MISSION

The Lynnwood Municipal Golf Course, as a business, is dedicated to serving our community by providing high quality golfing experiences to players of all ages and abilities and is committed to enhance the enjoyment of the game.

PLAN PURPOSE

The purpose of this 5-year business plan is to provide an economic roadmap for the successful operation of the City’s Lynnwood Municipal Golf Course (LMGC). The recommendations included herein are achievable, and their benefits will provide recreational activity to our citizens while protecting the open space they so value. The plan will address very measurable and precise short-term goals that monitor progress and failure with quick response to the trends that evolve.

This report provides many options from which the City’s leaders can select. All have the same objective; ensuring the intelligent use of our resources to provide the greatest benefit to the largest part of the constituency. The LMGC staff clearly recognizes the importance of our valued relationships with the golfing community. Over the past 20 years, LMGC has consistently been rated by local golf publications as one of the area’s most playable and affordable golf choices.

BACKGROUND

The Lynnwood Municipal Golf Course opened in 1991 and is a high quality 18-hole executive golf course. It contains a small pro shop which is located on the ground floor of the Edmonds Community College (EdCC) Triton Union Building. The Pro-Shop has a limited amount of merchandise and goods available to our clientele. LMGC relies heavily upon the local golf market for a majority of its revenues which are derived from greens fees.

Municipal golf is the setting where the vast majority of golfers get their first exposure to the game. Typically, municipal golf provides the most affordable and accessible option to residents, especially in the area of access for people with disabilities. Primary users include local community golfers, local high school golf teams, a men's club, a ladies club, the silvers club (senior men’s club) and some additional play from golf classes taught at EdCC. LMGC staff program the First Tee program which exposes young children to the game of golf. Over 200 children are now involved in this program which is active in the summer months. The golf staff also provides a limited teaching program using the college owned driving range area.

Even though LMGC is a governmental entity, it operates like a for-profit business and is supported by its own Enterprise Fund, within the City of Lynnwood. The Enterprise Fund concept requires LMGC to generate sufficient revenues to cover
the operational expenses, capital improvement costs, and any debt service incurred by the program.

Fortunately, beginning in 2012, LMGC will no longer incur an annual debt service as the 20-year construction bond (nearly $10 million) will have been amortized in 2011. The 5-year plan addresses key incremental steps to grow the business and provide our clientele with improvements they have consistently advocated.

COMPETITIVE ADVANTAGE

LMGC’s competitive advantage is rooted in its community-based focus, strong customer service and central location. The course is aesthetically pleasing, beautifully landscaped and challenging in its own way. The fact the course is not a par 72 championship course provides an advantage when compared to other courses given the fact it only takes 3-4 hours to play 18 holes contrasted to the 5-6 hour rounds typically found at championship layouts. There is also a strong loyalty to the course and the fact it caters to the local golf community is important. The course is known for its excellent playing condition and "value" from a price standpoint. The centrally located facility is easy to find and a short commute for many users. The fact the course has been around for many years has created a strong tradition and history for a number of players who began their golfing at the course and have many favorable memories playing there. The course also possesses active men's and ladies clubs who enjoy the ability to play at a reasonable rate.

CHANGING MARKET CONDITIONS

In the period 1991-2001, the LMGC averaged between 55,000-60,000 rounds annually. According to the National Golf Foundation, golf rounds are in decline nationwide. In the past five years, rounds at LMGC have decreased over 20%

KEY COMPETITORS

There are a number of competing golf courses in the LMGC’s primary market area. A number of golf courses have been developed over the last 5-10 years that directly compete with our ability to serve the community. Most have extensive food and beverage operations and larger clubhouse buildings that attract tournaments and events. All serve adult beverages on site as well. In addition, the courses that were our direct completion in the early 1990s have re-invested and made significant improvements to their operations.

Direct Competitors for Lynnwood Municipal Golf Course:

Walter Hall Golf Course – Everett – an18-hole course, long with hills, rents many power carts. It has a full restaurant serving all meals and alcohol. With over 200 parking spaces and banquet facilities, it is a perfect venue for large, big money
tournaments and events. In the summer of 2005, with fees the same as ours, they dropped their green fees by 33% in an effort to steal rounds away from their competitors.

Legion Memorial Golf Course – Everett – an 18-hole course, long, rents many golf carts. In 1998 the course was remodeled with new design and better drainage; the club house was also remodeled with a full restaurant serving all meals and alcohol. With over 200 parking spaces and banquet facilities, it is a perfect venue for large, big money tournaments and events. In the summer of 2005, with fees 33% higher than ours, they dropped their fees to match ours in an effort to steal rounds away from their competitors.

Ballinger Golf Course – Mountlake Terrace – a 9-hole course, medium length. With full restaurant and bar, and over 200 parking spaces, they provide a good venue for tournaments and events. In 2005 and 2007, they remodeled their course, with better drainage, and club house to attract more rounds.

Nile Golf Course – Mountlake Terrace – originally a 9-hole course, remodeled in 2008 into an 18-hole course that is very hilly, promoting heavy power cart usage. The course has a full restaurant serving all meals, and a full bar. With well over 200 parking spaces and a large clubhouse and banquet facility, it is a perfect venue for large golf tournaments and events. Over the past 4-5 years, they have discounted prices as much as 35% to attract play from other facilities.

Jackson Park Golf Course – North Seattle – an 18-hole course, long and very hilly, rents many power carts. It has a full restaurant serving all meals and has alcohol. With over 200 parking spaces and banquet facilities, it is a very good venue for large tournaments and events.

LOSING GROUND, BUT WE HAVE SOLUTIONS

While there are a number of factors that contribute to the reduction in rounds over the last five years, we believe our inability to keep pace with the marketplace is one of the primary drivers. Since 1991, LMGC has not made any significant improvements to address the lack of certain critical amenities (as noted above the local competition has invested and made improvements in these critical areas).

Other issues to be addressed include improving concessions, storage, and the driving/hitting area.

• Currently our concessionaire currently operates out of a very small “shed” off the 10th tee. This facility limits his menu options and consequently, his revenue potential.
• Existing driving range area must be used for additional parking for the course. Some realignment of parking spaces for EdCC and LMGC may be needed.
• Our existing maintenance building (warehouse recently sold to EdCC) is also limited to storage space for our 18 gas carts and we there is no additional capacity to increase the fleet.
• The existing driving range area owned by EdCC needs to be demolished so a new hitting area can be created.
• The existing access to the course through a portion of the EdCC campus is difficult and is made even more of a challenge with the expansion of the EdCC facilities.

Some of the areas that will make LMGC more competitive include:
• Constructing a clubhouse including kitchen facilities - This will provide space onsite for events or meetings related to golf tournaments and allow for complete food and beverage service.
• Improving the driving range area to make it more functional
• Creating additional cart storage capacity,
• Improved accessibility to the golf course facility

We, and the customers we surveyed, believe these amenities are important, revenue generating, and will allow us to keep pace with our competition. The business plan we have created will incrementally address these critical areas.

MANAGEMENT TEAM

There are a total of four full time equivalent (FTE) staff budgeted for LMGC for 2011

Gary Stormo, Golf Superintendent
1.0 FTE

Dan Smith, Pro-Shop Supervisor
1.0 FTE

Maintenance - 2.0 FTE + Seasonal Employees

Seasonal Employees

Gary Stormo, Golf Course Superintendent, spends 90% of his time supervising Golf Course main activities and 10% of time on pro-shop operations. Gary Stormo started at LMGC in early 1990 and oversaw the construction of the
layout. Gary has been a Golf Course Superintendent for the last 36 years, previously employed at Inglewood Country Club for ten years and before that at Cedarcrest in Marysville. Gary has been a member of the National Golf Course Superintendents Association for the last 30 years, past president of the local chapter, and a member of the City of Everett Park board for 12 years.

Dan Smith, Pro-Shop Supervisor, is responsible for collecting all fees, scheduling play, merchandise, food, and beverage sales and lesson programs. Pro-Shop Clerks assist Dan in these mentioned activities. Dan Smith arrived at Lynnwood Golf Course by way of Mill Creek Country Club with 12 years of experience as a PGA Golf Professional. He was hired as the Pro-Shop Supervisor in June 1991 to set up and manage all Pro-Shop operations for the opening of LMGC course in August 1991. Dan has hired and managed all Pro-Shop staff (over 100 employees) and operations for the past 20 years. He implemented very successful junior and adult lesson programs, food and beverage operation and strategic parking logistics. He has been a member in good standing of the PGA of America for 25 years, and has been a certified The First Tee Coach for two years.

Jere Wright, Equipment Tech, maintains and repairs all Golf Course equipment, irrigation and power cart fleet. Howie Rois, Maintenance Worker II, maintains greens, tees, fairways and rough. He prepares the course for play each day and safely applies fertilizers and fungicides when needed.

Gary Stormo and Dan Smith have made it to the final few months of retiring the 20-year $5,000,000 construction bonds at a cost of $9-10M.

**OBJECTIVES**

The objectives are to:

1. Identify strategies and performance targets to stimulate participation and increase revenues for the 2011-2016 period
2. Create new marketing strategies that will retain our loyal core of golfers and attract new business
3. Maintain an affordable product which encourages accessibility for all ages
4. Generate sufficient revenues to cover the direct annual operating costs with enough surplus to support the contributions to a golf course capital reserve fund.
5. Focus marketing and promotions on our target market, women, retiring working class (baby boomers), and youth to replace the loss of aging seniors, from attrition.
IMPLEMENTATION PLANS

Step 1: Hitting Area
Remodel existing driving range into smaller warm-up and teaching area.

A private company built and operated the driving range until 2000, when the Pro-Shop staff took over operation. In the fall of 2007, the City notified EdCC that the range was in need of major repairs and we would no longer choose to operate it. It has been used only by EdCC for their golf classes, the First Tee and some instruction by our professional staff.

Have the Department of Corrections remove 60% of the present poles and netting, and also remove the metal building. Existing poles on the western boundary should stay for ball protection from our first tee. A new covered hitting cage should be built with room for 12 stalls to provide warm-up and instruction. The Pro-Shop will operate the new hitting cage. The hitting cage will be used by EdCC classes, The First Tee, professional staff instruction, and all golfers paying to play the course that day. We propose to add one dollar to the each green fee rate and include a small warm-up bag of balls with each fee. The cost of the project will be paid by EdCC, The First Tee and LMGC.

Step 2: Parking
Increase parking from present 88 stalls to 150 stalls.

Since LMGC opened, we have had control of 88 parking stalls. Most golf courses have 150-200 stalls, leaving us 60-100 short. During the school year we must position a staff person in our lot to keep out students. With the downsizing of the range, some additional spots will open up with the removal of pole tiedowns and shortening of the range nets.

We propose to reconfigure the existing parking to the western boundary of the lot, making it easier to control. Use the unused portion of the old driving range for overflow parking on days we run out. The cost of additional parking is unknown at this time. This should show a slight and slow increase of rounds that will translate to green fee revenue, rentals and other additional revenue sources.

Step 3: Entry/Access
Provide a separate and simpler entrance to parking for LMGC.

The entrance to LMGC has always been confusing because all access for the public begins on 68th Avenue West at 204th and leads into the EdCC parking lots on the south side of the campus, and follows behind the campus buildings to the Pro-Shop in Woodway Hall. It is confusing to new golfers and college students where each is to park, since golfers and students alike enter parking along the same access.
We propose a new and exclusive entry driveway for LMGC. Once entry into the
college parking on 204th is complete, we propose an exclusive access entry road
be cut south of EdCC parking at the Edmonds School District building and follow
behind the EdCC Center for Families, ending at the parking lot at the south end
of the existing driving range area. This would provide separate access to golf
parking, making it easier to control parking for LMGC and less confusing for
golfers and students alike.

Step 4: Concessions

Provide food and beverage service at the Pro-Shop,

In 1991, when LMGC opened, EdCC provided food service to their students and
our golfers on the 2nd floor of the Triton Union Building, directly above the Pro-
Shop. The facility gradually catered mainly to the students and faculty, and
eventually were only open Monday – Thursday. LMGC has recently contracted
with a firm to provide snacks and beverages on the 10th tee, in a very modest
building.

We plan to remodel the existing men’s locker room into a snack bar. This would
allow the vendor to increase his menu and hours of operation. We have a
conceptual plan done by the original architect of the Triton Union Building. The
work could be done by City staff. We then could offer indoor dining and
beverage service.

The preliminary estimated cost is $100,000.

Revenue from increased sales and percentage from the concessionaire, along
with increase of rounds because of improved service would be used to pay for
the remodel. Estimated pay back is about ten years.

Step 5: Cart Storage

Build a new cart storage building for electric carts.

Since 1991, golf carts have been stored in the golf maintenance building, at the
far northeast corner of the course. Space has been limited to 20 carts that must
be towed up to the pro shop each morning, and returned for washing and storage
in the evening. There has been a steady increase in cart demand and usage the
past five years; it is anticipated that this trend will continue.

We plan to build a new cart storage building for an electric power cart fleet, with
wash pad, near the pro shop that can house 40 carts, plus a marshal cart and
beverage cart. The cost is approximately $150,000. This could reduce labor
transporting carts back and forth by 500-600 hours a year. With increased cart
demand and an increased fleet size, along with reduced labor, it is anticipated
the building could be paid back in 7-10 years.
Step 6: Maintenance Building

The construction of a new maintenance building on City property off 208th Street Southwest is critical to the plan. The building will eliminate the current rent payments paid to EdCC, and provide badly needed storage for maintenance equipment and supplies.

NET REVENUE

The Business Plan provides for a new a new operations strategy. The plan calls for the net revenue from operations to fund three new accounts: Utility Loan Fund, an Equipment Reserve Fund and a Cash Reserve Fund.

In December of 2011, we will have fully amortized the initial 20-year construction bond with $9-10 million in funds, and built and maintained a cash reserve that lasted 16 years. We have never had an equipment reserve.

We plan to use our net revenue to fund three areas of immediate need. We will create a Utility Loan Fund to receive 40%, Equipment Reserve Fund to receive 30% and a Cash Reserve Fund to receive the final 30%. The plan is to pay off the Utility Loan in 7-10 years, build an equipment reserve that will be able to replace aging equipment as needed, and rebuild our cash reserve to a $500,000 to $1,000,000 level that will support down years.

MARKETING & SALES

The LMGC competes in a highly competitive business market and occupies a prominent green space in the community. LMGC is first and foremost a community facility and asset. LMGC’s primary product, tee times, is a perishable commodity. The City has ongoing expenses related to maintaining the facility whether the tee times are sold or not. There a many choices for golf in the area and it is important to develop marketing strategies to attract new golfers to the facility. Our staff places a tremendous emphasis on customer service and goes to great lengths to meet the needs of our golfers and create a sense of membership and camaraderie.

In order to compete in the highly competitive marketplace, it will be important to reinvest in the asset. As an example, today, LMGC does not attract tournaments or community events because it does not have certain important amenities needed to compete for this business (a clubhouse with full service food and beverage capabilities). It is also important to have a comprehensive equipment replacement program in place to ensure the course receives the best maintenance possible. This will allow our team to preserve the quality of the golf experience, an absolutely essential component in maintaining green fee revenues and return play.

The National Golf Foundation has also conducted many surveys and most reveal the number one barrier to people playing golf is the time it takes to complete a round. The course is fortunate to have a layout that is conducive to faster play.
and staff will continue to make the playing conditions the very best. Our marketing and sales efforts will continue to focus on youth, young adults and seniors who can physically play. If we are able to expand our amenities our facility in the coming years, the marketing efforts will shift and focus on businesses, group tournaments and outings.

The City will need to balance the goal of operating LMGC as a business with the need to make golf fees competitive. The existing green fee structure is analyzed on a regular basis and tee times, concessions and merchandise are priced competitively with comparable operations in our market.

The City is fortunate to have a very well respected staff with years of accumulated experience and knowledge in the operation of the facility. The value of staff's ability to make people welcome cannot be overestimated. Customer service has always been the number one goal of the operation. The staff's understanding of the operational intricacies of the Golf Course provides efficiencies in both maintenance operations and administrative functions.

The annual marketing plan aims to:

1. Increase the total number of golf rounds
2. Improve revenue/round
3. Increase power cart and concession sales
4. Attract more female golfers
5. Gain customer loyalty to Lynnwood

With these goals in mind, strategies and an advertising plan are developed with an emphasis on measurable outcomes. The following strategies have been identified for implementation:

1. Promo cards for frequent play (gaining customer loyalty)
2. “Bring a Friend” advertising to attract new customers
3. “Rainy Day” advertising to improve rounds generated on non-optimal weather days
4. Improve merchandise options that appeal to female golfers
5. Add website content targeted to female golfers
6. Implement eNewsletter or social media tool to advertise “instant deals” to fill last minute rounds
7. Cross marketing; allow golf rounds to be purchased at the Recreation and Senior Centers.

One example implemented from the 2011 advertising plan:

Online banner ads run on the SeattleTimes.com site in 2011 included a one month campaign in the “living” section which linked to online web coupons. The results were:

Living Section online (April 15 – May 15, 2011)
- 300 x 600 half page ad: 25,252 impressions, 52 clicks, .21% CTR
1. 728 x 90 leaderboard ad: 25,253 impressions, 24 clicks, .10% CTR
2. 300 x 250 middle right ad: 25,253 impressions, 20 clicks, .08% CTR
3. Generating 27 redeemed web coupons
4. *Average CTR rate for Seattle Times is .05%; ours is well above the average.
## APPENDIX

### Department 5 (Golf Course Administration, Pro Shop, Maintenance and Capital Outlay)

**6/1/2011 Edition**

### GOLF REVENUES

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**TOTAL REVENUE**

|                      | $1,278,165  | $1,254,791  | $1,182,841  | $1,213,905.00  | $1,230,028.00  | $1,257,875.00  | $1,318,240.00  | $1,341,510.00  | $1,369,095.00  |

### GOLF EXPENDITURES

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**TOTAL EXPENSES**

|                      | $1,007,637  | $1,254,586  | $1,082,540  | $1,085,000.00  | $1,071,600.00  | $1,109,000.00  | $1,115,000.00  | $1,120,000.00  | $1,123,000.00  |

**NET PROFIT**

|                      | $(125,800.00) | $(420,022.00) | $(350,820.00) | $(324,193.00) | $(108,225.00) | $(131,145.00) | $(201,740.00) | $(195,210.00) | $(219,895.00) |

**ROUNDS**


**CASH RESERVE**

|                      | $(92,331.00) | $(512,353.00) | $(863,173.00) | $(600,000.00) | $(491,775.00) | $(360,630.00) | $(158,890.00) | $(36,320.00) | $(256,215.00) |