

## City Owned Golf Courses

### Recommendation

That the November 13, 2020, Citizen Services report CR\_8388, be received for information.

### Previous Council/Committee Action

At the June 22/23, 2020, City Council meeting, the following motion was passed:

That Administration prepare a report on City owned golf courses to include:

1. An outline of the yearly revenues and operating costs over the last five full golf seasons including the general life cycle costs.
2. An analysis of the pros and cons of operating municipal golf courses, including a jurisdictional scan of what other municipalities, such as Calgary, are doing to ensure adequate access to golf for residents.

### Executive Summary

The City of Edmonton owns and maintains three municipal golf courses (Victoria, Riverside, Rundle) and one driving range. These facilities offer golf experiences in the spring, summer and fall and cross country skiing in the winter. The pro shop operations as well as food and beverage services are contracted to third party operators at all three golf courses. Overall, City of Edmonton golf courses operate with a positive operating cost recovery. Life cycle condition ratings vary by course and by facility.

Many Canadian municipalities own, operate, and maintain golf courses. Administration identified several benefits of operating municipal golf courses including accessibility for individuals of all ages and abilities, no membership requirements, generally lower than average green fees and reduced rates for low-income individuals. Disadvantages include the inability for municipalities to be agile and adjust to trends as well as high maintenance costs. Most of the cities contacted had programs in place to ensure equitable access; for example, Calgary offers youth, junior, family and low-income golf subsidy programs.

### Report

The City of Edmonton owns three golf courses - Victoria Golf Course and driving range, Riverside Golf Course and Rundle Golf Course. Victoria Golf Course is the oldest municipal golf course in Canada, dating back to 1907 and is located in the river valley just south of downtown Edmonton. Victoria caters to all ages and abilities and is the busiest of the three municipal courses. Riverside Golf Course, also located in the river valley east of downtown Edmonton, is a challenging course and caters to the

more advanced golfer. Rundle Golf Course is a par 3 short course, great for learning how to golf and provides recreational opportunities for kids, youth, families, adults, and seniors. Rundle is also home to the River Valley Junior Golf program.

The three municipal courses operate under a hybrid business model with contractors and City staff jointly managing the business. City staff maintain the golf course grounds and buildings and provide all administrative support. The Pro Shop front end customer service operations (rentals, merchandise, admissions/customer service counters) and the food and beverage services are contracted to third party operators.

Given the effects of the COVID-19 pandemic, the data included in this report focuses on 2019 and prior.

### Attendance

The five-year average for rounds of golf played at the three municipal courses is 153,000 per year and 60,000 buckets of balls per year at the driving range. Data collected from the National Golf Course Owners Association shows Victoria and Riverside consistently rank above the market index for the number of rounds played in Edmonton (Attachment 1). When comparing rounds played from 2018 to 2019, Victoria and Riverside saw a slight decrease in rounds while Rundle saw an increase in rounds played. This increase is a direct result of targeted campaigns focused on attracting the casual golfer seeking an affordable round of golf.

### Financial Information

From 2015 to 2019, the average total operating cost recovery for the City's golf courses and driving range was 103 percent (excluding capital investment and maintenance). For 2020, to the end of September, the operating cost recovery was 125 percent. The average annual hard infrastructure maintenance costs for the 2015-2019 period was \$668,000. The average total capital infrastructure costs over the last five years for all three courses plus the driving range were \$750,000 per year. The total cost recovery including operating, maintenance and capital is 78.3 percent. (Attachment 4). Significant capital projects included a new elevator at Victoria golf course to enhance accessibility, asphalt cart path renewals, driving range netting repair, creosote timber removals, and west lawn slumpage repair at Rundle Golf Course. From a life cycle maintenance perspective, golf course facilities range from an A rating, very good for Victoria Maintenance Building, to a C rating, fair for Victoria Riverside and Rundle clubhouses. A recent report on golf course conditions was completed and condition ratings include a rating of poor for greens, tees at Victoria and Riverside and fair for Rundle. The fairways are fair at all three courses, and bunkers are fair at Riverside and poor at Victoria and Rundle.

Within the next two capital cycles (2023-30), Administration anticipates the need for an approximate \$11.5-12.5 million capital investment at all three golf courses (facilities, tee boxes, greens, irrigation systems, trees, trails, etc.). These types of capital investments are sourced from the facility and open spaces capital renewal budgets.

### Adequate Access

Victoria, Riverside and Rundle are open to the general public to use with no membership fees. In general, the green fees at City golf courses are the same as or lower than comparable courses. Lower green fees at Rundle and reduced rates for seniors at Victoria and Riverside help to encourage physical, social and recreational opportunities for this segment of the population. GBA+ is used to ensure equitable access to golf for women, youth and individuals experiencing low-income. Further reviews will take place as programs and offerings evolve.

Unlike other golf courses in Edmonton, the City of Edmonton offers discounted golf for low-income Edmontonians. All three municipal golf courses are included in the City of Edmonton's Leisure Access Program, which provides access to one free bucket of balls per day at the driving range and three rounds of golf for adults and four rounds of golf for children per year at 75 percent of the regular rates. From 2015 to 2019, Leisure Access Pass participants played an average of 346 rounds per year and used an average of 3,410 buckets of balls per year at the driving range. From 2018 to 2019 there was a 21 percent increase in rounds played by Leisure Access Pass customers and a 18 percent increase in buckets of balls hit at the driving range (Attachment 2).

The City of Edmonton offers a wide selection of golf programs and has partnered with the River Valley Junior Golf Club to provide junior golfers with opportunities to play in tournaments, meet new kids, and take part in various lesson programs. The River Valley Junior Golf Club also provides youth with a discounted membership program that only applies to City of Edmonton golf courses.

In addition to programs, the City of Edmonton supports organizations by renting facilities to host charity events and fundraisers catering to both golfers and non-golfers. The three clubhouses also give people the opportunity to experience food prepared by local chefs and meeting spaces for rentals outside of the golf season. During the winter months, cross country ski tracks are set and maintained by the City of Edmonton.

In 2018, Administration completed a program and service review of Recreation and Sport Facility Access, which included a review of golf operations. The review recommended that the City continue to operate and maintain Victoria Golf Course, Victoria Driving Range and Riverside Golf Course due to their cost recovery. Administration explored options to repurpose Rundle Golf Course to improve its cost recovery in an overall citywide golf course plan. Adjustments were made to Rundle for the 2019 season and as a result, attendance increased by five percent compared with 2018.

### City Owned and Leased Golf Courses

The City of Edmonton has lease and management agreements with private operators for three golf courses, one pitch and putt and two driving ranges, all located on City owned land. Two of the three courses are private golf courses and require a membership to access the amenities. One of the courses, the pitch and putt, and two

driving ranges are available for the general public with no membership requirements. These agreements generate varying levels of revenue for the City. Depending on the terms and conditions of the agreements, the City receives no revenue from some and lump sum revenues from others.

### Scan Other Municipalities

Most municipalities across Canada operate golf courses and have programs to make golf accessible for the general public (Attachment 3). The City of Calgary owns and operates seven municipal golf courses. Unlike Edmonton's municipal courses, all of Calgary operations including the pro shop and concession are operated by the City. To ensure adequate access, the City of Calgary offers youth, junior and family golf subsidy programs and the Recreation Fee Assistance Program for low-income Calgarians to golf at a reduced rate.

### Pros and Cons of Operating Municipal Golf Courses

Benefits of municipal golf courses include:

- open for all ages and abilities with no membership requirements
- affordable green fees and opportunities to play for low-income individuals
- strong public support of the City maintaining public parkland, including City of Edmonton river valley golf courses
- efficiencies with shared equipment and resources due to multiple golf course locations and support from other business areas
- year-round recreation opportunities, including winter activities
- ongoing maintenance to ensure effective stewardship of City assets

Some of the disadvantages of municipal golf courses include:

- challenges being agile and quickly adjusting to trends due to budget and resourcing challenges, corporate requirements/processes for technology, risk analysis requirements, and corporate approval processes that restrict the timeliness of implementing new actions.
- difficulty prioritizing capital budget for course improvements against other City priorities.
- maintenance expenditures (facilities and grounds) are typically higher than a private operator's expenses due to personnel costs and City's occupational health and safety, security, environmental stewardship, and other employee safety requirements.

### Conclusion

Attendance as a whole, across the golf industry, has been declining over the years. In 2020 there has been a resurgence in golf partly as a result of limited recreational activities due to COVID-19. While it is too early to determine if the resurgence will continue at the same rate for 2021, Administration expects golf will continue to be a popular recreational activity going forward.

As the City reimagines actions to recover from the pandemic and the economic recession, recommendations for municipal golf courses will be included within the

services review of Recreation and Sport Facilities Access and Recreation and Culture Programming. This work will be brought forward for City Council's consideration in 2021.

### Corporate Outcomes and Performance Management

Corporate Outcome: The City of Edmonton has sustainable and accessible infrastructure.			
Outcomes	Measures	Results	Targets
City of Edmonton golf amenities are accessible to all Edmontonians	Number of day camp participants (youth/children)	2019: 225	Maintain or increase over prior year
	Number of rounds played by Leisure Access Pass participants	2019: 348	Maintain or increase over prior year
Corporate Outcome: Edmontonians use facilities and services that promote healthy living.			
Outcomes	Measures	Results	Targets
City of Edmonton golf amenities are utilized by all Edmontonians	Number of rounds played per year	2019: 145,279	147,000
	Number of buckets of balls used at the Victoria Driving Range	2019: 59,802	60,000

### Attachments

1. Market Index Results - National Golf Course Owners Association
2. Leisure Access Program - Golf Courses and Driving Range
3. Municipal Golf Course Inventory Summary
4. City of Edmonton Golf Courses Financial Summary (2015 - 2020)

### Others Reviewing this Report

- G. Cebryk, Deputy City Manager, City Operations
- C. Owen, Deputy City Manager, Communications and Engagement
- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- J. Meliefste, Acting Deputy City Manager, Integrated Infrastructure Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- B. Andriachuk, City Solicitor