



Golf Business Advisors

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City of Harrisonburg, Virginia

Heritage Oaks Golf Course Analysis

by

**Jeff Fleishman
Golf Business Advisors**

The information included in this analysis is for the exclusive use of the City of Harrisonburg, Virginia. Duplication of this information in whole or part may not be made without the prior written approval of Brian Mancini, Interim Director of Harrisonburg Parks and Recreation or Jeff Fleishman of Golf Business Advisors.

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June 17, 2021

Brian Mancini
Interim Director of Harrisonburg Parks and Recreation
901 Chicago Avenue
Harrisonburg, VA 22802

Dear Mr. Mancini:

Golf Business Advisors Maryland LLC is pleased to submit the enclosed Report on our evaluation of the Heritage Oaks Golf Course for the City of Harrisonburg, Virginia.

In order to evaluate the Heritage Oaks golf course and situation, we visited and toured the facility on a few occasions and also toured some of the key competitive courses. We also had discussions with many area stakeholders who were familiar with Heritage Oaks and we developed and analyzed the results of a survey of area golfers and citizens. In addition, we met with Heritage Oaks staff and other City staff members and used historic information provided to us.

Based on this information, research on other area courses and other municipal operations in the state of Virginia plus our overall experience with municipal and daily fee golf courses, we developed the attached Report following the outline in the RFP.

The City is to be commended for soliciting assistance from a golf industry consultant for evaluating the situation at Heritage Oaks and outlining recommendations that will be of assistance to the Heritage Oaks operations in future years.

I look forward to presenting our Report and discussing the situation, our recommendations and the next steps with you and your team.

Thank you for the opportunity.

Sincerely,

Jeff Fleishman
President



Golf Business Advisors

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City of Harrisonburg Heritage Oaks Golf Course Financial and Operational Analysis

Table of Contents

- I. Situation Analysis**
- II. Public Engagement**
- III. Financial Analysis**
- IV. Golf Course Asset Analysis**
- V. Golf Course Management**
- VI. Golf Course Maintenance Analysis**
- VII. Marketing Analysis**
- VIII. Current and Future Economic Trend Analysis**
- IX. Business Plan Recommendations**
- X. Appendix**

I. Heritage Oaks Golf Course Situation Analysis

The Heritage Oaks Golf Course is a municipal golf course owned by the City of Harrisonburg and designed by golf course architect, Bill Love. The course was built on approximately 191 acres (of which 35 acres are restricted for recreational purposes only) and includes an 18-hole regulation course, parking lot, driving range, practice putting green and 3-hole par three course. The course plays to a par of 70 and includes 4 sets of tees measuring from 4,542 yards up to 6,324 yards. The Heritage Oaks clubhouse includes pro shop/check in area, snack bar and kitchen, cart storage, restrooms and office space in a setting overlooking the course.

The course is located off of Garbers Church Road, backs up to Hillendale Park and is only a few minutes from downtown Harrisonburg (a map of the property is shown below). The course is also home to the First Tee of the Shenandoah Valley, that has its own clubhouse on site and offers programs that utilize golf to develop the character of area children.

The course opened in September, 2001 for a soft opening and then opened full time on March 29, 2002. The cost of the golf course was approximately \$4,700,000 and the cost of the 6,300 square foot Clubhouse and parking lot (120 parking spaces) was approximately \$900,000. The City arranged Bond financing (\$6,400,000 for 30 years) that was used to pay for both and the payments are currently \$438,000 per year. If all goes as planned, the final payment will be in the year 2030.

The City of Harrisonburg has an extensive parks system with 18 parks offering an array of natural areas, recreation centers, ball fields, activities and services. The Heritage Oaks Golf Course is part of the City of Harrisonburg Parks Department and Luanne Santangelo is the Director of the Parks and Recreation Department. The budget for the entire Parks and Recreation Department is approximately \$6 million.

Luanne Santangelo is coordinating this Heritage Oaks Golf Course analysis under the auspices of the City Manager, Eric Campbell and the City Council. There is also a Parks and Recreation Advisory Commission that works with the City staff on parks and recreation initiatives and issues.

The golf consulting firm of Golf Business Advisors Maryland LLC, based in Williamsburg, Virginia, responded to the City of Harrisonburg RFP for an evaluation of the Heritage Oaks Golf Course and was awarded the contract in February, 2021. Jeff Fleishman, President of Golf Business Advisors visited Heritage Oaks a number of times to see the course and meet with the staff in February and March and has conducted 95% of the research on this study and has written this analysis.

The financial results of the Heritage Oaks Golf Course have not been positive for any of the 19 years of the course operations and in late 2018, both the Parks and Recreation Advisory Commission and City Council began asking many questions—which has led to a substantial budget cut in Heritage Oaks expenses in 2020-21 and to this Study. Based on information provided by the City, the rounds of play at Heritage Oaks have averaged approximately **25,886** over the past five years. Over the past five years, the revenue has averaged **\$630,000** annually and expenses of **\$1,087,000** annually for a Net Income average loss of approximately **(\$460,000)**.

2020 has been a stressful year for everyone as Covid spread across the country and the world. The City and Heritage Oaks used great caution and closed the course for almost three months and then greatly restricted play for another few months. But despite all of this, golfers across America were anxious to be outdoors and play golf and the rounds of golf were up significantly—including at Heritage Oaks.

Based on my tours of the Heritage Oaks course, it is an excellent golf course that is well suited for golfers of all abilities. The course is in very good condition (tees, fairways, greens and roughs) and also has excellent views with mostly natural surroundings (except for a couple of holes with adjacent homes). The bunkers do need some repair work and there are many dead ash trees that either have been or will be taken down

(including the stumps) this year.

The Clubhouse serves its purpose of checking in golfers, however there is not any food and beverage service (except drinks and snacks in the Pro Shop), as a combination of Covid and not being able to find a dependable food and beverage operator has been an issue. The City also owns the Pavilion which is part of the First Tee facility which could be used for special events, but has not hosted many in the past.

As part of this Study, we developed and implemented three public engagement initiatives: Staff and Stakeholder interviews, Meeting with Parks and Recreation Advisory Commission and an open Survey of golfers and other citizens. The results are included in the Study, but we quickly learned that Heritage Oaks has become a controversial subject and a political issue on a number of fronts from the course being a great asset for the City to the course should be closed down immediately.

The key themes that were expressed included:

- **Land Use**
- **Financial Performance**
- **Lack of Diversity**
- **Course is an Asset for City**

The survey results will be outlined in detail in the following pages, but the highlights include:

- **Heritage Oaks attracts golfers from many zip codes and throughout the Shenandoah Valley**
- **Lakeview, Shenvalee, Spotswood and Packsaddle are the key competitors**
- **The golf experience, course layout, course conditions and PGA Pro/Golf Instruction all received high ratings**
- **Customer service, tee time availability, pace of play and merchandise all received low ratings**
- **Over 50% of the respondents are interested in golf instruction**
- **The vast majority of the respondents think that the green fees, cart fees and annul pass fees are fair**
- **The biggest issue for improvement is the Snack Bar**

Hopefully this analysis will provide an unbiased review of the Heritage Oaks history and current situation and the recommendations on reducing expenses and increasing revenues (through the suggested marketing initiatives) will aid in the success of Heritage Oaks for the future.



Properties of Heritage Oaks Golf Course

- ▭ Parcel 116 A 2 - Recreational Purposes Only
- ▭ Other Heritage Oaks Parcels
- ▭ Other Parcels within City
- ▭ Heritage Oaks Fairways and Greens



Every reasonable effort has been made to assure the accuracy of these maps and associated data. The City of Harrisonburg assumes no liability arising from use of these maps or data. THE MAPS ARE PROVIDED WITHOUT WARRANTY OF ANY KIND, either expressed or implied, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Any errors or omissions should be reported to the GIS Administrator of the City of Harrisonburg, Department of Information Technology.



THE CITY OF
HARRISONBURG
VIRGINIA



II. Public Engagement

Working with Luanne Santangelo, we developed three key initiatives to help Golf Business Advisors and the City better understand where the City staff, the public, as well as key stakeholders stood on the Heritage Oaks Golf Course and what the key issues were concerning Heritage Oaks.

1. Staff and Stakeholder Interviews

We met with City Manager Eric Campbell and Assistant City Manager Ande Banks and Luanne Santangelo, Director of Parks and Recreation and Brian Mancini, Assistant Director of Parks and Recreation. We also met with Charlie Fultz, Heritage Oaks Interim Manager and Superintendent, David Johns, Heritage Oaks PGA Golf Professional and Ed Steele, Parks and Recreation Safety Director who has also assisted at Heritage Oaks during the Covid situation. As part of the Survey, we met and communicated with Michael Parks, the Director of Communication and as part of our marketing efforts, we met with Brian Shull, the Director of Economic Development

The discussions with these staff members have assisted in better understanding the situation and their input has helped formulate our analysis and recommendations throughout this Report.

In addition, we also conducted telephone interviews with a number of stakeholders of Heritage Oaks including:

- George Hirshmann
- Kyle Lawrence
- Kai Degner
- Laura Dent
- Lindsey Sodikoff
- Bob Lewis
- Mike Layman
- Kevin Gibson
- Dany Fleming
- Chris Jones
- Tom Tattersall
- Kemper Funkhauser

During our conversations, many issues and concerns were discussed, but in general, the key themes and some examples of quotes that we heard are as follows:

A. Land Use

- “should be used for affordable housing”
- “is this the best use of public land”
- “financial issues are hidden behind land use”
- “even if breaking even, not justifiable for land use”
- “do something else with the land”
- “Council sees it as land for more growth”

B. Financial Performance

- “always promised a profit for the course”
- “getting course to break even will take the air out of many arguments”
- “not sustainable—financially or environmentally”
- “Covid restrictions set it up for failure in 2020”

C. Lack of Diversity

- “course is symbolic of Haves and have nots”
- “an amenity for elite in community”
- “not equitable due to the fees”

- “only caters to small percentage of residents”
- “needs more black and brown golfers—fix this issue and you fix the politics”
- “First Tee programs reached over 7,600 kids in 2019 with 55% non-Caucasian”

D. Course is an asset for City

- “keep course open, just pare down expenses”
- “First Tee program is amazing for City’s youth”
- “if closed, homes values in the area will go down”
- “40 to 50 fundraising golf tournaments per year help raise money for local charities”
- “course hosts local high school and college teams”
- “course provides an excellent stewardship of the land”
- “course is now in excellent condition and perhaps the best in the area”

It was apparent in each conversation that they were pleased that the Study was being conducted and that we were seeking their input on the issues.

The Heritage Oaks Golf Course has certainly becoming a political issue and there are many strong feelings regarding each of these key themes. The results of our study and the successful implementation of some or all of our recommendations should hopefully help resolve the Financial Performance issue, but in my opinion, the other two key issues (Land Use and Lack of Diversity) will continue to be a challenge. The City is engaging the Urban Land Institute to do a study of the Heritage Oaks land and provide suggestions on other possible uses.

2. Parks and Recreation Commission

We presented an update on our Study at the March 15 Parks and Recreation Commission meeting. Although the update was generally well received, it was apparent that the Parks and Recreation Committee also has many concerns for the operations, financial performance and land use of the golf course.

3. Public Survey

We developed a survey (in cooperation with Luanne Santangelo and Micheal Parks) to get feedback from the golfers and the general public on Heritage Oaks. The survey was sent to the Heritage Oaks database of approximately 1,600 golfers and also promoted on the City’s website and other ways.

There were 1,077 responses to the survey and the survey questions and results (shown in red) are outlined below. In my opinion, the key results include:

- Heritage Oaks attracts golfers from many zip codes and throughout the Shenandoah Valley
- Lakeview, Shenvalee, Spotswood and Packsaddle are the key competitors
- The golf experience, course layout, course conditions and PGA Pro/Golf Instruction all received high ratings
- Customer service, tee time availability, pace of play and merchandise all received low ratings
- Over 50% of the respondents are interested in golf instruction
- The vast majority of the respondents think that the green fees, cart fees and annual pass fees are fair
- The biggest issue for improvement is the Snack Bar

Conclusions

Unfortunately, the many years of poor financial performance and the lack of available land in Harrisonburg (and other issues) have caused Heritage Oaks to become a big political issue. We understand that the Heritage Oaks Golf Course has been somewhat controversial since prior to even opening and there are both supporters of the course and naysayers who would prefer to see it closed.

Based on our experience with other cities and their municipal golf courses, when the course conditions, facilities, customer service and food and beverage are all good to very good, then there is widespread support from the citizens. However, when the conditions and service are average or below average and/or the course is not performing financially, the citizens get frustrated with both the golf course and the City. Thus, improving all aspects of the golf operations, facilities and course finances are the keys to winning over the support of the citizens.

Many municipal courses are the place for seniors too “hang their hats” and they enjoy the comradery of both playing and hanging out at the golf course even when they are not playing. This can be a very good thing and it often depends on the quality of the facilities and food and beverage. The lack of food and beverage service is not helping promote this situation at Heritage Oaks.

In addition, most municipal courses are where junior golfers get introduced to the game and if the course has a welcoming attitude towards junior golfers and is promoting their instruction and play, then the course also becomes a favorite of their parents and grandparents. The First Tee location at Heritage Oaks and their programs are helping to introduce juniors to the game.

In general, the biggest challenge facing the business of golf today is getting people to play (although the COVID-19 situation in 2020 has been a boom for the number of golfers and rounds of golf in most every market). What has changed in the past 20 years is that the kids and their parents are consumed with little league baseball, soccer, lacrosse, field hockey, volleyball etc. that takes so much time as many of the programs are traveling almost every weekend and much of the summer.

So, in our opinion, the real answer is that municipal golf facilities have to take advantage of existing programs and create their own programs to introduce both adults and kids to golf. This has been extremely successful with the *PGA Junior League, First Tee, USGA/LPGA Girls Golf, Golf Get Ready, Play 9*, junior golf camps and other programs at the local level to introduce golf and develop the future customers for the courses. The City of Harrisonburg has supported the *First Tee* program located at Heritage Oaks for many years and is to be commended for doing so.

**Heritage Oaks
Harrisonburg, Virginia
Golf Course Survey and Survey Responses (in red)**

The Survey was emailed to the golf course database of approximately 1,600 people and was on the City’s website and promoted through other avenues by Michael Parks...and was up for approximately two weeks. There were a total of **1,077** completed surveys although not every question was responded to for all 1,077 responses.

The open ended answer questions have been moved to the bottom of this Report and thus the numbers of the questions are not in sequence.

1. Are you a resident of the City of Harrisonburg Yes **61%** No **39%**

2. If not a Harrisonburg resident, what is your zip code? **See attached zip code map that shows this information.**
 - **22801 101**
 - **22802 44**
 - **22812 33**
 - **22815 27**
 - **22821 22**
 - **22840 19**
 - **22980 13**
 - **22401 13**
 - **22841 11**
 - **22486 11**

In addition, there were approximately another 200 zip codes listed from other areas.

3. Do you play golf? Yes **60%** No **40%** If you answered No, please proceed to question # 24.

4. Approximately how many rounds of golf do you play in a year?

- _____ 0 – 10 **24%**
- _____ 11 – 25 **24%**
- _____ 26 – 50 **26%**
- _____ 51 - 75 **13%**
- _____ More than 75 **13%**

5. When you do not play at Heritage Oaks, which area courses do you usually play?

- **Lakeview 232**
- **Shenvalee 182**
- **Spotswood 61**
- **Packsaddle 54**
- **Massanutten 29**
- **Ironwood 23**
- **Ingleside 14**

Please rate your golf experiences at Heritage Oaks below:

6. On a scale of 1 to 5, how would you rate the overall golf experience at Heritage Oaks?

- | | | | | |
|------|---------------|---------|------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Poor | Below Average | Average | Good | Excellent |

Top 2 boxes (Good and Excellent) were 85%

7. On a scale of 1 to 5, how would rate the course layout of the Heritage Oaks course?

- | | | | | |
|------|---------------|---------|------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Poor | Below Average | Average | Good | Excellent |

Top 2 boxes (Good and Excellent) were 88%

8. On a scale of 1 to 5, how would rate the course conditions of the Heritage Oaks course?

- | | | | | |
|------|---------------|---------|------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Poor | Below Average | Average | Good | Excellent |

Top 2 boxes (Good and Excellent) were 85%

9. On a scale of 1 to 5, how would rate the customer service at Heritage Oaks?

- | | | | | |
|------|---------------|---------|------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Poor | Below Average | Average | Good | Excellent |

Top 2 boxes (Good and Excellent) were 73%

10. Have you participated in a charity or corporate golf outing at Heritage Oaks? Yes **59%** No **41%**

11. If you have participated in a charity or corporate golf outing, how would you rate the overall experience?

- | | | | | |
|------|---------------|---------|------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Poor | Below Average | Average | Good | Excellent |

Top 2 boxes (Good and Excellent) were 85%

12. On a scale of 1 to 5, how would rate tee time availability at Heritage Oaks?

- | | | | | |
|------|---------------|---------|------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Poor | Below Average | Average | Good | Excellent |

Top 2 boxes (Good and Excellent) were 74%

13. On a scale of 1 to 5, how would rate the pace of play at Heritage Oaks?

- | | | | | |
|------|---------------|---------|------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| Poor | Below Average | Average | Good | Excellent |

Top 2 boxes (Good and Excellent) were 73%

15. On a scale of 1 to 5, how would you rate the PGA Profession and golf instruction at Heritage Oaks?

1	2	3	4	5
Poor	Below Average	Average	Good	Excellent

Top 2 boxes (Good and Excellent) were 83%

16. Would you be interested in instructional golf programs at Heritage Oaks? Yes **52%** No **48%**

17. On a scale of 1 to 5, how would you rate the Pro Shop merchandise at Heritage Oaks?

1	2	3	4	5
Poor	Below Average	Average	Good	Excellent

Top 2 boxes (Good and Excellent) were 47%

18. How often do you play at Heritage Oaks?

Less than 20 times/year **70%** 20-40 times/year **18%** more than 40 times/year **12%**

20. Your Approximate Age Group up to 30 **7%** 30 to 40 **15%** 40 to 50 **14%** 50 to 60 **18%** 60 and above **46%**

21. Do you think the green fees are reasonable for the course layout and conditions? Yes **80%** No **20%**

22. Do you think the Season Pass fees are reasonable for the course layout and conditions? Yes **78%** No **22%**

23. Do you think the cart fee is fair compared to cart fees at other courses in the area? Yes **87%** No **13%**

1. Do you believe having a high-quality golf course such as Heritage Oaks in Harrisonburg is a benefit to our community?

Yes **67%** No **33%**

14. What are the main improvements (golf course and/or services) you would like to see made?

- **Snack Bar 93**
- **Course maintenance/faster greens 16**
- **Customer service issues 15**
- **Open earlier and stay open later 9**
- **Bunkers 8**
- **Restrooms on course 6**

19. What would bring you back here to play more often?

- **Improved Food and Beverage 53**
- **Better greens/course conditions 19**
- **Improved customer service 9**
- **Disc Golf 7**
- **Restrooms on course 3**

24. What outdoor Parks and Recreation activity do you most often take part in?

- **Walking/Trails 327**
- **Golf 290**
- **Disc Golf 53**
- **Swimming 47**
- **Biking 40**
- **Playgrounds 21**
- **Tennis/Pickleball 19**

25. Which Harrisonburg Parks and Recreation facility or amenity do you enjoy most?

- **Heritage Oaks 330**
- **Hillandale 171**
- **Westover 113**

- Purcell 68

26. Would adding other programs/activities at Heritage Oaks encourage you to visit? If so, what would you like to see added.

- Golf only—keep it like it is 183
- Walking cart paths 124
- Disc golf 34
- Mini golf 7
- Re-purpose land 7
- Lights on driving range/night golf 6
- Dog Park 6
- Tennis/Pickleball 6
- Cross Country 4
- Concerts 4

2. If you have not yet visited Heritage Oaks, what changes could be made that would encourage you to visit?

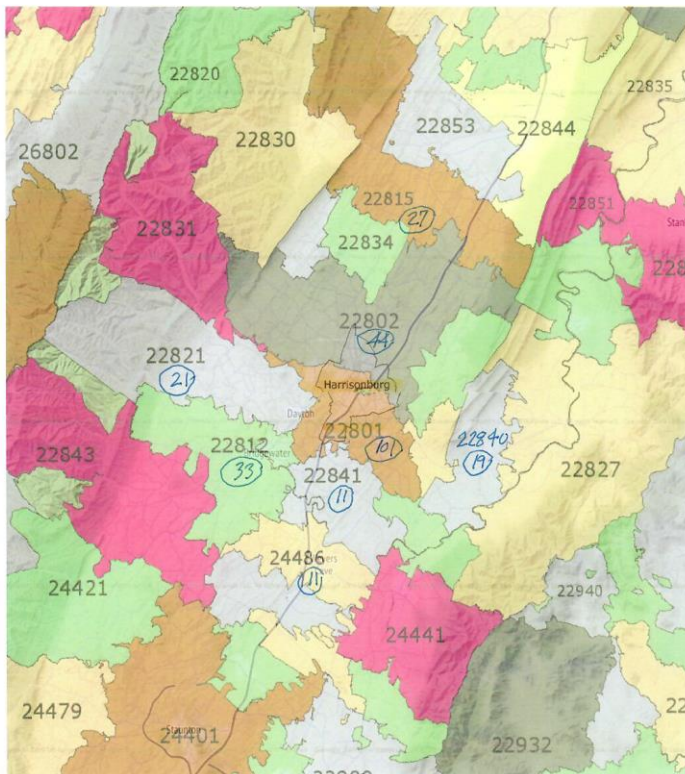
- Public park without golf
- Walking paths/trails 37
- Disc golf 10
- Restaurant 6

3. Are there any other comments you would like to make?

There were over 650 responses to this question and they can best be summarized as many responses calling Heritage Oaks an excellent asset and amenity for the City and many other responses suggesting that it is a waste of taxpayer money...and every other possible response in between those two ideas.

Harrisonburg Area Zip Code Map

The numbers written in under the zip code indicates the number of responses from that zip code on the Golf Survey.



III. Financial Analysis of Golf Operations

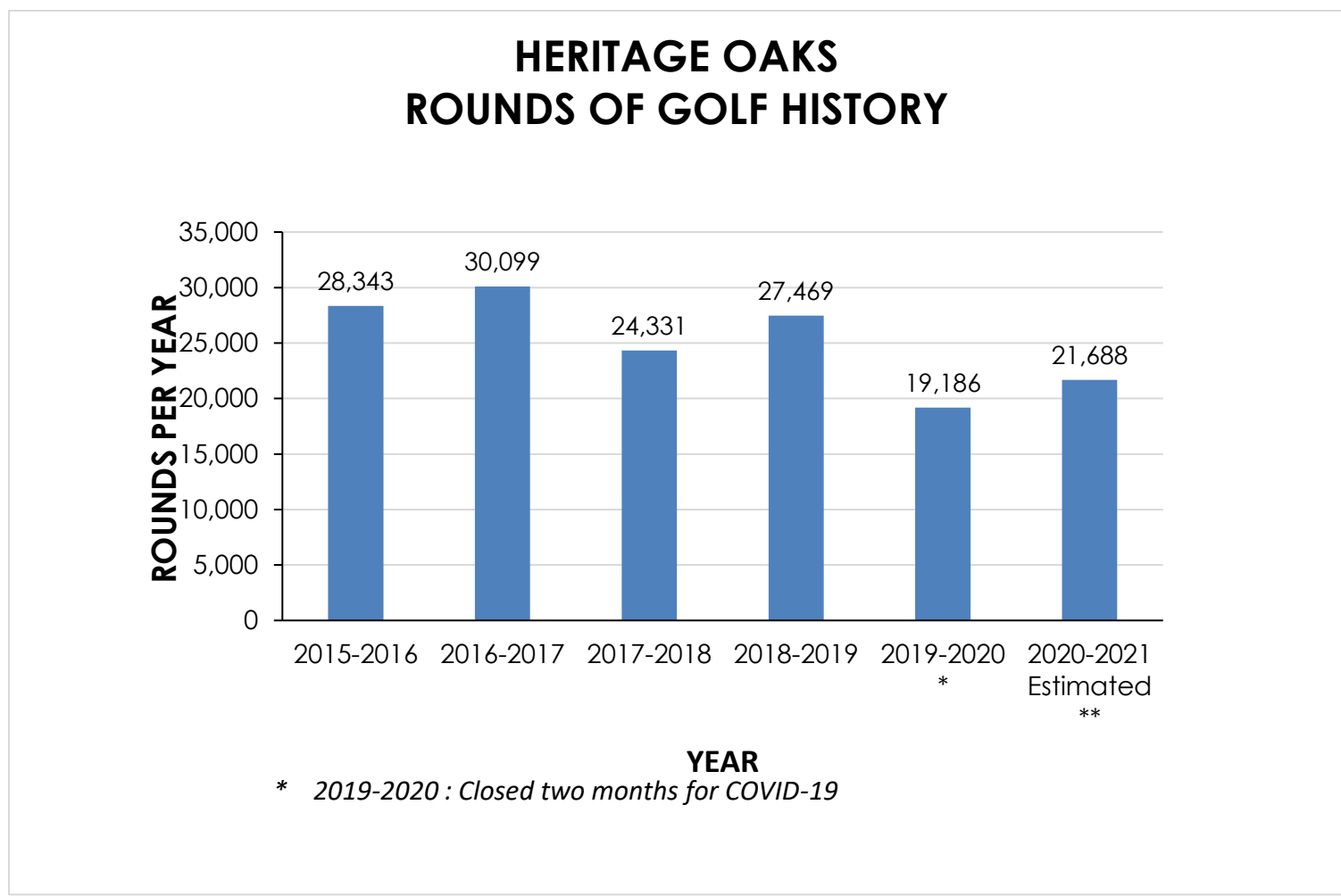
A. Heritage Oaks Rounds of Golf History

The rounds of golf are the most important element in the financial success of any golf course. An overview of the rounds at Heritage Oaks for the past five years as reported to Golf Business Advisors by the City is shown in the chart below.

The average number of rounds at Heritage Oaks over the past five years has been **25,886** as indicated below. As part of our competitive analysis, we learned that the other courses that are open to the public in the area are averaging approximately 24,000 rounds of golf per year.

When compared to other municipal golf courses in Virginia, Meadowcreek has averaged 33,617 rounds, Bide A Wee has averaged 32,000 and Dogwood Trace has averaged 19,860 rounds.

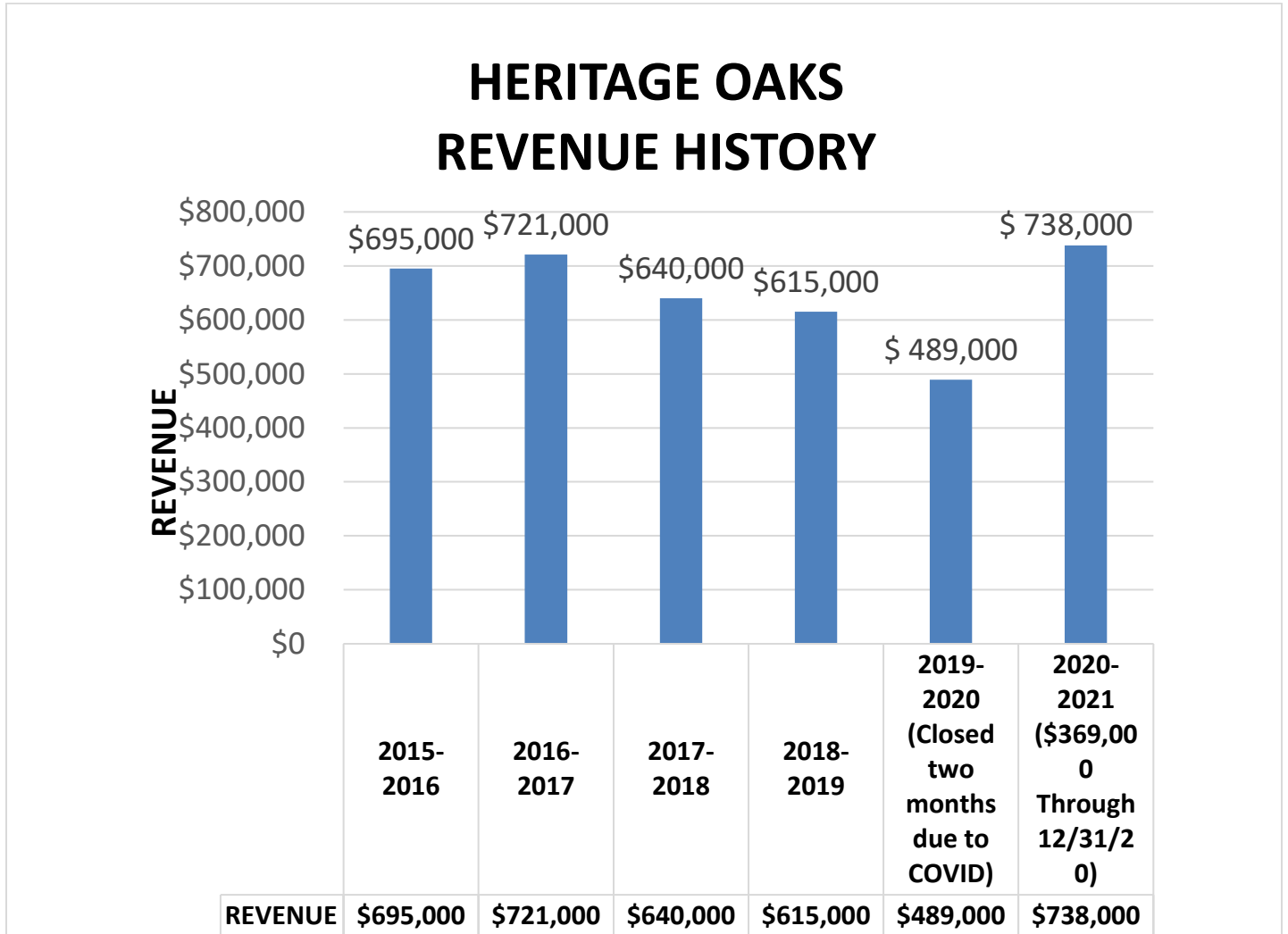
Note that the Heritage Oaks course was closed for almost three months of 2020 due to Covid, thus lower rounds in 2020 than the historic average..



B. Heritage Oaks Revenue History

The Heritage Oaks revenue is from green fees, annual pass players, cart fees, driving range fees, merchandise, instruction fees and food and beverage. An overview of the revenues at Heritage Oaks for the past five years as reported to Golf Business Advisors by the City is shown in the chart below.

Note that the Heritage Oaks course was closed for over two months of 2020 due to Covid, thus lower revenues in 2020 than the historic average.



The average revenue at Heritage Oaks over the past five years has been \$630,000. When compared to other municipal golf courses in Virginia, Meadowcreek has averaged \$886,635 in annual revenue, Bide A Wee has averaged \$1,022,666 and Dogwood Trace has averaged \$678,587.

The National Golf Foundation Report *Operating and Financial Performance of 18-hole Golf Facilities in the United States 2010* (165 18-hole municipal courses included) indicated that the average for revenue was \$1,269,000 per year. Unfortunately, this report is no longer published.

When the total revenue is divided by the total number of rounds, the results is the revenue per golfer—which is shown below for the past five years. As indicated in the chart below, Heritage Oaks has averaged approximately \$24.52 per golfer over the past five years. However, this has increased to over \$34 per round in 2020-21. Note that these revenue per round numbers are significantly less than the published fees due to discounts and primarily Annual Pass play.

**HERITAGE OAKS
REVENUE PER GOLFER**



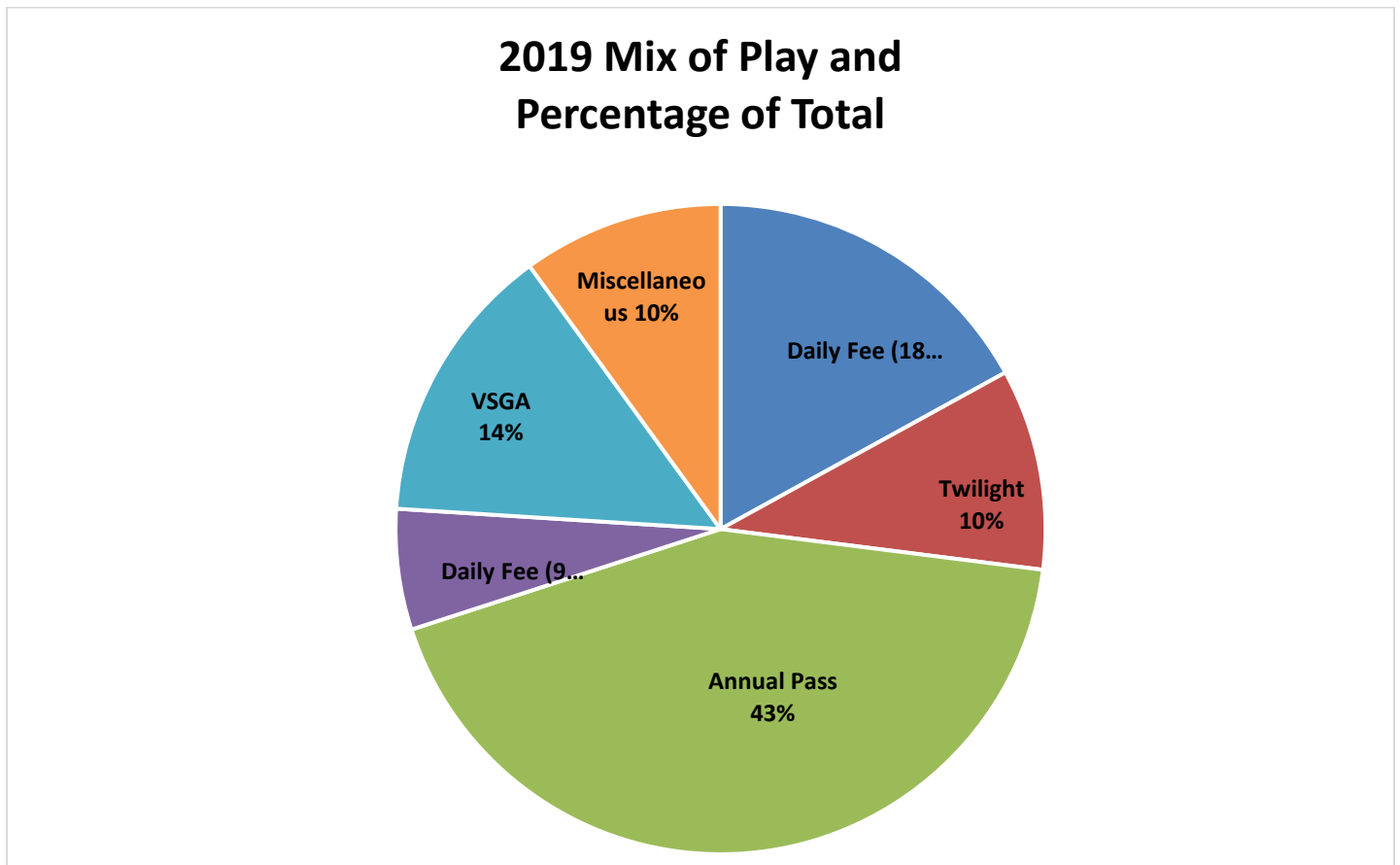
** Note: 2020-2021 data is through December 31, 2020*

C. Mix of Play

The rounds of golf at Heritage Oaks come from a variety of customer groups as outlined below based on calendar year 2019.

2019 Mix of Play by Number of Rounds and Percentage of Total

• Daily Fee (18 holes)	3,846	17%
• Twilight	2,225	10%
• Annual Pass	9,964	43%
• Daily Fee (9 holes)	1,452	6%
• VSGA	3,251	14%
• Miscellaneous	<u>2,301</u>	<u>10%</u>
Total	23,039	100%

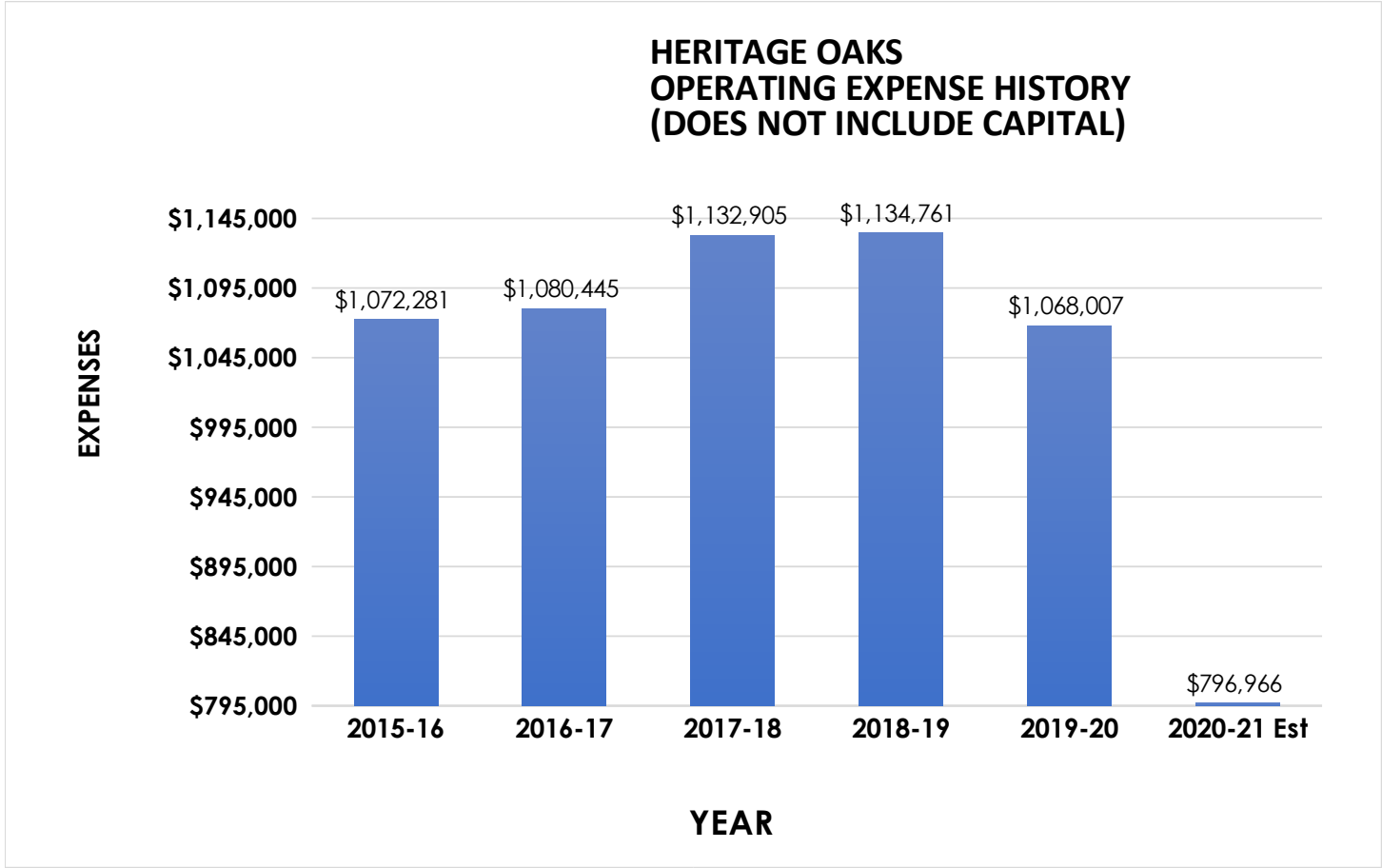


Heritage Oaks also hosts the JMU golf teams (for an annual fee) and local high schools and those rounds are accounted for under the Miscellaneous category above.

Heritage Oaks does enjoy a healthy mix of play by the various customer groups. The Annual Pass play stands out as 43% of the overall play and they are usually the best and most loyal customers, although as indicated in the analysis below, they have been getting a bargain price over the years. The VSGA Play accounts for 14% of the total and is all discounted and may be worth a discussion about restricting the usage to slower times

D. Heritage Oaks Expense History

Golf course expenses are generally made up of course maintenance (labor and supplies), golf operations and pro shop staff, golf carts, equipment leases and cost of sales of merchandise and food and beverage. An overview of the operating expenses (not including capital expenses) at Heritage Oaks for the past five years as reported to Golf Business Advisors by the City is shown in the chart below.

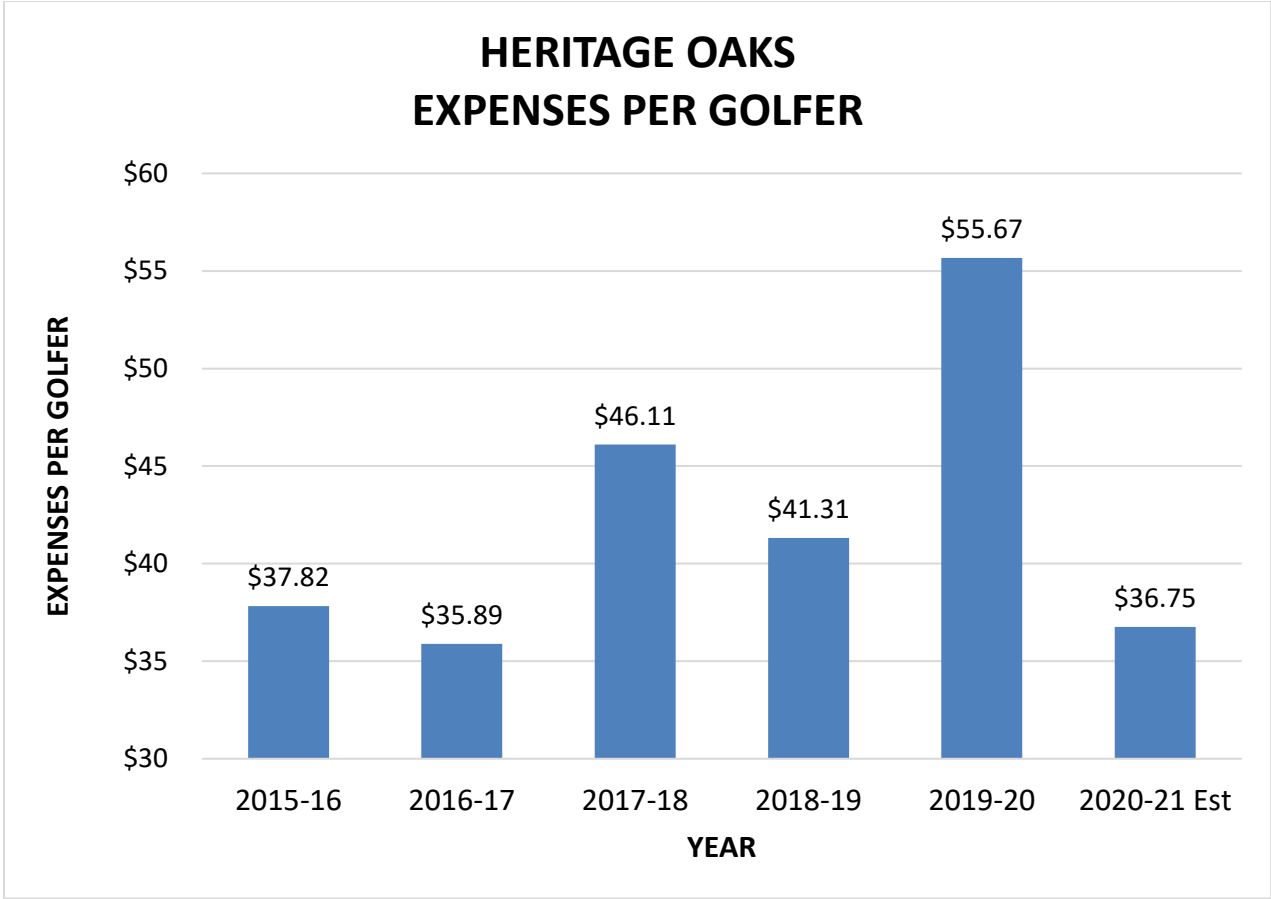


The average expenses at Heritage Oaks over the past five years have been \$1,087,000—of which approximately 60% has been golf maintenance and 40% golf operations. When compared to other municipal golf courses in Virginia, Meadowcreek has averaged \$886,486 in total annual expenses, Bide A Wee has averaged \$1,000,500 and Dogwood Trace has averaged \$697,082.

The National Golf Foundation Report *Operating and Financial Performance of 18-hole Golf Facilities in the United States 2010* (165 18-hole municipal courses) indicated that the average for expenses was \$1,100,000 per year with \$648,000 in maintenance expenses. Unfortunately, this report is no longer published.

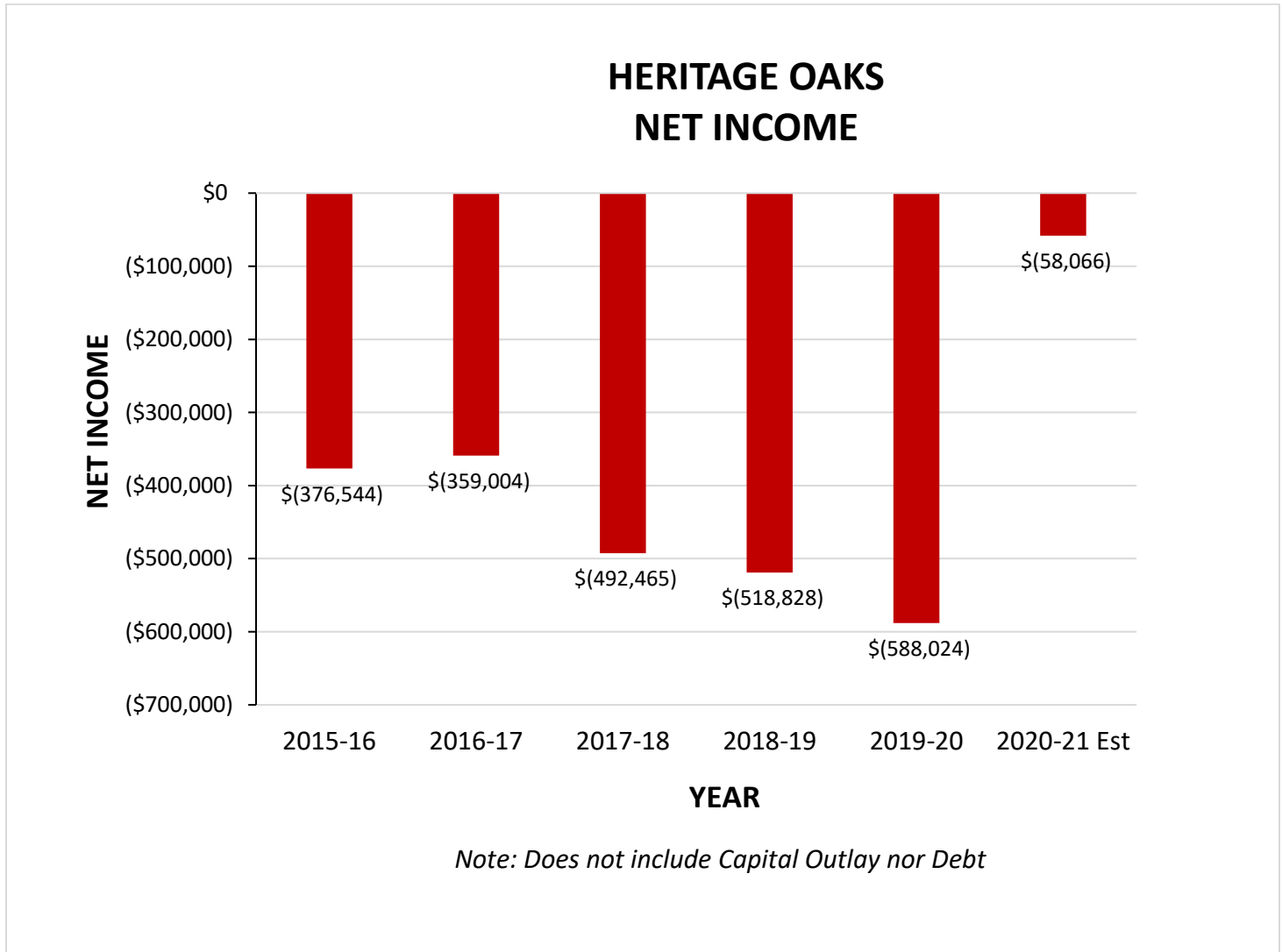
When the total expenses are divided by the total number of rounds, the results are the expense per golfer—which is shown below for the past five years. As indicated in the chart below, Heritage Oaks has averaged approximately \$43.36 per golfer over the past five years, although our best projection for year-end 2020-21 is now at \$36.36 per golfer—see page 23.

This is significant in that we just calculated that the average revenue per golfer was \$24.52 and with the average expense per golfer of \$43.36, the golf course is losing \$18.84 per golfer—which is a cry for drastic changes in order to keep the business viable.



E. Heritage Oaks Net Income

Golf course Net Income is defined as the income remaining once all expenses have been subtracted from revenues. In many cases, Net Operating Income (after deducting debt service, cost of sales, interest expenses, lease payments, taxes and depreciation) is also calculated as another way to measure the success of the business. An overview of the Net Income at Heritage Oaks for the past five years as reported to Golf Business Advisors by the City is shown in the chart below.



The average Net Income at Heritage Oaks over the past five years has been a loss of **\$460,000**. The other municipal courses in Virginia had an average of approximately \$0.

The National Golf Foundation Report *Operating and Financial Performance of 18-hole Golf Facilities in the United States 2010* (165 18-hole municipal courses) indicated that the average Net Operating Income was \$150,000 per year. Unfortunately, this report is no longer published.

F. Season Pass Analysis

Based on information provided by the City, we were able to provide a history on Season Passes at Heritage Oaks. For the past five years, an average of 149 season passes (in all classifications) were sold each year for an average of \$103,000 in revenue. However, when the rounds of golf that those season pass golfers played are divided into the revenue, it calculates at \$10.80 per round of golf—substantially under any published or discounted rates.

The season pass holders can be the best customers of Heritage Oaks but they must pay a fair fee for each round and in the past, they have been getting a tremendous discount.

**Heritage Oaks
Season Pass History**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21 Est*</u>
Number of Passes	149	157	148	160	130	80
Total Number of Rounds	9,951	9,388	10,948	9,094	8,455	5,200*
Number of Rounds Per Pass	67	60	74	57	65	65
Annual Pass Revenue	\$106,983	\$98,116	\$108,931	\$106,520	\$94,392	\$109,557
Revenue per Round	\$10.75	\$10.45	\$9.95	\$11.71	\$11.16	\$21.07

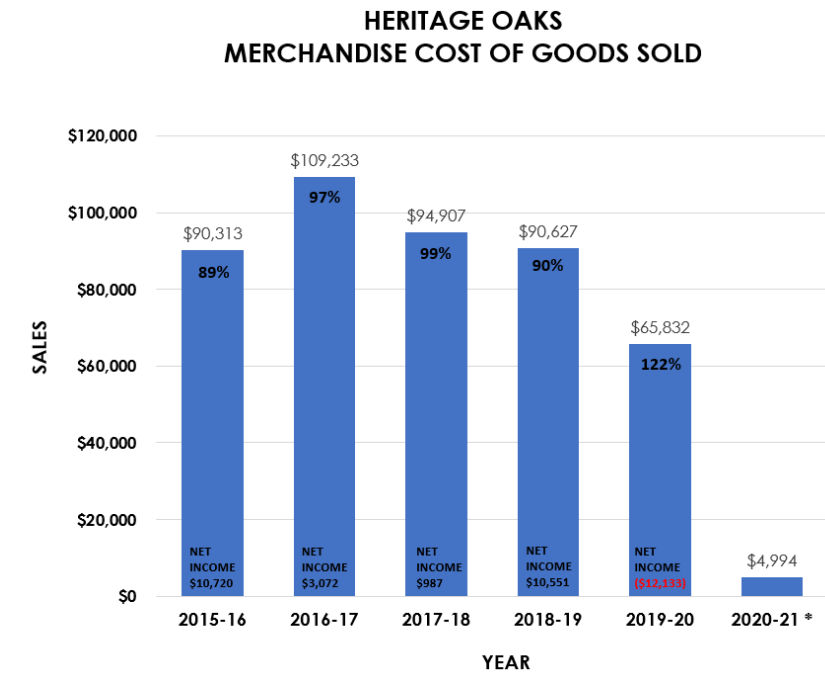
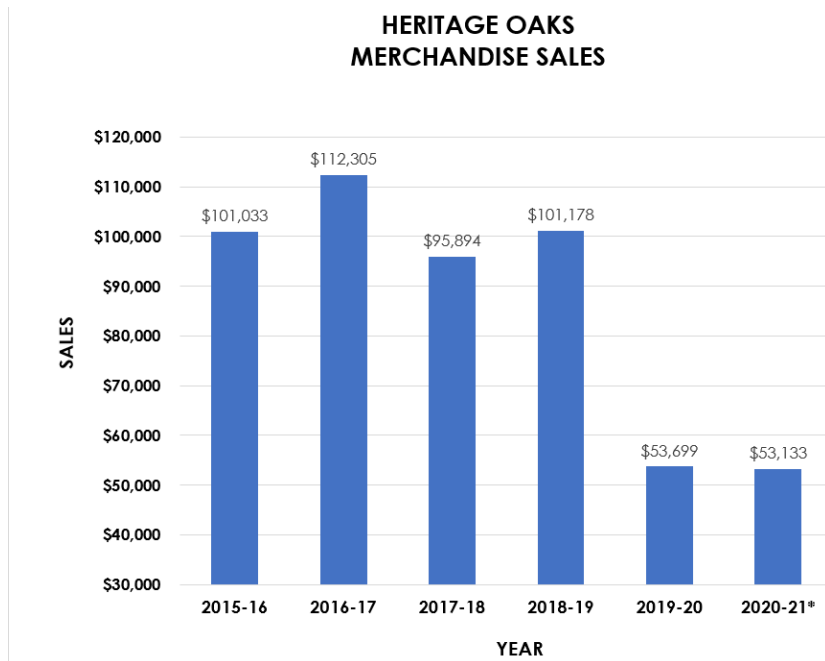
*5,200 is estimate based on 65 rounds per pass

We also checked with the Virginia State Golf Association and there are 27 golfers that have handicaps via Heritage Oaks. Of those 27 golfers, 5 of the golfers recorded an average of 102 rounds of golf at Heritage Oaks in 2020. Thus, with a 2020 Season pass of \$925, that means that those 5 golfers played for an average of **\$9.07 per round**.

G. Merchandise Analysis

An overview of the Heritage Oaks merchandise revenue for the past five years as reported to Golf Business Advisors by the City is shown in the chart below and indicates an average of \$93,000 per year. Note that the Heritage Oaks course was closed for over two months of 2020 due to Covid, thus lower revenues than the historic average for 2020.

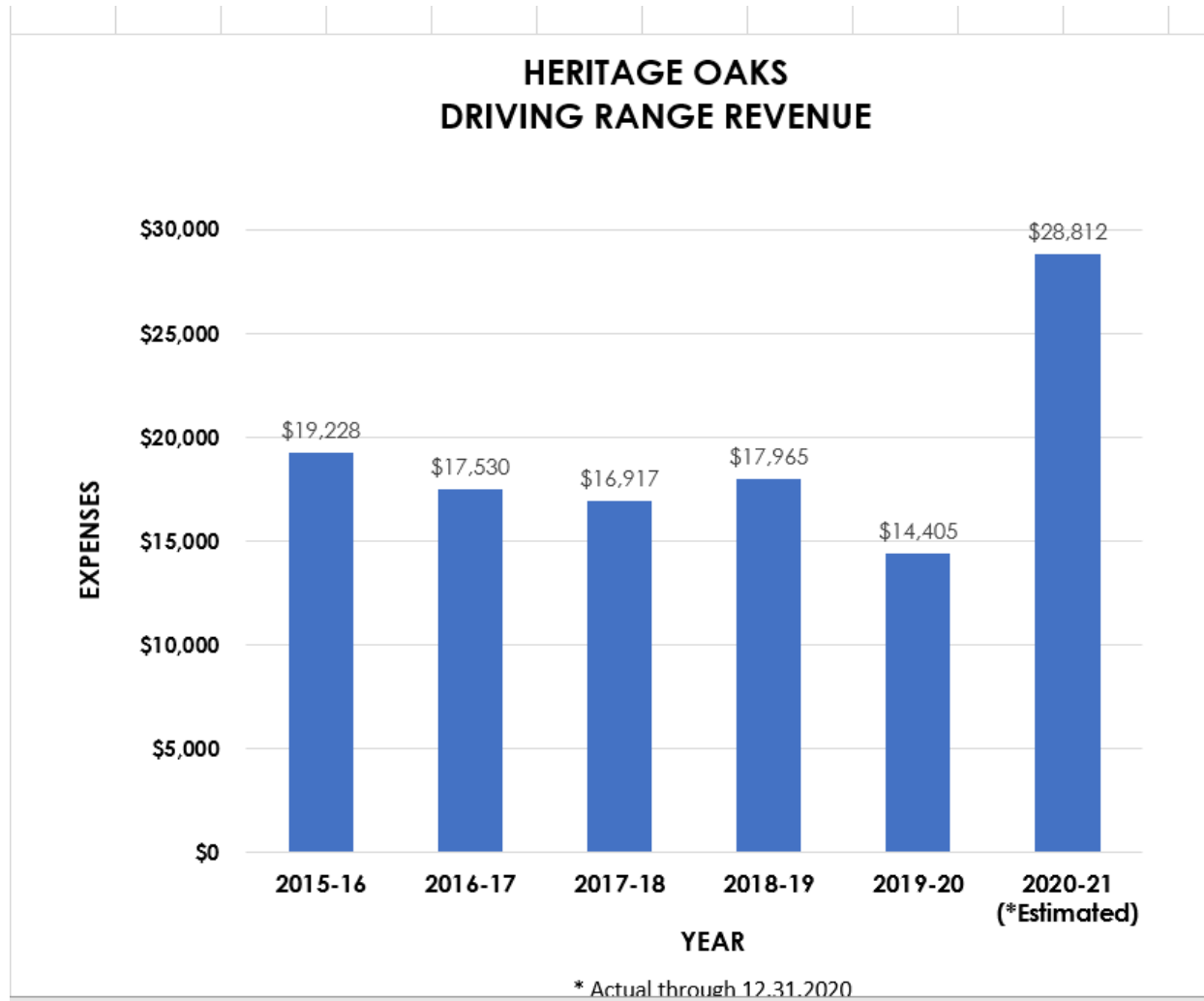
In the second chart below, the Cost of Sales are outlined and average 99%--which means that on average, there was no net income from the merchandise sales.



H. Driving Range Analysis

The Heritage Oaks driving range revenue is generated from both golfers playing that day and also people just practicing. An overview of the driving range revenues at Heritage Oaks for the past five years as reported to Golf Business Advisors by the City is shown in the chart below and indicates an average of \$17,000 per year. Note that the Heritage Oaks course was closed for over two months of 2020 due to Covid, thus lower revenues than the historic average for 2020.

When compared to other municipal golf courses in Virginia, Meadowcreek has averaged \$75,000 in annual driving range revenue, Bide A Wee has averaged \$24,000 and Dogwood Trace has averaged \$32,000.



Outlined below is an overview of three other municipal courses in Virginia that we were able to gather information from. Note that in all three cases they are very close to break even financially.

Overview of Municipal Golf Courses in Virginia

	Annual Rounds	Annual Revenue	Annual Maintenance Expenses	Annual Operating Expenses	Net Income
Meadowcreek Charlottesville www.meadowcreekgolf.org	33,617	\$886,635	\$433,000	\$453,486	\$152
Bide A Wee Portsmouth www.portsva.org	32,000	\$1,022,666	\$495,500	\$505,000	\$22,166
Dogwood Trace Petersburg www.dogwoodtracegolf.com	19,860	\$678,587	\$350,000	\$347,082	\$18,495
Heritage Oaks Harrisonburg www.heritageoaksgolf.com	27,299	\$659,271	\$690,308	\$472,473	-\$503,510

All information shown are averages of past three years

Golf Business Advisors will include recommendations in this analysis to assist in improving these ongoing issues with revenues lower than they should be and expenses higher than they should be—and will be included in the Management, Maintenance and Marketing sections below.

The Covid Impact on Heritage Oaks and Projected 2020-21 Financials

The City and the Parks and Recreation Department was very cautious in following Commonwealth of Virginia guidelines and in setting Covid guidelines for Heritage Oaks in 2020 and 2021. The course was entirely closed from March 26 through June 11, 2021. Then through August, tee times were restricted to every 27 minutes (from the normal 9 minutes) so only a possible 33% of tee times could be sold. In September, this adjusted to every 18 minutes, so only a possible 50% of tee times could be sold. In addition, the course was opened up for walkers and bikers early in the morning (so course did not open until 8 am) and no carts could go out after 4:30 pm. Currently, the walkers and bikers are still allowed early and late and there can be no carts on the golf course after 7:30 pm. Also, in 2020, the Pro Shop merchandise was roped off and due to size restrictions, there were no leagues, no charity or corporate outings and restrictions on clinics and junior camps, plus limited food and beverage.

During this time frame, Luanne Santangelo prepared a significantly reduced expense budget for Heritage Oaks that was approved by City Council. Luanne appointed Genevieve Chandler as the Heritage Oaks General Manager and she prepared a business plan and began managing the operations in January 2020 and implementing the reductions in budget expenditures. Throughout 2020, due to Covid, some of the staff from Parks and Recreation Department also worked at the golf course although their payroll expenses remained in their original areas. Genevieve Chandler resigned in October, 2020, the Superintendent also resigned in May, 2020 and Charlie Fultz took over for the Superintendent and in October was appointed Interim General Manager in addition to his other responsibilities as Superintendent and overseeing athletic fields. Charlie Fultz has great experience with other golf courses and was able to continue to cut costs in both golf operations and golf course maintenance.

Like most places around the country, the Heritage Oaks golfers were anxious to play golf during Covid and felt safe at the golf course and did abide by the new regulations—thus the demand for play was high in both the second half of 2020 and in early 2021.

Based on the most recent financial report from the City through May 31, 2021, outlined below is a projection on the year end financials for Heritage Oaks for 2020-21. It is apparent that the budget cuts and improved management of the golf course and golf operations are working to bring Heritage Oaks closer to a break even despite the challenges that Covid brought.

	<u>2020-21 Budget</u>	<u>2020-21 Actual (through 3/31)</u>	<u>2021-21 Year End Projected</u>
Rounds of Golf	?	13,002	21,500
Revenue	\$612,500	\$455,737	\$721,000
Expenses	\$836,254	\$530,776	\$750,000
Net Income	\$223,754	\$75,039	\$29,000

IV. Golf Course Asset Analysis



The Heritage Oaks Golf Course is a valuable asset for the City of Harrisonburg and rounds out the excellent park facilities and services that are offered by the Parks and Recreation Department. As a large acre tract of land near downtown Harrisonburg and with few parcels available in the City, it is indeed valuable and the City has just commissioned the Urban Land Institute to study the possible other uses. It is important to note that 35 acres (encompassing four of the golf holes) are on land that is restricted to recreational use only. Hillendale Park is located on the back side of the golf course and a walking trail system will be completed in 2021 that will run beside the golf course.

The Heritage Oaks golf course encompasses 191 acres of gently rolling terrain and includes 18 holes, a practice driving range, practice putting green and a three-hole par three course. The course offers four sets of tees that range from 4,542 to 6,324 yard with a par of 70 (34-36). The course rating for the Gold tees is 70.1 with a slope of 132; Black tees are 68.5 with slope of 127 and White tees are 66 and the slope rating is 121. The course also has a large putting green between the clubhouse and the course and a driving range to the right of the first hole with approximately 12 stations.

The course also has continuous paved cart paths which resolves the use of carts when the course is wet—especially for Outings. Heritage Oaks just obtained new 2021 Club Car electric golf carts (56) on a four-year lease including service at an annual lease fee of \$189 per cart per year. The carts also offer a temporary plastic shield between the driver and the passenger to assist in Covid distancing, yet allow two riders per cart.

The lack of food and beverage at Heritage Oaks is an issue and the City has tried the RFP process with a number of concessionaires, none of whom really worked out. The staff is arranging box lunches for Outings and Tournaments with an outside provider. The lack of alcohol sales (primarily beer) is also a problem and it is my opinion that many of the area golfers are choosing the courses that offer beer and sandwiches. Although it may be a challenge for the City, it is my opinion that they operate the food and beverage themselves under the General Manager and offer a limited menu with limited hours (maybe 10 am until 4 pm)—and do a test and see how it works and if it does work out, then continue to operate during golf season only (April through

October). This may still preclude the sale of beer, but having the food offered is certainly a much-improved situation.

There is also a three-hole par three course with holes ranging from 75 yards to 100 yards (plus, a 5-hole putting course) that is located near the golf maintenance building and generally accessed off of West Market Street. The par three course is used by some Heritage Oaks patrons, David Johns for instruction and also by the First Tee classes. There is not a fee to play the par three course and it is awkward to get there from the Clubhouse or parking lot. Apparently, First Tee has preferred usage of the par three course since they pay for the maintenance, but it does not seem to get much use at all.

As shown below, my suggestion is to establish a name for the course and allow people to enter off of West Market Street and park in the open area there to play the course. I would also suggest an “Honor System” of paying \$5 per day for adults and \$1 per day for juniors and having an Honor Box to place the money in—to be collected by the golf staff daily.

The Heritage Oaks course facility also includes three buildings:

- **Clubhouse** (of approximately 6,300 square feet) that includes pro shop/check in area, snack bar and kitchen, cart storage area, restrooms, and office space—all in a setting over-looking the course. In addition, there is a paved parking lot in front of the Clubhouse that has approximately 120 spaces.
- **First Tee of the Greater Shenandoah Valley Clubhouse and Pavilion** (The City owns the Pavilion).
- **Golf Maintenance facility** of approximately 10,500 square feet—this is actually a 21,000 square foot building that is shared with the School System. In addition, the golf maintenance operations have a wealth of equipment to maintain the golf course that is housed within this facility.



One of the three holes on the par three course at Heritage Oaks and sample hole marker at each tee of the regulation course.

Course Layout

The Bill Love designed course features returning nines meaning the 1st tee, 9th green, 10th tee and 18th green are all in close proximity to the clubhouse. The course has an open feel of meadows on some holes, but an extensive forest of trees throughout that provide excellent framing of the golf holes. The course plays to a par 70 with par of 34 on the front and 36 on the back. There are only a few holes that have homes lining the fairways, which is an unusual feature on golf courses today.

The golf holes themselves are distinct with only a couple of parallel fairways. There is a mix of dogleg rights and dogleg lefts and a few uphill holes which make the generally short distance of the holes play longer. Water comes into play on a few holes, but in general, it is a friendly golf course for the golfers. The par three holes are all interesting with three pretty long holes (including #8 over water) and two shorter holes. One noticeable feature is that the first two holes both play very long and #1 has a severe uphill second shot.

There is a large putting green between the Clubhouse and the course and the driving range is to the right of the first tee. The driving range has 18 stations (all on artificial mats) and the six stations to the right side are currently roped off and closed due to the proximity of the adjacent elementary school (which was built after the golf course and driving range were in place).

After having played the golf course on April 19, I will add that the course layout and conditions are certainly among the best of the courses I have played in the Shenandoah Valley and Heritage Oaks is indeed one of the top municipal golf courses in Virginia.



A winter scene of golfers on putting green.

First Tee of the Shenandoah Valley

The First Tee- Shenandoah Valley is part of a national premier youth development organization that uses a Life-Skills Education curriculum and the Nine Core Values to impact the lives of young people. They provide learning facilities and educational programs that promote character-development and life-enhancing values through the game of golf.

First Tee is based on the nine core values that it instills in all of the participants: **Honesty, Integrity, Sportsmanship, Respect, Confidence, Responsibility, Perseverance, Courtesy and Judgment.**

The program services the youth of the City of Harrisonburg, Rockingham, Shenandoah, Page, and Augusta Counties. Youth ages 5-17 are welcome to participate. In 2018, they had over 6,300 youth participants through our program, public schools, private schools, and other outreach. They hope to see these numbers increase through additional programs with Harrisonburg City and Rockingham County Schools, the 3 other Counties in our service area, and other youth organizations.

Currently, our National School Program is being taught in Thomas Harrison Middle School, Skyline Middle School in the City of Harrisonburg; McGaheysville, Elkton, John Wayland, and Plains Elementary Schools in Rockingham County; Craigsville, North River, Riverheads, and Wilson Elementary Schools in Augusta County; Bessie Weller, McSwain, and Ware Elementary Schools in the City of Staunton. The National School Program is led by the PE teachers as part of their yearly curriculum.

The goal at the First Tee- Shenandoah Valley is to allow all children to grow character through the game of golf. To ensure this, they want to assure you that no youth will be turned away due to financial restrictions. The most recent newsletter can be found at this link: https://firstteeshenandoahvalley.org/wp-content/uploads/sites/69/2020/10/10839-First-Tee_Newsletter-2019_FINAL.pdf In addition, an overview of the First Tee is shown in the Appendix.

The First Tee program started as just Harrisonburg kids and has been funded by private donations, including by the City of Harrisonburg. Beginning in 2015, First Tee expanded to neighboring areas and now uses five different courses throughout the Shenandoah Valley—although Heritage Oaks is their home base.

In 2010 one of the First Tee volunteers and former staff member at the First Tee, developed the **Juvenile Diversion Program**. This program is only the second of its kind among the 195 chapters in The First Tee network. Its design is to keep children out of the court system who have committed their first offense. Participants in the program are referred to our facilities by juvenile probation officers from the 26th District Court. This 9-week program is now led by our Executive Director, Mr. Tom Tattersall. Through the 9 weeks, participants receive mentorship and guidance on goal setting, interpersonal skills, conflict resolution, and more. In addition, participants in the program are introduced to the game of golf and the 9 Core Values of The First Tee.

The goal of this program is to help participants reflect on the choices they have made and supply them with skills they need to make better choices in the future. Tattersall stated, “We are extremely proud of this unique program made possible through a strong partnership with the Juvenile Intake Officers within our 26th District Court Service Unit.”

First Tee is managed on a daily basis by **Tom Tattersall**, Executive Director, **Nate Hildebrand**, Program Director and **Matt Haemsch**, Program Coordinator. They work at the direction of the First Tee Board which includes: **Garrett King, Ryan Hite, Tim Cash, Sam N. Shaw, Melissa Andrews, Eric Bond, Jason Crawford, John Dod, Sam Groseclose, Cover Heishman, Tom Hoy, Mike King, Michelle Koontz, Dan Nardi, Eric Obaugh, Willy Pirtle, Larry Rogers, Fulton Sensabaugh, Walt Trobaugh and Peter Wray.**

There is an agreement from June, 2011 in place between First Tee and Heritage Oaks including:

- Range Balls—up to 2,000 buckets of range balls at no charge
- Use of Regulation Course—2,000 rounds of golf at no charge
- Use of Short Course—First Tee has priority and pays for utilities/water (\$8,000 per year)
- First Tee Fundraising Tournaments—Heritage Oaks has “right of first refusal”
- The City was contributing \$70,000 per year to First Tee, but that has now been curtailed



First Tee Facility at Heritage Oaks

Other Possibilities for Recreational Use at Heritage Oaks

Although it is our opinion that the City of Harrisonburg offers many different parks and facilities for its citizens and therefore Heritage Oaks should remain primarily a golf course and not have its operations impacted by other activities (like it did in 2020 and 2021). However, due to the public out-cry over possible uses for the golf course property and based on best practices at other municipal and daily fee courses, we would suggest the following be considered as additional activities at Heritage Oaks:

- **Running races**—one is planned this summer and the revenue will easily offset the delayed opening of the course
- **Concerts/Movie Nights**—the Driving range is an excellent location and will not affect the golfers
- **Pickleball**—perhaps 4 courts using some of parking lot—the area to the left as you enter the parking lot would seem to offer the best alternative...and a pickleball court size is 34 X 64, so it seems like 4 or more courts could easily go in that area
- **Putt Putt golf course**—consider a fun 18-hole putt putt course either at main Clubhouse or near par three course
- **Bocce Ball**—needs limited space and could go clubhouse and the driving range (see photo below)
- **Cross Country Skiing**—perhaps a trial in the winter of 2022 to see how it will work



This is a bocce ball court set up at another golf course above and a pickleball court below.





The back side of the Clubhouse.



Driving Range at Heritage Oaks

Recommendations for Consideration

- The lack of food and beverage at Heritage Oaks is an issue that is impacting the rounds and revenue, and I suggest that it be operated “in house” under the direction of the General Manager with simple menus and reduced hours for starters—and from April 1 through October 31
- Consider establishing a name for the par three course—perhaps as a fundraiser
- Consider making the par three course on the “honor system” and have a box to collect fees of \$5 per day for adults and \$1 per day for children under 18
- Consider the other amenities and activities outlined above in order to get more users at the Heritage Oaks property

V. Golf Course Management

A. Overview of Heritage Oaks Operations Management

Heritage Oaks is managed on a daily basis by the Parks and Recreation Department under the direction of their Director, Luanne Santangelo. In prior years, there have been a number of General Managers overseeing the course including the Assistant Director of Parks and Recreation and the PGA Golf Instructor, David Johns. In mid 2020, Genevieve Chandler was named General Manager and worked until she resigned in October and then Charlie Fultz took over as the Interim General Manager in addition to his other duties as Superintendent and Athletic Fields Supervisor. An overview of the Parks and Recreation Department organizational chart is shown below. Fultz now oversees both the golf operations and golf course maintenance.

David Johns is the PGA Golf Instructor and has been at Heritage Oaks since it opened. At the moment, David Johns does not have any supervisory responsibility, although it appears that he assists in every area where needed. Ed Steele (who has other responsibilities within Parks and Recreation) has also been serving as a supervisor.

Golf courses are open seven days per week from early morning until dark (14 or more hours per day) and there needs to be supervision during that entire time. There appears to be a lack of supervision at the golf course (especially on Sundays) and this needs to be addresses prior to the busy summer season. Assistant PGA Golf Professionals are a dime a dozen (and probably less than \$25,000 per year salary, so generally equal to hourly staff) and will work hard with many hours while they learn and this could be the answer for Heritage Oaks in order to add to the Supervision.

The overview of the golf operations management and golf course maintenance outlined below is based on the visits by Jeff Fleishman and discussions with Charlie Fultz, David Johns and Ed Steele.

I. Golf Operations

1. General--The check-in area for customers to pay for their rounds of golf (and/or buy merchandise) is in the main Clubhouse. They pick up their golf carts just outside the Pro Shop area and near the first tee and the driving range.

The course's hours of operation have been adjusted during Covid to account for other users of the golf course property (walkers and bikers) which is affecting the course's revenues. Every course that I am aware of is open from 6:30 or 7:00 am until dark in season.

2. Golf fees are posted on website and in Pro Shop as follows:

- **Weekdays:** \$33 for 18 holes/\$23 for 9 holes; \$29 for seniors; \$15 for juniors
- **Weekends:** \$38 for 18 holes and \$29 for 9 holes
- **Golf Carts:** \$17 for 18 holes and \$10 for 9 holes (includes tax)
- **Twilight Fees:** After 3:00 pm daily for \$23/\$33 with cart and \$28/\$38 on weekends
- **Twilight:** After 5:00 pm daily for \$20 to walk or ride
- **Leagues:** \$20
- **City of Harrisonburg Residents:** A \$5 discount per round
- **Military/Service Personnel:** A \$5 discount Monday through Thursday
- **Range Balls:** \$7 for large and \$5 for small

Annual Pass fees (which allow unlimited golf per category selected) are as follows:

- **City Resident: With Cart--\$1,599 or \$2,598 with spouse**
- **Non-Resident: With Cart--\$1,776 or \$2,952 with spouse**
- **City Resident: Green fees only--\$999 or \$1,449 with spouse**

- **Non-Resident: Green fees only--\$1,176 or \$1,676 with spouse**
 - **Juniors and College: \$499**
 - **Range: \$299**
- 3. Golf Carts**—the course recently received 56 new 2021 Club Car Precedent electric golf carts that also include a plastic divider between the driver and passenger. There is not an assignment of a particular cart nor is there a signed waiver by the user.
- 4. Pro Shop Clerks Cart Attendants and Range Staff**—Heritage Oaks generally staffs two people in morning shift and two in afternoon shift who have responsibility for checking in golfers, bringing out golf carts and washing and returning them to cart barn and for picking up the driving range.
- 5. Starters and Rangers:** They are currently not any starters nor rangers (there were in past years) and it may be part of volunteer program (recently revised) in the future.
- 6. Point of Sale system**—they used Golf Now until November, 2019 and then switched to GolfTrak—including the on-line tee time system—which they continue to have issues with.
- 7. Tee Times**--are on every 9 minutes basis and can be booked by calling the Pro Shop or booked on line. Tee times may be booked up to two weeks in advance and there are no special advantages to Annual Pass holders on reserving tee times.
- 8. Scorecard** --the new Heritage Oaks scorecard is well done and includes hole and greens diagrams for each hole plus all of the yardages, pars, handicaps, course ratings and slope for four sets of tees.
- 9. Golf Outings**—David Johns handles up to 50 Outings per year (Non Covid) and they average 50 golfers—they will allow outings on Fridays and Saturdays—which many courses will not. The Food and Beverage is an issue and they have been arranging boxed lunches with Honey Baked Hams store.
- 10. Instruction**—offered by David Johns, PGA. The instruction revenue now comes to the City 100% and Johns is paid a salary (which is a new program in the past couple of years).
- Private Lessons--\$50 per hour or \$30 per ½ hour
 - HOPE—Heritage Oaks Players Experience 12 week program for Juniors
 - Get Golf Ready—5 session programs for Beginners
 - Junior Camps—monthly in the summer
- 11. Leagues**—Heritage Oaks hosts 5 different leagues, all coordinated by David Johns including:
- Ladies Learning League—Tuesdays at 5:00 pm
 - Men’s League—Wednesdays at 5:30 pm
 - Senior League—Thursday at 8:30 am
 - College League—Thursdays at 5:00 pm
 - Junior League—Saturday afternoons in June and July
- 12. Tournaments**—the course promotes and hosts a few tournaments and the **Match Play** tournament and **Best Ball** tournaments are planned for this Spring
- 13. High Schools and Colleges**—Heritage Oaks hosts the Harrisonburg High School team, for no charge and also hosts the Eastern Mennonite High School for \$750 per year. They also host the JMU Men’s and Ladies and the Eastern Mennonite College teams for a \$2,750 per team annually.
- 14. Clubhouse Housekeeping**—is performed by Parks and Recreation Department staff every weekday.

II. Golf Course Maintenance

Charlie Fultz is the golf course Superintendent and there is also an assistant superintendent and a full-time mechanic plus, five full time and three seasonal part time staff members. The staff appears to do a good job and the course was in excellent condition in April, 2021.

A detailed overview of each area of the golf course and maintenance standards is outlined under Section IV – the golf course maintenance analysis. Based on a review of the equipment list and in speaking with Charlie Fultz, they have all of the equipment needed to properly maintain the course.

The total golf course maintenance expense for 2020-21 will be approximately \$500,000 annually (although it was considerably higher in recent years), however Charlie Fultz’s salary is not included in that number.

On my recent trip to tour the course, the City of Harrisonburg Sheriff’s Department had a supervisor and 6 inmates there weeding beds and mulching—an excellent use of City resources and example of working together to benefit both parties.

III. Food and Beverage

Although Heritage Oaks has a reasonably sized Grille/Snack Bar and adjacent fully equipped kitchen, there is currently no food service except for drinks and snacks sold in the Pro Shop. Apparently, there have been 5 or 6 different vendors that responded to and were awarded RFPs for the food service, but none have stayed. The lack of offering alcohol (especially beer) is an issue and will cause some golfers to play at the other area courses.

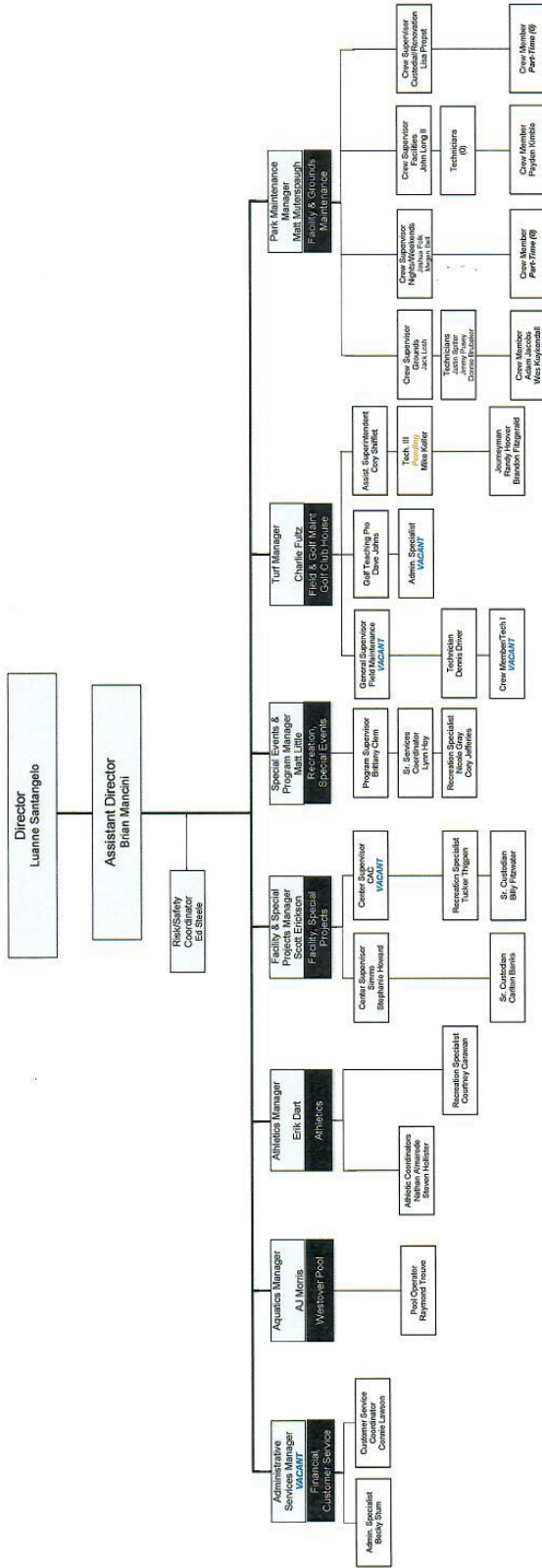
IV. Golf Merchandise

The merchandise for sale in the Pro Shop is limited to golf balls, gloves, shoes, logo shirts, hats, golf bags and an array of clubs. As indicated in Section III--- Financial Analysis, the average annual sales have averaged \$100,000 and cost of sales approximately the same. With Dick’s sporting goods and other retailers offering a huge variety of golf apparel and equipment, it is my suggestion that in the future, the merchandise be limited to the following: Golf balls, gloves and logo hats, visors, shirts and sweaters...and let the customers get their other apparel and equipment at Dicks.

Recommendations for Consideration

- Name Charlie Fultz the General Manager and also retain role of Superintendent and Athletic Fields supervisor.
- Adjust David Johns responsibilities to include the Golf Operations Supervisor overseeing all of the golf operations staff—reporting to General Manager
- Consider hiring an Assistant PGA Pro to provide more supervisory support (could replace a Pro Shop staff position)
- Set up Starter and Ranger program via volunteers for busy days
- Get back to an operating schedule of 7:00 am until dark as soon as possible
- Develop program for paid or volunteer starters and rangers on the busiest days
- Discontinue offering Annual Passes with carts
- Consider a new Point of Sale system and also adding *Golf Now* on-line tee time system
- Increase Annual Pass fees approximately 10% per year over the next few years
- Change merchandise program to the limited items that we have outlined above
- Host Harrisonburg City Championships (Men, Seniors, Women and Juniors) in late summer, 2021
- Reduce golf course maintenance costs to approximately \$450,000 per year
- Develop customer service training program for Golf Staff
- The lack of food and beverage at Heritage Oaks is an issue, and I suggest that it be operated “in house” under the direction of the General Manager with simple menus and reduced hours for starters—and from April 1 through October 31

Harrisonburg Parks and Recreation



Managers, Supervisors, Coordinators and Recreation Specialists share responsibility for supervision of seasonal and part-time recreation support staff.



January 29, 2021

B. Overview of Management Options

The City of Harrisonburg has chosen to self-manage their golf course for many years now and through this RFP process is trying to learn more about their golf course asset, financial situation, how best to improve the operations of the course and what their options for the course in the future may be.

Municipalities have a number of options to consider when determining how best to manage their golf assets. Outlined below is an overview of the various options that are in use today by other municipalities and the pros and cons for each option are shown:

- **Self-Management**
- **Lease**
- **Management Contract**
- **Partial Management contract** (generally for golf maintenance or food and beverage)

Although there is not one perfect model for every municipality, it is important for the City of Harrisonburg to understand their options and how each may affect their situation.

Self-Management

- The City has absolute control over the golf operations
- Complete control of the course and clubhouse assets
- Immediate response to customer needs
- Direct contact with customers
- Financial and personnel resources of the City
- Integration of other City services with the golf course
- City pay scales and benefits would probably be higher than other courses
- City political changes and issues may result in decisions which could be adverse to the course and facilities long term goals
- Recruiting and supervising professional and entry level staff
- The City has 100% of the risk, and also 100% of the proceeds

Management Contract

- Provides facility with experienced golf course management responsible for daily operations
- City funds all capital improvements
- City pays an experienced golf management company a fee to manage the daily operations of the golf course
- The City retains 100% of the risk
- City reaps all of the profits after the management company is paid
- Management company prepares budget for City's approval that is the guide to their management of the facility
- Employees are generally management company's employees
- It is often hard for municipalities to handle merchandise ordering properly
- Range of fees is usually @ 5% of gross (\$75,000 to \$120,000) + incentives
- City can control the pricing (such as discounts for residents) via the contract with management company
- It is possible to do a management contract for the golf maintenance and/or food and beverage only—and self-manage the other aspects

Lease

- Relieves City of all operating concerns
- Ensures a minimum rent payment to the City
- Lessee pays a fixed rent, pays all operating expenses, and provides capital for improvements (as outlined in lease)
- Costs of capital improvements are usually shared with City and lessee
- City turns over its business for a fee from the lease holder
- City transfers 100% of operating risk to lease holder
- City has no employees involved except to monitor lease
- City has no control over the operation, unless outlined in the lease
- Less upside revenue potential than management contract
- It is possible to lease only the food and beverage operation

Outlined below are two of the top golf management companies in the country that manage municipal courses (Billy Casper and KemperSports) with plenty of courses in this region. In the Appendix is information on two of the top golf maintenance companies that manage municipal courses (IGM and Brightview) in the country with courses in this region. It is interesting to note that Billy Casper Golf has a contract with Meadowbrook Golf Course in Charlottesville to manage the golf course maintenance only for \$442,000 per year.

Billy Casper Golf/Indigo (recently merged with Troon)

One of the largest privately-owned golf course management companies in the United States, Billy Casper Golf owns and operates over 160 properties in 26 states. Headquartered in Reston, Va. with regional offices across America, BCG has 30 years of results-driven expertise.

The company specializes in full-service course management as well as assistance in specific segments of the golf business, including course and property maintenance, staffing and training, career growth, clubhouse operations, food and beverage, merchandising, golf instruction, marketing and public relations, special events and financial management.

BCG also continues to evolve the golf experience through customized solutions and innovative programs like the annual *World's Largest Golf Outing* – a national golf fundraiser conceived by BCG Chairman and CEO Peter Hill.

More information: www.billycaspergolf.com, 703.761.1444

KemperSports

Northbrook, Ill.-based **KemperSports** builds, owns, leases and manages golf courses, resorts, athletic clubs and lodging venues across the U.S. and Caribbean.

The company manages an award-winning [portfolio](#) of 130 courses including nationally-ranked courses, private clubs, municipal courses and tournament venues such as [Bandon Dunes Golf Resort](#), named the No. 1 Golf Resort in North America by *Golf Digest* and *GOLF magazine*; [Streamsong Resort](#); [The Glen Club](#); [Desert Willow Golf Resort](#); [Chambers Bay](#), host of the [2015 U.S. Open](#).

For more information about KemperSports, please visit <https://www.kempersports.com/>.

In addition, there are other Virginia based golf management companies such as *Commonwealth Golf Asset Management* and *Up to Par*.

VI. Golf Course Maintenance

Charlie Fultz is currently the Interim General Manager and also the golf course superintendent. He has an excellent background managing the golf course maintenance at other courses and based on what I can see, is doing an excellent job at Heritage Oaks.

Prior to 2020, Heritage Oaks had averaged over \$699,000 per year in golf course maintenance expenses compared to the other municipal course in Virginia of Meadowcreek at \$433,000, Bide A Wee at \$495,000 and Dogwood Trace at \$350,000. In addition, there is a survey of Virginia superintendents at the end of this section which shows that many courses are being maintained for less than \$500,000 annually. Charlie Fultz commented to me that there is no reason that Heritage Oaks cannot be well maintained for less than \$500,000 per year.

After reviewing the course, I certainly agree with Charlie on the “less than \$500,000” per year in maintenance costs. Prior to our getting started on this project, I speculated that the golf course maintenance costs were an issue and was prepared to suggest a Golf Maintenance Management Company like Brightview, Indigo or IGM (see their information above in the Management Section)...and then learned that Meadowcreek, Charlottesville’s municipal course, retains Indigo on a golf course maintenance contract only--which is a total of \$433,000 for 2021. So, although this is an option for the City in order to lower costs, I certainly think Charlie Fultz can maintain the quality of the course and get close to that total maintenance number

Fairways

The Heritage Oaks fairways are primarily bent grass and were in good condition in late April. The fairways are mowed twice a week and aerified once a year. The photo below shows a fairway with excellent stripping in late April.



Roughs

The roughs are also a combination of fescue, rye, and blue grasses. The roughs were filled in nicely and very thick and consistent. Charlie indicated that keeping the roughs mowed down to a manageable height during the season is a big job that they are being mowed daily. The photo below shows the consistent rough around the greens



Greens

The greens are primarily L-93 bent grass with a bit of poa anna and average 5,200 square feet per green—which is excellent for municipal play. The greens were in very good condition, although a bit spongy in late April (as indicated in the photo below). They were approximately 8 on the stimp meter on April 19, although Charlie would like to get them up to a 10—and the slow greens was a key complaint on the recent survey. Charlie indicated that there is a thatch that has built up over the years in the greens and it will take a number of aerifications and verti-cutting to reduce the thatch. The greens are aerified twice a year and once with large tines, plus, spiked monthly. The greens are mowed daily and hole locations changed every other day.



Tees

There are four sets of tees on an average of two or three tee complexes on each hole. Charlie also indicated some issues with thatch build up on the tees and he is working to resolve that with aerification twice a year. The tee on hole #3 is shown below and this also provides a good look at the fairway, rough, bunkers and green.



Bunkers

There are 50 bunkers on the course and the green side bunkers were edged this winter and the fairway bunkers will be edged next winter. Although bunkers received one of the lowest ratings on the survey, they all looked good on my recent review, although there are plenty of rocks in the bunkers and the sand may not be 100% consistent. The bunkers are raked by the staff three times per week. Here is a photo of a sample bunker.



Irrigation System and Irrigation Pond

The pond that serves as the irrigation source is on Hole #8 (photo below) and is approximately 1.5 acres but may need to be dredged in the next few years. A new pump was installed recently at a cost of \$180,000 that has added to the capacity. The irrigation water is reclaimed treated sewage from the City treatment plant. The irrigation system is Toro with dual rows and “ins and outs” around the greens and bunkers.



Trees

Heritage Oaks has had a mess with the infestation of the Ash trees (134 total) and many have been taken down and others will be taken down soon, along with stump removal. This is being handled by the City’s Public Works Department.

No-Mow Areas

There are also many “No Mow” areas that border the creeks and pond and also in other out of the way areas—which has a positive environmentally impact and saves in labor costs.

Cart Paths

There are continuous asphalt cart paths around the course that are in good condition and the real benefit is to allow golfers to play after rain events—especially golf Outings.

Golf Course Maintenance Area and Equipment

The golf course maintenance area has over 10,000 square feet and is located off of West Market Street, yet with excellent proximity to the golf course.

Charlie Fultz provided a list of all golf course maintenance equipment and he certainly has what is needed to maintain the course properly. In addition, he raves about his excellent mechanic who keeps everything running smoothly.



*Golf course maintenance budget (everything except capital budget) per 18 holes

Answer	0%	100%	Number of Response(s)	Response Ratio
< \$200,000			2	5.5 %
\$200,001 - \$300,000			0	0.0 %
\$300,001 - \$400,000			3	8.3 %
\$400,001 - \$500,000			3	8.3 %
\$500,001 - \$600,000			9	25.0 %
\$600,001 - \$700,000			2	5.5 %
\$700,001 - \$800,000			3	8.3 %
\$800,001 - \$900,000			1	2.7 %
\$900,001 - \$1,000,000			5	13.8 %
> \$1,000,000			8	22.2 %
No Response(s)			0	0.0 %
Totals			36	100%

Survey of Virginia Golf Course Superintendents concerning their overall golf maintenance expenses

VII. Marketing Analysis

A. The Competition: As part of the marketing analysis for Heritage Oaks, we have examined the competitive set of courses as outlined below (both public and private courses) that golfers in the Harrisonburg area have to choose from.

Based on the results of the survey and the information provided by the Heritage Oaks staff, it certainly appears that the key competitive courses in the area include: **Lakeview, Spotswood Shenvalee and Packsaddle**. Based on information from the Heritage Oaks staff and from the Packsaddle website, it appears that Packsaddle has been sold and will not reopen for the 2021 season—which could be a boost to Heritage Oaks if one of the competitors is no longer an option for area golfers.

The Competitive Set of Courses for Heritage Oaks Golf Course

Outlined below are the 18-hole courses within a 20-mile radius of the Heritage Oaks course including both public courses and one private club.

Public Courses	Location/Miles from Heritage Oaks	Approximate Annual Rounds	Weekend Rack Rate w Cart	Annual Pass Single/Couple	Golf Advisor Rating 1 to 5
Heritage Oaks (18)	Harrisonburg/0 miles	25,000	\$58	\$999/\$1,449	4.2
Lakeview (27)	Harrisonburg/7 miles	35,000	\$48	\$1,050/\$1,650	4.3
Lakeview Par Three (9)	Harrisonburg/7 miles	5,000	\$9	na	na
Shenvalee (27)	New Market/20 miles	42,000	\$49	\$983/\$1,256	4.5
Packsaddle Ridge (18)	Keezeltown/10 miles	10,000	\$42	na	3.3
Massanutten—Woodstone (18)	Massanutten/17 miles	28,000	\$55	na	3.3
Massanutten—Mountain (18)	Massanutten/19 miles	32,000	\$55	na	4.8

Private Club	Location/Miles from Heritage Oaks	Approximate Annual Rounds	Annual Pass Single/Couple	Golf Advisor Rating 1 to 5
Spotswood (18)	Harrisonburg/ 5 miles	15,000	\$3,540/\$3,816	5.0*

Notes:

- All listed golf rates at public courses are weekend prices with cart
- Lakeview has 27 regulation holes and a 9-hole par three course
- *Spotswood only had 2 reviews but got a rating of 5 on those two
- The Woodstone course at Massanutten is an Executive Course of approximately 5,000 yards
- Both of the Massanutten courses cater to the 5,000 or so time share guests that are there each week

B. Marketing Strategies to Attract Local Golfers

GBA met with the Heritage Oaks staff to understand the ongoing sales and marketing efforts to attract local golfers to Heritage Oaks. We also reviewed the Heritage Oaks website, fee structure, League and Outing information, Facebook posts, instruction programs, email blasts and tournament schedules.

1. Fee Structure

- Daily Fee Rates—the rates are slightly higher than the competition with only a slightly lower fee for weekday play. The discounts for City residents, Seniors, Juniors and Military are all reasonable and in line with what is generally offered at other courses. The VSGA VIP card is very popular and the rate is unlimited Monday through Thursday for \$32 and 5 plays on weekends for \$40.
 - Annual Pass Fees—these fees are in line with Lakeview and Shenvalee, but significantly lower than private club dues at Spotswood. As indicated in the Financial Analysis, the Annual Pass golfers had previously been playing for an average of \$10 per round, but this is up to approximately \$21 per round due to more scrutiny on the Annual Passes and a price increase in 2020-21.
2. **Website**—course website (www.heritageoaksgolf.com) has very good information and photos of the course and allows people to make a tee time on line. There is also a way to sign up for the E Mail Club to get information—which is great way to add to the database.
 3. **On Line Tee Times**—the on-line tee time system is through RecTrac and once a golfer makes a tee time, they can not pay on the site, but must pay when they get to the golf course. Apparently, this system also occasionally double books—which is a huge problem on busy days. *Golf Now* was used in a trade out situation for a number of years with good success, but they began requiring more for the trade outs, so the City cancelled the arrangement.
 4. **Signage**—the entry signage is very attractive and there are also a number of directional signs throughout the City that include Heritage Oaks
 5. **Social Media**—The Course has a Facebook page and it appears that posts are made regularly and often offer a special rate (for example, Easter Monday). There is also a *Friends of Heritage Oaks* group that has a Facebook page that also posts regularly concerning the course.
 6. **Database**—There is an Email Club shown on the website and apparently that is where most of email addresses are collected—this Spring, they had a total of approximately 1,600 email addresses in the database.
 7. **Advertising**—Heritage Oaks has not done any paid advertising
 8. **Email blasts**—these are sent to the database on a semi regular basis
 9. **Monthly Newsletter**—is sent out to the database monthly and features articles about the golf course maintenance, instruction updates, upcoming features and calendars for the upcoming months
 10. **Outing Sales**—historically hosted 40 to 50 outings per year, with 20 booked as of April 1. Covid restrictions limiting Outings to 72 players at this time.
 11. **Tournaments**—are hosting Virginia State High School League Regional Tournament and Girls State Championship in 2021.
 12. **VSGA VIP Card**— \$32 weekdays after noon and \$40 weekends
 13. **Leagues**—The course promotes and hosts six different leagues (Ladies Playing, Ladies Learning, Men’s, Seniors, Couples) with play at non peak times—usually 25-35 players per league session
 14. **Instruction**—David Johns is the PGA Golf Professional and his primary role is instruction. Private lessons are \$50 per hour or \$30 per ½ hour. He is also coordinating the Heritage Oaks Players Experience (HOPE) for junior golfers with 12 sessions. He is also beginning a *Golf Get Ready* program for beginners this Spring. Current Covid restrictions limit participation to 10 or less.

C. Marketing Strategies to Attract Tourist Golfers

Based on conversations with the Heritage Oaks staff and Brian Shull, the City Economic Development Director, we learned that very few marketing efforts have gone towards attracting tourist golfers to Heritage Oaks. Based on that and considering that it was very early in the golf season (and thus implementing some of these strategies now could certainly affect the golf business at Heritage Oaks in 2021), Brian and I coordinated a meeting to discuss with the Heritage Oaks staff and the owners and staff of the Madison Hotel—which happened on April 1. Outlined below is the overview of that meeting and the GBA suggestions for attracting tourist golfers.



Golf Business Advisors

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April 1, 2021

Marketing for Heritage Oaks

As part of the overall analysis of Heritage Oaks, GBA will be making some suggestions on sales and marketing at the golf course level in order to increase the rounds and revenues. In addition, based on conversations with Brian Shull, Director of Economic Development for the City of Harrisonburg, there are additional suggestions that I have outlined below that should be administered by his office, the Madison Hotel and/or the golf course staff.

On April 1, Jeff Fleishman, Brian Shull, Charlie Fultz and David Johns met with Harry Jarrett, Sales Manager, Hotel Madison and Mike Andrews, CFO, dpM Partners (Owner of Hotel Madison) to discuss the concepts outlined below.

I. Highway signage on I-81

Heritage Oaks will be an Attraction and cost is approximately \$3000 per year. Brian indicated that he had experience with this and hopefully can administer making this happen, although probably a Parks and Recreation Department expense. There is an attraction sign for Lake View Golf Course in I-81.

II. Heritage Oaks Opportunities that May Include Lodging

This would be in partnership with Hotel Madison and some of the initiatives should start with the golf staff and some with the hotel staff.

- A. **Virginia State High School League (VSHL) Tournaments hosted by Heritage Oaks**—there are two separate tournaments that are coming up in April at Heritage Oaks and David and Charlie provided Harry and Mike the contacts at the VSHL as it is not too late to secure the lodging for the participants and their families.
- B. **VSGA One Day events**—the VSGA hosts 75 to 100 One Day events per year and is now looking to complete the schedule for 2021. Some of the events will piggy back on another club in the area for back to back days and thus a greater need for lodging. Courtney Jones is the contact and I would suggest the golf course staff handle this.

COURTNEY JONES | One-Day Manager
Virginia State Golf Association
2400 Dovercourt Dr. | Midlothian, VA 23113
T 804.378.2300 x15 | F 804.378.2369 | cjones@vsga.org | www.vsga.org

- C. **Virginia Golf Vacations**—is the number one golf packager in Virginia and has other courses in The Valley...no reason that Hotel Madison and Heritage Oaks are not part of this in attracting traveling golfers—many from out of state. Chris Hartig is the contact and both the Hotel Madison and the golf course should handle this.

Chris Hartig, PGA
Virginia Golf Vacations
www.viriniagolfvacations.com
1-877-806-8163

- D. Golf Packages with other area courses**—this will take some time to develop, but the Hotel Madison should have its own Hotel Madison Golf Package with lodging there and golf at Heritage Oaks and other area courses. Golfers travel on both weekends and weekdays so this should be a great source of new business for the Hotel Madison. The Hotel Madison should set this up and meet with golf courses to get their participation—and then on websites of golf courses and Hotel Madison and most marketing initiatives from Hotel Madison.
- E. Junior Golf Tournaments**—there are a number of Junior Golf Tournament organizations that host tournaments all through the year and most will bring in at least two nights of lodging. Here is College Prep Tour contact and both the Hotel Madison and the golf course should handle this.

Steven R. Hornsby
Founding Owner
College Prep Golf Tour
www.collegeprepgolftour.com
(757) 645-3126

Hurricane Junior Golf Tour
407-614-2962
www.hjgt.org

- F. Traveling Golf Groups**—there are plenty of golf groups that travel to enjoy the golf and socializing. Some of the groups are outlined in *Virginia Golfer* magazine—see below under F. This should be the Hotel Madison’s initiative to reach out to the groups.
- G. JMU Hosted College Tournament**—either Men’s and Ladies or both...most college tourneys are Sunday practice round and then 36 holes Monday and 18 holes Tuesday and most are in March or April. There are usually 15 or so teams of 5 plus coaches that can all be lodged at Hotel Madison as part of entry fee...plus plenty of parents and grandparents coming to town. This should be a joint effort of Charlie and David and Hotel.

III. Discounts for Hotel Madison Guests at Heritage Oaks

Mike Andrews asked if Hotel Madison Guests could be extended a discount at Heritage Oaks and we all agreed to discuss and get back to them.

Based on all of this information and our experience with other golf facilities, outlined below are an array of marketing strategies that should be considered to attract and retain both local golfers and tourists in the future.

D. Suggested new Marketing Strategies for Consideration

- Develop a simple written Sales and Marketing Plan for 2021 that outlines all initiatives and also due dates and who is responsible
- Consider finding a student that is a social media expert and trade out golf for them to be able to coordinate all social media (including Monthly Newsletter) in 2021
- Increase Annual Pass rates a minimum of 10% for the next few years
- Eliminate the cart fee option included with Annual Passes
- Begin offering \$5 discount to Hotel Madison registered guests
- Email frequency to be increased to once per week minimum
- Get emails from every golfer that checks in in order to build database
- Test an ad campaign with Facebook for a month with special offer—probably less than \$250 expense
- Begin the *Golf Now* relationship again to boost on-line tee time bookings
- Meet with Sales Managers and General Managers at top Harrisonburg hotels
- Develop and put rack cards in Harrisonburg hotels
- Host “thank you” fun event for Golf Outing Coordinators in the Fall
- Since the range business is slow, offer a free bag of balls with paid golf fee at slower times
- Host Harrisonburg City Championships (Men, Seniors, Women and Juniors) in late summer, 2021
- Begin Heritage Oaks signage on I-81
- Add additional programming (like Night Golf, Putting Championships etc.) to add interest
- Work with Virginia Golf Vacations on Golf Packages
- Work with Hotel Madison on Golf Packages
- Contact VSGA concerning One Day events in 2021
- Contact Junior Golf Tours (shown above) about hosting tournaments in 2021-22
- Work with Hotel Madison on possibly hosting JMU tournament for 2022
- Take a hard look at VSGA VIP card and maybe limit to one play in season and unlimited off season
- Consider beginning a **Heritage Oaks Golf Association** that anyone can join for annual fee (maybe \$50 and includes VSGA handicap) and conduct monthly Golf Association Tournaments—see sample for Bide A Wee in Appendix
- Do direct mail campaign with follow up calls to every Outing that has ever been held at Heritage Oaks in the past
- Consider “Summer Sizzler” special on slowest weekday for the three summer months
- Have special days for \$1 buckets of balls at driving range—maybe Mondays is Ladies Day; Tuesdays is Juniors and Wednesdays is Seniors
- Develop and market plans for a 20th Anniversary in Fall, 2021
- Jeff Fleishman to pitch VSGA Executive Director and Editor of Virginia Golfer on doing a story on Heritage Oaks

VIII. Current and Future Economic Trends

The year 2020 was a year of resurgence in the golf industry with courses closing down in the Spring when Covid started and then an unprecedented comeback in rounds of golf as golfers found a safe haven at the golf courses across the country.

The Graffis Report for 2020 by the National Golf Foundation outlined that total golf rounds were down 16% through May, 2020 and ended up the year up 14% over 2019, with over 502 million rounds played—an increase of 61 million rounds over 2019.

Based on National Golf Foundation research, the golf economy nationwide is continuing to stabilize after the 2008-2009 recession and 2020 was indeed a shot in the arm for the golf industry. The number of golfers is at 24.8 million in 2020 and has been up to 26 million range in the past few years (there were 5 million golfers in 1960 and this peaked at 30 million golfers in 2003). There are also over 12 million “off course” only golfers who use driving ranges and the new golf entertainment type venues like *Top Golf*.

Golfers in the United States by segment also rose in most categories in 2020 as follows:

- **Juniors** (6 to 17)—total who played on a course rose by 610,000 to 3,100,000
- **Young Adults** (18-34)—total who played on a course decreased by 180,000 to 5,900,000
- **Seniors** (Age 65+)—total who played on a course rose by 333,000 to 4,800,000
- **Non-Caucasians**—total who played on a course rose by 300,000 to 5,100,000
- **Women**—total who played on a course rose by 450,000 to 6,000,000
- **Beginners**—total who played on a course rose by 570,000 to 3,000,000

Golf in the media has grown tremendously since the introduction of the Golf Channel 25 years ago. Now with 24 hour per day coverage of golf in homes throughout the world, golf is in the forefront. An estimated 75 million people watched golf on TV in 2018. A combination of networks broadcasts the PGA Tour, LPGA Tour, Champions Tour, USGA and European PGA Tour tournaments weekly. In addition, the introduction of PGA Tour Radio on Sirius/XM radio has also been a significant addition to golf in the media.

The PGA Tour has continued to thrive with a full schedule of tournaments, sponsors and purses and was the first major professional sports organization to re-start after Covid in June, 2020. In addition, the PGA Tour also conducts the Web.com Tour, the Champions Tour and has branched out to partner and conduct the Canadian Tour, Latino American Tour, and China Tour. In addition, the LPGA Tour has had excellent growth and has become the tour for the best female golfers in the world.

Internationally, there are over 20,000 golf courses in 200 countries outside of the United States; however, 85% of those courses are concentrated in 20 countries with Japan, South Korea, United Kingdom, Canada, Germany and China leading the way. The Olympics had a successful golf competition in 2016 (for the first time since 1904) and due to the interest in the Olympics, it is expected that golf will reach even more international golfers and potential golfers than ever before. The 2021 Olympics, including golf, will be in Japan this summer.

In the United States there are 16,165 golf courses and 12,354 of those are public courses. Of that number, 2,515 are municipal courses owned by municipalities and this number has grown as public agencies have acquired golf properties to either control the land and/or provide recreation for their citizens.

The overall supply of courses has been declining for 14 straight years as the golf business has weakened and the demand for other uses of the land has increased. Over 1,900 courses (of all types) have closed since 2003. In 2020, 193 courses closed and 10 new courses opened. The number of courses that opened in the United States in the 1990s and 2000s created an oversupply of courses and a correction has been in place for the past few years. There are currently approximately 160 course closings per year and 10 to 15 new course openings (primarily real estate developments). It is estimated that this market correction needs a few years to have a

healthy supply and demand balance overall.

The PGA Tour, LPGA, USGA, and PGA of America have partnered with many new "**Grow the Game**" initiatives over the past few years which are paying off in introducing people (especially juniors) to golf. These initiatives include **The First Tee** which reached over 5 million children in 2019. Others include **Get Golf Ready** (an introduction to golf with 5 lessons for \$99), **PGA Junior Golf League** (teams of kids like little league baseball), **Drive, Chip and Putt** (national competition for juniors like Punt, Pass and Kick) and **Family Golf Programs**. In addition, there are also programs that encourage playing shorter courses and/or playing 6 or 9 or 12 holes, rather than 18 holes.

There are approximately 24.8 million golfers in the United States with an overall participation rate of 8.1% (age 6 and above). The participation rate in Virginia is estimated to be 7%, as it is part of the South Atlantic region that has a 7.6% rate. Of that number, approximately 5.9 million (24%) are women and approximately 5.1 million are Non-Caucasians. The profile of the golfers with the highest participation rate are those ages 30-39, household incomes over \$125,000 and with a college degree. The golfers that play the most rounds of golf are those over 70 years old with incomes over \$125,000 and with college degrees.

The state of Virginia has approximately 350 golf courses and 28 of those are municipal courses with the closest to Heritage Oaks being Meadowcreek in Charlottesville.

The most recent trend in golf has been the new entry into the golf facility options over the past few years and *Top Golf* was the original brand with a few other companies now that have copied their design and programming. *Top Golf* is now in over 65 locations in the United States and a few other countries, and four located in Virginia. Most of these facilities are on land that is shorter than a normal driving range as it has nets on all sides. It is an entertainment venue/sports bar with golf as the centerpiece and lots of high-tech hitting golf balls into targets (with scoring) built into the ground in the fairways—plus lots of food and beverage

Golf Supply and Demand Analysis for the Harrisonburg, Virginia Market

Based on our research on the competitive courses and the Harrisonburg area, we are able to determine a simple Golf Supply and Demand Analysis as indicated below:

Golf Supply in the Harrisonburg Market

The Harrisonburg and Rockingham County area population was estimated at 135,000 people in 2020. In terms of the golf supply in Harrisonburg, we are focusing on the 18-hole regulation course equivalents within a 20-mile radius of Heritage Oaks which is a total of 6 courses as broken down below. We have omitted the Massanutten courses since they cater primarily to their time share guests.

Course Type	Number of Courses	Total Number of Rounds being played annually
18-hole Daily Fee	5	112,000
18-hole Private	1	15,000
Total	7	127,000

The chart above indicates that 127,000 rounds of golf are being played at the 6 area regulation golf courses within a 20-mile radius of Heritage Oaks. However, since the courses (both daily fee and private) are not reaching their maximum capacity of rounds played (assume 35,000 for public and 20,000 for private), then the overall supply of rounds is 175,000 public + 20,000 privates = **195,000** rounds of golf available in the

Harrisonburg market area.

Golf Demand in the Harrisonburg Market

The National Golf Foundation (NGF) has done the research to determine the golf participation rate for Virginia as part of the South Atlantic Region is 7.6%. Because Virginia is at the northern end of that region and Harrisonburg is at the western end of the region, for this analysis, we will assume a participation rate of 7%.

For our purposes, we will use the population in the area of 135,000 and deduct 25% for children under 12, thus a revised total of 101,000 population. And then using a conservative assumption that 7% of the population are golfers, we can estimate that the area has approximately 7,000 golfers.

Next, we estimate the rounds of golf played by these 7,000 golfers and although that number varies by age (older golfers that are retired play much more golf), we can estimate an average of 20 rounds per golfer per year for a total potential of 140,000 rounds of golf per year that are demanded in Harrisonburg by the area golfers.

Next, we must add tourists that are visiting the Harrisonburg area...the Harrisonburg Economic Development and Tourism office estimates they have 2,000 hotel rooms and with 64% occupancy, that equals 467,000 rooms rented per year. From this we will subtract 25% as children to bring the number down to 350,000 and then we will reduce it even further since many of those people are visiting in the winter months (assume 40%), so the tourist population that may be interested in golf is 210,000. Now, assuming that 7% of these tourists are golfers, we have 14,700 tourist golfers in the area during the course of the year. Additional NGF statistics indicate that travelers who are golfers play .489 rounds of golf per day of their trip--thus, assuming a two day stay for each visitor, an estimated 14,000 additional rounds are demanded by traveling golfers.

When we combine 140,000 local rounds and 14,000 tourist rounds, we have an estimated total of 154,000 rounds of golf that are being demanded in the Harrisonburg market.

Combining Golf Supply and Demand

Using the assumptions and calculations above, we are able to combine the golf supply and demand in the Harrisonburg market area and see that there is a gap between supply and demand for rounds of golf and that the Harrisonburg has more golf supply than is being demanded.

<u>Combining Supply and Demand for Golf in Harrisonburg Market</u>	
Demand for Golf (area population and tourists)	154,000 rounds
Supply of Golf (7 courses)	<u>195,000 rounds</u>
Excess Demand (Supply)	(41,000) rounds

This over supply of golf is perhaps the reason that one public course (Packsaddle) is apparently closing. In addition, it highlights that the existing courses are competing for the same public golfers. In general, when the supply is greater than the demand, it is good for the golfers but not the golf course owners and operators.

IX. Business Plan Recommendations

Golf Business Advisors has provided a laundry list of recommendations above in the following sections:

- **Asset Analysis**
- **Management Analysis**
- **Marketing Analysis**

The key recommendations include:

1. Adjust staffing and Supervisory coverage by naming Charlie Fultz the General Manager, adding supervisory responsibilities to David Johns and consider hiring an Assistant PGA Pro
2. The golf course hours of operation should be from 7:00 am to dark (in season) and getting back to that schedule as soon as possible will help the golf revenues
3. Revise program for Par Three course with a new name and Honor system
4. Consider the additional facilities and uses for Heritage Oaks including: Races, Concerts/Movies, Pickleball, Putt-Putt Course and/or Bocce Ball
5. Discontinue offering Season Passes with carts and increase fees by 10% per year
6. Change to limited merchandise program
7. Change to new Point of Sale system and tie in *Golf Now* for online tee times
8. Offer Food and Beverage service by operating “in house”
9. Develop Sales and Marketing Plan to incorporate the many suggestions that are outlined above and determine the responsibilities for each.
10. Add Harrisonburg City Championships in summer, 2021
11. Establish Heritage Oaks Golf Association (with full tournament schedule and play days) in 2022

Heritage Oaks is an excellent municipal golf course that serves the Shenandoah Valley golfers and area tourists well. Unfortunately, the financial issues have lingered for many years and apparently have led to much of the public opposition to the course. Hopefully, this analysis and the implementation of the recommendations will lead to a break-even situation for the golf course and increased satisfaction from the golfer and non-golfers.

Appendix Outline

- I. General Limiting Conditions**
- II. First Tee Overview**
- III. Heritage Oaks Monthly Newsletter**
- IV. Overview of Golf Course Maintenance Management Companies**
- V. Sample Rack Brochure**
- VI. Bide A Wee Golf Association Information and Schedule**
- VII. Portsmouth City Amateur**

I. General Limiting Conditions

Golf Business Advisors, Maryland LLC has made every reasonable effort to provide that the data contained in this study reflects the most accurate and timely information possible. This study is based on research, information from third parties, assumptions and other information developed by Golf Business Advisors from its research efforts and general knowledge of the golf industry. No responsibility is assumed for inaccuracies in reporting by the client or any other data source used in preparing the study.

II. First Tee Overview



The Shenandoah Valley Junior
Golf Foundation Inc.
690 Garbers Church Road
Harrisonburg, VA 22801-2773
"Making Game Changers"

As we grow and improve our 2020 programming it is important we reflect on our 2019 success and accomplishments. The attached graphic is provided as a visual about The First Tee to provide a few talking points to represent the programs diversity and reach.

The First Tee of Harrisonburg is a premier youth development organization that uses a Life-Skills Education curriculum and the Nine Core Values to impact the lives of young people. We provide learning facilities and educational programs that promote character-development and life-enhancing values through the game of golf.

Our program services the youth in Harrisonburg, Staunton, Waynesboro, and Rockingham, Augusta, Shenandoah and Page Counties. Youth ages 5-17 are welcome to participate in our programs. In 2019, we reached over 7,600 youth participants through our certification program, our National School Program (NSP) in 17 local public and private schools, and multiple outreach initiatives. We strive to improve these numbers and the quality of our services through additional programs within our local communities like our ongoing Juvenile Diversion Program and new Fairways for Hero's initiative.

The average cost per participant is \$40 – \$65 for our certification classes (9 sessions). We ask that those who are able to contribute do so. For those who are unable to contribute financially our City allocation, fundraising efforts and donations cover the cost. Our goal at The First Tee of Harrisonburg is to allow all children to grow character education through the game of golf. NO child will be turned away due to financial restrictions. 90% of kids in our First tee programming did not pay for instruction, equipment and golf course access. Together we CAN grow the character of our Community, ONE child at a time.

Our Board has representatives from Harrisonburg, Rockingham, Staunton, Waynesboro, Augusta, Shenandoah and Page County. We are excited to grow our presence in all our coverage areas and continue to develop partnerships and relationships to make that a reality.

As a non-profit organization, we welcome financial contributions as well as any golf equipment and In-kind support. Your contributions are tax deductible (check with your local tax expert for restrictions). We greatly appreciate all the support of so many organizations, businesses, individuals and volunteers.

To register a youth for our programs or learn more, please contact us at The First Tee/Rotary Learning Center at (540) 437-4239. Our indoor teaching and learning facility and Par-3 links located at Heritage Oaks Golf Course is a very unique Community asset. Please feel free to stop by the Learning Center located at Heritage Oaks Golf Course and speak with us regarding our programs.

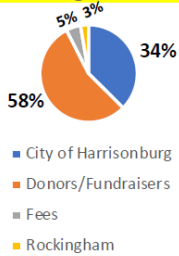
Nine Core Values

**Courtesy - Perseverance - Responsibility - Integrity - Confidence Respect
- Integrity -Judgement - Sportsmanship**

First Tee- Shenandoah Valley - 2019 Highlights



Funding Sources



11th year supporting the 26th District Court Diversion Program ~20 kids mentored/year All Harrisonburg/Rockingham referrals - Court Order

Two former participants receive \$1000 College Scholarships from ML Carrier Tournament proceeds

Maintained 3 Middle School programs with 50+ kids involved: Harrisonburg(2) and Rockingham(1)



Fairways for Heroes Program
Launched Oct 2019 – provide free golf lessons & access for veterans, first responders and families

Congrats to Brooke Kelley and Emily Villieruzis

Thomas Harrison, Skyline & Monteideo
Thanks to JMU Golf Teams support

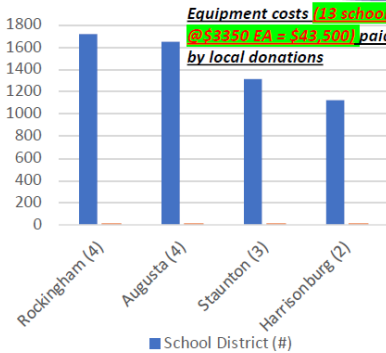
Hosted 21 different school groups at our facility for programs or we visited schools. (10xHarrisonburg; 5x Rockingham; 2x Shenandoah; 4x Augusta)

Our Certification profile:

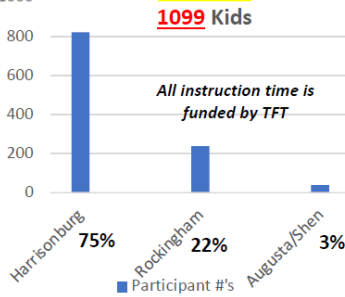
63% Boys & 37% girls
55% non-Caucasian & 45% Caucasian

- ### Key Financial Partners
- City of Harrisonburg
 - Rotary Club of H'burg
 - Carrier Family
 - Fred O Funkhouser Foundation
 - McDaniel Contractors
 - Charlie O'Baugh Auto
 - McDonough Toyota
 - Kjelstorm & Lee
 - Riddleberger
 - Rockingham County
 - Augusta County
 - Rotary Club of Mt.Jackson/Edinburg
 - Steven Toyota
 - Bob Wade Auto
 - AND 100's of Individual donors and Organizations

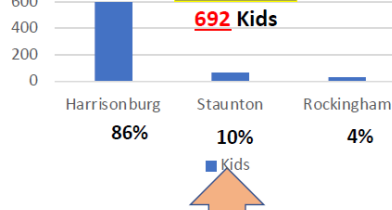
National School Program 5,800 Kids



Outreach



Certification



Key In-kind Partners

- JMU
- Aramark
- Pepsi
- Tropical Smoothie
- The Isle Co
- Chick-Fil-A
- Plus many more

Our Programs are available to all
90% kids (6,830 of 7,590) covered by Funding sources

THANK YOU!!

III. Heritage Oaks Monthly Newsletter



Greetings from Heritage Oaks Golf course!

January 2021 Newsletter



From Charlie Fultz, Interim GM

Happy new year!!! I hope this newsletter finds you having a great holiday season and wonderful start to your new year.

We are putting together what we feel will be the best year ever for the golf course. Leagues will be back for 2021, so please look for information either in this newsletter or in the pro shop. In case of emergency, ask Dave Johns!! He will be running the leagues again and we are sure you'll be happy with the formats for 2021. We will offer men's, women's instructional, women's play, couple's, and senior's leagues this year. Lastly, we are running a continued winter sale on apparel and hats. 60% off shirts and 25% off hats throughout the winter. Great deals to be had in our pro shop.

See you soon on the golf course and thanks for your support of Heritage Oaks!

COVID-19 UPDATE

Heritage Oaks is operating under Phase II which means the following:

- ◆ Face masks are required in the building.
- ◆ One person per cart unless in the same household.
- ◆ One way traffic—one entrance and one exit.
- ◆ Touchless Bottle Filler in Proshop but water coolers are not available on the course. BYOD—Bring your own bottle/drink!
- ◆ Restrooms are available in the Pro Shop only.
- ◆ No cash payments. Credit cards only.
- ◆ Social distancing every 6 ft.
- ◆ No equipment rentals. This includes rental clubs and walking carts.
- ◆ Range balls are available in the Pro Shop.
- ◆ Instruction is suspended.

You may book your tee time online, on the web or by calling the Pro Shop.



Hours of Operation
Pro Shop: 9a - 5p
Carts Due Back: 4:30p

Heritage Oaks Golf Course
680 Garbers Church Rd
Harrisonburg, VA 22801
(540) 442-6502

Ed Steele, Pro Shop Supervisor
Dave Johns, Golf Pro
Charlie Fultz, Golf Course Supt

FOLLOW US



IV. Overview of Golf Course Maintenance Management Companies

International Golf Maintenance

July, 2020

Outsourcing Golf Course Maintenance

Golf courses are major business investments, and the top priority for golf course owners - whether private or municipal - is to achieve financial sustainability and success. Numerous factors contribute to that goal, including golfer retention, competitive prices, appealing amenities and grounds, all while lowering costs when possible. This article focuses on how outsourcing golf course maintenance to IGM can reduce management expenses.

Budget Considerations for Golf's New Normal

Every golf course in the United States is making “every day” necessary adjustments as golf course operators adapt to a new normal within our golfing communities. As a contractor of golf course maintenance services at golfing facilities across the U.S, IGM has seen how these adjustments vary widely. One thing remains the same though - golf course maintenance costs are the largest expense item on the budget for most clubs.

OUR SERVICES



Full Maintenance

We provide strategic planning and upkeep for existing golf courses, including personnel, materials, supplies, and equipment (if needed) to meet the needs and expectations of the owner.

[Learn More](#)



Consulting

IGM provides evaluation and assessment of existing courses, as well as strategic planning for construction of new courses or renovations to existing courses. Our team has agronomic experts related to all climates, terrain, and turfgrass.

[Learn More](#)



Project Management

IGM will implement practices and procedures to facilitate renovation or construction to meet an owner's deadline for opening a golf facility, renovating greens, or restoring playable grounds as part of our project management service.

[Learn More](#)

Brightview Golf Maintenance

GOLF

Golf Course Maintenance Services

Our investment in Ph.D level research, technology, and resources, typically beyond the reach of individual clubs, enable our experts to improve the playing conditions on both private and municipal golf courses alike. Couple this with the purchasing power of the largest landscape management company in the United States and we can reduce the cost of golf course maintenance materials, a benefit that we will share with you. BrightView is the ideal partner for all golf course owners, managers, and groundskeeper

Golf Course Maintenance Experts - Your Partner for Success

As the nation's premier landscaping company, BrightView is the preferred groundskeeper partner for golf course maintenance and landscaping. Using our tried and tested processes coupled with continuous improvement programs that are backed by our research and technology, we can seamlessly transition your organization to deliver improved course conditions at lower costs.

Strategic Resource Management

BrightView's club partners solve common resource challenges by taking advantage of our expertise in four key areas: superintendent support, crew management, back office support, and equipment and materials.

Cost and Accountability for Golf Course Management

We use our large-scale purchase capabilities, streamlined administration technologies, technical skills, and top-level industry connections to produce up to 10 percent annual savings while improving player experience.

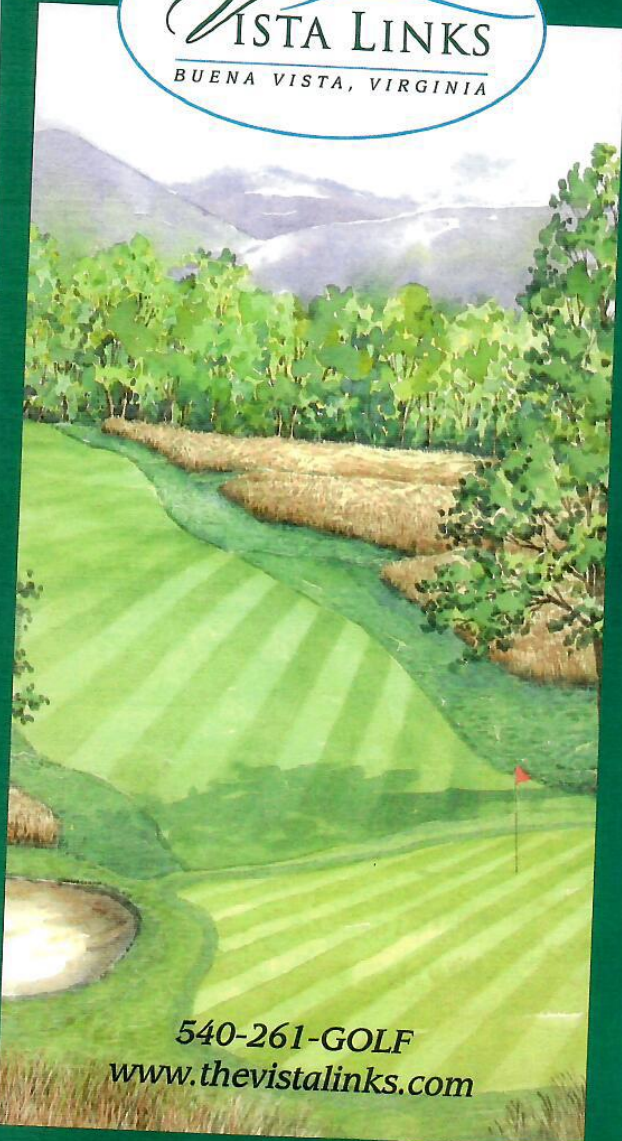
<https://www.brightview.com/services/golf>

844.235.7778

V. Sample Rack Brochure

Championship
GOLF

The
VISTA LINKS
BUENA VISTA, VIRGINIA

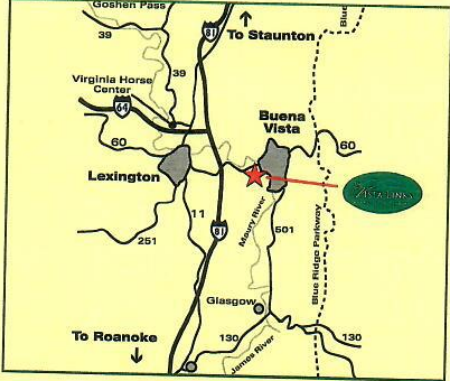


540-261-GOLF
www.thevistalinks.com

The
VISTA LINKS
BUENA VISTA, VIRGINIA

Owned and Operated by
The City of Buena Vista, Virginia

- 18 hole Par 72 championship course
- Five sets of tees ranging from 4,924 to 6,855 yards
- Bent grass tees, fairways and greens
- Designed by award-winning architect Rick Jacobson
- Practice Facilities including driving range, putting green and chipping area
- Clubhouse with fully stocked Pro Shop and Grill. Opening 2005
- Comprehensive Instruction program led by PGA Teaching Professionals



100 Vista Links Drive
Buena Vista, VA 24416
540-261-GOLF
www.thevistalinks.com

VI. Bide A Wee Golf Association Information and Schedule



2021 Bide-A-Wee Golf Association Membership Information & Schedule



Saturday, March 13th

2-Man Scramble

(Partner's handicaps must be within 8 strokes or adjusted.)

Saturday, April 17th

Individual Stroke Play (Gross & Net)

Saturday, May 1st

Individual Stroke Play (Gross & Net)

Friday, May 7th

Match Play Championship begins.

Saturday, June 12th

2-Man

(6-holes Scramble, 6-holes Better Ball Net, 6-holes Modified Alternate Shot)

Saturday, June 26th

Individual Stroke Play (Gross & Net)

Saturday, July 10th

2-Man Better Ball (Gross & Net)

Saturday, July 31st

Individual Stroke Play (Gross & Net Winners)

Saturday, August 14th & Sunday, August 15th

Club Championship

(18 holes of individual stroke play each day – Gross & Net)

Saturday, August 28th

Super BLITZ – Format TBD

Saturday, October 9th

2-Man Texas Scramble

Saturday, October 30th

Individual Stroke Play (Gross & Net)

Saturday, November 13th

Turkey 2-Man Scramble

Christmas Event - TBA

2021 Bide-A-Wee Golf Association Membership

- Full schedule of fun & competitive events.
- Reduced green fees on weekends (in-season).
- Complimentary range balls during all tournaments and Bide-A-Wee BLITZ's.
- USGA Handicap Service & VSGA Membership
- Discounts on entry fees for Bide-A-Wee GC tournaments (Non-BAWGA events such as Portsmouth City Amateur, Toys "Fore" Tots 2-Man "Tough Day", Par 3 Challenge, 4-Club, etc.
- Discounts on Pro Shop Merchandise

2021 Fees:

- \$90 Annual Membership Fee
- \$15 BAWGA Match Play Championship Entry Fee
- \$10 Hole-In-One Club

*New to 2021 we will be collecting the Match Play Championship entry fee when a player pays the 2021 membership fee. First round matches will begin Friday, May 7th. This is an optional tournament.

*Also New to 2021 ... Hole-In-One Club. An optional \$10 per player due at the time of joining the 2021 BAWGA. The Hole-In-One fund for 2021 will be divided by and awarded to the number of BAWGA Members that made a Hole-In-One during the following events ONLY ...

- * BAWGA Tournaments
- * Portsmouth City Amateur
- * Bide-A-Wee Toys Fore Tots 2-Man Tough Day Tournament

We look forward to having you join us in 2021! If you have any questions or would like more information please contact ...

Adam Relan, PGA

Director of Golf & General Manager
Bide-A-Wee GC & Links at City Park



relana@portsmouthva.gov

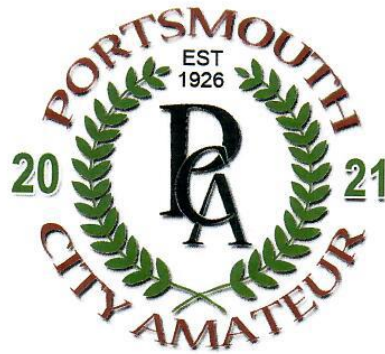
757.393.8600 ext. 2



- Portsmouth City Amateur – September 4th & 5th
- Bide-A-Wee GC 4-Club Tournament TBA
- Bide-A-Wee GC Par 3 Championship TBA
- Bide-A-Wee GC Toys "Fore" Tots 2-Man – December 4th
- Bide-A-Wee GC New Year's Day 2-Man – January 1st, 2022
- Bide-A-Wee GC Senior 1 Day Event(s) – TBA

*BAWGA & Bide-A-Wee GC Tournament dates & times are subject to change.

VII. Portsmouth City Amateur



September 4th & 5th, 2021



Adam Relan, PGA
Director of Golf & General Manager
Bide-A-Wee GC & Links at City Park



PGA

relana@portsmouthva.gov
757.393.8600 ext. 2