Strategic Business Plan for the Future of City of Seattle Owned Municipal Golf Courses

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Lund Consulting, Inc. with Scanlan Consulting and Cocker Fennessy

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Executive Summary

The Parks and Recreation system includes a diverse range of facilities and activities designed to appeal to people with a broad range of interests and levels of ability throughout the city. In addition to being real estate with a significant dollar value, public park land has the value of providing recreational facilities and open space that improves the quality of life for everyone who lives in, works in and visits Seattle. As Seattle becomes increasingly dense over the coming years, the importance of open space and green areas will become more and more essential.

The City of Seattle's municipal golf courses provide valuable open space and recreational benefits in a city that has seen its population grow from about 276,000 people, in 1916, when the first municipal course opened, to a population estimated at 724,725 in 2018. The courses are ideally located in four different quadrants of the City in close proximity to urban villages and distinct population centers. Each of the courses has unique attributes that distinguish them from each other.

The golf courses provide a family-oriented activity that appeals to all age groups with a wide range of levels of physical ability, it is a non-contact sport, and provides healthy outdoor physical activity. Municipal golf is not elitist and serves a diverse population.

Seattle's municipal golf facilities are important environmental assets with over 400 acres of open space and some of the last remaining natural stretches of open creek in the City, including Longfellow Creek at West Seattle and Thornton Creek at Jackson Park.

The City's municipal courses are a historic legacy that require on-going investment to preserve and maintain them for the next 100 years. The City needs to align its policy priorities to balance the objectives of public access, outdoor recreational opportunities, racial equity and social justice, environmental and habitat protection, open space, and financial management.

Study Purpose

The City of Seattle Parks and Recreation Department (SPR) commissioned Lund Consulting, Inc. to prepare a strategic business plan to guide the future of Seattle's public golf courses, driving ranges, mini-golf, golf food services, and related programs. The City requested an objective analysis for policy makers to consider in making decisions related to the future of City of Seattle golf courses. The study process included background research using SPR historical records, interviews with people with knowledge of past and current Seattle golf course operations and maintenance, interviews with community leaders, and national research on best practices in municipal golf course operations.

The study team included Scanlan Consulting who conducted financial analysis of past golf course operations for the period 2013-2017 and who made financial projections based on assumptions developed in collaboration with SPR staff. Cocker Fennessy was also part of the consulting team. They conducted secondary market research and primary stakeholder interview research. SPR provided guidance to the consulting team about the stakeholders to be interviewed based on their experience working with the community.

Municipal Golf Courses

Municipal courses are owned and/or managed by a city, town, or county. A 1993 study by SPR noted that municipal courses receive about three-times the play as private courses, significantly impacting maintenance. Annual studies conducted for the Golf Course Superintendents' Association of America (GCSAA), in which all types of golf courses are surveyed, show that private courses spend on average almost double that spent by municipal courses on maintenance. Municipal courses generally have lower green fees than public courses, but not always. *(San Diego is a notable exception to this rule with the Torrey Pines municipal golf course where weekend rates for non-residents can exceed $250 for an 18-hole round.)* As an industry standard, although municipal golf courses may earn money, cities and counties typically do not have a profit motive.

Their primary mission is to provide reasonably priced outdoor recreation for local residents. Municipal courses use their revenue sources to pay for the maintenance of the course and facilities, including staff salaries.

> **"A 2017 study by EMC Research found 13 percent of residents use Seattle public golf courses two or more times per year."**

City of Seattle Municipal Golf Courses

The City of Seattle operates four golf facilities with a total of three 18-hole courses, three 9-hole short courses, three driving ranges, and one mini-golf putting course. Courses occupy 528 acres within the City according to a June 30, 2017 memorandum prepared by Seattle Parks and Recreation (SPR). The courses are ideally located in four different quadrants of the City in close proximity to urban villages and distinct population centers. Each of the courses has unique attributes that distinguish them from each other. (The City also owns the Green Lake Pitch n' Putt short par 3 course located at 5701 E Green Lake Way N, but this facility was not included in this study.)

The four courses included in this study are: Interbay Golf Center, Jackson Park Golf Course, Jefferson Park Golf Course, and West Seattle Golf Course. Each course has a clubhouse that provides food and beverage service and a pro shop that includes merchandise sales, processing of green fees, and general support to the public using the facility. Premier Golf Centers LLC operates the golf courses for the City through a management agreement authorized by the City Council. Interbay, Jackson, and Jefferson each has golf ranges at which 449,531 driving range sessions took place in 2017. In addition to this use by the public, between 2009-2017, on average 238,189 people played rounds of golf each year including 18-hole, 9-hole, and foot golf rounds. All four of the golf clubhouses are open to the public, and have golf shops, cafes, and banquet/rental facilities available for public use. In addition to golf, Seattle's municipal golf courses host many activities other than rounds of golf that are documented by Premier other than rounds of golf.

Golf program within Seattle Parks and Recreation Mission

Seattle's municipal golf courses provide a unique recreational opportunity for Seattle's residents and visitors. One of SPR's primary objectives is to provide affordable facilities that ensure a variety of safe and enjoyable outdoor recreational opportunities for community residents, patrons, and employees. The golf courses are recognized as distinct open space assets providing much needed green space in a dense urban environment. The courses are managed with environmental stewardship as a key part of the mission. Recent reductions in the use of pesticides, fertilizers, and water are examples of attention to environmental stewardship. The Interbay course was part of the Audubon Sanctuary Program in the past and is continuing to follow the Audubon guidelines described later in this report.

The golf courses are recognized as one of the few opportunities to balance the mandate to provide recreational opportunities and to generate revenue to support it and other recreation services. People who play golf accept the notion that there are fees associated with the privilege to play and there is a willingness to pay market-rate fees in exchange for a quality golf experience. It is necessary, however, to maintain and improve the courses in such a way that the users are content paying the fees or they will exercise their option of golfing elsewhere in the Puget Sound region. This has begun to occur at Jefferson Park Golf Course, where tree removal for safety reasons has resulted in downgrading the quality of the course.

Public Perceptions about Seattle's Municipal Golf Courses

Stakeholder interviews for this study revealed some of these themes about the courses:

- Seattle's municipal golf courses give people — regardless of background, income or skill — the opportunity to play golf.
- Seattle's public golf courses provide benefits beyond the game of golf.
- Golf is misunderstood.
- Expanding access and creating new opportunities to experience golf and Seattle's public golf facilities is desired.
- The drive for profit limits activities that increase access.
- Opportunities exist to increase appreciation for golf/golf courses as a public good and increase access to this good.

Management of Seattle's Municipal Golf Courses 1915 – Present Day

The Seattle Parks Department managed the Jefferson, Jackson, and West Seattle courses from 1915 until the 1970s, when a concession contract was offered to run them. Under the concession contract, the concessionaire managed the business operations and SPR was responsible for maintenance and improvements. The concessionaire made money from the restaurants and received a percentage of the green fees. Joe Thiel was awarded the concession contract to run the public courses from 1978 until 1989. The company Greentrees managed the contract from 1989 through 1995 but struggled to make a profit.

In June 1995, following an extended public process, the City contracted with a not-for-profit corporation named Municipal Golf of Seattle (MGS) for operation of the courses, with maintenance provided by SPR. MGS was unable to successfully manage the courses but did make substantial capital improvements to the courses. They incurred approximately $3,000,000 in debt before they were disbanded, and course operations reverted back to SPR in 2003. During this time, Premier Golf Centers, LLC (Premier) temporarily took over the MGS contract from 2003 to 2005. That same year, after undergoing a request for proposal process, SPR and Premier entered into an initial five-year contract to continue running golf operations at all four sites, with grounds maintenance work performed by SPR golf employees.

All four courses have been managed by Premier since 2005. SPR has a Director of Golf position to oversee the contract with Premier as well as to supervise the maintenance of the courses. Maintenance is performed by SPR employees. SPR has 27.36 full and part-time employees (FTE's) assigned to golf, including the Director of Golf.

Capital Plans

A Municipal Golf Facilities Renovation Master Plan was prepared in 1991 by John Steidel Golf Course Architect and focused primarily on golf course improvements, including course layout, playability, irrigation, and drainage. Recommendations from that plan were adopted on June 10, 1991 by Council Resolution 28376 and have to a large degree been implemented.

Economic Research Associates (ERA) conducted a series of assignments for SPR from 1998-2006 relating to financial performance, capital improvements, and golf market conditions. In 2005 they found that while the golf program is economically sustainable, opportunities exist to increase revenue potential through a series of capital improvements. In addition, the plan found that major facility improvements were needed if Seattle's courses were to compete with other regional golf courses and maintain their market share.

A 2009 Master Plan for Golf was developed to update the 1991 Master Plan and it included an updated analysis by ERA. The 2009 Golf Master Plan identifies seven capital priorities: clubhouse improvements, driving ranges, perimeter trails, electric cart barns, maintenance facilities, cart paths, and on-course restrooms. SPR was unable to fully implement the 2009 Master Plan due to project costs being higher than cost estimates. Instead SPR decided to focus capital investment on the revenue generating projects of the Jackson Park Driving Range and the Jefferson Park Driving Range and Clubhouse.

The improvements completed from the 2009 Master Plan cost approximately $15.5 million and were funded by long-term general obligation bonds. This has increased debt service (paid out of the golf operating budget) by $1.1 million since 2010, resulting in a total debt service amount of $1.5 million as of 2016. It was projected that increases in revenues from the new and upgraded facilities would cover the additional increase in expenditures beginning in 2015.

Actual construction costs for the Master Plan improvements exceeded estimated costs of the improvements by a significant amount. As such, there were insufficient funds to complete a number of planned revenue-enhancing improvements contemplated in the 2009 Plan. This has impacted the actual amount of revenues generated from the master plan improvements. In addition, some of the improvements made, such as the Jackson Driving Range, were delayed - impacting the timing of revenue generation from these improvements, particularly as debt service payments rose to cover the increased costs.

Financial Policies

On November 20, 2006, the City adopted Resolution 30926, which identified financial policies for the operation of Seattle's four municipal golf facilities. The Resolution also identified a series of prioritized capital investments to address life safety needs, facility integrity, customer service, and potential revenue – generating enhancements. The financial policies and 6-year plan were intended to be in effect from 2006 thru 2012.

The City Council approved a list of prioritized capital investments and financial policies that required golf operations to pay 3.5% (changed by SPR through the budget process to 5% beginning in 2009) of gross revenues to the Park Fund. Any remaining revenues after expenses would be directed to a golf capital improvement fund.

From 2005 – 2012, golf revenues contributed $5,354,284 to the golf capital improvement fund. From 2005 – 2015 golf revenues also contributed $3,713,245 to the Park Fund. In addition to these contributions, golf revenue paid for all operating expenses, for example: debt service, fees to SPU, taxes, SPR golf personnel, and Premier employees. The golf courses are also charged for expenses such as Seattle Public Utilities drainage fees, water, and electricity, etc. Other SPR facilities are not expected to cover these costs with revenue. The City charges the golf courses for costs that are not golf-dependent. For example, Seattle Public Utilities charges drainage fees against the open space land of the courses that would otherwise need to be charged to the SPR General Fund. SPR does not charge utility costs to other facility lessees.

Cost recovery analysis by City staff of other recreation programs is shown below.

Program Area	Percentage 2016 Actual Cost Recovery	Percentage 2018 Projected Cost Recovery
Athletic Fields and Scheduling	55%	66%
Aquatics, boating, swimming	61%	73%
Community Centers	20%	15%
Senior Programs Lifelong Recreation	3%	2%
Tennis Center	110%	107%

Historical Financial Performance: 2013-2017

This study analyzed the financial performance of the golf program for the period 2013-2017. During this time, the golf courses have covered their operating costs. When non-operating expenses for debt service and the five percent payment to the Park Fund are included, the courses are no longer meeting the financial policy targets. Golf revenue comes from green fees at all four courses, driving range operations at Jackson, Jefferson and Interbay, merchandise sales, cart rentals, lessons, restaurants, and mini-golf at Interbay.

The percentage of income from green fees has decreased from 54 percent in 2013 to 45 percent in 2017, while the percentage of income from the driving ranges has increased from 16 percent to 22 percent. This reflects the renovation of the Jefferson Park driving range and the new driving range opened at Jackson Park. Excluding the cost of goods sold and the amounts paid by the City to rent golf carts from the concessionaire, the percentage of revenue from the restaurants has increased by three percent while the percentage of revenue from merchandise and cart rentals has remained constant. Mini-golf at Interbay accounts for three percent of revenue.

Operating expenses include expenses borne by the concessionaire, Premier, and direct City expenses. Total expenses have increased from $7.1 million in 2013 to $8.2 million in 2017, with the City's direct expenses accounting for 54 percent of all expenditures in 2013 and 51 percent in 2017. Expenses include personnel, course operations and administration. Personnel expenses were 53 percent of all expenses in 2013 and 55 percent in 2017. Course operations were 39 percent of total operating expenses in 2013 and 37 percent in 2017. Administration was eight percent of total costs in 2013 and in 2017.

Personnel expenses have risen by 19 percent between 2013 and 2017 from $3.8 million to $4.5 million. The major increase has been in concessionaire personnel expenses, which have risen 34 percent from $1.8 million to $2.4 million. Concessionaire increases in personnel costs are in part attributable to the impact of the City of Seattle's new minimum wage law under which the concessionaire is increasing wages to meet the requirement to pay a minimum wage of $15.00 per hour by 2020. In addition, staffing increased to operate the new club house and driving range capacity. City personnel expenses have risen six percent from $2.0 million in 2013 to $2.2 million in 2017.

Financial Scenarios Analyzed (See Appendix 1)

The consulting team led by Kathy Scanlan of Scanlan Consulting worked with City and Premier staff to develop financial scenarios to test various assumptions that might yield a sustainable framework for golf finances. The process of developing financial scenarios required the City and Premier to provide historical data and assumptions about investment and revenue. Using data provided by the City and Premier, Scanlan developed an historical summary of golf financial performance. The team used that data to project a baseline future of golf revenue and expenses. Each scenario explored had multiple changes in assumptions based on City direction. More work is warranted to explore additional scenarios grounded in updated data. City staff reviewed and verified those assumptions. Much discussion ensued about the impact of increased investment on golf rounds played and revenue. Discussion also ensued about the costs of private sector maintenance versus the cost of City staff maintenance.

Scenario	Assumptions	Sustainability	Observations
Scenario #1: **Financial Projection Based on Status Quo 2018-2027**	10 Year Projection: 2018-2020 SPR and Premier estimated number of future rounds Expenses based on historical average growth rates Contribution to Park Fund is included No change in staffing or management	Total 2027 loss including non-operating expenses is $4.1M	Golf rounds are estimated to grow at an annual average of 1% Does not capture higher play and revenue from 2018 This growth rate assumed playing level less than 2013 Debt service payments add an additional $1.5 million to the deficit in 2018-2021 and $1.1 million 2022-2027

Scenario #2: **Financial Projection to Fund Deferred Maintenance, Equipment, and Capital Projects 2018-2027**	Same as #1, plus SPR identified $35.6 million in unfunded capital improvements 20-year general obligation bond issued at 5 percent interest Debt service payments of $3.3 million	Total 2027 loss including non-operating expenses is $8.4M	Capital needs are based on internal estimate and are not inclusive of all needs No increase in revenue assumed resulting from capital investment
Scenario #3: **Financial Projection to Partially Fund Deferred Needs with New User Fee and Financial Policy Changes 2018-2027**	Same as #1, plus $16.3 million capital investment Debt issued 20-year bond at 5 percent interest Reduced contribution to Park Fund Added user fee targeted for maintenance	Total 2027 loss including non-operating expenses is $4.4 M This scenario has financial results similar to the status-quo but the benefit is that some facilities are better maintained	Capital investment less than scenario #2 No increase in revenue assumed resulting from capital investment User fee for capital investment/ maintenance is not sufficient to cover debt service and operating costs
Scenario #4: **Financial Projection Changing Golf Course Maintenance to a Private Vendor**	Same as #3, plus Maintenance provided by private vendor Variation of current maintenance standards and improved maintenance	Current maintenance standards Total 2027 loss including non-operating expenses is $4M Best practice maintenance standards Total 2027 loss including non-operating expenses is $4.8M	Did not make any changes in assumed revenue based on increased investment Private vendor cost increases may be over-stated due to historical costs that included the transition to minimum wage requirements and addition of staff for expanded services

Summary of Financial Scenarios

Each of the scenarios modeled combined various assumptions. Spreadsheets have been provided to the City to isolate specific policy choices. For example, shifting the maintenance costs to a private vendor does reduce operating costs. Setting a different financial policy goal such as a percentage of cost recovery that is 100% or less would be more sustainable. These savings are offset in the projections studied because the scenarios also included new investment to catch up on deferred maintenance, equipment replacement, and capital needs.

Scenario #1: Financial Projection Based on Status Quo 2018-2027

A baseline 10-year projection was made for this study based on the 2018-2020 budget projection of SPR and Premier. The SPR-Premier projection assumes more stability in rounds played between 2018 and

2020 compared to 2013-2017. The projection is for a two percent decrease in the number of rounds played between 2017 and 2018, a one percent increase from 2018 to 2019 and a four percent increase from 2019 to 2020 when full course play resumes at Jefferson following capital improvements to repair damaged holes. The average increase over the three-year projection period is one percent. Applying that same one percent average annual increase to 2021-2027 results in 227,000 rounds played in 2027, which is seven percent less than the 243,000 rounds play in 2013.

On an operating basis, the courses have net income ranging from $0.1 million in 2018 to a deficit of $2.3 million in 2027. Debt service adds an additional $1.5 million to the deficit in 2018-2021 and $1.1 million from 2022-2027. The payment to the Park Fund adds $0.5 - $0.7 million to the deficit in each year. Operating net income combined with non-operating expenses result in a $1.9 million deficit in 2018 growing to a $4.1 million deficit in 2027.

Interbay has annual net operating income of $0.9 million to -$0.2 million each year and is able to pay its debt service and Park Fund contribution without a deficit, except in 2026. Jackson Park is able to pay its Park Fund contribution without running a deficit until 2022. West Seattle can only contribute to the Park Fund in 2018 and Jefferson Park is not able to pay its Park Fund contribution without running a deficit in any year.

Scenario #2: Financial Projection to Fund Deferred Maintenance, Equipment, and Capital Projects 2018-2027

The golf courses have been underfunded for capital improvements, major maintenance and equipment repair and replacement in the 2013-2017 time period. SPR has identified a total of $35.6 million in unfunded capital improvements for the courses through an internal process. The process of identifying needs did is based on conceptual design, not completed architectural, nor engineering documents,nor feasibility studies.

For this study, a financial projection was made assuming these unfunded needs are funded through the issuance of bonds. The financial projection assumes that a 20-year general obligation bond is issued by the City in 2019 at an interest rate of five percent. The $35.6 million in capital improvements is in 2018 dollars. This was adjusted assuming an annual inflation rate of two percent to the mid-point (year 10) of the bond issue resulting in annual debt service payments of $3.3 million. Debt service is attributed to each course based on the percentage of capital expense anticipated at the course.

The impact of these three changes is to increase the total loss including non-operating expenses to $2.9 million in 2018 to $8.4 million in 2027.

Scenario #3: Financial Projection to Partially Fund Deferred Needs with New User Fee and Financial Policy Changes 2018-2027

This scenario provides improved major maintenance by making an investment in it, additional capital investment and improved equipment for the courses while remaining financially similar to the baseline.

This scenario includes a new user fee, policy changes to reduce the contribution to the Park Fund, using a yet to be identified new funding sources to make existing debt service payments, and new debt service to pay for modest investments in capital, equipment, and maintenance. SPR identified a $16.3 million investment level to be paid for by issuing new debt.

The debt service on $16.3 million assuming a 20-year bond at five percent interest is $1.3 million per year. The identified capital needs are distributed 38 percent for Jackson Park, 10 percent for Jefferson Park, 39 percent for West Seattle and 12 percent for Interbay. SPR identified $4.9 million in new equipment needed for the courses. Of the $4.9 million, $1.3 million per course is the cost for Jackson Park, Jefferson Park and West Seattle, $0.6 million for Interbay, and $0.3 million shared equipment that would be charged as an administration cost. The golf courses have not historically had funding for major maintenance. For this projection, it is assumed that the older courses (Jackson Park, Jefferson Park and West Seattle) need $0.1 million per year for major maintenance and Interbay $50,000 per year. In addition, the City identified some major maintenance projects that are assumed to occur in 2019.

The new debt service of $1.3 million is offset by a dedicated user fee of $0.2 million leaving the same level of debt service ($1.1 million) as in the baseline once the Interbay debt service ($0.4 million) is paid off. On an operating basis, expenses are higher by $1.0 million per year in equipment lease ($0.6 million) and major maintenance expenses ($0.4 million). The difference between a 3.5 % Park Fund contribution and no Park Fund contribution is $0.4 million to $0.5 million annually.

Debt service is attributed to each course, which results in larger losses at Jackson Park, Jefferson Park and West Seattle. Debt service for these courses is carried in administration costs in the baseline projection. In the baseline scenario, Interbay had debt service of $0.4 million per year through 2021. In this scenario debt service is $0.2 million from 2019 -2027.

Under this scenario, the courses have a total operating loss including non-operating expenses of $2.3 million in 2019 to $4.9 million (with 3.5% contribution to Park Fund) or $4.4 million (with 0% contribution to Park Fund) in 2027.

Scenario #4: Financial Projection Changing Golf Course Maintenance to a Private Vendor

A scenario was modeled in which course maintenance is provided by a private vendor selected through a request for proposal (RFP) process, including staff and all operating expenses, beginning in 2020. The scenario assumed an increase in the concessionaire service fee starting in 2020 to $450,000 to include maintenance responsibility. This scenario also included all assumptions made in the combination of the new user fee, policy changes and modest investment above, and an additional increment of cost was added to achieve best practice maintenance standards for municipal courses.

This scenario showed a reduction in cost for the standard maintenance service ranging from $0.8 million in 2020 to $0.4 million in 2027. The reduction in cost savings over time is because City personnel costs are estimated to increase three percent per year and concessionaire personnel costs are projected to increase at a higher rate; however, this escalation by the concessionaire may be over-stated due to the historical data on which the projection is based which captured the increased concessionaire labor rate as they transitioned to meeting the City of Seattle minimum wage law. This scenario reduces the total loss from golf by the savings in operating expense for the standard maintenance practice option.

Under this scenario, using the current maintenance standards, the courses have a total operating loss including non-operating expenses of $1.9 million (with 3.5% contribution to Park Fund) or $1.5 million (with 0% contribution to Park Fund) in 2020 when the transition would occur, to $4.5 million (with 3.5% contribution to Park Fund) or $4 million (with 0% contribution to Park Fund) in 2027.

Under the best practice maintenance scenario, the courses have a total operating loss including non-operating expenses of $2.4 million (with 3.5% contribution to Park Fund) or $2 million (with 0% contribution to Park Fund) in 2020 when the transition would occur, to $5.3 million (with 3.5% contribution to Park Fund) or $4.8 million (with 0% contribution to Park Fund) in 2027.

Public Benefit Goals

Beginning in approximately 2006, the City has sought to achieve a 103.5-105% revenue cost recovery from the municipal golf courses. This is in sharp contrast to other recreation programs in the City. For example, City staff analysis shows that revenue covers operating expenses at the following rations for some other SPR programs: aquatics at 50%; swimming pools at 77%; community centers at 15%. These programs do not contribute to capital cost recovery.

The City determined in 2006 that the Golf Program should achieve self-sufficiency which was defined to include paying all expenses, capital improvement costs, and also contributing to SPR general overhead. Since 2006, the Golf Program has contributed $3,713,245 million to the Park Fund, over and above operating and capital expenses.

At the same time that the City has set an expectation to contribute to the Park Fund from golf, some have argued that because the City is charging fees to access the golf courses, the courses are elitist and do not allow public access. In addition, there is a need to balance the goals of achieving revenue through fees and encouraging play. There is a direct relationship to golf course use and fees charged, so as there is a push to earn higher revenue, there is an elasticity of demand that reduces the number of players. Premier and the City work together to find the best price point so as to not negatively reduce demand, but they are in a no-win circular logic that pushes for higher revenue and at the same time questions public access and level of demand. The perception of golf being an elite sport is related to the cost and exclusivity of private golf courses. If the City does not offer golf as a recreational opportunity, golf will indeed be limited to only those who can afford private or privately-owned public courses where fees are substantially higher than those charged at the City's four municipal golf courses. In addition to direct cost of fees, players would need to travel outside of the City to find a course.

Race and Social Justice Assessment

The vision of the Seattle Race and Social Justice Initiative is to eliminate racial inequity in the community. To do this requires ending individual racism, institutional racism and structural racism. The City developed a Racial Equity Toolkit to lay out a process and a set of questions to guide the development, implementation and evaluation of policies, initiatives, programs, and budget issues to address the impacts on racial equity.

As SPR moves forward with decisions about the Golf Program, leadership should communicate key community outcomes they are seeking and then involve stakeholders to gather information on how those potential outcomes benefit or burden the community in terms of racial equity. For example, the Golf Program civil rights history should be acknowledged and the significance of various programs especially at Jefferson Park, should be documented and expanded upon. Further, the changing demographics surrounding the other Seattle courses should be explored and stakeholders from surrounding neighborhoods should be involved in the development of strategies to increase access and benefits to the golf courses. In addition, this analysis could also include the golf workforce.

As stated in multiple places in this report, the City needs to reconcile their desired outcomes related to golf. The drive to increase revenue through higher fees for golf runs counter to providing access to lower income people. There are programs in place for discounted green-fees, off-peak play, youth, and schools; however, for every discounted or free round, revenue is lost. There is a limit to the number of rounds that can be played annually due to weather, daylight, and the game itself.

SPR Golf Course Budget, Oversight Issues, and Risk Management

SPR has not had the budget for facility and equipment maintenance, aging equipment replacement, and for all of the capital projects that were included in the 2009 Master Plan, such as clubhouse improvements at West Seattle and Jackson Park, perimeter trails at all courses, electric cart barns, maintenance facilities, cart paths to accommodate electric vehicles, and on-course rest rooms.

Safety concerns at Jefferson Park resulted in emergency tree removal that has negatively affected the course condition and has significantly reduced play. The removal of the trees has had a negative effect on the golfing regulars who prefer a course with a 70 handicap rating. Premier does get regular comments about the shortened holes. Golf use in 2018 had a slight up-tick in use according to Premier and City staff. SPR has been working on a plan to restore the course; however, the physical rebuilding process may take several years. It may take some time following completion to rebuild the level of play and revenue. Jefferson Park has a unique legacy within the City as the oldest course and one that is the most diverse. The active players at Jefferson Park do not perceive the SPR to be moving forward with a sense of urgency to restore the course in a timely way. The financial projections assume completion and restored play by 2020; however, this may be overly optimistic and does not account for rebuilding of customer loyalty by those who have left the course due to the current conditions.

Golf courses are specialized landscape environments and golf course maintenance and management are professions with associated education, training, professional affiliations, and expertise. The Professional Golfers Association (PGA) provides guidance and best practices for the hiring and qualifications of personnel including the Director of Golf position. SPR staff has been well-intentioned and hard-working in their dedication to the Golf Program, but their duties have included more responsibilities than golf at SPR and the last two staff members assigned to manage the Golf Program (while extremely dedicated and hard-working) did not have professional training in golf course management. Additionally, the SPR capital improvement staff assigned to implement the Master Plan and capital projects is not trained in the specialized landscape architecture of golf. While the SPR capital staff contracts actual design to golf course architects, there is still a need to have sufficient expertise to understand the functional aspects of a course, impacts of design decisions on play and maintenance, and to understand the timing of projects.

A risk to golf course revenue exists at the most financially successful facility, Interbay Golf Center. The driving range revenue is limited due to the need to restrict the use of drivers and hybrid clubs on the upper tier of the range because the risk of golf balls going over the nets and landing in the area of Seattle Pacific University's playing fields. This is a significant safety liability and also a lost revenue opportunity. Addressing this need must be a priority for SPR which means funding and staff resource commitment to complete design and permitting in a timely way.

City and Premier staff along with a core group of golfers at each course have worked collaboratively to keep the courses functioning despite these circumstances. The course superintendents, the SPR Acting Director of Golf, Premier staff, and SPR's financial and management team have necessarily adopted a crisis management approach to keep the courses open. SPR Course Superintendents demonstrate initiative and innovation to address their maintenance challenges. None of this study's recommendations should be taken as a criticism of their performance. The problems identified are systemic.

Management Structure Options

The City has tried a variety of management structures to operate and maintain its golf courses. From 1915 until the mid-1970's SPR operated all functions at the courses. Various concessionaires ran the courses from approximately 1978-1995. From 1995-2003 the City contracted with a non-profit corporation, Municipal Golf of Seattle (MGS). Under the MGS model, SPR continued to perform all maintenance functions at the courses. Since 2003 Premier Golf has been under contract with SPR to operate the four courses: Interbay, Jackson Park, Jefferson Park, and West Seattle, with SPR continuing to perform course maintenance.

While the SPR maintenance staff members have applied themselves to the work at hand, there is an inherent inefficiency in having a different entity provide the maintenance from the party that is responsible for relating directly with the golfers. Golf course maintenance requires flexibility in schedules and hours to address needs during long summer days and around the hours of golf play. There needs to be close coordination between the golf professional on site who is overseeing the course use and feedback from players with the crew responsible for maintenance. While the Premier and SPR staffs have a good working relationship, there are benefits to having one-entity handle both maintenance and operations.

The City's municipal courses are an historic legacy that require on-going investment to preserve and maintain them for the next 100 years. The City needs to align its policy priorities to balance the objectives of public access, outdoor recreational opportunities, racial equity and social justice, environmental and habitat protection, open space, and financial management.

Recommendations

1. Commit to golf as a recreational program offered by the City on par with other recreational offerings.
2. Commit to golf as an environmentally sustainable open space program in the City.
    a. Follow best environmental practices as outlined in the Audubon Initiative described in this report, go further with water reclamation, use of electric vehicles, and partnerships with environmental organizations.
    b. Green building standards should be integrated into future plans for clubhouses, maintenance facilities, and restrooms; transitioning to electric golf carts; and promoting advanced irrigation techniques.
    c. Rainwater harvesting at the clubhouses and on the course
    d. Using permeable pavements in the parking lots and on cart paths
    e. Continued enhancements to wildlife habitat through native plantings
    f. Integrating storm water detention with water hazards and/or rain gardens
    g. Improving connectivity with other greenbelts and wildlife corridors

3. As SPR moves forward with decisions about the Golf Program, leadership should communicate key community outcomes they are seeking and then involve stakeholders to gather information on how those potential outcomes benefit or burden the community in terms of racial equity.

4. The City needs to reconcile its desired outcomes related to golf to balance revenue and access goals.

5. Commit to diversity and inclusion with municipal golf providing access to all.

    a. Incentivize the concessionaire service provider to reach out to diverse communities; to provide access to courses for non-golfers at posted times and dates.

    b. Build on public benefit programs already underway by SPR and Premier.

6. Enhance marketing, outreach, and partnerships to improve participation by women, which is below the national average.

7. City staff and the concessionaire service provider should work with golf course neighbors to build partnerships. For example, King County Metro Rapid Ride, Sound Transit, Veterans Administration Hospital, and community groups.

8. Incentivize service provider to enhance the clubhouse experience to be welcoming to all, including non-golfers. Jefferson Park Clubhouse is rated once of the best dining experiences by Golf Magazine. Interbay is attractive to millennials for social activities. Build on these successes at West Seattle and Jackson Park.

9. Conduct regular independent demographic surveys to collect data on golf course users. Marketing efforts should be monitored for their effectiveness in attracting populations throughout the City

10. Build public awareness that the City of Seattle owns the four municipal golf courses and brand the courses so that the public sees them as owned by the City of Seattle with public benefit and access opportunities. The City of Seattle is a world recognized brand and the municipal courses should reflect that excellence and its progressive values.

11. Establish a Golf Advisory Committee with a clear charter, establish criteria for appointment, and adopt conflict of interest and ethical guidelines to ensure the public interest is protected in the operations and maintenance of the courses.

12. Establish a City position to oversee the concessionaire contract, staff the Golf Advisory Committee, and serve as liaison within SPR and to other city departments, including SPU, to advocate for golf requirements relative to best practices for tree removal, water usage, drainage, environmental sustainability, and for the long-range capital program.

13. Ensure the Manager of Golf position is 100% dedicated to the Golf Program and is filled by a qualified professional.

    a. Use Professional Golf Association job qualifications.

    b. If the city chooses to save personnel costs by eliminating the Manager of Golf position then the contract with the concessionaire service provider must include clear expectations for community engagement responsibilities by the service provider such as staffing and using a Golf Advisory Committee, public benefit activities in sync with City values and priorities that are inclusive, and golf expertise by staff including a person with golf course agronomy expertise to oversee all maintenance.

14. Establish performance management systems and make a commitment to continuous education and improvement to best manage the golf course assets and put the municipal golf courses at the forefront of industry trends.
    a. Consider an on-line dashboard to report on key indicators.
15. Set comprehensive and holistic budgets for golf that include operations, maintenance, capital, equipment, and reserves.
16. Invest in restoring and maintaining the four municipal golf courses by seeking City and other funding for capital needs, including current debt service.
17. Set aspirational but realistic revenue targets and balanced budgets to recover a portion, not 105%, of direct golf operating, capital, maintenance, and equipment expenses. This means delete the policy requiring golf to return 3% or 5% to the SPR Operating Fund. The financial goals should aspire to building market share, including that of woman golfers, to be on par with national averages, to capture the growing Seattle population, and at the same time to be realistic about the number of playable hours annually in Seattle.
18. Monitor dynamic pricing and conduct periodic reports comparing green fees to competition and track demand relative to price to maximize capacity. This should include pricing studies and evaluation of elasticity of demand using objective data and analysis.
19. Revenue is dependent on course condition. Use best practices for course maintenance and repairs to make courses desirable for players.
    a. Restore Jefferson holes.
    b. Increase maintenance to meet municipal golf best practices.
    c. Implement USGA course improvements punch-list from January 2018
20. Address golf maintenance equipment replacement.
    a. The equipment fleet is past its useful life and leasing is an option the City should consider.
    b. The City can look at scenarios to rotate fleet replacement over a period of time.
21. Incentivize the service provider to operate the courses to continuously improve the golfer experience.
    a. Golfers generally prioritize golf course condition and speed of play above all other factors.
    b. They also want to have access to beverages and rest rooms.
22. Consider a dedicated surcharge to golf rounds for maintenance fund at each course.
    a. Make a connection between the facility fee and on the ground results so that those who pay the fee see the positive result of their contribution.
23. Incentivize the concessionaire service provider and SPR to seek revenue enhancements including opportunities for paid parking, cell-tower placement, technology enhancements, miniature golf, sponsorships, and naming rights.
    a. These incentives should be developed in coordination with the City Legal Department to ensure compliance with Ordinance 118477 which adopted Citizen Initiative 42 regarding the preservation of City of Seattle land and facilities for park and recreation purposes.

24. The mini-golf operations at Interbay are successful at attracting non-traditional golfers, families, millennials, parties, and people seeking fun outdoors.

    a. If pursued at West Seattle, or expanded at Interbay, the design and building of the facility should be managed by the service provider responsible for golf course operations so that it is integrated with the course brand and of a quality to enhance revenue.

25. There are also technical innovations in the field of golf including golf simulators and entertainment oriented complexes such as Top Golf.

    a. These activities should be viewed as part of the total golf experience and work together with the pro shop, food and beverage, lessons, practice, and overall customer safety and experience.

    b. Build on innovations Premier is currently trying.

26. Pursue grant funding for sustainability initiatives such as rain gardens, habitat restoration, and water quality improvements.

    a. Such grants can fund one-time only expenses and a grant writer could be hired under contract to pursue opportunities for the golf courses.

27. If there is a desire by the City to repurpose one or more golf courses for non-golf purposes, the cost and benefits of such closure(s) and alternative use must be fully calculated. This includes consideration of the value of open space.

    a. In addition to the public benefits and history at each municipal golf course, the City may want to consider the relative costs of operating each facility if it chooses to close one or more course.

    b. Conduct a race and social justice analysis if the decision is made to close one or more courses as there are likely to be RSJI issues to consider related to access.

28. The City should consider bidding its next contract for course operations to include both golf course operations and maintenance.

29. Work with SPU to resolve drainage fee and water expenses and identify mutually beneficial strategies.

30. Strengthen the capital improvement planning process, prioritization, and implementation of capital projects.

    a. Consult closely with Premier on all planned improvements including timing and nature of the improvements.

31. Develop and publish in an easy-to-access web portal a schedule of planned improvements and keep the public informed about project progress. (The SPR and Arboretum provided excellent communications about the progress of CIP work as an example.)

32. Consider a longer-term lease to encourage capital investment by an operator; however, the structure for such a lease needs to protect the City from any expectation to "buy-out" the lease.

33. The City must ensure that facilities are safe, maintained, and that safety risks are addressed.

34. Prioritize repairs and take-action to address risk.

35. Conduct a risk analysis to allow non-golfers to use the golf courses at certain days and times.

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