

CITY OF MARYSVILLE AGENDA BILL

EXECUTIVE SUMMARY FOR ACTION

CITY COUNCIL MEETING DATE: February 2, 2015

AGENDA ITEM: Premier Golf Centers LLC Presentation	
PREPARED BY: Jim Ballew	DIRECTOR APPROVAL:
DEPARTMENT: Parks and Recreation	
ATTACHMENTS: Presentation Summary	
BUDGET CODE:	AMOUNT:
SUMMARY:	

At the recommendation of the Parks and Recreation Director, a City Council golf operations review committee was formed to evaluate the results of a Request for Proposal(s) which was received on 12/12/2014. The RFP was developed to seek qualified firms capable in assisting the City with golf course operations at Cedarcrest Golf Course. The sole respondent to the RFP was Premier Golf Centers LLC. of Seattle, WA.

Representatives of Premier Golf Centers LLC made a presentation to the golf committee which is attached for City Council review. A presentation will be made in to the Council at the 2/2/15 work study session.

At the conclusion of the presentation staff will seek direction from the City Council at the Work Study Session.

RECOMMENDED ACTION: City staff request the City Council provide direction in response to the information provided by Premier Golf Centers LLC regarding contracting of services to assist in managing daily golf course operations at Cedarcrest Golf Course.

Premier Golf Centers



Presentation
to
Marysville, WA

January 14, 2015

Presentation Outline

- About Premier Golf
- Our Track Record in the Northwest
- Comparisons to Cedarcrest
- Operating Model Options

Managing Twelve Area Courses

- Largest Municipal Golf Management Company in the Northwest
- \$20 Million in Revenues Under Management
- 500,000+ Annual Rounds of Golf
- 55,000 Premier Club Members
- 65,000 Opt-In E-Mail Database

About Premier Golf

- Seattle Based Golf Management Company
- Specialize in Municipal Golf Management
- Specialize in the Northwest

Premier Golf

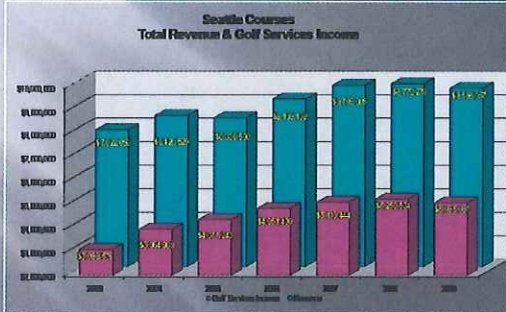
- We Have a Very Successful Track Record
- Virtually All Programs Were Troubled Before We Assumed Management
- All Operations Have Been Significantly Improved

Managing Twelve Area Courses

- Seattle - **Four Courses** - Fourteen Years
- Pierce County - **Two Courses** - Ten Years
- Bellevue - **Two Courses** - Eight Years
- Maple Valley - **One Course** - Eight Years
- Everett - **Two Courses** - Seven Years
- Lynnwood - **One Course** - One Year

Some Examples

Seattle Courses



Bellevue



Premier took over management on January 1, 2007 from an operator whose results were trending downward. This trend was reversed in 2007 as customer service and marketing were significantly improved, and revenues and profits followed.

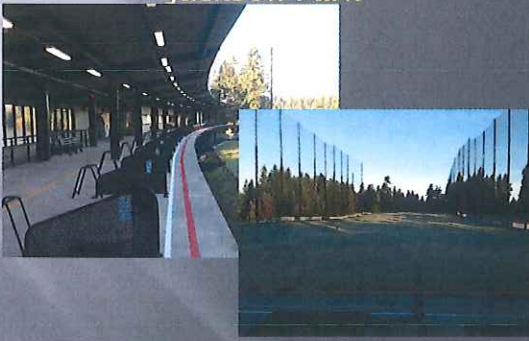
Seattle Improvements Jefferson Park



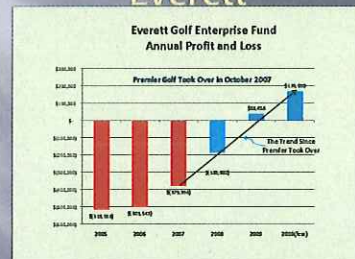
Bellevue Improvements Driving Range



Seattle Improvements Jackson Park



Everett



Premier took over in Everett on October 1, 2007 after several unprofitable years and difficult relations with the prior "national golf management company". Premier had an immediate effect, narrowing the loss in 2007, and making major strides each year.

How We Accomplish This

Example GM Credentials Rex Fullerton - Everett GM

- 25 Years as PGA Professional
- 20 Years as Head Golf Professional
- Seattle Native
- 15 Years in Pacific Northwest Golf
- 11 Years in Seattle Golf Market
- Managed Jefferson for 3 Years
- Has Managed Everett for 7 Years

Our Strategy

Outperform All Other Operators in the Market by:

- Assembling and Training the Finest Staff in the Market
- Creating and Maintaining Outstanding Customer Service
- Aggressively Marketing ALL Revenue Centers
- Utilizing the Latest Technology in Operations and Marketing
- Constant Local Hands-On Monitoring of Operations

Retention of Staff

- We are very proud that we have retained over 99% of the existing staffs when we assumed management.
- The most recent example, Lynnwood, 100% of the existing staff were offered employment.

Northwest Experience

- Bill Schickler and Matt Amundsen Alone Have 42 Years in Northwest Golf Operations
- 38 PGA Professionals and Apprentices on Premier Staff
- Almost 400 Employees in the Northwest
- Extensive Customer Service Training
- National Awards for Customer Service

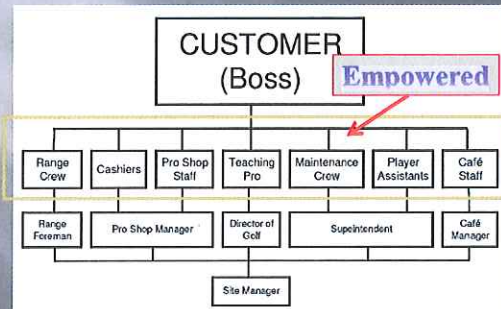
Employing People with Disabilities



The Highest Customer Loyalty in the Nation



Internal Organization Chart



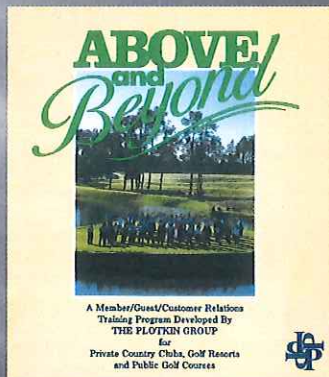
Number 1 & Number 2 in the Nation!



Payroll Savings

- Private Sector Benefits
- Efficiencies of Scale
- L&I Rebate Program
- Monitoring Systems
- Reservation Center

Golf Specific
Customer
Service
Training



Payroll

Premier Golf Centers Summary					1/1/2014 thru 12/31/2014				
YTD Payroll Totals					YTD Revenue Totals				
	Actuals	Budget	Var.	Var %		Actuals	Budget	Var.	Var %
Food & Beverage	996,687	1,130,750	-174,063	-15%	Food & Beverage	2,774,328	2,665,948	108,380	4%
S&A	978,809	1,170,609	-191,800	-16%	S&A	23,832	30,600	-6,768	-22%
Staff Costs	832,009	976,599	-144,590	-15%	Golf Courses	8,883,507	8,816,833	66,674	0%
Laundry	381,361	566,179	-184,818	-33%	Leisure	500,224	700,823	-200,599	-29%
Pro Shop	214,009	260,328	-46,319	-18%	Pro Shop	1,574,066	1,531,083	42,983	3%
Range	178,130	317,046	-138,916	-44%	Range	1,562,290	2,008,746	-446,456	-22%
Club Golf	0	18,908	-18,908	-100%	Club Golf	235,564	357,050	-121,486	-34%
					Cart Rentals	1,482,800	1,661,799	-178,999	-11%
					Hoisting	11,529	0	11,529	>100%
					Event Staff	28,073	0	28,073	>100%
Totals:	3,581,204	4,430,749	-849,545	-19%		17,114,261	18,802,073	-1,687,812	-9%
Totals (less commissions):	3,262,990	3,936,245	-673,255	-17%					

Payroll

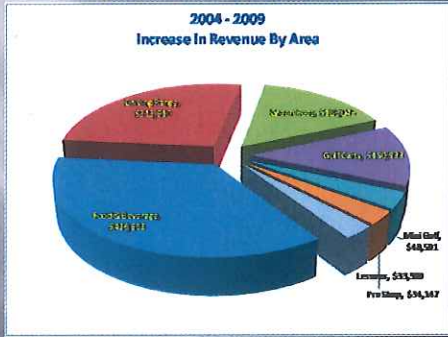
Premier Golf Centers Summary				1/1/2014 thru 12/31/2014				
F1D Payroll Totals				F1D Revenue Totals				
	Actual	Budget	Var	Actual	Budget	Var %	Payroll %	
Food & Beverage	656,687	1,170,750	-174,063	-15%	2,774,328	2,665,948	4%	36%
G&A	929,859	1,170,659	-191,800	-16%	23,932	30,600	-22%	4%
Golf Courses	832,609	926,529	-94,290	-10%	8,852,697	9,816,023	-10%	9%
Lessons	381,261	556,179	-174,918	-31%	530,224	700,623	-24%	7%
Pro Shop	214,600	240,328	-25,719	-10%	1,574,066	1,531,083	3%	14%
Stores	178,330	317,376	-139,046	-44%	1,587,239	2,058,746	-23%	11%
Mini Golf	0	18,908	-18,908	-100%	235,964	337,600	-30%	0%
Cart Rentals					1,482,830	1,601,789	-7%	-
Yielding					14,297	0	-	-
Food/Golf					26,023	0	-	-
Totals:	3,581,204	4,439,149	-858,543	-19%	17,114,264	18,802,673	-9%	21%
Totals (excl. contractors):	3,262,600	3,936,245	-673,255	-17%				19%

- Rewards Most Loyal Customers
- Encourages Frequency of Play
- Rewards Earned for ALL Purchases in ALL Departments
- Early Tee Time Access
- Special Tournaments and Events
- Preferred Merchandise Pricing



55,000+ Members and Growing

Not Just on Green Fees

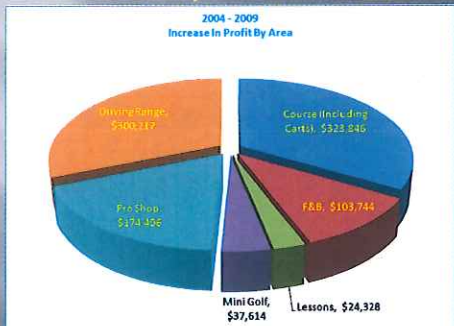


Cost Effective Advertising



"We don't just charge you less, we give you more"

Profits Up in All Areas



Mobile Apps

\$5 OFF Power Cart Rental
Present your app to the golf shop and receive \$5 OFF a power cart!
Not valid with any other offers. Coupon must be presented to receive offer. Limited to one use per customer. Valid through 7/31/2014.

"We've gone from Paper, to PC, to Pocket!"



Central Reservation Center

The screenshot shows a software interface for a Central Reservation Center. It features a grid with columns for dates and rows for different courses. The interface includes a menu bar at the top with options like 'Inventory', 'Reservations', 'Reports', and 'System'. The main area is a large table where each cell represents a reservation slot for a specific course on a specific date. The table is color-coded, with green indicating available slots and red indicating booked slots.

Yield Management Capability

The screenshot displays a Yield Management Capability software interface. It shows a detailed view of a course's reservation status for a specific date, Friday, July 20, 2007. The interface includes a menu bar and a main area with a grid of reservation slots. The grid is color-coded, with green indicating available slots and red indicating booked slots. The interface also shows a summary of the course's performance, including the number of reservations and the total revenue generated.

Internet Tee Time Reservations

The screenshot shows an Internet Tee Time Reservations software interface. It features a list of reservation details with columns for 'Course', 'Time', 'Player', and 'Status'. Below the list is a calendar view for the month of May 2004, showing the number of reservations for each day. The interface also includes a 'Number of Holes' and 'Number of Golfers' section.

E-Mail Marketing

- > Database Over 65,000
- > Captured from Multiple Internal Sources
- > Virtually All "Opt-In"
- > Very Cost Effective

Electronic Tee Sheets

The screenshot shows an Electronic Tee Sheets software interface. It features a grid with columns for dates and rows for different courses. The interface includes a menu bar at the top with options like 'Inventory', 'Reservations', 'Reports', and 'System'. The main area is a large table where each cell represents a reservation slot for a specific course on a specific date. The table is color-coded, with green indicating available slots and red indicating booked slots.

On-Line Purchasing

On-Line Shopping and Event Sign-Up

The screenshot displays an On-Line Purchasing software interface. It shows a Premier Online Product Purchase page with various product options. The page includes a search bar, a list of products, and a 'Purchase' button. The products listed include 'Member Card', 'Gift Card', and 'Private Lessons'. The interface also shows a 'Premier Online Product Purchase' section with a list of products and their prices.

On Line Tournament Sign-Up



As are payroll costs

Jefferson Park Golf Course 7/16/2014 thru 7/21/2014

Program/Module	Actual	Budget	Variance	Payroll %	Program/Module	Actual	Budget	Variance	Payroll %
Club	4,200	8,207	-4,007	-49%	Food & Beverage	8,208	1,242	6,966	72%
Food & Beverage	2,800	4,207	-1,407	-33%	Golf Course	21,078	22,875	-1,797	10%
Golf Course	2,200	4,207	-2,007	-48%	Clubhouse	2,200	2,400	-200	92%
Clubhouse	207	0	207	>100%	Clubhouse	2,200	2,757	-557	80%
Total	32,296	32,296	0	100%	Total	45,694	32,296	13,398	139%

Stratago - Updated Daily

Detailed data on revenue, units, deposits, weather, etc. is input every day.

Cedarcrest vs. Nearby Premier Courses



Revenues are constantly tracked and monitored against budget and prior years

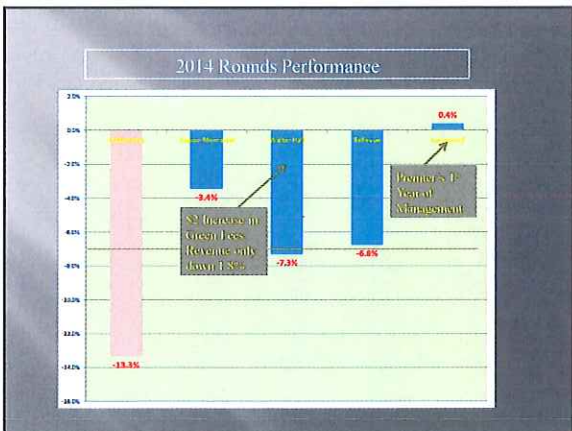
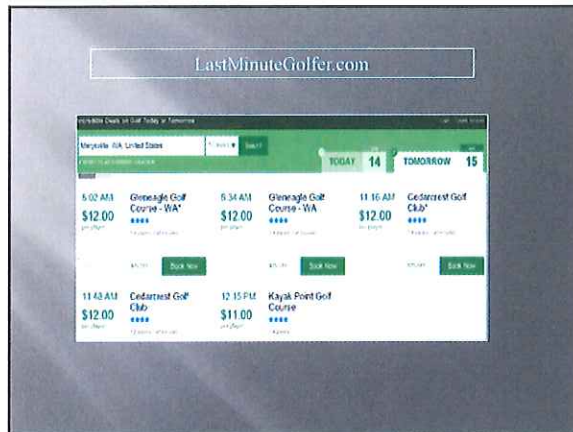
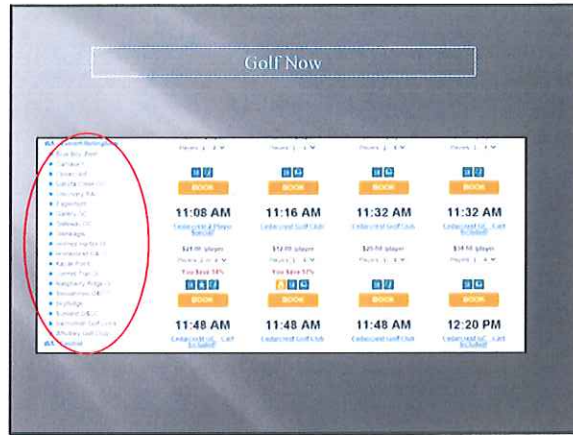
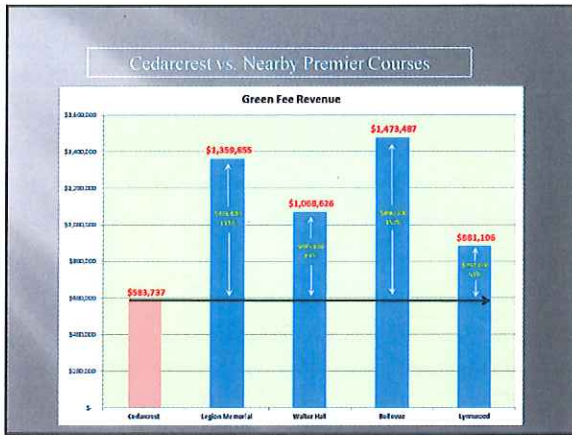
Lynnwood Golf Course May, 2014

Revenue Totals for 5/1/2014 thru 5/31/2014

	2014	2013	%	2012	%	Budget	Variance	2014	Avg Temp	Weather
Golf Course	13,794	10,002	30%	10,278	30%	9,557	3,827	40%	74	-
Clubhouse	1,603	1,163	30%	1,061	51%	1,005	539	51%		
Lessons	0	0	-	24	(100%)	0	0			
Food & Beverage	1,827	423	300%	225	207%	440	1,423	231%		
Total	18,227	11,693	56%	11,800	57%	11,949	6,220	53%		

Cedarcrest vs. Nearby Premier Courses





Real Cost of Bartered Tee Times

Golf Now POS Costs	
Green Fee Avg.	\$ 18.70
Cart Fee Avg.	\$ 12.78
Total Revenue Avg	\$ 31.48
Bartered Rounds	2,920
Potential Loss	\$ 91,922
50%	\$ 45,961
Club Prophet	\$ 4,020
Differential at 50%	\$ 41,941


Operating Models

- Self Operation
- Facility Lease
- Management Agreement
- Hybrid

Operating Models

- Self Operation
 - All operations are by City personnel.

Lynnwood Study



Draft

Summary Report
**Lynnwood Municipal Golf Course
 Evaluation of Operating Options**
 Lynnwood, Washington


Prepared for: City of Lynnwood
 Prepared by: Pro Forma Advisors, LLC

JULY 2014
 PFA0-14-471
 Version 1.1

Operating Models

- Facility Lease
 - Under this model, the facility is leased to a private operator.

Operating Options



Summary of Findings

Self-Operation	Facility Lease	Management Agreement	Hybrid
STRENGTHS			
<ul style="list-style-type: none"> • Provides highest level of control over rates, public-private, and overall golf operations • Ability of City personnel to support function • Strong participation in all aspects of City, with working relations specified in contract • Provides option to convert to alternate operating option 	<ul style="list-style-type: none"> • Internally controlled, so it is subject to public oversight • Provides for cost allocation • Allows for cost allocation with limited involvement of City, with working relations specified in contract • Provides opportunity to convert to alternate operating option 	<ul style="list-style-type: none"> • Provides high level of control over rates, public-private, and overall golf operations • Limited City personnel support function • Strong participation in all aspects of City, with working relations specified in contract • Provides opportunity to convert to alternate operating option 	<ul style="list-style-type: none"> • Provides high level of control over rates, public-private, and overall golf operations • Limited City personnel support function • Strong participation in all aspects of City, with working relations specified in contract • Provides opportunity to convert to alternate operating option
WEAKNESSES			
<ul style="list-style-type: none"> • Limited ability to control rates and overall golf operations • Limited ability to control rates and overall golf operations • Limited ability to control rates and overall golf operations 	<ul style="list-style-type: none"> • Limited ability to control rates and overall golf operations • Limited ability to control rates and overall golf operations • Limited ability to control rates and overall golf operations 	<ul style="list-style-type: none"> • Limited ability to control rates and overall golf operations • Limited ability to control rates and overall golf operations • Limited ability to control rates and overall golf operations 	<ul style="list-style-type: none"> • Limited ability to control rates and overall golf operations • Limited ability to control rates and overall golf operations • Limited ability to control rates and overall golf operations

Operating Models

- Management Agreement
 - Under this model a private management company manages all aspects of the operations for a fee.

Operating Models

> Hybrid

Under this model, a private management company manages everything except course maintenance, which is retained by the City.

Cost Per Labor Hour

	2012		2014		Difference
	Lynnwood	Premier	Lynnwood	Premier	
Total Labor Cost	\$ 370,124	\$ 272,360	\$ 370,124	\$ 272,360	\$ (97,763)
Total Staff Hours	10,692	13,982	10,692	13,982	3,290
Cost Labor Hour	\$ 34.62	\$ 19.48	\$ 34.62	\$ 19.48	\$ (15.14)

Operating Options

Operating Option	Net Operating Income ^V	
	Uniform Revenue	Enhanced Revenue
Actuals 2012	\$20.6	\$20.6
Management Agreement	93.2	103.2
Facility Lease	(53.4)	(53.4)
Self-Operation	(5.1)	(5.1)
Hybrid (City maintenance)	(8.8)	93.2

^V Before amortization of capital improvements.

A comparative summary of the various operating models is presented in Table VII.6. In comparing the economics of the various options, it is important to recognize that revenues are uniformly the same for each of the options, that is, all of the operating alternatives are assumed to be equally efficient, which may not be the case. Moreover, there clearly are varying degrees of risk, as well as equity participation, among the various alternatives.

The comparative economics of the various operating options shows greater variance if the revenue generation under professional golf course management exceeds that under self operation. The following illustrates the comparative economics assuming the management (and lease) model produces additional revenue equal to the typical professional management fee (enhanced revenue).

The Course IS Our Product

	2012		2014		Difference
	Lynnwood	Premier	Lynnwood	Premier	
Total Labor Cost	\$ 370,124	\$ 272,360	\$ 370,124	\$ 272,360	\$ (97,763)
Total Staff Hours	10,692	13,982	10,692	13,982	3,290
Cost Labor Hour	\$ 34.62	\$ 19.48	\$ 34.62	\$ 19.48	\$ (15.14)

Imagine the Improved Course Conditions
3,290 More Hours
or
8,300 More Hours (78%) at \$370,000

Estimated Maintenance Costs

	Cedars# Actuals			2015		2014 Actual [*]	
	2011	2012	2013	Proposed Estimate	Lynnwood	Lake Wildemere	
Maintenance Payroll							
Total Maintenance Payroll	375,652	368,328	372,065	378,121	372,321		187,037
Maintenance M & O:							
Office & Operating Supplies	717	1,004	1,192	1,600	1,200		950
Jurisdictional Supplies	1,150	892	892	1,000	1,800		1,200
Fertilizer & Supplies	13,560	13,253	11,564	13,000	4,000		7,500
Course Access/Supplies	1,049	1,640	1,924	2,000			
Irrigation/Drainage Supplies	6,479	4,340	3,922	7,500	6,000		22,500
Pesticide Supplies	11,242	12,158	12,784	13,500	15,000		14,500
Soils Supplies	4,006	5,653	5,719	6,500	13,100		17,500
Landscape Supplies	577	758	487	1,000	1,000		1,672
Fuel Consumed	26,370	27,290	23,736	24,000	10,700		15,450
Inventory Supplies							
Small Tools	877	300	472	500	1,000		1,374
Professional Services	566	410	159				
Communication	106	2	19	600			775
Total					600		575
Operating Rentals & Leases	6,704	7,338	3,741	3,500	20,000		24,500
Public Utility Services	38,072	39,611	53,046	55,000	20,100		17,600
Repairs & Maintenance	26,437	29,972	30,384	31,000	19,000		27,500
Miscellaneous	1,620	1,278	1,257	1,200	1,200		1,800
In-Kind Equip. Repairs/Maint/Repl.	1,284	3,441	2,620				
Facilities Maintenance	5,142	6,454	6,209	6,000	4,800		4,800
Total Maintenance M&O	145,951	156,192	156,602	166,600	119,700		151,650
Total Maintenance	522,155	524,618	528,667	544,721	392,077		338,687

*Normalized

Thank You