Lakeview GC Strategic Master Plan Study

Prepared for

Presented by:

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Purpose and Key Objectives

- Identify strategies that will help Lakeview Golf Club attain financial sustainability (maximum cost recovery) while providing a high-quality recreation amenity for Meridian:
  - Develop a prioritized facility improvement plan that addresses infrastructure and deferred maintenance deficiencies and enhances Lakeview GC's marketability
  - Provide strategic guidance on key areas such as:
    - Short- and long-term management structure
    - Playing fees / market positioning
    - Food and Beverage operations
    - Marketing
    - Ways to engage non-golfers
  - Gauge community / stakeholder opinions

Study Components

- Situation Analysis
- Physical Evaluation and Recommendations (CIP)
- Operations Review and Recommendations
  - “Big Picture” Strategic Focus
  - Best Practices
- Assistance with Budgeting
- Market Analysis
  - National Overview and Trends
  - Local / Regional Market – Demo/Econ + Competitive
- Extensive Public / Stakeholder Engagement

Market Analysis - National Trends

- Attrition among infrequent golfers
- Golf course closures continue to greatly outpace openings
- Surge in capital investment for existing facilities
- Increasing diversity of junior participants and beginners
- Increase in ‘off-course’ participation (Topgolf)
- Large pool of interested prospects
- Impacts of Covid-19 pandemic – 2020-21
  - Large surge in participation and demand; pricing power
  - Inflation and labor difficulties

Market Analysis - Local / Regional Findings

- Among fastest growing markets – 4 X national growth rate
- Robust, diverse economy and favorable climate
- Lakeview GC 10-mile primary trade area has 61% more golfing households per 18 holes of public golf than the overall nation
- Estimated average of 38,000+ annual rounds per 18 regulation holes, competitive subset compares favorably to national average of ~ 31,500
- High-quality public competitors, including City of Nampa's Ridgecrest and Centennial; Banbury GC; Falcon Crest GC
- Despite high quality, very affordable rates
- Opportunity, after improvements, to differentiate on strong value, walkability, sense of community

Public / Stakeholder Engagement

- Golfer Survey
- Phone and Video Interviews / Focus Groups with:
  - Current and former public officials – including Mayor Simison, City Council members, Parks & Recreation commissioners, WARD Chairman, and City staff
  - Golf Course Focus Group
  - Lakeview GC Men’s and Ladies’ Golf Associations
  - HOA representatives
- Community Online Survey
- ‘Town Hall’ meeting held at Lakeview GC

Public / Stakeholder Engagement

- Most are happy about City decision to take over Lakeview
- Believe it represents an exciting opportunity – looking forward to improvements City will make
- Golf course suffered from neglect, lack of investment over years and decades
- Some would like to see broader community participation
- Behavior on course, “trespassing” need to be addressed
- Clubhouse (esp. patio) is a very nice community gathering place, but also needs refreshing

Key Areas of NGF Study

- Four key master plan areas of focus for Executive Summary:
  - 1) Long-Term Management Structure;
  - 2) Preliminary Capital Improvement Plan;
  - 3) Golf Playing Fees; and
  - 4) Food and Beverage Service

Key Areas of Study – Management Structure

- Extensive narrative about most common municipal golf operating structures in report
- Self-Operation (public employees)
- Management Contract
- Operating Lease
- Concession Agreements

Key Areas of Study – Management Structure

- Extensive narrative about most common municipal golf operating structures in report.
- Self-Operation (public employees):
  - Maximum City level of control
  - Lack of expertise
- Management Contract:
  - Expertise; savings on labor expense
  - Obligation of management fee regardless of facility economics
- Operating Lease:
  - Shed operating risk; perhaps some private capital
  - Near-complete loss of control of operation
- Concession Agreements: most typically Pro Shop, F&B.

Key Areas of Study – Management Structure

- Recommendation:
  - On balance, management contract appears to be best fit, at least for short term.
  - Continue interim agreement with current operator.
  - City can re-evaluate options after the operation stabilizes.
  - Management with a variable compensation component may be negotiable and desirable at that time.

Key Areas of Study – Capital Improvement Plan

- Evaluation by Forrest Richardson, current president of the American Society of Golf Course Architects
- Current conditions, needs, and extensive Safety Analysis
- Preliminary CIP in five (5) Tiers:
  - Start-Up Costs – Maintenance equipment, golf carts, and safety mitigation.
  - Tier 1 Capital Replacements
  - Tier 2 Capital Replacements / Improvements
  - Tier 3 Capital Replacements / Improvements
  - Long-Range Capital Enhancements

Key Areas of Study – Capital Improvement Plan

- Tier 1: Includes irrigation system replacement and new ground water well; renovation of existing back 9 restroom. Est. Cost = ~$3.6 million.
- Tier 2: Includes drainage solution for fairways and roughs; tee reconstruction; allowance for cart paths. Est. Cost = ~$900K.
- Tier 3: Includes continued construction of infrastructure, including greens and bunkers; new clubhouse roof and replacement of 3 HVAC units. Est. Cost = ~$840K.
- Long-Range Capital Enhancements
  - Lake / aqua range construction solution
  - Construction of new accessible restroom near #5 Tee
  - Short game practice area relocation and enhancement
  - 9-Hole "Zenger" Practice Course
  - Est. Cost = ~$2.2 million

Key Areas of Study – Golf Playing Fees

- Keep basic structure for short term, but consider inflation-indexed increases after FY 2022.
- Emphasis on tee sheet management, reducing discounted fees; utilize pricing power when have it.
- Replace VIP Pass program with internal loyalty program.
- Concur with $1 cart fee increase due to new fleet.
- Lakeview GC may be able to command higher fees as improvement plan is implemented over next several years.

Key Areas of Study – Food and Beverage Operations

- Because located in residential community, not a “basic” operation like found at majority of municipal golf courses.
- Popular venue in the past, but unclear if made profit on ~$500,000 in revenue.
- In “normal” environment, potential profit center.
- Difficulties hiring and retaining personnel, including key positions like Kitchen Manager.
- Discussed two primary options:
  - Scaled back – reduced hours, grab-and-go; premade sandwiches; burgers; hot dogs. Highest margins are on alcohol.
  - “Go Big” – requires labor market to normalize and facility to be able to charge enough for appropriate margins. Riskier.
- Potential third option – private concession.

Closing Thoughts

- Lakeview GC presents both challenges and opportunities for the City of Meridian.
- Key public policy decisions to be made.
- Facility requires extensive improvement and will always be subject to uncontrollable external variables.
- Strong golf market with rapid population growth and strong economy.
- Loyal, “fall-out-of-bed” customer base.
- Opportunity to broaden appeal and engagement to the community, including non-golfers.
- Differentiate based on value, walkability, “community” aspects.
- Chance to breakeven or make a profit.

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