

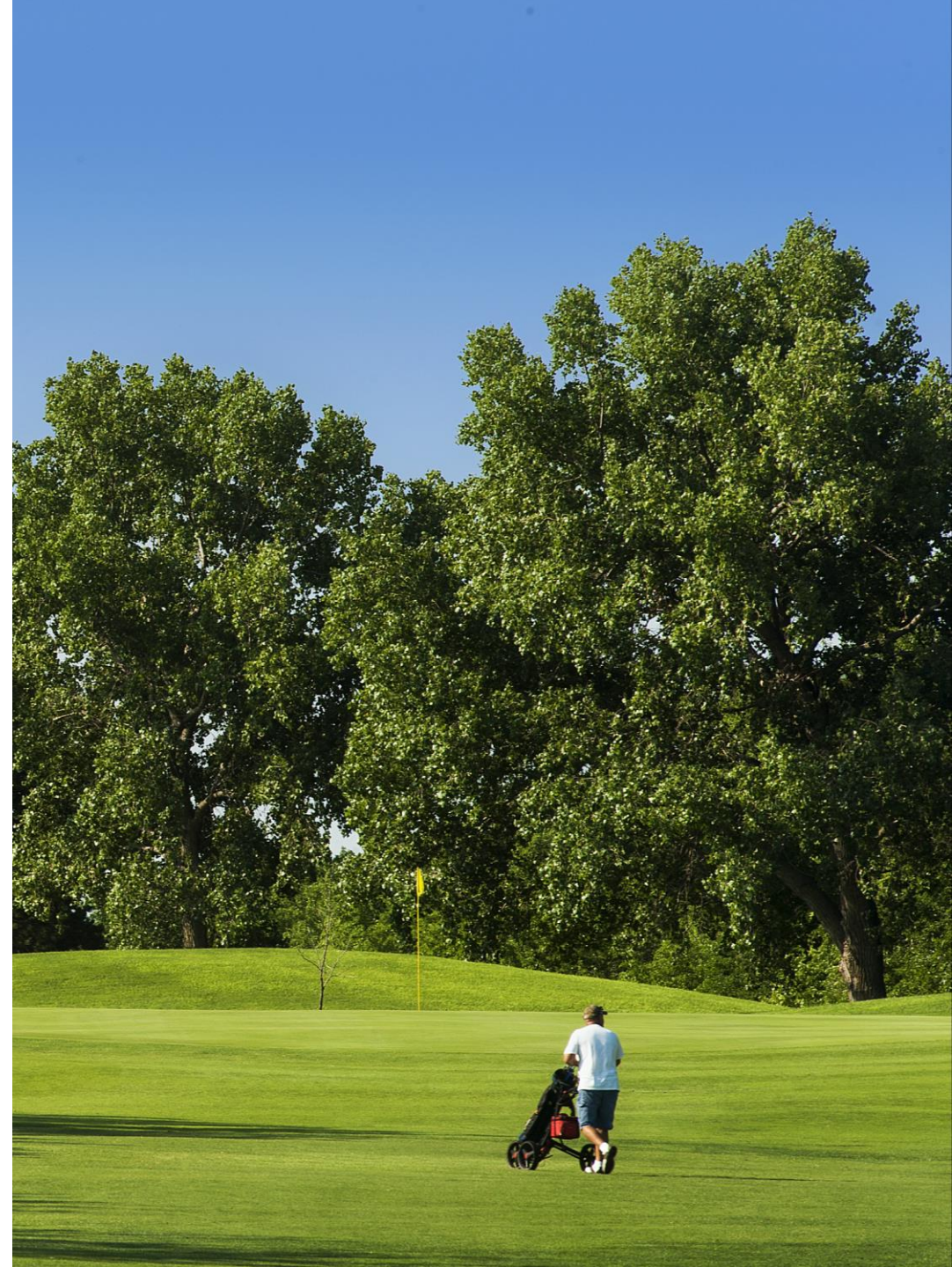
Golf

Professional Management Company Selection



Wichita Park & Recreation

March 1, 2022



Background



- From 1999 to 2019, the utilization rate of the courses dropped from approximately 85% to 50%
- In 2017, system experienced deficit of \$180,000, which increased in 2018 to \$315,000
- By 2019, deficit required the City to utilize \$461,000 in property tax revenues to maintain golf operations
- The City was forced to close Clapp in 2019



Background (cont.)



- Public and private golf courses throughout the US experienced declines in rounds and revenue
- Having to explore how to make the game more relevant to younger audience
- COVID-19 has temporarily reversed the trends of the past 20 years
- Experts do not believe the upsurge is sustainable without aggressive measures being taken by golf course owners



Analysis



- RFP was solicited for management services of City of Wichita's four golf courses
- August 2021 – received seven proposals
- Staff Screening and Selection Committee (SSSC) met August 31, 2021 and short-listed four firms
 - Indigo
 - Kemper Sports
 - Landscapes Golf Management
 - Orion
- October 28, 2021 – SSSC conducted interviews and selected Kemper Sports to provide management services



Analysis (cont.) – Why Kemper?



- Multiple municipal contracts across the US
- Agronomist team on staff
- Transition plans include retention and training of current staff, utilization of point of sale system and mobile app
- Create an advisory board
- Existing connection to the community
- Work with First Tee of Greater Wichita and Wichita Junior Golf Foundation
- Ability to make improvements to the golf courses



Analysis (cont.) – Expectations and Responsibilities



Expectations of Kemper	City of Wichita Responsibilities
Meet standards stated in the contract	Offer quality communication with Kemper
Communicate with customers and City of Wichita staff to include: <ul style="list-style-type: none"> • Wichita Park & Recreation staff • Finance staff 	Manage capital projects with continuous improvement of the golf courses
Provide feedback and expertise in CIP projects	Audit and review financial records
Provide new and innovative programs and revenue streams	Ensure standards within the contract are met
Develop training opportunities for staff	Proposing changes to rates, memberships, and other operational fees
Continue working with youth organizations and other stake holders to increase golf opportunities	Creating annual report to be delivered to City Council
Revitalize the concession areas at each course	Engaging with stakeholders listening to their opinions and concerns



Financial Considerations



- Food and beverage – expenses paid from operating fund
 - City keeps 90% of gross revenue, Kemper gets 10%
 - Stronger financial outcome for the City
- Pro Shops – Kemper’s expense
 - 10% given back to the City
- \$10,000 donation to youth golf annually for three years
- Depending on rounds and revenue – Strong Pro Forma with \$500k-\$600k to return to the City
- Annual management fee – \$200,000



Financial Considerations – Pro Forma



City of Wichita Four Courses KemperSports 2022 Projection	No F&B or Merchandise
(000)	2022
REVENUES	
Greens Fees	\$ 2,138
Cart Fees	1,135
Driving Range	222
Golf Cards/Passes	895
Pro Shop Sales Profit/Gross Sales	-
Food and Beverage	-
Other Golf Revenues	-
MacDonald Lease Payment	-
Miscellaneous Income	-
TOTAL REVENUE	\$ 4,390
COGS - Pro Shop Merchandise	-
COGS - Food & Beverage	-
TOTAL COST OF SALES	-
GROSS INCOME	\$ 4,390
LABOR	
Golf/Cart/Range Operations	1,101
Golf Course Maintenance	788
Total Direct Labor	1,889
Benefits Costs	279
TOTAL LABOR	2,168

Operational Expenses	
Golf Operations Expense	688
Course Maintenance Expense	568
Motor Pool	-
Sales and Marketing Expense	70
Golf Cart Lease	-
Mtx Equipment Leases	-
FF&E/Other Equipment Leases	-
Bank Charges	50
Data Center/Equipment Charges	-
Mgt Fees	200
Public Safety Fees	-
Utilities-electric Clubhouse	-
Utilities-electric Golf Course	-
Irrigation Water	-
Insurance - G&L/P&C	60
OTHER OP EXPENSES	1,636
EBITDA / OP INCOME	\$ 586
Projected Rent Paid to City from KS	104
Net Cash Flow	\$ 690
OPERATING MARGIN	13.3%



Legal Considerations



- Law Department has approved the agreement as to form.



Recommended Action



- It is recommended that the City Council approve the management services agreement with Kemper Sports and authorize the necessary signatures.



Questions?

