City of Portland, Maine

Finance Committee Meeting

Thursday, April 13th, 2017

5:30PM – Room 209

1. Finance Committee Meeting Agenda

    Documents:

    FC AGENDA 4-13-17 (2).PDF

1.I. Finance Committee Meeting Agenda Back-Up (1)

    Documents:

    HEALTH HUMAN SERVICES FY18 BUDGET.PDF

1.II. Finance Committee Meeting Agenda Back-Up (2)

    Documents:

    PARKS REC FACILITIES FY18 BUDGET.PDF

1.II.i. Finance Committee Meeting Agenda Back-Up (2.1)

    Documents:

    REQUESTED DOCUMENT - NGF RIVERSIDE GOLF COURSE FINAL REPORT.PDF

1.III. Finance Committee Meeting Agenda Back-Up (3)

    Documents:

    PUBLIC WORKS - FY18 BUDGET.PDF

1.IV. Finance Committee Meeting Agenda Back-Up (4)

    Documents:

    FRIENDS OF DEERING OAKS LETTER 04.13.2017.PDF

City of Portland, Maine
Finance Committee Meeting
Thursday, April 13th, 2017
5:30PM – Room 209

AGENDA

1. **Introductions**

2. **FY18 City Budget Presentation**
   a. **5:30 – 6:30 – Health & Human Services (Public Health, Social Services, Barron Center)**
   b. **6:30 – 7:30 – Parks, Recreation & Facilities**
   c. **7:30 – 8:30 – Public Works and Sewer / Stormwater**

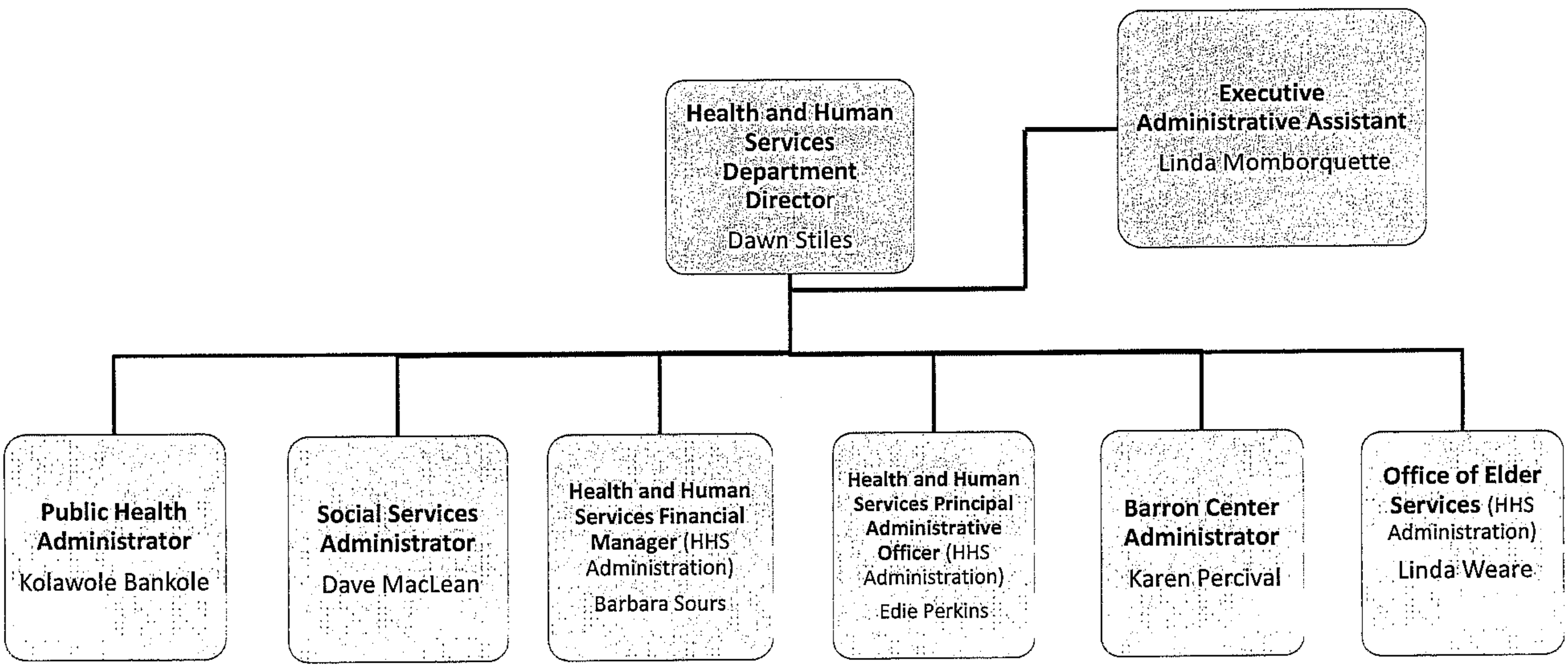
3. **Important Future Dates**
   a. **Finance Committee Meeting Dates / Times**
      i. **4/20 – 5:00 – HR, Benefits, Police, Parking, Permitting & Inspections**
      ii. **4/27 – 5:30 – Library, Planning, HHS General Assistance**
      iii. **5/4 – 5:00 – Follow Up Discussion, Public Hearing, Action on FY18 Budget**

   b. **City Council Meeting Dates / Times**
      i. **5/1 – 5:30PM - First Reading of FY18 City and School Budgets**
      ii. **5/8 – 5:30PM - Budget Workshop**
      iii. **5/15 – 5:30PM – Second Reading and Vote on City & School Budgets**

   c. **School Budget Referendum Date – TUESDAY JUNE 13TH**

Portland, Maine   Yes. Life's good here.

Health and Human Services Department
FY18 Proposed
Health and Human Services Department: Administration Organizational Chart



City of Portland Health and Human Services
Public Health
FY18 Budget Highlights
Dawn Stiles - Department Director

Summary

	FY17	FY18 Proposed	Change	Percentage
Revenues	2,023,138	1,004,848	-1,018,290	-50.33%
Less: Expenditures	2,776,297	1,732,674	-1,043,623	
Net Gain/Loss	-753,159	-727,826	25,333	-3.36%

Personnel Changes

Elimination of Operations Manager Position
Addition of 1.0 Acountant Position
*Family Health - Eliminated 9.1 FTE's
Chronic Disease Prevention - Additional grant funding resulting in 1.8 increase in staff
India Street-Eliminated 4.1 FTE's
Health Equity and Research - Eliminated .5 FTE's

Significant Revenue Changes

*Family Health - Transfer of School Based Clinics to Greater Portland Health
Chronic Disease Prevention - Loss of SNAP grant funding
India Street - Reduction in Fee For Service reimbursement resulting from reduced testing
Reduction in Mainecare/Medicare and Private Pay resulting from transition of India Street resulting in elimination of Flu Clinic and Immunizations
Health Equity and Research - Loss of CHOW Pilot Program

Significant Expense Changes

Family Health - Transfer of School Based Clinics to Greater Portland Health
India Street - Reduction on Rent expense (budgeted as increased revenue) and utilities based on a potential sub-lease

FTE'S

Operations	4
Family Health	3.4
Chronic Disease Prevention	9.2
India Street	6.6
Health Equity and Research	1.8
Total	25

FY18 Public Health Division Program Summary Through 6/30/18

Chronic Disease Prevention

- **Substance Use Prevention** (1.8 FTE)
  - **ME CDC Overdose Prevention Grant $50,000 7/1/17-6/30/18**: Funds coordination of the Overdose Task Force, opioid-related overdose prevention and response education in the community, targeted outreach to individuals with a history of injection drug use and incarcerated individuals and referral to medication assisted treatment and other recovery services.
  - **University of New England Substance Use Prevention Services Grant $60,000 10/1/16-9/30/17 with renewal 10/1/17-9/30/18:** Funds the implementation of evidence based prevention strategies, targeting youth and young adults (aged 12-25) in Portland.
- **Tobacco Prevention** (1.5 FTE)
  - **MaineHealth Prevention Services Grant $127,700 10/1/16-9/30/17 with renewal 10/1/17-9/30/18**: Serves all of Cumberland Public Health District in providing tobacco-free environments through policy and environmental change. Focus areas include municipalities, college campuses, hospital campuses, behavioral health facilities, schools, youth serving organizations, and multi-unit housing.
- **Lead Poisoning Prevention** (.5 FTE)
  - **ME CDC Grant $30,000 7/1/17-6/30/18**: Serves the cities of Portland and Westbrook in reducing childhood lead poisoning. Objectives include outreach to landlords, parents of young children, and building local capacity through a workgroup comprised of multiple sector representation, such as housing professionals, code enforcement, a local foundation, and public health professionals.
- **Obesity Prevention** (2.6 FTE)
  - **United Way Let's Go! Grant $57, 500 7/1/17-6/30/18:** Funds are be used to maintain the current registered Let's Go! sites in Cumberland County. These sites are Schools, Out-of-School programs, and Child Care sites.
  - **Prevention Services Let's Go! Grant $110,978 10/1/16-9/30/17 with renewal 10/1/17-9/30/18**: Funds are used to expand the Let's Go! program in Cumberland County by registering and supporting additional schools and child care sites throughout the Cumberland Public Health District.
  - **University of New England SNAP Ed Grant**: (3 FTE Ending 9/30/17): Provides SNAP eligible residents with the skills and knowledge needed to make healthier food choices within a limited budget and choose physically active lifestyles. The program provides evidence-based curricula for youth and adults of all ages
- **Cumberland District Public Health Council** (1 FTE)
  - **Lead Fiscal Agent Grant $160,000 7/1/17-6/30/18:** Funds are used to coordinate the Cumberland District Public Health Council and oversee the implement the Cumberland District Public Health Improvement Plan.

FY18 Public Health Division Program Summary Through 6/30/18

India St Public Health Center

- **Needle Exchange Program** (2 FTE): The Portland Needle Exchange reduces the spread of blood-borne pathogens such as HIV and Hepatitis B and C by exchanging clean needles and supplies for used equipment at no cost. Staff conducts agency and community trainings throughout York and Cumberland counties to help agencies develop sustainable narcan protocols and overdose response plans.
- **STD Clinic** (2 FTE)
  - **ME CDC Community Outreach Coordinator Grant 7/1/17-12/31/17**: Promotes HIV and HCV education and testing in York and Cumberland counties and link public health and primary care by increasing awareness and prescribing of PrEP (pre exposure prophylaxis) for HIV prevention among high risk populations.
  - **ME CDC Disease Intervention Specialist Grant 7/1/17-6/30/18:** DIS are trained professionals, informed about the causes and spread of STDs, skilled in taking sexual histories, identifying and locating people who test positive or who may have been exposed to an STD, and know where to refer people for evaluation and treatment. DIS provide counseling about behaviors that put a person at risk for STDs, including HIV/HCV/HSV/HPV infection.
- **Portland Community Free Clinic** (1.6 FTE): Provides care to uninsured adults between the ages of 18 and 65 who live in Cumberland County, Maine.

Family Health

- **Portland Defending Childhood** (.75 FTE): Works to prevent children's exposure to toxic stress, and reduce negative effects of violence through trainings, information, and evidence-based treatment in partnership with Maine Behavioral Healthcare's Department of Clinical Innovation. Partners with Portland Schools on social and emotional learning and development strategies for students, and in providing professional development opportunities for educators working with children and youth in Portland.
- **Maternal and Child Health** (1.55 FTE):
  - **ME CDC Maternal Child Health Grant:** Funds home visitations to prenatal and postpartum mothers, babies, and children under the age of 5. This service is free of charge and available to residents of the city of Portland.
  - **March of Dimes Smoking Cessation Grant:** Funds nursing visits to address smoking cessation in prenatal, postpartum mothers and families with young children. The primary goal of the grant is to connect smokers with the tobacco help line and evidence based smoking cessation interventions.
  - **HUD Lead Prevention Grant:** Funds home visits to address lead prevention and screening in children under the age of 6 and prenatal clients in Cumberland County. Nursing staff also perform annual blood level screenings at all head start locations in Cumberland County and connect landlords and tenants with the lead safe housing program.

FY18 Public Health Division Program Summary Through 6/30/18

Health Equity and Research

- **Minority Health Program** (1.75 FTE): Improve access to affordable, high quality care for vulnerable populations, and to develop and strengthen community-clinical partnerships. Works to identify community health needs and implement interventions to meet them, coordinating available community assets and resources, and collaborating with other service providers to ensure provision of culturally and linguistically appropriate services.

PUBLIC HEALTH ACCOMPLISMENTS

- PHD was accredited in 2016 by the national Public Health Accreditation Board (PHAB)
- Chronic Disease Prevention Program's new funding - $473,922
- Hiring of Dr. Bankole as new Director of Public Health
- Successful transition of Positive Health Care (Ryan White) to Greater Portland Health
- The co-location of Grace Street at the India Street Clinic in order to provide accessible opioid treatment and complimentary services to existing STD Clinic, Needle Exchange and Free Clinic.

City of Portland Health and Human Services
Social Services
FY18 Budget Highlights
Dawn Stiles - Department Director

Summary

	FY17	FY18 Proposed	CM Proposed	Change	Percentage
Revenues	7,117,449	7,024,961	6,983,728	-133,721	-1.88%
Less: Expenditures	12,067,094	11,204,716	11,204,716	-862,378	
Net Gain/Loss	-4,949,645	-4,179,755	-4,220,988	769,890	-15.55%

Personnel Changes

General Assistance - Addition of 1.0 Senior Administrative Officer approved in FY17
Family Shelter - Addition of 1.0 Human Service Specialist

Significant Revenue Changes

General Assistance - Asylum Pending clients billable at 70%
(not anticipated in FY17 budget)
Oxford Street Shelter - Fewer clients eligible for reimbursement
Oxford Street Shelter - Increased Incentive funding from MSHA
Family Shelter - Increased G/A reimbursement for Families staying at the Warming Center
Family Shelter - Increased Incentive funding from MSHA

Significant Expense Changes

General Assistance - Decreased client expenditures due to clients reaching their 24 months of maximum assistance
Family Shelter - Increased Rent and Building Maintenance due to the addition of new building

FTE's

Administration	8.3
General Assistance	12.0
Housing and Support Services	3.0
Oxford Street Shelter	43.3
Family Shelter	13.5
Total	80.1

FY18 Social Services Division Summary

ADMINISTRATION

- The Administration Division of the Social Services Division consists of 8.3 FTEs that are responsible for the overall management of division programs. Administrative services include finance and accounting, grant management, data and statistical analysis, payroll, and other operational responsibilities.

GENERAL ASSISTANCE

- The General Assistance Division consists of 12 FTEs. General Assistance is a program administered through municipalities to provide basic necessities for individuals who are without means to pay for such services. General Assistance is often described as a program of last resort as individuals must exhaust all other resources before qualifying for the state program.

  During FY17 General Assistance has an increased focus on self-sufficiency through the creation of the HIRE (Helping Individuals Regain Employment) program. The Division has increased the City's partnership with local employers, education professionals and the local Career Center in order to aid our General Assistance recipients in finding long term employment.

  Fiscal Year to Date General Assistance has granted assistance to 1,650 total cases consisting of 2,775 individuals

HOUSING AND SUPPORT SERVICES

- Housing and Support Services consists of 3.0 FTE. The division provides representative payee services and also manages the City of Portland Workfare Program. Workfare is a platform that assists participants in establishing and enhancing good workplace behavior and developing skill sets that will increase marketability to potential employers. Participants in this work experience program repay the city for assistance received by working at a rate equal to minimum wage.

OXFORD STREET SHELTER

- The City of Portland's Oxford Street Shelter (OSS) consists of 43.3 FTE's and is a low barrier facility that provides access to safe overnight shelter for homeless adults (age 18+) 365 days a year. Clients are able to access shower facilities, bathrooms, as well as hygiene items throughout the night. OSS provides clients with a place to access day shelter on weekends from 12:30PM to 7:30PM. The shelter also promotes a housing culture by offering an array of services such as housing triage, housing orientation, current apartment lists, and aid in the travel to apartment showings when needed. Oxford Street Shelter has a total capacity of 229 including 75 spaces at Preble Street for overflow. Average daily Fiscal Year to Date bed nights was 214.

FAMILY SHELTER

- The City of Portland's Family Shelter (FS) consists of 13.5 FTE's and provides emergency shelter to Portland families. The FS assists families with children under the age of 18. The FS is an apartment style homeless shelter that offers private rooms and shared spaces. Families who reside at our shelter work on several goals: housing; establishing medical care; enrolling children in school; and establishing mainstream resources. The FS is a high-barrier shelter, which means there are rules in place that must be complied with and all families must sign a contract. With the new building opening, the Family Shelter will have a capacity of 147 individuals. As of April of 2017 the Family Shelter is currently at capacity, housing 103 individuals comprised of 35 families.

SOCIAL SERVICES ACCOMPLISHMENTS

- Enrolled 473 individuals into our HIRE program and placed 113 of those individuals in full time employment and 31 in part time employment.
- Four individuals in HIRE are successfully completing the EMT training through SMCC and 15 individuals in HIRE are placed in Machinist training through the National Technical Institute.
- The Family Shelter has leased an additional building at 58 Chestnut Street and will be moving all families out of motel rooms. In addition, the Family Shelter is offering its own warming center for families.
- The Oxford Street and Family Shelter successfully met their goals with Maine Housing and received over $460,000 in incentive money for calendar year 2016.

City of Portland Health and Human Services
Office of Elder Affairs
FY18 Budget Highlights
Dawn Stiles - Department Director

Summary

	FY17	FY18 Proposed	Change	Percentage
Revenues	204,280	207,740	3,460	1.69%
Less: Expenditures	234,593	242,831	8,238	
Net Gain/Loss	-30,313	-35,091	-4,778	15.76%

FTE's 5.0

FY18 Office of Elder Affair Division Summary

ADVOCACY

- The Office of Elder Affairs provides the community with an Elder Advocate, available to work with any Portland senior who needs help. The Elder Advocate is a geriatric social worker with many years of experience assisting elderly clients and their families. OEA encompasses many levels of advocacy including work with individuals and families, education and awareness, informing policy decisions, and community leadership in issues that affect the well-being of Portland's elderly population.

SENIOR INFORMATION AND REFERRAL

- The Office of Elder Affairs provides a link between elderly residents and the various support services available to them in the Portland community, helping senior citizens and their families make a connection with the organization or individual who can best accommodate their needs. Free information, advice, referrals and support are available to Portland residents trying to navigate Maine's complex elder care system

ADULT DAY HEALTH SERVICES

- The Office of Elder Affairs operates two Adult Day Health Programs, located on the Barron Center Campus. These programs provide supportive daytime care that enables seniors who live alone or with family to remain at home, while providing caregivers with much-needed respite. Services include nursing assessment, medication administration, meals, personal care, and therapeutic activities such as music, art, exercise, and recreational outings. One of the adult day programs specializes in the care of individuals with Alzheimer's disease or related dementias. Both programs are open from 7:30-4:00 Monday-Friday.

  The private-pay fee for service is currently $13.50/hour. OEA maintains contracts with the Veterans Administration and Maine DHHS, so fee-for-service reimbursement is also received through Mainecare, VA benefits, Section 61, and the Home Based Care program.

COMMUNITY COLLABORATION

- OEA partners with other community organizations in activities that support our mission; *"To creatively and collaboratively address issues that present hardships to Portland residents as they age"*. The following are two primary partnerships in progress at this time:
-

  1. **Martha's Cottage:** The Office of Elder Affairs partners with the Elder Abuse Institute of Maine to provide transitional housing and supportive services for older victims of domestic abuse. This program is supported through a federal grant, renewed for a third round 2016-2019. The City provides an in-kind donation of a building that was renovated to provide housing, and OEA is compensated for project management.

  2. The City of Portland signed on as an "**AARP Age-Friendly Community**" in 2014. OEA is leading this 5-year initiative which involves conducting a community needs assessment, development and facilitation of an Age-Friendly Steering Committee and the creation of a work plan aimed at improving the City's livability for citizens as they age.

OFFICE OF ELDER AFFAIRS ACCOMPLISHMENTS

- Responds to requests for information and advocacy from approximately 800 Portland elders and their families each year. Some cases require more in-depth case management when the Elder Advocate works with other City departments (Medcu, Inspections, Police, Corporation Counsel, Assessor) assisting elderly citizens in need.

- Provides the only adult daycare program available in the City of Portland, which maintains licensing for 45 clients. Client service hours and revenues increased substantially during FY '17 due to community outreach efforts, advertising, and program improvements.

- Helped to develop and sustains a nationally recognized model of transitional housing (Martha's Cottage) and support for elderly victims of domestic abuse. Added two additional housing units in 2016. Provides local and regional awareness training on issues of abuse in later life.

- In 2016, the Age Friendly Communities Steering Committee (lead by OEA) completed a final report and work plan which has been submitted to AARP national office for approval. Moving into the implementation phase of this initiative, sub-committees have already begun addressing specific work plan goals. To sustain and increase stakeholder and volunteer involvement, an Age-Friendly Community Summit is planned for June 15, 2017.

City of Portland Health and Human Services
Barron Center
FY18 Budget Highlights
Dawn Stiles - Department Director

Summary

	FY17	FY18 Proposed	Change	Percentage
Revenues	19,536,801	20,373,892	837,091	4.28%
Less: Expenditures	16,194,683	16,734,711	540,028	3.33%
Net Gain/Loss	3,342,118	3,639,181	297,063	8.89%

Personnel Changes

Administration - Addition of 1.0 Account Clerk II
Nutrition and Supply - Add 1.0 Project Support Team Worker
Nutrition and Supply - Add 1.0 Assistant Cook

Total Personnel Changes

Significant Revenue Changes

Medicaid rate increase from $235.89/day to $244.04/day
Medicare rate decrease from $431.29/day to $413.31/day
Medicare payor source decreased from 8% in FY17 to 7% in FY18

Significant Expense Changes

Administration - Administrator Training and 4 month overlap of Administrator
Therapeutic Recreation and Environmental Services - Furniture Replacement
Nutrition and Supply - Blast Chiller and Stand Mixer for Nutrition and Supply
Environmental Services - Vent Duct Cleaning

FTE's

Administration	11.1
Therapeutic Recreation	6
Nursing Administration	18.2
Nursing Direct Care	157.6
Nutrition and Supply	35
Environmental Services	6
Housekeeping	14
Laundry	10.8
Total	258.7

FY18 Barron Center Division Summary

ADMINISTRATION

- The Administration Division of the Barron Center consists of 35.3 FTEs that are responsible for the care and management or the facility's 219 residents and 300+ employees. It Includes the Social Service and Recreational Divisions, in addition to the Business Office, Nursing Administration, and the Facility Administration. Social Services and Nursing Administration coordinate admissions to the facility; Recreation staff plans and offers leisure activities for life enrichment of our residents. Nursing Admin provides clinical oversight of resident care and operates the Quality Improvement efforts of the facility. The Business Office accepts payments from residents and coordinates with First Atlantic Healthcare, the Barron Center's billing vendor, in addition to conducting budget functions. Administration includes HR functions and Payroll for 267.8 FTE.

NURSING

- The Barron Center's Nursing Division consists of 157.6 FTEs that are the direct care providers to the Barron Center's 219 residents. They are registered nurses, licensed practical nurses, certified medication technicians and certified nursing assistants. The Barron Center provides skilled rehabilitation services, short and long term nursing care, and hospice care for end of life. The last annual survey was found to have only minor deficiencies and nursing care at the Barron Center continues to be held in high regard in the community. At the most recent survey the Barron Center was providing one hour and 13 minutes of licensed staff time and two hours and 48 minutes of nursing assistant time (above average rates). Residents and families alike continue to express their gratitude for the care received at the Barron Center.

NUTRITION AND SUPPLY

- Nutrition and Supply Services Division consist of 35.0 FTEs that provide nutrition services for 219 residents through recipe development and therapeutic diets and meets the needs and preferences of our residents. The Barron Center runs an employee cafeteria, the Clock Tower luncheonette and provides meals Monday through Friday for the Adult Day Programs. Nutrition Services does occasional catering for other City Divisions. The Barron Center provides dining room service for the noon meals seven days a week in addition to restaurant service meals twice weekly, once in the morning and once in the evening. Supply Services provides for supply inventory for all nursing units and other divisions, consisting of OTC medications, incontinent supplies, wound care, oxygen, etc., and all office supplies.

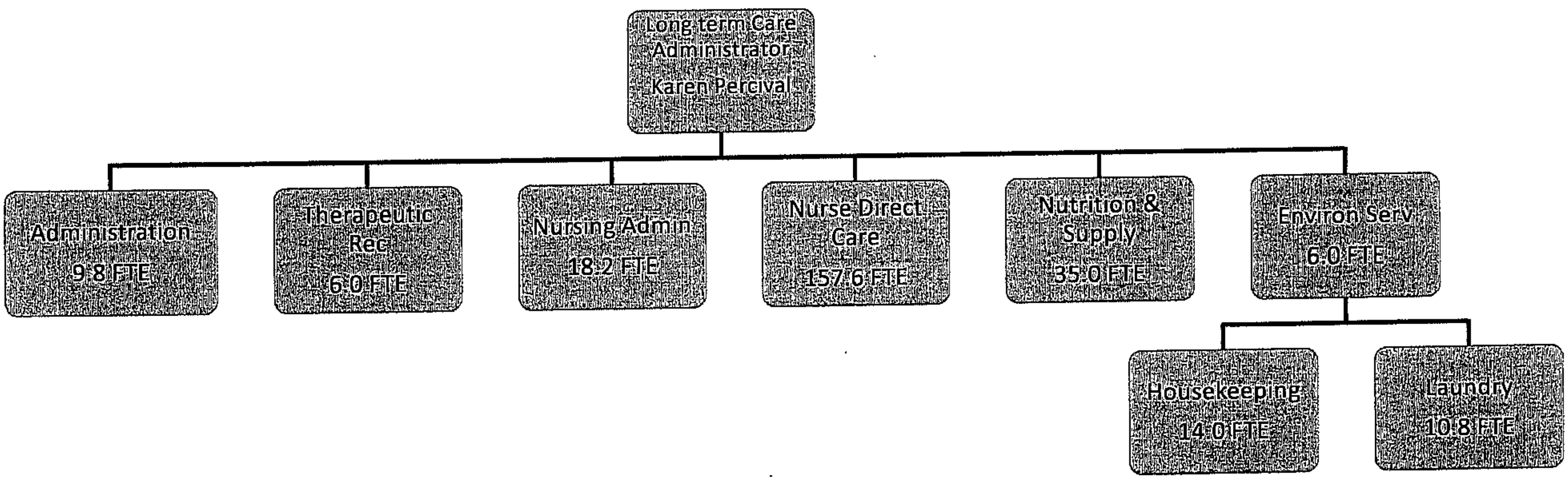
ENVIRONMENTAL SERVICES

- The Barron Center's Environmental Services Division is composed of maintenance (6FTEs), housekeeping (14 FTEs) and laundry (10.8 FTEs) services that provide for the needs of our 219 bed facility. The Maintenance division keeps the building in repair and working order either through completing projects themselves or arranging for outside vendors as appropriate. Maintenance conducts facility fire drills and provides orientation education to drill procedures. Housekeeping services is responsible for the cleanliness of our building including caring for resident rooms and the nursing units. In all nursing homes cleanliness, or lack thereof, is often the first impression made and we are very proud of the contribution of our housekeeping division. And finally the Laundry division provides all linen and personal laundry services for the Barron Center.

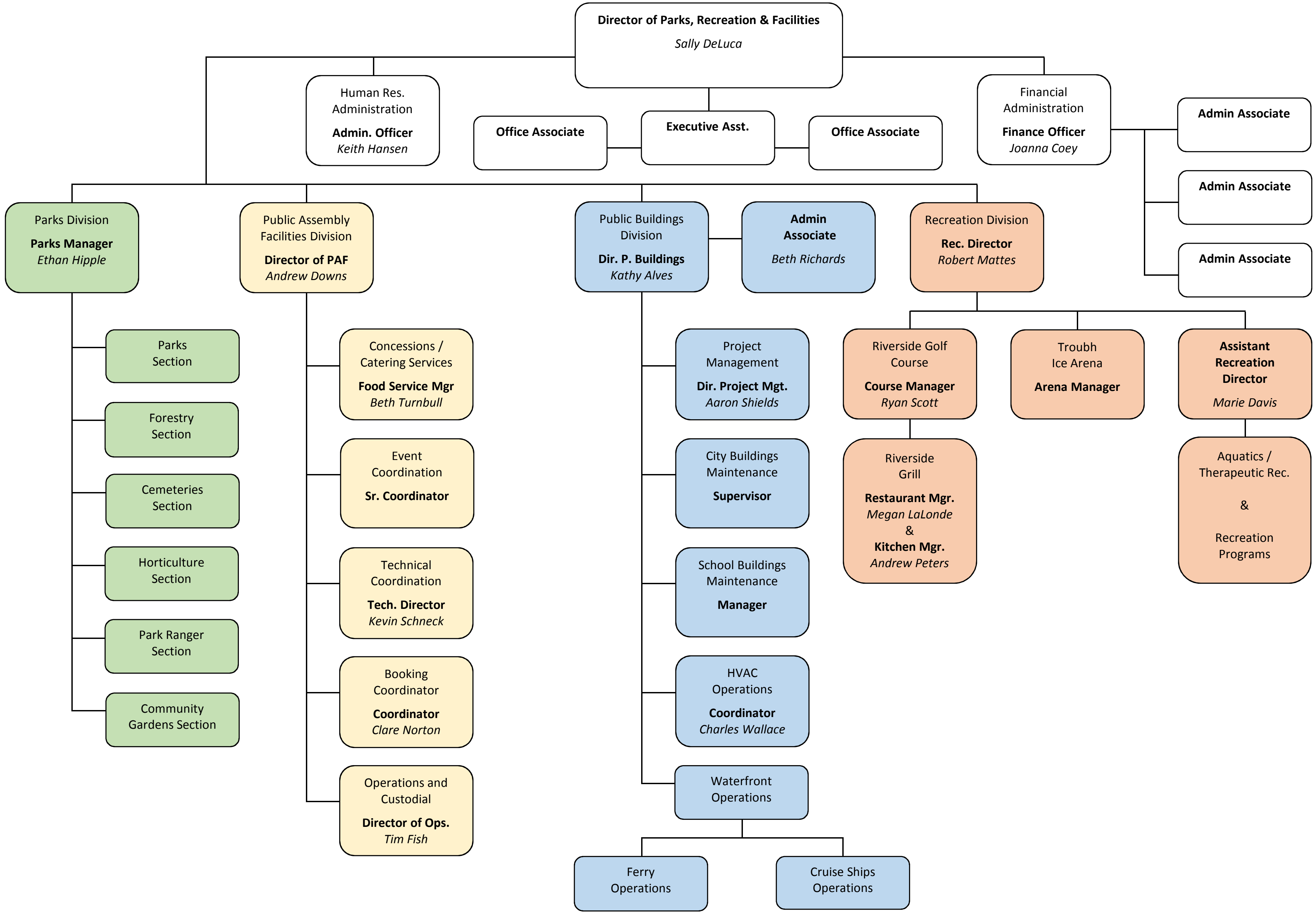
BARRON CENTER ACCOMPLISHMENTS

- Moved from a 2 star facility to a 4 star CMS facility in 2017.
- Began a relationship with Optum, a Medicare Advantage plan which provides additional benefits to our residents. Residents in the Optum program receive additional care from an Optum Nurse Practitioner in addition to enhanced vision, dental, transportation and podiatry care. In addition, residents in the Optum program can become skilled care under Medicare without going to the hospital for three overnights.
- Accomplished Payroll Based Journal (PBJ) reporting. PBJ is a new regulatory change regarding how long-term care facilities report staffing levels to CMS on a quarterly basis.
- Completed resident satisfaction surveys with the Abaqis (data collection system used to become survey ready) Program.
- Began the remodel of the Zolov Unit.

Health and Human Services Department
FY18 Proposed
Barron Center Organizational Chart



Department of Parks, Recreation & Facilities



Department of Parks, Recreation & Facilities

FY18 Budget

Parks, Recreation & Facilities Department:

The Parks, Recreation and Facilities Management Department consist of four major divisions: Parks, Recreation Facilities (Public Assembly and Building Maintenance & Waterfront). Parks Division oversees Parks, playgrounds, athletic fields, courts, cemeteries, forestry, horticulture and fountains. Recreation manages four community centers, pools (2 indoor and 1 outdoor seasonal), Riverside Golf course and Restaurant, Troubh Ice Arena, senior adult programming and therapeutic recreation. The Facilities Division is responsible for scheduling and management of Merrill Auditorium, Hadlock Stadium, Portland Exposition Building, Ocean Gateway and the Maine State Pier. Lastly, the Building Maintenance responsibilities include the maintenance, repair and renovation of a variety of City buildings as well as the City's Waterfront properties.

Department Administration:

The Parks, Recreation and Facilities Management's Administrative division serves a large and extremely diverse department. The Administration division oversees the numerous activities and challenges that transpire within the department. Functions include providing general administrative support, involving much of the centralized accounting and payroll duties.

Revenues: $0

Expenditures: $435,157

FTE's: 7

Trades:

The Trades Division budgets comprised of a highly skilled workforce that maintain, repair and renovate the various City buildings. Services provided include carpentry, painting, electrical, plumbing, remodeling and the maintenance of heating and ventilating systems.

Revenues: $27,000

Expenditures: $1,127,867

FTE's: 17

Public Safety Buildings:

This division includes all the expenses for maintaining the City's Public Safety building, which house the Police Department.

Revenues: $0

Expenditures: $408,039

FTE's: 2

City Hall:

This division includes all the expenses for maintaining City Hall, which houses various administrative offices.

Revenues: $0

Expenditures: $448,512

FTE's: 3

Merrill Auditorium:

This division includes all the expenses for maintaining Merrill Auditorium, a 1,900 seat performing arts venue attached to City Hall. Prime Tenants include Portland Ovations, the Portland Symphony Orchestra and Friends of the Kotzschmar Organ. The theater hosts a variety of performances each year including symphonies, Broadway performances, concerts, comedians, graduations and holiday programming. In FY'16 Merrill Auditorium hosted 135 events with over 151,000 patrons in attendance.

Revenues: $587,700

Expenditures: $482,953

FTE's: 5

Hadlock Stadium:

This division includes all the expenses for maintaining Hadlock Stadium, a 7,400 seat baseball stadium that was opened in 1994. It is home to the Portland Seadogs, AA affiliate of the Red

Sox and high school baseball powerhouses, the Deering Rams and Portland Bulldogs.

Revenues: $332,531

Expenditures: $300,681

FTE's: 0

Other Public Buildings:

This division includes all the expenses for maintaining a variety of other City-owned buildings and structures.

Revenues: $0

Expenditures: $514,049

FTE's: 1.5

Ice Arena:

The Ice Arena is celebrating its 32th year of operation and has been renamed in honor of the late William B. Troubh. He was instrumental in creating the rink when he served on the City Council during the 1970s-80's. The City-owned rink, located next to the Portland Expo and Hadlock Field provides rental of ice time to various community users including adult leagues, high school, middle school and youth hockey organizations and to the public. Ice skating and Figure Skating lessons are offered as well. The City also operates the Ice Arena concession stand. The annual Ice Show is held the last weekend of April each year and is open to the general public.

Revenues: $611,818

Expenditures: $570,449

FTE's: 5

Exposition Building:

This division includes all the expenses for maintaining and managing this venue. The Portland Expo is home to PHS basketball, and the Maine Red Claws, a NBA development league, which began playing in 2010. In FY'16 the Expo hosted 94 events with over 94,000 attendees, including basketball games, trade shows, middle school track and Professional Boxing.

Revenues: $289,400

Expenditures: $439,140

FTE’s: 4

Waterfront Maintenance:

Waterfront Maintenance is responsible for the repair, maintenance and operations of City-owned waterfront property which includes the Portland Ocean Terminal, Maine State Pier and Ocean Gateway.

Major focus for this upcoming year:

Cruise passengers continue to be on an upward trajectory. By season 2018 we are projected to welcome 150K passengers, up from 100K in 2016.

Pier maintenance work continues as we finish phase 3 of a $1.75M seawall project. Pier work continues at Compass Park as we prepare for concerts on the pier.

New floats are being constructed for East End and Cushing for this spring.

New comfort space for cruise passengers will be ready for fall.

Revenues: $2,015,884

Expenditures: $1,166,489

FTE’s: 3

Public Assembly:

The Public Assembly division handles the general management, marketing, booking, event coordination and other miscellaneous staff and operation needs of the Facilities Management division functions of the department.

Included under Public Assembly are the Maine State Pier, Ocean Gateway and Permitted Events. In FY’16 the Maine State Pier and Ocean Gateway hosted 161 events with over 69,000 guests in attendance. These events include concerts, weddings, proms, non profit fundraisers, business meetings and holiday parties. Over 650 permitted events took place within the City in FY’ 16 including road races, block parties, farmer’s markets, Art Walks, and rallies.

Revenues: $593,150

Expenditures: $1,001,715

FTE’s: 15.8

Concessions:

The Concessions division manages the concessions and catering operations for Merrill Auditorium, Portland Exposition, Fitzpatrick stadium and the Troubh Ice Arena.

Revenues: $429,500

Expenditures: $382,943

FTE’s: 1

School HVAC:

The School HVAC division is responsible for heating, ventilation and air conditioning maintenance for all 20 elementary, middle and high school buildings.

Revenues: $521,703

Expenditures: $521,703

FTE’s: 2

Athletic Facilities:

The Athletic Facilities is responsible for the care of all City-owned athletic facilities in Portland. This includes 14 baseball/softball fields, 2 artificial surface football/soccer stadiums, 15 multi-purpose fields, 30 playgrounds, tennis, basketball and volleyball courts as well as ornamental water fountains.

Revenues: $283,000

Expenditures: $764,638

FTE’s: 7.5

Recreation:

The Recreation Division provides a wide range of programing/leagues and clinics for all groups in the City and operates community centers in the Riverton, Reiche, East and Peaks Island. The Recreation division offers before and afterschool programming at all elementary schools (no beforecare at Peaks) as well as summer camp programs for children currently in K-7th grade. We currently provide before and afterschool programming for 1 out of every 4 children in the elementary schools. Almost 700 children learned to play basketball in our leagues this past season and over 400 children attend our summer camp programs. We maintain a list of over 400 senior adults in our 65+ program. We will have a new Park n Play program at Deering Oaks this summer as a drop in program for children as well as a Hacker's camp for kids to learn how to write computer code.

Revenues: $1,556,678

Expenditures: $1,916,155

FTE's: 38

Aquatics:

The Aquatics division operates two indoor pools at the Riverton and Reiche Community Centers and a seasonal outdoor pool, the Kiwanis Pool on Douglas Street. In FY17 Therapuetic Recreation was moved to Aquatics. The division offers swimming lessons and aquatic programming for all ages including adult water aerobics and Master's level program. In any given week we instruct over 700 people from infants-adults in our pools. Stand up paddling has been a big hit this year will classes filling each session.

Revenues: $418,825

Expenditures: $623,895

FTE's: 11.7

Riverside Golf Course:

The City-owned Riverside Golf Course offers 30 holes, the 18-hole North Course, the 9-hole South course and the 3-hole practice course. Amenities include lessons and clinics which are managed by the Recreation Division. FY17 includes the return of a golf pro. Riverside is also home to several golf tournaments events each year. The 3-hole practice course is used by our new golf pro to provide lessons to new golfers and golfers sharpening their short game skills. Several years ago the City contracted with the National Golf Foundation to assess our golf course. Since that time, staff have been working to implement their recommendations. We are very proud of the work we have accomplished and excited to welcome many new people to play at Riverside.

Riverside is also a full service winter venue. Sledding hills, two ice skating ponds, many miles of xcountry ski trails are provided at no cost to participants.

Revenues: $1,063,581

Expenditures: $1,031,925

FTE's: 4

Riverside Golf Course Restaurant (Riverside Grill):

The Riverside Grill opened its doors in May 2014. The new restaurant is currently managed in-house by the Golf Course staff. The restaurant serves both lunch and dinner and brunch on Saturdays and Sundays as well as providing a beverage cart to golfers. Restaurant will be open 7 days per week beginning April 23rd.

Revenues: $419,116

Expenditures: $419,116

FTE's: 2

Canco Road:

This division includes all the expenses for maintaining two buildings on Canco Road, which houses Parks, Recreation & Facilities ast 212 and Public Works at 250. Upcoming projects include installing overhead door to allow Parks to move out of 82 Hanover St. Replace flat roofs at 250 Canco, install wash bay for Public Works, continue planning of new campus for fleet services.

Revenues: $130,000

Expenditures: $331,383

FTE's: 0

Cemeteries:

Cemetery Operations is responsible for the care and maintenance of 16 cemeteries. Evergreen and Forest City Cemeteries are the City's two active burial grounds. In addition to the care of grounds, the division is responsible for interments, lot sales and other funeral-related services. The Cemetery crew maintains the two largest inactive cemeteries in the City, Eastern and Western Cemeteries as well as the inactive Pine Grove Cemetery which is adjacent to the grounds of Evergreen Cemetery. Wilde Memorial Chapel, located on the grounds of Evergreen Cemetery, may be rented through this division for weddings, funerals, and memorial services.

Revenues: $477,688

Expenditures: $842,811

FTE's: 9.5

Forestry:

The Forestry operations were transferred from Public Works in FY17 and is responsible for the care of over 20,000 street trees throughout the City and nearly an equal number in the park areas. We are responsible for Forestry and routine maintenance. Forestry employees are on-call 24 hours a day to respond to emergencies such as fallen limbs that are blocking streets. The successful Community Garden program is run through this division, with over 400 plots in ten gardens.

The division actively seeks grant money from the State to increase the number of city trees planted each year. Forestry also promotes the "Tree Challenge" program, where individuals and businesses may donate funds to help plant additional trees in the City. The division helps to maintain the City's status as a "Tree City USA."

Revenues: $13,415

Expenditures: $713,171

FTE's: 10

Parks:

The Portland Parks Division manages a parks system that includes over 60 parks, 7.5 miles of multi-use trails, 10 community gardens, 2 stadiums, 16 cemeteries, dozens of athletic fields and courts, all spread across 721 acres of land. The Parks Division also stewards an urban forest of 20,000 inventoried trees, and maintains flowerbeds, meadows, and natural open spaces throughout the city. Our Park Rangers make sure our parks are safe for all, and our hard working maintenance crews keep our parks beautiful in the summer, and plow our city sidewalks and trails in the winter.

The Parks Division aims to provide outdoor recreational opportunities for everyone, during all four seasons of the year: from the Portland Skatepark, to 4 splash pads and wading pools, 2 dog parks, 4 maintained ice skating ponds, a sledding hill and miles of groomed XC ski tracks.

We have started a new series called “A Walk in the Park”. The following address will give more details:

http://me-portland3.civicplus.com/1990/14550/Park-Tours-and-Talks

Revenues: $41,550

Expenditures: $952,576

FTE’s: 12.5

Tel: (207) 874-8801
e-mail: mbobinsky@portlandmaine.gov

January 7, 2013

Michael J. Bobinsky
Director of Public Services
City of Portland
55 Portland Street
Portland, ME 04101

Re: NGF Consulting Services for the City of Portland, Maine

Dear Mike:

National Golf Foundation Consulting, Inc. (“NGF Consulting” or “NGF”) was retained by the City of Portland (“City”) to evaluate the operational and economic performance of the City’s municipal Riverside Golf Course (“Riverside GC”). The attached report details the NGF review of the Riverside golf facility and its market environment, and provides recommendations and a proposed plan for its future.

This NGF review was managed by Richard Singer, MBA, NGF’s Director of Consulting Services, with assistance from Ed Getherall, MBA, NGF’s Senior Project Director. NGF activities in review of the City’s golf program included several meetings, inspections, review of data, and utilization of the NGF consultants’ experience and knowledge of golf industry best practices. It is expected that the results of this NGF study will be used by the City as a guide for the future of the golf course, and to help convey to interested parties (citizens of Portland, City Council, etc.) that the City will operate the golf facility in the most efficient manner possible. The ultimate goal of this project is to help facilitate a strategic plan for Riverside Golf Course that will put the facility on a path toward long-term economic stability and sustainability.

This executive summary letter is presented to provide an “at-a-glance” summarization of the full NGF review, detailing the main findings and NGF recommendations for Riverside Golf Course to improve its operation. Additional details and support data on this summary can be found in the full body of our report and its appendix.

KEY FINDINGS ON CITY OF PORTLAND MUNICIPAL GOLF PROGRAM

The City of Portland is operating a good-quality municipal golf facility with an interesting mix of amenities, the centerpiece of which is the historic 18-hole Riverside Golf Course. NGF has found that the golf facility, which is a very important part of the City’s recreational offerings, is still perceived as an historic and high quality golf course, though many area golfers feel that its glory days are in the past. Still, as we will discuss in this report, NGF believes that Riverside GC holds great potential to improve and to recapture its history and reputation. Riverside GC and its complementary elements –the 9-hole South Course, 3-hole practice course, driving range (now closed), main clubhouse, and winter activities – comprise a golf offering that truly can offer “something for everyone,” from the beginner all the way up to seasoned golf professionals, in addition to non-golfers.

Riverside GC has traditionally reflected well on the City of Portland, but recent declines in economic performance and facility conditions have led to stress within the golf operation. There have been many reasons for the decline, including factors that are controllable by the City (amenities, pricing, customer service, condition, etc.) and factors that are not controllable by the City (competition, economy, weather, golf market, etc.). The result is an Enterprise Fund that is not currently covering all obligations, at a time when new investment in the property is needed. What is also needed in 2012 is an appropriate business plan for the operation of the Riverside Golf Course, the implementation of which will help to improve its fiscal condition. Other basic observations from the consultants on the City of Portland's municipal golf operation include:

Physical Condition

- The Riverside GC is offering a strong mix of amenities that have the potential for a high level of golf activity. Ancillary amenities such as the 9-hole south course, 3-hole practice loop and driving range (now closed) are ideal to provide for growth of new golfers in the community. However, the location of the property will limit total rounds activity due to a shorter golf season in Maine and issues related to the Presumpscot river flood plain.
- The main clubhouse at the Riverside GC (North course) is in poor overall condition and is in need of upgrade, likely requiring significant capital investment. The present condition of the main clubhouse is negatively affecting total facility revenue and is also reflecting poorly on the City of Portland. The South course pro shop building is similarly situated and is also reflecting poorly on the City, although upgrade of this facility is underway with completion expected by the next golf season (2013).
- The food and beverage operation is presently in transition from a privately-managed "bar" operation to a more appropriate public golf course "snack bar" operation through the City's Barron Center food service. This area of the facility needs capital upgrade, but appears to be making strides to improve negative perceptions developed about the facility in the market due to previous operator/vendor activities.

Operations

- The NGF finds that the Riverside GC is being managed as a "public accommodation" as opposed to a self-sustaining Enterprise Fund. As such, a key decision for the City is related to where the Riverside GC fits in with the overall City service offering, and whether taxpayer support of the operation is appropriate. The un-profitable characteristics observed by NGF that make the facility appear to be more of a "public accommodation" include:
  - Winter activities
  - Layers of City Bureaucracy in golf facility management
  - Member entitlements
  - General constraints to implementing "best business practices"
  - Uncontrollable limits on activity from short season and floodplain
- At present, the Riverside GC does not employ a golf professional (PGA Pro), as the position was not replaced after the last pro retired in early 2012. This has had both positive and negative implications for the operation. On the positive side the City is able to save in labor expense by reducing this position. On the negative side, the course is missing some of the key programming and lesson/teaching benefits that

come with a properly trained PGA golf professional. The NGF survey conducted in 2012 indicated that golfers at Riverside GC would prefer to have a PGA pro on staff at the facility.

- The Riverside GC is operating with a pre-paid annual green fee arrangement that contributes significantly to activity and revenue. At Riverside, the pass holders generally refer to themselves as “members” rather than pass holders, as they do not perceive the program merely as a pre-paid green fee. While pass holders are an important element of the Riverside GC operation, NGF has learned from several independent and unsolicited external sources (conveyed information to NGF in confidential fashion) that a subset of the members view Riverside as their own private club and that outsiders can be made to feel “very unwelcome.”
- The marketing of the Riverside GC has improved in recent years, but NGF finds the whole “brand image” of the Riverside GC is lagging behind its competition. Items such as the website, scorecard, condition of the clubhouse, and lack of signage are indications that an upgrade in the marketing and promotion of this facility would improve performance. The NGF has specifically identified the facility’s electronic/technology marketing (website, email, customer tracking, POS system, etc.) as being highest on the priority list for upgrade.
- The City of Portland is considering a full smoking ban for the entire Riverside GC property. A ban on smoking in or near the clubhouse is already in effect (including outside patio), with some dissatisfaction expressed by golfers. The NGF review of other cities that have enacted full smoking bans on golf courses has been a negative impact on rounds and revenues, which should be considered by the City of Portland.

Performance Metrics

- Total rounds played and golf revenues at Riverside GC have been declining in recent years, a trend that is not totally inconsistent with national benchmarks. However, the declines in rounds and revenue have been more severe than the industry “standard,” indicating that Riverside GC is underperforming based on the present condition of the facility, its management and operating policies.
- Similar to revenues, the total expenses incurred to operate the Riverside GC are also lower than industry “standards.” This finding is significant because the Riverside GC is clearly setting its maintenance budgets to match declining revenue, rather than for the needs of the golf course. This is not sustainable for the long term as some key maintenance needs are being reduced and/or deferred, putting the physical integrity of the facility at risk of decline.

KEY EXTERNAL MARKET ENVIRONMENT FINDINGS

NGF made several key observations regarding the external factors that can affect the Riverside Golf Course operation and its ability to improve its operational performance, including:

- National trends in the golf industry are generally not favorable for operators. The demand for golf rounds has clearly leveled off across the country and in this part of Maine in 2009-2011. The recent trends show declines in rounds and declines in revenue, with some recovery observed in 2012. In addition, the total number of golf facilities has expanded in the last ten years, leading to a decline in per-course rounds and revenues. The NGF has also documented a rapid inflation in expenses to operate golf facilities nationwide.

- Area demographics are mixed for Riverside Golf Course. The population is moderately large, but the income indicators are less favorable and coincide with lower-than-average demand for golf. A key positive is the prime location of the facility and ease of accessibility. The greater Portland area has many favorable attributes related to economic activity that can translate to high golf activity, such as large employers, convenient transportation infrastructure, and a growing tourist market.
- The overall golf market in the Portland metro area is large, with upwards of 420,000 rounds of golf potentially demanded at area golf courses. Overall participation in golf is predicted to be lower than average in the Portland market, due largely to the shorter golf season, but it may also be reflective of the local economy.
- The NGF has compared the relative strength of the Riverside GC market area with the "threshold" of golfers per golf course within 10 miles of a golf course. In its 2009 publication "*The Future of Public Golf in America,*" NGF hypothesized that the best predictor of a public golf course's success was the number of golfers per 18 holes within a 10-mile radius, with 4,000 identified as the key number for projected financial stability. Our review showed that the Riverside GC is in a market with only 1,500 golfers per golf course, or approximately 38% the number of golfers per golf course compared to the identified "success threshold."
- Along with the NGF estimated number of golfers comes several golf courses, including 20 total golf facilities within 15 miles of Riverside GC. The NGF review of these facilities shows that Riverside GC is presently of lower quality than many competitors, but has the potential to be superior with proper maintenance and capital investment.
- The NGF review showed that Riverside GC is priced at the lower end of the scale in comparison to other area golf courses open and available to the public. This is especially true of pre-paid annual green fee passes, where Riverside GC is the lowest priced in the market, especially with respect to Portland resident pricing.
- Based on interviews with area golfers and golf facility operators, the market perception of Riverside GC is generally mixed, with positive reactions to the scenic, historic golf course and negative reactions about Riverside and the City's oversight of the facility. Recurring themes centered around the facility being "dysfunctional," unwelcoming to players that were not regulars, and a "private club for their members." Also, there is the perception among many that budget constraints have resulted in a weakened product.
- The introduction of newer golf courses in Riverside's trade area since the late 1990s, (Spring Meadows, Dunegrass, Toddy Brook, Fox Ridge and Old Marsh CC) has almost certainly contributed to the decline in play at Riverside GC and other area courses. New 9-hole tracks such as Deep Brook and Saco and Highland Green in Topsham have also affected play for Riverside South. The reduction in membership fees at the high quality private Falmouth CC has also likely had an impact on Riverside's membership.
- The NGF Consulting review suggests that there is both the potential to grow, and capacity to handle, increased rounds at Riverside GC. Among the keys to growth in golf activity will be increasing participation among minorities and females. Beginner-type facilities such as Riverside Executive (South Course) and the Riverside learning course can be helpful in meeting this challenge.

KEY NGF RECOMMENDATIONS

The NGF consultants developed a preliminary set of recommendations for the City to consider in its goal of expanding rounds, expanding revenues and reducing expenses. These recommendations included: (1) basic oversight and structure; (2) physical enhancements; and (3) operational recommendations. These ideas are designed to provide the City with basic strategies to help improve operations, but should also serve as a catalyst for some important strategic decisions that are facing the City related to the proper place of the golf course within the overall City service offering.

Recommendations on Basic Oversight and Structure

The NGF consultants reviewed several options for the operation and management of the City's golf program, including self-operation (status quo), concession agreements, a full-service management contract and operating lease. In order to determine the best operating structure for Riverside Golf Course going forward, the City of Portland must weigh several key considerations related to:

- **Economics** - including need for significant capital spending, and the possibility of continued and ongoing operating deficits.
- **Public policy implications** – including whether golf should be considered a public service/accommodation due to its overall value to the community, how the Riverside Golf Course facility, in its present condition, reflects on the image of the City of Portland, and whether privatizing the operation is politically palatable.

From the economic standpoint, NGF believes that Riverside GC has a chance to make a small operational profit (before debt) under continued self-operation if the City enacts key recommendations made by NGF, the most significant of which involve upgrades in technology, changing the "member" culture, moving the golf into the Recreation Department, enhancing new player development programming (with a PGA Pro) and enacting policies that will allow the golf fund to operate as a business.

However, we must note that this course of action will require significant investment on the City's part to improve the facility infrastructure and support amenities (especially clubhouse). The City must also stop deferring maintenance and budgeting to revenues - practices that are not sustainable for the long term. NGF believes that the current $55,000 to $60,000 set aside to improve clubhouse lockers and restrooms are necessary, but not sufficient, and reflect a short-term "Band-Aid" approach and not a long-term solution.

Given the need for extensive capital improvements, the City will likely face another key public policy decision – whether to solicit bids for a private entity to come in on a long-term lease basis and fund some or all of the improvements. (We note that a management contract might result in improved operational net income, but the issue of funding needed capital improvements would remain). Alternatively, the City can finance these improvements out of the General Fund.

NGF Recommendation

If the City is not ready to shift its thinking and treat Riverside GC as a public service rather than a self-sustaining enterprise, and/or if it is unwilling or unable to fund the improvements necessary at Riverside GC, NGF recommends that the City solicit bids for a long-term lease of the property. We also recommend that this solicitation include the requirement for significant capital investment (including the main clubhouse) from the bidders. **The City should then enter**

into a formal operating lease only if a qualified private vendor is committed to contributing direct capital investment into the Riverside GC property in exchange for a longer-term (15+ years) lease agreement. Given the realities of the Riverside operation and the present golf market, the City should not expect a large annual cash lease payment from the vendor under any operating lease agreement.

NGF recommends that *if* the City of Portland continues to self-operate Riverside GC that it commit to implementing the key NGF recommendations outlined in this report. One of the most important of these recommendations is the **addition of a strong on-site manager with golf operations experience reporting to the Director of Recreation and with limited day-to-day operational interference from the City government**. The key responsibilities envisioned for the on-site manager would be:

- Manage efforts to modernize and maximize use of technology.
- Tee sheet / yield management – work to fine-tune pricing based on demand.
- Create and implement formal marketing programs and strategies.
- Direct selling of tournaments.
- Tee sheet management to find the right member/daily fee balance.
- Manage the expectations and entitlements of the members.
- Cultivate a strong player development program.

Specific Physical Recommendations

In an effort to raise the quality of the golf course and help to improve performance, the City must be prepared to make capital investment in the golf course. While the Riverside Golf Course was in generally good overall condition during the NGF visit, it was clear that some of the reductions in maintenance have had impact and that there are some actions/investments that the City could make as a way to enhance revenue and/or reduce expense. These specific investments are detailed in the body of our report and total approximately $1.1 million, assuming that the City chooses “renovation” of the main North clubhouse as opposed to “replacement” of that facility.

Specific Operational Recommendations

NGF Consulting has offered a set of operating recommendations that the City should strive to have incorporated into the City golf program, regardless of management structure. These recommendations are listed in the full report and generally center on improving the use of technology, enhancing marketing, improving the F & B operation, adjusting fee policies, improving signage and establishing a formal set of operating and maintenance policies that can be adhered to.

FINANCIAL PERFORMANCE ESTIMATE

The results of the NGF Consulting financial analysis of Riverside GC show that the facility could improve its financial position by upgrading its facilities, streamlining management, improving marketing and increasing daily fee rounds. However, even with revenues totaling over $1.24 million (from all sources), Riverside GC will still be in a position very close to “break-even,” with little excess income available for large capital projects. The City should assume that this level of performance is the “new reality” for this facility and that performance is unlikely to return to levels achieved in the last decade.

SUMMARY CONCLUSION

In summary, NGF finds that the City of Portland is operating a popular, but underperforming, golf facility with amenities that are sufficient to generate close to $900,000 in total gross revenue. NGF found six key specific areas that we feel are the most significant contributors to the recent economic performance of Riverside Golf Course:

1. Declining physical condition, particularly in the main clubhouse
2. Declining participation in golf nationwide and regionally
3. Strong competition for market share
4. A need to improve marketing to include both passive and active marketing efforts
5. Site factors such as the flow of the Presumpscot River that neither the golf course nor City has any control over (SAPPI).
6. A dominating club membership that appears to have alienated some non-member activity

NGF believes that action on some the controllable items will provide the greatest relief of economic stress to the golf operation, although adding some economic investment and a strong centralized management structure will also help improve the bottom line of the Riverside GC Golf Enterprise Fund.

The most important NGF recommendations for Portland Golf include:

1. Complete extensive upgrades to the Riverside GC facility
2. Streamline the operation, possibly moving to Recreation Department
3. Add a strong on-site manager with more control and less day-to-day reliance on the bureaucracy of City government
4. Improve marketing
5. Make the food and beverage service more “golfer-friendly”
6. Resist reducing expenses any further as a method to reduce fiscal losses

Mike, we appreciate your confidence in the National Golf Foundation and its consulting services. I am happy to talk to you or any other City staff or Council member to discuss our consulting report. I look forward to your questions and I hope you enjoy reading our consulting report.

Sincerely,

Richard B. Singer
Director of Consulting Services

rsinger@ngf.org
RBS/jsc

Financial and Operational Analysis of the Riverside Golf Course in Portland, Maine

Prepared For:

City of Portland
Department of Public Services
55 Portland Street
Portland, ME 04101

Prepared By:

NGF CONSULTING
NATIONAL GOLF FOUNDATION

1150 South U.S. Highway One, Suite 401
Jupiter, FL 33477
(561) 744-6006

August 2012

Financial and Operational Analysis of the Riverside Golf Course in Portland, Maine

August 2012

Table of Contents

Riverside Golf Course
Facility Overview

The City of Portland's golf facility comprises several segments, including:

Facility	Type
Riverside GC	18-Hole golf course
Riverside "South Course"	9-Hole golf course
South "Practice Course"	3-hole practice course
Riverside Driving Range	Driving Range (presently closed)
Riverside Clubhouse	Main golf clubhouse with snack bar and pro shop
Riverside South Pro Shop	Small 'kiosk" for south course check in

In our review of the Portland golf facility, the NGF Consulting team found a good quality golf facility with a varied mix of amenities, each serving a specific niche. The centerpiece facility, the 18-hole regulation Riverside Golf Course, features an historic golf course from the 1930s and a important New England golf designer (Wayne Stiles). Riverside GC includes the foundation for the appropriate ancillary support amenities, but recent declines in condition have contributed to declining economic performance. It appears as though the City of Portland is preparing budgets based on recent revenue performance, rather than on true golf course needs. While this policy is understandable in tough fiscal times, it is also not sustainable for the long run as the declining conditions could lead to even further declines in revenue and extensive capital needs.

The NGF team has observed that the Riverside GC facilities are located in a residential area of the City and thus have developed a local "core" market from which to draw. The Riverside GC property was acquired by the City in the 1930s, with the intention of creating a "year-round" recreation amenity. At present, the Riverside GC is the largest park owned by the City of Portland. The NGF understands that the site for the Riverside GC North and South courses cannot be used for any other purpose (i.e., sold for development, etc.).

NGF Consulting has observed a dedicated staff at Riverside, often having to work extra hard due to reduced staff. Further, the City appears willing to put additional resources into the golf courses, provided these resources are used to help improve financial performance and increase revenues.

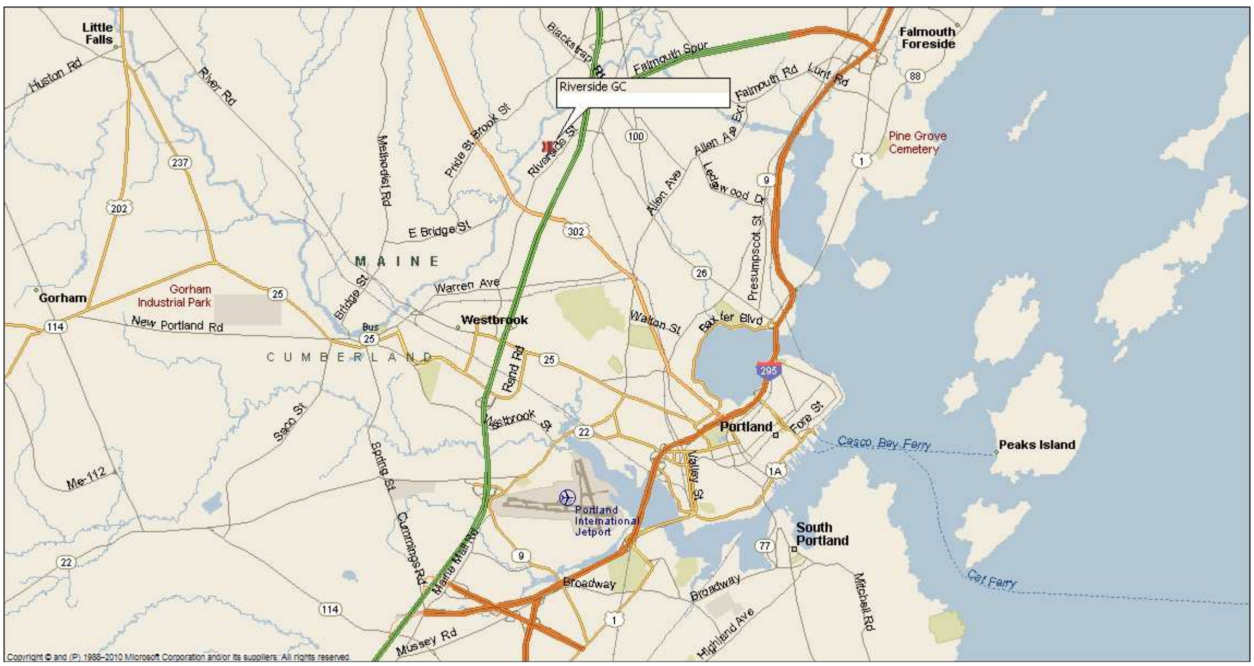
LOCATION AND ACCESSIBILITY ANALYSIS

Riverside Golf Course is located in the northwestern section of the City of Portland, on the eastern bank of the Presumpscot River, and proximate to the residential section of Portland west of Interstate-95. Primary access to the facility is via Riverside Street, a local arterial that runs north-south from Main Street (SR 25), under the Main Turnpike to Washington Av. Driving north along Riverside Street, golfers will first encounter the parking lot and small pro shop for the "South" golf course. As the signage is poor, golfers unfamiliar with the Riverside facility will assume that is the golf course, even though the main clubhouse for the 18-hole "North" course is almost one-half mile further north.

The Riverside GC facility is approximately 2.5 miles from Interstate-95 (Main Turnpike) Exit 48, using Riverside Street. Overall, the facility is relatively convenient and easily accessible for golfers familiar with the location. For those customers less familiar with the location, finding Riverside GC may be slightly problematic as there is no signage to the facility until you reach the “South” course facility, which has limited signage as noted. The NGF did not observe any other signage in Portland directing golfers to the Riverside GC location.

The facility is bounded by the Presumpscot River and large areas of open space to the north and west, with a handful of light industrial and/or office elements along Riverside Street to the south and east. The site does have dense tree covering throughout that forms a signature feature of the property and also provides separation between golf holes that tend to be bunched tightly together (more later in this report). The golf course has some topographical change with higher portions on the south and eastern portions of the property, with lower sections in the areas more proximate to the Presumpscot River. The map below puts the location into local and regional context.

Local Map Context



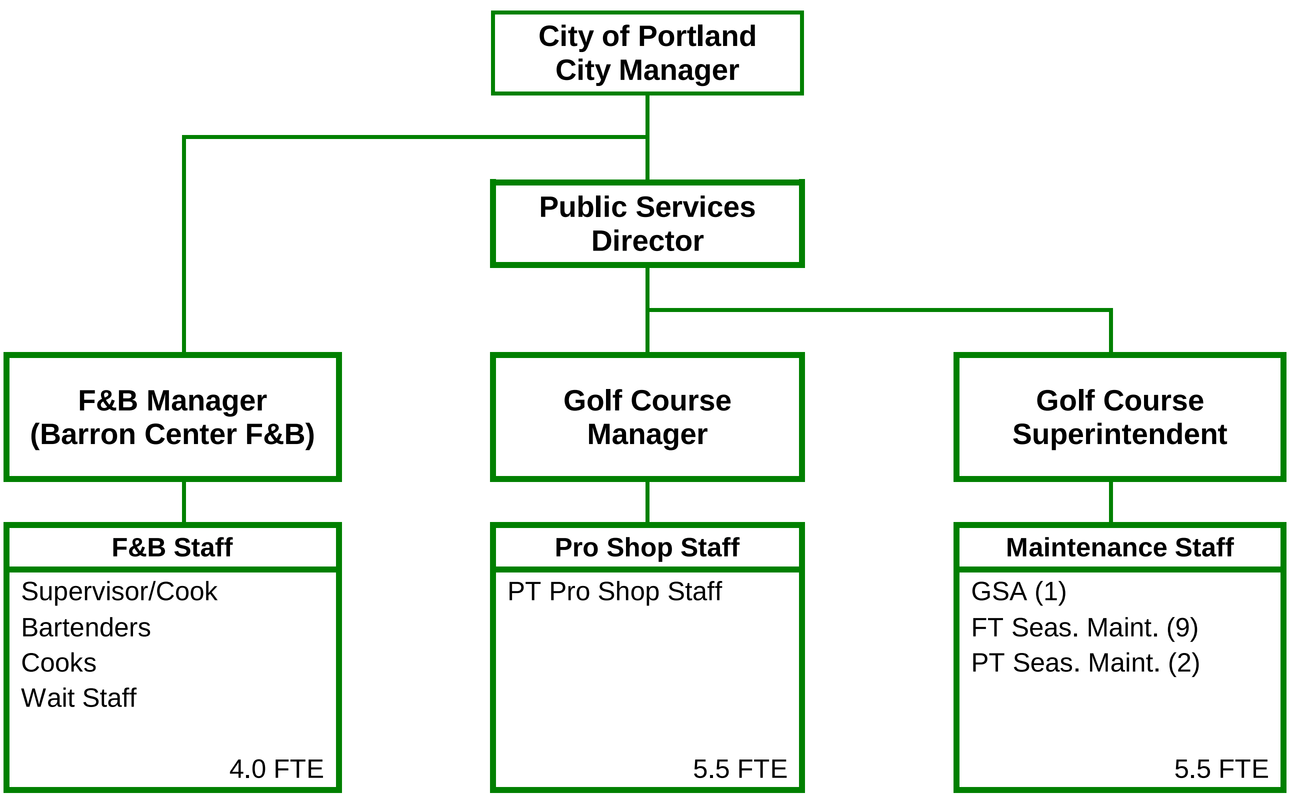
ORGANIZATION AND ADMINISTRATION

The City golf program is structured as an enterprise fund, which is common in municipal golf in the U.S. The system is structured with ultimate authority in the City's Public Services Department, a result of a City consolidation several years back. Prior to this consolidation, the golf course was part of the City's Parks and Recreation Department, but the consolidation placed "parks" within the Public Services Department and "Recreation" remained as a separate department. The decision was based on the large number of maintenance-oriented positions that remained at Riverside GC and the resource sharing that exists for equipment and personnel support as needed (particularly important in weather-related emergencies that may impact the course). The NGF notes that it is not common for municipal golf courses to be operated through Public Works (or Public Service) departments, but it is far more common for golf to be within recreation departments (as the First Tee of Maine is presently).

The facility has traditionally been run with City employed staff, with a food and beverage operation run via contract agreement. This was the case at Riverside GC until March 2012 when the City retained the food and beverage operation and placed it under the direction of the Food and Beverage Manager for the City's "Barron Center." The Barron Center has a considerable food and beverage operation so the fit was appropriate. As we will note in our report, it is common for municipal golf operations to have at least some portion of the food and beverage operation contracted out to a private vendor (more later in this report).

Organizational Structure 2011

The current City of Portland golf system organizational chart is shown below:



Abbreviations: F&B Food and Beverage; **FT** full-time; **PT** part-time; **GSA** Golf Superintendent Assistant; **Seas. Maint.** Seasonal Maintenance; **FTE** full-time equivalent

City-Wide Support for Riverside GC

The Riverside GC golf operation is a key element of the City's public service offering; however, the NGF found very little direct support from the City in golf facility operations, other than oversight from the Public Services Director. Key issues related to the City's relationship to the golf course includes:

Marketing – At present there is no comprehensive City-wide marketing plan for golf and the NGF did not observe any marketing, advertising, or promotional budget allocation related to the Golf Fund from the broader City administration. We further note a golf citizen comment that the only publicity about Riverside from City Hall has been negative, and that City officials rarely (if ever) mention the Riverside GC facility. The City is providing website service via the City's overall site (www.portlandmaine.gov).

Accounting – The golf courses are required to provide an appropriate accounting statement to the City each year for review. All financial statements provided to NGF Consulting by the City of Portland are prepared using an accrual basis of accounting, where revenues are recognized when earned, and expenses are recognized when incurred.

Enterprise Fund – The City of Portland operates the golf course under a defined Golf Enterprise Fund. The enterprise fund structure is very common for municipal golf systems, both in the State of Maine and nationwide. The City currently supports the enterprise fund for larger capital improvements and covers the debt service on the facility, as the fund itself is not earning enough to cover these expenses.

Enterprise accounting allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy or other available funds, if any. A community may choose to recover total service costs through user charges, but it is not required. Enterprise funds frequently are used to account for services whose costs are only partially funded by fees and charges. A community may account for a certain service in the general fund, special revenue fund or an enterprise fund. The advantages of using the enterprise fund method include the ability to demonstrate the total cost of the service, ability to retain investment income, and surplus.

Administrative Charges to the Golf Enterprise Fund – The total expenses to operate the golf course include approximately $23,400 in total charges paid by the golf course to the City General Fund. These charges are common in Enterprise Fund accounting, but can often make the difference in profitability, even though they are one City department charging another City department for services. However, if this was a private business, many of the services provided would have to be secured elsewhere, although perhaps for a lower cost. The summary of City administrative charges include:

Charge	Amount in FY2013
City Manager	$2,965
Finance Administration	$4,017
Treasury	$1,904
Information Technology	$3,781
Human Resources	$1,199
Legal	$9,613
Total	**$23,479**

Winter Operations

The Riverside GC was originally envisioned to be a year-round recreational amenity for the City of Portland, and the Riverside GC is the largest park owned by the City. The new clubhouse was programmed in 1976 with a year-round purpose in mind. The Portland area has a short golf season and a population that is very active in the winter with ski-related activities, and the Riverside GC is a popular location for participation in these winter activities.

Riverside Municipal Golf Course offers a great winter activity site for groomed cross country skiing, sledding, and a maintained ice skating rink. The cross-country trail has been open for seven years and is very popular. The trail is 8 kilometers, which covers all three courses on the 280 acres of Portland GC. It is groomed with two skate tracks and one classic trail. A great family activity that Riverside Golf Course has to offer is sledding, whether it's for the whole family or just the kids. In addition, a popular local non-profit (501 c-3) organization called "Portland Nordic" uses the facility extensively for skiing activities, and has even created plans to expand the ski trail system embedded within the Riverside GC playing area.

It was reported to NGF that the City is requiring the golf course to make the clubhouse available in winter for skiers, and that golf staff be on hand for service. Further, there is no revenue tied to these activities as the City does not charge for use of the Riverside facility. However, there is considerable expense in the Riverside winter operations. Staff reports upwards of $30,000 is added to the golf budget for winter activities, including $24,000 in propane expense to heat the clubhouse, plus additional labor cost. If these costs were removed from the golf enterprise it would help to improve the bottom-line economic performance of the fund.

This winter activities program is a key aspect of the overall public service or public accommodation aspect that is such a large part of the Riverside GC. The Riverside GC appears to be held to an Enterprise Fund standard, required to earn revenue sufficient to cover expense (or expenses may be reduced). As such, the winter activities program is a good fit for the City's public purpose program, but not for a golf facility enterprise. This will have to be considered as the City evaluates the place of the golf course in the overall City service offering, and to what level the citizens (taxpayers) of Portland are willing to subsidize golf operations.

Citizen Advisory Committee

The Public Services Department staff is exploring the possibility of adding a Golf Course Advisory Board for Riverside GC. This Board would likely comprise a diverse group of individuals, including golf members, City officials and other non-players (all yet to be determined).

NGF has extensive experience in reviewing and analyzing citizen golf advisory boards from the municipality's perspective. We have experienced the full gamut in terms of the relative effectiveness of these groups, and the common denominator for the ones that we have found to be constructive, rather than obstructive, are boards that take their responsibilities seriously but also understand that their role is just that – advisory - **and *not* that of a policy making body**.

Though advisory boards can be an important liaison between golfers/other constituents and the municipality, there are potential pitfalls of creating advisory boards that NGF has found through years of experience. A few of the most common we've observed are:

- The board contains one or more dominant personalities; this is especially detrimental if they are direct stakeholders (e.g., members or frequent players) of the golf course.

- The board, by majority, comprises members with vested interest in the outcomes of policy decisions such as setting of fees and course access issues.
- The advisory board has the ability to “stir up” a small but vocal block of golf course customers and prevent implementation of actions and policies that are necessary to run the golf course according to best business practices.
- The board has members more concerned with how policies affect them personally than how policies can help ensure the sustainability of the enterprise fund for the long run.

NGF experience has shown that the role of an advisory board can be redundant and unnecessary when the following elements are met:

- Strong on-site management and expertise.
- Strong oversight and knowledge of the golf course/system at the City level.
- Frequent communication between golfers and management, as well as between on-site management and appropriate City staff (no surprises).
- City understanding of the realities of running a golf enterprise, as well as the constraints that political considerations can place on implementing best business practices.

NGF has noted in this report that Riverside GC and the City of Portland have some weaknesses in the areas described above. Therefore, an advisory board could be a step in the right direction in terms of improving communication and the facility’s bottom line, *if the common pitfalls describe above are avoided*. If the City forms an advisory board for Riverside, the NGF recommends that it include a cross section of people, preferably golfers or people with strong knowledge about the business of golf. This may include City staff such as the Recreation Director, Public Services Director, or Finance Director; the Golf Course Manager; one representative each from the RGA and WRGA; a local daily fee golfer that patronizes several facilities; a prominent local business person (may or may not be a golfer); and perhaps a City Council person (preferably a golfer).

INVENTORY OF FACILITIES

The Riverside GC includes six basic components – 18-hole “North” golf course, 9-hole “South” golf course, main clubhouse, south pro shop, driving range (closed) and 3-hole practice loop. The facility is well organized physically, and has an overall presentation that appears to be declining, but still blends well with the surrounding elements. The NGF review of these components follows in this section.

Riverside 18-Hole North Golf Course

The Riverside North GC is a historic golf course built in the “golden age” of golf course design. The course was developed out of older farmland and fully within the floodplain of the Presumpscot River. This was the original City of Portland municipal golf course that has had several features added to it over the years, including a new clubhouse in 1976 and a new maintenance facility in 1994. A summary of each component follows.

North Golf Course

- Open 1932, designed by Wayne Stiles who is credited with more than 60 other golf course designs (mostly in New England).
- Traditional par-72 layout with tree-lined fairways and generally wide hole-corridors. All 18 greens are original “push-up” greens from the 1930s.

- Four sets of tees (Gold, Blue, White, Red), with the longest measuring 6,448 yards and a USGA slope rating of 125 (about 11% 'harder' than the USGA standard slope rating of 113). The most forward tee measures 5,297 with a slope rating of 122, or also harder than the "standard."
- 35 sand bunkers on the course with at least one on every hole. Water is in play on only a few holes by the river.
- Course is located in a flood plain and portions of the property are frequently forced to close due to river overflow (as was the case in June 2012 during the consultant's visit). The river flow is controlled through a series of five hydro-electric dams on the Presumpscot River operated via license by South African Pulp & Paper Industries (SAPPI). Neither the golf course operation nor the City has any control over river levels that clearly affect golf course activity and revenue.
- Holes #12-13 are closest to the river and flood frequently. A bridge is needed to connect the #13 tee and the #13 green. During flood events, the entire 13-17 section can be closed due to lack of access.
- 1.5 acres of cart paths, not continuous throughout the golf course.
- On-course services are limited. There are no rain shelters and no permanent restrooms/drinking fountains, only "port-a-potties" and water coolers.
- The irrigation system is a SunPro system that was installed in 1987 and appears to be adequate for the North Course. The controllers were upgraded in 1998.
- The dense trees are a defining feature of the Riverside GC, in both aesthetics and functionality. While the trees provide aesthetic and hole separation benefits, there are also problems, including:
  - Trees create more difficulty for the golfers, with tree limbs reducing the space within which a golf shot can be placed. Several hoes have reduced tee areas due to excessive tree cover. The survey of golfers conducted by NGF in 2012 showed a level of dissatisfaction with the amount of tree cover at Riverside.
  - The trees create more shade and prevent breezes from helping turf health.
  - The tree roots of larger and older trees can cause problems such as turf stress and disrupting irrigation lines.
  - The falling limbs can sometime be unsafe for golfers.

North Clubhouse

The present clubhouse facility at Riverside GC was constructed in 1976, with the intention of being a four-season recreational facility. The total area of the building is approximately 9,000 sq. ft. on two levels, and includes several additions made over the years. The building is situated into a hillside, with a front entrance at grade with the parking lot and a rear façade facing the golf course at a higher elevation. At the time of the NGF inspection the main Riverside clubhouse was in very poor condition in both appearance and functionality. The program elements of the clubhouse include:

Lower Level

- **Classroom** – A small classroom area used by the First Tee of Maine for the program activities.
- **Restrooms** – There are two separate sets of restrooms on the lower level, one small restroom below the stairs that is operating but in need of repair, and a second larger restroom that is part of the "club" locker room area that includes a larger toilet facilities and showers, but is not operational at the present time.

- **Locker Room** – A space for up to 35 full lockers for use by frequent players (mostly season pass holders).
- **Bag Storage Room** – Space for storage of golfers' equipment such as golf bags or pull carts, plus additional course storage.
- **Storage** – Additional space for storage of food and beverage inventory and other items.

Upper Level

- **Restaurant** – The space for the Through the Woods at Riverside includes table seating for up to 44 patrons, plus an additional 12 at the bar. A previous private vendor constructed a wood bar. The set-up appears functional, but is clearly showing deterioration in floorings, fixtures and furniture. There are windows out to the golf course. The bar also has potential to offer a nice presentation with TV in view. This type of bar set-up is usually very popular at golf facilities nationwide. The space is not air conditioned as HVAC is not functioning properly.
- **Outdoor seating** – The facility includes a 1,600 sq. ft. outdoor seating area with seating for up to 20 additional patrons. The area used to have an awning / cover that was damaged by weather. The covering is needed to protect patrons from the hot summer sun.
- **Kitchen** – The kitchen facilities at Riverside GC are clearly inadequate and include several pieces of equipment that are critical to a restaurant operation and are in need of replacement (held together by duct tape). This kitchen is not sufficient for use in any kind of large gathering or banquet, and is barely satisfactory for day-to-day use.
- **Pro Shop** –The pro shop includes a retail area, counter and manager's office. The space has two points of access, a primary access to the golf course and an internal access to the stairway and snack bar. The pro shop area is air conditioned.
- **Open "Pro" Area** – An open area behind the pro shop counter is mostly underutilized open space, presently used as storage and a large air-conditioned break area for employees. This is not an efficient use of space in the clubhouse.
- **Restrooms** – The upper level also has two separate Men's and Ladies' restrooms that were renovated three years ago.

Observed Clubhouse Deficiencies

The Riverside GC clubhouse presents a generally poor complement to the City's golf program, with both an inefficient use of space and physical deficiencies, including:

- A lot of excess or wasted space
- Several areas of code violations or failure to meet basic "standards"
- Kitchen that is wholly inadequate
- Overall poor presentation and poor first impression of the golf course and the City

The Riverside GC clubhouse is deficient and in need of upgrade, and this upgrade is likely to be a major capital expense. The City completed a review by the engineering firm of Woodard & Curran in March 2012. This review outlined many of the same concerns of NGF with more detail on specific code violations and deficiencies. The firm recommended a total of $685,000 in improvements, the most urgent of which was $50,000 for a renovation of the Men's Locker Room Toilet and Shower area. Other key upgrade recommendations included new kitchen ($350,000), electric system upgrade ($65,000), insulation upgrade ($37,000) and the completion of a HVAC system feasibility study ($7,500). At the time of the NGF review, the City of Portland had planned to commit $55,000 for the Men's Locker Room Toilet and Shower area renovation, but this project is on hold pending the NGF review. In our recommendations section, the NGF details options for improving the clubhouse facility but in general it is not recommended that the City take a "Band-Aid" approach, as there are major deficiencies in the clubhouse facility that are impacting potential revenue in the operation, as well as reflecting poorly on the City.

North Course Summary

In summary, the North golf facility has an appealing golf course that is scenic, historic and challenging to play, and should be an attractor for golfers in the region. The facility has some deficiencies that should be addressed by the City to maximize economic performance in both the golf course and especially in the clubhouse.

Riverside GC - South Course

The Riverside GC facility also includes a shorter, 9-hole golf course just to the south of the North course that includes a separate parking lot and pro shop. The course was added in the late 1960s and designed by Geoffrey Cornish. The course is a par-35 and includes several holes along the Presumpscot River. This golf course has a separate membership and separate clientele of less-skilled golfers. There are three sets of tees (Blue, White, Red), with the longest measuring 2,941 yards and a USGA slope rating of 117, only slightly 'harder' than the USGA standard slope rating of 113. The most forward tee measures 2,184 yards with a slope rating of 99, much easier than the "standard." Other key points on the South golf course include:

- The irrigation system is from 1968 and may need upgrade.
- There are several areas of tees that are close to the river with trees that overhang and limit the teeable space on tee boxes, adding to the wear.
- The South course includes a 3-hole practice area, mostly used by the First Tee of Maine.
- Very limited cart paths, not continuous throughout the golf course.
- No on-course services such as restrooms, drinking fountains or rain shelters.

South Pro Shop

The South course includes a separate pro shop building that houses a check-in counter, small retail area and limited storage. At the time of the NGF inspection the South course pro shop was in very poor condition in both appearance and functionality. The City has moved ahead with designing and planning a new South Course pro shop for $150,000 that will include a location closer to Riverside Street. The project is underway as of the Fall of 2012 with opening expected in time for the next golf season (2013). Key deficiencies in the existing South pro shop include:

- Roof problems
- Insufficient space
- Structural deficiencies – wood construction is rotted
- No restrooms
- Location not visible from the roadway

South Course Summary

Data shows the 9-hole South course is hosting around 10,000 rounds annually with upwards of 120 separate South-only members (more analysis later in this report). The regular fees are $26 weekday and $28 weekend for residents, compared to $30 and $34 for the North course. Direct expense to operate the South course is not separated out and is fully embedded in the full facility budget.

Driving Range and 3-Hole Practice Course

The golf practice facilities at Riverside GC include the driving range (now closed), practice green and 3-hole practice area. Overall, the practice amenities at Riverside tend to be smaller in scope than some of the other competitors, but still could be very functional for a public golf course. The key elements of the golf practice amenities include:

- **Driving Range** - The driving range was originally developed back in the 1990s and is located across Riverside Street and not convenient for golfers. The range has an awkward configuration and slope, but can be used at 250 yards long and 90 yards wide. The area is small and requires netting to retain golf balls. When operating, the range was able to generate over $10,000 in revenue, although this amount was not sufficient to cover direct expenses and thus the range was closed in 2005. The site is now used as space for lessons and for golfers to hit and collect their own balls. There is still some maintenance to the site, but it is minimal. With a small investment for nets, balls, and miscellaneous supplies, NGF believes the potential for revenue is strong.
- **Putting Green** – There is a large practice green just to the west of the main clubhouse and in proximity to the staging area and the 1st and 10th tees. This green is well maintained and has a high level of use.
- **3-Hole Practice Loop** – The Riverside GC includes a loop of three short practice holes with all golf amenities such as greens, tees, fairways and bunkers. The area is part of the South course and is used primarily for the First Tee of Maine and golf schools, but is also available to golfers for $3.00 (under age 17) and $6.00 (17 and over). This area is a nice complement to the Riverside GC facility, offering an outstanding venue for beginners to help grow golf in the Portland area.

Riverside GC Maintenance and Other Structures

In addition to the elements noted above, the Riverside GC also includes three other structures that are key to the overall operation, including:

- **Maintenance Facility** – The facility maintenance area dates back to the 1990s and appeared adequate and possessed all features NGF considers "standard" in golf operations.
- **Cart Barn** – a separate 3,800 sq. ft. barn area is used to store carts. This was a previous pro shop prior to 1976 when the new clubhouse was added. The space seems sufficient to store carts and other golf maintenance items (fertilizer, etc.).
- **South Course Maintenance/Storage** – The South course area has a separate 800 sq. ft. storage shed used to store some equipment and other items for use in the South course operation. No issues or urgent repair was obvious.

Riverside GC Capital Upgrade Considerations

Riverside GC appeared to have two well-maintained golf courses at the time of the NGF visits in June and July 2012. NGF expects that Riverside GC physical plant will develop issues over time related to recent reductions in maintenance expense. The NGF has a concern about the concept of "budgeting to revenue" as opposed to the needs of the golf course. The Riverside

GC is an aging facility facing similar issues to other courses of the same era. Typically, courses constructed prior to the 1950s have undergone infrastructure replacement (irrigation, drainage, etc.) as did Riverside GC, but the greens remain original from the 1930s. The result is that systems and other components may need further replacement, or may be ready to replaced yet again. (See Life Cycle Chart in **Appendix A**).

Previous Capital Upgrades

Regular investment in the golf course infrastructure is necessary to properly operate and maintain the course, equipment, and facilities. Over the last eight years the City has made investment in the Riverside GC, including:

Riverside Municipal Golf Course Capital Investments

Year	Project	Cost
2004	2 New John Deere Fairway Mowers 1 New TurfCo Wide Spin Topdresser	$65,000
2006	North Course Clubhouse Improvements (Exterior Paint, New Doors) Some North Course Bunker Renovations and Cart Path renovations	$50,000
2007	North Course Clubhouse Improvements (New hardscape and landscape, new underground electrical service). Some North Course Bunker Renovations and Cart Path Renovations	$100,000
2008	North Course Clubhouse Roof Replacement North Course Cart Barn Roof Replacement North Course Clubhouse Upstairs Bathrooms Renovation, Entry Foyer Renovation North Course Pro-shop Showcase and POS Counters	$40,000
2009	New 54 inch John Deere Rotary Mower Used John Deere Greens Aerifier	$40,000
2010	New South Course Pro-Shop Building (Still in the engineering and planning stages)	$150,000
2013	North Course Men's Locker Room Renovation ($50,000) 2 New Greens Mowers ($70,000) (Requested, subject to approval)	$120,000

Source: City of Portland

Recommended Upgrades

The overall condition of the Riverside Golf Course property is generally mixed, with the golf course in good condition and the clubhouse in serious need of repair and upgrade. The physical improvements recommended for Riverside, presented in order of NGF recommended priority:

1. **Main Clubhouse Improvement** – The City should commit to completing a full retro-fit improvement of the main clubhouse, repairing key deficiencies noted by Woodard & Curran such as HVAC, restrooms, electrical and the kitchen. In addition, the City could re-program the space to make better use of unused portions of the building (like behind the pro shop counter), or lesser used portions like the locker room. ***NGF estimated cost = $800,000.***

   OR

   Main Clubhouse Replacement – The City could opt to completely replace the existing clubhouse and replace it with a smaller and more efficient facility. Given the smaller footprint needed, it is expected that the City could program all its needs into a single, fully modern, 5,000 to 6,000 sq. ft. facility. ***NGF estimated cost = $250 per sq. ft. or $1,500,000.***

2. **South Pro Shop** – This facility appears as though it is almost ready to fall down. If the City elects to replace the facility at a new location, then the old pro shop could be used for limited purpose additional space. ***City approved cost = $150,000 (already approved and funded).***

3. **Equipment Upgrade** – Riverside needs upgrade to several pieces of equipment, including as many as three new tri-plex mowers. ***NGF estimates approximately $50,000 to add the equipment.***

4. **Bridge for Hole #13** – This project ties directly to revenue as the whole back nine holes must close when the river overflows. As the water recedes, the golf course can be played but there is often no way to get to holes #13-17 without some type of bridge over the creek that bisects the back-9. ***NGF estimated cost = $60.00 per foot (sf), or roughly $60,000 for the roughly 1,000 sf to finish project.***

5. **New Awning for the Deck –** A new awning to cover the outdoor patio. ***NGF estimated cost = $3,500.***

6. **Re-Grade 17th Hole** – A program to raise the fairway on hole #17 as this is frequently under water and unplayable for extended periods of time (as was the case in summer 2012). ***NGF estimated cost = $20,000.***

7. **Overall Fairway Leveling Program** – A program to help level the fairways for a smoother playing and riding surface. ***NGF estimated cost = $25,000 over five years.***

8. **Re-Open Driving Range** - A program to re-open the driving range with improved turf, new tee markers, upgraded netting and new range balls. ***NGF estimated cost = $20,000***

Estimated Cost and Priority of Physical Improvements

The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

Riverside Golf Course Needed Physical Improvements	
Highest Priority Items (1-5 years)	**Highest Estimated Cost**
Main Clubhouse Repair	$800,000
South Pro Shop	150,000
Equipment Upgrade	50,000
Hole #13 Bridge	60,000
New Deck Awning	3,500
Re-Grade 17th Hole	20,000
Fairway Leveling Program (over 5 years)	25,000
Re-Open Driving Range	20,000
Total Riverside Upgrades	**$1,128,500**

GOLF OPERATIONS

A summary of the NGF review of Riverside GC operations in areas including staffing, the POS system, cash controls, fees, group activities (leagues, clubs, tournaments), junior golf, lessons, cart operations, pro shop operations, season passes, outings, tournaments and fees is covered in the following section.

Golf Facility Staffing

The Riverside GC is presently operated directly by the City of Portland, through the Public Services Department and its Director. On site, the facility employs a Golf Course Manager who is a long-term City employee who has been at Riverside since 2002, becoming manager in 2006. The Golf Course Manager replaced a previous PGA Professional who had been the facility manager under a contract with the City (5% of gross pro shop + lessons). All Riverside employees are employed by the City, including the food and beverage employees (used to be employed by contract vendor prior to May 2011).

At present, the Riverside GC does not employ a golf professional (PGA Pro), as the position was not replaced after the last pro retired in early 2012. This has had both positive and negative implications for the operation. On the positive side the City is able to save in labor expense by reducing this position. On the negative side, the course is missing some of the key programming and lesson/teaching benefits that come with a properly trained PGA golf professional. The NGF survey conducted in 2012 indicated that golfers at Riverside GC would prefer to have a PGA pro on staff at the facility.

Riverside GC is operating with significant reductions in total staff made over the last several years as a reaction to declining revenue. Budget reductions and a goal of matching expenses with revenues have moved the golf course managers to reduce full-time staff in favor of seasonal temporary personnel, and this appears to have served the operations in an effective manner. The staffing totals presented also include several starter and ranger positions that are staffed by volunteers. The use of volunteers for these positions is common in the golf industry, and paid employees in these positions are becoming less common. Providing golf service in exchange for volunteer work is common in the golf industry as long as volunteers do not take tee times away from paying customers and pay their own way for other services such as carts, range balls, and rental clubs. The reported staff at Riverside has changed some in the last year, as summarized below:

Riverside Golf Course Facility Staffing 2011-2012	
Golf Course Manager	FT
Superintendent	FT
Assistant Superintendent/Mechanic	FT
Full-Time Seasonal Maintenance (9)	PT*
Pro Shop Assistants	PT
Temporary Seasonal Maintenance (2)	PT
Pro Shop/Golf Volunteers	Vol.
*Seasonal workers technically classified as "part-time" but work full-time from April – November.	

Golf Staff
The golf staff includes one (1) Golf Course Manager and all other positions part-time. The total estimated budget for these positions is $85,600 or a total of 9,500 hours of seasonal time. The total estimated FTE for the pro shop operation is estimated by NGF to be 5.5 FTE's.

Through the Woods at Riverside
The food and beverage operation has all part-time employees, as the senior manager's salary is included in the Barron Center budget (not charged to golf). The part-time employees include a senior supervisor/cook, plus several bartenders, cooks and wait staff. Total budget for these positions is projected at $77,000 for FY2013. The total estimated FTE for the pro shop operation is estimated by NGF to be 4.0 FTE's.

Maintenance Shop
The facility employs a total of two full time positions plus 11 seasonal employees (variable based on activity, weather and needed projects) in 2012. These are mostly grounds workers who are working full time (40 hours per week) from June to September. The total estimated budget for these positions is $87,000 or a total of 9,000 hours of seasonal time. The total estimated FTE for the pro shop operation is estimated by NGF to be 5.5 FTE's.

Golf Industry Norms
The Riverside GC staff size can be compared to golf courses of similar operation (see below). There are no industry standards that can be referenced to determine the appropriate staffing levels for a golf operation. The number of staff needed for a particular golf operation depends on several factors, not the least of which are budget considerations. Personnel costs typically represent the largest single expense item in a golf course, as is the case for Riverside GC.

The review of industry norms suggests that the Riverside GC is operating with a reduced staff when compared to industry averages, especially when the 27-hole operation is considered. We note that this is a simple number exercise based on 2010 comparative data (most recent available), nor does this review of positions consider the value received, quality of service or actual condition of the golf courses.

U.S. Averages Distribution of Staffing – Full-Time Equivalents (Year-Round Operation)			
		Average Public Golf Course (Municipal + Daily Fee) – Season Shortened Operation	
	Riverside GC (2012)*	**18-H Operation w/ Golf Season is 12 Months**	**18-H Operation w/ Golf Season less than 10 Months**
Golf Maintenance Staff	**5.5**	10.0	9.0
Pro Shop Staff	**5.5**	9.0	7.5
Clubhouse (Through the Woods at Riverside)	**4.0**	3.0	2.5
Total FTE	**15.0**	**22.0**	**19.0**

Source: Operating & Financial Performance Profiles of 18-Hole Facilities in the U.S., National Golf Foundation. 12 Mos. indicates year-round operation. *based on combination of PT and FT – volunteers not counted. F & B staff is included.

Point-of-Sale (POS) and Reservation Systems

Based on the NGF review, it does not appear that the Point-of-Sale (POS) system is the most ideal for this golf operation. Riverside GC is presently using the Golf Trak portion of Vermont Systems as a POS. This system is designed for municipal recreation departments and lacks some of the key tee-time reservation, and marketing systems that are common in golf-specific POS systems. A POS that is integrated with the course's tee sheet will allow for on-line booking of tee times for golfers signed up to use the system. A golf-oriented POS will also allow for some online purchases of items such as gift certificates. The department intake sales reports generated by the POS would be more useful for internal and external reporting and management planning. As such, many of the key elements in a golf POS system do not appear to be present at Riverside, the most important of which if the ability to book tee times online. Thus, a change to a golf-specific POS system is recommended by NGF.

Cash Controls

The City of Portland appears to have adequate controls in place to protect the financial integrity of the golf operation. Public golf is now primarily a credit card business, with declining reliance on checks or cash. The system in place requires tight controls and trackable logins for access, so management has a record of all who access the cash registers. The golf operation is subject to City forensic audits. Overall, the control of receipts does not appear to be an issue at the golf course or the Through the Woods at Riverside operation, and the NGF does not recommend any major change in the cash control system of Riverside GC.

Riverside Golf Course Fee Structure

Riverside GC offers golf for play on both a daily fee and season pass basis. Both daily fees and season passes are segmented by resident/non-resident status. Riverside's daily fees are further segmented by 9-hole/18-hole, weekday/weekend, and north/south. Discounts are available for juniors 17 and under; there are no senior rates. Riverside also has special league rates for both courses. Unlike most golf courses, Riverside does not have a published afternoon and/or twilight green fee, though it runs an afternoon special ($25 riding 9 holes, $35 for 18) that is restricted to peak season weekends after 1:00 pm. Per person cart fees (shared cart) are $10 for 9 holes and $15 for 18 holes.

In addition to not having a published twilight rate, Riverside management has some leeway to react quickly to market conditions (e.g., competitor specials) or holes in the tee sheet by putting specials together or otherwise practicing yield management, although the practical application of the program appears limited. Therefore, those specials that are approved generally run for a limited period of time (e.g., $40 lunch special).

Riverside GC offers a variety of season passes (though they are most commonly referred to as “memberships”), available for both the North and South courses or in combination. Categories include Single, Couple, Junior, Mid-Week, and Corporate (North Course only). As with daily fees, Portland residents are given preferential pricing, with an average discount of 20% (single discount is 20%, while mid-week discount is 26%).

Riverside GC’s full pricing schedule is presented in Appendix B. Later in this report, NGF will discuss Riverside’s pricing in context with the competitive market, and we will also provide recommendations for fees and policies going forward.

Season Pass / Membership / RGA / WRGA

Riverside Golf Course currently has about 380 season pass holders/members (262 North and 118 South) that, as we will discuss later in this report, contribute significantly to overall facility activity and revenues. At Riverside, the pass holders generally refer to themselves as members rather than pass holders, as they do not perceive the program merely as a pre-paid green fee.

Many of the members belong to the Riverside Women’s Golf Association (RWGA) or, especially, the Riverside Golf Association (RGA). These clubs have many members and are very active. The clubs, which consist almost entirely of season pass holders, meet at least once per month with a City representative in attendance. They promote and participate in various events, maintain the handicap system, and raise money for scholarships, other charitable causes, and minor facility improvements.

Members have 14-day advance tee time privilege, while the general public has 7-day advance. In addition, membership has other privileges with respect to golf course access. For instance, during the peak season management sets aside a 3.5 hour block of tee times on the North Course for a Saturday morning shotgun that includes up to 30 groups of RGA members, with every 4th tee time beginning at 8 a.m. available for daily fee players.

While pass holders are an important element of the Riverside operation, NGF was told, unsolicited, by various constituents we interviewed as part of this engagement that a subset of the members views Riverside as their own private club and that outsiders can be made to feel very unwelcome. (Those people interviewed included area daily fee golfers, Riverside GC and City staff, former employees, area golf operators, and other golf industry people). NGF was also told by several unrelated people that patrons can feel very uncomfortable when some of the members are being boisterous in the bar area, and that it is hardly conducive to a friendly or family atmosphere. Undoubtedly, this scenario has contributed to Riverside’s seemingly long-established reputation in the market as a “member” club.

Most municipalities begin unlimited play programs with the intent of offering a pre-paid green fee - whereby holders benefit by virtue of enjoying unlimited golf (the more you play, the less you pay per round) on a *tee time-available basis*, and the municipality benefits through increased activity and by having a predictable level of income at the beginning of the golf season. However, NGF often sees these programs evolve over time into something unintended: a situation in which “members” begin to expect unreasonably preferential access, push for a role in policy making, and create an entitlement culture that makes managing the facility difficult, and the facility non-welcoming to “outside” golfers – in essence, a de facto semi-private club.

In the case of Riverside GC, NGF has either witnessed this situation manifest firsthand (e.g., through comments in golfer survey and at public meeting) or through information relayed to us by golf course and City staff. Members are vocal, in particular, about how management does not listen to them, and about their displeasure regarding their access to the course, especially relative to the facility hosting outside tournaments on weekend afternoons. (At Riverside, these outside tournaments contribute ~$60,000 in revenue in an $880,000 operation; for a relatively low revenue operation, tournaments can be critical to self-sustainability and they expose the golf course to new customers that may not have played there before).

NGF experience has shown that the “semi-private” operating model, especially in the context of a municipal golf course that is supposed to be equally accessible to all residents, can be very problematic due to the inherent managerial problem of “serving two masters” – the member base and the general public. This is especially true in cases where golf course management becomes close to the members and/or when members have political connections and management must take this into consideration when making policy decisions.

Food and Beverage Operations

The food and beverage operation at Riverside GC appears to have the potential to provide what would be commonly expected at golf courses of this type, but has had several changes and “troubled” concessionaires in place over the last decade leaving some lingering issues about the operation. “Through the Woods” restaurant was established in the spring of 2011 with managerial and staffing support from the Director of Nutrition and Supply Services of the Barron Center, a Division of the Health and Human Services Department. The restaurant has received all state and local licenses including liquor licenses, has made initial repairs and upgrades in the kitchen and service area, identified future capital outlay improvements to kitchen equipment, and employed trained personnel. While the restaurant is still developing, the former private tenants ran the restaurant primarily as a bar room, leaving kitchen equipment in a state of disrepair or needing replacement.

The food and beverage service at Riverside is provided via Through the Woods at Riverside, which includes counter service of a basic menu of items consistent with a public golf course, including lunch items (sandwiches, etc.); and a full selection of beverage items (including liquor). A review of the menus shows modest pricing on items, with the sandwiches all at around $5.00 to $6.00. Seating is convenient in both the indoor snack area (can seat up to 44) and the outdoor patio. As noted in our physical review, the indoor area has HVAC problems making the seating uncomfortable at times, and the outdoor area is missing the awning.

Riverside GC does not operate any on-course beverage cart service, a key deficiency in operations. The City should seek to (or require in any new contract) operate a beverage cart at least on most busy days and during tournaments/outings. This schedule would be appropriate for Riverside GC to serve the demands of golf customers. The addition of on-course service (beverage cart) may also be a new revenue enhancement, and can be an overall added service to golfers that can help increase rounds.

The “typical” food and beverage concession at public golf courses produces approximately $5.61 per round, including banquets (see **Appendix C**). Analysis of Riverside shows total gross revenue from the food and beverage operation at approximately $160,000 for FY2013. This equates to $4.95 per round for total food and beverage. NGF finds this figure to be appropriate and suggests that regular play golfers do purchase concessions on a regular basis, and the clubhouse set up is convenient for a "quick stop" between nines.

NGF Consulting believes that the food and beverage operation at Riverside is the appropriate complement to the overall facility, but the limits in size and functionality does not allow the facilitation of larger golf outings, costing the City revenue. The recent change to Barron Center management appears to have upgraded the operation. Reports to NGF suggest that previous concessionaires had a different model of operation, from nightclub/bar-type operations and/or inconsistent or even strange hours of operation.

Going forward, there may be opportunity to increase performance of the Through the Woods at Riverside by reaching out to non-golfers located in the Riverside Street area of commercial businesses. However, it is clear that upgrade of the facilities is required prior to making any effort to reach these markets as the appeal of the facility is not ideal at the present time. As noted in our physical review, upgrades to HVAC, electrical, appearance/presentation AND new kitchen equipment is needed.

In summary, NGF Consulting can see that there is some disconnect between what the City and Riverside staff want and need with food & beverage at Riverside GC and what previous vendors have provided. The most successful food and beverage operations at public golf courses are those that offer simple, quick, and inexpensive service that is convenient to the round of golf, and is in alignment with the golf operation. The customer doesn't view the operations as being separate; it is all one level of service to them and ultimately reflects on the City.

Our review of the Through the Woods at Riverside in comparison to other competing facilities shows that quality is generally lower at Riverside. Key competitors like Val Halla and Nonesuch have similar offering, but in nicer condition. The only real extensive banquet center is at the Dunegrass Golf Course. There are mostly simple grill-type F & B offerings at other public golf courses in the Portland area and prices at those facilities tend to be comparable to Through the Woods at Riverside.

In **Appendix D**, NGF presents a basic review of golfer expectations of food and beverage operations at middle to better quality golf courses from our reviews nationwide.

Pro Shop Operations

Riverside Golf Course has adequate space in its existing pro shop and could handle larger inventory if desired. At present, Riverside GC is offering a light selection of mostly soft goods and apparel, with some shoes and a few utility golf clubs. The decision in 2010 to reduce from stocking hard goods (as was done by previous golf professional) was made by the present Golf Course Manager based on previous years' slow sales and the excess inventory that so often had to be sold at a loss.

Other issues reported to NGF in relation to the merchandising operation include:

- The Golf Course manager wants to improve the facility logo, make it more attractive and add it to various pieces and apparel.
- Golf balls are the best seller, and Riverside has a favorable and exclusive deal with Titleist, the most popular brand in golf.
- In lieu of stocking hard goods for sale, the course will provide a special order service to customers.

- The clientele at Riverside GC are not big spenders when it comes to merchandise. Much of the sales are related to prize money (pro shop credit) earned through tournaments.

The national “standard” for pro shop revenue is $2.32 for “mid-fee” public courses (see **Appendix C**), an amount that is generally similar to the actual earnings at Riverside GC. However, the direct cost of merchandise sold is much higher than the industry standard of under 70%, with upwards of 99% cost of sales reported in FY2011. A summary of the Riverside GC pro shop operation for 2010-2011 is shown below.

Riverside Pro Shop
Revenue and Cost of Sales – 2009-2012

Revenue	**FY2009**	**FY2010**	**FY2011**	**FY2012**
Total Riverside Pro Shop Rev.	$110,578	$94,454	$79,053	$84,565
Direct Cost of Sales	$101,213	$84,333	$78,268	$71,693
Pro Shop Gross Margin	**$9,365**	**$10,121**	**$785**	**$12,872**
Direct Cost of Sales %	91.5%	89.3%	99.0%	84.8%
Pro Shop Revenue per Round	**$3.03**	**$2.49**	**$2.21**	**$2.62**

Source: City of Portland

Golf Cart Operations

Riverside is presently using a fleet of 70 total EZ-GO carts, of which 55 are used for the North Course and 15 for the South course. The carts are leased for five years, with 3.5 years remaining. The NGF typically recommends a minimum of 60 carts for an 18-hole golf operation, although a facility with severe topography like Riverside will need a higher number. Data shows the total cart usage at Riverside is approximately 60% over the last two years.

The carts at Riverside appear to be worn. Faster wear than what is “standard” may be a reflection of the incomplete cart path system, as well as the uneven fairways causing many bumps in usage. The cart storage space is also limited in the old cart barn. During the busiest days and tournaments, Riverside GC has to rent extra carts to cover all needs.

Key Markets Served

Riverside Golf Course caters to both daily fee players and season pass holders (“members”), with pass-holders accounting for about 46% of total rounds in FY 2011. After the City of Portland, the Town of Westbrook is the primary residence of Riverside members. Non- pass holder play comprises several elements, including regular daily fee play, league play, and outside tournaments. As is typical with most municipal golf courses at Riverside’s price point, the golf course draws most of its play from people residing within about 10 miles. These areas are concentrated along the I-95, I-295, US 1, US 302, and US 202 corridors, and include Portland, South Portland, Westbrook, Gorham, Buxton, Little Falls, Falmouth, and Yarmouth. Riverside will also draw some supplemental play from areas further away, such as Old Orchard Beach, Biddeford, and Saco to the South, and Sebago, Gray, and Freeport to the north.

Outings and Tournaments

Another form of group play that can be particularly lucrative for public golf courses is the large outing and/or tournament, especially charity tournaments. These tournaments and other events are a proven method for stimulating interest and maximizing activity at public golf courses, and help to expose the facility to new golfers who may not be familiar with the property. Riverside appears to have some elements conducive to high tournament activity, including the unique and challenging golf course, setting, and additional 9-hole South course for accommodating regular play during events. The lack of sufficient space for indoor seating of over 100 patrons is a clear detriment to hosting a larger share of tournaments / outings.

Riverside has a growing tournament program, with both organized competitive events and tournaments and charity outings. Staff reports tournament business is very competitive and that pricing must be flexible. Riverside reported upwards of 1,800+ total rounds of golf from these events totaling over $60,000 in direct revenue ($33 per round). The NGF review of the outing schedule showed 30 separate events with more than 36 players scheduled for calendar 2012 as of July 7, 2012. Seven of these events are RGA and two are from the RWGA. There is also a large City Employee tournament in September that is played for $10 per person. There are 13 events scheduled that include more than 100 players and the large Maine State Golf Association (MSGA) event in September is projected to bring in over $8,000 in total revenue. It is clear that this is a key aspect of the Riverside GC business and the most significant opportunity for growth in golf rounds and green/cart fee revenue at the Riverside 18-hole course.

Junior Golf

Junior golf is clearly a part of the overall Portland City golf program, as the facility includes elements (South course, 3-hole course and North course) experiencing demand from younger golfers. These juniors are also important because they represent the future of the Portland golf program. Riverside GC has a policy of discounting fees for juniors, and is allowing high school and other scholastic golf events without green fees charged. The overall program of discounts and complimentary golf for juniors is a key aspect of the overall public service or public accommodation aspect that is such a large part of the Riverside GC.

Lessons and Programs

As noted, the Riverside GC does not employ a golf professional and as such, has a very limited lessons program. Professional golf Instruction is available only through privately-arranged sessions organized by interested golfers separate from the Riverside GC operation. The facilities in the Riverside Golf Course are ideal for an active lesson and teaching program, including the North Course, South Course, driving range area and the 3-hole practice loop at the South course.

The facility is host to the First Tee of Maine, a separate program administered through the City's Recreation Department with support from the Maine Golf House (headquartered at Val Halla GC). This program offers beginner lessons to youth interested in taking up golf. The program has grown considerably over the last year and has made significant use of the classroom area on the lower level of the clubhouse and the new 3-hole practice loop at the South course. In 2011 the program attracted only two girls, growing to 22 in 2012.

Employee / Volunteer Golf

Those golf course seasonal employees who are on city payroll will receive free access to green fees in addition to an hourly wage. Their play is restricted to the following terms:

1. Membership to North and South Courses
2. Eligible staff are able to play when the course is open and space is available
3. During prime times, eligible staff may join up with other groups but cannot book tee times for an all employee group
4. Staff must pay for carts if ride

Those golf course seasonal volunteer rangers will receive free access to green fees and power cart. Their play is restricted to the following terms:

1. Are able to play when the course is open
2. During prime times, eligible staff may join up with other groups but cannot book tee times for an all employee group

NGF has traditionally used a “standard” of around 4% for employee/volunteer rounds at municipal golf courses. NGF recognizes that Riverside GC has consciously decided to include golf as a benefit for golf employees and volunteers, and that this golf course relies heavily on volunteers that are providing services that would otherwise have to be paid for. The key for NGF is that employees and volunteers are not taking play away from other full paying customers, especially at prime time, thus the Riverside GC program for employee / volunteer golf appears appropriate.

Season Pass Analysis

The NGF has reviewed the season pass program at Riverside GC. As discussed in the fee section above, Riverside GC has many types of season passes with a variety of fees. The overall number of pass-holders has declined from 543 in 2009 to 380 in 2012 (262 North and 118 South). Reports to NGF suggest that pass-holders numbered as high as 750 ten years ago.

In FY2012, passes produced a total of $232,925 in income, or roughly 39% of the facility’s total green and pass fee income. Total rounds figures provided show that pass-holders played 46% of total rounds, and that the comparison between the percentage of total revenue and percentage of total rounds from pass-holders has always been close, with some widening in 2012. Total average revenue per pass round was $15.70 in FY2012, compared to $21.00 for daily fee rounds. This spread between pass and non-pass rounds at Riverside is the highest it has ever been.

Season Pass Data – Riverside GC				
	FY2009	**FY2010**	**FY2011**	**FY2012**
Total Pass Revenue	$300,783	$265,302	$235,654	$232,925
Total Pass-holders	543	488	398	380
Pass Revenue/pass-holder	**$553.93**	**$543.65**	**$592.10**	**$612.96**
Total Pass-holder Rounds	19,148	19,667	15,905	14,840
Total Green Fee Rounds	17,306	18,290	19,827	17,440
Pass Rev. / Pass Round	$15.71	$13.49	$14.82	$15.70
GF Rev / GF Round	$16.96	$14.49	$13.94	$21.01
Average Rounds per Pass	35.3	40.3	40.0	39.1
Pass Rounds % of Total	52.5%	51.8%	44.5%	46.0%
Total Green Fee + Pass Rev	$594,341	$530,361	$512,111	$599,263
Pass % of Rev.	**50.6%**	**50.0%**	**46.0%**	**38.9%**

Source: City of Portland

RIVERSIDE GOLF MARKETING

Marketing for the Riverside Golf Course is handled by the Golf Course Manager with little support from the City administration, although the City does approval all activities. The marketing program is growing in scope, but is still relatively small with a small budget. Due to budget restraints Riverside GC does not have a set advertising / marketing plan in place. The budget that is provided to the golf course is used for TV commercials, newspaper advertisements and even some recent radio advertising. The course has started a Facebook page and has started to use this as a resource, along with a newly generated email database. The new FY2013 budget for marketing/advertising is $5,900.

Traditionally, NGF recommends marketing budgets for golf courses of at least 2% of total gross facility revenue, or roughly $18,000 for the City of Portland in 2012. The golf course is now operating under the basic guidelines of a marketing program adopted in 2012. NGF reviewed some of the Riverside marketing efforts, including the course's website, Facebook page, email program and cable advertising plan.

Direct Marketing Activities

The marketing of Riverside GC has accelerated in FY2012 with the introduction of the Time Warner Cable advertising program. Many advertising companies offer their services for trade, such as green fees or memberships. This form of advertising would cost no money out of pocket and would not put a strain on the golf course budget and is common in the golf industry. Marketing activities noted by the Riverside GC staff includes:

- Purchase of 101, 30-second TV spots at a cost of $2,634. These spots were televised daily between April 2 and June 17 on ESPN, Golf Channel and NBC Sports Network. The dates were selected to coincide key professional televised golf events like The Masters, Players Championship and the US Open. This program is anticipated to continue in FY2013.

- Reaching out to customers through the newspaper (*Portland Press Herald*, *Portland Forecaster*, and *Portland Sun Times).* This advertising has reached customers who do not use electronic media technology.
- Brochures at local businesses, Portland Chamber of Commerce Visitors Center, and with cruise ship industry representatives/displays.
- A new Facebook Page was established in Winter 2011 and includes monthly, weekly and daily postings of course openings, closures, promotions, and events. No direct selling has been attempted on the Facebook page (appropriate).
- Working to partner with Through the Woods at Riverside in joint marketing.
- Riverside maintains an official website via City of Portland (more later in this report).
- Email blasts

Website and Other Communications

It is clear that in 2012 and the foreseeable future, the Internet is the most significant piece of golf course marketing. The Internet is having a larger and larger impact on golf as time goes on. Golfers, especially when traveling, are using the Web more and more to find places to play. As such, the Internet is now the most important single element in a golf facility's marketing, and the City is beginning to recognize this reality. The Web has several key advantages over other forms of advertising:

- **Cost.** A Website is relatively inexpensive to set up and maintain.
- **Reach.** As the name "World Wide Web" indicates, the Internet is international in scope and almost every household that contains a golfer has access to the Internet.
- **Information.** The amount of information that can be put on the Web is virtually unlimited. At the very least, clear directions and contact information can be used to dramatically increase impact.

NGF has viewed the City of Portland golf website, which is located as part of the overall City website at www.portlandmaine.gov/riverside. This address appears to be easy and memorable enough to be easy to use. It was noted by NGF that using the above address, finding the golf pages was very easy. Of course, for a Website to be effective, people have to be able to find it. It has to be designed so that today's Web search engines will find it based on key terms people are likely to use. In direct review of search engines like *Google* and *Yahoo*, NGF found that the City of Portland golf sites produced varied results in search engine activity, such as:

- "Portland Golf" – Mostly Oregon golf
- "Portland, Maine Golf" – Riverside is on the second page
- "Maine Golf Courses" – Riverside not on first 3 pages – (Val Halla is first listing)

The above list notes some positives and negatives. In our recommendations section, NGF will offer ideas on how to improve these results leading to even greater site visits and pageviews, hopefully leading to increased rounds and revenue.

Website Features

The City of Portland Golf Website appears to NGF to be very "pedestrian" or "park-like" and not as well organized or complete with as many high quality photographs as the successful golf course websites. Still, the site is navigable and includes some of the key aspects typically associated with higher quality golf facility sites. NGF identified the most important features of a golf website include:

- Maps with locations and directions to each facility (City of Portland – yes)
- Ability to book tee-times online (City of Portland – no).
- Ability to sell discount golf passes online (City of Portland – no)
- Pictures and descriptions of the facility (City of Portland – very little)
- A full scorecard for each facility (City of Portland – yes)
- Process to sign up for email program – (City of Portland – no). This this is a key program in the golf industry in 2012 as a way of staying in touch with golf customers, something the City of Portland is just beginning to do and the golf website does not allow for sign up.
- Current rates and operating hours (City of Portland – yes)
- Amenities offered (City of Portland – limited)
- A calendar or news of tournaments and upcoming events (City of Portland – no)

It is essential that the website be kept current for rates, hours, etc. The best sites are the ones that are constantly being updated with new promotions and news items, so that customers get in the habit of checking them.

Social Media

The Riverside GC is just beginning to become active in posting on social media (*Facebook* and/or *Twitter).* Marketing golf courses in 2012 and beyond has to be about reaching potential golf customers where they are, and if they are on the Internet and *Facebook*, then that is where Riverside GC has to be as well. Golf course *Facebook* and/or *Twitter* pages have become common in golf course marketing with mixed results. On one hand it is a great way of keeping your facilities “top of mind” to your customers, but this form of marketing also requires effort to continuously post new items and stay current and up to date. Social media works best when posts are about what is going on at the facilities, such as tournaments, new events, who won what event, who got a hole-in-one, etc. This activity has not worked well to make direct sales or to drive activity through specials.

Summary of City of Portland Golf Marketing

The NGF review of City of Portland Golf marketing shows a program that is in need of upgrade, both in terms of budget and methodology. The review of Riverside golf marketing shows a the whole “brand image” needing upgrade, including the website, scorecard, signage and printed materials. NGF experience has shown that the most effective marketing of golf courses involves employment of the most up-to-date technology and an active individual in charge (such as the Golf Course Manager).

In our formal recommendations (presented later in this report) the NGF will recommended upgrading several aspects of golf marketing, including the creation of more golf-appropriate web pages for the that resemble upscale golf websites that can help golf courses market themselves (see NGF marketing recommendations). The NGF recommendations contained in this report include marketing recommendations to help City of Portland appropriately market and promote its golf course using all of the elements that NGF will see at the most successful golf facilities. Communications should be simple, focusing on key words like “**Golf in Portland**” and working with existing organizations such as the Maine Golf Association.

CITY OF PORTLAND GOLFER SURVEY

NGF's Golfer Survey Program was distributed seeking opinions of the Riverside GC. A total of **235 surveys** were collected by NGF, with 67% coming from Riverside Golf Association (RGA) or Riverside Women's Golf Association (RWGA) members and 33% from non-RGA members. The survey is not intended to be a scientific study of Portland golfers, although the high participation does give the results a high degree of confidence. A copy of the survey instrument is displayed in **Appendix E** to this report. The general findings and a table showing the ratings follow below:

Riverside GC Survey Scores – All Customers

Riverside Golf Course - Satisfaction Measures
All Responses - 235 Responses (7/5/2012 – 8/14/2012)

Factor	Average Score (Scale 1-10)	Percentile*
Overall Customer Satisfaction	6.7	14
Satisfaction compared to expectations	6.8	22
Satisfaction compared to other courses	6.5	27
Likelihood to play more	6.1	14
Likelihood to recommend	6.6	17

* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other golf courses in U.S.

Riverside Golf Course - Satisfaction Factors
All Responses - 235 Responses (7/5/2012 – 8/14/2012)

Factor	Average Score (Scale 1-10)	Percentile*
Overall Value	7.5	13
Overall Course Conditions	7.1	30
Pace of Play	6.7	16
Friendliness/Helpfulness of Staff	7.8	5
Golf Course Design / Layout	8.2	61

* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other golf courses in U.S.

Riverside GC Survey Scores – Non RGA Members Only

Riverside Golf Course - Satisfaction Measures Non RGA Member - 78 Responses (7/5/2012 – 8/14/2012)		
Factor	**Average Score** (Scale 1-10)	**Percentile***
Overall Customer Satisfaction	6.4	8
Satisfaction compared to expectations	6.3	8
Satisfaction compared to other courses	6.2	19
Likelihood to play more	5.7	8
Likelihood to recommend	5.9	10

* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other golf courses in U.S.

Riverside Golf Course - Satisfaction Factors Non RGA Member - 78 Responses (7/5/2012 – 8/14/2012)		
Factor	**Average Score** (Scale 1-10)	**Percentile***
Overall Value	6.9	1
Overall Course Conditions	6.7	17
Pace of Play	6.7	16
Friendliness/Helpfulness of Staff	7.7	5
Golf Course Design / Layout	7.7	30

* Measured on a scale of 0 to 100, this number represents the percent of golf facilities that received lower customer ratings on this measure than the subject facility compared to other golf courses in U.S.

Summary of Findings

1. Riverside golfers that responded to the survey show a much lower level of overall customer satisfaction than is typical for other golf facilities nationwide (of all price categories). Further, golfers identified as not being RGA members were the least satisfied sub-group of customers in the survey.

2. The survey showed that 58% of Riverside golfers made a positive referral about the course and that the average Riverside golfer referred 4.5 other golfers to the facility. By comparison, only 14% of Riverside golfers made negative referrals, with an average of 4.1 negative referrals. Non-RGA members were less enthusiastic about the facility with only 42% making positive referrals to 4.2 others, and 13% making negative referrals, with an average of 2.9 negative referrals.

3. The profile of the Riverside golfer is predominantly male (82%) and generally older (79% over 50) than the national benchmark (total U.S. is 85% male and 50% over 50). Over 60% of respondents indicated they played a total of over 25 rounds of golf at Riverside annually. The survey group is also very local geographically, with over 64% originating in

the top three ZIP Codes: 04103, 04102, and 04092. The map displaying the origin of customers is displayed in **Appendix E** to this report.

4. Our surveys show that other golf facilities utilized by this survey group include (in order of importance – all with more than 10%): Nonesuch GC (27%), Point Sebago GC (20%), Spring Meadows GC (18%), Val Halla GC (18%), Dunegrass GC (15%), Falmouth CC (14%), Sable Oaks GC (14%), Willowdale GC (13%), Gorham CC (12%), Fairlawn G & CC (10%) and Purpoodock Club (10%).

5. When asked if it would be a benefit to the Riverside GC and/or the Portland community to have a golf professional on staff, **73% of respondents indicated "yes,"** while 27% said "no." Older golfers (over age 50) were more likely to support the addition of a PGA pro, and the RGA members were also more likely to support the addition of a PGA pro.

6. Reasons given for the inclusion of a PGA pro mostly centered on issues of lessons, equipment knowledge and golf operations training. Several respondents noted that the position need not be full time, and could be added via contract as opposed to salary.

7. When asked about re-opening the driving range, the survey group was mixed, with 32% indicating they would 'frequently' or 'often' use the range, 37% saying 'occasionally' and 31% saying 'rarely' or 'never.' Younger golfers (under age 50) seemed to indicate a higher interest in having the range re-opened.

8. When asked to select a number from 1-10 regarding overall satisfaction with the food and beverage operation at Riverside GC, the overall average score was 5.7, a relatively low figure. A total of 47% of respondents rated the F& B lower than a 5, while 11% rated as a 9 or higher. This general mix of responses was consistent between RGA members and non-RGA members.

9. When asked to select a number from 1-10 regarding overall satisfaction with the Riverside Clubhouse, the overall average score was 4.5, also a low figure. A total of 67% of respondents rated the clubhouse lower than a 5, while 23% gave it a 1 or 2. Only 6% rated as a 9 or higher. This general mix of responses was consistent between RGA members and non-RGA members.

10. The overall satisfaction for securing tee times was generally positive overall, with 53% of the total survey group being 'somewhat' or 'very' satisfied with their ability to secure tee times. Only 15% were 'somewhat' or 'very' dissatisfied. The results were generally similar among non-RGA members, although the 'neutral' category had the highest total out of this sub-group (50%). The largest categories for preferred tee times included Saturday/Sunday and early mornings.

11. When asked where merchandise is purchased, other than at Riverside GC:

    - Online (44 responses – 19%)
    - Riverside GC only (9 responses – 4%)
    - Big Box Retail (52 responses – 23%)
    - Other golf course pro shop (32 responses – 14%)
    - Area golf retail shop (93 responses – 40% - *Dick's + Golf & Ski*)

12. For survey respondents indicating use of Riverside Golf Course for winter activities other than golf (e.g., cross country skiing), 72% said no while 28% indicated yes they do use the facility in winter. Those that answered yes were split about still using the winter activities if there was a nominal fee to cover the maintenance and operating costs, with 58% saying yes and 42% saying no.

13. In review of the general open-ended comments survey respondents made about **what they like about Riverside GC**, the NGF noted several key themes that were common, including:

    - Good layout
    - Generally good condition, but some areas need work
    - Close to home
    - Easy to walk
    - Inexpensive
    - Like the on-site staff

14. In review of the general open-ended comments survey respondents made about **what needed improvement at Riverside GC**, the NGF noted many more comments with a variety of topics, the most common included:

    - F & B operation overall
    - Clubhouse is a “disaster”
    - City management does not know enough about golf
    - Add a professionally trained golf pro
    - Fairways are bumpy and uncomfortable in carts
    - Improve the signage and “curb appeal”
    - Improve the drainage
    - Better service from staff
    - South course does not get enough attention from staff
    - Clean restrooms more often, especially on the South course
    - Need a larger maintenance budget to do the “little” detail work
    - Pace of play could be improved

FACILITY PERFORMANCE AND DATA ANALYSIS – RIVERSIDE GC

Riverside Golf Course is operating as a public golf course, with the predominance of revenue generated from golf green fees (including season passes) and cart fees. Additional revenue is collected from merchandise sales, other rentals, and food and beverage sales. A summary of activity, revenue, and expenses is shown below.

Activity Levels

The tables below show reported total rounds activity at Riverside since 2009. More than 30,000 rounds are played on the courses, with approximately 75% of those played by local residents. We see that this facility had shown a relatively stable rounds performance between 2009 and 2011, with a decline in 2012 (4.6% decline from 2011-2012). Overall, rounds have declined by 3,877 (10%) since hitting a recent peak in FY2010. It does appear that Riverside has experienced a “perfect storm” of events all converging at once on the golf facility, with the price of gas, the downturn in employment, and the increase in the number of golf courses combining to reduce the rounds activity and revenue of the Riverside Golf Course. This longer term decline is generally consistent with national trends observed by the NGF. The average rounds per 18-hole public golf course in the total U.S. now stand at 32,497 rounds per year, down from over 50,000 rounds in 2000). Rounds totals in greater Portland are considerably lower than the U.S. average, with the area public courses averaging 20,000 rounds per 18-holes (data in competitive section later in this report).

Riverside Golf Course
Historical Total Paid Rounds – 2009-2012

Total Rounds	FY 2009	FY 2010	FY 2011	FY 2012	Average
"North Course" Rounds	26,959	27,575	27,238	23,434	26,302
"South Course" Rounds	9,495	10,382	8,494	10,646	9,754
Total Riverside GC Rounds	**36,454**	**37,957**	**35,732**	**34,080**	**36,056**

Source: City of Portland

Rounds by Type

In addition to the distinction between the North and South courses, paid rounds at Riverside are divided between daily fee rounds (of various types), pass rounds, outings and league rounds. In 2012, Riverside has seen approximately 54% of rounds from daily fee players and 46% from passes. This is compared to 47.5% from daily fee players and 52.5% from passes recorded in FY2009. Additional rounds from employees and volunteers is not included in the tables, but the acceptable “standard” for municipal golf courses is 4.0% of the total, or approximately 1,300 complimentary rounds in FY2012.

Riverside Golf Course
Rounds Played by Type (FY2009-12)

North Course	FY 2009	FY 2010	FY 2011	FY 2012
Members (Passes)	**14,572**	**14,503**	**12,834**	**10,981**
Weekday	8,211	8,622	7,915	6,844
Weekend	6,361	5,881	4,919	4,137
Daily Fee Rounds				
Early Rate 18 Holes	973	1,557	3,859	694
Radio Specials	-	-	-	38
18 Weekend	1,149	760	301	574
18 Weekday	807	728	143	173
18 Junior/College	19	6	1	4
PAT	43	40	40	49
Special Rate Riding 18	1,016	589	741	2,738
Special Rate Walking 18	-	-	-	232
Val Halla Special	118	145	207	403
Total 18-H North Course	**4,125**	**3,825**	**5,292**	**4,905**
Early Rate 9 Holes	2,735	3,929	3,834	945
9 Weekend	839	553	403	201
9 Weekday	1,235	882	760	414
9 Juniors Weekday	64	28	34	43
Special Rate Riding 9	287	600	792	2,345
Special Rate Walking 9	-	-	-	659
College Rate 9 Holes	-	-	-	15
Total 9-H North Course	**5,160**	**5,992**	**5,823**	**4,622**
Outings	**2,475**	**2,625**	**2,515**	**1,972**
League Rounds	**627**	**630**	**774**	**954**
South Course				
Members (Passes)	**4,576**	**5,164**	**3,071**	**3,859**
Early Rate 18 Holes	232	297	411	71
18 Weekend	178	252	125	272
18 Weekday	129	154	15	85
18 Junior	11	4	-	2
Special Rate Riding 18	86	16	50	281
Special Rate Walking 18	-	-	-	51
Total 18-H South Course	**636**	**723**	**601**	**762**
Early Rate 9 Holes	284	1,616	2,802	492
9 Weekend	1,314	1,005	365	1,390
9 Weekday	1,852	1,076	607	1,115
9 Juniors Weekday	133	112	130	109
Special Rate Riding 9	395	202	459	1,582
Special Rate Walking 9	-	-	-	737
1st Tee Course-Adult	-	-	-	124
2nd Tee Course-Kid	-	-	-	31
9 South Totals	**3,978**	**4,011**	**4,363**	**5,580**
League Rounds	**305**	**484**	**459**	**445**
Total Rounds	**36,454**	**37,957**	**35,732**	**34,080**

Source: Riverside GC

Capacity Issues

As we will present later in the ‘Competitive Analysis’ section, current rounds played volumes at Riverside are within the norms for championship 18-hole facilities operating within the greater Portland region. Based on Riverside’s market positioning, location, and diversity in offering (two distinct golf courses), NGF Consulting has estimated a reasonable number of expected yearly rounds activity of about ±40,000 to ±45,000 rounds in a good weather year. This assumes the local flood control related to the Sebago Lake level (more later in this section) is managed effectively. It is certainly reasonable for the 18-hole “North” course to host in excess of 30,000 rounds annually. Thus, NGF has not termed this a “capacity”: Riverside is fully capable of hosting rounds in excess of 50,000, but it should not be expected at this location at this time. Review of the tee sheets shows that there is strong demand up until 9:30 most days, and then the course is “wide open” for much of the day after that.

Total Gross Facility Revenue Analysis

NGF Consulting’s review of performance shows that Riverside has experienced a decline in total direct golf operations revenue since reaching a recent peak of $937,494 in 2009. Since 2009, revenue declined about 11% to just over $834,600 in 2011, increasing back to over $883,000 in 2012 (5.8% increase in 2012). This decline was relatively consistent across most categories, but there was a large increase in green fees and a decrease in cart fees, reflective of various specials and cart-included tournaments. Riverside recorded $84,565 in pro shop sales in 2012, down from a recent high of $110,578 in 2009 (23.5% decline). NGF assumes a ‘standard’ of 65% cost of sales for pro shop operations at golf courses, compared to Riverside showing between 85% and 99% (extremely unfavorable) between 2009 and 2012.

When compared to industry averages (see **Appendix C**), we see that Riverside is operating with revenues below the average for ‘mid-range’ courses (between $25 and $70 green + cart fee). The US average revenue for mid-range public golf courses was $993,800 (18 holes) in 2009. We note that the U.S. averages include some level of revenue for food and beverage.

Riverside Golf Course
Total Gross Revenue – 2009-2012

	2009	2010	2011	2012
Revenue				
Total Green Fees	$293,558	$265,059	$276,457	$366,338
Season Passes	300,783	265,302	235,654	232,925
Carts	120,983	138,001	141,042	98,680
Gross Merchandise Sales	110,578	94,454	79,053	84,565
League Revenue	25,645	29,045	28,950	31,317
Lockers/Bag Storage	3,405	2,680	2,325	2,351
Tournaments	60,617	65,043	68,563	60,906
Misc.	21,925	13,675	2,612	5,974
Total Revenue	**$937,494**	**$873,259**	**$834,656**	**$883,057**

Source: Riverside GC

Average Revenue Analysis

The total average revenue earned per round of golf played now stands at $25.91 for 2012, excluding food and beverage. This 2012 figure is the highest recorded for average revenue per round in recent years. A close analysis of average golf fee revenue shows that average revenue by category has mirrored the overall revenue, with no one line item standing out as being unique. The average for mid-fee public golf courses in the U.S. was $21.54 for total revenue per round in golf revenue (green, cart, membership), plus an additional $9.04 in ancillary spending (food, beverage + merchandise – see **Appendix C**).

Riverside Golf Course Average Revenue per Round 2009 – 2012				
Revenue	**2009**	**2010**	**2011**	**2012**
Total Fac. Rounds	**36,454**	**37,957**	**35,732**	**34,080**
GF per GF Round	$16.96	$14.49	$13.94	$19.04
Carts (per total round)	$3.32	$3.64	$3.95	$2.90
F & B (per total round)				$4.68
Gross Merch./total rnd.	$3.03	$2.49	$2.21	$2.48
Other per total rnd.	$3.06	$2.91	$2.87	$2.95
Total Revenue*	**$25.72**	**$23.01**	**$23.36**	**$25.91**

*Totals do not sum.

Expense Analysis

Basic expenses to operate and maintain the facility totaled just under $710,000 in 2012, with steady decline since 2009. The overall expenses to operate this facility are lower than expense averages for mid-range public golf courses in the nation (average 18-hole facility = $931,900 in expenses – see **Appendix C**).

Riverside Golf Course Total Facility Expenses 2009 – 2012				
	2009	**2010**	**2011**	**2012**
Cost of Sales (Merchandise)	$101,213	$84,333	$78,268	$71,693
Operating Expense				
FT Payroll	$238,080	$222,428	$193,200	$181,903
PT Payroll + Overtime	159,182	159,251	166,755	172,665
Benefits	77,519	74,035	71,970	66,843
Products, Supplies & Repair	184,669	171,049	192,352	162,422
Services	24,214	17,637	24,062	33,412
Utilities	84,172	68,226	93,500	69,675
G & A + Other	25,613	26,493	22,132	22,639
Total Operating Expenses	**$793,450**	**$739,119**	**$763,971**	**$709,561**

Source: Riverside GC

Other Expense Findings

The City provided a full line-item break-out of expenses incurred by Riverside Golf Course in operation of the facility for the last four full years, plus a budget for 2013 (the data excludes the "Through the Woods at Riverside F & B operation). The bullet points on the next page provide a brief summary of the NGF Consulting review of these expenses. NGF Consulting has also included basic information on golf industry 'standards,' for all golf courses of all types in all climates. Industry standards can vary depending upon specific courses, but as a "rule of thumb" allocated spending in key areas coincide with the following percentages:

Industry	Indicator	Riverside 27	Total 2012
50%	Labor	59.4%	$421,412
20%	Products, Supplies & Repair	22.9%	$162,422
10%	Services (Incl. Equipment)	4.7%	$33,412
10%	Utilities	9.8%	$69,675
10%	G & A (Excl. Labor)	3.2%	$22,639
		100.0%	**$709,561**

Source: Golf Course Superintendents Association of America (GCSAA) and NGF Consulting. Expense totals do not include non-recurring capital expenses, depreciation or debt service.

NGF Consulting summary of Riverside Golf Course expenses:

- Direct costs for labor are higher than standard in proportion to total spending at Riverside Golf Course in 2012.
- Direct costs for labor are considerably higher than appropriate in proportion to total spending at Riverside. This finding, coupled with the previous review of positions, shows that Riverside Golf Course is not “over-staffed,” but total compensation may reflect indirect personnel costs and benefits such as pensions and flex wages (total benefits were 37% of total full-time payroll in FY2012).
- The Riverside 27 has a particularly low G & A expense, largely a result of the City not charging for certain services.

Through the Woods at Riverside Revenue and Expense

The Through the Woods at Riverside operation has been estimated by data provided to NGF by the facility manager. The food and beverage operation at Riverside GC appears to have gone through many iterations over the years, with the most recent private vendor vacating and the City taking over the F & B operation in March 2012. At present, the City is operating the Riverside F & B as a “Through the Woods at Riverside” snack bar, with direction and staffing from the City’s Barron Center. The projection for FY2013 shows an operation that will be very close to “break-even,” a status that is common in F & B operations at municipal golf courses nationwide. The summary position of Through the Woods at Riverside is shown in the table below:

Riverside Golf Course Summary of Through the Woods at Riverside Position – 2013*		
Revenue	**Total**	**Avg. per Total Round**
Food Sales	$47,895	$1.41
Beverage Sales	$111,755	$3.28
Total Revenue	**$159,650**	**$4.68**
	Total	**% of Revenue**
Cost of Sales (Food)	$26,076	54.4%
Cost of Sales (Beverage)	$28,249	
Total Cost of Sales	**$54,325**	**48.6%**
Other Expenses:	**Total**	**% of Expense**
Labor	$75,899	66.2%
Products, Supplies + Repair	$13,284	11.6%
Services	$150	0.1%
Utilities	$17,610	15.4%
G & A / Other	$7,624	6.7%
Total Operating Expense	**$114,567**	**100.0%**
		% of Revenue
Net Operating Income	**($9,242)**	**-5.8%**

Source: Through the Woods at Riverside and the City of Portland *FY2013 budget.

SUMMARY – RIVERSIDE GC GOLF OPERATION

Given its location, quality of golf course, and pricing structure, Riverside Golf Course has the potential to serve a defined niche of golfers in the greater Portland area, and possibly even attracting value-conscious golfers seeking a high quality round of golf at an affordable price from a much wider geography than presently attracted to Riverside GC. The facility is able to handle a much larger volume of golf rounds than is presently being served, with activity reduced due in part to the floodplain issues, as well as some perceptions in the market related to availability.

It is clear that the key issues facing the City of Portland in the Riverside operation are: (1) how to enhance the physical condition of the facility; (2) how to balance the desires of the very active membership / season pass groups (RGA + RWGA) with the need to sell more daily fee rounds and tournaments; (3) how to most effectively serve the broader public good with winter activities; (4) how to improve the food and beverage operation; and (5) how to improve the overall facility marketing to attract more golfers to play more rounds at Riverside GC.

The location of the facility is within a dense residential portion of Portland and is generally convenient to access, provided golfers are familiar the location. For golfers less familiar with the property, finding Riverside GC may be problematic as signage to the course is not good, and there is confusion about the separate parking lots for the North and South courses.

The shorter, 9-hole Riverside South Course provides a nice complement to the facility adding a golf course with appeal to beginners and other less-skilled or less-serious golfers. This property appeared to NGF to be more of a "park-type" property and less of an enterprise.

Operations

The key issues related to the operation of the Riverside GC relate to the City's view of where this facility fits in to the overall City service structure. The mission Statement for the golf course reads as follows:

"Riverside Municipal Golf Course is dedicated to serving our customers by providing a high quality golfing experience to players of all ages and abilities and enhancing their enjoyment for the game of golf as well as to provide access for customers and users of outdoor winter activities to include snow shoeing and cross-country skiing."

NGF observations in this operation show a slight divergence of directions in place for Riverside GC. On one hand, the golf facility displays operating characteristics more commonly associated with General Fund operations, such as the winter operations, junior golf programs, City administration / bureaucracy, etc. On the other hand, we see clear Enterprise Fund characteristics with regards to meeting budgets and reducing expenses to meet revenues, rather than budgeting to the needs of the golf course. Ultimately, the City will have to decide which provides the best fit for the Riverside GC operation.

In reviewing the day-to-day operations, the NGF team found that the Riverside GC operation is functioning within the norms on many measures of operation, with lower revenues and much lower expenses. Some other observations on day-to-day operations:

- This facility would benefit from the addition of a golf-specific POS system, specifically one that allows for providing on-line tee time access and one that can facilitate use of email blasts and other customer tracking programs.

- The facility is dominated by a large segment of local member and group play that can be both positive (strong core of loyal support) and negative (difficult for non-members to get on during peak periods, pervasive 'club mentality') for the facility.

- The staff has appropriately observed that increasing event, outing, and tournament golf business will be the key to regaining the level of rounds activity that has been lost in recent years, but this will require enhanced marketing and cooperation among stakeholder groups.

- The marketing of the golf operation appears to employ many of the basic elements that NGF typically recommends in modern (2012) golf marketing, but improvement is needed in areas such as internet, email, social media and working with outsiders to promote the golf course.

- The Through the Woods at Riverside operation is going through a transitional phase, trying to adjust the facility from previous vendor deficiencies into an appropriate golf course food and beverage operation. There are reported problems with service, prices, and the "grab-and-go" system of food and beverage service that is popular at successful golf courses.

- The City of Portland is considering a full smoking ban for the entire Riverside GC property. A ban on smoking in or near the clubhouse is already in effect (including outside patio), with some dissatisfaction expressed by golfers. The NGF review of other cities that have enacted full smoking bans on golf courses has been a negative impact on rounds and revenues, which should be considered by the City of Portland.

Physical Condition

The overall condition of the Riverside GC appeared to be in decline, likely due to recent reductions in maintenance budgets and attention to detail from reduced staff. The problems are particularly acute with the main North course clubhouse, which is both dysfunctional and in poor condition. The NGF finding was supported by other independent sources, along with results of NGF's golfer survey. The key areas for upgrade at Riverside include:

- The main North course clubhouse.
- The South course pro shop.
- Several on-course areas to help increase revenue and reduce expense, such as: (1) cart paths/bridges; (2) turf issues; (3) tree reduction to improve sunlight and airflow; and (4) new golf maintenance equipment.
- The driving range is potentially a good revenue source for the facility if re-opened and properly promoted.

The above-noted upgrades will likely require a total investment of upwards of approximately $1.1 million. These upgrades are recommended to help increase revenue and/or reduce expense.

Summary of Performance FY2009-2012

The NGF review of the operating data of the Riverside GC shows:

- Rounds of golf are down considerably at Riverside in the last 4 (+/-) years, with NGF documenting a 15% decline in total rounds between 2009 and 2011, and a 30% reduction in the number of season pass holders since 2009.
- Riverside GC is now hosting rounds in the low 30,000s, but this may be misleading as the North Course 18-hole course is hosting 21,000 rounds with around 10,000 rounds on the 9-hole South course. It is a reasonable expectation for Riverside to be hosting in excess of 40,000 rounds annually, even with the short golf season and the current economic and competitive climate.
- Total gross revenue from all sources totaled close to, or just under, $900,000 in each of the last few years, or $27.36 per round of golf.
- The review of the City's position in golf shows a net income before capital, depreciation and debt of around ($70,000) in each of the last two years and expected for FY2012. The largest expenses charged to the City Golf Fund are labor and products, supplies, maintenance and repair.
- The NGF review of the food and beverage operation shows a loss of around ($9,000), inclusive of all direct costs and labor, but excluding the direct labor expense for the food and beverage manager (salary in Barron Center ledger).

The table below shows the direct golf operations income as reported by the Riverside GC Golf Course manager. We note losses after debt throughout 2009-2011, with a slight recovery related to severe expense reductions in FY2012.

Riverside Golf Course
Summary of Revenues and Expenses – 2009-2012

	2009	2010	2011	2012
Total Golf Operations Revenue	**$937,494**	**$873,259**	**$834,656**	**$883,057**
Less:				
Direct Cost of Sales	$101,213	$84,333	$78,268	$71,693
Gross Margin	**$836,281**	**$788,926**	**$756,388**	**$811,364**
Operating Expenses				
FT Payroll	$238,080	$222,428	$193,200	$181,903
PT Payroll + Overtime	159,182	159,251	166,755	172,665
Benefits	77,519	74,035	71,970	66,843
Products, Supplies & Repair	184,669	171,049	192,352	162,422
Services	24,214	17,637	24,062	33,412
Utilities	84,172	68,226	93,500	69,675
G & A + Other	25,613	26,493	22,132	22,639
Total	**$793,450**	**$739,119**	**$763,971**	**$709,561**
Net Operating Income	**$42,832**	**$49,806**	**($7,583)**	**$101,803**
Interest	$16,716	$14,486	$10,618	$9,042
Principle	$59,699	$47,356	$52,442	$41,635
Total Debt Service	**$76,415**	**$61,842**	**$63,060**	**$50,677**
Facility Net (after Debt)	**($33,583)**	**($12,036)**	**($70,643)**	**$51,127**

Source: Riverside GC

External Factors Affecting the Portland Municipal Golf Operation

To appropriately assess the activity levels and potential market opportunities for the various elements of the Portland municipal golf operation, the environment in which the golf facilities operate must be understood. Therefore, it is helpful to examine local economic and demographic trends, as well as other factors, that have the potential to impact rounds played and revenues earned. This overview will include an analysis of the area's demographics, as well as a brief discussion of the local economy. In the second part of this section we provide an analysis of key golf market demand and supply indicators and a review of the competitive public golf market in the Portland area.

DEMOGRAPHICS SUMMARY

Riverside Municipal	5 m	10 mi	15 mi	Maine	U.S.
Population 1990 Census	85,381	160,331	207,903	1,227,921	248,710,012
Population 2000 Census	87,934	172,544	227,877	1,274,923	281,421,906
CAGR 1990-2000	0.30%	0.74%	0.92%	0.38%	1.24%
Population 2010 Census	90,327	183,042	245,688	1,436,403	308,699,447
CAGR 2000-2010	0.27%	0.59%	0.76%	1.20%	0.93%
Population 2016 Projected	96,679	192,234	251,103	1,355,591	312,047,700
CAGR 2010-2016	1.14%	0.82%	0.36%	-0.96%	0.18%
Median HH Income (2011 Estimate)	$47,980	$55,529	$56,957	$48,814	$53,908
Median Age (2011 Estimate)	42.4	41.2	40.9	41.8	36.9

CAGR = Compound Annual Growth Rate

From the data collected for this study, NGF Consulting has made the following observations regarding the demographics of Portland and surrounding areas:

- The area has shown relatively stable population since 1990. The NGF estimates over 90,000 reside within three miles of the Riverside GC, and over 245,000 within 15 miles. This is a large total population for the golf facility to draw from and generally consistent with municipal golf course markets in suburban market areas.
- Median household incomes in the Portland trade area are generally close to the corresponding national figure of $53,908, which is higher than the State of Maine figure of $48,814. The smallest 5-mile local Portland market area has the lowest income of the sub-markets reviewed, indicating a higher proportion of lower income residents. In general, higher income residents are more likely to participate in golf, and they play more frequently than lower income golfers. Thus the local Portland market area appears less-favorable for high golf participation and activity, when compared to other regional markets.
- The Median Age in the local market area is much older than the national median of 36.9 years. In general, golf participation rates and frequency of play increase with age (though both decline at the oldest age segments), making relatively older markets more attractive to golf facility operators, all other factors being equal.

ECONOMIC OVERVIEW

In addition to identifying trends in golf course demand and supply, the NGF has examined certain economic indicators and other mitigating factors that have the potential to affect the performance of the Riverside GC. Following are some key observations highlighting the broader economy, transportation, and visitation characteristics of the surrounding Portland MSA. The overall findings are viewed as mixed for the region overall, while the Portland Golf market does seem to show many positive characteristics related to continued operation of the Riverside GC.

It is unclear what effects the troubled regional and national economies will have on activity levels at public courses. On one hand, decreased discretionary income and higher unemployment will almost certainly cut down on recreational / leisure spending. However, interviews with area golf operators indicate that golfers are either playing less or shifting play patterns to less expensive rounds, which actually could benefit lower price point municipal golf courses.

Portland, ME MSA

- Portland is the largest city in Maine and is the county seat of Cumberland County. The 2010 city population was 66,194, growing 3 percent since the census of 2000. With a metro population of over 500,000, the Greater Portland area is home to more than one-third of Maine's total population.

Climate

- Portland has a humid continental climate, with somewhat long, cold snowy winters, and warm summers. Monthly averages range from 22.3 °F in January to 69.1 °F in July. The high exceeds 90 °F several days per year. The area can be affected by severe "nor'easters" during winter, with high winds and snowfall totals. Precipitation averages 45.8 inches and is plentiful year-round, but with a slightly drier summer. The first snowfall of the season generally occurs around late October, and the last snowfall is in April. As a result, golf is generally not played year-round, and is concentrated in the May through October season each year.

Basic Economy

- Portland has become Maine's economic capital because the city has Maine's largest port, largest population, and is close to Boston (115 miles to the south). In recent years, Portland has had a low unemployment level when compared to national and state averages, 6.8% in January 2011. Portland and surrounding communities also have higher median incomes than most other Maine communities.
- The largest statewide employers are Walmart/Sam's Club (department stores), Hannaford Bros. Co. (supermarket), and L.L. Bean (Mail order houses), each employing between 7,000-7,500 people. In Portland, Maine Medical Center employs roughly 6,000, while Unum (insurance) has between 3,000 and 3,500 employees.

Largest Employers (Greater Portland area)	Number of Employees
L.L. Bean, Inc.	5,400 – 5,600
Maine Medical Center	4,600 – 4,800
UnumProvident	3,400 – 3,600
Delahaize	2,300 – 2,500
Bank North Group	1,900 – 2,100
Verizon	1,600 – 1,800
Source: City-Data.com :: Cities of the United States:: The Northeast Portland: Economy	

- It had been purported that job growth in Maine would be flat in 2012 and employment won't reach pre-recession levels until 2017. According to CES data, the number of jobs in Maine through June 2012 is nearly identical to the number of jobs through December 2011, despite substantial growth in January and February.
- *Forbes* has previously named Portland America's 'most-livable city'. *Bon Appétit* Magazine lists Portland as the 'foodiest small town in America' and *The New York Times* consistently names it among the best culinary cities in the United States.
- A study by two economists at the University of Maine shows Maine's golf industry generated almost $270 million for the state in 2011, which includes tourism-related spending by out of-state golfers. There are 144 golf courses in Maine that support 4,935 full and part-time jobs. The study also finds that 31 percent of players in Maine come from out of state.
- Because tourism plays a major role in Maine's economy, the state is widely referred to as 'Vacationland'. The State's Office of Tourism regularly lists sport hunting, fishing, skiing, sailing and boating as activities to enjoy while visiting. Often overlooked, though, is golf. According to the 2010 Maine Office of Tourism Visitor Tracking Research annual report, 5 percent of the overnight tourists to the state (and 3 percent of day visitors) listed golf as a trip activity while visiting Maine.

Transportation

- Portland is accessible from I-95 (the Maine Turnpike), I-295, and U.S. 1. Also, U.S. Route 302, a major travel route and scenic highway between Maine and Vermont, has its eastern terminus in Portland.
- The city operates several transportation hubs. In addition to the transportation center, commercial air service is available at the Portland International Jetport, located in Stroudwater west of the city's downtown district.
- The Port of Portland is the second-largest cruise and passenger destination in the state (next to Bar Harbor), and is served by the Ocean Gateway International Marine Passenger Terminal. Ferry service is available year-round to many destinations in Casco Bay.

Cost of Living

The following table shows that despite "average" incomes in the region, the area has a slightly higher overall cost of living when compared to the total U.S. This has implications for golf activity and fees charged for golf in this market area.

Cost of Living	Portland, ME	United States
Overall	110	100
Food	97	100
Utilities	101	100
Miscellaneous	105	100
Our cost of living indices are based on a US average of 100. An amount below 100 means Portland, ME is cheaper than the US average. A cost of living index above 100 means Portland, ME is more expensive.		

GOLF MARKET SUPPLY AND DEMAND INDICATORS

The basic measures of golf demand and supply that may affect the performance of City of Portland golf courses are outlined below.

National Trends in Golf

Participation

Golf participation in the U.S. has grown from 3.5% of the population in the early 1960s to about 9% of the population today. NGF estimates that the number of golfers fell in 2011 to 25.7 million, essentially even with 2010. For research purposes, a golfer is defined as a person age 6 or above who plays at least one round of golf in a given year.

All U.S. Golfers
(in millions)

	1985	1990	1995	2000	2005	2011
All golfers age 6+	19.5	27.4	24.7	28.8	30.0	25.7

Source: *Golf Participation in the U.S.*, 2012 edition, National Golf Foundation

The number of golfers remained essentially steady in 2011 at 25.7 million, compared to the 26.1 million recorded in 2010 (the estimated drop of 400,000 golfers is within the range of research sampling error). The New England Region (which includes Maine) statistics are shown in the table below. Recent data on rounds played nationally can be found in **Appendix F** (NGF's National Rounds Played Report).

Regional Profile

	Participation Rate	Number of Golfers	Percent of Golfers	Total Annual Rounds
New England Region	9.9%	1,367,000	5.3%	15,600,000
United States	9.0%	25,682,000	100.0%	463,000,000

Source: *Golf Participation in the U.S.*, 2012 edition, National Golf Foundation

Considering the severity of the recent (2009-2012) economic downturn and its effects on both discretionary income and time, golf has held up rather well. Multiple NGF studies of golfers since 2008 would attribute the gradual decline in golfers and rounds primarily to the impact of lower job security and concern over personal finances, not waning appeal for the game.

Over the past 50 years, golf demand grew at about 4% per year while facility supply grew at about 2% per year. However, since 1990, the situation has reversed – demand has grown at

0.5% per year while facility supply has grown at 1.4% per year. With the increase in supply has come a marked increase in competition, with supply exceeding demand in some markets.

In addition to increased competition, other factors have contributed to a decline in the number of rounds per course nationally from 2002 to 2012. In the NGF's most recent survey of core golfers conducted in September 2011, we found that fearful financial outlooks, weak consumer confidence, and negative golfer attitudes have also played a role. The combination of these has caused many golf facilities to become distressed, particularly those that have a high debt load because of higher construction costs and the perceived need to build high-end courses.

The number of golf course closings quadrupled from an annual average of 24 courses per year in the 1993-2001 time period to more than 100 courses in 2005. In 2006, there was negative net growth in golf facilities for the first time in six decades, with 146 18-hole equivalents closing and 119.5 opening. In 2007, there were 113 openings and 121.5 closures, and in 2008, 72 golf course openings and 106 closures. In 2009, 49.5 openings minus 139.5 closures equated to a net loss of 90 18-hole equivalents. Net growth in supply has been negative now for four consecutive years, with the largest drop of 90 courses in 2009. However, U.S. openings averaged 200+ (net) for 20 years, and total 18-hole equivalent supply is up 5% since 2000, indicating a slow market correction is underway. As of December 2011, NGF reported 2011 net growth of negative 138.5 (openings minus closings). The figures do not consider private club conversions to public courses, a growing trend since 2009.

There is no denying a significant drop in golfers, but it appears to be mainly economically driven and therefore we can expect some post-recession recovery. The long-term view remains moderately favorable, due to population growth, latent demand, and baby boomers retiring. According the NGF research, openings are likely to stay in the range of 30-50 per year and closures are expected to continue in the 100-150 range.

Municipal Golf

Municipalities were largely responsible for helping bring golf to the masses by creating affordable golf courses for their citizens. The role of municipal golf has changed dramatically over the past 30 years, with fewer municipalities viewing golf in the same vein as other recreational opportunities offered – simply an amenity for its citizens. Still, many municipalities remain that are willing to subsidize municipal golf. Though these municipalities certainly prefer to earn enough to cover direct expenses, they recognize the value of offering affordable golf to their residents with respect to quality of life issues, providing positive diversions for lower-income and/or at-risk youth, and even longevity, due to health benefits.

Several factors have changed over the last few decades that have, at least temporarily, altered the golf course market and the role of the municipally owned golf course. The main factor has been increased competition. As noted, in the last two decades the supply of public golf courses has increased dramatically, thus eliminating the near-monopoly that municipalities used to have on public golf. Now municipal courses are finding themselves competing head-to-head for market share with private enterprise. Unfortunately, few municipalities find they are equipped to handle this type of competitive environment.

There are several factors that typically inhibit municipalities in their ability to compete successfully with private enterprise and present them with considerable challenges in the modern golf industry. These include slow response due to bureaucracy, budget constraints, personnel policies, marketing and the lack of incentives to employees.

Local Golf Demand

The methodology for determining the relative strength of the subject market is based on ongoing NGF research of American golf participation habits. The NGF Golf Demand Model includes the critical combination of age and income, regional seasonality, and available golf course supply, as well as existing and emerging demographic trends in a particular market area. This model can be used as a benchmark for estimating potential market strength in a particular area. Each year, the NGF does an annual survey of golfers nationwide. The results of this survey allow NGF to make accurate predictions concerning demand, participation, and golf spending. The results for the local areas are posted below:

Golf Demand

	5 mi	10 mi	15 mi	Maine	U.S.
Number of golfing households	8,206	16,403	21,796	116,047	21,237,600
Number of rounds played	152,472	313,413	418,690	2,295,394	498,831,616
Rounds played locally (less than 50 mi)	93,543	196,257	268,706	1,327,886	279,190,432
Rounds played regionally (50-200 mi)	46,505	93,687	119,042	682,114	168,914,336
Rounds played on vacation (more than 200 mi)	8,384	16,833	21,934	192,425	33,584,420
Rounds played at Seasonal home	4,040	6,636	9,008	92,969	17,144,112
Golfing Fees	$6,217,886	$12,781,127	$17,224,832	$97,821,320	$20,179,122,176
Hard goods spending	$851,857	$1,751,036	$2,339,220	$12,829,132	$2,794,251,520
Soft goods spending	$547,617	$1,125,651	$1,503,762	$8,247,184	$1,796,280,960
Rounds/Golfing Household	18.6	19.1	19.2	19.8	23.5
Fees/Round	$40.78	$40.78	$41.14	$42.62	$40.45
Merchandise/Round	$9.18	$9.18	$9.19	$9.19	$9.20

Key notes from the above table include:

- Merchandise sales reflect all merchandise purchases, including those at retail stores, discount stores, and over the Internet.
- Over half (62%) of the rounds played by area households are done locally.

In order to make comparisons more meaningful, NGF indexes are used to compare the above values against a national mean, which is set at Index=100. An index value of 90 means 10% less than the national average, while an index value of 110 means 10% more than the national average.

Golf Demand Indices

	5 mi	10 mi	15 mi	Maine	U.S.
Index: Golfing Households	107	114	117	114	100
Index: Rounds Played by Residents	85	93	96	96	100
Index: Rounds Played Locally (less than 50 mi)	93	104	110	99	100
Index: Rounds Played Regionally (50-200 mi)	76	82	80	84	100
Index: Rounds Played on Vacation (more than 200 mi)	70	75	76	121	100
Index: Rounds Played at Seasonal Home	68	59	62	117	100
Index: Golfing Fees	86	94	97	101	100
Index: Hard Goods Spending	85	93	96	96	100
Index: Soft Goods Spending	85	93	95	96	100

Source: National Golf Foundation

- Area golf participation is 7-17% higher than the U.S., but pretty uniform across the area.
- While participation is higher than the national average, the number of rounds played per person is 5 to 15% lower than the national average, reflecting the shorter season.
- Notably, the golf fees are about 5% to 15% lower than the national average in the local Portland market, but only 1% higher in the State of Maine.

Golf Supply Factors

Along with the higher income and dense population, the NGF has counted a total of 14 golf facilities (10 public and 4 private) within 10 miles of Riverside in 2012. Utilizing this data in conjunction with the demographics presented earlier, we note the following comparison of golf facility supply to the number of households available in the market to support each facility. The data shows that the 5-mile local Portland market has 23% fewer households (Index=77) per 18 holes of golf (unfavorable), and the wider geographies have similarly few households per golf course, indicating a possible over-supply of golf courses (relative to the total U.S.) in the Portland region.

Golf Facility Supply
Portland Market

Riverside Municipal	5 mi	10 mi	15 mi	Maine	U.S.
Golf Supply Summary					
Total Golf Facilities	7	14	20	140	15,902
Public Golf Facilities	4	10	15	128	11,633
Private Golf Facilities	3	4	5	12	4,269
Total Golf Holes	126	234	333	1,899	268,443
Public Golf Holes	72	162	243	1,719	191,214
Private Golf Holes	54	72	90	180	77,229

Source: National Golf Foundation

Household Supply Ratios
Portland Market

Riverside Municipal	5 mi	10 mi	15 mi	Maine	U.S.
Golf Supply Summary					
Households per 18 Holes: Total	6,076	6,150	5,605	5,363	7,933
Households per 18 Holes: Public	10,633	8,884	7,681	5,924	11,137
Households per 18 Holes: Private	14,178	19,988	20,740	56,575	27,575
Households Supply Index: Total	77	78	71	68	100
Households Supply Index: Public	95	79	69	53	100
Households Supply Index: Private	53	75	78	212	100

Source: National Golf Foundation

Recent Construction Activity

There have been only 9 new holes of golf added in the 3- and 10-mile markets in the past ten years, with a total of 18 new holes in the 15 mile market. Toddy Brook Golf Course opened 9 holes in 2005, adding to its 9 holes added in 2002. During the previous 10 years, 1991-2001, Spring Meadows Golf Club opened with 18 holes in 1999.

Site: Riverside Municipal	**5 mi**	**10 mi**	**15 mi**	**Maine**	**U.S.**
Golf Course Construction Activity 2001-2010					
Total holes added past 10 years	9	9	18	162	24,318
Public holes added past 10 years	9	9	18	162	17,469
Private holes added past 10 years	0	0	0	0	6,849
Percent Total Holes Added	7.10%	3.80%	5.40%	8.50%	9.10%
Percent Public Holes Added	12.50%	5.60%	7.40%	9.40%	9.10%
Percent Private Holes Added	0.00%	0.00%	0.00%	0.00%	8.90%

Source: National Golf Foundation

Facilities in Planning or Under Construction

The NGF database indicated only one facility either in planning or under construction in Riverside GC's trade area - Sunset Ridge Golf Links in nearby Westbrook. The new owner of this property has hired Downeast Golf Design and Construction to perform renovations/ reconstruction of the former 18-hole regulation course that was closed in 2010 and purchased at auction. Plans to rebuild the course and reopen it as an 18-hole facility are currently awaiting approval, with new owners hopeful the course could be playable before the end of 2012. The plan includes redoing the back- 9, restoring front -9 to its original state and opening the miniature golf, driving range and the par-3 course as soon as possible. The property also includes a clubhouse, pool, and tennis courts.

Golf Course Market Supply / Demand Summary

The previous data allows NGF to make comparison between supply and demand in greater Portland, as well as for the State of Maine as a whole. As expected, the results are comparable to the population and income data with the small rings areas around each property showing relatively weak demand, but a large number of golf courses relative to the small population.

Market Status

Using the most basic measures of golf demand and supply, we note there are four possible combinations for any given geography: (1) favorable demand and favorable supply ("opportunity"); (2) favorable demand and unfavorable supply ("active"); (3) unfavorable demand and favorable supply ("inactive"); and (4) unfavorable demand and unfavorable supply ("saturated").

As shown in the table below, the market area for the subject Riverside GC shows generally unfavorable demand and supply conditions. Many of the successful golf facilities in the U.S. tend to be located in "opportunity" markets, although this is not universal. The Portland market as a whole would be categorized as "saturated," with unfavorable demand and unfavorable supply.

Defined Market	Demand Index	HH/Supply Index	Market Status
Riverside 5-mile Ring	85	77	Saturated
Riverside 10-Mile Ring	93	78	Saturated
Riverside 10-Mile Ring	96	71	Saturated
State of Maine	**96**	**68**	Saturated
Source: National Golf Foundation. N/A = Data not available			

Golfers per 18 holes

NGF has also evaluated the relative strength of the Riverside GC market area with a comparison to a national "threshold" of golfers per golf course within 10 miles of a golf course. In its 2009 publication "*The Future of Public Golf in America,*" NGF hypothesized that the best predictor of a public golf course's success was the number of golfers per 18 holes within a 10-mile radius, with 4,000 identified as the key number for projected financial stability. As shown in the table below, the Riverside GC (and State of Maine) is in a market with far fewer golfers per golf course than the identified threshold. In fact, the overall State of Maine has only 34% of the number of golfers per golf course compared to the identified threshold.

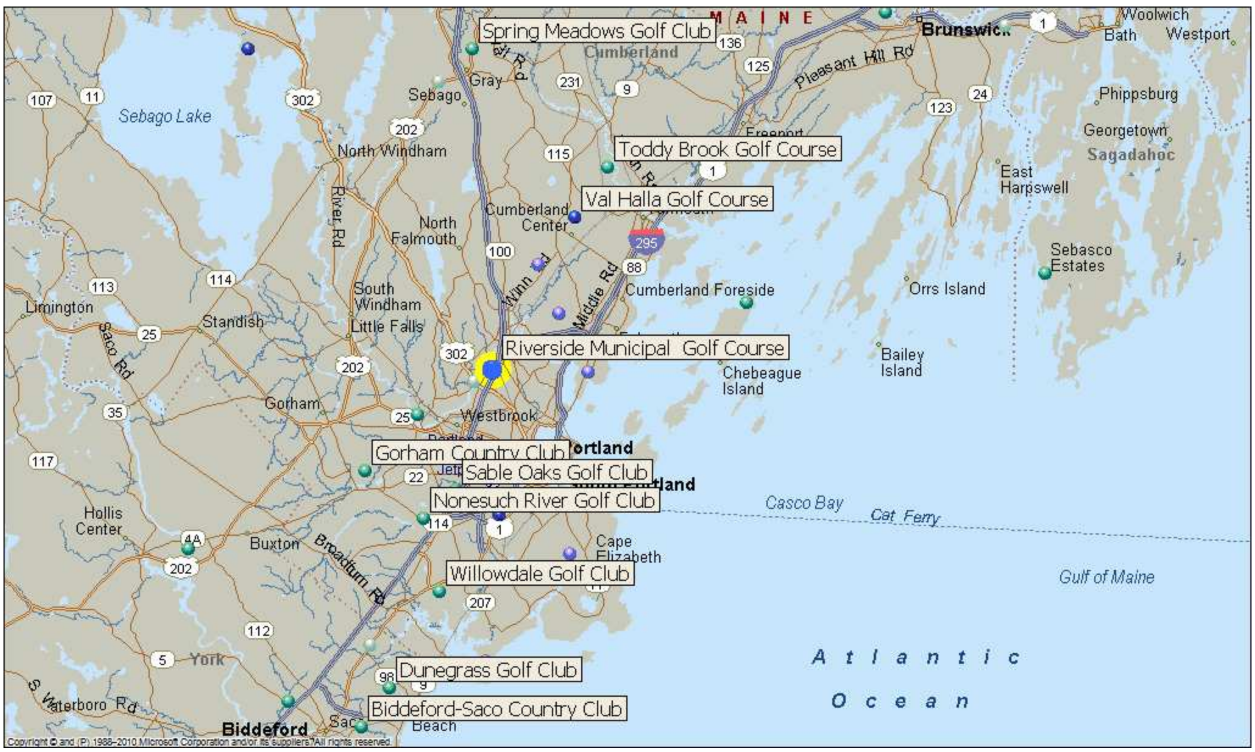
	Est. No. of Golfers	Total 18-H Equivalent	Golfers per 18 holes
Riverside 10-Mile Market	20,504	13	1,577
Total U.S. "Threshold" for Successful Public Golf			**4,000**
State of Maine	**145,058**	**105.5**	**1,374**
Source: National Golf Foundation. # golfers = total golfing households x 1.25.			

Though the predictive demand model and supply ratio analysis is very useful in evaluating the relative strength of golf markets, it cannot stand on its own in determining the status or health of a golf market. Rather, these analyses must be considered in the context of what is actually happening "on the ground" in the market, in terms of price point and activity level trends at existing golf courses.

COMPETITIVE GOLF MARKET

One of the objectives of this study is to identify any opportunities that may exist for the Riverside Golf Course to increase market share and revenues. In this section, we present an overview of the public access golf market in which Riverside GC operates, with a focus on key competitors. The map below shows the location of these facilities in relation Riverside.

In the tables that follow, NGF Consulting presents summary operational information for the golf facilities identified as primary and secondary competition to Riverside, especially for the 18-hole North Course. NGF Consulting identified these competitors based on a number of factors, including price point, relative quality, location, and input from Riverside GC management. The results of NGF's golfer survey confirmed that this list comprises the key competitive set for Riverside.



Riverside Golf Course Key Competitors – Summary Information						
Golf Facility	**Location**	**Type**	**Year Open**	**Par / Slope**	**Front Tee / Back Tee**	**Location Relative to RGC***
Riverside Golf Course (North)	Portland	MU 27H	1924	72 / 125	5,297 / 6,448	--
Biddeford-Saco Country Club	Saco	SP 18H	1920s	71 / 130	4,987 / 6,333	15.5 mi SW
Dunegrass Golf Club	Old Orchard Beach	DF 18H	1998	72 / 137	4,818 / 6,684	13.5 mi SW
Gorham Country Club	Gorham	DF 18H	1961	71 / 116	5,426 / 6,555	6.5 mi SW
Nonesuch River Golf Club	Scarborough	DF 18H	1968	70 / 120	4,827 / 6,347	7 mi SW
Sable Oaks Golf Club	South Portland	DF 18H	1989	70 / 130	4,786/ 6,359	5.5 mi S
Spring Meadows Golf Club	Gray	DF 18H	1999	71 / 126	4,706 / 6,656	13 mi N
Toddy Brook Golf Course	N. Yarmouth	DF 18H	2002	71 / 133	4,409 / 6,214	9.5 mi NE
Val Halla Golf Course	Cumberland	MU 18H	1965	72 / 130	4,584 / 6,595	7 mi NE
Willowdale Golf Club	Scarborough	DF 18H	1930	70 / 124	4,891 / 6,086	9.3 mi S

*Air miles from subject site, rounded to half-mile; actual driving distances will likely be greater.
Type: DF – Daily Fee; MU – Municipal; SP – Semi-private

In addition to the facilities listed above, Riverside GC North will compete secondarily with other area municipal and daily fee golf courses such as the private Falmouth Country Club and Point Sebago Golf Resort. **Falmouth CC**, though still a fully private club, has become more competitive to Riverside after a sharp reduction in its membership prices. Harris Golf, which owns or manages several other clubs in Maine, including Freeport Country Club, Sunday River, Old Marsh, and Penobscot Valley, leased and then subsequently purchased Falmouth CC for $2.5 million. The new owners have been able to build up to 546 total members, including 330 full golf members (cap is 350). Falmouth, a high quality facility which this summer hosted an LPGA Legends event, offers an individual golf membership for $2,100 (a reduction of about 50% off of previous pricing) that includes unlimited golf, use of range, tennis, pool, fitness, and dining. The membership also provides member status at other Harris Golf clubs.

The results of the NGF golfer survey revealed that Riverside's top competitors correlated directly with the list of competitors identified by NGF with help of Riverside staff. The lone exception was **Point Sebago Golf Resort**, which appears to be a secondary competitor despite being located more than 20 miles away to the northwest. Point Sebago's rack rates, which are cart inclusive, are moderately higher than Riverside's, but the facility offers a variety of ways for golfers to get discounted rates, including web specials, newspaper promotions, and the Club Card loyalty program (one-time $139 fee entitles holder to fees discounted as much as $30 off rack). A single full-golf membership is $995; an unlimited cart program can be added for $445. Even at non-discounted rates, Point Sebago, which is considered one of the best and most scenic public golf courses in Maine.

Summary Information – Riverside GC and Primary Competitors (North Course)

The table below shows summary facility information regarding Riverside GC and its primary competitors for the North Course. Unless otherwise indicated, peak season non-resident rates are illustrated (key resident and off season rates are footnoted). Rounds shown represent total starts and are self-reported by the operators.

Summary Operating Data – Riverside GC and Key Competitors

Golf Facility	Total 2011 Rounds	18-Hole Green Fee (WD/WE)	9-Hole Green Fee (WD/WE)	Per Person Cart Fee (9H/18H)	18-Hole Aft. / Twilight Fee	Junior 18-Hole Green Fee	7-Day Membership Cost (Single/Couple)	Weekday Membership Cost (Single/Couple)	Junior / Senior Membership
Riverside Golf Course - North	23,949	Res $30/$34 N-R $34/$36	Res $22/$24 N-R $24/$26	Res $8/$14 N-R $10/$16	$35[1]	WD only Res/N-R $26/$28	Res $750/$1,185 N-R $935/$1,435	Res $540/$940 N-R $725/$1,190	Junior only Res/N-R $380/$480[2]
Riverside Golf Course – South	8,035	Res $26/$28 N-R $28/$30	Res $20/$22 N-R $22/$24	Res $8/$14 N-R $10/$16	$25 (9 holes) $35 (18 holes)[3]	WD only Res/N-R $22/$24	Res $485/$735 N-R $600/$905	Res $415/$635 N-R $545/$830	Junior only Res/N-R $250/$300[4]
Biddeford-Saco Country Club	40,000	$50/$50	DNA	$8/$16	DNA	DNA	$795/$1,590 $2,000 waiting list	DNA	$265/$720
Dunegrass Golf Club	12,000	$45/$51	$25/$25	$12/$18	12pm $45 WD 3pm $25 all week	DNA	$1,395/$2,100	$895/$1,395	$450/$595[5]
Gorham Country Club	Don't track	$30/$32	$20/$22	$11/$16	$20 all week	9H/18H $10/$20 M-F only	$1,000/$1,650[6]	$830/$1,450	$375/$800[3]
Nonesuch River Golf Club	29,000	$36/$40	DNA	$12/$18	$25 All week $14 cart	DNA	$1,395/$2,100	$895/$1,395	$450/$595[5]
Sable Oaks Golf Club	19,342	$40/$45	$30/$35	$10/$15	$27/$30 WD/WE	$22/$27[8] 4 pm WD/WE	$1,550/$2,350[9]	DNA	$450/DNA
Spring Meadows Golf Club	22,000	$36/$43	$23/$26	$11/$17	$26/$30 WD/WE	DNA	$1,349/$2,199	$999/$1,599	$499/$1,149[10]
Toddy Brook Golf Course	11,000	$35/$40	$25/$25	$10/$15	$25/$25 WD/WE	$15/$25 WD/WE	$1,100/$1,800	$875$1,450	$350/$950
Val Halla Golf Course	22,000	Res $30/$32 N-R $33/$35	Res $20/$22 N-R $25/$27	Member $10/$15 Non-Mem $12/$18	5:30 $16/$20 Res/N-R	WD only Res/N-R $25/$28	$950/$1,599	$860/$1,450	$325/$349[11]
Willowdale Golf Club	Don't track	$29/$34	$19/$21	WD: $9/$10 WE: $9/$15	$18/$30 Walk/Ride[12]	DNA	$1,100/$1,600	$800/$1,400	$400/DNA

KEY
*NGF Consulting estimate N/A – Information not available DNA – Does not apply **Note:** Rates listed in the table are for peak season. Where three rates indicated, middle fee represents Friday
1 Weekend afternoon special: Saturday, Sunday, and Holidays after 1pm
2 Juniors: Monday – Friday anytime; Saturday, Sunday, Holidays after 12pm
3 Weekend afternoon special: Saturday, Sunday, and Holidays after 1pm
4 Juniors: Monday – Friday anytime; Saturday, Sunday, Holidays after 12pm
5 College student full-week membership (valid college ID required—valid for ages 29 & under)
6 Early payment/payment plan rates; if paid after 1/16/12 –WD: $880 (Single) / $1,500 (Couple); WE: $1,050 (Single) / $1,700 (Couple)
7 Early payment/payment plan rate for Senior; if paid after 1/16/12--$850; also offer Senior Couple--$1,350 ($1,400 if paid after 1/16/12)
8 4:00-close: *Junior rate applies only to Juniors under 16 accompanied by a paying Adult or Adult Member
9 Regular rate using payment plan; $1,450(Single)/$2,250(Couples) if paid before 4/30/12
10 $1,999 (Senior Couple); $599 (Twilight)/$1,099 (Twilight couple); $699 (College student – full time living at home with minimum of 12 credit hours)
11 Junior: $325(MSAD51) / $349 (Non-MSAD51)
12 Unlimited play all week after 4pm

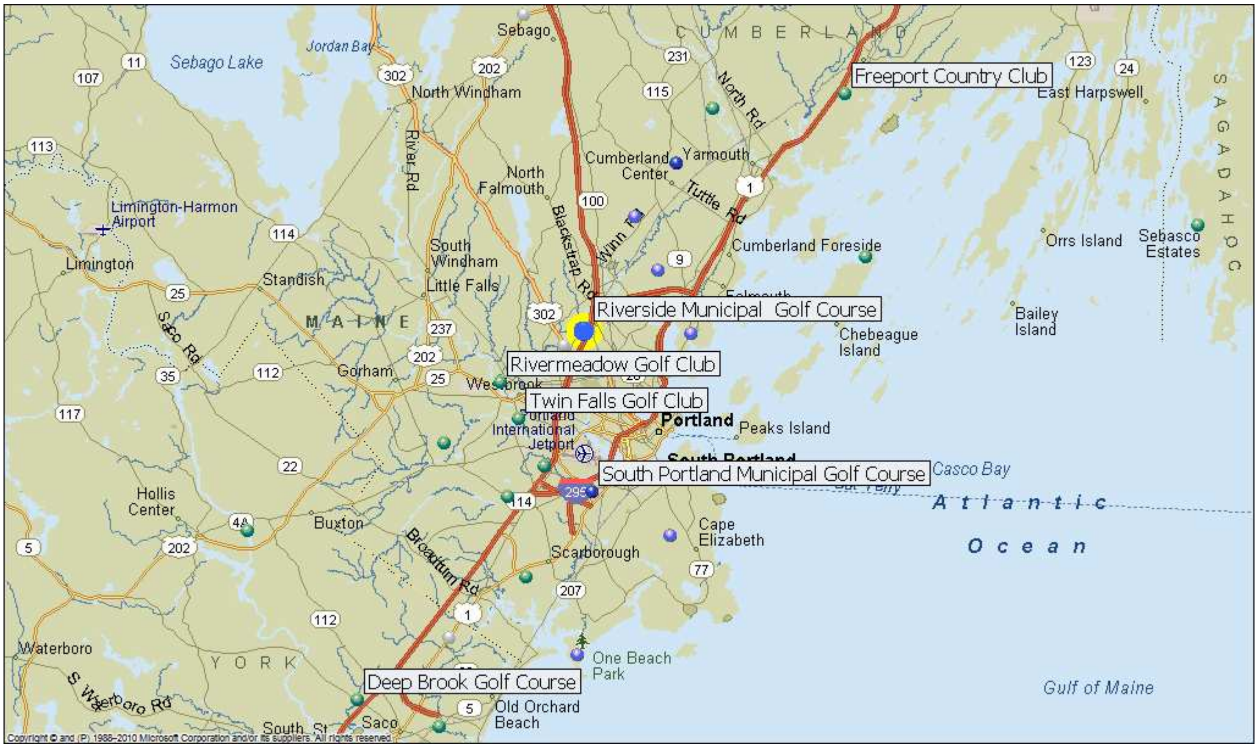
Summary Information – Primary Competitors (South Course)

The South Course will compete to some degree with the facilities listed above, but will also compete with other area 9-hole tracks such as Freeport Country Club, Deep Brook Golf Course in Saco, South Portland Municipal Golf Course, and two 9-hole family-owned tracks in Westbrook - Rivermeadow and Twin Falls. The latter two facilities do not compare in quality to Riverside, but we list them because of their proximity to the subject facility. South Portland Muni, though also relatively proximate, is a much shorter course that is utilized primarily by junior golfers and some seniors. Total revenues for this course were $182,509 for FY 2011, with total expenses of just under $200,000.

Riverside Golf Course 9-Hole Competitors – Summary Information

Golf Facility	Location	Type	Par	Back Tee / Front Tee	Weekday Green Fee 9H / 18H	Weekend Green Fee 9H / 18H	Cart Fee 9H / 18H	Membership Single / Couple	Miles Dist. to RGC*
Riverside GC (South)	Portland	MU	35	2,941/2,184	$22/$28[1]	$24/$30[1]	$10/$16[1]	$600/$905[1]	--
S. Portland MU GC	S. Portland	MU	33	2,071	$12/$12	$13/$13	DNA	n/a	6 - S
Freeport Country Club	Freeport	DF	36	2,939/2,405	$18/$25	$18/$25	$7/$10	$550/$825	13 - NE
Deep Brook GC	Saco	DF	36	3,076/2,312	$19/$28	$22/$32	$6/$9[2]	$625/$1,130	16 - SW
Rivermeadow GC	Westbrook	DF	36	2,786/2,545	$16/$24	$16/$24	$8/$12	$750/$1,125	3.5 - SW
Twin Falls Golf Club	Westbrook	DF	n/a	2,700	$15/$20	$15/$20	$5/$10[3]	$625/DNA	4.0 - SW

*Air miles from subject site, rounded to half-mile; actual driving distances will likely be greater.
Type: DF – Daily Fee; MU – Municipal
DNA – does not apply N/A – information not available
1 All fees quoted are for non-residents; Riverside resident South Course membership is $485 single, $735 couple
2 Weekend cart fees for shared cart; weekday shared carts are $7 for 9 holes, $5 for 18
3 Weekday 18-hole cart is $5 per person


Freeport Country Club
Riverside Municipal Golf Course
Rivermeadow Golf Club
Twin Falls Golf Club
South Portland Municipal Golf Course
Deep Brook Golf Course
Sebago Lake
Sebago
North Windham
Cumberland Center
Yarmouth
North Falmouth
Limington-Harmon Airport
Limington
Standish
South Windham
Little Falls
Gorham
Westbrook
Portland International Jetport
Portland
Peaks Island
Cumberland Foreside
Chebeague Island
Bailey Island
Orrs Island
Sebasco Estates
East Harpswell
Casco Bay
Atlantic Ocean
Cape Elizabeth
Scarborough
Buxton
Hollis Center
Waterboro
Saco
Old Orchard Beach
One Beach Park
Gulf of Maine
MAINE
YORK

Significant Findings – Public Access Golf Market

NGF Consulting's key findings regarding the competitive public access golf market in which Riverside GC operates are summarized below:

General

- Among the facilities profiled, NGF considers Nonesuch, Val Halla, Sable Oaks, Willowdale, Gorham and, though distant, Spring Meadows to be the key competitors to Riverside GC. Secondary competitors include Dunegrass, Toddy Brook, Biddeford-Saco, Point Sebago, and Falmouth CC (for memberships).
- Nonesuch features a very scenic, well maintained golf course, a modern 2,500 square-foot clubhouse, a full-size practice range, two putting greens, and golf academy, and is probably Riverside's chief competitor, as borne out by the results of the golfer survey.
- The owner of Nonesuch River Golf Course in Scarborough is now leasing Dunegrass Country Club in Old Orchard Beach, and the two courses are being marketed cooperatively, including membership and stay-and-play packages. Single memberships at both courses are $1,395. For an additional $100, golfers at both courses can play the other course any day of the week (on Saturday and Sunday, after noon only). Nonesuch management told NGF that about 20% of its total play comes from its members.
- The Dunegrass golf course, which opened in 1998 and includes a banquet center within its spacious clubhouse, had fallen into poor condition last season and the goal of the new lessee is to restore the course to its former condition. Some of the projects planned include restoring all the tees and upgrading the irrigation system. Greens and fairways will get extra attention. Dunegrass is known for its nice layout and pleasing scenery and, if improved, could once again become a secondary competitor to Riverside, especially in light of the co-marketing strategy with Nonesuch.
- Tourist play is an important supplement to member and local daily fee play in the greater Portland market. Portland proper receives many leisure and business travelers, and areas such as Saco, Old Orchard Beach and Scarborough have many summer visitors and seasonal residents. Several area golf courses are aggressive at marketing stay-and-play packages; the most active of these are Nonesuch/Dunegrass and Sable Oaks, which is owned by the corporation that owns the Marriott and Holiday Inn on property.
- Based on interviews with area golfers and golf facility operators, the market perception of Riverside GC is generally mixed. Golfers recognize that it is a scenic, historic course with a classic layout and generally good maintenance conditions. However, numerous NGF interviews indicate that there are some negative opinions held about Riverside and the City's oversight of the facility. Recurring themes centered around the facility being "dysfunctional", unwelcoming to players that were not regulars, and a "private club for their members". Also, there is the perception among many that budget constraints have resulted in a weakened product.
- The introduction of newer daily fee golf courses in Riverside's trade area since the late 1990s, such as 18-hole facilities Spring Meadows in Gray, Dunegrass in Old Orchard Beach, Toddy Brook in North Yarmouth, Fox Ridge in Auburn, and Old Marsh Country Club in Wells have almost certainly contributed to the decline in play

at Riverside GC and other area courses. New 9-hole tracks such as Deep Brook and Saco and Highland Green in Topsham have also affected play for Riverside South. The reduction in membership fees at Falmouth CC has also likely had an impact on Riverside's membership.

Fees

- The pricing convention in this market includes a peak "summer" season that stretches from roughly June through September, with two off or "shoulder" seasons from opening to June and from October to close. Also, there are moderate fee increases for weekend play. Rates are highest in the mornings, with most clubs publishing discounted afternoon rates. Some clubs have an intermediate afternoon rate before twilight kicks in during mid to late afternoon (depending on time of day, may be for unlimited play). Discounts for juniors are common (often with time/day restrictions), though senior discounts are not common.
- Green fees among the competitive set NGF analyzed fall within a relatively narrow range and reflect a relatively blue collar market, with weekend walking green fees topping out at about $50 (Dunegrass and Biddeford-Saco).
- Riverside is most similarly priced to Val Halla GC, is moderately higher than local family-owned Gorham CC and Willowdale, and is moderately lower than Nonesuch River, Sable Oaks, Spring Meadows, and Toddy Brook. Though Dunegrass and Biddeford-Saco are priced at the high end of the market, Dunegrass discounts off of its rack rate through various channels and is a low volume golf course, and Biddeford-Saco does only about 20% daily fee rounds (there are reportedly 500 total members and it costs $2,000 to be placed on a waiting list).
- Riverside GC is at the low end of the scale for membership pricing. For both singles and couples, Riverside's membership costs are the lowest of the facilities profiled. This is especially true for Portland resident pricing.
- The use of fee discounting in this market appears to be becoming more common, typically through advertised specials in the newspaper, web specials, and use of third party internet wholesalers such as golfnow.com. However, the use of these wholesalers to move inventory, especially during off peak demand periods, is less prevalent in the Portland market than we've observed in many other markets, likely owing to the generally low fee structures in this public golf market.
- Another way that golfers can get discounted play at the facilities they play most frequently is through purchase of multi-play cards, which are very common in this market, with 8- and 10-play cards being the most typical. Loyalty/frequent player programs are not as prevalent in the Portland market as in most markets, though we did note a couple among the primary competitive set: Gorham Country Club has a free Preferred Player's Card, which awards a point for each dollar spent (essentially equates to a 10% discount); Sable Oaks has a more traditional loyalty program, the Inner Club Card that entitles holders to $29 walking / $39 riding fees with no restrictions, for a one-time fee of $219.

Rounds Played

- Due to the limited season and relatively small population base, average rounds played per facility in this market are among the lowest in the country. Rounds played ranged from 11,000 to 12,000 rounds at both Dunegrass and Toddy Brook, to a reported 40,000 rounds at Biddeford-Saco Country Club, which reports 500 members, about 140 of which live locally and are active, and stays open for a relatively long season.

- Excluding Gorham and Willowdale (family-owned courses that "don't track rounds"), the subject courses, including both Riverside North and South, averaged about 22,000 rounds *per 18-hole equivalent* in 2011. Excluding 9-hole Riverside South and outliers Toddy Brook, Dunegrass, and B-Saco, the average was slightly higher at just over 23,000 rounds.
- Weather depending, most area clubs open in late March and attempt to stay open until early to middle November. Due to the mild winter, many Portland area clubs opened early in 2012. Opening and closing dates each year can determine whether a club has a successful year.
- All of the clubs profiled offer some type of unlimited play season pass or membership, with most also offering weekday-only or five-day memberships, junior, and senior memberships. There are also a variety of other memberships based on age (e.g., Toddy Brook's "Young Adult Anytime" memberships for golfers aged 19 to 39).
- Members account for varying levels of play at the subject courses. In comparison to Riverside's 44%, members play about 20% of the rounds at Nonesuch, 43% at Sable Oaks, 60% at Val Halla, and about 70% at Biddeford-Saco.
- The greater Portland area, like much of New England, is an active league and outing/tournament market, though both the size and frequency of larger tournaments seem to have diminished in recent years due to the economy. League play acts as a very important supplement to regular daily fee play during weekdays. Tournament play is also an integral programming component, as large outings contribute greatly to the bottom line, while also exposing potential new customers to a facility. Among the most active outing facilities profiled are Val Halla and Sable Oaks, both at about 2,500 annual rounds, as well as Nonesuch River and Spring Meadows (estimated 1,500 to 2,000 annual outing rounds).
- Market golf operators reported a significant drop-off in rounds played between the mid / late 1990s and the mid / late 2000s. The drop-off in per-course activity levels, both regionally and nationally, has been attributed to several factors, including emerging socio-economic trends and an oversupply of public golf courses fighting for market share in markets where golf demand is flat. In many areas, this trend was exacerbated by the aftereffects of the September 11 tragedies.
- More recently, economic factors such as high unemployment, high gas prices, and lower discretionary income have had an effect on golfing habits. Golfers appear to be gravitating toward lower priced rounds, such as weekday or twilight, and curtailing their spending on food & beverage and merchandise. Additionally, large outing/ tournament and banquet business is off at many golf facilities.
- Accounting for weather variations, per-course rounds played seem to have bottomed out and stabilized over the last several years.

Synopsis of Representative Maine Municipal Golf Operations

Below, we provide brief summaries of two municipal golf facilities operate and how they have fared recently. The synopses are provided for illustrative purposes only, and are not intended to be apples-to-apples comparisons to Riverside Golf Course.

Cumberland, Maine

The Town of Cumberland, Maine owns and operates the 18-hole regulation Val Halla Golf Course. The facility, which opened in the mid-1960s, is run as an Enterprise Fund and falls within the Town's Community Education and Recreation Department (Val Halla's Director of Golf is also the Director of this department).

For FY 2012, the Town is projecting to break-even operationally on revenues of about $650,000. NGF was told that the operation has generally lost a moderate amount each year on operations, but that the Town is willing to fund these losses due to the overall community benefit. The Town does not assign an administrative charge to the Golf Fund. Any needed large scale capital improvements are funded out of the general fund, and small projects funded by the golf fund can be accomplished without bid by the Town's Public Works Department (during NGF's visit, an $8,000 project was underway to build four new tees and a putting green).

Annual rounds played at Val Halla have been about 21,000 to 22,000 in recent years, with 420+ members accounting for about 60% of total play. This is up substantially from the mid-2000s when the club did only 16,000 to 17,000 rounds. Since then, the condition of the course has improved dramatically to the point that the golf course is considered one of the better values in Maine public golf (peak green fees are very similar to those at Riverside). Val Halla is also an active venue for large outside tourneys, with 30 to 35 large annual events producing about 2,500 rounds. Management consistently stays in touch with customers through their large email database (addresses collected through Active Golf booking engine as well as Constant Contact). Yield management is also practiced via golf18network.com and golfnow.com, which post tee times at discounts of up to 50% depending on number of players and time of day.

Val Halla is one of the more active golf courses NGF has seen with respect to both junior and adult programming (including programming that appeals women, such as the "Wine and 9"). Val Halla, despite Cumberland's small population of less than 8,000, has about 400 participants in its junior program. The Director of Golf is also very active at implementing the PGA of America's latest player development programs, including Tee it Forward, Get Golf Ready, and Golf 2.0 – programs that are facilitated by golf course's family tees.

The clubhouse at Val Halla is an attractive, modern two story multi-purpose building that is now home to the Maine State Golf Association, Southern Maine Women's Golf Association, Maine Golf Foundation, Rachel's on the Green restaurant, and the First Tee of Maine. The clubhouse was funded with 25-year General Obligation debt, which has subsequently been fully paid off after the Town sold the office, meeting and banquet space to the MSGA. Rachel's, which includes an outside deck, rents space from the Town for a moderate amount, but the Town pays for utilities and budgets a small overall loss on food & beverage.

Bangor, Maine

The City of Bangor, Maine owns and operates the 27-hole regulation Bangor Municipal Golf Course. The facility, opened in 1964 and designed by Geoffrey Cornish, is run as an Enterprise Fund and falls within the city's Parks and Recreation Department. Though this facility is located more than 100 miles away from Portland to the northeast, we provide the following for informational purposes:

- Daily fee pricing is similar to that of Riverside for 18 holes, at $32 plus $15 per person cart. Unlike Riverside, Bangor does not offer resident discounts for daily fee play, and rates are the same throughout the week. Residents do receive a discount for memberships. Nine-hole rates are $16 plus $7.50 cart. Bangor also offers 10-play passes.
- For Fiscal Year 2010-11, the city reported total revenues of $644,546 and total expenses of $706,940.
- Expenses included $68,000 in inter-fund charges $56,500 in debt service, and just over $83,000 in depreciation.
- The golf course has 3 full-time equivalent employees and reported total labor and benefits of just under $331,000.

EXTERNAL FACTORS SUMMARY

Some summary points about the overall market environment within which the Riverside GC is operating, and factors affecting these golf operations that are generally uncontrollable by the golf courses and the City include:

- National trends in the golf industry are generally not favorable for operators. The total number of "core" golfers is declining and total spending on golf is declining along with them, while the total number of golf facilities has expanded in the last ten years, leading to a decline in per-course rounds and revenues. The NGF has also documented a rapid inflation in expenses to operate golf facilities nationwide.
- Among the keys to growth in golf activity will be increasing participation among minorities and females. Beginner-type facilities such as Riverside Executive (South Course) and the Riverside learning course can be helpful in meeting this challenge.
- The greater Portland area has many favorable attributes related to economic activity that can translate to high golf activity. Large employers, convenient transportation infrastructure, and higher incomes will all contribute to a continuing vibrant golf economy.
- The older age and higher income demographics of Portland are generally consistent with higher-than-average participation in golf. However, the older age may be a longer-term concern for Portland golf as replacing older golfers with new younger golfers will be a critical element in the longer-term success of Portland golf courses.
- The overall golf market in the Portland metro area is large, with upwards of 420,000 rounds of golf potentially demanded at area golf courses. Overall participation in golf is predicted to be lower than average in the Portland market, due largely to the shorter golf season, but it may also be reflective of the 'blue collar' nature of the population.
- Along with the NGF estimated number of golfers comes several golf courses, including 20 total golf facilities within 15 miles of Riverside GC. Of these facilities, only one 9-hole course was added in the 10-mile Riverside market area since 2001 (favorable). The overall ratio of households to golf courses is unfavorable in the Portland market, and more is needed to stimulate greater activity from the lower participation households through lessons and other stimuli.
- The golf market in the greater Portland area is highly weather dependent, with length of winter and rain-out days in summer playing a key role in revenue generation.
- The NGF review showed that Riverside GC is priced at the lower end of the scale in comparison to other area golf courses open and available to the public. This is especially true of pre-paid annual green fee passes, where Riverside GC is the lowest priced in the market, especially with respect to Portland resident pricing.
- Based on interviews with area golfers and golf facility operators, the market perception of Riverside GC is generally mixed, with positive reactions to the scenic, historic golf course and negative reactions about Riverside and the City's oversight of the facility. Recurring themes centered around the facility being "dysfunctional," unwelcoming to players that were not regulars, and a "private club for their members." Also, there is the perception among many that budget constraints have resulted in a weakened product.

Summary of NGF Consulting Recommendations

NGF Consulting has prepared a schedule of recommendations for the continued operation of the Riverside Golf Course. These recommendations have been organized into three main categories: (1) basic oversight and structure; (2) physical enhancements; and (3) operational recommendations.

BASIC OVERSIGHT AND STRUCTURE

The NGF Consulting recommendation for the future operation of the Riverside Golf Course is based on our understanding of the economic performance of the facility and the City's need to maximize this performance. The following section summarizes the options available to the City of Portland by presenting descriptions of the most typical operational structures for public sector golf facilities, as well as advantages, disadvantages and public policy implications of each. Before presenting the recommended management arrangement for the City's golf course, NGF Consulting has presented four basic options the City could consider for golf facility operations.

Operational Considerations

These options, which are presented in order of most direct City involvement to the least City involvement, include:

1. **Self Operation:** As with the City of Portland, the municipality operates and maintains the facilities, often under direction of the Director of Parks and Recreation (or Community Services) and with an on-site Manager (General Manager and/or Director of Golf) and Superintendent who are public employees.
2. **Concession Agreements**: Similar to a lease agreements and can come in several types or combinations. The key areas of operation include Pro Shop, Food and Beverage and/or Maintenance and involve the municipality contracting for one, some, or all of these services. One subset of this concept includes multiple concessions, a system in which the municipality creates multiple contract agreements for separate entities for each facet of the golf operation.
3. **Full-Service Management Contract:** Hire a management company to operate all aspects of the golf facility.
4. **Operating Lease:** Lease the facility to a private operator in exchange for an annual (or monthly / quarterly) lease payment to the municipality. Operator is typically expected to make capital improvements, the extent of which are determined by the length of the agreement.

Management contracts and operating leases are the most commonly used terms to describe a contract between a municipality and a private golf course operator. Each has significant differences, but also several common characteristics. A general discussion of the common operating structures, along with key advantages and disadvantages of each, is presented below.

Option 1: Self-Operation by Municipality

Self-operation gives the municipality the greatest control over golf operations, including personnel, course maintenance, policies and procedures, hours of operation, fee schedules, and operating and capital budgets. All revenues would be available to pay for operating and maintaining the facilities.

Advantages of Self-Operation

- Direct municipal control of the assets.
- All workers are municipal employees.
- Full participation in upside revenue potential.
- Allows the option to convert program to another structure at later date.

Disadvantages of Self-Operation

- This option requires the highest municipal administrative support for the operation.
- The municipality may lack necessary expertise in managing golf facilities.
- Employees are subject to public labor policies for wages, benefits (if applicable), termination policy, etc.
- Municipality supplies all retail merchandise, golf maintenance equipment and other key furniture, fixtures, and supplies; may have to carry liquor license.
- Golf operation may experience fiscal loss and require subsidies from General Fund (i.e., taxpayer support).

Discussion and Policy Implications

Self-operation represents the status quo model for Riverside GC, and is one of the subjects of this operations review. The results of the study will help determine whether Riverside GC would likely have better economic performance under one of the alternate models we will discuss next.

A key consideration here is that the City of Portland has been budgeting to revenues due to the recent financial performance of the golf course – a strategy that can ultimately result in increased operating deficits. Therefore, if the conclusion is that some type of private operation would result in better financial results, the City must then make a public policy decision centered around several issues, including the importance of using public labor, the community benefit of providing affordable recreation to its citizens, and preserving the access to programs such as high school golf, the First Tee Program, winter activities, and Club activities. We should note that these latter objectives will not necessarily be precluded under some type of private operation, but requirements in this area may make the desired private company profit more difficult to achieve.

Option 2: Concession Agreements

This form of agreement is similar to a lease agreement. However, a concession agreement usually involves granting a license to operate a facility rather than the right to occupy the premises. It is very common in the golf industry, especially in the pro shop and food and beverage service areas. At one time or another, each of these concession arrangements were utilized at Riverside GC.

Food and Beverage Concession

The most common concession agreement at municipal golf courses nationwide and in the northeast is the food and beverage concession. This agreement typically covers all aspects of food and beverage operations and is in place in many municipalities due to factors such as the inherent difficulty of making these operations profitable, lack of expertise at the municipal level, and restrictions on public sector agencies holding liquor licenses. These agreements will typically involve the concessionaire owning all revenues and paying a share to the City (typically between 5% and 10% of gross revenue, depending on the type of facility). The concessionaire is responsible for all direct expenses (cost of sales, labor, materials, etc.) and typically providing some capital investment such as kitchen equipment. If banquets and other non-golf events are hosted at the facility, the concessionaire would have rights to provide all food and beverage service but room rental fees often belong all or in part to the municipality.

Pro Shop Concession

The second most typical concession agreement is for the Pro Shop, including one or more of the cart, merchandise, lesson, and driving range revenue centers. The most common pro shop concession agreements usually involve the municipality owning all green fees, along with varying percentages of the other revenue centers noted above. Pro shop concessionaires typically own the merchandise and lesson operations, and then receive payment from the municipality for a share of certain revenue centers in exchange for incurring the direct expenses related to golf operations. In some cases, there is reimbursement to the concessionaire for providing starter and marshal services. All money will typically flow in one direction with either the municipality collecting all revenue and paying the concessionaire, or vice-versa. Because of the short term of most pro shop concession agreements, there is little incentive for the concessionaire to make major investments.

There are also hybrid arrangements under which the concessionaire receives a management fee; in these cases, depending on the amount of the management fee, the percentage of concession revenues going to the municipality is larger. Combination agreements are most often seen in cases where IRS rule 97-13 (regarding management agreements permissible when tax-exempt financing is in place at a facility) comes into play.

Maintenance-Only Concession

Another area of separate concessions is in maintenance-only contracts. In this case, the pro shop and food & beverage operations would operate under separate concession agreements, or one or both by the municipality, but the maintenance function is outsourced to a private entity. This model has become more common in certain areas of the country where labor costs for maintenance are increasing too rapidly to keep under control, or where maintenance staffs have been reduced to the point where the overall quality of maintenance has deteriorated. Golf course maintenance, including associated labor, is almost universally the largest single line expense item on a golf course's operating budget. This is especially true in public sector golf operations, when employee wage and benefit costs are often significantly higher than in the private sector.

There are a number of companies that specialize in fixed-fee outsourced golf course maintenance, and these companies are able to offer considerable maintenance cost savings due to several reasons, foremost of which is the ability to employ cost-effective manpower and scheduling strategies, which most municipalities are constrained from doing. Additional savings are often achieved through the ability of the larger companies to leverage national purchasing agreements for equipment, materials, and supplies, and through other economies of scale.

Advantages of Concession Agreements

- The municipality is generally removed from the day-to-day operation (in a pro shop concession) in exchange for green fees and a pre-determined percentage of other gross receipts.

- Concession agreements provide some control to the municipality for items such as pricing, marketing, and availability (though less control than a management contract).
- The term of a concession agreement is typically shorter than an operating lease.
- In a maintenance-only contract the vendor will typically provide all maintenance equipment.
- The agreement(s) will typically include a reduction in labor expense (especially maintenance labor) with comparable quality.
- Flexibility – the municipality has the option to retain one or more of the elements of the operation, or remove one or more of the elements at each renewal period.
- The municipality can participate in upside revenue potential.

Disadvantages of Concession Agreements

- Concession agreements do not provide guaranteed revenue to the municipality and the municipality will still be responsible for most capital expenditures (operating risk is reduced, but still shared between vendor and municipality).
- Possible conflict between concessionaires when multiple concessions.
- Reduces opportunity to attract private capital.
- If contracts do not expire simultaneously the municipality may end up tied to a contractor for longer than truly desired.
- Contract enforcement still requires municipality staff time and overhead expense, although this should be reduced from the self-operation scenario.
- When multiple concessions are in place the municipality is paying multiple concession fees, each one of which includes a built-in profit for the concessionaire.

Discussion and Policy Implications

The advantage to concession agreements is the municipality's relief from day-to-day operational responsibilities, while still retaining control of the operation and keeping some community service benefit. The structure generally results in decreased labor costs, as employees belong to the private vendor (maintenance labor may remain public). The structure can also result in reduction of a municipality's administration / overhead expense charged to the golf fund, especially when the formula is based on an allocation tied to number of full-time employees.

Option 3: Full Service Management Contract

The primary goal of a management contract or management agreement is to provide a golf facility with a single experienced, professional operator to be responsible for all aspects of the golf facility, thus relieving the municipality of this task. In a typical management contract, the municipality hires a firm that is charged with all management and maintenance responsibility. The municipality funds all capital improvements, and the management firm hires all employees. Because employees work for the management firm and not the municipality, payroll costs are likely to be less than under self-operation.

The management firm collects all revenue and provides accounting reports to the municipality. All revenues belong to the municipality, as well as the responsibility for all expenses. The municipality reimburses the management firm for all payroll and pays the firm a management fee. Typical services provided under the management agreement include, but are not limited to:

- Personnel /Training /Human Resources
- Payroll / Benefit Administration

- Budgeting
- Marketing
- Accounting and Reporting
- Tee Sheet Management
- Agronomic Support

While the management company performs these functions, the municipality retains overall control of the operation and is the ultimate determinant of items such as fee structures, compensations, policies, employment practices, etc. (though it receives considerable input from the management entity).

The management firm submits detailed budgets to the municipality prior to the operating year. The municipality monitors the firm's utilization of budgeted funds and is responsible for any unforeseen expenses beyond the control of the management firm. Because of the close working relationship between the municipality and the management firm, the changing golf economy, and capital requirements of golf courses, the typical management contract requires frequent revision. The length of the typical agreement is relatively short, two to five years, and may include option periods. The most typical initial term is five years.

The management firm collects all revenue and provides accounting reports to the State, who reimburses the management firm for all payroll expenses and pays the firm a management fee. The most typical management agreement that NGF observes today involve compensation that comprises a fixed dollar amount plus an incentive component that is predicated on percentages of gross receipts or net income, over and above the established minimum revenues (terms may be influenced by IRS regulations if tax-exempt bond financing). The incentive earned is typically predicated on the municipality achieving its predetermined goals with respect to financial performance. Also, the operating expense budget must be maintained at the original projection for incentives to be earned. Total compensation to the management company varies depending on the size of the facility and the level of responsibility of the management firm, but the industry "standard" is 3% to 6% of total facility gross revenues, including incentives, with a minimum of $60,000 for a regulation 18-hole facility.

Advantages of Management Contracts

- Reputable management companies generally possess experience and expertise in all facets of golf facility operations, including marketing, maintenance, tee sheet management, merchandising, and food & beverage operations.
- The very nature of the agreement ensures that management company interests with respect to the golf course are aligned with the interests of the municipality/owner.
- Marketing and overall operating cohesion and effectiveness is generally maximized under this structure if a qualified company is chosen.
- A single entity controls every aspect of the golfer experience from the time he or she sets foot on the property.
- There is substantial upside to the municipality when a facility is on the upswing, as the municipality owns all of the net revenues, minus incentives earned by the management company. Also, incremental revenues generated by capital investments belong to the municipality.
- Operating costs may be reduced because the management firm hires all employees at costs that can be less than what the municipality would have to pay. (This benefit accrues mostly to municipalities that manage and/or maintain their facilities with public labor).

- Though mutually agreed upon budgeted expenses are the responsibility of the municipality, the management entity provides all on-site staff and performs the management and maintenance functions. However, the municipality retains overall control and remains the ultimate authority on fee structures, compensation, policies, employment practices, etc. Therefore, the management contract provides the most flexibility and municipal control of any structure short of self-operation.

Disadvantages of Management Contracts

- Though this option offers the municipality more control than with an operating lease, it offers less control than self-operation.
- The municipality still needs a person in the structure with golf course expertise who could spend sufficient time overseeing the golf operation and contract compliance.
- Unlike an operating lease, management contracts do not provide a guaranteed income for the municipality, and the fixed portion of the management fee is guaranteed as long as the contract provisions have been met. Therefore, positive net operating income to the municipality is not assured and operating risk remains with the municipality.
- Unlike with a lease agreement, the municipality would still be responsible for the capital improvements.

Discussion and Policy Implications

The full-service management contract structure can result in significant positive results and is an option that is typically considered as a reaction to insufficient economic performance and the inability of municipal staff to either appropriately operate the golf course (management, marketing, maintenance, etc.), or control expenses. The overall quality of these types of agreements rests with the municipality's ability to find a qualified company, negotiate a contract that is "win-win" for both sides, and then provide proper oversight to see to it that the contract is complied with.

In conjunction with a well-constructed contract, the management contract form of operation provides the controls necessary to protect a substantial asset. A management contract, unlike a lease agreement, offers no assurance of a net profit to the municipality. In the case where a golf facility is experiencing, or expects to experience, an upswing in revenues due to factors such as an improved product or new capital investment, the management contract provides the greatest amount of up-side revenue potential to the municipality, and allows the municipality to reinvest in operating and capital programs. Finally, this option provides the most flexibility of any management style short of self-operation.

Option 4: Full Service Operating Lease

The primary goals of an operating lease are to relieve the golf course owner (municipality) of all operating concerns, to ensure a minimum rent payment to the municipality, and to improve and/or protect the asset. An operating lease is similar to a management contract in that the lessee, like the management firm, hires and fires all employees and is responsible for the day-to-day operation of the facility. The difference between the two is that the lessee would be committed to pay all operating expenses, supply equipment, and, typically, provide some capital for investment in the golf facility. The ability of the selected private vendor to have control over the labor resource at the facility, and not have to pay "municipal" wages and benefits, is key to successful lease arrangements. Operating leases are typically for a longer term (typically 10+ years), especially when large lessee capital investment is involved.

In exchange for incurring all operating expenses and capital upkeep, the private lessee would receive most (if not all) of the revenue and pay the municipality either a flat payment (flat lease) or a percentage of revenue (percentage lease). In today's golf economy, there are fewer and fewer properties for which the economics of a lease work for both parties, as reduced net cash flows often will not allow for guaranteed minimum lease payments, profit for the lessee, and funding of required capital improvements. Also, IRS regulations (e.g., rule 97-13) may preclude this option entirely if tax-exempt bond financing of facility improvements is an issue.

Advantages to Leasing

- **Burden of Risk.** If structured appropriately, leasing the facility to a private entity can shift the burden of operational risk to the lessee. This includes the risk associated with rapidly rising labor and other expenses, as well as potential continued downturns in revenues. Barring a breach of the contract, the municipality could have a guaranteed net revenue stream. The only expenses remaining with the municipality will be those associated with administering the contract, oversight, and compliance.
- **Simplicity.** The City's day-to-day administration of Riverside GC could be significantly reduced or eliminated, thus reducing or eliminating the "services of other departments" City expense. (As with all privatized management options, the City should still have a person who has golf course expertise monitoring the operation and enforcing contract compliance).
- **Capital Improvements.** Depending on the relative attractiveness of the business opportunity to the private entity, the lease terms could require (or at least incentivize) the lessee to make, or at least contribute significantly to, needed capital improvements (e.g., bridges, clubhouse, driving range, etc. in case of Riverside GC).
- **Maintenance Equipment.** The lessee would be responsible for providing maintenance equipment and golf carts, or could assume the balance of existing leases.
- **Reduce City Involvement.** Minimizes political influence with less direct involvement of the City in setting fees, policies, and practices.

Disadvantages to Leasing

- **Control.** This lease option offers municipalities the least amount of control over the golf course operation, especially with regard to pricing and community benefits (leagues, clubs, high schools, winter activities, etc.).
- **Profit Motive.** This is closely tied to the control issue. If not carefully executed, a lease arrangement may conflict with the objective of providing an affordable recreation activity for residents, as private objectives (including maximizing return) can often be in opposition to public objectives (e.g., providing a community service).
- **Revenue Constraint.** As would be expected when one party shares a disproportionately low share of the risk, the municipality would receive less of the upside revenue potential than it would with a management contract.
- **Long Term.** Leases are typically for a long term, especially if capital improvements are required in the lease agreement. This makes it difficult to get out of the lease, should the municipality become displeased with the lessee's operation of the facility.
- **Down Market.** The lessee may be forced to cut maintenance expenses and/or raise fees if revenues do not meet expectations. Unexpected golf market downturns often lead to declines in property condition or the lessee seeking to renegotiate terms or even bail out.

Discussion and Policy Implications

While leasing of public sector golf facilities was popular in previous decades, its popularity waned in the 1990s as golf revenues were increasing and public agencies began to see what they thought were large sums in golf revenue going to an outside vendor and not being reinvested in the facility or going as profit to the municipality. However, since the turn of the 21st century, leases are again becoming more attractive to municipalities in the face of public sector budget challenges. Leasing out the golf operations shifts the burden of operating risk to the private vendor, helps to reduce (or eliminate) large fiscal losses, and, in some cases, provides a guaranteed revenue stream to public agencies. In most cases, the vendor will also contribute to capital improvements.

Although the appeal of turning everything over to an outside agency does have merit, especially in terms of transferring operational risk, we should note some downsides of this option. First, the City would have much less control over operational issues such as pricing and programs. Second, it may be difficult to attract an acceptable vendor with lease terms palatable to both the City and the vendor, especially in light of the significant capital improvements that Riverside requires. Trouble in lease agreements often results from arrangements where one party is doing considerably better than the other. If the deal is too favorable to the municipality, the lessee may struggle and the facilities could suffer. Likewise, if the deal is too favorable for the vendor, the City could experience lower returns than expected.

Key Considerations and NGF Recommendation

In order to determine the best operating structure for Riverside Golf Course going forward, the City of Portland must weigh several key considerations related to:

- **Economics** - including need for significant capital spending, and the possibility of continued and ongoing operating deficits.
- **Public policy implications** – including whether golf should be considered a public service/accommodation due to its overall value to the community, how the Riverside Golf Course facility, in its present condition, reflects on the image of the City of Portland, and whether privatizing the operation is politically palatable.

From the economic standpoint, NGF believes that Riverside GC has a chance to make a small operational profit under continued self-operation if the City enacts key recommendations NGF makes in this report. However, we believe this will require significant investment on the City's part to improve the facility infrastructure and support amenities (especially clubhouse). The City must also stop deferring maintenance and budgeting to revenues - practices that are not sustainable for the long term. Improving economic performance significantly, which will still not likely be sufficient to cover the debt service associated with the needed capital investment, will also require the City to, among other things:

- Commit to modernizing technology and systems, including the POS, and creating an on-line reservations system.
- Facilitate the changing of the entitlement culture that exists at the club, even if it means making the transition to a daily fee club that has a limited number of season pass holders.
- Hire a strong on-site manager with golf operations experience (more on responsibilities of this position later in this section) and reduce direct City involvement in day-to-day operations.

- Consider putting the Golf Enterprise under the Recreation Department, which can devote more time to it than a Public Services Department that has many other time-consuming and critical responsibilities for the City.
- Enact policies that will allow the golf fund to operate as a business; for example, eliminating or mitigating cumbersome policies regarding management's ability to utilize short-term fee adjustments/create specials, and other policies that constrain the implementation of best business practices.
- Make a strong commitment to programming (both junior and adult), which will help ensure the long-term viability of Riverside GC.

From a public policy perspective, if the City continues to self-operate Riverside GC it must decide if golf makes more sense as a General Fund operation. NGF believes that Riverside GC, as currently operated, has several of the characteristics of a public accommodation model (e.g., no-fee winter uses, arrangements that benefit the City rather than the Golf Fund, funding of operating deficits and improvements such as the planned south clubhouse with taxpayer dollars). Additionally, the golf fund is constrained by operational and other policies that inhibit best business practices expected of an enterprise fund operation.

If the City decides that Riverside GC is a public accommodation that can be funded, like tennis, swimming pools and passive parks, out of the General Fund, then this implies the City is willing to fund potential operating deficits and service the debt necessary to bring the course and support amenities (e.g., clubhouse) back to where they are a source of pride for the City.

On the other hand, the City may decide that the public benefit to the City of owning and operating Riverside is not enough to justify taxpayer subsidy, and therefore must be self-sustaining. In either case, NGF believes that some or all of the capital improvements identified in this report must be undertaken. Some may not necessarily tie directly to revenue increases or pay for themselves, but are necessary for other reasons (e.g., potential code violations in the clubhouse, how conditions reflect on the City of Portland). NGF believes that the current $55,000 to $60,000 set aside to improve clubhouse lockers and restrooms are necessary, but not sufficient, and reflect a short-term "Band-Aid" approach and not a long-term solution.

Given the need for extensive capital improvements, the City will likely face another key public policy decision – whether to solicit bids for a private entity to come in on a long-term lease basis and fund some or all of the improvements. (We note that a management contract might result in improved operational net due to the advantages noted above for this type of structure, but the issue of funding needed capital improvements would remain). Alternatively, the City can fund these improvements out of the General Fund.

NGF Recommendation

Given the context provided above, if the City is not ready to shift its thinking and treat Riverside Golf Course as a public service rather than a self-sustaining enterprise, and/or if it is unwilling or unable to fund the improvements necessary at Riverside Golf Course, NGF recommends that the City solicit bids for a long-term lease of the property. We also recommend that this solicitation include the requirement for significant capital investment (including the main clubhouse) from bidders. **The City should then enter into a formal operating lease only if a qualified private vendor is committed to contributing direct capital investment into the Riverside GC property in exchange for a longer-term (15+ years) lease agreement. Given the realities of the Riverside operation and the present golf market, the City should not expect a large annual cash lease payment from the vendor under any operating lease agreement.**

NGF recommends that if the City of Portland continues to self-operate Riverside GC that it commit to implementing the key NGF recommendations outlined in this report. One of the most important of these recommendations is the **addition of a strong on-site manager with golf operations experience reporting to the Director of Recreation and with limited day-to-day operational interference from the City government**. The key responsibilities envisioned for the on-site manager would be:

- Manage efforts to modernize and maximize use of technology and systems (e.g., utilize customer origin tracking, email database creation and marketing modules from POS system). Create an on-line reservation system.
- Tee sheet management – work with existing golf course staff to fine-tune pricing based on a demand analysis, and utilize yield management to maximize revenue from high-demand tee times, and discount lower-demand tee times to increase activity.
- Create and implement formal marketing programs and strategies. Modernize and dramatically improve the website, which should be separate from the City website. Develop stay-and-play packages with local hotels.
- Direct selling of tournaments.
- Actively manage the tee sheet to find the right balance between member and daily fee access/play.
- Manage the expectations and entitlements of the members with the goals of making the atmosphere more welcoming, and changing Riverside's perception in the market.
- Cultivate a strong player development program.

SPECIFIC PHYSICAL RECOMMENDATIONS

In an effort to raise the quality of the golf course and help to improve performance, the City must be prepared to make some capital investment in the golf course. While the Riverside Golf Course was in generally good overall condition during the NGF visit, it was clear that some of the reductions in maintenance have had impact and that there are some actions/investments that the City could make as a way to enhance revenue and/or reduce expense. These are outlined below:

NGF Recommended Riverside GC Physical Improvements

In our review of the Riverside GC property, the NGF team identified a few areas that should be on a priority list of upgrades that should provide a boost to revenue or help reduce the expense. The main improvements we recommend for Riverside GC include the following:

- **Main Clubhouse Improvement:** Complete a program to upgrade the main clubhouse to improve the appearance, improve functionality and make sure all systems are working efficiently. This change should enhance revenue and will certainly reduce the clubhouse maintenance and utilities expense.
- **South Pro Shop:** The City should go ahead with the already approved plan to build a new South course pro shop structure, and place the new facility at a location that can be seen from Riverside Street.
- **Upgrade Maintenance Equipment**: Work with the golf course Superintendent to create a plan for securing the maintenance equipment that will be required for the maintenance of the golf course. Newer and more efficient equipment will reduce the

time required to maintain older pieces of equipment and add efficiency to the small maintenance staff.

- **Bridge on Hole #13:** The City should add a new bridge to allow for access to holes #13-17 on wet days, allowing for more rounds to be played and greater revenue.

- **New Awning for the Deck:** Purchase a new awning for the clubhouse outdoor deck.

- **Fairway/Re-Grade Program:** The City should commit to repairing the 17th hole and other uneven portions of the golf course.

- **Re-Open Driving Range:** Re-open the range and promote it for enhanced revenue.

- **Signage:** The City should add directional signs (in compliance with local ordinance) with the Riverside Golf Course logo at several key locations, including the I-95 interchange with Riverside Street, on existing City signage in and around the City. A new entrance sign should be added for both the South course and North course locations. Be sure to note that the golf course is "open to the public."

- **Tree Care Program:** The City of Portland should adopt a formal tree care program for the golf course that allows for some thinning of trees to provide better air circulation and sunlight to help golf course turf.

The NGF has previously estimated a total direct investment of over $1.1 million to complete the above-recommended upgrades, the vast majority of which is for the clubhouse upgrade. The NGF sees these investments as both necessary and likely to enhance operational performance over the long-term.

SPECIFIC OPERATIONAL RECOMMENDATIONS

After our review of the Riverside Golf Course, NGF Consulting has also offered a set of operating recommendations that the City should strive to have incorporated into the City golf program, regardless of management structure. We have observed that a new, more aggressive marketing attitude is taking hold in the last two years, although the City of Portland may want to contribute/participate more in this effort in conjunction with the Golf Course Manager. In all, NGF has observed a dedicated staff that is working to improve the physical and financial condition of this property for the City. Therefore, the NGF will not list all of the positive efforts already underway at Riverside GC, but rather note specific areas we recommend change or enhancement:

Improve Use of Technology

NGF recommends that City of Portland continue to work to improve the use of technologies available to the facility, such as the POS system. One key aspect that is recommended is to create effective customer databases that can be used in marketing the golf facility. Other areas to improve the use of technology include:

- **Offer On-Line Tee Times** – Utilize a system that allows for automated tee sheet to be integrated with the POS. This includes the phone tee sheets and much is still done by hand.
- **Tee Sheet Management** – Improvement in this area can help in yield management, by identifying higher demand periods for premium fees and slower periods to implement discounts (more in pricing recommendations).

- **Email Collection** - Use existing technology to capture customer emails for use in direct communications.
- **Social Media** – City of Portland should continue with its social media initiatives. Many successful golf operators are using *Facebook* and *Twitter*, among others, as a means to stay in communications with potential customers, get their name out there and even attract a new, younger demographic.

Yield Management Practices

The Riverside GC Golf Course Manager should be given authority to monitor their tee sheets and run specials "on a moment's notice" to beef up activity during slow periods. This practice should be monitored closely and will likely have impact in attracting new discounted rounds, and will be especially effective if/when a modified fee structure is employed.

Marketing Recommendations

The City should make a commitment to continuing with enhanced marketing efforts for Riverside GC. City of Portland should commit to a golf marketing budget of at least $15,000 annually to be divided:

- 25% for Internet (web) and other electronic marketing
- 50% for printed materials and print advertising
- 25% for other initiatives (promotions, tie-ins, TV and or radio spots).

Website

The Internet is having a larger and larger impact on golf as time goes on. Golfers, especially when traveling, are using the Web more and more to find places to play. The City of Portland golf website was discussed earlier and meets some of the basic criteria for success, although more could be done to enhance the overall design and add features to make it more appealing to golfers and easier to find. NGF recommends improvements to the branding on the website(s) to include a consistent Riverside GC brand. This should be combined with all materials that are geared towards creating and conveying a brand image as a high quality golf course with multiple venues that can serve all of a golfer's needs, including practice amenities. **The fact that the golf course is open to the public and that tee times are available to non-members should be promoted.** All of these items should be addressed in the Riverside GC website.

NGF also recommends that City of Portland expand its photograph program with more pictures of the facility and individual components so they appear on the web, both in terms of the number of photos and the prominence with which they are placed on the website. At present, there are very few pictures of the facilities, and they are small and not prominent. It is important that the pictures also serve to promote the golf course and the clubhouse (after upgrade). The most successful golf websites designed by golf courses that consistently produce high rounds and revenue typically have several pictures of all aspects of the facilities, including:

- Multiple pictures of the most scenic locations on the golf course
- Some even include at least one picture of each hole in the course description page
- Multiple pictures of the clubhouse, especially if the facility is active in selling banquets and parties
- Pictures of practice facilities
- Pictures of key staff
- Prominent display of the facility logo on each page

E-mail
E-mail databases are essential in today's golf marketplace as a means of staying in touch with the facility's customer base. The City should continue to expand and update its database of golf customers by collecting golfer emails. Riverside GC management should then expand the use of email marketing and the inclusion of a golf-specific POS system with this capability will be a plus. E-mail marketing, with the exception of word-of-mouth and free advertising, is the most cost-effective advertising possible. In today's market, it is essential to have and use an e-mail database. E-mails can be captured in any number of ways (sign –up, online, discount cards, etc.), with a notice that people on the e-mail list will receive notice of special promotions.

Basic Marketing Strategy
A marketing emphasis is critical to creating awareness, correcting misperceptions in the market (e.g., the golf course is not open to non-members), and increasing daily fee and tournament play. Efforts to enhance golf activity at Riverside GC should include (in order of importance): (1) Website + golf-specific social media; (2) e-mail programs; (3) printed promotions / advertisements and (4) improved signage. NGF notes that some of these activities were ongoing at the time of the NGF review.

The marketing plan that the City adopts should be revised annually and address:

- Market conditions / target markets
- Competition – including pricing and any changes in policies, facilities, or apparent market strategy
- Pricing
- Media sources and budget
- Specials / promotions
- Customer feedback, research, and follow-up
- Measurement (a mechanism to gauge the effectiveness of the marketing plan)

Other Key Components
Articles and Non-Paid Promotion. A good public relations campaign to get articles written in national, regional, and local publications would be ideal. The primary goals/themes will be stimulating trial of a golf course and making sure potential patrons know how to find the facility.

Rack Brochure. A quality, professionally produced rack brochure for Riverside GC should be professionally developed as a fold-out piece with "Golf" in the upper 1/3 of the front page. An enhanced commitment to distributing this piece and placing it in as many area visitor centers, hotels, tourist attractions with information racks, restaurants with tourist racks, Chambers of Commerce, etc. is reasonable. NGF research (NGF publication *The U.S. Golf Travel Market*) reveals that 44% of all golfers play golf when they travel.

Scorecard. The present facility scorecard is overly simple and not reflective of a higher quality golf course. A quality, professionally produced scorecard should be included at Riverside with funds for the new cards potentially obtained through the sale of advertising space (limited) on the cards themselves.

Tournaments and Outings. The Riverside GC staff needs to continue its program of direct marketing to tournament and outing prospects to bring in a larger share of that business. Keys to marketing in this segment include some direct contact selling, as well as actively seeking groups, charities and corporations that have hosted tournaments in the past.

Advertising. City of Portland should continue to place advertising on cable TV as is done at present, but add some type of tracking mechanism to gauge effectiveness. Common ideas for tracking include “mention this ad” specials and/or special offers that appear only in the advertisement.

Social Media. Allow for the use of a golf-specific social media program comparable to other golf courses. Many successful golf operators are using Facebook and Twitter, among others, as a means to stay in communications with potential customers, get their name out there and even attract a new, younger demographic.

Signage. As noted the signage for Riverside GC should be improved, to the extent that is allowable by County, City, and local guidelines. The most significant upgrades involve both general information signage and directional signage.”

Plan Execution and Sales

Of course, no matter how well conceived the plan, it will be useless if not effectively executed. The marketing plan should be considered a guideline, but there should be enough flexibility to make adjustments as the market dictates. Overall City oversight and leadership must be a driving force behind the implementation of the marketing plan, and must be motivated and dedicated to building market share and customer loyalty.

Food & Beverage Operations

NGF has observed that Riverside GC is in a transition phase with respect to its F & B operation. It is important to maintain high quality in food and beverage operations for both direct revenue and to enhance the overall golf experience, leading to increased golf revenue. NGF Consulting believes that maintaining adequate food and beverage operations at Riverside GC will help increase rounds of golf, increase revenue per round and increase traffic to the facility. The NGF recommendation on food and beverage operations generally center on finding ways to improve total revenue, both through additional customers and additional revenue per customer.

Other NGF Recommendations

NGF recommends the following changes to F & B operations at Riverside GC:

- Enhance advertising and promotion of Through the Woods at Riverside to attract non-golfer lunches from local businesses.
- Resist the temptation to be open for dinner.
- Promote banquet/party capabilities as part of the offering (after some renovation).
- Expand the small “Grab-n-Go” system to add convenience to golfers between nines.
- Add a beverage cart (more below)
- Expand the beverage cart program.
- Add a wider variety of snacks and convenience items.

Beverage Cart Service

On-course service of beverage (and some food) items has become a key component of golf operations in the U.S. While the beverage cart itself is often not highly profitable, the beverage cart provides a level of service that the golf customer has come to expect and will lead to enhanced revenue in other areas of the operation (green fees, carts, etc.). NGF Consulting recommends that Riverside GC operate a beverage cart service on weekends, holidays and during all tournaments.

Course Maintenance

The NGF team believes that the most valuable asset at Riverside GC is the high quality of the golf course and its historically high quality of maintenance. The City should incorporate a “Minimum Maintenance Standards” manual for the facility to follow the standards, when budgets allow. This recommendation will apply to both the North and South courses. There is a concern that as budget and staffing declines, so too will maintenance conditions. The NGF team believes this strategy is a recipe for disaster and that if this occurs at Riverside GC, it will further deteriorate golf course income by an amount even greater than the expense reduction savings. If golf course conditions decline, the golf course will become less appealing, leading to further reductions in revenue, leading to even further cuts in expenses, and the “death spiral” cycle will be very much in play for Riverside GC. The projections made by NGF for the future of Riverside GC assume a high quality of maintenance will be retained at the golf course and clubhouse.

Leagues and Clubs

The City should continue to promote the league and club programs at Riverside GC. Golf staff should also continue with the Saturday morning shotgun program for the RGA on days when an outside tournament has been sold. The direct revenue earned from tournaments is important to the operation so this accommodation is appropriate. The Golf Course manager can attempt to coordinate with the RGA to see if it can be worked out without too much objection, but this should not be a requirement. The priority in this recommendation is to secure additional tournament business, even some on Saturdays, thus the RGA cooperation in this recommendation is less important.

Riverside GC Fee Recommendations

Earlier in this report, NGF discussed the fee structure at Riverside GC and later discussed these fees in the context of the competitive market and Riverside’s relative price/value proposition. Analyzing green fee structures based on “rack” rates can be a difficult exercise in today’s fluid golf environments, as rack rates may not be reflective of what golf facilities are actually charging for a significant percentage of rounds. Discounting of fees has taken on many forms, including internal yield management (specials for e-club members, etc.), frequent use of promotional rates/specials, and use of Internet discounters such as golfnow.com. Having said that, NGF has analyzed the pricing at Riverside GC in the context of the competitive market and concluded that the facility is generally priced appropriately given its value proposition.

NGF does not recommend that the City make any drastic changes to the golf fee structure at this time. However, in light of our discussion about running the golf course as an enterprise fund (e.g., as a business), we believe the City should consider the following general NGF Consulting fee and policy recommendations:

- Implement published afternoon and twilight rates to allow for reduced fees when demand is lower. For instance, the current weekend afternoon special - $25 riding 9 holes, $35 for 18 holes after 1 pm - can be extended to weekdays, perhaps with time adjusted to reflect weekday demand patterns. In addition, management could institute a twilight rate that allows for unlimited play after 4:00 or 4:30 (peak season). These rates could be in the neighborhood of $18 walking and $28 riding, and would be similar to the policy at nearby Willowdale.
- Make it more practical to practice yield management, especially in terms of being able to put together and advertise specials with little lead time. For example, a promotion similar to the ‘Golf and Lunch’ special ($40 includes 18 holes with cart, choice of hamburger/cheeseburger, 2 hot dogs, ham/turkey sandwich, or BLT;

served with fries or chips, cookie and fountain drink) that the facility runs (M – F anytime and weekends after noon) could be advertised on short notice, rather than requiring City approval that may come too late for the promotion to be effective. This could help management fill holes in the tee sheet, and the integrity of the maximum approved fees would be preserved.

- Consider utilizing one or more internet-based tee time wholesalers as a supplement to active internal tee sheet management. Moving historically less in-demand inventory through wholesalers / discounters can be a very useful tool as long as management does not cede too much control of its tee sheet to these entities – for instance, when management begins releasing discounted tee times that, with some internal effort (e.g., email blasts promoting a package deal Tuesday afternoon after 1:00 p.m.), they could fill themselves.
- Consider a policy that incorporates marginal annual fee increases each year as a means of cost recovery (golf likely to be relatively inelastic at these fee levels and with small increases, especially among loyal customers). These modest fee increases should help the City get away from budgeting to revenues at Riverside GC, and NGF has found that there's generally much less resistance to these small annual increases than to more substantial increases every three to five years or so.
- Adjust season pass prices upward, as even Riverside's non-resident fees are lower than those of key competitors Gorham CC, Willowdale, and Val Halla, and significantly lower than facilities such as Nonesuch River/Dunegrass, Sable Oaks, and Spring Meadows even though Riverside has a competitive advantage in that it is more proximate to the population centers. NGF believes that the City should also strongly consider eliminating the resident discount on season passes (maintain the modest discount on daily fee play). In lieu of a pass discount, Riverside could offer residents something similar to what the Town of Cumberland does: Val Halla residents receive a "Cumberland Credit" for $100 that may be used on guest fees, range balls and/or riding carts.
- Create and implement both multi-play cards and a frequent player / loyalty program. Many municipal golf courses across the country are making the transition to these programs from traditional unlimited play passes/memberships, as management gains more control over average rate and these programs come with less "member" entitlements and expectations. Examples include:
  - **Multi-Play Cards** – Many examples in this market; generally provide discounts of about 10% to 15% for pre-payment of 8, 10, 15, etc. rounds.
  - **Loyalty (Point) Program** – Add a new system to allow golfers to accumulate points for each round played (e.g., Gorham CC's free Preferred Player's Card awards a point for each dollar spent). Points can be redeemed for golf, cart rental, merchandise, etc.
  - **Frequent Player Program** – Rewards frequent play by offering discounts that are available across all rounds for a one-time annual fee, generally ranging from $75 to $200. These programs also offer other benefits such as discounts on range balls, merchandise and food/beverage. An example in this market is Sable Oaks' Inner Club Card that entitles holders to $29 walking / $39 riding fees with no restrictions, for a one-time fee of $219.

NON-ECONOMIC BENEFITS OF MUNICIPAL GOLF

NGF Consulting has long noted and advocated the many benefits that a golf facility brings to a community. Among them:

- Provides a healthy recreational outlet for its residents
- Provides an outlet for charitable donations
- Provides an outlet for at-risk youth
- Enhances the overall quality of life in the City
- Reflects well on the image/brand of the City
- Enhanced real estate values, leading to enhanced tax base
- Creates golf-related jobs and income to the community through purchases, wages, and taxes

Additionally, a golf facility can elevate the quality of life, improve the business climate, and induce tourist traffic.

Charitable Impacts

Golf courses have proven to be an especially great venue for raising money for local charities. The Riverside Golf Course has been especially active in this area hosting numerous events that have the potential for considerable charitable impact.

At-Risk Youth

In addition to offering organized junior golf programs and free golf for local high schools, many municipalities offer highly discounted, or even free, programs for lower-income and/or at-risk youth. Though there may be no short-term financial benefit in doing this, the intangible benefits are obvious, as programs such as this have proven to help troubled kids by providing them with a healthy outlet that can become a lifelong interest or even passion. Golf has proven to be a diversion for lower-income and/or at-risk youth, as it has the potential to help troubled kids by providing them with a healthy outlet that can become a lifelong interest or even passion. Finally, there is likely to be long-term financial benefit to the City, as players are being cultivated as potential future customers.

Minority Golf Participation

In 2003, the National Golf Foundation conducted a research study as part of *Golf 20/20's* Diversity Task Force, which is developing strategies for player development programs and other initiatives focused on women and minorities. The study found that the golf participation rate among minority populations was significantly lower than the overall U.S. golf participation rate.

The implications for Portland and continuing golf operations is that it is imperative that the City initiate player development programs aimed at stimulating latent golf demand among all groups. This is not an easy task, as golf operators are fighting ingrained cultural perceptions and habits regarding entertainment / sporting choices. As a result, golf participation rates in these communities remain flat. Therefore, it will take a dedicated and concerted effort by the City of Portland to grow the game in these communities.

Riverside Golf Course
Financial Performance Estimates

As part of this study effort, NGF Consulting has prepared an analysis to show what the economic performance of Riverside Golf Course could be considering the recommendations made in this report, assuming continued self-operation. In this section, the facility's economic potential is evaluated with estimates of performance based on a set of assumptions that may or may not become reality. We feel that these estimates represent the best effort to create a "fair estimate of performance" for this facility based on our complete review of the operation, and should be used by the City for planning and budgeting purposes.

BASIC INPUTS FOR REVENUE PROJECTIONS (2013 – 2017)

NGF Consulting has created a cash flow model for the continued operation of Riverside GC, with the basic assumption of NGF recommendations being enacted. The NGF has also assumed an "average" weather year with minimal golf course closures due to flooding. The key assumptions that drive the NGF projections include:

- The City of Portland will complete the NGF recommended upgrades, both physical and operational, to the Riverside facility over the next 2-3 years, regardless of operating structure. Marketing upgrades include web and email improvements, added print advertising and increased direct selling of tournaments.
- Total Riverside North rounds are assumed to grow from the just over 23,000 generated in FY2012, to a stabilized level between 28,000 and 30,000 rounds per year after FY2013. NGF expects this to be the "new standard" expected rounds level for Riverside in the coming years. The rounds mix adjusts slightly with the largest increases coming from the tournament rounds category. Riverside GC - South Course rounds are assumed at a constant 10,500 rounds per year.
- Total passes sold is reduced to 350 by 2017 (240 North, 110 South). Average passholder plays 38 rounds per year (North) and 32 rounds per year (South).
- The NGF recommendations regarding fees and policies are implemented beginning in January 2012, with two percent (2%) increases in all fees assumed every other year thereafter (2015 and 2017).
- Driving range revenue is added, to reflect the re-opening of the range beginning in FY2014. All other ancillary revenue centers are assumed to hold to 2012 average per round levels through the end of FY2017. Direct cost of sales for pro shop merchandise is assumed to be 85% (high but consistent with recent actuals).
- Food and beverage revenue and expense is included in the Riverside GC financials beginning in FY2013. Direct cost of sales for F & B is assumed to be 50%.
- Labor expense is increased by 10% in 2014 to reflect more total part-time hours in golf and facility maintenance. Annual expense inflation is assumed at 5% for full-time labor (benefits at 35%) and 3% for all other direct operating expenses.

Inputs

Utilizing the above assumptions and activity/revenue estimates, NGF Consulting has prepared a preliminary sketch pro forma for revenue performance for the next five years of operation. The inputs for the pro forma are summarized in the following table:

Riverside Golf Course – Basic Revenue Assumptions
Projected Activity Inputs (2013-2017)

Passes	**2013**	**2014**	**2015**	**2016**	**2017**
North Course Passes	260	255	250	245	240
South Course Passes	115	110	110	110	110
Total Passes	**375**	**365**	**360**	**355**	**350**
Avg. Rounds/Pass					
North Course Pass	38	38	38	38	38
South Course Pass	32	32	32	32	32
Rounds	**2013**	**2014**	**2015**	**2016**	**2017**
North Course GF Rounds	14,500	17,000	18,000	18,500	19,000
South Course GF Rounds	6,000	6,000	6,000	6,000	6,000
Total GF Rounds	**20,500**	**23,000**	**24,000**	**24,500**	**25,000**
North Course Pass Rounds	10,000	10,000	10,000	9,000	9,000
South Course Pass Rounds	4,000	4,000	4,000	4,000	4,000
Total Pass Rounds	**14,000**	**14,000**	**14,000**	**13,000**	**13,000**
Total Rounds	**34,500**	**37,000**	**38,000**	**37,500**	**38,000**
Total North Course	24,500	27,000	28,000	27,500	28,000
Total South Course	10,000	10,000	10,000	10,000	10,000
Total Rounds	**34,500**	**37,000**	**38,000**	**37,500**	**38,000**

Riverside Golf Course – Basic Revenue Assumptions
Projected Average Revenue Inputs (2013-2017)

Passes	**2013**	**2014**	**2015**	**2016**	**2017**
South Course Passes	$435.00	$435.00	$443.70	$443.70	$452.57
North Course Passes	$715.00	$715.00	$729.30	$729.30	$743.89
Avg. North Course GF	$20.25	$20.25	$20.66	$20.66	$21.07
Avg. South Course GF	$16.00	$16.00	$16.32	$16.32	$16.65
Avg. Cart Fee	$2.95	$2.95	$3.01	$3.01	$3.07
Avg. F & B / Round	$4.75	$4.75	$4.85	$4.85	$4.94
Avg. Merch / Round	$2.50	$2.50	$2.55	$2.55	$2.60
Avg. Other / Round	$2.95	$2.95	$3.01	$3.01	$3.07
Cost of Sales F & B	50.0%	50.0%	50.0%	50.0%	50.0%
Cost of Sales Merch.	85.0%	85.0%	85.0%	85.0%	85.0%

Projected Riverside Revenue (2013 – 2017)

Given the above inputs, the Riverside financial performance estimate is shown in the table below. As this is a projection, all figures have been rounded to the nearest $100 for simplicity.

Riverside Golf Course
Projected / Expected Revenue and Expense Performance (2013-2017)

	2013	2014	2015	2016	2017
Total Green Fees	$389,600	$440,300	$469,700	$480,000	$500,200
Season Passes	235,900	230,200	231,100	227,500	228,300
Carts	101,800	109,200	114,300	112,800	116,600
Gross Merchandise Sales	86,300	92,500	96,900	95,600	98,800
F & B	163,900	175,800	184,100	181,700	187,800
Other	101,800	109,200	114,300	112,800	116,600
Total Revenue	**$1,079,300**	**$1,157,200**	**$1,210,400**	**$1,210,400**	**$1,248,300**
Cost of Sales (F & B)	$82,000	$87,900	$92,100	$90,900	$93,900
Cost of Sales (Pro Shop)	$73,400	$78,600	$82,400	$81,300	$84,000
Gross Margin	**$923,900**	**$990,700**	**$1,035,900**	**$1,038,200**	**$1,070,400**
Expenses					
FT Payroll	$195,000	$204,800	$215,000	$225,800	$237,100
PT Payroll + Overtime	250,000	$275,000	$283,300	$291,800	$300,600
Benefits	68,300	71,700	75,300	79,000	83,000
Products, Suppl. & Repair	185,000	188,700	192,500	196,400	200,300
Services	35,000	35,700	36,400	37,100	37,800
Utilities	90,000	91,800	93,600	95,500	97,400
G & A + Other	35,000	35,700	36,400	37,100	37,800
Total Operating Expense	**$858,300**	**$903,400**	**$932,500**	**$962,700**	**$994,000**
Net Operating Income	**$65,600**	**$87,300**	**$103,400**	**$75,500**	**$76,400**
Interest Expense	$9,000	$9,000	$9,000	$9,000	$9,000
Principle Expense	$41,000	$41,000	$41,000	$41,000	$41,000
Total Debt Service	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
Total Facility Net after Debt	**$15,600**	**$37,300**	**$53,400**	**$25,500**	**$26,400**

Justifications for Revenue Projections

NGF Consulting believes the revenue projections created for Riverside Golf Course, under the assumptions noted above, are achievable based on our review of the facility and market. We base this assertion on the potential high quality of the facility, augmented slightly after the recommended changes, and the available capacity to grow rounds and return the facility to rounds totals approaching those achieved six years ago (2006).

NGF Consulting believes the revenue projections created for Riverside Golf Course, under the assumption of recommended changes being enacted, are achievable for the following reasons:

- Improved quality of Riverside Golf Course.
- Greater reliance on tournament, outing and green fee rounds (as opposed to member play).
- Riverside Golf Course is operating at rounds levels that are lower than actual capacity, and the facility has achieved rounds played levels close to what NGF Consulting is projecting as recently as 2006.
- Increased marketing emphasis to focus on electronic (internet) medium, along with more proactive direct selling of larger tournaments and events.
- Ability to regain market share as “lost” golfers return.
- Improved food & beverage operation and facilities, which will also enhance tournaments.
- Maintaining the lower fee structure keeping Riverside very competitive in the area market.
- Potential for regional economic recovery, resulting in increased discretionary income.

FINANCIAL PROJECTIONS SUMMARY

The results of the NGF Consulting financial analysis of Riverside Golf Course show that the facility could improve its financial position by upgrading its facilities, streamlining management, improving marketing and increasing daily fee rounds. However, even with revenues totaling over $1.24 million (from all sources), Riverside GC will still be in a position very close to "break-even," with little excess income available for large capital projects. Overall, NGF is projecting that Riverside GC can produce rounds totals of around 28,000 per year on the 18-hole (North) course and 10,000 on the 9-hole (South) course, levels that are lower than actually achieved as recently as six to eight years ago. The City should assume that this level of performance is the "new reality" for this facility and that performance is unlikely to return to levels achieved in the last decade.

The NGF projections assume the completion of facility upgrades to be financed either separately from the Golf Enterprise Fund (i.e. General Fund / Taxpayer), or through the issuance of additional debt on the facility of $1.2 million. The NGF projections also assume the food and beverage operation is included in the golf system financials. The NGF projection does not include a large "across-the-board" fee increase, opting rather for a targeted increase of certain fees at peak demand times and a slight increase in season pass fees.

In summary of our financial analysis, several findings are clear regarding the financial condition of the Riverside Golf Course:

1. Even if the facility can increase total gross revenues to over $1.24 million, Riverside GC will still be in a position very close to "break-even," leaving little excess income for capital projects.
2. The City should consider 38,000 total rounds (combined courses) to be a realistic minimum level in order to generate the revenue needed to cover facility expenses, including the City overhead, utilities and debt/capital.
3. Riverside Golf Course would benefit from some of upgrade to the golf course and clubhouse that can help improve revenue and/or reduce expense. Clubhouse upgrades will enhance the appeal of the facility for tournaments and outings, the bridge on hole #13 can allow for more rounds to be played each year and re-opening the driving range will increase both direct range revenue (sale of balls) and indirect revenue (more rounds).
4. The financial performance of the Riverside GC facility is always going to be dependent on several factors beyond the control of the golf course operators, such as public accommodation requirements (winter activities, high school golf, etc.), weather and facility closure due to SAPPI flood control activities.

In summary, the NGF Consulting cash flow model for Riverside Golf Course, assuming the facility upgrades are successfully carried out, shows the improved golf facility generating enhanced revenues that should be sufficient to pay for basic operational upkeep. The key upgrades that will be required to achieve this station include: (1) upgrade the golf course and main clubhouse; (2) streamlined on-site management with limited interference from City government; (3) improved marketing; and (4) increased emphasis on tournament, outing and daily fee play. The first point appears most important as the facility's physical plant is in a period of decline, impacting revenue and reflecting poorly on the City.

Appendices

A – Golf Course Life Cycle

B – Riverside Fees History

C – Golf Industry Standards and Norms

D – Golfer Expectations of Better Quality Public Golf Facilities

E – Golfer Survey

F – National Rounds Played Report

APPENDIX A – GOLF COURSE LIFE CYCLE

GOLF COURSE ITEMS EXPECTED LIFE CYCLE

HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

ITEM	YEARS	ITEM	YEARS
Greens (1)	15 – 30 years	Cart Paths – concrete	15 – 30 years
Bunker Sand	5 – 7 years	Practice Range Tees	5 – 10 years
Irrigation System	10 – 30 years	Tees	15 – 20 years
Irrigation Control System	*10 – 15 years*	Corrugated Metal Pipes	15 – 30 years
PVC Pipe (under pressure)	*10 – 30 years*	Bunker Drainage Pipes (3)	5 – 10 years
Pump Station	*15 – 20 years*	Mulch	1 – 3 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)	Grass (4)	Varies

__NOTES: (1)__ Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and response to changes in the game from an architectural standpoint (like the interaction between green speed and hole locations). __(2)__ Assumes on-going maintenance beginning 1 – 2 years after installation. __(3)__ Typically replaced because the sand is being changed — while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. __(4)__ As new grasses enter the marketplace — for example, those that are more drought and disease tolerant — replanting may be appropriate, depending upon the site.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. We encourage golf course leaders to work with their golf course architect, superintendents and others to assess the longevity of their particular course's components.

The American Society of Golf Course Architects (ASGCA) thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.

The materials presented on this chart have been reviewed by the following Allied Associations of Golf:

For more information, contact ASGCA at 262-786-5960 or www.asgca.org

DATA COMPILED BY ASGCA, 125 NORTH EXECUTIVE DRIVE, SUITE 106, BROOKFIELD, WI 53005

APPENDIX B – RIVERSIDE GOLF COURSE FEES HISTORY

North Course Residential Seasonal Passes	2007	2008	2009	2010	2011	2012
Single	$700	$710	$715	$725	$750	$750
Mid Week (M-F)	$0	$500	$510	$520	$540	$540
Senior Single	$625	$0	$0	$0	$0	$0
Junior	$350	$360	$360	$370	$380	$380
Couple	$1,125	$1,135	$1,135	$1,145	$1,185	$1,185
Mid Week Couple (M-F)	$0	$900	$900	$910	$940	$940
Senior Couple	$1,000	$0	$0	$0	$0	$0
Single Combination	$850	$860	$915	$925	$960	$960
Mid Week Combination (M-F)	$0	$725	$725	$765	$790	$790
Senior Combination	$760	$0	$0	$0	$0	$0
Junior Combination	$420	$430	$460	$470	$485	$485
Couple Combination	$1,350	$1,360	$1,385	$1,395	$1,445	$1,445
Mid Week Couple Combination (M-F)	$0	$1,100	$1,150	$1,160	$1,200	$1,200
Senior Couple Combination	$1,210	$0	$0	$0	$0	$0
Junior Addition (to couple)	$155	$175	$185	$215	$220	$220
North Course Non-Residential Greens Fees	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Single	$880	$890	$895	$905	$935	$935
Mid Week (M-F)	$0	$680	$690	$700	$725	$725
Senior Single	$800	$0	$0	$0	$0	$0
Junior	$445	$455	$455	$465	$480	$480
Couple	$1,365	$1,375	$1,375	$1,385	$1,435	$1,435
Mid Week Couple (M-F)	$0	$1,140	$1,140	$1,150	$1,190	$1,190
Senior Couple	$1,230	$0	$0	$0	$0	$0
Single Combination	$1,045	$1,055	$1,095	$1,105	$1,145	$1,145
Mid Week Combination (M-F)	$0	$920	$920	$930	$960	$960
Senior Combination	$935	$0	$0	$0	$0	$0
Junior Combination	$520	$530	$630	$640	$660	$660
Couple Combination	$1,570	$1,580	$1,625	$1,635	$1,690	$1,690
Mid Week Couple Combination (M-F)	$0	$1,320	$1,390	$1,410	$1,460	$1,460
Senior Couple Combination	$1,425	$0	$0	$0	$0	$0
Junior Addition (to couple)	$215	$235	$245	$255	$265	$265
Corporate pass	$0	$0	$4,500	$4,500	$4,500	$4,500
North Course Residential Greens Fees	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
18 holes, weekday	$30	$30	$30	$30	$30	$30
18 holes, weekday Junior or Senior	$28	$28	$28	$26	$26	$26
18 holes, weekend	$35	$35	$35	$34	$34	$34
9 holes, weekday	$22	$22	$22	$22	$22	$22
9 holes, weekday Junior or Senior	$20	$20	$20	$20	$20	$20
9 holes, weekend	$23	$23	$23	$24	$24	$24
North Course Non-Residential Greens Fees	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
18 holes, weekday	$33	$33	$33	$34	$34	$34
18 holes, weekday Junior or Senior	$29	$29	$29	$28	$28	$28
18 holes, weekend	$36	$36	$36	$36	$36	$36
9 holes, weekday	$23	$23	$23	$24	$24	$24
9 holes, weekday Junior or Senior	$21	$21	$21	$22	$22	$22
9 holes, weekend	$24	$24	$24	$26	$26	$26

North Course Residential & Non-Residential League Fees	2007	2008	2009	2010	2011	2012
Pass holder	$8	$7	$8	$7	$7	$7
Non pass holder – 9 holes	$16	$14	$16	$14	$14	$14
Non pass holder – 18 holes	$0	$0	$20	$20	$20	$20
South Course Residential Seasonal Pass	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Single	$420	$450	$460	$470	$485	$485
Mid Week (M-F)	$0	$375	$385	$435	$450	$415
Senior	$375	$0	$0	$0	$0	$0
Junior	$210	$220	$230	$240	$250	$250
Couple	$675	$685	$690	$710	$735	$735
Mid Week Couple (M-F)	$0	$595	$595	$615	$635	$635
Senior Couple	$600	$0	$0	$0	$0	$0
South Course Non-Residential Seasonal Pass	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Single	$550	$560	$570	$580	$600	$600
Mid Week (M-F)	$0	$505	$515	$525	$545	$545
Senior	$485	$0	$0	$0	$0	$0
Junior	$260	$270	$280	$290	$300	$300
Couple	$845	$855	$855	$875	$905	$905
Mid Week Couple (M-F)	$0	$790	$790	$800	$830	$830
Senior Couple	$755	$0	$0	$0	$0	$0
South Course Residential Greens Fees	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
18 holes, weekday	$24	$24	$25	$26	$26	$26
18 holes, weekday Junior or Senior	$20	$20	$22	$22	$22	$22
18 holes, weekend	$28	$28	$28	$28	$28	$28
9 holes, weekday	$20	$20	$20	$20	$20	$20
9 holes, weekday Junior or Senior	$18	$18	$18	$18	$18	$18
9 holes, weekend	$21	$21	$22	$22	$22	$22
South Course Non-Residential Greens Fees	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
18 holes, weekday	$26	$26	$27	$28	$28	$28
18 holes, weekday Junior or Senior	$22	$22	$24	$24	$24	$24
18 holes, weekend	$30	$30	$30	$30	$30	$30
9 holes, weekday	$22	$22	$22	$22	$22	$22
9 holes, weekday Junior or Senior	$20	$20	$20	$20	$20	$20
9 holes, weekend	$23	$23	$24	$24	$24	$24
North Course Residential & Non-Residential League Fees	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Pass holder	$7	$7	$7	$7	$7	$7
Non pass holder – 9 holes	$15	$14	$15	$14	$14	$14
Non pass holder – 18 holes	$0	$0	$20	$20	$20	$20

Common Fees Both Courses	2007	2008	2009	2010	2011	2012
Bag Storage	$65	$70	$75	$75	$75	$75
Bag & Cart Storage	$90	$95	$100	$100	$100	$100
Club Rental – 9 holes	$11	$10	$10	$10	$10	$10
Club Rental -18 holes	$17	$15	$15	$15	$15	$15
Pull Cart – 9 holes	$4	$3	$3	$3	$3	$3
Pull Cart – 18 holes	$7	$6	$6	$6	$6	$6
Seasonal Locker Rental	$50	$50	$50	$50	$50	$50
Cart Rental (Non-Member) – 18 holes single rider	$16	$16	$16	$16	$16	$16
Cart Rental (Non-Member) – 9 holes single rider	$10	$10	$10	$10	$10	$10
Cart Rental (Member) – 18 holes single rider	$0	$14	$14	$14	$14	$14
Cart Rental (Member) – 9 holes single rider	$0	$8	$8	$8	$8	$8
Driving Range – Small bucket	$6	$5	$5	$3	$3	$0
Driving Range – Large bucket	$9	$8	$8	$6	$6	$0
Driving Range Season Pass	$185	$0	$0	$0	$0	$0
Special Fees	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
9-hole Shoulder Season Rate (Oct. 1 - May 30, Directors Discretion)	$0	$0	$0	$0	$0	$15
18-hole Shoulder Season Rate (Oct. 1 - May 30, Directors Discretion)	$0	$0	$0	$0	$0	$20
Ad Special - (M - F Anytime + Weekends after 1pm)	$0	$0	$0	$0	$0	$35
Ad Special - (M - F Anytime + Weekends after 1pm)	$0	$0	$0	$0	$0	$25
Special - 18 holes - (M - F Anytime + Weekends after 1pm)	$0	$0	$0	$0	$0	$35
Special - 9 holes - (M - F Anytime + Weekends after 1pm)	$0	$0	$0	$0	$0	$25
Twilight Rate Walking (Directors Discretion)	$0	$0	$0	$0	$0	$15
Flexible Fee Scheduling (Current Market Value)	$0	$0	$0	$0	$0	$15 - $40
Rates between ($15 - $40) walking						
Rates between ($15 - $40) with cart						
The First Tee Practice Facility - Daily fee-Under 17 years of age	$0	$0	$0	$0	$0	$3
The First Tee Practice Facility - Daily fee-Over 17 years of age	$0	$0	$0	$0	$0	$6
The First Tee Practice Facility - Membership fee	$0	$0	$0	$0	$0	$150

Source: City of Portland, Maine

APPENDIX C – GOLF INDUSTRY STANDARDS AND NORMS

NGF has presented a selection of basic golf industry information designed to help educate the City of Portland on "reasonable expectations" for public golf operations in the U.S. Information provided includes operational norms for public golf courses (rounds, revenues, expenses, staffing) as well as some other "standards" consistent with successful public golf courses.

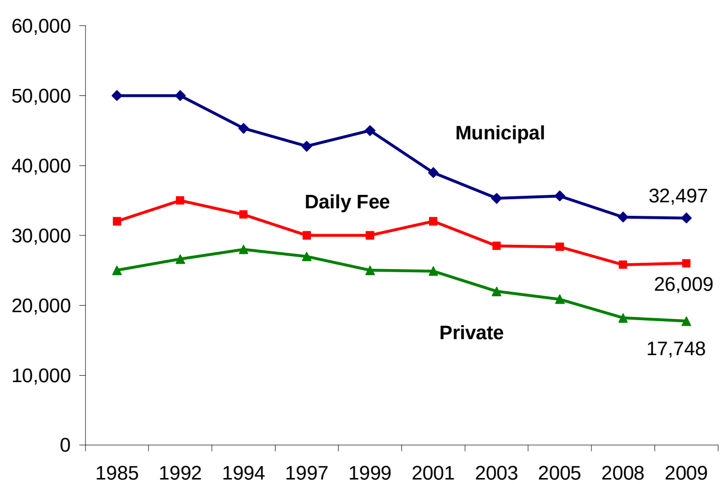
Public Golf Operational Norms

For comparison purposes to the City of Portland Parks golf courses, we present a review of selected NGF data from our bi-annual surveys of golf facilities. As the 2012 edition was not yet complete at the time of this report, NGF has used the 2010 figures for comparison to City of Portland golf courses. This include data from the aggregate of all golf courses in the U.S. (by category), as well as data from selected sub-categories of golf facilities including mid-range (middle fee) public golf facilities and premium (highest fee) golf facilities. These data are detailed in the National Golf Foundation publication, *Operating & Financial Performance Profiles of 18-hole Golf Facilities in the U.S.* These figures were included and used for this effort as they represent "reasonable estimates" for comparison to the City of Portland Parks golf courses. In addition, NGF Consulting has added estimates from the *"Future of Public Golf in America"* study completed in 2012 and presented at the annual NGF Golf Business Symposium.

Public Golf Facility Rounds Expectations

NGF research indicates that the average number of rounds played per 18-hole golf course has been declining in the last 25 years. The totals now stand at an average of 32,497 rounds for municipal golf courses, 26,009 for all daily fee (privately-owned, open to the public), and 17,748 for private (member only) clubs. We note these figures all represent significant declines since 1985, with acceleration of decline since 2001. As a benchmark comparison, average rounds per 18-hole municipal golf course was around 36,000± in 2005 and just over 33,500± rounds in 2009.

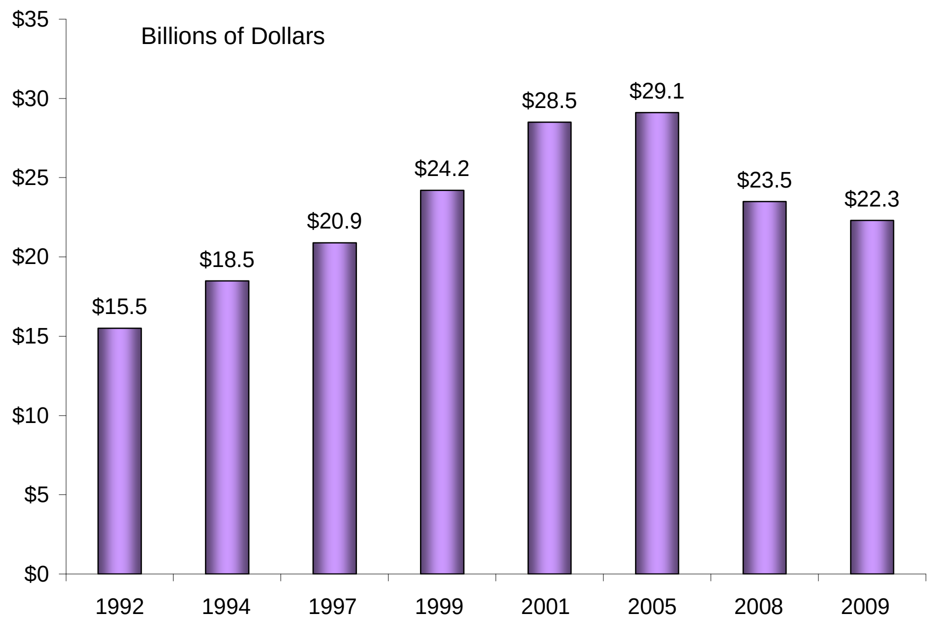
Rounds Played
Median 18-hole



Public Golf Facility Revenue Expectations

NGF research indicates that the total of all golf facility revenues in the U.S. represents a $22.3 billion industry, down from a peak of $29.1 billion in 2005. The table below shows the NGF estimate for total golf facility revenue (public and private combined) in the United States for selected years since 1992.

Total Golf Facility Revenues
Adjusted for inflation, includes public & private



Average Revenue per Golf Facility

The NGF estimate for total revenue per golf facility in the U.S. now stands at $1.5 million for daily fees, $1.3 million for municipals, and $3.4 million for private clubs. Again, we note that this is a full aggregate of all golf facilities in the U.S., inclusive of all climatic regions and facility types.

Facility-Level Revenues
Average Total Revenues
18-hole - $millions

	2008	2010	% change
Daily Fee	$1.6	$1.5	-6.1%
Municipal	$1.3	$1.3	-2.1%
Private	$3.6	$3.4	-4.7%

Source: National Golf Foundation and Golf Datatech

Revenue Detail for 'Mid-Range' Public Golf Courses

Further detail on 'mid-range' public golf facility operations in the United States has been collected by NGF over the years, a summary of which is presented below for 2005 and 2010. Mid-range' public golf courses are those with green fees in the $40 to $70 range (including carts). The NGF consultants feel that this represents one of the reasonable measures of comparison to performance at Riverside Golf Course, and is used for this purpose throughout the NGF engagement for the City of Portland.

Public Mid-range Average Revenues

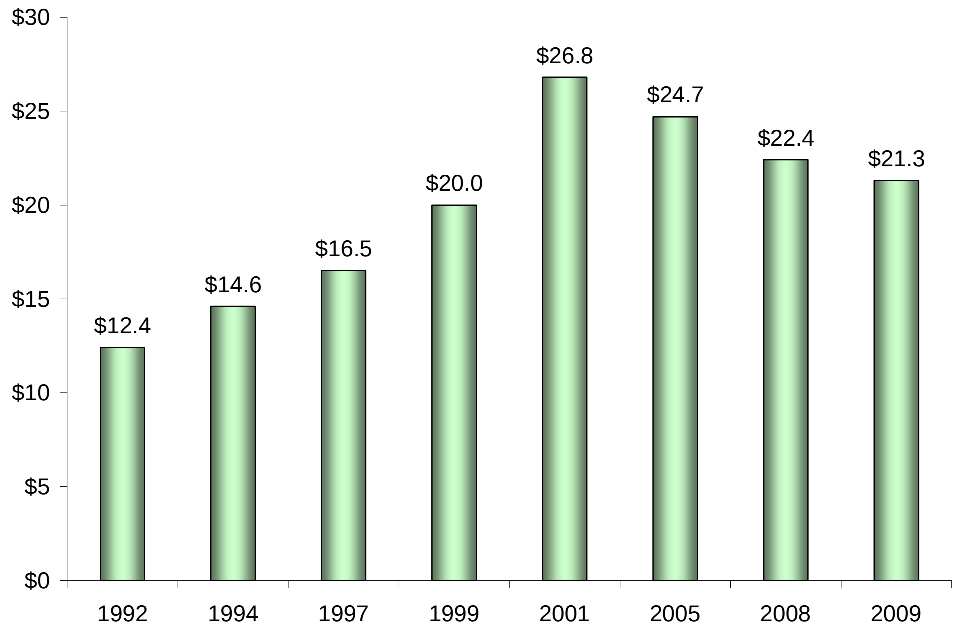
	2005	***2010****	**% change**
Green fees, cart fees and member/passholder revenue	$679,280	*$624,900*	-8.0%
All other golf revenue	$76,930	*$75,000*	-2.5%
F&B revenue (incl. banquets)	$214,400	*$182,200*	-15.0%
Merchandise revenue	$80,080	*$75,300*	-6.0%
All other operating revenue	$37,560	*$36,400*	-3.1%
Total Revenue	**$1,088,250**	***$993,800***	**-8.7%**

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and *"Future of Public Golf in America"* study – 2010.
**Estimated totals derived from sample research in 2011*.

Public Golf Facility Expense Expectations

NGF research indicates that all golf facilities in the U.S. had a total of $21.3 billion in direct operating expenses, down 20.5% from a high of $26.8 billion in 2001. The table below shows the NGF estimates for total golf facility expenses (public and private combined) in the United States for selected years since 1992.

Total Golf Facility Expenses
Adjusted for inflation, includes public & private



Average Expense per Golf Facility

The NGF estimate for total expenses per golf facility in the U.S. now stands at $1.3 million for daily fees, $1.1 million for municipals and $3.2 million for private clubs. Again, we note that this is a full aggregate of all golf facilities in the U.S., inclusive of all climactic regions and facility types.

Facility-Level Expenses
Average Total Expenses
18-hole - $millions

	2008	2010	% change
Daily Fee	$1.4	$1.3	-5.8%
Municipal	$1.1	$1.1	-1.2%
Private	$3.4	$3.2	-5.4%

Source: National Golf Foundation and Golf Datatech

Operating Expense Detail for 'Mid-Range' Public Golf Courses

Further detail on 'mid-range' public golf facility operational expenses in the United States from 2005 and 2010 are displayed below. The NGF consultants feel that this represents one of the reasonable measures of comparison to performance at Riverside Golf Course, and is used for this purpose throughout the NGF engagement for the City of Portland.

Public Mid-range Average Expenses

	2005	*2010**	% change
Total maintenance costs	$377,160	*$414,900*	10.0%
Golf car fleet costs	$31,120	*$30,500*	-2.0%
COGS F&B	$86,360	*$76,200*	-11.8%
COGS merchandise	$56,450	*$44,600*	-21.0%
Other expenses	$315,280	*$365,700*	16.0%
Total Expenses	**$866,360**	***931,900***	**7.6%**

Notes:
"Total maintenance costs" includes payroll, supplies, and equipment.
"Other expenses" is a large category because it includes all non-maintenance payroll and all other operating expenses. Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and *"Future of Public Golf in America"* study – 2010.
*Estimated totals derived from sample research in 2011.

Other Expense Findings

NGF Consulting has also included basic information on golf industry 'standards' for all golf courses of all types in all climates. Industry standards can vary depending upon specific courses, but as a "rule of thumb," allocated spending in key areas coincide with the percentages displayed below. The two most significant of these figures for the analysis of the City of Portland Golf Enterprises are the percentage of labor expense and utilities, as addressed by NGF for each individual facility.

Key Area	Allocated Spending
Labor	50%
Products, Supplies & Repair	20%
Services (Incl. Equipment)	10%
Utilities	10%
G & A + Other	10%

Source: Golf Course Superintendents Association of America (GCSAA) and NGF Consulting. Expense totals do not include non-recurring capital expenses, amortization, or depreciation.

Public Golf Facility Average Revenue and Expense per Round

The following section provides NGF estimates for revenues and expenses per round of golf played for 'Mid-Range' golf facilities.

Public 'Mid-range' Revenue and Expense per Round - NGF research indicates that middle-fee public golf courses in the U.S. average $30.58 in total facility revenue per round of golf in 2010. Of this figure, $21.54 (70.4%) is derived from "golf" sources (green, cart, pass fees and driving range), with the remaining $9.04 (29.6%) per round derived from "ancillary" (mostly merchandise, food + beverage) sources. Overall, this figure has declined by about 6.0% between 2005 and 2010, with the largest decline (12.5%) coming from food and beverage revenue.

Public Mid-range U.S.
Average Revenue Per Round

	2005	2010	% change
Total Revenue	$32.54	$30.58	-6.0%
Golf Revenue	$22.61	$21.54	-4.7%
F&B revenue (incl. banquets)	$6.41	$5.61	-12.5%
Merchandise revenue	$2.39	$2.32	-2.9%
All other operating revenue	$1.12	$1.12	0.0%

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and *"Future of Public Golf in America"* study – 2010

Middle-fee public golf courses in the U.S. average $28.68 in total facility expenses per round of golf. Of this figure, $12.77 (44.5%) is derived from golf course maintenance, with the remaining $15.91 (55.5%) per round derived from all other expenses. Overall, this figure increased by about 11% between 2005 and 2010.

Public Mid-range U.S.
Average Expense Per Round

	2005	2009	% change
Total maintenance costs	$11.28	$12.77	13.2%
Golf car fleet costs	$0.93	$0.94	0.9%
Total COGS	$4.27	$3.71	-13.1%
Other expenses	$9.43	$11.25	19.4%
Total Facility Expense	**$25.91**	**$28.68**	**10.7%**

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and *"Future of Public Golf in America"* study – 2010

APPENDIX D – GOLFER EXPECTATIONS OF BETTER QUALITY PUBLIC GOLF FACILITIES

Golf consumers have developed certain expectations about the package of amenities they expect at golf courses of various levels of quality. These expectations extend to both the physical attributes (maintenance) of a facility as well as the level of service provided. In this section, NGF will provide a basic "checklist" of amenities and services that are expected at various levels of golf course quality and should be considered within the overall program of the City of Portland. This includes a review of golf course facilities, support amenities, and service.

Golf Course Expectations

A summary of categories of expectations for golfers at middle-to-better quality golf courses includes:

- Clean carts
- Good scenery
- Appropriate length and challenges (see below)
- Well maintained conditions
- Well maintained greens
- Well maintained fairways
- Well maintained tees
- Well maintained bunkers
- Clearly marked and visible yardage and hazard indicators
- Rough that is not too difficult and ball can be found
- Practice facility
- On-course facilities / water fountains

Golf Course Standards (Length of Tees)

The length of tees on a golf course can significantly impact course performance in three ways: Marketing (inherent appeal), playability, and pace of play. All three areas are important, but are often overlooked when a course is initially laid out.

From a marketing perspective, the length of tees that means the most is the one from the back tee. Any course that does not measure at least 7,000 yards from the back tee is at a disadvantage to be marketed as a true upscale "championship" facility. This is especially true for courses in resort areas or who count a lot on non-local play, especially tourists. The reason the back yardage is so important is not because golfers will actually play from there (fewer than 4% of golfers will play from tees over 7,000 yards), but because golfers have come to equate distance with quality -- a perception that is fed by the media.

While the back tee yardage is important to get golfers to the course for the first time, the length from the other tees is critical in getting them to return. This is because playability is crucial to generating return play. Golfers tend to prefer courses where they can score at their "normal" level. If a course is perceived as being too easy, it is considered inferior. On the other hand, few golfers want to get "beaten up" every time they play. Ideally, a course would appear challenging but allow most golfers to be able to score at their normal level.

The most commonly preferred yardage for male golfers is around 6,250 yards plus or minus 250 yards. Psychologically the "6" is critical. The average male golfer (who typically will shoot anywhere from 90 to 105) will normally choose the shortest tee that is at least 6,000 yards long. You will find this tee, regardless of color, will be the most popular tee on almost every course -- typically receiving 40-50% or more of the play. There is some logic to this yardage as it will allow most male golfers to use almost every club in their bag when they play. At this yardage, most male golfers will typically be able to reach every hole in regulation at most courses.

However, as golfers age, they are no longer able to hit the ball as far. As a result, they are no longer able to reach all the holes in regulation at 6,000 plus yards. So for seniors, the most comfortable and preferred yardage tends to be from 5,400 to 5,800 yards. Women, on the other hand, tend to hit the ball about 80% as far as men. So the equivalent distance of a 6,000 yard tee would be 4,800 yards. Thus, women tend to prefer yardage of 5,000 or less.

When these yardages are not present, golfers are forced to play from a length where they are not comfortable. In reviewing the yardages at Riverside, it seems that the facility does provide an excellent mix of yardage offerings, with only a slightly longer forward tee on the North course appearing to be slightly long for most women players.

Golf Course	Longest Tee Yardage	Middle Tee Yardage	Forward Tee Yardage
Riverside "North"	6,448	6,214 / 5,930	5,297
Riverside "South" (9-H Par 36)	2,941	3,135 / 2,912	2,184

Clubhouse Expectations

Basic expectations of golf course clubhouses from golf consumers at middle-to-better quality public golf courses include:

- Visually appealing entrance and landscaping
- Area to drop golf bags directly from auto
- Clean and clearly marked entrance
- Appropriate and visible art and decorations
- Visually appealing pro shop area
- Room to shop and view items for sale + ease of purchase
- Convenient and functioning restrooms cleaned twice daily
- Clear logistics and ergonomics (where do I go to check in?)
- Space and comfortable chairs to sit and relax
- Wi-Fi and cell service available
- Space to privately change clothes/shoes (if necessary)
- Nice views of the golf course
- Good food and beverage service
- Alcohol service (at least beer) and a comfortable place to go to enjoy food and drinks and reflect on their round with friends
- Big screen TVs in the lounge/bar and/or grill area that are always tuned to sports

Service Expectations

Basic service expectations from golf consumers at middle-to-better quality public golf courses include:

- Availability of, and accommodation for booking tee-times
- Assistance with golf bag drop
- Ease of parking
- Friendly/courteous staff at check-in counter
- Pro shop stocked with appropriate basic items (balls, tees, gloves, etc.)
- Carts cleaned and fully charged for a round
- Courteous starter attentive to golfer needs
- Management/staff attention to pace-of-play
- Courteous ranger moving play along
- Beverage cart service
- On-course restroom / drinking stations
- Ability to conveniently consume snacks/beverages after 9th hole (the "turn")
- Assistance with golf bag after the round
- Ability to conveniently consume snacks/beverages after 18th hole
- Pro shop open when round complete

The above items represent the basic package of golf facility amenities expected by golfers to complete a better quality golf experience. Attention to these details will help produce repeat customers and strong "word-of-mouth" recommendations. In general, the facilities at Riverside Golf Course do not meet some of these expectations, and for the most part this is appropriate given the facility's price point, thus no drastic change in service has been recommended by NGF.

Merchandising Operations

Merchandise sales are an often overlooked aspect of golf operations. Most operators realize that it is important to carry some items as a convenience to their customers, some even see it as a profit center, but rarely is it seen as a significant source of income. Many golf operators appear to be content with low merchandise sales per round ('standard' was $2.32 for mid-range and $6.65 for premium in 2010). On the other hand, some operators see merchandise sales for what it can be – a major profit center for the golf operation. In looking at Riverside GC, we see a total of only $84,565 in merchandise sales in 2012, down 23.5% from a peak of over $110,000 in 2009 ($3.03 per round):

In addition, savvy operators understand that the quality of the merchandise helps set the golfer's expectations for the course. For example, if a golfer comes in and sees a sparsely stocked pro shop, they are likely to conclude that the golf course is in financial difficulty, which may reflect on the quality of the golf course and its condition. Similarly, if the pro shop carries high-quality shirts and supplies, the golfer is led to believe the golf course is a higher-end facility that attracts higher-end golfers who can afford to play at better facilities.

The biggest key to success in merchandise sales is attitude. If a golf facility operator approaches merchandise sales as simply a minor add-on, it is likely to remain a low priority and generate little revenue. On the other hand, if the pro shop is viewed as a retail store, the entire perspective changes. The degree to which a golf facility can emulate successful retail store practices will determine just how successful that golf shop can become. Ideas to help move improve merchandise operations at public golf courses include:

- **Sales.** Successful retail stores realize that the word “SALE” is a very powerful word, and thus always have merchandise on sale. Further, the merchandise on sale is not just the rejects, but includes popular selections as well.
- **Promotion.** The typical pro shop relies on a small sign placed strategically on a rack or table to announce items that are on sale. Merchandise sales can also be promoted on the Website, sent out in emails, and noted on large signs in the lobby or grill area or on smaller signs at the pro shop counter or even on the golf carts.
- **Inventory.** Successful retail stores recognize that having a strong inventory is important for two reasons: (1) it gives customers a wider selection, which increases the chances for a sale; and (2) full shelves are much more enticing to customers than sparsely stocked shelves.
- **Margin.** Most successful pro shops will have a cost-of-goods for merchandise sales of under 70% (Riverside Golf Course is well above this threshold in all years reviewed, and as high as 99% in 2011).
- **Know Your Market.** One of the biggest keys to success is to know your market and stock merchandise that is consistent with golfers at the facility and the price point.
- **Logo.** One thing golf discounters and on-line stores do NOT have is your logo! Your logo is often the main reason buyers will purchase your shirts and caps, etc., because it is unique and gives them something to wear others won’t have. The Riverside GC and the City of Portland should strive to promote the golf logo on all soft goods items (shirts, jackets, hats, etc.), as well on golf balls and umbrellas and other hard goods.
- **Staffing.** The best pro shops will have staff dedicated to merchandise sales.

Food and Beverage Operations

The food and beverage (F&B) operation at most golf courses is critical to the facility’s profitability, either positively or negatively. The F&B operation, though, is more important to the success of a golf course than simply its direct contribution to the bottom line. What is often undervalued, perhaps because it is so hard to measure, is the F&B’s impact to the overall desirability of a golf course and thus its effect on rounds performance.

There is no question that for most golfers a golf course’s F&B operation significantly impacts the overall golfing experience. Given that an 18-hole golf round usually takes four to four and half hours to play, a golf round is inevitably going to interact with at least one meal for a golfer. Further, many golfers enjoy relaxing after a round of golf, preferably while eating and/or drinking. This is an important social time as the golfers reflect on the round, settle bets, and often discuss various issues that may have nothing to do with golf. (Notably, a golf course is a popular spot to conduct business).

As a result, a facility’s F&B operation can be either an asset or a detriment to a facility. If the quality of the food and beverage concession does not match the experience or price of a golf course, there is no doubt that the operation will have a negative impact on golf course performance. However, if the F&B operation is in strong sync with the golf course, revenues in both operations will be maximized. This is true if for no other reason than convenience. Given that the golfer is likely to need a place to eat either before, after or even during a round, if the golf course cannot provide the meal appropriately, the golfer must find another place – adding additional time and inconvenience to the round. Further, a golfer tends to want to satisfy thirst and hunger immediately. If this cannot be done at the golf course, the round can be much less pleasant.

On the other hand, if the food quality and service is a good match for a facility, it adds to the golf experience and increases the desirability of the golf course as a place to play. A high quality F&B operation with multiple options can help make up for deficiencies of a golf course. Similarly, a poor F&B operation can drag even a good golf operation down.

Successful Food and Beverage Operations at Golf Facilities

From a golf perspective, the F&B operation does not need to be elaborate; a simple grill operation is often sufficient. Golfers are looking mostly for tasty items that can be prepared and delivered quickly in an inviting and friendly atmosphere. Hot dogs, hamburgers, and sandwiches are generally the most popular items served. However, with healthy selections becoming more socially acceptable and appealing and with the desire to expand the market to include women and seniors, other menu items are required. There should be salad and healthy sandwich choices as well as fruit offerings. To increase appeal to regulars, there should be daily specials. A "signature" item is always desirable (under development at Through the Woods at Riverside).

It is also important to understand that the F&B operation is not limited to the grill or restaurant, but definitely extends to the golf course. Many golf operators have discovered that offering a good beverage cart operation not only creates a new profit center, but also increases total rounds performance. Golfers tend to enjoy beverage cart service, when the operators are well-trained and personable and the prices and selection reasonable. It is not uncommon for a mid-level facility to average more than $1 to $2 per round from beverage cart sales alone. However, to be successful, a beverage cart operation needs to have the following:

- **Good Servers.** The attendants need to be friendly and helpful. Females tend to work better than males, as most of the customers are male.
- **Beer.** Beer is the beverage of choice for a large percentage of golfers. Having beer readily available will significantly help performance – both for the F&B operation and for the golf course.
- **Good Selection.** Savvy operators track what golfers are buying and do their best to keep these items in stock and available on the golf cart.
- **Consistency.** This is perhaps the most important ingredient of all. To be successful, the beverage cart must be present consistently. It cannot be operated only during "peak" days and at "peak times." Golfers need to be trained to expect that the beverage cart will be there in order to leave their coolers behind and for the beverage cart to have a positive impact on the golf course rounds.

Where F&B operations tend to create fiscal problems for a golf facility is when they start offering dinner services that go beyond the typical golf course fare and try to compete with restaurants. On the other hand, this strategy can work so long as the golfers are being taken care of and the restaurant option is **in addition to, not in lieu of** focus on golfers.

Riverside Golf Course

Golfer Satisfaction Survey

Your Golf

1) About how many rounds have you played at Riverside Golf Course in the past 12 months? ____________ rounds
2) Do you play most of your golf at Riverside Golf Course? O Yes O No
3) What other courses in the area, if any, have you played on a somewhat regular basis in the past 12 months?
 1) ____ ____________ rounds
 2) ____ ____________ rounds
 3) ____ ____________ rounds

Your Experience at Riverside Golf Course

4) How satisfied are you, overall, with Riverside Golf Course?
 Very dissatisfied O1 O2 O3 O4 O5 O6 O7 O8 O9 O10 Very satisfied
5) Given the cost to play here, do we meet your expectations?
 We fall short of your expectations O1 O2 O3 O4 O5 O6 O7 O8 O9 O10 We exceed your expectations
6) How does your overall satisfaction with Riverside Golf Course compare to your satisfaction with other similarly priced courses you have recently played?
 Unfavorably O1 O2 O3 O4 O5 O6 O7 O8 O9 O10 Favorably
7) In the next 12 months, are you likely to play here more often, less often or about the same?
 Much less often O1 O2 O3 O4 O5 O6 O7 O8 O9 O10 Much more often
8) If asked, how likely would you be to recommend Riverside Golf Course to another golfer?
 Not at all likely to recommend O1 O2 O3 O4 O5 O6 O7 O8 O9 O10 Extremely likely to recommend

Playing History & Referrals at Riverside Golf Course

9) Approximately how long have you been playing golf at Riverside Golf Course?
 O Less than one year
 O Over one year (list total years) ____________
10) Did you first play Riverside Golf Course because someone recommended us to you? O Yes O No
11) Have you recommended Riverside Golf Course to anyone in the past 12 months? O Yes O No
 If yes, how many? ____________
12) Have you advised anyone against playing at Riverside Golf Course in the past 12 months? O Yes O No
 If yes, how many? ____________

Your Comments

13) What do you like most about Riverside Golf Course?

14) If you were the person in charge, what improvements, in any aspect of the course or our service, would you consider making?

Your Level of Satisfaction

For each factor below, select a number from 1 to 10 indicating your level of satisfaction.

Factors	Very Dissatisfied									Very Satisfied	Don't Know/ Can't Rate
15) Overall Course Conditions	O1	O2	O3	O4	O5	O6	O7	O8	O9	O10	O
16) Pace of Play	O1	O2	O3	O4	O5	O6	O7	O8	O9	O10	O
17) Overall Value	O1	O2	O3	O4	O5	O6	O7	O8	O9	O10	O
18) Friendliness/Helpfulness of Staff	O1	O2	O3	O4	O5	O6	O7	O8	O9	O10	O
19) Golf Course Design/Layout	O1	O2	O3	O4	O5	O6	O7	O8	O9	O10	O

Survey continued on opposite side

Your Spending

20) What would you estimate is your **average cost per round** (including green fee, golf car if used, range balls, etc. – but excluding merchandise and food & beverage) at Riverside Golf Course? $____________

21) About how much would you say you have spent in total on **merchandise** (e.g., apparel, golf balls, clubs and other items) over the past 12 months at Riverside Golf Course? $____________

22) About how much would you estimate you spend, on average, on **food & beverage** each time you visit the course? $____________

Additional Information

23) Do you think it would be a benefit to the Riverside Golf Course operation and/or the Portland community to have a golf professional on staff?

○Yes ○No

24) If you answered yes to the previous question, please explain.

[ ]

25) If the City were to add nets and re-open the driving range, charging market based rates for balls, how frequently would you utilize the range?

- ○Frequently
- ○Most times that I am playing a round of golf
- ○Occasionally
- ○Not very often
- ○Never

26) Select a number from 1 to 10 indicating your level of satisfaction with the food & beverage quality / selection at Riverside Golf Course.

Very Dissatisfied ○1 ○2 ○3 ○4 ○5 ○6 ○7 ○8 ○9 ○10 Very Satisfied

27) Select a number from 1 to 10 indicating your level of satisfaction with the overall clubhouse conditions and amenities at Riverside Golf Course.

Very Dissatisfied ○1 ○2 ○3 ○4 ○5 ○6 ○7 ○8 ○9 ○10 Very Satisfied

28) If you answered either "Somewhat Dissatisfied" or "Very Dissatisfied" to the previous question, please indicate the day of week (Monday through Friday, or Sat./Sun.) and time of day (early morning/mid-morning/late morning or after) you prefer to tee off.

- ○Early morning
- ○Mid-morning
- ○Late-morning
- ○Later
- ○ Monday through Friday
- ○Saturday/Sunday

29) When buying golf merchandise other than at Riverside Golf Course, where do you make most of your purchases?

- ○Online
- ○Mass merchant retailer (Target, Wal-Mart, etc.)
- ○I buy all of my golf merchandise only at Riverside Golf Course
- ○Other golf course pro-shop
- ○Other area golf retail shop

30) If you selected "Other area golf retail shop" in the previous question, please list:

[ ]

31) Do you utilize Riverside Golf Course for winter activities other than golf (e.g., cross country skiing)?

○Yes ○No

32) If you answered "Yes" to the previous question, would you utilize the winter activities if there was a nominal fee to cover the maintenance and operating cost of the winter activities?

○Yes ○No

Your Demographics

33) Please enter zip code of your primary residence: __________

34) Please select your gender: ○ Male ○ Female

35) Please enter your age: __________

36) Please enter your average 18-hole score: __________

37) Which of the following best describes you? (**Check only one**)

- ○ Non-passholder (Riverside green fee player)
- ○ Passholder / non-RGA member
- ○ Passholder and RGA member
- ○ Non-passholder but RGA member
- ○ Passholder and RWGA member
- ○ Non-passholder but RWGA member

Your Contact Information

First name: ____

Last name: ____

Address: ____

City: ____

State: ____________ Zip: ____________

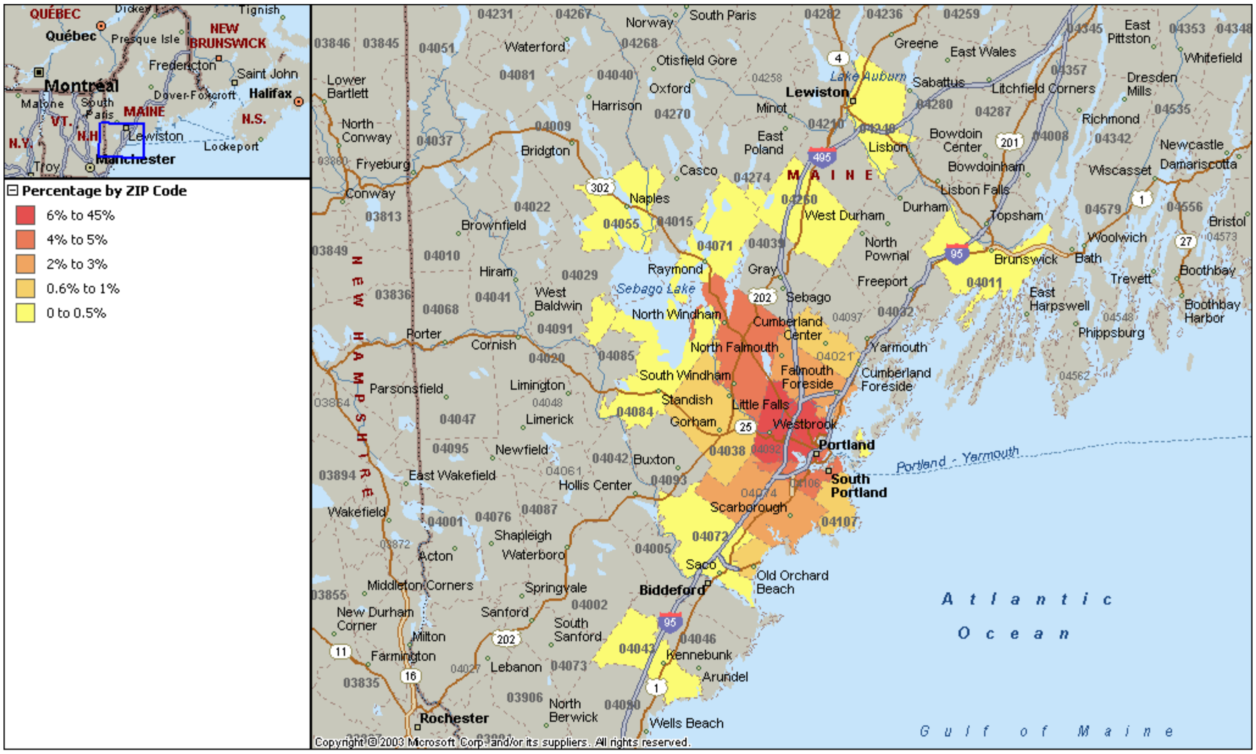
Phone: ____

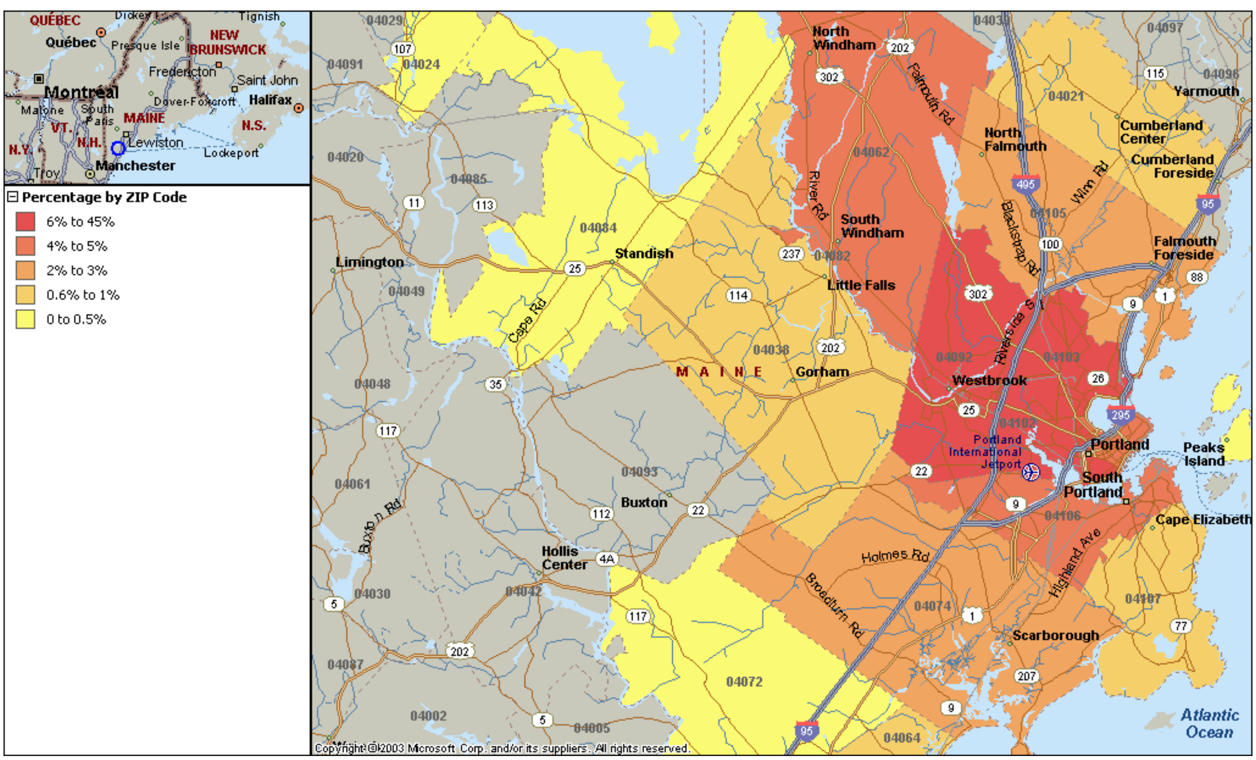
Email: ____

□ Please keep me informed about special offers from Riverside Golf Course's trusted partners and affiliates.

Thank you for your time and input! Customer Survey conducted by the National Golf Foundation.

Customer Origin Maps





APPENDIX F – NATIONAL ROUNDS PLAYED

PGA PerformanceTrak in cooperation with NGCOA, the joint financial benchmarking initiative of the PGA of America and the National Golf Course Owners Association, supports the National Rounds Played Report by supplying data included in this report.

NATIONAL GOLF ROUNDS PLAYED REPORT

POWERED BY Datatech

	SEPT	YTD
UNITED STATES	**5.2%**	**7.4%**
PUBLIC ACCESS	**5.8%**	**8.3%**
PRIVATE	**3.1%**	**4.0%**

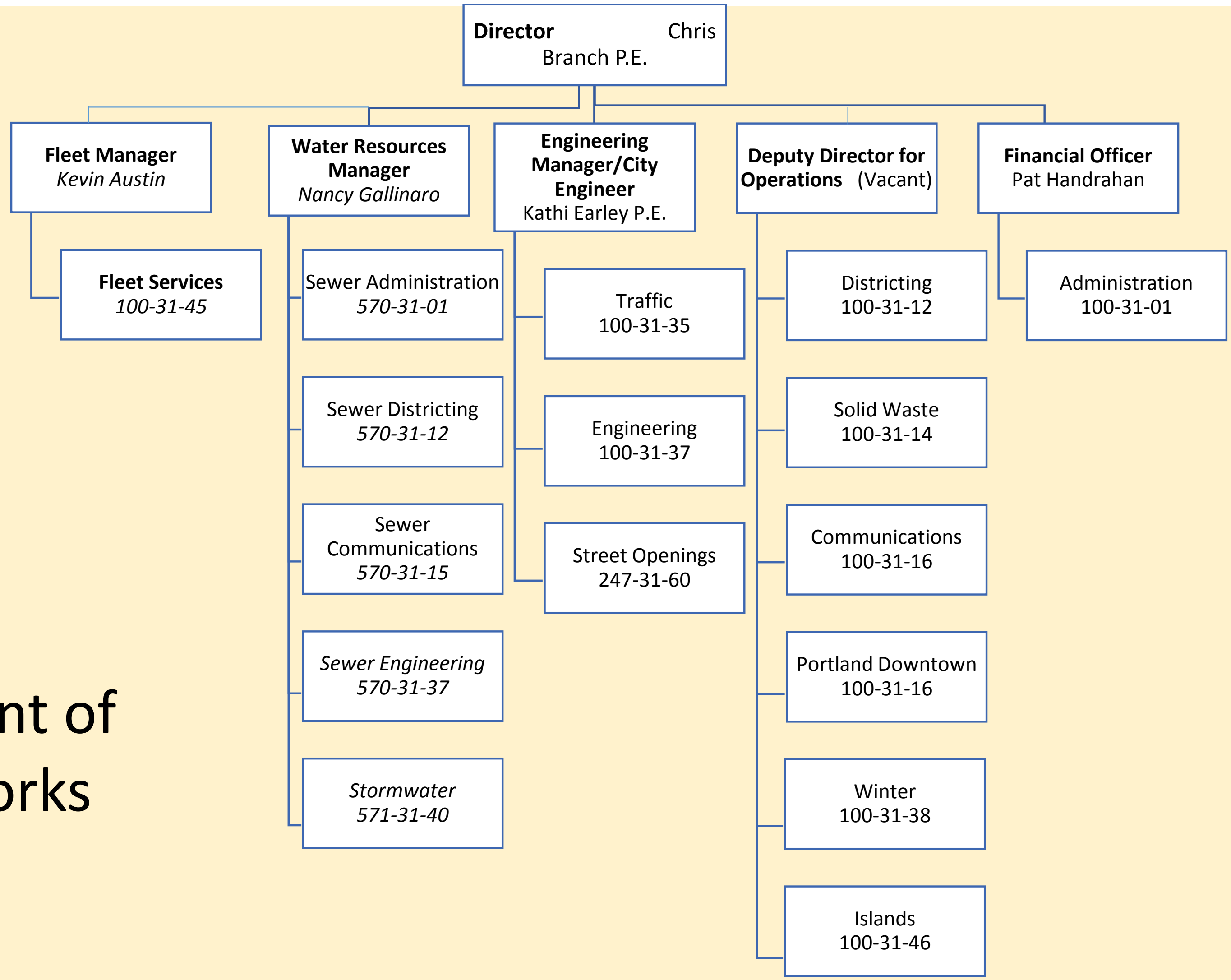
		SEPT	YTD
PACIFIC		**1.1%**	**3.5%**
CA		**-0.6%**	**3.8%**
	Los Angeles	-3.0%	1.5%
	Orange County	-1.0%	2.8%
	Palm Springs	-3.8%	4.2%
	Sacramento	3.0%	4.7%
	San Diego	0.3%	3.2%
	San Francisco/Oakland	-0.5%	6.5%
HI		**-5.1%**	**-1.0%**
OR		**4.1%**	**0.3%**
	Portland	6.7%	1.7%
WA		**6.5%**	**5.5%**
	Seattle	5.0%	4.4%
MOUNTAIN		**0.5%**	**6.7%**
AZ		**3.9%**	**4.0%**
	Phoenix	2.8%	3.2%
CO		**-1.7%**	**6.6%**
	Denver	-1.3%	6.7%
ID, WY, MT		**-3.2%**	**8.6%**
NM		**-4.6%**	**2.5%**
NV		**1.3%**	**2.7%**
	Las Vegas	0.9%	3.3%
UT		**5.6%**	**16.5%**
WEST NORTH CENTRAL		**0.3%**	**9.7%**
IA		**-3.8%**	**11.3%**
KS		**-3.9%**	**7.4%**
NE		**0.5%**	**10.1%**
ND,SD		**7.6%**	**13.7%**
MN		**3.2%**	**7.7%**
	Minneapolis/St.Paul	2.5%	10.8%
MO		**-0.9%**	**10.4%**
	St Louis	0.8%	13.3%
	Kansas City	-3.3%	7.7%

		SEPT	YTD
EAST NORTH CENTRAL		**7.4%**	**13.4%**
IL		**2.1%**	**11.3%**
	Chicago	3.6%	11.6%
IN		**4.6%**	**12.2%**
MI		**14.2%**	**15.2%**
	Detroit	19.4%	22.3%
OH		**8.3%**	**15.7%**
	Cincinnati	14.0%	20.3%
	Cleveland	10.9%	15.9%
	Columbus	6.3%	10.1%
WI		**5.7%**	**10.6%**
	Milwaukee	4.5%	11.7%
SOUTH CENTRAL		**0.1%**	**5.0%**
AL		**11.2%**	**7.2%**
	Birmingham	14.0%	7.2%
AR		**1.3%**	**10.5%**
KY		**4.7%**	**9.6%**
LA		**-11.0%**	**-2.1%**
MS		**-3.0%**	**0.2%**
OK		**-6.8%**	**7.3%**
	Oklahoma City	-9.5%	2.5%
TN		**3.7%**	**6.6%**
	Nashville	7.5%	6.3%
TX		**-0.9%**	**3.4%**
	Dallas/Ft. Worth	-3.7%	7.7%
	Houston	3.5%	-1.1%
	San Antonio	2.6%	4.9%

		SEPT	YTD
SOUTH ATLANTIC		**8.9%**	**3.7%**
DE, DC, MD		**21.0%**	**6.5%**
	Washington/Baltimore	21.5%	8.9%
FL		**5.0%**	**1.5%**
	Jacksonville/Daytona	2.3%	1.1%
	Orlando	13.5%	9.5%
	Tampa	5.3%	-0.1%
	Palm Beach	1.6%	-2.4%
	Sarasota	1.7%	0.9%
	Naples/Ft Myers	5.1%	4.6%
	Miami/Ft.Lauderdale	-0.3%	-8.2%
GA		**14.1%**	**7.5%**
	Atlanta	15.2%	8.7%
NC		**4.9%**	**0.5%**
	Greensboro/Raleigh	4.6%	3.1%
SC		**4.6%**	**5.9%**
	Charleston	2.4%	4.9%
	Hilton Head	2.4%	5.9%
	Myrtle Beach	3.8%	9.6%
VA		**13.8%**	**8.9%**
WV		**14.6%**	**8.9%**
MID ATLANTIC		**17.6%**	**12.9%**
NJ		**13.6%**	**12.5%**
NY		**14.5%**	**11.0%**
	New York City	11.2%	13.0%
PA		**23.5%**	**15.5%**
	Philadelphia	18.5%	12.2%
	Pittsburgh	11.3%	17.6%
NEW ENGLAND		**3.4%**	**4.9%**
CT		**11.6%**	**8.5%**
	Hartford	7.7%	7.9%
MA, RI		**2.6%**	**3.5%**
	Boston	3.3%	4.9%
ME, NH, VT		**-0.5%**	**4.6%**

The percentages represent the differences in number of rounds played comparing September 2012 to September 2011.
For more information contact Golf Datatech, golfroundsplayed@golfdatatech.com or call 407-944-4116

Department of Public Works



City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)				
Administration: (Div 01)				
Revenues	$ 193,848.00	$ 212,067.00	$ 18,219.00	9%
Expenses	$ 692,123.00	$ 720,120.00	$ 27,997.00	4%

Significant Revenue Changes:

none

Significant Expense Changes:

Personel:

reduction of one FT staff accountant position (due to consolidation of work)

Other:

none

City of Portland Department of Public Works
Chris Branch - Department Director

Description		FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)					
Districting (Div 12)					
	Revenues	$ 24,476.00	$ 19,885.00	$ (4,591.00)	-19%
	Expenses	$ 1,544,513.00	$ 1,616,370.00	$ 71,857.00	5%

Significant Revenue Changes:

(School Dept Charges for mowing moved to Parks/Open Spaces)
Anticipated 90% reimbursement for landfill fence

Significant Expense Changes:

Personel:
one new Maintenance Worker (to maintain crew for vacation/sick …etc)
Other:
Ocean Ave landfill Fence

City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)				
Solid Waste (Div 14)				
Revenues	$ 2,455,569.00	$ 2,067,921.00	$ (387,648.00)	-16%
Expenses	$ 2,590,851.00	$ 1,689,277.00	$ (901,574.00)	-35%

Significant Revenue Changes:

(Bag revenue/expense netted due to outside vendor contract)
(Loss of revenue from Sewer/Stormwater for sweeping/catch basin cleanings)

Significant Expense Changes:

Personel:
none
Other:
(CPRC contractual services reduction)
(cost of bags now a reduction to revenue)

City of Portland Department of Public Works
Chris Branch - Department Director

Description		FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)					
PDD (Div 16)					
	Revenues	$ 351,210.00	$ 358,761.00	$ 7,551.00	2%
	Expenses	$ 351,210.00	$ 358,761.00	$ 7,551.00	2%

Significant Revenue Changes:

none

Significant Expense Changes:

Personel:

none

Other:

none

City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)				
Traffic/Transportation (Div 35)				
Revenues	$ 413,919.00	$ 542,394.00	$ 128,475.00	31%
Expenses	$ 2,645,471.00	$ 3,027,720.00	$ 382,249.00	14%

Significant Revenue Changes:

increased street occupancy permits
increased personnel charge backs to projects

Significant Expense Changes:

Personel:

New Position: Senior Engineer (for traffic to assist with increasing workload)
New Position: Asst Engineer (entry level position to assist with workload)
New Position: Paving Coordinator

Other:

Paving Marking inspector (intern)
Increase in Water based markings contract (to move to twice yearly program)

City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)				
Engineering (Div 37)				
Revenues	$ 1,037,818.00	$ 948,719.00	$ (89,099.00)	-9%
Expenses	$ 1,123,224.00	$ 1,200,715.00	$ 77,491.00	7%

Significant Revenue Changes:

(reduction in personnel charge backs to projects)

Significant Expense Changes:

Personel:

none

Other:

Large scanner for vault (Printer/copier unit)

survey instrument, prism & data collector

City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)				
Winter Operations (Div 38)				
Revenues	$ 103,600.00	$ 98,800.00	$ (4,800.00)	-5%
Expenses	$ 1,165,512.00	$ 1,370,058.00	$ 204,546.00	18%

Significant Revenue Changes:

none

Significant Expense Changes:

Personel:

sewer/stormwater transfers for regular time plowing/sanding

Other:

increase contract cost for hired equipment

City of Portland Department of Public Works
Chris Branch - Department Director

Description		FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)					
Fleet (Div 45)					
	Revenues	$ 359,174.00	$ 368,350.00	$ 9,176.00	3%
	Expenses	$ 3,431,093.00	$ 3,713,605.00	$ 282,512.00	8%

Significant Revenue Changes:

none

Significant Expense Changes:

Personel:

New position: mechanic for emergency vehicle repairs caused by aging trucks

Other:

increased commercial repairs

increased fuel charges

purchase of electric car

City of Portland Department of Public Works
Chris Branch - Department Director

Description		FY17	FY18 Proposed	Change	%
Public Works GF (Dept 31)					
Islands (Div 46)					
	Revenues	$ 8,350.00	$ 6,900.00	$ (1,450.00)	-17%
	Expenses	$ 597,050.00	$ 658,567.00	$ 61,517.00	10%

Significant Revenue Changes:

none

Significant Expense Changes:

Personel:

none

Other:

increased cost of transportation to and from island:

rubbish and recyclables

capital outlay for portable restrooms for community center project

City of Portland Department of Public Works
Chris Branch - Department Director

Description		FY17		FY18 Proposed		Change	%
Public Works GF (Dept 31)							
Communications (Div 15)							
Revenues	$	5,083.00	$	5,183.00	$	100.00	2%
Expenses	$	121,002.00	$	124,588.00	$	3,586.00	3%

Significant Revenue Changes:

none

Significant Expense Changes:

Personel:

none

Other:

none

City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Street Opening Fund (247)				
Revenues	$ 648,602.00	$ 412,445.00	$ (236,157.00)	-36%
Expenses	$ 742,293.00	$ 582,653.00	$ (159,640.00)	-22%

Significant Revenue Changes:

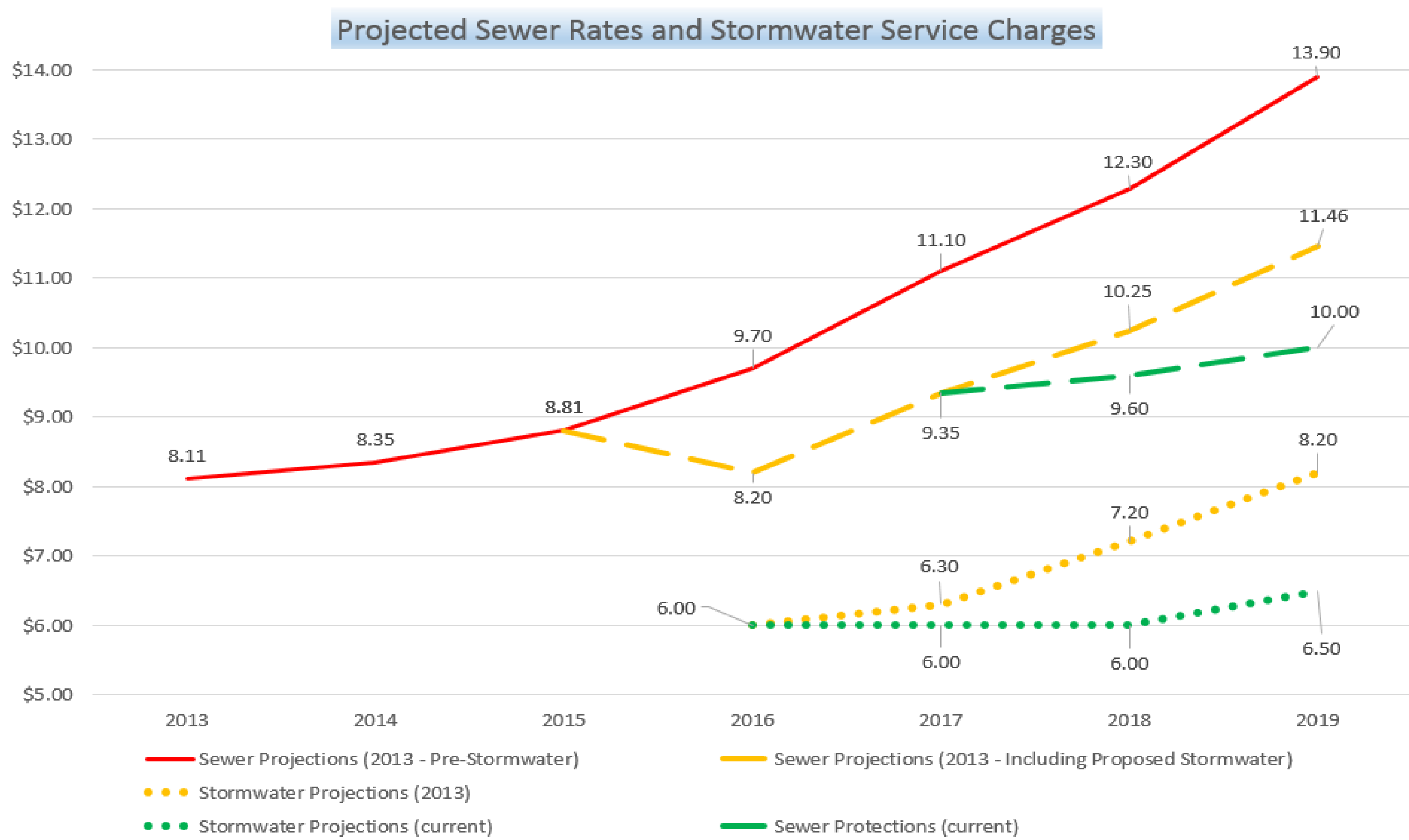
(reduction in permits to Unitil)
(reduction in pavement restoration fees)

Significant Expense Changes:

Personel:

Other:

(one less vehicle to be purchased)
(pavement restoration reduction…due to less private contractor work being done)


Projected Sewer Rates and Stormwater Service Charges
$14.00
$13.00
$12.00
$11.00
$10.00
$9.00
$8.00
$7.00
$6.00
$5.00
2013
2014
2015
2016
2017
2018
2019
8.11
8.35
8.81
9.70
11.10
12.30
13.90
8.20
9.35
10.25
11.46
9.60
10.00
6.00
6.30
7.20
8.20
6.00
6.00
6.50
Sewer Projections (2013 - Pre-Stormwater)
Sewer Projections (2013 - Including Proposed Stormwater)
Stormwater Projections (2013)
Stormwater Projections (current)
Sewer Protections (current)

City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Sewer Fund (Fund 570)				
Revenues				
Revenues	$ 23,678,025.00	$ 24,759,881.00	$ 1,081,856.00	5%

Significant Revenue Changes:

none

City of Portland Department of Public Works
Chris Branch - Department Director

Description		FY17	FY18 Proposed	Change	%
Sewer Fund (Fund 570)					
Administration (Div 01)					
	Expenses	$ 877,450.00	$ 807,783.00	$ (69,667.00)	-8%

Significant Expense Changes:

Personel:
(Programmer Analyst position eliminated)
(share 1/2 of charges from GF admin with stormwater)

Other:
increase public health inspector chg for FOG program inspections.
(eliminate office reconfiguration)

City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Sewer Fund (Fund 570)				
Districting (Div 12)				
Expenses	$ 1,766,068.00	$ 2,850,513.00	$ 1,084,445.00	61%

Significant Expense Changes:

Personel:

New position: Sr Public Works Supervisor
Eliminate 2 formen positions (unfilled)

Other:

Increase street opening repair fees
Increased cost of contracted manhole structure adjustments
budget for collapse sewer repairs
budget for sewer inspections
Maintenance & Repairs buildings:
- paving Riverside and 109 District Rd
- Paint Riverside and Franklin
- Electrical repairs and local alarm systems
- structural steel
- 109 District Rd Emergency generator connect
- 109 District Rd Roof Repair
- 109 District Rd video surveillance
- 109 District Rd Truck Bay Heating System

Maintenance & Repairs equipment:
- SCADA upgrade
- Annual factory service-Tenco vactor (split with Stormwater)
- Lifting device recertifications
- increase valve and pipe replacements

Speciality rentals for construction activity
Increase heating costs for new building

City of Portland Department of Public Works
Chris Branch - Department Director

Description			FY17		FY18 Proposed		Change	%
Sewer Fund (Fund 570)								
Communications (Div 15)								
	Expenses	$	67,533.00	$	64,056.00	$	(3,477.00)	-5%

Significant Expense Changes:

Personel:

none

Other:

move uniform/safety allowances to appropriate budgets

City of Portland Department of Public Works
Chris Branch - Department Director

Description		FY17	FY18 Proposed	Change	%
Sewer Fund (Fund 570)					
Engineering (Div 37)					
	Expenses	$ 328,391.00	$ 353,808.00	$ 25,417.00	8%

Significant Expense Changes:

Personel:

New position Associate Engineer

Other:

City of Portland Department of Public Works
Chris Branch - Department Director

Description	FY17	FY18 Proposed	Change	%
Stormwater Fund (Fund 571)				
Stormwater Revenues				
Revenues	$ 4,111,512.00	$ 3,040,253.00	$ (1,071,259.00)	-26%

Significant Revenue Changes:

City of Portland Department of Public Works
Chris Branch - Department Director

Description		FY17	FY18 Proposed	Change	%
Stormwater Fund (Fund 571)					
Stormwater (Div 40)					
	Expenses	$ 3,316,177.00	$ 2,083,537.00	$ (1,232,640.00)	-37%

Significant Expense Changes:

Personel:

New Position: Stormwater Coordinator

New Position: Water Quality Tech

Other:

eliminate storage filtration @ Sagamore

FRIENDS of DEERING OAKS

MISSION STATEMENT

The Friends of Deering Oaks is a non-profit citizen organization committed to preserving, protecting and enhancing the physical condition of Portland's historic Deering Oaks Park and promoting its use by residents and visitors. The 1994 Deering Oaks Master Plan will guide the activities of the Friends of Deering Oaks.

Friends of Deering Oaks
P.O. Box 10416
Portland, Maine 04104
(207) 774-0437

April. 13, 2017

Finance Committee
City of Portland
389 Congress Street
Portland, ME 04101

Re: FY'18 Operating Budget

Dear Chair Mavodones and Members of the Committee:

I am sorry that I cannot attend tonight's Finance Committee meeting because of a conflict with the Planning Board Public Hearing on the Comp Plan revision.

I would like to make the following comments on behalf of the Friends of Deering Oaks.

We wish to express our great appreciation to the City Manager for recommending three much-needed new positions in the Parks Division budget. The City Manager embraced the Trust for Public Land's Open Space Vision Plan and is starting investment in its recommendations. While we wish for even more as parks advocates, we are well aware of the competing demands on the City's tax-supported financial resources. The Friends of Deering Oaks, appreciates this start and will look forward to increasing investment in our City's open space maintenance capacity in succeeding years.

On another budget element, in future years we suggest that the Division budgets be consolidated, with section budgets broken out below. This will allow someone to see, for example, the total amount that the City is spending on the Parks function ($2,508,558), something that has been impossible to determine (as noted in the TPL report) for almost ten years. Similarly, this would allow us to see what percentage of the City's tax levy goes to this important budget category (2.9%?), as we used to be able to see - and to compare to other cities.

Thank you for your consideration of these comments.

Anne Pringle, President