

Saving Sligo

*Past Is Not
Prologue*

Overview

- SCGC consistently operates without subsidy before management fees
- Additional rounds is not the model for how to generate new revenue for paying management or raising capital
- New sources of revenue are necessary
- What follows is a reasonable, balanced plan to both manage and improve the course without outside subsidy

Recent history: 2007 - 2009

- Sligo performance was highly volatile
- Large increase in rounds, followed by large decrease
- Essentially broke even before management fees under both conditions

Understanding operations

- Course operates in three segments
 - Golf course operations
 - Food Service
 - Other sources of revenue

Sligo Golf Course Operations - Revenue

Revenue	2007	2008	% Chg.	2009	% Chg.
ROUNDS	25591	29906	16.9%	24868	-16.8%
Non-Tournament Guest Fees - 9 Hole Course	\$386,829	\$466,877	20.7%	\$411,228	-11.9%
Fees/round	\$15.12	\$15.61		\$16.54	
Cart Fees - 9 Hole Course	\$38,223	\$57,222	49.7%	\$43,333	-24.3%
Cart Fees/round	\$1.49	\$1.91		\$1.74	
Merchandise Sales	\$30,582	\$37,928	24.0%	\$28,048	-26.0%
Merchandise Sales/Round	\$1.20	\$1.27		\$1.13	
Total Revenue	455,634	\$562,027	23.4%	\$482,609	-14.1%

Golf Course Operations – Expenses

Expenses	2007	2008	% Chg.	2009	% Chg.
Payroll, Golf Operations	\$75,808	\$78,722	3.8%	\$75,808	-3.7%
Payroll, Golf Course Maintenance	\$162,560	\$200,853	23.6%	\$162,560	-19.1%
Golf Operations	\$67,862	\$97,076	43.0%	\$121,236	24.9%
Golf Course Maintenance	\$157,346	\$167,152	6.2%	91,598	-45.2%
Cost of Goods Sold: Merchandise	\$17,363	\$22,824	31.5%	\$20,002	-12.4%
Total Expenses	\$480,939	\$566,627	17.8%	\$471,204	-16.8%
Net Golf Operations	(\$25,304)	(\$4,601)		\$11,406	

Sligo Food Service Operations

Revenue	2007	2008	% Chg.	2009	% Chg.
Food and Beverage - Non-banquet	\$48,566	\$59,808	23.1%	\$43,297	-27.6%
Rent	\$0	0		0	
Total Revenue	\$48,566	\$59,808		\$43,297	
Expenses					
Cost of Goods Sold: Food and Beverage	\$18,449	\$26,878	45.7%	\$14,976	-44.3%
Payroll, Food and Beverage	\$21,876	\$19,864	-9.2%	\$21,876	10.1%
Operating Expense, Food and Beverage	\$8,605	\$7,112	-17.3%	\$4,951	-30.4%
Total Expenses	\$48,929	\$53,854		\$41,803	
Net Food Service	(\$363)	\$5,954		\$1,494	

Rents and Other Income

OTHER	2007	2008	% Chg.	2009	% Chg.
Driving Range	\$0	0		0	
Miscellaneous	\$10,254	14,900	45.3%	\$10,929	-26.6%
Total Other	\$10,254	\$14,900		\$10,929	

SUMMARY – GOLF COURSE OPERATIONS

Revenue	2007	2008	2009
Golf Operations	\$455,634	\$562,027	\$482,609
Food Service	\$48,566	\$59,808	\$43,297
Rents and Other	\$10,254	\$14,900	\$10,929
TOTAL REVENUE	\$514,455	\$636,735	\$536,836
Expenses			
Golf Operations	\$480,939	\$566,627	\$471,204
Food Service	\$48,929	\$53,854	\$41,803
TOTAL EXPENSES	\$529,868	\$620,481	\$513,007
OPERATING INCOME	(\$15,413)	\$16,254	\$23,829

Sligo Cash Flow Statement

	2007	2008	2009
Operating Income	(\$15,413)	\$16,254	\$23,829
Management Fees	(\$68,580)	(\$139,104)	(\$168,180)
COUNTY SUBSIDY	0	0	0
Earnings Before Taxes, Interest, Depreciation and Amortization	(\$83,993)	(\$122,850)	(\$144,351)
Capital Project Reserve Fund	\$0	\$0	\$0
Interest Income			
Interest Expense	\$0	(\$2,794)	(\$2,184)
Depreciation	(\$16,704)	(\$21,818)	(\$24,973)
NET INCOME	(\$100,697)	(\$147,462)	(\$171,508)
FREE CASH FLOW: Earnings plus depreciation	(\$83,993)	(\$125,644)	(\$146,535)

Sligo Business Plan

	2009				
	Actual	2010	2011	2012	2013
ROUNDS	24868	27000	29000	30000	27000

Sligo Business Plan

	2009				
	Actual	2010	2011	2012	2013
ROUNDS	24868	27000	29000	30000	27000
Guest Fees	\$411,228	\$459,000	\$500,250	\$525,000	\$479,250
Fees/round	\$16.54	\$17.00	\$17.25	\$17.50	\$17.75

Sligo Business Plan

	2009				
	Actual	2010	2011	2012	2013
ROUNDS	24868	27000	29000	30000	27000
Guest Fees	\$411,228	\$459,000	\$500,250	\$525,000	\$479,250
Fees/round	\$16.54	\$17.00	\$17.25	\$17.50	\$17.75
Cart Fees	\$43,333	\$48,600	\$55,100	\$60,000	\$48,600
Cart fees/round	\$1.74	\$1.80	\$1.90	\$2.00	\$1.80

Sligo Business Plan

	2009				
	Actual	2010	2011	2012	2013
ROUNDS	24868	27000	29000	30000	27000
Guest Fees	\$411,228	\$459,000	\$500,250	\$525,000	\$479,250
Fees/round	\$16.54	\$17.00	\$17.25	\$17.50	\$17.75
Cart Fees	\$43,333	\$48,600	\$55,100	\$60,000	\$48,600
Cart fees/round	\$1.74	\$1.80	\$1.90	\$2.00	\$1.80
Merchandise Sales	\$28,048	\$32,400	\$36,540	\$38,100	\$32,400
Merchandise Sales/Round	\$1.13	\$1.20	\$1.26	\$1.27	\$1.20

Sligo Business Plan

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Fees/round	\$16.54	\$17.00	\$17.25	\$17.50	\$17.75
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Cart fees/round	\$1.74	\$1.80	\$1.90	\$2.00	\$1.80
Merchandise Sales	\$28,048	\$32,400	\$36,540	\$38,100	\$32,400
Merchandise Sales/Round	\$1.13	\$1.20	\$1.26	\$1.27	\$1.20
Total Revenue	\$482,609	\$540,000	\$591,890	\$623,100	\$560,250

Sligo Business Plan

	2009	2010	2011	2012	2013
ROUNDS	Actual 24868	27000	29000	30000	27000
Expenses					
Payroll, golf operations	\$75,808	\$78,000	\$81,000	\$85,000	\$81,000
Payroll, course maintenance	\$162,560	\$182,200	\$197,188	\$207,857	\$193,522
	49.4%	48%	47%	47%	49%

Sligo Business Plan

	2009				
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Payroll, course maintenance	\$162,560	\$182,200	\$197,188	\$207,857	\$193,522
	49.4%	48%	47%	47%	49%
Golf ops.	\$121,236	\$90,000	\$97,000	\$100,000	\$103,000
Course maint.	\$91,598	\$157,000	\$175,000	\$185,000	\$165,000

Sligo Business Plan

	2009				
	Actual	2010	2011	2012	2013
ROUNDS	24868	27000	29000	30000	27000
Expenses					
Payroll, golf operations	\$75,808	\$78,000	\$81,000	\$85,000	\$81,000
Payroll, course maintenance	\$162,560	\$182,200	\$197,188	\$207,857	\$193,522
	49.4%	48%	47%	47%	49%
Golf ops.	\$121,236	\$90,000	\$97,000	\$100,000	\$103,000
Course maint.	\$91,598	\$157,000	\$175,000	\$185,000	\$165,000
Cost of Goods Sold:	\$20,002	\$21,060	\$23,751	\$24,765	\$21,060

Sligo Business Plan

	2009				
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ROUNDS	24868	27000	29000	30000	27000
Expenses					
Payroll, golf operations	\$75,808	\$78,000	\$81,000	\$85,000	\$81,000
Payroll, course maintenance	\$162,560	\$182,200	\$197,188	\$207,857	\$193,522
	49.4%	48%	47%	47%	49%
Golf ops.	\$121,236	\$90,000	\$97,000	\$100,000	\$103,000
Course maint.	\$91,598	\$157,000	\$175,000	\$185,000	\$165,000
Cost of Goods Sold:	\$20,002	\$21,060	\$23,751	\$24,765	\$21,060
Total Expenses	\$471,204	\$528,260	\$573,939	\$602,622	\$563,582

Sligo Business Plan

2009

	Actual	2010	2011	2012	2013
ROUNDS	24868	27000	29000	30000	27000
Total Revenue	\$482,609	\$540,000	\$591,890	\$623,100	\$560,250
Total expenses	\$471,204	\$528,260	\$573,939	\$602,622	\$563,582
Net Golf Operations	\$11,405	\$11,740	\$17,951	\$20,478	(\$3,332)

Food Service Operations

Revenue	2009	2010	2011	2012	2013
Food and Beverage	\$43,297	\$48,000	0	0	0
Rent	0	0	\$12,000	\$12,000	\$12,000
Total Revenue	\$43,297	\$48,000	\$12,000	\$12,000	\$12,000
Expenses					
Cost of Goods Sold	\$14,976	\$15,000	0	0	0
Payroll, Food and Beverage	\$21,876	\$25,000	0	0	0
Operating Expense	\$4,951	\$6,000	0	0	0
Total Expenses	\$41,803	\$46,000	0	0	0
Net Food	\$1,494	\$2,000	\$12,000	\$12,000	\$12,000

OTHER	2009	2010	2011	2012	2013
Miscellaneous	10,929	\$10,000	\$10,000	\$10,000	\$10,000

Sligo Business Plan – Net from Operations

Net Revenue	2009	2010	2011	2012	2013
Golf Operations	\$11,405	\$11,740	\$17,951	\$20,478	(3,332)
Food Service	\$1,404	\$2,000	\$12,000	\$12,000	\$12,000
Rents and Other	\$10,929	\$10,000	\$10,000	\$10,000	\$10,000
TOTAL NET REVENUE	\$23,738	\$23,740	\$39,951	\$42,478	\$18,668

New Revenue Necessary

- A principled strategy
 - Principle 1
 - Diversified sources
 - Provides stability against shortfalls from any one source
 - Allows for potential growth
 - Principle 2
 - Everyone contributes
 - All stakeholders remain engaged
 - Shared effort rebuilds trust

Source 1: Parking Revenue

- \$38,760 per year from Holy Cross Hospital now goes to MCRA
- Holy Cross says even with new garage it needs 55 parking slots for at least 5 years
- It would like more parking spaces, and will likely need them beyond 5 years
- This revenue should be earmarked for capital projects at SCGC

OTHER	2009	2010	2011	2012	2013
Miscellaneous	10,929	\$10,000	\$10,000	\$10,000	\$10,000
Parking Rents	0	\$0	\$38,760	\$38,760	\$38,760

Source 2: Tower Revenue

- Radio Tower currently generates \$27,000 per year rent that goes to the Parks Dept.
- This revenue stream could be dedicated to capital improvements at the course

Why It's Win-Win for Parks

- If Sligo closes, the Parks Dept. will have to pay \$60,000 to \$95,000 to maintain the 65 acres
- Therefore, foregoing \$27,000 is a financially superior alternative to paying \$60,000 to \$95,000

OTHER	2009	2010	2011	2012	2013
Miscellaneous	10,929	\$10,000	\$10,000	\$10,000	\$10,000
Parking Rents	0	\$0	\$38,760	\$38,760	\$38,760
Radio Tower	0	\$0	\$27,000	\$27,000	\$27,000

Source 3: Golfers

- Golfers need to demonstrate that they care about keeping Sligo open
- Slightly higher fees should not reduce use if golfers know they are earmarked for course improvements
- This plan would impose a \$1 per round surcharge earmarked for capital improvements

OTHER	2009	2010	2011	2012	2013
Miscellaneous	10,929	\$10,000	\$10,000	\$10,000	\$10,000
Parking Rents	0	\$0	\$38,760	\$38,760	\$38,760
Radio Tower	0	\$0	\$27,000	\$27,000	\$27,000
Capital Fund Surcharge		\$0	\$29,000	\$30,000	\$27,000

Source 4: SCGA

- The Sligo Creek Golf Association in three months raised \$12,000 to keep the course open
- The organization is in the process of incorporating as a 501c3 tax exempt group
- SCGA pledges to serve as a permanent, community-based support organization that will collect tax-deductible donations, solicit grants for charitable projects (disadvantaged youths, veterans, etc.), and hold fund-raising events

Why It's Win-Win for the Community and Montgomery Co.

- Maintains Sligo Creek Golf Course as a permanent amenity for the community
- Creates additional opportunities for community engagement with local government
- Success in seeking grants will create additional, socially useful recreation programs for eligible citizens

OTHER	2009	2010	2011	2012	2013
Miscellaneous	10,929	\$10,000	\$10,000	\$10,000	\$10,000
Parking Rents	0	\$0	\$38,760	\$38,760	\$38,760
Radio Tower	0	\$0	\$27,000	\$27,000	\$27,000
Capital Fund Surcharge		\$0	\$29,000	\$30,000	\$27,000
Grants/Donations		\$0	\$25,000	\$25,000	\$25,000

OTHER	2009	2010	2011	2012	2013
Miscellaneous	10,929	\$10,000	\$10,000	\$10,000	\$10,000
Parking Rents	0	\$0	\$38,760	\$38,760	\$38,760
Radio Tower	0	\$0	\$27,000	\$27,000	\$27,000
Capital Fund Surcharge		\$0	\$29,000	\$30,000	\$27,000
Grants/Donations		\$0	\$25,000	\$25,000	\$25,000
Total Other	\$10,929	\$10,000	\$129,760	\$130,760	\$127,760

The Management Fee

- The County could request proposals for private and/or public course managers to manage the course through a revenue-sharing model
- Standard industry-public authority agreements are a flat fee up to a base level, and escalating percentages for the course for higher revenues
- These “rents” could be deposited in the capital improvement fund

Ex. of revenue sharing

- Sligo generates approximately \$600,000 per year in revenue
- RFP could ask for proposals starting at \$30,000 “rent” (equivalent of 5% for first \$600,000 of revenue) with escalating percentages above that (6% of next \$100,000, 7% of next \$100,000, etc.)
- Revenue sharing could include a percentage of alcohol sales

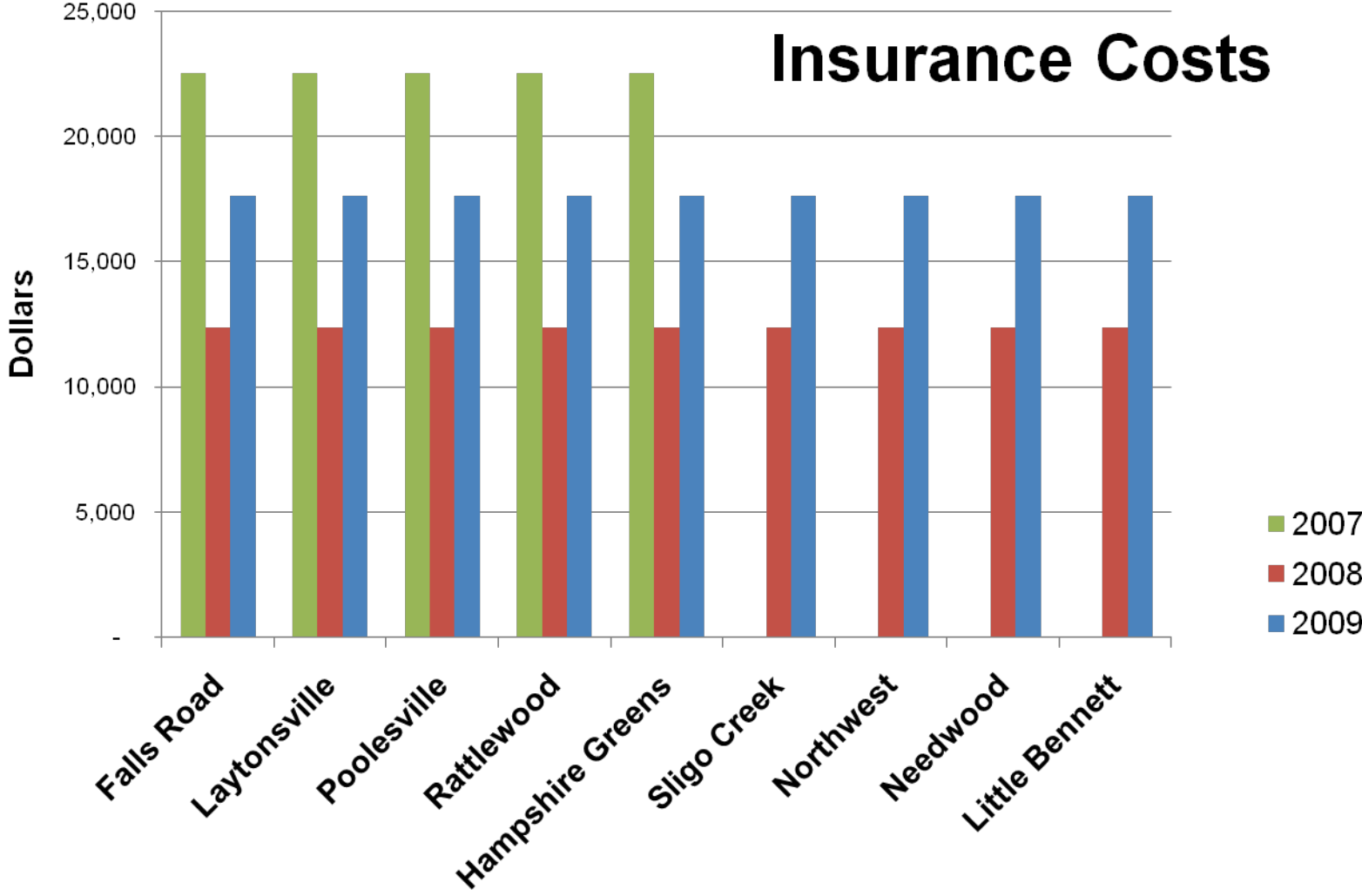
Projected Operating Statement

	2009	2010	2011	2012	2013
Revenue					
Golf Operations	\$482,609	\$540,000	\$591,890	\$623,100	\$560,250
Food Service	\$43,297	\$48,000	50,000	52,000	48,000
Other	\$10,929	\$10,000	\$10,000	\$10,000	\$10,000
TOTAL REVENUE	\$536,835	\$598,000	\$651,890	\$685,100	\$618,250
Expenses					
Golf Operations	\$471,204	\$528,260		Outside Manager's	
Food Service	\$41,803	\$46,000		Responsibility	
TOTAL EXPENSES	\$513,007	\$574,260			
Operating Income	\$23,828	\$23,740	\$33,113	\$35,106	\$31,095

Can an operator make SCGC profitable?

- Must realize operating efficiencies
- Must market and grow course
- Both are VERY achievable goals

Insurance Costs



Insurance Cost Per Course

- 2007 -- \$22,532/course (5 spread evenly) = \$112,600
- 2008 -- \$12,366/course (9 spread evenly) = \$111,294
- 2009 -- \$17,644/course (9 spread evenly) = \$158,796

Is Sligo's insurance burden reasonable?

- Sligo has 5.26% of the golf holes in the system (9 out of 171)
- Sligo pays 11.1% of the insurance costs (\$17,644 out of \$158,796)
- A proportional share of insurance costs would save Sligo \$9,286 (\$17,644 - \$8,358) a year

Other Operating Efficiency Opportunities

- Tighter personnel management, especially during growth years
- Intensive community marketing
- Contractual Services
 - The NGF study
- Utilities
 - Water?
 - Electricity?

“Both the Cook County Forest Preserve District and the Chicago Parks District have had positive experiences with outsourcing management of the courses, with positive service results for the golfer, better maintained greens and better financial outcomes. Before outsourcing, they both lost money.”

Forrest Claypool
Former Commissioner
Chicago Parks District

Business Plan – Capital Fund

	2009	2010	2011	2012	2013
Misc. + Rent	\$10,929	\$10,000	\$33,113	\$35,106	\$31,095
Parking Rents	0	\$0	\$38,760	\$38,760	\$38,760
Radio Tower	0	\$0	\$27,000	\$27,000	\$27,000
Capital Fund Surcharge		\$0	\$29,000	\$30,000	\$27,000
Grants/Donations		\$0	\$25,000	\$25,000	\$25,000
Total Other	\$10,929	\$10,000	\$152,873	\$155,866	\$121,855

Business Plan Cash Flow Statement

	2009	2010	2011	2012	2013
Operating Income	\$23,828	\$23,740	\$152,873	\$155,866	\$121,855
Management Fees	(\$168,180)	(\$150,000)	0	0	0
COUNTY SUBSIDY	0	\$150,000	0	0	0
EBITDA	(\$144,352)	\$23,740	\$152,873	\$155,866	\$121,855
Interest Inc.	0	0	0	0	0
Interest Ex.	(\$2,184)	(\$1,500)	(\$2,000)	(\$2,000)	(\$2,000)
Depreciation	(\$24,973)	(\$30,000)	(\$35,000)	(\$35,000)	(\$35,000)
NET INCOME	(\$171,509)	(\$7,760)	\$115,873	\$118,866	\$84,855
FREE CASH FLOW	(\$146,536)	\$22,240	\$150,873	\$153,866	\$119,855

Capital Budget Plan

- Year 1 (2011) – Develop plan; deposit surplus in capital fund for emergency repairs.
- Year 2 (2012) – Sell bonds or borrow to fund up to a \$1,000,000 capital improvement program (\$80,000 in annual payments, 20-year term)
- End Year 4 (2013) – Capital fund revenue of \$420,000; capital fund payments of \$240,000.
- Coverage ratio: 1.75:1 on debt payments.