

**Recommendation and Analysis**

**Port Townsend Golf Course**

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## **SUMMARY OF CURRENT STATUS**

### **PURPOSE OF EVALUATION**

This report was completed by David Hein, a golf course professional with more than 40 years of golf course experience managing all aspects of golf development, maintenance and operations. This experience includes managing golf courses to include City and County operations and from large scale 36-hole facilities to simpler 9-hole executive courses. In most cases the management focus was on efficient operations and maximizing revenues. Background on this project was obtained through multiple course visits and sitting down with the Lessee to discuss operations, history and management challenges and discussions with golf course stake holders, customers, and general Port Townsend community members. As part of the “Envisioning the Port Townsend Golf Course” project, an updated evaluation is needed to accurately assess and understand the current status of the existing Port Townsend Golf Course. The status will include a thorough review of the existing conditions and factors that have impacted the financial performance of the golf course over the past 5 years under the current Lessor / Lessee agreement.

This evaluation will also address many of the points and recommendations made as part of the “Business Analysis of the Port Townsend Golf Club”, completed by the National Golf Foundation in January 2019. While the NGF has tremendous golf knowledge and experience, there are instances where their expertise does not always transfer to a specific property’s nuances including location, surrounding community and factors as well as historical attributes of the subject property or operation. I will discuss the NGF report more specifically later in this report.

### **EVALUATION PROCESS AND INFORMATION BASIS**

The evaluation and basis of this report was derived from observations of the existing property and discussions with those involved in the maintenance, operation and use of the golf course. It has proven difficult to evaluate financial results from both the lessee and lesser because of the very limited data on the daily, monthly and annual revenue and expenses as well missing numbers of actual rounds played. Typical reporting in golf operations would include rounds

played by round type per month, revenues collected by all revenue sources in detail and expenses by category, all reconciled to income and expense statements that would normally be audited by the lessor to confirm rent payments are correct. In review of the lease requirements, the lessee is required to submit monthly and annual reports on multiple aspects including revenue and expenses, memberships sold and rounds played but it does not appear that in the past several years, either party reviewed or substantiated financial results from the golf course operations.

### **Property History, Tour and Inspection**

The Port Townsend Golf Course has a rich and storied history. Nearly 100 years old, the course became a 9-hole public facility in 1927. Originally designed and constructed as a tree-less, links style golf course, it has matured significantly since its inception.

The facility has all the necessary components of the public course. A small clubhouse, maintenance and storage buildings, driving range, practice areas and a 9-hole golf course.

- Clubhouse – The clubhouse is a wood framed, one story building with a small golf shop, dining room, bar and outdoor deck area, kitchen and restrooms. While the building is in need of maintenance it seems sound and appropriate for the facility. I would not describe the building as inviting which may be a deterrent to the general public on their first visit. The food and beverage operation seems adequate with seating capacity of 40 +/- as well as a full bar with an active liquor license. In addition, the lower level of the clubhouse is a large open event room with a capacity of 50+ which is currently full of old furniture and a private “game room” currently used only by the lessee.
- Maintenance and Storage Buildings – There are multiple structures besides the clubhouse used for private golf cart storage, inventory and equipment maintenance and storage. The maintenance building and storage buildings were completely full of lessee owned broken golf equipment, turf equipment in various stages of disrepair and unsecured fertilizer and chemicals used in the golf operation.

- Outdoor Storage areas – Several pieces of turf equipment (operable and broken) are also stored outside in the elements.
- Driving Range – The driving range consists of a grass tee line and landing area with capacity for 10+ golfers. The range landing area is a bit short in today’s golf standard but adequate for the facility.
- Practice areas – consists of practice putting greens, chipping areas and practice bunker.
- Golf Course
  - The tee areas are small in size and generally uneven with varying amounts of turf coverage. While this is a 9-hole golf course, there are 2 separate sets of tees on each hole so that 18 continuous holes can be played.
  - The fairways are mowed generally at one height with a combination of turfgrass, weeds and little to no irrigation. Drainage did not seem to be an issue although my visits to the course were at the end of a prolonged dry period. The fairways are tree lined with several very mature trees in need of trimming and in some cases, removal. There are several areas that are uneven with some exposed boulders but not unlike many older links style golf courses.
  - The greens are mostly composed of Poa Annua with a fair amount of weeds. They are relatively flat in nature and of ample size in relation to the nature of the golf course.

### **Discussion with Stakeholders**

As part of the facility review, I sat down with several stakeholders of the golf course. These included women and men that play frequently, volunteers that help maintain the course, interested citizens, neighbors and city personnel. There is a wide variety of opinions about the current state of the golf course. The general feeling of the golfers is that the golf course needs to remain as a 9-hole facility. When asked about the lack of revenue and expense to the city, the majority speak to the poor management, poor maintenance and lack of sales and marketing support. There is a very strong, loyal contingent that is persistent and vocal on their support of the course, citing the historical significance, need for open space and recreation and willingness to get involved. The non-golfers see the golf course property as a potential area for alternative uses.

## **Discussion with Lessees**

The golf course is currently entering the 3<sup>rd</sup> and final year of lease with Gabriel Tonan Golf Shops. In speaking with Mr. Tonan, he is acutely aware of the state of the facility and points to a variety of circumstances that impact his ability as a lessee to be successful. He cites the challenges with a short 3-year lease term as a lack of commitment from the city in his ability to manage the facility. He points to a myriad of irrigation issues, lack of equipment and manpower, as well as no sales or marketing support from the city, even though this aspect of operations is the responsibility of the lessee contractually. While I am not familiar with the specific terms of his lease, in a true lease the overall responsibility of maintenance, operations and marketing are typically the responsibility of the Lessee.

I also spent a considerable amount of time with Rick Unrue who is currently sub leasing the food and beverage operation from Mr. Tonan. Mr. Unrue is a restaurateur by trade and has extensive experience in food and beverage as well as managing large scale golf facilities. Mr. Unrue spoke mostly on the potential of the F&B operations citing a need and demand for evening dining venues and event space. He felt very optimistic on the future of the facility, both on the golf and F&B operations and has made a sizeable investment in kitchen and bar equipment to support his operation.

## **COURSE CONDITIONS AND MAINTENANCE PRACTICES**

### **Review of Golf Operations**

The golf operation consists of one full-time employee (Lessee) supplemented by some part-time maintenance labor. This was observed during the fall and off-season so presumably there would be additional labor (either paid or volunteer) involved on the maintenance side of the operation. The golf shop is overstocked with aged merchandise and does not present a welcoming atmosphere to the general public interested in golf. There seems to be little or no structure in the operation and a general lack of interest in the success of daily operations. Maintenance and general cleaning were non-existent and all non-f & b areas were in disrepair and overly cluttered with old and broken golf equipment. Judging from the lack of financial data and reporting, one can assume that there is a general overall lack of management in place.

## **FF&E (Facilities, Fixtures and Equipment)**

The storage and maintenance facilities are cluttered with a combination of old and broken golf clubs and accessories, used turf equipment in various stages of disrepair and other golf course tools and accessories. There appears to be an adequate inventory of turf equipment to maintain the facility but it looks like most of the equipment is not functional. I could not see any indication that the equipment is routinely maintained or repaired.

## **COVID IMPACTS ON OPERATIONS AND REVENUE**

In reviewing the financials for the past 3 years, it looks like the operation was impacted in 2020 by Covid. The reported revenue in 2020 appeared to be down more than 20% when compared to 2019. While it is understandable that operations would have been impacted early in the pandemic, it is surprising that revenues did not increase during the summer of 2020. Golf was shut down by the Governor during March and April but limited play was allowed beginning in May and most golf courses saw a surge in play and revenue as golf was seen as one of the safest activities during Covid.

## **LESSEE STATUS AND CHALLENGES**

The current lease runs from January of 2021 through December of 2023. Under the current lease terms, the Lessee operates all aspects of the golf facility and pays the city rent. The responsibilities of the operator are to:

- Furnish the personnel, material, supplies, equipment, services and provide supervision and administration to operate and maintain the golf course, driving range and all facilities
- Responsibility for the operation, management and supervision of the golf shop and food and beverage services to include adequate merchandise and food and beverage to support the customer base.
- Maintain the premises, buildings and improvements to the standards set by the city.

In speaking with the lessee, he has commented on the short term of the lease as one of the major challenges to the success of his operation. Other challenges include:



- Irrigation supply – the water supply from the city is reported to be inadequate from an amount and pressure standpoint.
- Sales and Marketing support – While it is not specified in the lease documents, the lessee had expected the City of Port Townsend to provide Marketing support to attract visitors and tourists to the golf course. Typically in a public – private partnership, both sides would participate in promotion of the leased entity. From the City perspective, this could mean providing website links on city websites to the golf course home page, working with the Chamber of Commerce and tourism departments to list and promote the golf course whenever possible. Those actions coupled with the Lessee’s own sales and marketing efforts, including but not limited to maintaining a website, having collateral on hand for first time golfers, contacting businesses in the area for leagues, tournaments, special events and partnerships and lastly by providing friendly and caring customer service (something that many have commented is lacking).

## **EXISTING PROGRAMS AND REVENUE SOURCES**

In review of the limited financial reports, talking with the lessee and review of the golf course website, it seems that the main source of revenue is through annual golf memberships, daily fee golf, golf cart rentals, driving range ball sales, merchandise and limited food and beverage. The website shows several golf events but they are mostly attended by “Players Club Members” and fees are generally just to cover costs. The food and beverage revenue has traditionally been through snack and beverage sales, although the new food and beverage operator has plans to greatly expand the operation.

## **DEMAND**

According to the NGF report, the city of Port Townsend, with its small population, may never be fully sufficient to sustain operations at PTGC to meet the City’s financial expectations. Further, the NGF report suggests that income and rounds growth beyond the reported numbers in 2018 are highly unlikely unless significant steps are taken to improve conditions, management and sales and marketing.

I have listed information below to support both a high demand scenario (based on taking the necessary steps to improve the golf course) and a low demand scenario (continuing forward as status quo).

### **LOCAL DEMAND – HIGH SCENARIO**

The total population of the city of Port Townsend is estimated at just over 10,000. According to the National Golf Foundation, over 8% of the general population play golf an average of 18 times per year and those over 65 years of age, play an average of 36 rounds per year. With the 20% of Port Townsend’s population over 65, it is possible to conclude that the golfing population of the Port Townsend community could produce over 17,000 rounds of golf. When you include the surrounding area, it is feasible to increase the annual rounds to 20,000 with improved conditions and increased marketing efforts.

### **LOCAL DEMAND – LOW SCENARIO**

Without additional efforts to change the operations of PTGC, there is no evidence to support any positive change in the financial results for the golf course. In fact, because of the impacts of Covid, golf in 2021 and 2022 has seen a surge in popularity and rounds that is unlikely to be sustained in future years. In all likelihood, PTGC could see the number of rounds decrease along with associated revenues in subsequent years. When you take into consideration, that much of the current demographic using the golf course is over 60, and will continue to “age out” of playing golf over the next few years, without a strategy to backfill that golfing population, the numbers for the golf course may continue to decline.

### **CASE STUDIES / COMPARABLES**

It is difficult to find comparable facilities in the immediate area, but I did contact Village Green golf course in Port Orchard and Meadowmere Golf and Country Club on Bainbridge Island, both 9-hole golf courses. In speaking with personnel at the golf courses, their results are more in line with expectations for a 9-hole golf course both from a revenue and rounds perspective. Green fees rates for Meadowmere range from \$40 per 18 holes to \$25 for 9 holes and Village Green rates range from \$27 per 18 holes and \$20 per nine holes. The green fees for Village Green are in line with the current fees for PTGC at \$28 for 18 holes and \$18 for 9 holes. Annual rounds as reported for Village Green were between

13,000 and 14,000 9-hole rounds. I also contacted Discover Bay; an 18-hole golf course located less than 10 miles from Port Townsend Golf Club. Their green fee rates are \$42 for 18 holes and they currently receive 12,000 – 13,000 rounds annually. When asked about their ability to accommodate Port Townsend golfers that might be displaced by alternative plans for the golf course, they commented that they could accommodate and welcome the Port Townsend golfers. I also attempted to contact Port Ludlow, 18-hole golf club 20 miles from Port Townsend. Unfortunately, I was unable to make contact to gain their golf course data.

## **IMMEDIATE NEEDS FOR 2023**

### **NATIONAL GOLF FOUNDATION REPORT**

In January of 2019 the National Golf Foundation (NGF) completed a Business Analysis of the Port Townsend Golf Club. The purpose of the report was to complete a strategic review of the complete golf facility and make recommendations to enhance economic performance. To complete this task NGF representatives travelled from Florida to review and report on the golf course. Unfortunately, it is difficult when you are unfamiliar with the local and regional aspects of a business to objectively evaluate that business against criteria that may seem standard in the industry.

The report did accurately depict the condition of the golf course and fairly evaluate the operation and maintenance of the golf course in general but the report does not present a realistic plan forward that addresses the needs of the golfing community, the community in general or the city's ability to support the facility. Suggesting that the city spend well over \$1 million dollars in capital improvements with the hope of increasing revenue in the long term (that still does not present a reasonable return on the investment) isn't a realistic solution to the issues with the golf course. In addition, adding the expense of hiring certified professionals to operate the golf and turf departments for a local 9-hole golf course doesn't support the financial goals of the city.

There are valuable sales and marketing recommendations within the NGF report that would be appropriate to incorporate into the operating plan. As discussed in the report, the use of simple collateral for distribution through the local Chamber

of Commerce and Visitors Bureau, face to face selling to the local businesses, website enhancements and the use of email communications are effective and inexpensive methods to drive business and revenue. Those points as well as others listed below, should be addressed and adopted.

## **COURSE IMPROVEMENTS**

The current course conditions, as observed in October, need to be improved to meet the financial goals of the city. The turf quality is poor, tee to green mainly impacted by the lack of consistent irrigation throughout the property and very low levels of fertility. The tees are inconsistently mowed, dry and uneven. Fairways are dry and thin with visible weed infestation throughout. Greens had been recently aerified but showed signs of poor topdressing, wear patterns and an alarming weed infestation.

Improvement of the golf course needs to begin in the spring with aggressive maintenance activities to improve conditions. The irrigation system needs to be repaired so that greens, tees and fairways can be fertilized and irrigated to improve existing turf and to promote additional growth. It is my understanding that the irrigation supply has been improved by the city so repair of the existing system is paramount. While there is a need for capital improvements of the irrigation system, getting the existing heads to work properly, fixing leaks in the current piping system and repair of the existing controllers is something that can be done economically and would greatly improve the turf quality and golf course conditions. Once the irrigation system is operational, weed control and fertility needs can be addressed.

Maintaining golf course playability will include consistent mowing throughout the golf course. To accomplish this, equipment needs will have to be addressed. In review of the existing equipment, it appears that there is adequate equipment to maintain the golf course if the equipment is operating properly. I observed that much of the equipment looked to be broken or in need of immediate repair. While equipment repair can be expensive, it is often times much more cost effective to repair than replace, especially when maintaining a 9-hole golf course. The NGF report made considerable mention of the trees and rock outcroppings on the golf course. While there is a considerable amount of trees on the course, they provide character and protection of adjacent holes. I would not recommend

anything more than minimal pruning and cleanup as part of the spring maintenance program. As far as the rocks are concerned, I believe they are an integral part of the golf course and do not need to be addressed as an immediate maintenance need.

**CAPITAL IMPROVEMENTS**

The NGF report provided an extensive list of needed Capital Improvements along with a high estimate price tag of nearly \$1.3 million dollars! While this list of improvements would certainly help improve the golf course it isn’t financially viable and the city would never see a return on that investment. The golf course does need improvements but I would recommend a focus on improving the golf course maintenance and operations as the first step in building the golf operations back to profitability. Improvements to the irrigation system, getting the existing equipment repaired and operational, consistent mowing and increased fertility will vastly improve conditions at a fraction of the estimated cost as recommended by the NGF report.

**ROUNDS, RATES AND REVENUE**

Evaluating the financial performance of the golf course over the past 5 years has been challenging based on the reported revenue and reported rounds as provided by the lessee to the City of Port Townsend. Per those reports (Revenue Plus Rounds 2018 – 2019 and 2021 – 2022) the golf course reported rounds as outlined in the table below. In discussions with the Lessee, it was recommended to calculate additional rounds by dividing the 9-hole and 18-hole revenue by the Senior green fee rate in place at the time. All rounds and reported green fee revenue is included in the table below.

Year	Reported Rounds	Green fee revenue	Estimated Rounds *	Total Rounds
2018	133	\$43,234	2946*	3079
2019	162	\$41,836	2657*	2819
2020	0	\$49,169	3122*	3122
2021	143	\$51,647	3342*	3485
2022	99	\$59,320	3612*	3711

\*Reported rounds are inaccurate. Estimated rounds are based on senior green fee rates divided by green fee revenue.

The reported total annual golf revenue over the past 5 years averages \$114,504. This is less than 50% of the revenue and number of rounds a similar 9-hole golf course should do. This is either because not all rounds and revenue are reported or the membership, free / volunteer rounds are grossly understated. The first step in improving the financial performance of the golf course is to fully report all rounds, memberships sales, and ensure that each and every golfer checks in and is reported on the tee sheet.

The average 9-hole rate of \$17 per round would seem to be considerably underpriced when compared to other comparable golf courses in the area. While PTGC might be priced with consideration of the current conditions, the golf course should be priced somewhere between \$20 - \$25 for a 9-hole round. In addition to the daily fee rate, the course offers memberships at \$150 per month or \$1075 per year. These rates as well are the lowest in the area and could easily be increased by 10 – 15%. In speaking with golf members and others that play frequently, they understand and support the need for increases in the rates charged. It is my opinion that the golfers will support paying more as long as the golf course is better managed and in better condition.

Paramount to any discussions on revenue is the immediate need to monitor and capture the number of golfers on the course at any given time. The lack of data on rounds, round types and memberships reported to the city would suggest that there is little control over who is playing and how much they are paying. While the golf course has a large and dedicated membership following, it is my understanding that there is also “volunteer” staff that works on the golf course presumably in trade for free or reduced golf. This would complicate any accurate accounting of who is paying and at what rate. It is common practice that every golf course maintains a tee sheet and Point of Sale system that records every player using the golf course. This system would capture the name, round type (even complimentary golf), tee time, number of players in the group allowing a daily tabulation of revenue received. This is critical not only for accurate accounting, but for also protection for the city and leaseholder from any legal liability.

## **SALES AND MARKETING**

There appears to be a lack of any consistent sales and marketing plan for the golf course from either the Lessor or Lessee of the golf course. Basic marketing would include a website with course photos, rates and scorecard information, membership opportunities, tee time booking process, outstanding attributes about the facility, environmental stewardship, location and directions, contact information, etc. The current website contains basic information on rates with posts by active golf members. There are several cost-effective tools that exist to enhance the marketing efforts of the golf course. By utilizing some of the “plug and play” website tools and golf course management systems, the lessee could promote and manage the golf course more effectively, track rounds and revenue more efficiently and communicate with its customers better to provide course updates, special offers and promotions.

A Google search of “golf in Port Townsend” lists the golf course, but provides no information that might entice visitors to come to the facility. Sales and Marketing of the golf course directly benefits the Lessee and should be a key part of any business plan. The city should participate as well in promotion of the golf course. In review of the “Official Tourism Site for Port Townsend”, “enjoypt.com”, there is no mention of the golf course anywhere on the site, including activities, things to do or places to visit. This is sadly an opportunity missed and critical to the success of the golf operations. With annual visitors to the Port Townsend reported as more than 1 million, the lack of any information or marketing outreach would certainly have a tremendous impact on the financial performance of the facility. I attempted on multiple occasions to contact the Port Townsend Chamber of Commerce to discuss their ability to promote and market the Port Townsend Golf Club, but unfortunately, we have not had the opportunity to meet.

## **FINANCIAL EXPECTATIONS**

- Current and Past Revenue – Total Revenue for the past 5 years has averaged \$114,504 per year. Total average rounds for the past 5 years (not counting 2020 Covid closure) equal 3,274 annually. Added F&B spend is just under \$3.00 per customer.
- Expenses – In review of the limited expense data from 2014 through 2022 the Lessee’s expenses averaged close to \$95,000 annually including, wages, operating expenses and lease payment. With

estimated Net Operating Income of less than \$20,000, it is unclear how this lease arrangement would be viable. In addition, the city's expenses for water usage, City staff and labor and repairs / maintenance / professional services adds more than \$50,000 annually.

## **OPPORTUNITIES FOR FUTURE CONSIDERATION**

### **GOLF REPURPOSE OPTIONS**

If the golf course is to remain in any form that would provide the city with a revenue stream it would need to continue as a 9-hole golf course. Reduction to an executive or par 3 golf course would dramatically limit the revenue potential needed to cover the basic costs of the city. With any new conversion to a park or smaller golf facility, the irrigation water costs at more than \$30,000 a year would add a significant budget impact.

The property could be reconfigured by eliminating the driving range and using that area as an event lawn for summertime evening concerts and events. Conversely relocating holes 6 and 7 onto the driving range would allow a large mixed-use area on the north end of the property away from golf play and associated liability.

Closing the golf course 1 or 2 afternoons per month would allow the introduction of family days, walking, biking and hiking on the property which could serve to open the area to non-golfers and introducing the golf course to future golfers that may have never stepped onto the property. One of the greatest golf courses in the world, St Andrews Golf Course, is closed each Sunday so that the town's people can use the area for family and leisure activities. Called "Slumber Sundays" it has been in place for more than 100 years and allows the coexistence of golf and non-golf visitors alike.

### **EXPANDED FOOD AND BEVERAGE OPERATIONS**

The F&B operation over the past few years has been inconsistent at best. Based on the financial reports of the Lessee, sales have been limited to Beer, Wine, Soda and candy. Sales have been extremely limited and the maximum reported revenue over the past five years has been about \$15K. It is my understanding that recently Rick Unrue has taken over the F&B operation of the golf course. In



speaking with Rick, he has plans to expand the F&B operations into lunch and dinner service as well as operating the full-service bar. He has extensive experience in the F&B operations as well as golf operations and he has made a substantial investment into the operation and may be a good resource to utilize in the future.

In addition to the dining room and cocktail lounge, the basement of the clubhouse is designed as a private meeting space. It appears capacity is nearly 100 people and could be a great addition to the F&B operation. Currently the basement is completely full and being used to store excess golf and restaurant equipment. It is recommended to remove the material stored and begin to utilize the area as meeting / event space. Meeting space with full service food and beverage is a high margin revenue source and should be utilized in 2023.

### **STAND ALONE GOLF FACILITY**

If the decision is made to keep the golf course operation in a similar structure as it stands today, there would need to be a comprehensive plan to ensure the success of the operation and provide a revenue source for the city. The following components would need to be developed and implemented between the city and future lessee.

- Lease Structure – The existing lease structure and terms seem very fair and would be a reasonable starting point for contract negotiations. It would be recommended for the city to work through an RFP process to identify qualified operators interested in the leasing of the operation. It would be further recommended to extend the lease period to not less than 5 years with a first right of refusal for an additional 5-year term given to the lessee provided that the lessee remains compliant with the terms of the lease.
- Long Term Operational Plan – The lessee shall be required to submit to the city an annual golf operations and maintenance plan. This plan would outline hours of operation, staffing levels to maintain the operation, services offered, operational revenue and expense budget, fertility plan, pest control plan, sample reporting, etc. This plan would allow the city to monitor progress and evaluate the capabilities of the lessee to ensure a successful operation.

- Capital Improvements – The golf course will need some immediate capital improvements to achieve the operation and revenue goals. The goal of implementing a capital improvement plan and process would be to phase in the improvements by prioritizing the improvements on available funds coupled with the items that have the biggest impact to golf course quality and playability. The NGF report suggested the need for \$1.2 Million in money to be spent. Unfortunately, this amount isn't feasible. It is recommended that the capital improvements be completed by the lessee, utilizing their staff and expertise when possible. This would allow for a more cost effective and expedient completion
- The following list would include the priority items and estimated costs.
  - Irrigation upgrade – The city currently provides up to 9,000,000 gallons per year, at a cost of nearly \$40,000 to irrigate the golf course. This amount is more than enough to maintain a 9-hole golf course in the Pacific Northwest. Given the observed dry condition of the golf course, it is believed that the irrigation water is not being used efficiently and probably leaks and drains into the drainage system for the golf course.

It is recommended that the first phase of the irrigation improvement would be to complete a complete review of the existing system. Checking main lines and lateral piping for leaks, individual sprinkler heads for correct operation and checking the control system for wire continuity and connections. Given the general lack of maintenance on the golf course, it would reasonable to assume that the irrigation itself has not been maintained for several years. With the new well and delivery system completed by the city, the golf course system could be made operational (focusing on greens, tees and fairways in that order), with a **starting budget of \$150,000**. While this budget may not completely overhaul the irrigation system, it would allow for substantially better turf and playability conditions.

- Tree trimming and debris removal – Next on the list would be to trim and remove any hazardous tree branches, dead trees and overgrown areas that impact site lines and affect playability of the golf course. This would only be meant to make the golf course safe for golfers

and the general public and to allow for faster and better playability.

**Budget for the activity - \$30,000.**

- Leveling and grading of tee and fairway areas – There are several areas on the golf course that need to be leveled and smoothed to provide a better playing surface. Tees that are uneven, have a lack of turf or are too small to accommodate play would be stripped and graded, then reseeded or sodded. Priority would be given to the worst areas and phased over 3 years. **Budget for this activity - \$30,000.**
- Maintenance Equipment – There seems to be an adequate amount of equipment in the storage area to maintain the golf course. It is my understanding that this equipment is owned by the current lessee. The golf course needs the following equipment
  - Greens mower
  - Tee and trim mover
  - Fairway / rough mower
  - Sprayer
  - Utility cart
  - Maintenance Vehicle

Having an available fleet of equipment for any new lessee would be a difficult and costly investment. It would be recommended to evaluate the existing equipment fleet owned by the lessee and then based upon the condition, negotiate the purchase of the useable equipment by the city and have the equipment repaired. While the NGF report mentioned that new equipment should be purchased, It would not be recommended to purchase a new fleet (and new equipment is not readily available) to maintain the golf course. It would be much more cost effect to first repair the existing equipment first and then purchase any remaining used equipment as necessary. **Budget to purchase and repair existing equipment, \$75,000.**

- Clubhouse Improvements – The current clubhouse will need some cosmetic refreshing, evaluation of the food and beverage equipment and enhancements to entrance areas. It is in reasonable condition

and can support the current food and beverage demand. With cleaning and removal of unnecessary equipment in the lower level, it is feasible to increase food and beverage revenue through events and special occasion dining. **Budget to refresh Clubhouse, \$30,000**

## **SUMMARY**

While the NGF Report recommended that the golf course would benefit from substantial enhancements to its maintenance infrastructure and these enhancements would improve the course's competitiveness, such a level of spending is just not financially feasible. By phasing improvements and by utilizing lower cost alternatives, the course can improve well beyond the conditions today and not create a financial hardship to the city. While the NGF report had valid recommendations, those recommendations do not align with the character of PTGC or the desires of the current customer base and the city.

## **LONG TERM OUTLOOK AND EXPECTATIONS**

### **ONGOING OPERATIONS AND MAINTENANCE PLAN**

It is assumed that a new lease period would begin on January 1, 2024. Prior to the beginning of each operating year, an operations plan and budget needs to be developed and provided to the city. This plan and budget should cover the following items on a monthly basis:

Turf maintenance plan including fertility and non-routine maintenance items

Sales and Marketing Plan including golf and event promotions and sales

Budget including the following:

- Projected rounds and revenue for each player type

- Projected merchandise sales

- Projected food and beverage sales by revenue type

- Expenses including the following

  - Labor, both salary and hourly

Operating expenses for each department, golf, turf and f & b

Administrative costs; rent, taxes,

Marketing Costs

## FINANCIAL PERFORMANCE

With improved conditions, better management, consistent operations and standard / accurate reporting, the golf course should be able to substantially improve on its financial performance. During the past 5 years (excluding Covid in 2020) total revenue has averaged about \$127,561 per year. This included golf and food and beverage as noted below:

Year	Total Rounds*	Golf Rev	F&B Rev	Total Rev
2018	3079*	\$114,968	\$15,163	\$130,131
2019	2819*	\$113,171	\$17,006	\$130,177
2020	3122*	N/A	N/A	\$102,650
2021	3485*	\$112,151	\$13,362	\$125,513
2022	3711*	\$117,725	\$6,696	\$124,421

\*Reported rounds are inaccurate. Estimated rounds are based on senior green fee rates divided by green fee revenue.

Forecasted performance for the next five years with anticipated implementation of the capital improvement plan, new lessee starting in 2024, and operational improvement as listed above, will improve dramatically. The NGF study suggested that rounds should more than double current reported rounds based upon the improvements outlined in their study. With the anticipation that improvements will be phased in over the next 5 years, one could conservatively estimate the following projections of rounds and revenue.

Year	Rounds	Golf Rev *	F&B Rev **	Total Rev
2023	6000	\$114,000	\$24,000	\$138,000
2024	7000	\$136,500	\$28,000	\$164,500
2025	8000	\$160,000	\$40,000	\$200,000
2026	9000	\$184,500	\$50,000	\$234,500
2027	10000	\$210,000	\$50,000	\$260,000

\* Assumes a starting average green fee of \$19.00 and increasing \$.50 each year

\*\* Assumes a starting spend per golfer of \$4.00 increasing to \$5 in 2025

## **FINAL SUMMARY AND RECOMMENDATIONS**

In summary, Port Townsend has a very manageable asset in the golf course that could one day in the near future be a self-sufficient and valuable asset to the community. With the correct lease and management structure in place along with an operating plan and appropriate oversight, the Port Townsend Golf Course can support the golf and recreation needs of the immediate community as well as those visiting Port Townsend. How the overall golf course fits within the city's revisioning plan remains to be seen. I don't foresee a scenario where the golf course is materially reduced in size and scope that would accommodate all of the needs of the community and still attract golfers that would pay the required green fees to cover minimal capital improvements and the maintenance expense of the property.

Over 74% of the community support alternate uses, or a hybrid of uses for the golf course property. In order for the golf course to continue to operate within a smaller footprint, while accommodating a variety of community uses, my recommendations include, 1) Relocate holes 5 & 6 to the driving range to provide additional area for mixed use edge along Blaine Street, 2) Infrastructure Improvements throughout the golf course, 3) Transition cart paths to accommodate public trail use, 4) Supplement plantings to safely buffer public use from golfers, 5) Improve turf conditions so that green rate increases can provide additional revenue to the city and 6) Improve communications and customer service to all users of the facility to create a welcoming and inclusive atmosphere.

By implementing alternative uses that can compliment the golf course and create a welcoming destination for the community, it is anticipated that these changes will soften the stigma that the golf course is only for the enjoyment of the golfers.

By thoughtfully crafting the appropriate Request for Proposal (RFP), the city could partner with a new lessee that has both golf and food and beverage experience that could build the operations of the golf course into positive asset to the community that can also provide a reasonable revenue stream to the city. It is my

understanding that some of the current golfers as well as the lessee of the food and beverage operation have expressed an interest in managing the facility.

Overtime it could be expected this would create a more diverse customer base and increase support and appreciation of the golf course that has been a part of Port Townsend for nearly 100 years.