



Golf Course Annual Update to City Council



**Council Presentation
July, 11 2017**



Lease Timeline

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- **Management Agreement
November 2010 – January 2011**
- **Lease Agreement began February 2011**
- **Lease Agreement (2011-2021)**
- **Completed Sixth Full Year**



Financial Highlights

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- 2016 Rounds of Golf: 71,132
 - Oso Beach: 35,528
 - Lozano: 35,604

(National Average for a Public Course: 33,000)
- Net Operating Income: \$160,445 minus \$61,839 to replenish the FCCG operating reserve back to \$100,000 = \$98,606.
- It was necessary to engage the operating reserve in the 2015 fiscal year as a result of inclement weather experienced during the period. The account was replenished in April of 2016 when the operating bank balance comfortably allowed.
- City Share of NOI is \$49,303 (\$98,606 divided by 2)



Financial Review

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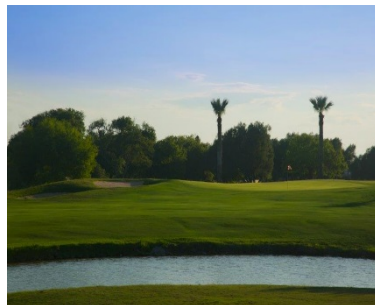


Fiscal Year	2015	2016	Difference
Revenue	\$2,430,554	\$2,508,154	\$188,139
Expenditures	\$2,285,819	\$2,347,710	\$61,891
Net Operating Income	\$144,735	\$160,445 - \$61,839 (to restore FCCG operating reserve) = \$98,606	\$15,710
City Share of NOI - Rent	\$72,368	\$49,303 (\$98,605/2)	(\$23,065)



Great Course Conditions

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Lozano – Hole #17, #12, #6



Oso Beach – Hole #1, #13 #12



2016 Customer Satisfaction Survey Results

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Oso Beach – 94.4% Good or Excellent

Lozano – 90% Good or Excellent

Overall – 92.1% Good or Excellent



2016 Recap

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- **Financial**

- ✓ Net Operating Income - \$160,445 (City & Foresight Share \$98,606)
- ✓ Course revenues were again affected by inclement weather
- ✓ Revenue per round \$36.81 (was up from \$35.87)

- **Rounds of Golf - 71,132**

- ✓ Days with 0 rounds sold: Oso Beach - 10, Lozano Golf Center - 12
- ✓ Additional Days with less than 50 paid rounds: Oso - 29, Lozano - 34
- ✓ Daily average for number of paid rounds: 98 per course

- **Improved Course and Facility Conditions**

- ✓ Completed renovation/addition of new tees for the addition of a 5th set of tees at Lozano. New Course Yardage: Black – 7,027, Forest – 6609, Blue - 6,002, Stone – 5,387, and Copper – 4,518
- ✓ Installed Drainage on Practice Range at Lozano



2017 Financial Goals

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➤ 2017 Operating Budget Targets

- 💡 With better weather and new player outreach efforts, increase rounds of golf sold to 79,212.
- 💡 Increase revenue per round to \$38.13 up from \$36.81
- 💡 Attain \$319,852 in net operating income.



2017 Course Improvement Plans

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Lozano Golf Center Improvements



Replace all practice range light fixtures, allowing range to be open after dusk, creating a new revenue stream for the course



Install a new wash pad area adjacent to the golf car storage building and new cart paths around holes 1 and 10



Install new tee signage



2017 Course Improvement Plans

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Oso Beach Improvements



Resurface the entire parking lot and entrance road



Complete Renovation to Sand Bunkers



Install new set of tees with new course yardages of:
Forest Green – 6223, Blue – 5728, Stone – 5,193,
Copper – 4,220

Encompassing Improvements



Work with The First Tee and community leaders to
develop the First Tee Chapter of Coastal Bend



Future Capital Improvement Plans

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⚡ Complete renovation to the nine hole executive course at Lozano Golf Center.

- 👍 We believe that this project would literally change the paradigm at Lozano for instruction, programming, and the overall business.
- 👍 In conjunction with the renovation, our vision is to also light all nine holes, which would be a feature offering a customer experience that is non-existent in the Coastal Bend and South Texas markets.

⚡ New buildings to replace the current 50+ year old antiquated clubhouses.



Questions?



Cart Barn Replacement

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- **Estimated Cart Barn Cost:** **\$150,000.00**
 - **Less City Insurance Settlements:** **- 95,734.24**
 - **Balance – Risk Casualty Loss Fund** **\$ 54,265.76**
 - **Authorize Foresight Golf to Rebuild Cart Barn**
-



Loan Agreement for Improvements Executive Course – 9 Hole

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- Loan from General Fund to Golf Fund for Capital Improvement Project (CIP)
 - CIP at Gabe Lozano Golf Course to improve/enhance Executive 9 Hole Course
 - Loan paid back with interest over five years
 - Improvements belong to the City
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Loan Agreement for Improvements Executive Course – 9 Hole

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Foresight Golf's Net Operating Income

<u>Actuals</u>	<u>Revenue Projections</u>
2012 - \$317,557	2017
2013 - \$248,819	2018
2014 - \$115,465	2019
2015 - \$144,735	2020
2016 - \$ 98,606 (\$160,445)	2021
