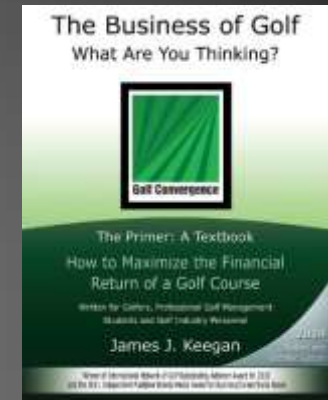
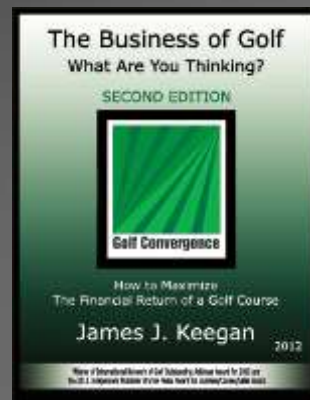
CREATE VALUE FOR GOLFERS

ON A FOUNDATION THAT ENHANCES THE FINANCIAL PERFORMANCE OF A GOLF COURSE.

- ◆ **Golf Strategist** – 13 years including 7 months as GM operating golf course for client.
 - 2016/17 Client Engagements:
 - Municipalities** - Cities of Albuquerque, Arlington, Baltimore, Brookings, Enid, Gardner, Kent, Lexington, Minneapolis Park Board, Round Rock, New Braunfels, South Bend, Spokane, Superior
 - Daily Fee and Resorts** – Arroyo Trabuco, Brookstone Meadows, Cutter Creek, Cypresswood, Eagles Bluff, Kokanee Sprintgs, Oconee Country Club, Priage Club, Silver Creek, Sun City, Summerlin, Timberline
 - Private Clubs** – Craigowan, Eagle's Bluff, Green Meadow, Ravenna
 - Webinar Series: 20 golf course management teams operating 60 golf courses through a strategic planning process including: Baltimore, Bloomington, Brooklyn Park, Charlotte, Cedar Rapids, Columbus, Crystal Mountain Resort, Fort Worth, Oak Creek/Pelican Hills, Pine Meadow, San Antonio, Virginia Beach, participated.
- ◆ **Memberships:** GCSAA. Formerly member of NGF, NGCOA and CMAA.
- ◆ **Speaker:** NGCOA, NGCOA – Canada, Michigan Golf Course Owners, New England Golf Course Owners, Golf Course Superintendents Association, NRPA, Golf Course Builders, PGA Sections including Wisconsin
- ◆ **Professor:** Clemson University, Keiser University – College of Golf, Holland College, Golf Academy, Professional Golfers Career College, University of Incarnate Word
- ◆ **Golf Magazine Panelist:** Visited 4,000+ golf courses in 49 of the 203 countries, played 1,750+ of the world's 34,011 courses
- ◆ **Education & Licensing:** BBA – TCU, MBA – University of Michigan, CPA – Inactive

The Business of Golf – Series

6,367 Copies Sold – 16 Countries – 15 Colleges' PGM Programs



Published August 17, 2016: 815 Copies Sold



30 Years: A Tribute to the Pruitts
They Have Provided a Recreational Amenity to the City
In Which the City's Investment Has Been Nominal



The Questions We Were Asked to Answer



The Limited Scope of Our Review

1. Should the City assume operation of the Golf Course when the lease expires in August, 2018?
2. Does It Make Economic Sense to Buy Out the Lease?
3. Is the Golf Course a viable economic entity as currently operating?
4. Is there a sufficient supply of golf course to serve our residents with reasonable proximity?
5. Would a national management company have an interest in overseeing the operation of the golf course?
6. Is there a third-party that may have an interest in leasing the golf course from the City?
7. If there is a third-party, what capital would the City likely have to invest to attract that third party?

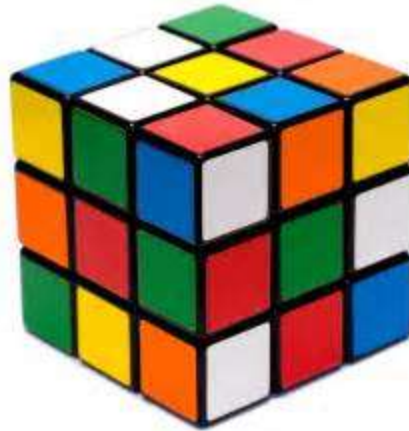
The Questions We Were NOT Asked to Answer

1. What is the Highest and Best Use of the Land on which the Golf Course is Located?
2. Are additional residential units surrounding the course viable?
3. What would be the cost to mitigate/curtail the drilling on the property, bury the electrical lines or undertake appropriate tree mitigation?
4. What is the implication of the proposed bike trail that will circumvent the airport?
5. Would the site be ideal for the Gardner Community Center?

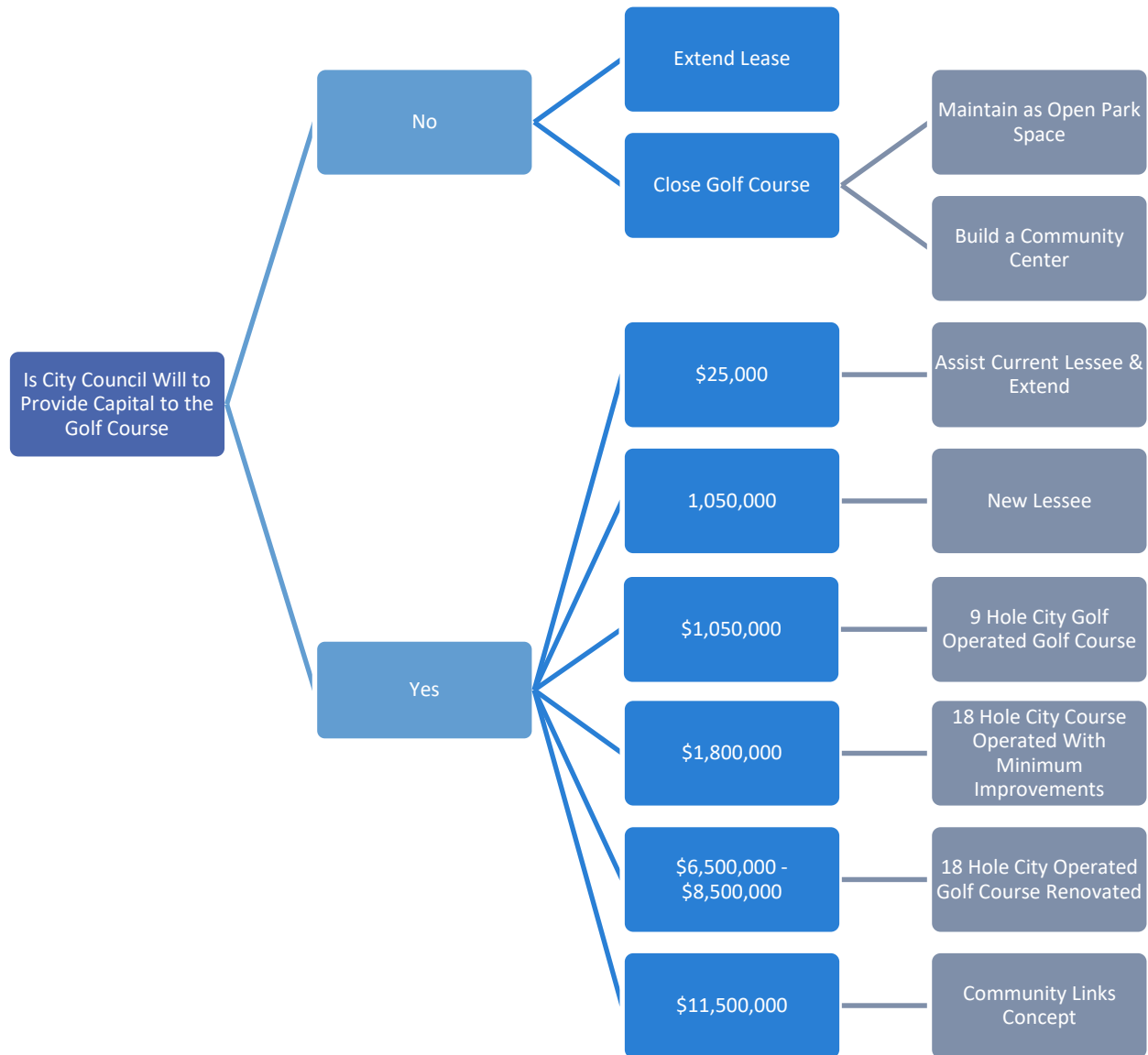
Understanding Your Challenge

- 30 year concessionaire
 - ✓ Owns makeshift clubhouse
 - ✓ Owns equipment
 - ✓ 82 years old - about to retire?
 - ✓ Obligated to remove building if/when lease expires
- Golf Course Asset
 - ✓ Lessee requesting ~~\$300,000~~ \$150,000 (8 5 17) to buy fixed assets
 - ✓ Course is in extremely poor condition (1 star at best)
 - ✓ The equipment is only worth scrap value
 - ✓ Maintenance building is worthless
 - ✓ Old clubhouse requires removal (mold and asbestos)
 - ✓ Clubhouse is “modular” unit with little appeal
 - ✓ Golf courses for every level of ability (novice, recreational amateur, private club purist) is adequately provided in close proximity
 - ✓ 6 homes border south side of golf course. A single home borders the 10th hole.

The Permutations of Various Solutions Appear Limitless



As Stewards of Public Resources These Are the Most Viable Strategic Options



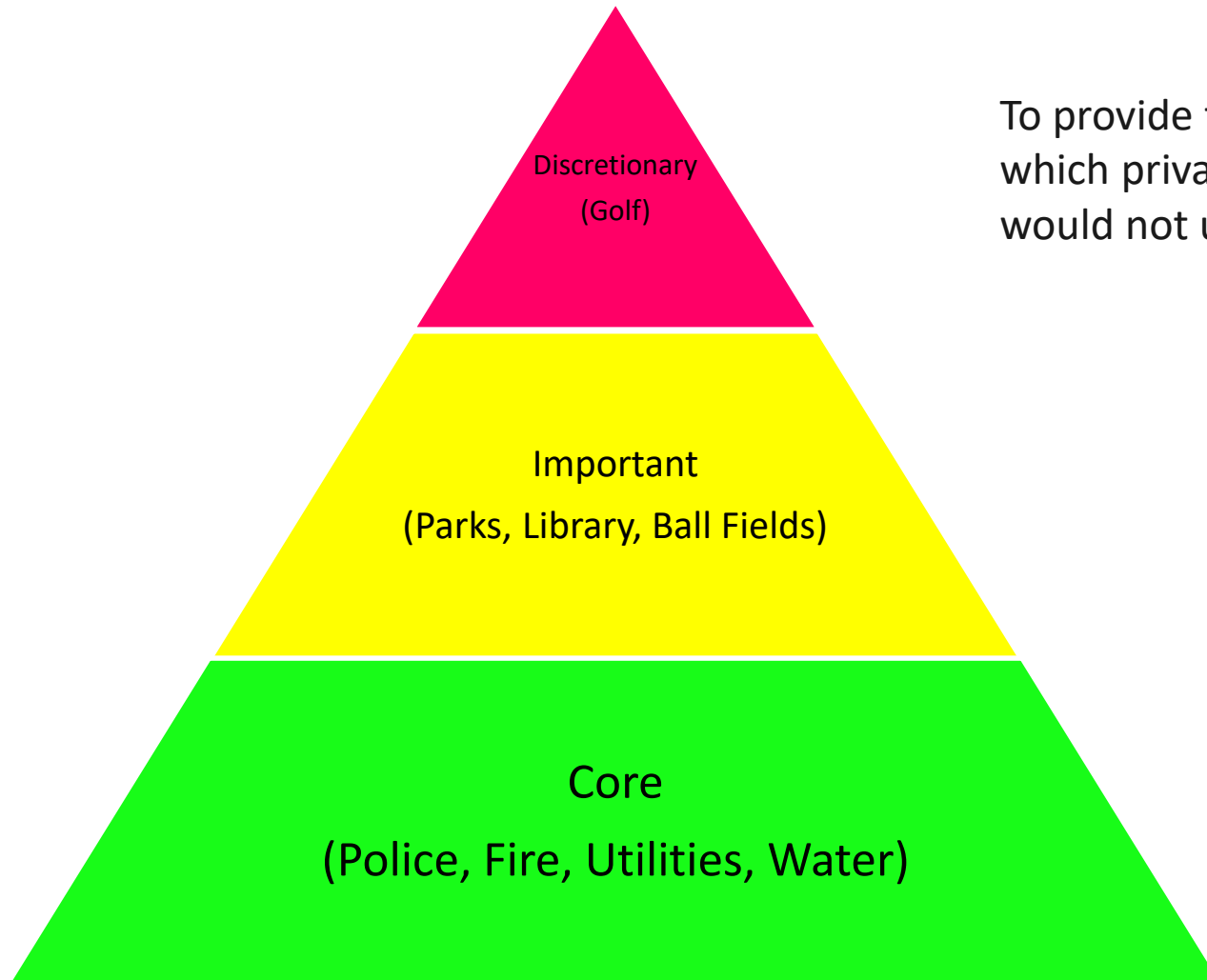
“In the beginner’s mind there are many possibilities, in the expert’s mind there are few.”

—Shunryu Suzuki



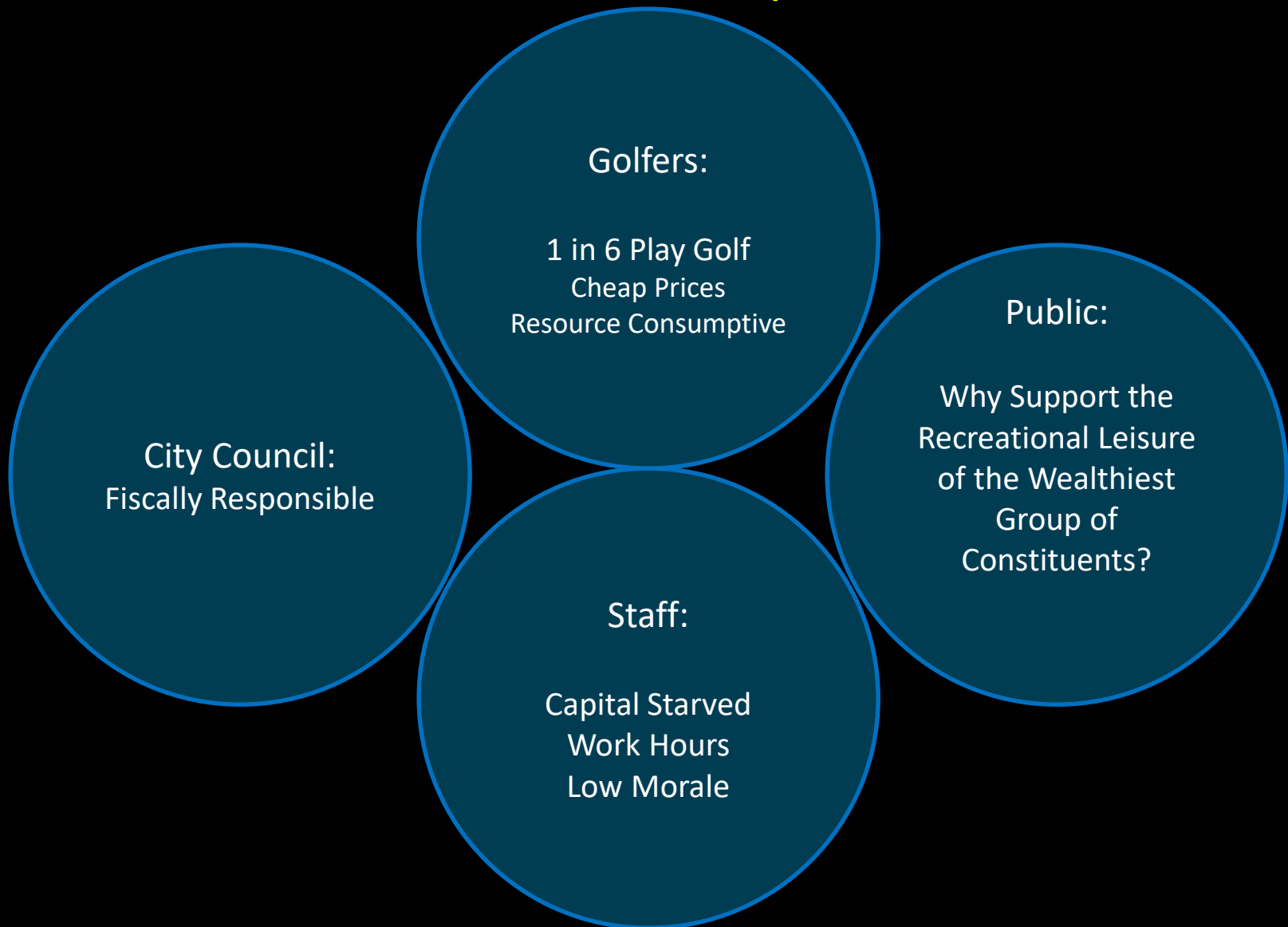


What is the Role of Government?



To provide for citizens that which private enterprise would not undertake.

Achieving That It is a Tough Task: Self Interest vs. Enterprise Health



The Headwinds in Golf

Supply

Nationally - Supply Exceeds Demand. Competitive Forces control the prices

Weather

Rain, Snow, Sleet, Wind: Unpredictable Variability

Technology

Internet & Social Media of endless improvements and update mandates have changed in a marketplace of endless choices in an experience based economy

Time Crunched Culture

Lifestyle integration of home, work, commuting and a child centered focus on the wants, needs and desires have transferred to millennials seeking high intensity activities of short duration.

Expenses

Water, Electricity, Fertilizer, Labor, Benefits

What Is Your Vision:
Should Golf Be Held to a Financial Standard
Or It is a Recreational Asset That Has Intangible Value that Should be Subsidized?





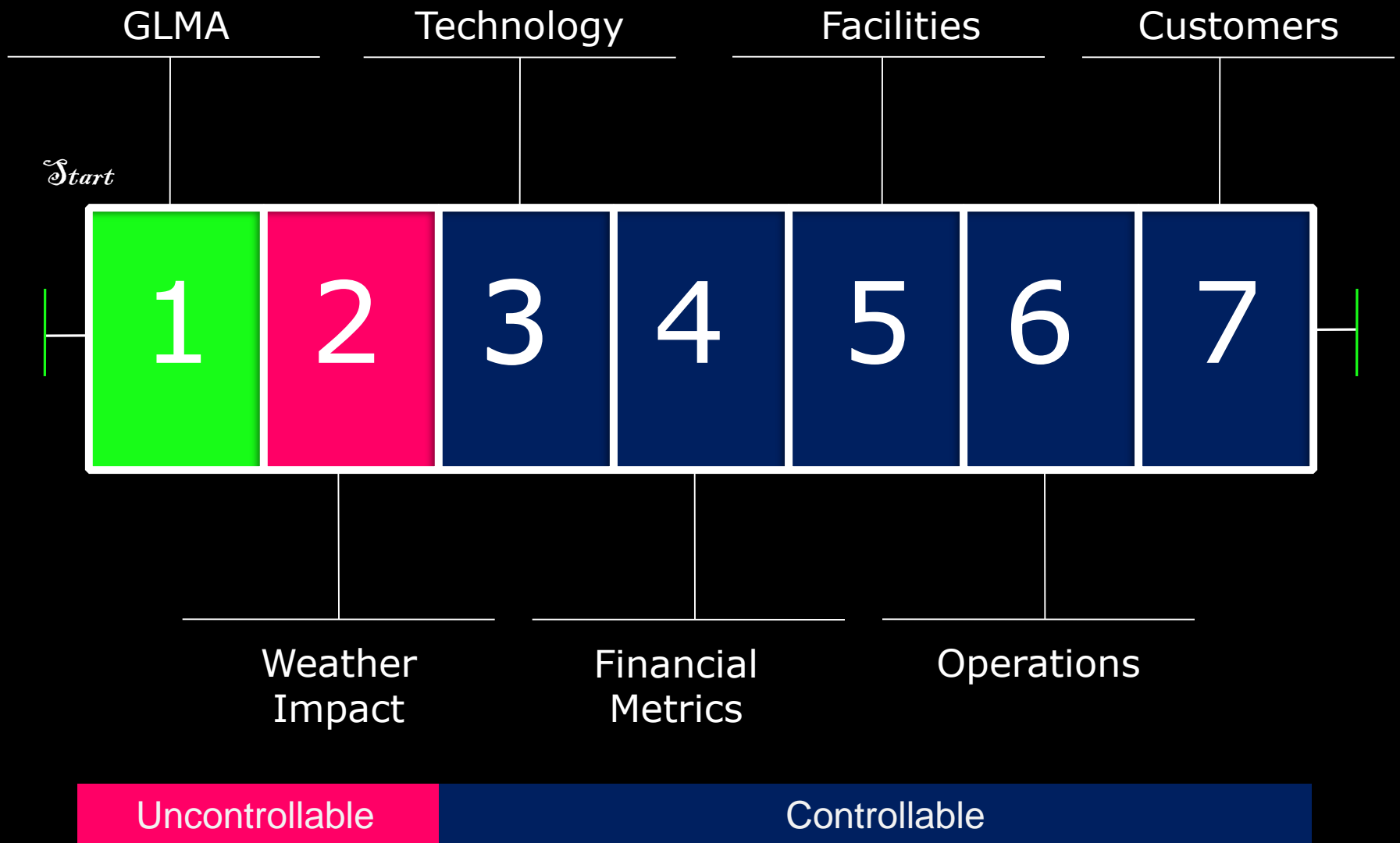
Our Goal Today
Is to Help You Understand
“The Business of Golf”

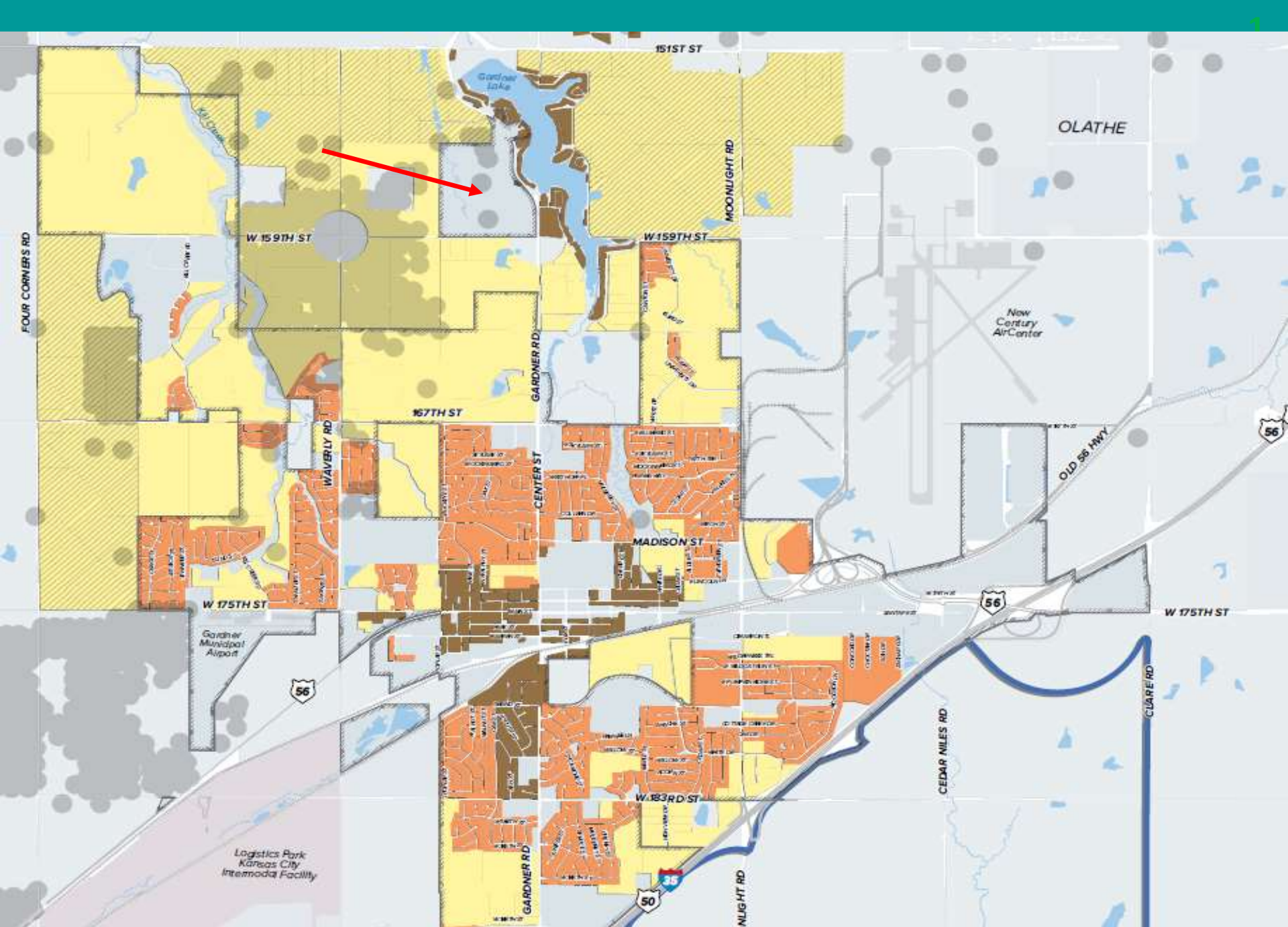
DID YOU
KNOW





The Research Process Implemented



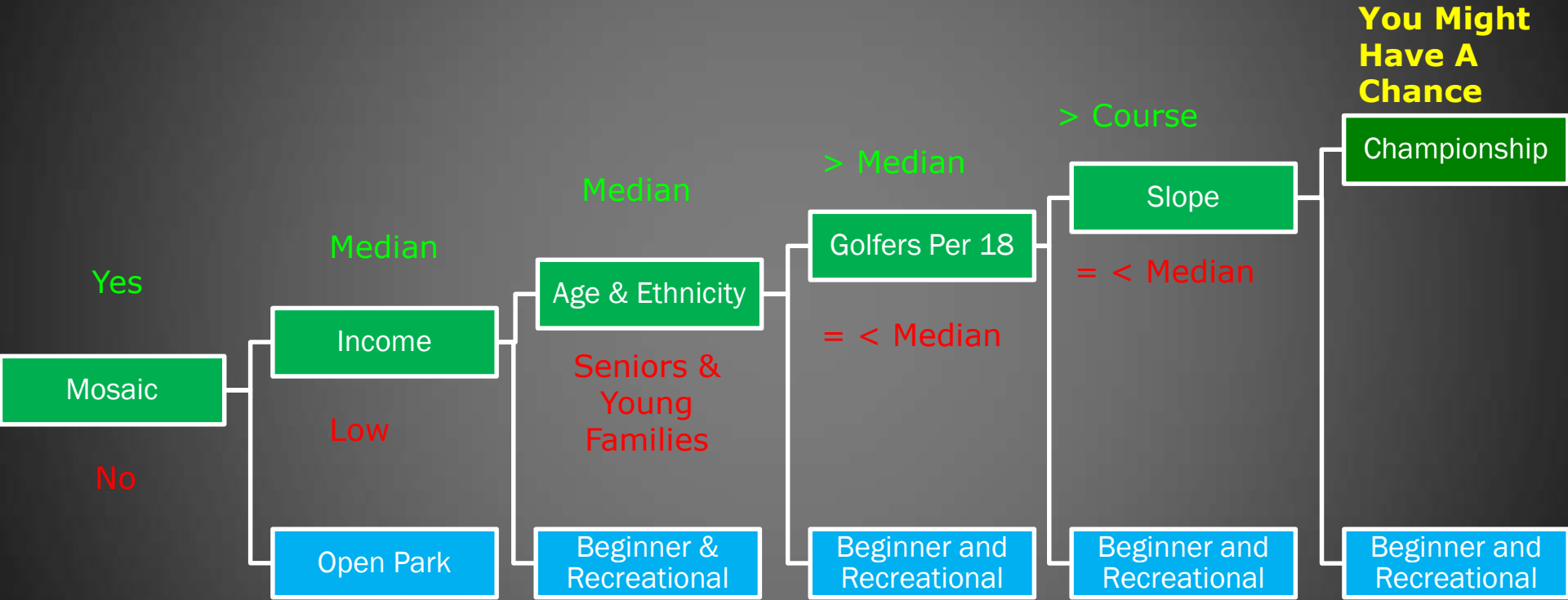


1

Six Numbers
Define the Potential
of Your Golf Facility

The Critical Path

The Barriers to A Fiscally Sustainable Championship Golf Course



Mosaic Global

Mosaic USA is part of a global segmentation network that classifies more than 1 billion people worldwide. Organizations leverage the Mosaic Global network of more than 30 countries to unify consumer definitions around a common customer language.

Experian Marketing Services enables marketers to tap into Mosaic Global's 10 distinct groups, which share common characteristics, motivations and consumer preferences. Using highly localized statistics and the simple proposition that the world's cities share common patterns of residential segregation, the 10 Mosaic Global groups are consistent across countries.

The Mosaic Global groups are mapped against two dimensions: affluence and geographic location.



MOSAIC PROFILE VERY FAVORABLE

	Number	Percent	
	Radial Trade Area, 10 miles		MOSAIC PROFILE INDEX
	Number	Percent	33.89%
Sophisticated Singles	1,976	1.17%	-1.53%
Bourgeois Prosperity	29,101	17.28%	1.58%
Career and Family	86,211	51.20%	37.80%
Comfortable Retirement	7,128	4.23%	-3.97%
Routine Service Workers	16,948	10.07%	-7.13%
Hard Working Blue Collar	12,060	7.16%	-3.24%
Metropolitan Strugglers	8,073	4.79%	-12.31%
Low Income Elders	1,373	0.82%	-1.88%
Post Industrial Survivors	5,107	3.03%	-3.57%
Rural Inheritance	401	0.24%	-5.66%
Total	168,376	100.00%	

DEMOGRAPHICS ARE STRONG

	Gardner	100 CBSA	U.S.
Age (Median)	33.80	37.30	36.90
Income (Med Household)	\$75,088	\$57,264	\$52,747
Likely Golfer Household Income	\$124,646	\$95,058	\$87,560
Ethnicity (% Cauc.)	84.38%	66.50%	71.10%
Hispanic	9.49%	20.10%	17.00%
African American	5.04%	15.00%	13.30%
Asian American	3.59%	7.10%	5.40%

DOESN'T TRANSLATE TO STRONG DEMAND FOR GOLF

Demand	Gardner	Overland Park	100 CBSA	U.S.
Total Golfers	15,080	60,668	16,493,905	24,416,632
Rounds Played	242,464	1,046,831	288,126,400	451,577,900
Rounds Per Course	26,940	49,849	39,968	30,065
Rounds Played Per Golfer	16.08	17.26	17.47	18.49
Golf Participation	17.88%	18.77%	14.50%	14.20%
Golfers per Facility (Not Per 18-Equivalent)	1,897	2,742	2,283	1,733
Likely Course Revenue / 18 Holes - Private Course Adjusted	747,747	1,689,036	N/A	1,346,817
Green Fee Potential	27.76	33.88	N/A	83.66

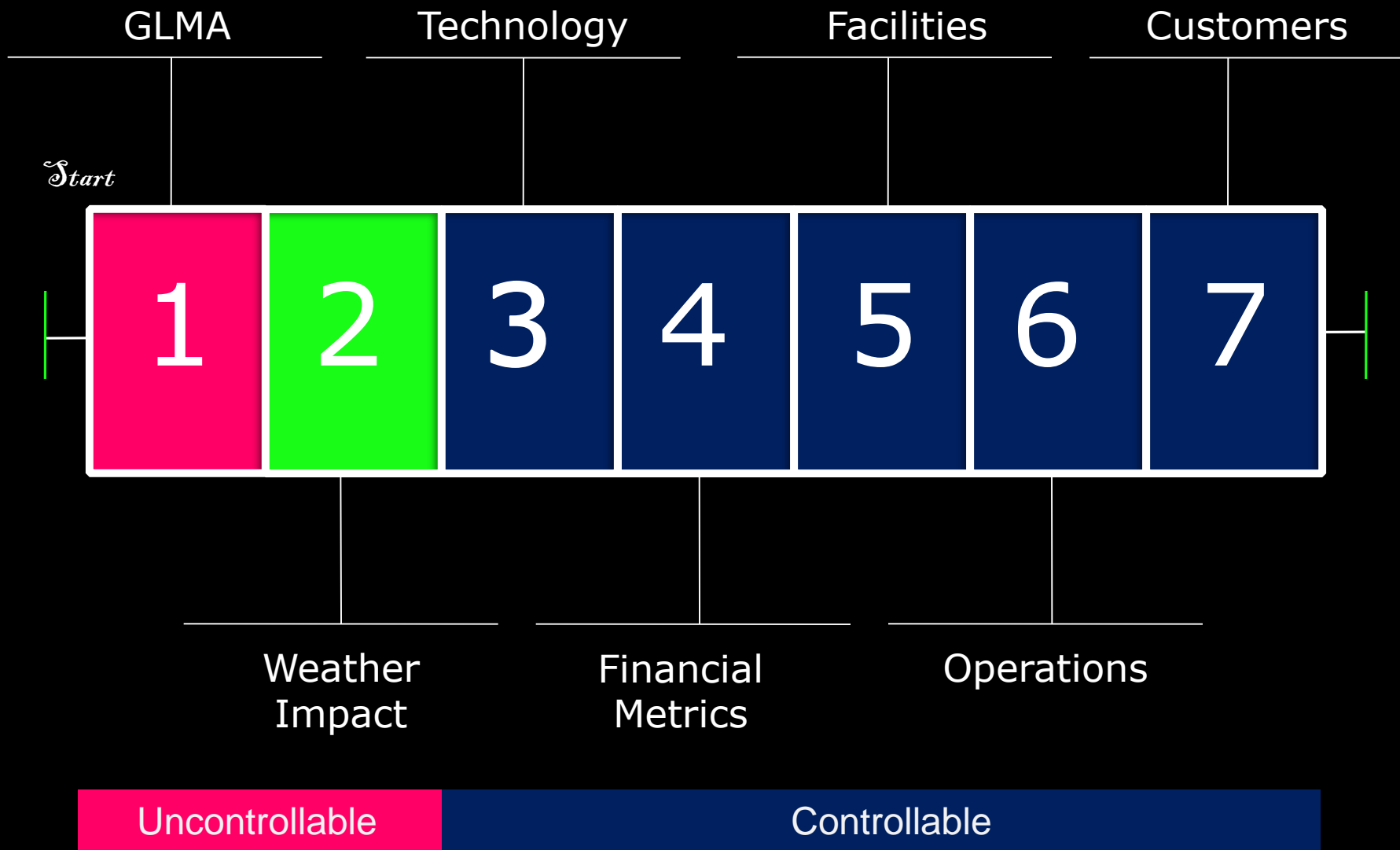
An Uphill Battle

Category	Gardner	Overland Park
Year Opened	1988	1971
Current Green Fee & Carts	20.00	48.93
Predictive Index (Ranking out of 15,204 golf courses)	5,587	1,516

Step 1 – Local Market Analysis

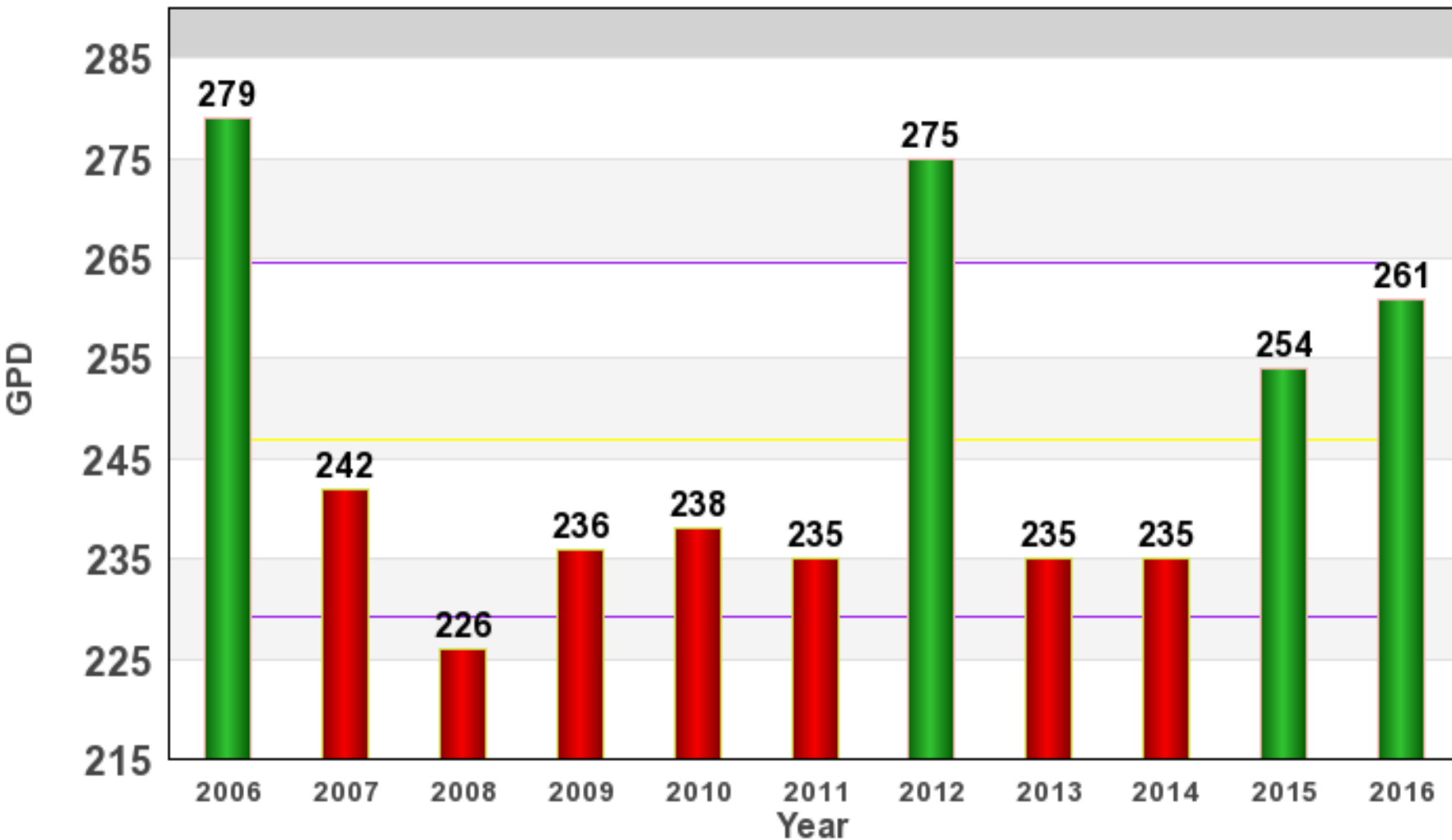
Facts:

- ✓ MOSAIC Profile is Very Positive
- ✓ Demand Slightly Exceeds Supply on National Basis
- ✓ Demand Far Less if Measured Against Top 100 CBSAs
- ✓ Last decade
 - ✓ 30 million golfers to less than 23.5 million
 - ✓ 16,000 18-hole equivalents to 14,118 (vs. 15,204 facilities)
 - ✓ 1,882 golfers to 1,687 golfers per 18 hole equivalent
 - ✓ Rounds have fallen per course from 37,572 to 32,295 per 18 hole equivalent
 - ✓ Public courses now constitute 75% of all facilities.
 - ✓ Time, cost and difficulty are cited ad nauseam as the reason for golf's decline.



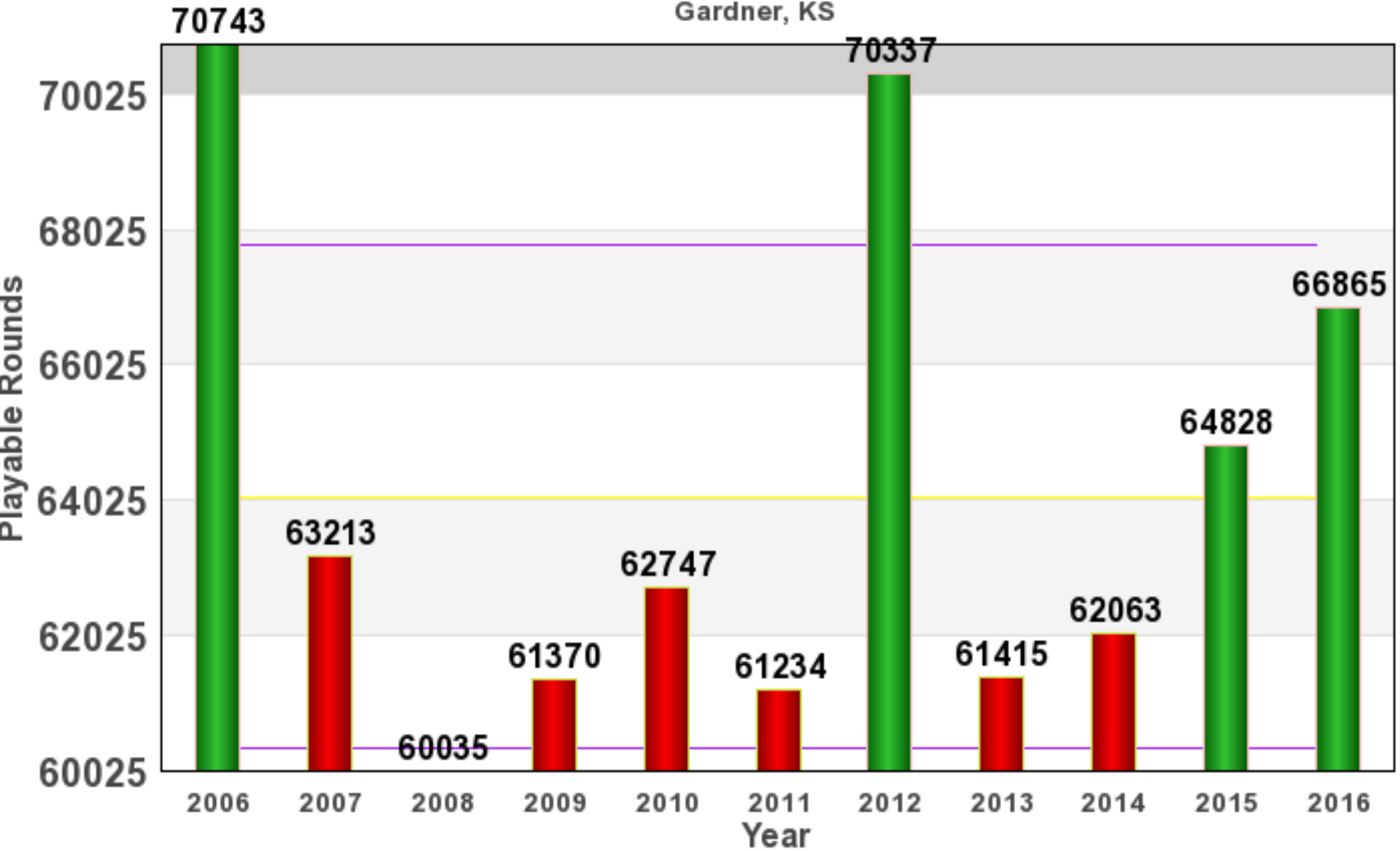
Golf Playable Days

Gardner, KS



Yearly Playable Rounds

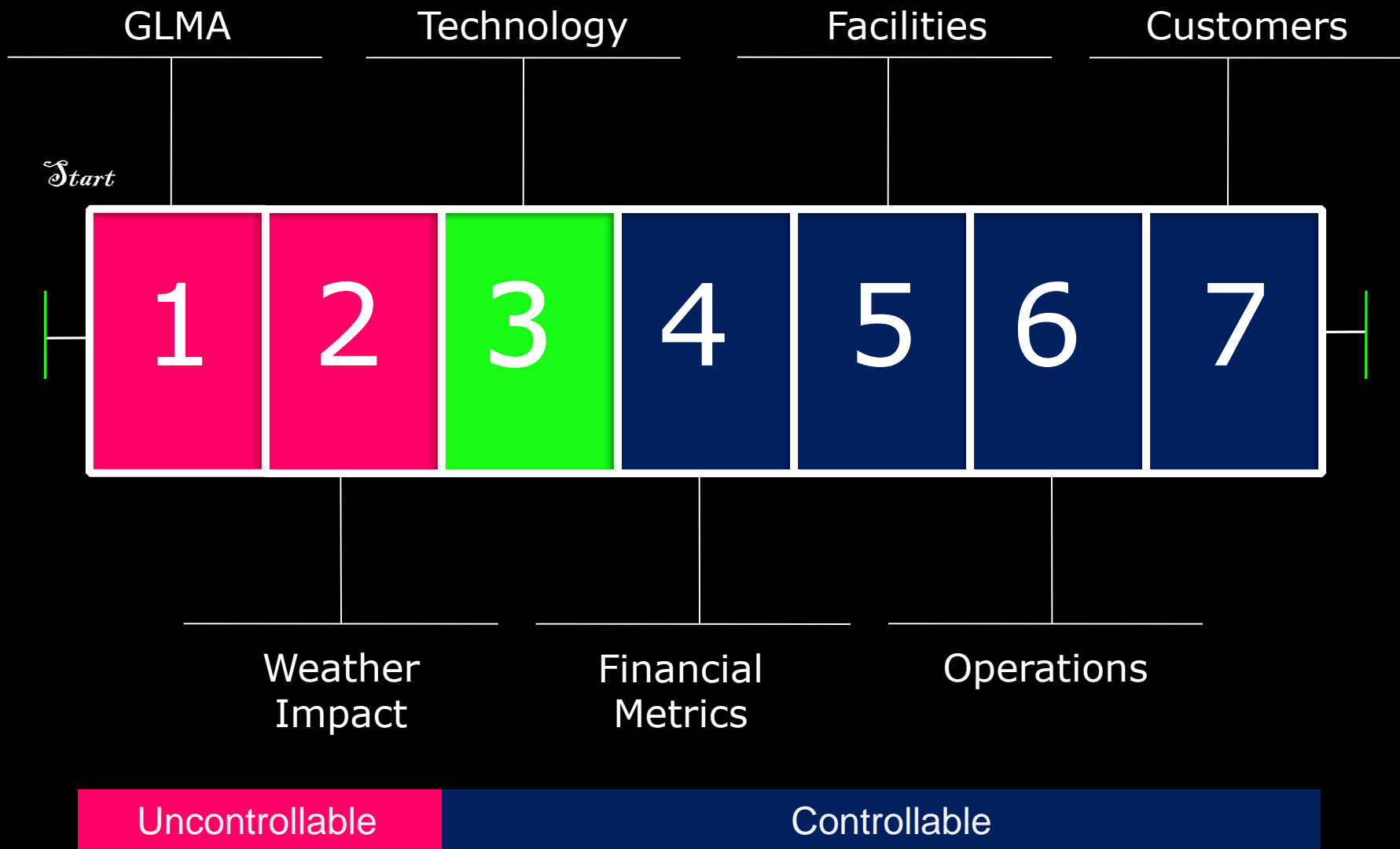
Gardner, KS



Step 2 – Impact of Weather

Facts:

- ✓ The City of Gardner with 15,000 rounds is operating at 23% of capacity
- ✓ Golf Courses nationally are operating at 52% of capacity





[Click HERE](#) for Tee Time Specials



Your Kind of game and your kind of group

Gardner Golf offers your kind of game weather its a personal game or a company tournament we can met your needs.

[Read More](#)

Directions

Gardner Golf Course is easily accessible from I-35 or Hwy 56 and is located just two miles north of Gardner at 15810 South Gardner Road or call for directions and hours [\(913\) 856-8858](tel:9138568858).

[View Map](#)

PGA Professionals

Specializing in customized tournaments for all occassions at one of the lowest rates in the metro area. Jr Golf Clinics for the kids. Golf lessons for individuals or groups. Contact [Curt](#) today to find out more information.

Player's Pass Participant

Gardner Golf Course is a proud participant in the Player's Pass. Get half-price green fees all year and last-minute specials up to 60%. Thousands of discount golf course nationwide - even on weekends!

No easier or better golf discounts anywhere else - Guaranteed!

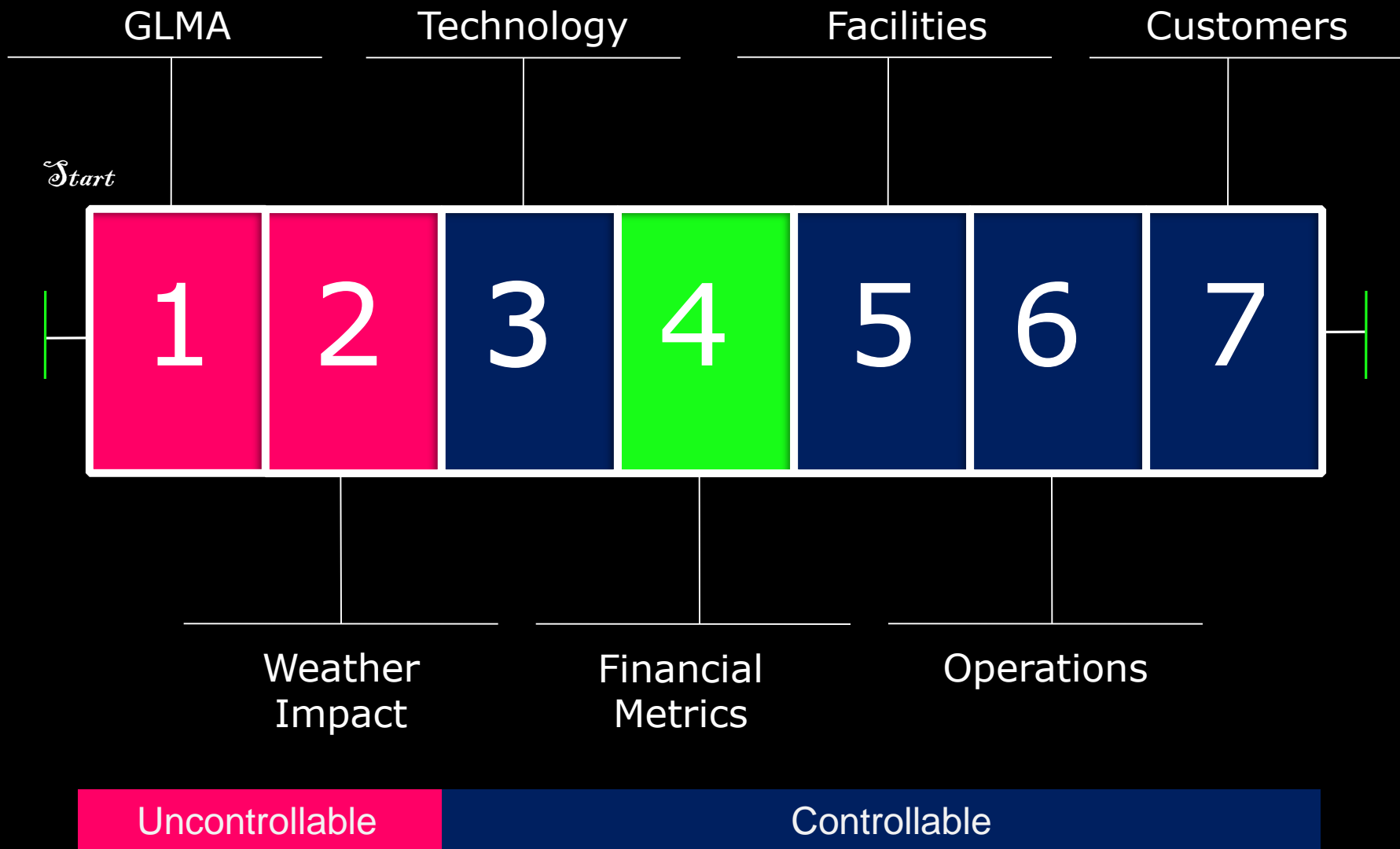
[Click on Golf Now to book your Tee Time](#)



Step 3 – Technology

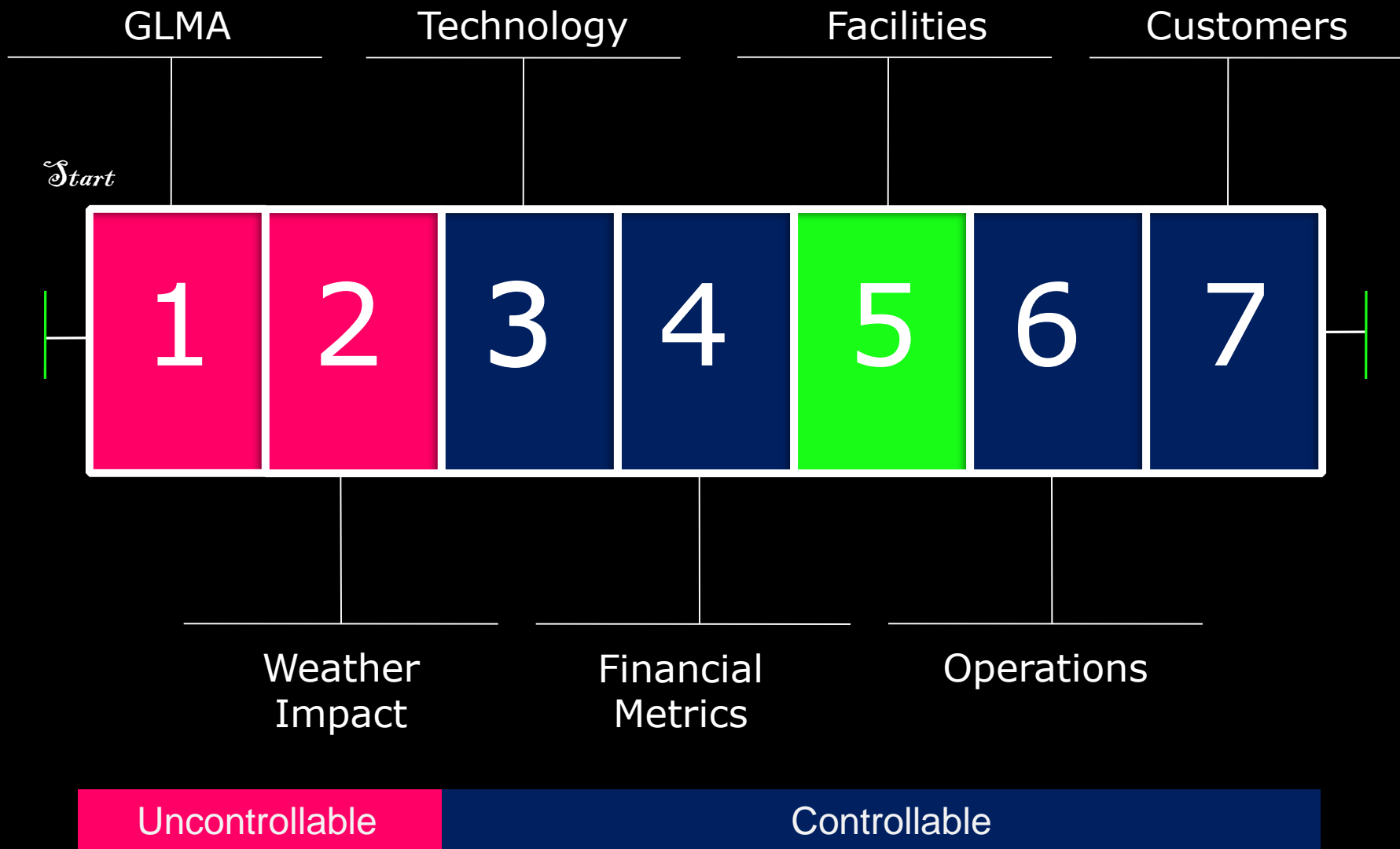
Facts:

- ✓ Massive Underutilization of Technology
 - Limited online reservations
 - No email database
 - No customer spending history
- ✓ For City to assume operation places you in deep hole to create historical customer base and spending patterns.



Projected Financial Results

		Financial Options			
Option	Description	Lessee Income	Gardner Annual Cash Flow	Gardner Debt O/S 2023	Total Debt
1	Close Golf Course & Abandon Removing Two Buildings: One Time	\$0	\$(50,000)	\$0	\$0
2	Close Golf Course & Maintain as Open Park Space	\$0	\$(150,000)	\$0	\$0
3	Extend Lease	\$(22,450)	\$5,507	\$0	\$0
4	Buyout Lease & Operate Without ANY Improvements	\$0	\$(49,532)	\$233,565	\$300,000
5	New Lessee and Operate 9 Hole Golf Course with New Irrigation	N/A	\$(76,353)	\$817,476	\$1,050,000
6	Buyout Lease and Operate 9 Hole Golf Course With New Irrigation	\$0	\$(220,449)	\$817,476	\$1,050,000
7	Buyout Lease and Operate 18 With New Irrigation System	\$0	\$(157,939)	\$1,325,165	\$1,800,000
8	Buyout Lease and Operate 18 With Total Renovation (Minimum) Maximum \$8.5 million	\$0	\$(552,768)	\$5,060,569	\$6,500,000
9	Buyout Lease and Operate 18 with Total Renovation & New Clubhouse	\$0	\$(593,692)	\$8,953,315	\$11,500,000





Interesting, natural land



with poor green quality



Deteriorating infrastructure



Power line conflict



Increasing liability

A photograph of a golf course green and fairway. The green is in the center, surrounded by a fairway. The area is heavily shaded by large, dense trees on both sides, illustrating the concept of being 'choked' by trees. The sky is clear blue. Two orange markers are visible on the grass in the foreground.

Becoming “choked” by trees



Irrigation system falling apart

35 Excess Acres



GOLF COURSE ITEMS

EXPECTED LIFE CYCLE

HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

No two golf courses are alike except for one thing: deferring replacement of key items can lead to greater expense in the future, as well as a drop in conditioning and player enjoyment. The following information represents a realistic timeline for each item's longevity.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. The American Society of Golf Course Architects (ASGCA) encourages golf course leaders to work with an ASGCA member, superintendents and others to assess their course's components.

ITEM	YEARS
Greens (1)	15 – 30 years
Bunker Sand	5 – 7 years
Irrigation System	10 – 30 years
<i>Irrigation Control System</i>	10 – 15 years
<i>PVC Pipe (under pressure)</i>	10 – 30 years
<i>H.D.P.E. Pipe</i>	40 – 60 years
<i>Pump Station</i>	15 – 20 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)
Cart Paths – concrete	15 – 30 years (or longer)
Practice Range Tees	5 – 10 years
Tees	15 – 20 years
Corrugated Metal Pipes	15 – 30 years
Bunker Drainage Pipes (3)	5 – 10 years
Mulch	1 – 3 years
Grass (4)	Varies

NOTES: (1) Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and response to changes in the game from an architectural standpoint (like the interaction between green speed and hole locations). (2) Assumes on-going maintenance beginning 1 - 2 years after installation. (3) Typically replaced because the sand is being changed – while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. (4) As new grasses enter the marketplace – for example, those that are more drought and disease tolerant — replanting may be appropriate, depending upon the site.

High priority:

1. Replace entire irrigation system
2. Rebuild/improve greens
3. Upgrade teeing grounds
4. Renovate all sand bunkers
5. Tree management
6. New clubhouse with improved entry
7. Establish your brand

Option 1: The Little Vision – 9 Hole Golf Course: \$1.050 million for golf



Hiking Trails, Skate Park, Zip Line?

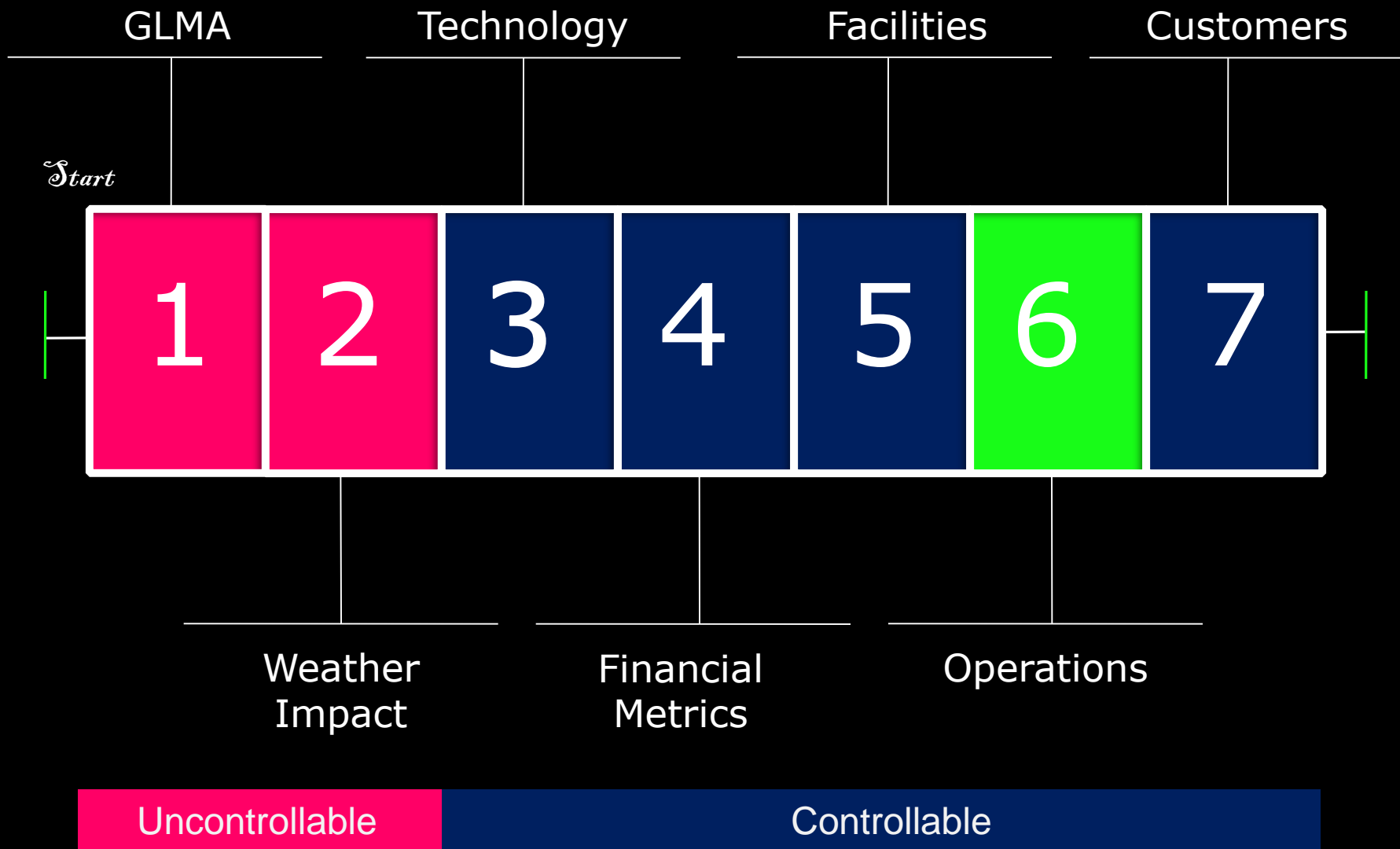
Ball Fields, Soccer Fields?

Homes?

The Great Life Alternative

City Budget ~ \$1,050,000

Project	City Responsibility	Great Life Responsibility	QTY	Unit	Unit \$	Estimated Cost	Priority
Irrigation System	X		50	AC	\$15,000.00	\$750,000	Required
Greens – replant	X	X	50,000	SF	0.75	\$37,500	Shared
Tee Boxes – replant	X	X	43,500	SF	0.55	\$23,925	Shared
Fairways – replant	X	X	10	AC	11,500.00	\$115,000	Shared
Bunkers – edge and fill	X	X	800	SF	7.70	\$6,160	Shared
New Maintenance Building	X		1	AL	97,415	97,415	Optional
Old Clubhouse remove	X		1	AL	20,000.00	\$20,000	Optional



Multi-uses:

1. Trail system
2. Outdoor event/festival space
3. Camping
4. Mountain bike skills course
5. Mini-golf
6. Batting cages



Attract families & kids



Focus on women golfers



Design for those w/ disabilities



For 100% of the community



Multiple uses on the course

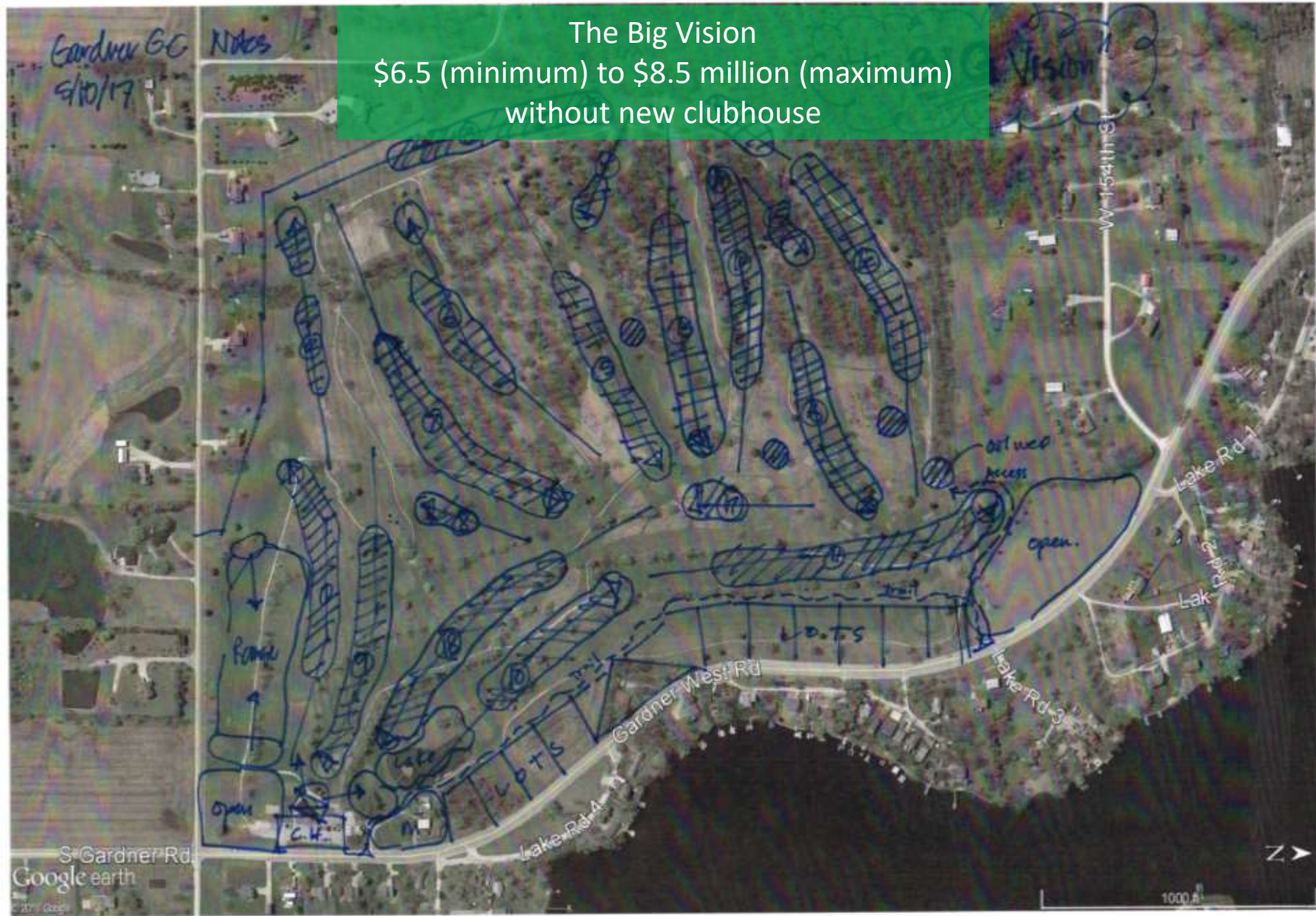


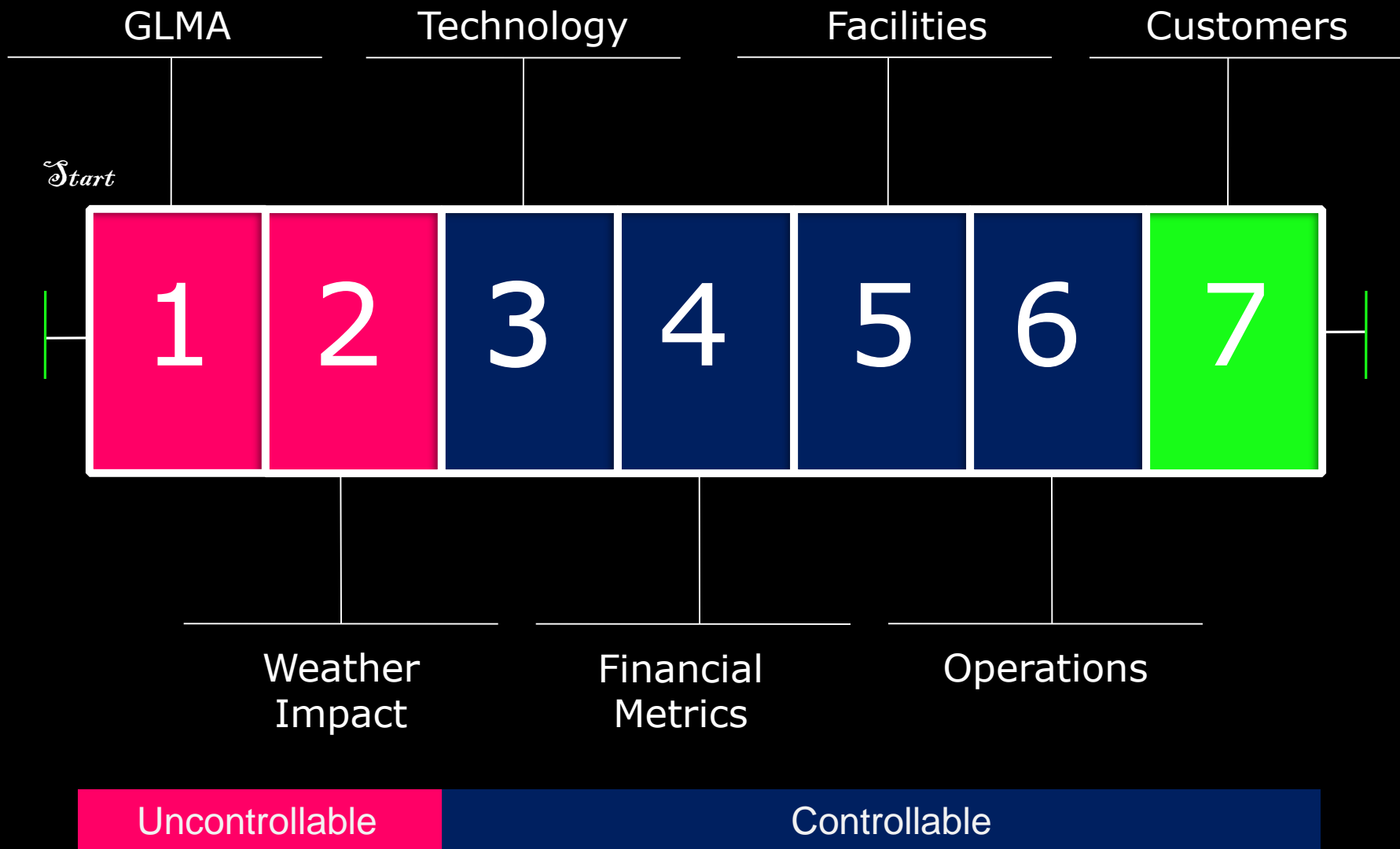
Non-traditional clubhouse

THE BIG VISION

1. Rebuild entire facility
2. Maximize unused land
3. Add multi-use functionality
4. Re-brand facility, establish vision statement and marketing plan
5. Focus on fun golf, sustainability and 100% of the community – Community Links!

The Big Vision
\$6.5 (minimum) to \$8.5 million (maximum)
without new clubhouse

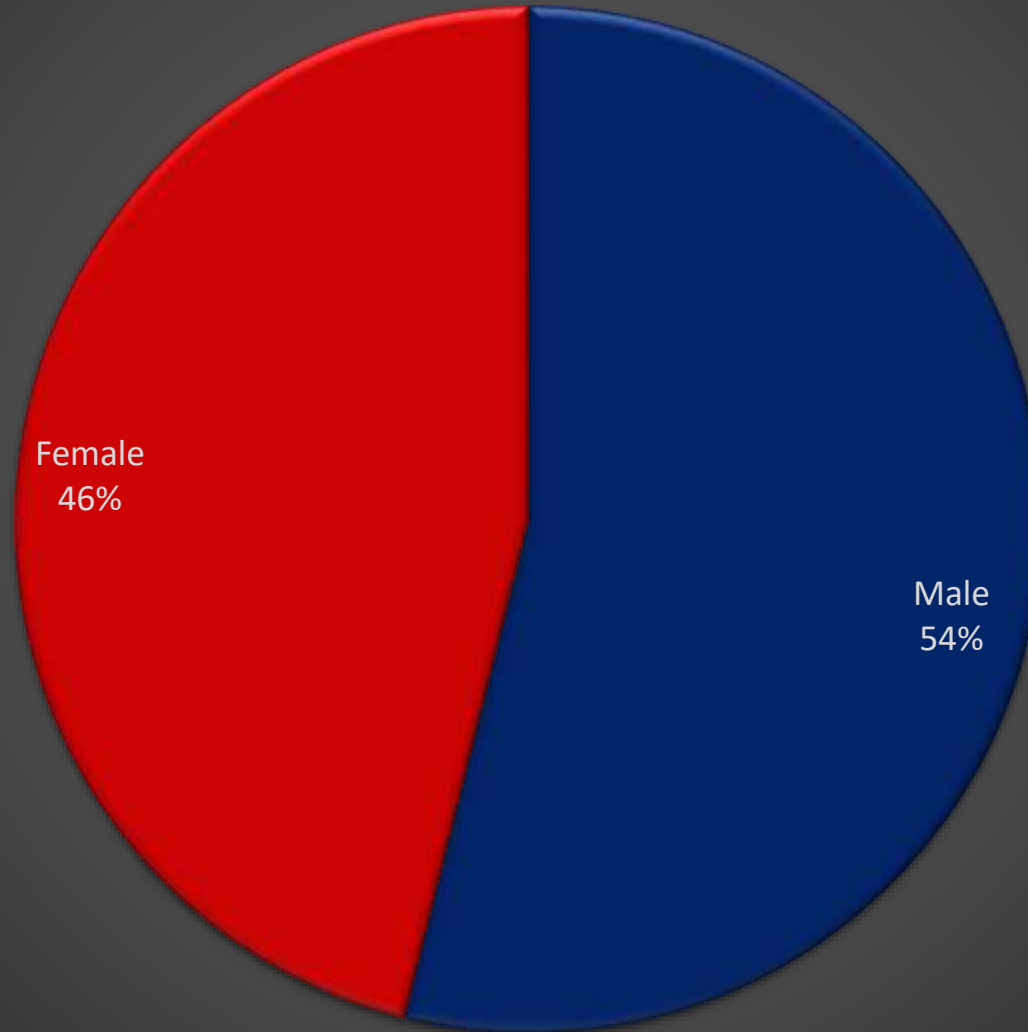




Zip Code	Number of Respondents
66030	466
66021	13
66083	7
66062	6
66061	6
66212	3
66092	2
66071	2
66102	1
67217	1
66216	1
65030	1
64083	1
66203	1
66025	1
66067	1
37402	1
66964	1
66577	1
66018	1
66109	1
66223	1

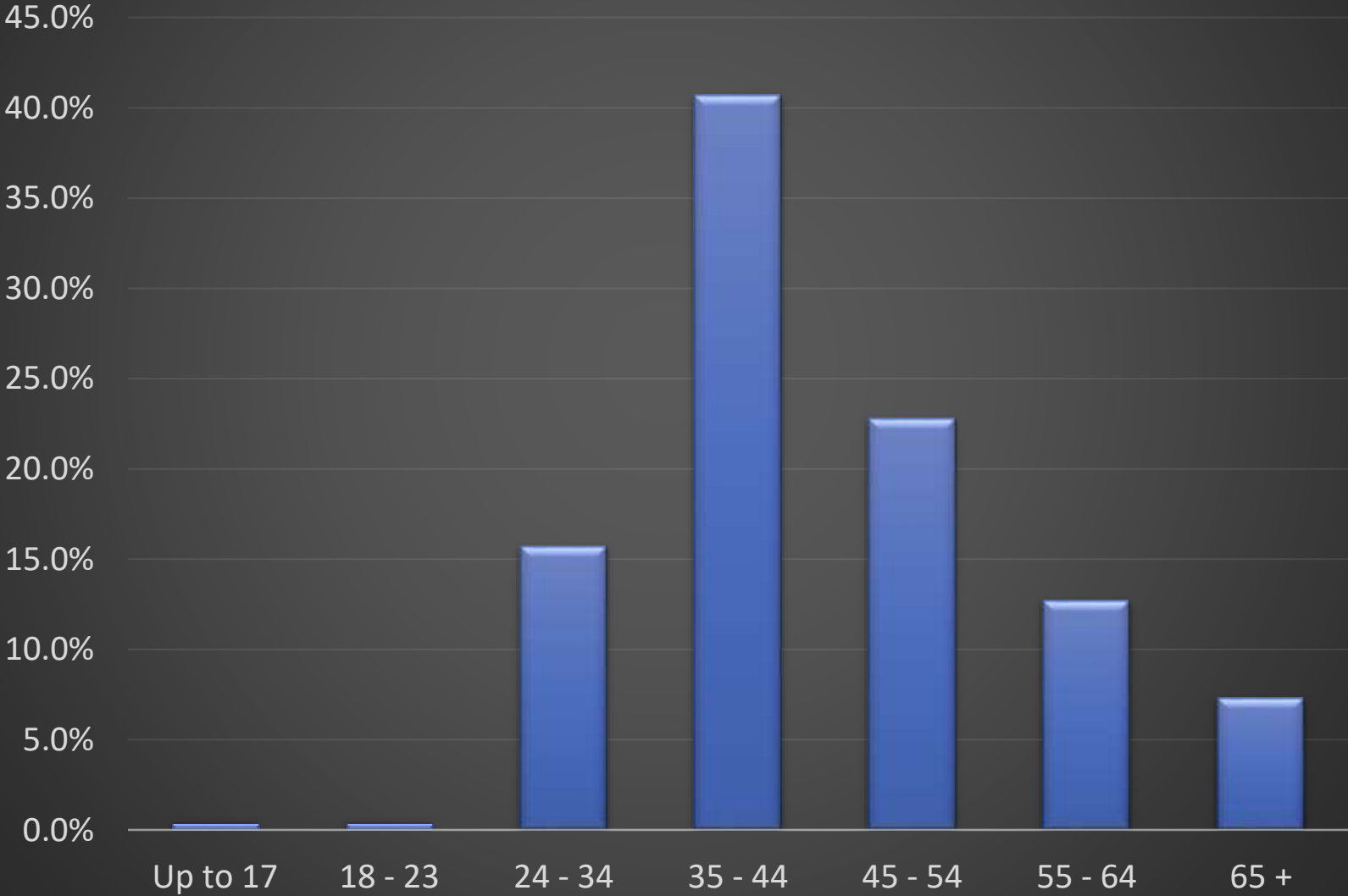
All

What is your gender?



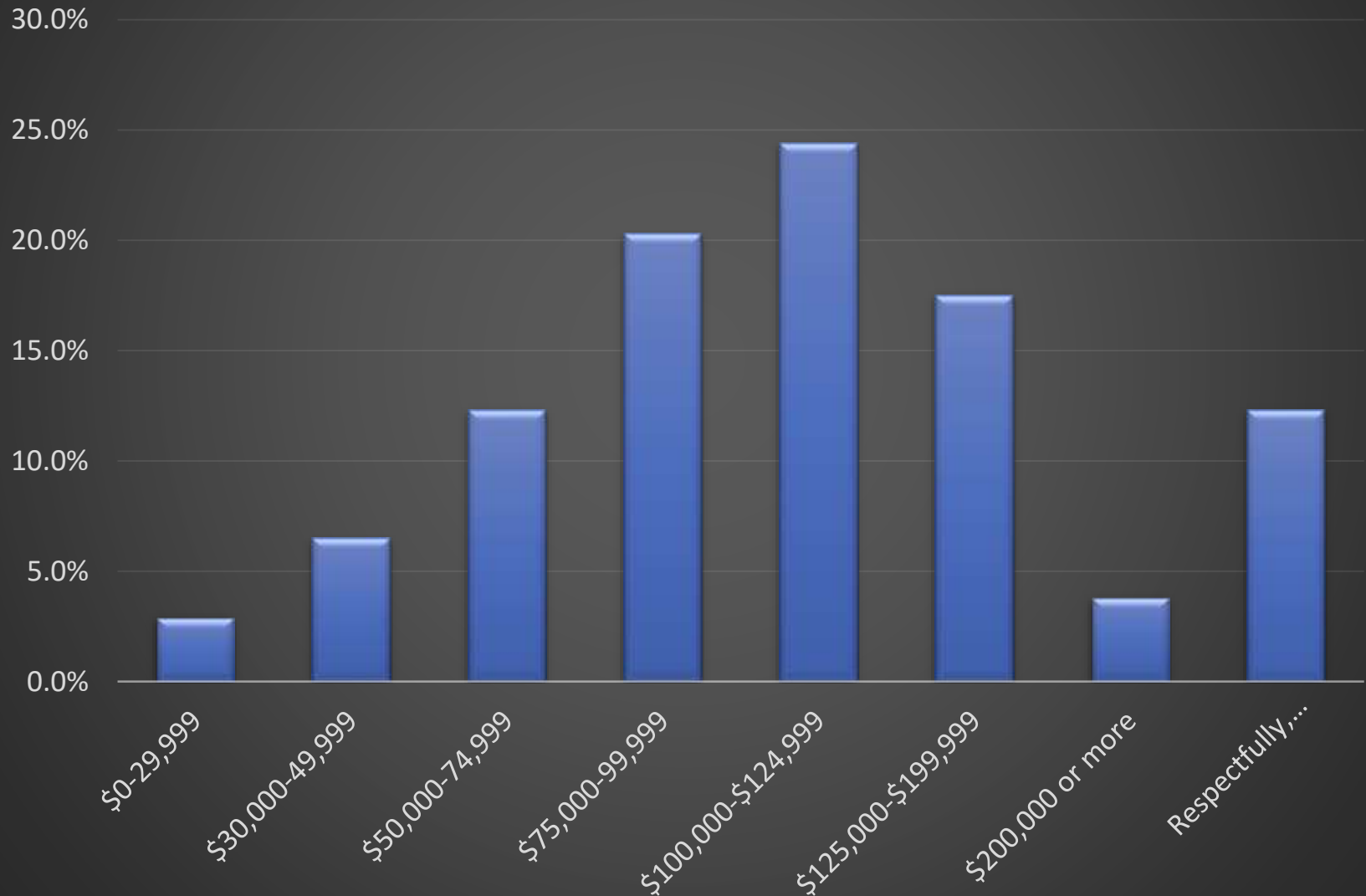
What is your age group?

Average Age: 44.7

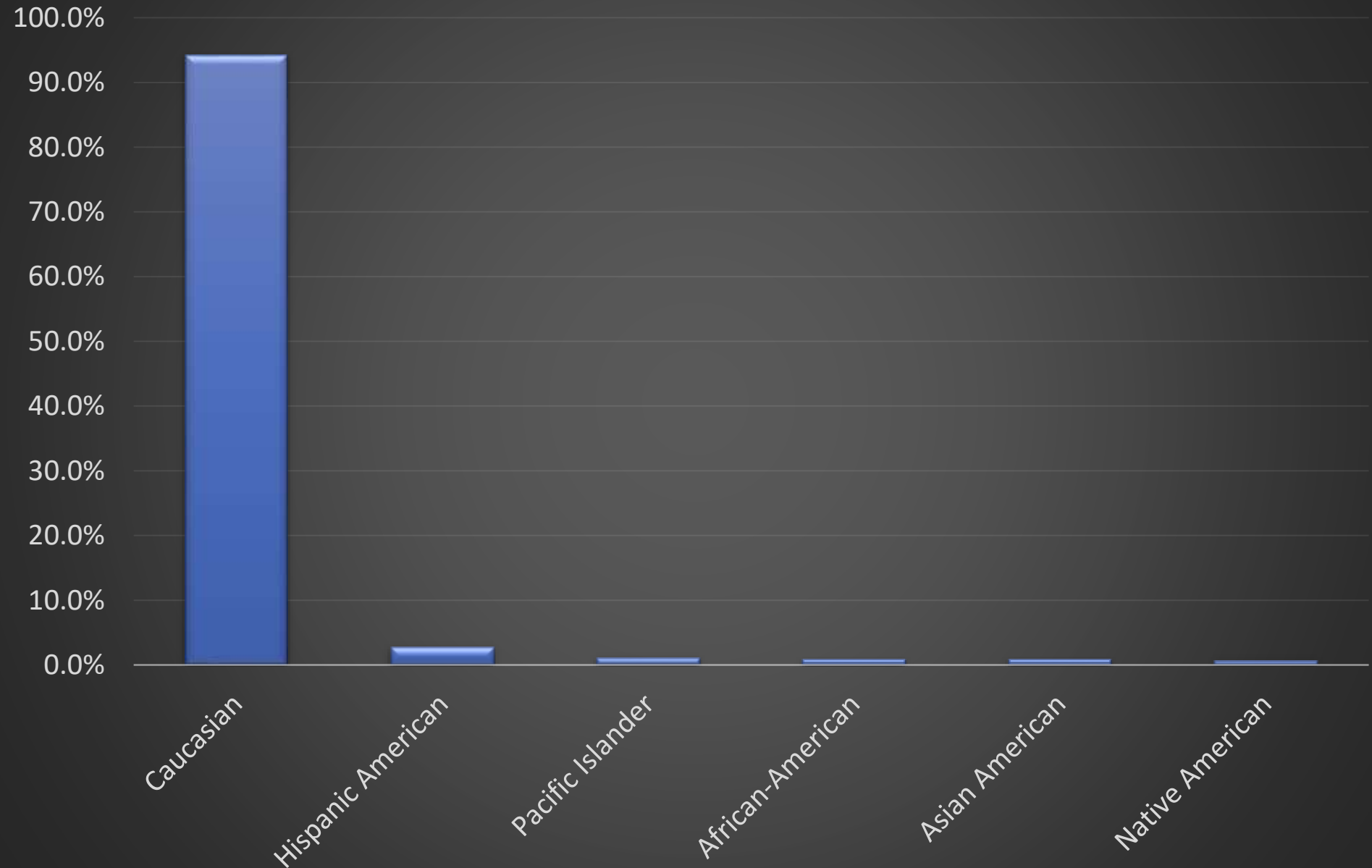


What is your household income range?

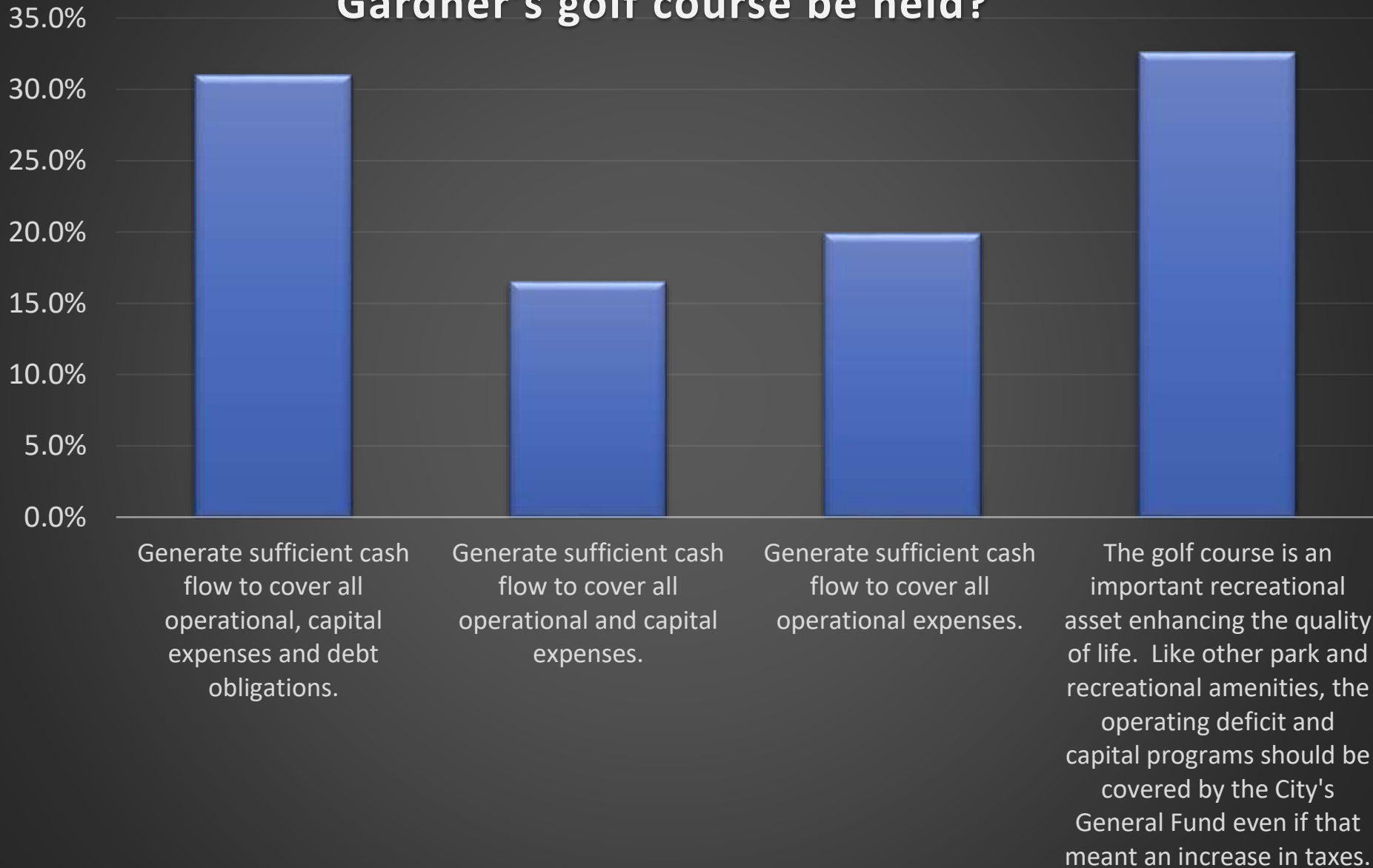
Average Income: \$93,945



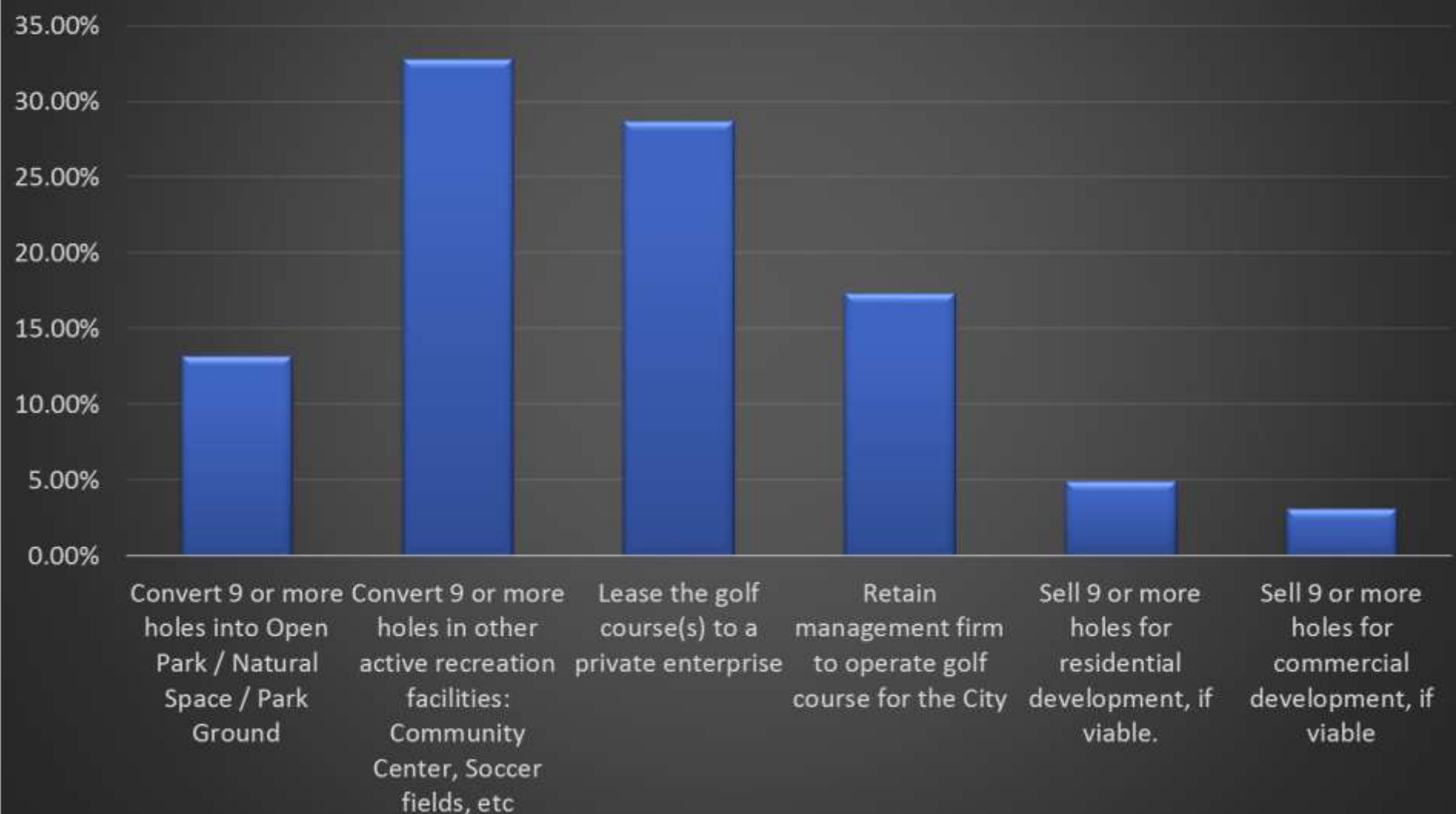
What Best Describes Your Race?



To what financial benchmark should the City of Gardner's golf course be held?



If the City of Gardner Decided that Its Golf Course Was Unsustainable Financial Burden, Which Alternative Do You Prefer?



What is your interest level in golf?

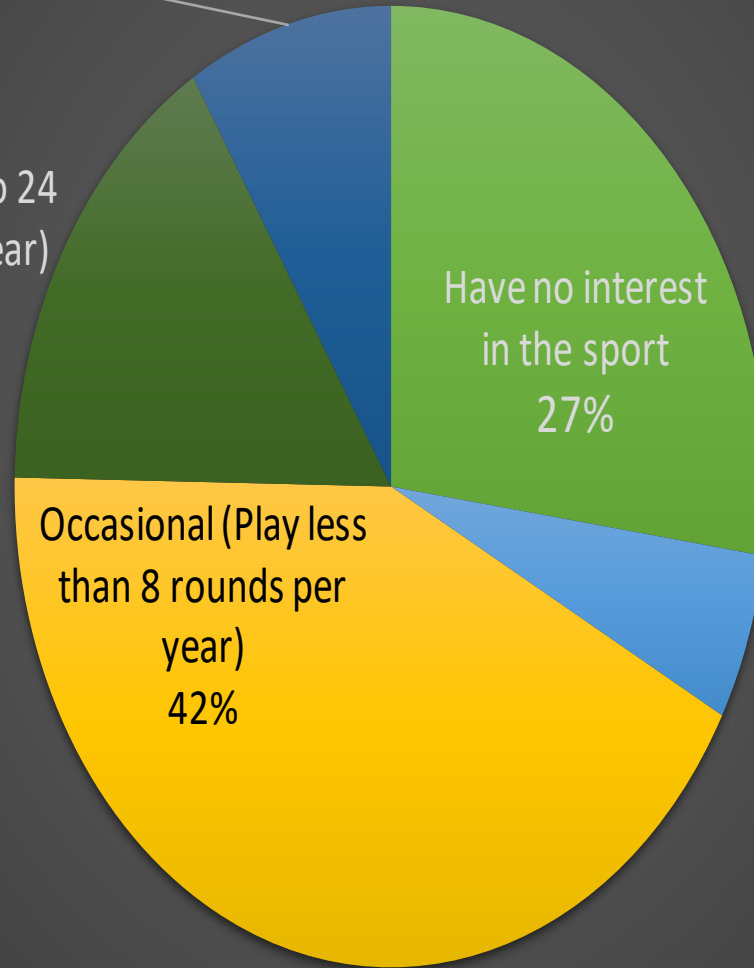
Avid (Play more than
24 rounds per year)
9%

Core (Play 8 to 24
rounds per year)
16%

Occasional (Play less
than 8 rounds per
year)
42%

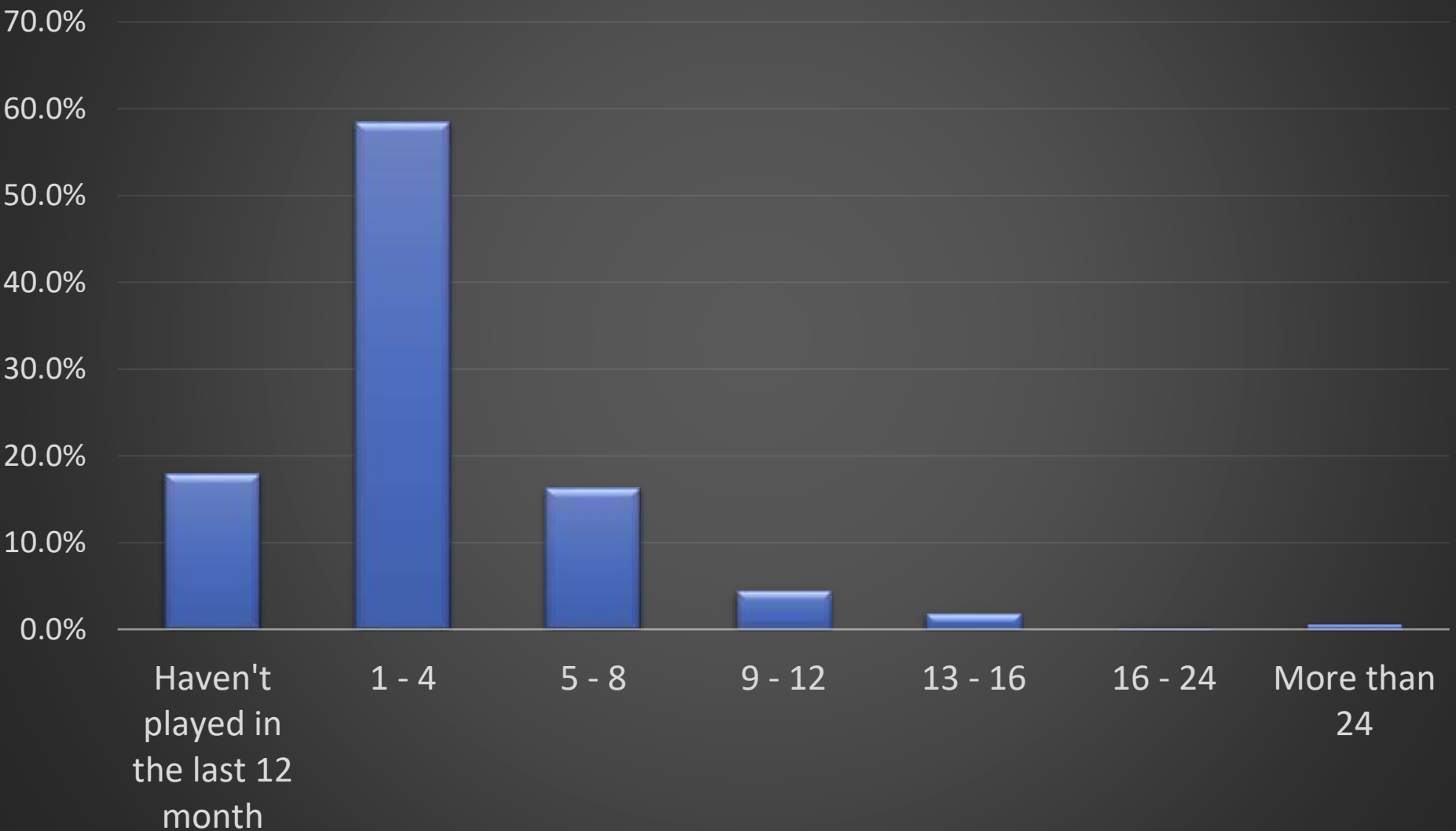
Have no interest
in the sport
27%

Do not play golf but
will watch the sport on
TV
6%

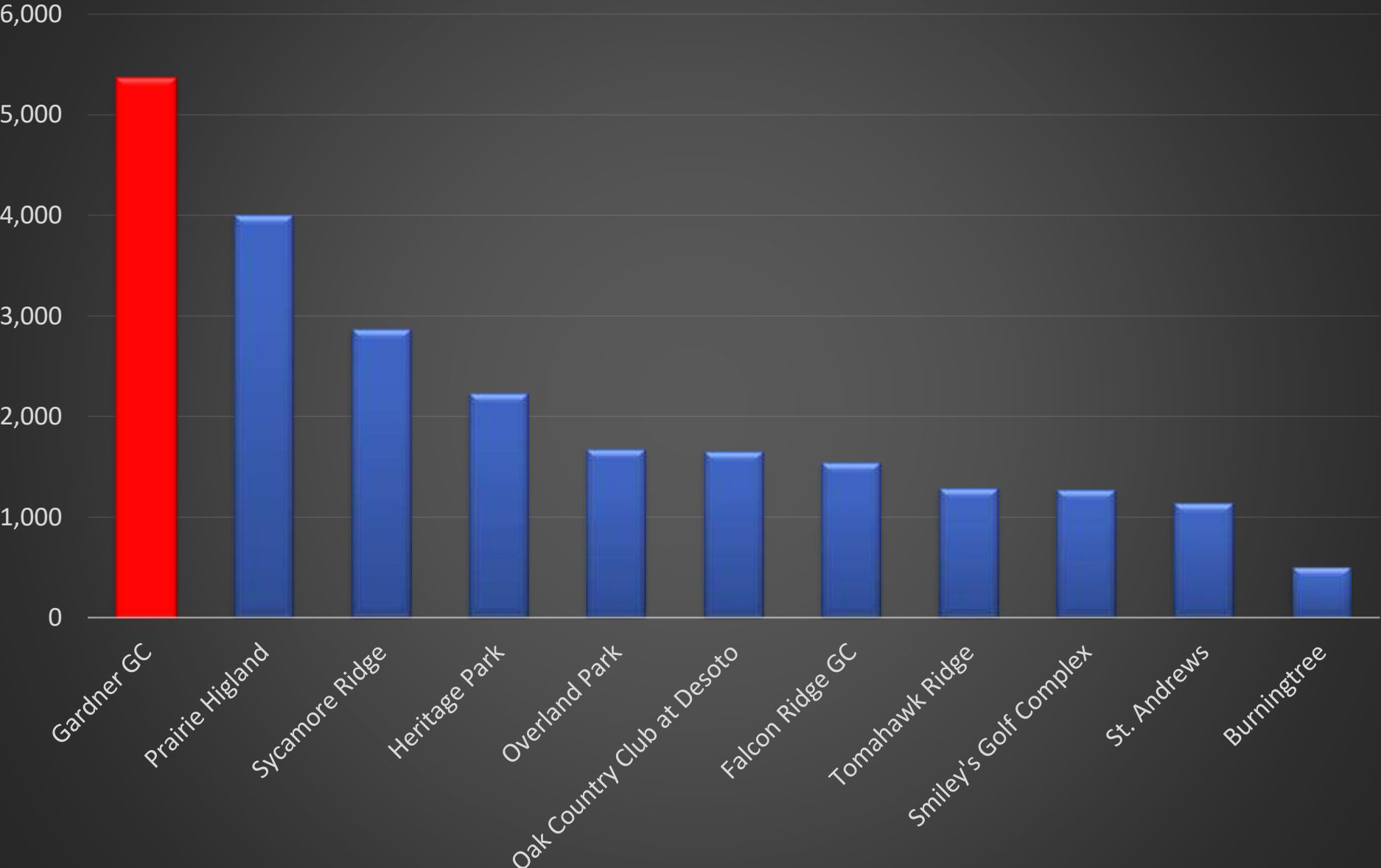


Golfers

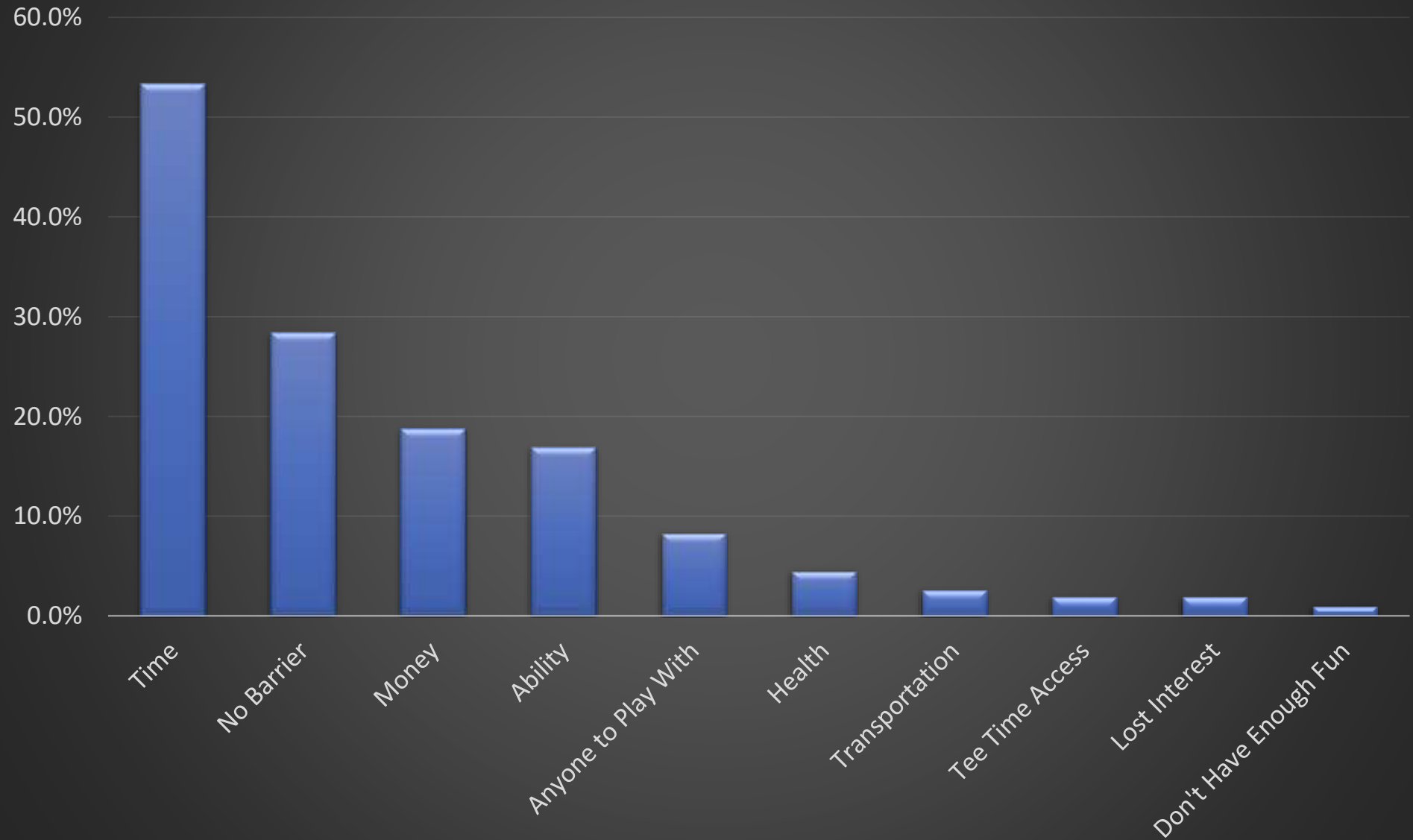
How many different golf courses did you play in the last 12 months?



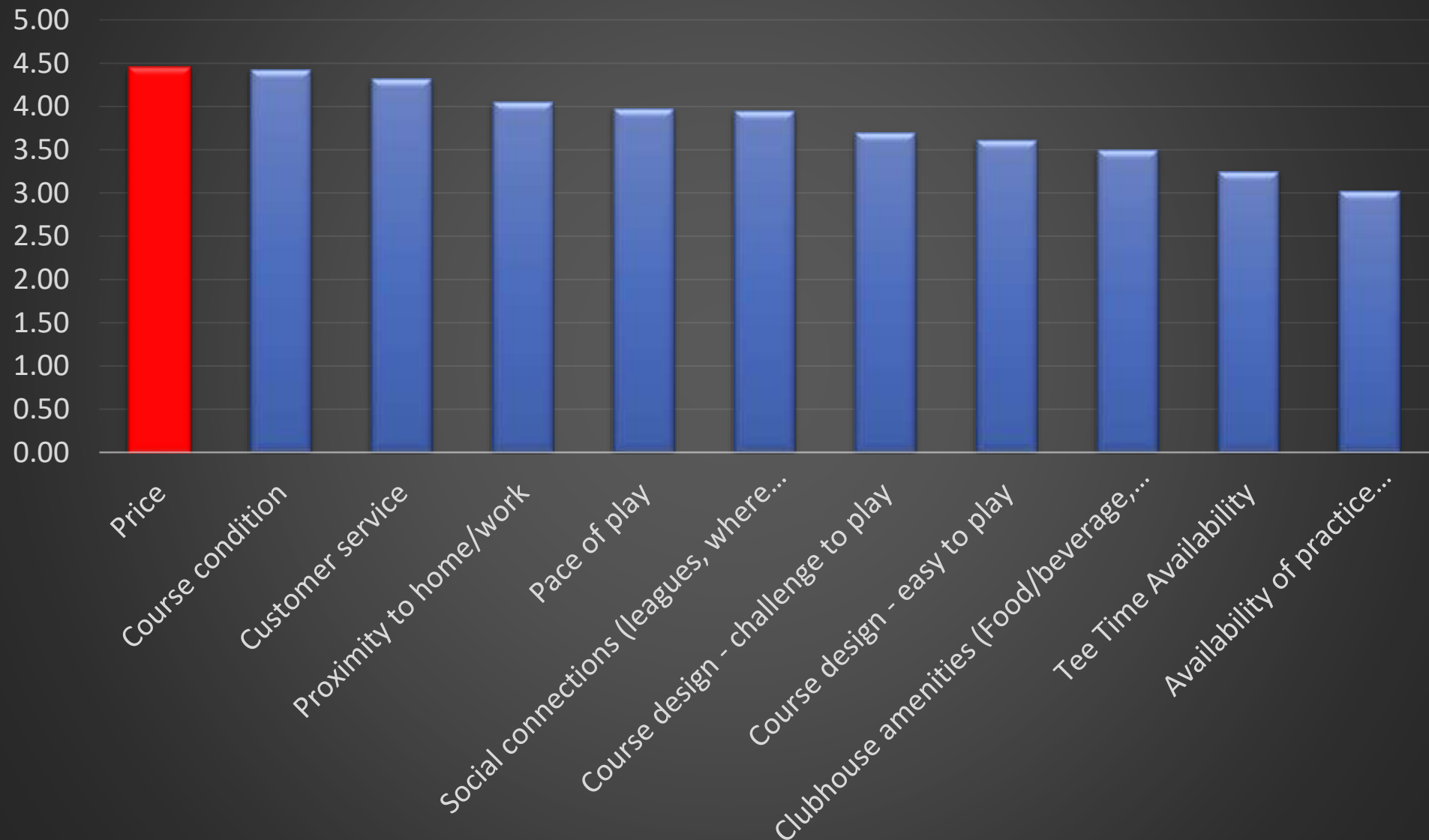
Number of Rounds Played Annually by Respondents



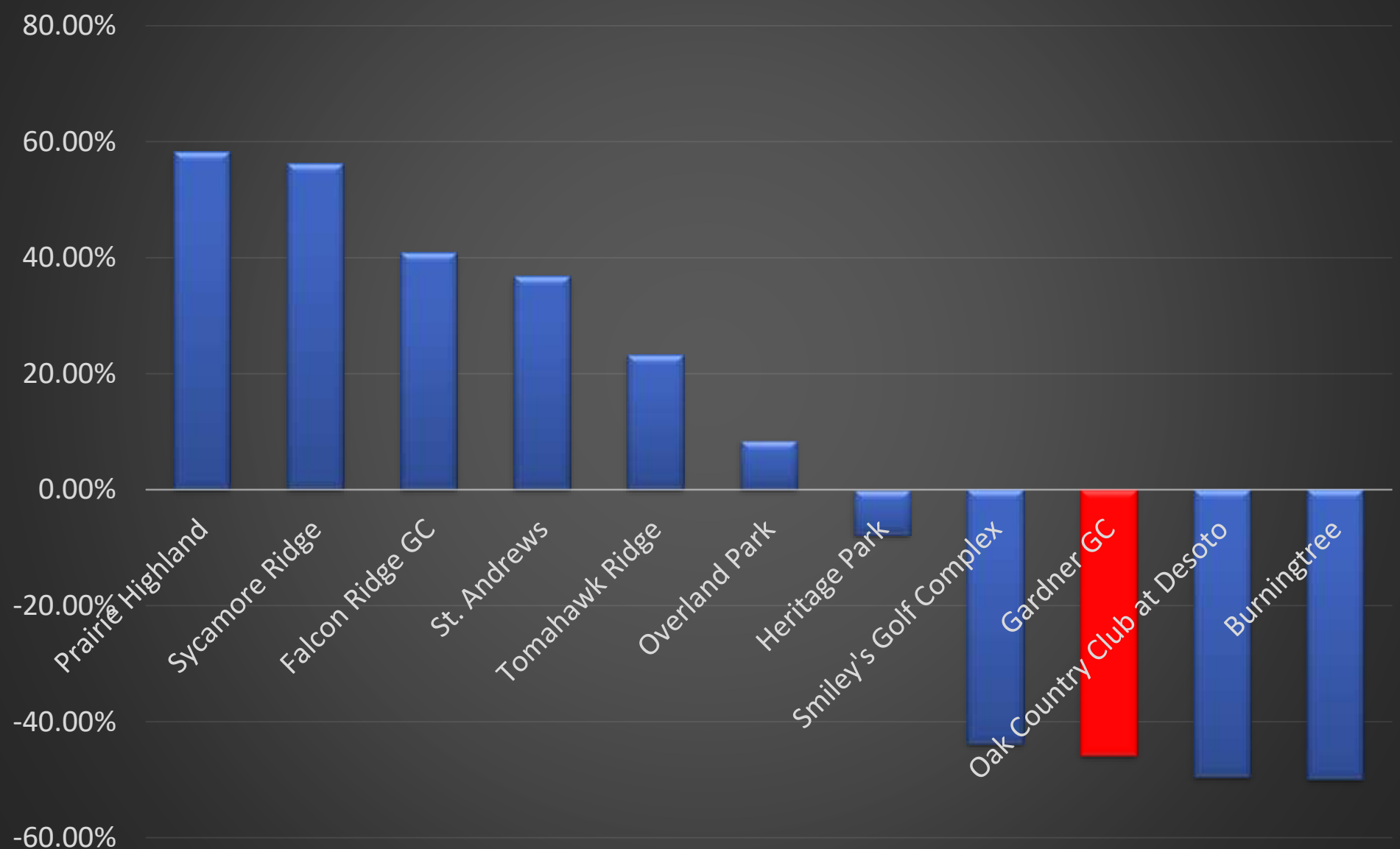
What Are The Primary Barriers that Prevent You from Playing More?



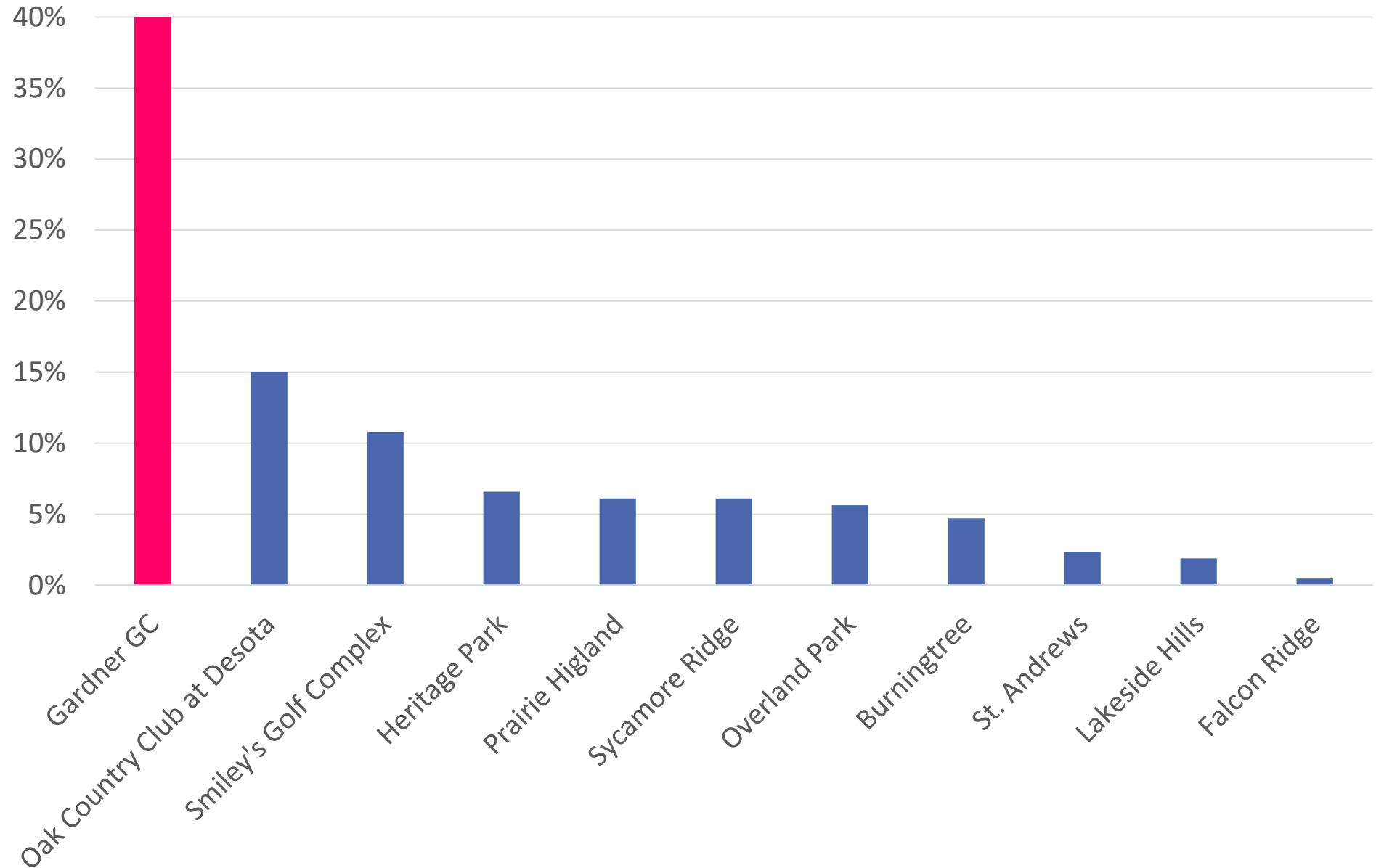
What factors are important to you in selecting one course over another?



Would You Recommend the Golf Course to Family, Friends or Associates

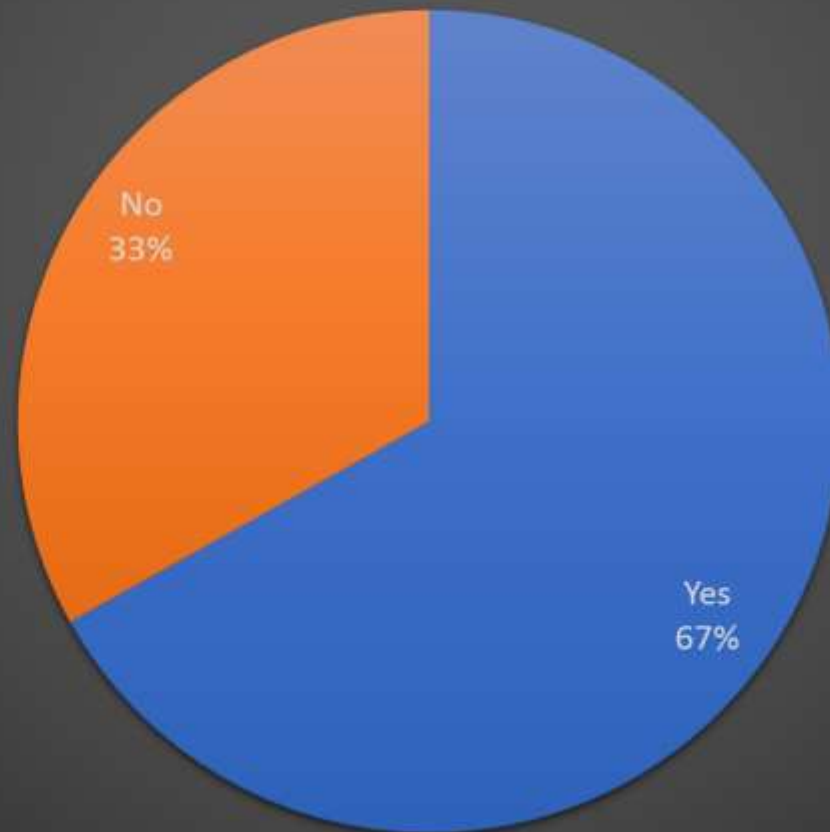


Best Price



Non Golfers

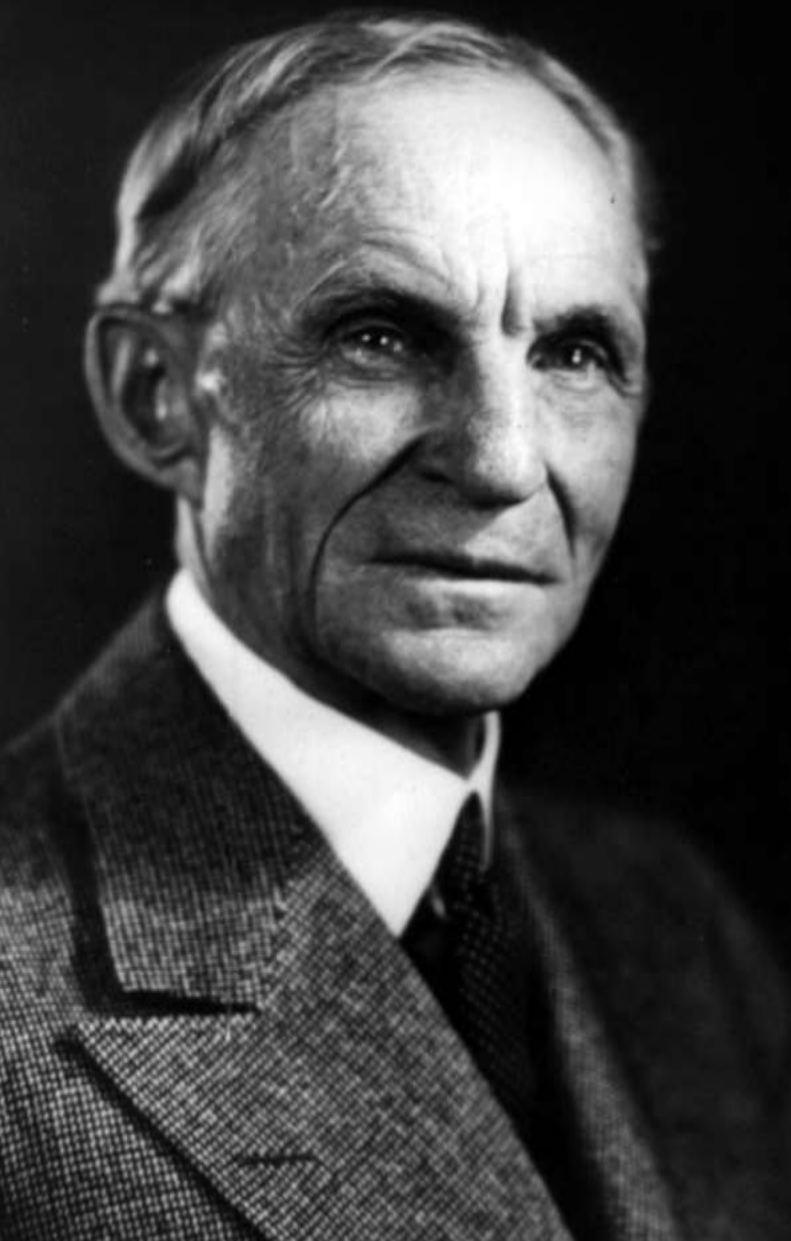
If your local municipal golf course(s) were to position itself to appeal to 100% of the community rather than just golf, but it still lost money, would you be more willing to support it?



The Limited Scope of Our Review

1. Should the City assume operation of the Golf Course when the lease expires in August, 2018? **NO**
2. Does It Make Economic Sense to Buy Out the Lease? **NO**
3. Is the Golf Course a viable economic entity as currently operating? **NO**
4. Is there a sufficient supply of golf course to serve our residents with reasonable proximity? **YES**
5. Would a national management company have an interest in overseeing the operation of the golf course? **NO**
6. Is there a third-party that may have an interest in leasing the golf course from the City?
Perhaps: Current Lessee or Great Life Golf
7. If there is a third-party, what capital would the City likely have to invest to attract that third party? **Capital requirements from the City could be as little as \$25,000 to as much as \$11.5 million. The likely minimum capital commitment would near \$1.050 million to render course “playable.” To be competitive, \$3.0+ million would be required.**





“If I had asked people what they wanted, they would have said faster horses.”

- Henry Ford

Your Call



What You Should Decide As Stewards of Public Resources?

1. Is There A Compelling Need to Have a Golf Course? Yes or No.
2. Is City Council Willing to Provide Capital to the Golf Course? Yes or No
3. Should a Study Be Done for <\$20,000 to Determine the Highest and Best Use of the Land by a Park and Recreation Accredited Firm?

SUCCESS



Got Any



Thank you
A Winning Playbook for Golf



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