Winnipeg

Operational Review of Winnipeg Golf Services November 2010

Leaders in building public trust in civic government

Audit Department

Introduction

An Operational Review of the Special Operating Agencies was included in the City Auditor's 2009-2010 Audit Plan at the request of the CAO and endorsed by Audit Committee on April 27, 2009. The request to include the Review of Special Operating Agencies in the Audit Plan was made in response to the Alternate Service Delivery Committee request made on March 6, 2009:

> "That the Winnipeg Public Service be requested to report back to the Alternate Service Delivery Committee, within 60 days, on the cost of having an operational review conducted by an outside firm on the Winnipeg Fleet Management Agency SOA, Winnipeg parking Authority SOA, Winnipeg Golf Services SOA and on the Animal Services SOA."

The Audit Department issued a Request for Qualification (RFQ) to identify experienced and capable proponents to conduct an operational review of Winnipeg Golf Services. The RFQs were evaluated based on the experience of the proponent and the proposed project approach/methodology. The Audit Department then short-listed the most qualified proponents and issued a Request for Proposal (RFP) to obtain a more detailed proposal. The RFPs were evaluated based on the experience of the proponent, the proposed project approach/methodology and a fixed price quote. In November 2009, a contract was awarded to Golf Convergence which submitted the proposal determined to be the most advantageous to the City.

The work performed under the contract consisted of an operational review of Winnipeg Golf Services in which Golf Convergence provided a written report to the City Auditor that:

- outlines the overall approach taken to conduct the review;
- outlines the observations on the operational performance of Winnipeg Golf Services,
- provides recommendations to improve the operational efficiency, and effectiveness of Winnipeg Golf Services,
- outlines the observations on the extent to which reported service performance results are complete, relevant, accurate, balanced and meaningful; and
- identifies opportunities for revenue generation, cost savings and improved management practices and controls.

Golf Convergence's report is attached at the end of this section.

The Audit Department reviewed the report provided by Golf Convergence and agreed that the recommendations should be considered for implementation. The agency has been in existence for approximately eight years and during that time, the golf industry has changed dramatically. Decreased participation along with increased competition are two factors that have altered the external environment. Lack of investment in infrastructure and staff training, inadequate information systems and labour constraints imposed by the collective bargaining agreements have contributed to an internal environment that requires significant change to be successful over the longer-term.

In September 2010, City Council approved the construction and development, by a private sector firm, of a health spa complex at the Crescent Drive Golf Course. The result of this forward thinking move is an estimated $6,000,000 capital investment which will include:

- the construction of four or five buildings for the operation of the health spa complex including one main pavilion and three to four additional small outbuildings;
- a fully manicured landscape encompassing a variety of therapeutic heated outdoor pools;
- the construction and leaseback of a new club house, pro shop and maintenance facility;

All the development will occur within the existing footprint with no impact on park space. In addition, the City will receive an estimated $80,000/year in realty taxes along with incremental revenues estimated at $25,000 per year. This partnership ultimately provides a new destination point for Winnipeggers, increases the City's and surrounding property owner's land values, includes new golf course amenities for WGS's customers and should lead to increased usage of the golf course through cross-promotion opportunities.

We believe this partnership provides a template for moving forward on the other City owned, operated and maintained golf courses. In the short-term, the most significant recommendation contained within the report is to contract out the management of the City run golf courses. External firms bring best practice business processes to maximize the potential of these courses. City of Winnipeg taxpayers will no longer have to subsidize golf course operations which incurred an approximate $1 million loss in 2009. Instead, the City will receive annual lease payments and the collection of property taxes that should result in net income from each course rather than the financial losses currently being incurred. WGS customers will also receive increased value as a contract management company may be willing to invest up to $1 million in improvements per course under a long-term lease.

Depending upon the timeframe within which the City could execute a competitive bid process to select contract management, the report also identifies several recommendations to improve short-term results. These recommendations would only reduce the annual losses; they are not intended to be a permanent solution.

In the longer-term, the report identifies that Winnipeg has a surplus of open park space when compared to other mid-western prairie based municipalities. The consultant recommends that the City divest itself from the operation of public golf courses since the need is adequately met in the private sector. Any surplus property can then be sold for commercial or residential development to raise capital for reinvestment in other open park space.

The Audit Department requested Winnipeg Golf Services management provide management responses to the recommendations. The management responses provide the direction that Winnipeg Golf Services management will recommend to Council. The recommendations identified by Golf Convergence and Winnipeg Golf Services management responses are provided below.

We do note that recommendations numbered 1 to 7 are only intended to be implemented if the City is unable to execute a competitive bid process to select contract management for the 2012 golf season. As mentioned previously, these are short-term solutions proposed to minimize financial losses.

Note: Responses to Recommendations # 1 to # 7 are premised on Winnipeg Golf Services (WGS) continuing to operate Crescent Drive, Windsor Park and Kildonan Golf Courses (as well as providing maintenance services at Harbour View Golf Course). Should Council direct WGS to pursue the contract management of City-owned and operated courses, these responses will not be relevant.

Short−term: Tactical Options

Recommendation #1:

- The practice of transfers to the general fund should continue to be suspended.
- Corporate allocations should be examined and realigned.
- Operating budgets are to be prepared annually.

Management Response

WGS will seek to maintain the suspension of transfers to the General Revenue Fund. Corporate allocations will be reviewed and recommendations for any changes will be submitted for approval. WGS will continue to prepare an annual operating budget.

Recommendation #2

- The CUPE contract for the golf courses should be renegotiated or the three WGS courses be contracted to professional management based on competitive bids.

Management Response

WGS will revisit with CUPE the need for a supplementary agreement.

Recommendation #3

- Financial statements for each golf course should be prepared consistent with best practices for golf courses, including their preparation based on actual expenses incurred versus an allocation method.

Management Response

WGS will investigate the feasibility of preparing financial statements for each golf course that are consistent with ‘best practices’.

Recommendation #4

- A golf management system that integrates an electronic tee sheet, along with an on-line reservation system and POS should be installed to create meaningful information.

Management Response
WGS will undertake a cost-benefit analysis regarding the purchase of a golf management system.

Recommendation #5

- The current online presence should be re-created from static pages into a professional presented dynamic presence.

Management Response
WGS will undertake a cost-benefit analysis regarding the recommended changes to its online presence.

Short-term: Operational Options

Recommendation #6

- Fees for 2011 should be decreased or remain unchanged to reflect the experience being offered.

Management Response
WGS will consider the feasibility of maintaining or decreasing fees when preparing annual operating budgets.

Recommendation #7

- A general manager (certified in management of a golf course and who may be a PGA professional) should be retained to emphasize budgeting, labor management, and operational issues.

Management Response
WGS will undertake a cost-benefit analysis regarding the hiring of a general manager who is certified in the management of golf courses and who may be a CPGA professional.

Short-term: Strategic Options:

Recommendation #8

- Current leases to semi-private golf clubs that are not consistent with best practices should be renegotiated, if feasible, to competitive market terms. These new agreements should specify that maintenance and capital improvements be undertaken consistent with industry standards. It is important that these contracts appropriately balance a fair return to the City, a recreational service to the citizens, and the opportunity for private enterprise to benefit through professional management.

Management Response
WGS will endeavor to re-negotiate leases as they come due.

Recommendation #9
Competitive leases to management companies be awarded based on a “Request for Bid” for the three City-owned and operated golf courses.

Management Response
If directed to do so by Council, WGS will issue a Request For Proposal to manage the three City-owned and operated golf courses.

Recommendation #10

- Courses, both City and those operated under leases or contract, should be identified for potential conversion to open park space or sale. This analysis should be congruent with the vision of the City’s new long-term plan.

Management Response
If directed to do so by Council, WGS will evaluate its courses to determine which ones could be rezoned for other uses.

Long Term:

Recommendation #11

- The City should divest itself from the operation of public golf courses. This need can be adequately met in the private sector.
- The sale of golf courses for commercial or residential development is advocated to raise capital for judicious reinvestment and to enhance the balance between commercial, residential, and open park space as part of a master plan for open space. Assiniboine, Canoe Club and Wildewood are three facilities whose sale is advised upon lease expiration. The consolidation of St. Boniface and Windsor Park into one redesigned championship golf course, the allocation of park space, and the sale of land for residential development merits review.

Management Response
If directed to do so by Council, WGS will undertake the necessary due diligence required to implement this recommendation.

Operational Review

City of Winnipeg Golf Services

Executive Summary

Crescent Golf Course

Kildonan Golf Course

Windsor Park

May 15, 2010

FINAL REPORT

Golf Convergence
4215 Morningstar Drive
Castle Rock, CO 80108
(t) 303 283 8880
(f) 303 283 8884
www.golfconvergence.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY 4

Scope of Responsibility 4
Conclusion 4
Daunting Challenges 7
Collective Agreements 7
Leases to Semi-Private Clubs 7
Excessive Open Public Space 8
Financial Predicament 8
Can the Golf Courses Operated by the City Be Profitable? 11
A Plan for Action: A Mandate for Change 13

AN OPERATIONAL ANALYSIS: THE PROCESS 15

Why Was Golf Convergence Retained? 15
The Process of Examination Adopted 17

MACROECONOMIC OVERVIEW 18

The National Economy 18
Business Factors Impacting Golf 19
Who Plays Golf? 20
The Role of Government in Golf 22

THE CLIENT: AN OVERVIEW 24

The City of Winnipeg 24
Assets Managed 24
Winnipeg Golf Services Special Operating Agency 25

THE STRATEGIC PLANNING PYRAMID 27

Service-Level Target 28
The 2010 – 2013 Strategic Plan 29

STRATEGIC ANALYSIS 32

Step 1: Geographic Local Market Analysis 32
Supply trends are negative 32
Population Demographics – Age, Income and Ethnicity Are Neutral 33
Net Result – Supply Exceeds Demand by 10% 34
Step 2: Weather Impact Analysis (WIA) 35

FINAL REPORT

TACTICAL ANALYSIS 37

STEP 3: INFORMATION SYSTEMS TECHNOLOGY 37
STEP 4: FINANCIAL METRICS 40
Findings: Industry Benchmarks and Analysis 42
Accounting Recommendations 42

OPERATIONAL ANALYSIS 44

STEP 5: ARCHITECTURAL AND AGRONOMIC REVIEW 44
Background – Agronomy 44
Maintenance: A Wide Range of Costs 44
The Natural Replacement Cycle 46
Winnipeg Golf Services – Tired Assets; The Natural Replacement Cycle 47
STEP 6: CUSTOMER FRANCHISE ANALYSIS (CFA) 49
Customer Loyalty 50
STEP 7: GOLFER SURVEY 53
Who is the Customer? 53
Lessons Learned 57
STEP 8: OPERATIONAL REVIEW 59
The 3 M's of Operational Analysis: Management, Marketing, and Merchandising 59
The Assembly Line of Golf 59
Revenue Opportunities and Demand Management 60
Marketing 62
Labor Unions 62
Leases with Semi-Private Clubs 64
Summary 65

THE CRITICAL PATH: RECOMMENDATIONS FOR IMPLEMENTATION 66

CORE MESSAGE 66

APPENDIX A GOLFER LOCAL MARKET ANALYSIS
APPENDIX B GOLF COURSE COMPETITIVE LISTING
APPENDIX C ESSENTIAL GOLF MANAGEMENT REPORTS: EXAMPLES
APPENDIX D GOLF MANAGEMENT SOFTWARE PROPOSAL
APPENDIX E LABOR ANALYSIS
APPENDIX F MAINTENANCE EQUIPMENT REQUIREMENTS
APPENDIX G GOLFER PREFERENCES SURVEY

FINAL REPORT

Executive Summary

Scope of Responsibility

This operational analysis of the City of Winnipeg's golf services was prepared through the cooperative efforts of City of Winnipeg Audit Department, SOA Board of Directors, Winnipeg Golf Services management and staff, and Golf Convergence, which coordinated the research, presented herein and facilitated the creation of this report.

All parties endorse and all parties concur that owning a golf course is not a license to print money. The business of golf is highly complex and a highly competitive industry with only modest profit potential.

The scope of this report was limited to an operational analysis of the three golf courses operated by the City. As part of the research conducted, two members of City Council, representatives from the National Golf Course Owners Association Canada, Canadian Union of Public Employee Local 500 (CUPE), two concessionaires, and all key City of Winnipeg management and staff personnel were interviewed.

Conclusion

This report advocates that contract management be retained to operate the golf courses by 2011. This is the same conclusion reached in the Kelwin Management Consulting report dated June 15, 2006. Now is the time for the City to make prudent decisions regarding its golf operation.

Why? Golf is not an essential City service akin to fire, police, water, etc. The City's Special Operating Agency model for golf, which represents a net book value of $23.8 million as at December 31, 2008 is broken. The severity of the problem has heretofore been underestimated.

Revolutionary changes are mandated to correct what has been an evolutionary decline in the performance of the golf course operation. Without immediate action, massive losses will continue, and deferred capital investment will mount. The City's golf courses are in an accelerating downward spiral because:

1) The supply of golf courses exceeds demand by 10%.
2) Golf, as a recreational sport, is adequately handled in Winnipeg by private enterprise.
3) Assets are in need of investment of approximately $5 million.

FINAL REPORT

4) Long term debt owed comprising an operational line of credit and golf course reserve fund approximates $8 million as at December 31, 2009 and continues to rise, with minimal chance of repayment. A recognized industry benchmark is that golf courses whose long-term debt exceeds $1.0 million are at risk of failure.
5) Annual operating losses have continued to increase and in 2009 exceeded $1 million for the first time.

All economic forecasts from leading industry research groups forecast a "flat industry." For the past two decades, the number of golfers in North America has remained static at 32 million, the number of golf courses has increased from 15,000 to 19,000 facilities, and the average number of rounds has fallen from 40,000 rounds to 32,000 rounds per course. For the past four years, more courses have closed than opened in North America for the first time in history. The National Golf Foundation predicts that in the United States alone, between 500 and 1,000 golf courses are likely to close within the next five years.[1] Thus, there are no foreseeable changes which will provide the City of Winnipeg the opportunity to "earn its way" out of this deficit from future operations.

Winnipeg Golf Services (WGS) designation in 2002 as a Special Operating Agency was predicated on assumptions that the golf courses should be:

1) Affordable
2) Sustainable
3) Given more flexibility to achieve performance targets
4) Have the freedom of a business and yet some of the governance of a department
5) The ability to partner with appropriate stakeholders to share responsibilities, and costs.

None of those conditions are currently met.

The golf courses, as measured by value, are **not affordable** – the price exceeds the experience. Further, the golf course layouts attract seniors, women, new entrant, and the less accomplished to the game – all of whom are very price-sensitive. Additionally, during the past ten years, green fee rates have been increased by 28%.

Current operations render the golf division **unsustainable** without significant annual capital and operational investments. The deferred capital investment to render the facilities competitive is estimated at $5.0 million. Aged equipment, inadequate maintenance facilities, dated clubhouses, insufficient irrigation repairs, perpetual flooding, and renovations require significant attention. Such an investment may stem accelerating losses but will not produce a positive return on investment.

[1] National Golf Foundation, "Future of Public Golf," April, 2009, Slide 38.

FINAL REPORT

The organizational structure of WGS **precludes flexibility,** as labor costs represent 61% of revenue, in 2009 labor expenses were $1.356 million contrasted to gross revenue of $2.233 million. Labor costs for Canadian for golf courses average 37% of revenue.[2] This differential creates an annual unfavorable labor variance of $500,000. Maintenance costs for the three facilities are $1.8 million, or $600,000 per 18-hole equivalent. The National Golf Foundation reported the annual maintenance cost for a mid-range frost-belt course averages $377,160 USD."[3]

Also, the goal of having the **freedom of business and yet the governance of a department has not been achieved as the information to properly manage has not been available**. The operating statements for each course are not prepared with proper departmental classifications consistent with best management practices within golf. The expenses for maintenance, pro shop, and administration are aggregated, thus, the accurate creation of financial statements for each golf course is not possible. Further, the expenses for each course are not separately identified. Lots of numbers are produced, few are meaningful.

The **ability to partner with appropriate stakeholders** to share responsibilities and costs **is lacking.** There are two principal stakeholders: the labor union and the customers. The current stakeholders' perspectives are myopic; they seek to benefit themselves and seem to believe subsidy of the golf courses by the City is preferred.

To illustrate, 89.3% of the customers surveyed believe the golf courses are a vital resource, yet 57.7% of those customers believe that the City should subsidize the operation—a strong mandate for the status quo. That is a formula for citizen disenchantment as losses mount while subsidies support a small constituency.

Therefore, the conclusion is that the WGS, while serving as a Special Operating Agency has not achieved the objectives for which it was formed. From the outset, best management practices were not adopted. Management qualified in the "business of golf" was not retained, accounting systems to create meaningful financial reports were not implemented, integrated POS technology to provide key performance indicators was not installed, courses conditions have been substandard, and the price charged to the golfer exceeds the value provided.

Exacerbating these challenges is that the fundamental cost structure to operate within the government framework as currently constituted is prohibitive. From the lack of investment in equipment and staff training, inefficiency has resulted, often due to the following significant deficiencies:

FINAL REPORT

[2] http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.exe?Lang=E&CNSM-Fi=CII/CII_1-eng.htm, Accessed December 29, 2009.

<FN>[3] National Golf Foundation, "Operating and Financial Performance Profiles of 18-hole Golf Facilities in the U.S.," 2006 edition, pp. 4, 10, 17, 24.

1) There are no qualified CPGA golf professionals on staff.
2) There are no certified superintendents with formal training in turf management.
3) There is only one full-year maintenance employee.
4) There are no accounting/finance personnel/supervisors/managers, with knowledge of common golf industry financial reporting principles.

Daunting Challenges

The initial purpose of this report was to focus on the three golf courses operated and maintained by the City. Unfortunately, such a narrow focus is ill-advised. Crescent Drive, Kildonan Park and Windsor Park do not operate in a vacuum but are directly impacted by external, uncontrollable factors beyond the purview of management.

The City's golf resources have little strength, many weaknesses, limited opportunities that can only be captured with significant capital investment, numerous threats from a challenged economy, and a very competitive private marketplace. Competition within the local market is further complicated with the City leasing several golf courses to the private sector and in many cases, under unfavorable contract terms and conditions to the City.

The most significant hurdles faced include:

- Collective Agreement
- Semi-Private Club Leases
- Council's historical practice to maintain all existing Open Space far greater than recommended by international standards.[4]

Collective Agreements

Winnipeg Golf Services (WGS), the governmental agency that oversees the golf course operation, is required to utilize a labor union (CUPE) for management of the Pro Shop and Maintenance. Less than 2% of the courses operate in Canada[5] with a labor union, and none of these are highly successful.

CUPE cites the City's failure to invest in appropriate equipment and its failure to competently hire, adequately train, and provide leadership as contributing to excessive labor costs, poor morale, and substandard course conditions that are not competitive with the private sector.

Leases to Semi-Private Clubs

The leases with the semi-private clubs are really egregious and are significantly adverse to the City's financial interests. From market value rental fees foregone to property taxes waived, it is estimated that these contracts cost the City in excess of $500,000 annually while providing

[4] Pros Consulting, "Draft Level Service Report," December, 2009, pg 4.
[5] NGCOA Canada, "Compensation and Benefits Report 2008," pg 11.

FINAL REPORT

recreational programs to less than 20% of the City's of Winnipeg's residents. Through these lease arrangements, which range from 20 to 50 years, the City will in effect be subsidizing the game of golf between $10 and $25 million dollars over the next fifty years.

In contrast to the current leases that provide the City limited contractual rights, nominal revenue, and inadequately protect the City's asset, a typical participating lease will require an annual lease payment starting at $50,000, the payment of property taxes, a percentage of the net income above $200,000 EBITDA (earnings before interest, taxes, depreciation and amortization), a defined operational investment in the course, and an annual contribution to a capital reserve exceeding $100,000 for major component repairs. The majority of these leases do not contain provisions consistent with industry standards.

Excessive Open Public Space

The plight of the golf courses masks a far more important issue. Based on international standards, the City of Winnipeg maintains open park space at a rate that is 50% greater than required by comparable municipalities.

For most mid-western prairie-based municipalities, the accepted ratio is 4 hectares per 1,000 of population.[6] Currently, the City of Winnipeg maintains as open park space 6.1 hectares per 1,000 of population. Exclusive of the 12 golf courses which represent about 600 hectares, the City of Winnipeg has an excess of 3,681 hectares. Even with predicted growth in the Winnipeg population, there will still be a sizeable excess of open park space in 2020.

Financial Predicament

The City of Winnipeg owns twelve (12) golf courses that are managed under five different arrangements:

City Operated & Maintained	Leased to Semi-Private Clubs	Leased to a Mgmt. Co.	Contracted Operations	Contractor Operated City Maintained
Crescent Drive	Assiniboine	Tuxedo	Blumberg	Harbour View
Kildonan Park	Canoe Club			
Windsor Park	Rossmere			
	Transcona			
	St. Boniface			
	Wildewood			

This arrangement is highly unusual, as the City of Winnipeg is the only municipality, based on research conducted, that uses such a diverse set of operational management methods. As a result, after seven years of operation, the WGS finds itself staring at the following troubled financial picture:

[6] Pros Consulting, "Draft Level Service Report," December, 2009, pg 4

FINAL REPORT

	2007	2008	2009 (unaudited)
Assets	23,602,000	23,794,000	23,553,000
Liabilities	6,204,000	7,450,000	8,297,130
Deficit	3,176,000	4,230,000	5,318,640
Revenue	2,588,000	2,425,000	2,233,000
Expenses	3,104,000	3,151,000	3,321,000
Earnings before Interest, Taxes, Depreciation and Amortization **(EBITDA)**	57,000	-129,000	-447,000
Net Income	-516,000	-726,000	-1,088,000

Note: 2009 audited statements were not yet available at the time of this report.

In contrast, the typical financial performance for a golf course is reflected below[7]:

Description	City of Winnipeg [1]	Municipal [2]
Total Facility Revenues: 18-hole equivalent	772,625	1,133,333
EBITDA	(20,164)	206,000
EBITDA as a % of Gross	-2.61%	18.17%

Source: PeopleSoft financial system
Note 1: City of Winnipeg figures are for 2007.
Note 2: Figures are in US dollars.

So whereas the typical municipal golf course earns $206,000, the City's golf courses lose $20,164, a difference of $226,164 per 18-hole golf course. That means that Crescent Drive, Kildonan Park, and Windsor Park are underperforming by $678,492 annually when contrasted to their peers.

Further, an examination of the City of Winnipeg's numbers reveals an insidious trend. The WGS is annually encumbered by general governmental charges and transfers to the City general revenue fund.

	General Government Charges	Transfers to General Revenue Fund	Total
2003	61,000	199,000	260,000
2004	63,000	217,000	280,000
2005	62,000	318,000	380,000
2006	62,000	312,000	374,000
2007	61,000	305,000	366,000
2008	63,000	328,000	391,000
2009	63,000	0	63,000
Transfer OUT of Golf Fund	435,000	1,679,000	2,114,000

Note: Figures are taken from the City's detailed financial statements. Transfers to the General Revenue Fund have been stopped in 2009 until such time as profitability of the operations allow for further transfers.

[7] [7] PGA PerformanceTrak, http:apps.pgalinks.com/professionals/apps/memberinfor/AOSurvey/index.cfm.</FN>

FINAL REPORT

These financial allocations, when added to normal operating costs and when combined with applicable taxes and depreciation, bury an operation that already cannot generate positive cash flow. Without abatement of these charges, the line of credit, with a current balance of $4.0 million as at December 31, 2009, is extended annually, further increasing the interest charged by the City to the WGS. The additional long-term debt due to the golf course reserve fund of $4.0 million compounds the financial challenge. Thus, this accounting practice places WGS effectively in a self-perpetrating cycle of financial deterioration.

The challenges that WGS is currently experiencing can be tracked through four distinct phases during the past decade. These phases are detailed below:

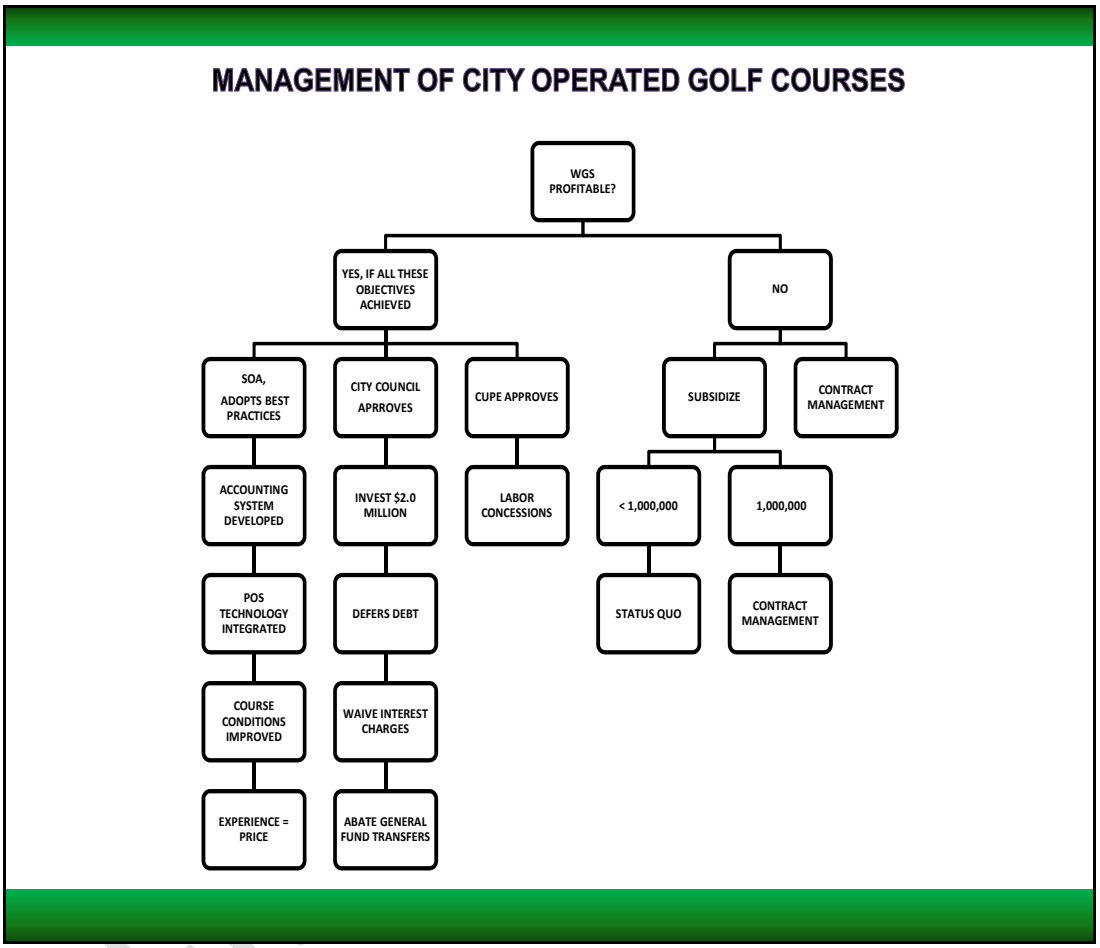
- Phase 1 - Profitable operation
- Phase 2 - Competitive forces lead to declining customer base, rates fail to keep pace with inflation, discounts given to retain remaining customers; all cause revenues to fall
- Phase 3 - Reduced profits or operating losses create deferral of capital expenditure, resulting in deterioration of course conditions, further adversely impacting rounds and revenue
- Phase 4 – General taxpayer subsidy, contracting to independent management, sale, or closure of courses is required to relieve the Corporation of the draining financial obligation caused by the attempt to provide a recreational service.

WGS has entered the fourth phase. WGS has no way to break this cycle of deteriorating financial performance, since repayment of outstanding liabilities from operational earnings is unlikely.

FINAL REPORT

Can the Golf Courses Operated by the City Be Profitable?

For the City's golf courses to achieve profitability, numerous initiatives would need to be precisely executed concurrently by the SOA, CUPE, and City Council. These 10 action items are detailed below, along with the two other options:



The villains that preclude a self-sustaining entity, as currently constituted, include a flawed organizational structure, a culture of entitlement, a diminished customer base, and significant deferred capital investment.

Considering that **every element** on the decision tree illustrated above under the YES option must be crisply executed by City Council, CUPE, and WGS Management for the courses to become profitable, that option is unlikely. Further, if that option was selected, it is forecast that it would take three to five years to achieve. During that time period, the City would lose at least $3.0 million, course conditions would deteriorate, and service levels would continue to erode, and an inferior golf experience would result.

The second option is to continue to subsidize the golf courses where the projected loss for 2009 exceeds $900,000 and going forward could reach $1.0 million annually while the deferred capital expenditures, which now near $5 million, continue to increase and the customer experience continues to erode. The current financial plight cannot be corrected by changes in market conditions. This option is a non-starter.

The third option is to contract management, and that choice would produce the following immediate benefits:

- Eliminate the City's financial risk for operating the golf courses.
- Alleviate the requirement for the City to invest in capital improvements.
- Generate annual lease income estimated at $100,000 per course.
- Provide for collection of property taxes estimated at $50,000 per course.
- Ensure that the properties are enhanced through industry standard capital investment programs by the management company. It is speculated that a contracted management company would be willing to invest up to $1.0 million in improvements under a 20-year lease.
- Introduce best management practices to the operation of the City's golf courses, providing integrated tee time reservations and point of sale (POS) software to effectively manage and to enhance the customer experience.

The chart below highlights the financial difference between the options:

	1. Best Management Practices	2. Status Quo	3. Private Contract Management
Net Income (Loss)	200,000/yr.	(1,000,000)/yr.	0
Annual Income Rental Income			300,000/yr.
Capital Investment by City[1]	(5,000,000)	(5,000,000)	0
Capital Investment in City's Assets by Contract Management [1]			3,000,000
Financial Return (After 5 Years)	($4,000,000)	(10,000,000)	4,500,000

Note 1: It is assumed that due to the necessity for capital investment to enhance the competitiveness of the courses that monies would be completely invested within the first couple years

Summarized qualitatively, the WGS investment is low, the staff required is nominal, the risk level is low and the City's net income will be moderate. In contrast, the best management practice and status quo options will require high investment, significant staff, and high risk, with low net income. **Contract management will save the City $14.5 million** within the first five years over the status quo and will greatly enhance the customer experience.

FINAL REPORT

While other municipalities are successful in the operation of golf courses, the City of Winnipeg's current state of performance is so far in arrears that the gap to become competitive cannot be overcome without the revolutionary change that this golf course analysis recommends.

Thus, the question is, "What is the City's risk tolerance?" Having been unsuccessful in the management of the golf courses for the past seven years, is the City willing to speculate that the golf course fortunes can be reversed via the same operational structure at a risk of losing more than $1.0 million per year? Could the City effectively implement 10 critical changes that at best might result in a break-even position? Or should the City now prudently retain qualified contract management that will generate a positive income stream for the City plus result in capital investments in City assets without risk?

A Plan for Action: A Mandate for Change

Thus, our recommendation to contract the management of the courses is clear. Given the massive number of changes needed in institutional philosophy, organizational culture, tactical procedures, and operational practices, to minimize the continuing investment in golf, the recommendations are:

1) Competitive leases to management companies be awarded based on a "Request for Bid" for the three City-owned and operated golf courses.

2) All leases to semi-private golf clubs should be renegotiated to competitive market terms. Contracts should specify that maintenance and capital improvements be undertaken consistent with industry standards. It is important that these contracts appropriately balance a fair return to the City, a recreational service to the citizens, and the opportunity for private enterprise to benefit through professional management.

3) The sale of golf courses for commercial or residential development is advocated to raise capital for judicious reinvestment and to enhance the balance between commercial, residential, and open park space as part of a master plan for open space.

   Long-term, likely candidates for sale upon lease expiration are Assiniboine, Wildewood Club, and the Winnipeg Canoe Club. The highest and best use of the latter might be commercial or residential, certainly not as a golf course, as currently configured.

   The consolidation of St. Boniface and Windsor Park into one re-designed championship golf course, the allocation of park space, and the sale of land for residential development also merit review.

FINAL REPORT

Operational Review

City of Winnipeg Golf Services

Crescent Golf Course

Kildonan Golf Course

Windsor Park

May 15, 2010

FINAL REPORT

4215 Morningstar Drive
Castle Rock, CO 80108
(t) 303 283 8880
(f) 303 283 8884

An Operational Analysis: The Process

Why Was Golf Convergence Retained?

Golf Convergence was retained to analyze the deterioration of the financial condition of Winnipeg Golf Services, as highlighted below:

Operational X-Ray

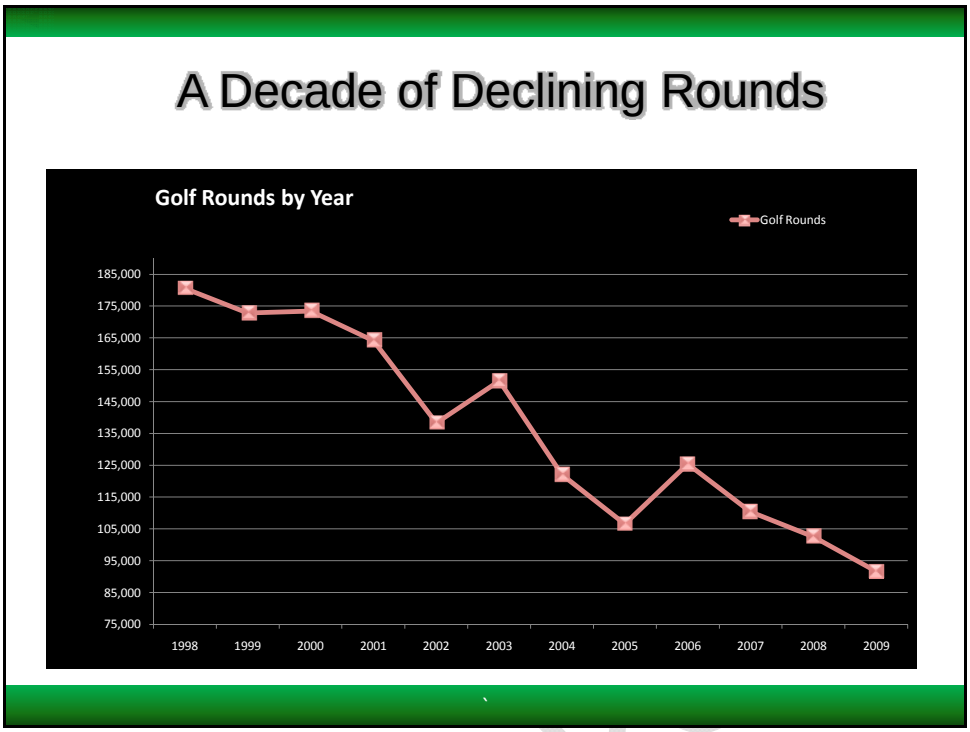
Category	Indicator	Amount
Market Supply	Oversupplied	10%
Weather	Decline in playable days	7%
Rounds	Decrease in Rounds	40%
Value	Price > Experience	23%
Potential for Rounds Growth from Income/Population	Positive	2%

Note 1: Playable golf days are not tracked in Canada by any of the leading golf research companies. A playable golf days is defined as where the temperature is between 50 degrees and 90 days with less than ½ inch of precipitation within 12 hours.
Note 2: Decline in playable days and rounds measured from 2000 – 2009.
Note 3: Source: playable days - Weather Trends International

The market is oversupplied with golf courses. Though weather has been adverse for the past couple of years, rounds have fallen significantly greater than can be attributed to the decline in playable days.

The formula for the successful operation of a golf course is straightforward. To the extent that the value provided which is measured by the experience offered minus the price, golfers become loyal to a facility and increase their play. The reverse is also true. To the extent that price exceeds the experience, attrition occurs.

For the City of Winnipeg the price charged currently exceeds the value provided to the customer by 23%; hence, customer attrition. The result is a decline, as measured by rounds, has occurred for over a decade, as shown below:



Source: WGS accounting records.

Matching this decline in rounds is the financial performance of the WGS golf courses, as noted below:

	Revenues	Expenses	Net Income
2003	3,156,000	2,980,000	176,000
2004	2,685,000	2,875,000	(217,000)
2005	2,321,000	3,113,000	(792,000)
2006	2,660,000	2,956,000	(296,000)
2007	2,588,000	3,104,000	(516,000)
2008	2,425,000	3,151,000	(726,000)
2009 (unaudited)	2,233,000	3,321,000	(1,088,000)
Total Accumulated Losses			(3,459,000)

Source- Audited financial statements

Why the decline? That is the purpose of this golf course operational analysis.

The questions that were posed to Golf Convergence were, “First, under what circumstances, if any, can the City of Winnipeg golf courses be made profitable? Second, what organizational structure will provide the greatest financial return to the City while maximizing the customer experience?”

The conclusion of this report advocates that contract management be retained to operate the

golf courses by 2011. If the City-operated courses did not have the financial backing of the City, these courses would have gone bankrupt long ago.

The Process of Examination Adopted

The goal for this engagement was simple. To craft a vision that articulately communicates the strengths and weaknesses (internal) and the opportunities and threats (external) for the City of Winnipeg, a vision that can be easily understood by all interested groups.

To accomplish this, the **Golf Convergence WIN™ Formula** was engaged which comprises the following steps:

1) **Strategic: Geographic Local Market Analysis -** Age, income, ethnicity within 10 miles of the golf courses
2) **Strategic: Weather Impact -** Management performance versus weather
3) **Tactical: Technology -** An integrated foundation to identify the insights required to manage
4) **Tactical: Key Metrics, Financial Modeling, Yield Management -** Comparing financial performance to competitive local golf courses
5) **Operational: Facilities and Maintenance -** Equipment and capital benchmarks
6) **Operational: Customer Franchise Analysis -** Who are the golf course's best customers and how loyal are they?
7) **Operational: Customer Surveys** - Barriers, Price Points, Brand Image
8) **Operational**: **Management, Marketing and Operation Review** - The entrance, staffing, organizational structure, merchandising, food and beverage, advertising, marketing, and public relations are evaluated and compared to the industry's best management practices.

The process results in the development of viable recommendations ranging from creating a new strategic vision for the golf courses, to tactical plans focused on finances, human relations and technology to operational suggestions centered on agronomy, maintenance, and pro shop operations including customer service, yield management and marketing.

For the client to understand this process of examination, it is first necessary to gain a macroeconomic view of the nation's economy, the current factors affecting the business of golf, and to learn the golfers' preferences and the barriers to their increased play.

FINAL REPORT

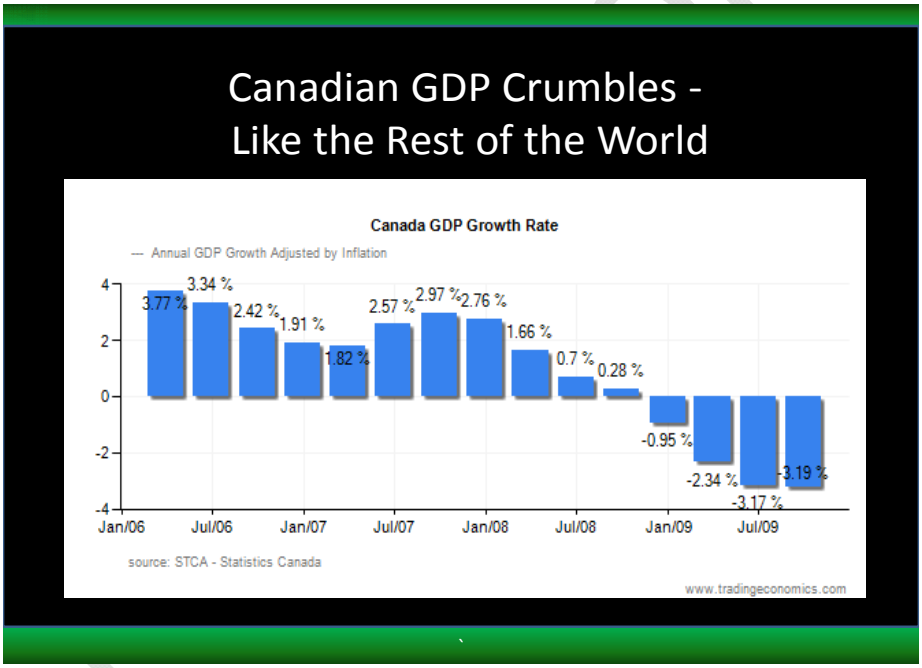
Macroeconomic Overview

The National Economy

Golf is a recreational sport that consumes the disposable income of its patrons. Golf competes for the entertainment dollars of its consumers.

The financial prosperity of golf is indirectly correlated to the world economy based on the likely resulting disposable income available per capita. Golfers spend about 3% of disposable income on the sport. Thus, with a decline in the economy, disposable income is likely to be adversely impacted.

The Canadian GDP has declined 3.2% in 2009[8], as reflected below:



The game of golf contributed an estimated **$452.7 million** toward **Manitoba's** Gross Domestic Product (GDP). This includes:

- 18,025 jobs;
- $309.6 million in household income;
- $44.4 million in property and other indirect taxes;
- $76.0 million in income taxes.[9]

[8] The Conference Board, "A Rough Road Back," http://www.conference-board.org/economics/chiefeconomist.cfm
[9] Ibid, pg 11.

In Manitoba, there are 129 golf courses and their average gross revenue is $1,945,730. The 282,000 golfers in the province each spend $893 per year.[10]

While the GDP is one indicator of economic health, another indicator that is more predictive regarding the health of golf is the unemployment rate.

In December, 2009, the Canadian unemployment rate was 8.5%[11]. This represents a significant increase, as the unemployment rate was only 6.4% in December, 2008[12]. Fortunately, the City of Winnipeg is somewhat isolated from the national economy. The Manitoba unemployment rate as of November, 2009 was only 4.2%.

What are the implications of the decrease in GDP and the increase in employment for golf? Rounds in 2010 are likely to fall or be flat and price degradation across the industry will continue.

Business Factors Impacting Golf

Supply exceeds demand. The National Golf Foundation cited that since 1990, the growth in the number of golf courses is up 24%, while the number of golfers has only increased 16%. As a result, the number of rounds played at each golf course has fallen from 40,400 in 1990 to 32,640 today.

This trend of new courses creating an oversupply during the past several decades parallels golf in Canada. In a survey conducted by the Strategic Network Group for Canada, it was found that approximately 70 million rounds of golf were played in 2008, a level of play that was as much as 10% lower than the average number of rounds played in prior years.[13]

The extent and seriousness of the golf course oversupply problem was studied by the National Golf Foundation. The study's conclusion was that revenue was off, losses are increasing, maintenance standards are deteriorating, capital investments are deferred, and discounting practices are employed to boost rounds. It is projected that from 500 to 1,000 golf courses will close or be sold during the next five years.

The NGF identified that those golf courses at risk[14] were:

- 9-hole facilities
- Lower price points

FINAL REPORT

[10] Strategic Network Group, "Economic Impact Study of Golf in Canada," August 9, 2009, pg 11.
[11] Trading Economics, "Canadian Unemployment Rate,: http://www.tradingeconomics.com/Economics/Unemployment-Rate.aspx?Symbol=CAD
[12] Ibid.
[13] Strategic Network Group, "Economic Impact Study of Golf in Canada," August 9, 2009, pg 2. "http://www.rcga.org/subsites/NAGA/pdfs/SNG_NAGA_Impact%20GolfCanada_2009_ExecSummary.pdf
[14] National Golf Foundation, "The Future of Public Golf in America," April 22, 2009, Slide 21.

- Alternative facilities, i.e., executive and par 3 only golf courses.
- Those in less populated areas

The City of Winnipeg's golf courses conform to those risk factors. The City of Winnipeg's Crescent Drive is a 9-hole facility and is made up of all par 3s. Windsor Park, at 5,176 yards, would be deemed an alternative facility. All three courses have lower price points. Hence, to continue to operate all three courses requires careful consideration.

Ameliorating factors for the City of Winnipeg are that though golf may be going out of vogue and though the recession will have a negative impact, the golf courses will be largely insulated from the effects of the downturn due to its physical location in a densely populated metropolitan area and its support by the resources available from the City.

Who Plays Golf?

The game of golf is played by an estimated six million Canadians each year, with 2.5 million Canadians participating as core golfers, playing an average of 28 rounds per year[15]. There are more than 2,500 golf courses and practice ranges in Canada.

Golf is a game of an aging population of people who are wealthy and Caucasian; the barrier to increased play is time.

A *Statistics Canada* release regarding the decline in the participation of sports stated the following:

> "The report found that one of the many factors in declining participation in sports is Canada's aging population. Other factors include time pressures, family responsibilities, child rearing, careers, lack of interest, and participation in other leisure time activities such as watching television, surfing, and chatting on the Internet.
>
> As Canadians get older, their rate of participation in sport decreases. In 1992, people aged 35 and over represented 60% of the adult population; about 36% of them participated in sports. By 2005, two-thirds (67%) of Canadians were in this age group, and their participation rate was down to 22%. Thus, society is aging and becoming less active."[16]

Over 68% of all golf rounds are played by those older than 43 years of age. As has been demonstrated in economic surveys conducted throughout the world, golf thrives in cities where the population is aging. In Canada, the average age of golfers is 44.

[15] Statistics Canada, Based on a study of Participation in Sports, The Daily, issued Thursday, February 7, 2008. Reported that "Golf replaced ice hockey as the most popular sport in Canada in 1998."
[16] Statistics Canada, "Study: Participation in sports", February 7, 2008, pg 1. http://www.statcan.gc.ca/daily-quotidien/080207/dq080207b-eng.htm

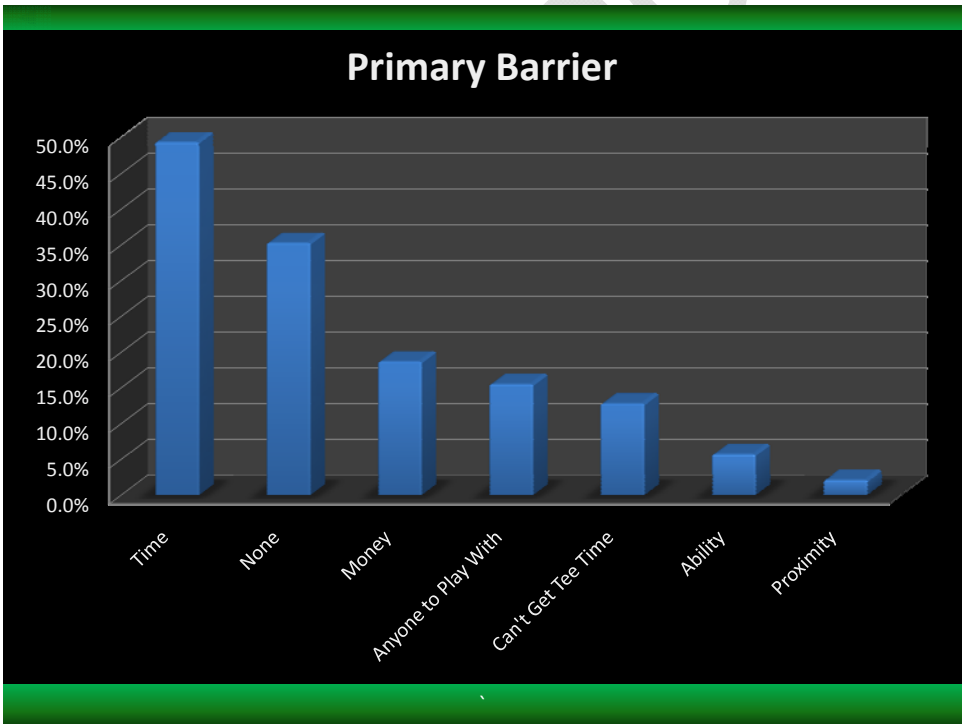
FINAL REPORT

Not only is golf a game whose participants are aging, golf is also a game of the wealthy, and the sport is clearly losing its middle-class appeal in Canada as reflected below[17]:

Household Income	Participation Rate
< $30,000	14%
$30,000 - $49,999	22%
$50,000 - $74,999	33%
> $75,000	30%

While the demand/supply imbalance bodes poorly for golf, such imbalance masks a more subtle and pervading problem that is retarding the growth of the game. That problem is the significant change in the demographics of how our society functions in Canada.

Golf Convergence conducted a survey of more than 1,900 individuals who either registered at one of the City's golf courses or booked a reservation on a City golf course. When asked, "What are the primary barriers to playing golf?" they most often answered that time was the primary barrier, as indicated below:



Source- Survey of individuals who registered or booked a reservation at City golf course.

The factors of supply exceeding demand, golf's lessening popularity, and changes within our societal framework have created the downward golf spiral that the City of Winnipeg's golf courses are experiencing. This downward spiral has been accentuated by practices

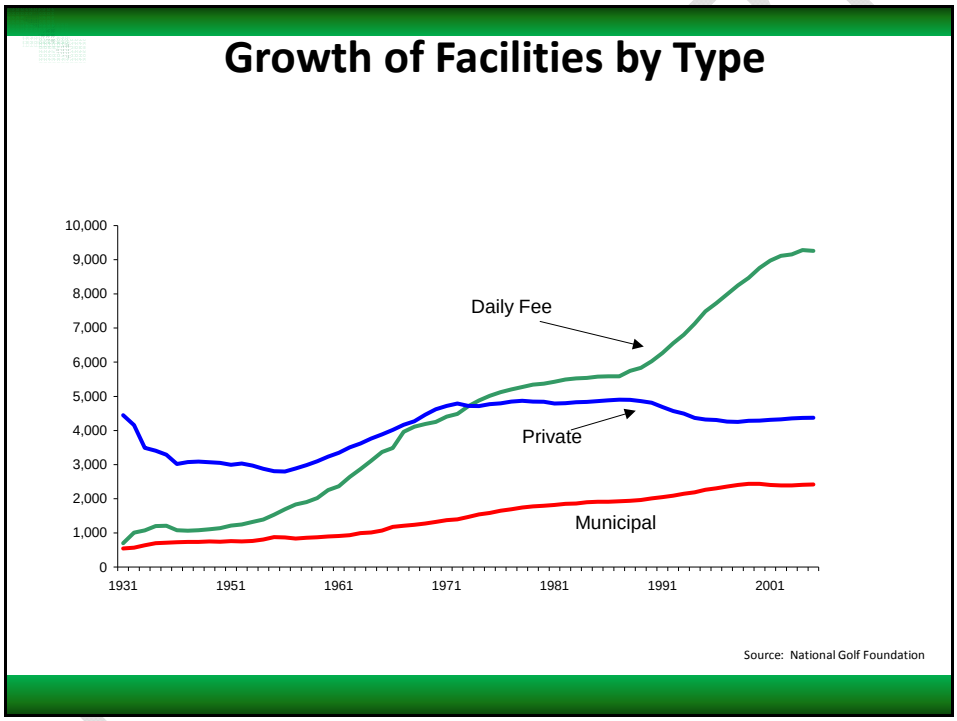
[17] Ipsos Reid, "2006 Golf Participation Study in Canada," pg 2. http://www.rcga.org/_uploads/documents/Membership/EN-Quick%20Facts-Ipsos%20Reid.pdf

implemented in which the facilities at the WGS golf courses have become dated and the condition of the golf courses is substandard in relationship to other public alternatives.

The Role of Government in Golf

Golf started in North America in the late 1880's. Access was largely through private country clubs.

Because of the origins of the game within America as private club-based, municipalities filled the void for the public by building golf courses as a part of their parks and recreation programs. The need for municipalities to continue to operate golf courses has been largely eliminated by the evolution of daily fee golf courses – those open to the public via private enterprise—which became a significant factor starting in the 1970's, as illustrated below:



Providing golf to citizens clearly falls with the crosshairs of the debate as to whether it is an essential function of government. The role of government is to provide those essential services to a society that could not otherwise be undertaken efficiently or effectively by private enterprise. Hence, police, fire, water, sanitation, and highways are usually within the bailiwick of government.

Such a definition as to government's role raises the question that if a need of the citizens is adequately met by private enterprise, should the government also provide such a service if it is not essential to the health and welfare of its citizens?

It is the finding of this report that private enterprise adequately meets the needs of the citizens of the City of Winnipeg for golf as a recreational sport. In fact, the City of Winnipeg has an excess supply of golf facilities available to its citizens.

FINAL REPORT

The Client: An Overview

The City of Winnipeg

Winnipeg is the capital and largest city of Manitoba, Canada. Winnipeg is the primary municipality in Manitoba and is the home to more than 60 percent of Manitoba's population.

Prior to 1972, Winnipeg was the largest of 13 cities and towns in a metropolitan area around the Red and Assiniboine rivers. Unicity was created on July 27, 1971 and took effect with the first elections in 1972. The City of Winnipeg Act incorporated the current city of Winnipeg: the municipalities of Transcona, St. Boniface, St. Vital, West Kildonan, East Kildonan, Tuxedo, Old Kildonan, North Kildonan, Fort Garry, Charleswood, and St. James.

Assets Managed

The formation of Unicity resulted in the City of Winnipeg owning 12 golf courses that are currently managed under five different arrangements:

City Operated & Maintained	Leased to Semi-Private Clubs	Leased to a Mgmt. Co.	Contracted Operations	Contractor Operated City Maintained
Crescent Drive	Assiniboine	Tuxedo	Blumberg	Harbour View
Kildonan Park	Canoe Club			
Windsor Park	Rossmere			
	Transcona			
	St. Boniface			
	Wildewood			

The golf courses operated by the City are summarized below:

Course	Par	Yardage
Crescent Drive	27	1,376
Kildonan Park	69	5,495
Windsor Park	69	5,176

Note: A *regulation golf course* is defined as any 9- or 18-hole golf course that includes a variety of par 3, par 4, and par 5 holes, and is of traditional length and par; a 9-hole facility must be at least 2,600 yards in length and at least par 33; an 18-hole facility must be at least 5,200 yards in length and at least par 66.

Considering that most golf courses built since 1980 are Par 72 and exceed 7,000 yards, the course layouts offered by the City are not sufficient to consistently attract the core golfer or outing groups seeking a championship experience. As such, the potential for revenue growth for the City's courses is limited.

FINAL REPORT

Winnipeg Golf Services Special Operating Agency

Winnipeg Golf Services (WGS) was designated as a Special Operating Agency effective January 1, 2002. Starting in March 2009, WGS now reports to a board of directors comprised of the CAO, Deputy CAOs and chair of the Alternate Service Delivery committee. Support services, such as finance, human resources and IT are provided by the City's Planning, Property and Development Department.

The criteria for such designation as a Special Operating Agency[18] were that the golf courses should be:

- Affordable
- Sustainable
- Given more flexibility to achieve performance targets
- Have the freedom of a business and yet some of the governance of a department
- The ability to partner with appropriate stakeholders to share responsibilities and costs.

From a business perspective, it was deemed that "golf course operations are comparable to the operations of golf courses in other municipalities and private industry," and a Special Operating Agency was created. The creation of the SOA was motivated by the successes which began in 1996 of numerous initiatives that were implemented including:

- Contracting out of park mowing
- Contracting out of library book delivery services
- Contracting out all Handi-Transit service
- Increased contracting out of refuse collection services
- Contracting out quarry operations
- Consolidating storage functions
- Downsizing and/or contracting out of the Construction Branch
- Contracting out of janitorial functions in the Winnipeg Police Service[19]

The City of Winnipeg's Special Operating Agency is in essence an "enterprise fund" in which the City of Winnipeg annually extends credit to finance the operating losses of the SOA.

To provide a frame of reference, there are basically four types of golf courses: municipal (including military and corporate golf courses), daily fee, private clubs, and resorts.

Municipal golf courses can be operated with a "general fund" or an "enterprise fund," also known as a "special fund." The enterprise fund, used by a slight majority of facilities in North

[18] Report of the Standing Committee on Fiscal Issues dated March 20, 1998, "Policy and Framework for Alternative Service Delivery File GL-5.6.1 (Vol. 1)", pg 2.
[19] City of Winnipeg, "Reshaping our City Government," March 17, 1997, pg 4.

FINAL REPORT

America, is accounted for as a separate economic entity in which profits and losses are separately measured but which ultimately will receive financial support from the “general fund” when circumstances turn dire. As such, an enterprise fund can and should operate independent of City departmental influence. Providing access to funds should be based on economic, not political, influences.

FINAL REPORT

The Strategic Planning Pyramid

Undertaking the Golf Convergence WIN™ formula requires an extensive analysis of the golf courses, including all of the following elements:



While creating a comprehensive evaluation and implementing the recommendations, achieving unanimous consent is nearly impossible for several reasons. First, change is required. Second, each constituency has a strong proclivity to protect their own vested interests at the expense of the Constituency's best interests. These conflicts are highlighted below:

Constituency	Sensitive Issue
City Council	Accountability for defining and fulfilling strategic mission of the City. Individual Council members must occasionally balance competing objectives of assigning greater priority to interests of individual ward versus the City as a whole.
Special Operating Agency Board of Directors	Allocation of sufficient resources to achieve vision.
Golf Management	Being directed themselves and efficiently and effectively directing execution towards achievement of vision.
Golf Staff	Decreasing staff, salaries, or increasing responsibilities and/or work hours.
Golfers	Increase in rates or accessibility to golf course.
Taxpayers	Increase in taxes to subsidize golf operations.

FINAL

Problems often develop when some among a given golf course's stakeholders—Councillors, Board of Directors, Management, Staff, Golfer and the taxpayers—do not share the same clear understanding of the golf course's vision and mission. The cost of satisfying individual requests that are not consistent with the objectives can easily dilute the experience and accelerate the costs of operation.

Thus, a clear understanding by those who operate the golf course and their adherence to a common vision is necessary if the course is to be successful.

Service-Level Target

In crafting a strategic plan, the selection of the vision and mission of the golf course is determined by many factors, including financial assets, personnel resources, and the market demand for a specific product.

Golf courses and their associated service standards can be classified as follows: "platinum, gold, silver, bronze, and steel," as reflected in the chart below:

Definition of Market Segments

	Platinum	Gold	Silver	Bronze	Steel
Vision	Rolls Royce	BMW	Volvo	Chevrolet	Hyundai
Examples	Pine Valley, NJ Seminole, FL	Cherry Hills, CO American Club, WI	TPC Clubs Bandon Dunes, OR	Lakewood, CO Bethpage, NY	Brookhaven, TX City Park, Anywhere
Cost	Over $350 per round	$200 to $500 per round	$100 to $250 per round	$60 to $125 per round	$75 or less
Carts	Caddies Mostly	Caddies + Electric Carts	Caddies Rare: Electric Carts plus Pull Carts	Electric or Gas Carts plus Pull Carts	Gas Carts plus Pull Carts
Access	By Invitation	Waiting List	Available	Seeking	Open Access
Style	Formal	Professional	Relaxed	Very Casual	Loose
Social Status	Generational Wealth	Upper Class	Upper Middle Class	Middle Class	Anyone
Championships	USGA/PGA	USGA/PGA	USGA/ PGA State Golf Assoc.	State Golf Associations	None

©2009, Golf Convergence, Inc.

Other factors that determine the appropriate vision include: dress standards, whether carts are required, smoking regulations, tipping and gift policies, and other activities offered.

Why is this relevant for the City of Winnipeg? The resources invested determine the experience created. The experience delivered defines the price that can be charged.

The price charged ultimately determines the investment return. Presented below is an analysis of the asset base of more than 3,000 public golf courses in North America[20]:

Public Club – Asset Base

	Platinum Top 10%	Gold Top 25%	Silver Median	Bronze 3rd Quintile	Steel - Bottom 25%
Rounds Played	30,000	35,000	40,000	45,000	Over 50,000
Full Time Employees	> 40	>20	> 10	> 5	< 5
Total Revenues	> $3.5 million	> $2 million	>$1.5 million	> $1 million	< $1 million
Green Fees, Guest, Cart, Trail	> $1.8 million	> $1.0 million	$750,000	>$500,000	< $500,000
Merchandise	> $300,000	$200,000	$100,000	> $75,000	< $75,000
Maintenance	> $800,000	> $700,000	> $500,000	> $400,000	< $400,000
Annual Renovation	> $800,000	> $700,000	> $85,000	> $50,000	< $50,000
EBITDA	> 1,200,000	> $600,000	> $400,000	> $200,000	< $200,000

This chart illustrates the following points:

1) The golf courses operated by the City of Winnipeg are "steel" level facilities.
2) Insufficient rounds are played to generate the revenue required to sustain the investment. The typical steel level golf course generates in excess of 50,000 rounds to generate $200,000 EBITDA. The City of Winnipeg's golf courses only generate 30,000 rounds.

Why doesn't the City have greater play? While the oversupply of golf courses in Winnipeg is a contributing factor, the fees charged for the value provided are too high.

The 2010 – 2013 Strategic Plan

In creating a strategic recommendation for a client, there are a set of defined parameters from which a plan can be constructed based on numerous factors, including political considerations, financial resources, organizational cultural, and history and tradition.

In this engagement, the following questions were posed to Councillors, senior management, CUPE, and concessioners to better understand the scope within which politically viable and financially beneficially solutions could be crafted.

[20] PGA PerformanceTrak, "2009 Operating Profiles"

1) **Does the City of Winnipeg want to continue to provide golf at the current levels of supply to its citizens**? Yes.

2) **Can any of the City Golf Courses be Sold**? No. Though there is an excess of supply of golf courses, it is unlikely in the short-term that the City of Winnipeg will sell any of their courses.

3) **Is the City of Winnipeg willing to increase property taxes to fund necessary improvements?** No

4) **Is the City of Winnipeg willing to make any substantive changes to their business practices in 2010?** No

5) **Is the City willing to invest in the golf courses beyond ordinary repairs and maintenance?** No

6) **Is the City willing to renegotiate or cancel any leases or contract to manage the semi-private golf courses in 2010?** No

7) **Is the Labor Union willing to renegotiate wage concessions on its existing labor agreement?** No, not until the City properly invests in training, equipment and retains professional management to provide the requisite supervision appropriate to their employees.

8) **Does contract management deem the City's golf courses sufficiently attractive to invest their own capital and assume the financial risk of operation?** Yes

Thus, the role of this engagement became limited to determining what is the best strategic vision for the golf courses that will minimize the capital investment required and maximize the operational income derived subject to the limitations defined above.

Recognizing that the most viable options to increase the investment return to the City from the operation of the golf courses were "off the table," the scope of this engagement became limited to solely determining, "Can the SOA with its current management structure operate the facilities to maximize revenue, increase operational efficiency, and enhance customer service, or is there an alternative form of management available that will reduce the City's investment risk while maximizing the customer experience to the citizens?"

To answer that question, it was necessary to define "the highest and best use" for the golf courses based on the limitations imposed on the scope of this analysis, an understanding of the current macroeconomic factors impacting the business of golf, and insights regarding the potential niches for a successful operation within the local golf market.

FINAL REPORT

It was therefore concluded that the only potential short-term role for the City of Winnipeg's golf courses will be to provide an "entry level experience" based on the proposed following vision:

Winnipeg Golf Services
Vision Statement

We will provide, in a responsible fiscal manner, as a recreational component of our leisure programs, golf at an entry level consistent with the standards of municipalities with respect to green fees, maintenance and administrative operations in order that we maximize revenue, increase operational efficiency and ensure optimum customer service as prudent stewards of a government owned asset.

It was this definition as to the role of the City's golf courses from which an analysis of the ideal management structure was crafted, with the options considered being:

1) A comprehensive management overhaul incorporating best practices in management, changes to collective agreement and financial considerations provided by City Council.
2) Status Quo with City Council continuing to subsidize City operated golf courses.
3) Contracted management

To reach the conclusion that contracted management is the optimal solution (as summarized in the Executive Summary, again at the outset of this report, and finally, in the concluding section of this report), we implemented the Golf Convergence WIN™ approach to craft our recommendation. In summary, this approach provided an overview of the local market and the impact of recent weather, evaluated technology, ascertained the financial strength of the courses, analyzed agronomic practices, determined best management practices, surveyed golfer preferences, and determined their loyalty. The analysis of these components follows.

FINAL

Strategic Analysis

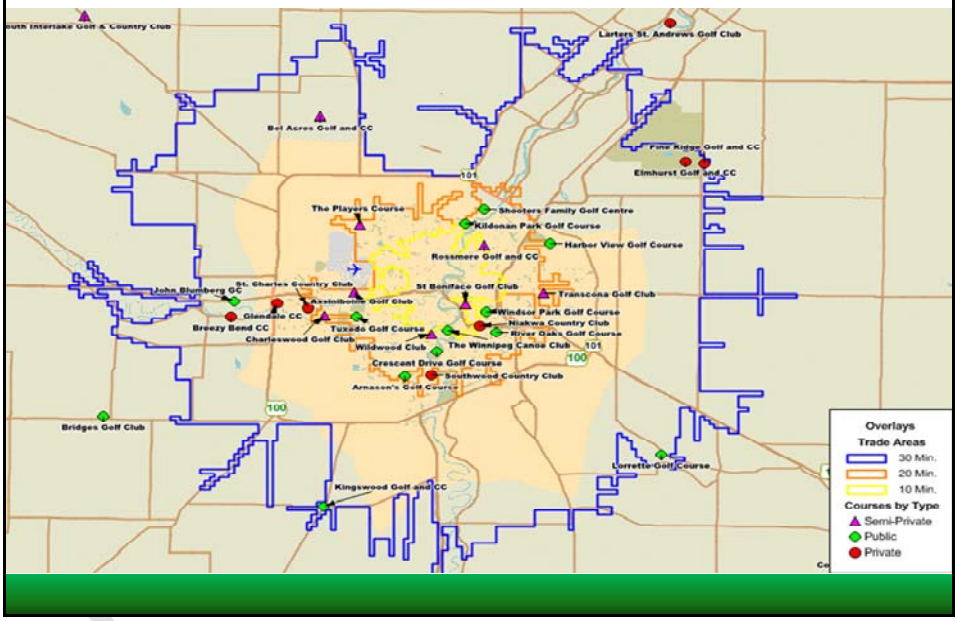
Step 1: Geographic Local Market Analysis

Supply trends are negative

For this business plan, we conducted intensive research of the demographic trends, the local golfer base, supply levels, mix, current supply/demand balance, and the impact of historical supply dilution.

In determining the competitive forces surrounding Winnipeg Golf Services, golf courses that are located within a 10/20/30-minute drive from city centre were evaluated. The competitive map, which is presented to determine the market potential of the golf course, is reflected below:

Golf Supply – Winnipeg, MB
10, 20, and 30-Minute Travel Times



Note: Data sources for this analysis included: Tacticians licensed annual consumer survey (2007), state-level facts on participation and frequency, National Golf Foundation database of 16,000 US golf facilities (not including stand-alone driving ranges), licensed U.S. Census data, 2000 actual, 2008 estimate and 2013 projections.

When considering price, quality, proximity, and accessibility to WGS, golfers have many other viable alternative courses to play. However, proximity from work/home to the golf course is a determining factor in measuring the viability of a golf course and its tendency to prosper. A detailed list of these courses is presented in Appendix B by address, postal code, and classification as to type of course.

Presented below is a summary of the supply/demand factors found within the City of Winnipeg:

Supply/Demand Factors in Winnipeg

Category	10-Min	20-Min	30-Min	Winnipeg CMA	Canada
Public/Private /Semi-Private Mix	33/0/67%	41/12/47%	38/29/33%	30/41/30%	45/10/45%
Premium /Value Mix %	0% / 100%	0% / 100%	0% / 100%	0% / 100%	18% / 82%
Premium >$71	0%	0%	0%	0%	3%
Value $40-$70	33%	13%	12%	11%	13%
Price <$40	67%	87%	88%	89%	85%

Note: 90% of all golf rounds originate from individuals who work/reside within a 30 minute drive time of course.

Source: Longitudes Group

This chart reflects that the market for golf in the City of Winnipeg is oriented to lower- priced facilities, thereby creating substantial competition for WGS. There are no premium golf courses in Winnipeg. However, there is a glut in the supply of golf in Winnipeg, with most of the courses pursuing the same target market (i.e. the steel level/entry level golfer). The overall point is that golf is *highly* competitive.

Population Demographics – Age, Income and Ethnicity Are Neutral

To understand the potential growth opportunities for golf within a market, a study of the age, income and ethnicity of the population within a 30-minute drive time is essential. Presented below are those statistics for Winnipeg Golf Services:

FINAL REPORT

Market Share Analysis

Category	10-Min	20-Min	30-Min	Winnipeg CMA	Canada
Golf Participation	26%	27%	27%	25%	19%
Age Index	98	98	98	98	100
Income Index	81	99	102	96	100
Ethnicity Index	100	99	100	101	100

1. Golf Participation represents % of population.
2. The Index for age income and ethnicity are on a baseline of 100. Thus, the Winnipeg is 2% younger and has 4% less household income that the average Canadian golfer. Ethnicity is 1% skewed to Caucasians compared to the normal ethnic mix in Canada.

Source: Longitudes Group

©2009, Golf Convergence, Inc.

The chart reflects that the prospects for a profitable golf operation at Winnipeg Golf Services are good, based on the age, income, and ethnicity of the area's population.

Net Result – Supply Exceeds Demand by 10%

When calculating the supply of golf course in the City of Winnipeg market with the demand for golf considering the local demographic factors of age/income/ethnicity, the result is a golf intensity index which reflects whether the market is over or undersupplied with golf courses to support the population.

This index for the City of Winnipeg indicates that the market is oversupplied by 10% for public golf courses (100 – 90) as shown in the chart below:

FINAL REPORT

Market Share Analysis – Winnipeg CMA

Category	10-Min	20-Min	30-Min	National Index
Golf Intensity Index	140	97	89	100
Private Golf Intensity Index	175	97	88	100
Public Golf Intensity Index	126	97	90	100

Note 1: The Drive times were measured from Portage and Main Street.
Note 2: Where the index exceeds 100, there is an undersupply of golf within the drive time radius. Where the index is less than 100, there is an oversupply. Thus, a value of "90" reflects that the market is 10% oversupplied within a 30 minute drive time radius from Portage and Main Street.

Source: Longitudes Group

The oversupply of golf courses suggests that two golf courses in the City of Winnipeg should close to bring demand in balance with supply to ensure each entity has a reasonable chance of being self-sustaining.

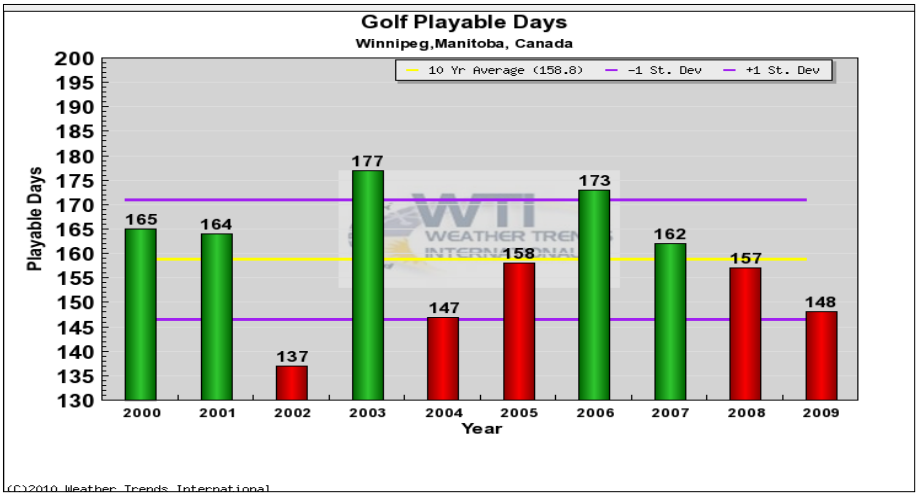
Step 2: Weather Impact Analysis (WIA)

A key measure in determining if the revenue potential of a golf course is being realized is correlating the number of playable golf days to revenue. Measuring numerous variances, including Season Days, Golf Playable Hours, Equivalent Golf Playable Days, and Corporation Rounds in total, allows one to measure the efficiency of management in maximizing the course's potential.

The chart below was prepared for Winnipeg Golf Services.

FINAL REPO

The Impact of Weather



Golf playable days, defined as a day when the average temperature is between 55 and 90 F with less than ½" of rainfall during the daylight hours, during the past decade averaged only 160 days per year.

The second step in determining whether the utilization of the golf course is industry-appropriate is to determine course capacity, based on the number of playable days that the golf course could have achieved.

The rounds potential in 2009 was 144,375 rounds. Considering that Winnipeg Golf Services' actual annual rounds played statistic is near 90,000, the actual course utilization of 62% is above the national course utilization rate of 52%. This suggests that the fundamental financial structure of the golf courses are misaligned, with expenses being too high to offset the revenue realized.

FINAL REP

Tactical Analysis

Step 3: Information Systems Technology

A fundamental test for any business is identifying who its customers are and what they are spending.

Thus, we reviewed the use of technology within WGS regarding internet use, the integration of tee time reservations with the POS, and the deployment of email-based communication.

Currently, a cash register is utilized, static web pages have been created, and a third party vendor (drivetheball.com) is licensed to provide online tee time reservations. As such, these systems do not provide for the capture of meaningful information with which a golf course can be effectively managed.

As a result of the current system being utilized, we noted the following:

- There is a significant amount of manual entry required to transfer the financial information from the golf course to the City's PeopleSoft accounting system. Daily, the golf course staff summarizes the financial data on an Excel worksheet.
- Monthly financial reports are not prepared in accordance with best practice standards for management of a golf course.
- The information produced creates little meaningful data by which analysis can be undertaken.
- Financial statements for the golf courses are prepared via a consolidated reporting system in which many charges are expensed to a single account than allocated to the golf course based on a formula.
- No effective marketing programs are being conducted because there is no central database of acquired, core, and defector golfers.
- Though the golf seasons concluded in mid-October, by mid-January reports highlighting the number of rounds played in 2009 could not be produced.
- None of the 15 key financial reports by which to properly manage the facility are available to golf course personnel, as summarized below:

FINAL REPORT

15 Key Management Reports

Customer Analysis		
	Yes	No
Customer Distribution		✓
Customer Demographics		✓
Customer Retention		✓
Customer Spending By Class		✓
Customer Spending By Individual		✓
Zip Code Analysis		✓
Facility Analysis		
Merchandise Sales By Vendor		✓
Reservations By Booking Method		✓
Reservations By Day Of Week		✓
Revenue Benchmarks		✓
Revenue Per Available Tee Time		✓
Revenue Per Department		✓
Revenue Per Hour		✓
Round Per Revenue Margins		✓
Utilization		✓

In Appendix C, examples of these essential reports, none of which are available within WGS, are provided.

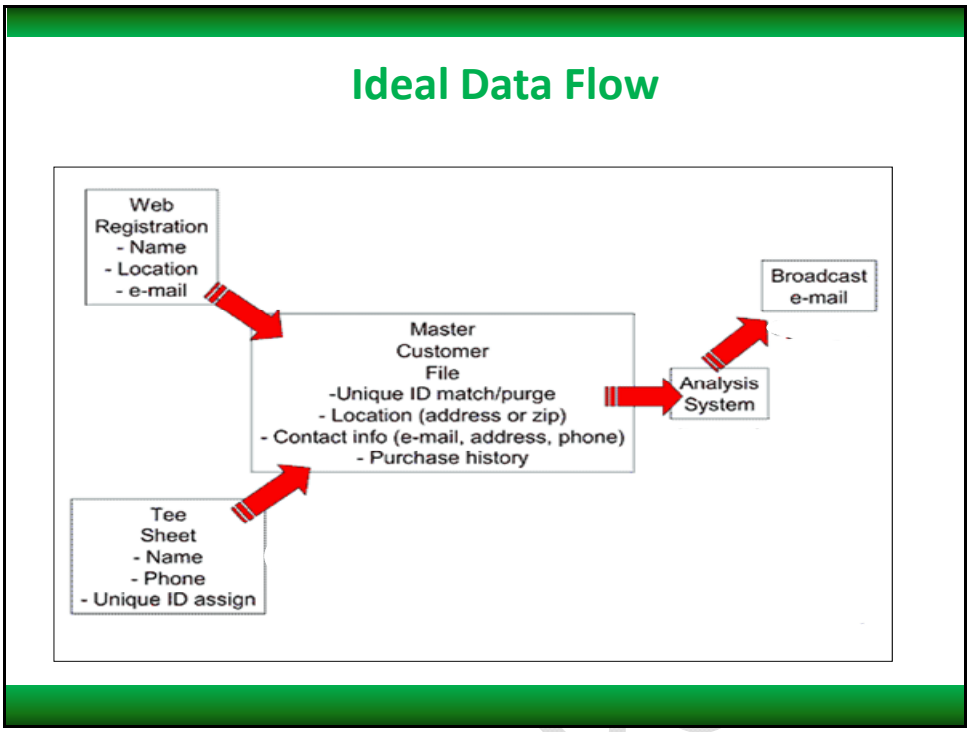
These reports provide the financial benchmarks necessary to maximize the investment return of a golf course. They provide precise insights on the key performance indicators for a golf course, including customer demographics, spending patterns, frequency of play, revenue per tee time, and course utilization. Lacking such information, the adjustment of rates, the efficacy of email programs, and the astute financial management of a golf course is pure guesswork.

The formula to profitably manage course operations is straightforward and consists of the following steps:

- Create a customer database.
- Integrate the Tee-Time Reservation System with POS.
- Issue identification cards and/or capture golfers' email addresses.
- Communicate with your customers via an opt-in email marketing program.
- Display tee times by best available time or price (maximum two times displayed).
- Center your marketing focus on your Web site.
- Develop a consolidated reporting system and monitor the 15 key management reports.

As noted by in the list above, Winnipeg Golf Services is still a long way from ideal in its utilization of technology. The ideal system will have the following components:

FINAL REPO



The correct deployment of technology will yield the following benefits:

- Maximize Revenue
  - ✓ Web-based marketing presence
  - ✓ Reservation cards sold for premium access
  - ✓ Dynamic yield management
  - ✓ Create distinct WGS brand

- Increase Operational Efficiency
  - ✓ Better internal control
  - ✓ Timely and more meaningful reporting
  - ✓ Elimination of repetitive tasks by staff

- Enhance Customer Service
  - ✓ 24-hour access to tee-time reservations
  - ✓ Email communication of promotions, tournaments, updates
  - ✓ Sell prepaid gift cards online

Pursuant to this golf course analysis, a financial proposal was received from one of the leading golf management software providers. Though contracted management is the conclusion of this report, for 2010, the City can lease this technology on a monthly basis for less than $500 per month, with cancellation permitted, without penalty, at any time. The return on this investment should exceed $25,000 per facility, if the technology is properly used by management and staff.

FINAL REPORT

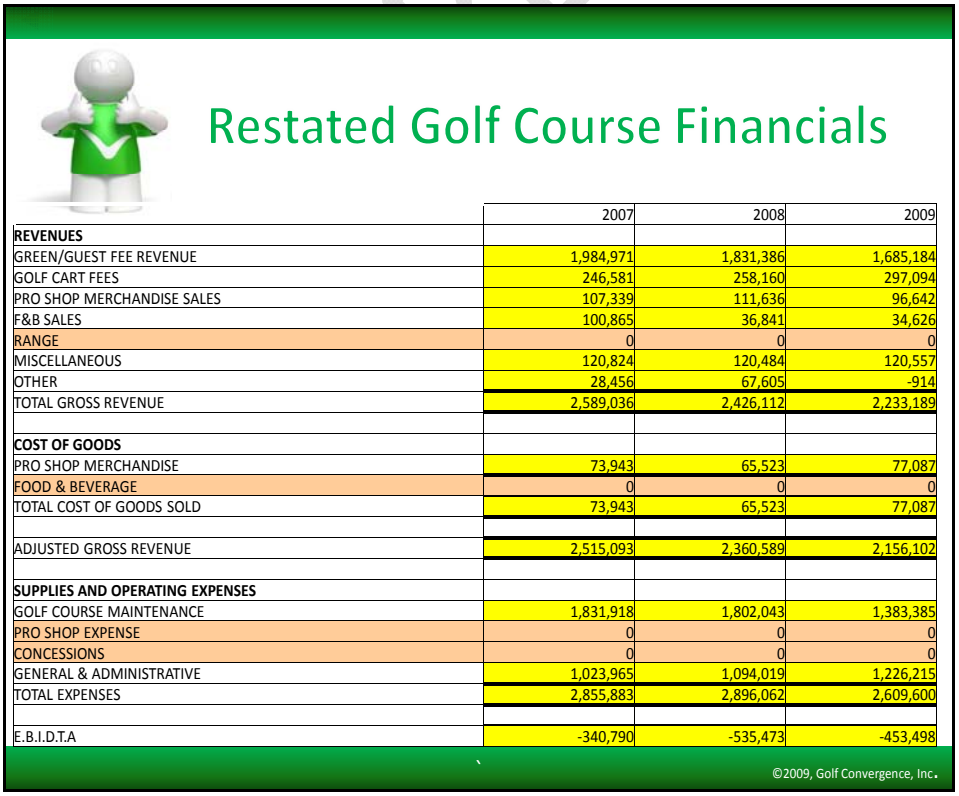
Step 4: Financial Metrics

The financial performance of a business is reported in its financial statements. For management and staff, being able to plan, execute, and forecast accurate and meaningful financial information is imperative.

The financial statements prepared for WGS are based on accounting principles consistent with the City policies, but they differ from best reporting practices used by successful golf courses. The City accounts for revenue and expenses on an aggregate rather than per course, which is standard industry practice. Therefore, because of the numerous allocations made from the consolidated accounts to each course, it is nearly impossible to undertake key performance indicator testing to determine if the City's golf courses are operating within industry standards.

As a result of these practices, administrative overhead is allocated by journal entry rather than by the actual expenses of the various activities at WGS, and the financial statements lose all relevance—the allocations have no real correlation to the actual expenses incurred.

Presented below are the financial statements WGS reconstructed from existing records. They are based on generally accepted accounting principles for golf with the allocation of revenues into definite categories:



Restated Golf Course Financials

	2007	2008	2009
REVENUES			
GREEN/GUEST FEE REVENUE	1,984,971	1,831,386	1,685,184
GOLF CART FEES	246,581	258,160	297,094
PRO SHOP MERCHANDISE SALES	107,339	111,636	96,642
F&B SALES	100,865	36,841	34,626
RANGE	0	0	0
MISCELLANEOUS	120,824	120,484	120,557
OTHER	28,456	67,605	-914
TOTAL GROSS REVENUE	2,589,036	2,426,112	2,233,189
COST OF GOODS			
PRO SHOP MERCHANDISE	73,943	65,523	77,087
FOOD & BEVERAGE	0	0	0
TOTAL COST OF GOODS SOLD	73,943	65,523	77,087
ADJUSTED GROSS REVENUE	2,515,093	2,360,589	2,156,102
SUPPLIES AND OPERATING EXPENSES			
GOLF COURSE MAINTENANCE	1,831,918	1,802,043	1,383,385
PRO SHOP EXPENSE	0	0	0
CONCESSIONS	0	0	0
GENERAL & ADMINISTRATIVE	1,023,965	1,094,019	1,226,215
TOTAL EXPENSES	2,855,883	2,896,062	2,609,600
E.B.I.D.T.A	-340,790	-535,473	-453,498

©2009, Golf Convergence, Inc.

The trend is clear: revenues are falling while net losses are increasing.

The WGS's financial results become further confused when the allocated department costs, the general governmental charges, interest, and the transfers to other City funds are incorporated. The total of these allocations are summarized below:

	General Government Charges	Transfers to General Revenue Fund	Total
2003	61,000	199,000	260,000
2004	63,000	217,000	280,000
2005	62,000	318,000	380,000
2006	62,000	312,000	374,000
2007	61,000	305,000	366,000
2008	63,000	328,000	391,000
2009	63,000	0	63,000
Transfer OUT of Golf Fund	435,000	1,679,000	2,114,000

Note: Figures are taken from the City's detailed financial statements. Transfers to the General Revenue Fund have been stopped in 2009 until such time as profitability of the operations allow for further transfers.

As an independent operating agency, the golf courses are clearly losing money. A systematic process for collecting financial and operational data, along with the construction of a financial planning template, will allow Winnipeg Golf Services Golf Course to effectively monitor the cost of programs, services, and facilities, and to support decision-making regarding user fees and charges.

In any event, the City cannot withstand the financial burden placed upon it by its golf courses, and there is no reasonable chance that the $8.0 million that Winnipeg Golf Services owes will be repaid through the operation of the golf courses.

FINAL REPORT

Findings: Industry Benchmarks and Analysis

Why use benchmarks? They provide a frame of reference on which an operation can be reviewed. The profitability of other golf courses is presented below[21]:

	City of Winnipeg 3 Course Avg.	Municipal	Daily Fee /Semi-Private	Private
Total Rounds Played	27,334	37,087	30,985	23,000
Total Facility Revenues	772,625	1,133,333	1,300,000	2,800,000
Golf Operations Payroll	N/C	196,135	164,280	210,000
Course Maintenance Payroll	N/C	270,000	227,819	409,043
Number of Full-time Employees	3 (for all 3 courses)	10	14	36
Number of Part-time Employees	19	21	23	30
Net Income (EBITDA)	(20,164)	206,000	200,000	250,000
Net Income as a % of Gross	(2.61)%	18.17%	15.38%	8.92%

Note 1: N/C. Based on the financial practices of the City, the golf operations and course maintenance payroll is aggregated and is not separately reported.
Note 2: In Appendix A, forty-three reports from 2008 PGA PerformanceTrak are presented to highlight the information that professional operated golf courses use to manage their facilities.

While the City of Winnipeg lacks meaningful individual golf course income statements to facilitate comprehensive key performance indicator benchmarking, the conclusion drawn is that Winnipeg Golf Services courses are financially underperforming. The combination of revenue underperformance, high labor expenses, and significant deferred capital expenditures creates a formula that doesn't bode well should the status quo be maintained.

Accounting Recommendations

As part of achieving financial performance that would be on par with industry benchmarks, we recommend that the following enhanced accounting and budgeting policies and procedures are implemented:

- The golf course management system and the City's accounting department should have a seamless interface.
- Winnipeg Golf Services should consider classifying its revenues and expenses using the basic golf definitions created by the PGA, NGCOA and USGA. These classifications would align Winnipeg Golf Services' financial data through generally accepted reporting practices used by the golf industry and provide the

[21] PGA PerformanceTrak, http:apps.pgalinks.com/professionals/apps/memberinfor/AOSurvey/index.cfm.</FN>

FINAL REPORT

opportunity to undertake the financial analysis required to properly manage the facilities.

- Create monthly reports for the operational staff highlighting course utilization revenue per available tee time (REVPATT) by five profit centers (green fees, carts, merchandise, food and beverage, and other), and also by core customer spending, customer retention, composition of golfers, and season-pass rate analysis.

- Compare the monthly operational information to national benchmarks prepared by Golf Datatech and PGA PerformanceTrak by participating in these national services.

- Participate in the National Golf Course Owners Association Canada benchmarking service.

The implementation of these accounting recommendations is independent of whether the City decides to contract out management by the 2011 timeframe.

FINAL REPORT

Operational Analysis

Step 5: Architectural and Agronomic Review

Background – Agronomy

Turf grass is a living, breathing organism which will not stop growing. Courses face the challenges of proper staffing levels, adequate equipment to maintain prescribed levels of conditioning, and a budget that facilitates turf conditions that will attract daily play throughout the golf calendar year.

Maintenance: A Wide Range of Costs

An average 18-hole golf course covers 150 acres, of which only 100 acres are maintained turf grass[22], and a course includes the following:

An Anatomy of a Golf Course

		Acreage	%
Turf grass	Rough	51	34.0
	Fairways	30	20.0
	Driving Range/Practice Areas	7	4.7
	Greens	3	1.3
	Tees	3	1.3
	Clubhouse House	3	1.3
	Nurseries	1	.7
	Total	100	63.3
Non-Turf grass	Non-turf grass landscape	24	16.0
	Water	11	87.3
	Building	6	4.0
	Bunkers	4.5	2.9
	Parking Lots	4.5	2.9
		50	33.1

Note: In published report, averages were utilized which don't necessarily summarize to total.

The quality of the playing field can be reduced to a study of the four principal elements: 1) the cost of labor, which is the largest expense, 2) water, fertilizer, chemicals, 3) the constant cycle of capital improvements and the equipment required to maintain the course, and 4) the equipment that is required to maintain the facility.

[22] GCSAA, "Golf Course Environmental Profile, 2007," Page 12.

The cost of maintaining the various elements of a golf course, usually laid out on about 150 acres of land, can vary from $200,000 to more than $2.5 million. The National Golf Foundation reported the following total maintenance costs in a report titled, "Operating and Financial Performance Profiles of 18-hole Golf Facilities in the U.S."[23]

Description	Annual Maintenance Costs
Public Mid-Range Frostbelt	$377,160
Public Mid-Range Sunbelt	540,660
Public Premium Frostbelt	555,460
Public Premium Sunbelt	825,640
Private Mid-Range U.S.	611,240
Private Premium U.S.	1,412,720

Note 1: Such statistics for Canadian golf courses are only in the formative stages. However, because of the shorter golf season, it could be anticipated that the cost to be maintain Canadian golf courses would be slightly less.
Note 2: Maintenance costs are stated in US dollars

The City of Winnipeg's maintenance costs ($600,000 per 18-hole equivalent) are markedly higher than the benchmark. The typical golf course covers 150 acres. The WGS golf courses each take up less than 100 acres. You would presume that the maintenance costs for the WGS golf courses would be less than a standard 150-acre course, perhaps up to 33% less. In fact, WGS labor costs are 61% of gross revenue, where the Canadian industry standard is only 37%.[24]

As part of this analysis, we reviewed not only the total dollars invested in maintenance, but also, the quantity of staff assigned. WGS management was asked to prepare a workload analysis to enable comparison of the maintenance hours, grouped by tasks performed, incurred at WGS facilities to benchmarks developed by Golf Canada.

Historically, WGS management had not assigned hours to the courses in this structure and were thus unable to accurately assign hours to the various task related categories.

We do note that budgeting maintenance hours in a format such as the Golf Canada format would be seen as a standard course management practice. A separate high-level analysis of projected labour for 2010, based on full-time equivalents, reveals that WGS will use approximately double the level of maintenance labour as recommended in the Golf Canada benchmarks. This is a significant variance that can be attributed to a lack of flexibility in scheduling and lower overall staff productivity. We do note that some portion of the lower productivity would be attributed to the age of equipment and level of staff training, but were unable to quantify.

FINAL REPORT

[23] National Golf Foundation, "Operating and Financial Performance Profiles of 18-hole Golf Facilities in the U.S.," 2006 edition, pages 4, 10, 17, 24
[24] http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.exe?Lang=E&CNSM-Fi=CII/CII_1-eng.htm, Accessed December 29, 2009.

The Natural Replacement Cycle

Since a golf course is a living organism that is changing daily, creating a capital budget and providing an annual reserve to replace the vital components of a golf course is prudent.

Unfortunately, as golf courses begin losing money in a competitive market, the first cuts are always made by deferring capital expenditures. While understandable because of the large investment required to maintain the course, these cuts are often made without the continuing recognition that the condition of the golf course remains the number-one requirement of golfers.

The Golf Course Superintendents Association of America estimates that a golf course requires a sinking fund in the amount of $2,200,086 to adequately fund capital improvements required as part of a natural replacement cycle. Prudent management of a golf course should include an annual capital improvements allowance of $101,104.

Presented below are the estimated lifespan of the various components of a golf course, as estimated by the GCSAA and the Golf Course Builders Association of America:

Capex Allocation

Golf Course - Estimated Deferred Capital Expenditures: Conservative Approach					
c		Years Minimum	Years Maximum	Estimated Cost to Replace	Annual Capital Reserve
Greens		15	30	657,761	21,925
Bunker Sand		5	7	44,800	6,400
Irrigation System		10	30	114,000	3,800
	Irrigation Control	10	15	121,000	8,067
	PVC Pipe	10	30	309,600	10,320
	Pump Station	15	20	97,790	4,890
Cart Paths	Asphalt	5	10	93,350	9,335
Cart Paths	Concrete	15	30	146,685	4,890
Practice Range Tees		5	10	37,680	3,768
Tees		15	20	150,720	7,536
Corrugated Pipe		15	30	398,180	13,273
Bunker Drainage Pipes		5	10	65,000	6,500
Mulch		1	3	1,200	400
Grass		Varies	Varies	N/A	
Total Deferred Capital				2,200,086	101,104

As part of this analysis, using the matrix presented above, a detailed financial review of the deferred capital expenditures on the City's golf courses was conducted. Excluding required clubhouse renovations, it is estimated that the deferred capital expenditures are approaching $5 million, as detailed below:

Course	Deferred Capital
Crescent Drive	$775,000
Harbour View	900,000
Kildonan Park	1,500,000
Windsor Park	1,500,000
Total	$4,675,000

In addition, a comprehensive analysis of the existing maintenance equipment was performed. As detailed in Appendix E, the City, if it were to properly maintain the golf courses, should now invest $464,763 in equipment. The current fleet is very dated, requires continuing repair, and doesn't provide the maintenance crew with the tools it needs to create competitive turf conditions.

Further, the clubhouses required renovation/facelift each five to seven years. These projects have been deferred for more than 20 years.

Thus, when further considering the required maintenance required for the clubhouses, the deferred capital expenditures that have been postponed by the City exceeds $6 million and will increase $100,000 per year until the investment is made.

Winnipeg Golf Services – Tired Assets; The Natural Replacement Cycle

From an architectural perspective, based on golf courses in similar markets and of similar operational quality, staffing, economic environment and financial resources, the letter grade for the facilities is currently D. This grade is established based on the following analysis:

Course Conditioning - Turf quality, bunker sand consistency, drainage, and course aesthetics.

Course Routing and Design - Design of the greens, walkability, pace of play, placement of hazards, the visual quality of the golf course, and the relationship of the practice facilities and parking areas to the clubhouse.

Course Safety - Whether conditions exist which put the golfer or the public at risk or whether conditions exist which may expose the owner to an unacceptable level of liability.

Course Playability - If course is designed in such as way as to offer a fair and enjoyable golf experience for the average golfer while at the same time offering the challenge and strategic qualities which the above average golfer enjoys. We look at the placement of hazards, course length, the placement of tees, the impact of trees, the slope of the greens, shot value, and tactical diversity.

FINAL REPORT

The golf courses reviewed during the December 1, 2009 tour revealed an **urgent requirement** to upgrade the primary components of each facility in order for these courses to remain a viable commodity to area citizens. There are numerous impacts which affect the quality of each golf course, regardless of its location.

The most significant issues that are adversely affecting the City's golf courses include:

- An aged equipment supply requires additional man-hours, parts, resources and finances to maintain functionality. Most of the equipment inventory reviewed is in excess of 10 years in age. The unit age, in combination with improper operation related to re-training of seasonal staff, places extreme pressure on the golf course maintenance coordinator and mechanics.

- A depressed maintenance area located at Windsor Park is typical of what was encountered throughout. The maintenance facility should be an area which supports and protects the city's equipment fleet investment. The buildings are decrepit and do not provide the proper storage for supplies, tools, mowing units. The exposure to the elements depreciates the value.

- Proper agronomic and operational practices are required to provide ideal growing conditions to withstand the volume of play. To varying degrees at all courses, spring flooding from adjacent rivers, shade and root encroachment from surrounding tree lines, and the impact from the winter cross-country skiing activities are wearing out turf when snow-covered or frozen.

- Quality work performance is affected by the inability to have a permanent staff which is familiar with the golf courses, proper equipment operations, and dependable performances.

- Irrigation upgrades were accomplished without proper design and implementation, leading to ineffective water distribution. An investment in irrigation renovation would be substantial and not feasible within the current budget.

- To enhance and attract local play to each facility, playing feature renovations are needed. This would include additional/new teeing grounds to accommodate equipment advances, on course drainage to expedite the rapid removal of water from the properties throughout the playing season, fairway contouring to accentuate design features and strengths of each golf course, and a tree/underbrush management plan for improved agronomic growing conditions.

- The par-three golf courses have tremendous upside as reviewed during the afternoon tour and can become attractive as learning centers for teaching the game, junior and senior playing opportunities, leagues and outings.

FINAL REPORT

- Due to the springtime flooding it may be necessary to revamp the current pumping station scenario to avoid annual repairs to the pumping mechanisms which contribute to the rise in operating budgets.

- With key supervisors approaching retirement, there is a need for qualified replacements to be trained and to have the knowledge of each property.

If the city is willing to make the necessary capital investments and continue to subsidize short-term losses, each property could eventually provide income. However, financial investments would be wasted if the issues of low staff morale (based on observations during a site visit of all courses), insufficient training and lax supervision are not addressed. The current competition from new facilities outside the city limits will continue to draw away income. Improvements are justified and warranted.

Step 6: Customer Franchise Analysis (CFA)

Customer Key Benchmarks

Knowing who your customers are, their spending preferences, and their frequency is fundamental to maximizing your net income, increasing your operational efficiency, and enhancing your customer service. This knowledge is the essential foundation for a meaningful marketing program. Without this information, which WGS lacks, most golf courses fail to maximize revenue opportunities.

A leading golf course management company[25] that serves more than 100 public golf courses has identified certain predictable characteristics:

1) A golf course, on average, has 8,000 distinct customers from a minimum of 3,500 to a maximum of 11,000.
2) 10% to 20% of those customers are "initiators" and make the tee time.
3) 50% of those customers play the course merely once per year.
4) 50% of those who play will not return next year.
5) Only 13% will play six or more times.
6) Customers average 4 rounds played at a specific course.
7) A golf course will have a 20% wallet share of core golfers who play 40 rounds per year.
8) Customers become at risk of not returning when they haven't played your course in 90 days.
9) The response rate from customers offered a 20% off coupon, a 10% off coupon, or merely receiving acknowledgement that they are missed is nearly the same.

[25] Peter Hill, Billy Casper Golf Management, "Programming for Profit," February 4, 2009 presented at NGCOA Multi-Users Conference.

FINAL REPORT

It is fair to conjecture that golfers at WGS operated courses have comparable profiles. However, without the use of an integrated golf management system, measuring any of the key metrics was not possible for Winnipeg Golf Services.

Customer Loyalty

The CFA provides operators with the first tool to win the share-of-golfer battle caused by the current oversupply environment in many markets. The CFA leverages information in the operator's point-of-sale (POS) or electronic tee sheet system to understand and target key customer groups. The CFA measures customer franchise health, such as the number of unique guests acquired, retained, and lost, as well as the spending level of each group down to the individual customer level.

Unfortunately, this analysis could not be completed for Winnipeg Golf Services because, as has been noted, the tee sheet and the POS are not seamlessly integrated; thus, the current processes don't capture meaningful information in a way that can be easily extracted by the golf management team.

As a result, the City is lacking all critical metrics needed by a golf course to identify core customers, spending patterns, customer retention, turnover frequency of golfers, postal code distribution, course utilization, revenue per available tee time, and revenue per tee time purchased.

However, we were able to ascertain those factors that are vital to a golfer at Winnipeg Golf Services golf courses. With a national average of 26, these courses received loyalty scores from 38 to -80, as noted below:

FINAL REPORT

Customer Loyalty

Course	Promoters	Detractors	Net Promoter
Rossmere Country Club	56	18	38
St. Boniface Golf Course	49	17	32
Bridges Golf Club	52	22	30
Bel Acres Golf Club	47	23	24
Kildonan Park Golf Course	44	22	22
Kingswood Golf and CC	43	25	18
Windsor Park Golf Course	40	23	17
Meadows at East St. Paul	41	30	11
Transcona Golf Club	34	27	7
Crescent Drive Golf Course	35	35	0
Lorrette Golf Course	31	34	-3
Wildewood Golf Club	31	35	-4
John Blumberg Golf Course	28	34	-6
Tuxedo Golf Club	26	36	-10
Shooters Family Golf Centre	28	40	-12
Harbour View Golf Course	24	47	-23
Winnipeg Canoe Club	22	48	-26
Assinboine Golf Club	12	65	-53
Arnason's Golf Course	5	85	-80

Note 1: Survey of individuals who registered or booked a reservation at City golf course.
Note 2: Customer loyalty is measured by a question, "Based on your playing experience over the last 12 months, how likely is it that you would recommend the following courses to a friend, colleague, or family member. (Rate your likelihood to recommend on a scale of 0 to 10 with "10" being "Extremely Likely" and "0" being "Not At All Likely." Those who answer 0 to 6 are subtracted from the number of responses 8 – 10. The net result is customer loyalty index.

The City's courses received grades of 22 (Kildonan Park), 17 (Windsor Park) and 0 (Crescent View) which is below the defined industry metric and signifies that none of the golf courses are significantly unique or different to command loyalty by offering an experience greater than the rates charged.

Why are those loyalty share numbers important? Loyalty correlates to wallet share, and the percentage of wallet share a course receives from its golfers is a highly predictive factor of success. Higher wallet share equals higher revenue equals higher net income. Wallet share represents the percentage of a golfer's money spent at each golf course versus the total amount spent annually by the golfer.

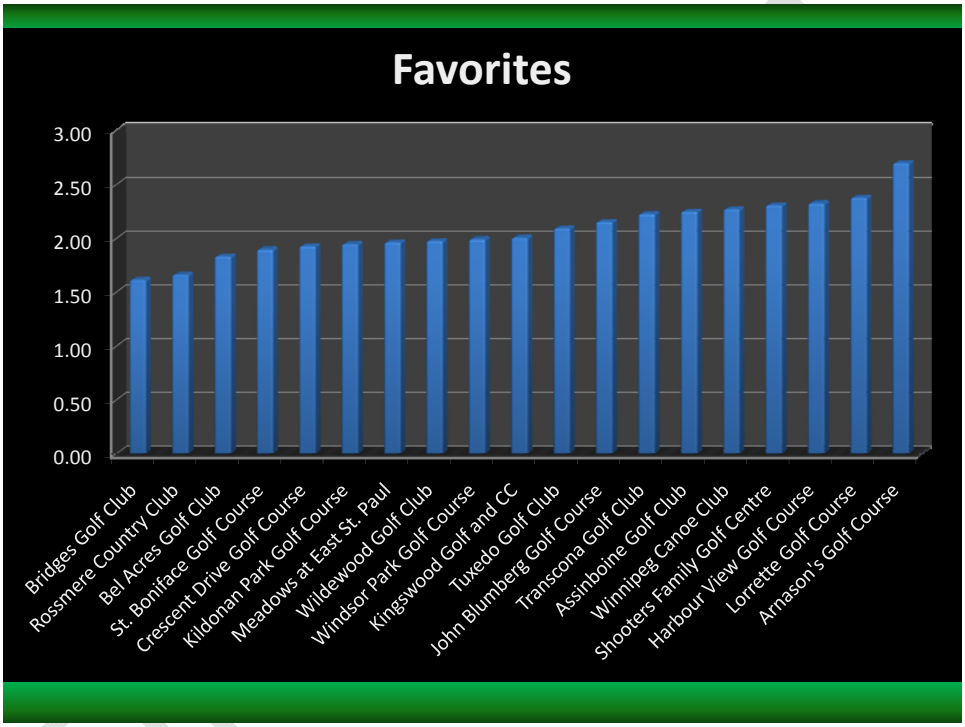
Those factors driving customer loyalty at Winnipeg Golf Services are summarized below:

Criteria	Ranking
Conditioning	1
Pace of Play	2
Tee time availability	3
Price	4
Course layout	5

FINAL REPORT

Conditioning and pace of play presents an obstacle for WGS course management. Raising prices further will result in vocal resistance and perhaps cause a departure of golfers to other facilities. Also of concern is tee time availability. It was indicated by many that senior golfers purchase reservation cards and then effectively turn the facilities into their own private course, blocking access with their frequent use and highly discounted play.

While predicting the certainty of a flight of golfers to another course is speculative, intuitively we believe the departure risk, while present, is minimal. City operated courses are among the most affordably priced (see page 59) and rank well in the favorites listing as illustrated in the chart below:



Note 1: Survey of individuals who registered or booked a reservation at City golf course.
Note 2: The survey question asked, "Which one of these courses is your favorite to play? Please choose up to three. A weighted average of the responses was calculated with 1.0 ranking the most favorable.

It is interesting to note that those courses that are ranked the favorites, the Bridges and Rossmere would be considered the best public "championship" courses in Winnipeg. It should be noted that customer loyalty is measured on a ten-point scale as to whether you would recommend the golf courses to family and friends. Golfers ranked courses as "favorites" because they are where they play the most or because of the course location or price. That doesn't necessarily translate into those golfers being strong advocates for the facility.

Step 7: Golfer Survey

While the Customer Franchise Analysis indicates a golfers' spending patterns by presenting an historical perspective of the operation, obtaining a current perspective by identifying customer age, gender, net income, ethnicity, playing frequency, favorite golf courses, and price point barriers is also valuable. The key point being measured is the variance between what is important to a course's golfers and the level of satisfaction they have received.

For Winnipeg Golf Services, we conducted a survey 9,921 golfers who represented individuals who registered at a City golf course or who booked a tee time on a City golf course via drivetheball.com. In total, the survey remained open for 11 days and yielded 1,928 completed surveys, providing a 99% confidence factor and a margin of error on the results of 1% +-, which indicates that the results achieved are reasonably accurate. The completion rate for those starting the survey was 87.6%, an acceptable average that suggests the survey was well-constructed.

The postal codes of respondents were distributed throughout the City and surrounding region as follows:



Key: Respondents per postal code ranged from one (white) to 28 (dark green).

Who is the Customer?

The geographic local market analysis performed in Step 1 of the Golf Convergence WIN™ formula indicated that the Winnipeg Golf Services golfer was likely to be Caucasian, slightly

older, and very wealthy. This was confirmed in a survey conducted of WGS golfers. Survey respondents have the following demographic profile:

Who Is Your Customer?

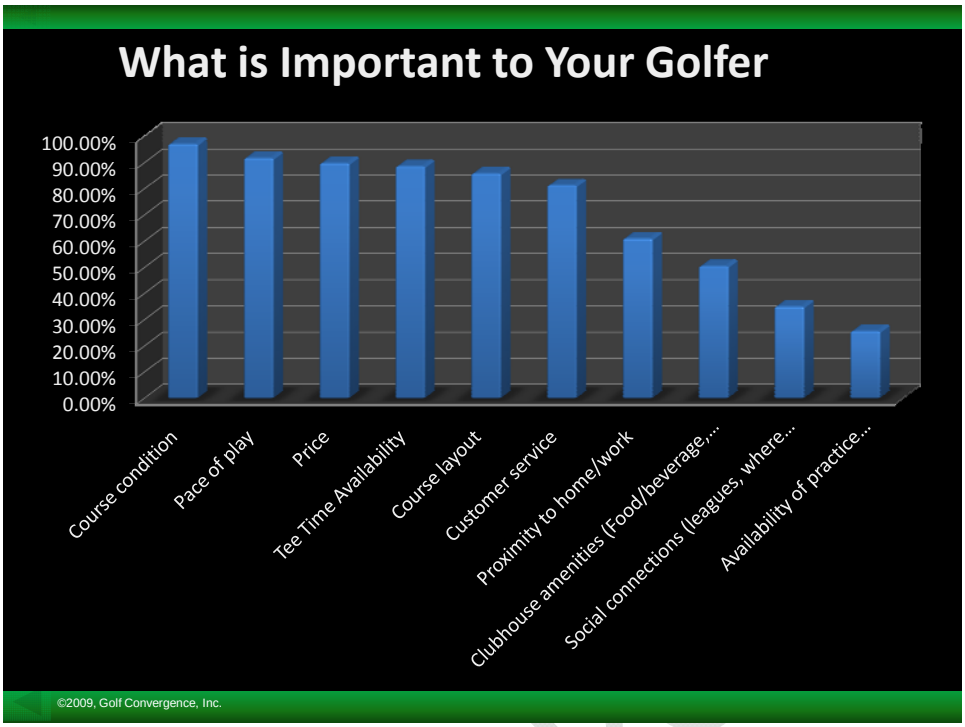
Gender Demographics			
Gender	Survey Response	National Average	Index
Male	77.80%	49.00%	159
Female	22.20%	51.00%	44
Age Demographics			
Age group	Survey Response	National Average	Index
Junior (up to age 17)	0.60%	24.20%	2
Student (18-23)	2.90%	6.60%	44
Young Adult (24-34)	14.10%	12.70%	111
Adult (35-59)	60.10%	37.60%	160
Senior (60 and older)	22.30%	18.90%	118
Household Income Demographics			
Household income ($s)	Survey Response	National Average	Index
$0-34,999	6.60%	61.67%	11
$35,000-49,999	13.90%	15.59%	89
$50,000-74,999	25.20%	13.18%	191
$75,000-99,999	24.70%	5.21%	474
$100,000-$249,999	28.30%	3.75%	755
$250,000 or more	1.30%	0.60%	216

Source- Survey of individuals who registered or booked a reservation at City golf course.

These demographic statistics are superior to those reported in other studies which concludes that the golf participation rate in Canada was 21.5%, and that the strong majority of golfers continued to be males in the 18 -64 age group, with 64% of golfers having household income exceeding $50,000.[26] WGS customers are older and wealthy – both great demographics for golf.

The survey revealed that of these golfers, 68% play at least 8 rounds per year on 4 to 7 different courses, with most playing 18 holes. They prefer to pay between $35 and $50 for a weekend green fee and cart. The number-one item with which they were most satisfied was the perceived value provided by the City's golf courses.

[26] Ipsos Reid, "2006Golf Participation Report in Canada." 2006, pg 2.



Source- Survey of individuals who registered or booked a reservation at City golf course.

The results of the Winnipeg Golf Services survey are consistent with other surveys conducted by Golf Convergence and by leading trade organizations such as the Golf Course Superintendents Association of America. Conditioning and value (price/experience delivered) predict success. Since a large part of the "experience" equation is the conditioning of the golf course, the current financial plight of the city operated courses should be no surprise.

In this analysis, customers' expectations were contrasted to their satisfaction index, highlighting areas of concentration for management which are reflected in the charts below:

FINAL REPORT

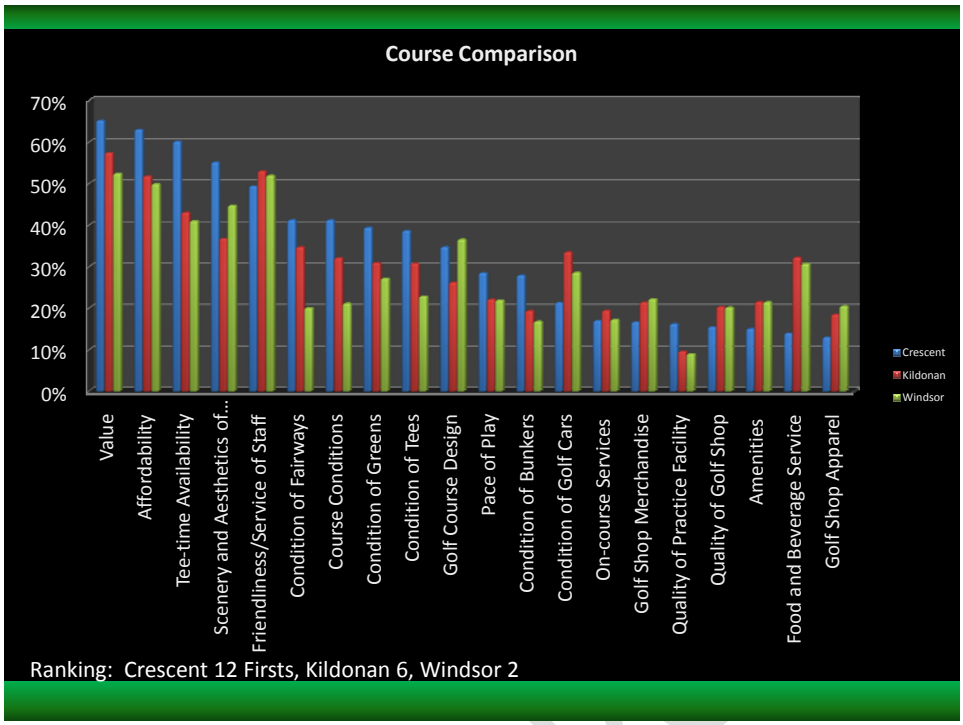


Source- Survey of individuals who registered or booked a reservation at City golf course.

Pace of play, course conditioning and tee time availability were all ranked as obstacles.

We also compared the relative ranking of the three City operated golf courses on twenty variables. Clearly, value and affordability serve as the principal motivating factors for golfers to play these courses, as shown below:

FINAL REPORT



Source- Survey of individuals who registered or booked a reservation at City golf course.

Lessons Learned

With 90% of the survey respondents indicating that they are likely or very likely to play the City of Winnipeg's golf courses again, it is important that the following findings be carefully considered by management:

1) Pace of Play is a critical issue. This creates a dichotomy for the golf course. Many of the core golfers prefer fast greens, which are an anathema to quick play.

2) With pace of play, course conditions, tee time availability, and pricing were cited in the golfer survey as significant concerns, combined with the survey indicating that only a slight majority of golfers (55%) are willing to pay more per round for capital improvements; increased financial contribution from current core customers is unlikely.

3) Only 5% of the survey respondents felt that a green fee and cart charge of $50 or more on a weekend was a good value. This indicates the City's golfers are very price conscious.

4) Course conditioning and course layout are important issues that should be addressed if the course is to remain competitive.

FINAL REPORT

5) Sixty-four (64%) percent make tee times via the Internet which the City provides through a third-party service: drivetheball.com. Unfortunately, these tee sheets are not integrated into the cashier, so that no-shows and short-shows are not monitored and managed.

6) To purchase a last-minute tee time at a value, the largest group of respondents will check a golf course's web site. The City of Winnipeg merely provides static web pages related to the golf course; thereby, forfeiting an opportunity for effective rate management.

7) Ninety percent of the survey respondents felt the golf courses are a vital park resource. However, nearly 70% felt that they should be subsidized by the City and that there should not be a requirement for the golf courses to be financially self-sustaining.

Value is comprised of many components. The value formula is straightforward. To the extent that the customer experience exceeds price, loyalty is created. To the extent that the price exceeds customer experience, loyalty is lost. Thus, while conditioning remains a dominant factor, being able to play quickly on the day and time desired continues to highlight the fact that we function within a time-crunched society.

This is another set of issues that require effective course management to exploit the full potential of a course. If the City were to continue operating the three courses, extensive changes would be required within WGS to focus on enhancing the customer experience.

FINAL REPORT

Step 8: Operational Review

The 3 M's of Operational Analysis: Management, Marketing, and Merchandising

Our review found that the facility has been operated as an extension of the City, with a lack of focus on *the business of golf,* and that therefore, most of the basic business practices are lacking in many, although not all, aspects of the operation.

There is a significant opportunity to improve all facets of this operation by leveraging best practices. The implementation of proven golf industry business practices will not only serve to enhance the profitability of the facility but also, and more importantly, will better position the operation to serve all of its stakeholders. To reiterate, the identified improvements that follow would need to be addressed in conjunction with the other initiatives if the City decides to maintain operating the three courses.

The Assembly Line of Golf

Golf operations can be viewed as an "assembly line" in which each golfer proceeds through 13 "touch points" which combine to identify the customer value experience: advertising, reservations, directions, club entrance, club house, golf shop, cart, range, starter, golf course, bathrooms, cart return, and restaurant.

To properly analyze these touch points from an operational perspective, the following components are analyzed:

- Organizational Culture
- Revenue Management and Demand Pricing
- Marketing
- Labor Scheduling and Reporting of the following departments
    1. Pro Shop Staffing
    2. Starters
    3. Player Assistants
    4. Cart / Range Attendants
- Infrastructure
    5. Snack Bar and Beverage Carts
    6. Merchandising
    7. Miscellaneous

FINAL REPORT

Revenue Opportunities and Demand Management

Presented is the competitive price chart for the Winnipeg metroplex:

Competitive Price Chart

Course	Holes	Weekend Rate: Highest Price
Bridges	18	49
Bel Acres	18	45
Rossmere	18	45
St. Boniface	18	43
Kingswood	18	38
Meadows at East St. Paul	18	37
Transcona	18	35
John Blumberg	18	31
Tuxedo	18	31
Kildonan	18	30
Lorrette	18	30
Windsor	18	30
Winnipeg Canoe Club	18	29
Assinboine	18	28
Shooters	18	22
Wildewood	9	16
John Blumberg	9	16
Arnason	9	16
Shooters	9	14
Crescent Drive	9	14
Harbour View	9	14

Source- Compiled from a review of each course's rate posted on its website.

The City of Winnipeg's golf courses are priced in the lower third tier, which is significant. It is perceived that the prices set by municipalities serve as the "buoy" by which all prices are set in the market. Should a municipality raise it price, the daily fee golf courses will also adjust their prices upward to reflect the incremental value the golfer experiences. Unfortunately, with so many viable alternatives available, the ability for the City to continue to raise prices is limited because of the experience offered: poor conditions slow pace of play and course layouts are short and not engaging.

Because of these factors, there has been a lack of focus on driving revenues by the City, i.e., measuring utilization, determining revenue per available tee time realized, and calculating the revenue generated by each price category versus rounds consumed.

The goal of revenue management is simple: sell the right tee time to the right member at the right time at the right price. The failure to engage in dynamic yield management results in lost profit opportunities.

Winnipeg Golf Services currently has three basic "revenue buckets:" regular, seniors, and juniors, with rates varying somewhat by time of day and day of week. The rates between these categories are consistent with industry standards, i.e., the senior rate is about 75% of the

regular rate, etc. Also, the discount percentages for weekday versus weekend and prime time versus twilight are in line with industry norms.

What is unique about the WGS policies is the charge of a $125.00 for a season reservation fee. This practice effectively turns a municipal golf course into a private club. In this case, the seniors, who pay 75% of the rack rate, dominate the golf courses. With "tee time availability" one of the golfer's concerns, as reflected in the survey, a review of this policy is warranted. At a minimum, the reservation fee should be increased for 2011.

While Winnipeg Golf Services has different price points, the fundamental concept of valuing each tee time based on value to the golfer is correct. The adoption of the following rate structure is advised:

2010 Rates

	Day of Week		Crescent	Kildonan	Windsor
Green Fees – Adult	Monday – Friday	9	14		18
	Monday – Friday	18	24	28	28
	Weekends	9	15		
	Weekends	18	25	30	30
Green Fees - Senior	Monday – Friday	9	13		
	Monday – Friday	18	23	24	25
	Weekends	9	15		
	Weekends	18	25	30	30
Carts	Per Person	9	8	15	15
Reservation Fee				$250	$250

Note 1: Twilight Rates 75% of rack rate for green fee and cart – 3 hrs prior to sunset.
Note 2: Junior rates same as seniors
Note 3: Private cart use prohibited

Why a rate change? It is our opinion that the value offered exceeds the experience provided by other competitors. These rate adjustments are designed to decrease the price charged so that it will at least equal the experience provided. Based on our experience, we believe that the 10% reduction in prices will be offset by an increase in rounds greater than 13%.

These changes appropriately narrow the difference between the regular and senior rates, shifting more of the burden on seniors who are among the wealthiest sector. More importantly, it begins increasing the senior age to 65. As the golfer population ages, WGS could experience a 25% decrease in revenue from nothing more than their core base of golfers qualifying for senior rates. The use of private carts creates an eyesore for the course entryway by making the parking lot unsightly. Such a practice is discouraged.

The alternative of maintaining prices in 2011 is also an acceptable alternative; however, raising the fees is beyond question.

Finally, tournament play is the financial backbone of the golf course. Tournaments produce some of the highest dollar contribution in contrast to the rounds usage. The Winnipeg Golf Services clubhouses and the lack of adequate food and beverage services preclude this potential revenue source from being realized. Unless new facilities are built, this revenue source, which often comprises 33% of the gross revenue of a golf course, will not be available to the City.

Marketing

There is a significant opportunity to improve all aspects of marketing at the properties. The City of Winnipeg's golf courses serve a defined niche for new entrants to the game—those seeking recreational entertainment and seniors.

A comprehensive marketing plan should be developed. This campaign should embrace the theme that everyone in the community is a valued customer and welcome at the facility.

Marketing practices that include targeted email marketing campaigns could be implemented and would identify and retain core customers. We believe the creation of a unique selling proposition (a market differentiator) would be beneficial. Proper marketing is essential in today's competitive environment. The core customer should be the chief target.

Further, Winnipeg Golf Services should engage in Customer Franchise Analysis to identify retained customers, defectors, and new acquisitions. Targeted messages to appropriate golfer segments should be automatically created and delivered monthly. These opportunities can be captured through the installation of an integrated golf management system that contains broadcast email capability.

As a general rule of thumb, a course should only blast to its entire list of golfers two or three times per month. An online registration system that is integrated into the POS system should be adopted to identify specific golfer interests, such as last-minute tee times, tournaments, etc. With the golfer database segmented, by engaging in contemporary practices, revenues would increase.

Labor Unions

Most municipalities operate under one method of management. City-operated and maintained is the most common, with leases to management companies the second most common.

Winnipeg Golf Services (WGS), the governmental agency that oversees the golf course operation, is required to utilize unionized staff (CUPE) for the operation of the Pro Shop and

FINAL REPORT

Maintenance. Less than 2% of the courses operate in North America with a labor union and none of those are highly successful.

Golf is a business that depends on concepts such as flexible work hours, limited overtime pay, the liberal use of compensatory time, and the ability of a single worker to perform multiple tasks. However, these concepts contravene either the collective agreement or the provincial labor code; therefore, there is limited opportunity to strengthen financial management with respect to labor costs and staffing best practices. The current operating environment at Winnipeg Golf Services, in our view, is inconsistent with standard labor practices within the golf industry.

The utilization of labor unions has many benefits for certain trades. Managing or maintaining a golf course is not one of them. For an enterprise that operates, on average, 160 days per year on a seven-day per week schedule, the structured nature of union contracts and the associated labor rates are an anathema to those whose goal is to provide a quality recreational experience on an affordable basis while generating sufficient funds for capital reinvestment and providing an appropriate return on investment.

The extended disciplinary process in a union environment is not conducive to a golf course that is open less than six months per year. The protracted process of labor management is dilatory, creates low morale, and more importantly, the customer experience is adversely impacted through inferior course conditions or poor customer service in the clubhouse. It is our assessment that because of the restrictions in the collective agreements, flexibility has been lost and some operational best practices have not been implemented due to reliance, in part, on the collective bargaining agreement. The concept of seniority, while a longstanding tradition, does not ensure the best workforce is engaged.

Thus, the byproduct of the current labor practices is that there is a lack of service standards: staff do not wear nametags, the phone is not answered by the third ring, there is not a script created to properly answer the call (such as “Thank you for calling Winnipeg Golf Services; this is John speaking. How may I help you?”). It is recommended that consistent service standards be adopted.

In summary, there is a lack of management of employees, and flex scheduling does not appear to be utilized. Service standards need to be implemented and workers should be put on flex scheduling, so that if the course is not full, they are dismissed for the day, which is a common labor practice within the golf industry.

FINAL REPORT

Leases with Semi-Private Clubs

Presented below are the current leases with the various golf clubs:

Golf Courses	Golf Course Management Arrangement	Contract Expiration	Payment Terms	Property Taxes?	Capital Improvements	Cancellation Clause
Blumberg, Harbour View, Tuxedo	Leased or contracted to a management company – total of 3 courses	Two courses do not have a signed contract, the other expires February 2016	Payments typically range from $50,000-150,000/year plus a percentage of gross revenues over a defined maximum.	Yes, if within city limits	Yes – investments range from $1.0-$1.5 million over a 10-15 year time period.	None
Assiniboine, Canoe Club, Rossmere, Transcona, St. Boniface, Wildewood	Leased to semi-private clubs – total of 6 courses	April 2014 – September 2058	Typically $1/year	Most pay property taxes	No	Range from none to can cancel with 5 year notice

The courses that are leased or contracted to a management company are consistent with best industry practices. These are arrangements that most closely represent market conditions; the City receives annual rent and is assured of proper maintenance and appropriate capital improvement. These agreements appropriately balance a fair return to the City, a recreational service to the citizens, and the opportunity for private enterprise to benefit through professional management.

However, the leases with the semi-private clubs (Assiniboine, Rossmere, St. Boniface, Transcona and Wildewood), are significantly adverse to the City's financial interests. From market value rental fees foregone to property taxes waived, it is our opinion that these contracts cost the City in excess of $500,000 per year. Considering that these leases range from 20 to 50 years, these agreements will cost the City from $10 to $25 million dollars.

Based on the review by the City's Legal Services staff, it appears, because each of the lessees have failed to produce financial statements and do not maintain the courses with the requisite capital investment as dictated by prudent and generally accepted practices, it may be possible to invoke cancellation clauses on some or all of the outstanding leases. However, it is preferred that the City renegotiate with each of these tenants rents that approximate fair market value.

Further, in our review of current market conditions, we believe that Crescent View, Kildonan Park, and Windsor Park could be tendered to contract management firms, and that the City could receive annual rents of approximately $100,000, as well as the payment of property taxes and capital investment nearing $1,000,000 for each 18-hole equivalent facility. Comparable

FINAL REPORT

rents might be obtained for the leases of the semi-private clubs. Where the clubs are financially struggling and could not bear to pay fair market rents, sale of the golf courses to reduce the $8.0 million WGS debt would be advised.

Summary

Current management is not adept in best management practices. It should be highlighted that the brand image of the golf courses is established by the lowest paid employees who are in constant contact with the customers.

It is our perception that the focus of staff is on the game of golf rather than the business of golf. A focus on *the business of golf* will accomplish the following:

- Improve employee satisfaction
- Improve customer service
- Improve operational efficiencies
- Increase customer access to the golf course
- Increase revenues

It is advocated, if the City chooses to maintain operating the three courses, WGS undertake the following initiatives to integrate its culture into the national golf community:

- Join the National Golf Course Owners Association Canada and participate in the Association's online Listserv forum, which provides key employees who answer queries concerning best practices.

- Membership in the National Golf Foundation is also advocated; the Foundation's monthly newsletter offers a broad perspective about industry changes and appropriate responses to those changes.

- The Winnipeg Golf Services should participate in Golf Datatech's monthly financial reporting service by subscribing at a cost of $100 per year. This service will provide management the immediate feedback needed as to whether the recommended rate changes are having the desired effect of increasing the effective yield. This service compares your operation against comparable golf courses in the local, regional and national market.

- Finally, Winnipeg Golf Services should send a representative to the PGA Merchandise Show or to the CMAA Annual conference, where numerous outstanding educational sessions are provided. These week-long educational programs for golf managers would be beneficial, especially since training of the staff has mostly been from internal resources.

FINAL REPORT

The Critical Path: Recommendations for Implementation

Core Message

The question that was posed to Golf Convergence was, "Under what circumstances, if any, can the City of Winnipeg golf courses be made profitable?

The answer is, "Highly improbable with current management." As we stated in the Executive Summary, SOA, CUPE and the City Council must cooperate as they implement 10 major strategic initiatives. Those decisions that must be made and crisply implemented are so daunting that the City of Winnipeg cannot reasonably expect to achieve profitability in the foreseeable future based on current industry trends, operating practices, and accounting conventions.

Why? The current management structure and restrictions stemming from the collective agreements has precluded the implementation of best management practices. Throughout this report, we have presented many facts that are symptomatic of an organizational structure that is broken, further exacerbating the financial dilemma that WGS faces. The 2010 budget projection estimates an increase in revenue to $2.5 million and the annual loss is forecast at $914,000. By the end of 2010, the result will be a further increase in accumulated debt and additional deterioration of the courses infrastructure.

Therefore, this report advocates that contract management be retained to operate the golf courses by 2011. This option would produce the following immediate benefits:

- Eliminate the City's financial risk for operating the golf courses.
- Alleviate the requirement for the City to invest in capital improvements.
- Generate annual lease income estimated at $100,000 per course.
- Provide for collection of property taxes estimated at $50,000 per course.
- Ensure that the properties are enhanced through industry standard capital investment programs by the management company. In our experience, we believe that a contracted management company would be willing to invest up to $1.0 million in improvements under a 20-year lease.
- Introduce best management practices to the operation of the City's golf courses, providing integrated tee time reservations and POS software to effectively manage the courses and to enhance the customer experience.

FINAL REPORT

The chart below highlights the financial differences between the options:

	1. Best Management Practices	2. Status Quo	3. Private Contract Management
Net Income (Loss)	200,000/yr.	(1,000,000)/yr.	0
Annual Income Rental Income			300,000/yr
Capital Investment by City[1]	(5,000,000)	(5,000,000)	0
Capital Investment in City's Assets by Contract Management [1]			3,000,000
Financial Return (After 5 Years)	($4,000,000)	(10,000,000)	4,500,000

Note 1: It is assumed that due to the necessity for capital investment to enhance the competitiveness of the courses that monies would be completed invested within the first couple years

Contracting management could save the City $14.5 million, compared to the status quo, within the first five years and will greatly enhance the customer experience.

While other municipalities are successful in the operation of golf courses, the City of Winnipeg's current state of performance is so far in arrears that the gap to become competitive cannot be overcome without the revolutionary change that this golf course analysis recommends.

The operational issues facing WGS are not trivial. The organizational and management structure is entrenched, the overhead cost structure is largely fixed, and the deferred capital expenditures are significant.

Given the massive number of changes needed in institutional philosophy, organizational culture, tactical procedures and operational practices, in order to minimize the continuing investment in golf, the recommendations are:

Short-term: Tactical Options

- The practice of transfers to the general fund should continue to be suspended.
- Corporate allocations should be examined and realigned.
- Operating budgets are to be prepared annually.
- The CUPE contract for the golf courses should be renegotiated or the three WGS courses be contracted to professional management based on competitive bids

FINAL REPORT

- Financial statements for each golf course should be prepared consistent with best practices for golf courses, including their preparation based on actual expenses incurred versus an allocation method.

- A golf management system that integrates an electronic tee sheet, along with an on-line reservation system and POS should be installed to create meaningful information.

- The current online presence should be re-created from static pages into a professional presented dynamic presence.

Short-term: Operational Options

- Fees for 2011 should be decreased or remain unchanged to reflect the experience been offered.

- A general manager (certified in management of a golf course and who may be a PGA professional) should be retained to emphasize budgeting, labor management, and operational issues.

Short-term: Strategic Options:

- Current leases to semi-private golf clubs that are not consistent with best practices should be renegotiated, if feasible, to competitive market terms. These new agreements should specify that maintenance and capital improvements be undertaken consistent with industry standards. It is important that these contracts appropriately balance a fair return to the City, a recreational service to the citizens, and the opportunity for private enterprise to benefit through professional management.

- Competitive leases to management companies be awarded based on a "Request for Bid" for the three City-owned and operated golf courses.

- Courses, both City and those operated under leases or contract, should be identified for potential conversion to open park space or sale. This analysis should be congruent with the vision of the City's new long-term plan.

Long Term:

- The City should divest itself from the operation of public golf courses. This need can be adequately met in the private sector

FINAL REPORT

- The sale of golf courses for commercial or residential development is advocated to raise capital for judicious reinvestment and to enhance the balance between commercial, residential, and open park space as part of a master plan for open space. Assiniboine, Canoe Club and Wildewood are three facilities whose sale is advised upon lease expiration. The consolidation of St. Boniface and Windsor Park into one re-designed championship golf course, the allocation of park space, and the sale of land for residential development merits review.

In implementing this plan, the City Council will draw acclaim from the following actions:

1. Leveraging their assets to function as a vital recreational resource,

2. Endowing the citizens of Winnipeg with the opportunity to learn a lifelong skill that instills integrity and ethics and provides the ability to extend social and business networking opportunities,

3. Operating financially self-sustaining golf courses through contract management.

Therefore, full adoption of the recommendations herein is recommended to achieve the financial solvency of the Special Operating Agency for Golf.

FINAL REPORT

Appendix A –

Golf Local Market Analysis

Category	10-Min	20-Min	30-Min	Winnipeg CMA	Canada
Golfers	39,514	151,636	169,188	174,700	5,983,200
Public Facilities	1	7	9	11	819
Private Facilities	0	2	7	8	179
Semi-Private Facilities	2	8	8	8	827
Total Facilities	3	17	24	27	1,825
Public 18-Hole Equiv.	0.5	5.5	7.5	9.0	642.5
Private 18-Hole Equiv.	0.0	2.0	7.5	8.5	190.0
Semi-Private 18-Hole Equiv.	2.0	6.0	6.0	6.0	752.0
18-Hole Equivalents	2.5	13.5	21.0	23.5	1,584.5
Golfers per 18 Holes	15,806	11,232	8,057	7,434	3,776
Golfers per Household Index	99	143	133	129	100
Golf Participation	22%	29%	26%	25%	19%
Age Index	93	98	98	98	100
Age (Median)	36.9	38.7	38.7	38.7	39.5
Income Index	65	88	94	96	100
Income (%$50k+ hhlds)	33.7%	46.1%	49.0%	50.0%	52.1%
Income (Count of $50k+ hhlds)	27,781	101,242	129,308	139,685	6,452,285
Ethnicity Index	97	99	100	101	100
Ethnicity (% Not Minority)	82.5%	84.7%	85.1%	86.0%	85.5%
Ethnicity (Pop.-Vis. Minority)	151,063	442,305	546,714	591,195	26,910,875
Ethnicity (Visible Minority)	31,942	80,148	95,811	96,550	4,562,960
Households	82,515	219,713	264,147	279,635	12,386,625
Population	183,005	522,453	642,525	687,745	31,473,835
Public/Private/Semi-Private Mix	33/0/67%	41/12/47%	38/29/33%	30/41/30%	45/10/45%
Premium/Value Mix %	0% / 100%	0% / 100%	0% / 100%	0% / 100%	18% / 82%
Premium >$71 %	0%	0%	0%	0%	3%
Value $40-$70 %	33%	13%	12%	11%	13%
Price <$40 %	67%	87%	88%	89%	85%
Premium >$71	0	0	0	0	45
Value $40-$70	1	2	2	2	208
Price <$40	2	13	15	17	1,393
Golf Intensity Index	419	297	213	197	100
Golfers per 18 Holes	15,806	11,232	8,057	7,434	3,776
Private Golf Intensity Index	125	241	72	65	100
Golfers per Private 18	39,514	75,818	22,558	20,553	31,491
Semi-Private Intensity Index	248	318	354	366	100
Golfers per Semi-Private 18	19,757	25,273	28,198	29,117	7,956
Public Golf Intensity Index	849	296	242	208	100
Golfers per Public 18	79,028	27,570	22,558	19,411	9,312

Golf Intensity Index	213	151	108	100	
Golfers per 18 Holes	15,806	11,232	8,057	7,434	
Private Golf Intensity Index	192	369	110	100	
Golfers per Private 18	39,514	75,818	22,558	20,553	
Semi-Private Intensity Index	68	87	97	100	
Golfers per Semi-Private 18	19,757	25,273	28,198	29,117	
Public Golf Intensity Index	407	142	116	100	
Golfers per Public 18	79,028	27,570	22,558	19,411	

Appendix B –

Golf Course Competitive Listing

RecID	COURSE	ADDRESS	CITY	PROV	FSA	POSTAL	TYPE	PHONE	FEE	HOLES
159	Elmhurst Golf and CC	Rural Route 5	Winnipeg	MB	R2C	R2C 2Z2	Private	2042225511	32	18
161	Niakwa Country Club	620 Niakwa Rd	Winnipeg	MB	R2J	R2J 2X3	Private	2042567326	45	18
160	Pine Ridge Golf and CC	Rural Route No. 5	Winnipeg	MB	R2C	R2C 2Z2	Private	2042221573	48	18
978	The Winnipeg Canoe Club	47 Dunkirk Pl	Winnipeg	MB	R2M	R2M 0B2	Public	2042331105	18	9
575	Windsor Park Golf Course	10 Des Meurons	Winnipeg	MB	R2M	R2M 2X6	Public	2049863006	19	18
576	Kildonan Park Golf Course	2021 Main St	Winnipeg	MB	R2V	R2V 2B9	Public	2049865679	19	18
574	River Oaks Golf Course	117 Edgewater Dr	Winnipeg	MB	R2J	R2J 2V4	Public	2042614653	21	18
1811	Wildwood Club	761 North Dr	Winnipeg	MB	R3T	R3T 0A3	Semi-Private	2042847385	25	9
1579	Bel Acres Golf and CC	Rural Route 2	Winnipeg	MB	R3C	R3C 2E6	Semi-Private	2046328337	28	18
1809	Assiniboine Golf Club	2045 Ness Ave	Winnipeg	MB	R3J	R3J 0Z1	Semi-Private	2049889313	28	9
1577	St Boniface Golf Club	100 Youville	Winnipeg	MB	R2H	R2H 2S1	Semi-Private	2042334276	43	18
1578	Rossmere Golf and CC	925 Watt St	Winnipeg	MB	R2K	R2K 2T4	Semi-Private	2049881540	45	18

RecID	COURSE	ADDRESS	CITY	PROV	FSA	POSTAL	TYPE	PHONE	FEE	HOLES
159	Elmhurst Golf and CC	Rural Route 5	Winnipeg	MB	R2C	R2C 2Z2	Private	2042225511	32	18
164	Southwood Country Club	101 Markham Rd	Winnipeg	MB	R3T	R3T 5V2	Private	2042697315	35	18
79	Breezy Bend CC	7620 Robin Blvd	Headingley	MB	R4H	R4H 1A7	Private	2048957206	35	18
162	Glendale CC	400 Augier Ave	Winnipeg	MB	R3K		Private	2048378383	40	18
161	Niakwa Country Club	620 Niakwa Rd	Winnipeg	MB	R2J	R2J 2X3	Private	2042567326	45	18
160	Pine Ridge Golf and CC	Rural Route No. 5	Winnipeg	MB	R2C	R2C 2Z2	Private	2042221573	48	18
163	St. Charles Country Club	100 Country Club Blvd	Winnipeg	MB	R3K	R3K 1Y8	Private	2048894444	50	27
977	Harbor View Golf Course	1867 Springfield Rd	Winnipeg	MB	R2C	R2C 2Z2	Public	2042222751	10	9
979	Arnason's Golf Course	1799 Waverly St	Winnipeg	MB	R3T	R3T 5V7	Public	2042694623	16	9
980	Crescent Drive Golf Course	781 Crescent Dr	Winnipeg	MB	R3T	R3T 1X3	Public	2049865911	17	9
978	The Winnipeg Canoe Club	47 Dunkirk Pl	Winnipeg	MB	R2M	R2M 0B2	Public	2042331105	18	9
575	Windsor Park Golf Course	10 Des Meurons	Winnipeg	MB	R2M	R2M 2X6	Public	2049863006	19	18
576	Kildonan Park Golf Course	2021 Main St	Winnipeg	MB	R2V	R2V 2B9	Public	2049865679	19	18
577	Tuxedo Golf Course	400 Shaftesbury	Winnipeg	MB	R3P	R3P 0M1	Public	2048882867	20	18
1810	Charleswood Golf Club	310 Haney St	Winnipeg	MB	R3R	R3R 0Y6	Semi-Private	2048880484	21	9
574	River Oaks Golf Course	117 Edgewater Dr	Winnipeg	MB	R2J	R2J 2V4	Public	2042614653	21	18
364	John Blumberg GC	4540 Portage Ave	Headingley	MB	R4H	R4H 1C8	Public	2049863490	23	27
1576	Transcona Golf Club	2120 Dugald Rd	Winnipeg	MB	R2C	R2C 3G7	Semi-Private	2042226171	24	18
1811	Wildwood Club	761 North Dr	Winnipeg	MB	R3T	R3T 0A3	Semi-Private	2042847385	25	9
1808	The Players Course	2695 Inkster	Winnipeg	MB	R3H	R3H 0Z4	Semi-Private	2046974976	26	9
1579	Bel Acres Golf and CC	Rural Route 2	Winnipeg	MB	R3C	R3C 2E6	Semi-Private	2046328337	28	18
1809	Assiniboine Golf Club	2045 Ness Ave	Winnipeg	MB	R3J	R3J 0Z1	Semi-Private	2049889313	28	9
1577	St Boniface Golf Club	100 Youville	Winnipeg	MB	R2H	R2H 2S1	Semi-Private	2042334276	43	18
1578	Rossmere Golf and CC	925 Watt St	Winnipeg	MB	R2K	R2K 2T4	Semi-Private	2049881540	45	18

RecID	COURSE	ADDRESS	CITY	PROV	FSA	POSTAL	TYPE	PHONE	FEE	HOLES
1447	Larters St. Andrews Golf Club	30 River Rd	Saint Andrews	MB	R1A	R1A 2B1	Private	2043342107	30	18
159	Elmhurst Golf and CC	Rural Route 5	Winnipeg	MB	R2C	R2C 2Z2	Private	2042225511	32	18
164	Southwood Country Club	101 Markham Rd	Winnipeg	MB	R3T	R3T 5V2	Private	2042697315	35	18
79	Breezy Bend CC	7620 Robin Blvd	Headingley	MB	R4H	R4H 1A7	Private	2048957206	35	18
162	Glendale CC	400 Augier Ave	Winnipeg	MB	R3K	R3K 1S4	Private	2048378383	40	18
161	Niakwa Country Club	620 Niakwa Rd	Winnipeg	MB	R2J	R2J 2X3	Private	2042567326	45	18
160	Pine Ridge Golf and CC	Rural Route No. 5	Winnipeg	MB	R2C	R2C 2Z2	Private	2042221573	48	18
977	Harbor View Golf Course	1867 Springfield Rd	Winnipeg	MB	R2C	R2C 2Z2	Public	2042222751	10	9
979	Arnason's Golf Course	1799 Waverly St	Winnipeg	MB	R3T	R3T 5V7	Public	2042694623	16	9
980	Crescent Drive Golf Course	781 Crescent Dr	Winnipeg	MB	R3T	R3T 1X3	Public	2049865911	17	9
762	Lorrette Golf Course	Rural Route 2 48 Dawson Rd	Lorrette	MB	R0A	R0A 0Y0	Public	2048782172	18	9
978	The Winnipeg Canoe Club	47 Dunkirk Pl	Winnipeg	MB	R2M	R2M 0B2	Public	2042331105	18	9
575	Windsor Park Golf Course	10 Des Meurons	Winnipeg	MB	R2M	R2M 2X6	Public	2049863006	19	18
576	Kildonan Park Golf Course	2021 Main St	Winnipeg	MB	R2V	R2V 2B9	Public	2049865679	19	18
577	Tuxedo Golf Course	400 Shaftesbury	Winnipeg	MB	R3P	R3P 0M1	Public	2048882867	20	18
1810	Charleswood Golf Club	310 Haney St	Winnipeg	MB	R3R	R3R 0Y6	Semi-Private	2048880484	21	9
574	River Oaks Golf Course	117 Edgewater Dr	Winnipeg	MB	R2J	R2J 2V4	Public	2042614653	21	18
364	John Blumberg GC	4540 Portage Ave	Headingley	MB	R4H	R4H 1C8	Public	2049863490	23	27
1576	Transcona Golf Club	2120 Dugald Rd	Winnipeg	MB	R2C	R2C 3G7	Semi-Private	2042226171	24	18
1811	Wildwood Club	761 North Dr	Winnipeg	MB	R3T	R3T 0A3	Semi-Private	2042847385	25	9
1808	The Players Course	2695 Inkster	Winnipeg	MB	R3H	R3H 0Z4	Semi-Private	2046974976	26	9
1579	Bel Acres Golf and CC	Rural Route 2	Winnipeg	MB	R3C	R3C 2E6	Semi-Private	2046328337	28	18
1809	Assiniboine Golf Club	2045 Ness Ave	Winnipeg	MB	R3J	R3J 0Z1	Semi-Private	2049889313	28	9
396	Kingswood Golf and CC	Hwy 330 S	LaSalle	MB	R0G	R0G 1B0	Public	2047364079	28	18
1577	St Boniface Golf Club	100 Youville	Winnipeg	MB	R2H	R2H 2S1	Semi-Private	2042334276	43	18
1578	Rossmere Golf and CC	925 Watt St	Winnipeg	MB	R2K	R2K 2T4	Semi-Private	2049881540	45	18
163	St. Charles Country Club	100 Country Club Blvd	Winnipeg	MB	R3K	R3K 1Y8	Private	2048894444	50	27

Appendix C –

Golf Management Report Examples

CPS Executive Reports Dashboard™

Copyright © 2008 ALL RIGHTS RESERVED: This work including written manual, illustrations, and CPS Executive Report Dashboard software is copyrighted by Club Prophet Systems. It is intended to be used by CPS customers who subscribe to the CPS Executive Reports Dashboard service and may not be copied, redistributed, or used in any manor without express permission.

Table of Contents

Copyright © 2008 ALL RIGHTS RESERVED: 1

Merchandise Sales By Vendor: 3

Revenue Benchmarks: 5

Revenue Per Available Tee Time: 6

Revenue Per Department: 8

Revenue Per Hour: 10

Rounds Per Revenue Margin: 12

Utilization: 13

Customer Distribution: 15

Customer Distribution – Drill Down: 16

Customer Retention: 17

Customer Spending by Class: 20

Customer Spending In Total: 21

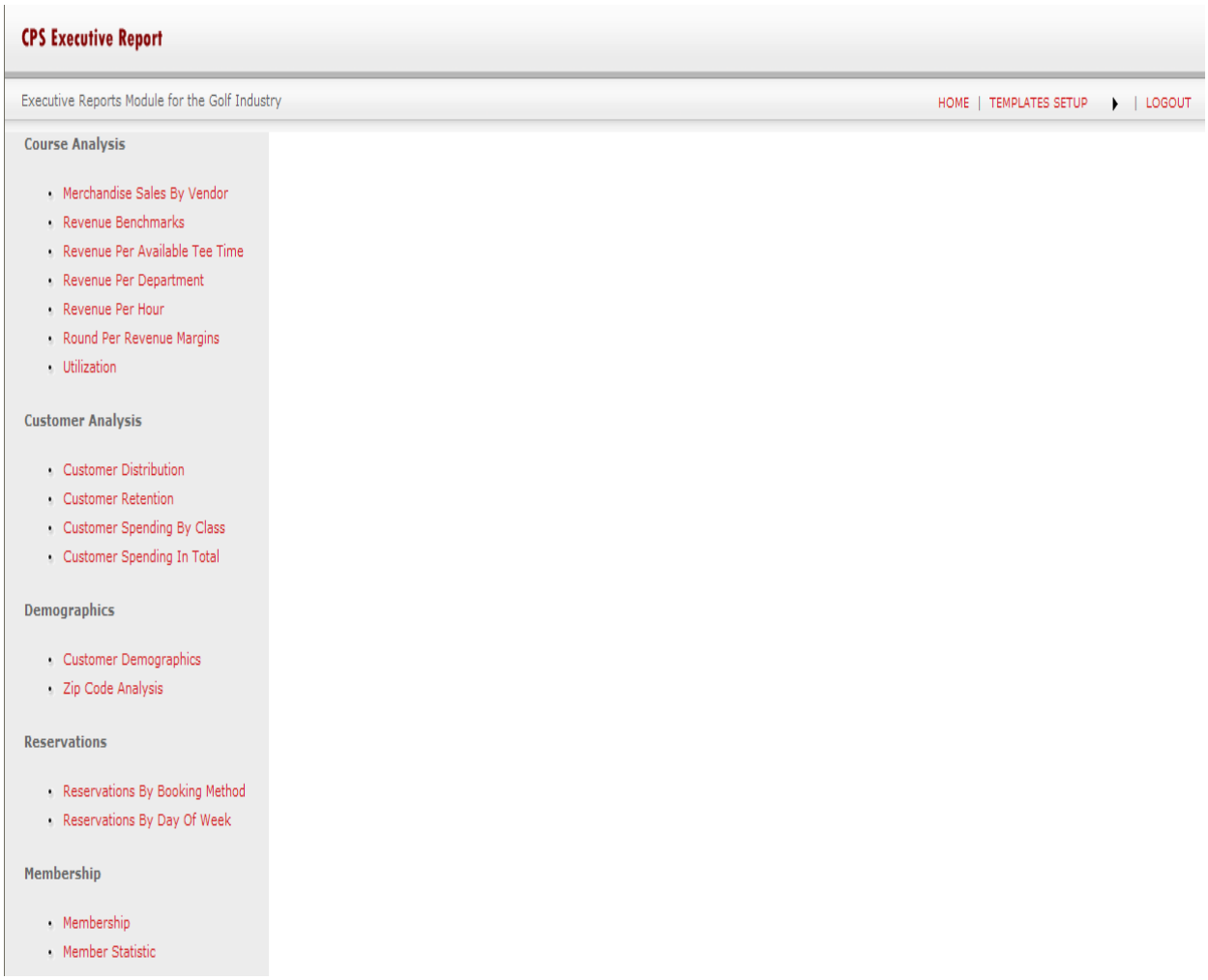
Customer Demographics: 22

Zip Code Analysis: 23

Reservations By Booking Method: 23

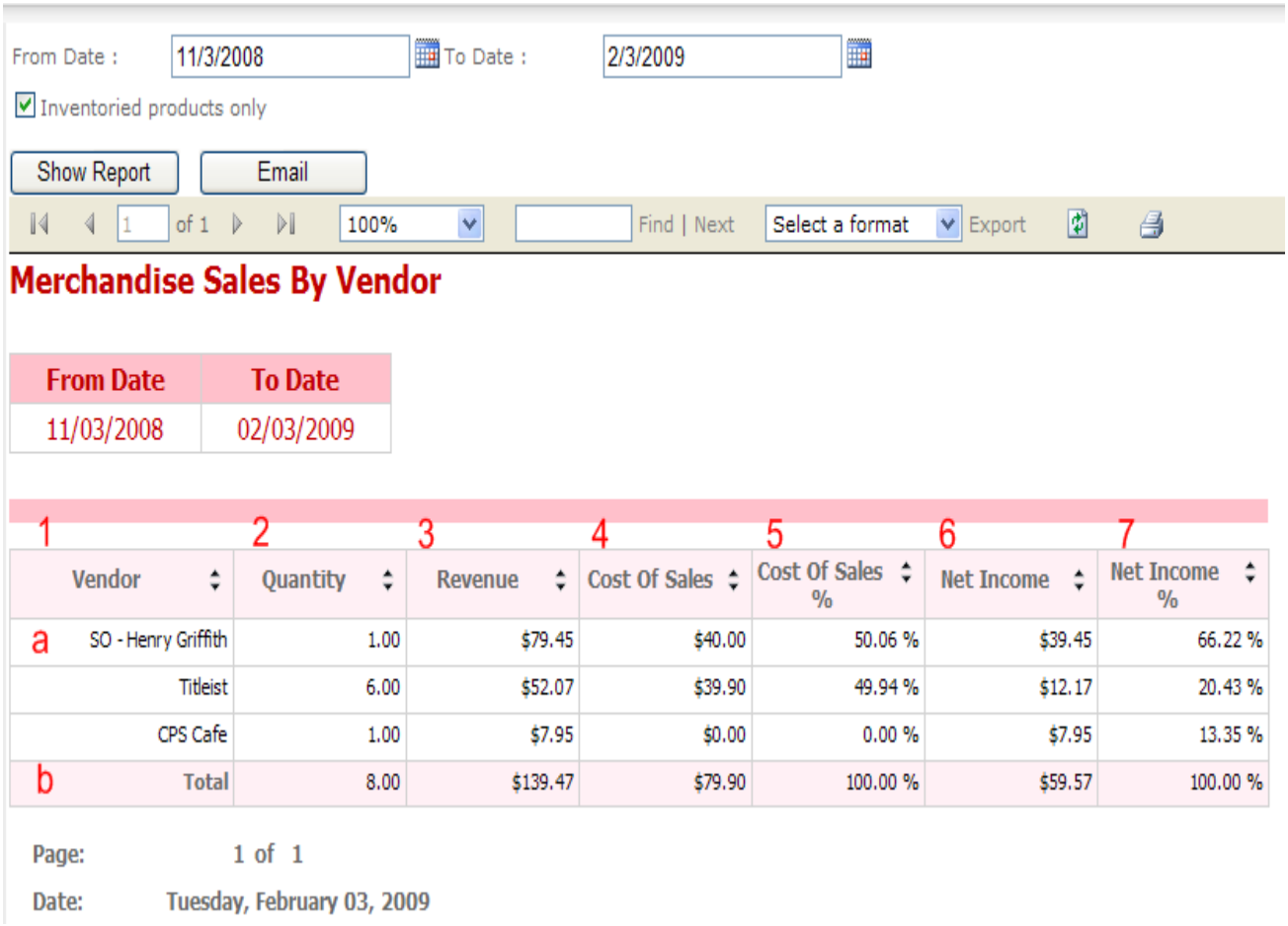
Reservations By Day Of Week: 25

Membership: 27


CPS Executive Report
Executive Reports Module for the Golf Industry
HOME | TEMPLATES SETUP | LOGOUT
Course Analysis
Merchandise Sales By Vendor
Revenue Benchmarks
Revenue Per Available Tee Time
Revenue Per Department
Revenue Per Hour
Round Per Revenue Margins
Utilization
Customer Analysis
Customer Distribution
Customer Retention
Customer Spending By Class
Customer Spending In Total
Demographics
Customer Demographics
Zip Code Analysis
Reservations
Reservations By Booking Method
Reservations By Day Of Week
Membership
Membership
Member Statistic

Course Analysis:

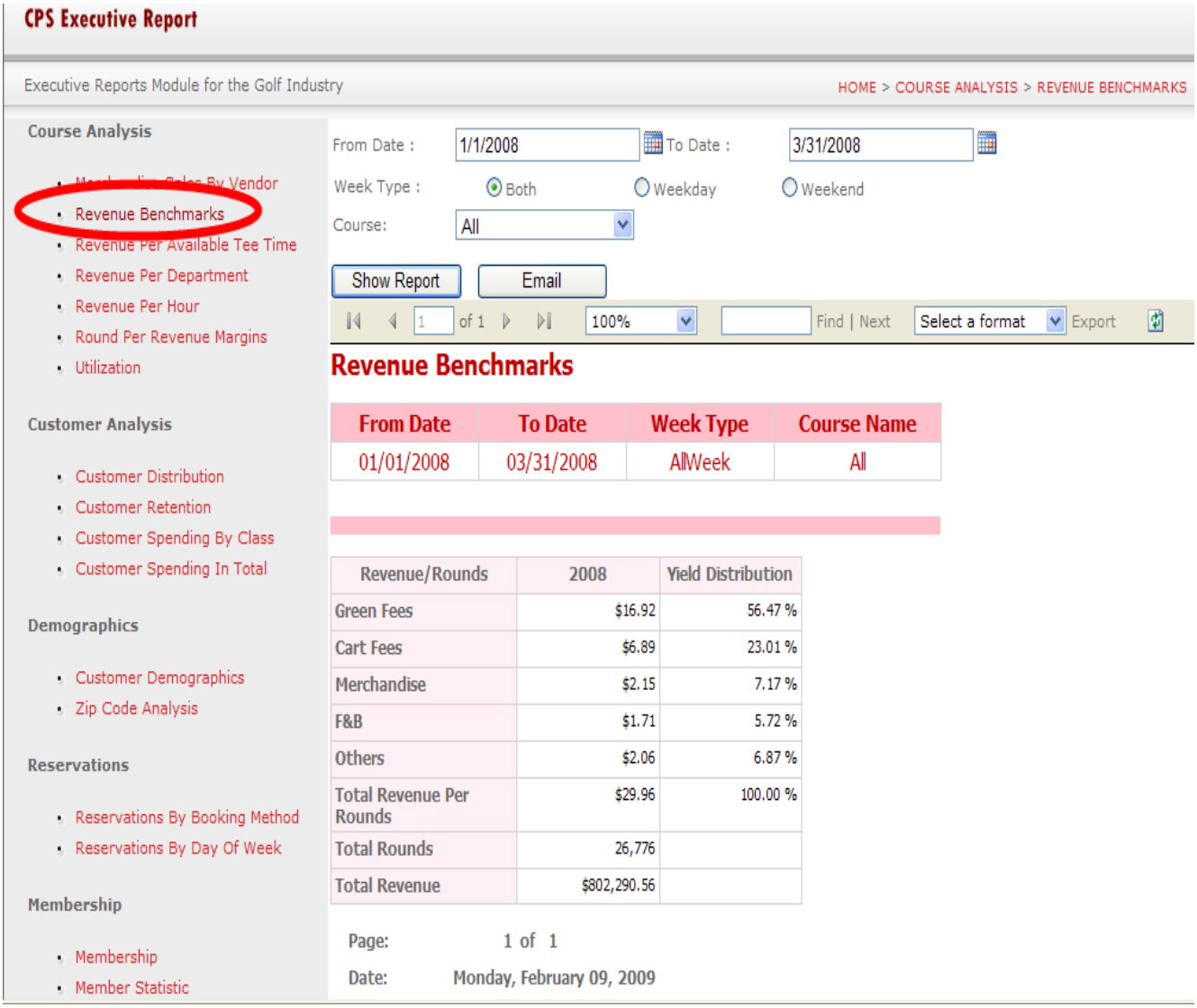
Merchandise Sales By Vendor:



1) Vendor – This is the Supplier Name from the Inventory in POS Express. Note that by checking the "Inventoried products only" checkbox at the top of the screen and Click the "Show Report" button, you can limit the results to only items set to Track Inventory. The To and From Date define the period of time to consider for the results set.
2) Quantity
    a. This is the number of units sold from each vendor.
    b. The Total is the Sum of the Quantity for all displayed Vendors.
3) Revenue
    a. This is the total amount of dollars (Euros, Pounds, etc.) generated by the sales of the given Vendors product.
    b. The Total is the Sum of the Revenue for all displayed Vendors.
4) Cost of Sales
    a. This is the total of the Cost you paid for the merchandise sold for each vendor.

    b. Total Cost of Sales is the Sum of the Cost of Sales column.
5) Cost of Sales %
    a. This is equal to the Cost of Sales for the given Vendor divided by the Total Cost of Sales. Cost is determined by the Average Unit Cost field in Inventory at the time of the sale.
    b. Total cost of Sales % is always 100% and represents the total percentage of the data displayed.
6) Net Income
    a. This is the Revenue minus Cost of Sales for each Vendor.
    b. Total Net Income is the Sum of the Net Income column.
7) Net Income %
    a. This is equal to the Net Income for the given Vendor divided by the Total Net Income.
    b. Total Net Income % is always 100% and represents the total percentage of the data displayed.

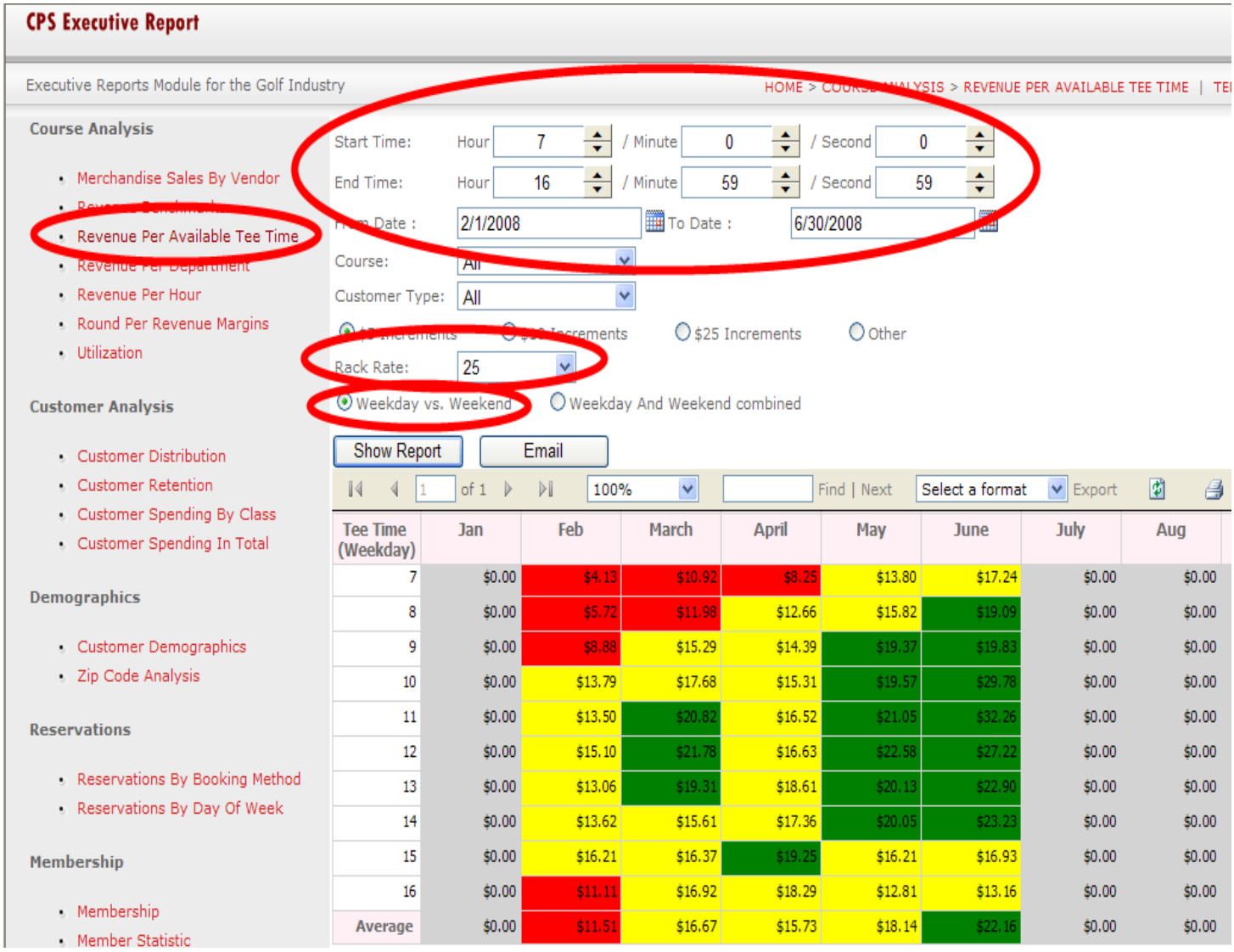
Revenue Benchmarks:



Revenue Benchmarks provides a breakdown of your average Revenue per Round of golf. In this report, Total Revenue Per Round = Total Revenue / Total Rounds. The Total Revenue per round is further broken down into each of the Categories we identified in the Sale Category Setup. The Yield Distribution = amount for each category / Total Revenue Per Round. The low numbers for Merchandise and F&B could reflect a lack of marketing and/or sales training at this facility. The Green Fees and Cart Fees seem quite low but this is a Municipal course.

Revenue Per Available Tee Time:

Revenue Per Available Tee Time: This report will give you a color coded view of your actual Revenue broken down by the hour for each month of available tee times.



Tee Time (Weekend)	Jan	Feb	March	April	May	June	July	Aug
7	$0.00	$18.91	$14.57	$16.59	$23.98	$25.81	$0.00	$0.00
8	$0.00	$25.33	$24.34	$29.67	$26.00	$28.53	$0.00	$0.00
9	$0.00	$25.61	$25.38	$29.43	$29.72	$27.46	$0.00	$0.00
10	$0.00	$23.45	$24.89	$25.65	$34.41	$25.90	$0.00	$0.00
11	$0.00	$42.96	$26.18	$31.02	$32.61	$27.02	$0.00	$0.00
12	$0.00	$24.89	$24.99	$21.97	$27.63	$26.85	$0.00	$0.00
13	$0.00	$21.49	$21.24	$22.62	$23.61	$23.74	$0.00	$0.00
14	$0.00	$14.51	$17.11	$27.87	$26.55	$22.51	$0.00	$0.00
15	$0.00	$12.49	$15.27	$25.33	$18.40	$17.45	$0.00	$0.00
16	$0.00	$10.07	$12.97	$30.71	$16.27	$19.13	$0.00	$0.00
Average	$0.00	$21.97	$20.69	$26.09	$25.92	$24.44	$0.00	$0.00

Several things to note here. We are limiting the time span From 2/1/08 to 6/30/08. The comparable goal Rack Rate for the market is set at $25.00. We are interested in the times from 7:00 AM thru 5:00 PM. We are separating Week-Day vs. Week-End. Each cell will reflect the average revenue generated in the given hour over the span of the given month.

The color code is as follows:

Grey – not included in the scope of the report.

Red – Less than 40% of the goal rack rate.

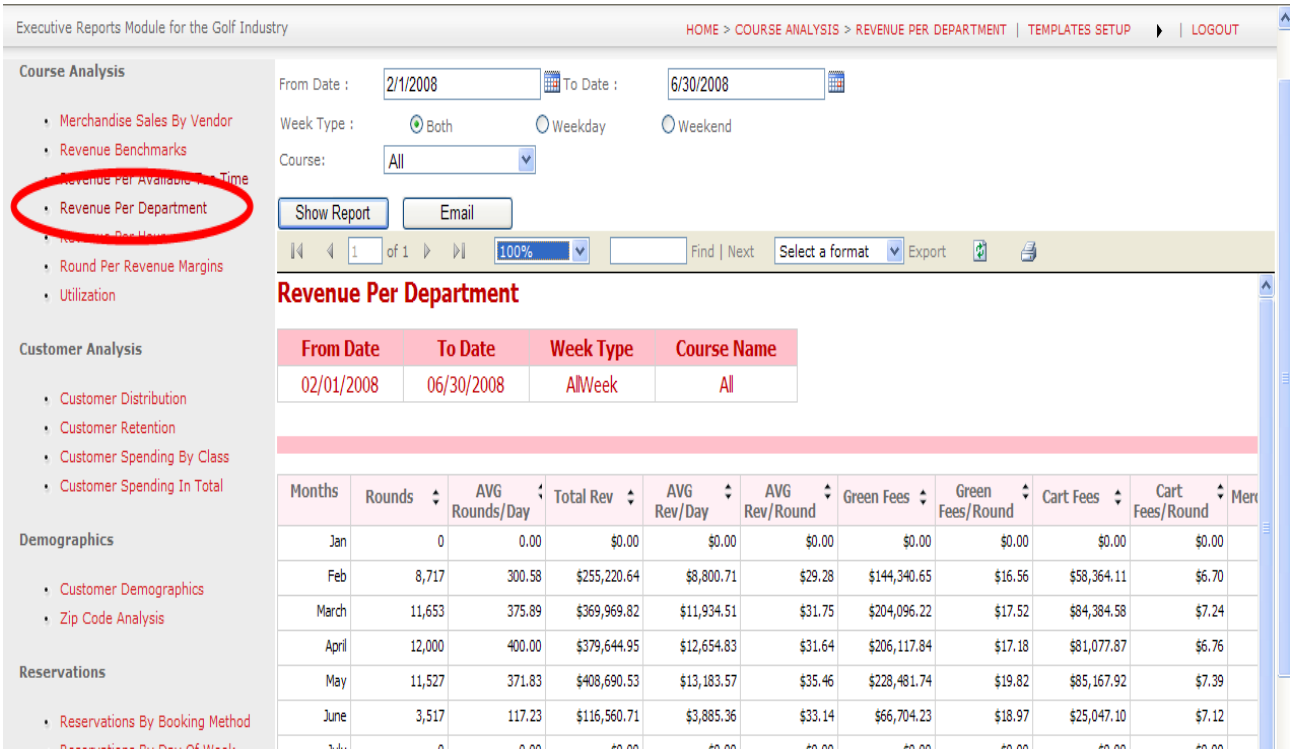
Yellow – Between 40% and 60% of the goal rack rate.

Green – Greater than 60% of the goal rack rate.

What I like to call “The Good, The Bad, and The Ugly” the purpose is to quickly identify timeslots where you are hemorrhaging money vs. those that are performing well. Use of marketing tools and pricing strategies can help you improve your bottom line. While it will be natural to focus on the Red and Yellow, don’t forget to consider the possibility of raising prices in the Green blocks!

Revenue Per Department:

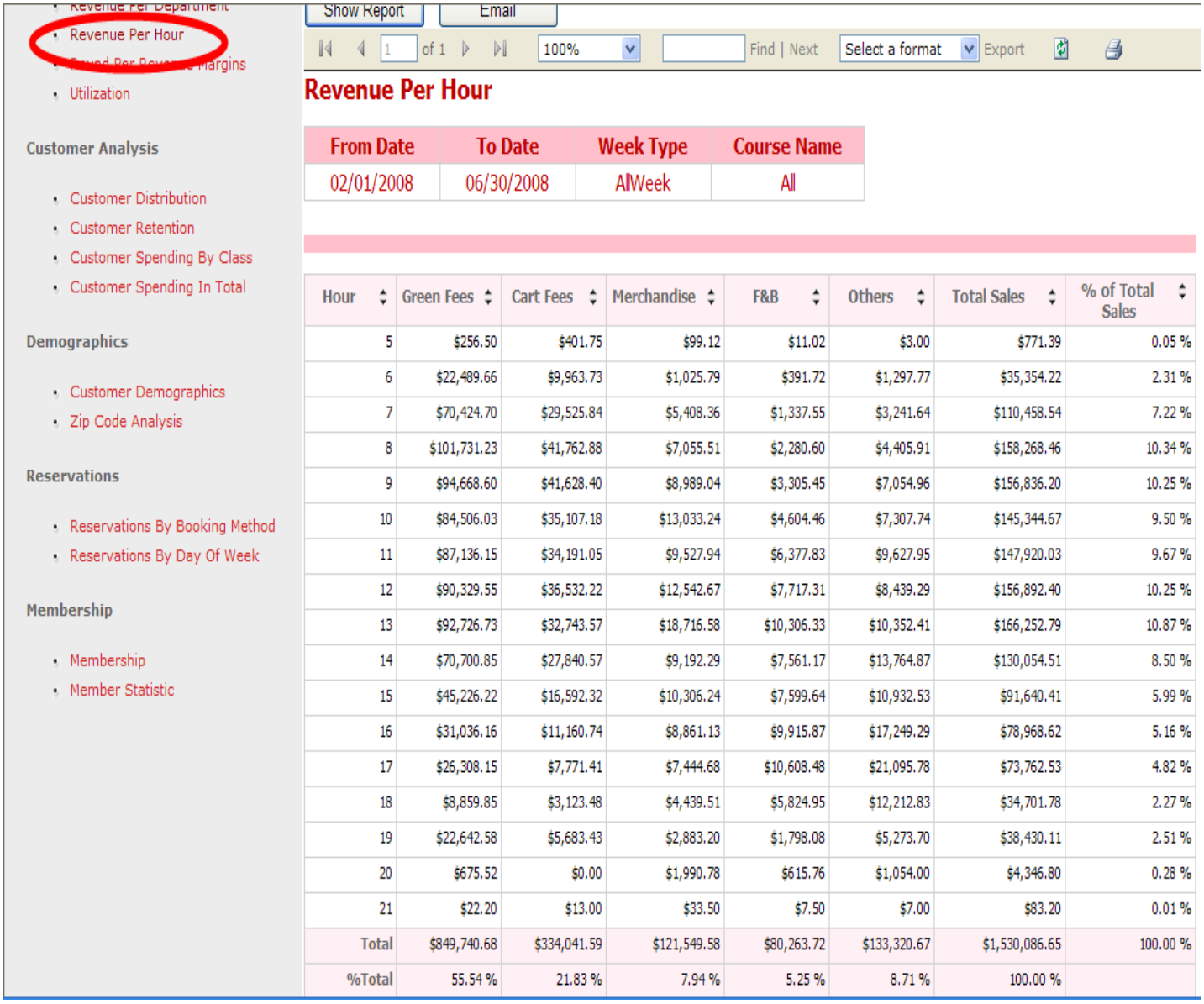
Revenue Per Department: A slightly different way to slice and dice the data Revenue Benchmarks. This Report breaks down your revenue in total and for each associated Sale Category grouping to show you the Average Renue per Day and Per Round by Month.





Graphs provide a quick look of the details above. Note you can also export this report to Excel. The drastic drop-off in June could be due to the fact that this is a southern course and it gets quite hot in the month of June.

Revenue Per Hour:



- Revenue Per Department
- Revenue Per Hour
- Round Per Rounds & Margins
- Utilization

Customer Analysis

- Customer Distribution
- Customer Retention
- Customer Spending By Class
- Customer Spending In Total

Demographics

- Customer Demographics
- Zip Code Analysis

Reservations

- Reservations By Booking Method
- Reservations By Day Of Week

Membership

- Membership
- Member Statistic

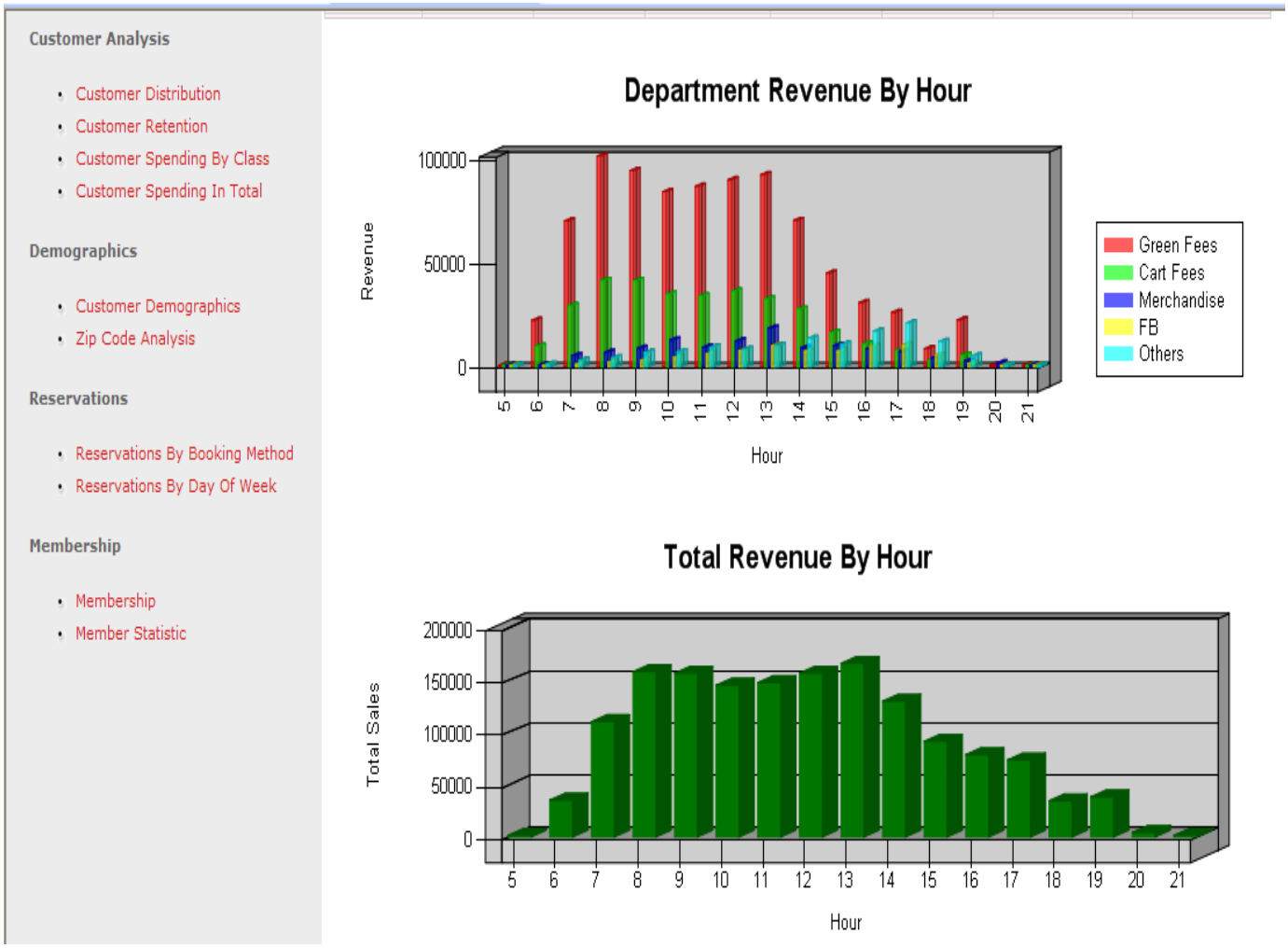
Show Report | Email

1 of 1 | 100% | Find | Next | Select a format | Export

Revenue Per Hour

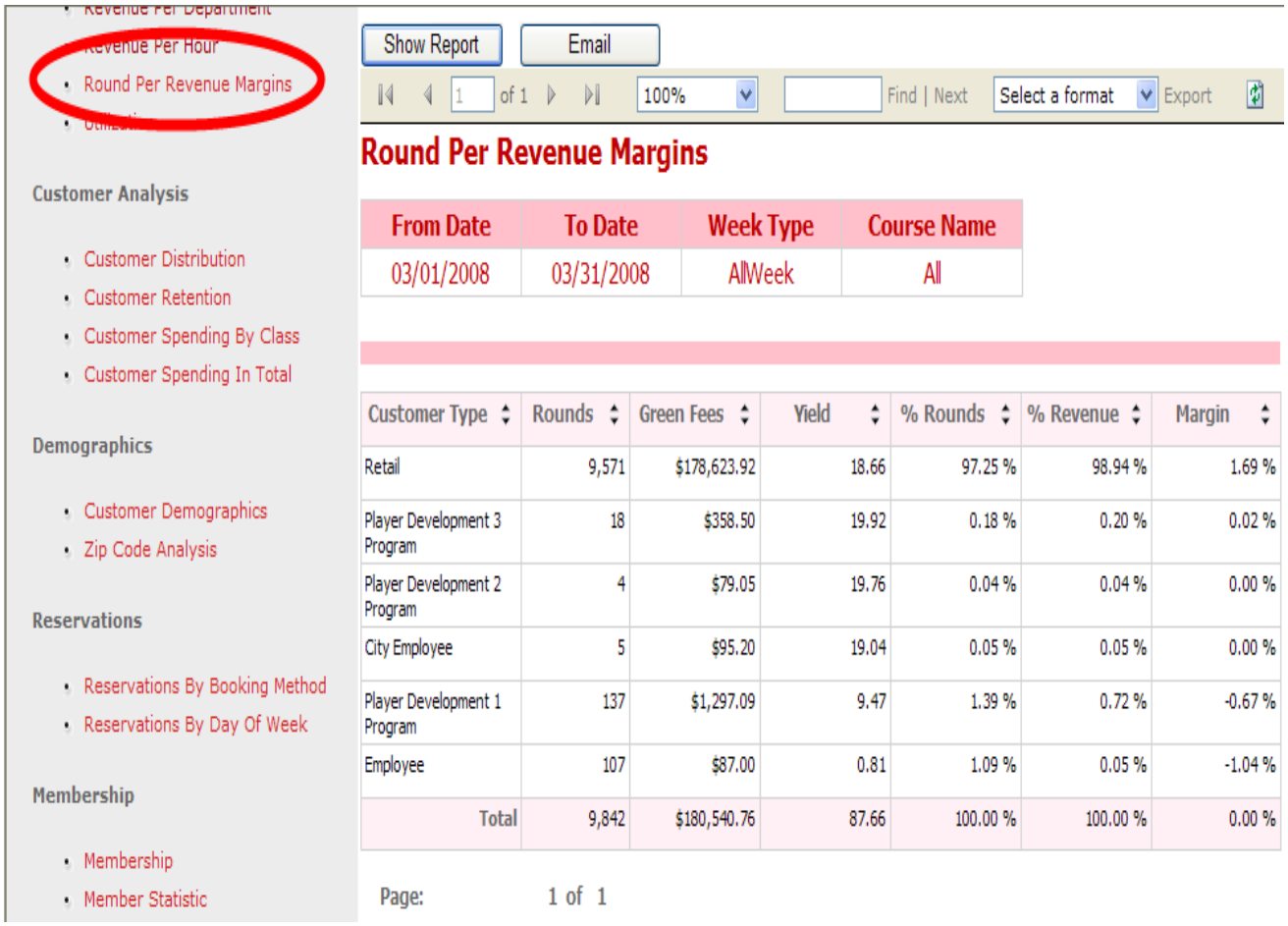
From Date	To Date	Week Type	Course Name
02/01/2008	06/30/2008	AllWeek	All

Hour	Green Fees	Cart Fees	Merchandise	F&B	Others	Total Sales	% of Total Sales
5	$256.50	$401.75	$99.12	$11.02	$3.00	$771.39	0.05 %
6	$22,489.66	$9,963.73	$1,025.79	$391.72	$1,297.77	$35,354.22	2.31 %
7	$70,424.70	$29,525.84	$5,408.36	$1,337.55	$3,241.64	$110,458.54	7.22 %
8	$101,731.23	$41,762.88	$7,055.51	$2,280.60	$4,405.91	$158,268.46	10.34 %
9	$94,668.60	$41,628.40	$8,989.04	$3,305.45	$7,054.96	$156,836.20	10.25 %
10	$84,506.03	$35,107.18	$13,033.24	$4,604.46	$7,307.74	$145,344.67	9.50 %
11	$87,136.15	$34,191.05	$9,527.94	$6,377.83	$9,627.95	$147,920.03	9.67 %
12	$90,329.55	$36,532.22	$12,542.67	$7,717.31	$8,439.29	$156,892.40	10.25 %
13	$92,726.73	$32,743.57	$18,716.58	$10,306.33	$10,352.41	$166,252.79	10.87 %
14	$70,700.85	$27,840.57	$9,192.29	$7,561.17	$13,764.87	$130,054.51	8.50 %
15	$45,226.22	$16,592.32	$10,306.24	$7,599.64	$10,932.53	$91,640.41	5.99 %
16	$31,036.16	$11,160.74	$8,861.13	$9,915.87	$17,249.29	$78,968.62	5.16 %
17	$26,308.15	$7,771.41	$7,444.68	$10,608.48	$21,095.78	$73,762.53	4.82 %
18	$8,859.85	$3,123.48	$4,439.51	$5,824.95	$12,212.83	$34,701.78	2.27 %
19	$22,642.58	$5,683.43	$2,883.20	$1,798.08	$5,273.70	$38,430.11	2.51 %
20	$675.52	$0.00	$1,990.78	$615.76	$1,054.00	$4,346.80	0.28 %
21	$22.20	$13.00	$33.50	$7.50	$7.00	$83.20	0.01 %
Total	$849,740.68	$334,041.59	$121,549.58	$80,263.72	$133,320.67	$1,530,086.65	100.00 %
%Total	55.54 %	21.83 %	7.94 %	5.25 %	8.71 %	100.00 %	

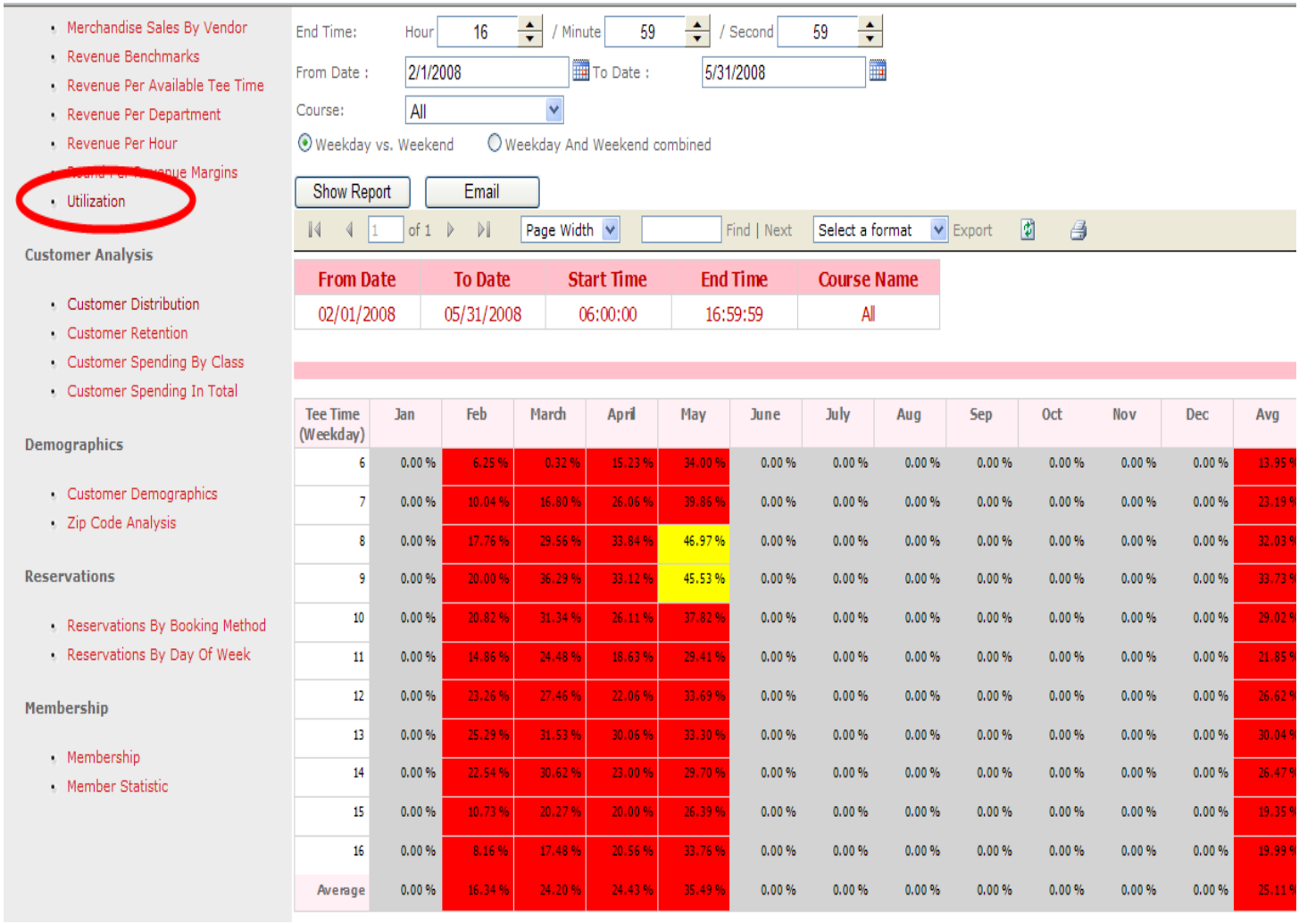


This report shows you the Total Revenue for the given hour of the day for the To and From dates selected. The report then breaks this down again by the Group Types we associate with the Sale Categories in POS Express. Revenue per hour and Total Sales are also graphed for easy comparison.

Rounds Per Revenue Margin:



Utilization:



Tee Time (Weekday)	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
6	0.00 %	6.25 %	0.32 %	15.23 %	34.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	13.95 %
7	0.00 %	10.04 %	16.80 %	26.06 %	39.86 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	23.19 %
8	0.00 %	17.76 %	29.56 %	33.84 %	46.97 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	32.03 %
9	0.00 %	20.00 %	36.29 %	33.12 %	45.53 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	33.73 %
10	0.00 %	20.82 %	31.34 %	26.11 %	37.82 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	29.02 %
11	0.00 %	14.86 %	24.48 %	18.63 %	29.41 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	21.85 %
12	0.00 %	23.26 %	27.46 %	22.06 %	33.69 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	26.62 %
13	0.00 %	25.29 %	31.53 %	30.06 %	33.30 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	30.04 %
14	0.00 %	22.54 %	30.62 %	23.00 %	29.70 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	26.47 %
15	0.00 %	10.73 %	20.27 %	20.00 %	26.39 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	19.35 %
16	0.00 %	8.16 %	17.48 %	20.56 %	33.76 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	19.99 %
Average	0.00 %	16.34 %	24.20 %	24.43 %	35.49 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	25.11 %

Tee Time (Weekend)	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
6	0.00 %	2.08 %	10.42 %	35.71 %	63.66 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	27.97 %
7	0.00 %	47.18 %	43.53 %	49.14 %	61.54 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	50.35 %
8	0.00 %	65.95 %	56.74 %	51.38 %	66.29 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	60.09 %
9	0.00 %	57.79 %	51.16 %	49.29 %	60.63 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	54.72 %
10	0.00 %	73.71 %	50.51 %	47.22 %	54.57 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	56.50 %
11	0.00 %	66.67 %	44.78 %	38.67 %	41.32 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	47.86 %
12	0.00 %	70.42 %	39.90 %	41.46 %	44.39 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	49.04 %
13	0.00 %	71.25 %	49.50 %	41.53 %	51.17 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	53.36 %
14	0.00 %	60.34 %	50.08 %	41.63 %	45.59 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	49.41 %
15	0.00 %	19.58 %	37.12 %	53.54 %	38.28 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	37.13 %
16	0.00 %	14.22 %	20.07 %	25.00 %	34.91 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	23.55 %
Average	0.00 %	49.93 %	41.25 %	43.14 %	51.12 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	46.36 %

Utilization by hour of the day for each month shows you the percentage of Tee Times used for the given block.

“The Good” – Green = 60% or more of the available Tee Times Utilized.

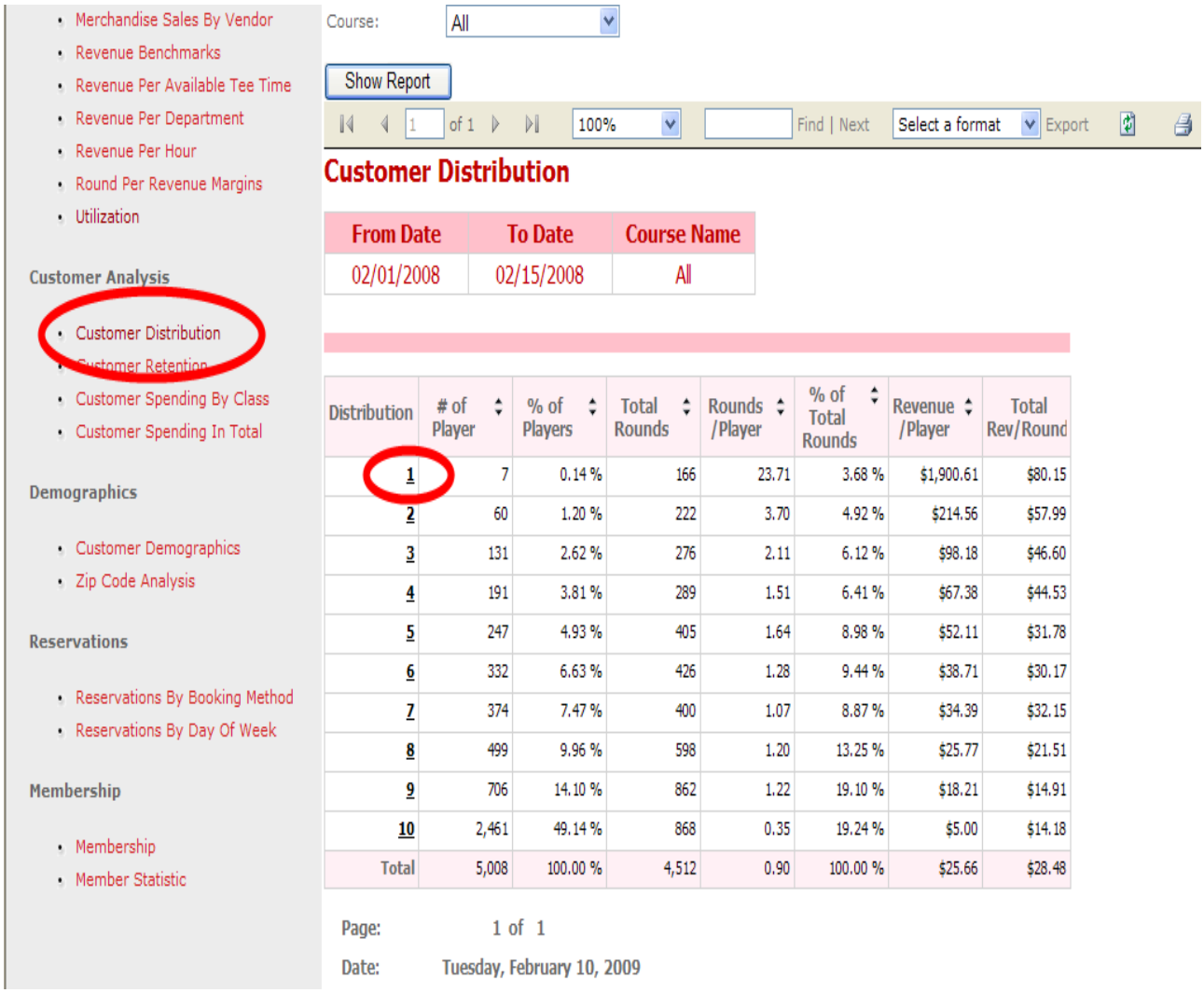
“The Bad” – Yellow = 40% to 60% of the available Tee Times Utilized.

“The Ugly” – Red = Less than 40% of the available Tee Times Utilized.

Grey = periods NOT included in your report filter.

Customer Analysis:

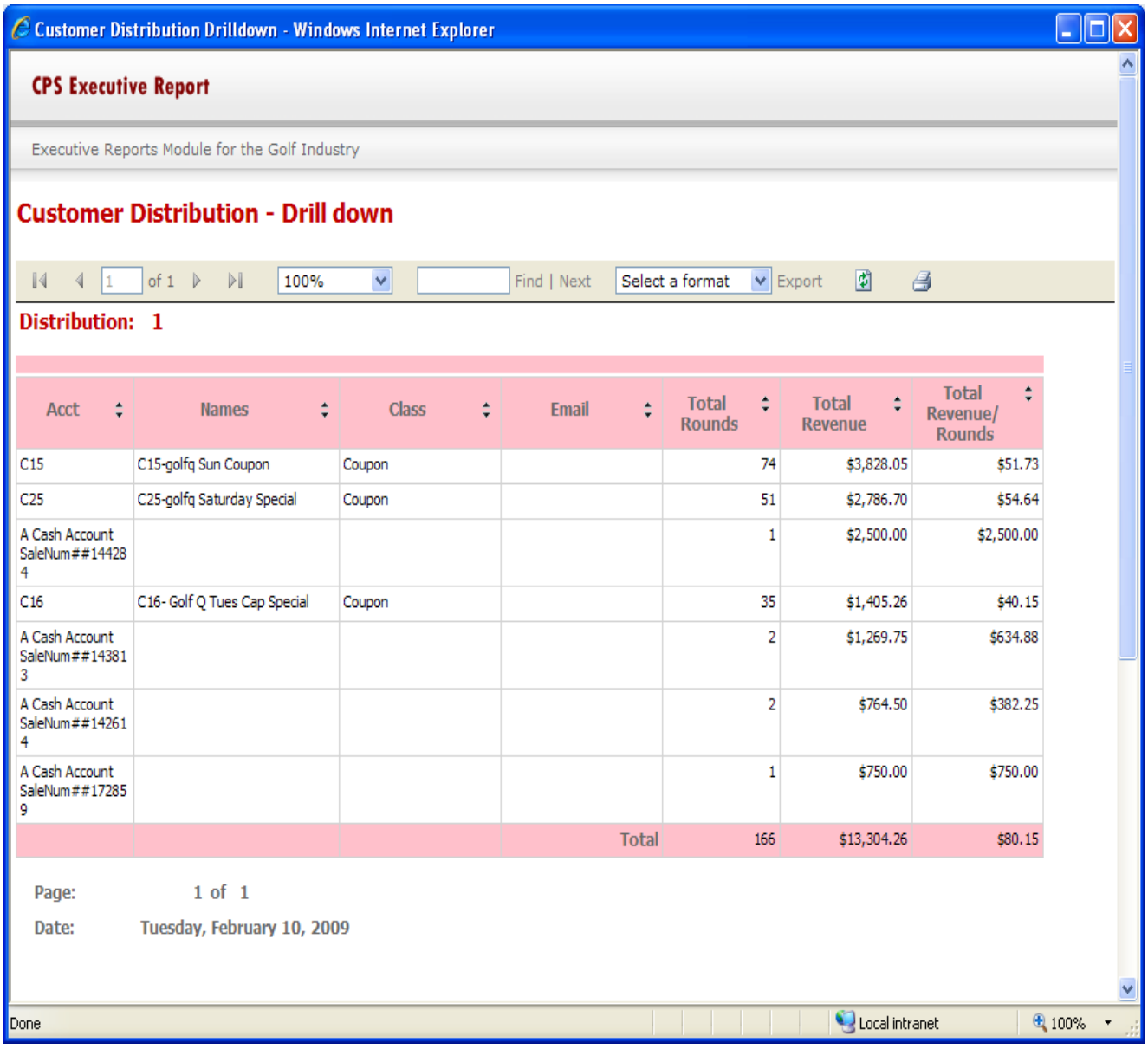
Customer Distribution:



The Customer Distribution report will break out your customers into 10% intervals. In this example, for a 2 week period in February, you can see that the top 10% (Distribution #1) consists of 7 Players. These 7 players make up .14% of the total players. They played 166 Rounds which is an average of 23.71 rounds per player. That makes up for 3.68% of the Total Rounds and generated an average Revenue of $1,900.61 per player. The Total Rev generated per round for this group is $80.15.

Now at first glance some of this makes no sense. After all how could 7 Players play 166 Rounds in 2 weeks? To find the answers you need to dig deeper. You can drill down into the details by clicking on the Distribution Number link (the circled 1 above).

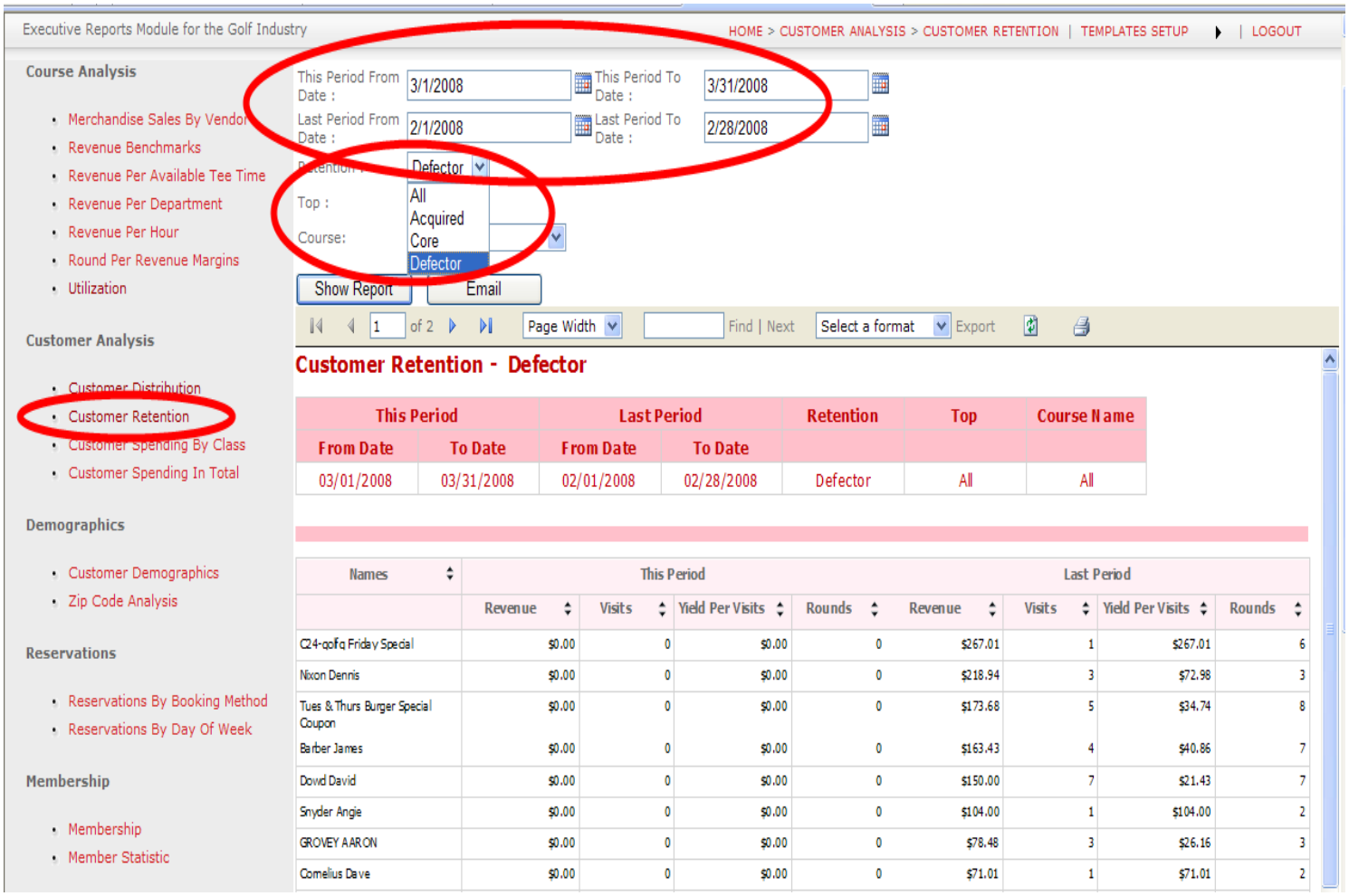
Customer Distribution – Drill Down:



Further investigation makes some sense of the numbers. This club is using some house accounts to track Coupons they issuing for Sunday, Saturday, and Tuesday specials. Actually not a good practice because what you really want to do is track individual golfers and collect email addresses so that you can do targeted email marketing to your customers. I would recommend this club change their practice to make the Coupon a SKU and track the coupons that way vs. using a house account. And I would do everything possible to collect email addresses when the tee time is booked or at the POS when the transaction is processed. The Cash Account sales from a quick look appear to be Outings. Again collecting individual emails is vital to ongoing success. Good news is that the Coupons are working and generating above average Revenue per Round for the facility.

Customer Retention:

The Customer Retention report is designed to compare two time periods. Compare days, weeks, months, years, etc. The report will show you the Names of the players and compare "This Period" vs. "Last Period" for Revenue, Visits, Yield and Rounds.



There are several options. The This Period TO and FROM dates should be the more recent timeframe. The Last Period TO and FROM dates should be the older time period that you want to compare.

Retention Options are as followed:

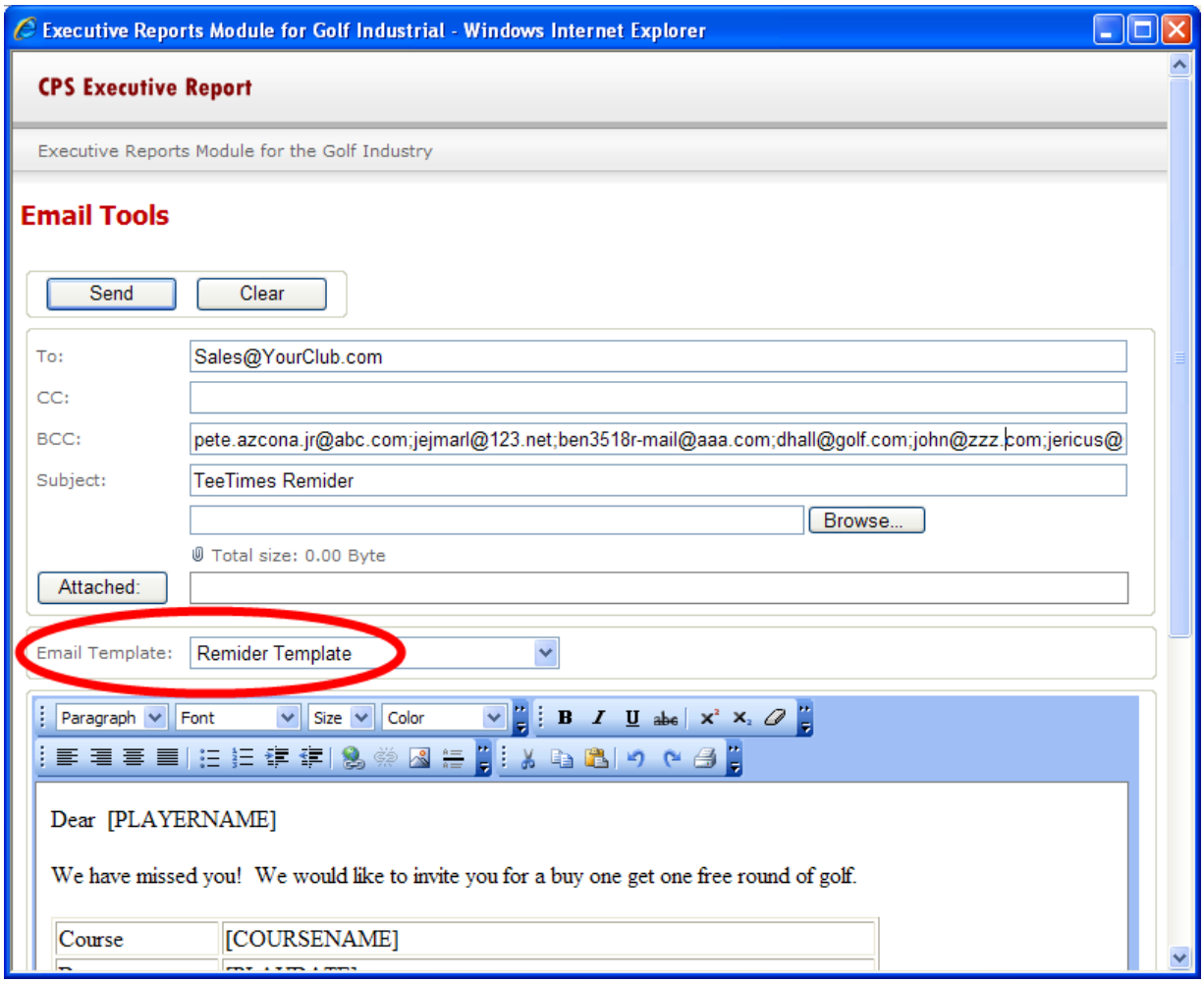
All: - Show all players who had activity in either period.

Acquired: Show players who had activity in the "This Period" but did not in the "Last Period". These are your new or returning customers.

Core: Show players who had activity in both "This Period" AND "Last Period". These are customers who have stayed with you.

Defectors: Show players who had activity in the "Last Period" and did NOT have activity in the "This Period". These are customers you lost.

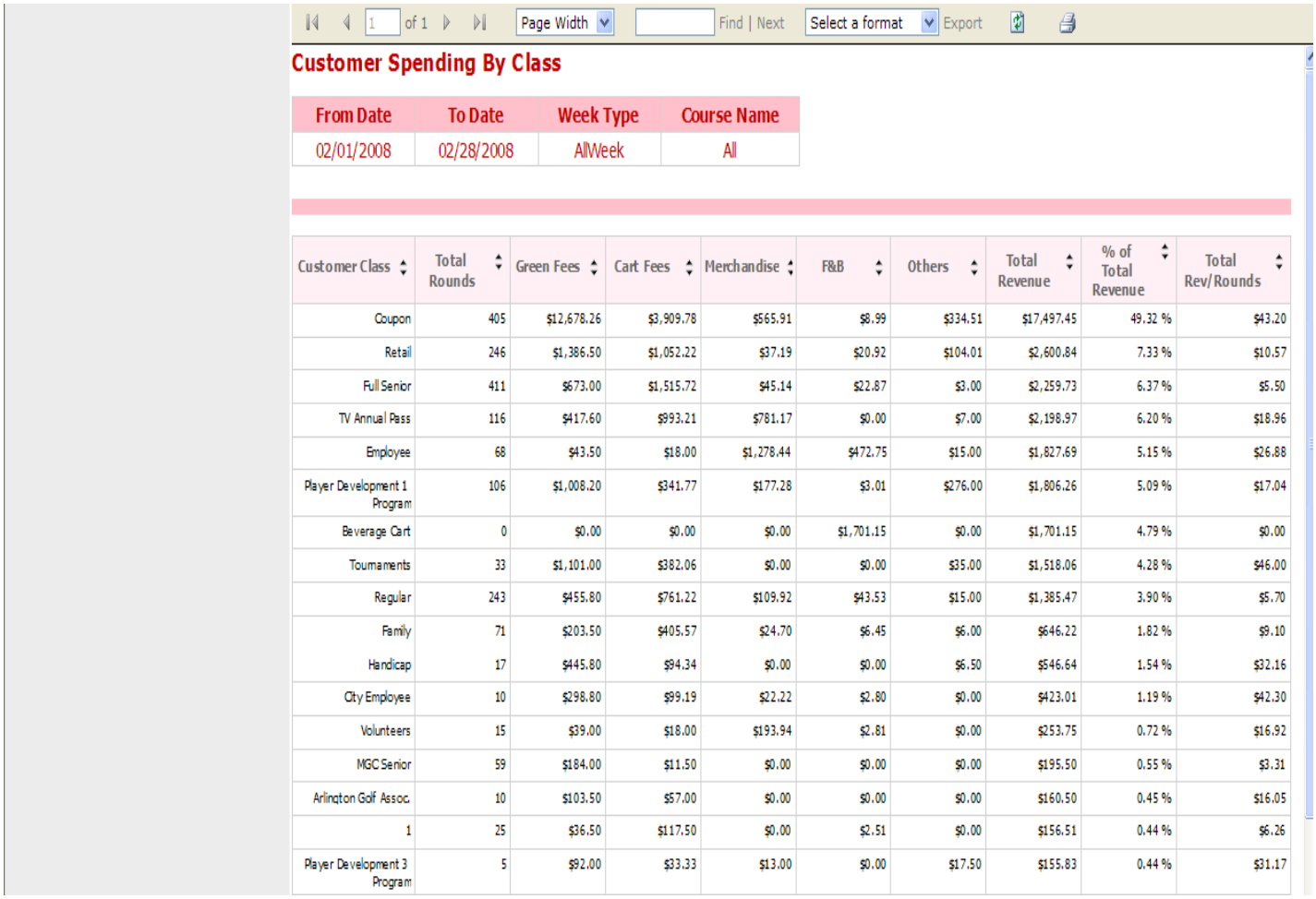
The Email screen looks like this:



This uses the email manager on your server so you can do this remotely if you like via the internet.

Customer Spending by Class:

This report will list the Total Rounds and spending broken down by the Group Type for the Sale Categories setup in POS Express.



1 of 1 | Page Width | Find | Next | Select a format | Export

Customer Spending By Class

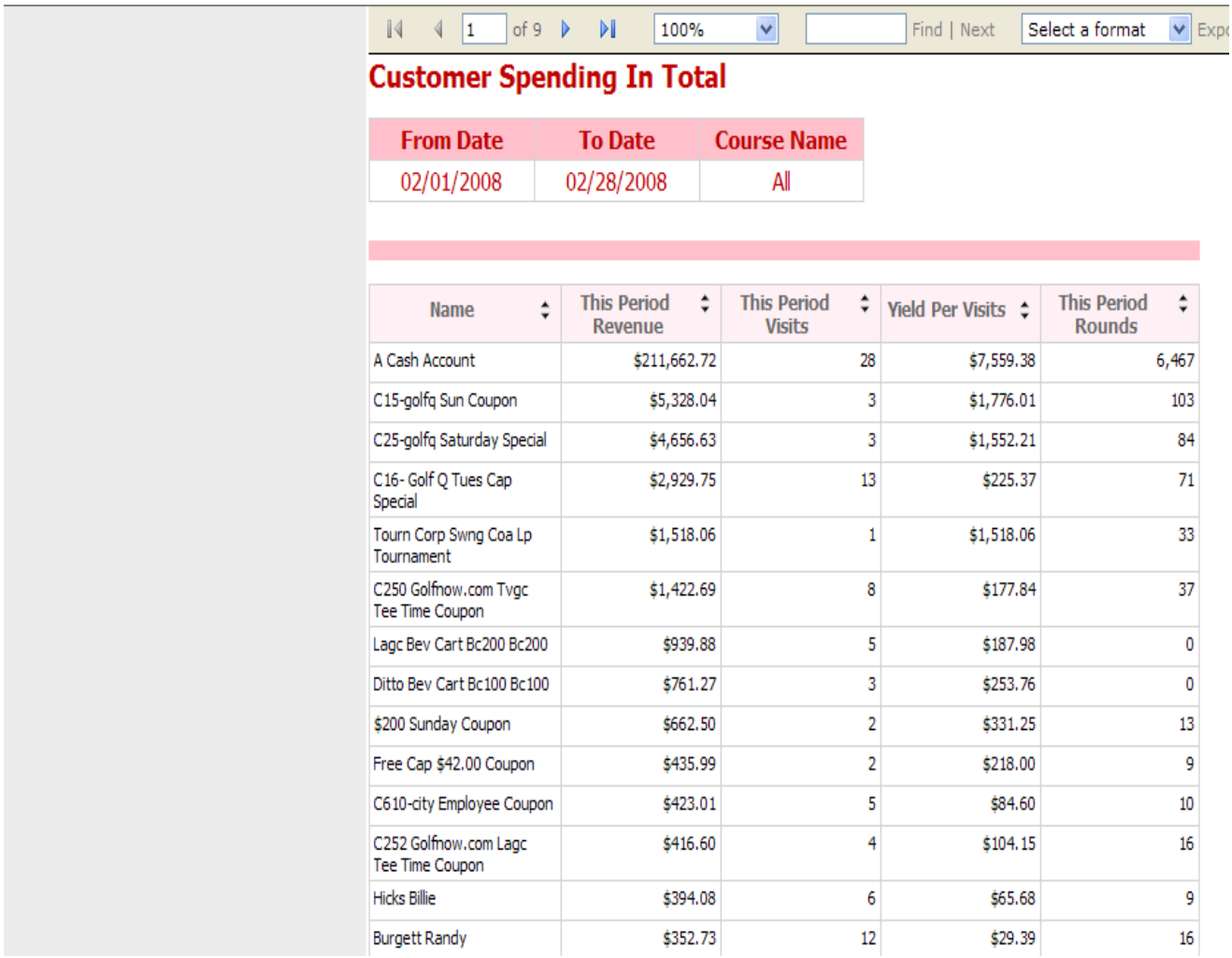
From Date	To Date	Week Type	Course Name
02/01/2008	02/28/2008	AllWeek	All

Customer Class	Total Rounds	Green Fees	Cart Fees	Merchandise	F&B	Others	Total Revenue	% of Total Revenue	Total Rev/Rounds
Coupon	405	$12,678.26	$3,909.78	$565.91	$8.99	$334.51	$17,497.45	49.32 %	$43.20
Retail	246	$1,386.50	$1,052.22	$37.19	$20.92	$104.01	$2,600.84	7.33 %	$10.57
Full Senior	411	$673.00	$1,515.72	$45.14	$22.87	$3.00	$2,259.73	6.37 %	$5.50
TV Annual Pass	116	$417.60	$993.21	$781.17	$0.00	$7.00	$2,198.97	6.20 %	$18.96
Employee	68	$43.50	$18.00	$1,278.44	$472.75	$15.00	$1,827.69	5.15 %	$26.88
Player Development 1 Program	106	$1,008.20	$341.77	$177.28	$3.01	$276.00	$1,806.26	5.09 %	$17.04
Beverage Cart	0	$0.00	$0.00	$0.00	$1,701.15	$0.00	$1,701.15	4.79 %	$0.00
Tournaments	33	$1,101.00	$382.06	$0.00	$0.00	$35.00	$1,518.06	4.28 %	$46.00
Regular	243	$455.80	$761.22	$109.92	$43.53	$15.00	$1,385.47	3.90 %	$5.70
Family	71	$203.50	$405.57	$24.70	$6.45	$6.00	$646.22	1.82 %	$9.10
Handicap	17	$445.80	$94.34	$0.00	$0.00	$6.50	$546.64	1.54 %	$32.16
City Employee	10	$298.80	$99.19	$22.22	$2.80	$0.00	$423.01	1.19 %	$42.30
Volunteers	15	$39.00	$18.00	$193.94	$2.81	$0.00	$253.75	0.72 %	$16.92
MGC Senior	59	$184.00	$11.50	$0.00	$0.00	$0.00	$195.50	0.55 %	$3.31
Arlington Golf Assoc.	10	$103.50	$57.00	$0.00	$0.00	$0.00	$160.50	0.45 %	$16.05
1	25	$36.50	$117.50	$0.00	$2.51	$0.00	$156.51	0.44 %	$6.26
Player Development 3 Program	5	$92.00	$33.33	$13.00	$0.00	$17.50	$155.83	0.44 %	$31.17

Something interesting to point out here again. Notice that Coupon play is the top revenue generator for the month of February. I can only assume that the coupons are in a local paper since they are again using a House account vs. individual players with email addresses. If this club will change this to collecting player emails, they can drop the local paper advertisement and do direct email marketing with a coupon in the email.

Customer Spending In Total:

This report will list individual accounts and their spending summary for the time period.



Customer Spending In Total

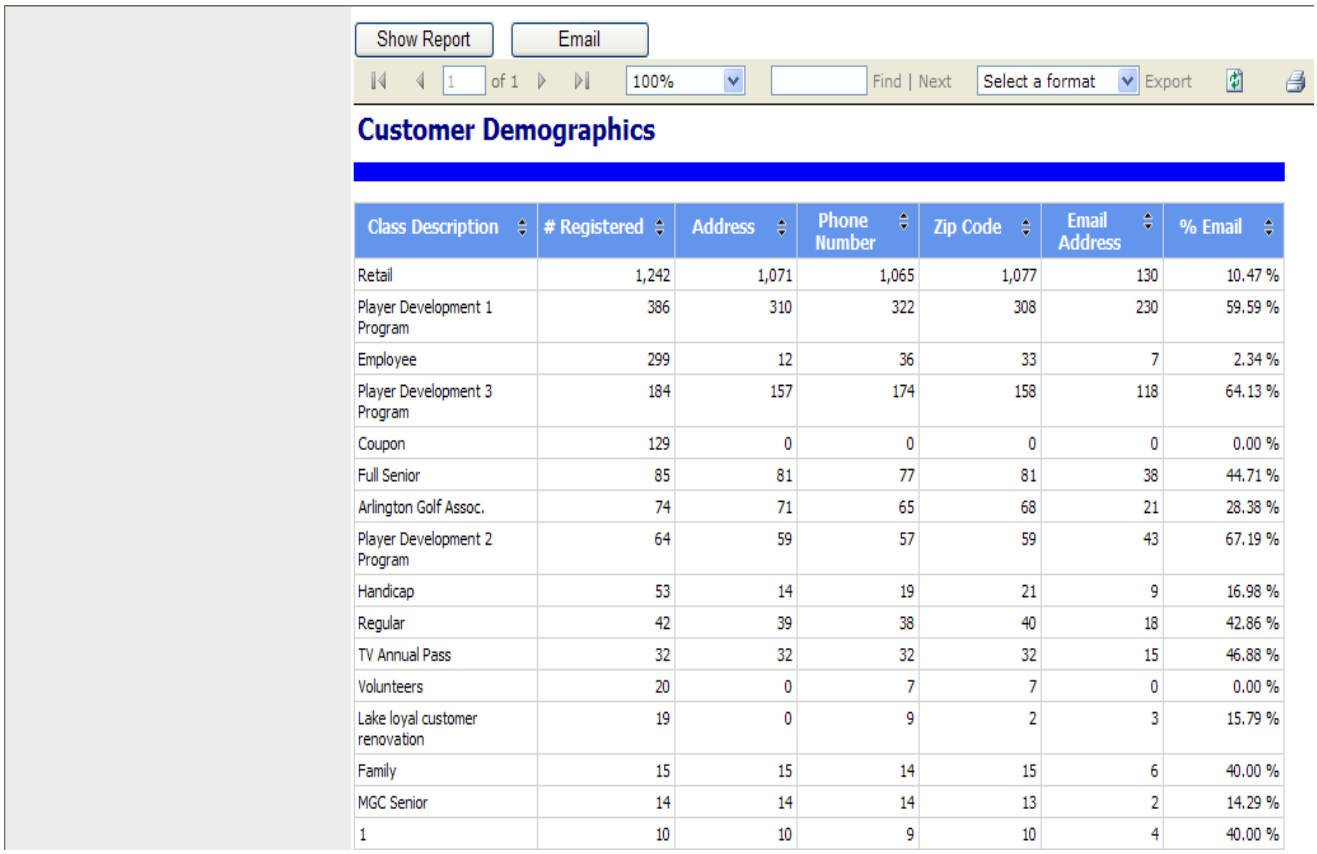
From Date	To Date	Course Name
02/01/2008	02/28/2008	All

Name	This Period Revenue	This Period Visits	Yield Per Visits	This Period Rounds
A Cash Account	$211,662.72	28	$7,559.38	6,467
C15-golfq Sun Coupon	$5,328.04	3	$1,776.01	103
C25-golfq Saturday Special	$4,656.63	3	$1,552.21	84
C16- Golf Q Tues Cap Special	$2,929.75	13	$225.37	71
Tourn Corp Swng Coa Lp Tournament	$1,518.06	1	$1,518.06	33
C250 Golfnow.com Tvgc Tee Time Coupon	$1,422.69	8	$177.84	37
Lagc Bev Cart Bc200 Bc200	$939.88	5	$187.98	0
Ditto Bev Cart Bc100 Bc100	$761.27	3	$253.76	0
$200 Sunday Coupon	$662.50	2	$331.25	13
Free Cap $42.00 Coupon	$435.99	2	$218.00	9
C610-city Employee Coupon	$423.01	5	$84.60	10
C252 Golfnow.com Lagc Tee Time Coupon	$416.60	4	$104.15	16
Hicks Billie	$394.08	6	$65.68	9
Burgett Randy	$352.73	12	$29.39	16

Demographics:

Customer Demographics:

This report will give you a quick look at statistics vital for marketing.



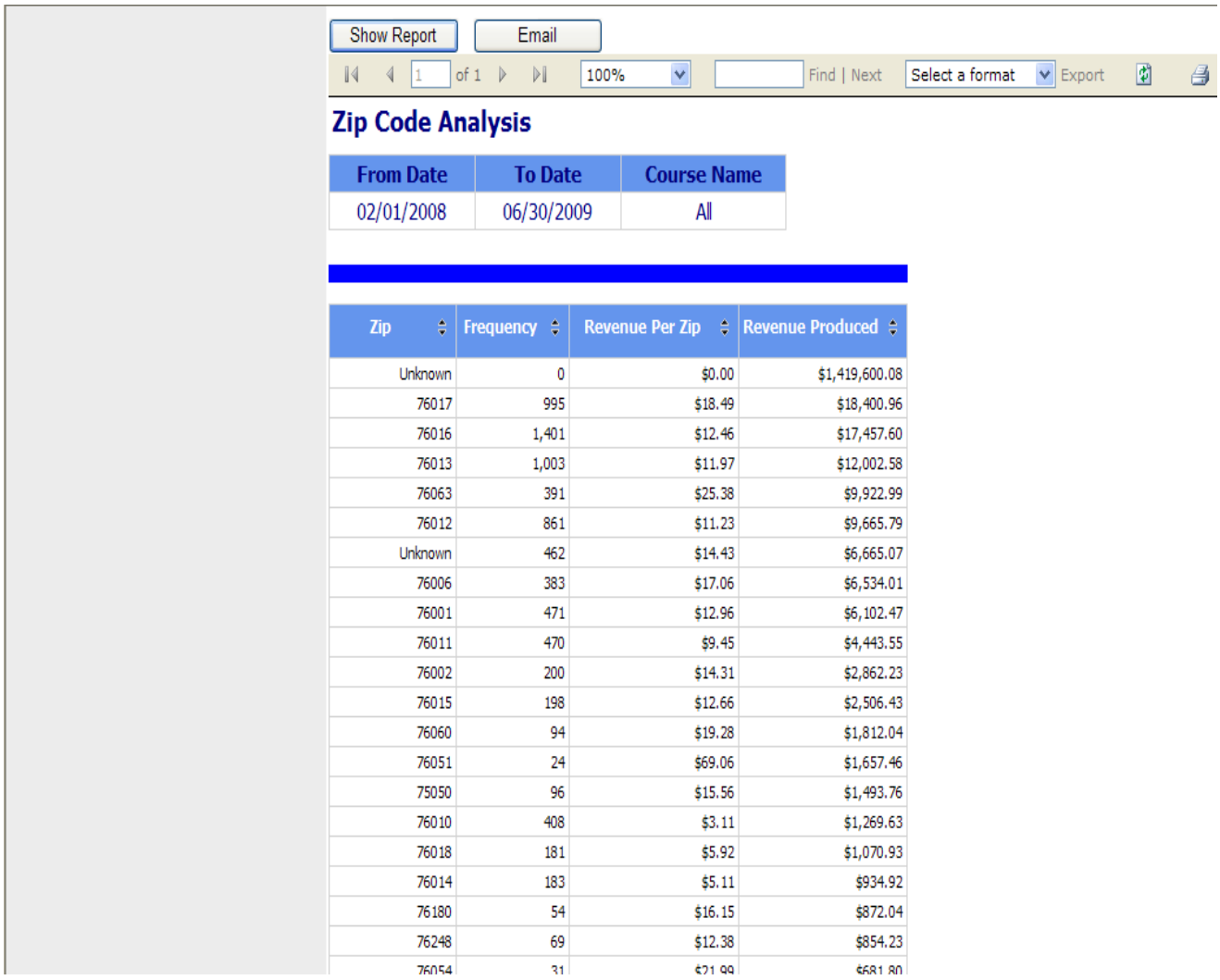
Customer Demographics

Class Description	# Registered	Address	Phone Number	Zip Code	Email Address	% Email
Retail	1,242	1,071	1,065	1,077	130	10.47 %
Player Development 1 Program	386	310	322	308	230	59.59 %
Employee	299	12	36	33	7	2.34 %
Player Development 3 Program	184	157	174	158	118	64.13 %
Coupon	129	0	0	0	0	0.00 %
Full Senior	85	81	77	81	38	44.71 %
Arlington Golf Assoc.	74	71	65	68	21	28.38 %
Player Development 2 Program	64	59	57	59	43	67.19 %
Handicap	53	14	19	21	9	16.98 %
Regular	42	39	38	40	18	42.86 %
TV Annual Pass	32	32	32	32	15	46.88 %
Volunteers	20	0	7	7	0	0.00 %
Lake loyal customer renovation	19	0	9	2	3	15.79 %
Family	15	15	14	15	6	40.00 %
MGC Senior	14	14	14	13	2	14.29 %
1	10	10	9	10	4	40.00 %

Grouped by Sales Class the report shows you the number of players in each class, the number you have mailing address for, the number you have telephone numbers for, the number you have zip codes for, and number you have email address for, and the percent of email address for each class. From direct mail to targeted emails, to zip code analysis for print or other media ad, it is critical for your club to collect this data. This report will grade your staff on how well they are doing in gathering this data.

Zip Code Analysis:

This report will show you which postal or zip codes your customers are coming from.



Zip Code Analysis

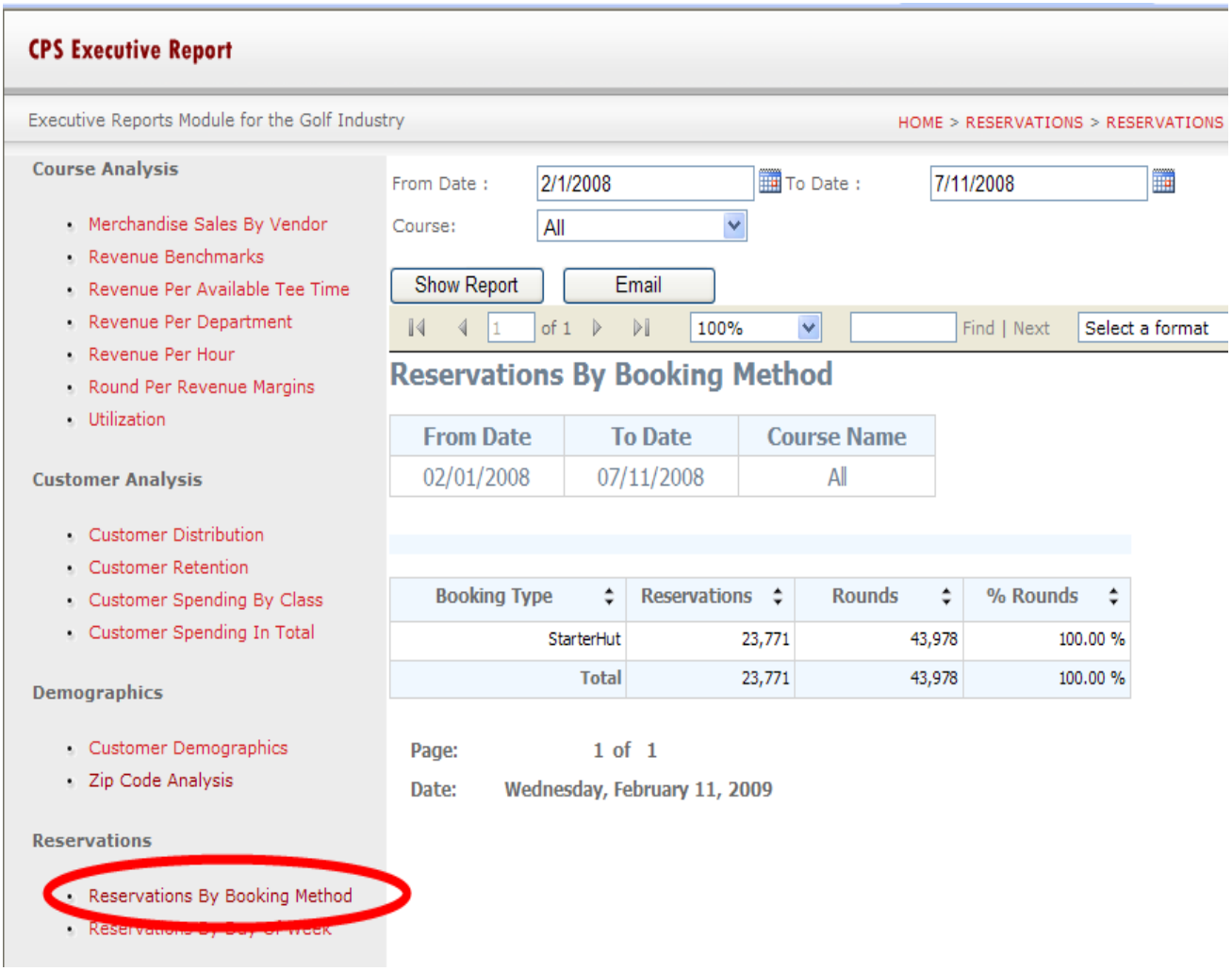
From Date	To Date	Course Name
02/01/2008	06/30/2009	All

Zip	Frequency	Revenue Per Zip	Revenue Produced
Unknown	0	$0.00	$1,419,600.08
76017	995	$18.49	$18,400.96
76016	1,401	$12.46	$17,457.60
76013	1,003	$11.97	$12,002.58
76063	391	$25.38	$9,922.99
76012	861	$11.23	$9,665.79
Unknown	462	$14.43	$6,665.07
76006	383	$17.06	$6,534.01
76001	471	$12.96	$6,102.47
76011	470	$9.45	$4,443.55
76002	200	$14.31	$2,862.23
76015	198	$12.66	$2,506.43
76060	94	$19.28	$1,812.04
76051	24	$69.06	$1,657.46
75050	96	$15.56	$1,493.76
76010	408	$3.11	$1,269.63
76018	181	$5.92	$1,070.93
76014	183	$5.11	$934.92
76180	54	$16.15	$872.04
76248	69	$12.38	$854.23
76054	31	$21.99	$681.80

In this example we have 1.4 million in sales from unknown postal codes. For this club if they are thinking of taking out an ad in a local paper, how do you know which is the best to target? What about a direct mail piece? We had one club find that the majority of their customers actually came from a postal code 10 miles away. Just out of reach of a new program for resident pricing… Ouch!

Reservations By Booking Method:

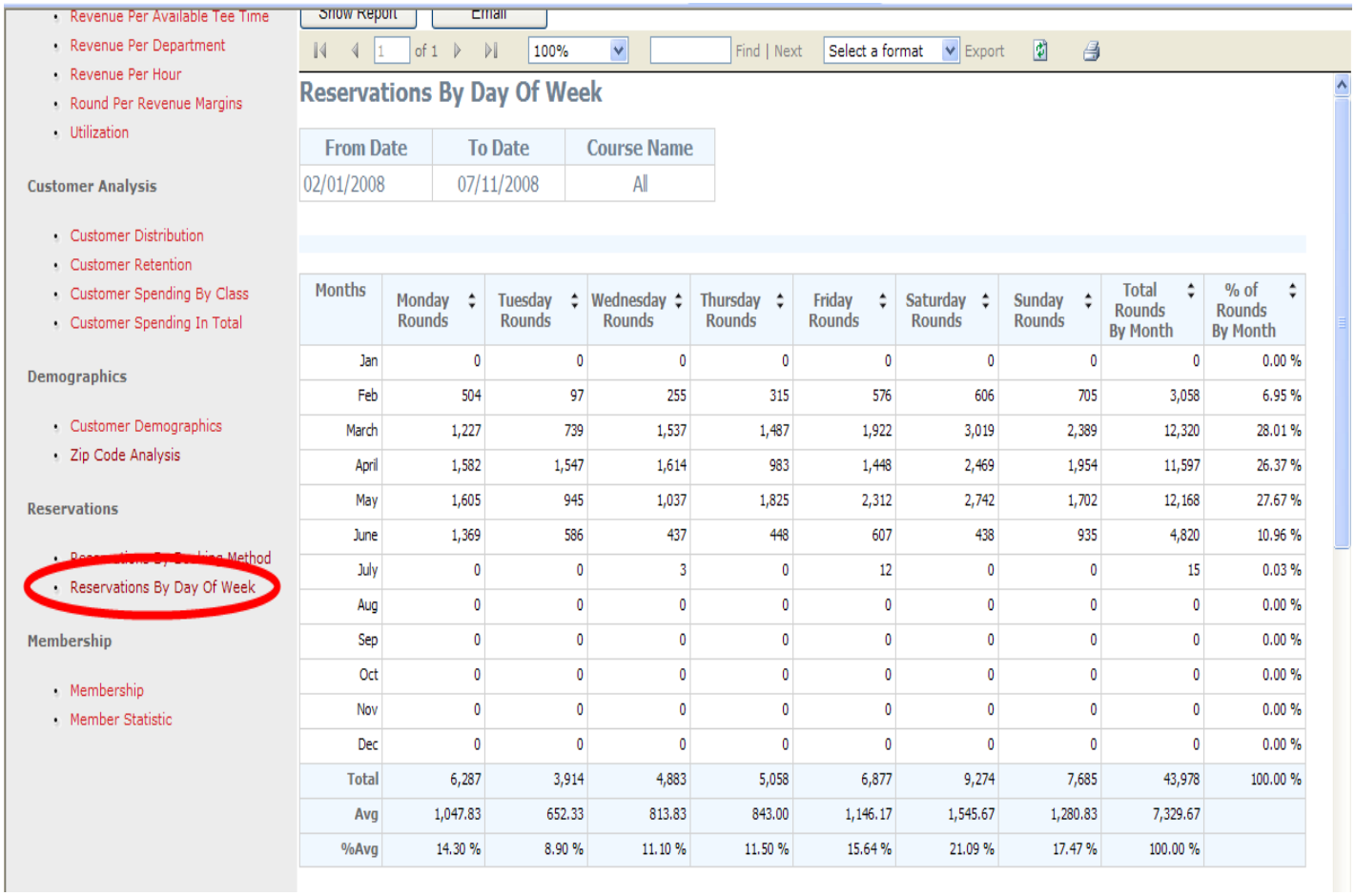
This report will show you where your bookings are originating from:



In this case 100% are being entered into the StarterHut Tee Sheet. This is good news. Now if we can get this club to request Postal Code and Email Address they will be well on the way to growing their business. Note that if they were using On-Line Tee Time booking, those would show on a separate line item.

Reservations By Day Of Week:

This report shows your slow and busy days based on number of rounds.



- Revenue Per Available Tee Time
- Revenue Per Department
- Revenue Per Hour
- Round Per Revenue Margins
- Utilization

Customer Analysis

- Customer Distribution
- Customer Retention
- Customer Spending By Class
- Customer Spending In Total

Demographics

- Customer Demographics
- Zip Code Analysis

Reservations

- Reservations By Booking Method
- Reservations By Day Of Week

Membership

- Membership
- Member Statistic

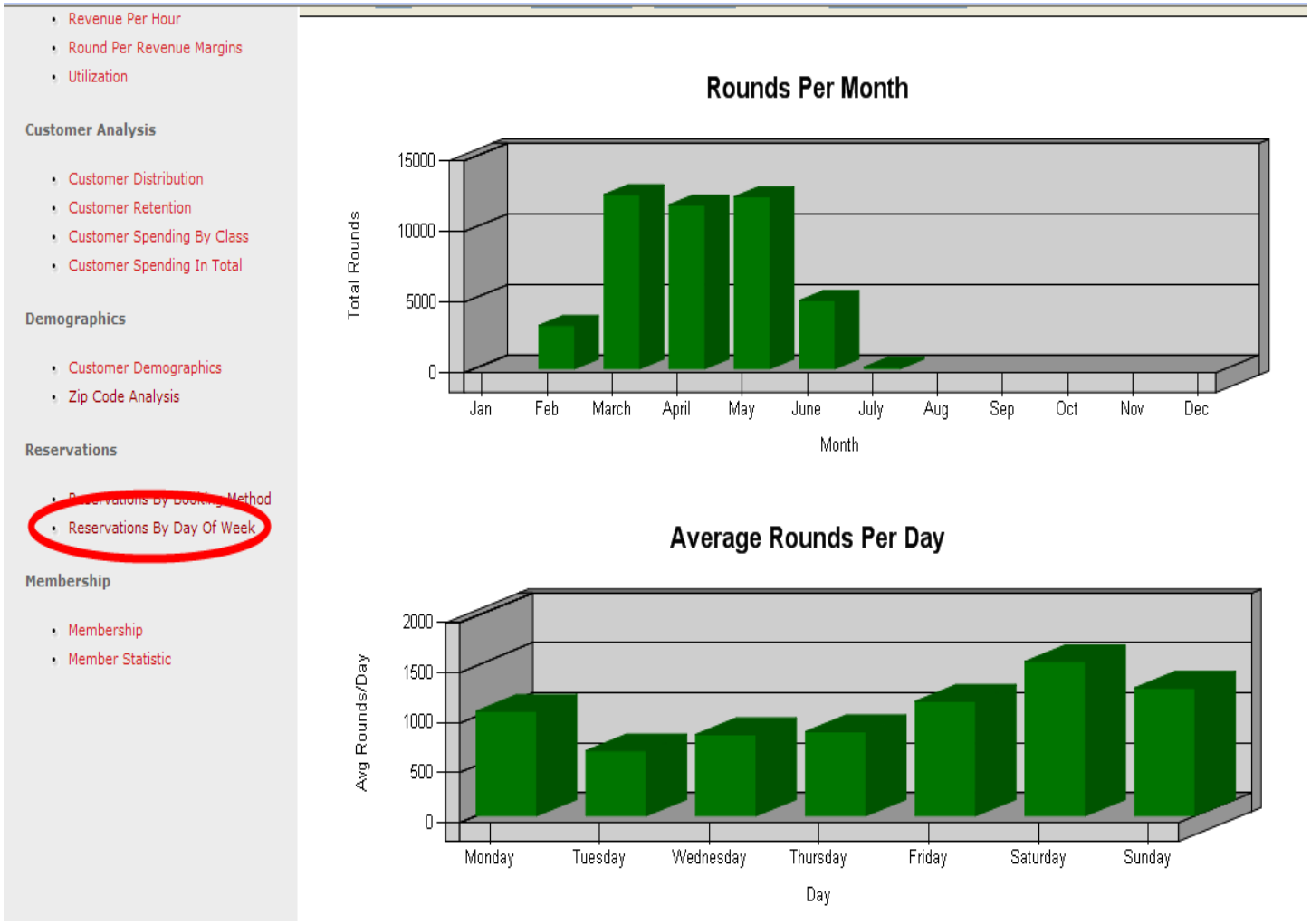
Show Report | Email

1 of 1 | 100% | Find | Next | Select a format | Export

Reservations By Day Of Week

From Date	To Date	Course Name
02/01/2008	07/11/2008	All

Months	Monday Rounds	Tuesday Rounds	Wednesday Rounds	Thursday Rounds	Friday Rounds	Saturday Rounds	Sunday Rounds	Total Rounds By Month	% of Rounds By Month
Jan	0	0	0	0	0	0	0	0	0.00 %
Feb	504	97	255	315	576	606	705	3,058	6.95 %
March	1,227	739	1,537	1,487	1,922	3,019	2,389	12,320	28.01 %
April	1,582	1,547	1,614	983	1,448	2,469	1,954	11,597	26.37 %
May	1,605	945	1,037	1,825	2,312	2,742	1,702	12,168	27.67 %
June	1,369	586	437	448	607	438	935	4,820	10.96 %
July	0	0	3	0	12	0	0	15	0.03 %
Aug	0	0	0	0	0	0	0	0	0.00 %
Sep	0	0	0	0	0	0	0	0	0.00 %
Oct	0	0	0	0	0	0	0	0	0.00 %
Nov	0	0	0	0	0	0	0	0	0.00 %
Dec	0	0	0	0	0	0	0	0	0.00 %
Total	6,287	3,914	4,883	5,058	6,877	9,274	7,685	43,978	100.00 %
Avg	1,047.83	652.33	813.83	843.00	1,146.17	1,545.67	1,280.83	7,329.67	
%Avg	14.30 %	8.90 %	11.10 %	11.50 %	15.64 %	21.09 %	17.47 %	100.00 %	

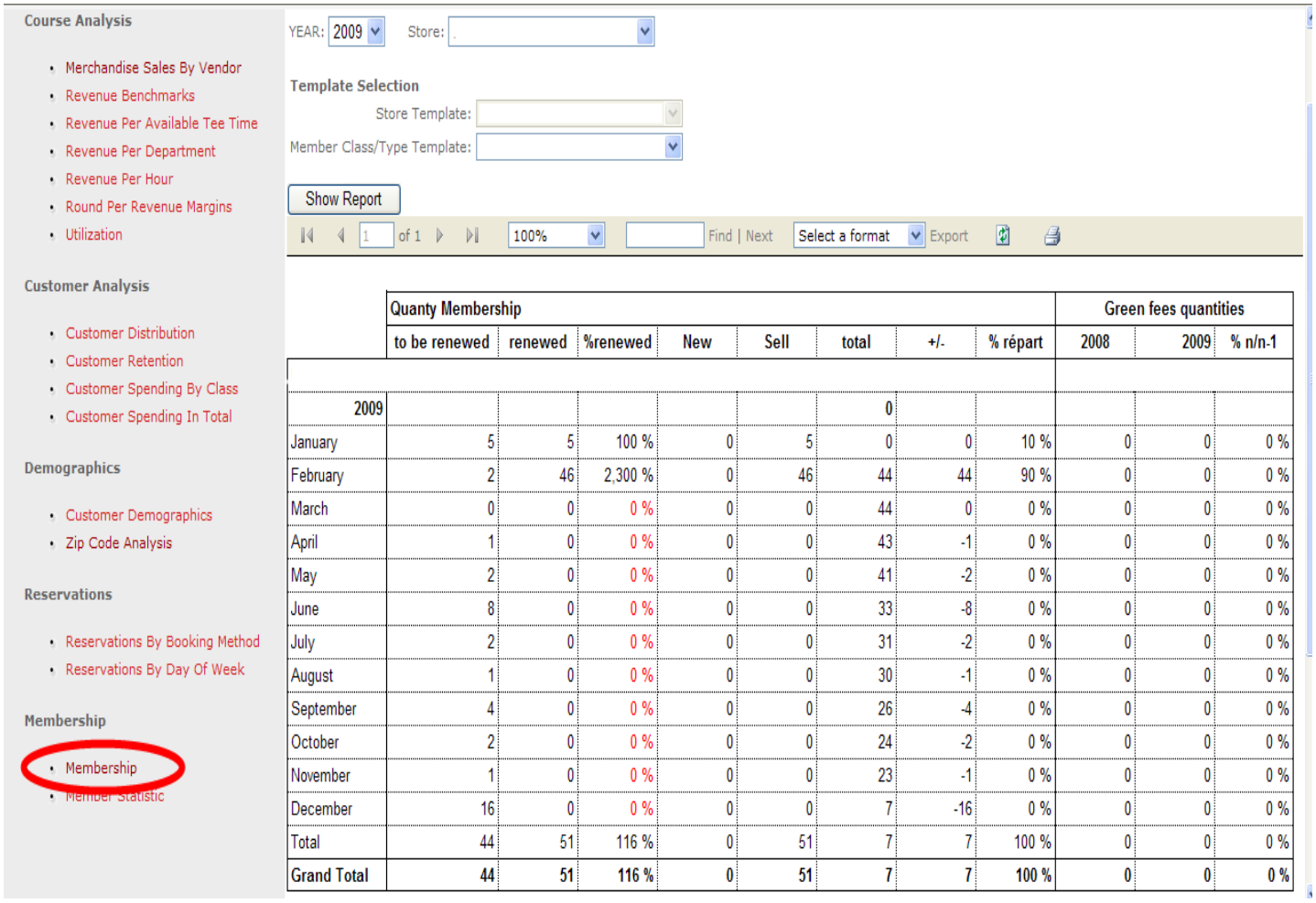


Many facilities are surprised at the results of this. Notice in this example that Tuesday is the slowest day and surprisingly that Monday is right up there with Fridays and Sundays.

Membership

Membership:

This is a special report to manage renewals for those clubs that run memberships from a given month vs. those that have all memberships start on January 1.



	Quanty Membership								Green fees quantities		
	to be renewed	renewed	%renewed	New	Sell	total	+/-	% répart	2008	2009	% n/n-1
2009						0					
January	5	5	100 %	0	5	0	0	10 %	0	0	0 %
February	2	46	2,300 %	0	46	44	44	90 %	0	0	0 %
March	0	0	0 %	0	0	44	0	0 %	0	0	0 %
April	1	0	0 %	0	0	43	-1	0 %	0	0	0 %
May	2	0	0 %	0	0	41	-2	0 %	0	0	0 %
June	8	0	0 %	0	0	33	-8	0 %	0	0	0 %
July	2	0	0 %	0	0	31	-2	0 %	0	0	0 %
August	1	0	0 %	0	0	30	-1	0 %	0	0	0 %
September	4	0	0 %	0	0	26	-4	0 %	0	0	0 %
October	2	0	0 %	0	0	24	-2	0 %	0	0	0 %
November	1	0	0 %	0	0	23	-1	0 %	0	0	0 %
December	16	0	0 %	0	0	7	-16	0 %	0	0	0 %
Total	44	51	116 %	0	51	7	7	100 %	0	0	0 %
Grand Total	**44**	**51**	**116 %**	**0**	**51**	**7**	**7**	**100 %**	**0**	**0**	**0 %**

Appendix D –

Golf Management Software Proposal



1/12/2010

City of Winnipeg Golf

Thank you for taking the time to meet with Jim. As discussed, I have prepared a cost-effective solution for your facility. I am sure the system will increase the profitability and efficiency of your operation.

Unlike other systems, Club Prophet offers a simple, low cost, "pay-as-you-go" service; with no large upfront investment. The software, software upgrades and support are included in the yearly fee of $4600. Onsite Services of installation and training are a onetime fee of $5000. Years 2 through 5 would be $4600 per year in software and services. Attached is a cost summary based on your current needs that can easily be adjusted if your needs change in the future.

If you have any questions after looking over the enclosed information, please telephone us at 1-800-793-1872 otherwise please sign and fax your signed pages to us at 724-274-0387.

Sincerely,

Mike Stanovich

Mike Stanovich
National Sales Manager
E-Mail: Mike@ClubProphetSystems.com

CLUB PROPHET SYSTEMS

Yearly Software & Service Fee Proposal

City of Winnipeg Golf – 3 Courses ***1/13/2010***

Quote valid for 30 days

Yearly Software & Service Agreement	Qty	Unit Cost	Extended Cost
CPS Enterprise Version Single Data Base			
CPS Golf POS, Inventory, Customer Management			
CPS Starter Hut Tee Times			
CPS Online Resrvations			
CPS Credit Card Integration (Emoney)			
Yearly Software & Service Agreement Total			**$4,600.00**

Installation & Training	Qty	Unit Cost	Extended Cost
On Site Service (installation & training)Hourly Rate	50	$100.00	$5,000.00
Installation & Training Total			**$5,000.00**
Total Yearly Software & Services Agreement			**$4,600.00**
Total Onsite Service for Installation & Training			**$5,000.00**

Summary of costs

1st Year $9600 ($4600 in Software & Services, $5000 for onsite installation & training).
2nd Year $4600 (Software & Services)
3rd Year $4600 (Software & Services)
4th Year $4600 (Software & Services)
5th Year $4600 (Software & Services)

Note: Shipping and travel expenses are additional and are billed at cost.
Travel Expenses are estimated @ $1600

Customer Signature _____ **Date** _____

Club Prophet Systems Hardware Requirements

Central Server Requirements – Multi – Site facilities (Located at a Data Center):

- Xeon processor(s) – Quad Core or higher (Dual Processors recommended)
- Microsoft Windows Server (64 bit) operating 2003+ w/ latest Service Pack
- 8+ Gig of RAM
- 160+ GB available hard drive space (A raid configuration with mirrored hard drives strongly recommended) – Data stored on a drive other than the C: Drive
- Off site nightly backup routine
- Full Version of Microsoft SQL Server 2005 or newer Workgroup, Standard or Enterprise Edition w/ latest Service Pack (64 bit version of SQL recommended)

Server Requirements – Network with 6 or more users:

- Intel Pentium 4 (*or comparable AMD*) processor. (Celeron based processors do not meet specs.)
- Microsoft Windows Server operating system 2003+ w/ latest Service Pack
- 4+ Gig of RAM
- 80 GB available hard drive space (A raid configuration with mirrored hard drives strongly recommended)
- Removable Media for nightly backups
- Off site nightly backup routine
- Full Version of Microsoft SQL Server 2005 or newer Workgroup, Standard or Enterprise Edition w/ latest Service Pack

Server Requirements – Network with 1 - 5 users:

- Intel Pentium 4 (*or comparable AMD*) processor. (Celeron based processors do not meet specs.)
- Microsoft XP Professional and virus protection software and latest Microsoft Service Packs preferred.
    - Also accepted Windows Vista Business or Windows Vista Ultimate and virus protection software and latest Microsoft Service Packs preferred.
- 2+ Gig of RAM
- 80 GB available hard drive space
- Removable Media for nightly backups
- Off site nightly backup routine
- Internet Information Services (IIS)
- Microsoft SQL Server 2005 or newer Express Edition

Client Minimum Requirements:

- Intel Pentium 4 (*or comparable AMD*) processor. (Celeron based processors do not meet specs.)
- Microsoft XP Professional and virus protection software and latest Microsoft Service Packs.
    - Also accepted Windows Vista Business or Windows Vista Ultimate and virus protection software and latest Microsoft Service Packs preferred.
- 1+ Gig of RAM
- 80 GB available hard drive space
- Wired Network Connectivity *(Wireless connectivity is not recommended to maintain SQL connection)*

Peripheral Hardware:

- USB Thermal Receipt Printers supported: Citizen CTS2000, Epson TMT Series
- Impact Printers supported (for remote kitchen printing): Epson TM-U200 series
- Cash Drawers Supported: APG Cash Drawer (w/detachable cables), MMF Cash Drawer (w/detachable cables)
- USB Bar Code Scanners Supported: Symbol, PSC, Metrologic, Datalogic
- USB Bar Code Printer Supported: Zebra LP2844, 2824
- Touch Screen Monitors supported: ELO 1729L 17" LCD w/Card Reader
- Pole Displays: Logic Controls USB PD3000

Club Prophet Systems is a licensed Dell reseller and can supply all computers and all peripheral hardware.
*We only support industry standard 'brand name' computers with High Speed Internet on at least 1 machine on the network.
**If peripheral hardware is not purchased from Club Prophet Systems, we cannot fully support technical hardware issues that may arise with these devices.
***If using Online Reservations or web services, we recommend a *Static IP* address.

Appendix E –

Labor Analysis

CITY OF WINNIPEG, MANITOBA GOLF COURSE OPERATIONS REVIEW
PROVIDED BY GOLF CONVERGENCE
December, 2009

SUMMARY: Golf Convergence Evaluation Grade: D

The golf courses reviewed during the December 1, 2009 tour revealed an urgent requirement to upgrade the primary components of each facility in order for these courses to remain a viable commodity to area citizens. There are numerous impacts which affect the quality of each golf course, regardless of its location.

Economic and labor concerns, debilitated equipment supplies, incorrect renovation decisions and spring flooding from the neighboring rivers contribute to the difficulty in restoring the playing quality of each facility. In addition, the national economy is impacting the disposable income of those who play golf.

Additionally, Canada's initiative for chemical and pesticide regulations may contribute ultimately contribute to the long-range maintenance of a healthy turf grass plant and proper playing conditions.

Consider the following issues affecting the golf courses:

- An aged equipment supply requires additional man-hours, parts, resources and finances to maintain functionality. Most of the equipment inventory reviewed is in excess of 10 years in age. The unit age, in combination with improper operation related to re-training of seasonal staff, places extreme pressure on the golf course superintendent and mechanics.

- A depressed maintenance area located at Windsor Park is typical of what was encountered throughout. The maintenance facility should be an area which supports and protects the city's equipment fleet investment. The buildings are decrepit and do not provide the proper storage for supplies, tools, mowing units. The exposure to the elements depreciates the value.

- Proper agronomic and operational practices are required to provide ideal growing conditions to withstand the volume of play. Spring flooding from adjacent rivers, shade and root encroachment from surrounding tree lines and the impact from the winter cross-country skiing activities wear out turf when snow covered or frozen.

- Quality work performance is affected by the inability to have a permanent staff which is familiar with the golf courses, proper equipment operations and dependable performances.

- Irrigation upgrades were accomplished without proper design and implementation, leading to ineffective water distribution. An investment in irrigation renovation would be substantial and not feasible within the current budget.

- To enhance and attract local play to each facility playing feature renovations are needed. This would include additional/new teeing grounds to accommodate equipment advances, on course drainage to expedite the rapid removal of water from the properties throughout the playing season, fairway contouring to accentuate design features and strengths of each golf course, and a tree/underbrush management plan for improved agronomic growing conditions.

- The par three golf courses have tremendous upside as reviewed during the afternoon tour and can become attractive as learning centers for teaching the game, junior and senior playing opportunities, leagues and outings.

- Due to the spring time flooding it may be necessary to revamp the current pumping station scenario to avoid annual repairs to the pumping mechanisms, thereby contributing to the rise in operating budgets.

- With key supervisors approaching retirement there is a need for a qualified replacement to be trained and to have the knowledge of each property.

- If the city recognizes the potential and is willing to supply proper finances for equipment, feature upgrades and personnel issues, each property could provide income. The current competition from new facilities outside city limits will continue to draw away income. Improvements are justified and warranted.

SCOPE OF WORK TO BE ACCOMPLISHED

Following is a review of potential work to be accomplished over a pre-determined schedule, according to a long range plan.

The first objective of this agenda would be to establish this long range plan which would serve as a guide for current and future golf course maintenance. Without this plan or a set of golf course standards, the work required will not be accomplished in a systematic fashion, resulting in added and ongoing financial burdens.

MAINTENANCE FACILITIES

The current age and condition of each maintenance building contributes to the decline of equipment operated, staff production, and costs of repair and maintenance of existing equipment fleets. Without proper storage, whether inside each building or at a minimum, dry storage cover for supplies, the loss of revenue increases due to exposure. In addition, without proper staffing, the internal organization of the facilities to provide a proper and functional working environment is lacking.

- First and foremost funding should be allocated to upgrade each facility to provide a quality work place and to protect equipment.

- Proper office space for staff and mechanical managers is needed to protect the equipment investment.

- Covered dry storage facilities must be erected to protect larger pieces of machinery.

- Pesticide storage should be considered to meet various permitting issues.

- Proper tools and equipment are needed to repair units.

- Tools for on-course work are lacking and without this equipment support, work is delayed.

GOLF COURSE PLAYING FEATURES

- The putting greens were protected from winter damage at the time of our tour. However, the primary playing surface is a combination of annual and perennial varieties of Poa. This turf is susceptible to all types of environmental impacts which affect playing quality. It is fortunate the golf course management is equipped to continue to provide proper playing conditions each year. However, with declining budgetary support, there are no guarantees of good conditions in the future.

- The most notable addition to enhance conditioning would be a thorough internal drainage plan for each low-lying golf course. For example, the underlying soils at Windsor Park are mostly peat which holds water, creating wet and unacceptable playing conditions during spring thaws and heavy rains, keeping play away even after water has receded.

- Though sand bunkering may not be an immediate priority, the occasional sand hazard, properly positioned and constructed, will add to the challenge of each 18- hole facility. Do not "over bunker" any property due to the impact to play and maintenance.

- Fairway contouring would be helpful to enhance and highlight the original designs of these historic properties. Proper contouring will add to and highlight the playing challenges.

- If financially feasible Winnipeg should establish a golf course renovation fund to be dedicated to the necessary design upgrades. This fund should be a rolling fund so annual contributions are allocated from a constant funding source. An ideal goal would be $100,000 each year per facility.

PROPER GOLF COURSE STAFFING NUMBERS

If possible each golf course should have a dedicated staff that understands and has learned the various characteristics of each property. A trained and knowledgeable staff eases maintenance schedules, adds to efficiency and produces a consistent product for those who play.

- Each property should have a "permanent" staff of two laborers and either a full or part-time mechanic to provide equipment repair services. If a mechanic for each property is questionable then a "central maintenance" concept should be explored.

- Provide a property superintendent to manage all four golf courses with appropriate assistant managers who are on site daily. There is a need for uniform accountability for each facility and course.

- A similar situation could be established regarding equipment support, with a course-wide supervisor and on-course assistant supervisors.

- Temporary or seasonal labor must have a proper training before being allowed to perform daily maintenance or operate valuable turf equipment.

THE GOLF CONVERCENCE WIN FORMULA EVALUATION – WHAT NEED'S TO BE DONE

Maintenance building upgrades – A

Golf course equipment requirements – A

Proper staffing amounts and regular training – A

Suitable and proper golf course feature enhancement – B-

Adequate agronomic supplies including efficient equipment to rapidly accomplish routine tasks. – B+

Irrigation and drainage plans to reduce the financial impact to each golf course and improve laying conditions – B

Establish a long range golf course operational plan to include a "wish-list" of on course enhancements – C+

THOUGHTS AND OBSERVATIONS

There is no questioning the desire to improve and enhance each inner city golf course for the enjoyment of the citizens of Winnipeg. The commitment to support this desire, however, must come from City Hall. Proper funding is necessary to accomplish these tasks and alleviate the operational shortcomings discussed. The potential is unlimited if the commitment follows. The staff and city personnel encountered have the best interests of the golf courses and those who play them at heart. Improvement will require time, finances and operational imagination to recognize the potential.

This concludes the summary of topics discussed during our tours of the golf courses.

Appendix F –

Maintenance Equipment Listing

GREENS						Capital Reserve
Course Name	Windsor, Kildonan, Crescent Drive, Harbour View					Required
Input Field				Input Field		Input Field
Quantity		Unit Cost	Automatically Calculated	Age of Equipment	Life of Equipment (Years)*	Automatically Calculated
0	Walk-behind putting green mowers	2,000	0	5	12	0
6	Triplex putting green mowers with grooming attachments	13,000	78,000	5	7	55,714
1	Sets of vertical mowing reels for triplex mowers	2,000	2,000	4	5	1,600
2	Walk-behind core aerifiers	8,750	17,500	8	7	20,000
0	Tow-behind, heavy-duty topdressing machine	6,000	0	4	10	0
1	Plug pusher or core harvester (may not need to have one on site, could borrow or share)	10,000	10,000	3	3	10,000
0	Spiker or spiker attachments for a triplex mower	2500	0	7	7	0
3	Light-duty, cyclone topdressing machine	10,000	30,000	10	9	33,333
0	Deep tine aerifier (optional – could contract out the service)	15000	0	10	10	0
	Subtotal		137,500			120,648
	TEES					
4	Triplex putting green mowers	12,000	48,000	9	9	48,000

	FAIRWAYS					
4	Lightweight, self-contained 5-gang mowers	22,500	90,000	5	5	90,000
1	Cam-driven fairway aerifier (could borrow or contract out)	0	0	5	5	0
0	Heavy-duty topdresser/material handler (optional)	25,000	0		10	0
	Subtotal		90,000			90,000
	ROUGH					
0	Multi-deck rotary rough mower(s) or Tractor pulled 5-gang reel unit(s)	45,000	0		10	0
0	Tractor pulled 5-gang reel unit(s)	18,000	0		10	0
8	Riding rotary deck mowers (52" - 72")	11,500	92,000	4	4	92,000
4	Triplex trim mowers (for tee/green surrounds and bunkers)	13,000	52,000	5	5	52,000
	Subtotal		144,000			144,000
	TRANSPORTATION VEHICLES					
2	Heavy-duty utility vehicles	4,500	9,000		5	0
7	Light-duty transportation vehicle(s)	3,500	24,500		7	0
	Subtotal		33,500			0
	TRACTORS AND TRUCKS					
2	Utility tractors with PTO	11,000	22,000	12	12	22,000
0	Skiploader with backhoe	45,000	0		12	0
0	Dump truck (optional or rent as needed)	35,000	0		7	0
1	Pickup truck	15,000	15,000	5	5	15,000
	Subtotal		37,000			37,000

	SPRAYERS AND SPREADERS					
0	Computerized sprayer (150-200 gallon size for greens)	30,000	0		5	0
0	Tow-behind sprayer (250-300 gallon size for fairways)	12,000	0		12	0
8	Back pack sprayers	75	600		2	0
0	Hand-held, pump-type sprayers	25	0	2	2	0
4	Rotary fertilizer spreaders	117	468	3	3	468
0	Drop fertilizer spreader(s)	250	0		5	0
0	Large volume fertilizer spreader(s)	4,000	0		7	0
	Subtotal		1,068			468
	UTILITY EQUIPMENT					
1	Riding bunker rake(s)	12,000	12,000	5	5	12,000
0	Sweepers	15,000	0		6	0
2	Tractor-mounted blower(s)	4,000	8,000	7	7	8,000
0	Dump trailer	6,000	0		5	0
0	Chipper (could rent as needed)	0	0		10	0
0	Trencher (could rent as needed)	0	0		9	0
0	Tractor-mounted slicer/seeder	8,000	0		12	0
0	Sod cutter	4,000	0		7	0
0	Walk-behind vertical mower(s)	7,000	0		7	0
	Subtotal		20,000			20,000
	SMALL EQUIPMENT					
7	20" - 24" rotary mowers	125	875	1	1	875
10	String-line trimmers	88	880	3	3	880
0	Backpack blowers	225	0		5	0
6	Edgers	67	402	5	5	402
4	Chain saw(s)	350	1,400	5	5	1,400
	Subtotal		3,557			3,557
	Total		514,625			463,673

(Note: most of the equipment exceeds life expecatancy)

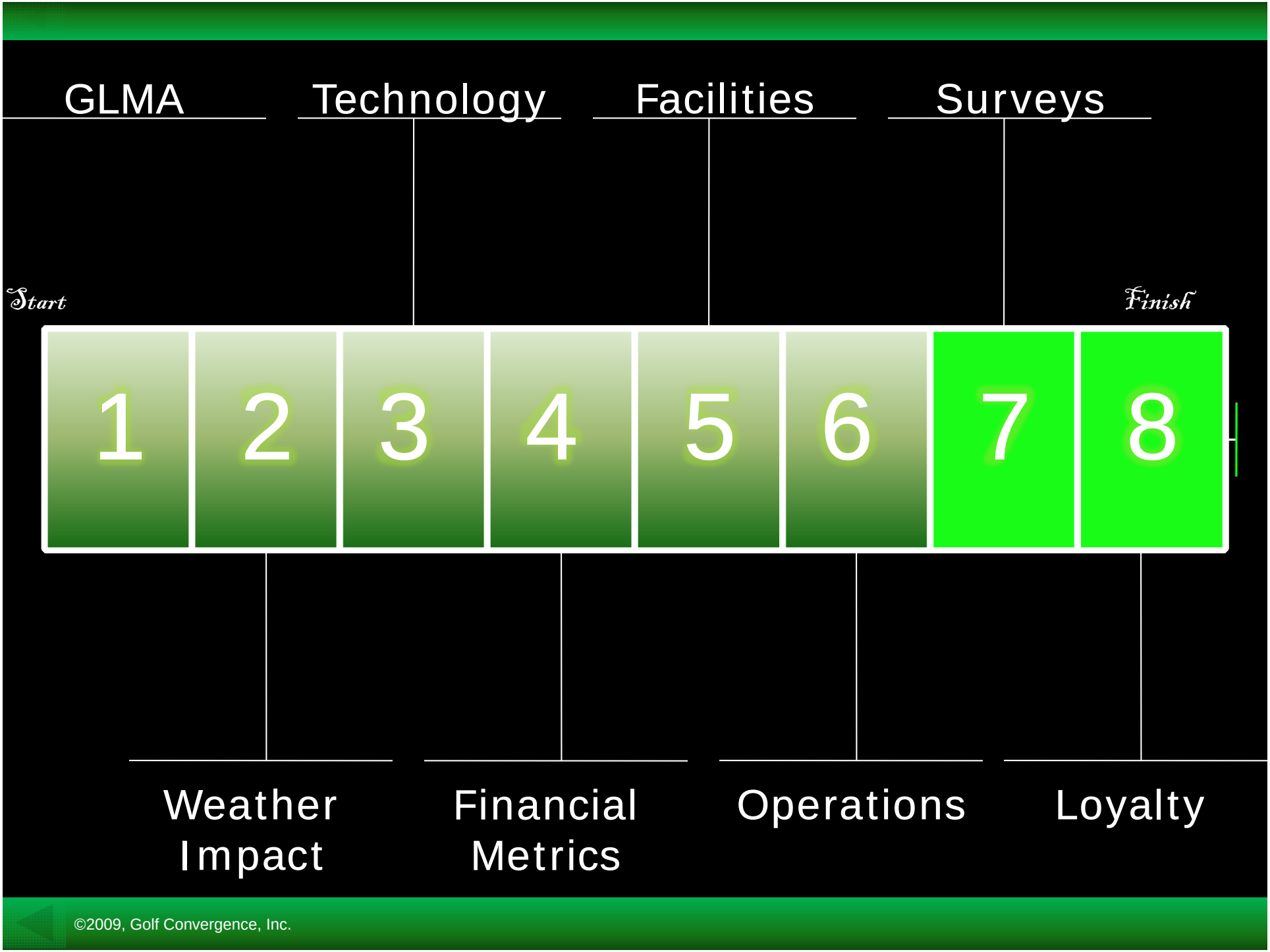
Appendix G –

Golf Preference Survey

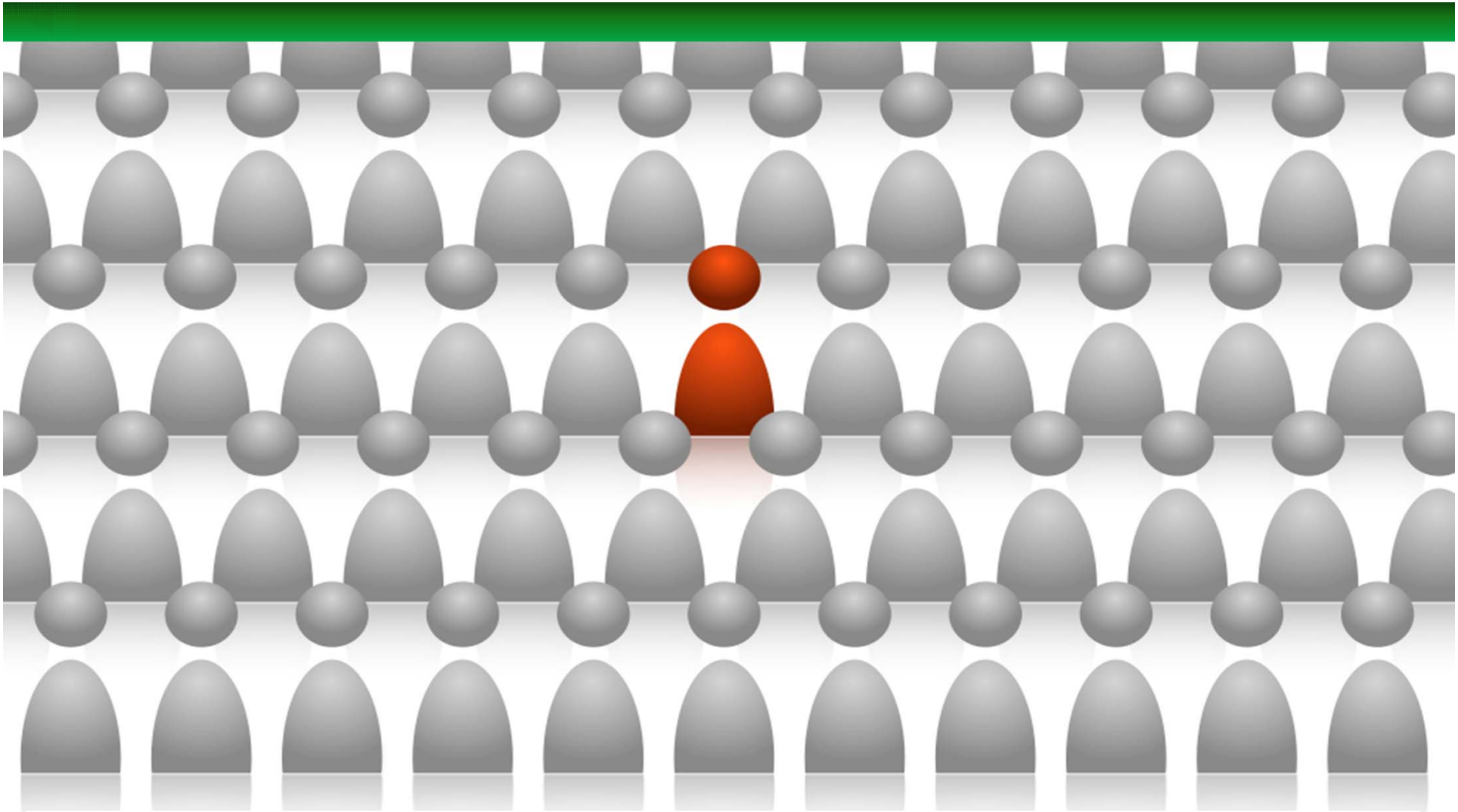


Customer Survey

©2009, Golf Convergence, Inc.

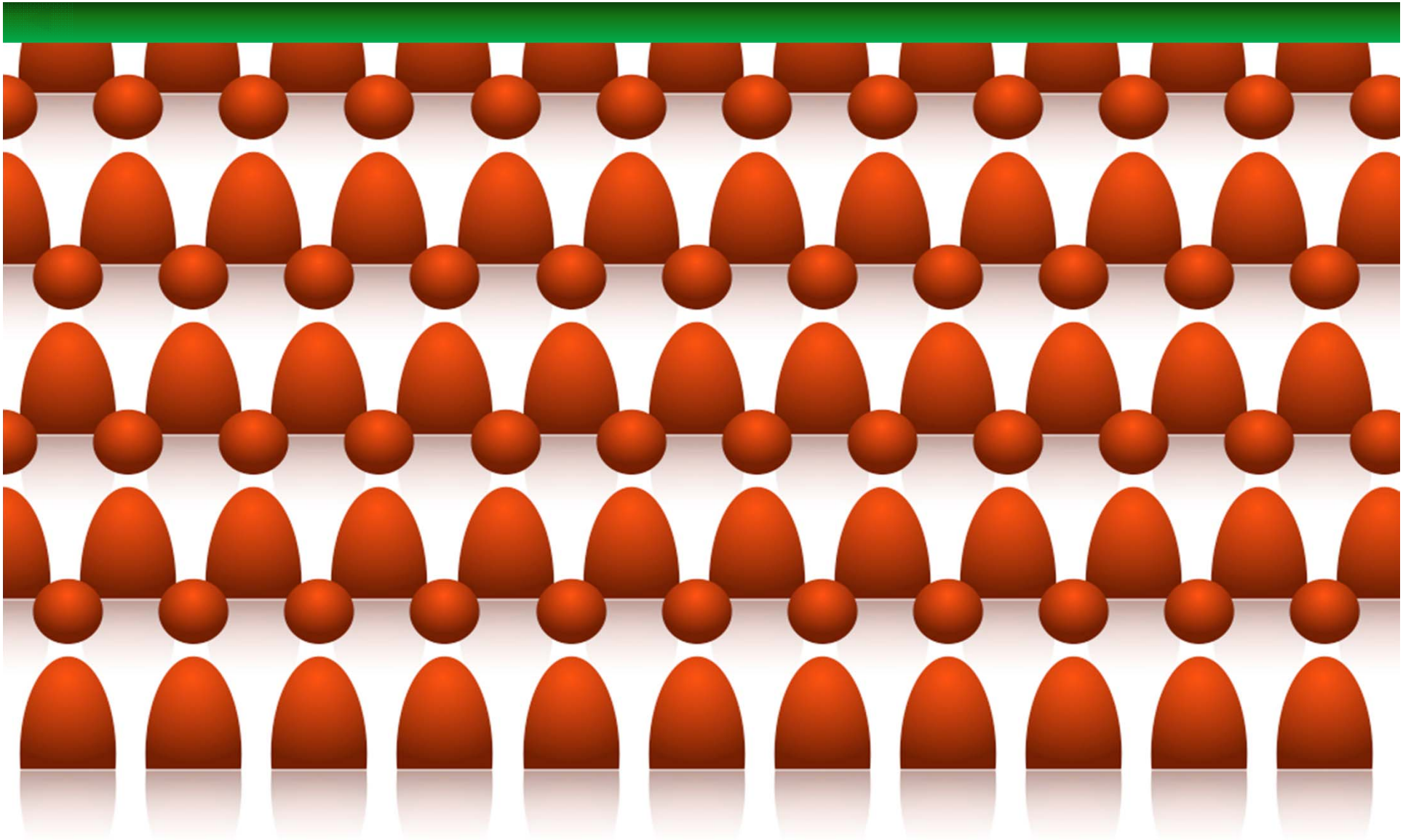


©2009, Golf Convergence, Inc.



Survey Sample:	9,916 individuals emailed
Survey Response:	1,928 responses
Survey Completion:	87.6%

©2009, Golf Convergence, Inc.



Confidence Level:	99%
Margin of Error:	+- 1%

©2009, Golf Convergence, Inc.

Who Is Your Customer?
City of Winnipeg

Gender Demographics - Winnipeg

Gender	Survey Response	National Average	Index
Male	77.5%	55%	141
Female	22.5%	45%	50

General Demographics – Drive the Ball			
Gender	Survey Response	National Average	Index
Male	78.3%	55%	142
Female	21.7%	45%	48

Drive the Ball Slightly More Male

©2009, Golf Convergence, Inc.

Who Is Your Customer?

Age Demographics			
Age group	Survey Response	National Average	Index
Junior (0-17)	0.4%	24.0%	2
Student (18 - 23)	2.4%	8.0%	30
Young Adult (24-34)	9.7%	15.0%	65
Adult (35 - 59 and older)	59.7%	35.0%	171
Senior (60 and older)	27.7%	18.0%	154
Age Demographics			
Age group	Survey Response	National Average	Index
Junior (0-17)	0.4%	24.0%	2
Student (18 - 23)	2.4%	8.0%	30
Young Adult (24-34)	9.7%	15.0%	65
Adult (35 - 59 and older)	59.7%	35.0%	171
Senior (60 and older)	27.7%	18.0%	154

Yes: The Age Demographics are Identical

©2009, Golf Convergence, Inc.

Who Is Your Customer

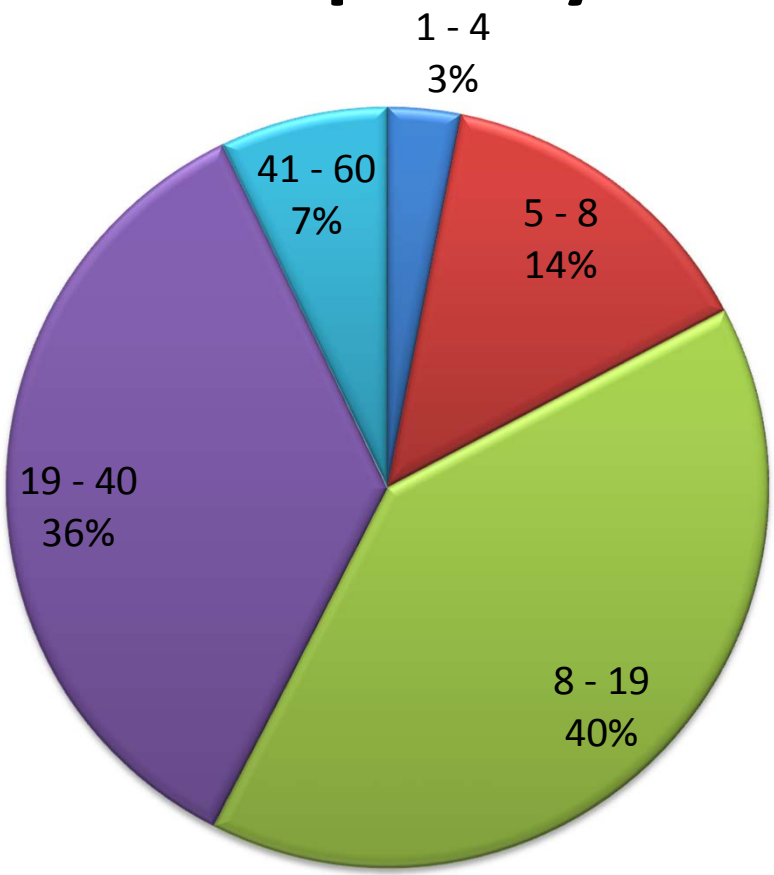
Household Income Demographics - Winnipeg

Household income ($s)	Survey Response	National Average	Index
0 - 34,999	7%	5%	130
35,000 - 49,999	15%	10%	146
50,000 - 74,999	26%	25%	104
75,000 - 99,999	25%	35%	71
100,000 - $249,999	27%	23%	117
$250,000 or more	1%	2%	50
Household Income Demographics – Drive the Ball			
0 - 34,999	7%	5%	142
35,000 - 49,999	13%	10%	126
50,000 - 74,999	25%	25%	98
75,000 - 99,999	24%	35%	69
100,000 - $249,999	30%	23%	130
$250,000 or more	2%	2%	80

Drive the Ball Slightly Richer

©2009, Golf Convergence, Inc.

How Many Different Golf Course Do You Play? DTB Plays 8% More Frequently



©2009, Golf Convergence, Inc.

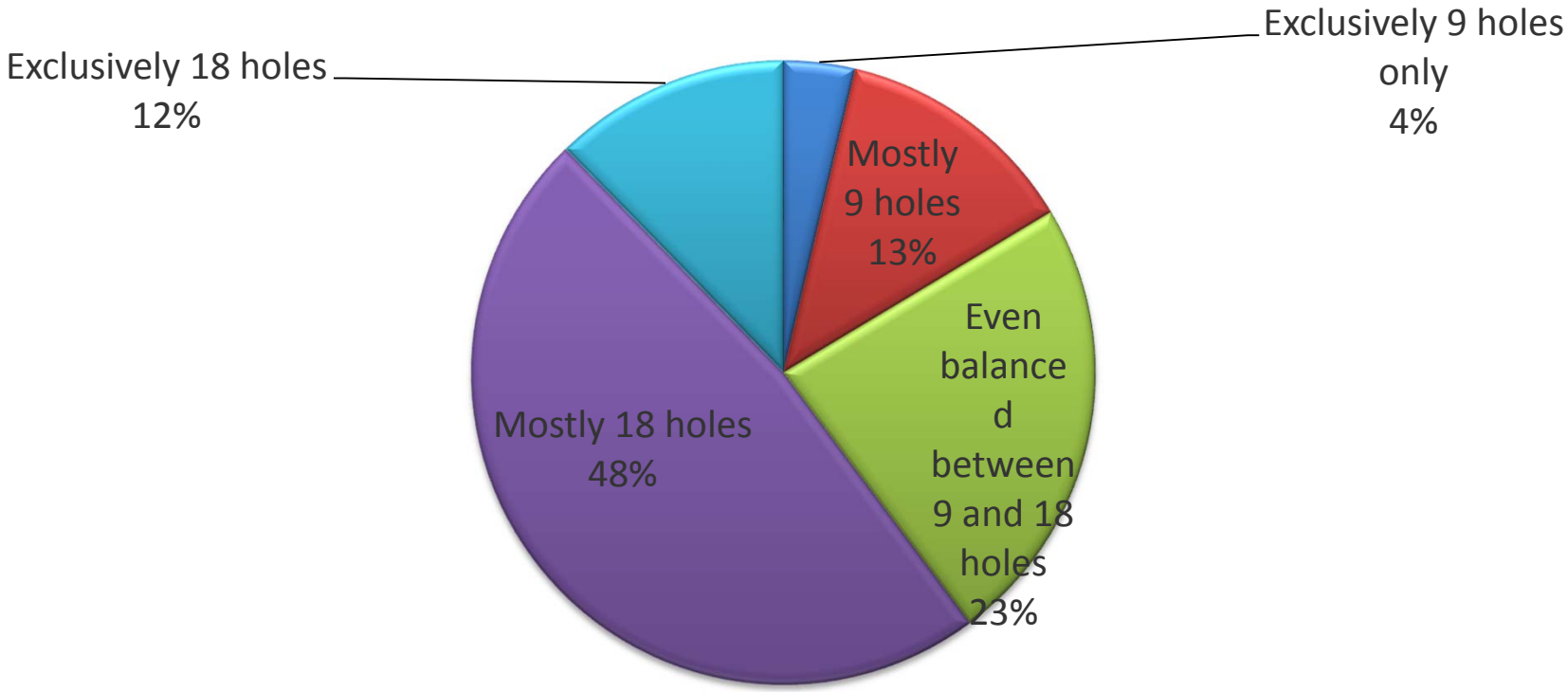
Postal Code Distribution of DTB Respondents



DTB Respondents more distributed around Winnipeg particularly Southwest and Northeast

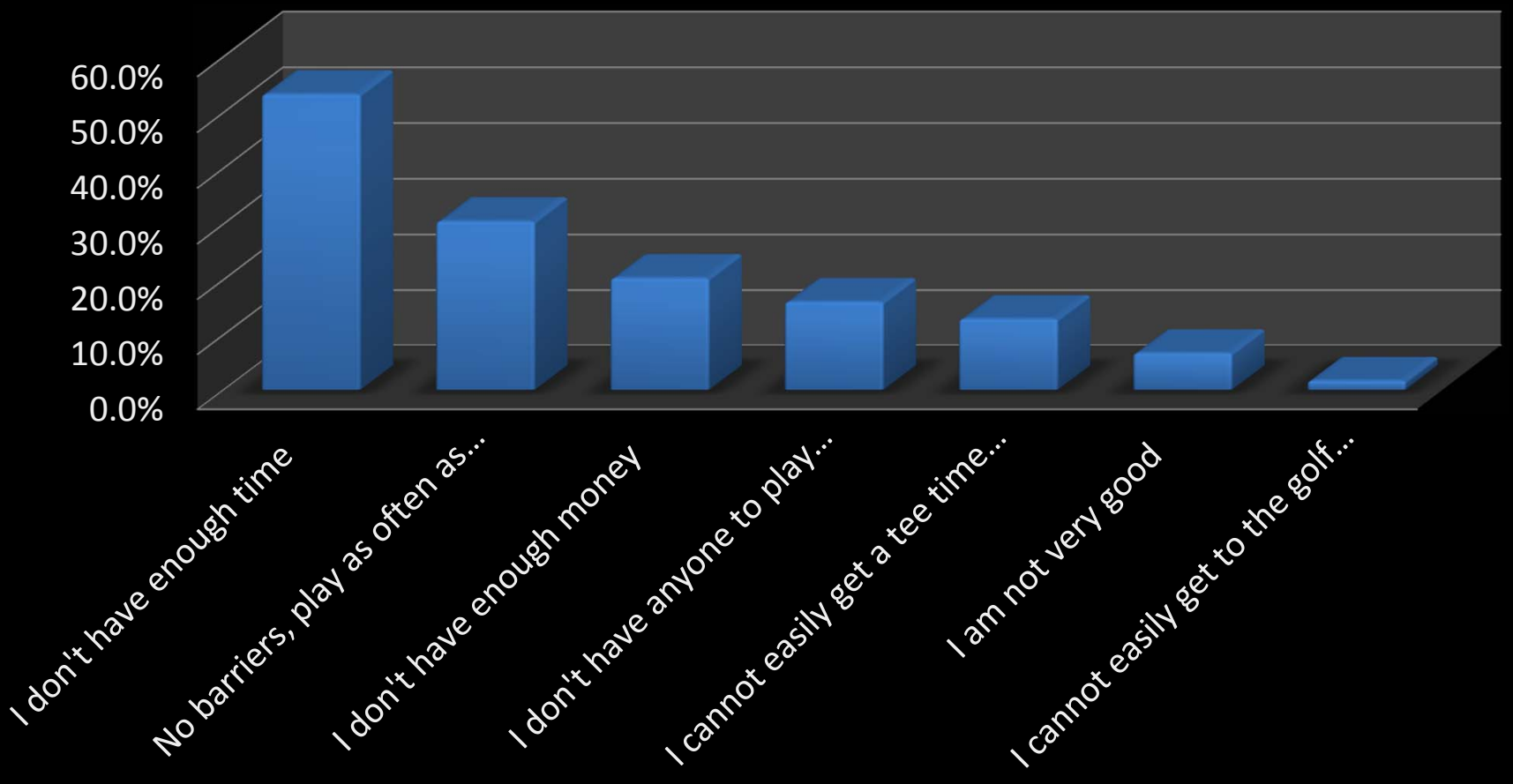
©2009, Golf Convergence, Inc.

How many holes do you usually play? DTB plays 18 holes 10% less frequently



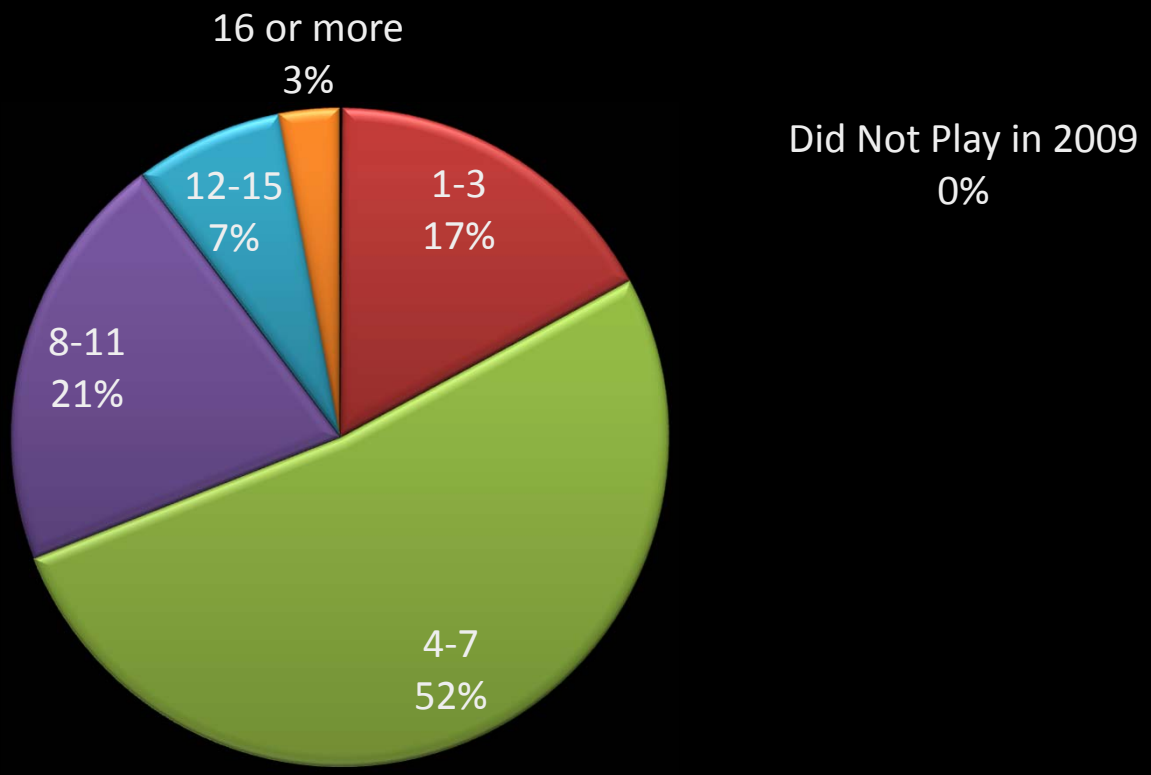
©2009, Golf Convergence, Inc.

Primary Barriers to Playing Money – Two Surveys: Same Rank Order



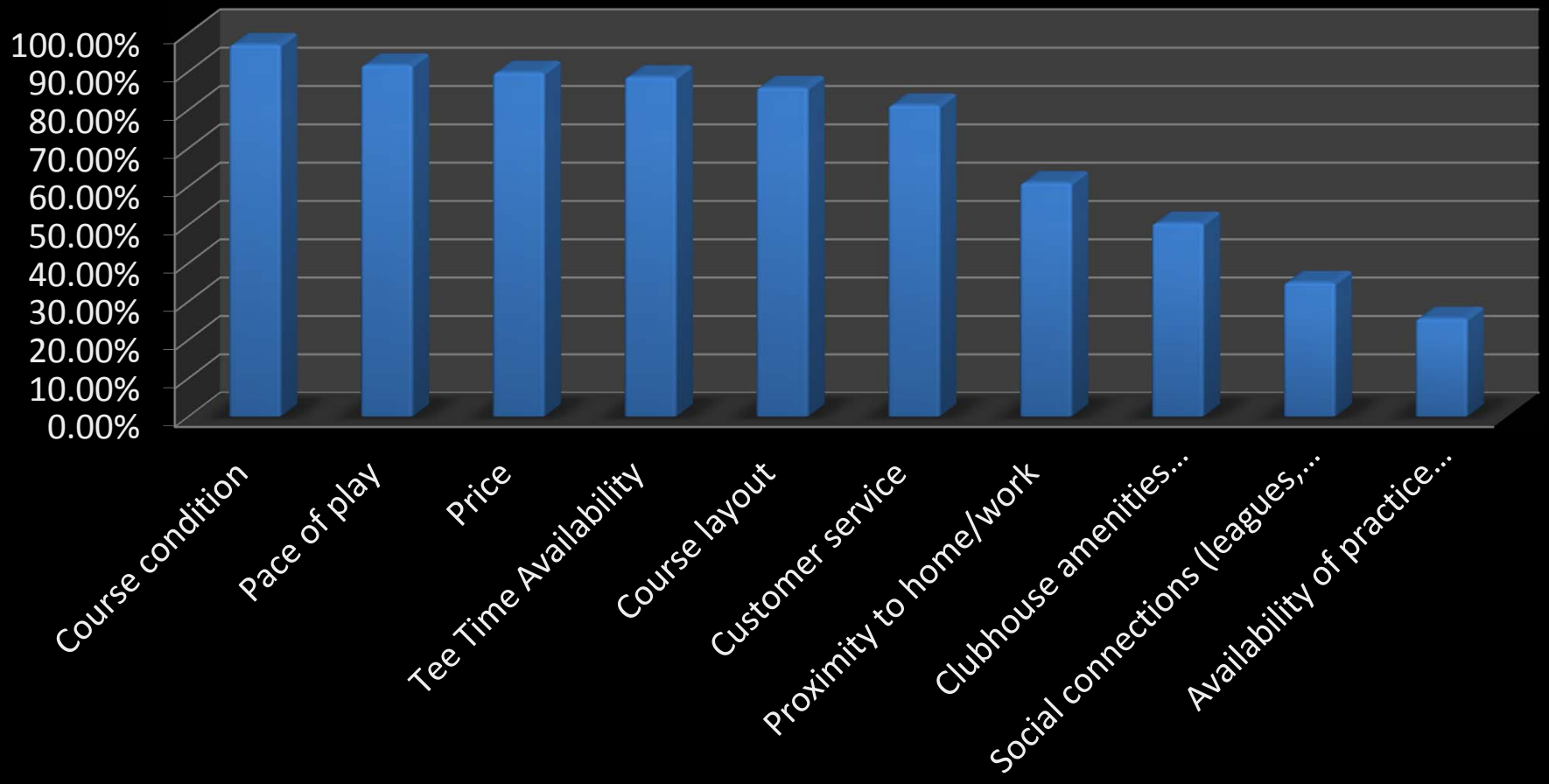
©2009, Golf Convergence, Inc.

How many different golf courses have you played in the last 12 months? DTB plays 7% more courses



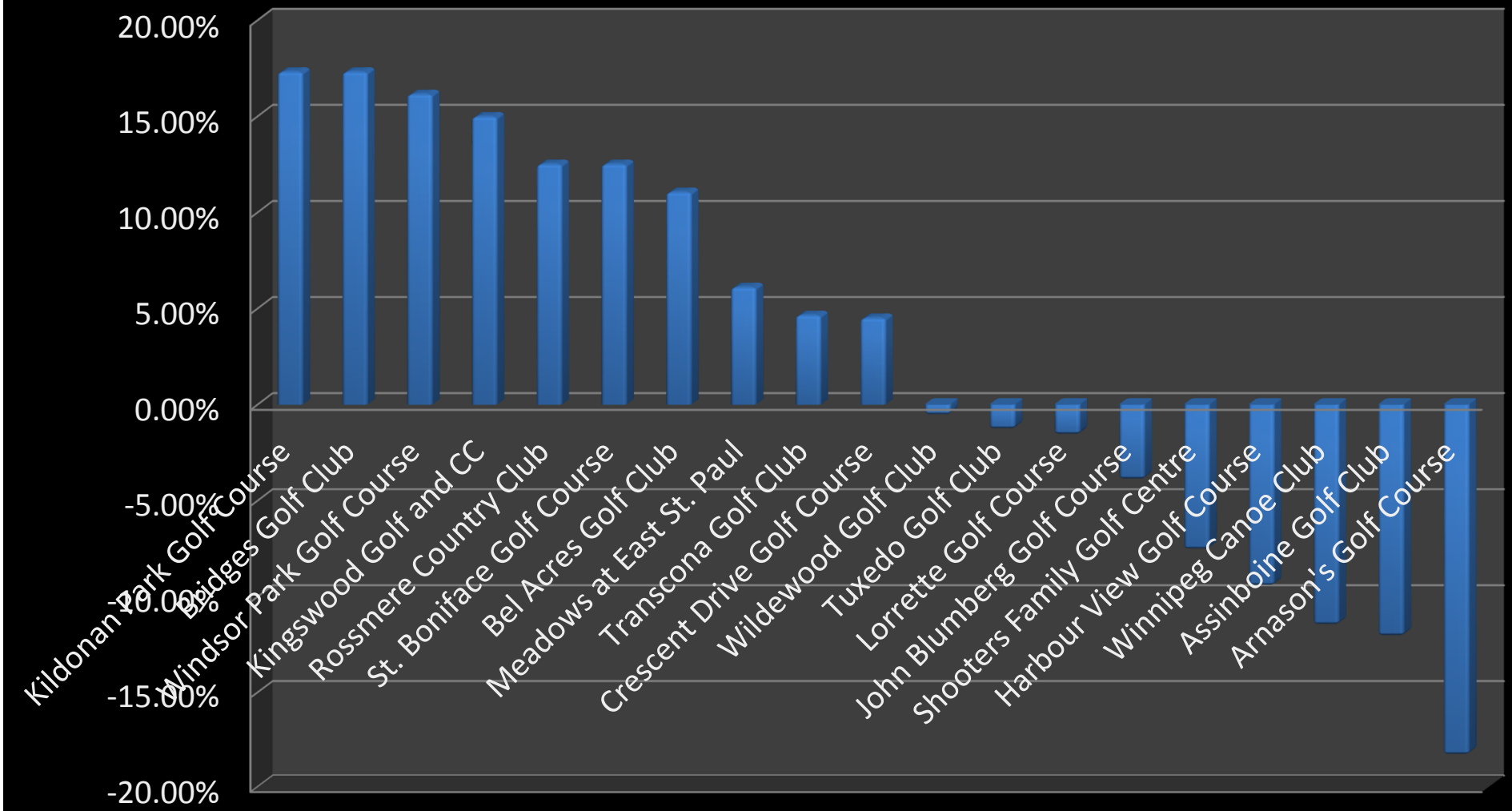
©2009, Golf Convergence, Inc.

Importance – Identical Between Two Surveys



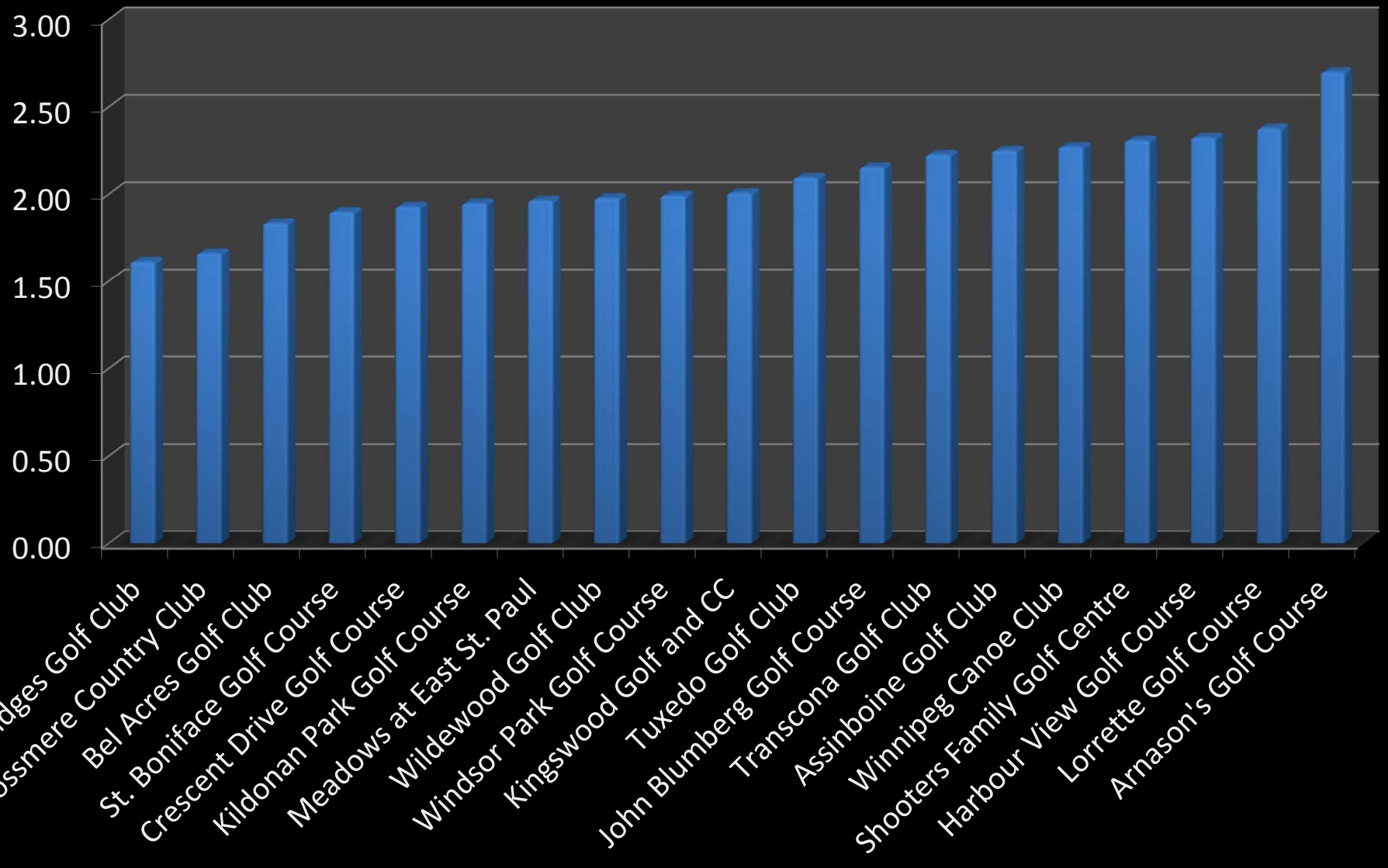
©2009, Golf Convergence, Inc.

Customer Loyalty – DTB #1 Same But Bridges, Windsor Rank Higher



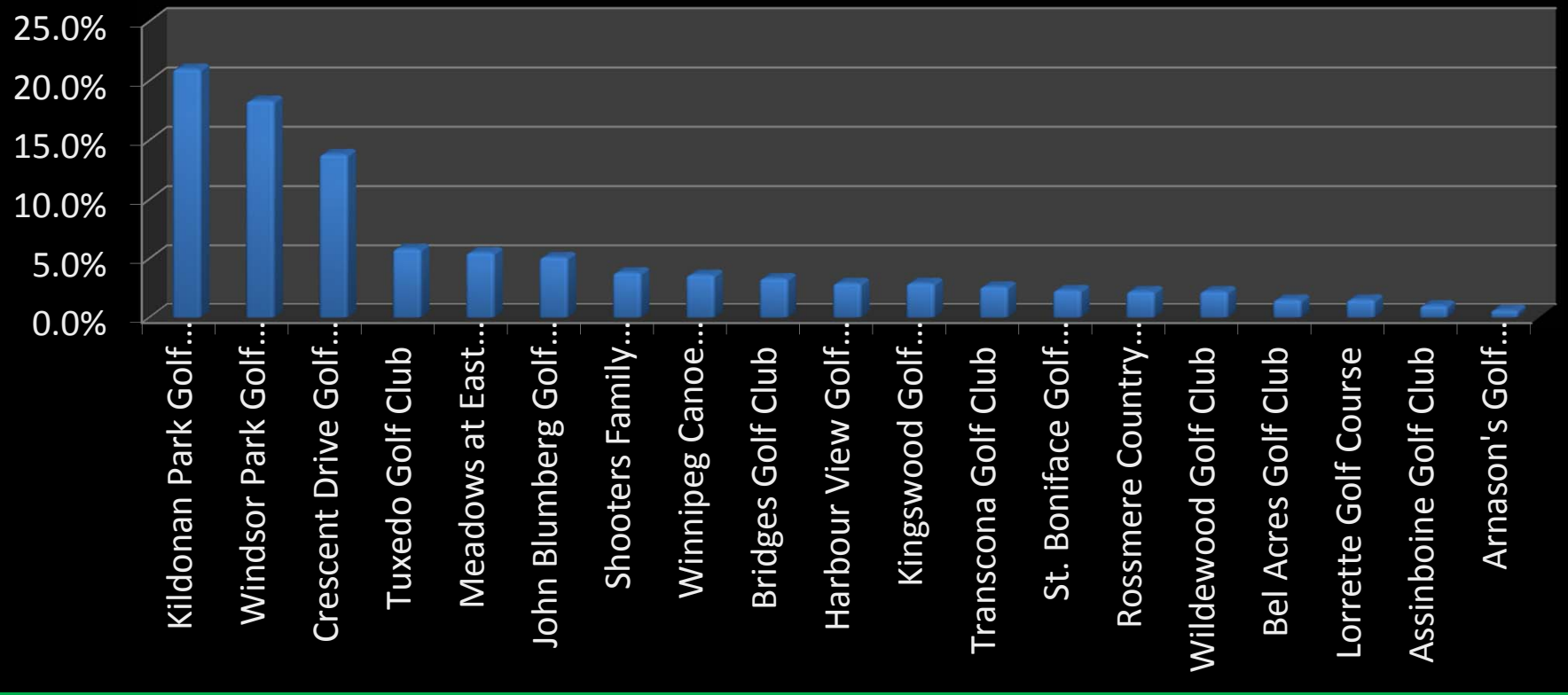
©2009, Golf Convergence, Inc.

Favorites



©2009, Golf Convergence, Inc.

Course Play Most Often – First Two Same, Crescent and Tuxedo Played More Frequently



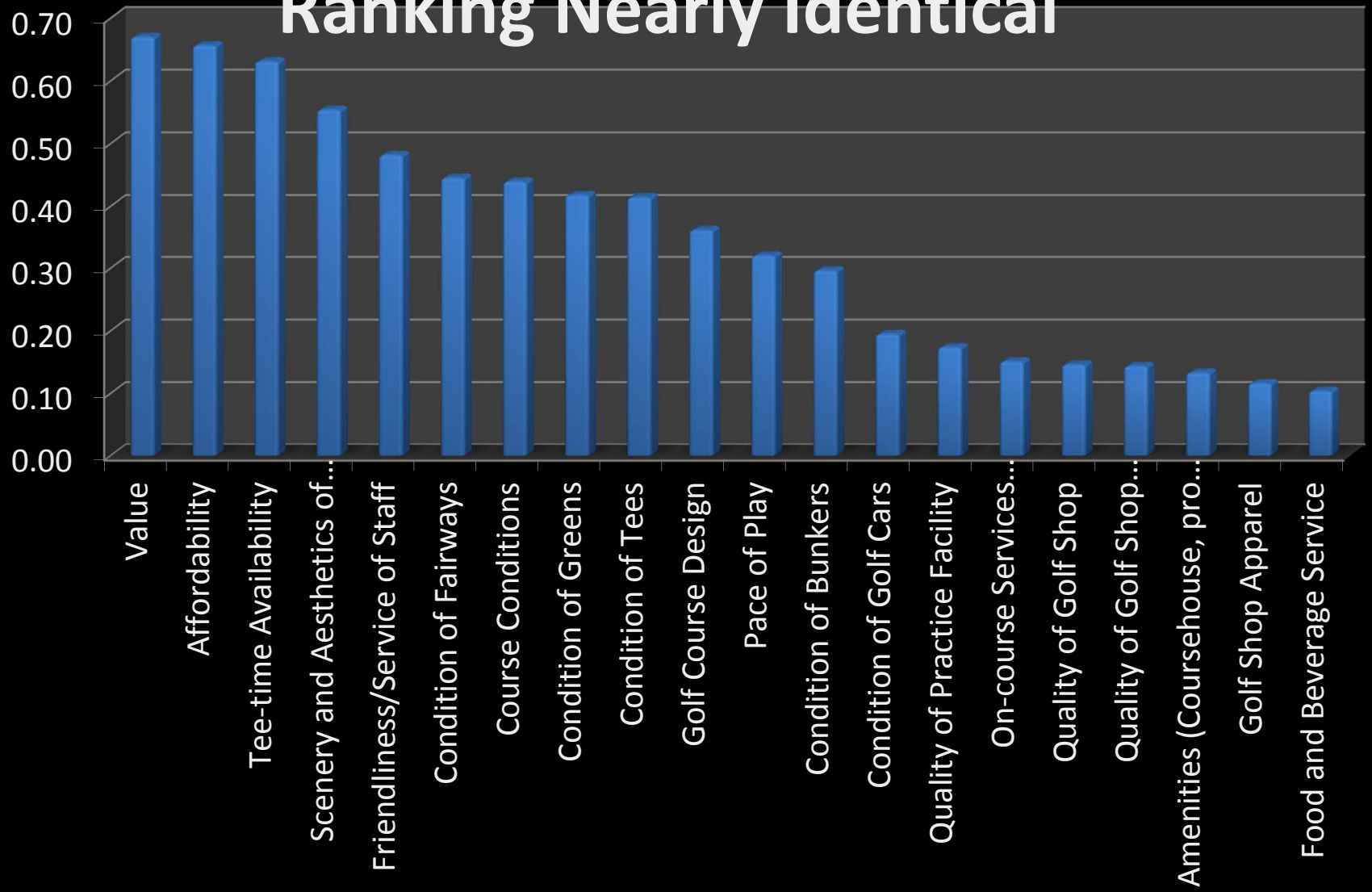
©2009, Golf Convergence, Inc.

Have you played at any of the City's Courses in the past 12 months? DTB Played 7% more



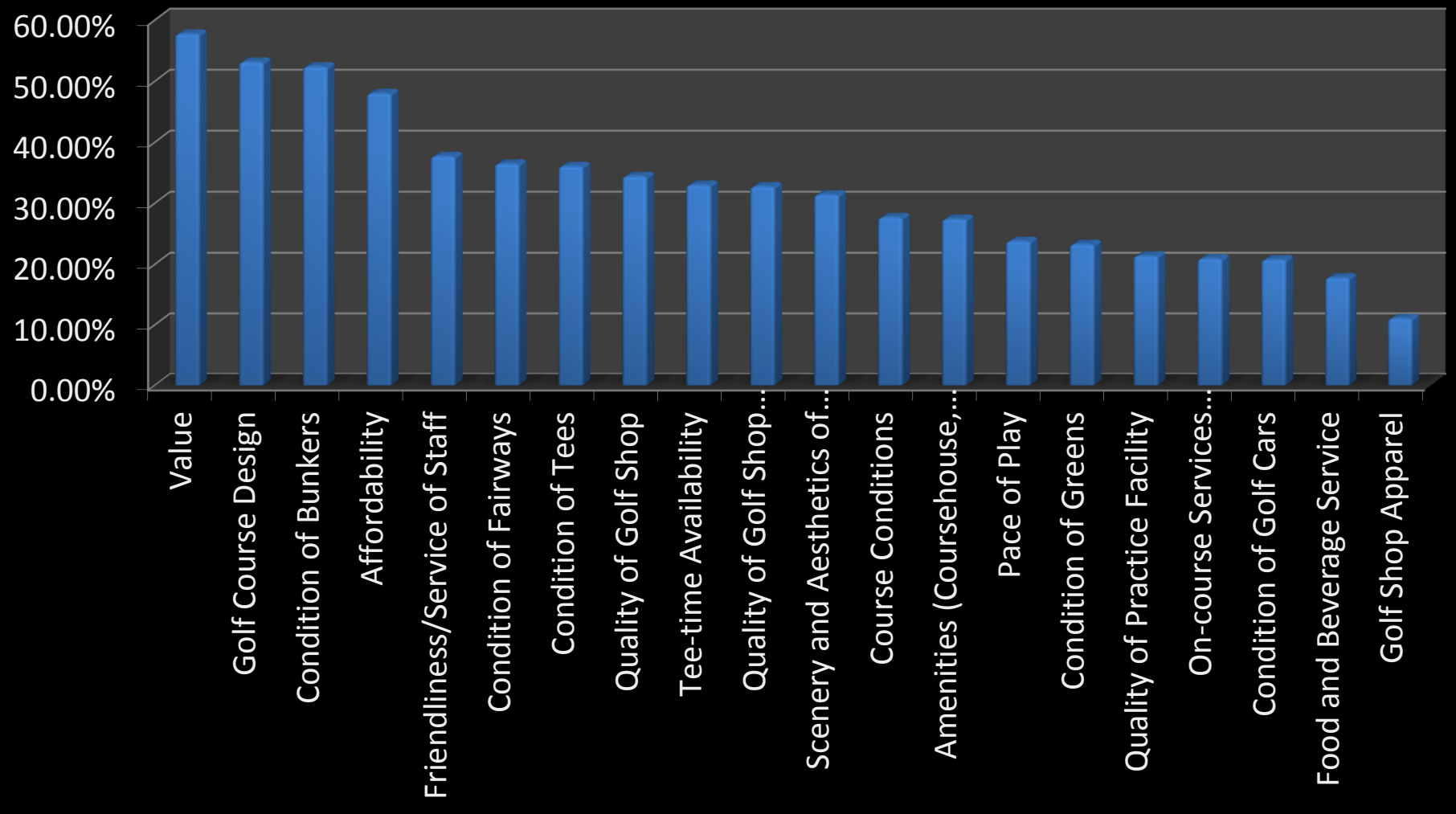
©2009, Golf Convergence, Inc.

Crescent Drive Customer Satisfaction Ranking Nearly Identical



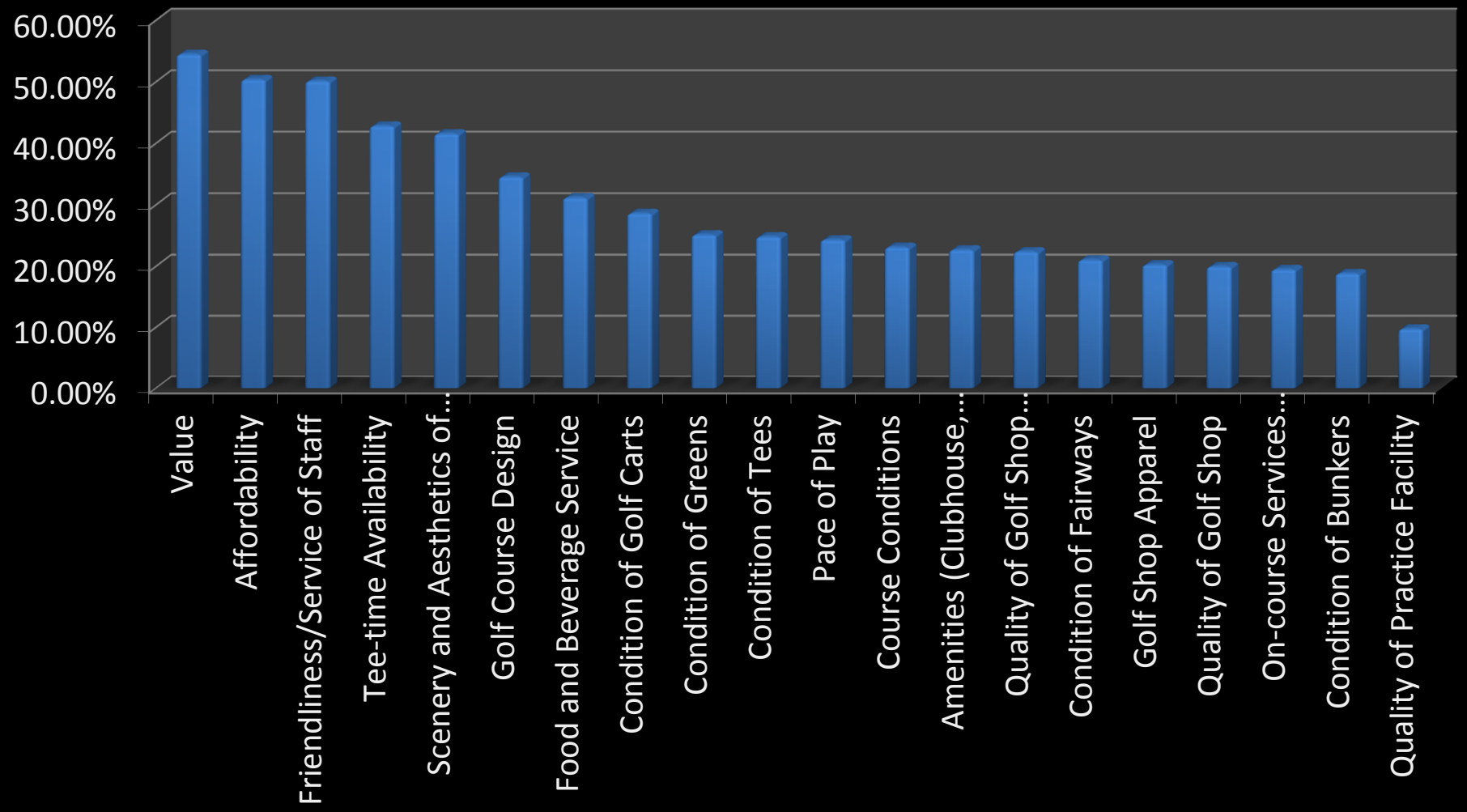
©2009, Golf Convergence, Inc.

Kildonan Customer Satisfaction - Ranking Identical



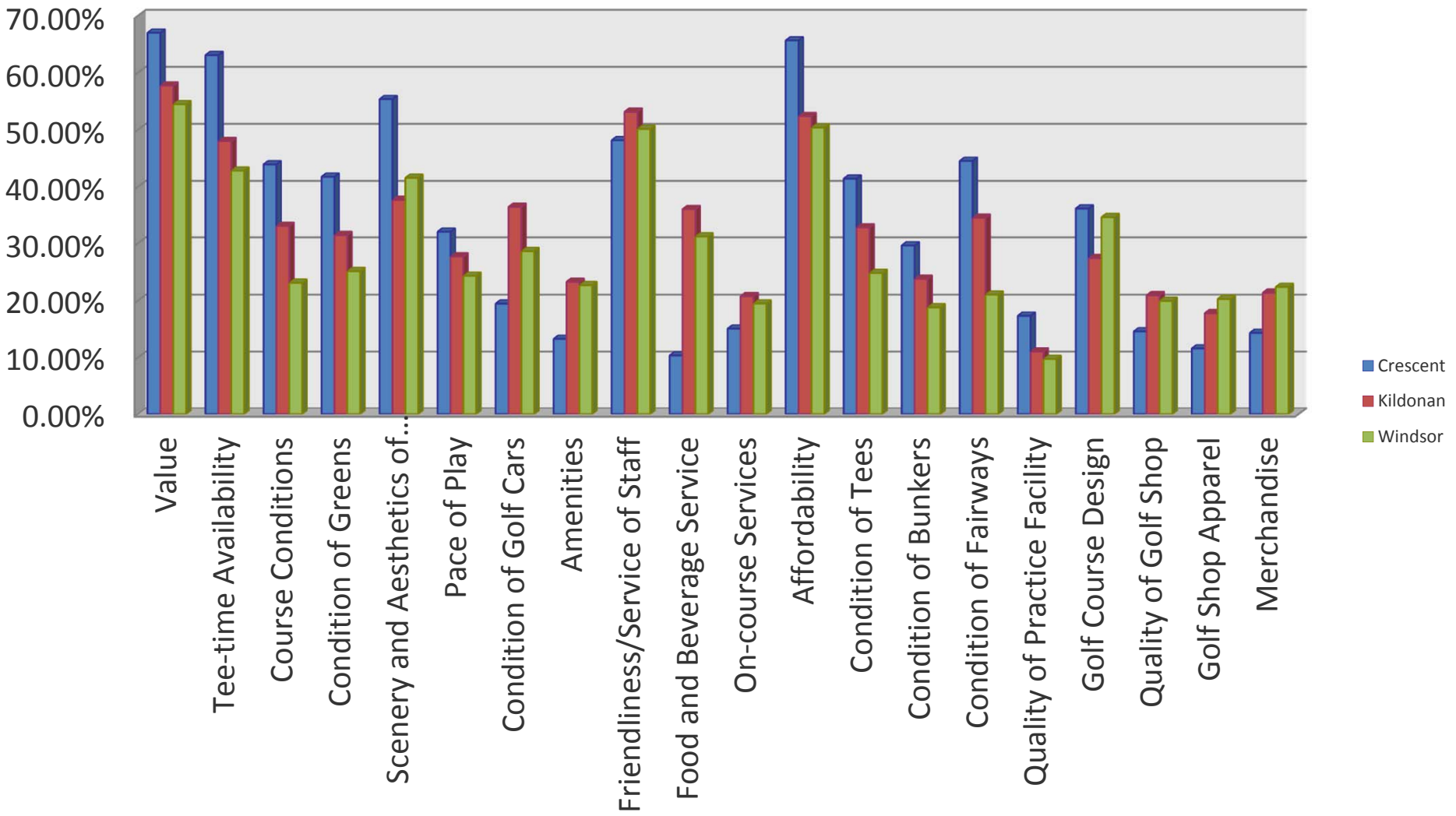
©2009, Golf Convergence, Inc.

Windor Park Customer Satisfaction – Value Still #1, Others Shuffled



©2009, Golf Convergence, Inc.

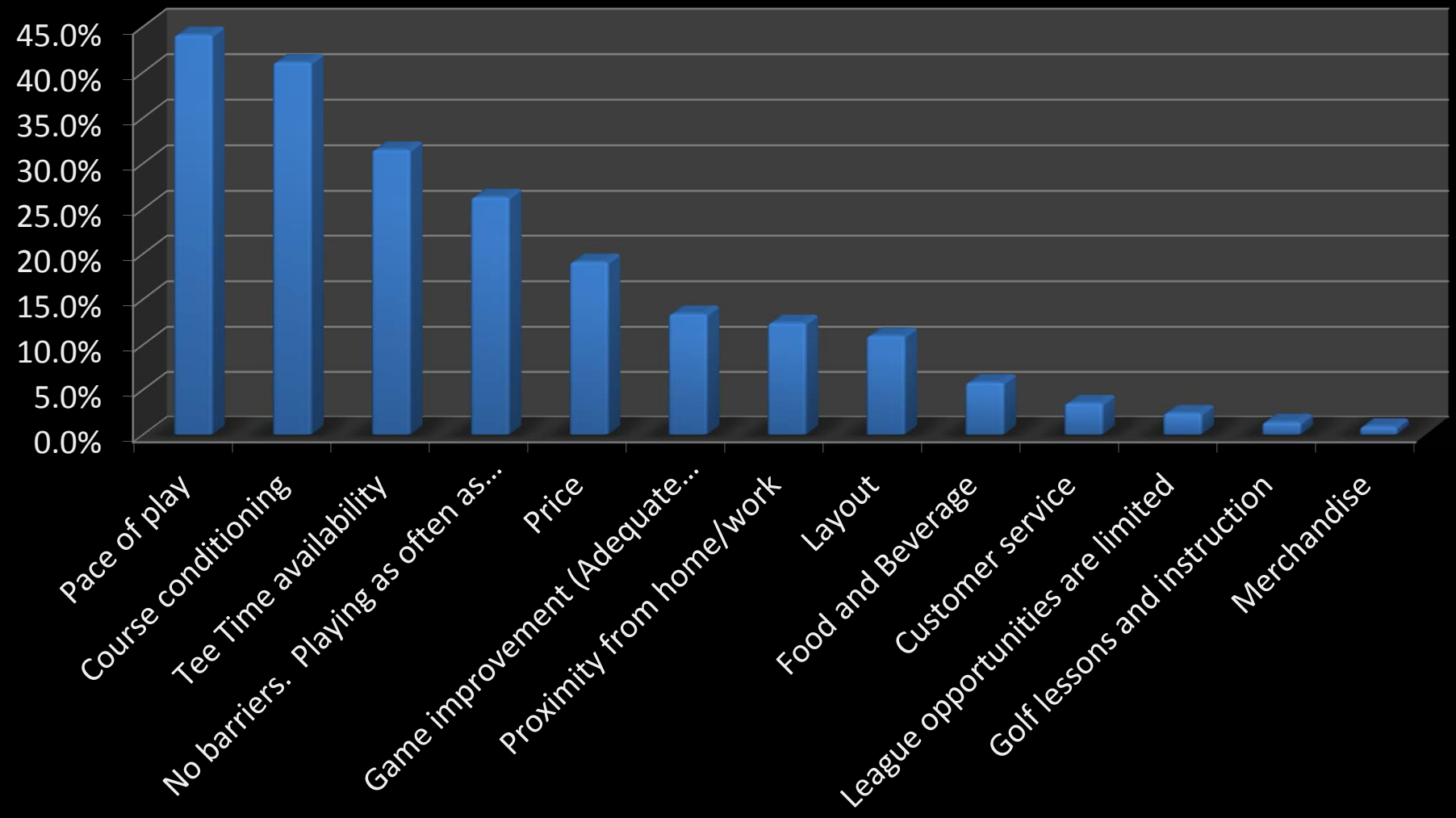
Course Comparison



Ranking: Crescent First 12, Kildonan 6, Windsor 2

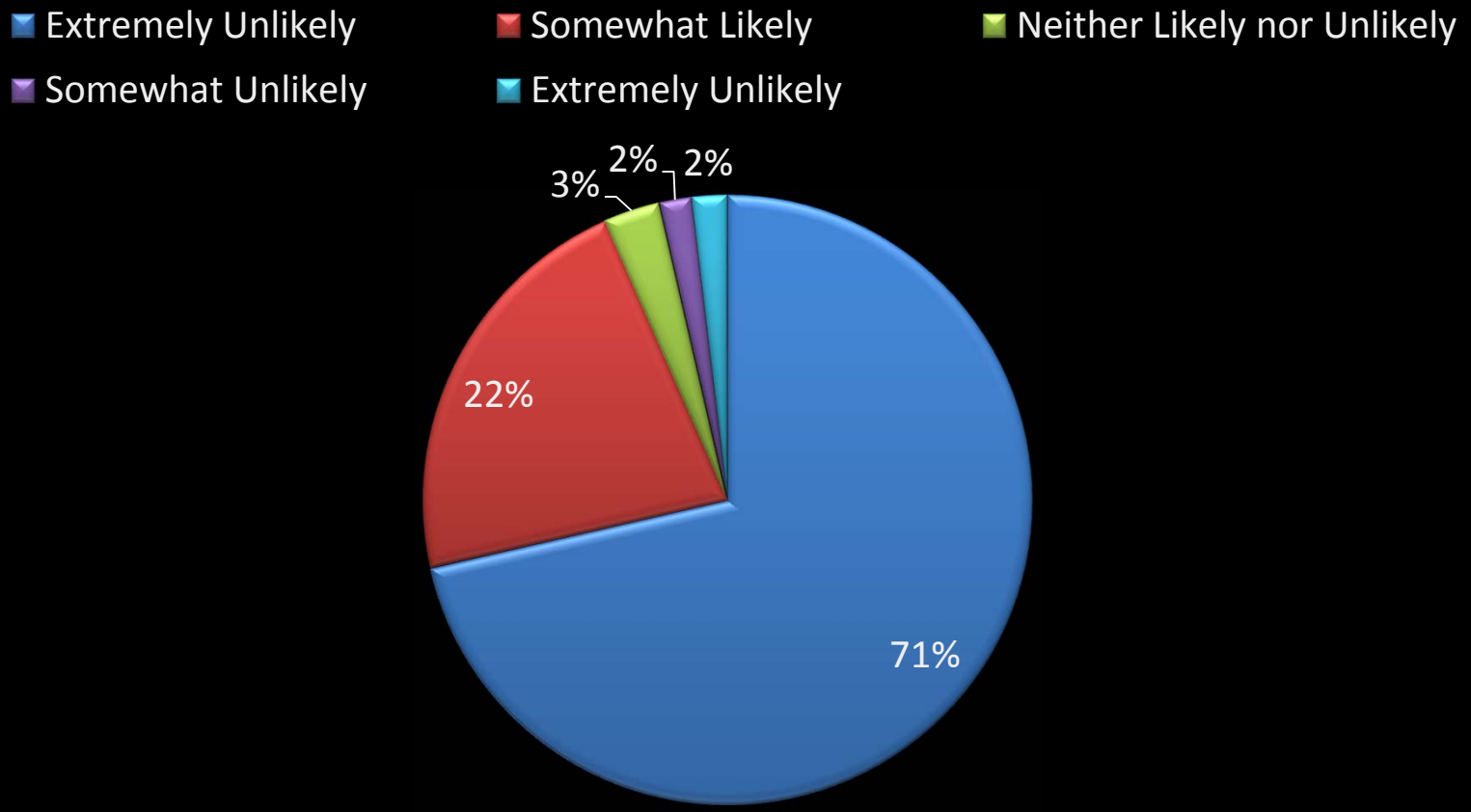
©2009, Golf Convergence, Inc.

Response Percent – Rank Order Nearly Identical



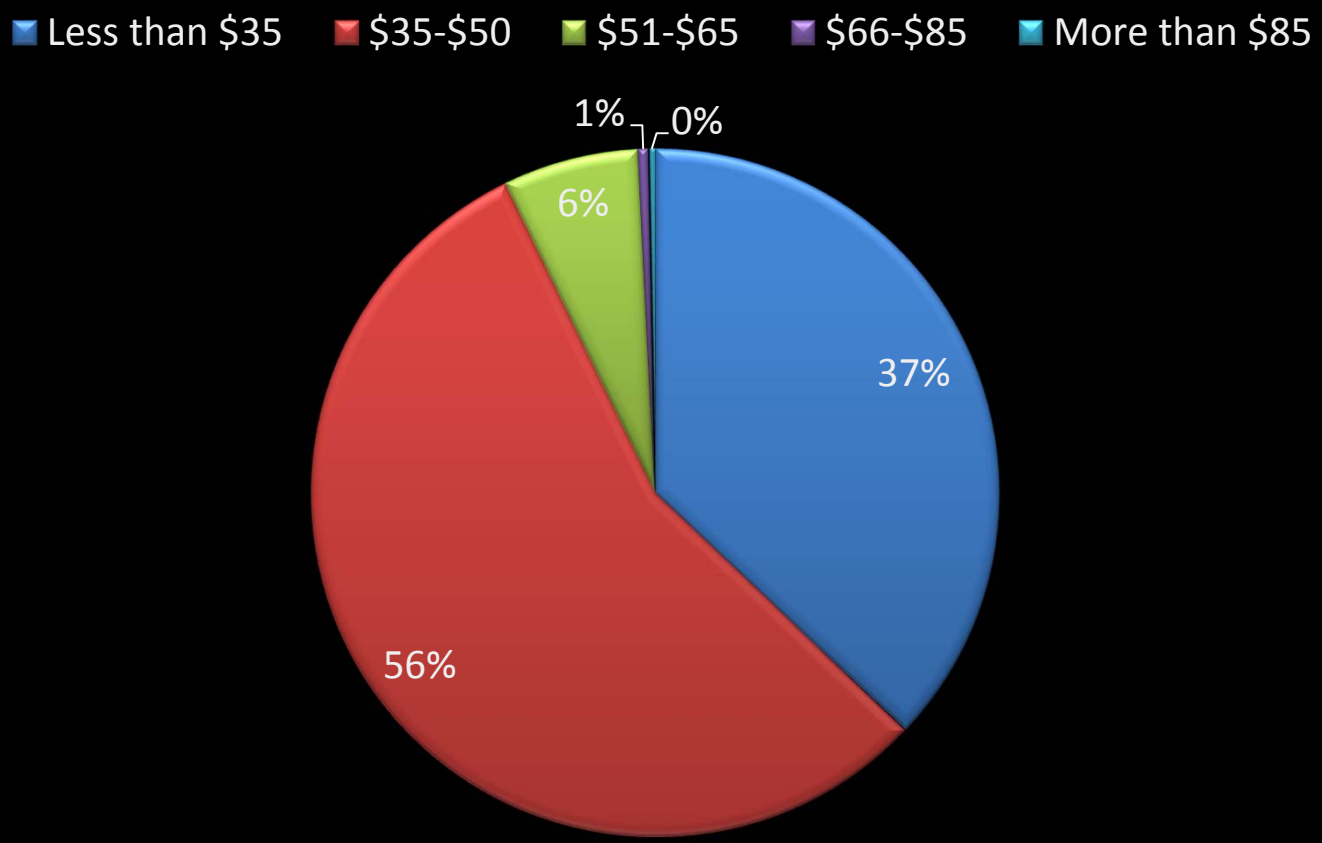
©2009, Golf Convergence, Inc.

Likely to Play City Courses in 2010 – DTB – 7% more likely to play City courses



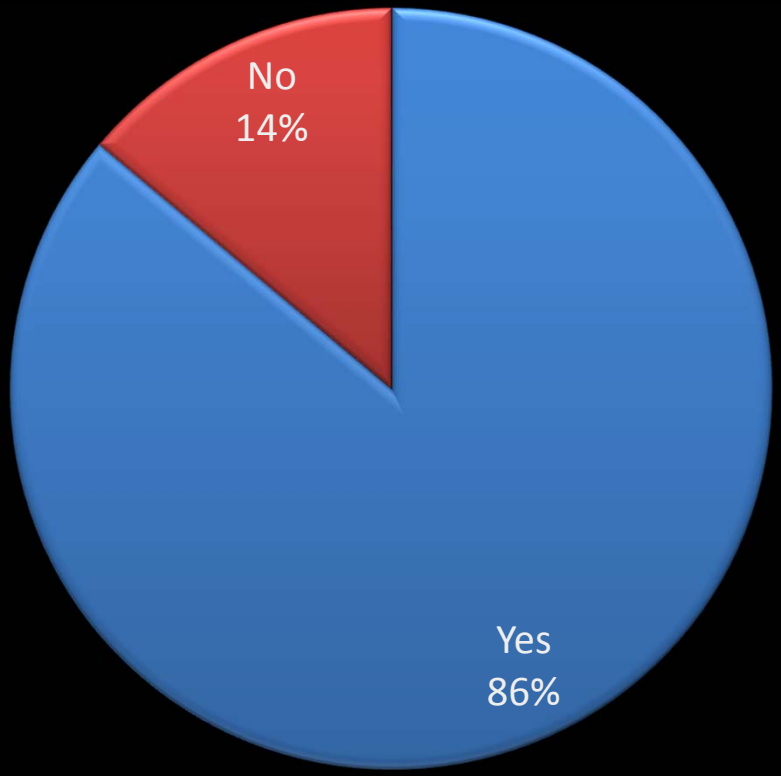
©2009, Golf Convergence, Inc.

What is a good value for a weekend golf experience? (18 holes of golf, including cart) – Ranking Identical



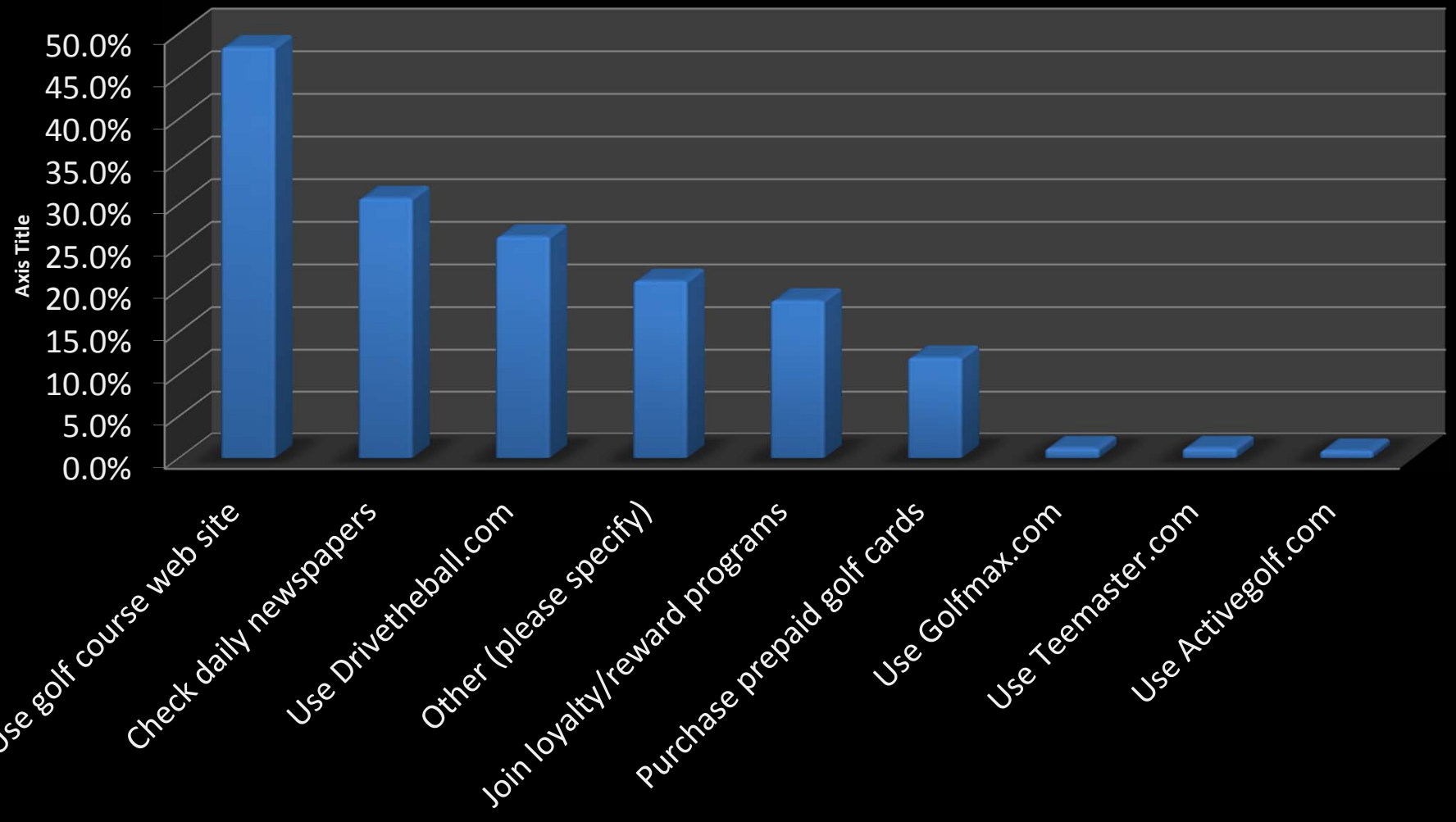
©2009, Golf Convergence, Inc.

Do you make tee time reservations on the Internet? DTB – 35% more golfers use Internet: Wow!



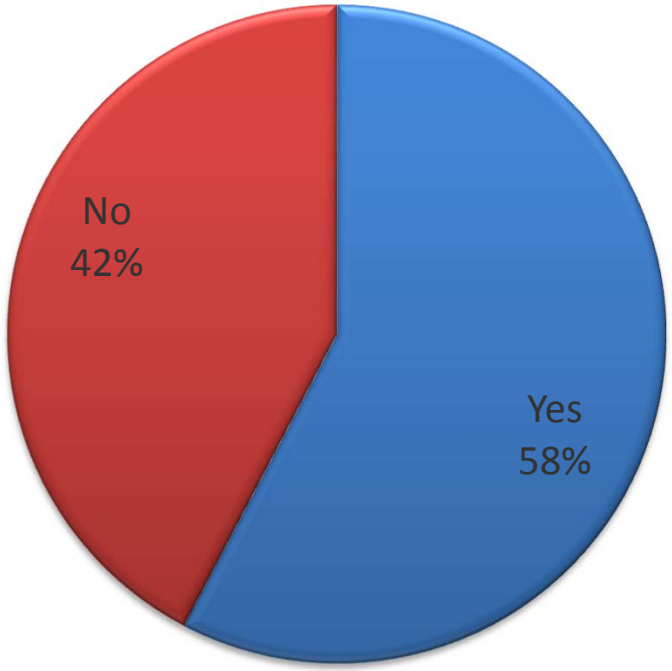
©2009, Golf Convergence, Inc.

How do you obtain discounts? DTB checks web site more - logical



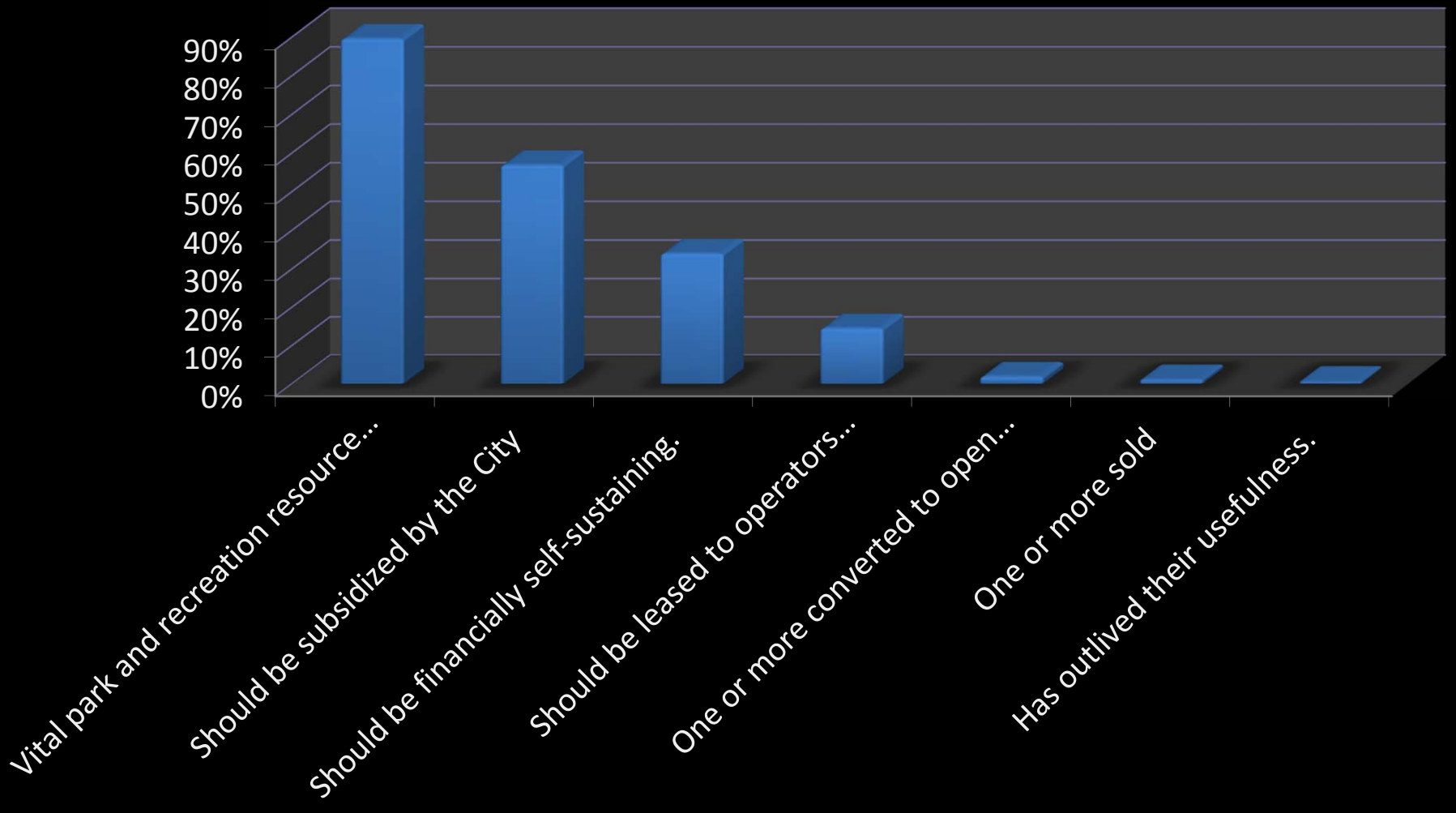
©2009, Golf Convergence, Inc.

Would you be willing to pay more per round for improvements to the City of Winnipeg's Golf Courses? DTB 5% more supportive of price increase



©2009, Golf Convergence, Inc.

Courses as Resource – Response Ranking



©2009, Golf Convergence, Inc.