

# Review of Operations and Strategic Planning for City of Austin Municipal Golf Courses

Prepared For:

## City of Austin

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May 2019

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# Introduction and Executive Summary

*The following is a summary of significant findings made by the National Golf Foundation in its study of the City of Austin Golf system. The supporting text and tables are found in the body and appendices of the attached report. Some items are repeated from the full report.*

## INTRODUCTION AND PURPOSE

NGF Consulting was retained by the City of Austin (“City”) to assist in evaluating the current condition and future market potential of the five City golf facilities: Clay-Kizer Golf Complex (“Clay-Kizer” or “CKGC”), Morris Williams Golf Course (“Morris Williams” or “MWGC”), Lions Municipal Golf Course (“Lions” or “LMGC”), Grey Rock Golf Club (“Grey Rock” or “GRGC”) and Hancock Golf Course (“Hancock” or “HGC”). These five facilities include a total of five 18-hole and one 9-hole golf course, all operated and managed directly by the City of Austin. The City is considering the long-term future sustainability of its golf facilities and seeking to better understand the realistic economic potential of the six golf courses given market and site realities. The results of this market and facility analysis will be used by the City to help determine the appropriate course of action.

This review is based on significant NGF research into the subject City of Austin golf courses, the market environment in which they operate and consideration of possibilities for their future. NGF’s goal for this consulting project was to provide a thorough and objective report that can assist the City in evaluating the long-term viability and sustainability of each facility and the City’s golf system as a whole. The NGF team reviewed each golf facility to help identify specific changes or adjustments that can be made so as to allow the courses and the system to provide appropriate recreation amenities to the citizens of Austin in the most economically efficient way possible. NGF considered, among other factors, the present physical condition of the golf facilities, their competitive positions and what physical changes or new investment will be needed to provide the best possible golf facility product to the City of Austin.

This NGF review was managed by Richard Singer, MBA, NGF’s Senior Director of Consulting Services, with assistance from other NGF staff including: Ed Getherall, Director of Consulting Services; Clark Brown, Director of Research; and Jodi Reilly, Consulting Administrator. Specific activities completed in preparation of this report included market research, visits to the properties, meetings with City and golf staff, and visits to several other area golf facilities that were deemed to be potentially competitive with the subject City golf courses. NGF also collects considerable information and data on the golf industry as a regular part of our organization’s work, and much of this information and data will be presented as part of our consulting assistance to the City of Austin.

## BACKGROUND

The City of Austin is operating five unique golf facility properties, each with its own distinct history, customer base and mix of amenities. These facilities include six separate golf courses and traditional support amenities such as driving ranges, practice areas and clubhouses. Two of the facilities (Lions and Hancock) date back to the early 1900s and are rich in golf and Civil Rights history, but as they are older facilities, there are also concerns about physical condition which relates to sustainability. Throughout its history of providing public golf to Austin, the City has had a variety of structures for the on-site operation of the golf courses, but a general self-operating structure has remained as the dominant form of operation, with only its newest acquisition (Grey Rock GC acquired in 2014) being operated by a contracted private entity under direct control of the City.

The five Austin golf facilities appear to the NGF to be well run, with competent management and staff and no concern whatsoever that there is any mis-management of the facilities. The five City courses combined to produce close to \$10.0 million in direct facility revenue from all sources, of which about \$7.0 million is entered into the Golf Fund (\$3.0 million in revenue from Grey Rock is accounted for separately). The NGF team found the Austin golf system to be on an upward trend in revenue, increasing golf fees and other ancillary income by nearly 11% since 2016. This despite a general lack of growth in the number of golf players and rounds demanded in the United States overall.

Considering all expenses required to provide this service to the City of Austin, the combined five-facility Austin golf system is operating with an annual economic shortfall of between **(\$150,000)** and **(\$250,000)**, thus requiring City taxpayers to provide support in the form of a “transfer-in” from the General Fund. This General Fund support began in 2017 and has increased in 2018 and 2019 to cover the system shortfall. In addition, the City has committed to a roughly \$4.0 million investment in new capital improvements, primarily at Clay-Kizer and Grey Rock GCs. The level of economic loss is common in municipal golf nationwide, as a large proportion of public agency golf operations are not able to earn revenue sufficient to cover all operating expenses, although this is not certain as there is no ‘standard’ for municipal golf accounting.

It is clear to NGF that Austin City golf courses are facing significant challenges that are impacting the overall profitability of the golf facilities. In the benchmarking analysis completed by NGF for this report, the NGF has found that Austin’s municipal golf courses host more activity and have higher revenues than most other large municipal golf systems in Texas, yet the system is still operating at a loss. The primary challenges facing Austin golf that directly lead to economic loss include (in order of importance):

1. The high \$500,000 per year expense to lease the Lions Municipal GC property from the University of Texas
2. Rapid inflation in golf facility operating expenses, particularly in labor cost
3. Aging facilities with key infrastructure that is past its expected useful life (especially at Hancock and Lions)
4. Declining golf demand in Austin

These four issues are seen by the NGF consultants as the most important challenges facing the Austin golf system, and that addressing these issues is the only way to secure the long-term sustainability of the system and continue to provide affordable public golf to Austin. In addition, Austin City golf courses face other challenges that are not controllable by any public agency, such as weather, local traffic patterns and the lingering effects from the most recent recession, that have also contributed to the recent decline in net performance. It is clear to the NGF that these golf courses are important to the City of Austin, but absorbing continued and growing losses that may require subsidy is problematic for the City. The review and recommendations contained in this report from NGF are designed to help the City understand the actions that can be taken to help maximize the performance of the golf courses, while also fully understanding the impact these facilities can have on surrounding communities. This will consider both facility-specific operational and condition issues, as well as surrounding market dynamics and the amount of golf that can be realistically supported by the City of Austin and surrounding communities.

## OVERALL SUMMARY OF FINDINGS

The following bullets represent a summary of NGF's key 'high level' findings from our review of the Austin golf system (details in the full report and appendices). The recommendations NGF sets forth in this report are in consideration of what will be needed to improve the overall economic condition of the golf courses and establish their continued viability as City-owned public golf facilities. This review and attendant findings and recommendations must also be considered within the context that the economics of all golf courses are subject to uncontrollable factors, such as yearly weather variations, competitive factors and unexpected expenses.

### External Factors Affecting the Golf Operations

The NGF team analyzed external factors that influence the market's ability to support public golf courses. The findings are mixed in that Austin shows population growth and robust economic characteristics that tend to support strong golf demand, but changing demographics and local traffic challenges tend to constrain golf activity. With its large population, the City of Austin has a favorable ratio of golf courses to population, and a generally low proportion of public facilities (62% of golf courses), compared to the overall U.S. (75% public). Our key findings include:

- Close review of Austin demographics shows a large market population with definable sub-markets that vary in size, demographics and ability to support golf operations. While there are neighborhoods around these City golf courses with characteristics that typically correspond to higher demand for golf, the review also shows large populations of residents who do not have a strong tradition in the sport and their demand tends to be softer. The local market around Grey Rock has the strongest per-capita demand profile, but the population is the smallest in the system. On the other hand, Hancock GC has the largest population but with age and income characteristics that correlate with lower golf participation. The continued growth of new golf players derived from less traditional segments will be a critical factor in the future success of City golf courses.
- Austin's continuing economic boom seems to bode well, on balance, for area golf operators. Residential and commercial development activity, continued vigorous growth of the tech industry, increased leisure and business travel, and the spate of new hotels proximate to Golf ATX facilities should all be positive demand drivers for golf. On the negative side, the living wage ordinance has made the cost of labor higher in an industry with already tight operating margins, and very low unemployment makes finding and retaining golf course workers more difficult.
- In general, while golf as a sport faces some headwinds, overall golf participation in the U.S. appears to be stabilizing and golf is far from "dead." While there has been a recent decline in golf demand, NGF research shows that the game remains popular and is fortunate to have a deep well of interested prospects. Golf's chief challenge remains getting more of those non-golfers who express interest in playing ('latent demand') to actually give golf a try, and converting more beginners into committed participants. Additionally, operators must find a way to draw young adults (i.e., millennials) - as off-course venues such as Topgolf have done successfully - through targeted programming and events. This is especially salient in a market like Austin, which continues to see an influx of new residents in younger adult age segments.
- NGF demand modeling shows average annual activity of about 33,000 rounds per 18 holes for all courses in the greater Austin market, and about 36,000 annual rounds for public golf courses. Review of individual public golf facilities in this market shows Austin City golf courses are the most active and produce the highest rounds of public courses in the area (all exceed 40,000), and most of the competing facilities draw in the range of about 26,000 to 38,000 rounds each year.

- Review of market competitors show that Austin City golf courses are priced appropriately, and the internal variance within the system provides a wide range of choices for golf consumers. In addition to the Golf ATX courses, most of the facilities in this market offer an unlimited play annual membership, and again Austin City courses are priced within an appropriate range to help maximize participation.
- The NGF studied 11 other municipal golf system in Texas and found that the City of Austin's golf system compared favorably to the other benchmark subjects. The Austin system of four primary facilities (Lions, Morris Williams, Clay-Kizer and Hancock) combine as a system with rounds, revenue and expense experience in the last full fiscal year (FY18) that betters the averages found in the benchmark review.

## Austin Golf System Review

The Austin system of golf courses includes five separate facilities with five 18-hole golf courses and one 9-hole golf course. At present, the five facilities are operating in all three of the NGF-defined public golf market segments (Value, Standard, Premium), with all revenue generated from golf fees and other charges used to pay all operating expenses. The system has a mix of revenue performance, with all facilities except Hancock exceeding the 'average' of \$1.0 million in revenue per 18 holes. Other key findings from our review of the City golf system include:

- The City has established a separate Enterprise Fund for the operation of the golf facilities, with any net income generated by the courses intended to be returned to the system for new investment. The recent declines in net income performance have resulted in a depletion of the Golf Fund balance, leading to the required support from the City's General Fund to maintain economic viability.
- The total rounds hosted and revenue generated by the golf courses has increased in the last few years, with the largest growth occurring in 2018. This growth in rounds and revenue is counter to NGF Consulting's experience that has seen a general decline in municipal golf rounds and revenue in recent years nationwide. Still despite the recent improvement in rounds and revenue, the Austin golf system is operating at a loss that requires support from the City's General Fund. The largest line-item expense in the City's golf budget is the lease at Lions Municipal GC, and **without this lease, the City courses would be operationally self-sufficient.**
- Golf courses have high fixed-costs creating a challenge to achieve profitability. The most significant expense in a golf operation is labor, and Golf ATX courses operate with personnel costs at nearly 73% of total expenses, which is higher than the standard. The staffing for Austin golf courses is comparable to NGF standards, suggesting that Austin's high labor cost in golf is in part related to the City's minimum wage requirements, which is an external factor that has broad implications for the profitability and sustainability of the City of Austin Golf Fund.
- The City is soliciting opinions about Golf ATX courses through an online survey of golfers at each location. The results show a high level of overall satisfaction among golfers at City courses. The only responses that stand out to NGF is the decline in satisfaction at Lions GC, likely a result of decisions to defer key, non-essential maintenance projects. The other courses in the system all show results with golfers' satisfaction levels at or above 90%.



## Individual Facility Reviews

The City golf system includes five facilities that are operating in the same general market of public golf with strong revenues generated by each of the 18-hole courses in the system. A brief summary of NGF findings at each facility shows:

### Clay-Kizer Golf Course (36 Holes)

In many ways, the Clay-Kizer GC is the “flagship” facility for the City of Austin, generating the strongest total activity and the highest revenue in the golf system (not including Grey Rock). The courses are located in a relatively rural area of south Austin, and the appeal of the golf courses have been key to successfully attracting non-local golf demand. Although in generally good condition, CKGC has some important infrastructure issues that should be addressed to help the facility reach its full potential of rounds and income. This includes improvements to Jimmy Clay irrigation, Kizer course greens, tees improvements and some clubhouse enhancement. The important items related to CKGC for this review include:

- Of the four primary golf facilities in Austin (excluding Grey Rock), Clay-Kizer appears to be the most stable in both condition and performance.
- Practice facilities at CKGC are extensive and correlate well with economic success at public golf courses.
- The clubhouse facility at CKGC is small and reflective of a more modest public golf operation with limited service. Improvements and/or expansion of the clubhouse at CKGC could help to increase revenue and net income, primarily through an enhanced ability to more effectively promote and host larger tournaments.
- The NGF team estimates the capital improvements needed at CKGC would total an estimated \$1.63 to \$1.89 million, with the majority of this expense coming from a new Jimmy Clay irrigation system and new greens on the Roy Kizer course.
- The total activity and revenue generated at CKGC exceeds the expected norms, and has increased in the last two years, enhanced by a green fee increase. CKGC hosted over 88,000 rounds in each of the last two years (44,000+ per 18), and generated just over \$3.0 million in revenue from all sources in FY2018.
- The facility is generating a total of \$34.07 per round of golf, which is the highest in the Austin system (excluding Grey Rock), and comparable to the total U.S. standard of \$33.00+/- per round at public golf courses.

### Morris Williams Golf Course

Morris Williams represents a good example of a mid-level quality public golf facility that underwent an extensive renovation and new clubhouse addition in 2013. The course is located in a rapidly changing area of Austin with a younger demographic moving into the area that is showing a lower interest in golf. Despite the recent enhancement, MWGC still has condition issues and concerns about the quality of the greens. If not addressed, the City may find that the recent declines in rounds and revenue may become more common. Other findings from NGF’s review of Morris Williams:

- Morris Williams GC appears to be the most appealing golf venue for the City of Austin. The golf course is the most challenging, and thus would have strong appeal for better players and tournaments. However, to best fulfil this potential, all golf course conditions, especially greens, must be in their most ideal condition.
- MWGC has the largest and newest clubhouse in the Austin system (excluding Grey Rock), adding to the appeal and growth potential of the facility, especially in attracting new tournaments, events and golf outings.

- The NGF team estimates the capital improvements needed at MWGC would total approximately \$830,000 to \$1.0 million, almost all of which would be spent to rebuild the greens at MWGC.
- The NGF’s statistical analysis of the immediate local market surrounding MWGC shows the weakest golf demand in the Golf ATX system. As such, the continued attraction of non-local golfers (especially through tournaments and outings) will likely be key to any program to increase rounds and revenue at this facility.
- The total activity generated at MWGC exceeds expected norms, but has shown signs of decline in 2018. This recent decline may be reflective of golf course conditions or the lower golf demand observed in the local market, or both. MWGC generated a total of around \$1.3 million in revenue in FY2018, or \$29.43 per round of golf, which is second lowest in the Austin system, behind both Clay-Kizer and Lions.

### Lions Municipal Golf Course

Lions GC is the most intriguing golf facility in the City golf system. This facility has a popular golf course in a prime location with potential to be the premier facility in the Austin golf system. However, Lions also faces serious challenges to its viability and an uncertain future due largely to the high economic value of the property on which it sits, and the fact that the City does not own this property and must make an annual lease payment to UT.

Given this uncertainty, the City has allowed the property condition to decline while a plan for the future is determined. There are “mission-critical” infrastructure items that must be addressed at LMGC if the facility is to remain viable, including basic golf course and clubhouse improvements. In many ways, it appears to NGF that if Lions GC is to continue to operate as-is, **it cannot be considered an “enterprise,”** and the City of Austin may find that if this facility is to continue to be a golf course, it will have to become a tax-supported, City recreation amenity that is outside of the Golf Enterprise. If Lions is held to an enterprise standard, it is likely to fall short which may lead to cuts in expenses, leading to reductions in use. Other findings from NGF’s review of LMGC:

- Lions Municipal GC has great potential to be an outstanding and economically successful public golf venue. The property is extremely well located, is rich in history and has a classic golf course layout that is easy to play. This combination of factors usually corresponds with high activity and economic success.
- While LMGC is producing the highest total rounds per 18 holes in the Austin system, there are constraints to grow beyond the 57,000+/- rounds at the facility. The short length of the golf course limits rounds capacity, and the practice facilities are small and unappealing. In addition, the course is in declining condition with many antiquated features that will require upwards of \$2.3 to \$3.0 million to repair and enhance.
- The most significant challenge to the future of Lions GC is the large property lease of about \$500,000 in FY2019, expected to increase to \$600,000 in FY2020. There are also reports it may increase to multiple millions of dollars per year thereafter. As NGF has documented in this report, LMGC is a profitable municipal golf course, earning over \$480,000 **before required lease payment**, and it is very unlikely that Lions GC could ever earn the kind of revenue necessary to support this lease payment, regardless of property condition and activity potential.
- LMGC is at a crossroads as most of the amenities and support services are past their realistic useful life and in need of repair and upgrade. While this is a challenge for the future of the facility, it also provides the City an opportunity to re-think the entire property, its place in the City Golf Enterprise, and whether it is appropriate to continue meeting the property lease obligation.

## Hancock Golf Course

Hancock GC is the second of the older, historic golf properties in Austin that need to be adapted to modern golfer tastes to be economically sustainable. Hancock is also well-located and can serve a great public purpose for the City as a catalyst to develop new golfers and generate renewed interest in the sport. If golf is to continue on this site, there are “mission-critical” infrastructure items that will have to be improved, likely at great expense. Like its sister Lions GC property, Hancock is not a true “enterprise” operation and should be considered as a recreational amenity for the community to help develop golfers and provide active, physical recreation for Austin residents, especially juniors. Other findings from NGF’s review of HGC:

- Hancock GC has great potential to be an outstanding and economically successful public golf venue given its location and rich history. However, the property has limitations as a 9-hole configuration, while more successful small golf facilities in other Cities typically include extensive golf training elements like a driving range and practice venues to help stimulate activity.
- HGC has been producing a relatively steady level of rounds and revenue, but its performance is not sufficient to sustain even a modest level of operational and maintenance expense. In addition, the course is in declining condition with many antiquated features that will require upwards of \$700,000 to \$900,000 to repair and improve, and this enhancement is not likely to lead directly to increased revenue.
- In reviewing this facility, it is apparent to NGF that the City has three options when considering the future of Hancock GC. These include:
  - **Passive Park** – The City can cease golf at this location and convert the facility to a more passive park of open space.
  - **Modify Hancock GC** – The City can invest the approximately \$1.2 to \$1.6 million required to transform the facility into a modern golf learning center, and continue to operate the facility with City staff.
  - **Turnkey Redevelopment / Lease** – The City can enter into some type of incentivized agreement with a private entity to invest the money needed to transform the facility into a modern golf learning center, in exchange for some type of lease payment to the City.
- HGC is at a crossroads as much of the amenities and support services are past their realistic useful life and in need of repair and upgrade. With a complete transformation of the property, the City may be able to address two problems – improving the economics of the Hancock GC site and supporting growth in golf, all while retaining the historic nature of the property.

## Grey Rock Golf Club

Grey Rock represents a good quality public golf course in a growing location with dense, golfer-rich neighborhoods surrounding the property in southwest Austin, but some improvement is needed to maximize its potential. The basic mix of amenities offered at GRGC is marketable in the area, but the size of the clubhouse is not ideal and limits the appeal to larger events and tournaments. Other findings from NGF’s review of Grey Rock:

- GRGC is the strongest revenue performer in the Golf ATX system, generating over \$2.9 million in revenue on only 39,600+/- rounds in 2018 (\$74.87 per round). Grey Rock is generating nearly three times the industry standard of \$1.0 million, and brings over \$275,000 to the City of Austin. Still, the NGF is of the opinion that total revenue could be even stronger with some improvements to the facility and enhanced tournament/outing business.

- The NGF has documented that the physical condition of GRGC is sound, but with a couple of deficiencies in condition of the greens and selected areas of problem drainage. New City investment in greens and drainage improvements would go much further in leading directly to increased rounds and revenue.
- Another area of new investment that would likely lead to enhanced revenue is the expansion of an indoor gathering / banquet space that could help the facility secure additional lucrative tournaments and outings. While likely to be expensive, this new banquet space could significantly change the revenue profile of GRGC, with both added golf and non-golf (weddings, parties, luncheons, etc.) revenue.
- GRGC is very active with a large and engaged membership, which generates a significant proportion of activity and revenue. The presence of these active members tends to help produce strong income and off-set the smaller (but growing) daily fee demand segment.
- The F & B operations at GRGC provide a nice complement to the facility and service to the non-golfing community. The volume of revenue derived from F & B operations is presently modest, and is limited in terms of meeting demand from non-golf patrons, due to space constraints (e.g., for larger banquets and other events). As this venue could become very important at GRGC, some investment in improving the physical condition of the existing clubhouse interior, kitchen and restrooms, in addition to expanding the space, should be a high priority for the City of Austin.

## RECOMMENDED COURSE OF ACTION

NGF Consulting has prepared a schedule of specific recommendations to be considered by the City. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; (3) operating ideas; and (4) consideration of changes to the overall mix of golf facilities:

### Basic Oversight and Structure

The City of Austin has chosen to operate its five golf courses with a mixed structure of self-operating its primary four facilities (Lions, Morris Williams, Clay-Kizer and Hancock), a management agreement and separate accounting for Grey Rock GC, and separate concessions for F&B operations. The NGF has found that the current system of operation is working well for the City, and it is clear to the consultants that no drastic change in operating structure is warranted as a way to improve the visitor experience and/or economic performance.

**The NGF team recommends that Austin continue to operate the five-facility Golf ATX system directly under its present form of self-operation at Clay-Kizer, Morris Willems and Lions Municipal, the management contract operation at Grey Rock and a new ground lease with capital investment at Hancock GC.** This structure will offer the City the greatest chance for success in the system while providing a new venue for golf player development and maintaining a level of City control so as to maximize the implementation of the program elements that will be required for the City to succeed in golf. Other key modifications NGF recommends to the City of Austin golf system include:

- **Move Lions GC out of the Golf Enterprise Fund and place it in the General Fund, or at least move the Lions ground lease payment to the General Fund.** Given its large ground lease, Lions is not a true enterprise operation and it is not realistic for the City to expect any public golf operation to cover the \$500,000-\$600,000 annual ground lease.

- Improve marketing and direct selling, focusing on drawing additional non-league players and Austin visitors to City golf courses, and increased emphasis on new player development at all facilities, especially a potentially reimagined Hancock GC.
- Continue to invest in facility improvements and begin planning for future improvements beyond what is already funded in FY2020.

### Specific Physical Recommendations

The NGF has proposed an improvement program for the five golf facilities that assumes completion of basic repairs and other enhancements as documented previously. A summary of these improvements by facility is presented in the table below:

<b>City of Austin Golf Courses Summary of Preliminary Golf Facility Repair and Enhancements by Facility</b>			
<b>Facility</b>	<b>Key Projects</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Clay-Kizer GC	JC irrigation, RK greens, clubhouse repair, RK pump station, tees	\$1,630,000	\$1,890,000
Morris Williams GC	Greens, tees, bunkers, range	580,000	703,000
Grey Rock GC	Greens, drainage, tees, on-course services, CH expansion	1,158,000	1,427,000
<b>Total Base Improvements</b>		<b>\$3,368,000</b>	<b>\$4,020,000</b>
<b>Other Projects (TBD - Pending Future Site Considerations)</b>			
Lions Municipal GC	Comprehensive renovation (greens, tees, turf, paths, features, clubhouse, maint. Fac. + equip)	\$2,340,000	\$3,060,000
Hancock GC (Base Improvement)	Comprehensive renovation (greens, tees, maint. Fac. + equip)	705,000	880,000
<b>Sub-Total LMGC + HGC</b>		<b>\$3,045,000</b>	<b>\$3,940,000</b>
<b>Total Estimated City-Wide Capital Investment</b>		<b>\$6,413,000</b>	<b>\$7,960,000</b>
<small>All figures are NGF Consulting estimates based on architect input and other similar projects completed in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for the City, and the City of Austin should engage appropriate research to cost out specific projects.</small>			

### Hancock GC – Considerations for Property Reconfiguration

The NGF recommends that Hancock GC be converted into a comprehensive golf learning center that would have broad appeal for beginners and intermediate players, as well as more serious golfers wishing to improve their game. As the current configuration does not provide for this alternative, some adjustment in the physical layout will be required. The NGF envisions the ideal elements to be present at Hancock GC include:

- A full-length driving range with a natural grass and artificial turf hitting areas
- Room on or near the range for dedicated golf teaching
- A large and modern practice chipping area
- At least one large practice green with high quality turf
- A short 9-hole par-3, or “pitch-and-putt” golf course with nine tees and nine greens
- Appropriate support amenities (pro shop, restrooms, indoor teaching, parking)

The inclusion of these elements will require a complete property reconfiguration, with a large part of the existing golf course no longer in use in its current configuration. The NGF estimates the total cost of providing this new facility concept at Hancock GC would be between \$1.2 to \$1.6 million, and

is detailed in the full NGF report. The City will have two options to complete this renovation – complete the changes through a City project (internal or contracted), or bring in an outside third-party to complete the renovation via some form of lease contract. The NGF recommends the second option to be completed via RFP, and likely resulting in an agreement that will include an initial rent abatement, followed by a period of approximately 10% of revenue paid to the City.

## Basic Operational Recommendations

NGF has identified some operational adjustments that are detailed in the body of this report. When implemented, these concepts should result in increased rounds and revenues at City golf courses, notwithstanding the needed physical improvements outlined in this report. The operational recommendations provided by NGF: (1) operating program; (2) Lions Municipal GC; (3) pricing; (4) marketing and technology; and (5) recommendations for increasing participation from less-traditional segments. It is hoped that review of NGF recommendations on these topics can provide the City a basic framework for the continued operation of the five Austin courses, even if the system is changed slightly as considered by NGF.

## PRELIMINARY FINANCIAL CONSIDERATIONS

NGF Consulting has prepared an analysis to show the potential economic performance of the five City golf facilities under two possible future scenarios: (1) The City continues to operate the facilities “as-is,” with some new investment as already approved; and (2) assuming significant change in the system with the closure of Lions GC and implementation of the proposed Hancock GC modification program. All NGF projections are based on a set of assumptions that may or may not become reality, but our team feels that the projections represent the best effort to create a “fair estimate of performance” for Austin golf facilities based on our complete review of each individual operation and the Austin market environment.

### Summary of Austin City Golf System Projection (FY2019-FY2023)

The NGF projections of future golf facility economic performance show how the five City golf courses could fare under two possible futures – continue ‘as-is’ or make significant adjustments in the two oldest properties that are in most need of change (Lions and Hancock). The NGF projections show that by removing Lions from the Golf Fund and transforming Hancock into a more modern golf practice center, the City of Austin **could improve the net operating income on the system by as much as \$800,000 by FY2021**. This improvement is achieved primarily by:

1. Ending the large \$500,000 to \$600,000 property lease at Lions GC;
2. Adding about 35% of the rounds currently played at Lions GC to the other City courses without having to add additional operating expense; and
3. By converting Hancock to a lease income property and eliminating the current loss.

If the changes aren’t made, the large losses on Lions Municipal GC will continue to put economic pressure on the full system and force excess revenue generated at Clay-Kizer GC, Grey Rock and Morris Williams to be used to support operations at Lions GC and Hancock, rather than be used to upgrade the system. This is a key factor in the reasoning behind NGF’s recommendation to move Lions GC out of the Golf Enterprise and either allow the facility to close or be moved into the General Fund as tax-payer supported City recreation, rather than forcing a profitability goal that will likely never be achieved.

The changes presented by NGF would create improvement in net income. The NGF analysis shows that an Austin City golf system that includes only Clay-Kizer (36 holes) and Morris Williams, plus a lease at Hancock and the management arrangement at Grey Rock can generate enough income to **potentially eliminate the need for continued City subsidy**.

## SUMMARY CONCLUSION

The City of Austin is operating five public golf facilities that appear to be well-run, and exceed local and regional standards for rounds played and total revenue. However, despite the strong rounds and revenue performance, the golf courses are losing money on operations and requiring a subsidy from the City's General Fund (i.e. taxpayers). In reviewing this system, it is clear to NGF consultants that the primary challenge facing this system is the large and burdensome property lease payment required to maintain the Lions Municipal GC operation. This finding is especially troubling given the rich and important golf and Civil Rights history of the Lions property. The NGF review shows the City golf courses to be at a crossroads in 2019, with change needed at the golf courses in both physical condition and overall mix of facilities. The result is a new program of golf in Austin that NGF recommends including only two primary golf facilities (Clay-Kizer and Morris Williams), one contracted golf facility (Grey Rock) and one leased golf learning center (Hancock GC), with removal of Lions GC from the Golf Fund, either through closure or relocation to the General Fund.

City golf courses need both urgent repairs to critical infrastructure, as well as a new plan for the future. The City needs to make a commitment to golf in order to keep these courses open and operating, and some change to each property's unique offering will help improve the economic position so that the facilities should not be an ongoing economic burden to the City. However, change will require considerable investment, perhaps as high as \$6.4 to \$7.9 million, the bulk of which is required at the two oldest facilities – Hancock and Lions – that also have the most uncertain future. However, the NGF believes that the changes proposed for the Austin golf facilities will be necessary to generate the revenue needed to sustain basic “day-to-day” operations and secure affordable public golf for Austin. It is clear to the NGF consultants that if the City operates the golf courses “as-is” with no changes, the facilities will not be capable of sustaining all operating expenses and projected capital needs if Lions remains in the City's Golf Fund.

In summary, the NGF consultants find that the City's golf system has great potential to improve its net income performance and provide sustainability for public golf in Austin. Clay-Kizer is well-located and popular with golfers. Morris Williams had a recent upgrade and new clubhouse that appears well-received in the community. Grey Rock has cemented its place as a premier public golf experience in Austin, attracting golfers from a wide geographic area. Lions GC offers a great and popular golf course, but it is aging and needs investment to address key infrastructure, but the lease requirement at Lions is preventing this investment from taking place. Hancock is also aging and has components that are just not as popular for golfers in the early 21<sup>st</sup> century as they were in previous generations, and change is needed to modernize Hancock and have it become a catalyst to grow golf in Austin. In review of this golf system, the NGF's most significant recommendations to the City of Austin include:

1. Commit to municipal golf in the City and create a long-term plan for City golf
2. Implement the approved \$4.0 million in capital improvements and repairs
3. Rearrange the system by removing Lions from the Golf Enterprise Fund
4. Begin a program to transform Hancock GC into a modern golf learning center
5. Work to grow golf participation in Austin through improved facilities and programming
6. Enact modest changes to marketing, with new focus on attracting tournaments, events and golf outings

# External Factors Affecting the Operation of Public Golf Facilities

To assess the current and potential future market support for the five City of Austin golf courses, the environment in which the facilities operate must be understood. Therefore, it is helpful to examine local factors that will impact rounds played and fee tolerances. This overview will include an analysis of the broader Austin Core Base Statistical Area (CBSA) demographics, economics, transportation and other factors that could impact golf participation. In the second part of this section we provide an analysis of key golf market demand and supply indicators, along with a review of the competitive public golf market in Austin overall, and each local sub-market. The section concludes with a review of public sector golf in Texas, including some detailed benchmarking of municipal golf systems in the State of Texas.

## BASIC DEMOGRAPHICS AND THE LOCAL ECONOMY

Below, NGF provides a review of key demographic and economic measures that can impact demand at the five City golf facilities, including the demographic profile and economic characteristics of the Austin-Round Rock, TX CBSA, as well the local neighborhood around each subject property.

### Austin Demographics, Economy and Climate

The table in [Appendix A](#) summarizes key demographic measures of population, income and other trends that relate to golf participation. A summary of NGF findings are presented below.

#### Austin MSA Basic Demographics:

- Austin is capital of the State of Texas, and is the fourth most populous city in Texas and the 11<sup>th</sup> most populous city in the U.S. Austin is also the fastest growing large city in the U.S. There are an estimated 2.14 million people living in the 5-county Austin-Round Rock metro area, which comprises Bastrop, Caldwell, Hays, Travis and Williamson counties. Population growth for the area has been about 3 times that of the overall U.S. since 1990. The growth rate is projected to be about 4 times the national rate of growth through 2023, during which time the CBSA is projected to add about 307,000 net new residents.
- The Median Age of 35.2 years is significantly lower than the national median of 38.2. In general, the propensity to play golf with greater frequency increases with age, making older markets more attractive to golf facilities, all factors being equal.
- Median Household Income in the Austin metro area, at just under \$73,000, is 20% higher than the national median of \$60,523. In general, higher income residents are more likely to participate in golf, and they play more frequently than lower income residents.

#### Austin MSA Key Economic Factors

The Greater Austin area's growth in population has led to a corresponding growth in the area economy and employment, which has the potential to impact the overall demand for golf. Austin has become a major hub for high-tech industry, and Austin is also emerging as a hub for pharmaceutical and biotechnology companies. Several major business publications have ranked Austin number one among all big cities for jobs and business growth. Below is a brief summary of factors specific to the local Austin area economy that have the potential to affect demand for golf in 2018 and beyond:



- **Accolades** – Austin ranks at or near the top in several measures of desirability, economics and strong labor market. Publications like *U.S. News & World Report*, *Wall Street Journal*, *Forbes*, and other organizations like the *Brookings Institution* and *Milken Institute* all ranked Austin at or near the top of various lists of accolades.
- Many **Fortune 500 companies** have headquarters or regional offices in Austin, including 3M, Amazon, Apple, Cisco Systems, eBay, General Motors, Google, IBM, Intel, Oracle, PayPal, and Texas Instruments. Dell's worldwide headquarters is located in suburban Round Rock, while Whole Foods Market began and is headquartered in Austin. Other high-tech companies with operations in Austin include Hewlett-Packard, Xerox, Facebook, Qualcomm, and Samsung.
- The **University of Texas at Austin** is ranked among the biggest and best research universities in the country, home to more than 51,000 students and 3,000 faculty. A study conducted by Economic Modeling Specialists International in 2013 estimated the University has an \$8.8 billion impact on the Texas economy and directly or indirectly contributes to over 133,000 jobs annually.
- According to a report prepared for South by Southwest Conference & Festivals (SXSW) by Greyhill Advisors, there were 289,000 official attendees at SXSW in 2018, and the event had a \$350.8 million impact on the city's economy. Between high-profile events such as SXSW, Austin City Limits, the Formula One race at Circuit of The Americas and smaller events throughout the year, Austin-based AngelouEconomics estimates that the "festival economy" provides more than \$1 billion each year to the metro economy.
- In 2018, the local economy continued to expand at a strong pace. Monthly unemployment rates were at near two-decade lows, and tens of thousands of new workers entered the metro-area labor force. Even with more than 35,000 new workers entering the regional labor force over the previous year, a local labor shortage could be on the horizon – **something that could affect the City's Golf system in labor availability and cost.**
- For seven years running through 2017, the Austin area's housing market saw sales and median home-sale prices climb to record highs (trend expected to continue in 2018).
- **Tech Industry** - Austin has a similar tech job mix to Silicon Valley and is expected to continue to grow in this sector, fueled by job market favorability and lower housing costs. In 2018, some of the world's largest software and other tech firms continued their vast expansions in the Austin metro area. Companies like Samsung, Apple, Google and Facebook all have large employment bases in Austin and have announced considerable new investment in the region. Austin's startup scene experienced one of its largest funding years to date in 2018, eclipsing the \$1 billion mark for venture capital in the first three quarters, an amount that was greater than each of the past three years, according to PricewaterhouseCoopers and CB Insights.
- East Riverside Drive is an important commercial and residential corridor located a few minutes from downtown and along a portion of Lady Bird Lake. The Corridor is one of the few direct connections from Austin-Bergstrom International Airport (ABIA) to Downtown Austin and has tremendous potential for redevelopment and renewal. The East Riverside Corridor (ERC) Master Plan has been created to guide this redevelopment, and private investment and redevelopment is beginning to occur on the edge of the Corridor close to downtown. Along with new hotels in downtown Austin, development in this area should be another demand driver for the Golf ATX facilities.

### Austin MSA Tourism and Lodging Factors

Austin draws 27 million+ annual visitors, who have an approximate \$8 billion annual impact on the local economy. There are about 11,000 hotel rooms in downtown Austin (average occupancy 77%, ADR \$219), and about 40,000 across the metro area. Nearly 2,000 hotel rooms are under construction downtown (more below). Tourism employs about 104,000 people in the Austin area, according to "The Impact of Travel and Tourism on Texas Property Tax Revenues" from the Perryman Group, an economic analysis firm.

According to the 2016 Texas Tourism Region and MSA Visitor Profile study done by DK Shifflet, leisure travel accounted for about 62% of travel to the Austin-Round Rock MSA, and about 8.3% of overall visitors participated in outdoor sports (1.9% golf). Using round numbers of 25 million for visitors and 2% for golf participation, and assuming one round per visit per golfer, visitors contribute up to a half million rounds of golf each year to metro Austin golf courses.

**Lodging** - The Austin metro area has added more than 10,000 hotel rooms since 2010, according to hotel consulting firm Source Strategies. These lodging properties, as well as those opening soon (see below), are candidates for Austin City golf courses to target for marketing and direct selling strategies such as distribution of brochures/rack cards, package deals, group rates, referral programs (e.g., concierge), etc. Recently opened or under construction hotels in downtown Austin:

- Wyndham Austin (W. Eighth St.) – now open, 189 residential-style resort suites; outdoor pool, business center.
- Fairmont Austin (Red River St.) – now open, 1,048 guest rooms and 42 suites with views of Lady Bird Lake and Austin's skyline. Offers direct skybridge access to the Austin Convention Center, state-of-the-art meeting space, multiple restaurants and an outdoor deck that can accommodate 1,800 people.
- Marriott Austin Downtown (E. Chavez St.) – opening 2020. Located across from the Austin Convention Center, this full-service property will have 615 guest rooms, 65,000 sf of meeting space, and rooftop pool.
- The Proper Austin Hotel (Second and Nueces Streets) - opening summer 2019. This 244-room hotel along Lady Bird Lake will also have 99 branded residences and feature two rooftop swimming pools, a wellness center and spa, and two restaurants.
- Hotel ZaZa (West Fourth Street) – opening summer 2019. Boutique 24-story hotel with 200 luxury apartments atop a 159-room hotel.
- Autograph Collection/AC Hotel by Marriott (San Antonio St./ University of Texas area) – opening January 2020. Dual-branded property in the southwest corner of the UT campus will feature ~ 350 rooms, 6,000 square feet of event space, numerous restaurants and bars, and a rooftop pool. Each property will be unique and have its own lobby.
- Canopy by Hilton (W. Sixth St.) – opening early 2020. Hilton's lifestyle hotel brand will have 140 rooms located in Austin's W. 6th Street entertainment district. The property will offer elevated pool deck, sidewalk cafe, and private event space.

### Austin MSA Transportation Factors

With road infrastructure that has not kept pace with rapid growth, Austin was ranked the 4th worst traffic city in America, based on an examination of 2012 driving (source: *The 2012-13 INRIX Traffic Scorecard Annual Report*). An Austin commuter with a 30-minute trip to work will endure 83 hours of traffic delays each year. During rush hour, traffic delays add about 34 minutes to a one-hour trip.

**The overall effect on golf courses is not known, but could effectively squeeze trade areas to people who live or work within a relatively short distance of a subject golf course.**

The worst areas during peak traffic times are on I-35 or MoPac near downtown; southwest near MoPac and SH 290, on I-35 south of SH 290, and northwest on SH 183. Taking local roads only exacerbates the problem, according to the study. While some of these worst traffic areas are close to the Golf ATX courses, traffic could actually help late afternoon play (or practice) when the days are longer, as some golfers will prefer to stop at the local golf course than attempt to go home until traffic lightens up. (Riverside GC management confirmed to NGF that they definitely pick up late afternoon play from commuters).

Austin, the largest city in the U.S. with only one Interstate passing through it, has recently taken some steps to address the problem, such as building toll roads like SH 45 and SH130. These are considered out of the way, but are being improved with new connectors.

SH 45SW is a new four-lane toll road being constructed between State Loop 1 (MoPac) and FM 1626. The road, which began in late 2016, is expected to open Spring 2019 and should lower travel times on some routes to Grey Rock GC. The SH 45SW toll road will offer drivers an alternative to congested neighborhood streets like Manchaca Road, Slaughter Lane and Brodie Lane. The new expressway will also help reduce congestion on those roads. Drivers who choose to use SH 45SW can expect to save 9 - 17 minutes over driving local routes to reach Central Austin. Drivers who continue to utilize local roads will save 6 - 7 minutes over current travel times.

### Austin Area Climate

As with any outdoor recreation, weather will have impact on golf participation. NGF data estimates that almost all golf is played with temperatures between 50- and 90-degrees Fahrenheit. The data suggests that golf in Austin can be played year-round, albeit with more modest activity in December – February due to colder weather. Peak temperatures in July and August can sometimes restrict mid-day activity due to excessive heat. With an average of ±33 inches of precipitation a year, this golf market is prone to a reduction in playable hours/days. The following table presents a summary of monthly weather data for the Austin area based on 50-year recorded trends:

Climatological Data Austin, TX					
Month	Temperatures			Precipitation Inches	Average Length of Day (Hours)
	Average	High	Low		
<b>Annual</b>	<b>69</b>	<b>79</b>	<b>58</b>	<b>33.2</b>	<b>12.6</b>
January	50	60	40	2.2	10.9
February	54	65	43	2.3	11.6
March	61	72	50	2.2	12.4
April	69	79	58	2.9	13.4
May	76	86	66	4.2	14.1
June	82	92	72	3.5	14.5
July	85	95	74	2.1	14.3
August	85	96	74	2.2	13.6
September	79	90	69	3.4	12.7
October	71	82	59	3.3	11.8
November	60	71	49	2.5	11.0
December	52	63	42	2.4	10.7

Source: Weatherbase.com, Austin, TX

## City Golf Courses – 2-Mile Neighborhood Comparison

The tables in [Appendix A](#) summarizes key demographic measures of population, income and other trends that relate to golf participation for the local markets around the City golf courses. The table below provides a comparison of key demographic and golf demand measures for the 2-mile “fall out of bed” neighborhoods around each City golf facility. Summary observations follow the table.

2-Mile Neighborhood Comparisons 2018					
2-Mile Comparison	Hancock	Clay-Kizer	Lions	Grey Rock	Morris Williams
Population Estimate 2018	96,764	39,526	47,583	16,308	60,429
Population 2023 Projected	105,734	43,134	52,288	17,950	67,108
Median HH Income (2018 Estimate)	\$52,194	\$48,421	\$76,144	\$144,420	\$53,681
Median Age (2018 Estimate)	29.2	30.0	33.9	37.9	33.6
Latent Demand/Interested Non-Golfers	17,216	3,981	9,968	1,098	9,725
Household Participation Index	9.90%	8.40%	12.70%	15.50%	7.60%
Number of Golfers	5,484	1,435	3,709	791	2,736
Rounds Potential (resident golfers)	86,068	19,468	73,769	11,282	51,842

Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions.

- Though the Golf ATX courses are relatively proximate to each other, there is a wide disparity in population density for their respective 2-mile “fall-out-of-bed” markets. Grey Rock – further away from the city center – has only 16,308 people living nearby, while Morris Williams (60,000+) and Hancock (~97,000) are in the middle of far denser neighborhoods. Clay-Kizer and Lions Muni fall in the middle of these extremes.
- As population fills in around City courses, we would expect demand to increase, other factors (e.g., competitive course supply) being equal. Each of the local 2-mile markets is projected to continue to grow at a strong clip through 2023, with the number of additional residents ranging from 1,600+ around Grey Rock to just under 9,000 around Hancock.
- Due to the difference in population densities, the City courses’ 2-mile markets vary widely in terms of the potential golf demand from resident golfers, ranging from an estimated 11,282 annual rounds from those living around Grey Rock to more than 86,000 near Hancock (despite demographics not predictive of strong golf demand – more below).
- NGF consumer research has continually shown that golf participation and rounds played per golfing household correlate strongly with higher incomes and ages. As such, though it has a small population density within 2 miles, Grey Rock has by far the highest golf participation rate among the five facilities, at 15.5% (national = 13.9%). This is due to a median household income that is 139% higher than the national median, and a median age of 37.9 years that is close to the national median but higher than the local markets around the other City facilities.
- Lions Muni has the second most favorable demographic profile for golf participation, with 2-mile median income that is 26% higher than the national figure; however, due to a low median age, the golf participation rate is moderately lower than the US benchmark. Clay-Kizer and Hancock, with median incomes that are 20% and 14% lower, respectively, than the national median, show participation rates that are 40% lower (C-K) and 29% lower (Hancock) than the US benchmark.

## GOLF MARKET SUPPLY AND DEMAND INDICATORS

Below are some key NGF observations regarding national and local trends in golf supply and demand.

### National Golf Industry Overview

Despite the significant negative press, the golf industry remains healthy and golf continues its macro trend toward stabilization in 2018. Considering the severity of the most recent recession and its lingering effects on discretionary income and time, golf has held up rather well. Multiple NGF studies of golfers since 2008 attribute the gradual decline in golfers and rounds since peak participation primarily to the impact of lower job security and concern over personal finances, **not waning appeal for the game**. Total spending on golf and club memberships will always be vulnerable to outside forces such as the economy, but the game remains popular and is fortunate to have a deep well of interested prospects. Some findings from NGF:

- **Participation** - The national golfer number (participation) increased slightly in 2018, with 24.2 million golfers counted by NGF in 2018 compared to 23.8 in 2017. Overall, NGF survey research indicates that the number of people in the U.S. that played at least one round of golf in the prior year fell by about  $\pm 500,000$  since 2014. However, the vast majority of “core” golfers remain in the game. This compared to the 7.5% increase in rounds activity since 2014 at Austin City courses, suggesting this City’s performance is counter to the recent activity trend.
- **Golf Course Supply** - The correction in golf course supply continued in 2018 at a level comparable with the previous several years, dropping by 1.5% (160 total 18-hole equivalent permanent closures in 2018 compared to 181 in 2017). According to NGF data, since the market correction in golf course supply began in 2006, there has been a cumulative net reduction of 1,230 golf courses equivalents. For perspective, golf supply grew by 44% in the previous 20 years (1986-2005). NGF data shows some decrease in the Austin market, with a net reduction of 45 holes in the last five years (2.5 18-hole equivalent), including Balcones CC (closed 2011) and Highland Lakes GC (2018) – assumed to have closed for economic reasons. The City of Austin closed Bergstrom Golf Course in December of 2005. The land was leased from the Aviation Department and had been losing money and it was determined that the land value was too high to continue the lease for golf course property.
- **Rounds Played 2017-2018** – Nationally, 434 million rounds of golf were played in 2018, representing a -4.8% decrease from the 456 million played in 2017. The data also shows that several major U.S. markets (including Austin) experiences either the wettest year on record or a top-10 wettest year on record in 2018, likely contributing to rounds played reductions. In Texas, the results were more severe, with the state recording a decline in rounds played of -6.6% for the year 2018 over 2017 (data source: Golf Datatech – see [Appendix B](#)).
- **Looking Ahead - Baby Boomer Effect** – As Baby Boomers age and retire over the next 15 years; we expect to see a measurable increase in total rounds played in the U.S. Boomers - born between 1946 and 1964 - are currently 54 to 73 years old. About 6 million of them are golfers; that’s about 1/4 of all golfers, and they currently play about 1/3 of all rounds. The Social Security Administration reports that 10,000 or more Boomers retire every day. And ~300,000 Boomer golfers will turn 65 each year for the next 15 years. Retired Boomers (age 65+) play about twice as much as younger, non-retired Boomers (40 rounds vs. 21 rounds).

## Other Measures of Health

Other perhaps equally important metrics to consider when measuring the health of golf include:

- **Off-Course Participation:** Activity at off-course (or alternative) facilities continued in 2018, with NGF counting over 9.3 million active users of off-course facilities (like TopGolf), compared to 8.3 million in 2017 (12% increase).
- **Beginners:** The total number of new golfers reached an all-time high in 2018, with NGF counting over 2.6 million beginning golfers (compared to 2.0 million in 2014). These beginning golfers tend to be younger, more female and more non-Caucasian than the golfer population as a whole.
- **Increasing Diversity:** The junior golf population remains relatively stable at 2.9 million and continues to show a transformation in diversity. One-third of golfers age 6-17 are females, up from 17% in 1995 (in sum, 24% of all golfers are women). Also, 27% of junior golfers are non-Caucasian, up from only 6% in 1995. A similar trend is observed among young adult (18-34) or Millennial golfers, of which 29% are female and 24% non-Caucasian. The highest diversity is among beginning golfers, at 34% female and 32% non-Caucasian.
- **Latent Demand:** Overall interest in playing golf remains very high. NGF survey research indicates that the number of non-golfers who say they are “very interested” in taking up golf has doubled over the last five years, growing at a CAGR of nearly 15% and now totaling 12.8 million people. There are an additional 27.8 million non-golfers who say they’re “somewhat interested” in taking up the game. Together, these two cohorts represent about 1.7 prospects for every existing golfer.

## Market Definition – Primary and Secondary Trade Areas

A number of factors assist in determining the expected market area for a golf facility. In addition to the quality and price point of the subject facility, the nature of nearby roadway infrastructure, traffic patterns (highly relevant in Austin), and the propensity for golfers to travel to play golf all play a role in establishing the primary market area for a golf facility. NGF expects that the majority of play for Clay, Kizer, Lions Muni and Morris Williams – 18-hole regulation golf courses at ‘standard’ price points – comes from residents within 10 miles, while ‘premium’ Grey Rock likely draws the most “destination” play from those golfers living outside of 10 miles. We expect that Hancock – as a 9-hole golf course – draws the majority of its play from residents within a 5-mile radius.

## Greater Austin Golf Demand

The table below details basic golf market data relating to golf demand in the Austin-Round Rock CBSA (additional support data in [Appendix A](#)).

Summary of Market Indicators	Austin- Round Rock CBSA	U.S.
Number of Golfing Households	117,307	17,484,590
Seasonal Golfing Households	1,792	748,477
Estimated Rounds (in-market supply)	1,697,486	434,084,100
Latent Demand/Interested Non-Golfers	380,080	47,425,600
Projected Golfing Households (2023)	129,417	18,258,060
<b>Golf Demand Indices:</b>		
Golf Participation Index	105	100
Golf Rounds Activity Index	103	100
Source: Tactician, Inc. and NGF Consulting.		

- The permanent population in the Austin metro area has overall demographic characteristics that correlate with golf participation rates about  $\pm 5\%$  higher than the national benchmark. Rounds activity per household is also modestly higher than the US benchmark.
- NGF estimates there are about 117,000 permanent resident golfing households in the greater Austin area, plus an additional 1,800 seasonal golfing households. Population growth is expected to add about 12,000 golfing households in the broader market in which the Golf ATX courses operate by 2023.
- NGF’s Demand Model shows that golf courses in the Austin-Round Rock metro area host a total of about 1.7 million rounds annually, or about 33,000 per 18 holes of golf (across all types), compared to the national average of 31,530.
- **Latent Demand** - People who express an interest in playing golf but have not yet started include former golfers and those who have never tried. The demographic profile of latent demand tends to be more female and younger than the population as a whole. Surveys show these interested non-golfers cite several barriers to entry in golf, including the cost and social aspects (no one to play with). NGF estimates the number of interested non-golfers in the 2-mile markets around each Golf ATX facility range from about 1,100 around Grey Rock to more than 17,000 at Hancock. **The number for Hancock is particularly favorable and could speak to the potential success of a short course/practice facility combination at this location, as these types of facilities are particularly conducive to “onboarding” prospective new golfers.**

### Other Demand Drivers

Supplementing golf demand from permanent residents are: (1) The area’s major corporate and public employers; and (2) Visitors to the Austin area (27+ million annually). NGF research shows that roughly one-third of all golfers participate in the activity while traveling, playing 0.557 rounds per day of travel. Though City golf courses as presently situated would capture only a small proportion of these incremental rounds from visiting golfers, supplemental play from non-residents drawn by a strong marketing program could be an important element in enhancing the long-term viability of City golf, assuming the level of quality was appropriate (more later in this report).

### Greater Austin Golf Supply

In [Appendix A](#), NGF summarizes golf course supply by type in greater Austin and each local Golf ATX market, including demand/supply indices that act as a proxy for measuring oversupply or undersupply of golf, relative to the US benchmark (US = 100). NGF observations regarding key golf supply measures for the local market:

Summary of Market Supply Measures	Austin-Round Rock CBSA	U.S.
Number of Total Golf Facilities	53	14,604
Number of Public Golf Facilities	33	10,896
Number of Daily Fee	24	8,377
Number of Municipal	9	2,519
Public Golf Facilities by Price Point:		
Premium (>\$70)	5	1,428
Standard (\$40-\$70)	18	4,081
Value (<\$40)	10	5,387
Number of Private Golf Facilities	20	3,708

Golf Supply-Demand Measures:	Austin-Round Rock CBSA	U.S.
<b>Golfing Household Indices</b>		
Total	181	100
Public	226	100
Private	119	100
Premium (>\$70)	227	100
Standard (\$40-\$70)	154	100
Value (<\$40)	452	100
Est. course rounds per 18 holes	32,961	31,530
Source: Tactician, Inc. and NGF Consulting.		

- There are 53 total golf facilities (including 33 public, of which 9 are municipal) in the Austin-Round Rock CBSA. The proportion of public facilities (62%) in the overall market is low compared to the overall U.S., where 75% of all golf facilities are open and available to the public. However, the proportion of the public courses at ‘standard’ price points (NGF-defined \$40 to \$70 peak riding green fee), is 55%, considerably higher than the corresponding national figure of 37.5%. Of the Golf ATX golf courses, all but Grey Rock (peak fee \$85) compete at standard price points.
- Ratio analysis based on national benchmarks shows that the Austin metro market has a low per capita supply of total, public, and private golf courses, relative to the national benchmarks. For example, there are 81% more golfing households available to support each 18 holes of golf in Austin than there are nationally, and 126% more golfing households per 18 holes of *public* golf than the national benchmark. These ratios may become more favorable for golf operators as the explosive population growth continues, depending on the net effect of new openings and closures.
- An 18-hole championship Tom Fazio golf course will anchor the new \$250 million residential project planned for Driftwood. Expected to take about 10 years to complete, the private club will part of a luxury residential community planned for more than 300 houses and other development. The Driftwood Golf & Ranch Club will be on 800 acres of land northwest and southeast of the FM 1826 and RM 967 intersection in the Driftwood area, about 25 miles southwest of Austin in northern Hays County. The golf course is expected to be completed in the summer of 2020.
- Additionally, Wolfdancer GC at the Hyatt Regency in the Lost Pines area southeast of Austin is planning a second 18-hole resort course to its existing 18H course (peak fee \$160). A timeline for construction of the second course has not been announced.
- **Decker Lake** - Several years ago, there was a proposal before City council for a private developer to build two 18-hole PGA TOUR-level golf courses on 735 acres of city-owned land by Decker Lake, which is currently a fenced in area of the 3,700-acre Walter E. Long park near Highway 130. The plan involves private interests in control of the construction and the operation of the facility, subject to a revenue share with the City. The City told NGF that this proposed project is currently on hold.

### Local Golf Supply

The following table displays data showing the relative supply of golf courses in the 5- and 10-mile rings around each of the City golf facilities. Among the City courses, Hancock, Lions, and Morris Williams each have 135 holes of public golf (subjects included) within 10 miles, while Clay-Kizer has 117 holes within 10 miles. All of the supply is at either ‘Value’ (under \$40 peak riding fee) or ‘Standard’ (\$40-\$70) price point. Grey Rock, located further south and west, has no other golf courses within 5 miles and only three *private* clubs within 10 miles, though several public courses – including Falconhead, Plum Creek and Riverside – are just outside of 10 miles.



Because of the relatively small number of competing golf courses, all of the Golf ATX facilities have very high ratios of golfing households available to support each 18 holes of public golf. Clay Kizer (1.5 times higher than US benchmark), Hancock (2 times higher), Lions Muni (2.3 x), and Morris Williams (1.7 x) each have public demand-supply ratios between 150% and 230% more favorable than the US benchmark for this measure.

Golf ATX - Golf Course Supply within 5- and 10- miles of City Facility									
Public									
	# Facilities	Total Public Facilities	# of Premium Facilities (> \$70)	# of Standard Facilities (\$40-\$70)	# of Value Facilities (< \$40)	# of Private Facilities	Total Holes	Total Public Holes	Total Private Holes
5 Miles CKGC	2	2	0	1	1	0	54	54	0
10 Miles CKGC	9	7	0	3	4	2	162	117	54
5 Miles MWGC	7	7	0	3	4	0	99	99	0
10 Miles MWGC	11	8	0	4	4	3	189	135	54
5 Miles LMGC	6	4	0	2	2	2	90	54	36
10 Miles LMGC	14	8	0	4	4	6	261	135	126
5 Miles GRGC	1	1	1	0	0	0	18	18	0
10 Miles GRGC	4	1	1	0	0	3	99	18	81
5 Miles HGC	7	6	0	2	4	1	99	81	18
10 Miles HGC	12	8	0	4	4	4	225	135	90

### Golf Course Market Supply / Demand Summary

Using the most basic measures of golf demand and supply, we note four possible combinations for any given market area: (1) favorable demand and favorable supply (“potential growth”); (2) favorable demand and unfavorable supply (“active”); (3) unfavorable demand and favorable supply (“inactive”); and (4) unfavorable demand and unfavorable supply (“saturated”). The review of data for the greater Austin area shows signs of both a “potential growth” and an “inactive” market, with a favorable supply ratio and statistics showing demand very close to the total U.S. average.

### Golfers per 18 holes

NGF has also evaluated the relative strength of these markets with a comparison to a national “threshold” of golfers per golf course within 10 miles of a golf course. In its 2009 publication “*The Future of Public Golf in America*,” NGF hypothesized that the best predictor of a public golf course’s success was the number of golfers per 18 holes within a 10-mile radius, with 4,000 identified as a key target for projected financial stability. As shown in the table below, all five of the Austin City golf facilities are in 10-mile markets that closely approach or exceed the identified target, thus increasing the chances for successful golf operations, all other factors being equal.

10-mile Rings	Est. No. of Golfers	Total 18-H Equivalent	Golfers per 18 holes
Clay-Kizer GC	37,572	9.0	4,175
Morris Williams GC	44,250	10.5	4,215
Lions Municipal GC	53,386	14.5	3,682
Grey Rock GC	25,280	5.5	4,596
Hancock GC	49,196	12.5	3,936
<b>Total U.S. “Threshold” for Successful Public Golf</b>			<b>4,000</b>
Source: National Golf Foundation			

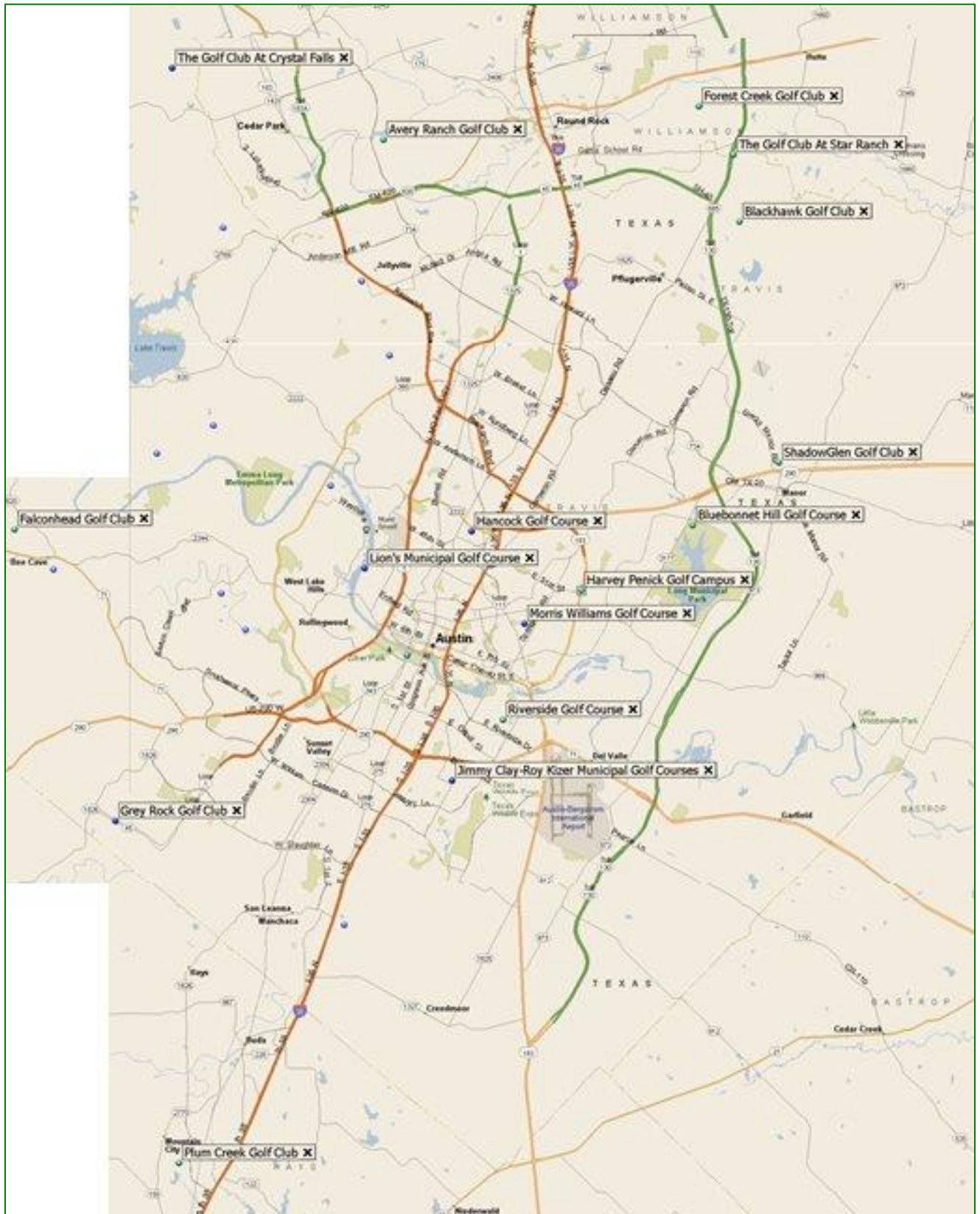
## LOCAL COMPETITIVE GOLF MARKET

Based on the existing operation of the five City of Austin golf facilities, NGF identified a subset of 12 public golf facilities that are identified as the most direct competition for City golf courses. These facilities were chosen based on factors such as price point, location, and amenities offered, and comprise mostly daily fee operations with a few other local municipal facilities. We have segmented the golf courses, which are all 18-holes, by peak price point, using the designations “Mid-to-Upper Market” and “Low-to-Mid Market”. NGF considers the former group - clustered in the north end of Austin – to be competitors primarily to Grey Rock, though customers of the other Golf ATX facilities will obviously also play some rounds at these facilities, especially at times when fees are discounted. The low-to-mid market 18-hole facilities are competitive, to varying degrees, to all of the City courses, though less so to 9-hole Hancock.

Mid-to-Upper Market	Low-to-Mid Market	
Avery Ranch Golf Club	Blackhawk Golf Club	Riverside Golf Course
Falconhead Golf Club	Bluebonnet Hill Golf Course	ShadowGlen Golf Club
Forest Creek Golf Club	Harvey Penick Golf Campus	The Golf Club at Crystal Falls
Teravista Golf Club	Plum Creek Golf Club	
The Golf Club @ Star Ranch		

This list was not meant to be totally exhaustive or to account for all of the potential public golf competition to Austin golf courses, but rather to offer a frame of reference in evaluating actual performance of the subject courses as compared to other potentially competitive golf facilities. A map illustrating the relative locations of City courses and these competitors is shown below. Following the map, we provide summary operating information for these key competitors, as well as key findings regarding the competitive market for City of Austin golf facilities.

## Competitive Facilities Map



## Key Competitors – Operating Metrics and Pricing Comparison

The following tables provide summary information for City golf courses and the defined primary competitors.

<b>Golf ATX and Key Competitive Golf Courses – Summary Information</b>						
<b>Golf Facility</b>	<b>Location</b>	<b>Type</b>	<b>Year Open</b>	<b>Par / Slope</b>	<b>Back Tee / Forward Tee</b>	<b>Range Tee Stations</b>
<b>Mid-to-Upper Market Public Golf Facilities</b>						
<b><i>Grey Rock Golf Club</i></b>	<b>Austin</b>	<b>MU 18-R</b>	<b>1992</b>	<b>72 / 139</b>	<b>6,909 / 5,215</b>	<b>75</b>
Avery Ranch Golf Club	Austin	DF 18-R	2002	72 / 138	7,121 / 4,924	30
Falconhead Golf Club	Austin	DF 18-R	2003	72 / 134	7,181 / 5,170	20
Forest Creek Golf Club	Round Rock	MU 18-R	1990	72 / 139	7,147 / 5,527	75
Teravista Golf Club	Round Rock	DF 18-R	2002	72 / 139	7,039 / 3,744	26
The Golf Club @ Star Ranch	Hutto	DF 18-R	2001	71 / 130	7,017 / 4,990	30
<b>Low-to-Mid-Market Public Golf Facilities</b>						
<b><i>Hancock Golf Course</i></b>	<b>Austin</b>	<b>MU 9-R</b>	<b>1899</b>	<b>70 / 112</b>	<b>5,266 / 4,854</b>	<b>-</b>
<b><i>Jimmy Clay Golf Course</i></b>	<b>Austin</b>	<b>MU 18-R</b>	<b>1974</b>	<b>72 / 126</b>	<b>6,931 / 5,209</b>	<b>75</b>
<b><i>Lions Municipal Golf Course</i></b>	<b>Austin</b>	<b>MU 18-R</b>	<b>1926</b>	<b>71 / 123</b>	<b>5,825 / 4,660</b>	<b>10</b>
<b><i>Morris Williams Golf Course</i></b>	<b>Austin</b>	<b>MU 18-R</b>	<b>1964</b>	<b>72 / 131</b>	<b>7,023 / 4,973</b>	<b>14</b>
<b><i>Roy Kizer Golf Course</i></b>	<b>Austin</b>	<b>MU 18-R</b>	<b>1994</b>	<b>71 / 124</b>	<b>6,819 / 5,018</b>	<b>75</b>
Blackhawk Golf Club	Pflugerville	DF 18-R	1991	72 / 125	7,072 / 6,185	35
Bluebonnet Hill Golf Course	Austin	DF 18-R	1991	72 / 114	6,590 / 5,241	40
Harvey Penick Golf Campus	Austin	DF 9-E	2005	30 / 95	1,492 / 2,127	20
Plum Creek Golf Club	Kyle	DF 18-R	1999	71 / 136	6,913 / 4,274	30
Riverside Golf Course	Austin	DF 18-R	1950	72 / 123	6,359 / 4,877	-
ShadowGlen Golf Club	Manor	DF 18-R	2003	72 / 139	7,174 / 4,898	40
The Golf Club at Crystal Falls	Leander	MU 18-R	1990	72 / 131	6,654 / 5,194	12
<b>KEY:</b> R – Regulation Length; E – Executive Length; MU – Municipal; DF – Daily Fee; DNA – Does Not Apply; N/A – Information Not Available						

**Key Competitive Golf Courses – Estimated Rounds Played and Summary Fee Information**

Golf Facility	Est. Rounds Played	9H Prime M-TH / FR / WE	18H Prime M-TH / FR / WE	18H Twilight or Evening M-TH / FR / WE	18H Super Twilight or Sunset M-TH / FR / WE	Junior M-TH / FR / WE Walking rate	Senior M-TH / FR / WE	Per Person 18H Cart Fee	Range Bucket (\$ / L)	Annual Member Fee (Single/Family)
<b>Mid-to-Upper Market Public Golf Facilities</b>										
Grey Rock Golf Club	39,643	\$40 / \$50 / \$50	\$71 / \$85 / \$85	\$46 / \$56 / \$56	\$41 / \$51 / \$51	\$26 / \$36 / \$36	\$51 / DNA / DNA	Included	\$4 / \$12	Resident \$4,260 / \$4,968 <sup>1</sup> Non-Res. \$4,380 / \$5,088
Avery Ranch Golf Club	38,000		\$65 / \$75 / \$85	1-2 pm: \$44/ \$44 / \$44 2-4 pm: \$33 / \$39 / \$39	\$29 / \$29 / \$29	DNA	\$49 / \$52 / DNA	Included	\$8 / \$14	3 sister courses – Membership includes all 3 \$500 Initiation Fee Walking \$3,600 / \$4,200 Cart-Incl. \$5,400 / \$5,940
Falconhead Golf Club <sup>2</sup>	37,000	N/A	\$75 / \$89 / \$89	\$39 / \$49 / \$49	\$34 / \$39 / \$39	50% off rack rate	\$60 / N/A / DNA	Included	\$7 / \$13	
Forest Creek Golf Club <sup>2</sup>	40,000 FY19 Bdg.	\$29 / \$29 / \$29 (WE after 2pm)	\$45 / \$45 / \$65	12-3pm \$35 / \$35 / \$45 3-5pm \$29 / \$29 / \$29	\$19 / \$19 / \$19	50% off rack rate (WE after 10am)	\$35 / \$35 / \$55	Included	\$5 / \$10	
Teravista Golf Club	36,000		\$49 / \$69 / \$69	1-2 pm: \$34/ \$44 / \$44 2-4 pm: \$29 / \$39 / \$39	\$25 / \$29 / \$29	50% off rack rate (WE DNA)	\$36 / DNA / DNA	Included	\$10 per hour unlimited balls	
The Golf Club @ Star Ranch <sup>3</sup>	35,000	N/A	\$49 / \$59 / \$69	\$39 / \$49 / \$49	\$29 / \$29 / \$29	\$29 / \$29 / \$39 (WE after 10am)	\$45 / \$49 / DNA	Included	\$20 per day unlimited balls	\$2,000+ tax / N/A +\$20 per play fee
<b>Low-to-Mid-Market Public Golf Facilities</b>										
Hancock Golf Course	19,453	\$16 / \$19 / \$21	\$32 / \$30.50 / \$32.50	\$16 / \$21 / \$22	\$11 / \$18 / \$19	\$11 / \$13 / \$16	\$14 / \$19 / DNA	\$14 Sunset \$10	DNA	Silver Level City Membership (includes Jimmy Clay, Morris Williams, Lions & Hancock) Resident \$1,060 / DNA Non-Res. \$1,160 / DNA + \$3.50 daily surcharge M-Fri Golf ATX Plus Gold Level City Membership (includes Roy Kizer, Jimmy Clay, Morris Williams, Lions & Hancock) Resident \$2,165 / DNA Non-Res. \$2,380 / DNA
Jimmy Clay Golf Course	46,040	\$19 / \$22 / \$23	\$26 / \$30 / \$33	\$22 / \$24 / \$25	\$19 / \$22 / \$23	\$13 / \$15 / \$16	\$17 / \$22 / DNA	\$14 Sunset \$10	\$5 / \$7	
Lions Municipal Golf Course	53,310	\$19 / \$22 / \$23	\$26 / \$30 / \$33	\$22 / \$24 / \$25	\$19 / \$22 / \$23	\$13 / \$15 / \$16	\$17 / \$22 / DNA	\$14 Sunset \$10	\$5 / \$7	
Morris Williams Golf Course	43,678	\$19 / \$22 / \$23	\$26 / \$30 / \$33	\$22 / \$24 / \$25	\$19 / \$22 / \$23	\$13 / \$15 / \$16	\$17 / \$22 / DNA	\$14 Sunset \$10	\$5 / \$7	
Roy Kizer Golf Course	42,157	\$21 / \$23 / \$24	\$31 / \$37 / \$40	\$25 / \$27 / \$30	\$21 / \$23 / \$24	\$21 / \$23 / \$24	\$25 / \$30 / DNA	\$14 Sunset \$10	\$5 / \$7	
Blackhawk Golf Club	26,000	DNA	\$32 / \$32 / \$42	\$25 / \$25 / \$35	\$17 / \$17 / \$17	\$15 / \$15 / \$15 (WE after 1pm)	\$27 / \$27 / \$40	Included	\$5 / DNA	\$1,200 / N/A +\$15 access fee before 4pm or \$10 after 4pm
Bluebonnet Hill Golf Course <sup>2</sup>	32,000	DNA	\$34 / \$34 / \$45	1:30-3pm \$28 / \$28 / \$31 3-4pm \$26 / \$26 / \$28 4-5:30pm \$22 / \$22 / \$24	5:30-6pm \$21 / \$21 / \$21 6-CL \$19 / \$19 / \$19	\$28 / \$28 / \$40	\$28 / \$28 / \$40	Included	\$4/\$6.50	N/A
Harvey Penick Golf Campus		\$11 / \$11 / \$14	\$17 / \$17 / \$23	DNA	DNA	\$6 / \$6 / \$8	\$9 / \$9 / DNA	\$10 9H / \$15 18H WD; \$12/\$19 WE	\$6/\$10 \$13 Jumbo	\$475 / \$650 <sup>4</sup> Jun./Sen. \$250 / \$400
Plum Creek Golf Club <sup>2</sup>	36,000	\$25 / \$31 / \$31	\$44 / \$50 / \$57	\$35 / \$45 / \$45	\$27 / \$27 / \$27	\$24 / \$34 / \$34	\$35 / \$37 / DNA	Included	\$6.50 / \$9.75	N/A
Riverside Golf Course	30,000	DNA	\$34 / \$34 / \$40	\$27 / \$27 / \$31	\$22 / \$22 / \$22	\$13 / \$13 / \$15 (WE after 1pm)	\$27 / \$27 / \$40	Included	DNA	DNA
ShadowGlen Golf Club	28,000	After twilight \$25 / \$25 / \$25	\$35 / \$37 / \$50	\$28 / \$29 / \$35	\$25 / \$25 / \$25	\$25 / \$30 / \$35	\$30 / \$35 / DNA	Included	\$5 / \$12	\$3,000 / DNA
The Golf Club at Crystal Falls	27,579	DNA	\$42 / \$45 / \$55	\$38 / \$40 / \$45	\$33 / \$35 / \$40	\$10 / \$10 / \$10	\$35 / \$40 / \$40	Included	\$5 / \$7	\$1,900 / \$3,000

**KEY**  
 1 Platinum Level City Membership – Includes all City of Austin courses. Additional initiation fee of between \$1,000 and \$1,500 required for Platinum Level City Membership.  
 2 Taxes not included in fees.  
 3 Star Ranch also offers “All Inclusive” rates that include green fee, cart, range balls, breakfast, lunch and free replay (if available). Rates shown in the chart are non-inclusive rates and include green fee, cart and range balls.  
 4 Monthly also available; Par Unlimited Play membership shown; also, a variety of practice, play and practice, plus unlimited cart memberships also available, ranging in price up to \$1,575 (Family Unlimited Play and Practice, with Cart)  
 WD – Weekday; WE - Weekend  
 N/A – Information Not Available; DNA – Does Not Apply

## Significant Findings – Competitive Market

A summary of general findings regarding the competitive market for City of Austin Golf Courses:

- Much of the public golf supply in this market – at least among Golf ATX’s direct competitive set – has been added since 1990. Aside from Hancock, Jimmy Clay, Lions Muni, and Morris Williams, only Riverside GC, built in 1950, predates that time. Six facilities, including Grey Rock, were opened between 1990 and 1992, while six others were introduced from 1999 to 2003.
- As we noted earlier, while there is relatively low proportion of public access golf facilities in greater Austin compared to the national benchmark, a high percentage of the public facilities compete at NGF-defined ‘standard’ / mid-market price points (\$40 to \$70 peak riding green fee). This segment includes four of the five 18-hole Golf ATX golf courses (all but Grey Rock), as well as daily fee competitors such as Blackhawk, Bluebonnet Hill, Plum Creek, Riverside, ShadowGlen and Crystal Falls.
- This manifests in a competitive market where public golfers that aren’t members of a particular facility play at a variety of courses, thus making it more difficult to build customer loyalty. Still, the City courses are clearly the most popular and active in this market, with the 18-hole courses hosting anywhere from 40,000 (Grey Rock) to 53,000 rounds (Lions) in FY18.
- NGF demand modeling shows average activity of about 33,000 rounds per 18 holes (all facility types) in the greater Austin market; for public courses at standard price point in Texas, the average is about 36,000 rounds per year. Though privately-owned daily fee golf courses typically do not divulge rounds played or financial information, we estimate that most of the competing facilities to the Golf ATX courses draw in the range of about 26,000 to 38,000 rounds each year, with high quality facilities that are active in outings such as Falconhead, Avery Ranch, and Plum Creek in Kyle believed to be at the high end of this range, and facilities such as Blackhawk and Riverside that struggle with course conditioning near the bottom end of the range.
- Grey Rock competes with some of these closer-in Austin courses, as well as with some ‘premium’ price point (NGF-defined as peak riding fee >\$70) facilities located in the north Austin area, including three “sister” courses - Avery Ranch, Falconhead (both in Austin, each with peak fees of ± \$85), and Teravista (Round Rock). Other Grey Rock competitors on the outskirts - for daily fee and/or outing play - are Plum Creek (southwest of Austin in Kyle), Forest Creek (more below), and Golf Club at Star Ranch (Hutto).
- The city of Round Rock’s Forest Creek GC (managed by KemperSports) - a secondary competitor to Golf ATX courses - reopened in October 2018 after a 9-month, \$5.1 million renovation that should make it more competitive in the Austin market. Work included: rebuilding all greens to USGA specifications; creation of optional 19th hole, par-3; renovation of the driving range, including new tee area, range lighting, netting, sand traps, target greens; reconstruction of all bunkers; improved drainage; new state-of-the-art irrigation system; and, aesthetic improvements, including clearing of non-native trees and planting of native grasses.
- Riverside GC, owned by Austin Community College (ACC) since September 2015, is one of the key closer-in competitors to the City golf courses. Riverside GC struggles with conditions, especially after a significant rainfall (several holes are in a floodplain), but ACC has been working to improve the facility that was left in very poor condition by the previous operator. ACC removed a lot of dead trees, replaced old equipment, and overhauled the irrigation system; while the greens still need work, management reported

a significant upward trend in play until a rainy fall winter and early spring in 2018-19. **NGF was told that management intentionally keeps fees slightly lower than the Golf ATX courses to remain competitive.**

- In addition to the Golf ATX courses, most of the facilities in this market offer an unlimited play annual membership, of which there are a variety (e.g., weekday only, unrestricted, with per-play fee, cart-inclusive, etc.) Among the more affordable memberships are those at Blackhawk (\$1,200 for a Single – includes cart + range, but \$15 per round access fee before 4 pm, \$10 after); GC at Star Ranch (\$2,000, includes practice facility and cart but \$20 fee per play; no fee if walking after 12 pm); and Crystal Falls (\$1,900, including range balls but not cart). The membership for the three “sister” courses, Avery Ranch, Falconhead, and Teravista, is closer to Grey Rock in price, with initiation fee of \$500 and annual dues of \$3,600 for a Single (walking) and \$5,400 (cart-inclusive), and allows unlimited play at all three courses.
- For much of the year, the Austin public golf market is characterized by a high demand period that begins for many facilities around midday on Friday. As a result, some facilities (including all Golf ATX other than Grey Rock) have special Friday rates in between those of the weekdays and Saturday and Sunday.
- As we are observing across the nation, golfers have myriad ways to book public tee times at discounted fees. In addition to practicing yield management and offering everyday discounts for juniors, seniors, etc., most of the facilities competitive to the Golf ATX courses are participating with third-party sites such as Golfnow.com and Teeoff.com (the City’s Grey Rock also offers discounted fees on these sites). Discounting among the higher quality daily fee facilities can result in reduced market share for more affordable facilities, as some golfers will seek out the occasional “luxury” round.

## TEXAS MUNICIPAL GOLF BENCHMARKING

As part of this study, NGF Consulting compiled data for selected Texas municipal golf operations to compare the operating results of the Austin golf system across a range of some basic operating metrics. The sources for this information are municipal Comprehensive Annual Financial Reports (CAFRs) and budgets, supplemented by data supplied directly by municipal and/or golf course staff to NGF. The summary benchmarking table can be found in [Appendix C](#), and includes basic operating data such as rounds played, operating revenues (transfers-in excluded), and operating expenses (depreciation excluded) for 11 municipal golf systems compiled on a best-efforts basis.

We note that the intent of collecting and compiling this information was not to provide a direct “apples-to-apples” comparison of the City of Austin golf system to those of other municipalities, which is not possible due to factors such as variations in quality of facilities and the differences in accounting (e.g., some may include capital leases in operating expenses, others may not). Rather, our goal was to provide a “30,000-foot” overview of operating results for a cross section of Texas municipal golf systems, including some of the largest in the state, such as the cities of Ft. Worth, Houston, and San Antonio (city of Dallas did not provide information).

The total sample set comprises 11 municipalities, including 7 with multiple golf courses and 36 or more holes of golf. We note that data for most of the municipalities was for FY18, though for several it was FY17, the latest year available. In terms of metrics and averages discussed in this section, we note that differences in management structure among (and even within) some systems make direct comparisons somewhat misleading. For example, the city of Houston leases out its Hermann Park GC, and has private food & beverage concessions at its other facilities, so total operating revenues and expenses would be understated compared to a fully self-operated system.

## Key NGF observations:

- Only 4 of the 11 cities showed a **net operating income** (NOI) excluding depreciation for the year examined, ranging from just above break-even for McAllen to \$603,000 for Missouri City's 36-hole Quail Valley, and a robust \$1.76 million for San Antonio, which was the only profitable multi-facility system. San Antonio's golf system is managed through the Municipal Golf Association of San Antonio (MGA-SA), which retains all net revenues to fund operations and facility improvements.
- On the other side of the **NOI** equation, both Amarillo and Arlington (Chester Ditto/Texas Rangers was under renovation) reported net operating losses of about \$1.6 million.
- Average **annual rounds played per 18 holes** was just over 30,000, with the multi-facility systems ranging from Amarillo's 24,254 to San Antonio's 36,557. For comparison, Golf ATX averaged over 44,400 rounds per 18 holes in FY18.
- **Average total revenue per round** for the 10 systems (excludes Garland, for which data was not available) was \$44.53; for the systems with 36 or more holes, this metric ranged from a low of \$34.75 for Ft. Worth to a high of \$64.27 for Missouri City.
- Average total operating **revenue per 18 holes** for the subject golf systems was just under \$1.3 million. For those with 36 or more holes, this metric ranged from a low of \$924,000 for Ft. Worth to a high of \$1.95 million for Missouri City, which has a very large clubhouse operation at its Quail Valley GC.
- Average **operating expense per 18 holes** for these systems was about \$1.36 million, excluding depreciation. For those with 36 or more holes, this metric ranged from a low of \$1.05 million for Ft. Worth to \$1.54 million for Amarillo and \$1.65 million for Missouri City.

## EXTERNAL FACTORS SUMMARY

The demographic and economic factors affecting the demand for public-access golf in Austin are mixed, in that population growth and robust economic characteristics tend to support strong golf demand, while changing demographics and local traffic challenges tend to constrain golf activity. Below is a summary of the key takeaways from NGF's analysis of external factors that can affect operational results at the City courses:

- The local sub-markets that surround each Golf ATX facility show variance in their size, demographic make-up and ability to support continued operations. While there are neighborhoods around these City golf courses with characteristics that typically correspond to higher demand for golf, the review also shows large populations of residents who do not have a strong tradition in the sport and their demand tends to be softer. The local market around Grey Rock has the strongest per-capita demand profile, but the population is smallest in the system. On the other hand, Hancock GC has the largest population but with age and income characteristics that correlate with lower golf participation. The continued growth of new golf players derived from less traditional segments will be a critical factor in the future success of City golf courses.
- Austin's continuing economic boom seems to bode well, on balance, for area golf operators. Residential and commercial development activity, continued vigorous growth of the tech industry, increased leisure and business travel, and the spate of new hotels proximate to the Golf ATX should all be positive demand drivers for golf. On the negative side, the living wage ordinance has made the cost of labor higher in an industry with already tight operating margins, and very low unemployment makes finding and retaining golf course workers more difficult.



- The overall effect of Austin’s notorious traffic on area golf courses is not known. However, if we consider the ±30-minute travel time that the majority of golfers are willing to endure to play their favorite course, we can infer that the traffic may effectively reduce the trade areas of public golf courses to people who live or work within a relatively short distance. For the GolfATX courses, which are proximate to the heart of Austin, traffic congestion could actually boost late afternoon demand from golfers who would prefer to play 9 holes rather than wait in heavy traffic.
- From a macro standpoint, while some socioeconomic and demographic trends continue to create headwinds for golf operators, overall golf participation in the U.S. appears to be stabilizing and golf is far from “dead.” While there has been a recent decline in golf demand, NGF research shows that the game remains popular and is fortunate to have a deep well of interested prospects. Golf’s chief challenge remains getting more of those non-golfers who express interest in playing (‘latent demand’) to actually give golf a try, and converting more beginners into committed participants. Additionally, operators must find a way to draw young adults (i.e., millennials) - as off-course venues such as Topgolf have done successfully – through targeted programming and events. This is especially salient in a market like Austin, which continues to see an influx of new residents in this age segment.
- All golf facilities face external factors beyond their control, including a high fixed expense structure and operating expenses that tend to rise more rapidly than revenues. Also, golf economics will always be at the mercy of unforeseen yearly weather variations and events that act to reduce capacity, rounds and revenues.
- The proportion of public facilities (62%) in the Austin market is low compared to the overall U.S., where 75% of all golf facilities are open and available to the public. However, the proportion of the public courses at ‘standard’ price points (NGF-defined \$40 to \$70 peak riding green fee) is 55%, considerably higher than the national figure of 37.5%. Of the Golf ATX golf courses, all but Grey Rock (peak fee \$85) compete at standard price points. Still, the City courses, with the exception of Hancock, are easily the most active in the market.
- There is a favorable ratio of golfers per 18 holes of public golf in the market, with 126% more golfing households per 18 holes of *public* golf than the national benchmark. This ratio may become even more favorable, as population growth is expected to add about 12,000 golfing households in the Austin CBSA by 2023. Our review shows that each Golf ATX facility is in a local sub-market with a basic demand/supply ratio that exceeds the NGF-defined success target, and suggests a generally favorable balance between supply and demand in public golf.
- The NGF studied 11 other municipal golf system in Texas and found that the City of Austin’s golf system compared favorably to the other benchmark subjects. The Austin system of four primary facilities (Lions, Morris Williams, Clay-Kizer and Hancock) combine as a system with rounds, revenue and expense experience in the last full fiscal year (FY18) that betters the averages found in the benchmark review.

# Overview of City of Austin's Austin Golf Courses

The City of Austin is operating five unique golf course properties with a total of five 18-hole and one 9-hole golf course, each with its own distinct history and customer base. The City is operating these golf courses together and under a unified brand referred to as “Golf ATX.” The history dates back to the initial development of what is now Hancock GC (1899) and then Lions Municipal (1926). These two courses were acquired by the City and became the first City municipal golf courses in the 1940s. The City then added Morris Williams (1964), Jimmy Clay (1974) and Roy Kizer (1994), and acquired the Grey Rock GC in 2014. Over the years, there have been many additions and modifications to each of these properties, leading to the configurations NGF found in 2019. The five facilities form a system of golf courses that offer a variety of services for patrons of all golfer skill levels, each located in a different section of Austin. A summary of each City golf facility is shown below:

Golf Course	Type	Year Open	Notes
Clay-Kizer Golf Complex – Jimmy Clay Course	18-H Championship	1974	Clay-Kizer is a 36-hole public golf facility with two separate and distinct 18-hole courses. The Kizer is a newer 18-hole, par 71 course with championship features and an open “links” design style with ample water hazards. The Clay is a more traditional, parkland 18-hole par-72 course with tree-lined holes and smaller greens. This facility also includes a small clubhouse and extensive golf practice amenities. All combined, this 36-hole facility is the busiest in the City system, hosting 90,000+/- rounds in each of the last two years.
Clay-Kizer Golf Complex – Roy Kizer Course	18-H Championship	1994	
Morris Williams Golf Course	18-H Championship	1964	Morris Williams is an 18-hole golf facility featuring a golf course and clubhouse that were both renovated and modernized in 2013. The course is the longest and most challenging of the City’s courses and offers topography and views that are unique for the area. Despite its recent renovation, there appear to be continuing problems with the condition of the greens. Counter to the trends at other City Courses, MWGC has seen recent declines in rounds activity, likely related to changing local demographics and deteriorating greens.
Lions Municipal Golf Course	18-H Regulation* (*only 5,825 yards)	Open 1926	Lions GC is an older 18-hole golf facility that was the original City of Austin municipal golf course and is rich in golf and civil rights history. The course is also in a prime location only 2.5 miles from the center of downtown Austin, a location that makes the property a prime target for developers seeking to convert the property to a “higher and better” use that would not include golf. The City’s operation of Lions GC includes a nearly \$500,000/yr. lease payment that is difficult to support, even with the highest rounds activity in the system.
Hancock Golf Course	9-H Regulation	Open 1899	Hancock GC is an older 9-hole golf facility that is a remnant of a former 18-hole country club, also located close to downtown Austin. Like its sister property Lions, Hancock is also rich in history and has supporters seeking its preservation. As with many 9-hole courses in the U.S., generating enough revenue to fully support operations is becoming more and more difficult, and the City may find that converting the property into some form of golf learning center may fit better for this property and its surrounding neighborhood.
Grey Rock Golf Club	18-H Championship	Open 1992 / Acquired 2014	Grey Rock GC is the premier facility in the Austin golf system, located in the growing southwestern suburbs of Austin. The facility is unique in the City system in both its facility offering and operation via contract with a professional golf management entity. The City is also accounting for Grey Rock differently, as only the net income to the City is included in the City’s golf enterprise.

The four primary City Golf Courses (excluding Grey Rock) are operated with all City employees with strong central oversight through a defined City Golf Division (in Parks and Recreation Department). The only exception is the food and beverage (F&B) operations are part of a separate concession at each location. The primary four-course system generated a total of just over \$6.97 million in gross operating revenue in 2018, plus additional revenue from the Grey Rock agreement and General Fund transfers. This total operating revenue represents an 8.0% increase over 2017, and continues a trend of improved operating revenue each year since 2015.

With total operating expenses slightly exceeding \$6.67 million (including cost of sales), the Austin golf courses are actually operating at a slight \$294,000+/- profit in 2018, before other items like the Lions GC lease and other indirect costs and charges are included. In addition, as the NGF will document, the expenses to operate, maintain and invest in the future of the Lions and Hancock GC's is not sufficient to cover all needed maintenance activities and ongoing capital improvements. Still, this basic financial condition is generally more favorable than most public sector golf operations in the U.S, where the majority of municipal golf course operations lose money when all on-site expenses AND capital improvement costs are considered.

In our review of the City golf courses, the NGF Consulting team found facilities that include the basic design and amenities to be successful across all three segments of the golf market, including the "Value" (under \$40), "Standard" (\$40-\$70) and "Premium" (over \$70) price points as defined by NGF. Each facility serves its own unique and distinct market, both geographically and by customer type. **Clay-Kizer** operates as a nicer 36-hole public golf facility in a less populated area of Austin that attracts golfers from a wide area. **Morris Williams** is an 18-hole golf course with a rapidly changing local market that appears to be getting younger and less interested in golf. **Lions Municipal** is a shorter 18-hole golf course in the heart of Austin that attracts a loyal local following, but could be a premier tournament and outing destination given its location if it were in better condition. **Grey Rock** is a premier high-end public golf course that has a strong local membership base and also attracts a wide following of players seeking destination golf. **Hancock** is small 9-hole course that is lacking key practice elements that would make it a prime location to learn to play golf.

The NGF has also observed that each of the golf facilities has capital needs that will require attention and investment. These capital needs are documented by NGF in this report, but some of the upgrades required are considered by NGF to be "mission critical" in that lack of attention to improvements could jeopardize the continued successful operation of these golf courses. We can also state that given the locations and changing character of Austin, some of these courses are occupying property that may be far more valuable in another use, and thus the City will have to carefully weigh the new investments necessary to sustain golf at these locations, given external pressure for other uses.

## MANAGEMENT AND ORGANIZATIONAL STRUCTURE

The five subject City of Austin golf facilities are owned by the City and operated by the City through a mix of structures, with a primary four facilities (Lions, Morris Williams, Clay-Kizer and Hancock) operated directly by the City and one facility (Grey Rock) operated via management contract. The golf courses all fall within a defined "Golf Division" in the City of Austin Parks and Recreation Department, and are overseen by a Golf Division Manager that is a full-time City employee. The four primary golf facilities are each staffed with a mix of City employees for maintenance and operations, along with concessionaires for F&B services. All staff responsible for maintaining and operating the primary four facilities are employed directly by the City, while those employed to provide F&B service and all Grey Rock GC staff are employed by the contracted entities.

## Contracts and Concessions

Oversight of the Golf Enterprise Fund at the City level is provided by the Division Manager from the Parks and Recreation Department Golf Division. Other staff positions within Golf Administration include 3 construction team members on a capital improvement (CIP) crew, as well as an Event Coordinator, Construction Supervisor, Facility Repairs Person, and Mechanic. The golf courses are fully operated with City employees, with the following exceptions:

- **Grey Rock Golf Course** – operated under management contract with Touchstone Golf. All employees work for Touchstone, with the exception of one contract golf instructor who pays the City a fee. The City pays Touchstone a monthly management fee of \$7,500 for operations; all revenues and expenditures are retained by the City, though Touchstone can receive up to a \$10,000 incentive payment based on revenue thresholds being met. The Touchstone agreement expires in December 2020. The City has not determined if a new solicitation will take place, or if it may potentially take over operations in house. The contract does not have additional extensions.
- **Players Concession** – operates the food and beverage concession at Morris Williams and Lions golf courses. The City receives a percentage of gross sales at both locations. The concession contract at Lions is for one additional year as the contract for the course was extended for one year to May 2020. Morris Williams' concession agreement expires in October 2019, but the City is planning to issue a two-year extension.
- **Ryan Sanders Group (RS3)** – RS3 operates the F&B concession ('Stag & Finch') at Jimmy Clay and Roy Kizer courses through a management agreement. The contract started in 2017 and is a 10-year contract expiring in October 2026, with 2 five-year extensions.

## Golf Enterprise Fund

The Golf ATX golf courses are accounted for by the City of Austin within a defined Golf Enterprise Fund ('Golf Fund'), ensuring a high degree of transparency of the operating results, and meaning that user fees are expected to pay for all costs associated with the operations. Gross revenues and expenses of each facility are recorded in the Golf Fund, with the exception of Grey Rock, where only net operating income is included under revenues. At the close of FY18, the Golf Fund had a negative balance of **(\$1,350,090)**. Historically, the Golf ATX system has been operating at close to "break-even," with some years falling above and some below this measure. In the last 16 years, the system has only once exceeded \$300,000 in net income (2011), but has fallen below **(\$300,000)** in losses in four years (2007, 2014, 2015 and 2016).

Since 2017, annual 'Transfers In' from the General Fund to the Golf Fund have been required to cover operating deficits and/or capital expenditures. For example, \$500,000 was transferred in to the Golf Fund in FY17, and \$1 million in FY18. These are recorded as revenue under Administration. The General Fund charges the Golf Fund each year for items such as Admin Support, Workers Comp, CTM Support, and Debt Service. These, cumulatively, are accounted for as Interfund Transfers – Other, and totaled \$612,000 (FY16), \$438,000 (FY17), and \$443,000 (FY18).

In addition to revenues from the primary golf facilities, the City receives concession payments (18% of gross revenues) from the private operator of **Butler Pitch and Putt** - a 9-hole executive course constructed in the 1950's and run by the same family since its opening. This agreement, which contributed \$87,000 in rent to the City in 2018, expires in August 2019; the City is currently evaluating responses to a Request for Proposals for this location. The new contract will require the concessionaire to spend more than \$500,000 upgrading the greens and tee boxes. The City also receives a portion of gross sales from the **Driving Range Round Rock**, operated through a 35-year concession agreement. These revenues are recorded as income under Golf Fund 'Administration.'

## Capital Improvement Funding

Depending on the scope and timing of the project, some improvements, such as the 2015 greens renovation at Jimmy Clay, are undertaken by the 4-person in-house golf course construction staff. The Golf Division has a Capital Improvement Fund (CIP) that generates approximately \$150K to \$200K annually to complete ongoing repairs to facilities. Much of the CIP account repairs focus on irrigation expansion/improvements and cart path repairs.

Some major facility improvements are funded by City general obligation bonds; the Golf Fund - since 2014 - has not been responsible for debt service payments, except those related to maintenance equipment purchases. The City of Austin approved the largest bond package in history in November of 2018. The Golf Fund received \$4 million to address the irrigation system at Jimmy Clay and towards completing greens renovations at Roy Kizer and Grey Rock golf courses.

## Living Wage

In 2015 Austin City Council voted to increase the minimum wage paid to city employees from \$11.39 to \$13.03/hour. Effective September 2018, city employees' minimum wage was increased to \$15 per hour, including temporary employees effective February 2019. NGF's understanding is that the Grey Rock management contract is grandfathered in terms of the living wage ordinance, but will be subject to it if the contract is renewed. Our understanding is that if the City were to solicit and hire a management company for its other golf courses, the living wage would prevail but the benefits package would retain a private structure.

Golf course operations are high-fixed cost businesses; as a result, even the majority of profitable facilities produce relatively small operating margins, which are always at risk of external factors such as unfavorable weather, as well as economic and socioeconomic trends. The increase in wages for City employees is an external factor that has broad implications for the profitability and sustainability of the City of Austin Golf Fund. Though the City has attempted to offset some of the rising labor costs through fee increases, these are sustainable only up to a point, as elasticity of demand dictates that once fees rise to a certain level, golfers will either play less frequently, stop playing, play when golf is more affordable (e.g., late afternoon), or play *where* golf is more affordable.

The rising cost of labor, and difficulty in attracting and retaining quality workers due to a number of factors that are emerging nationally, including low unemployment (competing for same employees that take restaurant, construction jobs, etc.), are affecting golf operations more severely than most other business operations (see [https://www.gcmonline.com/profession/operations/news/golf-course-labor?utm\\_source=informz&utm\\_medium=email&utm\\_campaign=FC%203.14.19](https://www.gcmonline.com/profession/operations/news/golf-course-labor?utm_source=informz&utm_medium=email&utm_campaign=FC%203.14.19)).

## Procurement

The City of Austin golf system is subject to the City's broader purchasing and procurement requirements. This includes submission of procurement requests through City channels and the need to request at least three bids for any purchase over \$3,000, often causing delays. Given that the golf division is often purchasing for four facilities, even items that are typically smaller in size can reach a threshold for competitive bid requirements, thus delaying purchases. While these purchasing requirements are typical in public sector golf, they can be magnified in larger systems like Austin where there are multiple facilities making routine purchases much larger than normal. With its management contract form of operation, Grey Rock is generally immune to these practices as Touchstone Golf has authority for most of their procurement to be completed outside of standard City purchasing policies.

## AUSTIN CITY GOLF - INDIVIDUAL FACILITY OPERATIONS

The NGF review has addressed several considerations related to the operation of each individual facility in the system. This includes review of staffing, technology, player development programs, organized activities, fees, marketing and concession operations.

### City of Austin Golf Facility Staffing

Austin City golf staffing is divided into three primary divisions of service, including administration, maintenance and operations. We note that all maintenance and operations staff is employed directly by the City, and all F&B staff is part of the concession agreements. In general, full-time (FT) positions within the Austin Golf system include salary and benefits (insurance, holidays, vacation, etc.), with some other positions staffed with full-time hourly (FTH) and/or part-time (PT) hourly labor.

### Facility Administration Staff

The on-site administration of the City of Austin golf system includes several administrative positions with responsibilities as noted previously. These positions include:

<b>City of Austin Golf Golf Administration Staff</b>
Division Manager (FT)
Event Coordinator (FT)
Division Contract Supervisor (FT)
Division Facility Repairs (FT)
Division Mechanic (FT)
CIP Crew/Construction Team (3 – FT)
Golf Professional (0.5 assigned to admin / .5 to Lions)
<b>Total Administration Staff = 8.5 FTE</b>

### Golf Maintenance Staffing

NGF has reviewed the staffing and budget for maintaining each Austin golf facility in 2019. Documentation provided by the City shows a mix of staffing, with some facilities showing more robust maintenance staff than others. Of particular note is the lean staffing for maintenance at Lions GC and Hancock GC, both of which have somewhat uncertain futures. The Austin System employs a total of 39 golf maintenance staff combined positions, with a mix of 10 full time positions and 19 part-time positions (all subject to living wage ordinance) and five volunteers, for a total full-time equivalent (FTE) maintenance staff of 29.5 for the full system (6.55 per 18 holes). When compared to industry standards the NGF finds the Austin courses are staffed within the expected standard of 5.0 to 8.0 FTE's per 18-holes, but are on the low end at Lions GC and especially Hancock GC. The current (March 2019) staffing for golf maintenance is displayed below:

<b>City of Austin Golf Golf Maintenance Staff</b>			
<b>Clay-Kizer GC (36-H)</b>	<b>Morris Williams (18-H)</b>	<b>Lions Muni (18-H)</b>	<b>Hancock GC (9-H)</b>
Head Superintendent (FT)	Head Superintendent (FT)	Assistant Super (FT)	Head Superintendent (FT)
Assistant Super (2 - FT)	Assistant Super (FT)	Maint. Workers (2-FTH)	Asst. Parks Ground (FT)
Mechanic (FT)	Maint. Workers (3-FTH)	Temp. Maint. Workers (5-PT)	Maint. Worker (PT)
Maint. Workers (6-FTH)	Temp. Maint. Workers (4-PT)	Volunteers (1)	
Temp. Maint. Workers (9-PT)	Volunteers (2)		
Volunteers (2)			
<b>Total Maintenance Staff CKGC = 14.5 FTE</b>	<b>Total Maintenance Staff MWGC = 7.0 FTE</b>	<b>Total Maintenance Staff LMGC = 5.5 FTE</b>	<b>Total Maintenance Staff HGC = 2.5 FTE</b>

### Golf Operations Staffing

Golf Operations staffing includes a mix of dual positions with key staff members having responsibility in two departments to help reduce expense. As noted, the administrative staff is strong, and this provides support in both operations and maintenance at each facility. The Austin System employs a total of 70 golf operations staff combined positions, with a mix of 12 full-time positions, 58 part-time positions (all subject to living wage ordinance) and 40 volunteers, for a total full-time equivalent (FTE) operations staff of 41.0 for the full system (9.25 per 18 holes). Many of the outside positions are staffed by volunteers, or “work-for-play” individuals. When compared to industry standards the NGF finds the Austin courses are staffed just below the expected standard of about 10.0 to 11.0 FTE’s per 18 holes, and the City is very low at Hancock GC where a new self-pay concept has been instituted in 2018. The current (March 2019) staffing for golf operations is displayed below:

City of Austin Golf Golf Operations Staff			
Clay-Kizer GC (36-H)	Morris Williams (18-H)	Lions Muni (18-H)	Hancock GC (9-H)
Dir. of Golf (FT)	Golf Professional MGR (FT shared w/ HGC) *	Mgr. (0.5 FT shred w/ Admin)	Golf Shop Lead (FT)
Assistant Professionals (2 - FT)	Assistant Professional (FT)	Assistant Professional (FT)	Supervisor (FT shred w/ MW)*
Inside Staff (3 – FTH)	Inside Staff (FTH)	Inside Staff (FTH)	
Temp. Inside Staff (22-PT)	Temp. Inside Staff (15-PT)	Temp. Inside Staff (17-PT)	Temp. Inside Staff (4-PT)
Volunteers (5)	Volunteers (19)	Volunteers (10)	Volunteers (6)
<b>Total Operations Staff CKGC = 17.0 FTE</b>	<b>Total Operations Staff MWGC = 10.5 FTE</b>	<b>Total Operations Staff LMGC = 11.0 FTE</b>	<b>Total Operations Staff HGC = 3.0 FTE</b>

\*Couse Supervisor position shared between HGC and MWGC, with all expense in WWGC budget.

### Food and Beverage Staffing

In addition to the golf maintenance and operations staff noted above, each Austin golf facility has staff to provide F&B service to customers. All of this staff is employed directly by the F&B vendor as per contract with the City of Austin.

### Grey Rock Staffing

Touchstone Golf provides all staff for the Grey Rock operation, and includes a large staff across six departments (Admin, Operations, Maintenance, F&B, Tennis and Sales). Grey Rock employs a total of 33 staff members, including 11 full-time and 22 part-time positions. As noted, under its present contract Grey Rock GC is not subject to the living wage ordinance, but will be upon renewal of the management agreement after December 2020.

### Staffing Summary

The staffing for Austin golf courses is generally comparable to NGF standards for the “typical” public golf course in the U.S., with Austin showing slightly smaller part-time staffs. The City reported a significant effort to reduce staff, especially part-time staff in the last few years due in large part to new minimum wage requirements. Personnel costs typically represent the largest single expense item in a golf operation, as is the case for Austin golf courses. The NGF data on public golf operations in 2016 show averages for full-time staffing at 18-hole public golf courses nationwide (table below). This level of staffing represents a reduction from 2009 figures as a result of declining income and the need to reduce expense.

City of Austin Golf Courses Total Facility Identified Staffing per 18 Holes – 2018			
Facility	Operations Staff (FT / PT)	Maintenance Staff (FT / PT)	Total Staff (FT / PT)
Clay-Kizer GC (36H)	6.0 / 22.0	10.0 / 9.0	16.0 / 31.0
Morris Williams GC (18H)	3.0* / 15.0	5.0 / 4.0	8.0 / 19.0
Lions GC (18H)	2.5* / 15.0	3.0 / 5.0	5.5 / 20.0
Hancock GC (9H)	1.0* / 4.0	2.0 / 1.0	3.0 / 5.0
<b>Total Austin System</b>	<b>12.5 / 56.0</b>	<b>20.0 / 19.0</b>	<b>32.5 / 75.0</b>
<b>Austin System Avg. per 18 Holes</b>	<b>2.75 / 12.5</b>	<b>4.5 / 4.25</b>	<b>7.25 / 16.5</b>
<b>Industry “Standards” (per 18 Holes)</b>			
U.S. Public Course Avg. (per 18 Holes)	3.0 / 16.0	4.0 / 8.0	7.0 / 24.0
<b>Provided for Comparison:</b>			
Grey Rock	7.0 / 14.0	4.0 / 8.0	11.0 / 22.0
* Operations staff includes a shared supervisor between MWGC and HGC, with budget to MWGC. Lions GC includes a Manager that is shared with Admin and counted as 0.5 FTE in Lions GC budget.			

## Review of Technology and Website

Golf Division is using the Vermont Systems Rectrac 3.1 for its Point-of-Sale (POS) at all of the City courses (except Grey Rock). Grey Rock utilizes the IBS system for its point-of-sale. This system is common but may not be best suited for a multi-facility municipal golf system. The ideal public golf POS systems include the ability to integrate the POS with websites, online tee-time availability and customer tracking. Access to a modern POS and the Golf Division’s use considered of EZLinks for its website system might allow the City golf courses to:

- Create a large customer database
- Integrate a 24-hour Tee-Time Reservation System with POS
- Issue identification cards and/or capture golfers’ email addresses
- Communicate with customers via an opt-in email marketing program
- Maximize yield management

## Website

It is clear that in 2019 and the foreseeable future, the Internet is the most significant piece of golf course marketing. NGF research shows upwards of 90% of all golfers get information on golf courses from the internet, especially while travelling to a new market. As a result, the Internet is now the most important single element in a golf facility’s (or golf system’s) marketing. The Web has several key advantages over other forms of advertising:

- **Cost** - A Website is relatively inexpensive to set up and maintain.
- **Reach** - Almost every household that contains a golfer has access to the Internet.
- **Information** - The amount of information on a website can be virtually unlimited.

There is a central website for the City’s five courses at <http://www.Austintexas.gov/golfatx>. This site is professionally designed and includes most all of the key features and user touches that NGF typically sees in successful golf facility websites, although it would add a nice touch to incorporate more pictures of the facilities and people using them and having fun. The address appears to be easy and should be findable in any web search (such as golf in Austin, Austin golf, etc.). The information included matches closely to NGF recommended information, and includes links to book tee times, tournaments, range passes and memberships.



## Technology Summary

The review of the POS and other technology systems in place at the City golf courses shows the Golf Division capabilities. While additional upgrades would help the facilities improve rounds and revenue, it is expected that some external (third-party) support will always be required to support Golf Division capabilities. NGF will make additional recommendations on this subject later in this report as staying ahead in technology is viewed by the consultants as key to improving this golf enterprise, along with other physical and operational changes that will be addressed.

## Programming and Organized Golf Activities

One of the keys to successful public golf facility operations is the continued promotion and hosting of organized activities and programs, such as leagues, outings, tournaments and player development. These activities are important to maximizing rounds activity at public golf courses and NGF observations show golf courses at a severe disadvantage in achieving strong rounds activity without an active calendar of events. These events tend to stimulate activity and encourage repeat play, generating more rounds per golfer than without the event calendar.

## Leagues

Reflective of this market, each of the City's golf courses have active leagues, which serve as an important and necessary revenue supplement to daily fee play. During the summer months, 9-hole leagues generally dominate afternoon play at all four 18-hole courses, with particularly strong demand at Lions GC. These leagues are a great way to introduce new players and stimulate increased activity. Management is very active in the planning, promoting and organizing these leagues, and these leagues make up a large portion of weekday demand at City courses. Total rounds from leagues are not directly counted by the courses, but many of the annual pass players participate heavily in league play.

## Outings/Tournaments

The City golf courses are limited in tournament activity due to facility limits, especially with small space available for gatherings (except Lions). Each facility has its share of events and tournaments, both large and small, including several tournaments with over 100+/- golfers. Overall tournament activity is divided among the 18-hole courses, with Lions GC leading the way with over 5,000 tournament rounds reported in 2018. Clay-Kizer hosted about 3,000 tournament rounds and Morris Williams only around 1,600. With 36 holes, Clay-Kizer could be a strong leader in hosting the largest events in Austin. In total, about 6.4% of total rounds at Lions, Clay-Kizer and Morris Williams are from outings or tournaments over the last three years. Successful public golf courses should have at least 5%-10% of total rounds generated from outings and tournaments, with multi-course facilities (like CKGC) generating play at the higher end of this estimate.

## Lessons and New Player Development

The development of new golfers is important to the future of the game, and it is in the City's interest for its golf course operators to be active in all "grow-the-game" initiatives. From beginner group lessons to advanced competitive training, the Golf Division has tried to develop a strong lesson Program, including an active *First Tee* program. NGF observations regarding Golf Division's player development activities at the City golf courses:

- **Austin Junior Golf Academy** – Multi-day camps are offered to children ages 5-13 in the summer months of June, July and August. Most all activity is at Hancock GC.
- **Beginner Programs** – Golf instruction is organized by the system's Player Development Coordinator, headquartered at Jimmy Clay GC. The City is offering an extensive schedule of golf lessons, including free golf clinics. All five Golf ATX facilities include golf lessons and beginner golf programming.

## Review of Golf Carts

The carts at all the City golf courses are leased by the City Golf Division, and all appeared to no more than three or four years old and in good condition. The City has staggered the leases, so the overall fleet is a mix of carts from 2016, 2017 and 2018. The City’s program of leasing carts allows the City to retain newer carts at all times, and allows the cost to be included in operating expense, rather than capitalizing purchases. The NGF recommends golf courses have 70-75 carts-per-18-holes, although the total number at Lions GC can be lower given the shorter length of the Course. All carts in the system are electric powered, which is the industry preference due to cleaner, quieter and less expensive operation. At present, the City golf courses have the following inventory of power carts available for golfer use:

Golf Course	# of Carts	Type	Comments
Clay-Kizer Golf Complex	140	EZ-GO Electric	New cart fleet with lease beginning January 2018 through December 2023. Cart fleet size appears adequate for the facility, with an estimated 60% cart ridership/40% walking. Carts are stored in two separate (but adjacent) 4,600sf buildings. The cart space is efficient and includes provides proper charging facilities.
Morris Williams Golf Course	70	EZ-GO Electric	Newer cart fleet with lease through 2023. Carts are stored in the lower level of the clubhouse with adequate storage and charging facilities. Cart use at MWGC is at about 60% of total rounds.
Lions Municipal Golf Course	55	EZ-GO Electric	This fleet is most problematic with only 55 carts that are six years old. The new lease of carts for other GolfATX courses did not include Lions due to uncertainty of continued golf operations. The fleet of carts at Lions is in poor condition and often results in failure during a round, causing poor customer service.
Grey Rock	80	EZ-GO Electric	All Carts stored in fully enclosed 6,500sf cart shed that can accommodate all carts and provides proper charging facilities.
Hancock Golf Course	12	EZ-GO Electric	Cart storage is mixed between two locations – a small space under the clubhouse for up to 3 carts and a cart shed with a capacity of 9 carts. Both locations have proper charging facilities. The total number of carts may be inadequate and staff reports not having enough on the busiest days.
<b>Total City Cart Fleet</b>	<b>357</b>		

As walking is very popular with golfers in this part of the country, power cart rounds may be lower than the standard 75% to 80% of total rounds. As many of the area’s other public access golf courses do not allow walking at most times, this is a great selling point for the area as the City courses allow walking, which helps to bolster rounds and green fees. Having newer power carts in good condition is a strong selling and customer service benefit to the City courses, as customers strongly prefer nicer and newer carts. The NGF standard for the cost of power golf carts is approximately \$1,000 per cart per year, or \$72,000 for a fleet of 72 carts at an 18-hole golf course.

## Merchandise Operations

The City golf courses have a mix of pro shop operations, with efficient merchandise operations at Clay-Kizer and Lions, more modest operations at Morris Williams and virtually no pro shop business at all at Hancock GC. Merchandising at the City courses consists of mostly impulse items (balls, tees, golf shoes, hats, etc.) and soft goods (a large volume of apparel). The NGF review shows a relatively strong level of revenue with growth in the last four years – increasing 15.5% over 2015, mostly as result of extra strong performance at Clay-Kizer. The national “standard” for pro shop revenue is \$2.48 per round of golf with an expected direct cost of sales at 70% to 75%. A summary of the City pro shop operations for 2015 and 2018 is shown below:

**City of Austin Golf Courses  
Pro Shop / Merchandise Operations**

Course	Basic Features	2015 Total Gross Revenue	2018 Total Gross Revenue	% Change 2015-18	2018 Direct Cost of Sales	2018 % Cost of Sales*	2018 Gross Revenue/Round*
Clay-Kizer	Small retail space but with high inventory per sf. Sales are focused on balls, accessories, shoes and the most equipment and least apparel of any Golf ATX facility.	\$197,824	\$260,412	31.6%	\$178,368	68.5%	\$2.95
Morris Williams	Large retail area, but with modest inventory leaving a lot of unused space. Includes a mix of some apparel, balls and shoes.	\$105,190	\$101,725	-3.3%	\$59,869	58.9%	\$2.14
Lions	Modest retail space with good selection of apparel and accessories. Golf balls are highest selling item.	\$131,913	\$143,769	9.0%	\$77,291	53.8%	\$2.70
Hancock	Counter area displays only – just used balls, tees drinks and snacks.	\$25,771	\$26,001	0.9%	\$2,044**	7.9%**	\$1.34
<b>Total Primary System</b>		<b>\$460,698</b>	<b>\$531,907</b>	<b>15.5%</b>	<b>\$317,572</b>	<b>59.7%</b>	<b>\$2.60</b>

**For Comparison Purposes:**

Grey Rock GC	Large retail space with wide selection of apparel and accessories. Golf balls are highest selling item.	N/A	\$169,346	N/A	\$135,187	79.8%	\$4.27
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\*U.S. Standard for 18-hole courses = \$2.48 per round in revenue and 70% to 75% in direct cost of sales. \*\*Includes carry-over inventory – COS was \$18,663 in 2017.

## Food and Beverage Operations

Ideally, every golf facility (regardless of type) needs to have some type of food and beverage operation. Food and beverage operations at golf facilities tend to achieve two goals: (1) provide direct revenue; and (2) help increase the overall volume of rounds and other revenues at the facility. The NGF does not expect a high volume of net revenue from food and beverage operations. The typical 18-hole public golf course will earn about \$6.10 per round in food and beverage, leading to an expected total gross revenue level of around \$200,000 (±) per year, less direct costs. This would be considered “typical” for a regulation 18-hole public golf course playing around 33,000 (±) rounds, unless there was additional space for large banquets, parties, meetings, luncheons, etc. Having appropriate space available to host large banquets, parties and golf events/tournaments will certainly add to the potential revenue at golf facilities, both directly (increased F & B sales) and indirectly (increase green and cart fees).

### Austin City Golf Courses F & B Structure

The food and beverage operations at the four primary Golf ATX golf courses are varied, with basic snack bar operations in a small space at Lions GC, basic snack bar operations in a more suitable-sized space at Morris Williams, a bar-pub atmosphere at Clay-Kizer and only snacks in the pro shop at Hancock. Lions GC is the only facility in the system to have any sort of indoor banquet capacity, although all facilities (except Hancock) have covered pavilions. The City of Austin has chosen to lease out the F&B operations at all four facilities, a system which is common in public-sector golf. The basic concession agreement generates about 10% of total F&B revenue back to the City, an amount which is also common and standard. The City earned approximately \$205,000 in food concession revenue in 2018, about half of which comes from Clay-Kizer. Of particular note for this system is that the City of Austin allows golfers to bring their own F&B to golf courses (including alcohol), which is not usual or customary due to concessionaire and liability concerns.

## Review of Golf ATX Green Fees

The tables below show selected fee rates at City golf courses, including all surcharges, for 2019.

<b>2019 Roy Kizer Golf Course</b>			
	<b>Mon-Thur</b>	<b>Friday</b>	<b>Sa-Su/Hol</b>
Regular Round	\$31.00	\$37.00	\$40.00
Evening Round	\$25.00	\$27.00	\$30.00
Sunset	\$21.00	\$23.00	\$24.00
Junior	\$21.00	\$23.00	\$24.00
Senior	\$25.00	\$30.00	—
9 Holes only	\$21.00	\$23.00	\$24.00
<b>2019 Hancock Golf Course</b>			
	<b>Mon-Thur</b>	<b>Friday</b>	<b>Sa-Su/Hol</b>
1 <sup>st</sup> Nine Holes	\$16.00	\$19.00	\$21.00
2 <sup>nd</sup> Nine Holes	—	\$11.50	\$11.50
Evening	—	\$21.00	\$22.00
Sunset	\$11.00	\$18.00	\$19.00
Junior 18 Holes	\$11.00	\$13.00	\$16.00
Senior 18 Holes	\$14.00	\$19.00	—
College Student	\$14.00	\$15.00	\$15.00 (> 1 pm)
<b>2019 Grey Rock Golf Club</b>			
	<b>Mon-Thurs</b>	<b>Friday</b>	<b>Sa-Su/Hol</b>
Regular Round	\$71.00	\$85.00	\$85.00
Evening Round	\$46.00	\$56.00	\$56.00
Sunset	\$41.00	\$51.00	\$51.00
Junior	\$36.00	\$46.00	\$46.00
Senior	\$51.00	—	—
<b><i>The following green fees at Grey Rock include range balls</i></b>			
Regular Walking	\$56.00	\$71.00	\$71.00
Junior Walking	\$26.00	\$36.00	\$36.00
<b>2019 Jimmy Clay, Morris Williams &amp; Lions Golf Courses</b>			
	<b>Mon-Thur</b>	<b>Friday</b>	<b>Sa-Su/Hol</b>
Regular Round	\$26.00	\$30.00	\$33.00
Evening Round	\$22.00	\$24.00	\$25.00
Sunset	\$19.00	\$22.00	\$23.00
Junior	\$13.00	\$15.00	\$16.00
Senior	\$17.00	\$22.00	—
9 Holes only	\$19.00	\$22.00	\$23.00
<b>Golf Cart Rental/Cart Permits</b>			
Golf Cart Rental per Rider			\$14.00
Sunset Cart			\$10.00
Regular Cart Permit (Trail Fee of \$1.00 per round)			\$20.00
<small>City of Austin residents who purchase a Golf ATX Resident card receive a discount of \$1 off green fees Monday - Thursday (excluding Hancock) and a discount of \$2.00 off green fees Friday-Sunday at Lions, Morris Williams, Jimmy Clay, Roy Kizer. Cardholder receives a \$5 discount off posted Grey Rock green fees. Resident cardholders also receive a discount on merchandise. Resident cards are \$5.00 annually.</small>			

## Green Fee Discussion

NGF observations regarding the daily fee pricing for Golf ATX:

- Of the four primary regulation length 18H courses, **Jimmy Clay, Morris Williams and Lions Muni** have the same green fee structure, while the newer **Roy Kizer** has prime-time green fees of \$5 to \$7 higher than the other three.
- These four facilities have prime-time 18-hole riding rates ranging from \$40 M-TH to \$47 on weekends and holidays (Kizer is \$45 to \$54), with City Resident Card holders receiving \$1 discount WD and \$2 WE. These fees place Clay, Williams and Lions moderately higher than key competitors such as Blackhawk, Bluebonnet Hill, Riverside and ShadowGlen, and slightly below clubs such as Plum Creek (\$50 Fri./\$57 WE) and Crystal Falls (\$55 WE). Based on the results of our market analysis and the level of demand for City facilities, NGF believes these prime-time fees, as well as the respective non-prime time and other discount categories, are appropriate.
- **Grey Rock** is positioned as Golf ATX's premier facility, with prime-time regular cart-inclusive 18-hole green fees of \$71 M-TH and \$85 F-SU (includes range; resident cardholders receive \$5 discount). This pricing positions Grey Rock near the top of the Austin public market (resort club Wolfdancer is highest at \$160 peak fee) and quite a bit higher than the other public courses in Austin proper, but similar to northern facilities such as Avery Ranch (\$85 peak fee) and Falconhead (\$89). With rounds holding relatively steady in 2018 despite a fee increase of \$5, Grey Rock appears to appropriately priced.
- Unlike the other City facilities, **Grey Rock** uses a quasi-dynamic pricing model pricing (though fees cannot ever be *higher* than approved) through demand-based rates posted on third-party sites such as Golfnow, Teeoff.com, and Golf18network.com. Staff reported to NGF that about 30% of public rounds (excluding barter rounds) at GRGC are booked through these sites, which NGF considers to be a high proportion for 3<sup>rd</sup>-party discount rounds. However, the average realized rate does not appear to have suffered much as management reported an ADR of \$53 for Golfnow rounds.
- In today's market, NGF believes that management must have some ability to respond to variable demand and take advantage of those times when the facility has "pricing power" (e.g., morning prime-time in peak season). Though this flexibility is not always practical in municipal golf, we believe some combination of yield management, dynamic pricing, promotion of golf + food/beverage specials, etc. is integral to increasing utilization rates and reducing tee time "spoilage", so long as overall rate integrity is not put at risk.
- The first price break for the Golf ATX facilities is the 'Sunset' rate that begins at 2:30 pm. Based on NGF experience, peak demand in most markets ends with a midday lull beginning late morning to around noon. Quite a few of the market competitors institute their first price break earlier than Golf ATX does, including: Bluebonnet Hill, Riverside and Crystal Falls (all 12 noon); ShadowGlen, Teravista, Avery Ranch, Forest Creek, and Falconhead (all 1 pm). The City should analyze historical utilization rates at each facility to see if an earlier price break is warranted.
- NGF reviewed the green fee history going back to 2014 and generally noted annual "cost of living" increases of \$1 to \$2, depending on category (some years, only weekend rate was increased), for all the facilities expect for Grey Rock. Weekend fees for the latter topped out at \$79 in the first three years the City owned the course, before increasing by \$5 to \$84 in January 2018 (most fees at the other courses were raised by \$2, offset by introduction of \$5 Resident Card) and \$85 in 2019. NGF is fully in favor of modest, but consistent, annual increases – as long as demand is not too elastic to sustain them - rather than larger one-time increases that are instituted less frequently.

## Membership Program

In addition to daily fee play, Golf ATX offers a variety of unlimited prepaid annual memberships. These include the Silver Level Membership ('Annual Cards'; includes Jimmy Clay, Morris Williams, Lions, & Hancock), which restricts play to Mon-Fri, plus after 2 pm on weekends and holidays. The price for a Silver membership for a resident cardholder is \$1,060, while non-residents pay \$1,160. Individual members pay a \$3.50 daily surcharge for play M-Fri (\$3 for seniors). The Golf ATX Gold Level membership adds Roy Kizer (resident \$1,240/ non-resident \$1,360, with weekday/weekend surcharges of \$3/\$7), while Golf ATX Plus (\$2,165 / \$2,380) has no daily surcharges, no limits on play, and reduced cart fee of \$10.

The Grey Rock Membership ('Platinum Level') includes unlimited, unrestricted play on all the City courses, as well as unlimited range balls, access to special activities and events, 14-day advance tee times, \$45 guest rate, and discounts on logoed merchandise and food & beverage. The Individual Masters membership carries an initiation fee of \$1,000 and annual dues of \$4,380, while the Family Masters has a \$1,500 initiation fee and annual dues of \$5,088. (Resident cardholders pay \$120 less). This level of membership carries no per-round surcharges

The table below summarizes membership types and pricing. Most fees were raised by  $\pm 10\%$  in 2018, but the resident category was also introduced (through purchase of \$5 Resident Card) that year, mitigating the effect of the increase on city residents.

City of Austin Golf Course 2019 Annual Memberships				
<b>Annual Cards - Silver Level City Membership</b>				
<i>Golf Courses Included: Jimmy Clay, Morris Williams, Lions &amp; Hancock</i>				
			Resident	Non-Resident
Individual	(Daily Surcharge: Mon-Fri \$3.50)	\$3.50	\$1,060.00	\$1,160.00
Senior	(Daily Surcharge: Mon-Fri \$3.00)	\$3.00	\$540.00	\$590.00
Junior	(Daily Surcharge: Mon-Fri \$3.00)	\$3.00	\$300.00	\$330.00
Summer Junior	(Daily Surcharge: Mon-Fri \$3.00)	\$3.00	\$90.00	\$100.00
<b>Golf ATX Memberships - Gold Level City Membership</b>				
<i>Golf Courses Included: Roy Kizer, Jimmy Clay, Morris Williams, Lions &amp; Hancock</i>				
			Resident	Non-Resident
Golf ATX	(Daily Surcharge: Mon-Th \$3, Fri/Sat/Sun \$7)		\$1,240.00	\$1,360.00
Golf ATX Plus	(No Daily Surcharges, No Limits on Play)		\$2,165.00	\$2,380.00
<b>Grey Rock Memberships - Platinum Level City Membership</b>				
<i>Golf Courses Included: Grey Rock, Roy Kizer, Jimmy Clay, Morris Williams, Lions &amp; Hancock</i>				
			Resident (per mo.)	Non-Resident (per month)
Masters Individual			\$355.00	\$365.00
Masters Family			\$414.00	\$424.00
Senior Individual			\$206.00	\$216.00
Senior Family			\$265.00	\$275.00
Young Executive			\$235.00	\$245.00
Young Executive Family			\$295.00	\$305.00
Junior Golf			\$80.00	\$90.00
Grow the Game			\$96.00	\$106.00

'Multiples' of the applicable prime-time 18-hole daily fee walking rates that the membership pricing reflects are difficult to calculate due to the different categories, the blend of facilities, and the presence of surcharges. The multiples appear to be in the range of 32 (Gold Resident) to 39 rounds (Silver Non-resident) for the Individual category, excluding surcharges. NGF considers these multiples – a break-even measure based on number of rounds in a year – for the regular Individual memberships to be within range of what we typically see for a municipal golf course at these green fee levels, though perhaps on the low end of the range for a year-round market like Austin. The Grey Rock Platinum Individual membership is priced at a multiple of 51.5 times (not including initiation fee) the highest daily rate of \$85, making break-even about 1 round per week based on the prime-time rate. NGF considers this multiple appropriate for a golf course of this caliber.

One area of membership pricing the City could consider adjusting is the Senior and Junior categories of the Annual Cards/Silver Membership, which calculate to much lower multiples than discussed above. For example, the Senior Silver membership at \$540 per year in 2019 reflects a multiple of only 24.5 times the highest senior walking rate of \$23 for JC, MW and Lions (excluding surcharge). In other words, if a senior averages more than two rounds per month, he or she would be better off buying the membership than paying the daily fee rate. While the deep discount for seniors is understandable from a public policy perspective, the fact that Golf ATX is organized as an enterprise fund may require the City to raise senior category membership pricing to a level that reflects a reduced, but still significant, discount off of regular Individual membership pricing.

### **Golf Courses Marketing**

Traditionally, NGF recommends marketing budgets for golf courses of at least 1% of total gross facility revenue, or roughly \$69,000 for the City of Austin Golf Courses. Review of budgets shows that the Golf Division has spent around \$10,000+/- per year since 2014, mostly through the Admin department, plus some additional funds spent at each facility (less than \$1000 per year). What marketing is undertaken by these courses is solely the responsibility of Golf Division, and is focused primarily on the Golf Division "Golf ATX" brand and print, radio and social media advertising plus partnerships/sponsorships. In addition to paid media, programs and events are promoted through the Golf ATX website, social media pages (Facebook, Twitter, Instagram) and email and text messages. Printed marketing materials are also posted at each golf course via the bulletin and digital media boards.

In review of the existing system, NGF found that marketing is light at City golf courses for several reasons, and more aggressive efforts to increase rounds and event activity at the courses would be helpful (more later in NGF recommendations).

### **SYSTEM-WIDE OPERATIONAL PERFORMANCE**

NGF has completed a review of the operational / economic performance of the City of Austin golf system, with focus on the four primary facilities (excluding Grey Rock) from data presented by the Golf Division. In summary, it appears that the City golf courses are performing with activity, revenue, and maintenance expenses that are well above national standards for the type of facility operation, with the only exception being Hancock GC, which shows much weaker performance. The review below covers rounds activity, revenues and operating expenses over the last few years.

## Rounds

The table below shows total rounds by facility since 2014 as reported by the Golf Division. We note that overall rounds played totals at each facility has varied, with an increase at all facilities since 2014, and a decline in 2018 (bad weather year). Overall, the City golf system total rounds have increased by 7.5% since 2014, despite a 6.0% decrease in 2018. In comparison, the total U.S. golf industry experienced a 4.0% decrease in golf course rounds between 2010 and 2013, followed by 2.0% reduction in 2014-2017. Total average rounds (“starts”) per 18 holes now stand at 32,810 for the U.S., and 35,675 for the State of Texas, showing that all the courses in the City of Austin system are exceeding the national standard in 2018.

City of Austin Golf Courses Total Rounds Played by Facility (2014 – 2018)							
Year	2014	2015	2016	2017	2018	14-18 avg	% of Total
Clay-Kizer	70,413	55,847	79,890	90,323	88,197	76,934	38.4%
Morris Williams	47,608	50,777	46,827	47,372	43,678	47,252	23.6%
Lions Munny	55,018	56,050	55,435	57,454	53,310	55,453	27.7%
Hancock	17,265	19,328	23,892	22,592	19,453	20,506	10.2%
<b>Total Base System</b>	<b>190,304</b>	<b>182,002</b>	<b>206,044</b>	<b>217,741</b>	<b>204,638</b>	<b>200,146</b>	<b>100.0%</b>
<b>Annual Change</b>		-4.4%	13.2%	5.7%	-6.0%		
Grey Rock				40,632	39,643		

Source: City of Austin Golf Division

## Revenue by Type and Facility

The table below shows the total revenue derived from all sources at the City golf courses. We note a consistent increase and that the total for 2018 is the highest in any of the years shown. Significant changes have occurred in driving range sales (up 95% since 2015) and green fees (up 25% since 2015).

City of Austin Primary Golf Courses Total Golf Operations Revenue by Type (2015 – 2018)						
Revenue	2015	2016	2017	2018	Avg '14-18	Pct. Of Total
Green Fees	\$2,968,186	\$3,295,535	\$3,450,686	\$3,701,309	\$3,353,929	53.4%
Athletic SLS	460,698	522,765	547,188	531,907	486,982	7.8%
Cart Fees	1,125,896	1,251,855	1,288,533	1,355,472	1,255,439	20.0%
Driving Range	241,748	324,515	387,585	471,417	356,316	5.7%
Food Concession	199,522	240,778	148,105	205,377	198,446	3.2%
PARD Annual	173,710	204,844	209,210	220,525	202,072	3.2%
Range Passes	65,715	94,478	119,048	139,568	104,702	1.7%
Concessions	92,046	135,064	79,209	115,047	105,342	1.7%
Muni Lease	127,452	149,246	153,810	142,097	143,151	2.3%
Misc. + Other + Tax	79,879	62,887	68,011	87,546	74,581	1.2%
<b>Total Revenue</b>	<b>\$5,534,852</b>	<b>\$6,281,967</b>	<b>\$6,451,385</b>	<b>\$6,970,265</b>	<b>\$6,309,617</b>	<b>100.0%</b>
Annual Change		13.5%	2.7%	8.0%		
<b>Total Rev/Rnd</b>	<b>\$30.41</b>	<b>\$30.49</b>	<b>\$29.63</b>	<b>\$34.06</b>	<b>\$31.38</b>	

Source: City of Austin Golf Division



## Revenue by Facility

The table below shows the total direct on-course operating revenue at each of the primary GolfATX facilities facility since 2015, broken out by type. For comparison, the NGF has identified through past research that the ‘average’ revenue for an 18-hole public golf course was about \$1.0 million in 2016. As shown, the Austin golf facilities are producing revenue per 18 holes in excess of this standard, with Lions GC the strongest producer at over \$1.65 million in 2018. With only about \$320,000 in revenue (on 9 holes) in 2018, Hancock is below the standard, even for a 9-hole course and it is clearly not enough to sustain the expenses required to operate this 9-hole facility.

<b>City of Austin Primary Golf Courses Total Golf Operations Revenue by Facility (2015 – 2018)</b>						
<b>Revenue</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '14-18</b>	<b>Pct. Of Total</b>
Clay-Kizer GC	\$1,920,326	\$2,461,018	\$2,657,868	\$3,004,535	\$2,510,937	39.8%
Morris Williams GC	\$1,366,059	\$1,288,090	\$1,248,107	\$1,285,269	\$1,296,881	20.6%
Lions GC	\$1,471,960	\$1,524,448	\$1,590,218	\$1,656,103	\$1,560,682	24.7%
Hancock GC	\$238,394	\$362,473	\$326,591	\$320,256	\$311,929	4.9%
Admin	\$538,113	\$645,938	\$628,601	\$704,102	\$629,189	10.0%
<b>Total Revenue</b>	<b>\$5,534,852</b>	<b>\$6,281,967</b>	<b>\$6,451,385</b>	<b>\$6,970,265</b>	<b>\$6,309,617</b>	<b>100.0%</b>

Source: City of Austin Golf Division

## Average Revenue Analysis

The total system-wide average green + cart revenue earned per round of golf was \$25.79 in 2018, which included green fees, cart fees and PARD annual fees. In addition, the facilities earned \$8.27 for ancillary items (F & B, range, merchandise, other) for a total per-round income for the Golf ATX system of \$34.06. The average for public golf courses in the U.S. was \$23.50 for total golf revenue per round (green, cart, membership), plus an additional \$9.70 in ancillary spending for a total of \$33.20 per round. In general, the City golf facilities are earning per-round revenue that is very close to the national standard for both golf and ancillary items. The higher-than-average rounds activity is what drives the total revenue to be higher-than-average for Austin courses.

## Operating Expense by Type and Facility

The table below shows total on-site operating expenses by line-item since 2015. The expenses include only direct on-site expenses borne by the Golf Division, and do not include any additional City expenses. These operating expenses have been increasing slightly since 2014, with most inflation coming in utilities, supplies and materials expenses. The NGF notes the City has also seen a large increase in labor expenditures, despite a slight reduction in personnel, showing the impact of recent City minimum wage requirement changes. The overall expenses to operate the City golf courses are higher than national standards for the type of facility at all locations (the NGF standard for total operating expenses is \$990,000 per 18 holes). Direct expenses for personnel are typically the largest for golf facility operations, as is the case with Austin golf courses. The standard threshold for the ratio of personnel expenses to total expenses is between 50% and 60%, excluding cost of sales and inter-departmental charges. For comparison, Golf ATX courses operate with personnel costs at around 73% of total operating expenses, slightly higher than the standard.

**City of Austin Primary Golf Courses  
Total Golf Operation Expenses by Type (2015 – 2018)**

<b>Operating Expenses*</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '14-18</b>	<b>Pct. Of Total</b>
Total Personnel (Wages, taxes, etc.)	\$2,437,652	\$2,537,767	\$2,474,375	\$2,640,958	\$2,266,270	64.7%
Utilities	615,855	748,444	802,325	860,683	756,827	21.6%
Supplies & Materials	217,236	303,880	355,299	388,201	316,154	9.0%
Fleet + Transport	68,999	71,596	84,134	88,034	78,191	2.2%
Services	17,804	9,493	78,713	75,628	16,187	0.5%
Indirect / Inter Dept. Costs	77,642	26,991	29,921	9,793	36,087	1.0%
Other	274,918	223,888	352,572	370,218	35,456	1.0%
<b>Total Operating Expenses</b>	<b>\$3,710,106</b>	<b>\$3,922,059</b>	<b>\$4,177,339</b>	<b>\$4,433,515</b>	<b>\$3,505,170</b>	<b>100.0%</b>
<b>Pro Expense</b>						
Total Personnel (Wages, taxes, etc.)	\$1,338,864	\$1,581,952	\$1,749,516	\$1,868,095	\$1,634,607	88.5%
Non-Labor Expense	158,502	193,487	203,308	296,813	213,028	11.5%
<b>Total Pro Shop Expense</b>	<b>1,497,366</b>	<b>1,775,439</b>	<b>1,952,824</b>	<b>2,164,908</b>	<b>1,847,634</b>	<b>100.0%</b>
<b>Total On-Site Operating Expense</b>	<b>\$5,207,472</b>	<b>\$5,697,498</b>	<b>\$6,130,163</b>	<b>\$6,598,423</b>	<b>\$5,352,805</b>	
Annual Change		10.7%	6.2%	7.4%		
<b>Total Exp/Rnd</b>	<b>\$27.66</b>	<b>\$27.05</b>	<b>\$27.18</b>	<b>\$31.07</b>	<b>\$26.74</b>	

Source: City of Austin Golf Division. \*Expenditures include encumbered amounts and may vary slightly from actual outcome for 2016-2018. These encumbered amounts will have a slight impact to forecast years as well.

**Expense by Facility**

The table below shows the total operating expenses broken out by each facility since 2015. For comparison, the NGF notes that the ‘average” 18-hole public golf course had total expenses comparable to revenue, or about \$990,000 in 2016. As shown, all of the Austin golf facilities are operating with total expenses that are higher than the per-18 standard.

**City of Austin Primary Golf Courses  
Total Golf Operations Expense by Facility (2015 – 2018)**

<b>Total Expenses</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '14-18</b>	<b>Pct. Of Total</b>
Clay-Kizer GC	\$2,107,866	\$2,385,171	\$2,694,399	\$2,860,406	\$2,511,961	43.9%
Morris Williams GC	\$1,137,810	\$1,271,337	\$1,249,080	\$1,366,906	\$1,256,283	22.0%
Lions GC	\$856,078	\$933,027	\$993,339	\$1,097,825	\$970,067	17.0%
Hancock GC	\$389,617	\$416,911	\$429,618	\$422,631	\$414,694	7.2%
Admin	\$716,101	\$691,052	\$763,727	\$850,655	\$199,799	9.9%
<b>Base System Expenses</b>	<b>\$5,207,472</b>	<b>\$5,697,498</b>	<b>\$6,130,163</b>	<b>\$6,598,423</b>	<b>\$5,352,805</b>	<b>100.0%</b>

Source: City of Austin Golf Division. \*Expenditures include encumbered amounts and may vary slightly from actual outcome for 2016-2018. These encumbered amounts will have a slight impact to forecast years as well.

## System Summary

A summary of performance of the City golf courses is presented by facility and in aggregate.

<b>City of Austin Golf Courses Summary of per Facility Performance (2015 – 2018)</b>				
<b>Clay-Kizer</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total Revenue	\$1,920,326	\$2,461,018	\$2,657,868	\$3,004,535
<b>Less:</b>				
Facility Operating Expense	\$2,107,866	\$2,385,171	\$2,694,399	\$2,860,406
COS	\$181,204	\$195,247	\$160,006	\$178,368
<b>Clay-Kizer Net Income</b>	<b>(\$368,744)</b>	<b>(\$119,400)</b>	<b>(\$196,537)</b>	<b>(\$34,239)</b>
<b>Morris Williams GC</b>				
Total Revenue	\$1,366,059	\$1,288,090	\$1,248,107	\$1,285,269
<b>Less:</b>				
Facility Operating Expense	\$1,137,810	\$1,271,337	\$1,249,080	\$1,366,906
COS	\$64,386	\$69,674	\$67,956	\$59,869
<b>Morris Williams Net Income</b>	<b>\$163,863</b>	<b>(\$52,921)</b>	<b>(\$68,929)</b>	<b>(\$141,506)</b>
<b>Lions GC</b>				
Total Revenue	\$1,471,960	\$1,524,448	\$1,590,218	\$1,656,103
<b>Less:</b>				
Facility Operating Expense	\$856,078	\$933,027	\$993,339	\$1,097,825
COS	\$64,412	\$78,116	\$83,269	\$77,291
Lions Property Lease	\$497,664	\$497,664	\$497,664	\$497,664
<b>Lions Net Income</b>	<b>\$53,806</b>	<b>\$15,641</b>	<b>\$15,946</b>	<b>(\$16,677)</b>
<b>Hancock GC</b>				
Total Revenue	\$238,394	\$362,473	\$326,591	\$320,256
<b>Less:</b>				
Facility Operating Expense	\$389,617	\$416,911	\$429,618	\$422,631
COS	\$7,059	\$14,186	\$18,663	\$2,044
<b>Hancock Net Income</b>	<b>(\$158,282)</b>	<b>(\$68,624)</b>	<b>(\$121,690)</b>	<b>(\$104,419)</b>
<b>Admin</b>				
Base Revenue	\$538,113	\$645,938	\$628,601	\$704,102
Grey Rock/Butler	\$177,625	\$175,000	\$225,000	\$275,000
Tournament	\$23,641	\$23,439	\$28,331	\$21,626
<b>Less:</b>				
All Expenses	\$716,101	\$691,052	\$763,727	\$850,655
<b>Admin Net Income</b>	<b>\$23,278</b>	<b>\$153,325</b>	<b>\$118,205</b>	<b>\$150,073</b>
<b>Austin System</b>				
Total Revenue	\$5,736,118	\$6,480,406	\$6,704,716	\$7,266,891
<b>Less:</b>				
Cost of Sales	\$317,061	\$357,223	\$329,894	\$317,572
Lions Property Lease	\$497,664	\$497,664	\$497,664	\$497,664
Operating Expense	\$5,207,472	\$5,697,498	\$6,130,163	\$6,598,423
<b>Net Operating Income</b>	<b>(\$286,079)</b>	<b>(\$71,979)</b>	<b>(\$253,005)</b>	<b>(\$146,768)</b>
<b>Add In</b>				
Gen Fund Transfer	\$0	\$0	\$500,000	\$1,000,000
<b>System Net Income</b>	<b>(\$286,079)</b>	<b>(\$71,979)</b>	<b>\$246,995</b>	<b>\$853,232</b>
Source: City of Austin Golf Division. *Expenditures include encumbered amounts and may vary slightly from actual outcome for 2016-2018. These encumbered amounts will have a slight impact to forecast years as well.				

**City of Austin Golf Courses  
Summary of Performance (2015 – 2018)**

	2015	2016	2017	2018
<b>Rounds (Starts)</b>	<b>182,002</b>	<b>206,044</b>	<b>217,741</b>	<b>204,638</b>
<b>Revenue</b>				
Green Fees	\$2,968,186	\$3,295,535	\$3,450,686	\$3,701,309
Athletic SLS	460,698	522,765	547,188	531,907
Cart Fees	1,125,896	1,251,855	1,288,533	1,355,472
Driving Range	241,748	324,515	387,585	471,417
Food Concession	199,522	240,778	148,105	205,377
PARD Annual	173,710	204,844	209,210	220,525
Range Passes	65,715	94,478	119,048	139,568
Concessions	92,046	135,064	79,209	115,047
Muni Lease	127,452	149,246	153,810	142,097
Misc. + Other + Tax	79,879	62,887	68,011	87,546
<b>Total Revenue</b>	<b>\$5,534,852</b>	<b>\$6,281,967</b>	<b>\$6,451,385</b>	<b>\$6,970,265</b>
<b>Total Rev/Rnd</b>	<b>\$30.41</b>	<b>\$30.49</b>	<b>\$29.63</b>	<b>\$34.06</b>
<b>Direct Cost of Sales (COS)</b>				
Merchandise	\$317,061	\$357,223	\$329,894	\$317,572
<b>Gross Margin</b>	<b>\$5,217,791</b>	<b>\$5,924,744</b>	<b>\$6,121,491</b>	<b>\$6,652,693</b>
<b>Operating Expenses</b>				
Total Personnel (Wages, taxes, etc.)	\$2,437,652	\$2,537,767	\$2,474,375	\$2,640,958
Utilities	615,855	748,444	802,325	860,683
Supplies & Materials	217,236	303,880	355,299	388,201
Fleet + Transport	68,999	71,596	84,134	88,034
Services	17,804	9,493	78,713	75,628
Indirect / Inter Dept. Costs	77,642	26,991	29,921	9,793
Other	274,918	223,888	352,572	370,218
<b>Total Operating Expenses</b>	<b>\$3,710,106</b>	<b>\$3,922,059</b>	<b>\$4,177,339</b>	<b>\$4,433,515</b>
<b>Pro Expense</b>				
Total Personnel (Wages, taxes, etc.)	\$1,338,864	\$1,581,952	\$1,749,516	\$1,868,095
Non-Labor Expense	158,502	193,487	203,308	296,813
<b>Total Pro Shop Expense</b>	<b>1,497,366</b>	<b>1,775,439</b>	<b>1,952,824</b>	<b>2,164,908</b>
<b>Total Facility Operating Expense</b>	<b>\$5,207,472</b>	<b>\$5,697,498</b>	<b>\$6,130,163</b>	<b>\$6,598,423</b>
<b>Operating Income (Loss)</b>	<b>\$10,319</b>	<b>\$227,246</b>	<b>(\$8,672)</b>	<b>\$54,270</b>
<b>Other Revenue Items:</b>				
Grey Rock/Butler	\$177,265	\$175,000	\$225,000	\$275,000
Tournament	\$23,641	\$23,439	\$28,331	\$21,626
<b>Other Expense Items:</b>				
Lions Property Lease	\$497,664	\$497,664	\$497,664	\$497,664
<b>Net After Other Items</b>	<b>(\$286,079)</b>	<b>(\$71,979)</b>	<b>(\$253,005)</b>	<b>(\$146,768)</b>
<b>Add In</b>				
Gen Fund Transfer	\$0	\$0	\$500,000	\$1,000,000
<b>System Net Income</b>	<b>(\$286,079)</b>	<b>(\$71,979)</b>	<b>\$246,995</b>	<b>\$853,232</b>

Source: City of Austin Golf Division. \*Expenditures include encumbered amounts and may vary slightly from actual outcome for 2016-2018. These encumbered amounts will have a slight impact to forecast years as well.

## CITY OF AUSTIN GOLF COURSES GOLFER SURVEY

The City of Austin is soliciting opinions about the Golf ATX courses through an online survey of golfers at each City golf location. These surveys are collected via an online portal that is present at each facility, allowing golfers to submit their anonymous responses that are collected and tabulated by Golf ATX staff. These surveys are not intended to be a scientific study of the City of Austin golfers. Rather, the Golf ATX staff is viewing a small sample of golfers who use the City courses to get a general opinion on the basic level of satisfaction the golfers have for each facility. A summary of results was presented to NGF and is shown in the table below:

<b>City of Austin Golf Courses Summary of Golfers Satisfied or Very Satisfied (2014 – 2018)</b>					
	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>
Lions	92%	82%	92%	98%	83%
Jimmy Clay	68%	100%	96%	96%	90%
Hancock	100%	100%	79%	88%	92%
Morris Williams	93%	83%	96%	95%	92%
Roy Kizer	89%	80%	89%	92%	97%

The results show a very high level of overall satisfaction among golfers at Austin City courses. The only item of note that stands out is a serious decline in satisfaction at Lions GC, likely a result of decisions by Golf ATX staff to defer key, non-essential maintenance projects at Lions pending a more comprehensive determination about the long-term future of this facility. The other courses in the system all show results with golfers' satisfaction levels at or above 90%.

## SYSTEM SUMMARY DISCUSSION

A summary of NGF findings related to the full system of five City golf facilities and the current Golf Division operation program follows below.

- The Austin system of golf courses includes five separate facilities with five 18-hole golf courses and one 9-hole golf course. At present, the five facilities are operating in all three of the NGF-defined public golf market segments (Value, Standard, Premium), with all revenue generated from golf fees and other charges used to pay all operating expenses. The system has a mix of revenue performance, with all facilities except Hancock GC exceeding the expected 'average' of \$1.0 million in revenue per 18 holes.
- The total rounds hosted and revenue generated by the golf courses has increased in the last few years, with the largest growth occurring in 2018, largely a result of playing fee increases. This growth in rounds and revenue is counter to NGF Consulting experience that has seen a general decline in municipal golf rounds and revenue in recent years nationwide. Still despite the recent improvement in rounds and revenue, the Austin golf system is operating at a loss that requires support from the City's General Fund. The largest line-item expense in the City's golf budget is the lease at Lions Municipal GC, and without this lease, the City courses would be operationally self-sufficient.
- The City has established a separate Enterprise Fund for the operation of the golf facilities, with any net income generated by the courses intended to be returned to the system for new investment or savings for future replacement. The recent declines in revenue have resulted in a depletion of the Golf Fund balance, leading to the required support from the City's General Fund to maintain economic viability.

- Golf courses are high fixed-cost businesses, meaning it is always a challenge to achieve profitability when operating public golf courses. Among the most significant expenses in a golf operation is labor cost, and Golf ATX courses operate with personnel costs at nearly 73% of total operating expenses, slightly higher than the standard. The high labor cost is in part related to the City's minimum wage requirements, which is an external factor that has broad implications for the profitability and sustainability of the City of Austin Golf Fund. Though the City has attempted to offset some of the rising labor costs through fee increases, these increases are sustainable only to the point of consumer acceptance.
- The staffing for Austin golf courses is generally comparable to NGF standards, with Austin showing slightly smaller part-time staffs. The City reported a significant effort to reduce staff, especially part-time staff in the last few years due in part to minimum wage requirements. Reductions in personnel to off-set rising labor cost has begun to impact the overall service profile of Golf ATX in both pro shop and golf maintenance operations.
- The City of Austin golf system is heavily reliant on participation from organized activities such as leagues and outings. In many ways, this demand segment is key to the Austin golf operation and any changes under evaluation will have to consider the impact on this organized golf activity. In addition, there appears to be only modest focus on new player development and beginner golf. This may reflect several factors including the physical space and time limitations on senior golf staff.
- The fees for golf seem generally appropriate given the market conditions and considering an 'overall' system. The City's commitment to fee increases in recent years appears to be gaining acceptance from golf consumers, as rounds had increased from 2015 through 2017, before falling back in 2018 (weather may be more of an impact in 2018). Austin City golf courses also offer golf consumers discount opportunities through an Austin resident program and a pre-paid annual pass program. Both of these programs are common in municipal golf and the discounts provided in Austin are within the standards and norms for public golf courses, although the senior membership may be slightly underpriced.

# Individual Facilities

## ANALYSIS OF CLAY-KIZER GOLF COURSE

The combined Jimmy Clay / Roy Kizer (“CKGC”) golf complex is a 36-hole golf facility in the south of Austin, featuring two separate 18-hole championship golf courses and other support amenities. The 36-hole complex has a mix of golf courses, with the more traditional Jimmy Clay golf course from 1974 and the more modern Roy Kizer golf course added in 1994, along with a clubhouse, driving range and other golf practice amenities. This facility has undergone significant upgrade over the years, including a new irrigation system for green surrounds and new greens for Jimmy Clay in 2015. All combined, this 36-hole facility is the busiest in the City of Austin golf system, with close to 90,000+/- total rounds played in each of the last two full fiscal years.

The combined Clay-Kizer facility offers two very distinct golf layouts that are both playable and visually appealing, but the facilities and amenities would benefit from some new improvement to both golf and ancillary facilities. The older Jimmy Clay golf course is a regulation-length 18-hole golf course with more traditional parkland features, tree-lined holes and modest topography. The newer Roy Kizer course has a more modern, wide-open design with rolling topography, larger tees and greens, and water in play on virtually every hole. Combined, the two courses represent the most active and strongest revenue producers in the City of Austin golf system, excluding Grey Rock. Despite their differences, the courses appear to be equally popular in terms of rounds played, although the newer Kizer course generated slightly higher green fee revenue in FY2017 and 2018.

### Location, Access and Surrounding Elements

The Clay-Kizer facility is located in south Austin, about 5.5 miles from downtown and 4.0 miles due west of the Austin-Bergstrom International Airport. The facility is located in relative proximity to several major highway interchanges, including I-35 (2.0 miles west), Lockhart Highway (183 – 2.5 miles east), and Highway 71 (2.0 mile north). This location between several highways makes the CKGC easily accessible from a wide geographic area in south Austin. As noted in our market analysis, Clay-Kizer GC is located in the City of Austin golf sub-market with very modest population, lower household incomes and weakest projected golf participation. The implication for the golf course is that Clay-Kizer does not have a strong core of local support, making the generation of rounds reliant upon the ability to attract non-local golfers to the site. Clay-Kizer GC has about 280+/- total parking spaces, comparable to the NGF-recommended 144 spaces per 18 holes.

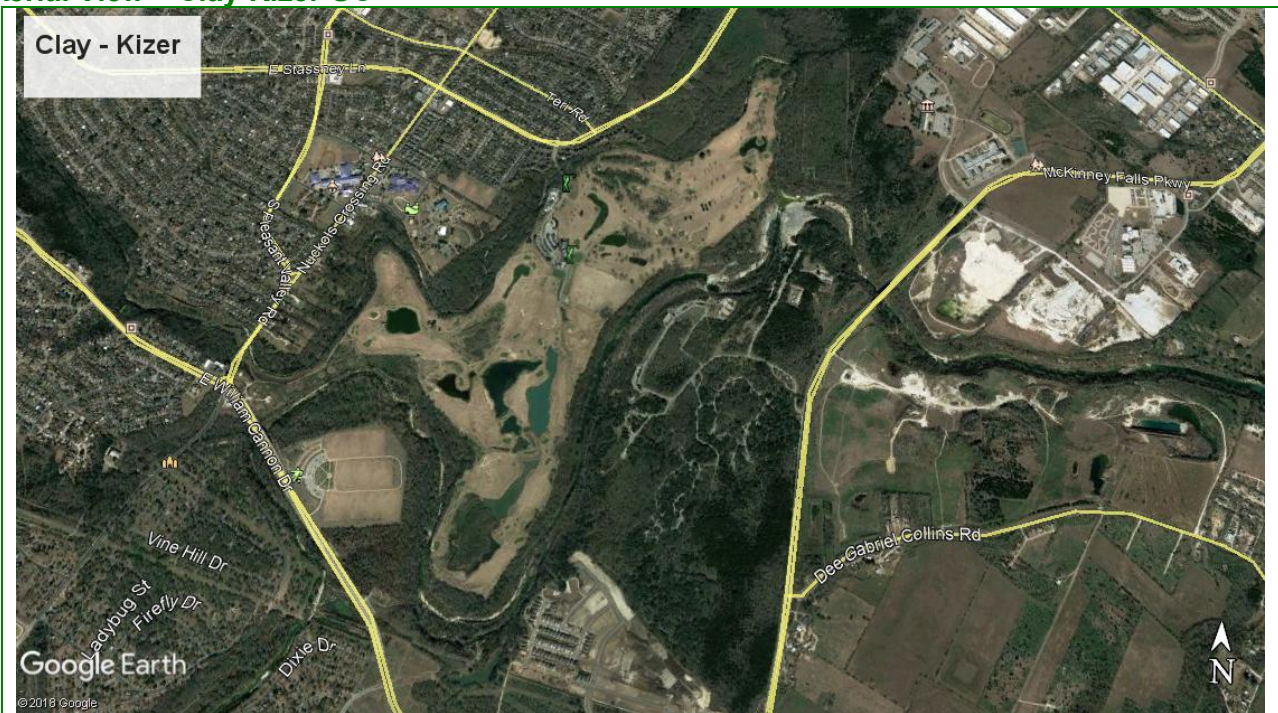
### Site Positives

- **Aesthetics:** The Clay-Kizer course site is ideal for high quality golf, with interesting topography, lush vegetation and outstanding views with very little housing or any structures visible from the golf course.
- **Access:** The CKGC location offers convenient access to major roadways.

### Site Negative

- **Location:** The negative aspect of the CKGC location is the lack of key elements that add economic support to a golf course, such as golfer-rich neighborhoods in immediate proximity to the golf course, thus requiring the need to “import” players.

## Aerial View – Clay-Kizer GC



Google Earth image showing CKGC and direct surrounding elements. The course has some proximity to residences on its western side, with some light industrial (mostly related to the airport) on its eastern side, and open space in its surroundings.

## Summary of NGF Findings on Clay-Kizer GC

Clay-Kizer represents a good quality golf facility in a location with relatively small population and limited local golf demand. The golf courses appear to be very popular with golfers in Austin, and many are willing to drive an extra 10-15 minutes due to a playable golf layout and classic designs. While this facility has seen strong performance in rounds and revenue, some improvement to correct aging infrastructure will be required in the near future to sustain this performance. The recommendations proposed by NGF are in full consideration of the investment that it will take to bring this facility to its optimum physical condition so as to maximize economic performance.

In addition to golf, CKGC includes other elements that are commonly associated with successful golf facilities, including a very small (4,300sf) clubhouse and extensive practice amenities (driving range, practice chipping area, practice par-3 course, practice greens). The clubhouse is the smallest among 18-hole courses in the Austin system, and is showing signs of age. The F&B service area at CKGC is also very small, thus limiting indoor space for large gatherings. However, the larger outdoor covered pavilion provides nice outdoor space for after golf gatherings. A summary of key NGF findings on Clay-Kizer includes:

### Jimmy Clay Golf Course

The Jimmy Clay golf course is the older of the two courses and includes more “traditional” parkland features. Jimmy Clay plays to a par of 72, and has a core design with several areas of parallel holes, returning nines (holes #1, #9, #10 and #18 all near the clubhouse) and five sets of tees. While Jimmy Clay includes all of the basic design elements that are commonly associated with “championship” golf, the condition at present is not equal with the layout, especially related to turf conditions and infrastructure. Other NGF observations:



- The Clay Course plays 6,931 yards from its longest tee, with a USGA slope rating of 126, which represents that the golf course is harder than the ‘standard’ slope of 117. The intermediate tee (White) plays from 5,900 yards and has a slope of 119, both measures being ideal for an intermediate course.
- The most forward tee on the course (commonly associated as the “ladies” tee) is 5,209 yards, which is longer than the NGF-recommended distance of under 4,800 total yards in length for a forward tee course. This forward tee placement makes the course harder for ladies, and adding a new forward tee could help the facility become more “women-friendly,” helping to improve rounds and revenue.
- The Clay course has design features that can add to the challenge, although its most important defense is narrow hole corridors and tree cover. The Clay course has 30 total bunkers, including a variety of sizes both large and small, and very little water is in play on the course.

### Existing Conditions Review – Jimmy Clay GC

- **Greens:** The Jimmy Clay greens are in good condition resulting from a greens renovation in 2015, and there are few problems that need to be addressed in the next few years.



- **Tees:** Tees are not large enough to accommodate the volume of rounds played and is resulting in an uneven distribution of wear, especially on par-3 holes where the undersized White tees are receiving a high percentage of play. Tees should be modified and sizes allocated appropriately. Consideration should also be given to the addition of a set of new tees (especially a new forward tee) to help service an additional segment of the golf market.



Images of the the tee box on a par-3 hole (L) showing how wear impacts the condition and limits space available for teeing. The small size of older course tee boxes also is observed (R).

- Turf Conditions:** The turf conditions on Clay show a mix of issues, including some areas of species contamination, weed infestation and other areas that appear to be stressed by irrigation system limitations.



Photos showing a sample of turf conditions on the Clay course with a considerable mix of turf species (L) and some generally stressed fairway turf that seems motly due to limits in irrigation (R).

- Bunkers:** The bunkers on the Clay course are not in ideal condition due to many factors, including poor drainage and damaged sand. The poor condition of the bunkers results in negative golf experience response from golfers, and a bunker renovation project should be considered for this course.
- Drainage:** Drainage is reported to be adequate, although the Clay course does not drain as well as the Kizer. Staff reports significant drainage issues associated with excessive rain and Williamson Creek overflows in 2013 and 2015.
- Cart Paths:** There is an existing continuous (tee-to-green) cart path system that appears in good overall condition with only minor areas in poor condition that would require repair / replacement.
- Irrigation:** The existing irrigation system is adequate for basic course coverage, but there are some limitations in the system leading to inadequate coverage and pressure. Irrigation system replacement is the only option due to failing infrastructure including outdated unreplaceable plastic hydraulic tubing, unrepairable hydraulic converters, weakening irrigation pipe, and outdated technology.

## Roy Kizer Golf Course

The Roy Kizer is the newer of the two courses and features a more modern design with “links” topography and water in play on almost every hole. The course is generally more open with fewer trees, but has more bunkers and the large amount of water adds to the challenge. This layout provides for two very distinct golf courses at Clay-Kizer, thus adding greatly to the appeal of the total facility for golfers. Other NGF observations:

- The Kizer plays 6,819 yards from its longest tee and has a USGA slope rating of 124, comparable to the Clay course. The intermediate tee (White) plays from 6,119 yards with a slope of 116, providing a slightly easier round of golf for golfers seeking this level. The most forward tee on the course is 5,018 yards, which is more appropriate for a forward tee course.
- Kizer has several design features that add to the challenge. Kizer has 60 sand bunkers, several doglegged holes (over or around water), and much more undulating topography on the course.

### Existing Conditions Review – Roy Kizer GC

- **Greens:** The Kizer greens appear to be in greater need of improvement than the Clay course. There seems to be more invasive turf intrusion on Kizer greens, and the green shrinkage is more pronounced. Staff reports Kizer greens are TifDwarf variety, but have mutated due to the invasive intrusion.



Images of the Kizer course greens showing some areas of mutated turf and size reductions.

- **Tees:** Tees are generally in better condition than the Clay course and have enough size to avoid some of the overuse problems seen on the Clay course. Still, the Kizer would benefit from tee modifications and consideration should be given to the addition of a new forward tee (under 4,800 yards) on this course as well.
- **Turf Conditions:** The turf conditions on Kizer are clearly superior to Clay, likely a result of newer construction and superior irrigation.
- **Bunkers:** There are a total of 60 bunkers on the Kizer course, and many are in need of improvement. As the City contemplates some type of bunker improvement program, consideration should be given to bunker removal and reducing the number of bunkers to help reduce overall maintenance expenses.
- **Drainage:** Drainage is reported to be adequate and superior to the Clay course. The links topography and ample water hazards allow for enhanced drainage on Kizer.

- **Cart Paths:** There is an existing continuous (tee-to-green) cart path system that appears in marginal overall condition with some areas in poor condition that would require repair / replacement.
- **Irrigation:** The existing irrigation system is adequate for basic course coverage, but there are some limitations in the system leading to inadequate coverage and pressure. Staff did report problems with the current pump station that could be upgraded to improve irrigation efficiency.

### Clubhouse and Other Structures/Facilities/Amenities

- **Clubhouse:** The clubhouse at CKGC is the smallest in the Austin system, with only about +/-4,300sf, divided evenly between golf support functions (pro shop, office) and the F&B service area (snack bar & bar). The facility is functional and is providing the basic level of support for a public golf course with a small F&B operation, modest pro shop and restrooms. Staff reports some issues related to speed of check-in for golfers during busy times and the small restrooms that often require a queue for use. A larger support building at CKGC could accommodate larger outings and parties, but the high investment required to add that to this facility is not likely to provide a reasonable return on investment. Making cosmetic and efficiency improvements to the existing structure will likely provide a better return on investment.
- **Practice Facility:** The Clay-Kizer facility has the most significant practice amenities in the Austin golf system, and among the most appealing in all of Austin. Practice amenities at Clay-Kizer include:
  - Full-length (over 300 yards) driving range with 45+/- tee stations and lights for night use. The range faces east, which is consistent with successful driving ranges.
  - Two separate practice greens.
  - A practice chipping area.
  - Joe Balander Short Course - a 4 hole “short course” (all par-3’s) offering an ideal place for golf practice for golfers of all skill levels.
- **Cart Storage:** Storage for 140 carts is provided in two separate (but adjacent) 4,600sf buildings. The cart space is efficient and includes space in between buildings for cart cleaning and other areas for staging.
- **Maintenance Facility:** The maintenance building appears to be inadequate to service efficient daily maintenance operations, and additional indoor storage capacity is required. The equipment is reported as adequate and replaced according to a five-year schedule.
- **On Course Services:** CKGC has limited on course services with limited drinking stations and only “portable” restrooms.

### Clay-Kizer GC Recent Capital Upgrades

The capital investments made to Clay-Kizer since 2013 include a greens renovation project on the Jimmy Clay course in 2015 that re-constructed greens to USGA specifications and planted Sunday TifDwarf Bermuda grass. The City also planted new Latitude Bermuda grass on the driving range tee. The golf course food and beverage concession at Clay-Kizer was improved in 2018 by the concession contractor.

## Clay-Kizer GC Capital Investment Considerations

The improvements to consider for Clay-Kizer involve new investments that would enhance the overall golf experience, improve maintenance efficiency and upgrade the clubhouse. Although numerous items are referenced for repair / replacement in the long term, outlined below are the items that are recommended high priority capital expenditures that would improve the facility's competitiveness in the market place and / or have a positive impact on long term management practices and reduce operational costs:

1. **Jimmy Clay Irrigation System Upgrade:** A program to replace the irrigation system on Jimmy Clay, addressing both below ground (pipes) and above ground (heads, controls) components. **NGF estimated cost = \$900,000 to \$1,000,000 (lump sum).**
2. **Roy Kizer Greens** – Resurface greens without changing the sub-surface structure (no till) or irrigation profile. The changes would not be to USGA specifications. Costs include seed, fertilizer, sod and some improvement to erosion control. **NGF estimated cost = \$400,000-\$460,000 (115,000sf @ \$3.50-\$4.00/sf).**
3. **Clubhouse Enhancements:** Items to improve in the clubhouse include basic FF&E, HVAC, flooring, awnings and improvements to basement flooding. **NGF estimated cost = \$50,000 to \$75,000 (lump sum).**
4. **Kizer Pump Station:** Replacement of the irrigation pump station on the Kizer course. **NGF estimated cost = \$20,000 to \$30,000 (lump sum).**
5. **Tee Improvements / New Forward Tees:** Improvement of tee boxes on Jimmy Clay to include leveling, alignment and the addition of new forward tees on both courses. A total of 90,000+/- sf of tees need to be enhanced plus an additional 40,000sf of new tees added. The unit price for this level of improvement is higher than other re-surfacing, or about \$2.00 to \$2.50 per square foot. **NGF estimated cost = \$260,000 to \$325,000 (130,000sf @ \$2-\$2.50/sf).**

<b>Clay-Kizer GC NGF Recommended Upgrades – by Type</b>			
<b>Initial Capital Investments</b>	<b>Inputs</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Jimmy Clay Irrigation Replacement	Lump Sum	\$900,000	\$1,000,000
Roy Kizer Greens	115,000sf at \$3.50-\$4.00/sf	400,000	460,000
Clubhouse Repair (restrooms, pro shop, etc.)	Lump Sum	50,000	75,000
New Kizer Pump Station	Lump Sum	20,000	30,000
Tee Improvements / New Tees	130,000sf @ \$2-\$2.50/sf	260,000	325,000
<b>Grand Total of Capital Projects</b>		<b>\$1,630,000</b>	<b>\$1,890,000</b>
<small>All figures are NGF Consulting estimates based on architect's input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Clay-Kizer, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; AC = Acre</small>			

## Facility Performance and Data Analysis

Clay-Kizer GC generates most of its revenue from golf playing fees (green + cart fees), along with some ancillary income. The following paragraphs summarize the facility's activity (rounds), revenue and expenses required to maintain the facilities and service customers.

### Activity Levels

The table below shows reported rounds activity at Clay-Kizer since 2016. This facility has seen steady rounds performance in the last two years, after 2016 rounds came in under 80,000. With an average of about 45,000 rounds per 18-hole course, the Clay-Kizer facility is generating rounds well in excess of national and local standards, and is the second highest producer of rounds in the City of Austin golf system. In reviewing the mix of rounds, we see significant increase in online-dynamic priced rounds, especially on Jimmy Clay, reflective of a "bargain hunting" golf consumer. What is not shown in this table is the high proportion of league play that is reflective in these totals, as reported by staff to NGF.

<b>Clay-Kizer GC Total Annual Rounds (2016-2018)</b>				
<b>Jimmy Clay</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '16-18</b>
Regular	17,623	15,850	18,840	17,438
Senior	10,769	11,705	10,633	11,036
Junior	1,218	476	936	877
GolfNow	3,718	6,396	7,281	5,798
Tournament	1,864	2,130	1,633	1,876
Other	6,297	7,614	6,717	6,876
<b>Sub-Total Clay</b>	<b>41,489</b>	<b>44,171</b>	<b>46,040</b>	<b>43,900</b>
<b>Roy Kizer</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '16-18</b>
Regular	17,349	19,446	21,811	19,535
Senior	6,701	7,979	7,449	7,376
Junior	595	644	634	624
GolfNow	5,013	9,521	4,820	6,451
Tournament	1,624	2,027	1,457	1,703
Other	7,119	6,535	5,986	6,547
<b>Sub-Total Kizer</b>	<b>38,401</b>	<b>46,152</b>	<b>42,157</b>	<b>42,237</b>
<b>Total Facility Rounds</b>	<b>79,890</b>	<b>90,323</b>	<b>88,197</b>	<b>86,137</b>
<b>Annual Change</b>	<b>43.1%</b>	<b>13.1%</b>	<b>-2.4%</b>	

### Revenue and Expense Analysis

The table below summarizes Clay-Kizer's performance since 2015. The facility has seen significant increases in revenue. Largely a result of recent fee increases and the lack of any decline in activity. The total generated an all 36 holes is about 30% higher than the NGF-expected 'standard' gross income for an 18-hole public golf course (\$1.0 million+/- in 2016). Of particular interest again is the total average revenue per round, which increased from \$29.43 in 2017 to \$34.07 in 2018 (15.8% increase). This compared to the NGF standard of \$33.21 for public golf courses (2016).

**Clay-Kizer GC**  
**Summary of Operations – 2016-2018**

<b>Revenue</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '14-18</b>
Green Fees (Clay-Kizer Combined)	\$1,147,866	\$1,429,338	\$1,616,033	\$1,777,786	\$1,492,756
Addl Green Fees	13,208	6,457	14,113	15,862	12,410
Athletic Sales (Pro Shop)	197,824	237,645	247,504	260,412	235,846
Cart Fees	397,990	508,361	552,775	610,301	517,357
Driving Range	65,844	142,385	181,904	237,674	156,952
Food Concession	97,594	136,832	45,539	102,500	95,616
<b>Total Revenue</b>	<b>\$1,920,326</b>	<b>\$2,461,018</b>	<b>\$2,657,868</b>	<b>\$3,004,535</b>	<b>\$2,510,937</b>
Annual Change		28.2%	8.0%	13.0%	
<b>Total Rev/Rnd</b>	<b>\$34.39</b>	<b>\$30.81</b>	<b>\$29.43</b>	<b>\$34.07</b>	<b>\$32.64</b>
<b>Direct Cost of Sales (COS)</b>					
Merchandise	\$181,204	\$195,247	\$160,006	\$178,368	\$178,706
<b>Total COS</b>	<b>\$181,204</b>	<b>\$195,247</b>	<b>\$160,006</b>	<b>\$178,368</b>	<b>\$178,706</b>
<b>Gross Margin</b>	<b>\$1,739,122</b>	<b>\$2,265,771</b>	<b>\$2,497,862</b>	<b>\$2,826,167</b>	<b>\$2,332,231</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$978,356	\$985,572	\$1,035,105	\$1,080,246	\$1,019,820
Utilities	276,339	400,016	503,556	564,162	436,018
Supplies & Materials	112,466	152,609	202,155	185,925	163,289
Fleet + Transport	2,321	34,488	42,143	42,480	30,358
Services	8,977	6,311	10,743	8,053	8,521
Indirect / Inter Dept. Costs	60,695	19,805	21,451	(5,217)	24,184
Other	8,427	1,181	19,769	22,171	12,887
<b>Total Operating Expenses</b>	<b>\$1,447,581</b>	<b>\$1,599,982</b>	<b>\$1,834,922</b>	<b>\$1,897,820</b>	<b>\$1,695,076</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$594,394	\$702,790	\$774,044	\$835,770	\$726,750
Non-Labor Expense	65,891	82,399	85,433	126,816	90,135
<b>Total Pro Shop Expense</b>	<b>660,285</b>	<b>785,189</b>	<b>859,477</b>	<b>962,586</b>	<b>816,884</b>
<b>Total Facility Operating Expense</b>	<b>\$2,107,866</b>	<b>\$2,385,171</b>	<b>\$2,694,399</b>	<b>\$2,860,406</b>	<b>\$2,511,961</b>
<b>Operating Income (Loss)</b>	<b>(\$368,744)</b>	<b>(\$119,400)</b>	<b>(\$196,537)</b>	<b>(\$34,239)</b>	<b>(\$179,730)</b>

Source: City of Austin Golf Division. \*Expenditures include encumbered amounts and may vary slightly from actual outcome for 2016-2018. These encumbered amounts will have a slight impact to forecast years as well.

## Summary – Clay-Kizer GC

In many ways, the Clay-Kizer GC is the “flagship” facility for the City of Austin, generating the strongest total activity and the highest revenue in the golf system (not including Grey Rock). The courses are located in a relatively rural area of south Austin, and the appeal of the golf courses have been key to successfully attracting non-local golf demand. Although in generally good condition, CKGC has some important infrastructure issues that should be addressed to help the facility reach its full potential of rounds and income. This includes improvements to Jimmy Clay irrigation, Kizer course greens, tees improvements and some clubhouse enhancement. Other findings from NGF’s review of Clay-Kizer:

- Of the four primary golf facilities in Austin (excluding Grey Rock), Clay-Kizer appears to be the most stable in both condition and performance. The two courses are both popular for golfers in the area, and the mix between the Clay and Kizer courses allowed for the facility to service golfers of all skill levels – from beginners to seasoned players.
- Practice facilities at CKGC are extensive and correlate well with economic success at public golf courses. CKGC includes a large and lighted driving range, 4-hole practice course and other practice chipping areas and greens. The large driving range expands the potential to increase the volume of range ball sales at CKGC.
- The clubhouse facility at CKGC is small and reflective of a more modest public golf operation with limited service. Improvements and/or expansion of the clubhouse facilities at CKGC could help to increase revenue and net income, primarily through an enhanced ability to more effectively promote and host larger tournaments. Public golf facilities with two courses (36 holes) are able to host the largest tournaments (more than 144 players), and have great competitive advantage over other 18-hole courses, provided adequate clubhouse space is available.
- The NGF team estimates the capital improvements needed at CKGC would total an estimated \$1.63 to \$1.89 million, with the majority of this expense coming from a new Jimmy Clay irrigation system and new greens on the Roy Kizer course.
- The total activity generated at CKGC exceeds the expected norms both nationally and locally, and has increased in the last two years despite a fee increase. CKGC hosted over 88,000 rounds in each of the last two years (44,000+ per 18), which is well above the average of about 36,000 rounds per year (per 18 holes) for standard municipal golf courses in Texas. This is also counter to an overall trend of declining per-course rounds documented by NGF for the Austin area, the State of Texas and the U.S. While rounds are generally on the rise at CKGC, the mix is changing slightly as golfers seem to be opting for more “bargain” rounds such as GolfNow or other off-peak discounts.
- CKGC generated a total of just over \$3.0 million in revenue from all sources in FY2018, far exceeding the \$1.0 million per 18 holes revenue standard. The facility is generating a total of \$34.07 per round of golf, which is the highest in the Austin system (excluding Grey Rock), and comparable to the total U.S. standard of \$33.00+/- per round at public golf courses.



## ANALYSIS OF MORRIS WILLIAMS GOLF COURSE

The Morris Williams Golf Course (“MWGC”) is an 18-hole golf facility in central Austin, featuring a regulation-length 18-hole golf course and new clubhouse added in 2013, along with a driving range and small practice green. The facility dates back to the early 1960s and the development of municipal golf by the City of Austin on this site. The facility offers a very playable and visually appealing golf course that had been full renovated in 2013. However, despite the recent renovation, staff reports some continuing problems with maintenance condition, especially related to the Morris Williams greens. As such, the City may find that some new investment will be needed at Morris Williams, although this investment would likely be lower on the overall system priority list.

### Location, Access and Surrounding Elements

The Morris Williams facility is located near central Austin, in proximity to the main downtown area (3.5 miles) and Hancock GC (1.9 miles). MWGC is located in the heart of a growing and modernizing section of the Austin Metro area, providing an increasing number of higher-end households in the immediate vicinity of the course. The facility is also located in relative proximity to key interchanges, including I-35 (2.0 miles west), Ed Bluestein Blvd (183) and the Texas 130 Toll Rd (5 miles). This location between several highways makes the MWGC easily accessible from a wide geographic area, especially for golfers coming from the north or east of the City. As noted in our market analysis, Morris Williams GC is located in a middle-sized Austin golf sub-market with modest population and household incomes leading to lower expected golf participation and rounds demand. The implication for the golf course is that Morris Williams does not have a strong core of local support, making the generation of rounds reliant upon the ability to attract non-local golfers to the site. Morris Williams GC has about 150+/- total parking spaces, comparable to the NGF-recommended 144 spaces per 18 holes.

### Site Positives

- **Aesthetics:** With some interesting topography, attractive vegetation and outstanding views, the Morris Williams site is ideal for a public golf course.
- **Site Footprint:** With a total of about 157+/- total acres, this facility offers great flexibility in any property alteration consideration, and/or any possible amenity change or expansion.
- **Access:** The MWGC location offers convenient access to major roadways.

### Site Negative

- **Location:** The negative aspect of the MWGC location is the lack of key elements that add economic support to a golf course, such as golfer-rich neighborhoods, in immediate proximity to the golf course, thus requiring the need to “import” players.

## Aerial View – Morris Williams GC



Google Earth image showing MWGC and direct surrounding elements. The course has proximity to residences in all directions, with considerable growth occurring in the area just to the north of the property in the former Mueller Airport.

## Summary of NGF Findings on Morris Williams GC

Morris Williams provides a good mix of quality and lower price for Austin golfers. While the area around MWGC is growing, the new residents moving into the area seem to be less interested in golf than the Austin population as a whole. The golf course has a good mix of difficulty and appeal, with good practice amenities and a newer clubhouse. Despite these features and a recent renovation, this facility has seen a general decline in rounds activity but stable revenue. The recommendations proposed by NGF for this facility focus on enhancing appeal for newer and beginning golf players, as well as fixing the physical deficiencies that may not have been fully corrected in the 2013 renovation.

In addition to golf, MWGC includes other elements that are commonly associated with successful golf facilities, including a modern (7,900sf) clubhouse with lower-level cart storage, a popular driving range and other modest practice amenities. The clubhouse is the largest and newest among 18-hole courses in the Austin system (excluding Grey Rock), but despite its size seems to have limited indoor gathering space. The F&B service area at MWGC is relatively modest (100+/- max), thus limiting indoor space for large gatherings. However, the larger outdoor covered pavilion provides nice outdoor space for after golf gatherings. A summary of key NGF findings on Morris Williams includes:

### Golf Course

The Morris Williams golf course includes a “traditional” parkland layout that plays to a par of 72, and has a core design with several areas of parallel holes, with returning nines (holes #1, #9, #10 and #18 all near the clubhouse) and five sets of tees. Morris Williams includes all of the basic design elements that are commonly associated with “championship” golf, including the highest slope rating among the base 18-hole courses in the Austin system (excluding Grey Rock). Other NGF observations:

- The Morris Williams GC scorecard shows a maximum distance of over 7,000 yards, although staff reports it may not be that long. Still, MWGC is the only course in the whole system that has a longest tee yardage of over 7,000 yards. The back tee shows a USGA slope rating of 131, which represents that the golf course is harder than the ‘standard’ slope of 117. The intermediate tee (White) plays from 5,969 yards and has a slope of 126, also indicating more difficulty despite the length under 6,00 yards. In all, these numbers suggest the golf course at MWGC is harder to play than average, which has appeal to some golfers (higher skilled players) but is a deterrence to others (beginners, seniors, intermediate players).
- The most forward tee on the course is 4,973 yards, which is among the shortest forward tee yardages in the Golf ATX system. This provides an interesting mix with a shorter forward tee but a slope rating that is the highest for any forward tee course in the system (116).
- The Morris Williams course has design features that can add to the challenge, although its most important defense is its length and rolling topography with some steep hills. The Morris Williams course has only 13 total bunkers, which is low for an 18-hole championship course with a higher slope rating. Water is in play on only six of the 18 holes.

### Existing Conditions Review

- **Greens:** Despite a recent renovation, staff is reporting concerns about MWGC greens. The primary concern is related to underlying soil issues, and thus would require a more substantive re-build to fully correct. The Morris Williams greens are larger than other courses in the system, and require more intense maintenance.



Images of the MWGC greens showing the intense, hand maintenance required (L) to support turf and soil issues as shown (R).



Additional images showing turf and other challenges faced in maintaining MWGC greens.

- **Tees:** Tees are not large enough to accommodate the volume of rounds played, resulting in an uneven distribution of wear, especially on par-3 holes where the undersized tee spaces are receiving excess wear. The course would benefit from improvements to the teeing areas.



Images of the tee boxes showing stressed turf (L) and excessive wear (R).

- **Turf Conditions:** The overall turf conditions on MWGC (other than greens) appear to be excellent, with no major issues that require new investment observed or reported by staff.
- **Cart Paths/Bridges:** There is an existing continuous (tee-to-green) cart path system that appears in good overall condition with only minor areas in poor condition that would require repair / replacement. MWGC has three bridges to cross a creek on the property, which will require continuous upgrade and maintenance over the years.



Photos showing the bridges on MWGC with wooden planks that tend to wear out and must be replaced every 10+/- years.

- **Bunkers:** The few bunkers that are on the on the Morris Williams course are not in ideal condition due to many factors, including poor drainage and damaged sand. The poor condition of the bunkers results in negative golf experience response from golfers, and a bunker renovation project should be considered for this course.
- **Irrigation:** The existing irrigation system is the newest in the Austin system, having been replaced in the 2013 renovation. Staff reports no need to improve course coverage, pressure or the pump station.

### Clubhouse and Other Structures/Facilities/Amenities

- **Clubhouse:** The clubhouse at MWGC is the largest and newest in the Austin system, with about +/-7,900sf, divided evenly between golf support functions (pro shop, office) and the F&B service area (snack bar & bar). The facility is functional and is providing the basic level of support for a public golf course with modest F&B space and large windows with nice views of the golf course and driving range. This facility is the only one in the system that includes cart storage on the lower level of the clubhouse. Given its newness and functionality, the NGF does not see any obvious deficiencies that would require City investment to correct.
- **Practice Amenities:** MWGC has a relatively small driving range with only about 20+/- hitting stations and 250 yards of range length. As such, this range will always require netting at the west end of the range to protect the neighboring property from a range that is too short for longer hitters and modern golf equipment. The range also has a narrow hitting area, and requires the use of artificial turf mats (to be used 2-3 times per week) to protect limited grass hitting space. These mats should be replaced every 3-4 years to provide good quality hitting surface for golfers. MWGC also includes a large practice green, although this spot was closed for renovation during the NGF visit – a result of the same greens issues noted above.

- **Maintenance Facility:** The maintenance building appears to be inadequate to service efficient daily maintenance operations and additional indoor storage capacity is required. The equipment is reported as adequate and replaced according to a five-year schedule.
- **On Course Services:** MWGC has limited on course services with several shelters and only “portable” restrooms.

### Morris Williams GC Recent Capital Upgrades

Morris Williams has had the most extensive recent capital investment of any facility in the Austin System, financed through a combination of in-house efforts and City public works support. The golf course and pro shop underwent a major renovation in 2013 that included a greens renovation (USGA specifications with new Sunday Tifdwarf Bermuda), and new 419 Bermuda fairways and tees. The clubhouse was replaced with a two-story structure that included new cart storage on the lower level. The maintenance barn was replaced after a fire in 2014 and was completed in 2017.

### Morris Williams GC Capital Investment Considerations

The improvements to consider for Morris Williams involve investments that would enhance the overall golf experience, most notably to the greens. Given its recent renovation, MWGC has only a few other requirements for major capital expenditures:

1. **Morris Williams Greens** – Resurface greens without changing the sub-surface structure (no till) or irrigation profile. The changes would not be to USGA specifications. Costs include seed, fertilizer, sod and some improvement to erosion control. **NGF estimated cost = \$350,000-\$400,000 (100,000sf @ \$3.50-\$4.00/sf).**
2. **Tee Improvements / New Forward Tees:** Improvement of tee boxes on Morris Williams to include leveling, alignment and turf enhancement. A total of 70,000+/- sf of tees need to be enhanced. The unit price for this level of improvement is higher than other re-surfacing, or about \$2.00 to \$2.50 per square foot. **NGF estimated cost = \$140,000 to \$175,000 (70,000sf @ \$2-\$2.50/sf).**
3. **MWGC Bunkers:** Renovation and/or restoration of Falcon course bunkers at a unit price of \$5,000 to \$6,000 per bunker. **NGF estimated cost = \$65,000 to \$78,000 (13 bunkers @ \$5,000 - \$6,000 / bunker).**
4. **Driving Range Improvements:** Program to upgrade hitting area turf, replace mats and improve range netting. **NGF estimated cost = \$25,000 to \$50,000 (lump sum).**

<b>Morris Williams GC NGF Recommended Upgrades – by Type</b>			
<b>Initial Capital Investments</b>	<b>Inputs</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Morris Williams Greens	100,000sf at \$3.50-\$4.00/sf	\$350,000	\$400,000
Tee Improvements / New Tees	70,000sf @ \$2-\$2.50/sf	140,000	175,000
Bunkers	13 bunkers @ \$5,000-\$6,00/bunker	65,000	78,000
Driving Range Improvements	Lump Sum	25,000	50,000
<b>Grand Total of Capital Projects</b>		<b>\$580,000</b>	<b>\$703,000</b>
<small>All figures are NGF Consulting estimates based on architect’s input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Morris Williams, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; AC = Acre</small>			

## Facility Performance and Data Analysis

Morris Williams GC generates most of its revenue from golf playing fees (green + cart fees), along with some ancillary income, as summarized below.

### Activity Levels

The table below shows reported rounds activity at Morris Williams since 2016. This facility has seen a modest decrease in 2018 continuing a trend that has seen a general decline since the course exceeded 50,000 rounds in 2015 (14% decline since 2015). Still, despite the recent decline MWGC is generating rounds in excess of national and local standards.

<b>Morris Williams GC Total Annual Rounds (2016-2018)</b>				
<b>Morris Williams</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '16-18</b>
Regular	21,268	19,188	19,340	19,932
Senior	11,180	10,395	10,295	10,623
Junior	1,406	638	532	859
GolfNow	3,670	7,659	5,818	5,716
Tournament	2,179	1,384	1,650	1,738
Other	7,124	8,108	6,043	7,092
<b>Total Facility Rounds</b>	<b>46,827</b>	<b>47,372</b>	<b>43,678</b>	<b>45,959</b>
<b>Annual Change</b>	<b>-7.8%</b>	<b>1.2%</b>	<b>-7.8%</b>	

### Revenue and Expense Analysis

The table below summarizes Morris Williams's performance since 2015. The facility has seen very stable performance in both revenue and expense, leading to an operating loss of around \$50,000 to \$60,000, with exceptions for strong rounds and revenue in 2015 (\$163,800 profit) and weaker rounds in 2018 (-\$141,500 loss). The recent decline in rounds and revenue may be reflective of recent problems with the condition of the greens, but may also reflect the changes noted in the local neighborhoods. While total revenue at MWGC exceeds the NGF-expected 'standard' for gross income at an 18-hole public golf course, the total expense also exceeds this standard leading to an operation that is very close to operational 'break-even.' Total average revenue per round increased from \$26.90 in 2015 to \$29.43 in 2018 (9.4% increase). This compared to the NGF standard of \$33.21 for public golf courses (2016).

**Morris Williams GC  
Summary of Operations – 2013-2017**

<b>Revenue</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '14-18</b>
Green Fees	\$792,413	\$737,221	\$710,422	\$724,794	\$741,213
Athletic Sales (Pro Shop)	105,190	102,265	105,704	101,725	103,721
Cart Fees	334,087	312,061	286,933	299,486	308,142
Driving Range	96,450	96,569	108,177	122,324	105,880
Food Concession	37,354	39,320	36,208	36,259	37,285
Other	565	654	663	681	641
<b>Total Revenue</b>	<b>\$1,366,059</b>	<b>\$1,288,090</b>	<b>\$1,248,107</b>	<b>\$1,285,269</b>	<b>\$1,296,881</b>
Annual Change		-5.7%	-3.1%	3.0%	
<b>Total Rev/Rnd</b>	<b>\$26.90</b>	<b>\$27.51</b>	<b>\$26.35</b>	<b>\$29.43</b>	<b>\$27.45</b>
<b>Direct Cost of Sales (COS)</b>					
Merchandise	\$64,386	\$69,674	\$67,956	\$59,869	\$65,471
<b>Gross Margin</b>	<b>\$1,301,673</b>	<b>\$1,218,416</b>	<b>\$1,180,151</b>	<b>\$1,225,400</b>	<b>\$1,231,410</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$455,917	\$500,192	\$510,302	\$512,205	\$494,654
Utilities	183,874	200,827	166,857	159,818	177,844
Supplies & Materials	52,066	80,027	62,745	93,086	71,981
Fleet + Transport	38,045	21,327	21,860	23,759	26,248
Services	0	0	0	0	0
Indirect / Inter Dept. Costs	16,947	7,186	8,470	7,961	10,141
Other	9,811	15,172	13,853	4,676	10,878
<b>Total Operating Expenses</b>	<b>\$756,660</b>	<b>\$824,731</b>	<b>\$784,087</b>	<b>\$801,505</b>	<b>\$791,746</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$336,552	\$397,755	\$418,665	\$485,282	\$409,564
Non-Labor Expense	44,598	48,851	46,328	80,119	54,974
<b>Total Pro Shop Expense</b>	<b>381,150</b>	<b>446,606</b>	<b>464,993</b>	<b>565,401</b>	<b>464,538</b>
<b>Total Facility Operating Expense</b>	<b>\$1,137,810</b>	<b>\$1,271,337</b>	<b>\$1,249,080</b>	<b>\$1,366,906</b>	<b>\$1,256,283</b>
<b>Operating Income (Loss)</b>	<b>\$163,863</b>	<b>(\$52,921)</b>	<b>(\$68,929)</b>	<b>(\$141,506)</b>	<b>(\$24,873)</b>

Source: City of Austin Golf Division. \*Expenditures include encumbered amounts and may vary slightly from actual outcome for 2016-2018. These encumbered amounts will have a slight impact to forecast years as well.



## Summary – Morris Williams GC

Morris Williams represents a good example of a mid-level quality public golf facility that does not seem to have benefitted greatly from its renovation and new clubhouse in 2013. The course is located in a rapidly changing area of Austin with a younger demographic moving into the area that is showing a lower interest in golf (NGF golf demand measures are lowest for MWGC's local market). Despite the recent enhancement, MWGC still has condition issues and the concern about the quality of the greens is important because greens condition is the highest item of golfer importance in golf consumer surveys. If not addressed, the City may find that the recent declines in rounds and revenue experienced in the last few years may become more and more common. Other findings from NGF's review of Morris Williams:

- Morris Williams GC appears to be the most appealing golf venue for the City of Austin. The golf course is the most challenging, and thus would have strong appeal for better players and tournaments. However, to best fulfil this potential, all golf course conditions, especially greens, must be in their most ideal condition.
- MWGC has the largest and newest clubhouse in the Austin system (excluding Grey Rock), adding to the appeal and growth potential of the facility. Together with the appeal of the golf course, the clubhouse should be a central focus of marketing and promotion of the MWGC, with special focus on attracting new tournaments, outings, events and leagues to the facility.
- The NGF team estimates the capital improvements needed at MWGC would total approximately \$830,000 to \$1.0 million, almost all of which would be spent to rebuild the greens at MWGC.
- The NGF's statistical analysis of the immediate local market surrounding MWGC shows the weakest golf demand in the Golf ATX system. As such, the continued attraction of non-local golfers (especially through tournaments and outings) will likely be key to any program to increase rounds and revenue at this facility.
- The total activity generated at MWGC exceeds expected norms, but has shown signs of decline in 2018. This recent decline may be reflective of golf course conditions or the lower golf demand observed in the local market, or both. MWGC generated a total of just under \$1.3 million in revenue from all sources in FY2018, higher than the \$1.0 million per 18 holes revenue standard. The facility is generating a total of \$29.43 per round of golf, which is second lowest in the Austin system (excluding Grey Rock), behind both Clay-Kizer and Lions. This despite is despite the high-quality golf course and may be reflective of the local market weakness as noted.

## ANALYSIS OF LIONS MUNICIPAL GOLF COURSE

Lions Municipal Golf Course (“LMGC”) is an older 18-hole golf facility that was the original City of Austin municipal golf course, first developed in 1926 and acquired by the City in 1936. The facility has a rich history in golf (having hosted several now famous PGA Tour players) and in Civil Rights as the facility was the first public golf course in Texas to allow African-American participation. The course is also in a prime location only 2.5 miles from the center of downtown Austin. However, this location also makes the facility a prime target for developers seeking to convert the property to a “higher and better” use that would not include golf.

Although operated by the City for more than 60 years, the property is not owned by the City of Austin, but the University of Texas (UT). The City leases the property from the University for close to \$500,000 per year, which puts a large strain on the finances of the Lions golf facility and the City of Austin golf system overall. It is reported to NGF that the UT Board of Regents is demanding that the University charge a “market rate” for the property, which would likely bring the annual lease payment to several million dollars per year. This is an amount that is almost impossible for any public golf course to cover, as only a few of the highest performing municipal golf courses in the country (e.g., Torrey Pines) are capable of exceeding \$1.0 million in net operating income.

Another key factor in evaluating Lions is the current condition of the golf course and its key infrastructure. Given the recent uncertainty about the future of the facility, the City has avoided or deferred new investment in the property until a formal long-term plan for its future can be developed. As we will report in this section, the NGF has documented deficiencies in all key functional areas of the Lions GC facility, including irrigation, drainage, greens, fairways, cart paths, maintenance equipment and concerns about the clubhouse. The NGF has estimated the facility will require some \$2.0 to \$3.0 million in needed upgrades to sustain golf at this location.

Still, in spite of all that has been noted above, the NGF consultants see great potential at Lions to be a premier municipal golf course comparable to Memorial Park in Houston or other high performing big-City public golf courses. With its location close to downtown, the enjoyable and traditional golf layout, and its appropriate support amenities, Lions could be the strongest revenue producer in the Austin system, if the facility was improved to its optimum physical condition. However, we must note that even if enhanced in this fashion, the net revenue produced by even a top-level municipal golf course will still not be sufficient to cover a multi-million-dollar lease payment. As such, the City will have to carefully weigh the investment required to bring LMGC to an acceptable level, in light of other City of Austin golf course investments and the ground lease realities at this location.

### Location, Access and Surrounding Elements

LMGC is the City golf course closest to downtown, but is also proximate to the Mopac Expressway (Highway 1), located less than one mile from the course along Enfield Rd. Access to the golf course is via Enfield Rd, just west of the intersection with Exposition Blvd. The surrounding area is part of a densely populated residential area of mostly single-family homes. There is a small park and baseball fields at the northeast corner of the property, and much of the south side of the Lions property is along Lake Austin Blvd and the various lakefront/riverfront attractions. Overall, the immediate area surrounding Lions GC is characterized by higher incomes and a large golfer population, potentially leading to strong local support. Lions GC sits on approximately 145 total acres and has only about 115+/- total parking spaces, fewer than the NGF-recommended 144 spaces per 18 holes.

### Site Positives

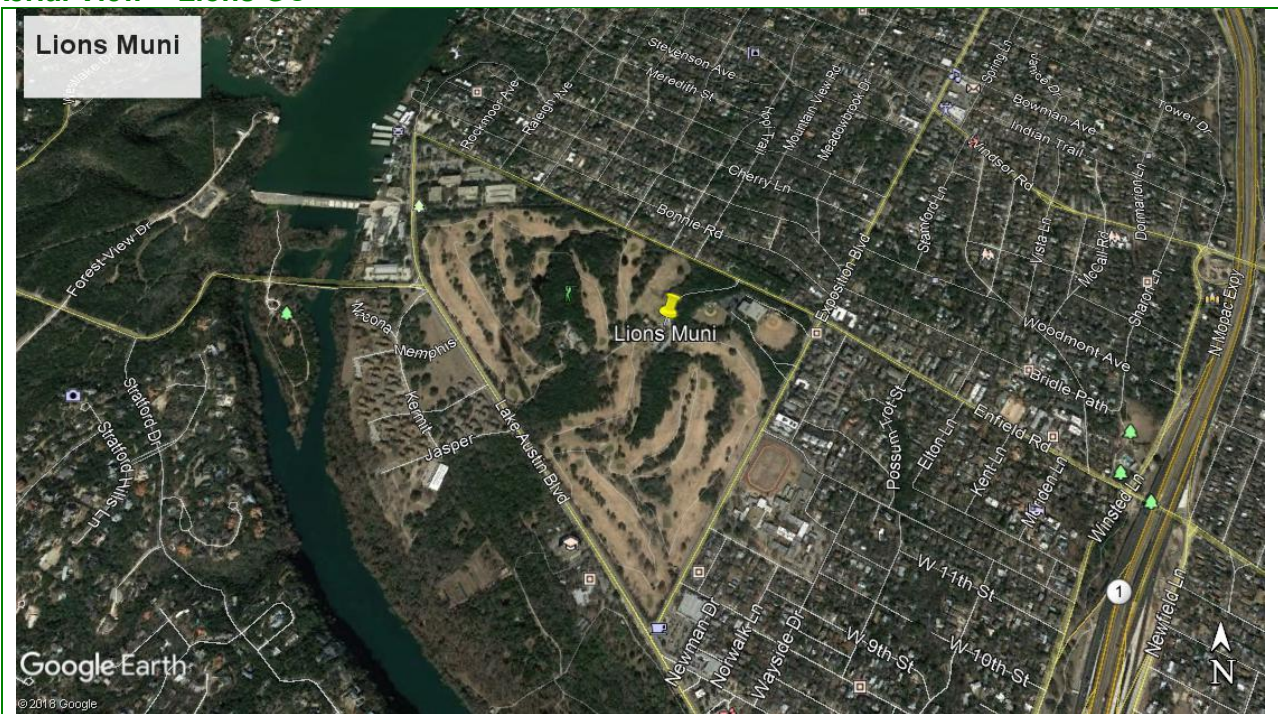
- **Access:** The LMGC location is immediately proximate to, and convenient from major area roadways and close to downtown.

- **Location:** In addition to access, Lions is close to dense, golfer-rich neighborhoods and the proximity to downtown increases the opportunity to market an improved Lions GC to Austin elements such as hotels, conventions, UT and the Capitol. The proximity to Lake Austin and the river also adds to the appeal, as these are attractions that can enhance non-golf visitation and clubhouse use.
- **Topography:** The location has outstanding topography, which leads to positive feedback from golfers and provides a high degree of inherent potential for golf improvement.

### Site Negative

- **Site:** With only about 145 total acres, this facility is somewhat landlocked, and there is pressure for portions of this property to be removed from golf and put to an alternate use. Of particular interest is the southern tip of the property at the intersection of Exposition and Lake Austin Blvds. (#2 green and #3 tee) where nearby property expansions may encroach onto Lions GC.
- **Value:** The pressure to convert or reduce this property away from golf is ultimately derived from the extremely high underlying value of this site due to the locational advantages noted above. The same reasons that make the site ideal for a successful golf course, also make it ideal for other forms of development that would have much higher economic return. The threat of this change limits the completion of upgrades needed to improve operations a very high risk for the City.

### Aerial View – Lions GC



Google Earth image showing LMGC and direct surrounding elements. This view shows the immediate proximity to the dense residential neighborhoods, Lake Austin and Highway 1.

### Summary of NGF Findings on Lions GC

Lions was originally developed as a private country club in 1926 and was acquired by the City in 1936. This golf course has been the most active for the City for many years, and has hosted over 57,400 rounds (on 18 holes) as recently as 2017. This level of activity is driven by the excellent location and the general appeal of the golf course layout. Lions is shorter-length public golf course,

which adds to the appeal and is also part of the challenge as short length contributes to slower pace-of-play. Overall, Lions Muni is an active public golf course that generates a strong base of revenue despite the facility needing enhancements in key areas. The recommendations proposed by NGF consider what it would take for Lions GC to operate at its maximum economic potential, in full consideration of the decision facing the City about whether to continue golf at this location in light of other land-use pressures and the pending increase in lease payment.

### Operational Issues

The Lions GC operation presents the City of Austin with two unique challenges that directly impact the potential rounds, revenue and net income the facility can generate. The two specific challenges at Lions GC that are unique to this facility include:

- **Property Lease** – Lions GC is situated on property that is not owned by the City, and results in a required annual lease payment to UT. In FY 2018, this payment was \$497,664, the largest single line item in the Lions operating budget. In review of Lions GC financial data, the lease payment is higher than the amount the facility spends in maintaining the golf course. Given the tight economic position of Lions GC (and most public golf courses), earning enough revenue to cover all on-site operating and maintenance expenses presents a challenge to the City.

When an additional \$500,000 direct expense is added to the facility budget, it makes the profitability of Lions GC very difficult to achieve. The NGF also notes City reports that this lease includes step-rate increases of 20% in FY2020, which will bring the payment to \$597,000+, further limiting the economic potential of the facility. If a true “market rate” lease payment is required by UT, it may increase the lease requirement to over \$5.0 million+/- per year, which is virtually impossible for any public golf course to support (more later in this report).

- **Pace-of-Play** – At only 5,825 yards from its longest tee, Lions is among the shorter 18-hole golf courses in Austin. Many of the par-4 and par-5 holes are themselves short in length, allowing golfers to reach in fewer-than-regulation number of shots. This results in golfers having to wait for greens to clear before hitting, even on longer holes that are not designed for this wait (par-4’s and par-5’s). This results in golf rounds reported to be as long as 5:00 to 5:30 hours, compared to the standard 4:00 to 4:15. Slower pace-of-play results in fewer total rounds that can be accommodated (reduced inventory), meaning the rounds and revenue potential of Lions GC is more limited than other 18-hole courses.

### Golf Course

Lions GC is a shorter-length 18-hole layout, even though the scorecard indicates a par of 71. The design of the course is traditional, and includes all of the basic design elements that are commonly associated with “standard” golf. The course has several narrow, tree-lined holes with some interesting topography. There is water in play on five of holes (all on the back-9), and there are only 13 bunkers on the course. The historic clubhouse has ample space to support larger events and tournaments, although the snack bar area is small and restrooms need to be upgraded. Other NGF observations:

- Despite its short length, Lions GC has a USGA slope rating of 123 from its back tee, which represents that the golf course is slightly more difficult than the ‘standard.’ The first intermediate tee (White) plays from 5,389 yards and has a slope of 118, which is popular for less-skilled male players and senior citizens at golf courses.

- The most forward tee on the course (commonly associated as the “ladies” tee) is 4,660 yards, which is within the NGF-recommended distance of under 4,800 yards for a forward tee course. This forward tee placement should make this course the most appealing Golf ATX course for forward tee players (mostly women), assuming all other factors are equal. As such, Lions could be marketed as the most “women-friendly” facility in the system, helping to improve rounds and revenue.

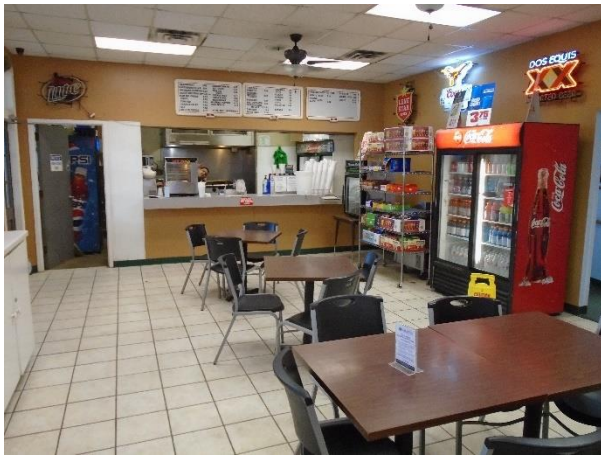
### Existing Conditions Review

The general condition of Lions GC is reflective of conscious decisions by staff to defer capital expenditures on the facility pending final determination of the facility’s future. As such, the NGF observed several key areas of concern for the future of the property that will need to be addressed if Lions GC is indeed to continue as a functioning public golf course:

- **Greens:** Existing greens are showing signs of declining health due to invasive turf and green size shrinkage. It is likely that greens will have to be completely re-built for Lions to ever truly be considered a top-quality golf course.
- **Turf Conditions:** The overall turf health at Lions is acceptable for a lower-fee public golf course, but will likely require full replacement for Lions to compete in a higher fee market segment.
- **Tees:** Tee boxes are small and will also require improvement in turf condition, size and levelling to accommodate the current volume of play. If Lions is to be considered for upgrade into a higher fee market segment, then significant enhancement of tee boxes will be required.
- **Other Features:** All of the key golf course elements (bunkers, water features, cart paths, bridges, on-course services, etc.) are in need of upgrade at Lions GC. These improvements will be required regardless of whether Lions is to continue to operate as a lower-fee public golf course, or if the City desires to re-position the facility as an upper-end public golf course.
- **Practice Facility:** The existing +/- 13 station artificial grass tee area is small and the range is too short (220 yards) for modern golf equipment. Other practice amenities are limited to a large practice green and only very small areas for chipping practice. The property does not include sufficient space to expand practice amenities without impacting golf holes, and thus the facility can only accommodate expanded practice facilities with a complete re-design of the property.

### Clubhouse

- **Clubhouse:** Lions GC includes a 7,500sf clubhouse with a pro shop and small snack bar area, plus an additional large function room and a meeting room. The limited size of the F&B service area (including outside) is a concern to NGF given the volume of rounds hosted at Lions. The clubhouse is part of the historic nature of Lions GC, and the City has worked to maximize the Lions’ heritage with exhibits and historic photos. This type of “museum” display is consistent with successful public golf courses that have the rich history to promote. In all, the clubhouse at Lions GC is functional and provides a basic level of support for a public golf course, but with enhancements to the F&B area and restrooms as the highest items of needed new investment.



Photos showing the limited space available for F&B patrons with capacity for only 12-15 customers in the snack bar area (L) and only about 24+/- patrons under cover outside (R).

### Other Structures/Facilities/Amenities

- **Cart Storage:** Lions GC has a separate 3,000sf building for storage of about 50 golf carts. As a typical 18-hole golf course should have a fleet of at least 70 carts, the limited size can be an issue for the facility to have a full complement of golf carts. Adding space for additional carts will likely require considerable investment to expand or replace the current facility.
- **Maintenance Facility and Equipment:** The maintenance building is an older facility dating back to 1939 that appears to be barely adequate to service efficient daily maintenance operations. However, the buildings are likely part of the “historic” nature of the facility and thus will require retrofitting and upgrade, rather than replacement. Among the issues noted were limited size to provide appropriate equipment storage, and out-of-date systems (electric, plumbing, HVAC, etc.). This building requires repairs and other improvements that should be considered for long term expenditures. All equipment is aging and lack of replacement is part of the City’s uncertainty about future golf operations at Lions GC. If golf is to continue on this site, the long-term budgeting should include equipment replacement costs.



Photos showing the small maintenance building with limited space to properly store and protect maintenance equipment.

- **Protective Netting:** The small size of the facility and immediate proximity to the adjacent roadway at the western side of the property requires a netting barrier to protect vehicles on Lake Austin Blvd. As these nets tend to deteriorate, a replacement schedule for every 5-7 years should be expected by the City of Austin.



### Lions GC Capital Investment Considerations

Lions GC would benefit from upgrades to basic features such as tees, greens, and turf, as well as the clubhouse. The facility would also benefit from enhancement to maintenance facilities and equipment. Although numerous items are referenced for repair / replacement in the long term, the City has deferred action on these items as the longer-term future of the property is uncertain due to the property lease situation. Outlined below are the items that are recommended high priority capital expenditures that would improve the facility's competitiveness in the market place and / or have a positive impact on long term economic potential, **if the facility is to remain open and operating as a public golf course:**

1. **Lions GC Greens** – Reconstruct greens to USGA specifications, which includes sub-surface improvements and irrigation changes. The generally accepted cost for USGA greens is \$6.00 to \$7.00 per sf. **NGF estimated cost = \$600,000-\$700,000 (100,000sf @ \$6.00-\$7.00/sf).**
2. **Overall Turf Enhancement:** replacement of aging and outdated golf course fairway and rough turf through re-sodding and/or re-seeding (TBD). **NGF estimated cost = \$400,000 to \$600,000 (100 acres at \$4,000-\$6,000 per acre).**
3. **Tee Improvements / New Forward Tees:** Improvement of tee boxes on Lions to include leveling, alignment and turf enhancement. A total of 70,000+/- sf of tees need to be enhanced. The unit price for this level of improvement is higher than other re-surfacing, or about \$2.00 to \$2.50 per square foot. **NGF estimated cost = \$140,000 to \$175,000 (70,000sf @ \$2-\$2.50/sf).**
4. **Cart Paths/Bridges:** The golf course has full cart paths with some areas that need improvement (re-surfacing). The cart path improvements will direct traffic and minimize wear and tear to green and tee surrounds. **NGF estimated cost = \$360,000 to \$400,000 (20,000lf @ \$18-\$20/lf).**

5. **Features:** Improving bunkers, water features, nets, on-course services and other irrigation upgrades. **NGF estimated cost = \$400,000 to \$600,000 (lump sum).**
6. **Clubhouse Enhancement:** The property's older golf service support building could be improved to take better advantage of the existing space and expand counters and F&B service areas. Other improvements to flooring, ceilings/roof and restrooms would be helpful as well. Costs are likely to be higher at this location given the existing conditions. **NGF estimated cost = \$150,000 to \$225,000 (based on 7,500sf @ \$20 to \$30/sf).**
7. **Maintenance Equipment:** Replacement of aging and outdated maintenance equipment. **NGF estimated cost = \$200,000 to \$240,000 (lump sum).**
8. **Maintenance Facility Enhancement:** The property's older and declining maintenance support buildings should be improved and modernized to provide better support to the golf operation, including improvements to roofs, electric and technology (internet) and restrooms would be helpful. **NGF estimated cost = \$90,000 to \$120,000 (based on 6,000sf @ \$15 to \$20/sf).**

<b>Lions GC NGF Recommended Upgrades – by Type</b>			
<b>Initial Capital Investments</b>	<b>Inputs</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Lions GC Greens	100,000sf at \$6.00-\$7.00/sf	\$600,000	\$700,000
Overall Turf Enhancement	100 AC at \$4,000-\$6,000 per AC	400,000	600,000
Tee Improvements / New Tees	70,000sf @ \$2-\$2.50/sf	140,000	175,000
Cart Paths / Bridges	20,000lf at \$18-\$20/lf	360,000	400,000
Features	Lump Sum	400,000	600,000
Clubhouse Repair (restrooms, pro shop, etc.)	7,500sf @ \$20-\$22/sf	150,000	225,000
Maintenance Equipment	Lump Sum	200,000	240,000
Maintenance Facility Enhancement	6,000sf @ \$15-\$20/sf	90,000	120,000
<b>Grand Total of Capital Projects</b>		<b>\$2,340,000</b>	<b>\$3,060,000</b>
<small>All figures are NGF Consulting estimates based on architect's input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Lions, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; AC = Acre</small>			



## Facility Performance and Data Analysis

The following paragraphs summarize the facility's activity (rounds), revenue and expenses required to maintain the facilities and service customers.

### Activity Levels

The table below shows reported rounds activity at Lions Municipal since 2016. This facility has shown consistent performance, with total rounds falling between 55,000 and 57,000 every year since 2013, with only 2018 falling to 53,000 rounds. LMGC is the most active 18-hole golf course in the City system, and almost certainly the most active public 18-hole golf course in the entire Austin region. This activity is being generated despite the declining physical condition, although the decline in 2018 may be reflective of a more recent reduction in new investment by the City.

<b>Lions Municipal GC Total Annual Rounds (2016-2018)</b>				
<b>Lions Municipal</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '16-18</b>
Regular	25,952	23,675	24,804	24,810
Senior	13,205	13,187	11,360	12,584
Junior	4,134	3,437	3,185	3,585
GolfNow	3,468	5,459	2,469	3,799
Tournament	2,859	4,185	5,081	4,042
Other	5,817	7,511	6,411	6,580
<b>Total Facility Rounds</b>	<b>55,435</b>	<b>57,454</b>	<b>53,310</b>	<b>55,400</b>
<b>Annual Change</b>	<b>1.9%</b>	<b>-1.1%</b>	<b>3.6%</b>	

### Revenue and Expense Analysis

The table below summarizes Lions Municipal's performance since 2015. The facility has seen very stable performance in both revenue and expense, with some growth in revenue reported from 2015 through 2018. Expenses are low at Lions GC, but this may be misleading in that there is no indirect charge or interdepartmental costs tied to Lions (like there is at other City courses), and there has been considerable deferred maintenance due to uncertainty about the future of the facility. Still, what is clear is that Lions GC is an active and profitable municipal golf course when considering only on-site operations. When additional City expenses are added in, most significantly the nearly \$500,000 per-year lease, only then does the facility go into the red on its performance. Total average revenue per round increased from \$26.26 in 2015 to \$31.07 in 2018 (18% increase). This compared to the NGF standard of \$33.21 for public golf courses (2016).

**Lions Municipal GC  
Summary of Operations – 2013-2017**

<b>Revenue</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Avg '14-18</b>
Green Fees	\$848,859	\$869,466	\$895,704	\$941,567	\$888,899
Athletic Sales (Pro Shop)	131,913	143,247	154,214	143,769	114,629
Cart Fees	347,160	361,548	376,438	392,730	369,469
Driving Range	79,454	85,561	97,504	111,419	93,485
Food Concession	64,574	64,626	66,358	66,618	65,544
<b>Total Revenue</b>	<b>\$1,471,960</b>	<b>\$1,524,448</b>	<b>\$1,590,218</b>	<b>\$1,656,103</b>	<b>\$1,532,025</b>
Annual Change		3.6%	4.3%	4.1%	
<b>Total Rev/Rnd</b>	<b>\$26.26</b>	<b>\$27.50</b>	<b>\$27.68</b>	<b>\$31.07</b>	<b>\$27.65</b>
<b>Direct Cost of Sales (COS)</b>					
Merchandise	\$64,412	\$78,116	\$83,269	\$77,291	\$75,772
<b>Gross Margin</b>	<b>\$1,407,548</b>	<b>\$1,446,332</b>	<b>\$1,506,949</b>	<b>\$1,578,812</b>	<b>\$1,456,253</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$326,559	\$366,906	\$322,509	\$377,167	\$348,285
Utilities	122,588	99,399	92,727	93,980	102,174
Supplies & Materials	37,086	41,497	69,769	99,720	62,018
Fleet + Transport	22,163	13,022	16,985	16,697	17,217
Services	4,181	1,647	6,878	6,745	4,863
Indirect / Inter Dept. Costs	0	0	0	0	0
Other	7,313	5,122	11,830	9,982	8,562
<b>Total Operating Expenses</b>	<b>\$519,890</b>	<b>\$527,593</b>	<b>\$520,698</b>	<b>\$604,291</b>	<b>\$543,118</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$305,005	\$362,399	\$426,175	\$430,516	\$381,024
Non-Labor Expense	31,183	43,035	46,466	63,018	45,926
<b>Total Pro Shop Expense</b>	<b>336,188</b>	<b>405,434</b>	<b>472,641</b>	<b>493,534</b>	<b>426,949</b>
<b>Total Facility Operating Expense</b>	<b>\$856,078</b>	<b>\$933,027</b>	<b>\$993,339</b>	<b>\$1,097,825</b>	<b>\$970,067</b>
<b>Operating Income (Loss)</b>	<b>\$551,470</b>	<b>\$513,305</b>	<b>\$513,610</b>	<b>\$480,987</b>	<b>\$486,186</b>
<b>Less:</b>					
Property Lease	\$497,664	\$497,664	\$497,664	\$497,664	\$497,664
<b>Net After Lease</b>	<b>\$53,806</b>	<b>\$15,641</b>	<b>\$15,946</b>	<b>(\$16,677)</b>	<b>(\$11,478)</b>

Source: City of Austin Golf Division. \*Expenditures include encumbered amounts and may vary slightly from actual outcome for 2016-2018. These encumbered amounts will have a slight impact to forecast years as well.

## Summary – Lions GC

Lions GC is the most intriguing golf facility in the City golf system, with enormous potential to be the premier facility in the system, but is also facing serious challenges to its viability. The facility is an extremely well-located public golf course that is rich in important history and has a strong and loyal following. However, it has an uncertain future due largely to the high economic value of the property on which it sits and the fact that the City does not own this property and must make an annual lease payment to the University. Given this uncertainty, the City has allowed the property condition to decline while a plan for the future is determined. There are “mission-critical” infrastructure items that will have to be addressed at LMGC if the facility is to remain viable as a golf course, including basic golf course and clubhouse improvements. In many ways, it appears to NGF that if Lions GC is to continue to operate as-is, **it cannot be considered an “enterprise,”** and the City of Austin may find that if this facility is to continue to be a golf course, it will have to become a tax-supported, City recreation amenity that is outside of the Golf Enterprise. If Lions is held to an enterprise standard, it is likely to fall short which may lead to cuts in expenses, leading to reductions in use. Other findings from NGF’s review of LMGC:

- Lions Municipal GC has great potential to be an outstanding and economically successful public golf venue. The property is extremely well located, is rich in history and has a classic golf course layout that is easy to play. This combination of factors usually corresponds with high activity and economic success.
- While LMGC is producing the highest total rounds per 18 holes in the Austin system, there are constraints to growth much beyond the 57,000+/- maximum rounds of the last several years. The short length of the golf course limits rounds capacity, and the practice facilities are small and unappealing. In addition, the course is in declining condition with many antiquated features that will require upwards of \$2.3 to \$3.0 million to repair and enhance.
- In all, the most significant challenge to the future of Lions GC is the large property lease that approaches \$500,000 in FY2019, is expected to increase to nearly \$600,000 in FY2020, and may increase to multiple millions of dollars per year thereafter. As NGF will show in detail later in this report, it is very unlikely that Lions GC could ever earn the kind of revenue necessary to support this lease payment, regardless of property condition and activity potential.
- LMGC is a profitable municipal golf course, earning over \$480,000 **before required lease payment** in each of the last five years of operation. However, this level of performance may be slightly mis-leading as the City has deferred needed maintenance at the facility and avoided large-scale capital investment in items such as equipment and clubhouse upgrades as the future of the facility remains uncertain. Still, there are many factors that contribute to this performance, most notably an active golfer base demanding a high volume of rounds on a popular golf course.
- LMGC is at a crossroads as most of the amenities and support services are past their realistic useful life and in need of repair and upgrade. While this is a challenge for the future of the facility, it also provides the City an opportunity to re-think the entire property, its place in the City Golf Enterprise, and whether it is appropriate to continue meeting the property lease obligation. While a complete renovation of the facility is not in order, some adjustment to its amenities and overall offering could enhance the product and make it more appropriate for its local market and ideal location close to downtown and the associated golf demand drivers (university, capitol, lodging, conventions, etc.), if it is to continue as a public golf facility.

## ANALYSIS OF HANCOCK GOLF COURSE

Hancock Golf Course (“HGC”) is an older 9-hole golf facility that dates back to 1899, and is the 9-hole remnant of a former 18-hole country club. The facility is located in north-central Austin, only 2.5 miles from the heart of downtown. Like its sister property Lions Municipal, Hancock GC is rich in history and has a historic preservation designation. As with many 9-hole courses in the U.S., generating enough revenue to fully support operations is becoming more and more difficult for the City. Like many other municipalities with aging 9-hole courses, the City of Austin is considering alternate uses for the property, including some form of modified 9-hole golf course that could be more appealing to beginners and other less-skilled golfers. A new property configuration that includes a driving range, dedicated practice areas and a short 9-hole par-3 course may fit better for this property and its surrounding neighborhood.

Another key factor in evaluating Hancock and its future is the current condition of the golf course and its key infrastructure. While Hancock has seen new capital investment as recently as 2014, there are still many deficiencies in the facility and even more investment will be necessary to sustain golf at this location. As we will report in this section, the NGF has documented deficiencies in several functional areas of the Hancock GC facility, including irrigation, maintenance facilities, maintenance equipment, tee boxes, greens and the clubhouse. The NGF has estimated the facility will require \$700,000 to \$900,000 in needed upgrades to sustain golf at this location.

Still, in spite of all that has been noted above, the NGF consultants see great potential for Hancock GC if the City were to re-position the facility as an entry-level, golf teaching center that will function as an “on-boarding” facility to attract new golf players that can become new customers for the other Austin golf courses. The NGF has seen success with this concept in other cities where aging municipal golf courses are converted into learning centers and youth golf courses to help enhance interest in the sport. However, we must note that even if Hancock GC is adjusted in this way, the net revenue generated from a golf learning center will likely not be sufficient to cover the cost of producing a new golf learning center, and thus the City may find that offering the property for some type of turnkey develop and operate lease would be a better fit. In any case, other municipalities have elected to remove the golf learning center from the established Golf Enterprise Fund and allow it to become taxpayer supported, or part of the General Fund that supports other parks and recreational facilities with limited (or none) cost recovery.

### Location, Access and Surrounding Elements

HGC is close to downtown and also proximate to a dense and congested section of north Austin that has seen significant change and gentrification in recent years. The course entrance is near the intersection of Red River St and E 41<sup>st</sup> St, about ¼ mile from I-35. Access to the golf course is via E, 41<sup>st</sup> St, although the golf course has frontage on three sides – Red River St, E. 38<sup>th</sup> St and Peck Av. Overall, the immediate area surrounding Hancock GC has the largest local population of any Austin golf course, but also has the youngest median age and lower household incomes, potentially leading to weakened local support. Hancock GC sits on approximately 45 total acres and has only about 35-40 total parking spaces.

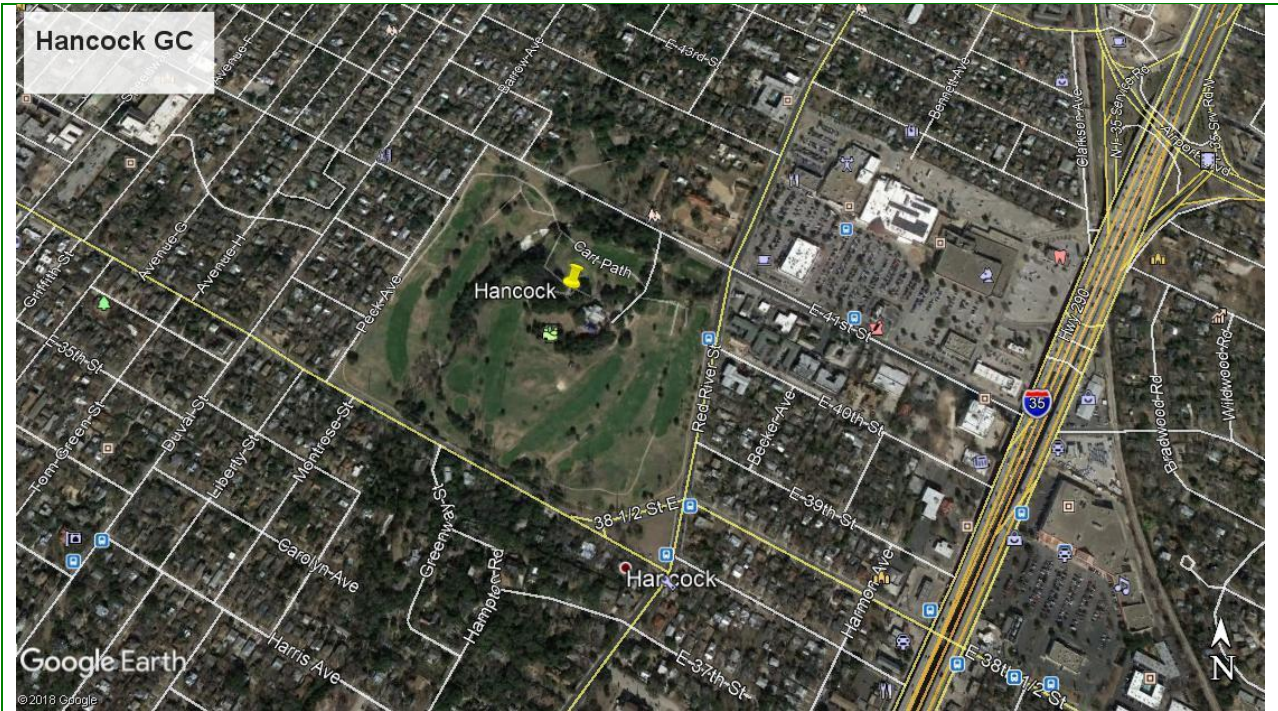
### Site Positives

- **Topography:** The location has outstanding topography, which leads to positive feedback from golfers and provides a high degree of inherent potential for golf improvement.
- **Access:** The HGC location is immediately proximate to, and convenient from major area roadways and close to downtown.

## Site Negative

- **Site:** With only about 45 total acres this facility is landlocked, and thus limited in what golf changes can be accommodated.
- **Location:** While access is generally good, the changing nature of the neighborhoods surrounding Hancock GC has led to a decline in local golf participation meaning the course must attract non-local play, which is always difficult for a 9-hole golf course.

## Aerial View – Hancock GC



Google Earth image showing HGC and direct surrounding elements. This view shows the immediate proximity to I-35 and other commercial elements close to the intersection of Red River St and E 41st St.

## Summary of NGF Findings on Hancock GC

Hancock was originally developed as a private country club in 1899, making this one of the oldest golf courses in all of Texas. While rich in history, overall use of the facility has been steadily declining and more and more local residents are viewing this property as more of a passive park. While Hancock GC is only a 9-hole facility, the golf course is also of shorter length and general ease of play. This should make the facility more appealing to beginners and other less-skilled players, but the service profile does not match at present. The recommendations proposed by NGF consider what it would take for Hancock GC to operate at its maximum economic potential given current facilities, and in full consideration of what other configuration and mix of amenities could exist on this site to both maximize the economics of Hancock GC and stimulate greater interest in golf in this part of Austin.

## Operational Issues

There are three basic operational issues present at Hancock GC that are unique to this property and directly impact the potential rounds, revenue and net income the facility can generate. These issues include:

- **Self-Pay Service** – In an effort to reduce direct expenses in the operation, in January 2018 the City implemented a self-pay program for weekday (Monday – Thurs.) golf at Hancock GC. This program allows golfers to play for green fees in an automated system, and relieves the City of having to staff the pro shop during exceptionally slow periods, potentially saving \$80,000+ in part-time labor cost this year by reducing needed counter staff from 6-7 positions to only 2-3 positions. In addition, staff reports an **increase in rounds** since the program was initiated, counter to expectations. The drawback to the system is only walking rounds can be accommodated and no cart rentals are allowed. However, most rounds at Hancock GC are walking anyway, so the impact has not been too severe.



Photos showing the new self-pay kiosk on the 1<sup>st</sup> hole at Hancock GC added in January 2018.

- **Non-Golf Use of Property** – Staff indicated to NGF consultants that the Hancock GC property was often used by non-golfers for various passive park activities (walking pets, sunbathing, leisure walks, etc.), and this use was witnessed by NGF consultants during our visit at a time when golfers were on the course. This reality poses severe liability risk to the City as “hit-by-ball” issues are serious and occur frequently when non-golfers utilize golf courses. Staff indicated that some form of property barrier might be in order to prevent this intrusion, especially if the facility will go under-staffed (or unstaffed) as noted in the self-pay item above.
- **Shared Clubhouse** – The building used as the golf clubhouse at Hancock GC has a dual purpose, serving as a community center on its upper level and the golf support function (pro shop, restrooms) on its lower level. The result is limited space to support golf, although close review shows some unused spaces on the lower level and a small area for storage of up to two carts.

### Golf Course

Hancock GC includes a shorter-length 9-hole layout, with total yardage at 2,633 from its longest tee (5,266 if played twice for 18-hole equivalent). The design of the course is traditional, and includes a limited number of basic elements that are common in golf and add challenge, such as bunkers (only 3 on the course), water hazards (a pond and small creek in play on 3 holes) and topography. In keeping with its short length, the course has a low slope (difficulty) rating of 112 (110 for ladies), which represents that the golf course is much easier than the ‘standard.’ The course is generally wide open with a few trees but no real defined hole corridors. Overall, the course has great appeal as a beginner-friendly golf course, but lacks a driving range and practice areas to be appropriately supportive of golf player development programming.

## Existing Conditions Review

The general condition of Hancock GC is reflective of the age of the facility and simple design. All of the elements are likely in need of enhancement, although the current conditions may be appropriate given the target market and fees to be charged. The primary areas of concern for NGF that should be addressed if Hancock GC is to continue to operate 'as-is' include:

- **Irrigation System:** The current irrigation system was improved in 2013 with the addition of reclaim water. The system is reported to be functioning properly with only some minor upgrades and repairs needed.
- **Maintenance Facility:** The maintenance facility is very small and most all equipment is stored outdoors. The facility is also very old and has various electrical, connectivity, plumbing and HVAC issues that should be addressed.
- **Maintenance Equipment:** The equipment used to maintain Hancock GC is the oldest and most problematic in the Austin system. Some of the issues relate to equipment being stored outdoors. If HGC is to continue to operate some modernization of equipment will be required.
- **Greens and Tees:** Existing greens are showing signs of declining health due to invasive turf and green size shrinkage. Tee boxes are small and will also require improvement in turf condition, size and levelling to improve playability and accommodate a higher volume of play. If Hancock GC is ever to be considered a top-quality golf course, these two issues will have to be addressed.
- **Practice Facility:** A key deficiency for Hancock GC to effectively serve its appropriate market niche of beginners and intermediate players is the lack of any real practice amenities. The most successful 9-hole golf courses in the U.S. tend to have strong practice components like a driving range, practice chipping areas and/or practice greens. Improvement in these areas will go a long way to preserving the long-term sustainability of golf at Hancock, but may be impossible to add without total property reconfiguration (more below).

## Other Structures/Facilities/Amenities

- **Cart Storage:** Hancock GC has a separate small building to store about 10 golf carts. As a typical 9-hole golf course should have a fleet of at least 25 carts, the limited size can be an issue for the facility, although walking has always been very popular at Hancock GC. Adding space for additional carts will likely require considerable investment to expand or replace the current facility.
- **Maintenance Facility and Equipment:** The maintenance building is a very small and older facility that appears to be barely adequate to service efficient daily maintenance operations. Among the issues noted were limited size to provide appropriate equipment storage, and out-of-date systems (electric, plumbing, HVAC, etc.). This building requires repairs and other improvements that should be considered for long term expenditures. Most of the equipment includes older pieces that are likely at or nearing the end of an expected useful life, and replacement is part of the City's uncertainty about future golf operations at Hancock GC.



## Hancock GC Capital Investment Considerations

Hancock GC would benefit from upgrades to basic features, such as irrigation, tees and greens. The facility would also benefit from enhancement to maintenance facilities and equipment. Although numerous items are referenced that require repair or replacement, the City has deferred action on these items as the longer-term future of the property is decided (more later in this report). Outlined below are the items that are recommended high priority capital expenditures that would improve the facility's competitiveness in the market place and / or have a positive impact on long term economic potential, **if the facility is to remain open and operating as a 9-hole public golf course with its present configuration:**

1. **Irrigation Repairs** – Includes repairs to the irrigation system that does not need replacement (installed 2013), with some new heads and piping. **NGF estimated cost = \$150,000 - \$200,000 (lump sum).**
2. **Hancock GC Greens** – Reconstruct greens to USGA specifications, which includes sub-surface improvements and irrigation changes. The generally accepted cost for USGA greens is \$6.00 to \$7.00 per sf. **NGF estimated cost = \$300,000-\$350,000 (50,000sf @ \$6.00-\$7.00/sf).**
3. **Maintenance Equipment:** replacement of aging and outdated maintenance equipment. **NGF estimated cost = \$100,000 to \$120,000 (lump sum).**



4. **Maintenance Facility Enhancement:** The property's older and declining maintenance support buildings should be improved and modernized to provide better support to the golf operation, including improvements to roofs, electric and technology (internet) and restrooms would be helpful. **NGF estimated cost = \$45,000 to \$60,000 (based on 3,000sf @ \$15 to \$20/sf).**
5. **Tee Improvements / New Forward Tees:** Improvement of tee boxes on Hancock to include leveling, alignment and turf enhancement. A total of 30,000+/- sf of tees need to be enhanced. The unit price for this level of improvement is higher than other re-surfacing, or about \$2.00 to \$2.50 per square foot. **NGF estimated cost = \$60,000 to \$75,000 (30,000sf @ \$2-\$2.50/sf).**
6. **Clubhouse Enhancement:** The property's older golf service support building could be improved to take better advantage of the existing space and improve the flooring, ceilings/roof and restrooms. Costs are likely to be higher at this location given the existing conditions. **NGF estimated cost = \$50,000 to \$75,000 (Lump sum).**

<b>Hancock GC NGF Recommended Upgrades – by Type</b>			
<b>Initial Capital Investments</b>	<b>Inputs</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Irrigation Repairs	Lump Sum	\$150,000	\$200,000
Hancock GC Greens	50,000sf at \$6.00-\$7.00/sf	300,000	350,000
Maintenance Equipment	Lump Sum	100,000	120,000
Maintenance Facility Enhancement	3,000sf @ \$15-\$20/sf	45,000	60,000
Tee Improvements / New Tees	30,000sf @ \$2-\$2.50/sf	60,000	75,000
Clubhouse Repair (restrooms, pro shop, etc.)	Lump Sum	50,000	75,000
<b>Grand Total of Capital Projects</b>		<b>\$705,000</b>	<b>\$880,000</b>
<small>All figures are NGF Consulting estimates based on architect's input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Hancock, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; AC = Acre</small>			

## Facility Performance and Data Analysis

Hancock GC saw a decline in rounds in 2018 after two stronger years in 2016 and 2017. Overall, Hancock GC has generally been at or below 22,000+/- rounds per year, which is about average for 9-hole courses nationwide. Total revenue generated from golf has been around \$320,000 each of the last two years, with a recent peak of around \$362,000 in 2016 (also played 23,900 rounds). Total expenses to operate the facility are at a 'bare bones' minimum, but still came in at \$420,000 each of the last three years, an amount that is lower than NGF expectations for a 9-hole course (standard is around \$550,000).

The result is a 9-hole golf facility that has been losing around \$100,000+/- each year for the past three years, although losses on operations is common among 9-hole municipal golf courses. The City may find that the recent staff reduction and use of a self-pay kiosk may help to bring Hancock GC into balance, assuming revenue performance can be sustained. The recent economic performance suggests that Hancock GC will always be challenged to support an "enterprise" threshold. In many ways Hancock GC operates more like a City park, and thus should be operated as a taxpayer-supported "value" golf course with a primary function to provide low-cost golf and beginner programming, especially targeting youth participation (lessons, summer camps, high schools, etc.).

**Hancock GC  
Summary of Operations – 2013-2017**

	2015	2016	2017	2018	Avg '14-18
<b>Total Rounds</b>	<b>19,328</b>	<b>23,892</b>	<b>22,592</b>	<b>19,453</b>	<b>20,506</b>
<b>Revenue</b>					
Green Fees	\$165,840	\$253,053	\$214,414	\$241,300	\$218,652
Athletic Sales (Pro Shop)	25,771	39,608	39,766	26,001	\$32,787
Cart Fees	46,659	69,885	72,387	52,955	\$60,472
Admin / Other	124	(73)	24	0	\$19
<b>Total Revenue</b>	<b>\$238,394</b>	<b>\$362,473</b>	<b>\$326,591</b>	<b>\$320,256</b>	<b>\$311,929</b>
<b>Total Rev/Rnd</b>	<b>\$12.33</b>	<b>\$15.17</b>	<b>\$14.46</b>	<b>\$16.46</b>	<b>\$15.21</b>
<b>Direct Cost of Sales (COS)</b>					
Merchandise	\$7,059	\$14,186	\$18,663	\$2,044	\$10,488
<b>Gross Margin</b>	<b>\$231,335</b>	<b>\$348,287</b>	<b>\$307,928</b>	<b>\$318,212</b>	<b>\$301,441</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$208,739	\$195,131	\$202,344	\$208,633	\$203,712
Utilities	33,054	48,202	39,185	42,723	40,791
Supplies & Materials	15,618	29,747	20,630	9,470	18,866
Fleet + Transport	6,470	2,759	3,146	5,098	4,368
Services	4,570	1,366	2,711	2,564	2,803
Indirect / Inter Dept. Costs	0	0	0	7,049	1,762
Other	1,423	1,496	5,889	3,707	3,129
<b>Total Operating Expenses</b>	<b>\$269,874</b>	<b>\$278,701</b>	<b>\$273,905</b>	<b>\$279,244</b>	<b>\$275,431</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$102,913	\$119,008	\$130,632	\$116,527	\$117,270
Non-Labor Expense	16,830	19,202	25,081	26,860	21,993
<b>Total Pro Shop Expense</b>	<b>119,743</b>	<b>138,210</b>	<b>155,713</b>	<b>143,387</b>	<b>139,263</b>
<b>Total Facility Operating Expense</b>	<b>\$389,617</b>	<b>\$416,911</b>	<b>\$429,618</b>	<b>\$422,631</b>	<b>\$414,694</b>
<b>Operating Income (Loss)</b>	<b>(\$158,282)</b>	<b>(\$68,624)</b>	<b>(\$121,690)</b>	<b>(\$104,419)</b>	<b>(\$113,254)</b>

Source: City of Austin Golf Division. \*Expenditures include encumbered amounts and may vary slightly from actual outcome for 2016-2018. These encumbered amounts will have a slight impact to forecast years as well.

## Hancock GC – Considerations for Property Reconfiguration

In considering the long-term sustainability of Hancock GC, a key challenge is providing the practice amenities (range, practice areas, etc.) that typically correspond with success in stand-alone 9-hole golf courses. The NGF's vision for long-term success at Hancock GC involves a program to convert the facility from a simple, "no-frills" 9-hole golf course to a more comprehensive golf learning center that would have broad appeal for beginners, intermediate players and highly skilled golfers. As the current configuration does not provide for this alternative, some adjustment in the physical layout of this facility will be required to provide the kind of golf practice center that would likely be a better fit for the property.

It is the understanding of NGF consultants that the City has entertained outside entities to present options for the renovation of the Hancock GC, and that at least one of these options includes a renovation of the facility to include the following elements:

- A full-length (260+ yards) driving range with a mix of natural grass and artificial turf hitting area
- Room on or near the range for dedicated golf teaching
- A large and modern practice chipping area
- At least one large practice green with high quality turf
- A short 9-hole par-3, or "pitch-and-putt" golf course with nine tees and nine greens
- Appropriate support amenities like a pro shop, modern restrooms, indoor teaching area and adequate parking

The inclusion of these elements would likely require a complete property reconfiguration, with a large part of the existing golf course no longer in use in its current configuration. The proposed new golf academy could also include features such as a double-ended practice range, covered and all-weather synthetic tee stations (+/- 20) and target greens in the range fairway. Some or all of this could be lighted for night use and possibly even heated for use in the winter. The NGF idea is for this to become a premier golf center attraction for Metro Austin.

From an operational standpoint, it is expected that this facility would be attractive enough to sell annual memberships. The new practice area could also host significant leagues and community events. A key part of the operation could also include a modern and appealing entertainment concept along with a state-of-the-art golf training facility. The shorter-length "practice" course would be a key catalyst for beginners, but can also be enjoyed by everyday golfers and highly skilled players. A golf learning center like this is also a key feature and facility requirement for a successful *First Tee* Program.

## Redevelopment Plan and Estimated Cost of Improvements

The estimated total cost to complete the proposed new golf academy upgrade could be considered separate from any previous cost estimates. It is also possible for the City to attract some form of private investment to complete the improvements in exchange for a long-term lease of the property (more later in this report). There may be some opportunity for the City to relax some of the service support building upgrades if a new range kiosk building were to be developed in support of the new driving range. The cost to complete this NGF vision will include cost to add a new range and range structure, add a new "practice course" and add other golf practice elements. The estimated total new investment is summarized below:

<b>Hancock GC</b>			
<b>Cost Estimate - Proposed Golf Academy / Driving Range Redevelopment</b>			
<b>Initial Capital Investments</b>	<b>Inputs</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Driving Range Upgrade (w/covering for 20 stations)	Lump Sum	\$600,000	\$700,000
Short Game Area	3 acres @ \$25-\$30,000/ac	\$75,000	\$90,000
Nine Par-3 Holes	9 @ \$50-\$75,000/hole	\$450,000	\$675,000
Range Support Kiosk	2,000sf @ \$50-\$75/sf	\$100,000	\$150,000
<b>Grand Total of Capital Projects</b>		<b>\$1,225,000</b>	<b>\$1,615,000</b>
All figures are NGF Consulting estimates based on architect's input.			

### Expected Changes to Economic Performance

The result of these changes will be the addition of new elements to add to the appeal of a beginner-friendly golf facility that will offer appropriate practice amenities for both beginners and higher-skilled players. The key changes to economic performance will come from additional ancillary revenue and the new driving range, which is expected to be a significant new revenue center from regular use and enhanced programming.

The changes at Hancock GC will be important and should add significantly to the golf facility offering within the City of Austin. Working in conjunction with other revitalization projects undertaken within Austin golf, the new features and amenities at MGC will create a real destination golf facility that will be sought out by all segments of golfers, including high skilled golfers, which is a key market for any golf course. As with the other City courses after rehabilitation, the operating and maintenance program will have to match the physical changes.

### Summary – Hancock GC

Hancock GC is the second of the older, historic golf properties in the Austin system that need to be better adapted to modern golfer tastes to be economically sustainable. Hancock GC is extremely well-located and can serve a great public purpose for the City as a catalyst to develop new golfers and generate renewed interest in the sport. If golf is to continue on this site, regardless of configuration, there are “mission-critical” infrastructure items that will have to be addressed, likely at great expense. Like its sister Lions GC property, Hancock is not a true “enterprise” operation and should be considered as a recreational amenity for the community for developing new golfers and providing active, physical recreation for Austin residents, especially juniors. As a General Fund operation, Hancock GC can become like other park uses that have lower cost recovery and do not have a profit or ‘break-even’ requirement. Other findings from NGF’s review of HGC:

- Hancock GC has great potential to be an outstanding and economically successful public golf venue. The property is extremely well located and is rich in history, but has limitations under its current 9-hole configuration. Successful golf facilities in other Cities with only 40-45 acres typically include extensive golf training elements like a driving range and practice venues to help stimulate activity. All of these elements are currently absent from the Hancock GC property.
- HGC has been producing a relatively steady level of rounds and revenue, but its performance is not sufficient to sustain even a modest level of operational and maintenance expense. In addition, the course is in declining condition with many antiquated features that will require upwards of \$700,000 to \$900,000 to repair and improve, and this enhancement is not likely to lead directly to increased revenue.

- In reviewing this facility, it is apparent to NGF that the City has three options when considering the future of Hancock GC. These include:
  - **Passive Park** – The City can cease golf at this location and convert the facility to a more passive park of open space. The City can retain the historic clubhouse and absorb all site maintenance expenses into the General Fund.
  - **Modify Hancock GC** – The City can invest the approximately \$1.2 to \$1.6 million required to transform the facility into a modern golf learning center, and continue to operate the facility with City staff. This change should include preservation of the historic clubhouse and a change to move the facility out of the Austin Golf Enterprise and into the General Fund where it can be supported by taxpayers while it serves a function to help grow golf in the City.
  - **Turnkey Redevelopment / Lease** – The City can enter into some type of incentivized agreement with a private entity to invest the money needed to transform the facility into a modern golf learning center, in exchange for some type of lease payment to the City. The program can include preservation of the historic clubhouse and replace the Hancock GC cost center with a revenue line in the golf enterprise budget. Any agreement with the private sector should require an extensive golf lesson and player development program as part of the new business plan for this site.
- HGC is at a crossroads as much of the amenities and support services are past their realistic useful life and in need of repair and upgrade. While this is a challenge for the future of the facility, it also provides the City an opportunity to re-think the entire property, its place in the City Golf Enterprise, and whether it this facility can be transformed into a place of golf training and education, so as to help all the other facilities in the system and golf in Austin overall. With a complete transformation of the property, the City may be able to address two problems – improving the economics of the Hancock GC site and supporting growth in golf, all while retaining the historic nature of the property.

## ANALYSIS OF GREY ROCK GOLF COURSE

Grey Rock Golf Club (“GRGC”) is the premier 18-hole golf facility in the Golf ATX system, located in the growing southwestern suburbs of Austin. The facility is unique in the City of Austin system in both its facility offering and operation. Grey Rock is a not part of the original City municipal golf system and is a former private golf club that was acquired by the City as part of an effort to preserve open space and property values within the master-planned Grey Rock community. Grey Rock is also unique in that it is operated via contract with a professional golf management entity known as Touchstone Golf, a company with an outstanding reputation for golf operations. At present, Grey Rock is operated like a “semi-private” golf club, with both daily fee players and members, and the vast majority of members are residents of the adjacent community. The City is also accounting for Grey Rock differently, as only the net income to the City is included in the City’s golf enterprise. As a result, the gross revenue and operating expenses are not directly part of the City of Austin Golf Enterprise.

Given this unique status in the system, the NGF has completed a more cursory review of the facility, its operation and capital needs. The NGF team found Grey Rock to be well operated by a reputable golf management firm, and found no obvious deficiencies in the operation to warrant a more comprehensive examination of the details in the operation. Instead, the NGF has focused on key areas related to City decision-making, presenting our findings on the market environment, physical condition and long-term potential of Grey Rock over the next several years.

In summary, the NGF team found a good quality 18-hole golf facility with a package of amenities that more closely resemble a private country club as opposed to a municipal golf course. The course is very playable and visually appealing, and all facilities and amenities are in generally good condition. The golf course offers a good challenge for seasoned players, and has more appeal for tournaments and outings. Although in good condition, there are some deficiencies that could be addressed to help improve the operation, including updating or expanding the clubhouse, improving (or replacing) the greens, enhancing drainage, improving on-course services and adding new forward tees.

### Location, Access and Surrounding Elements

GRGC is located in the growing and upscale suburb southwest of Austin. The facility is located just off Highway 45, about 1.5 miles west of the S. Mopac Expressway (Highway 1), about 11.5 miles from downtown Austin. Grey Rock includes elements on both sides of Highway 45, and despite its connection to an adjacent residential community, the golf course actually has only minor direct frontage from homesites. The golf course is easily accessible from Highway 45, but signage to the golf course parking area could be improved to make the course easier for golfers to find. This area in of south Austin is proximate to a growing network of roadways leading in and out of the suburban neighborhoods that surround the golf course, making Grey Rock potentially appealing to a wide area. The implication for the golf course is that the golfer market could be expanded, and GRGC could have a larger regional impact. Grey Rock has about 105+/- permanent parking spaces, plus additional parking in un-paved areas that bring the total to higher than 144 total spaces.

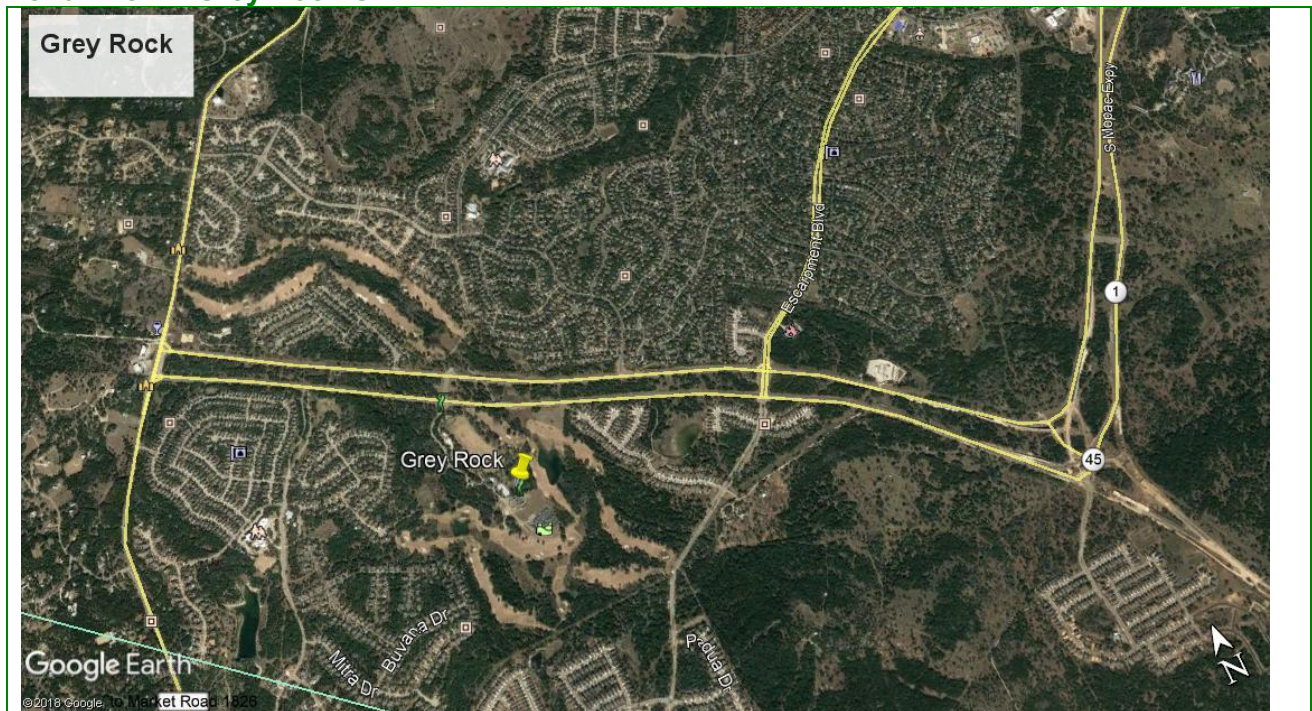
### Site Positives

- **Location:** The positive aspect of the GRGC location is the proximity to several key elements that can add economic support to the golf course, including dense, golfer-rich suburbs and convenient access to I-35.
- **Aesthetics:** The location also provides for outstanding views with minimal housing or any structures visible from the golf course.

## Site Negatives

- **Property Configuration:** The configuration of the golf course creates two key deficiencies that must be overcome in the operation:
  - a. The course is divided by Highway 45 with the clubhouse, practice amenities and 11 holes on the south side of the highway and eight holes on the north side, all connected via cart path under the highway. Staff reports that this pathway can become flooded to the point where parts of the golf course became inaccessible.
  - b. The first hole is not convenient to the clubhouse, making oversight of the golf operation more problematic. Control of the first tee is important in properly managing access and player flow, so this presents a challenge to the operator.

## Aerial View – Grey Rock GC



Google Earth image showing GRGC and direct surrounding elements. The course outline is difficult to identify as the course winds through adjacent property and is on both sides of Highway 45. The view shows only modest direct frontage from homesites in the adjacent Meridian (and other) community.

## Summary of NGF Findings on Grey Rock GC

Grey Rock represents a high-quality public golf facility that is both aesthetically appealing and playable for all golfer skill levels. The golf facility includes a mix of amenities that correlates well with economic success in public golf, including high quality practice facilities, a nice clubhouse and some outdoor space to accommodate tournaments. In addition, GRGC is home to a large group of about 300+/- golf members who play about 40% of rounds at the facility. While Grey Rock is not a primary focus of the NGF review in 2019, our team did observe some deficiencies in the facility that, if corrected, could lead to improved marketability and increased revenue. A summary of key NGF findings on Grey Rock includes:

### Operational Issues

The Grey Rock GC operation has two key characteristics that make it unique among the City of Austin golf system, including:

- **Management Contract** – Grey Rock is operated via contract with Touchstone golf while the other four facilities are self-operated by the City. As a result, the City is not responsible for the day-to-day operation and finances of the facility, but is able to collect about \$275,000 in net income from Grey Rock as per the agreement (City remains at risk for operating losses). Grey Rock has a separate bank account from the other facilities and is not subject to City procurement rules. However, Grey Rock is operated more like a private club than the other facilities, generating a large share of activity and income from the sale of memberships and member spending.
- **Members vs Daily Fee** – As Grey Rock has a large number of golf members, making the club available for non-member (daily fee) play can be a challenge. Managing this balance can be a challenge for operators, especially in accommodating the potentially lucrative tournament and outing market.

### Golf Course

Grey Rock is a high quality 18-hole golf course with modern design and challenging features. The large separation from the clubhouse and long stretches between holes make this a very difficult course to walk and thus most all rounds are cart included. Other NGF observations:

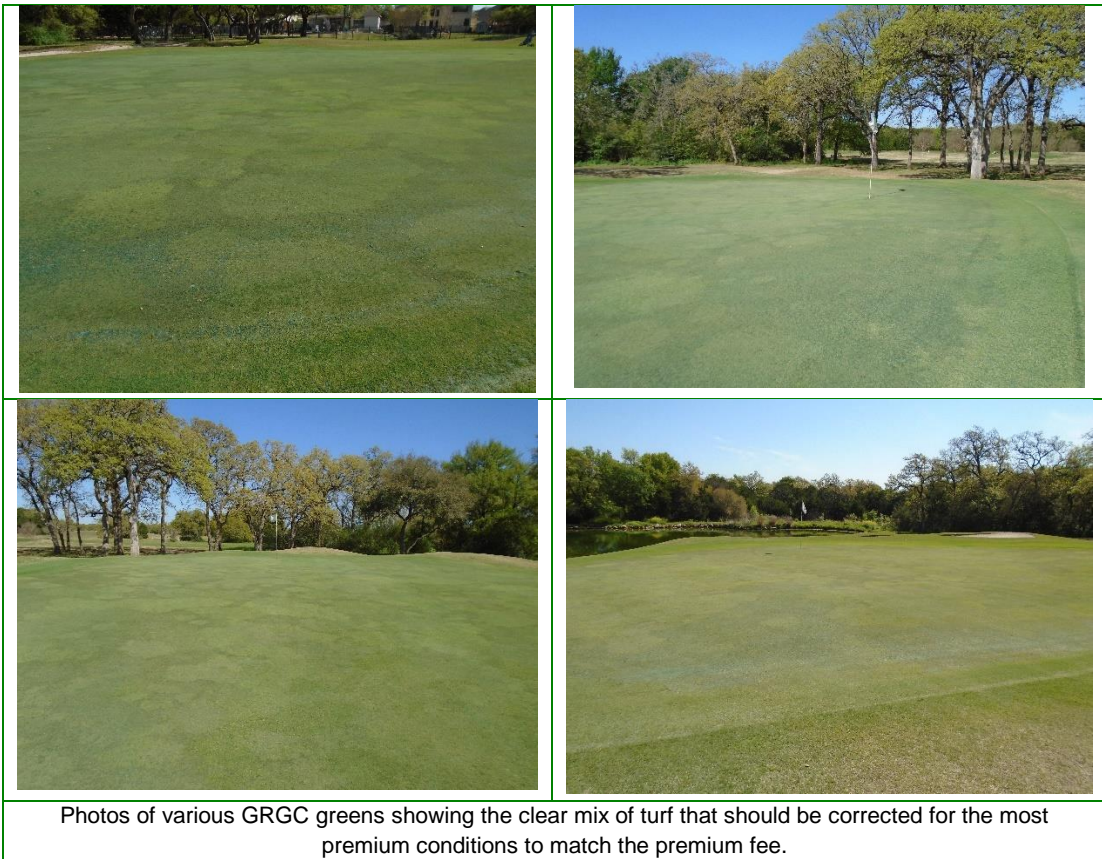
- Grey Rock plays 6,909 yards from its longest tee and to a par of 72. The course has a USGA slope rating of 139 from its back tee, which represents that the golf course is significantly harder than the 'standard' slope of 117, and harder than the 130+/- slope that would be needed to be a "competition" golf course. GRGC has two intermediate tees (Blue and White) at 6,378 yards and 5,732 yards, with slope ratings at 132 and 127 respectively.
- The most forward tee on the course is 5,215 yards, above the NGF-recommended distance of under 4,800 total yards in length for a forward tee course. This forward tee placement could limit the appeal of the course to less skilled golfer segments.
- The Grey Rock has many design features commonly associated with high quality golf, but the lack of convenience for the first hole presents challenges. Grey Rock staff reports use of a cart shuttle to transport golfers to the first tee.
- Many of the features of the course are in outstanding condition, but some new investment in key infrastructure will be required the coming years to stay ahead of the competition. Of particular concern are the condition of the greens and specific areas of poor drainage. Both of these issues have the potential to impact the volume of rounds and revenue potential.



### Existing Conditions Review

The general condition of Grey Rock GC is reflective of the relative newness of the facility and modern design features and infrastructure. As such, the NGF has observed only a few areas of concern for the future of the property that will need to be addressed if Grey Rock GC is reach its full potential in members, rounds and total revenue:

- **Greens:** The greens are an older TifDwarf variety and show signs of stress due to invasive turf and green size shrinkage. Staff indicates a desire to replace the greens with a more modern and hardier TifEagle that is presently used on one of the two practice greens with great success. Improvement of the green sub-surface will also be required to improve drainage and the long-term health of the greens. This will improve the putting surfaces and bring the facility to a higher level of golfer satisfaction.



- **Drainage:** GRGC has several locations where extreme rain events can cause flooding and make parts of the golf course unusable or even inaccessible. The course is also a low point for much of the local area's natural drainage. Of specific note was holes #1 and #10 that can be in accessible after heavy rain, essentially forcing closure of the course. Hole #15 was also noted as a location vulnerable to flooding. Any improvement to the drainage in these areas will help enhance the course's capacity and allow for more rounds to be played after rain events.
- **Irrigation:** The course uses collected runoff and rainwater for irrigation. Staff reports capacity of the system is at 400,000 gallons/fay, which is 50% of the amount needed to properly irrigate during dry periods. Some update of the system to enhance capacity would be beneficial to the facility.
- **Tees:** Tee boxes need improvement in turf condition, size and levelling to accommodate player expectations and the current volume of play.

- On-Course Services:** On-course services at GRGC do not match the overall offering and facility segment. Restrooms are supplied via portable facilities that are reported to cost \$40,000 and require regular servicing at a cost to the City of about \$400/month. Drinking water is provided by re-fillable plastic jugs/coolers that have fallen out of favor at higher-end courses. Improvements in these areas will help the facility provide services more in keeping with an upper-end public golf course.



Photos showing a sample of on-course services at GRGC.

### Clubhouse

- Clubhouse:** Grey Rock GC includes a 6,500sf clubhouse with a pro shop and small snack bar area, plus additional outdoor covered space. This facility is relatively small for the type of facility, and space can be limited for larger golf events and tournaments. Of particular note is the small kitchen and lack of ability to accommodate larger groups. Staff reports increased interest in the facility as a potential party (wedding) destination, although space may be too limited to effectively compete in this segment. In all, the clubhouse at Grey Rock GC is functional and provides a basic level of support for a public golf course, but is not large enough to provide the service needed to attract larger tournaments and outings and/or enhance non-golf revenue.



Photos showing the limited space available for F&B patrons and the very small kitchen area. Both are insufficient to service large events and tournaments that could exceed 140+ players, and which could be very popular at facilities like GRGC.

### Other Structures/Facilities/Amenities

- Maintenance Facility and Equipment:** The maintenance facility at GRGC appears to be adequate to service efficient daily maintenance operations, with only minor enhancements needed. The existing equipment is all owned by the City and appears up-to-date and adequate for daily maintenance operations.

- **Tennis Facilities:** GRGC operators and the City are responsible for all tennis amenities included at Grey Rock GC. This includes 8 tennis courts and a 2,000sf tennis support building. These facilities looked to be in excellent condition at the time of the NGF visit, but the consultants note that tennis court components (nets and court surface) tend to wear out rapidly and thus a regular 3-4-year replacement schedule should be observed.

### Grey Rock GC Capital Investment Considerations

The Grey Rock Golf Club could enhance its position as a premier public access facility in the southern Austin area golf market through a combination of experiential improvements for golfers and infrastructure updates. Although numerous items are referenced for repair / replacement in the long term, outlined below are the items that are recommended high priority capital expenditures that would improve the facility’s competitiveness in the market place and / or have a positive impact on long-term management practices and reduce operational costs:

1. **Grey Rock GC Greens** – Resurface greens without changing the sub-surface structure (no till) or irrigation profile. The changes would not be to USGA specifications. Costs include seed, fertilizer, sod and some improvement to erosion control. **NGF estimated cost = \$350,000-\$400,000 (100,000sf @ \$3.50-\$4.00/sf).**
2. **Drainage Enhancement:** Additional surface/subsurface drainage that is needed to improve overall facility condition. New drainage could include a new retention lake, a siphon system and/or additional 4”, 6”, 8” and 12” piping. **NGF estimated cost is to be determined, but likely not less than \$250,000 to \$300,000.**
3. **Tee Improvements / New Forward Tees:** Improvement of Grey Rock tee boxes include leveling, alignment and the addition of new forward tees. A total of 50,000+/- sf of tees need to be enhanced plus 20,000sf of new tees added. The unit price for this level of improvement is higher than other re-surfacing, or about \$2.00 to \$2.50 per square foot. **NGF estimated cost = \$140,000 to \$175,000 (70,000sf @ \$2-\$2.50/sf).**
4. **On-Course Services:** The course needs improvement to on-course restrooms and drinking stations. **NGF estimated cost = \$168,000 to \$252,000 (2 restrooms @ \$80,000 to \$120,000 each + 2 fountains + water line @ \$4,000 to \$6,000 each).**
5. **Clubhouse Expansion:** Expanding the clubhouse to incorporate the approximately 2,000sf patio area into the clubhouse (under air). **NGF estimated cost = \$250,000 to \$300,000 (based on 2,000sf @ \$125 to \$150/sf).**

Grey Rock GC NGF Recommended Upgrades – by Type			
Initial Capital Investments	Inputs	Low Estimate	High Estimate
Grey Rock GC Greens	100,000sf at \$3.50-\$4.00/sf	\$350,000	\$400,000
Drainage Enhancement	TBD – Rough estimate	250,000	300,000
Tee Improvements / New Tees	70,000sf @ \$2-\$2.50/sf	140,000	175,000
On-Course Services	Lump Sum	168,000	252,000
Clubhouse Expansion + upgrades	2,000sf @ \$125-\$150/sf	250,000	300,000
<b>Grand Total of Capital Projects</b>		<b>\$1,158,000</b>	<b>\$1,427,000</b>

All figures are NGF Consulting estimates based on architect’s input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Grey Rock, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; AC = Acre

## Grey Rock Recent Capital Upgrades

The capital investments made to Grey Rock include improvement to the pond on hole #13 hole in 2014, a bunker renovation (removed barrier netting and replaced sand) in 2016/17, and the conversion of the tent area to a permanent pavilion in 2015. A new putting green (10,000sf) was added to relieve pressure on putting area and test TifEagle Bermuda grass in preparation for a possible complete greens renovation using TifEagle.

## Facility Performance and Data Analysis

As noted, the GRGC operation is vastly different from the other City golf facilities, and has differences in accounting and reporting to the City. The table below provides a basic summary of GRGC performance over the last two years of operation (GRGC uses calendar year accounting):

<b>Grey Rock GC Summary of Operations – 2017-2018</b>		
	<b>2017</b>	<b>2018</b>
<b>Total Rounds</b>	<b>40,632</b>	<b>39,643</b>
<b>Revenue</b>		
Green Fees	\$458,398	\$463,244
Tournament Sales	208,017	204,649
Member Dues	733,535	746,282
Cart Fees	408,896	354,436
Range Sales	41,249	50,259
Merchandise Sales	177,587	169,346
Total F&B	315,621	319,718
Tennis Fees	593,946	585,946
Other	69,812	74,332
<b>Total Revenue</b>	<b>\$3,007,061</b>	<b>\$2,968,212</b>
<b>Total Rev/Rnd</b>	<b>\$74.01</b>	<b>\$74.87</b>
<b>Direct Cost of Sales (COS)</b>		
Merchandise	\$127,766	\$135,187
F&B	\$68,715	\$69,632
Tennis	\$19,828	\$22,830
<b>Total COS</b>	<b>\$216,309</b>	<b>\$227,649</b>
<b>Gross Margin</b>	<b>\$2,790,752</b>	<b>\$2,740,563</b>
<b>Operating Expenses</b>		
Total Payroll (Wages, taxes, etc.)	\$1,363,282	\$1,322,257
Tennis Expenses	250,981	278,993
Clubhouse Expenses	60,921	71,289
F&B Expenses	54,051	42,698
Maintenance Expenses	218,694	263,515
Marketing Expenses	42,326	43,982
Lease Expenses	73,252	35,027
G&A Expenses	208,180	234,113
Other	74,151	62,408
<b>Total Operating Expenses</b>	<b>\$2,345,838</b>	<b>\$2,354,282</b>
<b>Operating Income (Loss)</b>	<b>\$444,914</b>	<b>\$386,281</b>
Source: City of Austin		

## Summary – Grey Rock

Grey Rock represents a good quality public golf course in a growing location with dense, golfer-rich neighborhoods surrounding the property in southwest Austin. The site also has convenient access to area roadways making the facility accessible from a wide range for interested golfers. The facility's good-quality golf course and sound management project possibilities for a true jewel in the Golf ATX system, but some improvement is needed to maximize its potential. The basic mix of amenities offered at GRGC is marketable in the area, but the size of the clubhouse is not ideal and limits the appeal to larger events and tournaments. Other findings from NGF's review of Grey Rock:

- GRGC is the strongest revenue performer in the Golf ATX system, generating over \$2.9 million in revenue on only 39,600+/- rounds in 2018 (\$74.87 per round). Grey Rock is generating nearly three times the industry standard of \$1.0 million, and brings over \$275,000 to the City of Austin. Still, the NGF is of the opinion that total revenue could be even stronger with some improvements to the facility and enhanced tournament/outing business.
- The NGF has documented that the physical condition of GRGC is sound, but with a couple of deficiencies in condition of the greens and selected areas of problem drainage. The irrigation system at GRGC is currently functional, but overall volume is not sufficient on the driest days of the year. As such, a full irrigation replacement would help improve golf conditions, but would not lead to increased rounds or revenue and thus is not recommended. New City investment in greens and drainage improvements would go much further in leading directly to increased rounds and revenue.
- Another area of new investment that would likely lead to enhanced revenue is the expansion of indoor gathering / banquet space that could help the facility secure additional lucrative tournaments and outings. While likely to be expensive, this new banquet space could significantly change the revenue profile of GRGC, with both added golf and non-golf (weddings, parties, luncheons, etc.) revenue.
- The GRGC is a significant business operation with many working parts and specific nuances of operation, customer service and maintenance. It is clear that this facility will require the continued inclusion of a proficient operator with experience in managing and maintaining premium golf facilities with multiple revenue sources. While this is true under its current operating program, it will be especially true if the facility is to be expanded to include a large banquet hall operation.
- GRGC is very active with a large and engaged membership, which generates a significant proportion of activity and revenue. The presence of these active members tends to help produce strong income and off-set the smaller (but growing) daily fee demand segment. Despite membership, GRGC has retained a strong public purpose in its current operation, with a reported high volume of activity derived from juniors, schools, clubs and summer camps.
- The F & B operations at GRGC provide a nice complement to the facility and service to the non-golfing community. The volume of revenue derived from F & B operations is presently modest, and is limited in terms of meeting demand from non-golf patrons, due to space constraints (e.g., for larger banquets and other events). As this venue could become very important at GRGC, some investment in improving the physical condition of the existing clubhouse interior, kitchen and restrooms, in addition to expanding the space, should be a high priority for the City of Austin.

# NGF Recommendations for the City of Austin

Based on our evaluation of City golf courses and the analysis of the local market, NGF has formulated a set of recommendations to help the City prepare a program for the future of the five City golf facilities. The goal of this phase is to help the City identify the physical plant and business plans that will elevate the patron experience, maximize the economic performance and provide the possibility of long-term sustainability of the golf system. The objective of NGF recommendations is to provide the City with a strategic vision for the future operation of the golf facilities, inclusive of operating program and the defined mix and quality of amenities to be offered. NGF Consulting has prepared a schedule of specific recommendations to be considered by the City. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; (3) operational insights; and (4) consideration of changes to the overall mix of golf facilities.

## BASIC OVERSIGHT AND STRUCTURE

The City of Austin has chosen to operate its five golf courses with a mixed structure of self-operating its primary four facilities (Lions, Morris Williams, Clay-Kizer and Hancock), and a management agreement and separate accounting for Grey Rock GC. The food and beverage operations at all five facilities are supplied via concession contract. As noted previously, the structure in place is working well for the City, although the entire business risk in the golf system does lie with the City of Austin. Going forward, it is clear that no drastic change in operating structure is warranted as a way to improve the visitor experience and/or economic performance.

## Ideal Program for Multi-Facility Golf Operations in the Public Sector

There are several key issues that form the ideal for public sector agencies operating multiple golf courses. The first is to create the operation as one unified system of several facilities, operating together under unified oversight and within a defined structure. This would require a single entity to provide strategic vision, oversight and management authority, which is the ideal so as to allow the facilities to complement each other (rather than compete) and provide services to the widest possible market of customers. This includes cooperation in areas such as services offered, pricing, marketing and overflow support.

Another key component in multi-facility golf systems is internal segmentation. This is the idea that a single system can expand its offering to the widest market of customers by including a variety of golf courses, amenities and pricing across its several facilities. The ideal segmentation includes a “something for everyone” philosophy, where all customers, regardless of golf skill or experience, can feel as though there is something appropriate for them in at least one of the system’s golf facilities.

## Lions Municipal GC Lease

As documented by NGF, the City of Austin is leasing the Lions GC property from the University of Texas (UT) for about \$500,000 per year, which is expected to increase to at least \$600,000 per year beginning in 2020 and possibly as high as \$5.0 million per year. NGF experience and research shows that it is very uncommon for municipalities to lease property for a golf course given the tight operating financials of so many municipal golf courses. **In the case of Lions Muni, the NGF firmly believes that no other private entity would assume this property lease for a golf course because of the economics of the facility.** Specifically, the cash flows of Lions do not support a large lease payment – or any lease payment for that matter.

The lease payment the City pays for the Lions property is also well above any reasonable industry standard for public golf facilities, where operating leases in excess of 10% of gross revenue is uncommon (subject to other factors, such as level of required lessee-funded capital improvements). The Lions lease - which had an effective rent percentage of about 31% in FY18 - would have no takers on the open market if the property can be used only for golf, and is **unsustainable for the City of Austin Golf Enterprise Fund**. Even if the lease payment was nominal, the Lions GC asset continues to depreciate, and the significant amount of deferred maintenance and capital needed to improve the facility would instead go to covering a property lease payment. A successful and healthy public golf course should have any positive net operating income spent on improving the facility, rather than paying an exorbitant annual lease payment.

## Management Options Available to the City of Austin

While it appears that the current operating structure in place for City golf courses is appropriate for Austin, some consideration can be given to alternate forms of operation that are available in public sector golf. These include operating concepts that involve direct City control, an independent or third-party control, or some combination of the two to be divided among the City's five facilities. NGF provides a summary review of these options along with pros and cons of each option.

### Direct City Operation

The options for any municipal agency to consider that provide direct oversight by the City include three concepts that are basically in place currently at Austin City golf courses. The primary four facilities involve direct self-operation with all City employees, the Grey Rock facility is operated via management contract and F&B services are provided via concession agreement. These options for direct City control are appropriate in Austin due to the City's commitment to fund all improvements at the golf courses directly, either through appropriations, debt or some combination. Direct City operation will allow the City to benefit from its own investments, but also requires the City to retain all of the operating and financial risk in the golf system. The oversight options providing for direct City control of golf operations include (ranging from the most to least control of the system):

1. **Full Self-Operation.** This is the "status quo" for the City's four primary facilities, with the exception of F&B service. All employees needed to manage, maintain and operate the golf courses are employees of the City of Austin. A key challenge in this option is finding and retaining qualified personnel, especially in top management positions such as manager and superintendent. The advantage to this structure is direct City control of the operation for maximum benefit to the City, while the disadvantage is mostly economic, as the City must absorb the economic risks associated with the operation.
2. **Concession Agreements:** This concept was in place at some City golf courses in previous years when pro shop operations were run through separate golf professional concession agreements. By the middle of the current decade, these agreements were eliminated by the City and only F&B concessions remain in place. The advantage to using concessions is the system allowed the City to shift some risk and payroll to a private entity in F&B and pro shop operations. The disadvantage was some loss of control and finding and retaining qualified personnel to operate and manage the pro shop and F&B services at lesser-performing facilities like Hancock GC.

- 3. Full-Service Management Contract.** This is the structure the City has decided to use at its most recently acquired facility – Grey Rock. This is a common contracting structure and usually in compliance with IRS regulations related to tax-exempt bond financing. Under this option, the City has hired a private third-party to manage the facility, but the City still owns all revenues and is responsible for all expenses, **plus a management fee** paid to the operator. Some advantages to this strategy include the contractor's not being subject to certain City requirements like procurement and City employee wage minimums (although not permanent). The main disadvantages are some loss of City control, the fixed fee for service (regardless of performance) and the City remaining responsible for all capital investment and upgrades.

It is clear that golf management and maintenance expertise will be required for the continued operation of the City golf courses under any plan put forth by the City. In addition, the ability to manage a program of extensive leagues, tournaments and player development initiatives will be required for City golf courses as well. The option of expanding the role of the private management company in place at Grey Rock could be considered by the City, but some of the advantages to this option have already expired.

Ordinarily, a key benefit (aside, of course, from gaining the overall expertise of the management company) of converting from self-operation using public employees to hiring a management company is the substantial savings associated with the private pay/benefit structure. Given recent changes to the City's living wage ordinance, any private-sector manager will have to abide by the minimum wage laws in any new agreement.

### **Operating Lease Option**

Another option for the City is to completely shift the economic risk in golf to a third-party in the form of a full operating lease of one or more of the golf facilities in exchange for an annual (or monthly / quarterly) lease payment. The lease could be established to include certain requirements, including capital investment in facility improvements, maintenance standards and/or restrictions on green fees. The advantage of this option is a total privatization of the golf operation, assuming a lease partner can be found, and the theoretical shifting of economic risk away from the City and onto the private operator. The key disadvantage is the nearly complete loss of City control on not just the operation, but likely policies, procedures and fees as well.

While an outright lease of the entire Austin golf system does not make sense to NGF given the recently established \$4.0 million commitment in facility upgrades, a lease of one individual property might make sense, with Hancock GC as the most viable option. An outright lease of Hancock GC would enable the City to oversee a comprehensive re-imagining of the facility into the golf learning center concept described earlier in this report. This concept was determined to be a strong fit for the Hancock property, but includes a price tag of as much as \$1.6 million to complete. Given this high price tag and the City's financial commitments targeted elsewhere in the system, the lease of Hancock GC begins to make more sense (more below).

The other courses are unlikely to fit in with a lease structure. Grey Rock is running efficiently and profitably under its current management agreement. The City has already invested in improvements at Morris Williams and is expecting to add resources to Clay-Kizer in the next few years. Lions GC is also an unlikely candidate, especially if any lease operator would have to absorb the \$500,000+ annual ground lease payment to UT that would be required. It is very unlikely that any lease operator would pay the City a comparable amount so as to cover the City's obligation to UT on a ground lease. As such, the NGF concludes that the only facility where a lease makes any sense is at Hancock GC, and it would be worthwhile for the City to explore this option in light of the existing operational losses and the significant of capital improvements that are needed at this location.



## NGF Recommendation

The NGF team recommends that Austin continue to operate the five-facility Golf ATX system directly under its present form of self-operation at Clay-Kizer, Morris Willems and Lions Municipal, the management contract operation at Grey Rock and a new ground lease with capital investment at Hancock GC. This structure will offer the City the greatest chance for success in the system while providing a new venue for golf player development and maintaining a level of City control so as to maximize the implementation of the program elements that will be required for the City to succeed in golf. Other key modifications NGF recommends to the City of Austin golf system include:

- **Move Lions GC out of the Golf Enterprise Fund and place it in the General Fund, or at least move the Lions ground lease payment to the General Fund.** Given its large ground lease, Lions is not a true enterprise operation and it is not realistic for the City to expect any public golf operation to cover the \$500,000-\$600,000 annual ground lease. Rather, the Lions GC should be considered as a “recreational amenity” for Austin residents. As a General Fund operation, Lions GC can become like other park uses that lower cost recovery and do not have a profit or ‘break-even’ requirement.
- Improve marketing and direct selling, focusing on drawing additional non-league players and Austin visitors to City golf courses, and increased emphasis on new player development at all facilities, especially a potentially reimaged Hancock GC (more detail on marketing in operational recommendations below).
- Invest in facility improvements and begin planning for the funding of needed capital improvements. This plan should be funded outside of net golf income, as this revenue will likely never be sufficient to provide the updated facilities that are needed to compete effectively for expanded markets (more below).

## SPECIFIC PHYSICAL RECOMMENDATIONS

The NGF recommendations for enhancement to the physical plant of the five City golf facilities considers specific improvements that can be made to each facility to enhance performance, as well as addressing some of the “mission critical” aspects of aging operations at Lions Municipal GC and Hancock GC. The NGF vision for the future of the Austin City golf courses considers the most ideal physical condition of each facility so as to maximize the potential economic performance.

The physical changes considered for the City golf courses also must reflect other ideals noted previously, such as internal segmentation, future sustainability of selected locations (most notably Lions and Hancock), as well as the overriding community service and player development aspect of City golf facilities. The NGF also recommends that in completing these enhancements the City retain the services of an experienced golf course architect, preferably with experience working with golf courses in the Austin area.

## Completion of Basic Repairs

The NGF has proposed an improvement program for the five golf facilities that assumes completion of basic repairs and other enhancements as documented previously. A summary of these improvements by facility is presented in the table below:

**City of Austin Golf Courses  
Summary of Preliminary Golf Facility Repair and Enhancements by Facility**

Facility	Key Projects	Low Estimate	High Estimate
Clay-Kizer GC	JC irrigation, RK greens, clubhouse repair, RK pump station, tees	\$1,630,000	\$1,890,000
Morris Williams GC	Greens, tees, bunkers, range	580,000	703,000
Grey Rock GC	Greens, drainage, tees, on-course services, CH expansion	1,158,000	1,427,000
<b>Total Base Improvements</b>		<b>\$3,368,000</b>	<b>\$4,020,000</b>
<b>Other Projects (TBD - Pending Future Site Considerations)</b>			
Lions Municipal GC	Comprehensive renovation (greens, tees, turf, paths, features, clubhouse, maint. Fac. + equip)	\$2,340,000	\$3,060,000
Hancock GC (Base Improvement)	Comprehensive renovation (greens, tees, maint. Fac. + equip)	705,000	880,000
<b>Sub-Total LMGC + HGC</b>		<b>\$3,045,000</b>	<b>\$3,940,000</b>
<b>Total Estimated City-Wide Capital Investment</b>		<b>\$6,413,000</b>	<b>\$7,960,000</b>

All figures are NGF Consulting estimates based on architect input and other similar projects completed in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for the City, and the City of Austin should engage appropriate research to cost out specific projects.

**Review of Improvement Schedule and Investment by Project Type**

A summary of all projects detailed in this report organized by project type (including LMGC and HGC projects subject to long-term site considerations) is shown in the table below:

**City of Austin Golf Courses  
Summary of Recommended Enhancements by Project Type**

Initial Capital Investments	Inputs	Low Estimate	High Estimate
Greens Repair / Re-surface (No Till)	RK, MW, GR - 315,000sf at \$3.50-\$4.00/sf	\$1,100,000	\$1,260,000
Greens Reconstruction (USGA)	Lions + Hancock 150,000sf @ \$6-\$7/sf	900,000	1,050,000
Jimmy Clay Irrigation Replacement	Lump Sum	900,000	1,000,000
Irrigation Repairs + Pump Station	Kizer, HGC - Lump Sum	170,000	230,000
Tee Improvements / New Tees	All courses - 370,000sf @ \$2-\$2.50/sf	740,000	925,000
Overall Turf Enhancement	100 AC @ \$40-\$60 per AC @ Lions GC	400,000	600,000
Drainage Enhancement	TBD - Rough Estimate @ Grey Rock	250,000	300,000
Maintenance Facility Enhancement	9,000sf @ \$15-\$20/sf @ LMGC + HGC	135,000	180,000
Maintenance Equipment	Lump Sum @ LMGC + HGC	300,000	360,000
Clubhouse Repair (restrooms, pro shop, etc.)	Lump Sum @ CKGC, LMGC + HGC	250,000	375,000
Clubhouse Expansion & Upgrades	2,000sf @ \$125-\$130/sf @ Grey Rock	250,000	300,000
Cart Paths / Bridges	20,000lf @ \$18-\$20/lf @ Lions	360,000	400,000
Features Improvement	Lump Sum @ Lions	400,000	600,000
On Course Services	Lump Sum @ Grey Rock	168,000	252,000
Bunkers	13 @ Morris Williams \$5,00-\$6,000/bunker	65,000	78,000
Driving Range Improvements	Lump Sum @ Morris Williams	25,000	50,000
<b>Grand Total of Capital Projects</b>		<b>\$6,413,000</b>	<b>\$7,960,000</b>

All figures are NGF Consulting estimates based on architect input.

## Internal Segmentation

One of the overriding issues noted by NGF is internal segmentation, and the importance of multi-facility golf systems working together to broaden appeal and minimize internal competition. The preliminary NGF vision for Austin golf is noted below:

- **Grey Rock GC** – Grey Rock will be operated and marketed as the “premier” facility in the City system, with the highest fees and highest standard of service. The ancillary amenities should also be sufficient to appeal to golfers and non-golfers, and practice amenities should be appealing and help to get new players excited about golf.
- **Clay-Kizer** – Clay-Kizer should be positioned in the tier below Grey Rock, but higher than Morris Williams and Lions. The city should continue with internal differentiation with Kizer priced higher than Jimmy Clay. The ancillary amenities should also be sufficient to appeal to tournaments and outings, plus the highest quality practice amenities in the system.
- **Morris Williams and Lions GCs** – Morris Williams and Lions should offer a mid-fee golf experience, with both facilities priced in the lower-middle of the Austin public golf market. Some changes to add new forward tees for appeal to less-skilled golfers and beginners is recommended. These facilities should be heavily programmed and function along with Hancock GC as ideal “onboarding” facilities with focus on beginners and intermediates.
- **Hancock GC** – Hancock should be operated as a taxpayer-supported “value” golf course with new learning center amenities. The facility would be heavily programmed with focus on beginners, intermediates and youth golf (lessons, summer camps, high schools, etc.).

This will result in a golf system with “something for everyone,” from beginners to seasoned players and everyone in between. The most significant changes would occur at the two facilities with the most uncertain futures – Lions and Hancock GCs. If the City is committed to retaining golf at each of these locations, then changes to the physical condition of both is required, including a comprehensive transformation of Hancock GC into a new golf learning center / academy concept that would be a unique new venue for Austin golf. The resulting mix of amenities will help to foster all of the grow-the-game initiatives and provide first-rate facilities to support introductory programs and activities. This is the ideal for a multi-course public golf system.

## Hancock GC – Considerations for Property Reconfiguration

The NGF has previously identified a key to the long-term sustainability of Hancock GC is to provide the practice amenities (range, practice areas, etc.) that typically correlate with success at 9-hole golf courses. The NGF’s vision for long-term success at HGC involves converting the facility into a comprehensive golf learning center that would have broad appeal for beginners and intermediate players, as well as more serious golfers wishing to improve their game. As the current configuration does not provide for this alternative, some adjustment in the physical layout of this facility will be required to provide the kind of golf practice center that would likely be a better fit for the property. As presented earlier, the NGF envisions the ideal elements to be present at Hancock GC include:

- A full-length (260+ yards) driving range with a natural grass and artificial turf hitting areas
- Room on or near the range for dedicated golf teaching
- A large and modern practice chipping area
- At least one large practice green with high quality turf
- A short 9-hole par-3, or “pitch-and-putt” golf course with nine tees and nine greens
- Appropriate support amenities (pro shop, restrooms, indoor teaching, parking)

The inclusion of these elements will require a complete property reconfiguration, with a large part of the existing golf course no longer in use in its current configuration. The proposed new golf academy could also include features such as a double-ended practice range, covered and all-weather synthetic tee stations (+/- 20) and target greens in the range fairway. Some or all of this could be lighted for night use and possibly even heated for use in the winter. The NGF idea is for this to become a premier golf center attraction for Metro Austin.

**Redevelopment Plan and Estimated Cost of Improvements**

The estimated total cost to complete the proposed new golf academy upgrade should be considered separate from any previous cost estimates. We note the possibility that the City could attract a private entity to complete this investment on their own, in exchange for a long-term lease of the property. The NGF estimates the total cost of providing this new facility concept at Hancock GC would be between \$1.2 to \$1.6 million, and is summarized in the table below:

<b>Hancock GC</b>			
<b>Cost Estimate - Proposed Golf Academy / Driving Range Redevelopment</b>			
<b>Initial Capital Investments</b>	<b>Inputs</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Driving Range Upgrade (w/covering for 20 stations)	Lump Sum	\$600,000	\$700,000
Short Game Area	3 acres @ \$25-\$30,000/ac	\$75,000	\$90,000
Nine Par-3 Holes	9 @ \$50-\$75,000/hole	\$450,000	\$675,000
Range Support Kiosk	2,000sf @ \$50-\$75/sf	\$100,000	\$150,000
<b>Grand Total of Capital Projects</b>		<b>\$1,225,000</b>	<b>\$1,615,000</b>
All figures are NGF Consulting estimates based on architect's input.			

**Hancock GC Renovation – Lease Concept**

The City of Austin will have two basic options when it comes to a full renovation of Hancock GC – complete the changes through a City project (internal or contracted), or bring in an outside third-party to complete the renovation via some form of lease contract. If the City elects the second option, NGF expects that an RFP would be issued for the renovation and operation of Hancock GC, with specifications clearly identified relating to the desired elements of a transformed Hancock, such as driving range, short course, etc. The document would also clearly specify the City’s goals with respect to the facility, including the addition of elements and practice amenities that will appeal to multiple segments, from beginners to seasoned golfers, and delineate expectations regarding programming and onboarding of interested non-golfers.

The changes at Hancock GC will be important and should add significantly to the golf facility offering within the City of Austin. Working in conjunction with other revitalization projects undertaken within Austin golf, the new features and amenities at MGC will create a real destination golf facility that will be sought out by all segments of golfers, including high skilled golfers, which is a key market for any golf course. As with the other City courses after rehabilitation, the operating and maintenance program will have to match the physical changes.

Due to the large upfront investment that will be required of an operator, NGF has assumed that the City will abate the rent for at least the first few years of the agreement, which would need to be at least 20 years in length due to the large investment by the lessee. Rent payments after the abatement period are expected to be in the typical range of ±10% of facility gross operating revenue.

## OPERATIONAL RECOMMENDATIONS

In addition to the larger oversight and physical recommendations, NGF Consulting offers the following recommendations to help the City of Austin with some minor adjustments that can help the City improve its bottom-line performance of the golf system. In general, the NGF has found a very well-run system with no obvious deficiencies or major adjustments required to achieve maximum potential. It is understood that City golf facilities are operating in a competitive market with numerous golf courses trying to maximize rounds played and revenue.

In this review, NGF will not address details in the day-to-day operation of each facility. Rather, the NGF team has provided a broad overview of key issues in the operation of these golf facilities, comprising: (1) operating program; (2) Lions Municipal GC; (3) pricing; (4) marketing and technology; and (5) recommendations for increasing participation from less-traditional segments. It is hoped that review of NGF recommendations on these topics can provide the City a basic framework for the continued operation of the five Austin courses, even if the system is changed slightly as considered by NGF.

### Operating Program

The operating program to be in place at the City golf courses includes two key components, a golf operations program and the maintenance program. The operations program for the full Golf ATX system includes balancing regular-play golf customers, club members, leagues, 'destination' players and a golf learning center (if Hancock is so renovated). The maintenance program must be at a level so as to protect the investment in golf course quality and provide outstanding golf course conditions.

### Golf Operations

The key issue to review in the operation of golf facilities such as these, is the multiple business functions that will be operating simultaneously with each other and require oversight and expertise. The City golf courses will include:

- Destination-quality public golf
- Neighborhood golf
- Commercial driving range
- Extensive golf programming, lessons and golf schools (including *First Tee Austin*)
- Numerous golf leagues, golf events, tournaments and outings
- Restaurant / grill operations (operated via concession)

### Golf Course Maintenance

The NGF is recommending a high level of maintenance be sustained at all five City golf facilities. Proper golf course maintenance is a function of having adequate staff, materials and equipment in each location. At present, the NGF finds obstacles to sustaining high quality maintenance conditions at Lions Municipal and Hancock GCs. Both of these courses have aging maintenance facilities that provide only limited space for equipment storage and antiquated support infrastructure in areas such as plumbing, electric, HVAC and employee rest spaces. These facilities also have aging maintenance equipment that has not been upgraded in recent years, pending the ultimate determination of the future of these two properties. Improvement of these maintenance facilities and equipment will be necessary to sustain these two golf operations, and thus the ultimate City decision of whether to continue to provide golf at Hancock and Lions will depend on the willingness to invest in upgrading these facilities and providing new equipment.

## Recommended Fees / Pricing

NGF has offered preliminary recommendations for playing fees at the City's golf courses based on our market analysis, the expected golf experiences these facilities will bring to market after repairs and/or rehabilitation, and in consideration of current and expected local public golf market dynamics. Below are the key considerations for future fees at Austin golf courses. NGF is fully in favor of modest, but consistent, annual increases – as long as demand is not too elastic to sustain them - rather than larger one-time increases that are instituted less frequently.

### Key Recommendations

- With rounds holding relatively steady in 2018 despite a fee increase of \$5, Grey Rock appears to be appropriately priced; NGF recommends that any more near-term increases be nominal given the less-than-optimal condition of some greens.
- NGF also recommends that the first price break after prime time (City nomenclature is 'Sunset' - currently beginning at 2:30 pm) be reexamined for a possible earlier start to match market competitors, many of which offer the first break somewhere between noon and 1:30 pm. The City can analyze historical utilization rates at each facility to see if this earlier price break is warranted.
- NGF assumes that the City will continue to offer online discounts, mostly through third-party vendors like GolfNow.
- To further accomplish the goal of keeping golf affordable for City residents, NGF recommends that the City continue with its membership program. The City should consider raising the price of the senior membership category to a level that reflects a reduced, but still significant, discount off of regular Individual membership pricing.
- The City should adopt a program of yearly increases at an average rate of 1.5% to reflect inflationary fee increases.

## Marketing and Technology

Few things can positively affect rounds and revenue performance more than marketing. A marketing emphasis is critical to creating awareness, correcting misperceptions and increasing daily fee and tournament play. Strategies already in place in the Austin system include the creation of a clear brand image for the system ("Golf ATX"). The NGF recommends a total marketing/ advertising budget be at least one percent (1%) of total gross revenue, or about \$69,000 per year for the City courses. This budget can include the employment of staff that is dedicated to marketing the facilities and increasing rounds and revenue. Any advertising that is done at Austin golf courses should be tracked adequately to gauge its effectiveness.

Efforts to enhance golf activity at the City golf courses should include both advertising and branding under the "Golf ATX" brand, as well as direct selling. We note that many of these activities are ongoing at the time of the NGF review, but mostly in relation to operations at Grey Rock GC and less so at other City courses. Going forward, the NGF recommends marketing **all** of the City golf courses by: (1) maintaining or building loyalty and "wallet share" from existing regular-play golfers; (2) improving the messaging and reach to attract greater participation from Austin tourists and guests in the growing number of area hotels; (3) developing a comprehensive tournament and outings strategy that includes direct "face-to-face" marketing to potential target groups; and (4) developing an expanded strategy to attract regional golfers and visitors to the facilities. Strategies include: enhanced marketing via the Internet; direct selling, including cross-promotions and package deals with area lodging and other attractions; judicious use of other third-party tee-time providers, discount books, internet specials, etc.

## Market Positioning / Branding

Continued enhancement of City golf facilities represents an opportunity to brand the individual golf courses, as well as the collective “Golf ATX” system. Overarching messaging themes could focus on important concepts such as:

- Austin location
- Tradition – The history of golf (and African American golf) in Austin
- The Transformation (i.e., the improvements)
- Availability / accessibility / integration of the facilities to the surrounding communities
- The environmental commitment of the facilities as open space with efficient irrigation

## Direct Selling and Advertising

Activities related to direct selling that should be part of the City golf course marketing include:

- **Tournaments and Outings** – Some individual should directly market to tournament and outing prospects. NGF recognizes that there is competition in the market, and that larger tournaments are not easily accommodated at City golf courses. However, changes recommended will enhance the marketability of City courses for events and tournaments.
- **In-House Leagues** – The Golf Division has been active in cultivating, promoting and facilitating golf leagues, and encouraging participation and facilitating introductions for new players to join existing leagues at any Austin golf course (it can sometimes be difficult for new golfers to join existing clubs). Golf course managers should be active in soliciting new leagues.
- **Print / Brochure** - Printed ads can still be effective in golf, and the operator should create new printed fold-out pieces with specific focus for golf. The golf fold-out piece would be printed with the word “Golf” in the upper 1/3 of the front page – to stand out in racks. This piece should be distributed and placed in as many area visitor centers, hotels, and tourist attractions with information racks as is reasonable.
- **Public Relations** - PR announcements are free and can be effective. Make sure to send out press releases, particularly on details related to any completed upgrades or renovations at the courses. This is highly cost effective, and as additional improvements are made, the media should be invited back to see the changes.
- **Signage** - The signage for the City golf courses should be improved as is allowable by local guidelines. All City golf facilities would improve performance with new directional signs at key intersections leading to the courses and improved to the extent that is allowable. All signage for the golf courses can make it clear that the golf facility and all amenities are government-owned and “open and available to the public.”

## Employment of Technology

Technology is one of the most important tools available to a golf course management team, and its deployment is critical in golf operations in 2019 and beyond. Technology defines and guides the marketing strategy, helps to generate exposure and provides tools to manage a customer database, create customer loyalty and boost revenue. As the City courses continue to modernize, a key action will be to maximize the use of the existing point-of-sale (POS) system, providing access to tools for marketing initiatives and the Golf Division should maximize technology by:

- Using the POS system to identify specific customers and spending patterns to help maximize effective targeted email marketing campaign (i.e. data mining).

- Allowing for increased direct purchases from the online portal. Items such as gift cards and memberships purchased directly from the website would help grow revenue.
- Allowing for social media tools to be integrated into email marketing. This can be done automatically through delivery tools that automatically integrate to the leading social media forums, i.e. Facebook, Twitter, Instagram, etc.
- Developing a smartphone application that includes yardage guides and allows golfers to receive text alerts broadcast from the email system. The average person checks their cell phone 150 times per day. Having a mobile application facilitates connecting with the customer.

**E-mail** – E-mail databases are essential in today’s golf market place, as a means of staying in touch with the golfer customer base. E-mail marketing, with the exception of word-of-mouth and free advertising, is the most cost-effective advertising possible. At present, Golf Division reports collecting emails for a golf database, built through various methods such as memberships, resident card, online tee-time bookings and league rosters. Augmenting the database should be a top priority of management, so that dynamic pricing and other email marketing can be optimally implemented.

**Website and Internet** – We note that the Internet is the most cost-effective form of advertising in golf. There is a central website for the City’s five courses at <http://www.Austintexas.gov/golfatx>. This site is professionally designed and includes most all of the key features and user touches that NGF typically sees in successful golf facility websites. It is the NGF recommendation that Austin continue to improve and update the Golf website so it is always current and easily findable. The information included closely matches what NGF typically recommends for municipal golf websites, and includes links to book tee times, tournaments, range passes and memberships.

**Social Networking** - Social networking is the fastest growing marketing tool in golf and the Golf Division could become more active with Facebook and Twitter, which should be used to communicate “what’s going on” type of messages (who won a tournament, who had a hole-in-one, etc.). This tends to help build loyalty and repeat activity. For example, *YouTube* is the second most utilized search engine on the internet. The City golf courses could develop a presence, including informational videos of the facility and golf course, as well as activities such as league play, tournaments, & instruction.

### **Recommendations for Increased Participation from Less-Traditional Segments**

Increasing participation among less traditional golfer populations is generally about three groups – younger adults, women and minorities. We know that 50% of the population is female. We also know that about 29% of the Austin CBSA population is considered minority (higher in some local Austin golf sub-markets), and the median age in the local markets around Austin golf courses is younger than the nation as a whole. As a result, the future of public golf in Austin will be dependent on the ability of this golf system to engage and grow less traditional golfer segments.

### **Player Development**

We note that new player development will be one of the critical elements to the long-term viability of the City golf courses, and this should continue to be a point of emphasis at each facility. The City’s Golf Division has had success in building a lesson program despite limited resources and staff time. The NGF has documented that a critical element to the long-term viability of public golf courses is player development, especially a strong Junior Program, and it is important that these initiatives are continued, **especially if the City elects to develop a new golf learning center at Hancock GC.**



Also, because of today's difficult climate for golf operations, tapping latent demand among groups that traditionally have shown relatively low golf participation – such as women and minorities – is more important than ever. PGA data shows every new golfer developed could be worth as much as \$250 per year (10 rounds at \$25), and the common successful player development program produces at least 200 new golfers per facility. The City should encourage its PGA professionals to include new beginner programs that work, and how to properly implement and promote these programs (i.e. "Get Golf Ready," "Hook a Kid on Golf," "Drive Chip & Putt," "PGA Junior League," and LPGA's "Teaching Her" program). Other recommendations for player development programming include:

- Maximize the use of practice facilities at the City golf courses, even considering night use with existing and new light systems.
- Encourage and provide incentives for staff to provide golf lessons during off hours.
- Create programs to make older, used golf equipment always available free of charge for beginners, and possibly for other needy prospects via donation or at a discount.

**Increased Women's Participation** - This represents a major "industry best practice" and is recommended by NGF to every golf course we review. At present, women account for about 20% of golf participants, but 40% of beginners. There are many reasons why female golf participation is low, but increasing participation from women is one of the keys to maximizing revenue. The most common issues relate to golf course difficulty, retail selection, on-course services (restrooms, drinking fountains), food / beverage selection, and customer service.

### **Golf and the Millennial Generation**

In 2015, the NGF completed a comprehensive review of golf participation among the 18-35-year-old group known collectively as the "Millennial" generation. The NGF's study of millennials was in reply to a drop-in participation among this age group and a part of an industry effort to better understand golfing habits of young adults. What we discovered was that while this important segment of the population is more closely tethered to golf than most think, the commitment isn't what it was compared to previous generations when they were the same age. The NGF's "State of the Industry" report in 2019 stated clearly that **"We haven't lost the millennials, but we seem to be missing a big opportunity to attract more of them."** The NGF has confirmed that one out of every four golfers are a Millennial, and there are 12 million non-golfers among the generation that are "very or somewhat interested" in playing golf now. Overall, there are six million millennials playing 90 million rounds and spending \$5 billion on golf annually.

# Austin City Golf Courses - Preliminary Financial Projections

As part of this NGF Consulting study effort, the consultants have prepared an analysis to show the potential economic performance of the five City golf facilities under two possible future scenarios: (1) The City continues to operate the facilities “as-is,” with some new investment as already approved; and (2) Assuming significant change in the system with the closure of Lions GC and implementation of the proposed Hancock GC modification program. In this section, the City golf course system’s economic potential is evaluated and summarized, with estimates of individual facility and system-wide performance for the next five years of operation under both scenarios. All NGF projections are based on a set of assumptions that may or may not become reality. We feel that these projections represent the best effort to create a “fair estimate of performance” for these facilities based on our complete review of each Individual operation.

## PROJECTED ‘AS-IS’ PERFORMANCE – GOLF ATX COURSES (FY2019-FY2023)

NGF Consulting has created a cash flow model for each of the five Austin golf facilities, assuming continued operation with completion of the \$4.0 million enhancements already approved by the City of Austin. Each of the five facilities is reviewed separately, with a system summary provided for review with consideration of Grey Rock accounting as separate from the Golf Enterprise Division. The key system-wide assumptions that drive the NGF projections are outlined below, followed by more detailed assumptions for each individual facility. The most important NGF assumptions that apply to all facilities include:

### Basic Assumptions

- The overall economic condition remains stable, without any sizable increase or decrease in the greater Austin, area economy, employment, or visitation.
- Each City golf facility will continue with the presence of professional management and experienced golf maintenance staff in place. Expertise required for the City golf courses include a mix of destination golf and neighborhood golf proficiency.
- All NGF financial projections assume a “status quo” on Operating and Pro expense structures, along with a continuation of basic terms on F&B and Grey Rock agreements.
- Considering the proposed improvements, NGF has assumed that the physical condition of the City golf courses and all associated amenities will be maintained to the highest standards of public golf facilities in the greater Austin area. This includes the presence of qualified personnel and adequate staffing and resources.
- NGF has assumed a basic inflation factor of 1.5% for average revenue and 2.5% for all expense categories.
- The capital upgrade program approved by the City is expected to be completed over several years and according to the following schedule:

City of Austin Golf System Schedule of Improvements (FY2019-FY2023)					
Course Status	FY2019	FY2020	FY2021	FY2022	FY2023 +
<b>Roy Kizer</b>	Open as-is	Open 9 mos. / close May-July 2020	Open w/enhancement complete	Open	Open with all enhancements completed
<b>Jimmy Clay</b>	Open as-is	Open on 9 holes only for 7 months / irrig. Project Nov - May	Open w/enhancement complete	Open	
<b>Grey Rock</b>	Open as-is	Open as-is	Open 9 mos. / close May-July 2021	Open w/enhancement complete	
<b>Hancock GC</b>	Open as-is	Open as-is	Open as-is	Closed for Renovation*	
<b>Morris Williams**</b>	Open as-is	Open as-is	Open as-is	Open as-is	
<b>Lions Municipal</b>	Open as-is	Open as-is	Open as-is	Open as-is	
*If City elects to complete Hancock GC improvements (TBD). **MWGC will have other enhancements that do not require any down time of facilities.					

Another view of the project timeline anticipated for activity and revenue projections will impact Golf ATX for the next four years:

Austin City Golf Courses Projected Timeline of Improvements				
Schedule of Action Steps	FY2019	FY2020	FY2021	FY2022
<b>Project #1:</b> Master Plan for Austin Golf				
<b>Project #2:</b> Jimmy Clay Irrigation (5 months Nov. '19 to March '20)				
<b>Project #3:</b> Roy Kizer Greens (3 months May '20 to July '20)				
<b>Project #4:</b> Other Enhancements (CKGC, MWGC, GRGC)				
<b>Project #5:</b> Grey Rock Greens (3 months May '21 to July '21)				
<b>Project #6:</b> Hancock GC Golf Academy / Range (TBD – if City Project)				

- The marketing of the Austin golf courses is enhanced during and after upgrades, with emphasis on technology, website & email programs, and direct selling. All marketing activities will target both local and non-local golfers, plus golf events and tournaments.
- NGF has prepared financial projections based on blended average green + cart fees for the various categories of rounds at each location. The blended averages reflect the rate program presented earlier, and assume only modest change from current fees. The estimated blended average green fee for each individual facility is shown in the assumptions that follow.
- Average revenue for additional ancillary items such as merchandise, food, beverage, driving range and instruction has been projected. Upon re-opening with enhanced amenities, each location has projected average revenue based on the improved offering, and reflects expanded programs that would be included.

## Projected Performance - Clay-Kizer GC (FY2019-FY2023)

The NGF projection for Clay-Kizer GC is based on the assumption the City will complete improvements to Jimmy Clay irrigation and the Ro Kizer Greens in FY2020. It has been assumed that these projects will require some closure of each course, and would thus be staggered so as to provide at least one full 18-hole course is open at all times. The NGF has made the following additional assumptions for the projected CKGC performance over the next five years:

- The NGF projection for rounds activity at Clay-Kizer GC through 2023 is shown below. Rounds activity is based on historical activity at each course totaling 88-90,000+/- rounds per year, but with a continuation of the recent 2017-2018 decline as a basis for the FY2019 projection. NGF expects the irrigation and greens projects in 2020 to impact activity, but with strong recover to around 92,000+/- expected upon completion of all projects. Rounds projected by NGF for the next five-years:

Clay-Kizer GC Projected Rounds of Golf (FY2019-FY2023)					
	System As-Is FY2019	Projects at CKGC FY2020	Project at GRGC FY2021	All Renovations Completed	
				FY2022	FY2019
<b>Jimmy Clay</b>		cl. 5 mos			
Premium	16,000	12,000	18,000	18,000	18,000
Discount	18,000	12,000	18,000	18,000	18,000
Other	10,000	8,000	10,000	10,000	10,000
<b>Total Clay</b>	<b>44,000</b>	<b>32,000</b>	<b>46,000</b>	<b>46,000</b>	<b>46,000</b>
<b>Roy Kizer</b>		cl 3 mos			
Premium	22,000	17,000	22,000	22,000	22,000
Discount	14,000	13,000	16,000	16,000	16,000
Other	8,000	8,000	8,000	8,000	8,000
<b>Total Kizer</b>	<b>44,000</b>	<b>38,000</b>	<b>46,000</b>	<b>46,000</b>	<b>46,000</b>
<b>Total</b>	<b>88,000</b>	<b>70,000</b>	<b>92,000</b>	<b>92,000</b>	<b>92,000</b>

- Total average revenue per round is shown below, assuming increases after renovations are complete. The green + cart figures assume a blended realized-earned average per round, and are not fees. NGF has assumed a wide variety of rounds types, discounts and multi-play passes, all of which are considered in creating a blended average:

Clay-Kizer GC Projected Blended Average Revenue per Round* (FY2019-FY2023)					
	System As-Is FY2019	Projects at CKGC FY2020	Project at GRGC FY2021	All Renovations Completed	
<b>Blended Average per Round</b>				FY2022	FY2019
Clay Premium	\$21.00	\$21.32	\$24.00	\$24.36	\$24.73
Kizer Premium	\$29.50	\$29.94	\$33.00	\$33.50	\$34.00
Discount fees	\$18.00	\$18.27	\$20.00	\$20.30	\$20.60
other	\$14.00	\$14.21	\$14.50	\$14.72	\$14.94
Athletic SLS	\$2.95	\$2.99	\$3.04	\$3.08	\$3.13
Cart Fees	\$6.80	\$6.90	\$7.01	\$7.11	\$7.22
Driving Range	\$2.70	\$2.74	\$2.78	\$2.82	\$2.87
Food Concession	\$1.10	\$1.12	\$1.13	\$1.15	\$1.17

\*Blended average rates shown above are not projected green fees. The blended average includes allowance for various forms of discounting (Twilight, Frequent Flyer, Internet, etc.).

- Operating expenses for CKGC are based on historical patterns of staffing, materials and direct cost of sales. Overall, total operating expenses for CKGC are estimated at \$1.9 million in FY2019, plus an additional \$980,000 in Pro expenses, for a total operating expenditure of \$2.95 million for FY2019, growing at 2.5% annually to over \$3.25 million by 2023. This compared to \$2.86 million in actual total expenditure recorded for FY2018.
- Direct cost of merchandise sold is assumed at 70%, an amount that is slightly higher than historical at MWGC, but closer to the industry standard.

### Clay-Kizer GC – Pro Formal Analysis (FY2019-FY2023)

The full pro forma analysis of CKGC is shown below. We note that all figures have been rounded to the nearest \$100 for simplicity:

<b>Clay-Kizer Golf Course Summary of Operations – FY2019-FY2023</b>					
	<b>FY2019*</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Rounds</b>	<b>88,000</b>	<b>70,000</b>	<b>92,000</b>	<b>92,000</b>	<b>92,000</b>
Clay Green Fees	\$800,000	\$588,700	\$937,000	\$951,100	\$965,300
Kizer Green Fees	1,013,000	860,200	1,162,000	1,179,400	1,197,100
Athletic SLS	259,600	209,600	279,600	283,800	288,100
Cart Fees	598,400	483,100	644,500	654,200	664,000
Driving Range	237,600	191,800	255,900	259,700	263,600
Food Concession	96,800	78,200	104,300	105,800	107,400
<b>Total Revenue</b>	<b>\$3,005,400</b>	<b>\$2,411,600</b>	<b>\$3,383,300</b>	<b>\$3,434,000</b>	<b>\$3,485,500</b>
<b>Total Revenue/Round</b>	<b>\$34.15</b>	<b>\$34.45</b>	<b>\$36.78</b>	<b>\$37.33</b>	<b>\$37.89</b>
<b>Golf Revenue/Round</b>	<b>\$27.40</b>	<b>\$27.60</b>	<b>\$29.82</b>	<b>\$30.27</b>	<b>\$30.72</b>
Cost of Sales (Merchandise)	\$181,700	\$146,700	\$195,700	\$198,700	\$201,700
<b>Gross Margin</b>	<b>\$2,823,700</b>	<b>\$2,264,900</b>	<b>\$3,187,600</b>	<b>\$3,235,300</b>	<b>\$3,283,800</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$1,100,000	\$1,128,000	\$1,156,000	\$1,185,000	\$1,215,000
Utilities	575,000	589,000	604,000	619,000	634,000
Supplies & Materials	200,000	205,000	210,000	215,000	220,000
Fleet + Transport	40,000	41,000	42,000	43,000	44,000
Services	9,000	9,000	9,000	9,000	9,000
Indirect / Inter Dept. Costs	24,000	25,000	26,000	27,000	28,000
Other	22,000	23,000	24,000	25,000	26,000
<b>Total Operating Expenses</b>	<b>\$1,970,000</b>	<b>\$2,020,000</b>	<b>\$2,071,000</b>	<b>\$2,123,000</b>	<b>\$2,176,000</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$850,000	\$871,000	\$893,000	\$915,000	\$938,000
Non-Labor Expense	130,000	133,000	136,000	139,000	142,000
<b>Total Pro Shop Expense</b>	<b>\$980,000</b>	<b>\$1,004,000</b>	<b>\$1,029,000</b>	<b>\$1,054,000</b>	<b>\$1,080,000</b>
<b>Total Facility Operating Expense</b>	<b>\$2,950,000</b>	<b>\$3,024,000</b>	<b>\$3,100,000</b>	<b>\$3,177,000</b>	<b>\$3,256,000</b>
<b>Net Operating Income</b>	<b>(\$126,300)</b>	<b>(\$759,100)</b>	<b>\$87,600</b>	<b>\$58,300</b>	<b>\$27,800</b>

Source: NGF Consulting, Inc. – 2019. \*2019 performance based on projections derived from the actual Oct. – March performance (first 6 months of FY2019).

## Projected Performance – Morris Williams GC (FY2018-FY2023)

The NGF projection for Morris Williams GC is based on the assumption of continued operation throughout this period of time, with some investment in basic improvements at the facility, but none that would require any extended closure of the facility. The NGF has made the following additional assumptions for the projected MWGC performance:

- The NGF projection for rounds activity at Morris Williams GC through 2023 is shown below. Rounds activity is based on historical activity at MWGC of about 45,000+/- rounds per year, but with a continuation of the recent 2017-2018 decline as a basis for the FY2019 projection. NGF expects a large increase in 2020 and 2021 when greens and irrigation repairs occur at Clay-Kizer and Grey Rock GCs, then stabilizing at around 47,000+/- rounds by FY2022. Rounds projected by NGF for the next five-years:

<b>Morris Williams GC Projected Rounds of Golf (FY2019 – FY2023)</b>					
<b>Rounds</b>	System As-Is	Projects at	Project at	All Renovations Completed	
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Premium DF	19,000	21,000	21,000	21,000	21,000
Discount	12,000	17,000	17,000	14,000	14,000
Other	12,000	12,000	12,000	12,000	12,000
<b>Total</b>	<b>43,000</b>	<b>50,000</b>	<b>50,000</b>	<b>47,000</b>	<b>47,000</b>

- Total average revenue per round is shown in the table below. As noted previously, the green + cart figures assume a blended realized-earned average per round, do not reflect green fees and include a wide variety of rounds types, discounts and multi-play passes:

<b>Morris Williams GC Projected Blended Average Revenue per Round* (2019-2023)</b>					
<b>Blended Average per Round</b>	System As-Is	Projects at	Project at	All Renovations Completed	
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2019</b>
Premium	\$20.00	\$20.30	\$20.60	\$20.91	\$21.23
Discount	\$15.50	\$15.73	\$15.97	\$16.21	\$16.45
Other	\$13.00	\$13.20	\$13.39	\$13.59	\$13.80
Athletic SLS	\$2.25	\$2.28	\$2.32	\$2.35	\$2.39
Cart Fees	\$6.80	\$6.90	\$7.01	\$7.11	\$7.22
Driving Range	\$2.75	\$2.79	\$2.83	\$2.88	\$2.92
Food Concession	\$0.78	\$0.79	\$0.80	\$0.82	\$0.83

\*Blended average rates shown above are not projected green fees. The blended average includes allowance for various forms of discounting (Twilight, Members, 3<sup>rd</sup> party, etc.).

- Operating expenses for MWGC are based on historical patterns of staffing, materials and direct cost of sales. Overall, total operating expenses for Morris Williams GC are estimated at around \$830,000 in FY2019, plus an additional \$590,000 in Pro expenses, for a total operating expenditure estimated at \$1.42 million for FY2019, growing at 2.5% annually to over \$1.56 million by 2023. This compared to \$1.366 million in actual total expenditure recorded for FY2018.
- Direct cost of merchandise sold is assumed at 70%, an amount that is slightly higher than historical at MWGC, but closer to the industry standard.

### Morris Williams GC – Pro Formal Analysis (FY2019-FY2023)

The full pro forma analysis of MWGC is shown below. We note that all figures have been rounded to the nearest \$100 for simplicity:

<b>Morris Williams Golf Course Summary of Operations – FY2019-FY2023</b>					
	FY2019*	FY2020	FY2021	FY2022	FY2023
<b>Rounds</b>	<b>43,000</b>	<b>50,000</b>	<b>50,000</b>	<b>47,000</b>	<b>47,000</b>
<b>Revenue</b>					
Green Fees	\$722,000	\$852,100	\$864,900	\$829,200	\$841,700
Athletic SLS	96,800	114,200	115,900	110,600	112,200
Cart Fees	292,400	345,100	350,300	334,200	339,200
Driving Range	118,300	139,600	141,700	135,200	137,200
Food Concession	33,500	39,600	40,200	38,300	38,900
<b>Total Revenue</b>	<b>\$1,263,000</b>	<b>\$1,490,600</b>	<b>\$1,513,000</b>	<b>\$1,447,500</b>	<b>\$1,469,200</b>
<b>Total Revenue/Round</b>	\$29.37	\$29.81	\$30.26	\$30.80	\$31.26
<b>Golf Revenue/Round</b>	\$23.59	\$23.94	\$24.30	\$24.75	\$25.13
Cost of Sales (Merchandise)	\$67,800	\$79,900	\$81,100	\$77,400	\$78,500
<b>Gross Margin</b>	<b>\$1,195,200</b>	<b>\$1,410,700</b>	<b>\$1,431,900</b>	<b>\$1,370,100</b>	<b>\$1,390,700</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$525,000	\$538,000	\$551,000	\$565,000	\$579,000
Utilities	170,000	174,000	178,000	182,000	187,000
Supplies & Materials	95,000	97,000	99,000	101,000	104,000
Fleet + Transport	24,000	25,000	26,000	27,000	28,000
Indirect / Inter Dept. Costs	10,000	10,000	10,000	10,000	10,000
Other	6,000	6,000	6,000	6,000	6,000
<b>Total Operating Expenses</b>	<b>\$830,000</b>	<b>\$850,000</b>	<b>\$870,000</b>	<b>\$891,000</b>	<b>\$914,000</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$500,000	\$513,000	\$526,000	\$539,000	\$552,000
Non-Labor Expense	90,000	92,000	94,000	96,000	98,000
<b>Total Pro Shop Expense</b>	<b>\$590,000</b>	<b>\$605,000</b>	<b>\$620,000</b>	<b>\$635,000</b>	<b>\$650,000</b>
<b>Total Facility Operating Expense</b>	<b>\$1,420,000</b>	<b>\$1,455,000</b>	<b>\$1,490,000</b>	<b>\$1,526,000</b>	<b>\$1,564,000</b>
<b>Net Operating Income</b>	<b>(\$224,800)</b>	<b>(\$44,300)</b>	<b>(\$58,100)</b>	<b>(\$155,900)</b>	<b>(\$173,300)</b>
Source: NGF Consulting, Inc. – 2019					
*2019 performance based on projections derived from the actual Oct. – March performance (first 6 months of FY2019).					

## Projected Performance – Lions GC (FY2018-FY2023)

The NGF projection for Lions GC is based on the assumption of continued operation throughout this period of time, with only basic improvements to the facility. In this scenario, it is assumed the Lions GC would continue to operate despite its large lease payment, which could be supported by Austin taxpayers (absorbed into the General Fund) or retained by golf operations. The Key assumptions for the Lions GC projected performance over the next five years:

- The NGF projects rounds activity at Lions to decline over time, with a continued trend of lower-fee (discount, member, junior) rounds in the overall play mix. Rounds activity is expected to spike during the 2020-2021 period when greens and irrigation repairs occur at Clay-Kizer and Grey Rock GCs, then re-continue its general decline to around 46,000 rounds by 2023:

Lions GC Projected Rounds of Golf (Year 1 – Year 5)					
Rounds	System As-Is	Projects at	Project at	All Renovations Completed	
	FY2019	CKGC FY2020	GRGC FY2021	FY2022	FY2023
Premium DF	22,000	22,000	20,000	18,000	17,000
Discount	18,000	16,000	16,000	16,000	15,000
Other	12,000	12,000	14,000	14,000	14,000
<b>Total</b>	<b>52,000</b>	<b>50,000</b>	<b>50,000</b>	<b>48,000</b>	<b>46,000</b>

- Total average revenue per round is shown in the table below. As noted previously, the green + cart figures assume a blended realized-earned average per round, do not reflect green fees and include a wide variety of rounds types, discounts and multi-play passes:

Lions GC Projected Blended Average Revenue per Round* (2019-2023)					
Blended Average per Round	System As-Is	Projects at	Project at	All Renovations Completed	
	FY2019	CKGC FY2020	GRGC FY2021	FY2022	FY2019
Premium	\$22.50	\$22.84	\$23.18	\$23.53	\$23.88
Discount	\$15.50	\$15.73	\$15.97	\$16.21	\$16.45
Other	\$13.00	\$13.20	\$13.39	\$13.59	\$13.80
Athletic SLS	\$2.70	\$2.74	\$2.78	\$2.82	\$2.87
Cart Fees	\$7.25	\$7.36	\$7.47	\$7.58	\$7.69
Driving Range	\$2.00	\$2.03	\$2.06	\$2.09	\$2.12
Food Concession	\$1.25	\$1.27	\$1.29	\$1.31	\$1.33

\*Blended average rates shown above are not projected green fees. The blended average includes allowance for various forms of discounting (Twilight, Members, 3<sup>rd</sup> party, etc.).

- Operating expenses for LMGC are based on historical patterns of staffing, materials and direct cost of sales. Overall, total operating expenses for Lions GC are estimated at around \$636,000 in FY2019, plus an additional \$510,000 in Pro expenses, for a total operating expenditure estimated at \$1.146 million for FY2019, growing at 2.5% annually to over \$1.17 million by 2023. This compared to \$1.1 million in actual total expenditure recorded for FY2018.
- Direct cost of merchandise sold is assumed at 70%, an amount that is slightly higher than historical at LMGC, but closer to the industry standard.



### Lions Municipal GC – Pro Formal Analysis (FY2019-FY2023)

The full pro forma analysis of LMGC is shown below. We note that all figures have been rounded to the nearest \$100 for simplicity:

<b>Lions Municipal Golf Course Summary of Operations – FY2019-FY2023</b>					
	<b>FY2019*</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Rounds</b>	<b>52,000</b>	<b>50,000</b>	<b>50,000</b>	<b>48,000</b>	<b>46,000</b>
<b>Revenue</b>					
Green Fees	\$930,000	\$912,500	\$906,600	\$873,100	\$845,900
Athletic SLS	140,400	137,000	139,100	135,500	131,800
Cart Fees	377,000	367,900	373,500	363,900	354,000
Driving Range	104,000	101,500	103,000	100,400	97,600
Food Concession	65,000	63,400	64,400	62,700	61,000
<b>Total Revenue</b>	<b>\$1,616,400</b>	<b>\$1,582,300</b>	<b>\$1,586,600</b>	<b>\$1,535,600</b>	<b>\$1,490,300</b>
<b>Total Revenue/Round</b>	<b>\$31.08</b>	<b>\$31.65</b>	<b>\$31.73</b>	<b>\$31.99</b>	<b>\$32.40</b>
<b>Golf Revenue/Round</b>	<b>\$25.13</b>	<b>\$25.61</b>	<b>\$25.60</b>	<b>\$25.77</b>	<b>\$26.08</b>
Cost of Sales (Merchandise)	\$98,300	\$95,900	\$97,400	\$94,900	\$92,300
<b>Gross Margin</b>	<b>\$1,518,100</b>	<b>\$1,486,400</b>	<b>\$1,489,200</b>	<b>\$1,440,700</b>	<b>\$1,398,000</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$400,000	\$410,000	\$420,000	\$431,000	\$442,000
Utilities	100,000	103,000	106,000	109,000	112,000
Supplies & Materials	100,000	103,000	106,000	109,000	112,000
Fleet + Transport	17,000	17,000	17,000	17,000	17,000
Services	9,000	9,000	9,000	9,000	9,000
Indirect / Inter Dept. Costs	0	0	0	0	0
Other	10,000	10,000	10,000	10,000	10,000
<b>Total Operating Expenses</b>	<b>\$636,000</b>	<b>\$652,000</b>	<b>\$668,000</b>	<b>\$685,000</b>	<b>\$702,000</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$440,000	\$451,000	\$462,000	\$474,000	\$486,000
Non-Labor Expense	70,000	72,000	74,000	76,000	78,000
<b>Total Pro Shop Expense</b>	<b>\$510,000</b>	<b>\$523,000</b>	<b>\$536,000</b>	<b>\$550,000</b>	<b>\$564,000</b>
<b>Total Facility Operating Expense</b>	<b>\$1,146,000</b>	<b>\$1,175,000</b>	<b>\$1,204,000</b>	<b>\$1,235,000</b>	<b>\$1,266,000</b>
<b>Operating Income (Loss)</b>	<b>\$372,100</b>	<b>\$311,400</b>	<b>\$285,200</b>	<b>\$205,700</b>	<b>\$132,000</b>
Lions Lease	\$500,000	\$600,000	\$600,000	\$600,000	\$600,000
<b>Net Operating Income</b>	<b>(\$127,900)</b>	<b>(\$288,600)</b>	<b>(\$314,800)</b>	<b>(\$394,300)</b>	<b>(\$468,000)</b>
Source: NGF Consulting, Inc. – 2019					
*2019 performance based on projections derived from the actual Oct. – March performance (first 6 months of FY2019).					

## Projected Performance – Hancock GC (FY2018-FY2023)

As we have noted, Hancock GC represents the most challenged golf facility in the Austin system. The challenges are common with smaller 9-hole courses that traditionally struggle to earn the revenue needed to sustain operations, especially when practice amenities are limited as is the case with HGC. If the City is to continue 'as-is' with HGC, the NGF sees a continued general decline in activity coupled with an increase in operating expenses, leading to the estimated future performance presented below:

- The NGF projects a general decline in rounds activity at Hancock, falling from an estimated 18,000 in FY2019 to 16,000 by 2023.
- Total average revenue per round for the limited service offering at HGC is shown below. As noted previously, the green + cart figures assume a blended realized-earned average per round, do not reflect green fees and include a wide variety of rounds types, discounts and multi-play passes:

<b>Hancock GC</b>					
<b>Projected Blended Average Revenue per Round* (2019-2023)</b>					
	System As-Is	Projects at CKGC	Project at GRGC	All Renovations Completed	
<b>Blended Average per Round</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2019</b>
Green Fee	\$12.40	\$12.59	\$12.77	\$12.97	\$13.16
Athletic SLS	\$1.34	\$1.36	\$1.38	\$1.40	\$1.42
Cart Fees	\$2.75	\$2.79	\$2.83	\$2.88	\$2.92

\*Blended average rates shown above are not projected green fees. The blended average includes allowance for various forms of discounting (Twilight, Members, 3<sup>rd</sup> party, etc.).

- Operating expenses for HGC are based on historical patterns of staffing, materials and direct cost of sales, and reflect an extremely lean golf facility operation. The program to use a self-pay kiosk on weekdays to collect greens fees is assumed to continue. Total operating expenses for Hancock GC are estimated at \$288,000 in FY2019, plus an additional \$125,000 in Pro expenses, for a total operating expenditure estimated of \$413,000 for FY2019, growing at 2.5% annually to over \$455,000 by 2023. This compared to \$429,000 in actual total expenditure recorded for FY2018.
- Direct cost of merchandise sold is assumed at 33%, an amount that is reflective of the limited inventory of items available for sale in the HGC pro shop.

### Hancock GC – Pro Formal Analysis (FY2019-FY2023)

The full pro forma analysis of HGC is shown below. We note that all figures have been rounded to the nearest \$100 for simplicity:

<b>Hancock Golf Course Summary of Operations – FY2019-FY2023</b>					
	<b>FY2019*</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Rounds</b>	<b>18,000</b>	<b>17,000</b>	<b>16,500</b>	<b>16,000</b>	<b>16,000</b>
<b>Revenue</b>					
Green Fees	\$223,200	\$214,000	\$210,800	\$207,500	\$210,600
Athletic SLS	24,100	23,100	22,800	22,400	22,800
Cart Fees	49,500	47,500	46,700	46,000	46,700
<b>Total Revenue</b>	<b>\$296,800</b>	<b>\$284,600</b>	<b>\$280,300</b>	<b>\$275,900</b>	<b>\$280,100</b>
<b>Total Revenue/Round</b>	<b>\$16.49</b>	<b>\$16.74</b>	<b>\$16.99</b>	<b>\$17.24</b>	<b>\$17.51</b>
Cost of Sales (Merchandise)	\$8,000	\$7,600	\$7,500	\$7,400	\$7,500
<b>Gross Margin</b>	<b>\$288,800</b>	<b>\$277,000</b>	<b>\$272,800</b>	<b>\$268,500</b>	<b>\$272,600</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$210,000	\$215,000	\$220,000	\$226,000	\$232,000
Utilities	43,000	44,000	45,000	46,000	47,000
Supplies & Materials	15,000	15,000	15,000	15,000	15,000
Fleet + Transport	6,000	6,000	6,000	6,000	6,000
Services	3,000	3,000	3,000	3,000	3,000
Indirect / Inter Dept. Costs	7,000	7,000	7,000	7,000	7,000
Other	4,000	4,000	4,000	4,000	4,000
<b>Total Operating Expenses</b>	<b>\$288,000</b>	<b>\$294,000</b>	<b>\$300,000</b>	<b>\$307,000</b>	<b>\$314,000</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$100,000	\$103,000	\$106,000	\$109,000	\$112,000
Non-Labor Expense	25,000	26,000	27,000	28,000	29,000
<b>Total Pro Shop Expense</b>	<b>\$125,000</b>	<b>\$129,000</b>	<b>\$133,000</b>	<b>\$137,000</b>	<b>\$141,000</b>
<b>Total Facility Operating Expense</b>	<b>\$413,000</b>	<b>\$423,000</b>	<b>\$433,000</b>	<b>\$444,000</b>	<b>\$455,000</b>
<b>Net Operating Income</b>	<b>(\$124,200)</b>	<b>(\$146,000)</b>	<b>(\$160,200)</b>	<b>(\$175,500)</b>	<b>(\$182,400)</b>

Source: NGF Consulting, Inc. – 2019  
 \*2019 performance based on projections derived from the actual Oct. – March performance (first 6 months of FY2019).

### Projected Performance – Grey Rock GC (FY2018-FY2023)

The NGF projection for Grey Rock GC considers its unique operating structure, its high-quality amenities, its large membership and proposed improvements that may require the facility to be closed for several months in 2021. As the City's financial interest in Grey Rock GC is primarily accounted for in the bottom line, the projections for Grey Rock are more straightforward and are shown in the table below (all figures rounded to the nearest \$100 for simplicity):

**Grey Rock Golf Course  
Summary of Operations – FY2019-FY2023**

	As-Is FY2019*	As-Is FY2020	Greens Project – 3 Mos. FY2021	All Renovations Completed FY2022	FY2023
Daily Fee	14,000	14,000	11,000	14,000	14,000
Member	21,000	21,000	19,000	21,000	21,000
Tournament	5,000	5,000	3,000	5,000	5,000
<b>Total Grey Rock Rounds</b>	<b>40,000</b>	<b>40,000</b>	<b>33,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Revenue</b>					
Green Fees	\$456,800	\$463,600	\$425,700	\$477,600	\$484,800
Tournament Sales	210,000	213,200	129,800	219,600	222,900
Member Dues	770,000	781,600	623,300	805,200	817,200
Cart Fees	360,000	365,400	306,000	376,400	382,100
Range Sales	50,000	50,800	42,500	52,300	53,100
Merchandise Sales	170,000	172,600	144,500	177,800	180,400
Total F&B	320,000	324,800	272,000	334,600	339,600
Tennis Fees	585,000	593,800	602,700	611,700	620,900
Other	70,000	71,100	59,500	73,200	74,300
<b>Total Revenue</b>	<b>\$2,991,800</b>	<b>\$3,036,900</b>	<b>\$2,606,000</b>	<b>\$3,128,400</b>	<b>\$3,175,300</b>
<b>Total Rev/Rnd</b>	<b>\$74.80</b>	<b>\$75.92</b>	<b>\$78.97</b>	<b>\$78.21</b>	<b>\$79.38</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$1,375,000	\$1,409,000	\$1,444,000	\$1,480,000	\$1,517,000
Tennis Expenses	275,000	282,000	289,000	296,000	303,000
Clubhouse Expenses	70,000	72,000	74,000	76,000	78,000
F&B Expenses	44,000	45,000	46,000	47,000	48,000
Maintenance Expenses	265,000	272,000	279,000	286,000	293,000
Marketing Expenses	44,000	45,000	46,000	47,000	48,000
Lease Expenses	37,000	38,000	39,000	40,000	41,000
G&A Expenses	235,000	241,000	247,000	253,000	259,000
Other	65,000	67,000	69,000	71,000	73,000
<b>Total Operating Expenses</b>	<b>\$2,410,000</b>	<b>\$2,471,000</b>	<b>\$2,533,000</b>	<b>\$2,596,000</b>	<b>\$2,660,000</b>
<b>Operating Income</b>	<b>\$345,000</b>	<b>\$325,500</b>	<b>(\$133,500)</b>	<b>\$284,700</b>	<b>\$264,100</b>
<b>% To City</b>	75.0%	75.0%	75.0%	75.0%	75.0%
<b>Income to City Golf Fund</b>	<b>\$258,800</b>	<b>\$244,100</b>	<b>(\$100,100)</b>	<b>\$213,500</b>	<b>\$198,100</b>
Source: NGF Consulting, Inc. – 2019					
*2019 performance based on projections derived from the actual Oct. – March performance (first 6 months of FY2019).					

**Summary of Austin City Golf System Projection – Base Scenario (FY2019-FY2023)**

The NGF projections of future golf facility economic performance show how the five City golf courses could fare if the City were to continue its program of operation, with only modest changes related to the \$4.0 million investment in facilities that was approved in 2019. The results show that current challenges to this system would continue, and even grow, in the coming years. The most significant challenges to the system will remain as the large lease payment at Lions GC (represents almost all of the projected loss on operations) and the continuing decline at Hancock GC. Below, NGF shows a summary of the projected future performance of Austin golf courses in consideration of keeping the system intact, and retaining the Lions lease within the Austin Golf Fund as opposed to removing the expense and placing it in the City's General Fund.

### Summary of System by Line Item (FY2019-FY2023)

The full pro forma analysis of the City of Austin golf courses is shown below. We note that all figures have been rounded to the nearest \$1,000 for simplicity:

<b>Projected City of Austin Golf System Summary of Operations (FY2019-FY2023)</b>					
<b>Projects</b>	System As-Is <b>2019*</b>	Projects at CKGC <b>2020</b>	Project at GRGC <b>2021</b>	All Renovations Completed <b>2022</b>	All Renovations Completed <b>2023</b>
<b>Rounds</b>	<b>241,000</b>	<b>227,000</b>	<b>241,500</b>	<b>243,000</b>	<b>241,000</b>
<b>Revenue (4 Facility Base System)</b>					
Green Fees	\$3,688,200	\$3,427,500	\$4,081,300	\$4,040,300	\$4,060,600
Athletic SLS	520,900	483,900	557,400	552,300	554,900
Cart Fees	1,317,300	1,243,600	1,415,000	1,398,300	1,403,900
Driving Range	459,900	432,900	500,600	495,300	498,400
Food Concession	195,300	181,200	208,900	206,800	207,300
PARD Annual	220,000	223,300	226,600	230,000	233,500
Range Passes	139,500	141,600	143,700	145,900	148,100
Concessions + Leases	250,000	253,800	257,600	261,500	265,400
Grey Rock	258,800	244,100	0	213,500	198,100
Misc. + Other + Tournament	106,500	108,100	109,700	111,300	112,900
<b>Total Revenue</b>	<b>\$7,156,400</b>	<b>\$6,740,000</b>	<b>\$7,500,800</b>	<b>\$7,655,200</b>	<b>\$7,683,100</b>
<b>Total Revenue per Round</b>	<b>\$29.69</b>	<b>\$29.69</b>	<b>\$31.06</b>	<b>\$31.50</b>	<b>\$31.88</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$2,715,000	\$2,778,200	\$2,841,500	\$2,908,900	\$2,977,400
Utilities	888,000	910,000	933,000	956,000	980,000
Supplies & Materials	410,000	420,000	430,000	440,000	451,000
Fleet + Transport	87,000	89,000	91,000	93,000	95,000
Services	21,000	21,000	21,000	21,000	21,000
Indirect / Inter Dept. Costs	41,000	42,000	43,000	44,000	45,000
Other + Admin	430,700	437,600	444,500	451,500	458,500
<b>Total Operating Expenses</b>	<b>\$4,592,700</b>	<b>\$4,697,800</b>	<b>\$4,804,000</b>	<b>\$4,914,400</b>	<b>\$5,027,900</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$1,890,000	\$1,938,000	\$1,987,000	\$2,037,000	\$2,088,000
Non-Labor Expense	315,000	323,000	331,000	339,000	347,000
<b>Total Pro Shop Expense</b>	<b>\$2,205,000</b>	<b>\$2,261,000</b>	<b>\$2,318,000</b>	<b>\$2,376,000</b>	<b>\$2,435,000</b>
<b>Total Facility Operating Expense</b>	<b>\$6,797,700</b>	<b>\$6,958,800</b>	<b>\$7,122,000</b>	<b>\$7,290,400</b>	<b>\$7,462,900</b>
<b>Operating Income (Loss)</b>	<b>\$2,900</b>	<b>(\$548,900)</b>	<b>(\$2,900)</b>	<b>(\$13,600)</b>	<b>(\$159,800)</b>
<b>Other Items</b>					
Lions Property Lease	\$500,000	\$600,000	\$600,000	\$600,000	\$600,000
<b>System Net Income</b>	<b>(\$497,100)</b>	<b>(\$1,148,900)</b>	<b>(\$602,900)</b>	<b>(\$613,600)</b>	<b>(\$759,800)</b>
Source: NGF Consulting, Inc. – 2019					
*2019 performance based on projections derived from the actual Oct. – March performance (first 6 months of FY2019).					

The table above shows the expected performance of the City's golf system over the defined period of new enhancements as they are completed and ongoing. The projections show Clay-Kizer GC with continued strong performance, improving after its renovations are complete to show a modest profit on operations (compared to an actual **(\$34,200)** loss in FY2018). Under this scenario, Clay-Kizer GC remains the most profitable of the basic four City facilities (excluding Grey Rock), and along with Admin revenue generated from memberships, range passes, concessions and Grey Rock net income, can lead the entire system to improved performance. However, despite the improvements at Clay-Kizer, Morris Williams and Grey Rock, this growth in revenue will still **not be sufficient to cover the declines and Hancock and Lions, and especially the large lease payment at Lions**. In short, the continued responsibility of meeting the lease obligation on Lions Municipal GC makes up almost all of the total loss on operations in the system, and NGF cannot even begin to imagine the impact on the system if the Lions lease is increased to an even larger amount that could not possibly be covered by any public golf operation.

Further, the NGF notes that some of this economic performance is somewhat misleading in that while the economics are being brought into balance at Lions and Hancock, much needed maintenance and repair is being deferred, which is likely to create additional economic stress in later years. As NGF has documented in this report, both Hancock and Lions are the oldest golf facilities in this system, and many of the basic "mission-critical" infrastructure at these courses is well past its expected useful life. Just as the City has decided to make new (or recent) investment to improve Jimmy Clay, Roy Kizer, Morris Williams and Grey Rock, similar capital investments are required at Lions and Hancock if these facilities are to continue to operate as public golf courses.

## **PROJECTED GOLF ATX PERFORMANCE – SCENARIO 2 (FY2019-FY2023)**

NGF Consulting has created a second cash flow model for the City of Austin golf system under the assumption of substantial change to the system. In light of key challenges facing Golf ATX and documented in this report, this scenario analysis will show the City what the system's performance could look like under the following key conditions:

- The \$4.0 million in enhancements already approved by the City of Austin is completed over the next few years as proposed and documented by NGF in Scenario 1;
- The City elects to discontinue its lease with UT for the Lions Municipal GC property, thus removing the facility from the City of Austin golf courses. It is assumed the facility would be closed permanently and the property converted for another, non-golf use.
- Hancock GC is closed effective October 1, 2019 (first day of FY2020) and lease to an independent, private-sector 3<sup>rd</sup>-party who will transform the property into a modern Hancock Golf Center, and re-open the facility on October 1, 2020 (first day of FY 2021). The existing clubhouse facility will be retained, and used in the new Hancock Golf Center operation with some interior enhancement.

### **Basic Assumptions – Scenario 2**

The performance projections prepared by NGF for Scenario 2 are based on a set of assumptions that may or may not become reality, but represent the NGF's best effort to create a "fair estimate of performance" for these facilities based on our complete review of each Individual operation and the market as a whole. The key system-wide assumptions that drive the NGF projections are outlined below, and are based on the general assumptions presented by NGF in Scenario 1 above. Specifically, the NGF vision for the new Austin golf system that would include the following mix of facilities:

**City of Austin Golf System  
Revised System Facilities Under Scenario 2**

<b>Golf Course</b>	<b>Type</b>	<b>Operation</b>	<b>Notes</b>
Clay-Kizer Golf Complex – Jimmy Clay Course	18-H Championship	Self-Operation	A 36-hole golf facility with two championship 18-hole courses, expansive practice amenities, practice “short course,” and clubhouse. Jimmy Clay will operate on 9 holes at a time from November 2019 – May 2020 (7 months in FY2020) for new irrigation project, and Roy Kizer will be closed for 3 months (May-July 2020) for the greens resurfacing project.
Clay-Kizer Golf Complex – Roy Kizer Course	18-H Championship	Self-Operation	
Morris Williams Golf Course	18-H Championship	Self-Operation	An 18-hole championship golf facility with modest practice amenities, driving range and newest clubhouse.
Grey Rock Golf Club	18-H Championship	Management Company	An 18-hole championship golf facility with large membership base, and “country club” amenities (golf, tennis, clubhouse, etc.). The facility will focus on serving its membership and expanding daily fee activity, particularly from events, tournaments and outings. GRGC will be closed for 3 months in FY2021 for greens resurfacing project.
Hancock Golf Center	Golf Learning Center with expansive driving range, par-3 golf course, and other practice amenities	Lease to Private 3 <sup>rd</sup> Party	Hancock Golf Center would become the premier golf learning center in Austin, with focus on new player development, lessons and programs. All amenities would be open for daily use and some features would be lighted and open for night use as well.

In addition to this mix of facilities, additional assumptions on facility performance are included as part of NGF projections. In general, all of the assumptions prepared for Scenario 1 are incorporated into the Scenario 2 projections with the following exceptions and/or notations:

- The rounds projected assume all changes as noted. Lions GC is closed entirely, while Hancock is transformed and all rounds become par-3 course rounds. NGF has assumed that approximately 18,000 rounds from Lions (about 35%) will be absorbed at Morris Williams (7,000 rounds from Lions), Grey Rock (5,000 rounds from Lions) and Clay-Kizer (6,000 rounds from Lions) over the next several years. A summary of expected rounds in scenario 2 for FY2020 and FY2023 (with comparison from scenario 1) is shown below:

<b>City of Austin Golf System Projected Rounds Played by Course – Scenario 2 (FY2019-FY2023)</b>				
<b>Course</b>	<b>FY2020</b>		<b>FY2023</b>	
	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
Roy Kizer	38,000	42,000	46,000	48,000
Jimmy Clay	32,000	36,000	46,000	50,000
Morris Williams	50,000	52,000	47,000	54,000
Hancock	17,000	0*	16,000	16,000
Grey Rock	40,000	43,000	40,000	45,000
Lions Municipal	50,000	0*	46,000	0*
<b>Total System Rounds</b>	<b>227,000</b>	<b>173,000</b>	<b>241,000</b>	<b>213,000</b>
*Hancock GC under construction in scenario 2 in FY2020. Lions closed under scenario 2.				

## Summary of System Projection by Facility – Scenario 2 (FY2019–FY2023)

<b>Austin City Golf System Summary of Expected Income by Facility – Scenario 2 (FY2019-FY2023)</b>					
<b>Clay-Kizer</b>	<b>2019*</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Rounds</b>	<b>88,000</b>	<b>78,000</b>	<b>98,000</b>	<b>98,000</b>	<b>98,000</b>
Total Revenue	\$3,005,400	\$2,651,800	\$3,602,000	\$3,656,000	\$3,710,800
Less:					
Facility Operating Expense	\$2,950,000	\$3,024,000	\$3,100,000	\$3,177,000	\$3,256,000
COS	\$181,700	\$163,500	\$208,500	\$211,600	\$214,800
<b>Clay-Kizer Net Income</b>	<b>(\$126,300)</b>	<b>(\$535,700)</b>	<b>\$293,500</b>	<b>\$267,400</b>	<b>\$240,000</b>
<b>Morris Williams GC</b>					
<b>Rounds</b>	<b>43,000</b>	<b>52,000</b>	<b>54,000</b>	<b>54,000</b>	<b>54,000</b>
Total Revenue	\$1,263,000	\$1,582,000	\$1,664,200	\$1,689,000	\$1,714,400
Less:					
Facility Operating Expense	\$1,420,000	\$1,455,000	\$1,490,000	\$1,526,000	\$1,564,000
COS	\$67,800	\$83,200	\$87,600	\$88,900	\$90,300
<b>Morris Williams Net Income</b>	<b>(\$224,800)</b>	<b>\$43,800</b>	<b>\$86,600</b>	<b>\$74,100</b>	<b>\$60,100</b>
<b>Lions GC</b>					
<b>Rounds</b>	<b>52,000</b>				
Total Revenue	\$1,616,400	\$0	\$0	\$0	\$0
Less:					
Facility Operating Expense	\$1,146,000	\$0	\$0	\$0	\$0
COS	\$98,300	\$0	\$0	\$0	\$0
Property Lease	\$500,000	\$0	\$0	\$0	\$0
<b>Lions Net Income</b>	<b>\$372,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Hancock GC</b>					
<b>Rounds</b>	<b>18,000</b>	<b>0</b>	<b>15,000</b>	<b>16,000</b>	<b>16,000</b>
Total Revenue	\$296,800	\$0	\$423,800	\$520,700	\$589,300
Less:					
Facility Operating Expense	\$413,000	\$0	\$425,000	\$435,000	\$445,000
COS	\$8,000	\$0	\$24,000	\$26,000	\$26,400
<b>Hancock Net Income</b>	<b>(\$124,200)</b>	<b>\$0</b>	<b>(\$25,200)</b>	<b>\$59,700</b>	<b>\$117,900</b>
<b>Lease Income to City (10%)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$58,900</b>
<b>Grey Rock GC</b>					
<b>Rounds</b>	<b>40,000</b>	<b>43,000</b>	<b>36,000</b>	<b>45,000</b>	<b>45,000</b>
Total Revenue	\$2,991,800	\$3,251,700	\$2,803,200	\$3,501,800	\$3,554,600
Less:					
Facility Operating Expense	\$2,410,000	\$2,471,000	\$2,533,000	\$2,596,000	\$2,660,000
COS	\$236,800	\$256,100	\$222,500	\$274,700	\$278,800
<b>Grey Rock Net Income</b>	<b>\$345,000</b>	<b>\$524,600</b>	<b>\$47,700</b>	<b>\$631,100</b>	<b>\$615,800</b>
<b>Income to City</b>	<b>\$258,800</b>	<b>\$393,500</b>	<b>\$35,800</b>	<b>\$473,300</b>	<b>\$461,900</b>



<b>Admin</b>					
Base Revenue	\$694,500	\$705,000	\$715,500	\$726,300	\$737,200
Grey Rock	\$258,800	\$393,500	\$35,800	\$473,300	\$461,900
Butler	\$0	\$0	\$0	\$0	\$0
Tournament	\$21,500	\$21,800	\$22,100	\$22,400	\$22,700
Less:					
All Expenses	\$868,700	\$881,800	\$895,000	\$908,400	\$921,900
<b>Net Admin</b>	<b>\$106,100</b>	<b>\$238,500</b>	<b>(\$121,600)</b>	<b>\$313,600</b>	<b>\$299,900</b>
<b>Austin System</b>					
Total Revenue	\$7,156,400	\$5,354,100	\$6,039,600	\$6,567,000	\$6,705,900
Less:					
Cost of Sales	\$355,800	\$246,700	\$296,100	\$300,500	\$305,100
Operating Expense	\$6,797,700	\$5,360,800	\$5,485,000	\$5,611,400	\$5,741,900
<b>Operating Income</b>	<b>\$2,900</b>	<b>(\$253,400)</b>	<b>\$258,500</b>	<b>\$655,100</b>	<b>\$658,900</b>
<b>Other Items</b>					
Lions Property Lease	\$500,000	\$0	\$0	\$0	\$0
<b>System Net Income (Before Transfer In)</b>	<b>(\$497,100)</b>	<b>(\$253,400)</b>	<b>\$258,500</b>	<b>\$655,100</b>	<b>\$658,900</b>
Source: NGF Consulting, Inc. – 2019. *2019 performance based on projections derived from the actual Oct. – March performance (first 6 months of FY2019).					

### Summary of Austin City Golf System Projection –Scenario 2 (FY2019-FY2023)

The table above shows the expected performance of each City golf facility over the next five years assuming proposed changes are completed, including the full removal of Lions from the Austin Golf Fund (facility likely to close unless UT wants to continue golf), and the transformation of Hancock GC into a golf learning center beginning in FY2021. Under this program, all individual golf facility operations are expected to be profitable, as the increased rounds activity at remaining courses combined with stable operating expenses create a much more profitable golf system. In all, the primary difference between the two NGF scenarios is the elimination of the annual Lions property lease, which makes up a large part of the difference in net operating income between the scenarios. Both Grey Rock and Hancock become net transfer-in revenue for the City, as current with Grey Rock and would be a new addition if Hancock is leased as proposed.

### Summary of System by Line Item – Scenario 2 (FY2019-FY2023)

The full pro forma analysis of the City of Austin golf courses is shown below. We note that all figures have been rounded to the nearest \$1,000 for simplicity:

<b>Austin City Golf System Summary of Expected Income by Line-Item – Scenario 2 (FY2019-FY2023)</b>					
<b>Projects</b>	System As-Is	LMGC + HGC Closed/ Projects at CKGC	HGC re- opens as lease/Project at GRGC	All Renovations Completed	
	<b>2019*</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Rounds</b>	<b>241,000</b>	<b>173,000</b>	<b>203,000</b>	<b>213,000</b>	<b>213,000</b>
<b>Revenue (4 Facility Base System)</b>					
Green Fees	\$3,688,200	\$2,496,900	\$3,198,300	\$3,246,200	\$3,294,900
Athletic SLS	520,900	352,400	423,000	429,300	435,800
Cart Fees	1,317,300	897,300	1,064,800	1,080,800	1,097,000
Driving Range	459,900	358,900	425,600	432,000	438,400
Food Concession	195,300	128,300	154,500	156,700	159,100
PARD Annual	220,000	223,300	226,600	230,000	233,500
Range Passes	139,500	141,600	143,700	145,900	148,100
Concessions + Leases	250,000	253,800	257,600	261,500	265,400
Grey Rock	258,800	393,500	35,800	473,300	520,800
Misc. + Other + Tournament	106,500	108,100	109,700	111,300	112,900
<b>Total Revenue</b>	<b>\$7,156,400</b>	<b>\$5,354,100</b>	<b>\$6,039,600</b>	<b>\$6,567,000</b>	<b>\$6,705,900</b>
Cost of Sales (Merchandise)	\$355,800	\$246,700	\$296,100	\$300,500	\$305,100
<b>Gross Margin</b>	<b>\$6,800,600</b>	<b>\$5,107,400</b>	<b>\$5,743,500</b>	<b>\$6,266,500</b>	<b>\$6,400,800</b>
<b>Operating Expenses</b>					
Total Personnel (Wages, taxes, etc.)	\$2,715,000	\$2,153,200	\$2,201,500	\$2,251,900	\$2,303,400
Utilities	888,000	763,000	782,000	801,000	821,000
Supplies & Materials	410,000	302,000	309,000	316,000	324,000
Fleet + Transport	87,000	66,000	68,000	70,000	72,000
Services	21,000	9,000	9,000	9,000	9,000
Indirect / Inter Dept. Costs	41,000	35,000	36,000	37,000	38,000
Other + Admin	430,700	423,600	430,500	437,500	444,500
<b>Total Operating Expenses</b>	<b>\$4,592,700</b>	<b>\$3,751,800</b>	<b>\$3,836,000</b>	<b>\$3,922,400</b>	<b>\$4,011,900</b>
<b>Pro Expense</b>					
Total Personnel (Wages, taxes, etc.)	\$1,890,000	\$1,384,000	\$1,419,000	\$1,454,000	\$1,490,000
Non-Labor Expense	315,000	225,000	230,000	235,000	240,000
<b>Total Pro Shop Expense</b>	<b>\$2,205,000</b>	<b>\$1,609,000</b>	<b>\$1,649,000</b>	<b>\$1,689,000</b>	<b>\$1,730,000</b>
<b>Total Facility Operating Expense</b>	<b>\$6,797,700</b>	<b>\$5,360,800</b>	<b>\$5,485,000</b>	<b>\$5,611,400</b>	<b>\$5,741,900</b>
<b>Operating Income (Loss)</b>	<b>\$2,900</b>	<b>(\$253,400)</b>	<b>\$258,500</b>	<b>\$655,100</b>	<b>\$658,900</b>
<b>Other Items</b>					
Lions Property Lease	\$500,000	\$0	\$0	\$0	\$0
<b>System Net Income</b>	<b>(\$497,100)</b>	<b>(\$253,400)</b>	<b>\$258,500</b>	<b>\$655,100</b>	<b>\$658,900</b>

Source: NGF Consulting, Inc. – 2019. \*2019 performance based on projections derived from the actual Oct. – March performance (first 6 months of FY2019).

## SUMMARY OF AUSTIN CITY GOLF SYSTEM

The NGF projections of future golf facility economic performance show how the five City golf courses could fare under two possible futures – continue ‘as-is’ or make significant adjustments in the two oldest properties that are in most need of change (Lions and Hancock). The NGF projections show that by removing Lions from the Golf Fund and transforming Hancock into a more modern golf practice center, the City of Austin could improve the net operating income on the system by as much as \$800,000 by FY2021, and possibly even better by 2022 and 2023. This improvement is achieved primarily by:

4. Ending the large \$500,000 to \$600,000 property lease at Lions GC;
5. Adding about 35% of the rounds currently played at Lions GC to the other City courses without having to add additional operating expense; and
6. By converting Hancock GC to a lease income property and eliminating the large loss on that property.

NGF has assumed the program for repairing and improving the remaining City golf courses as a pathway for long-term sustainability of those facilities, thus meeting the City’s desire to keep some golf facilities open and operating. If the changes aren’t made, the large losses on Lions Municipal GC will continue to put economic pressure on the full system and force excess revenue generated at Clay-Kizer GC, Grey Rock and Morris Williams to be used to support operations at Lions GC and Hancock, rather than be used to upgrade the system. This is a key factor in the reasoning behind NGF’s recommendation to move Lions GC out of the Golf Enterprise and either allow the facility to close or be moved into the General Fund as tax-payer supported City recreation, rather than forcing a profitability goal that will likely never be achieved.

The changes presented by NGF would create improvement in net income. The NGF analysis shows that an Austin City golf system that includes only Clay-Kizer (36 holes) and Morris Williams, plus a lease at Hancock and the management arrangement at Grey Rock can generate enough income to **potentially eliminate the need for continued City subsidy.**

However, the NGF believes that these facility changes will be necessary to generate the revenue needed in later years to sustain basic “day-to-day” operations. It is clear to the NGF consultants that even if the City operates the golf courses under the enhanced scenario presented above, the facilities will not be capable of sustaining all operating expenses if Lions remains in the City golf system.

The five City golf courses are currently good enough to generate just over \$9.89 million in total top-line revenue from all sources (including the Grey Rock gross revenue) in FY2019. The on-site physical condition of these properties is mixed, and considerable investment in new irrigation, greens renovations, clubhouse facilities and maintenance facilities are needed to allow the facilities to sustain operations. These improvements are especially urgent at Hancock GC and Lions GC, further supporting the concept of change within the system. If repaired and adjusted as described by NGF in Scenario 2, the courses should support total top-line revenue from all sources (including Grey Rock and Hancock) of between \$9.0 and \$10.0 million, even without Lions Municipal as part of the system. The changes recommended by NGF should allow the City golf courses to reach their full potential, and could be sufficient to cover all operational, overhead and capital obligations.

## LIMITING CONDITIONS

The income estimates presented by NGF Consulting have been prepared based on existing and projected market conditions, the expected quality of the subject facilities and the intended segment of the golf market toward which they are oriented. Particular focus was paid to the reality of golf supply in the immediate local market where several golf facilities have been struggling to generate enough golf rounds to meet their obligations. Proper uses of these estimates include:

- Establishing reasonable parameters for expected performance for the subject facilities
- Determining an appropriate level for new capital investments the facilities can support
- Establishing the basis for financing determinations
- Providing guidelines for realistic expectations of income and expense

NGF Consulting is confident that some growth in activity and revenue can be achieved at the City golf facilities. From a practical standpoint, those managing these facilities will need to respond to variable market conditions and unforeseen maintenance needs. NGF Consulting is confident that the facility will be able to continue to achieve results as presented beyond the next five years of operation.

## MARKET SHARE CONCLUSIONS

When projecting a realistic market share for the City golf courses, it is important to realize that the total number of rounds to be played on a golf course in any given year may be lower than the market opportunity appears to suggest. It is typical for an existing public access golf facility to achieve only a portion of its total potential. Our estimates of performance for the City golf courses could change should the following conditions occur:

<b>Stronger Performance</b>	<b>Weaker Performance</b>
Future course closings	New course openings
Faster population growth than projected	Incorrect price levels
Positive regional publicity	Poor customer service
Lack of loyalty to existing courses	Deteriorating facility quality
Unforeseen surge in golf interest	Regional economic recession
Excellent yearly weather conditions	Poor yearly weather conditions

It is important to measure the performance of the City's golf courses in such a way as to help the eventual operator make financial decisions based on realistic expectations. It is obviously possible that either more or fewer rounds will be realized. As we have noted, we do anticipate that it is highly unrealistic that the golf system in the foreseeable future would be able to generate operating surpluses sufficient to fund the entire proposed capital repair **and** upgrade needs, so it is important for all involved parties to plan accordingly.

# Summary Statement

The City of Austin is operating five public golf facilities that appear to be well-run, and exceed local and regional standards for rounds played and total revenue. However, despite the strong rounds and revenue performance, the golf courses are losing money on operations and requiring a subsidy from the City's General Fund (i.e. taxpayers). In reviewing this system, it is clear to NGF consultants that the primary challenge facing this system is the large and burdensome property lease payment required to maintain the Lions Municipal GC operation. This finding is especially troublesome given the rich and important golf and Civil Rights history of the Lions property. The NGF review shows the City golf courses to be at a crossroads in 2019, with change needed at these golf courses in both physical condition and overall mix of facilities. The result is a new program of golf in Austin that NGF recommends includes only two primary golf facilities (Clay-Kizer and Morris Williams), one contracted golf facility (Grey Rock) and one leased golf learning center (Hancock GC), with removal of Lions GC from the Golf Fund, either through closure of course or relocation to the General Fund.

City golf courses need both urgent repairs to critical infrastructure, as well as a new plan for the future. The City needs to make a commitment to golf in order to keep these courses open and operating, and some change to each property's unique offering will help improve the economic position so that the facilities should not be an ongoing economic burden to the City. However, change will require considerable investment, perhaps as high as \$6.4 to \$7.9 million, the bulk of which is required at the two oldest facilities – Hancock and Lions – that also have the most uncertain future. However, the NGF believes that the changes proposed for the Austin golf facilities will be necessary to generate the revenue needed to sustain basic “day-to-day” operations and secure affordable public golf for Austin. It is clear to the NGF consultants that if the City operates the golf courses “as-is” with no changes, the facilities will not be capable of sustaining all operating expenses and projected capital needs if Lions remains in the City's Golf Fund.

In summary, it is clear that the City's golf system has great potential to improve its net income performance and provide sustainability for public golf in Austin. Clay-Kizer is very well-located and popular with golfers. Morris Williams had a recent upgrade and a new clubhouse that appears well-received in the community. Grey Rock has cemented its place as a premier public golf experience in Austin, attracting golfers from a wide geographic area. Lions GC offers a great and popular golf course, but it is aging and needs investment to address key infrastructure. However, the lease requirement at Lions is preventing this investment from taking place. Hancock is also aging and has components that are just not as popular in golf in the early 21<sup>st</sup> century as they were in previous decades, and change is needed to modernize Hancock and have it become a catalyst to grow golf in Austin. In review of this golf system, the NGF's most significant recommendations to the City of Austin include:

1. Commit to municipal golf in the City and create a long-term plan for City golf
2. Implement the approved \$4.0 million in capital improvements and repairs
3. Rearrange the system by removing Lions from the Golf Enterprise Fund
4. Begin a program to transform Hancock GC into a modern golf learning center
5. Work to grow golf participation in Austin through improved facilities and programming
6. Enact modest changes to marketing, with new focus on attracting tournaments, events and golf outings

# Appendices

**A: Local Demographic, Demand and Supply Data**

**B: National Rounds Played Report**

**C: Texas Municipal Golf Benchmarking**

**D: Golf Course Life Cycle**

## APPENDIX A – LOCAL DEMOGRAPHIC, DEMAND AND SUPPLY DATA

### Austin Area Demographics and Golf Demand / Supply Data

Austin- Round Rock, TX CBSA	CBSA	U.S.
<b>Summary Demographics</b>		
Population 1990 Census	846,217	248,584,652
Population 2000 Census	1,249,800	281,399,034
<b>CAGR 1990-2000</b>	<b>3.98%</b>	<b>1.25%</b>
Population 2010 Census	1,716,289	308,745,538
<b>CAGR 2000-2010</b>	<b>3.22%</b>	<b>0.93%</b>
Population Estimate 2018	2,143,988	326,955,948
Population 2023 Projected	2,451,110	338,366,389
<b>CAGR 2018-2023</b>	<b>2.71%</b>	<b>0.69%</b>
<b>CAGR 2010-2023</b>	<b>3.01%</b>	<b>0.77%</b>
Median HH Income (2018)	\$72,856	\$60,523
Median Age (2018)	35.2	38.2
<b>Ethnicity</b>		
White	71.1%	70.1%
African American	7.9%	13.4%
Asian	6.1%	5.8%
All Other	14.9%	10.7%
<b>Hispanic Population</b>		
Hispanic	31.9%	17.6%
Not Hispanic	68.1%	82.4%
<b>CAGR = Compound Annual Growth Rate</b>		
Austin- Round Rock, TX CBSA	CBSA	U.S.
<b>Golf Demand Indicators</b>		
Total Households	800,744	125,541,798
Number of Golfing Households	117,307	17,484,590
Projected Golfing Households (2023)	129,417	18,258,060
Projected Annual Growth Rate	2.00%	0.90%
Seasonal Golfing Households	1,792	748,477
Latent Demand/Interested Non-Golfers	380,080	47,425,600
Household Participation Rate	14.60%	13.90%
Number of Golfers	162,951	24,241,030
Rounds Potential (resident golfers)	2,846,614	434,080,100
Estimated Course Rounds (in-market supply)	1,697,486	434,084,100
<b>Demand Indices</b>		
Golfing Household Participation Rate	105	100
Seasonal Golfing Households	38	100
Latent Demand/Interested Non-Golfers	122	100
Rounds Potential per Household (resident golfers)	103	100

Austin- Round Rock, TX CBSA	CBSA	U.S.
<b>Golf Supply</b>		
<b><i>Golf Facilities</i></b>		
Total	53	14,604
Public	33	10,896
Public: Daily Fee	24	8,377
Public: Municipal	9	2,519
Private	20	3,708
<b><i>Public Golf Facilities by Price Point</i></b>		
Premium (>\$70)	5	1,428
Standard (\$40-\$70)	18	4,081
Value (<\$40)	10	5,387
<b><i>Golf Holes</i></b>		
Total	927	247,815
Public	540	179,760
Public: Daily Fee	387	137,760
Public: Municipal	153	42,000
Private	387	68,055
Non-Regulation (Executive & Par-3)	9	19,872
<b><i>Net Change*</i></b>		
Net Change in Holes past 5 years	-45	-14,346
Percentage Total Holes Past 5 Yrs	-4.60%	-5.50%
Net Change in Holes past 10 Years	-72	-21,888
Percentage Total Holes Past 10 Yrs	-7.20%	-8.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.		



Austin- Round Rock, TX CBSA	CBSA	U.S.
<b>Supply-Demand Ratios</b>		
<b><i>Households per 18 Holes</i></b>		
Total	15,548	9,119
Public	26,691	12,571
Public: Daily Fee	37,244	16,404
Public: Municipal	94,205	53,804
Private	37,244	33,205
Premium (>\$70)	160,149	72,630
Standard (\$40-\$70)	42,144	28,779
Value (<\$40)	133,457	32,225
<b><i>Golfing Households per 18 Holes</i></b>		
Total	2,278	1,270
Public	3,910	1,751
Public: Daily Fee	5,456	2,285
Public: Municipal	13,801	7,493
Private	5,456	4,625
Premium (>\$70)	23,461	10,115
Standard (\$40-\$70)	6,174	4,008
Value (<\$40)	19,551	4,488
<b><i>Household Indices</i></b>		
Total	172	100
Public	214	100
Private	113	100
Premium (>\$70)	215	100
Standard (\$40-\$70)	146	100
Value (<\$40)	429	100
<b><i>Golfing Household Indices</i></b>		
Total	181	100
Public	226	100
Private	119	100
Premium (>\$70)	227	100
Standard (\$40-\$70)	154	100
Value (<\$40)	452	100
<b><i>Rounds per 18 Holes</i></b>		
Rounds Potential (resident golfers)	55,274	31,529
Estimated Course Rounds (in-market supply)	32,961	31,530

## Hancock GC Demographics and Golf Demand / Supply Data

Hancock Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Summary Demographics</b>						
Population 1990 Census	61,981	255,900	496,501	576,410	16,985,153	248,584,652
Population 2000 Census	69,411	307,914	643,413	812,319	20,851,813	281,399,034
<b>CAGR 1990-2000</b>	<b>1.14%</b>	<b>1.87%</b>	<b>2.63%</b>	<b>3.49%</b>	<b>2.07%</b>	<b>1.25%</b>
Population 2010 Census	75,425	315,770	711,050	1,024,266	25,145,561	308,745,538
<b>CAGR 2000-2010</b>	<b>0.83%</b>	<b>0.25%</b>	<b>1.00%</b>	<b>2.35%</b>	<b>1.89%</b>	<b>0.93%</b>
Population Estimate 2017	96,764	382,399	844,882	1,240,955	28,529,059	324,310,011
Population 2022 Projected	105,734	421,636	929,771	1,364,789	30,786,120	337,744,388
<b>CAGR 2017-2022</b>	<b>1.79%</b>	<b>1.97%</b>	<b>1.93%</b>	<b>1.92%</b>	<b>1.53%</b>	<b>0.82%</b>
<b>CAGR 2010-2022</b>	<b>2.85%</b>	<b>2.44%</b>	<b>2.26%</b>	<b>2.42%</b>	<b>1.70%</b>	<b>0.75%</b>
Median HH Income (2017)	\$52,194	\$60,150	\$64,466	\$71,496	\$59,623	\$59,240
Median Age (2017)	29.2	32.8	33.8	34.7	34.9	38.1
<b>Ethnicity</b>						
White	70.5%	65.8%	65.1%	67.8%	68.0%	70.4%
African American	7.4%	10.1%	9.6%	9.0%	12.7%	13.3%
Asian	10.6%	6.3%	7.3%	7.0%	5.0%	5.7%
All Other	11.5%	17.8%	18.0%	16.2%	14.4%	10.6%
<b>Hispanic Population</b>						
Hispanic	23.1%	36.5%	36.3%	33.4%	38.6%	17.5%
Not Hispanic	76.9%	63.5%	63.7%	66.6%	61.4%	82.5%
<b>CAGR = Compound Annual Growth Rate</b>						
Hancock Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Golf Demand Indicators</b>						
Total Households	42,420	163,655	350,719	495,445	10,219,676	124,506,607
Number of Golfing Households	4,198	15,499	38,398	60,492	1,175,750	17,175,900
Projected Golfing Households (2022)	4,446	16,740	42,216	66,778	1,262,831	17,934,830
Projected Annual Growth Rate	1.20%	1.60%	1.90%	2.00%	1.40%	0.90%
Seasonal Golfing Households	33	208	366	1,140	25,125	732,421
Latent Demand/Interested Non-Golfers	17,216	67,492	138,354	188,709	3,324,424	40,573,960
Household Participation Rate	9.90%	9.50%	10.90%	12.20%	11.50%	13.80%
Number of Golfers	5,484	19,736	49,196	81,396	1,661,592	23,832,510
Rounds Potential (resident golfers)	86,068	370,935	927,786	1,565,709	30,955,250	455,965,500
Estimated Course Rounds (in-market supply)	63,238	213,071	441,669	1,104,813	24,759,070	455,965,000
<b>Demand Indices</b>						
Golfing Household Participation Rate	72	69	80	89	84	100
Seasonal Golfing Households	13	22	18	39	42	100
Latent Demand/Interested Non-Golfers	141	142	132	123	94	100
Rounds Potential per Household (resident golfers)	56	62	73	87	83	100

Hancock Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Golf Supply</b>						
<b>Golf Facilities</b>						
Total	2	7	12	33	732	14,754
Public	2	6	8	16	515	11,006
Public: Daily Fee	0	3	4	9	338	8,509
Public: Municipal	2	3	4	7	177	2,497
Private	0	1	4	17	217	3,748
<b>Public Golf Facilities by Price Point</b>						
Premium (>\$70)	0	0	0	2	46	1,393
Standard (\$40-\$70)	1	2	4	8	195	4,087
Value (<\$40)	1	4	4	6	274	5,526
<b>Golf Holes</b>						
Total	27	99	225	594	12,492	250,146
Public	27	81	135	261	8,253	181,458
Public: Daily Fee	0	36	54	126	5,247	139,761
Public: Municipal	27	45	81	135	3,006	41,697
Private	0	18	90	333	4,239	68,688
Non-Regulation (Executive & Par-3)	0	9	9	9	486	20,277
<b>Net Change*</b>						
Net Change in Holes past 5 years	18	18	0	-18	-1,071	-13,941
Percentage Total Holes Past 5 Yrs	200.00%	22.20%	0.00%	-2.90%	0	-5.30%
Net Change in Holes past 10 Years	0	0	-18	-54	-1,557	-19,098
Percentage Total Holes Past 10 Yrs	0.00%	0.00%	-7.40%	-8.30%	0	-7.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.						

Hancock Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Supply-Demand Ratios</b>						
<b>Households per 18 Holes</b>						
Total	28,280	29,755	28,058	15,013	14,726	8,959
Public	28,280	36,368	46,763	34,169	22,289	12,351
Public: Daily Fee	0	81,828	116,906	70,778	35,059	16,035
Public: Municipal	28,280	65,462	77,938	66,059	61,196	53,748
Private	0	163,655	70,144	26,781	43,396	32,628
Premium (>\$70)	0	0	0	247,723	202,370	73,716
Standard (\$40-\$70)	42,420	81,828	70,144	55,049	49,370	28,602
Value (<\$40)	0	65,462	140,288	141,556	50,844	30,826
<b>Golfing Households per 18 Holes</b>						
Total	2,799	2,818	3,072	1,833	1,694	1,236
Public	2,799	3,444	5,120	4,172	2,564	1,704
Public: Daily Fee	0	7,750	12,799	8,642	4,033	2,212
Public: Municipal	2,799	6,200	8,533	8,066	7,040	7,415
Private	0	15,499	7,680	3,270	4,993	4,501
Premium (>\$70)	0	0	0	30,246	23,282	10,169
Standard (\$40-\$70)	4,198	7,750	7,680	6,721	5,680	3,946
Value (<\$40)	0	6,200	15,359	17,283	5,850	4,253
<b>Household Indices</b>						
Total	313	329	311	166	163	100
Public	227	292	376	274	179	100
Private	0	497	213	81	132	100
Premium (>\$70)	0	0	0	333	272	100
Standard (\$40-\$70)	147	284	243	191	171	100
Value (<\$40)	273	211	451	455	164	100
<b>Golfing Household Indices</b>						
Total	226	228	249	148	137	100
Public	164	202	300	245	150	100
Private	0	344	171	73	111	100
Premium (>\$70)	0	0	0	297	229	100
Standard (\$40-\$70)	106	196	195	170	144	100
Value (<\$40)	197	146	361	406	138	100
<b>Rounds per 18 Holes</b>						
Rounds Potential (resident golfers)	57,379	67,443	74,223	47,446	44,604	32,810
Estimated Course Rounds (in-market supply)	42,159	38,740	35,334	33,479	35,676	32,809

## Clay-Kizer GC Demographics and Golf Demand / Supply Data

Jimmy Clay-Roy Kizer Municipal Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Summary Demographics</b>						
Population 1990 Census	20,891	138,235	357,551	576,410	16,985,153	248,584,652
Population 2000 Census	30,212	175,633	461,712	812,319	20,851,813	281,399,034
<b>CAGR 1990-2000</b>	<b>3.76%</b>	<b>2.42%</b>	<b>2.59%</b>	<b>3.49%</b>	<b>2.07%</b>	<b>1.25%</b>
Population 2010 Census	35,499	200,636	535,434	1,024,266	25,145,561	308,745,538
<b>CAGR 2000-2010</b>	<b>1.63%</b>	<b>1.34%</b>	<b>1.49%</b>	<b>2.35%</b>	<b>1.89%</b>	<b>0.93%</b>
Population Estimate 2017	39,526	244,620	650,436	1,240,955	28,529,059	324,310,011
Population 2022 Projected	43,134	269,205	717,526	1,364,789	30,786,120	337,744,388
<b>CAGR 2017-2022</b>	<b>1.76%</b>	<b>1.93%</b>	<b>1.98%</b>	<b>1.92%</b>	<b>1.53%</b>	<b>0.82%</b>
<b>CAGR 2010-2022</b>	<b>1.64%</b>	<b>2.48%</b>	<b>2.47%</b>	<b>2.42%</b>	<b>1.70%</b>	<b>0.75%</b>
Median HH Income (2017)	\$48,421	\$56,606	\$66,218	\$71,496	\$59,623	\$59,240
Median Age (2017)	30.0	32.7	33.6	34.7	34.9	38.1
<b>Ethnicity</b>						
White	49.0%	62.4%	67.4%	67.8%	68.0%	70.4%
African American	9.4%	7.7%	8.6%	9.0%	12.7%	13.3%
Asian	1.1%	4.5%	5.7%	7.0%	5.0%	5.7%
All Other	40.5%	25.4%	18.3%	16.2%	14.4%	10.6%
<b>Hispanic Population</b>						
Hispanic	77.5%	50.7%	37.9%	33.4%	38.6%	17.5%
Not Hispanic	22.5%	49.3%	62.1%	66.6%	61.4%	82.5%
<b>CAGR = Compound Annual Growth Rate</b>						
Jimmy Clay-Roy Kizer Municipal Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Golf Demand Indicators</b>						
Total Households	10,184	99,316	260,943	495,445	10,219,676	124,506,607
Number of Golfing Households	859	8,715	28,138	60,492	1,175,750	17,175,900
Projected Golfing Households (2022)	938	9,593	30,890	66,778	1,262,831	17,934,830
Projected Annual Growth Rate	1.80%	1.90%	1.90%	2.00%	1.40%	0.90%
Seasonal Golfing Households	0	61	244	1,140	25,125	732,421
Latent Demand/Interested Non-Golfers	3,981	41,642	102,505	188,709	3,324,424	40,573,960
Household Participation Rate	8.40%	8.80%	10.80%	12.20%	11.50%	13.80%
Number of Golfers	1,435	11,481	37,572	81,396	1,661,592	23,832,510
Rounds Potential (resident golfers)	19,468	206,397	677,070	1,565,709	30,955,250	455,965,500
Estimated Course Rounds (in-market supply)	75,885	111,266	332,956	1,104,813	24,759,070	455,965,000
<b>Demand Indices</b>						
Golfing Household Participation Rate	62	64	79	89	84	100
Seasonal Golfing Households	0	11	16	39	42	100
Latent Demand/Interested Non-Golfers	90	137	128	123	94	100
Rounds Potential per Household (resident golfers)	53	57	71	87	83	100

Jimmy Clay-Roy Kizer Municipal Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Golf Supply</b>						
<b>Golf Facilities</b>						
Total	1	2	9	33	732	14,754
Public	1	2	7	16	515	11,006
Public: Daily Fee	0	1	3	9	338	8,509
Public: Municipal	1	1	4	7	177	2,497
Private	0	0	2	17	217	3,748
<b>Public Golf Facilities by Price Point</b>						
Premium (>\$70)	0	0	0	2	46	1,393
Standard (\$40-\$70)	1	1	3	8	195	4,087
Value (<\$40)	0	1	4	6	274	5,526
<b>Golf Holes</b>						
Total	36	54	162	594	12,492	250,146
Public	36	54	117	261	8,253	181,458
Public: Daily Fee	0	18	36	126	5,247	139,761
Public: Municipal	36	36	81	135	3,006	41,697
Private	0	0	45	333	4,239	68,688
Non-Regulation (Executive & Par-3)	0	0	9	9	486	20,277
<b>Net Change*</b>						
Net Change in Holes past 5 years	0	0	18	-18	-1,071	-13,941
Percentage Total Holes Past 5 Yrs	0.00%	0.00%	12.50%	-2.90%	0	-5.30%
Net Change in Holes past 10 Years	0	0	0	-54	-1,557	-19,098
Percentage Total Holes Past 10 Yrs	0.00%	0.00%	0.00%	-8.30%	0	-7.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.						

<b>Jimmy Clay-Roy Kizer Municipal Golf Course</b>	<b>2-mile ring</b>	<b>5-mile ring</b>	<b>10-mile ring</b>	<b>Travis County</b>	<b>State of Texas</b>	<b>U.S.</b>
<b>Supply-Demand Ratios</b>						
<b><i>Households per 18 Holes</i></b>						
Total	5,092	33,105	28,994	15,013	14,726	8,959
Public	5,092	33,105	40,145	34,169	22,289	12,351
Public: Daily Fee	0	99,316	130,472	70,778	35,059	16,035
Public: Municipal	5,092	49,658	57,987	66,059	61,196	53,748
Private	0	0	104,377	26,781	43,396	32,628
Premium (>\$70)	0	0	0	247,723	202,370	73,716
Standard (\$40-\$70)	5,092	49,658	65,236	55,049	49,370	28,602
Value (<\$40)	0	99,316	104,377	141,556	50,844	30,826
<b><i>Golfing Households per 18 Holes</i></b>						
Total	430	2,905	3,126	1,833	1,694	1,236
Public	430	2,905	4,329	4,172	2,564	1,704
Public: Daily Fee	0	8,715	14,069	8,642	4,033	2,212
Public: Municipal	430	4,358	6,253	8,066	7,040	7,415
Private	0	0	11,255	3,270	4,993	4,501
Premium (>\$70)	0	0	0	30,246	23,282	10,169
Standard (\$40-\$70)	430	4,358	7,035	6,721	5,680	3,946
Value (<\$40)	0	8,715	11,255	17,283	5,850	4,253
<b><i>Household Indices</i></b>						
Total	56	366	321	166	163	100
Public	41	266	322	274	179	100
Private	0	0	317	81	132	100
Premium (>\$70)	0	0	0	333	272	100
Standard (\$40-\$70)	18	172	226	191	171	100
Value (<\$40)	0	320	336	455	164	100
<b><i>Golfing Household Indices</i></b>						
Total	35	235	253	148	137	100
Public	25	170	254	245	150	100
Private	0	0	250	73	111	100
Premium (>\$70)	0	0	0	297	229	100
Standard (\$40-\$70)	11	110	178	170	144	100
Value (<\$40)	0	205	265	406	138	100
<b><i>Rounds per 18 Holes</i></b>						
Rounds Potential (resident golfers)	9,734	68,799	75,230	47,446	44,604	32,810
Estimated Course Rounds (in-market supply)	37,943	37,089	36,995	33,479	35,676	32,809

## Lions GC Demographics and Golf Demand / Supply Data

Lions Municipal Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Summary Demographics</b>						
Population 1990 Census	33,049	205,990	497,958	576,410	16,985,153	248,584,652
Population 2000 Census	37,917	240,000	656,444	812,319	20,851,813	281,399,034
<b>CAGR 1990-2000</b>	<b>1.38%</b>	<b>1.54%</b>	<b>2.80%</b>	<b>3.49%</b>	<b>2.07%</b>	<b>1.25%</b>
Population 2010 Census	41,249	243,415	745,734	1,024,266	25,145,561	308,745,538
<b>CAGR 2000-2010</b>	<b>0.85%</b>	<b>0.14%</b>	<b>1.28%</b>	<b>2.35%</b>	<b>1.89%</b>	<b>0.93%</b>
Population Estimate 2017	47,583	299,592	885,799	1,240,955	28,529,059	324,310,011
Population 2022 Projected	52,288	329,705	975,360	1,364,789	30,786,120	337,744,388
<b>CAGR 2017-2022</b>	<b>1.90%</b>	<b>1.93%</b>	<b>1.95%</b>	<b>1.92%</b>	<b>1.53%</b>	<b>0.82%</b>
<b>CAGR 2010-2022</b>	<b>2.00%</b>	<b>2.56%</b>	<b>2.26%</b>	<b>2.42%</b>	<b>1.70%</b>	<b>0.75%</b>
Median HH Income (2017)	\$76,144	\$70,741	\$67,522	\$71,496	\$59,623	\$59,240
Median Age (2017)	33.9	33.9	34.2	34.7	34.9	38.1
<b>Ethnicity</b>						
White	82.6%	74.4%	67.6%	67.8%	68.0%	70.4%
African American	1.6%	5.4%	8.3%	9.0%	12.7%	13.3%
Asian	10.9%	8.5%	7.1%	7.0%	5.0%	5.7%
All Other	4.9%	11.7%	17.0%	16.2%	14.4%	10.6%
<b>Hispanic Population</b>						
Hispanic	10.6%	23.4%	34.7%	33.4%	38.6%	17.5%
Not Hispanic	89.4%	76.6%	65.3%	66.6%	61.4%	82.5%
<b>CAGR = Compound Annual Growth Rate</b>						
Lions Municipal Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Golf Demand Indicators</b>						
Total Households	23,295	138,015	364,008	495,445	10,219,676	124,506,607
Number of Golfing Households	2,948	15,404	41,761	60,492	1,175,750	17,175,900
Projected Golfing Households (2022)	3,284	16,719	46,047	66,778	1,262,831	17,934,830
Projected Annual Growth Rate	2.20%	1.70%	2.00%	2.00%	1.40%	0.90%
Seasonal Golfing Households	53	241	396	1,140	25,125	732,421
Latent Demand/Interested Non-Golfers	9,968	57,125	144,226	188,709	3,324,424	40,573,960
Household Participation Rate	12.70%	11.20%	11.50%	12.20%	11.50%	13.80%
Number of Golfers	3,709	19,001	53,386	81,396	1,661,592	23,832,510
Rounds Potential (resident golfers)	73,769	379,764	1,011,579	1,565,709	30,955,250	455,965,500
Estimated Course Rounds (in-market supply)	37,943	183,435	500,335	1,104,813	24,759,070	455,965,000
<b>Demand Indices</b>						
Golfing Household Participation Rate	93	82	84	89	84	100
Seasonal Golfing Households	39	30	19	39	42	100
Latent Demand/Interested Non-Golfers	161	154	133	123	94	100
Rounds Potential per Household (resident golfers)	87	76	77	87	83	100



Lions Municipal Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Golf Supply</b>						
<b>Golf Facilities</b>						
Total	1	6	14	33	732	14,754
Public	1	4	8	16	515	11,006
Public: Daily Fee	0	1	4	9	338	8,509
Public: Municipal	1	3	4	7	177	2,497
Private	0	2	6	17	217	3,748
<b>Public Golf Facilities by Price Point</b>						
Premium (>\$70)	0	0	0	2	46	1,393
Standard (\$40-\$70)	1	2	4	8	195	4,087
Value (<\$40)	0	2	4	6	274	5,526
<b>Golf Holes</b>						
Total	18	90	261	594	12,492	250,146
Public	18	54	135	261	8,253	181,458
Public: Daily Fee	0	9	54	126	5,247	139,761
Public: Municipal	18	45	81	135	3,006	41,697
Private	0	36	126	333	4,239	68,688
Non-Regulation (Executive & Par-3)	0	9	9	9	486	20,277
<b>Net Change*</b>						
Net Change in Holes past 5 years	0	18	0	-18	-1,071	-13,941
Percentage Total Holes Past 5 Yrs	0.00%	25.00%	0.00%	-2.90%	0	-5.30%
Net Change in Holes past 10 Years	0	0	-18	-54	-1,557	-19,098
Percentage Total Holes Past 10 Yrs	0.00%	0.00%	-6.50%	-8.30%	0	-7.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.						

Lions Municipal Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Supply-Demand Ratios</b>						
<b>Households per 18 Holes</b>						
Total	23,295	27,603	25,104	15,013	14,726	8,959
Public	23,295	46,005	48,534	34,169	22,289	12,351
Public: Daily Fee	0	0	121,336	70,778	35,059	16,035
Public: Municipal	23,295	55,206	80,891	66,059	61,196	53,748
Private	0	69,008	52,001	26,781	43,396	32,628
Premium (>\$70)	0	0	0	247,723	202,370	73,716
Standard (\$40-\$70)	23,295	69,008	72,802	55,049	49,370	28,602
Value (<\$40)	0	138,015	145,603	141,556	50,844	30,826
<b>Golfing Households per 18 Holes</b>						
Total	2,948	3,081	2,880	1,833	1,694	1,236
Public	2,948	5,135	5,568	4,172	2,564	1,704
Public: Daily Fee	0	0	13,920	8,642	4,033	2,212
Public: Municipal	2,948	6,162	9,280	8,066	7,040	7,415
Private	0	7,702	5,966	3,270	4,993	4,501
Premium (>\$70)	0	0	0	30,246	23,282	10,169
Standard (\$40-\$70)	2,948	7,702	8,352	6,721	5,680	3,946
Value (<\$40)	0	15,404	16,704	17,283	5,850	4,253
<b>Household Indices</b>						
Total	258	306	278	166	163	100
Public	187	369	390	274	179	100
Private	0	210	158	81	132	100
Premium (>\$70)	0	0	0	333	272	100
Standard (\$40-\$70)	81	239	252	191	171	100
Value (<\$40)	0	444	468	455	164	100
<b>Golfing Household Indices</b>						
Total	239	249	233	148	137	100
Public	173	301	327	245	150	100
Private	0	171	133	73	111	100
Premium (>\$70)	0	0	0	297	229	100
Standard (\$40-\$70)	75	195	212	170	144	100
Value (<\$40)	0	362	393	406	138	100
<b>Rounds per 18 Holes</b>						
Rounds Potential (resident golfers)	73,769	75,953	69,764	47,446	44,604	32,810
Estimated Course Rounds (in-market supply)	37,943	36,687	34,506	33,479	35,676	32,809

## Grey Rock GC Demographics and Golf Demand / Supply Data

Grey Rock Golf Club	2-mile ring	5-mile ring	10-mile ring	15-mile ring	Travis County	State of Texas	U.S.
<b>Summary Demographics</b>							
Population 1990 Census	2,402	30,398	163,483	361,612	576,410	16,985,153	248,584,652
Population 2000 Census	6,829	55,415	229,862	489,288	812,319	20,851,813	281,399,034
<b>CAGR 1990-2000</b>	<b>11.01%</b>	<b>6.19%</b>	<b>3.47%</b>	<b>3.07%</b>	<b>3.49%</b>	<b>2.07%</b>	<b>1.25%</b>
Population 2010 Census	13,719	82,932	296,253	630,333	1,024,266	25,145,561	308,745,538
<b>CAGR 2000-2010</b>	<b>7.23%</b>	<b>4.11%</b>	<b>2.57%</b>	<b>2.57%</b>	<b>2.35%</b>	<b>1.89%</b>	<b>0.93%</b>
Population Estimate 2017	16,308	98,501	361,300	784,864	1,240,955	28,529,059	324,310,011
Population 2022 Projected	17,950	109,964	404,681	881,238	1,364,789	30,786,120	337,744,388
<b>CAGR 2017-2022</b>	<b>1.94%</b>	<b>2.23%</b>	<b>2.29%</b>	<b>2.34%</b>	<b>1.92%</b>	<b>1.53%</b>	<b>0.82%</b>
<b>CAGR 2010-2022</b>	<b>2.27%</b>	<b>2.38%</b>	<b>2.63%</b>	<b>2.83%</b>	<b>2.42%</b>	<b>1.70%</b>	<b>0.75%</b>
Median HH Income (2017)	\$144,420	\$107,760	\$83,245	\$77,358	\$71,496	\$59,623	\$59,240
Median Age (2017)	37.9	37.9	36.3	0.0	34.7	34.9	38.1
<b>Ethnicity</b>							
White	79.9%	81.7%	75.6%	73.7%	67.8%	68.0%	70.4%
African American	1.6%	3.1%	4.4%	5.3%	9.0%	12.7%	13.3%
Asian	13.5%	7.0%	5.5%	5.9%	7.0%	5.0%	5.7%
All Other	5.0%	8.2%	14.4%	15.0%	16.2%	14.4%	10.6%
<b>Hispanic Population</b>							
Hispanic	12.0%	20.3%	31.1%	31.8%	33.4%	38.6%	17.5%
Not Hispanic	88.0%	79.7%	68.9%	68.2%	66.6%	61.4%	82.5%
<b>CAGR = Compound Annual Growth Rate</b>							
Grey Rock Golf Club	2-mile ring	5-mile ring	10-mile ring	15-mile ring	Travis County	State of Texas	U.S.
<b>Golf Demand Indicators</b>							
Total Households	3,300	36,667	142,730	310,278	495,445	10,219,676	124,506,607
Number of Golfing Households	511	5,758	18,952	39,486	60,492	1,175,750	17,175,900
Projected Golfing Households (2022)	577	6,286	21,027	43,454	66,778	1,262,831	17,934,830
Projected Annual Growth Rate	2.50%	1.80%	2.10%	1.90%	2.00%	1.40%	0.90%
Seasonal Golfing Households	1	16	106	563	1,140	25,125	732,421
Latent Demand/Interested Non-Golfers	1,098	12,683	53,615	118,715	188,709	3,324,424	40,573,960
Household Participation Rate	15.50%	15.70%	13.30%	12.70%	12.20%	11.50%	13.80%
Number of Golfers	791	7,828	25,280	53,304	81,396	1,661,592	23,832,510
Rounds Potential (resident golfers)	11,282	136,179	479,350	1,031,409	1,565,709	30,955,250	455,965,500
Estimated Course Rounds (in-market supply)	37,943	37,943	169,942	673,460	1,104,813	24,759,070	455,965,000
<b>Demand Indices</b>							
Golfing Household Participation Rate	113	115	97	93	89	84	100
Seasonal Golfing Households	5	7	13	31	39	42	100
Latent Demand/Interested Non-Golfers	85	104	121	123	123	94	100
Rounds Potential per Household (resident golfers)	94	102	92	92	87	83	100

Grey Rock Golf Club	2-mile ring	5-mile ring	10-mile ring	15-mile ring	Travis County	State of Texas	U.S.
<b>Golf Supply</b>							
<i><b>Golf Facilities</b></i>							
Total	1	1	4	19	33	732	14,754
Public	1	1	1	8	16	515	11,006
Public: Daily Fee	0	0	0	4	9	338	8,509
Public: Municipal	1	1	1	4	7	177	2,497
Private	0	0	3	11	17	217	3,748
<i><b>Public Golf Facilities by Price Point</b></i>							
Premium (>\$70)	1	1	1	2	2	46	1,393
Standard (\$40-\$70)	0	0	0	3	8	195	4,087
Value (<\$40)	0	0	0	3	6	274	5,526
<i><b>Golf Holes</b></i>							
Total	18	18	99	369	594	12,492	250,146
Public	18	18	18	144	261	8,253	181,458
Public: Daily Fee	0	0	0	63	126	5,247	139,761
Public: Municipal	18	18	18	81	135	3,006	41,697
Private	0	0	81	225	333	4,239	68,688
Non-Regulation (Executive & Par-3)	0	0	0	9	9	486	20,277
<i><b>Net Change*</b></i>							
Net Change in Holes past 5 years	0	0	-18	-18	-18	-1,071	-13,941
Percentage Total Holes Past 5 Yrs	0.00%	0.00%	-15.40%	-4.70%	-2.90%	0	-5.30%
Net Change in Holes past 10 Years	0	0	-18	-27	-54	-1,557	-19,098
Percentage Total Holes Past 10 Yrs	0.00%	0.00%	-15.40%	-6.80%	-8.30%	0	-7.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.							

Grey Rock Golf Club	2-mile ring	5-mile ring	10-mile ring	15-mile ring	Travis County	State of Texas	U.S.
<b>Supply-Demand Ratios</b>							
<b>Households per 18 Holes</b>							
Total	3,300	36,667	25,951	15,136	15,013	14,726	8,959
Public	3,300	36,667	142,730	38,785	34,169	22,289	12,351
Public: Daily Fee	0	0	0	88,651	70,778	35,059	16,035
Public: Municipal	3,300	36,667	142,730	68,951	66,059	61,196	53,748
Private	0	0	31,718	24,822	26,781	43,396	32,628
Premium (>\$70)	3,300	36,667	142,730	155,139	247,723	202,370	73,716
Standard (\$40-\$70)	0	0	0	77,570	55,049	49,370	28,602
Value (<\$40)	0	0	0	155,139	141,556	50,844	30,826
<b>Golfing Households per 18 Holes</b>							
Total	511	5,758	3,446	1,926	1,833	1,694	1,236
Public	511	5,758	18,952	4,936	4,172	2,564	1,704
Public: Daily Fee	0	0	0	11,282	8,642	4,033	2,212
Public: Municipal	511	5,758	18,952	8,775	8,066	7,040	7,415
Private	0	0	4,212	3,159	3,270	4,993	4,501
Premium (>\$70)	511	5,758	18,952	19,743	30,246	23,282	10,169
Standard (\$40-\$70)	0	0	0	9,872	6,721	5,680	3,946
Value (<\$40)	0	0	0	19,743	17,283	5,850	4,253
<b>Household Indices</b>							
Total	37	406	287	168	166	163	100
Public	26	294	1,146	311	274	179	100
Private	0	0	96	75	81	132	100
Premium (>\$70)	4	49	192	209	333	272	100
Standard (\$40-\$70)	0	0	0	269	191	171	100
Value (<\$40)	0	0	0	499	455	164	100
<b>Golfing Household Indices</b>							
Total	41	466	279	156	148	137	100
Public	30	338	1,112	290	245	150	100
Private	0	0	94	70	73	111	100
Premium (>\$70)	5	57	186	194	297	229	100
Standard (\$40-\$70)	0	0	0	250	170	144	100
Value (<\$40)	0	0	0	464	406	138	100
<b>Rounds per 18 Holes</b>							
Rounds Potential (resident golfers)	11,282	136,179	87,155	50,313	47,446	44,604	32,810
Estimated Course Rounds (in-market supply)	37,943	37,943	30,899	32,852	33,479	35,676	32,809

## Morris Williams GC Demographics and Golf Demand / Supply Data

Morris Williams Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Summary Demographics</b>						
Population 1990 Census	41,459	217,657	463,399	576,410	16,985,153	248,584,652
Population 2000 Census	50,055	266,711	593,933	812,319	20,851,813	281,399,034
<b>CAGR 1990-2000</b>	<b>1.90%</b>	<b>2.05%</b>	<b>2.51%</b>	<b>3.49%</b>	<b>2.07%</b>	<b>1.25%</b>
Population 2010 Census	49,000	283,849	657,032	1,024,266	25,145,561	308,745,538
<b>CAGR 2000-2010</b>	<b>-0.21%</b>	<b>0.62%</b>	<b>1.01%</b>	<b>2.35%</b>	<b>1.89%</b>	<b>0.93%</b>
Population Estimate 2017	60,429	348,965	785,919	1,240,955	28,529,059	324,310,011
Population 2022 Projected	67,108	384,560	864,020	1,364,789	30,786,120	337,744,388
<b>CAGR 2017-2022</b>	<b>2.12%</b>	<b>1.96%</b>	<b>1.91%</b>	<b>1.92%</b>	<b>1.53%</b>	<b>0.82%</b>
<b>CAGR 2010-2022</b>	<b>2.66%</b>	<b>2.56%</b>	<b>2.31%</b>	<b>2.42%</b>	<b>1.70%</b>	<b>0.75%</b>
Median HH Income (2017)	\$53,681	\$55,969	\$62,427	\$71,496	\$59,623	\$59,240
Median Age (2017)	33.6	31.8	33.5	34.7	34.9	38.1
<b>Ethnicity</b>						
White	51.4%	62.2%	64.1%	67.8%	68.0%	70.4%
African American	22.5%	12.2%	10.0%	9.0%	12.7%	13.3%
Asian	3.8%	5.9%	7.0%	7.0%	5.0%	5.7%
All Other	22.3%	19.7%	18.9%	16.2%	14.4%	10.6%
<b>Hispanic Population</b>						
Hispanic	40.4%	40.2%	38.3%	33.4%	38.6%	17.5%
Not Hispanic	59.6%	59.8%	61.7%	66.6%	61.4%	82.5%
<b>CAGR = Compound Annual Growth Rate</b>						
Morris Williams Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Golf Demand Indicators</b>						
Total Households	24,312	140,030	326,508	495,445	10,219,676	124,506,607
Number of Golfing Households	1,851	12,460	34,218	60,492	1,175,750	17,175,900
Projected Golfing Households (2022)	1,996	13,446	37,552	66,778	1,262,831	17,934,830
Projected Annual Growth Rate	1.50%	1.50%	1.90%	2.00%	1.40%	0.90%
Seasonal Golfing Households	4	161	338	1,140	25,125	732,421
Latent Demand/Interested Non-Golfers	9,725	58,072	128,552	188,709	3,324,424	40,573,960
Household Participation Rate	7.60%	8.90%	10.50%	12.20%	11.50%	13.80%
Number of Golfers	2,736	16,398	44,250	81,396	1,661,592	23,832,510
Rounds Potential (resident golfers)	51,842	288,533	827,104	1,565,709	30,955,250	455,965,500
Estimated Course Rounds (in-market supply)	86,826	219,119	383,003	1,104,813	24,759,070	455,965,000
<b>Demand Indices</b>						
Golfing Household Participation Rate	56	65	77	89	84	100
Seasonal Golfing Households	3	20	18	39	42	100
Latent Demand/Interested Non-Golfers	128	138	131	123	94	100
Rounds Potential per Household (resident golfers)	59	57	70	87	83	100

Morris Williams Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Golf Supply</b>						
<b>Golf Facilities</b>						
Total	3	7	11	33	732	14,754
Public	3	7	8	16	515	11,006
Public: Daily Fee	1	4	4	9	338	8,509
Public: Municipal	2	3	4	7	177	2,497
Private	0	0	3	17	217	3,748
<b>Public Golf Facilities by Price Point</b>						
Premium (>\$70)	0	0	0	2	46	1,393
Standard (\$40-\$70)	1	3	4	8	195	4,087
Value (<\$40)	2	4	4	6	274	5,526
<b>Golf Holes</b>						
Total	36	99	189	594	12,492	250,146
Public	36	99	135	261	8,253	181,458
Public: Daily Fee	9	54	54	126	5,247	139,761
Public: Municipal	27	45	81	135	3,006	41,697
Private	0	0	54	333	4,239	68,688
Non-Regulation (Executive & Par-3)	0	9	9	9	486	20,277
<b>Net Change*</b>						
Net Change in Holes past 5 years	18	18	18	-18	-1,071	-13,941
Percentage Total Holes Past 5 Yrs	100.00%	22.20%	10.50%	-2.90%	0	-5.30%
Net Change in Holes past 10 Years	0	0	0	-54	-1,557	-19,098
Percentage Total Holes Past 10 Yrs	0.00%	0.00%	0.00%	-8.30%	0	-7.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.						

Morris Williams Golf Course	2-mile ring	5-mile ring	10-mile ring	Travis County	State of Texas	U.S.
<b>Supply-Demand Ratios</b>						
<b>Households per 18 Holes</b>						
Total	12,156	25,460	31,096	15,013	14,726	8,959
Public	12,156	25,460	43,534	34,169	22,289	12,351
Public: Daily Fee	0	46,677	108,836	70,778	35,059	16,035
Public: Municipal	16,208	56,012	72,557	66,059	61,196	53,748
Private	0	0	108,836	26,781	43,396	32,628
Premium (>\$70)	0	0	0	247,723	202,370	73,716
Standard (\$40-\$70)	24,312	46,677	65,302	55,049	49,370	28,602
Value (<\$40)	24,312	56,012	130,603	141,556	50,844	30,826
<b>Golfing Households per 18 Holes</b>						
Total	926	2,265	3,259	1,833	1,694	1,236
Public	926	2,265	4,562	4,172	2,564	1,704
Public: Daily Fee	0	4,153	11,406	8,642	4,033	2,212
Public: Municipal	1,234	4,984	7,604	8,066	7,040	7,415
Private	0	0	11,406	3,270	4,993	4,501
Premium (>\$70)	0	0	0	30,246	23,282	10,169
Standard (\$40-\$70)	1,851	4,153	6,844	6,721	5,680	3,946
Value (<\$40)	1,851	4,984	13,687	17,283	5,850	4,253
<b>Household Indices</b>						
Total	135	282	344	166	163	100
Public	98	204	350	274	179	100
Private	0	0	331	81	132	100
Premium (>\$70)	0	0	0	333	272	100
Standard (\$40-\$70)	84	162	226	191	171	100
Value (<\$40)	78	180	420	455	164	100
<b>Golfing Household Indices</b>						
Total	75	183	264	148	137	100
Public	54	133	268	245	150	100
Private	0	0	253	73	111	100
Premium (>\$70)	0	0	0	297	229	100
Standard (\$40-\$70)	47	105	173	170	144	100
Value (<\$40)	44	117	322	406	138	100
<b>Rounds per 18 Holes</b>						
Rounds Potential (resident golfers)	25,921	52,461	78,772	47,446	44,604	32,810
Estimated Course Rounds (in-market supply)	43,413	39,840	36,476	33,479	35,676	32,809



## APPENDIX B – NATIONAL ROUNDS PLAYED REPORT



# National Golf Rounds Played Report

Page 2 of 2

### DECEMBER 2017

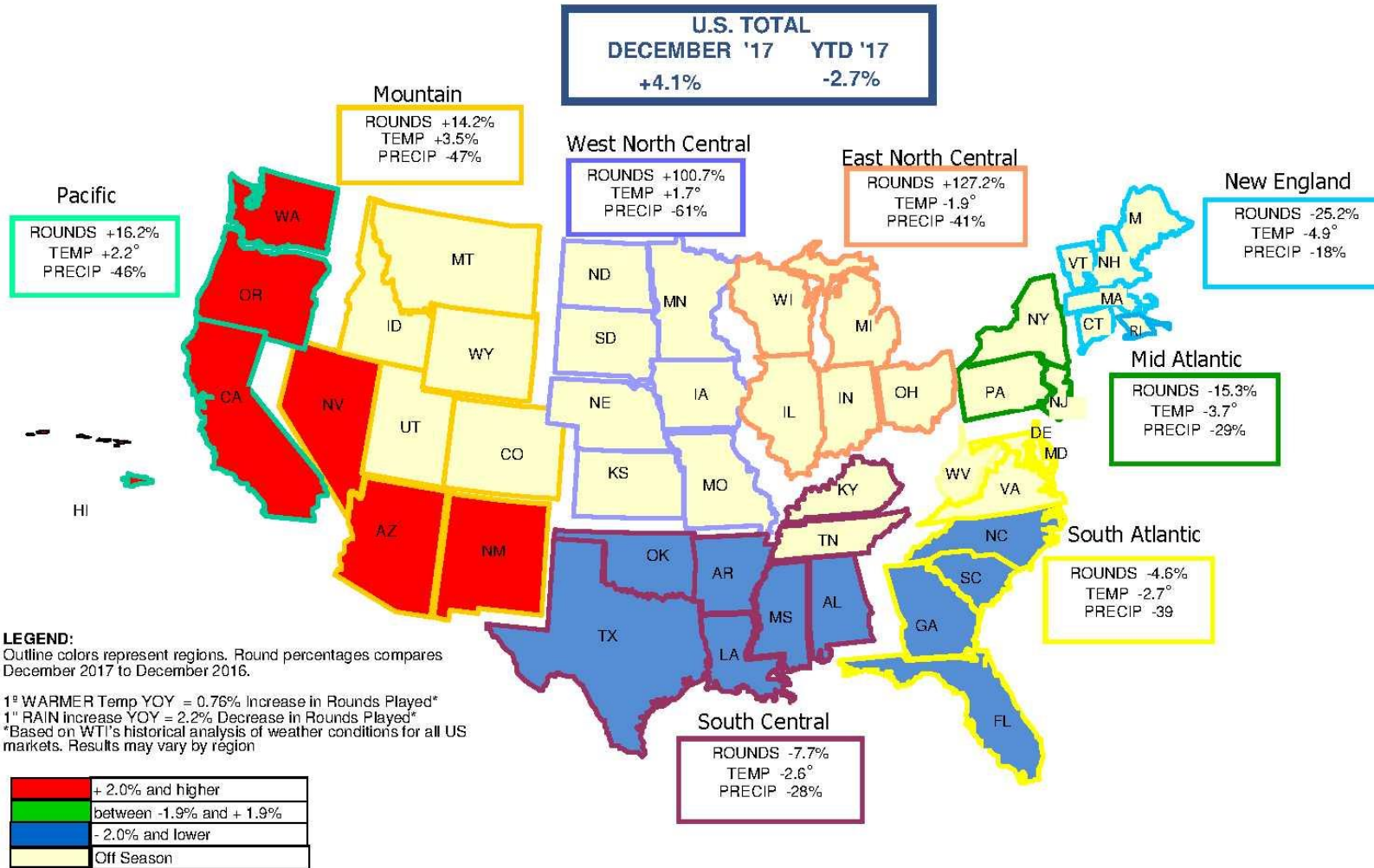
	DEC	YTD
<b>PACIFIC</b>	<b>16.2%</b>	<b>-3.2%</b>
CA	<b>14.2%</b>	<b>-2.5%</b>
Los Angeles	10.7%	-3.3%
Orange County	16.8%	-0.4%
Palm Springs	11.6%	-0.4%
Sacramento	23.5%	-10.8%
San Diego	13.8%	3.1%
San Francisco/Oakland	24.1%	-6.3%
HI	<b>5.4%</b>	<b>1.3%</b>
OR	<b>20.1%</b>	<b>-6.8%</b>
Portland	42.7%	-9.2%
WA	<b>68.1%</b>	<b>-5.3%</b>
Seattle	66.9%	-4.8%
<b>MOUNTAIN</b>	<b>14.2%</b>	<b>0.5%</b>
AZ	<b>3.8%</b>	<b>-0.3%</b>
Phoenix	4.4%	-1.2%
CO	<b>152.2%</b>	<b>3.0%</b>
Denver	176.9%	-1.7%
ID, WY, MT, UT	<b>81.2%</b>	<b>-1.8%</b>
NM	<b>48.0%</b>	<b>5.5%</b>
NV	<b>3.3%</b>	<b>1.3%</b>
Las Vegas	9.3%	2.6%
<b>WEST NORTH CENTRAL</b>	<b>99.3%</b>	<b>-0.8%</b>
KS, NE	<b>96.9%</b>	<b>3.1%</b>
ND, SD	<b>NA</b>	<b>-6.0%</b>
MN	<b>63.6%</b>	<b>-6.5%</b>
Minneapolis/St. Paul	57.9%	-7.0%
IA, MO	<b>98.8%</b>	<b>2.2%</b>
St Louis	132.3%	1.3%
Kansas City	153.6%	2.0%

	DEC	YTD
<b>UNITED STATES</b>	<b>4.1%</b>	<b>-2.7%</b>
<b>PUBLIC ACCESS</b>	<b>3.0%</b>	<b>-3.6%</b>
<b>PRIVATE</b>	<b>7.2%</b>	<b>0.8%</b>

	DEC	YTD
<b>EAST NORTH CENTRAL</b>	<b>127.2%</b>	<b>-5.3%</b>
IL	<b>301.8%</b>	<b>-4.5%</b>
Chicago	297.3%	-3.4%
IN	<b>74.0%</b>	<b>-10.8%</b>
MI	<b>217.8%</b>	<b>-4.3%</b>
Detroit	184.6%	-4.5%
OH	<b>34.1%</b>	<b>-5.8%</b>
Cincinnati	92.3%	2.8%
Cleveland	34.5%	-5.9%
WI	<b>290.7%</b>	<b>-2.2%</b>
<b>SOUTH CENTRAL</b>	<b>-7.7%</b>	<b>-0.7%</b>
AL	<b>-15.0%</b>	<b>-1.8%</b>
AR, LA, MS	<b>-21.4%</b>	<b>-6.4%</b>
KY	<b>30.6%</b>	<b>2.5%</b>
OK	<b>-10.0%</b>	<b>-2.1%</b>
TN	<b>-11.1%</b>	<b>5.1%</b>
Nashville	-13.9%	7.3%
TX	<b>-2.8%</b>	<b>-0.1%</b>
Dallas/Ft. Worth	-2.6%	1.1%
Houston	-0.4%	-2.0%
San Antonio	2.0%	-1.9%

	DEC	YTD
<b>SOUTH ATLANTIC</b>	<b>-4.6%</b>	<b>-1.2%</b>
DE, DC, MD	<b>-6.1%</b>	<b>-2.7%</b>
Washington/Baltimore	2.4%	-1.6%
FL	<b>-4.4%</b>	<b>-1.3%</b>
Jacksonville/Daytona	-10.8%	3.9%
Orlando	-1.0%	-6.0%
Tampa	2.0%	-1.1%
Palm Beach	7.4%	12.1%
Sarasota	1.5%	-0.5%
Naples/Ft Myers	0.1%	-5.8%
Miami/Ft. Lauderdale	5.0%	-1.3%
GA	<b>-6.2%</b>	<b>-7.1%</b>
Atlanta	2.0%	-5.9%
NC	<b>-3.4%</b>	<b>2.0%</b>
Greensboro/Raleigh	-6.6%	1.2%
SC	<b>-10.4%</b>	<b>0.0%</b>
Charleston	-10.0%	0.9%
Hilton Head	-12.7%	5.9%
Myrtle Beach	-7.9%	0.0%
VA	<b>4.4%</b>	<b>-0.1%</b>
WV	<b>29.0%</b>	<b>0.9%</b>
<b>MID ATLANTIC</b>	<b>-15.3%</b>	<b>-6.9%</b>
NJ	<b>-15.2%</b>	<b>-2.9%</b>
NY	<b>-28.5%</b>	<b>-9.9%</b>
New York City	-32.0%	-4.1%
PA	<b>-4.9%</b>	<b>-5.3%</b>
Philadelphia	-21.2%	-6.4%
Pittsburgh	58.4%	-7.3%
<b>NEW ENGLAND</b>	<b>-25.2%</b>	<b>-4.3%</b>
CT	<b>-39.7%</b>	<b>-0.3%</b>
MA, RI	<b>-23.1%</b>	<b>-3.8%</b>
Boston	-18.2%	-0.5%
ME, NH, VT	<b>NA</b>	<b>-7.6%</b>

The percentages represent the differences in number of rounds played comparing December 2017 to December 2016.  
For more information contact Golf Datatech, [golfroundsplayed@golfdatatech.com](mailto:golfroundsplayed@golfdatatech.com) or call 407-944-4116





# National Golf Rounds Played Report

## DECEMBER 2018

	DEC	YTD
<b>PACIFIC</b>	<b>-7.6%</b>	<b>3.1%</b>
CA	<b>-8.4%</b>	<b>2.1%</b>
Los Angeles	-6.6%	-1.0%
Orange County	-3.8%	6.3%
Palm Springs	-2.7%	1.9%
Sacramento	-19.5%	2.1%
San Diego	-2.1%	6.0%
San Francisco/Oakland	-11.2%	5.8%
HI	-7.6%	-5.0%
OR	<b>-12.1%</b>	<b>5.2%</b>
Portland	-10.0%	10.1%
WA	<b>7.3%</b>	<b>8.7%</b>
Seattle	5.5%	7.7%
<b>MOUNTAIN</b>	<b>-6.0%</b>	<b>2.9%</b>
AZ	<b>-1.4%</b>	<b>3.3%</b>
Phoenix	0.9%	4.4%
CO	<b>-16.4%</b>	<b>-2.4%</b>
Denver	-11.8%	-0.6%
ID, WY, MT, UT	<b>-33.7%</b>	<b>6.9%</b>
NM	<b>-39.3%</b>	<b>-0.7%</b>
NV	<b>2.2%</b>	<b>2.3%</b>
Las Vegas	-3.1%	1.5%
<b>WEST NORTH CENTRAL</b>	<b>-27.4%</b>	<b>-7.7%</b>
KS, NE	<b>-32.1%</b>	<b>-7.0%</b>
ND, SD	<b>NA</b>	<b>-15.4%</b>
MN	<b>NA</b>	<b>-6.5%</b>
Minneapolis/St. Paul	NA	-8.1%
IA, MO	<b>-20.3%</b>	<b>-7.4%</b>
St Louis	-23.7%	-8.4%
Kansas City	-20.2%	-4.3%

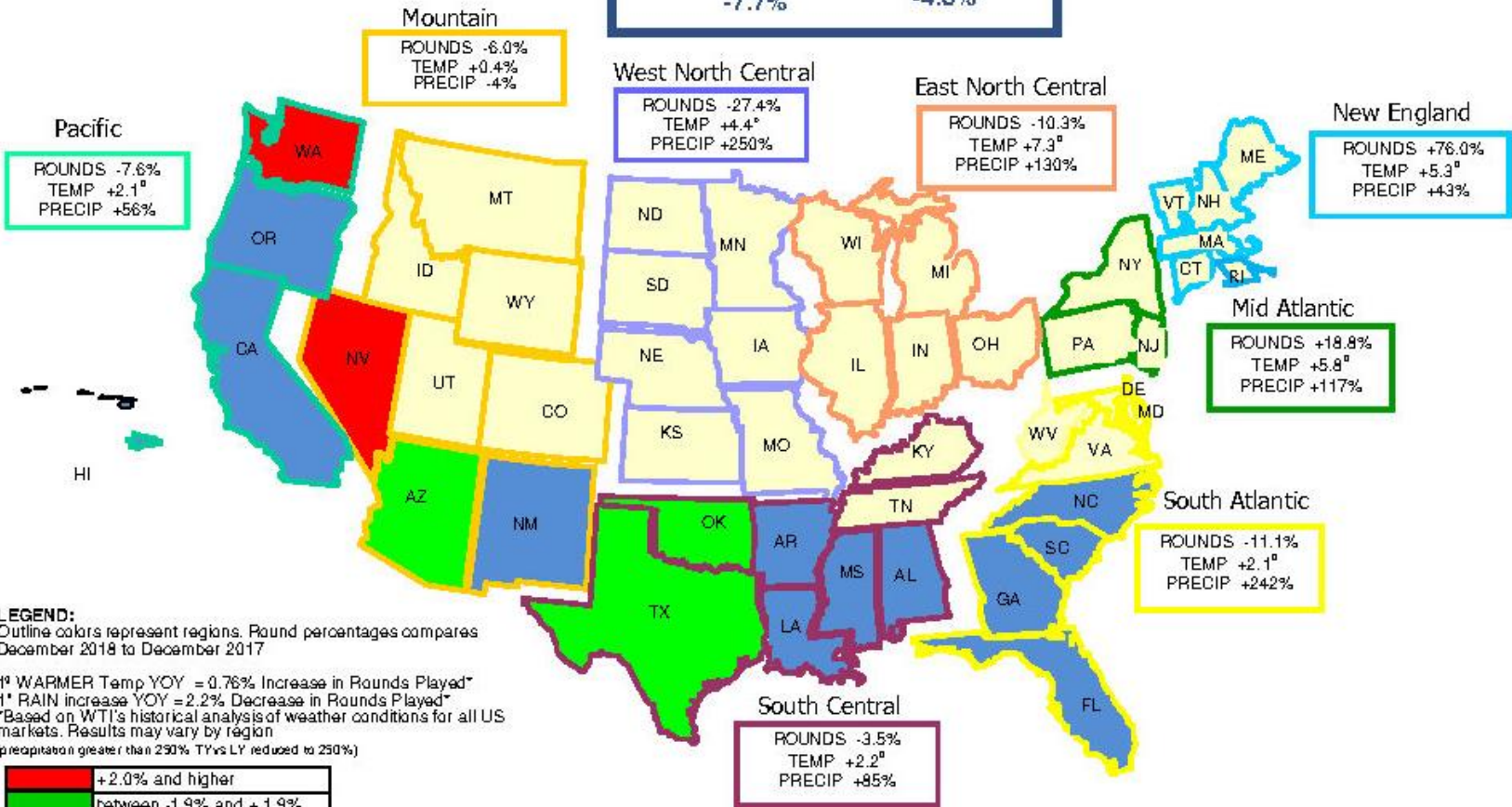
	DEC	YTD
<b>UNITED STATES</b>	<b>-7.7%</b>	<b>-4.8%</b>
<b>PUBLIC ACCESS</b>	<b>-6.6%</b>	<b>-4.7%</b>
<b>PRIVATE</b>	<b>-11.0%</b>	<b>-5.4%</b>

	DEC	YTD
<b>EAST NORTH CENTRAL</b>	<b>-10.3%</b>	<b>-7.7%</b>
IL	<b>-32.4%</b>	<b>-6.7%</b>
Chicago	-34.5%	-6.1%
IN	<b>-32.6%</b>	<b>-7.8%</b>
MI	<b>104.8%</b>	<b>-2.9%</b>
Detroit	124.4%	-4.0%
OH	<b>-8.2%</b>	<b>-10.5%</b>
Cincinnati	-15.0%	-10.3%
Cleveland	7.5%	-7.8%
WI	<b>NA</b>	<b>-12.3%</b>
<b>SOUTH CENTRAL</b>	<b>-3.5%</b>	<b>-7.0%</b>
AL	<b>-7.3%</b>	<b>-0.5%</b>
AR, LA, MS	<b>-8.3%</b>	<b>-7.1%</b>
KY	<b>-4.9%</b>	<b>-4.1%</b>
OK	<b>-1.5%</b>	<b>-10.7%</b>
TN	<b>-12.7%</b>	<b>-12.1%</b>
Nashville	-7.8%	-9.6%
TX	<b>-0.7%</b>	<b>-6.6%</b>
Dallas/Ft. Worth	-5.5%	-11.7%
Houston	1.8%	-7.9%
San Antonio	16.3%	-1.5%

	DEC	YTD
<b>SOUTH ATLANTIC</b>	<b>-11.1%</b>	<b>-5.7%</b>
DE, DC, MD	<b>-3.1%</b>	<b>-14.1%</b>
Washington/Baltimore	-3.7%	-12.3%
FL	<b>-8.7%</b>	<b>-1.6%</b>
Jacksonville/Daytona	-5.1%	-1.5%
Orlando	-9.7%	1.0%
Tampa	-21.6%	-3.0%
Palm Beach	4.3%	5.1%
Sarasota	0.7%	5.0%
Naples/Ft Myers	-4.1%	1.2%
Miami/Ft. Lauderdale	-4.3%	-0.7%
GA	<b>-15.6%</b>	<b>-4.6%</b>
Atlanta	-17.8%	-5.5%
NC	<b>-18.5%</b>	<b>-8.6%</b>
Greensboro/Raleigh	-29.8%	-11.0%
SC	<b>-17.0%</b>	<b>-8.1%</b>
Charleston	-15.1%	-3.2%
Hilton Head	-13.1%	-3.7%
Myrtle Beach	-11.9%	-8.4%
VA	<b>-17.0%</b>	<b>-11.3%</b>
WV	<b>-7.5%</b>	<b>-8.5%</b>
<b>MD ATLANTIC</b>	<b>18.8%</b>	<b>-11.4%</b>
NJ	<b>19.2%</b>	<b>-10.3%</b>
NY	<b>15.2%</b>	<b>-9.7%</b>
New York City	28.5%	-9.9%
PA	<b>20.9%</b>	<b>-13.6%</b>
Philadelphia	30.3%	-11.7%
Pittsburgh	-14.0%	-12.4%
<b>NEW ENGLAND</b>	<b>76.0%</b>	<b>-4.9%</b>
CT	<b>65.7%</b>	<b>-6.9%</b>
MA, RI	<b>78.8%</b>	<b>-1.7%</b>
Boston	5.6%	-5.9%
ME, NH, VT	<b>NA</b>	<b>-9.1%</b>

The percentages represent the differences in number of rounds played comparing December 2018 to December 2017.  
 For more information contact Golf Datatech, [golfroundsplayed@golfdatatech.com](mailto:golfroundsplayed@golfdatatech.com) or call 407-944-4116

**U.S. TOTAL**  
**DECEMBER '18**    **YTD '18**  
 -7.7%                -4.8%



**LEGEND:**  
 Outline colors represent regions. Round percentages compares December 2018 to December 2017

1° WARMER Temp YOY = 0.76% Increase in Rounds Played\*  
 1" RAIN increase YOY = 2.2% Decrease in Rounds Played\*  
 \*Based on WTI's historical analysis of weather conditions for all US markets. Results may vary by region  
 (precipitation greater than 250% TY vs LY reduced to 250%)

	+2.0% and higher
	between -1.9% and +1.9%
	-2.0% and lower
	Off Season



**APPENDIX C – TEXAS MUNICIPAL GOLF BENCHMARKING**

Selected Texas Municipal Benchmarking Comparisons											
Description	City of Allen	City of Amarillo	City of Arlington <sup>1</sup>	City of Ft. Worth	City of Garland	City of Houston <sup>2</sup>	City of Leander	City of McAllen <sup>3</sup>	Missouri City	City of Pharr <sup>4</sup>	City of San Antonio <sup>5</sup>
Number of Golf Holes	27	54	63	81	63	99	18	18	36	18	144
Golf Facilities	The Courses at Watters Creek + 6-hole practice facility	Comanche Trail (36H) Ross Rogers (18H)	Lake Arlington (18H) Meadowbrook (9H) Texas Rangers (18H) Tierra Verde (18H)	Meadowbrook (18H) Pecan Valley (36H) Rockwood (18H) Sycamore Creek (9)	The Bridges (27H) Firewheel (36H)	First Tee (9H) Gus Wortham (18H) Hermann (18H) Melrose (18H) Memorial (18H) Sharpstown (18H)	Crystal Falls	Palm View	Quail Valley	Tierra Del Sol	Brackenridge (18H) Cedar Creek (18H) Mission Del Lago (18H) Northern Hills (18H) Olmos Basin (18H) Riverside (27H) San Pedro (9H) Willow Springs (18H)
Rounds Played	<b>44,163</b>	<b>72,762</b>	<b>84,806</b>	<b>119,679</b>	N/A	<b>140,239</b>	<b>27,579</b>	<b>41,116</b>	<b>60,696</b>	<b>21,492</b>	<b>292,453</b>
Rounds per 18 Holes	29,442	24,254	33,922	26,595	N/A	31,164	27,579	41,116	30,348	21,492	36,557
Total Operating Revenue	<b>\$2,831,455</b>	<b>\$3,009,419</b>	<b>\$3,586,942</b>	<b>\$4,158,466</b>	<b>\$3,760,400</b>	<b>\$5,626,125</b>	<b>\$1,399,036</b>	<b>\$1,136,626</b>	<b>\$3,901,045</b>	<b>\$876,419</b>	<b>\$11,487,406</b>
Total Rev/Round	\$64.11	\$41.36	\$42.30	\$34.75	N/A	\$40.12	\$50.73	\$27.64	\$64.27	\$40.78	\$39.28
Total Rev per 18 Holes	\$1,887,637	\$1,003,140	\$1,195,647	\$924,104	\$1,074,400	\$1,250,250	\$1,399,036	\$1,136,626	\$1,950,523	\$876,419	\$1,435,926
Total Operating Expense (excluding depreciation)	<b>\$3,229,357</b>	<b>\$4,607,859</b>	<b>\$5,162,854</b>	<b>\$4,783,496</b>	<b>\$3,924,140</b>	<b>\$5,683,132</b>	<b>\$1,328,924</b>	<b>\$1,130,114</b>	<b>\$3,298,142</b>	<b>\$1,070,657</b>	<b>\$9,725,800</b>
Total Oper. Exp. Per 18H	\$2,152,905	\$1,535,953	\$1,475,101	\$1,062,999	\$1,121,183	\$1,262,918	\$1,328,924	\$1,130,114	\$1,649,071	\$1,070,657	\$1,215,725
<b>Operating Income (Loss)</b>	<b>(\$397,902)</b>	<b>(\$1,598,440)</b>	<b>(\$1,575,912)</b>	<b>(\$625,030)</b>	<b>(\$163,740)</b>	<b>(\$57,007)</b>	<b>\$70,112</b>	<b>\$6,512</b>	<b>\$602,903</b>	<b>(\$194,238)</b>	<b>\$1,761,606</b>
<p>Note: Info is provided by each City's most recent advertised CAFR or Actual Budget numbers. Most are from the 2018 fiscal year, while a few are from the 2017 fiscal year.</p> <p>1. No detail in Annual CAFR; "Rounds per 18 holes" does not include the Texas Rangers course, as it was closed during this Fiscal Year period.</p> <p>2. City of Houston "Rounds per 18 Holes" is using a multiple of 4.5 due to Gus Wortham course being closed for half the fiscal year and the limited number rounds recorded at the First Tee course.</p> <p>3. City of McAllen source: McAllen 2018 Budget, actual FY16-17 column, Total rounds + twilight, sundown and tournament page 280.</p> <p>4. City of Pharr rounds source: COP Annual Budget 2018-2019 online version.</p> <p>5. City has a management agreement with MGA-SA (Municipal Golf Association of San Antonio). MGA-SA manages the City's golf courses and in return retains all funding to cover operations and improvements.</p>											

## APPENDIX D – GOLF COURSE LIFE CYCLE

# GOLF COURSE ITEMS EXPECTED LIFE CYCLE

### HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

ITEM	YEARS	ITEM	YEARS
Greens (1)	15 – 30 years	Cart Paths – concrete	15 – 30 years
Bunker Sand	5 – 7 years	Practice Range Tees	5 – 10 years
Irrigation System	10 – 30 years	Tees	15 – 20 years
<i>Irrigation Control System</i>	<i>10 – 15 years</i>	Corrugated Metal Pipes	15 – 30 years
<i>PVC Pipe (under pressure)</i>	<i>10 – 30 years</i>	Bunker Drainage Pipes (3)	5 – 10 years
<i>Pump Station</i>	<i>15 – 20 years</i>	Mulch	1 – 3 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)	Grass (4)	Varies

**NOTES:** (1) Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and response to changes in the game from an architectural standpoint (like the interaction between green speed and hole locations). (2) Assumes on-going maintenance beginning 1 – 2 years after installation. (3) Typically replaced because the sand is being changed — while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. (4) As new grasses enter the marketplace — for example, those that are more drought and disease tolerant — replanting may be appropriate, depending upon the site.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. We encourage golf course leaders to work with their golf course architect, superintendents and others to assess the longevity of their particular course's components.

The American Society of Golf Course Architects (ASGCA) thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.

The materials presented on this chart have been reviewed by the following Allied Associations of Golf:

For more information,  
contact ASGCA at  
**262-786-5960** or  
**www.asgca.org**



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