

1 **i. Introduction**

2
3 For the past five years, the Lynnwood Municipal Golf Course has been operating
4 under a Five Year Business Plan approved by the City Council in 2001. The Five
5 Year Business Plan is used primarily to develop the guidelines related to golf
6 principles, to outline a five year capital investment program and a re-investment
7 strategy to guide the expansion of our current operations beginning in 2010.

8
9 The Golf Course is unique in that it operates like a business in what is known in
10 the municipal sector as an Enterprise Fund. This requires the Golf Course to
11 generate sufficient revenues to cover the operational and maintenance
12 expenses, capital improvement costs and any debt service incurred by the
13 program to avoid using general fund monies. It is extremely important to
14 maintain and manage the Enterprise Fund in a fiscally responsible manner so the
15 users of the Golf Course (golfers) not only support the daily operational and
16 maintenance costs, but also the long term capital improvement projects to keep
17 the course competitive with the local market and up to today's industry standards.

18
19 Developing a new Five Year Business Plan is a very important step in bringing
20 consistency in how the Golf Course operates. It is staff's intent to develop a
21 system that is as straightforward as possible so when golfers arrive and use the
22 facility, it will be easy to know where to go and how to get through the process to
23 play golf. This plan focuses predominantly on the business side of golf
24 operations so the public will know what to expect in terms of the existing
25 operations, but also a look to the future and our plans for expanded services in
26 key areas.

27
28 As staff was developing the Five Year Business Plan, it became very evident the
29 goals of golf operations should be based on a clear Mission and Vision. Mission
30 and Vision statements were developed, followed by a list of guiding principles to
31 address the core values of the golf operations. The golf staff clearly recognizes
32 the importance of our valued relationship with the golfing community because
33 there are many golf choices available in our area. This plan strives to balance
34 the interests of each of the stakeholders with the interest of the public golfer
35 having the highest importance.

36 **A. *Mission & Vision***

37
38 **MISSION**

39
40 The Lynnwood Municipal Golf Course, as a business, is dedicated to
41 serving our community by providing high quality golfing experiences to
42 players of all ages and abilities and is committed to enhance the
43 enjoyment of the game.
44

1 VISION
2

3 The Lynnwood Municipal Golf Course as a business will:
4

- 5 ▪ Be recognized as a premier municipal golf operation by all golfers
- 6
- 7 ▪ Provide the highest quality customer service and playing conditions
- 8
- 9 ▪ Deliver competitively priced golf to all users
- 10
- 11 ▪ Promote the game of golf to all ages

12 **B. Management Goals**

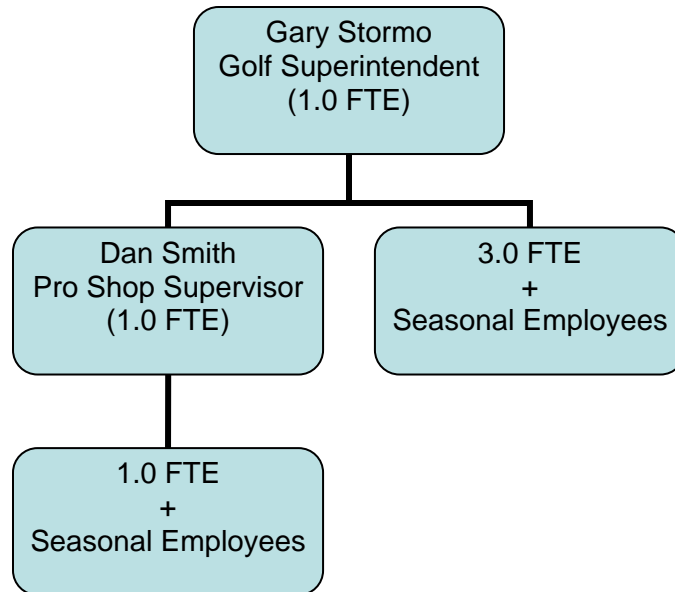
13 The Business Plan is guided by the following goals:
14

- 15 1. To operate on a "break even" mode through 2009 allowing the Golf
16 Course to continue to function with its current staffing levels.
17 Revenues will be increased wherever possible including, but not
18 limited to, increases in greens fees and improvements to certain
19 concession operations. Expenses will be closely monitored to keep
20 the existing level of service constant and in line with our guests'
21 expectations.
22
- 23 2. To pay off the existing bond payment by 2011 and expand the course's
24 cash reserves.
25
- 26 3. To expand revenues from concession sales, it is recommended the
27 sale of adult beverages (beer and wine only) be implemented by spring
28 2008. This would be operated through a concessionaire.
29
- 30 4. By 2010, expand the operations of the Golf Course with the addition of
31 a new clubhouse featuring a full service restaurant and pro shop along
32 with a new maintenance building (both to be constructed where the
33 driving range exists). Expansion plans will require continued dialog
34 with Edmonds Community College (EdCC).
35
- 36 5. A re-payment plan will be created and implemented beginning in 2012
37 to repay the costs of the improvements. This schedule will allow the
38 Golf Course to complete the bond payments currently being made
39 through 2011.
40
- 41 6. Change the business model from a subsidized operation to a stand-
42 alone business.

1 **II. Organizational Systems**

2 **A. Operations**

3 There are a total of six full time equivalent (FTE) staff budgeted for the
 4 Golf Course for 2007. This number has been reduced from the previous
 5 plan of 9 FTE.



23
24 Gary Stormo, Golf Course Superintendent, spends 90% of his time
 25 supervising Golf Course main activities and 10% of time on pro-shop
 26 operations. Dan Smith, Pro-Shop Supervisor, is responsible for collecting
 27 all fees, scheduling play, merchandise, food, and beverage sales and
 28 lesson programs. Jack Schuler, Pro-Shop Clerk, assists Dan in these
 29 mentioned activities. Jere Wright, Equipment Tech, maintains and repairs
 30 all Golf Course equipment, irrigation and power cart fleet. Howie Rois,
 31 Maintenance Worker II, maintains greens, tees, fairways and rough.
 32 Prepares the course for play each day and safely applies fertilizers and
 33 fungicides when needed. Gary Mauhl, Maintenance Worker I, maintains
 34 greens, tees, fairways and rough.
 35

36 **B. Scope of Services/Products**

37 The Lynnwood Municipal Golf Course opened in 1991 and is a high quality
 38 18 hole executive golf course operation. The pro shop is located on the
 39 ground floor of the EdCC Triton Union Building. Unfortunately, there is no
 40 space on site for events or meetings related to golf tournaments. The
 41 facility has a very limited food and beverage operation consisting of
 42 vending machines and wrapped goods. There are no kitchen facilities
 43 available. The pro shop has a limited amount of merchandise and goods
 44 available to our clientele. Primary users include local community golfers,

1 local high school golf teams, a men's club, a ladies club, the silvers club
2 (senior men's club) and some additional play from golf classes taught at
3 EdCC. The Golf Course staff has also expanded the First Tee program
4 which exposes young children to the game of golf. Over 200 children are
5 now involved in this program which is active in the summer months. The
6 golf staff also provides a limited teaching program using the college
7 owned driving range area.

8
9 The Golf Course relies heavily upon the local golf market for a majority of
10 its revenues which are derived from greens fees.

11 ***c. Competitive Advantage***

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

28 ***d. Key Competitors***

29 There are a number of competing golf courses in the Lynnwood Municipal
30 Golf Course's primary market area. A number of golf courses have been
31 developed over the last 5-10 years that directly compete with our ability to
32 serve the community. Most have extensive food and beverage operations
33 and larger clubhouse buildings that attract tournaments and events. All
34 serve adult beverages on site as well.

35 Direct Competitors for Lynnwood Municipal Golf Course:

- 36
- 37
- 38 ▪ Walter Hall Golf Course - Everett
- 39 ▪ Legion Memorial Golf Course – Everett
- 40 ▪ Ballinger Golf Course – Mountlake Terrace
- 41 ▪ Nile Golf Course – Mountlake Terrace
- 42 ▪ Jackson Park Golf Course – North Seattle

1 **iii. Service Delivery Offerings**

2 The chart following depicts the last five years of operations related to greens
3 fees, concessions and merchandise.

4
5

A. 5-Year Comparisons

LYNNWOOD	2002	2003	2004	2005	2006	Walter Hall 2006
ROUNDS	59,788	56,652	52,474	50,797	48,047	64,484
Gross Revenue	\$1,353,341.00	\$1,334,549.00	\$1,286,793.00	\$1,277,402.00	\$1,219,152.00	\$ 1,398,035.00
\$/Round	\$ 22.63	\$ 23.55	\$ 24.52	\$ 25.15	\$ 25.37	\$ 21.68
Green Fees	\$1,090,554.00	\$1,094,972.00	\$1,038,650.00	\$1,032,017.00	\$ 980,348.00	\$ 868,696.00
\$/Round	\$ 18.24	\$ 19.32	\$ 19.79	\$ 20.31	\$ 20.40	\$ 13.47
Food & Beverage	\$ 38,170.00	\$ 30,834.00	\$ 29,267.00	\$ 30,493.00	\$ 30,566.00	\$ 203,701.00
\$/Round	\$ 0.63	\$ 0.54	\$ 0.56	\$ 0.60	\$ 0.64	\$ 3.15
Power Carts	\$ 50,177.00	\$ 53,625.00	\$ 59,227.00	\$ 53,146.00	\$ 55,678.00	\$ 141,332.00
\$/Round	\$ 0.83	\$ 0.94	\$ 1.13	\$ 1.05	\$ 1.16	\$ 2.19
Merchandise Sales	\$ 79,769.00	\$ 59,718.00	\$ 60,578.00	\$ 66,961.00	\$ 62,399.00	\$ 86,928.00
\$/Round	\$ 1.33	\$ 1.05	\$ 1.15	\$ 1.32	\$ 1.30	\$ 1.34

1 **B. Marketing & Sales**

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

12
13 In order to compete in the highly competitive marketplace, it will be
14 important to reinvest in the asset. As an example, today, the Golf Course
15 does not attract tournaments or community events because it does not
16 have certain important amenities needed to compete for this business (a
17 clubhouse with full service food and beverage capabilities). It is also
18 important to have a comprehensive equipment replacement program in
19 place to ensure the Golf Course receives the best maintenance possible.
20 This will allow our team to preserve the quality of the golf experience, an
21 absolutely essential component in maintaining green fee revenues and
22 return play.

23
24 The National Golf Foundation has also conducted many surveys and most
25 reveal the number one barrier to people playing golf is the time it takes to
26 complete a round. The Golf Course is fortunate to have a layout that is
27 conducive to faster play and staff will continue to make the playing
28 conditions the very best. Our marketing and sales efforts will continue to
29 focus on youth, young adults and seniors who can physically play. If we
30 are able to expand our amenities our facility in the coming years, the
31 marketing efforts will shift and focus on businesses, group tournaments
32 and outings.

33
34 The City will need to balance the goal of operating the Golf Course as a
35 business with the need to make golf fees competitive. The existing green
36 fee structure is analyzed on a regular basis and tee times, concessions
37 and merchandise are priced competitively with comparable operations in
38 our market.

39
40 The City is fortunate to have a very well respected staff with years of
41 accumulated experience and knowledge in the operation of the facility.
42 The value of staff's ability to make people welcome cannot be over
43 estimated. Customer service has always been the number one goal of the
44 operation. The staff's understanding of the operational intricacies of the

1 Golf Course provides efficiencies in both maintenance operations and
2 administrative functions.
3

4 **iv. Financial Model 2008-2012**

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6 Revenues:

7

8 ▪ **Green Fees** – will increase an average of \$1 per round per year, beginning in
9 2008.

10 ▪ **Power Carts** – rentals will continue to increase with aging clientele and
11 young desire to ride. Will lease five additional carts to meet increasing
12 demand in 2010. Cart fees will increase in 2011, consistent with market
13 rates. Will add 25 new carts to replace expired leased fleet in 2012.

14 ▪ **Adult Beverages** – will be served beginning 2008, after approval in 2007.

15 ▪ **New Club House** – housing a Pro Shop and Restaurant could open in 2010
16 and increase Food and Beverage sales.

17 ▪ **Rounds** – will increase 2% per year as the result of Adult Beverage approval
18 in 2007 and new Club House in 2010, providing clientele with an “improved
19 golfing experience” from a “full service facility.”
20

21

22

22 Expenses:

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24 ▪ **Food and Beverage** – inventory and expenses could increase as sales
25 increase due to Adult Beverage service beginning 2008 and new Restaurant
26 in 2010.

27 ▪ **Depreciation** – could increase in 2011 with purchase of new equipment.

28 ▪ **Debt Service** – ends in 2011 on the original Construction Bonds. If we
29 bonded the improvements, a manageable bond payment could begin in 2012
30 for construction of the new Club House and Maintenance Building.

31 ▪ **Capital Outlays** – replenish worn out equipment in 2010.

Lynnwood Municipal Golf Course Business Plan 2008-2012

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

9/10/07 Edition

GOLF REVENUES

	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Projected</u>	<u>2008 Projected</u>	<u>2009 Budget</u>	<u>2010 Budget</u>	<u>2011 Budget</u>	<u>2012 Budget</u>
Green Fees	\$ 1,038,650	\$ 1,032,017	\$ 980,348	\$ 992,579	\$ 1,123,020	\$ 1,197,040	\$ 1,273,060	\$ 1,351,080	\$ 1,431,100
Power Carts	\$ 59,227	\$ 53,146	\$ 55,678	\$ 70,281	\$ 88,713	\$ 88,713	\$ 113,355	\$ 121,355	\$ 131,908
Misc. Rentals (equipment)	\$ 18,454	\$ 22,913	\$ 22,225	\$ 20,436	\$ 18,790	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Driving Range Balls	\$ 45,041	\$ 44,629	\$ 35,491	\$ 30,147					
Merchandise Sales	\$ 60,578	\$ 66,961	\$ 62,399	\$ 60,228	\$ 65,000	\$ 65,000	\$ 70,000	\$ 70,000	\$ 75,000
Concessions	\$ 29,267	\$ 30,493	\$ 30,566	\$ 35,788	\$ 92,000	\$ 92,000	\$ 150,000	\$ 150,000	\$ 150,000
Camps/Handicaps/Lessons	\$ 20,058	\$ 16,242	\$ 14,118	\$ 13,082	\$ 12,130	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Gift Certificate Sales	\$ 25,000	\$ 24,296	\$ 29,120	\$ 23,355	\$ 25,528	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Gift Certificate Redeemed	\$ (25,704)	\$ (25,000)	\$ (24,000)	\$ (24,000)	\$ (24,000)	\$ (24,000)	\$ (24,000)	\$ (24,000)	\$ (24,000)
Misc. Revenue/Over/Short	\$ 8,993	\$ 2,108	\$ 4,004						
Sales Tax	\$ 111,897	\$ 111,262	\$ 105,552	\$ 107,304	\$ 123,470	\$ 130,007	\$ 144,751	\$ 151,695	\$ 159,261
Interest Earnings	\$ 7,229	\$ 9,597	\$ 9,203	\$ 7,410	\$ 5,966	\$ 3,000	\$ 2,000	\$ 1,000	\$ 1,000
TOTAL REVENUE	\$ 1,398,690	\$ 1,388,664	\$ 1,324,704	\$ 1,336,610	\$ 1,530,617	\$ 1,612,760	\$ 1,790,166	\$ 1,882,130	\$ 1,985,269

GOLF EXPENDITURES

	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Projected</u>	<u>2008 Projected</u>	<u>2009 Budget</u>	<u>2010 Budget</u>	<u>2011 Budget</u>	<u>2012 Budget</u>
Operation & Maintenance	\$ 898,991	\$ 890,130	\$ 809,549	\$ 837,759	\$ 1,005,677	\$ 1,034,316	\$ 1,105,167	\$ 1,142,272	\$ 1,180,677
Capital Outlay	\$ 18,031	\$ 17,460	\$ 9,097	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
Sales/B&O Tax	\$ 122,360	\$ 135,122	\$ 111,218	\$ 114,047	\$ 122,870	\$ 130,007	\$ 144,751	\$ 151,695	\$ 159,261
TOTAL EXPENSES	\$ 1,039,382	\$ 1,042,712	\$ 929,864	\$ 951,806	\$ 1,128,547	\$ 1,164,323	\$ 1,299,918	\$ 1,343,967	\$ 1,389,938

Depreciation	\$ 27,702	\$ 22,361	\$ 20,507	\$ 15,000	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Debt Service	\$ 425,466	\$ 421,739	\$ 408,637	\$ 412,838	\$ 411,838	\$ 407,575	\$ 409,725	\$ 410,670	\$ 200,000
Interest Debt					\$ 1,561	\$ 10,324	\$ 15,628	\$ 22,081	\$ 27,347

NET PROFIT	\$ (93,860)	\$ (98,148)	\$ (34,304)	\$ (43,034)	\$ (11,329)	\$ 30,538	\$ 64,895	\$ 80,412	\$ 342,984
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ROUNDS	52,474	50,797	48,047	50,000	51,000	52,000	53,000	54,000	55,000
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CASH RESERVE	\$ 316,184	\$ 207,752	\$ 173,448	\$ 130,414	\$ 119,085	\$ 149,623	\$ 214,518	\$ 294,930	\$ 637,914
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1 v. Appendix

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ROUNDS HISTORY 1991 - PRESENT

	18 H	18 WD	9 H	18 Sr	9 Sr	18 Jr	9 Jr	Tourn.	Twi.	FGH-A	FGH-J	School	Total
1991	12862		5642	3146	995			671					20668
1992	33946		17251	10477	3086			1709					65469
1993	32348		16813	10568	4128			1981					65438
1994	33298		15391	11975	4097			1380					66411
1995	32428		15871	12087	4662			1514					66562
1996	28732		13096	12301	4694			1259					60622
1997	30680		15528	13005	5075			940					65228
1998	30950		13353	13302	4524			801					62830
1999	19589	8488	13209	12437	5194			1100					60017
2000	13027	14967	11657	12580	4823			2434				600	60088
2001	11446	13910	10055	12463	4551			1444	1639	2797	387		59092
2002	11884	14135	9120	13393	4479			627	2395	3327	428		59788
2003	11837	12418	8225	12722	3565	206	328	1186	2420	3294	451		50452
2004	9730	12871	7603	11963	3563	315	669	384	2475	2461	440		52474
2005	11276	8649	7992	11281	3731	225	669	762	2486	2835	891		50077
2006	9539	9071	7168	10887	3580	228	860	619	2579	2888	628		48047
2007													280
2008													300
2009													300
2010													320
2011													300
2012													340
2013													360
2014													360
2015													380
TOTAL	333572	94509	187974	184587	64747	974	2526	18811	13994	17602	3225	600	92401

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City of Lynnwood
Revenue and Expenditures
January thru July for Each Year

ACC Program	ProgramName	2003	2004	2005	2006	2007
4	00					
	00 Total	(871,593.16)	(833,272.47)	(815,917.28)	(813,880.36)	(822,331.55)
4 Total		(871,593.16)	(833,272.47)	(815,917.28)	(813,880.36)	(822,331.55)
5	10					
	ADMINISTRATION	434,151.85	435,706.95	434,361.10	422,245.88	378,565.71
	10 Total	434,151.85	435,706.95	434,361.10	422,245.88	378,565.71
	20					
	GROUNDS	171,178.13	200,653.26	180,554.87	181,549.37	173,978.29
	20 Total	171,178.13	200,653.26	180,554.87	181,549.37	173,978.29
	30					
	PRO SHOP	196,888.98	200,987.64	201,974.95	163,340.40	168,694.73
	30 Total	196,888.98	200,987.64	201,974.95	163,340.40	168,694.73
	40					
	DRIVING RANGE	24,420.11	19,491.91	10,849.74	10,730.82	4,577.73
	40 Total	24,420.11	19,491.91	10,849.74	10,730.82	4,577.73
5 Total		826,639.07	856,839.76	827,740.66	777,866.47	725,816.46
Grand Total		(44,954.09)	23,567.29	11,823.38	(36,013.89)	(96,515.09)

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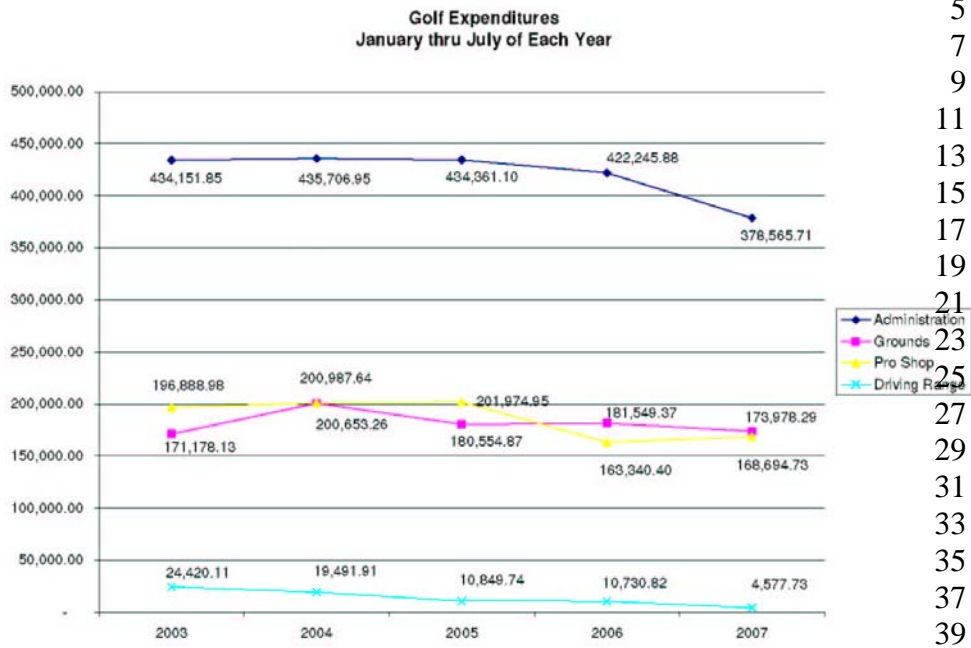
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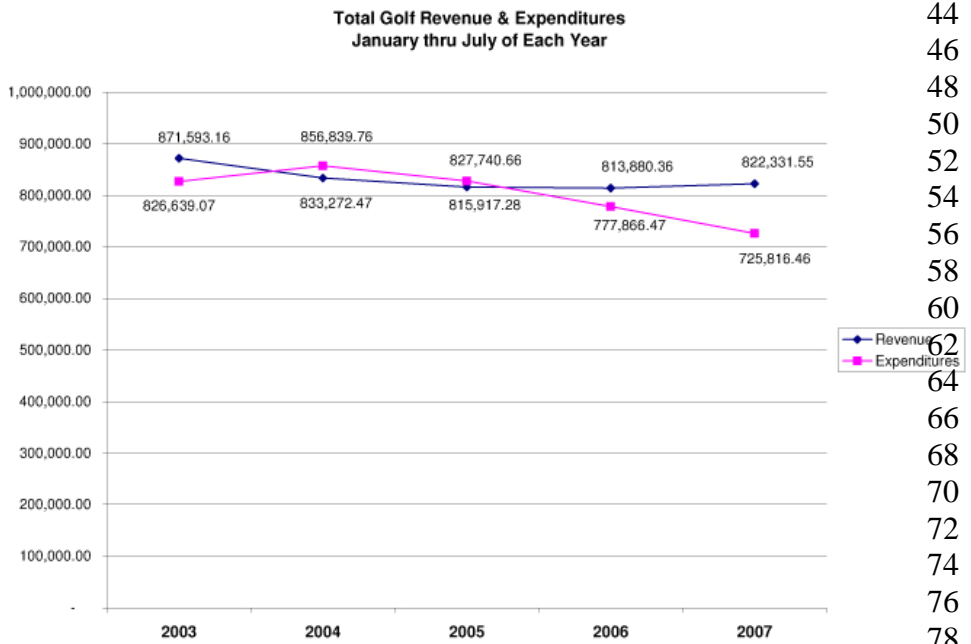
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1 **Addendum**

2 City Council's approval of the Lynnwood Municipal Golf Course Business Plan
3 2008-2012 on November 13, 2007, specifically the sale of alcohol at the course,
4 was conditioned upon the following requirements:

5

6 1. A clear plan and significant progress towards implementation of restriping
7 the Edmonds Community College parking lot in front of the Center for
8 Families must be evident by May 2008, and prior to beginning the sale of
9 alcohol.

10

11 2. The Parks, Recreation & Cultural Arts department will provide a report to
12 City Council no later than the summer of 2010 regarding the beverage
13 service at the Golf Course. The sale of alcohol will sunset no later than
14 December 31, 2010 unless reauthorized by City Council.