

BMA

Management Consulting Inc.

Belle Park Fairways City of Kingston – Service Review



Report of Draft Recommendations

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Section 1—INTRODUCTION

The Review of Services is a long-term strategy, which is being conducted in two phases, to identify sustainable solutions to ongoing budget challenges and ensure municipal services and programs are provided in the most efficient, effective manner to best meet the needs of the community.

Phase 1, which is the focus of this report is to:

The Review of Services is being undertaken in a 2 phased approach...this draft report addresses the objectives identified in Phase 1

- ◆ Develop a better understanding to what extent the services identified help achieve public policy goals
- ◆ Determine the degree of fit or necessity of those services and programs in terms of the achievement of public policy and strategic value
- ◆ Investigate why the City provides a service, how the service is delivered and whether or not the City should continue providing a service.
- ◆ Identify any services that do not serve the purpose of achieving public policy and/or strategic intentions
- ◆ Assess financial implications of discontinuing any services that do not serve the public policy objectives
- ◆ Create an exit strategy as required for those services that are deemed to be non-essential

This plan was developed on the principles of openness, transparency, inclusion and accessibility. The following statements put those principles into the context of the **Review of Services**:

- ◆ City of Kingston employees, who take pride in delivering municipal services and programs, deserve to be informed and consulted about the Review of Services.
- ◆ Members of the public, who live, work and play in the City of Kingston and receive the services, deserve to be informed and consulted about the Review of Services

An assessment of the process will be undertaken to refine as required for future service reviews

Five services/programs were selected for review, including golf course services/programs, currently provided at Belle Park Fairways.

By looking at a limited number of smaller services areas, the expectation is that the City will be able to assess and refine the process and testing before engaging in a review of larger service areas. Phase I of the Review of Services will not necessarily result in fewer services and will not address contracting out or other Alternate Service Delivery models. The Review of Services will allow the municipality to confirm and clarify the reason it has decided to continue to deliver a service or services.

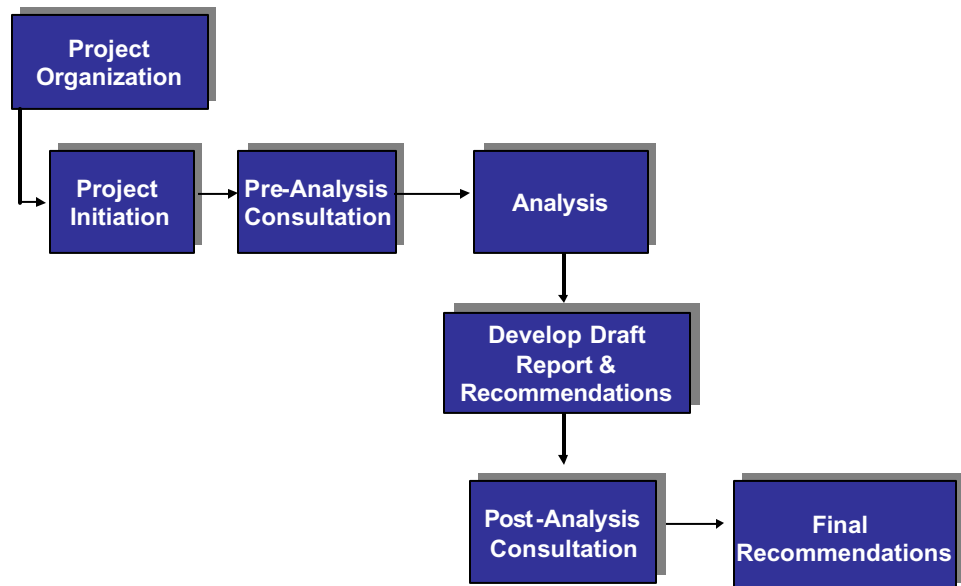
Phase 2, which would be the next phase of the project, focuses on:

- ◆ What level of services should be provided?
- ◆ How the services should be provided?
- ◆ How the service could be improved?

This focuses on ensuring that the most appropriate management and service delivery models are being used.

The following provides a high level overview of the review process undertaken in Phase 1.

Extensive consultation was undertaken in Phase 1...additional consultation will be held after the release of the draft recommendations



Pre-Analysis Consultation included:

- ◆ Meetings with staff providing the service to gather information
- ◆ Focus group session with staff providing the service
- ◆ Open house sessions for all staff within the municipality
- ◆ Open house sessions with the general public and users of the service
- ◆ Citizen surveys and comment cards
- ◆ Confirmation of Council's public policy objectives
- ◆ Received correspondence by email and regular mail

Every effort was made to provide ample opportunities to provide input into the service review. Staff developed a detailed communication plan to ensure that the public were well informed of the process and were given preliminary information upon which to understand the service under review. This included brochures, radio advertisements, extensive use of the City's website, newspaper notification of meetings and direct mail out to identified stakeholders.

The information gathered during the pre-analysis consultation phase sessions has been documented and included as appendices to the report. Highlights have been included throughout the report to assess the alignment of the service with public policy objectives.

In addition to the information gathered during the pre-consultation phase, information was gathered from other municipalities to better understand the rationale of other municipalities in the golf course business as well as to identify those municipalities that do not own a golf course.

This report presents draft recommendations and the analysis conducted to date. Further consultation will be undertaken in January/February. Following the post-analysis consultation, final recommendations will be presented to Council for consideration.

To ensure consistency, internal data gathering for each service followed a predetermined general framework. This format was also used in the assessment section of the report to evaluate the service in the context of 6 separate and distinct tests.

Clarity of Purpose Test

This includes defining the primary clients and stakeholders, defining other departments that are impacted by the provision of service, defining the purpose or intent of the service.

Public Interest Test

To determine how important the service is to meet the needs of the primary clients and stakeholders. Is there sufficient public interest?

Role of Government Test

Is there a legitimate and necessary role for municipal government in this service (public policy)? Determine if the service is legitimate and necessary to meet the municipality's legal/policy mandate. Who else is involved in the delivery of the service? Can the public interest needs be met if service was no longer provided by municipal government?

Strategic Value Test

Is the service important and necessary for the municipality to achieve the strategic objectives defined in the community and/or corporate vision?

Cost/Benefits Test

What is the net cost/revenue of the service? How is it funded? Is it affordable? Are city assets required to provide this service? How are they accounted for in the net cost/revenue calculation? What are the expenditures, revenues and staff associated with providing this service?

Performance Test

What is the evidence that this service is meeting its intended policy and public needs objectives as identified in the above boxes? Are there established service levels for this service? Are there performance measures in place to monitor the achievement of established service levels?

Section 2—PROGRAM/SERVICE OVERVIEW

Trends in Golf

There is conflicting information on trends in golf. Some research suggests that interest in golf has increased over the past years, while other research suggests it is flat. While the number of golf courses constructed has increased, some describe this increase as entering the stage of being overbuilt with a high degree of competition. Golf course construction over the past few years has been primarily high-end, where competition is greatest. According to the National Golf Foundation, the number of rounds nationally was down 5% in 2003. However, to truly understand the trends, specific situational analysis is needed for the City of Kingston which is beyond the scope of this study.

The City of Kingston, along with other municipalities have faced financial constraints and budget challenges that will continue unless long-term sustainable fiscal solutions are developed. Some municipalities have entered the golf course industry to generate additional revenues to help fund other municipal programs, while others are in the business to meet specific public policy objectives such as ensuring that there are affordable opportunities for individuals interested in golf to enjoy the game.

The reality is that the golf course market has matured over the past 20 years. There are many more market segments, and in turn, different generators for each segment.

A golf market segment is defined as a golf course specifically designed for a unique market, and/or, over 70% of golfers (members) are generated from a separate geographic area or from a specific demographic/social group.

The evolving golf course market has also expanded into many types of golf courses serving different segments of the market.

Approximately 44% of the population in the City of Kingston are between the ages of 25-54. Research has shown that as golfers age they play more golf. This implies potentially a strong future for golf in the Kingston area.

Belle Park Golf Course has been in operation over 30 years

The mandate has remained consistent over the years

History Belle Park Fairways

A search of by-laws and Council resolutions was undertaken to provide the history of the golf course from its inception. Commencing in 1961, the City of Kingston began to investigate the development of a municipally owned and operated golf course. At this time, staff undertook research on other municipally owned and operated golf courses in Ontario including Toronto, Brantford, Kitchener, London and Stratford to develop a better understanding of the rationale used to enter the market and to gather financial information on the net cost/profit of these operations. Research at that time indicated that the majority of the golf courses operated at a deficit annually. In 1961, it was further noted in a Recreation Committee meeting that “a municipal golf course could be operated at a profit if operated properly, and that it be recommended to the Parks and Property Committee that the purchase of land for a municipal golf course be included in the Parks Department plans for future parks and that the Parks Committee watch for a suitable site.”

In 1969, a development plan was prepared for a 9 hole golf course on the former landfill site located on Montreal street. Contained in the report was statement that if implemented, “the working class citizen of Kingston could be playing golf, at a price that he or she can afford.”

Capital funds were allocated over a 3phased process, commencing in 1970. According to reports provided through Council Support Division, the first full season of play was in 1975. According to the Council reports, at the time of development, Belle Park Fairways was the only affordable golf course within the City. At that time, there were 340 memberships, 230 of which were senior citizens. As will be shown later in the report, the total number of members and composition remains very similar to the membership in 1975.

According to Council Minutes from 1995: “the basic principles for the facility being developed by the municipality were to create a long-term viable use for the landfill site that would serve as a meaningful asset. This facility was intended to make golf accessible to the public in Kingston, at a reasonable cost, and offer golfers and potential golfers a course on which to learn and enjoy leisure time pursuit” (Tuesday October 24, 1995). This is also consistent with the public policy objectives approved by City Council as part of the Service Review.

Belle Park Golf Course has been in operation almost 30 years

Other information obtained through Council minutes indicated that Council passed a resolution to solicit proposal calls in 1995 from perspective parties interested in the operation and maintenance of Belle Park Fairways and to undertake a cost analysis to determine whether it is financially feasible for the City to continue to manage the golf course or consider privatizing the course. It was unclear whether this study was eventually completed or not.

About The Services/Programs

Belle Park Fairways is a public 9 hole golf course and driving range open 7 days per week from Mid April to early November, weather permitting. The course is built on a former landfill site., located in the inner City at 713 Montreal Street in Kingston, North of Railway Street (located in the electoral districts of Cataraqui and King's Town).

The golf course and the driving range offer annual memberships as well as pay-as-you-play options (green fees and charges by the bucket).

There are 3 types of course memberships:

- ◆ Full
- ◆ Restricted
- ◆ Family

Discounted rates are available for the golf course seniors (over 60) and juniors (under 18).

Full Membership: Entitles seasonal rate holder to full golfing privileges any day when the golf course is open for play. (Except during tournaments).

Restricted Membership: Play on the golf course is restricted on Saturday, Sunday and holidays to tee off times commencing at 12:00 noon.

Family: Consists of 2 adults and a maximum of 2 children under the age of 18 years. The \$997.50 membership allows for one Full seasonal rate, two Junior Restricted rates And one Restricted rate in Men's & Ladies or Senior Citizen categories.

As will be shown later in the report, the membership rates and green fees overall are low compared to other local courses however the caliber of the course differs from many as will be reflected in the analysis section of the report

The following table summarizes the 2004 pay-as-you-play fees, membership fees and driving range rates.

Type of Membership	Full	Restricted
Junior	N/A	\$ 268.80
Adult	\$ 532.50	\$ 451.70
Senior	\$ 413.90	\$ 300.50

Golf Pay-As-You-Play	9 Holes	All You Can Play	Twilight 4 pm til dusk
Weekdays	\$ 13.50	\$ 18.00	\$ 13.50
Weekends & Holidays	\$ 16.00	\$ 20.00	\$ 16.00

Driving Range	Cost
Driving Range membership only	\$ 104.80
Driving Range with golf membership	\$ 57.20
Small Bucket	\$ 5.00
Large Bucket	\$ 7.00

Membership Statistics

The following represents the 2004 information available about the membership, as provided by the Department.

As shown on the table 74% of the members of the course are seniors...10% are juniors

Type of Membership	# of Members	Total	% Total
Family	1	1	
Junior			
Junior Restricted	18		
Junior Restricted w Driving Range	7	25	10%
Ladies/Mens			
Ladies/Men's Restricted	2		
Men's Full	8		
Unidentified Membership w Driving Range	5		
Men's Full w Driving Range	12		
Men's Restricted w Driving Range	13	40	16%
Seniors			
Seniors Full	18		
Seniors Full w Driving Range	7		
Seniors Restricted	122		
Seniors Restricted w Driving range	40	187	74%
Total Members Course Only And Combine With Driving Range			
Total With Golf Course Membership	253	253	100%
Driving Range Only			
Driving Range Only	75		
Junior Driving Range Only	16	91	
Total of All Members			
Total Members of Course & Driving Range	328	344	

In total, 84 members of the golf course also purchase a membership for the driving range. There are 91 individuals that only purchased the driving range membership. While demographic information is not available on this segment of the market, staff indicated that individuals with driving range only memberships tended to be younger males, different from the golf course membership.

By far the most popular golf course membership is the Seniors restricted, with 122 (48%).

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Electoral Districts	Total Membership (Course and Driving Range)	% of Total	% Electoral
Countryside	12	3%	7%
Loyalist-Cataraqui	14	4%	10%
Collins-Bayridge	10	3%	7%
Lakeside	28	8%	9%
Portsmouth	37	11%	10%
Trillium	28	8%	9%
Cataraqui	44	13%	9%
Kingscourt-Strathcona	43	13%	7%
Williamsville	23	7%	8%
Sydenham	20	6%	7%
King's Town	25	7%	8%
Pittsburgh	22	6%	9%
Non-Resident	22	6%	
Unknown	16	5%	
Total	344	100%	100%

Further analysis was undertaken on the membership to determine where the residents live. The following table reflects the statistics based on wards within the municipality and also identifies non-residents. The membership statistics have been compared against the overall electoral statistics.

As shown in the table to the left, the highest proportion of members (37%) are from Portsmouth, Cataraqui and Kingscourt-Strathcona.

The table below reflects the breakdown of memberships into three categories:

- ◆ Golf course only members
- ◆ Combined golf course and driving range members
- ◆ Members with driving range only

Electoral Districts	Golf			% of Total Golf Course Only	% of Total Golf Course & Driving Range	% of Total Driving Range Only
	Golf Course Only	Golf Course & Driving Range	Driving Range Only			
Countryside	7	0	5	4%	0%	5%
Loyalist-Cataraqui	9	4	1	5%	5%	1%
Collins-Bayridge	6	4	0	4%	5%	0%
Lakeside	19	6	3	11%	7%	3%
Portsmouth	19	10	8	11%	12%	9%
Trillium	17	7	4	10%	8%	4%
Cataraqui	26	9	9	15%	11%	10%
Kingscourt-Strathcona	19	16	8	11%	19%	9%
Williamsville	6	8	9	4%	10%	10%
Sydenham	8	6	6	5%	7%	7%
King's Town	5	3	17	3%	4%	19%
Pittsburgh	11	3	8	7%	4%	9%
Non-Resident	11	4	7	7%	5%	8%
Unknown	6	4	6	4%	5%	7%
Total	169	84	91	100%	100%	100%

As shown above, the driving range only members appear to be location sensitive, with a larger proportion of members living in close proximity to the course.

The majority of juniors with memberships live in close proximity to the golf course....while the golf course membership spans across the City as well as including non-residents, there is a greater proportion of members in close proximity to the golf course

The table below reflects the breakdown of memberships (excluding driving range only adults) into three categories:

- ◆ Seniors
- ◆ Juniors
- ◆ Adults

Electoral Districts	Seniors	Juniors	Adult's	Seniors % of Total Seniors	Juniors % of Total Juniors	Adult's % of Total Adult's
Countryside	3	3	1	2%	7%	2%
Loyalist-Cataraqui	8	1	4	4%	2%	10%
Collins-Bayridge	8	0	2	4%	0%	5%
Lakeside	23	1	1	12%	2%	2%
Portsmouth	28	3	1	15%	7%	2%
Trillium	20	2	3	11%	5%	7%
Cataraqui	28	3	6	15%	7%	15%
Kinstscourt-Strathcona	17	11	9	9%	27%	22%
Williamsville	8	1	5	4%	2%	12%
Sydenham	11	0	3	6%	0%	7%
King's Town	4	4	2	2%	10%	5%
Pittsburgh	9	7	1	5%	17%	2%
Non-Resident	12	2	2	6%	5%	5%
Unknown	8	3	1	4%	7%	2%
Total	187	41	41	100%	100%	100%

Other Users

As will be discussed later in the report, without further information on pay-as-you-play users, it is difficult to fully understand who benefits from the golf course

As expected, there is **limited** information regarding pay-as-you-play users. Information available includes:

- ◆ There are 8,000 pay-as-you-play rounds annually
- ◆ Approximately 5,000 buckets of balls hit on a pay-as-you-go basis

In addition, the golf course is used by 120 participants in Outdoor Golf Lessons. Two of the local high schools also use the facility as part of the physical education program.

Low income youths are also able to access the course through donations from the Davies Foundation and the Boys and Girls Club. Approximately 120 youths participated in 2004.

The Recreation program also uses the golf course as part of a Sports of All Sorts program, which was used by 24 children.

Should the City be required to cap the site as a result of environmental concerns, the course would not be operational for an extended length of time

How the Service Is Provided

The golf course is operated and managed by municipal staff. There is one full time staff year round that supports golf course operations as well as a 9 part-time seasonal staff and supervisory staff that allocate a portion of their time to overseeing Belle Park Fairways.

Environmental Issues

In 1996, the City was charged under the Fisheries Act and convicted. The City launched an appeal and won, however, the Ministry of the Environment (MOE) appealed this decision and subsequently won. At the time of writing this report, the City have further launched an appeal to the Supreme Court and have not received notification if the Court will hear the appeal.

One of the decisions passed down through the court decisions is that the City must develop a plan to cap the site in which case all or a portion of the golf course would be out of commission for an extended length of time and would be costly to redevelop,

At the same time, the City is developing a long term management solution to address the environmental concerns at the golf course. The management plan is scheduled to be completed in 2005.

One of the options being considered is a hybrid which would implement different remedies to different parts of the course based on the environmental conditions within each of the locations. One solution to this hybrid is to plant trees on the course, which depending on the location of the trees, could conflict with the current layout of the course. The other technologies that are currently being explored will not impact the operation of the golf course. As identified by staff, the municipality will need unimpeded access to the lands to control and contain leachate. As a result of the environmental concerns, if the golf course in its current location was closed, there is no other location within the inner city to immediately reconstruct a golf course. In addition, due to the need to maintain unimpeded access to the property and the environmental concerns noted above, staff feel that it would be extremely difficult to dispose of this property or develop any interest from the private sector.

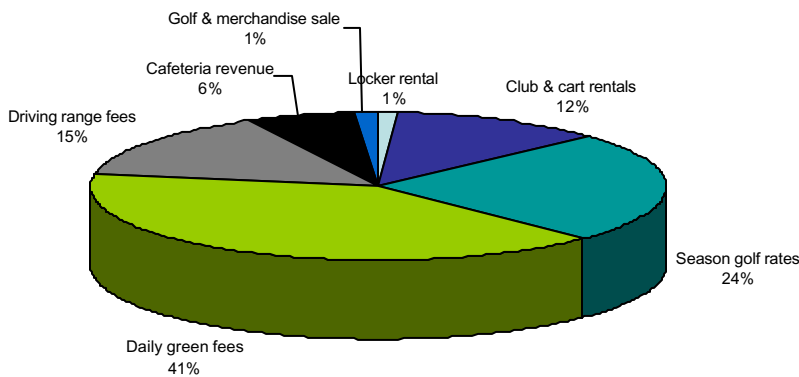
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Summary - Belle Park Fairways	2001	2002	2003	3 year Average	2005 Projection
Direct Revenues	\$259,226	\$242,652	\$270,644	\$257,507	\$257,507
Direct Expenditures	\$324,173	\$322,928	\$342,003	\$329,701	\$329,701
Net Direct Operating Position	<u>(\$64,947)</u>	<u>(\$80,276)</u>	<u>(\$71,359)</u>	<u>(\$72,194)</u>	<u>(\$72,194)</u>
Plus					
Ongoing Capital Requirements	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Capital (Special Project)					\$75,000
Net Direct Operating Costs + Capital	<u>(\$89,947)</u>	<u>(\$105,276)</u>	<u>(\$96,359)</u>	<u>(\$97,194)</u>	<u>(\$172,194)</u>
Plus					
Administrative Overhead	\$38,913	\$44,711	\$36,965	\$40,197	\$40,197
Total Net Position	<u>(\$128,860)</u>	<u>(\$149,987)</u>	<u>(\$133,324)</u>	<u>(\$137,391)</u>	<u>(\$212,391)</u>

Over the past 3 years, the average net direct operating position for the golf course is a loss of approximately \$72,000 annually. The addition of \$25,000 in capital requirements brings the loss to approximately \$100,000.

The golf course is supported through taxpayer contributions

The addition of administrative overhead increases the 3 year annual loss to \$137,000. Moving forward, there are significant capital requirements which have been amortized over 5 years associated with the movement of the tee and hole on Belle Island. This will increase the capital allocated to the golf course to \$100,000, increasing the net loss to \$210,000. This however will be a temporary (5 year) increase. Note that the costs associated with the environmental clean up are not being charged against the golf course operations.



Arguably, while administrative costs should be allocated, if the golf course were no longer operated, the majority of these costs would likely not be eliminated, however, it is important to recognize the full cost of the service provided. The detailed financial information is provided in Appendix A.

The chart to the left reflects the average revenues by type over the past 3 years.

Section 3—PUBLIC POLICY OBJECTIVES

Municipal governments exist to serve two primary purposes:

1. To act as a political mechanism through which a local community can express its collective objectives for community development; and
2. To provide various services and programs to local residents.

To determine public interest, we can assess the extent to which a service or program helps Council to address broad community needs. We refer to these broad community needs as “Public Policy Objectives”.

Every municipal service or program should support, to some extent, the ability of Council to fulfill the following six common Public Policy Objectives

1. Public Health and Safety
2. Environmental Sustainability
3. Wealth Redistribution
4. Program and Services Accessibility
5. Economic Sustainability
6. Community Development

[Note: These objectives are not listed in order of priority or importance.]

These public policy objectives help define and set objectives for our municipal services and programs. To determine what services to provide, the municipality should determine the extent to which services and programs fulfill each of the public policy objectives.

For each of the services under review, it was necessary to identify, in principle, the public policy objectives that each of the services supports. To do this the Task Force to Review Services and some members of Council considered the provision of **golf** and the extent to which it fulfils the above public policy objectives.

Council identified the public policy objectives that are intended in the provision of golf services....one of the key objectives of Phase 1 of the Service Review is to determine the degree of fit or necessity of those services and programs in terms of the achievement of public policy and strategic value

Through this exercise Council approved the following motion:

On October 26, 2004, Council passed the following resolution with respect to the Review of Services:

WHEREAS Council has adopted a set of Public Policy Objectives that will be used to help us define and review our municipal services and programs

AND WHEREAS The Task Force to Review Services and some members of Council participated in a workshop to identify what Council wants to achieve through the delivery of the five services and programs under review

THEREFORE BE IT RESOLVED

THAT Council adopt in principle the following Public Policy Objectives that will be communicated to the public and staff as part of the consultation exercise.

AND FURTHER it being understood that the Public Policy Objectives will be brought back for final approval after public consultation.

Belle Park Golf Course

That the provision of the Belle Park Golf Course contributes moderately to Wealth Redistribution, Program and Services Accessibility, and Community Development.

Wealth Redistribution Objective is one that ensures distribution of wealth across the community so that all members, regardless of social and economic background are provided essential life services. This also ensures that the City's population is housed with affordable, safe, sanitary, adequate and appropriate accommodation.

Accessibility Objective is one that provides or ensures opportunities for equal access to services or community programs of choice not considered essential life services. It facilitates the planning, development and/or provision of programs, services and opportunities to individuals and families that all members of the community, regardless of social or economic circumstances can access the service or program.

Community Development Objectives are ones that contribute to a higher quality of life for all Kingston residents, enables all citizens to participate fully in the social, cultural and economic amenities of the City, promotes and contributes to the City as a caring and united community and maintains an attractive, clean and ecologically sound built environment.

Rationale identified by City Council to support these public policy objectives include:

- ◆ Life long sport for people.
- ◆ Provides access for those who can not afford to play on other courses.
- ◆ Provides affordable opportunities for citizens to participate in a life long recreational sport and contributes to community wellness.

Section 4—ANALYSIS

The next section of the report summarizes the information gathered during the pre-analysis consultation and through discussions with other municipal service providers. The appendices included in this report provide the full detail that supports the analysis undertaken.

This section includes:

- ◆ Summary of Citizen Survey
- ◆ Summary of Comment Cards/comments Received
- ◆ Summary from Open House Session
- ◆ Other Municipal Experiences

This information will be used extensively in the assessment of the service provided and the alignment to public policy objectives

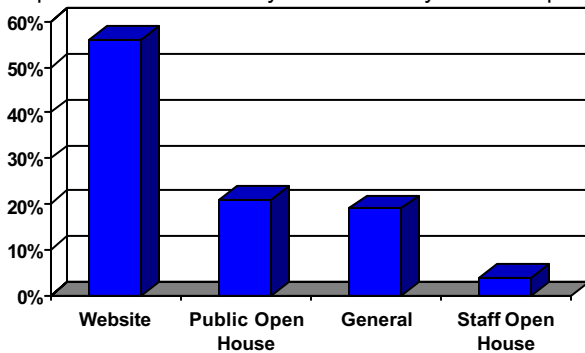
Summary of Citizen Survey

The website proved to be an effective means of receiving preliminary feedback on Belle Park Fairways

In total, 143 surveys were completed:

- ◆ 56% were completed on the website
- ◆ 4% were completed during staff open house sessions
- ◆ 21% from the public open house sessions
- ◆ 19% were completed in general

While not a statistically valid sample, clear trends were identified. Of the surveys completed, 61% were by individuals that used the service in the past 12 months (referred to in the report as “users”), with the remaining 39% not having used the service in the past 12 months (referred to in the report as “non-users”). In order to track the difference in opinions between these two groups, the charts reflect the results separately.



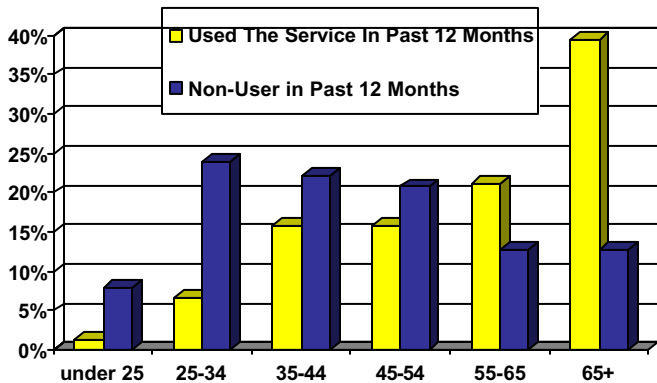
General Information

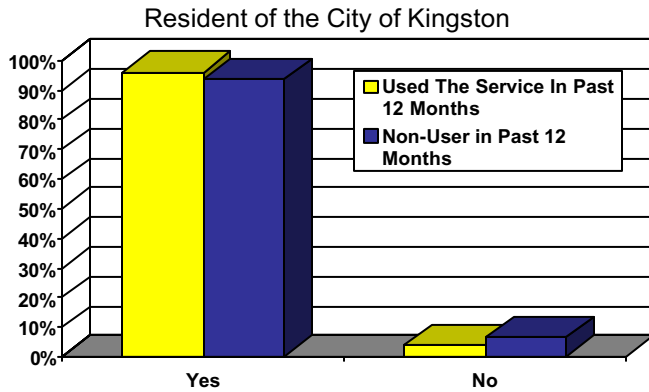
The demographic profile of “non-users” that responded to the survey were representative of the overall City of Kingston population

The majority of the respondents completed the survey on the City’s website or at the public meetings. Of those who completed the survey on the website, approximately 55% did not use the service in the past 12 months.

As expected, given the demographic information associated with memberships at the golf course, there is a higher proportion of users responding to the survey ages 65 and over compared with non users. In general, there is good representation across the survey from various demographic segments and the age profile of the “non-users” closely mirrors the overall demographics of the City of Kingston.

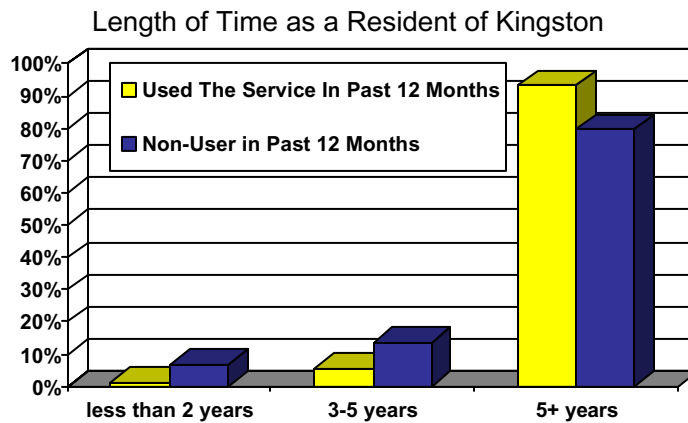
Age Profile



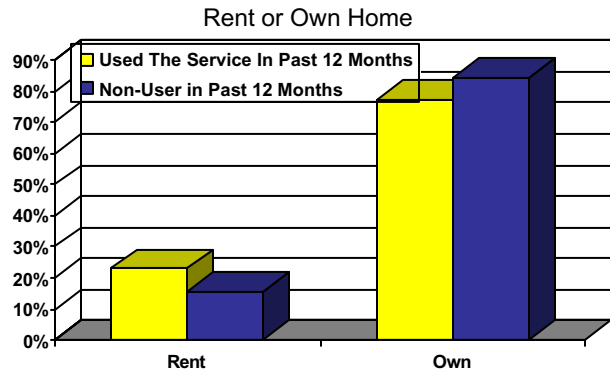


In excess of 90% of those that completed the survey are residents of the City of Kingston. As shown below, the majority of the residents completing the survey have lived in the City 5 years or more.

The survey was mainly completed by long time residents of the City of Kingston



As well, the majority of the respondents own their own home, with a slightly higher percentage of respondents in the “non-user” group.



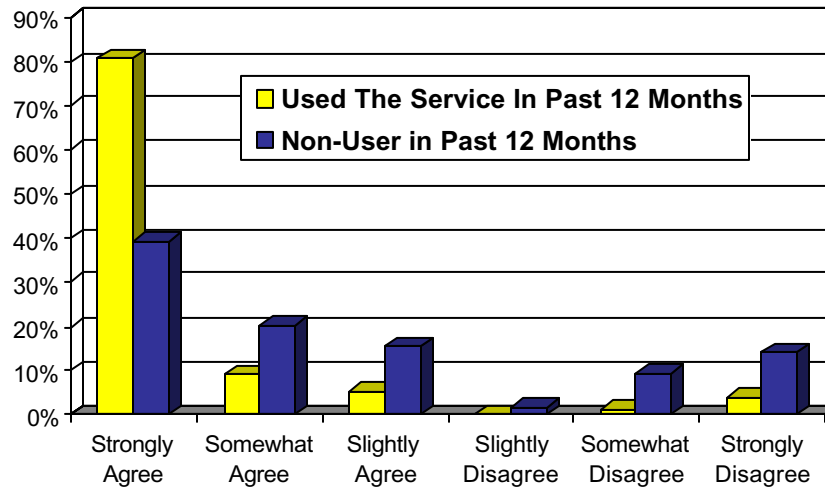
While there was significantly stronger support from users of Belle Park Fairways that the golf course supports health and wellness by providing life long recreational opportunities, the majority of the non-users agreed that the golf course meets this public policy objective

Opinions were sought to test the public policy objectives identified by Council for each of the services. One of the public policy objectives identified for the provision of golf services is to provide affordable opportunities for citizens to participate in a life long recreational sport and contributes to community wellness.

Overall, there is strong support that the golf course contributes to the community health and wellness. Approximately 81% of respondents who used Belle Park Fairways in the past 12 months strongly agree that the golf course meets this public policy objective, however, only 39% of the “non-users” strongly agree that the golf course fulfills this objective.

Of the respondents surveyed, 95% of the “users” and 75% of the “non-users” agreed that the provision of golf services meets the public policy objective of contributing to health and wellness.

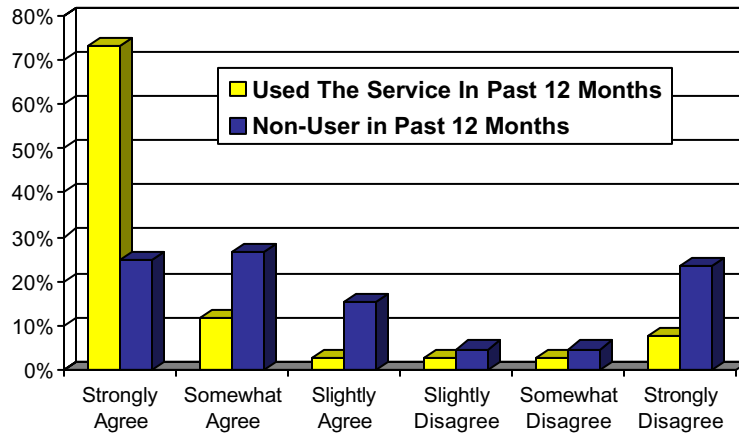
Does it contribute to the health and wellness of citizens by providing opportunities to participate in a life long recreational program



Affordability as a public policy objective is strongly supported by the users of the golf course

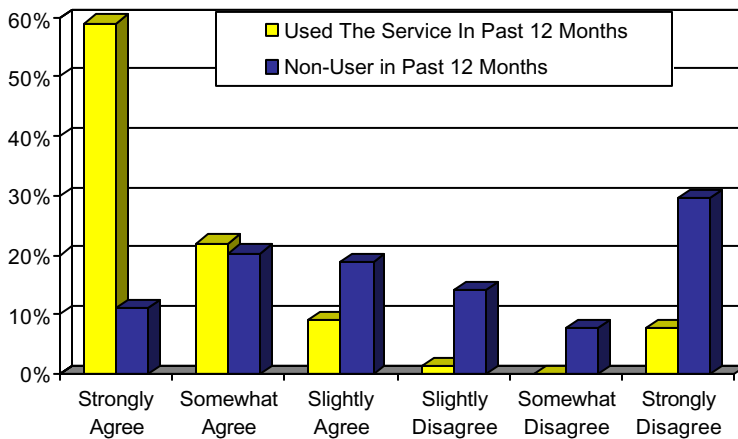
Another public policy objective identified by Council in operating a golf course is to provide an **affordable option** to increase access for all residents.

The City should provide an entry level subsidized golf course for citizens to provide access for those who could not afford to play at other courses



Over 70% of the “users” strongly agree with this public policy objective, however, of the “non-users” surveyed, only 25% strongly agree with this public policy objective with an equal number strongly disagreeing that the City should provide an entry level subsidized golf course for citizens.

The provision of a publicly owned and operated golf course is a high priority for the City of Kingston



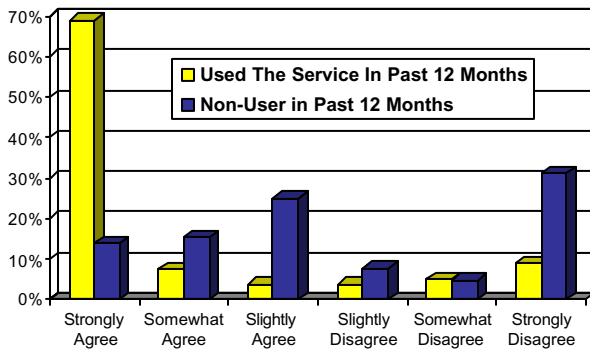
Approximately 59% of the “users” strongly agree that the provision of a public golf course is a high priority for the City, while 30% of the “non-users” strongly disagree that this is a high priority.

Belle Park Fairways Service Review—Report of Draft Recommendations

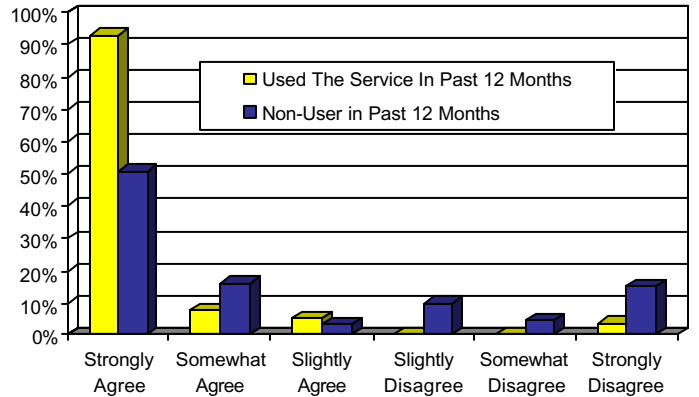
As shown previously, at the high end, the annual cost of operating the golf course was estimated to be approximately \$200,000. This cost included an allocation of costs associated with moving the tee and green on Belle Island due to the proximity to the burial grounds. The survey tested whether the benefits of the service outweigh the costs.

A second question was posed to determine the extent to which there would be support for the ongoing operation of a public golf course if there were **no costs** to the taxpayer. The following two charts reflect the opinions of those surveyed.

The annual cost to the taxpayer is approximately \$200,000. Based on your understanding of the service, the benefits of this service outweigh the costs



If there were no cost to the taxpayer, the City should continue to provide a golf course facility



At the annual cost of \$200,000, 69% of the “users” of the golf course strongly agree that the benefits of operating the golf course outweigh the costs, however, only 14% of the “non-users” strongly agree with this statement.

If there were no cost to the taxpayer, support from “non-users” increased significantly, with 51% strongly agreeing that the benefits would outweigh the costs. The cost of appears to be a factor for a number of “non-users” as well as “users”. This will be further studied in the cost/benefit test assessment addressed in the next section of the report.

There was strong support of the golf course from users of the Belle Park Fairways

Summary of Survey Comments - Users of the Golf Course

The following provides some of the key advantages identified on the survey from respondents that have used the golf course in the past 12 months. The fully transcribed comments have been included in appendix B.

- ◆ Provides a very important facility for senior citizens to enjoy recreational activity at an affordable price
- ◆ Supports seniors on fixed incomes
- ◆ If Belle Park Fairways were to close, many senior would not be able to golf due to the cost of other courses and the inability to access other courses that are not as conveniently located
- ◆ Offers quality of life for golfers of all ages
- ◆ While there are other courses, the municipal course offers a low cost option and a course that is suitable for seniors (9 hole), modified rules
- ◆ Money is well spent—one of the few places where seniors and youths can enjoy each others company

Operational comments

- ◆ Continue to provide but implement more efficient management and administration
- ◆ Slightly increase the fees to offset costs to the taxpayers
- ◆ Consider relocating the facility and expand to a regulation 18 hole golf course to increase membership and expanded tournament schedules

Note: comments not listed in any specific order

Summary of Survey Comments—From Non-Users of the Golf Course

The following provides some of the highlights of comments made on the survey from respondents that have not used the course in the past 12 months. The fully transcribed comments have been included in appendix B.

For the most part, respondents that have not used the service in the past 12 months were not supportive of the City providing subsidized golf and did not feel that this is a priority for the City...other comments focused on the need for operational improvements and to level the playing field with the public

- ◆ Course is also valuable for other activities such as walking and cross country skiing
- ◆ Focus on core services, not duplication of services the private sector provides
- ◆ City should not be competing with the private sector through a taxpayer subsidized program
- ◆ The City should not subsidize golf—other courses are operated as a business and do not lose money—should pay going rates
- ◆ Money might be better spent on green space on the waterfront
- ◆ Golf is not something that the City should provide for the community
- ◆ Doesn't make best use of this resource—better stewardship for the parkland would enable the whole community to enjoy the land
- ◆ Facility should be run on a break even basis
- ◆ Money could be put to better use—sell and use the money for other things that the City needs
- ◆ By operating at very low fees, the City is subsidizing everyone who plays regardless of whether there is a need for subsidy

Operational comments

- ◆ Needs better promotion to boost membership and cover costs
- ◆ Consider turning over to the private sector to operate so that there is no cost to the taxpayer
- ◆ More could be done for less money

Note: comments not listed in any specific order

Summary of Comments Cards and Comments Received By Letter/ Email

The majority of the following comments were completed during the open house session held at the golf course. Every comment card, letter and email has been included in appendix C. These comments were consistent with those expressed by users on the survey.

The comments made at the open house session clearly supported the City's public policy objectives of providing a life long sport for people at an affordable price

- ◆ It is a valuable service to provide recreation for fixed income seniors
- ◆ Good use of a former landfill site
- ◆ Valuable community resource
- ◆ Helps to provide affordable place for children to learn to golf
- ◆ It should be considered as a park that generates income
- ◆ Having a course centrally located is vital
- ◆ Improved marketing efforts would increase revenues
- ◆ It is more than a sport, it provides social interaction
- ◆ Provides a recreational resource for the Boys & Girls Club
- ◆ Kingston is unique in providing diverse activities and amenities and this should be continued
- ◆ Health and wellness of seniors is supported through the golf course - it is the right length and great location
- ◆ The costs presented should clearly identify the new \$100,000 required for capital as well as historical information to provide a clearer picture
- ◆ Financial information is misleading in terms of the actual cost of the golf course operations
- ◆ The decision made should not be based on financials
- ◆ The City should not be in the golf course business

Note: comments not listed in any specific order

Summary of Open House Comments

The open house was attended by approximately 112 members of the golf course. There was strong support for maintaining the golf course in its current form. Much of the discussion focussed on the financial information, rather than the benefits of the golf course itself. The following provides some of the key messages conveyed during the question and answer session of the meeting. A summary of the meeting has been included in appendix D.

The open house session was well attended...the focus of the discussion was on the financials

Financial Comments

- ◆ Did not agree that the cost of moving the hole and the work required at Belle Island should be included in the financial information as this is misleading to the actual cost of operations
- ◆ Concern as to whether this was simply a financial decision
- ◆ Concerns as to why this service should be under review given that litigation is still pending
- ◆ Questions as to whether the course is operated efficiently
- ◆ Concern that it is misleading to suggest that if you get rid of the golf courses, all the costs shown would go away
- ◆ Concern that the decision has already been made and this is a futile exercise

Comparator Golf Courses

- ◆ Must recognize the different quality of courses in making comparisons—it is well recognized that Belle Park Fairways is not of the same caliber
- ◆ Missed a comparator Green Acres in Gananoque

Importance of Golf Course

- ◆ Unique course with rules that allow seniors and children to play
- ◆ The City subsidizes a number of programs including arenas, so why not subsidize golf

Note: comments not listed in any specific order

Municipality	Yes/No	Estimated Stats Canada 2003 Population
Toronto	Yes	2,611,661
Ottawa	Yes	823,608
Mississauga	Yes	687,437
Hamilton	Yes	516,776
Brampton	Yes	375,956
London	Yes	355,169
Markham	No	241,127
Vaughan	Yes	221,709
Windsor	Yes	221,091
Kitchener	Yes	202,923
Burlington	Yes	165,965
Oakville	No	160,765
Sudbury	No	160,113
Richmond Hill	No	157,241
Oshawa	No	146,206
St. Catharines	Yes	133,546
Kingston	Yes	120,848
Barrie	No	118,950
Cambridge	No	118,606
Guelph	No	113,457
Thunder Bay	Yes	111,710
Chatham-Kent	No	109,714
Whitby	No	97,065
Pickering	No	94,032
Waterloo	Yes	93,700
Brantford	Yes	90,673
Niagara Falls	No	82,734
Clarington	No	76,664
Peterborough	No	75,406
Newmarket	No	74,699
Sarnia	No	73,930
Kawartha Lakes	No	72,797

Municipal Experiences

The focus in reviewing experiences in other municipalities was to identify which municipalities operate golf courses and why the municipality elected to do so. In addition, some of the history behind the decision has been documented as well as the type of service available and how the golf course is operated. In the course of the review, some additional information has been included to help understand similarities as well as unique features in comparison to the City of Kingston’s Belle Park Fairways.

The information contained in this section of the report is not intended to be an operational review or a comparison of who is operating most efficiently or effectively, as this is not the purpose of Phase 1 of the Service Review. The following table summarizes the majority of the municipalities with populations greater than 70,000. Of the 32 municipalities surveyed, almost 50% of the municipalities own a golf course(s). As shown in the table, with the exception of one municipality, all municipalities with populations above 200,000 own golf courses.

No municipalities with populations less than 90,000 in the survey operated a golf course.

The golf market for many years had two different types of courses—low budget courses, usually owned and operated by municipalities and

private courses, which were of higher quality. In the 1970s, a trend was started called “A County Club for a Day” which took on the title for a new course type—upscale daily fee. These courses were open to the public and provide high quality design, maintenance and service. Many municipalities are now entering the upscale daily fee market. Thus, no longer is the municipal course limited to low budget golf courses.

The next several pages provides an overview of the municipalities that own golf courses.

Municipal Experiences—Summary Chart

The following table summarizes the municipal experiences in terms of key public policy objectives, operations and management

Municipality	Management	Operations	Affordability Mandate	Taxpayer Subsidy and Mandate Associated with Financials	Comments
Brampton	City	City	No	Generates annual surplus	First Canadian course to become fully certified under the Audubon Cooperative Sanctuary System. Does not sell memberships
Brantford	Management Board	City	Yes	No impact on taxpayer, generates a net profit	Must also include payment in lieu of property taxes & admin. Overhead - no capital included which is a problem in overall operations
Hamilton	City	City	Yes, mix across courses	Self-sustaining, collectively generate surplus	Issues associated with capital needs
Kingston	City	City	Yes	Subsidy required from taxpayers	
Kitchener	City	City	Yes	Must pay a dividend to the City	Level playing field with private sector - include in budget equivalent municipal property taxes, income taxes, must recover all operating, capital and admin costs
London	City	City	No	Generates approximately \$1 million in net proceeds	Courses are allocated all overhead and capital
Mississauga	City	City	No	Generates \$800,000 in net proceeds	Championship golf course - mid to high pricing
St. Catharines	City	City	Yes	Mandate to break even - no taxpayer imp	Currently reviewing to determine alternate use of one of its courses
Stratford	Board of Directors	Board of Directors	No	Must pay a dividend to the City	Operated as a separate entity, but fees and budget are approved by Council
Thunder Bay	Enterprise System	Enterprise System	Yes	Mandate of operations is to break even or generate a profit	Operations are allocated overhead costs plus all capital costs. Provide subsidized programming for youths.
Toronto	Private Sector	Private Sector	No	Generates \$1.8 million in net proceeds	Management contract paid - 5 courses
Vaughan	Private Sector	Private Sector	No	Generates profits as the City is paid for leasing the facility and is entitled to a % of the gross revenues	High quality golf course, competitive pricing, significant competition
Windsor	City	City	Yes	Generates an annual profit of \$300,000	The golf operations are required to pay off a capital loan which, once it is retired should increase the net profits to the City to between \$600,000-\$800,000

<p><i>Kitchener's golf courses must operate under similar conditions as a private sector course...measures were taken to level the playing field</i></p> <p><i>Kitchener has similar public policy objectives as the City of Kingston</i></p>	<p><i>Experiences of Other Municipalities With Golf Courses</i></p> <p><i>Kitchener</i></p> <p>The City of Kitchener owns and operates two golf courses. A report was prepared in 2002 as a result of concerns raised by the National Golf Course Owners Association (Southwest Ontario Chapter) regarding the City's unfair operating advantage. As a result of these discussions, the City changed its accounting and operating practices and came to an agreement with the Association.</p> <p>One of the Association's main issues was that the City's municipal golf courses have financial and operational advantages due to corporate support systems and taxation. The main considerations that the Association wanted addressed to level the playing field were as follows:</p> <ul style="list-style-type: none">◆ Assessing costs equivalent to municipal taxes◆ Assessing costs equivalent to income taxes◆ Continued implementation, regular review and expansion where appropriate of an internal charges system for corporate staff support◆ Implementation of an encompassing internal charge system for corporate staff support for projects greater than \$100,000 <p>As such, the City moved to a process where all assessments are allocated to the City and dividends must be paid to the municipality.</p> <p>City Council is solely responsible for determining the dividend from the golf operation and ultimately the fees and charges. This ensures the City can continue to adhere to its basic reasons for providing public golf as follows:</p> <ul style="list-style-type: none">◆ Address the provision of affordable leisure opportunities which maximize participation on a lifelong basis◆ Provide healthy lifestyle opportunities which promote the well being of the community <u>at no cost to the taxpayer</u>◆ Provide significant opportunity for the Region's youth where they can participate◆ Address development of participants through inexpensive; well organized and accessible teaching programs offered by licensed teaching professionals◆ Maintain quality green space assets which meet or exceed the expectations of the users
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The course is mandated to operate with no impact on the taxpayer and is required to provide a dividend to the City.. The courses also are charged a payment in lieu of property taxes but capital requirements are becoming a problem

The mandate is to operate the golf course with no taxpayer subsidies. Built into the budget of the golf course is a payment in lieu of property taxes to level the playing field, in part, with private sector golf courses. Also included in the budget is corporate administrative overhead. In addition, the golf course must pay a pre-approved amount annually back to the City, generating a net profit. However under the current operating structure, to meet these budgetary stipulations there is no provision for capital which is causing capital requirements to be deferred to avoid taxpayer impact.

The golf courses operate on a 5 year business plan and some of the ways that revenues are raised beyond memberships and fees is renting the banquet hall which is opened year round, providing a full service pro shop, operating numerous tournaments. This assists in generating additional revenues. The City recently underwent a value of money audit on golf courses, the results of which have not been publicly released.

The golf course has established rules whereby only a certain amount of tee times are set aside for members to ensure that there are sufficient pay-for-play opportunities.

In 1994, Council issued an RFP to investigate outsourcing the management and operations of the golf courses. The Parks and Recreation Department submitted a proposal and were successful.

Staff believe that the course fulfills social needs of the seniors and also opens a new segment of the market by providing an opportunity for entry level golfers and juniors. The fee structure is based on setting rates at the low end of the competition (entry level) in the municipality. There is no competition within the City as they are the only inner city public golf course.

The membership composition is somewhat consistent with that of Kingston in that there are a large number of senior members. In addition, consistent with the practice in the City of Kingston, these golf courses also offer programming for local high schools.

Hamilton’s public golf courses range from entry level golf to championship..... the overall portfolio does not cost the taxpayers as the championship courses help subsidize the entry level course....pending capital needs are an issue

Hamilton

Hamilton operates 3 golf courses; each is an 18 hole golf course, two of which are located at the same site, in close proximity to downtown Hamilton. The courses range in quality from entry level to championship courses and the fees range accordingly. There is no other inner city golf course in the vicinity. The reasons identified by staff for the municipality to operate the golf course include:

- ◆ Accessibility
- ◆ Affordability
- ◆ Self sustaining

The inner city course is considered to be the best value in Hamilton in terms of comparable quality courses. This course was originally donated to the City on the condition that it be kept as a golf course.

Approximately 40% of its membership are seniors, with a high proportion of juniors at the entry level course.

Based on information provided, the golf courses on a collective basis break even, but there is not sufficient capital available to properly maintain the courses. The championship golf course generates the majority of the revenue to offset losses at the entry level course.

When there is a surplus in the operations, these funds are transferred to a reserve, which currently has a balance of \$350,000. Pending concerns are associated with significant capital requirements to maintain the facilities which as a result of corporate capital budget priority exercises has not been allocated sufficient resources.

The City has investigated, on a number of occasions, the privatization of its courses. This is currently being reviewed again to address capital needs, with the hope that there may an opportunity to gain private sector interest in investing capital dollars.

St. Catharines operates two golf courses one of which is on a former landfill site...the City is currently investigating alternate uses for one of its courses

The courses offer affordable golfing but are also required to operate with no taxpayer impact, including all capital costs

St. Catharines

St. Catharines has two golf courses. Fairview Golf Course is a 9 hole, par 27 course located in central St. Catharines, geared to beginner golfers. This course also has a mini-putt. Garden City Golf Course is an 18 hole course in the heart of St. Catharines. This course has a licensed clubhouse and driving cages and is built on a former landfill site in 1976. This course was voted the best value course in Niagara in 2002.

The City offers a golf camp to help expose children to the game of golf for a fee of \$150 per week. The City also offers a Golf and Sports Camp for youths aged 7-12.

The City is currently undertaking a comprehensive Golf Course Analysis and Strategic Land Use Study to guide capital improvements and the business service components of golf operations. One of the goals of the process is to consider alternative uses for the Fairview Golf and Mini Putt such as green space incorporating other outdoor recreation amenities and change from golf course utilization.

Membership tends to be families and also seniors. Discounts are provided to seniors and juniors both in terms of membership rates and also pay-as-you-play.

Fairview Golf Course operates on a break even basis, with a surplus projected of \$95,000 at the Garden City Golf Course. Surpluses are transferred to a reserve for future capital requirements. At the same time, the City is committed to the enhancement of golfing services and experience, with a mandate to provide **affordable** golf opportunities.

The City has a business plan in which it is operated. Since 2000, the golf courses are required to deliver golf services in the absence of cost to the taxpayer annually, including all capital costs.

Mississauga

Mississauga currently operates one golf course, considered a championship golf course, generating \$800,000 in net profits annually, including all expenses. The course and mandate for the City to be operating a course in Mississauga is significantly different from that of the City of Kingston. This course has a large banquet facility that is operated year round, has a full licensed restaurant. Rates are set in the mid to high range.

In the Spring of 2005, the City is developing a second golf course on a former landfill site. This too is being designed as a championship golf course with a driving range.

Windsor

The City owns and operates Roseland Golf and Curling Club which is a full recreational facility, including an 18 hole course. The banquet facilities are leased out. The City also owns Little River, which is a 9 hole par 3 course.

The purpose of operating golf courses is to provide reasonably priced golf opportunities. There are no membership opportunities as the City believes that they do not generate sufficient money and these take away from pay-as-you-play opportunities. There is no other inner City golf course but one is opening next spring.

The golf courses have been set up as a limited company entirely owned by the City and operated by a Board of Directors. Because it is a limited company, maintenance is contracted out to reduce operating costs.

Currently the operations are generating a surplus of \$300,000 which goes to the City and they are paying off a capital loan. Once the capital loan is paid off, the golf courses will generate a surplus of \$600,000-\$800,000 annually.

<p><i>London's golf programs generate a profit that is used to fund other recreation programs and all capital needs of the courses</i></p>	<p>Brampton</p> <p>Peel Village Golf Course is constructed upon a 67-acre flood plain. It is a nine hole golf course, founded in 1988. In 1998, it became the first Canadian municipal golf course to become fully certified under the Audubon Co-operative Sanctuary System. This course provides a unique experience to golf in a wild garden. This conservation program rewards golf courses which enhance the environmental quality of the properties. This property is close to downtown Brampton and is one of only two nine hole golf courses in the City.</p> <p>Combining golf and environmentalism is the City's top priority. The golf course also has a club house that can be rented out during the off-season.</p> <p>The golf course does not sell memberships because it wants to ensure that all members are able to play and are not impeded by members taking prime time slots. The course does sell books of 10 rounds at a slight discount to purchasing an individual green fee. The golf course operates with an annual surplus. The course also offers senior and junior discounted rates.</p> <p>London</p> <p>The City of London operates 3 courses owned and operated by the City. Fanshawe Golf Course, similar to the City of Hamilton's Chedoke course has two 18 hole courses at one location. In addition, it has a 9 hole Parkside Course. This is the first in Canada to be fully accessible to physically challenged golfers. The course has banquet facilities which is open year round that can accommodate up to 150. It also has a pro shop as well as lessons from CPGA professionals. River Road Golf Course opened for play in 1992, offering a challenging design. The Thames Valley Golf Course opened in 1924 is an 18 hole course which is considered appropriate for beginners to experts. The facility also has a licensed club house and Pro Shop. All courses are licensed to sell liquor.</p> <p>The golf courses operate with an annual net profit of \$600,000 in 2004, net of all expenses (including capital, overhead). Approximately 25% of the net surplus is put into a reserve for future capital needs, 25% is directed to recreation aquatic programs and 50% is directed to offset other recreation programs.</p>
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<p>Toronto 's golf courses are operated and managed through a private sector agreement and generates significant profits for the City</p>	<p>Toronto</p> <p>The City of Toronto owns 5 golf courses. The golf courses are operated and managed through an agreement with a private sector company. In 2004, the City renewed a 5 year operating and management agreement. The City pays a management fee of approximately \$300,000 annually for the operation of the 5 courses. The City provides the direct operation in terms of grounds maintenance, the balance of the operations and marketing are handled by the private sector company. The private sector operator is responsible for all staff costs, other than staff costs associated with maintenance. In 2003, the City received \$1.86 million in net profit through the operating agreement.</p> <p>Thunder Bay</p> <p>The City operates three golf courses through its Facility Enterprises Division; one 9 hole golf course and two 18 hole courses. The courses offer a range of quality. The City initially got into the business because there was limited private sector golf courses available in the area.</p> <p>The operation of the golf course was converted to an Enterprise Division two years ago whereby all costs must be recovered including capital and administrative overhead and are required to operate on a break even basis. Should there be a deficit, the deficit is built into the next year's budget of the golf course operations.</p> <p>One of the facilities includes a recreation complex including 4 baseball and 4 soccer pitches.</p> <p>The City offers subsidies for youths and provides golf development camps. There is limited competition, with no other 18 hole facility in the City, however, there are some 9 hole public courses.</p> <p>The golf course operations are overseen by a Board of Directors, all board members are Councillors.</p> <p>The City has 1173 members across the three courses; with good representation from adults, seniors and youths.</p>
<p>Mandate to operate with no cost to the taxpayer</p>	<p>The operation of the golf course was converted to an Enterprise Division two years ago whereby all costs must be recovered including capital and administrative overhead and are required to operate on a break even basis. Should there be a deficit, the deficit is built into the next year's budget of the golf course operations.</p> <p>One of the facilities includes a recreation complex including 4 baseball and 4 soccer pitches.</p> <p>The City offers subsidies for youths and provides golf development camps. There is limited competition, with no other 18 hole facility in the City, however, there are some 9 hole public courses.</p> <p>The golf course operations are overseen by a Board of Directors, all board members are Councillors.</p> <p>The City has 1173 members across the three courses; with good representation from adults, seniors and youths.</p>

Vaughan's golf course is operated by the private sector

Vaughan

The City owns a 9 hole golf course located in the middle of the City. The golf course is managed and operated by a private sector company. The City generates annual net revenues from the contract through lease revenues as well as receiving a percentage of the profits. There is significant local competition.

<p>Many of the municipal golf courses also focus on providing affordable opportunities to attract juniors, seniors and entry level players</p> <p>Almost all courses are operated on a break even basis</p> <p>Other forms of management and operations are employed in some municipalities, treating the golf service as a separate business</p>	<p>Summary of Municipal Experiences</p> <p>In total, 16 municipalities were contacted that own golf courses. Approximately 50% of these municipalities are in the business of operating a golf course to provide an affordable option for their citizens. In each of these cases, there is a mandate to operate with no impact on the taxpayer. For the most part, all costs associated with golf course operations are included in the analysis. In some of these cases, the municipal operation must also generate a dividend, equivalent to the property taxes that would be paid if the golf course were privately owned. This increases the likelihood that there is a level playing field, which is particularly important when municipal golf courses are in direct competition with private sector operators.</p> <p>For the most part, the municipal operations are operating at a break even basis or with surpluses. There were however a few cases where pending capital issues may result in operating deficits (Brantford and Hamilton).</p> <p>Typically the golf courses operated in larger municipalities such as Ottawa, Toronto, London and Mississauga compete directly against the private sector. There were several examples where the municipally owned courses are being operated by the private sector (Toronto, Vaughan) and in other cases by a Management Board or a Board of Directors (Brantford, Stratford). To ensure that the golf courses are operated like a business, some municipalities such as Ottawa and Thunder Bay have set the operations up as separate Enterprises.</p> <p>While the focus of this section was on why municipalities offer golf course services, it was evident that very few of the municipalities have a clearly defined and approved Council mandate beyond affordability or to generate revenues to fund other programs.</p> <p>There was also significant variation in terms of the quality of the courses being operated, from entry level to championship courses. There were also examples of golf courses being established on lands as a highest and best use, over former landfill sites or flood plains.</p> <p>To eliminate taxpayer impact, while still at the same time providing affordable golfing opportunities, municipalities have had to be creative and review all aspects of the operations. This information would be valuable should the golf course operations in Kingston move to Phase 2 of the study which focuses on what level of services should be provided, how the services should be provided, and how the service could be improved.</p>
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Assessment of golf course services in Kingston considered all input gathered during the pre-analysis phase of the project, along with information gathered through reviewing other municipal experiences

Section 5—ASSESSMENT

This section of the report focuses on:

- ◆ Developing a better understanding to what extent the services identified help achieve public policy goals
- ◆ Determining the degree of fit or necessity of those services and programs in terms of the achievement of public policy and strategic value
- ◆ Investigating why the City provides a service, how the service is delivered and whether or not the City should continue providing a service.
- ◆ Identifying any services that do not serve the purpose of achieving public policy and/or strategic intentions
- ◆ Assessing financial implications of discontinuing any services that do not serve the public policy objectives
- ◆ Creating an exit strategy as required for those services that are deemed to be non-essential

The assessment is based on all the information gathered in the study including:

- ◆ Staff input from within the department and across the organization
- ◆ Council approved public policy objectives for the service
- ◆ Information gathered from the department
- ◆ Client (user) input from the surveys and open house sessions
- ◆ Public input from the surveys and open house sessions
- ◆ Research
- ◆ Other municipal experiences

The approach to the assessment is to review each of the evaluation criteria developed:

1. Clarity of Purpose Test
2. Public Interest Test
3. Role of Government Test
4. Strategic Value Test
5. Cost/Benefit Test
6. Performance Test

<p><i>Since it first started providing golf course services to the public, the City has considered affordability and accessibility to be key reasons to enter the market</i></p>	<p>1. Clarity of Purpose Test</p> <p>This includes defining the primary clients and stakeholders and defining the purpose or intent of the service. The purpose or intent of the service is clearly defined and has not changed since the time that the golf course was opened approximately 30 years ago. The primary purposes or intent include:</p> <ul style="list-style-type: none">◆ Affordability◆ Accessibility◆ Community Development◆ Health and Wellness <p>Consistent with the situation in the City of Kingston, municipally owned golf courses are traditionally thought of as low-budget facilities that offer an affordable service to citizens who would not otherwise have access to golf.</p> <p>One of the key objectives identified at the time the course was being planned and developed and continues to be the case today is to provide an affordable service to the citizens of Kingston. This continues to be the case where the fees at the City operated course are amongst the lowest in the vicinity. This is also due to differences in the quality of the service provided which makes direct comparison difficult. The location of the course, being the only inner city is also unique and would be difficult to fulfill by the private sector as there is limited land available within the inner city to develop another golf course. As shown earlier in the report, while there are members from across the entire City, a large share of the members live in close proximity to the course.</p> <p>The golf course also contributes to a higher quality of life for some Kingston residents as well as <u>non-residents</u> by providing not only an opportunity to enhance the health and wellness of golfers but also provides a social outlet for residents.</p> <p>In the analysis, consideration was given to whether members or groups within the community would be restricted from accessing this service if it were left to the market. In other words, does the municipally operated golf course fulfill a niche that would be difficult to satisfy through private ownership?</p> <p>Beyond understanding the purpose or intent for the City in providing golf programming which has been identified above, in order to understand whether members would be restricted from accessing this service from other private sector operators, it is important to understand who is currently using Belle Park Fairways and why they chose this golf course over others.</p>
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Seniors are by far the largest segment of the membership market...this has been the case since the golf course opened 30 years ago

There appear to be other reasonably priced opportunities for youths, but location may be a factor for some

As shown earlier in the report, Belle Park Fairways has a clearly defined membership, the majority of which are seniors (74%). Rates for senior memberships are well below market prices, as Belle Park Fairways is one of the few local golf courses that provides senior discounts.

The golf course also focuses on serving youths, which is an important sector of the market in order to help grow the overall golf industry. If successful, the role of the municipal course in fact helps support and increase interest in golf for the next generations which would then potentially use the services of other private sector courses. Youth participation at the golf course includes not only youths with memberships (10% of the total membership) and pay-as-you-play; the course also serves youths through recreation programming held at the course through private sponsorships and programs offered by the City.

It should be noted that while youth participation in golf is considered one of the segments of the market that the City is trying to attract, from an **affordability** perspective, the existing youth membership rate is higher than several other local courses and does not offer discounts for green fees for youths. As such, with the exception of location, which may be a factor for some youths, there are alternate courses available to meet the needs of youth memberships for the same price or lower, should the City no longer operate a golf course.

As shown in the following table, the place of residence for each sector of the market varies for its members. While senior members are largely from electoral districts Lakeside, Portsmouth, Trillium, Cataraqui and Kingstcourt-Strathcona, the membership concentration of youths differs, with 27% from Portsmouth and another 27% from wards King’s Town and Pittsburgh.

Electoral Districts	Seniors % of Total Seniors	Juniors % of Total Juniors	Adult's % of Total Adult's
Countryside	2%	7%	2%
Loyalist-Cataraqui	4%	2%	10%
Collins-Bayridge	4%	0%	5%
Lakeside	12%	2%	2%
Portsmouth	15%	7%	2%
Trillium	11%	5%	7%
Cataraqui	15%	7%	15%
Kingstcourt-Strathcona	9%	27%	22%
Williamsville	4%	2%	12%
Sydenham	6%	0%	7%
King's Town	2%	10%	5%
Pittsburgh	5%	17%	2%
Non-Resident	6%	5%	5%
Unknown	4%	7%	2%
Total	100%	100%	100%

Strong support from golf course users was observed throughout the study

As reflected at the open house session, in which a large number of members attended the meeting and through analyzing the survey findings completed by Belle Park golf course users, there is strong support for the ongoing role of the City in providing service at Belle Park Fairways. Some of the key reasons provided by the users as to why they want the City to maintain Belle Park are aligned with the public policy objectives and include:

- ◆ Very important facility for senior citizens to enjoy recreational activity at an affordable price
- ◆ Offers quality of life for golfers of all ages
- ◆ Supports seniors on fixed incomes
- ◆ If Belle Park Fairways were to close, many senior would not be able to golf due to the cost of other courses and the inability to access other courses that are not as conveniently located
- ◆ While there are other courses, the municipal course offers a low cost option and a course that is suitable for seniors (9 hole)

There are a number of other golf courses in the City and surrounding areas

There is limited demographic information about the pay-as-you-play users of Belle Park Fairways.

At the time when the City’s golf course was developed, there were fewer affordable choices available to serve the public. There are a number of public golf courses that are now available to residents of the City of Kingston, however, there is considerable diversity in terms of the quality, price and location of the services currently available which may restrict access for some of the existing users.

Some of the unique features that appear to be factors in terms of the existing users selecting Belle Park Fairways include:

- ◆ Location—Only inner city golf course
- ◆ 9 Hole—few local 9 hole courses, one of the few entry level courses
- ◆ Amongst the least costly courses to play
- ◆ Reduced membership fees for seniors and juniors
- ◆ Modified rules that allow slow play, groups of 5 and children to learn

Location

Belle Park Fairways is the only inner City golf course. While this may be a factor that would restrict some of the existing members, based on a review of the current membership, it appears that the majority must either drive or take some form of public transportation.

9 Hole, Entry Level

Based on research undertaken, the following 9 hole golf courses were identified:

- ◆ Westbrook—has an 18 hole course and a 9 hole executive golf course
- ◆ Lyndway Hill Golf Course—Seeleys Bay
- ◆ Green Acres Golf Course—Gananoque
- ◆ Gananoque Golf Course—Gananoque
- ◆ Evergreen Golf Club—Westport
- ◆ Rideau Lakes Golf Club—Westport
- ◆ Wolfe Island Riverfront Golf Course—Wolfe Island
- ◆ Alston Moor Golf Links—Wolfe Island

With the exception of Westbrook, no other 9 hole public golf course is located in the City of Kingston. The fee structure at Westbrook is very similar for 9 hole golfing as Belle Park Fairways, however, membership fees are higher. Westbrook is also located at the west end of the City and may pose accessibility problems for some users of Belle Park Fairways. Should the City discontinue this service, residents of Kingston would be limited in terms of 9 hole courses in close proximity however there are other courses the are similarly affordable to Belle Parks Fairways such as Alston Moor, Lyndway Hill, and Rideau Lakes.

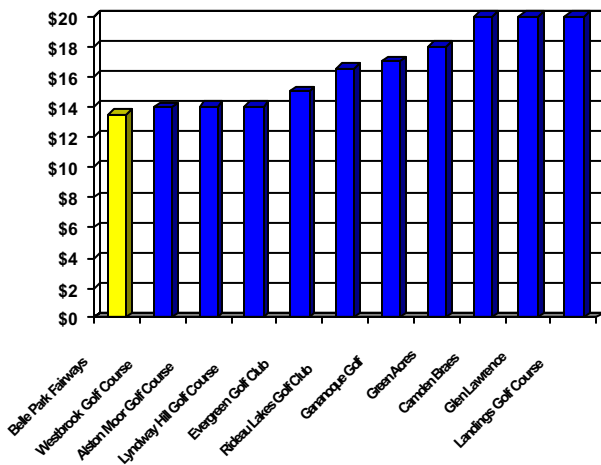
There are other courses that are similarly priced as Belle Park outside the City limits

Affordability

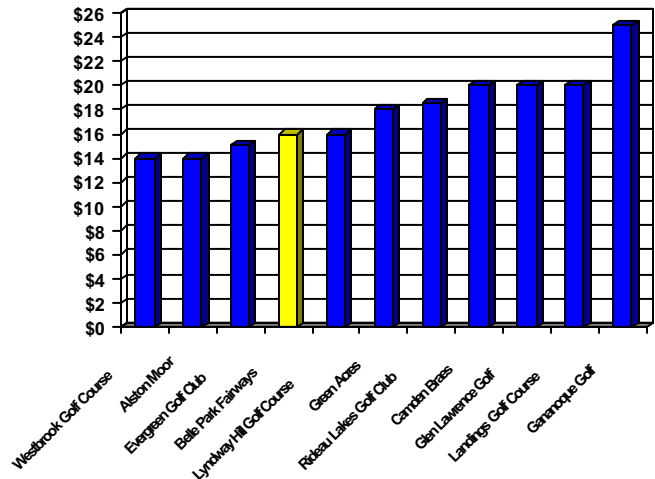
The following provides a comparison of fees at various courses. This does not imply that these course are comparable in terms of quality and overall amenities but have been included to identify the price for a round of golf at public courses in the vicinity, irrespective of quality. As shown below, Belle Park Fairways is the lowest in three of the four comparisons, however, only marginally lower in some cases

9 Holes

Weekdays

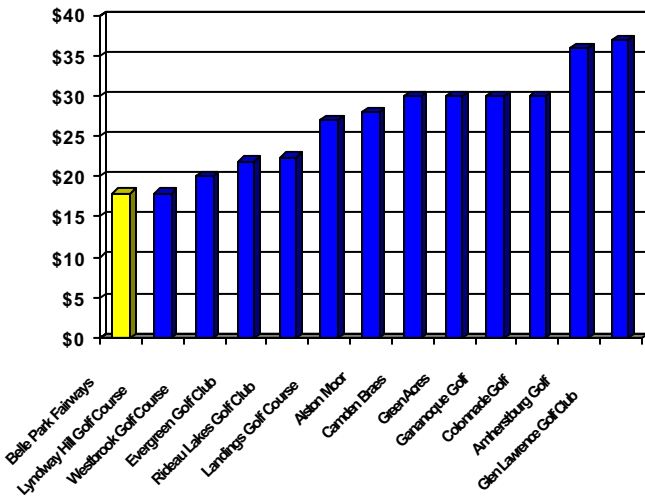


Weekends

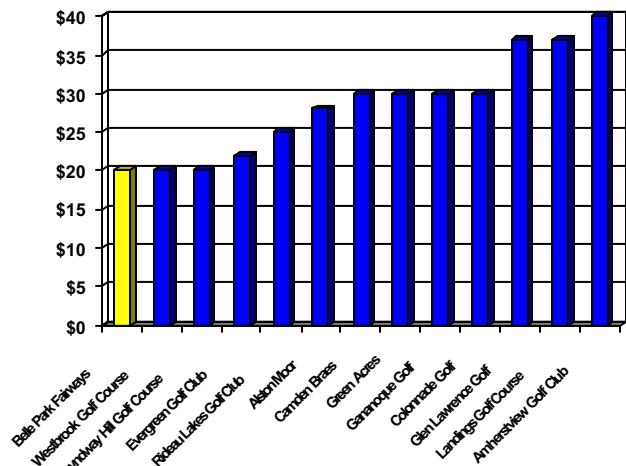


18 Holes

Weekdays



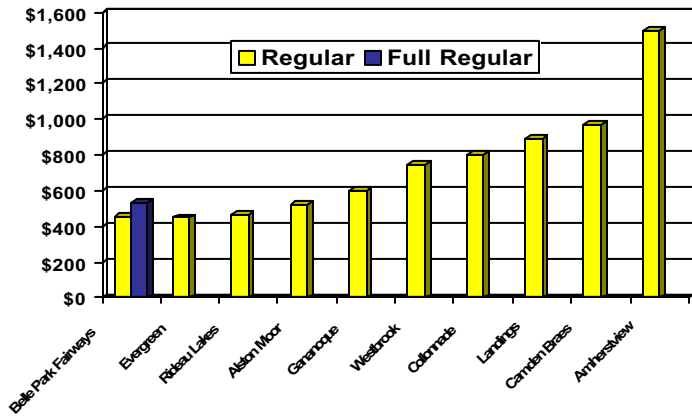
Weekends



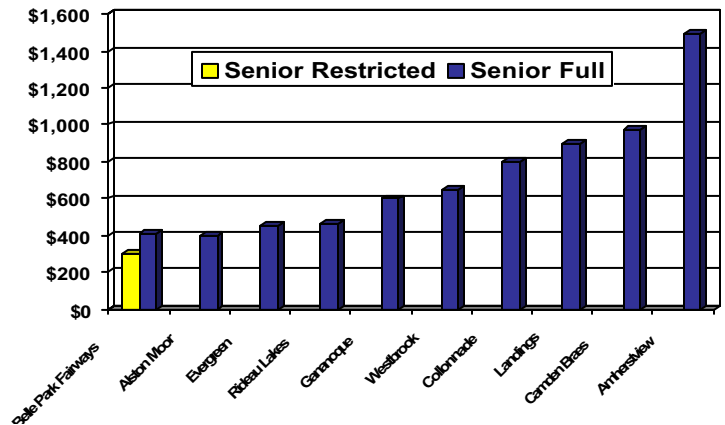
The closest comparators in terms of play-as-you-play golf are Lyndway Hill Golf Course in Seeleys Bay, Evergreen in Westport and Westbrook in the west end of Kingston.

Membership fees also varied across the survey. The following summarizes the results.

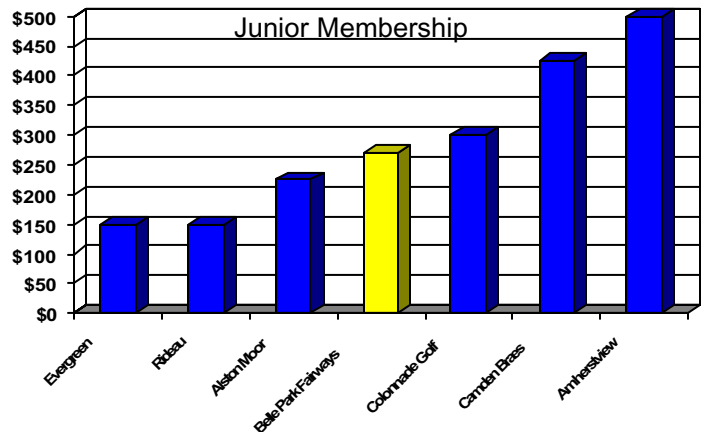
As shown on the chart to the left, Adult memberships are lowest in Belle Park, however, the fees at Evergreen and Rideau Lakes are also low, both of which are located in Westport



Consistent with the Adult memberships, Senior memberships are lowest in Belle Park, however, the fees at Alston Moor, Evergreen and Rideau Lakes are also low.



Memberships for Youths are in the mid range in Belle Park Fairways.



While it is difficult to state with certainty, due to the limited information available on all users, based on the analysis undertaken, if the City were to exit the golf course business, it is anticipated that this would restrict some user's ability to access a similar service within a reasonable radius.

While the fees on a whole are lower at Belle Park Fairways, there are other courses that are only marginally higher or comparable. The major impediment appears to be the location of the other courses.

As stated previously, a golf market segment is defined as a golf course specifically designed for a unique market, and/or, over 70% of golfers (members) are generated from a separate geographic area or from a specific demographic/social group. According to this definition, Belle Park Fairways appears to fulfill a niche segment of the market (seniors). Based on the analysis undertaken, it is expected that for some of its clients it would be difficult to meet the public policy objectives if the City were to exit the service.

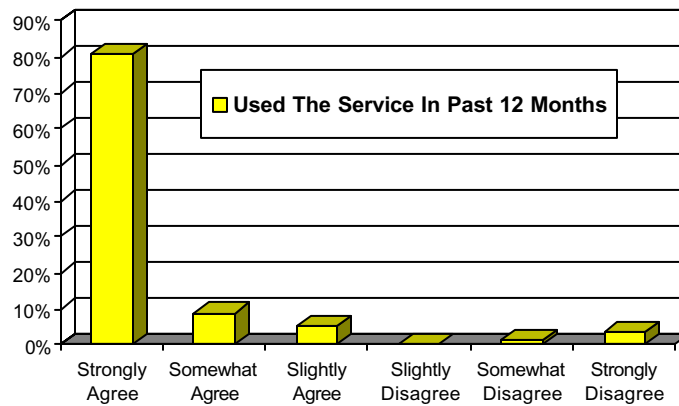
2. Public Interest Test

The second area in which an assessment was conducted focused on determining **how important the service** is to meet the needs of the primary clients and stakeholders.

As stated earlier in the report, there are approximately 344 members at Belle Park Fairways. In addition, there are approximately 8,000 pay-as-you play rounds of golf played. In addition, approximately 10,000 buckets of balls are hit in a season at the driving range. It is unknown how many citizens use the service on an annual basis, however, the citizen survey provides some useful information from the perspective of users on how important the service is to meet their needs.

Approximately 81% of the golf course users that completed the survey strongly believe that the course contributes to the health and wellness of the citizens

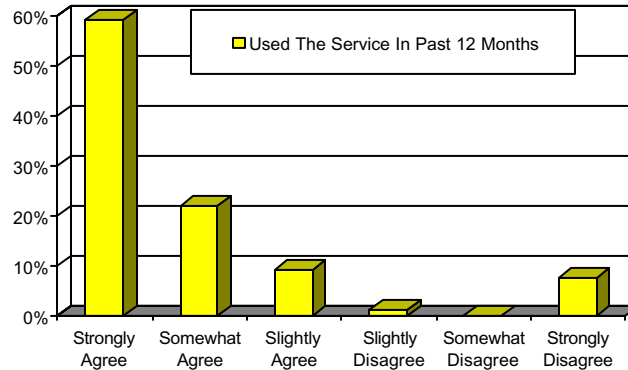
Does it contribute to the health and wellness of citizens by providing opportunities to participate in a life long recreational program



Approximately 81% of those persons using the golf course strongly agree that the provision of a publicly owned and operated golf course contributes to the health and wellness of citizens.

Of the individuals that have played golf or used the driving range facility, approximately 59% felt that operating a municipal golf course is a high priority for the City

The provision of a publicly owned and operated golf course is a high priority for the City of Kingston



Approximately 59% of those surveyed that use the golf course strongly agree that the provision of a publicly owned and operated golf course is a **high priority** for the City.

Further analysis suggests that older golfers tended to more strongly support the need for the City to operate a golf course. For example, only 38% of respondents aged 35-44 strongly agree that the provision of a publicly operated golf course is a high priority compared with **100% of the respondents aged 65+**. This is clearly the segment of the market that values the golf course the most.

This was further reinforced at the open house, which was attended by approximately 112 members of the golf course. There was strong support for maintaining the golf course at its current location.

Comments received from users indicate that this service is particularly important to seniors as it is one of the few recreational activities provided by the City in which seniors can participate. While there are other golf courses in the vicinity, the City golf course is convenient and affordable. Other unique features noted by Seniors that supported the importance of this service included:

- ◆ Valuable service to provide recreation for fixed income seniors
- ◆ Having a course centrally located is vital
- ◆ It is more than a sport, it provides social interaction
- ◆ Shorter course, better for seniors and beginners
- ◆ Allows modified rules and slow play not tolerated at other courses

The golf course is also used by youths. Based on analysis of the local market in terms of availability of recreational programs to support health and wellness for youths, there is a wider range of alternate recreational opportunities provided by the City and other community groups that could be accessed to meet the needs of this sector of the market. In addition, other golf courses offer more affordable membership rates for youths than Belle Park Fairways. Therefore, there appears to be less evidence to support the importance of the golf course to the youth sector of the market. Having said this however, the majority of the youths that utilize Belle Parks live in close proximity.

3. Role of Government Test

The form of assessment is to determine whether there is a legitimate and necessary role for municipal government in the golf course service (public policy). Other areas explored included a determination of whether the service is legitimate and necessary to meet the municipality’s legal/policy mandate, who else is involved in the delivery of the service and whether the public interest needs could be met if service was no longer provided by municipal government.

As part of the **role of government test**, other public courses in the vicinity were identified. The following table identifies both 9 hole and 18 hole golf courses in the City of Kingston and surrounding areas. There are 6 other public golf courses within the City of Kingston boundaries. Based on information provided from the industry, the most comparable golf courses in the City to Belle Park Fairways are The Landings Golf Course and Teaching Centre (18 hole) and Westbrook Golf Course (9 hole). However, Belle Park Fairways is unique in that it is the only inner city regulation length 9 hole golf course; it allows modified rules to accommodate seniors and is typically the least costly both in terms of green fees and memberships. There are other 9 hole golf courses such as Alston Moor, Evergreen, Gananoque, Green Acres, Lyndway Hill and Rideau that are similar in length and some are similar in fees but all are located outside the City limits, ranging up to 45 minutes drive from the downtown core of Kingston.

There are other service providers in and around the City

Golf Course	Location	Yards
Belle Park Fairways	Kingston	3079
Alston Moor Golf Links	Wolfe Island	
Amherstview Golf Club	Kingston	6222
Camden Braes Golf Course	Odessa	6414
Colonnade Golf & Country Club	Kingston	6194
Evergreen Golf Club	Westport	3061
Gananoque Golf Course	Gananoque	3000
Glen Lawrence Golf Club	Kingston	6500
Green Acres Golf Course	Gananoque	3185
Kingston Expert Tees (Driving Range)	Kingston	
Lyndway Hill Golf Course	Seeleys Bay	2900
Rideau Lakes Golf Club	Westport	3047
Riverfront Golf Course	Wolfe Island	3100
The Landings Golf Course & Teaching Centre	Kingston	4100
Westbrook Golf Course	Kingston	1600 (9 hole)

Health and wellness needs could be met through other avenues

There is no legal or mandatory requirement that the City provide golf course services. As shown previously in the report, a number of other municipalities also own golf courses with varying mandates ranging from profit centres, directly competing against the private sector to entry level courses , established to address unmet needs in community’s for affordable golfing.

The public policy objectives identified by Council include:

Wealth Redistribution, Program and Services Accessibility, and Community Development.

Rationale:

- Life long sport for people
- Provides access for those who can not afford to play on other courses
- Provides affordable opportunities for citizens to participate in a life long recreational sport and contributes to community wellness

Can the public interest needs be met if service was no longer provided by the City?

One of the key questions, given that golf is not a core or mandated service of the City is whether the interests of the public could be met by the private sector or other programs if the municipality exited the business.

Health and wellness needs could continue to be met if the City were to no longer provide golf course services. These needs could be met through a variety of other avenues such as walking trails, utilizing parks and other recreational programs.

From an affordability perspective, there are some courses with green fee rate structures close to that charged at Belle Park Fairways, however, the membership fee for seniors and adults at Belle Park Fairways are significantly less than other courses in the City of Kingston, due in part to the overall quality and condition of the golf course and the mandate of the City to keep rates affordable. There are other courses offering similar membership rates, but these courses are located outside the City boundaries and may limit some citizens ability to access a similar service.

Should Belle Park Fairways be closed, it is anticipated that the group most impacted would be seniors that are members of the course.

Due to the quality of the course, Belle Park is not considered by many to be in direct competition with the private sector

In general, there are a number of questions that a municipality should address to identify whether they should continue to be in the golf course business and how the service should be provided and accounted for. While some of these issues will not be fully addressed in Phase One of the analysis as they are operational in nature, comments/observations have been made to better understand the existing service in terms of the competitive environment.

Does Belle Park Fairways directly compete with the private sector?

The City's golf course, in relation to other local public golf courses, is considered to be an **entry level course**, in terms of the quality of the product offered, with limited direct competition with other local courses that tend to provide more amenities and a higher caliber of course. Because the course has been built on a former landfill site, the overall condition and irrigation of the course is inferior compared to other local courses. The City's course appears to be meeting a specific niche or segment of the golf market that may not otherwise be served with the existing local privately owned courses. This niche market is primarily seniors on fixed incomes and, to a lesser extent, juniors. However, beyond those accessing special youth camp programs, there is no statistical information available to support the assumption that in fact those using the golf course are low income and in need of subsidy.

Belle Park Fairways is the only inner city golf course thereby fulfilling the needs of inner-city golfers that may have limited ability to travel outside the city to more remote locations to golf. As shown earlier in the report, while the membership spans across the entire City, there is a heavier concentration of members in the downtown. There is no information on pay-as-you-play users.

Where the golf course does appear to be in direct competition with the private sector operators is on the driving range services, of which there are a few other similar services in the City of Kingston.

Is Belle Park Fairways pricing their product appropriately?

Controversy over pricing becomes more an issue when the municipally operated golf course is considered to be in direct competition with private sector operators, which, for the most part is not the case in the City of Kingston. However, pricing also becomes an issue when taxpayers are asked to subsidize the service, as is the case in the City of Kingston. As such, many municipally operated courses build a "no cost to the taxpayer" clause into their public policy objectives.

Staff working in the golf course operations identified several areas where the golf course is aligned with community objectives

4. Strategic Value Test

The City has defined a number of community objectives including the following:

- ◆ **Access to Information**
- ◆ **Culture, Heritage, Parks and Recreation**
- ◆ **Economic Prosperity**
- ◆ **Long-Range Infrastructure Plan**
- ◆ **The Environment**
- ◆ **Getting Our House In Order**
- ◆ **Planning: Official Plan and Transportation Master Plan**
- ◆ **Affordable Housing Strategy**
- ◆ **Support Volunteers**
- ◆ **Promotion of Neighbourhood Associations**
- ◆ **Our Young People**
- ◆ **Our Elders**

The following summarizes the objectives which were identified by staff associated with the provision of Golf Course Services as well as additional comments.

Culture, Heritage, Parks & Recreation

Plan and manage our cultural programs and assets to ensure sustainability into the future.

Belle Park Fairways provide programming for culture and recreation.

Economic Prosperity

Improve economic wealth while enhancing the social & environmental goals of our community.

Belle Park Fairways contributes to the economic prosperity of the City by enhancing the social goals of the community.

The Environment

Improve air, water, and land quality.

By developing the former landfill site as a golf course, the land can be enjoyed not only by golfers but also by people who walk through the park, cross country ski in the winter and bike.

Our Young People

Work with youth to create employment opportunities that are progressive & career oriented and create and support programs that focus on the early years.

Our Elders

To meet the needs of our elders through the creation of leisure and social activities, to recognize their contribution to the community, and enhance live-at-home programs

The key community objective that is supported by the golf course operations appears to be meeting the needs of elders through the creation of leisure and social activities.

5. Cost/Benefits Test

The cost/benefit test explores the following questions:

- ◆ What is the net cost/revenue of the service?
- ◆ How is it funded?
- ◆ Is it affordable?
- ◆ Are city assets required to provide this service?
- ◆ How are they accounted for in the net cost/revenue calculation?
- ◆ What are the expenditures, revenues associated with this service?

Currently, there is a requirement for taxpayer contributions to maintain the golf course operations

Much debate existed surrounding the “true costs” of operating Belle Park Fairways during the pre-analysis consultation phase. This focused primarily on the capital requirements and the appropriateness of including these “one-time” costs associated with moving the tee and green on Belle Island. As such, to provide a conservative estimate of the total costs, only \$25,000 annually has been included in the analysis from 2001-2003, consistent with direction from staff overseeing the operations. The 2005 projection reflects the additional costs associated with the new capital project, amortized over a period of 5 years.

Regardless of whether capital is included at the \$25,000 or at the \$100,000 level, there is unquestionably a cost to the taxpayer in operating Belle Park Fairways ranging from \$65,000 to \$72,000 in net direct operating costs. The inclusion of capital costs brings the range from \$90,000 to \$172,000. While the administrative overhead costs would not likely be eliminated if Belle Park were to cease operation, there is an additional \$40,000 in administrative overhead that is allocated to this program. Other lost opportunity costs associated with property taxes, which would be charged to a private sector operator have not been included in the analysis but would amount to an additional \$13,500. In addition, environmental clean up costs have not been allocated in this analysis.

Summary - Belle Park Fairways	2001	2002	2003	3 year Average	2005 Projection
Direct Revenues	\$259,226	\$242,652	\$270,644	\$257,507	\$257,507
Direct Expenditures	\$324,173	\$322,928	\$342,003	\$329,701	\$329,701
Net Direct Operating Position	(\$64,947)	(\$80,276)	(\$71,359)	(\$72,194)	(\$72,194)
Plus					
Ongoing Capital Requirements	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Capital (Special Project)					\$75,000
Net Direct Operating Costs + Capital	(\$89,947)	(\$105,276)	(\$96,359)	(\$97,194)	(\$172,194)
Plus					
Administrative Overhead	\$38,913	\$44,711	\$36,965	\$40,197	\$40,197
Total Net Position	(\$128,860)	(\$149,987)	(\$133,324)	(\$137,391)	(\$212,391)

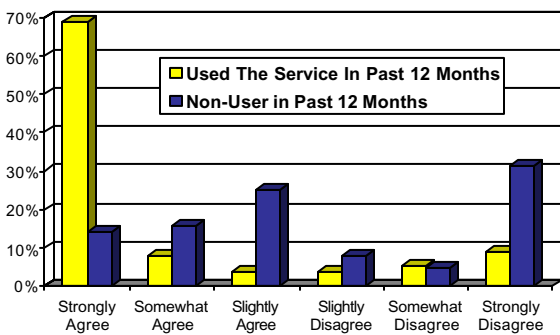
Based on the survey results, the general public is not overly supportive of subsidizing golf

Therefore, a portion of the cost to operate and manage Belle Park Fairways is funded from the general levy.

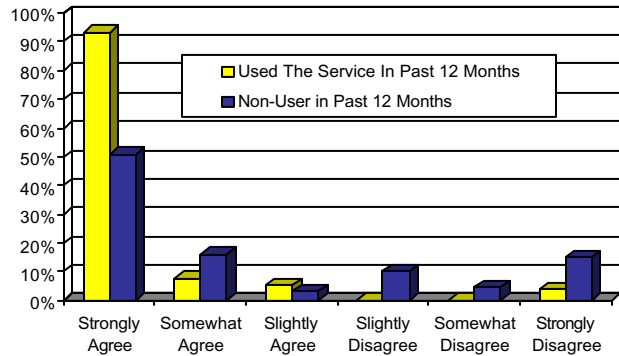
Belle Park Fairways is located on a former landfill site. Should the City elect to discontinue golf at this site, the property would still need to be maintained at some cost to the City, depending on the ultimate use. This will be further discussed in the options under consideration.

Based on feedback from the survey, the cost of the service is certainly a factor for citizens at large. When asked if the benefits of the City’s golf program outweighs the costs, assuming costs of \$200,000 annually, 32% strongly disagreed, compared with only 15% when there was no cost to the taxpayer. Clearly there is a need, should the City continue to be in the golf business, to establish financial targets for the operations, not only to move toward leveling the playing field with the private sector, but also to reduce taxpayer contributions. Should a decision be made to maintain the golf course facility, a review should be undertaken to determine whether there is an opportunity for the City to continue to provide affordable golf while at the same time minimizing taxpayer contributions, as has been done in other jurisdictions. Discussions with other service providers in Kingston also suggested that the course should be operated with no impact on the taxpayers.

The annual cost to the taxpayer is approximately \$200,000. Based on your understanding of the service, the benefits of this service outweigh the costs



If there were no cost to the taxpayer, the City should continue to provide a golf course facility



In addition, **non-residents** are able to play the course and purchase memberships at the same rate as residents. Given that the revenues are not sufficient to cover the costs of operations and the overall service is subsidized by taxpayers in the City of Kingston, the fee structures must be rationalized (Phase Two). There was no public policy identified in the course of the study to support preferred treatment of non-residents (e.g. to promote tourism).

6. Performance Test

The Performance Test queried the following areas:

- ◆ What is the evidence that this service is meeting its intended policy and public needs objectives?
- ◆ Are there established service levels for this service?
- ◆ Are there performance measures in place to monitor the achievement of established service levels?

One of the key objectives set by the City is to provide affordable golfing. Analysis of the fees and membership rates prove that this is the case. In terms of whether there is a need to subsidize the service to provide affordable golfing, at this stage in the analysis, this cannot be determined. The golf course membership is largely made up of seniors, however, it is unknown the extent to which the golfers using the course would not otherwise be able to afford to play on other courses, or in fact, pay an additional fee to help reduce the subsidy.

There are no pre-established performance targets or measures used or reported by the City

The City currently does not have any performance measures or targets to measure success. There are for example, no targets set in terms of number of rounds of golf played, memberships sold, number of low income youths served etc.

Based on discussions with other municipal operators, there is a need to balance the number of memberships sold against ensuring that there are adequate pay-as-you-play time slots available. This is done to ensure access by the public at large and also to maximize revenues. This is one example of where there are no performance targets established.

There are well recognized industry performance measurement standards

There are well recognized industry standards that are typically used to track performance. Examples of key operating statistics that are required for successful management of golf operations and general benchmarks for the industry, as identified by the National Golf Course Association have been provided on the next few pages. Should Council decide to continue to operate the golf course, it is recommended that additional efforts be made to develop clear targets, measures of performance and reporting practices.

(Excerpts From the National Golf Course Association)

Revenue management

Revenue management consists of tracking all relevant revenue streams of the golf course by area. This includes green fees, annual dues revenue (if the course has members), power cart rental revenue, pull cart rental revenue, food and beverage revenue, merchandise revenue (hard goods and soft goods), driving range revenue and other revenue such as club rentals and advertising. The City does track revenues at a high level in terms of membership fees, green fees, cart rental etc.

When it comes to revenue streams, the majority of these can be understood as a function of rounds played (this means 18-hole equivalent rounds played not total starts). For example, pro shop merchandise revenue per round is important in assessing the effectiveness of merchandising efforts. Best practices benchmarks for the industry in terms of merchandise revenue per round range from as low as \$3 per round in a budget-oriented lower-end facility to in excess of \$20 per round in resort or high-end corporate golf facilities.

Customer feedback

Having back-end information regarding how customers feel about the service is as important as understanding what brought them to you in the first place.

Customer feedback, though usually quantified through customer comment cards, can also be obtained through the eyes and ears of the staff. Though traditional comment card programs are still relevant, the best operators ensure proper training and the creation of an upward-feedback system. This makes for a much more dynamic and proactive service team that produces consistent customer satisfaction and repeat business.

Yield management

The often publicized-yet not so often understood-area of yield management is perhaps the most critical area of tracking within the golf operation. This includes detailed tracking of rounds played and rate structures.

The key statistic in measuring the effectiveness of your yield management practices is net rate per round. Best practices benchmarks for the industry suggest that well-run golf facilities will attain a net rate per round percentage of 70 percent to 75 percent of the average posted greens fee rate.

Rounds per day per hour are also important to assess on a daily basis in order to derive a plan to “sell down” rounds. Many operators will wait until the end of each month to assess rounds played each day; however, waiting until the end of the month is too late. Tee times are a perishable commodity that can be sold only once. Therefore, daily tracking of rounds and anticipation of slack time within each day is key to administering yield management techniques to sell rounds daily.

Expense management

It's important to not only departmentalize expenses but also relate expense figures to the drivers of those expenses similar to revenue streams. Therefore, operators must understand items such as maintainable acreage in the greens department, revenue derived in the food and beverage operation, total golf revenue (greens fees, carts, driving range, club rentals) in relation to outside services staff and back shop staff, amount of product sold in terms of merchandising efforts and size of the clubhouse structure and total revenue of the operation in the case of administrative costs.

Many departmental expense totals can be measured as a percentage of total gross revenue as a measure of understanding and assessing expense management. However, in many cases, the best operators will invariably make such comparisons and ratios less relevant as they continually find ways to offer excellent value, drive revenue and rationalize expenses. Furthermore, certain expense categories such as the greens department are more a function of maintainable acreage than total revenue.

These are but a few of the key operating statistics and key industry benchmarks that successful operators must understand, manage and anticipate in order to maximize the bottom line. These benchmarks are also useful in answering more difficult operating questions surrounding whether the level of service and conditioning offered are appropriate for the price points charged or available in the marketplace.

Summary—Assessment

Clarity of Purpose Test

- ◆ Meets the Clarity of Purpose Test

Pros

- ◆ Affordable, accessible, promotes community development
- ◆ Higher quality of life for residents
- ◆ Promotes and contributes to the City as a caring community
- ◆ Ensure opportunities for equal access to services and programs not considered essential life services
- ◆ Serves a niche market—specific segments—largely seniors, to a lesser extent juniors and beginners

Public Interest Test

- ◆ Meets the Public Interest Test

Pros

- ◆ Most important to senior segment of users

Role of Government Test

- ◆ Moderately meets the Role of Government Test

Pros

- ◆ Course in its current location meets the role of government test as it serves a unique segment of the market that may not be otherwise served by private sector courses

Cons

- ◆ No legal mandate
- ◆ Overall, the addition of future courses would not meet the role of government test because there is sufficient private sector services available in other locations and within the same fee range

Strategic Value Test

- ◆ Marginally Meets Strategic Value Test

Pros

- ◆ The key community objective that is supported by the golf course operations appears to be meeting the needs of elders through the creation of leisure and social activities.

Cons

- ◆ While the provision of golf course service fulfills some needs for its users, it is not necessary for the municipality to achieve its strategic objectives

Cost/Benefits Test

- ◆ Under the current financial situation it is questionable whether it meets the Cost/Benefits Test

Cons

- ◆ There is concern with respect to the level existing taxpayer subsidy for this program
- ◆ Private golf courses not supportive of taxpayer subsidy—unfair competition
- ◆ Need for further analysis to determine whether there is an ability to balance affordability goals with balanced budget, consistent with other municipal models

Performance Test

- ◆ Meets the Performance Test

Pros

- ◆ Affordable accessible golf course

Cons

- ◆ There are currently no performance targets or measures to define success in the service

Section 6—OPTIONS UNDER CONSIDERATION

Three options were considered:

1. ***Exit the Service***
2. ***Maintain the Status Quo***
3. ***Next Steps – explore opportunities to better achieve the community objectives***

1. Exit the Service

Not recommended for the following reasons:

- ◆ Meets the majority of the assessment criteria, based largely on the existing golf course
- ◆ Making good use of the former landfill site
- ◆ Located in the inner city to serve a segment that may not otherwise be able to access golf
- ◆ Lack of other courses in close proximity
- ◆ Current course is designed to meet different segment of the market than the majority of the other private sector golf courses
- ◆ Highly unlikely that the private sector would enter the business in the inner city to meet the needs of the community should the City exit the business
- ◆ Due to environmental concerns and the City's need to maintain access to this property, it would be extremely difficult for the City to privatize the golf course
- ◆ By turning the land into a passive park, there would continue to be operating costs without the revenue generating opportunity

While it is not recommended that the City exit the golf course service provided at Belle Park Fairways, it is not recommended that the City further enhance its golf course portfolio at this time for the following reasons:

- ◆ Expense associated with developing another course
- ◆ Belle Park appears to be adequately servicing the intended market segment
- ◆ Sufficient mid to high end courses in the vicinity
- ◆ Do not want to create unfair playing field with private sector

As demographics and markets change, there is a need to review the role of the City in providing golf course services on an ongoing basis.

2. Maintain the Status Quo

The status quo is not recommended for the following reasons:

- ◆ Survey and public input through comments and letters indicates that the general public does not support the operation of a taxpayer subsidized golf course
- ◆ There are no performance targets or service levels developed to measure the effectiveness of meeting the City's public policy objectives
- ◆ In its current form, it is difficult to determine whether the level of service and conditioning offered are appropriate for the price points charged
- ◆ No business plan upon which to operate and measure performance

3. Next Steps

We recommend the following steps be undertaken:

- ◆ Review mandate of the golf course to operate on a self-sustaining basis, consistent with the approach undertaken by a number of other municipal service providers. This should include all costs associated with golf course operations such as administrative overhead
- ◆ Prepare a business plan and identify the feasibility of meeting the existing public policy objectives while at the same time eliminating (lowering) the taxpayer subsidy required
- ◆ Develop performance measures, standards and mandatory reporting mechanisms including:
 - ◆ Revenue management
 - ◆ Expense management
 - ◆ Customer profiles and feedback
 - ◆ Yield management