



MEMORANDUM

Date: February 8, 2018
To: Park Board of Commissioners
From: Cheryl Fraser, Division Director, Enterprise and Partnerships in Community
Kjristine Lund, Lund Consulting, Inc.
Subject: Strategic Business Plan of Seattle Public Golf Courses

Requested Board Action: – Introductory Informational Briefing with no board action required. Feedback from the Parks Board would be helpful on the study objectives, research questions within the identified issue papers, and stakeholders to be interviewed.

A second briefing will be scheduled for late May to brief Park Board of Commissioners on study findings and recommendations.

Project or Policy Description and Background

Seattle Parks and Recreation (SPR) has entered into an agreement with Lund Consulting, Inc to develop a Strategic Business Plan for the future of Seattle Public Golf Courses to guide the future of Seattle’s public golf courses, driving ranges, mini golf, golf food services, and related programs to ensure an objective analysis for policy makers to consider in making decisions related to the City golf courses.

The City 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. In addition, there are four clubhouses that provide food and beverage service, merchandise sales and general support for each course. The courses are located at Jefferson Park, Interbay, Jackson Park, and West Seattle. The golf courses are an important Part of Seattle Parks and Recreation’s (SPR) programs and facilities. They provide recreational opportunities and as well as opportunities to enhance SPR’s environmental stewardship ethic. Currently, the business operations of the four courses are handled through a contract with Premier Golf. The course maintenance and upkeep is performed by SPR staff. Originally, the golf program was set up to operate as an enterprise fund, where revenue would cover expenses, as well as contribute to the General Fund for other SPR programs. Unfortunately, in the last several years course revenues have been declining and have been insufficient to offset all golf related expenses for several reasons. These include such things as poor weather; rising labor costs; utilities; maintenance practice(s); escalating costs and cancellation or delay of capital improvements; use of vendors; operational practices; changing demographics and recreational interests, etc. This trend of declining revenue is projected to continue indefinitely until changes are made to the current golf operational model.

The project is structured to follow this approach to the work:

1. Documenting the City's goals and objectives for pursuing this study to ensure the final report and recommendations meet the City's decision needs.
2. Collecting and analyzing existing background information related to the City's golf courses including past City planning documents and studies; reports submitted by Premier, the City's golf course operator; budget documents; course condition reports; user surveys, and City decision documents. (Approximately 2009-2017)
3. Researching best practices and key policy issues identified by City staff and informed by preliminary research:
 - The role of municipal golf courses in serving the public including equity and access, health benefits, environmental and open space, youth, family, and schools;
 - Non-golf multi-objective strategies for use of golf course properties including conversion to other uses, closures for non-golf use, joint uses, including processes for closures;
 - Relationship between course condition and revenue including deferred maintenance needs, factors affecting course rating, environmental issues associated with maintenance;
 - Programmatic innovations in the field including technology, partnerships, attracting a broader demographic, and
 - Alternative management models including the current model, full municipal management, full private sector management, private sector handles driving ranges and concessions, City handles course operations, and risk assessment for City under each scenario.
4. Analysis of financial position and development of alternatives for 10-year financial plan:
 - Developing a base-case template of current financial position including cost drivers, identification of fixed costs whether operated as golf courses or open space;
 - Development of three scenarios to be developed in coordination with City Parks and Recreation staff.
5. Development of Action Plan.
6. Final report.

Throughout the process, the consultant team will be meeting with Parks & Recreation staff to check-in on work progress and to discuss priorities for each stage in the process.

Public Involvement Process

The scope of work includes a public involvement process that will incorporate feedback from key partners, informational interviews (up to 12), stakeholder workshops (10-12-individuals). The goals of these interviews and stakeholder workshops will be to:

- Engage and gather feedback from key community stakeholders and leaders.
- Collect anecdotal data that reflects people's unique perspectives and experiences.
- Build insights around how Seattle's public golf courses and programs are perceived by the community
- Input on opportunities to expand access and increase support for the courses.
- Feedback on business models that may be more sustainable

The feedback received from the public involvement process will be instrumental in identifying important issues to explore in the research and planning effort.

Park Board Feedback

Is there anything you see missing in the study objectives that should be included?

Do you have suggestions on individuals or organizations that should be included in the public outreach process?

Are there any questions you feel should be included in the stakeholder interviews or in the issue paper research that you do not see mentioned in this briefing paper?

Budget

The cost of implementing recommendations based on the study are unknown at this point and won't be known until the results of the study are presented (mid-May 2018), analyzed and decisions are made about the future of golf.

Schedule

The project began in mid-November and the consultants work is scheduled to be complete by May 2018. Currently, 4 of 12 interviews have taken place. Issue papers will be completed in mid-February and will help to drive questions for the remaining interviews planned for late February - early March. A focus group is planned for March. Alternative financial scenarios will be explored in March and the draft report is due in mid-April.

Attachments:

Attachment 1 - Study Objectives

Attachment 2 - Preliminary Feedback from Stakeholder Interviews and Market Research Findings

Attachment 1: Study Objectives

1. Ensure the study process provides for check-in points with city staff prior to development of alternatives and at key milestones.
 - a. Check with city staff about assumptions that will inform the alternatives.
 - b. Schedule monthly briefings with staff group.
2. Provide alternatives and recommendations that align the role of Seattle's public golf courses with the mission of Seattle Parks & Recreation, including how golf promotes healthy people and a healthy environment.
3. Identify options for equitably enhancing access to golf course facilities and programs by the people of Seattle.
 - a. Provide a clear description of what we know about who uses the golf courses from existing data.
 - b. Better understand existing golf course clientele and potential new users.
 - c. Describe the pattern of use at the courses, including weather impacts.
 - d. Identify options to expand the utilization of public golf course properties by increasing multi-objective uses, expanding uses during off-peak golf time
 - e. Identify risks associated with multi-objectives uses such as course damage.
 - f. Address affordability of golf and low-income access.
4. Provide recommendations that demonstrate the best practices for sustainably managing Seattle's public golf courses as public assets.
 - a. Provide clarity around the financial situation: operating, capital, debt service, cost allocation.
 - b. Identify the cost drivers.
 - c. Clarify the relationship between number of rounds/revenue and course conditions.
 - d. Clarify how the current situation occurred.
 - e. Provide analysis to clarify the marginal cost of operating golf courses vs. open space.
 - f. Identify fixed costs.
 - g. Provide analysis to show options for operational savings.
 - h. Provide analysis of deferred maintenance costs.
 - i. Identify and analyze existing financial goals for golf, including revenue return. Propose new financial goals.
 - j. Identify areas of risk.
5. Analyze asset management issues.
 - a) Present information from park's staff about future asset management needs including equipment replacement.
 - b) Look at financial reporting system (SRI) for data collection opportunities.
6. Provide alternatives that reflect innovation and best practices.
 - a. Research innovations by other jurisdictions.
 - b. Research revenue opportunities and be creative about revenue sources.
 - c. Research sponsorship options.
 - d. Align proposed alternatives with best practices.

- e. Identify limitations on some innovations such as Initiative 42.
- f. Consider operator innovations such as transition of Woodland Park Zoo and Aquarium to non-profit status.

7. Identify opportunities to expand partnerships and foster new collaborations.

8. Include risk analysis with alternatives and recommendations.

9. Use a ten-year planning horizon.

10. Provide unbiased objective analysis.

Attachment 2: Preliminary Feedback from Stakeholder Interviews Conducted to Date and Market Research Findings

Seattle's municipal golf courses provide benefits beyond the game golf.

- Public golf is misunderstood and stereo-typed in a way that is not consistent with the demographics of who plays at municipal public golf-courses. Nationally, 70% of all rounds nationally are played at public golf courses, not private clubs.
- Expanding access and creating new opportunities to experience golf and Seattle's public golf facilities is desired.
- There are opportunities to build partnerships and to use Seattle's municipal golf courses to meet the needs of the growing Seattle population who need open space and recreation opportunities within the City. (Seattle's population grew by 21,000 from July 1, 2015 - July 1, 2016)

The golf program is not meeting financial policy targets.

- The Golf Master Plan strategy has not been implemented as planned and has contributed to revenue challenges.
- Rising labor and utility expenses in the City were not anticipated in budget projections.

Preliminary Market Research Findings:

- A 2007 State golf economic analysis reported that of 280 courses in the state at that time, 219 were public, and 47 were municipally-owned.
- Nationally interest in golf is declining, especially among millennials; however, golf in Seattle and the State of Washington exceeds the national participation rate. (7% of total population nationally, 10-12% in Seattle.)
- Seattle golf participation rates are in the mid-range of popular recreational activities: walking, picnics, bike-riding are the most popular and rugby, surfboarding, lacrosse the least popular.
- The 2017 Parks and Recreation Study conducted by EMC found that 43 percent thought the City should spend less on golf, although the survey did not provided information on the revenue contributed by the golf courses to the City Parks and Recreation Budget.
 - Nationally, minority participation is about 20%, primarily among Hispanic and Latino Americans. Seattle has not tracked minority participation rates at its courses; however, the first African American and Asian American golf players clubs in the State were founded at Jefferson and are still active, and First Tee and Bogey Bear programs have successfully introduced the sport to diverse youth in Seattle.
- Seattle's female participation at its golf courses ranges between 10-17 percent while nationally the average is 23 percent.