

Controlling Golf Revenues

Feb 18, 2020

Dear Colleagues,

I believe the financial problems of our golf system are closely linked to uncontrollable and unnecessary elements of the membership fee structure. This year's average revenue from members was only a yield of \$16.25 per round. To put this in perspective, this is much lower than the average yield per round at other similar golf facilities, which is part of the operating deficit challenge we face.

Unlimited memberships and a single-tier discount for regular members make it impossible to ensure there is an operating surplus capable of contributing adequately to the capital reserve fund. In contrast, a predictable return would come from the sale of discounted flex-packs (selling in bulk at 10, 25, 50 rounds at a slight reduction in price versus a regular green fee "rack rate") or a loyalty program with increasing discounts (5% after 10 rounds, 10% after 20 rounds, etc.) as used on other courses both in the private sector and other Municipally operated courses.

Because the potential loss of the River Road facility in my ward is intimately linked to the financial challenges in the golf system which are set to persist, I feel obliged to move the following additional amendment.

That staff be directed to replace the present membership fee structure with a more revenue-controlling approach such as discounted flex-pack sales or a loyalty program with progressive discounts for frequent users.

IF GOLF WAS LUNCH

If we translated our golf season to the cafeteria, it would look like this:

- Non-members pay \$10 for a drink and the daily special
- A \$60 membership gets you 40% off every meal which just covers the cafeteria's \$6 cost
- Unlimited members pay \$340 and could eat 150 meals, averaging \$2.27 per meal.
- Youth unlimited members pay only \$220 for up to 7 months' worth of lunches.
- Non-members cover the losses created or unmitigated by members

This business model could never be expected to pay for upgrades to the kitchen or dining room.

WHY WE DON'T NEED MEMBERSHIPS

Part of the reason that private golf courses sell memberships is to create the cashflow necessary to recover from the off-season. Our city does not need this hedge because we have no such cashflow problems. We can dispense with memberships in their current form.

FAINT HOPE

As an advocate for River Road, I do hope a greater confidence that overall system revenue can be controlled will make you more open to retaining the East End facility. However, I see the proposed change as necessary even without this course as part of our system.

Sincerely,

Michael van Holst