

ORDINANCE NO. 3852

AN ORDINANCE ESTABLISHING A DEPARTMENT OF GOLF BY AMENDING TITLE 2 OF THE RAPID CITY MUNICIPAL CODE BY ADDING CHAPTER 2.86 AS A NEW CHAPTER.

WHEREAS the City of Rapid City has not established a park board as outline in SDCL chapter 9-38; and

WHEREAS the Rapid City Common Council controls and supervises the public parks within the City of Rapid City, including the municipal golf courses in accordance with SDCL § 38-7; and

WHEREAS the Rapid City Common Council intends to retain control and supervision of the municipal golf courses; and

WHEREAS the operation of municipal golf courses entails the management of a substantial amounts of public money and resources; and

WHEREAS the City of Rapid City desires to establish a board to assist the Rapid City Common Council in the day-to-day operation of the City's municipal golf courses in order to protect the City's health, welfare and safety; and

WHEREAS the City of Rapid City finds it in the public interest to operate the City's municipal golf courses a manner that preserves and protects their quality and at the same time ensures cost effective management of public resources;

NOW THEREFORE BE IT ORDAINED by the City of Rapid City that Title 2 of the Rapid City Municipal Codes is hereby amended to include a new chapter as follows:

2.86.010 Department of Golf

There is hereby created for the City a department of golf.

2.86.020 Director of Golf

The department of golf shall be managed by the Director of Golf, who shall be appointed by the Mayor, with the approval of the Common Council.

2.86.030 Qualifications and Duties of the Director of Golf

A. The Director of Golf shall as a minimum qualification possess a demonstrated record of golf course management expertise.

B. Duties of the Director of Golf

1. Oversee the day-to-day operation of the city's golf operations.
2. Supervise all City employees assigned to the golf operation.
3. Assist the Golf Course Management Advisory Board in carrying out its functions.
4. Other Duties as assigned.

2.86.040 Golf Course Management Advisory Board

There is hereby established a Golf Course Management Advisory Board whose purpose is to oversee the management of the operation of the City's golf courses and for advising the Rapid City Common Council on questions of management of City golf courses.

2.86.050 Composition of the Board

A. The Golf Course Management Advisory Board shall consist of seven members who shall have a demonstrated interest in and understanding of the game of golf and the have following additional qualifications:

1. One alderman of the Rapid City Common Council, who shall be determined by the members of the Common Council and whose term shall be one year.
2. The City Finance officer.
3. One citizen volunteer with demonstrated advertising and marketing expertise.
4. One citizen volunteer with demonstrated food and beverage expertise.
5. Three citizen volunteers with demonstrated records of business success.

B. Each of the citizen volunteer members of the board shall be appointed by the Mayor with the approval of the Rapid City Common Council and shall serve at the pleasure of the Mayor. When making the initial appointments to the Board, the Mayor shall designate two citizen volunteers who shall serve for one year, two citizen volunteers who shall serve for two years, and one citizen volunteer who shall serve for three years. Thereafter, upon the expiration of the term of a citizen volunteer, all citizen volunteers shall be appointed for successive three years. Citizen volunteers may be reappointed for consecutive terms.

C. If any member of the Board fails to attend three meetings within any twelve month period, a majority of the remaining members of the Board may recommend removal of that member to the Mayor. The Mayor shall consider the recommendation and determine whether or not to retain the member. If the Mayor chooses to remove the member, a replacement shall be appointed to complete the balance of the term.

2.86.060 Duties of the Board

- A. Create and recommend to the Common Council a mission statement for the City's golf operations.
- B. Supervise the management of the municipal golf operations.
- C. Recommend to the Mayor and Council a candidate to fill the position of Director of Golf.
- D. Annually review the performance of the Director of Golf and recommend to the Mayor and Council, compensation adjustments, make recommendations to the Mayor for hiring, firing and disciplinary actions regarding the Director of Golf, as necessary.
- E. The Board shall, in cooperation with the City personnel department, develop a job description and classification for the Director of Golf.
- F. Oversee and make recommendations to the Mayor and Council regarding the operation of the Pro Shops and food and beverage sales.
- G. Submit a recommendation to the Mayor and Council for an annual budget for the City's golf course operation.
- H. Submit requests for expenditures to the City Finance Office for approval by the Common Council.
- I. Develop short-term and long-term business plans for the City's golf course operations.

2.86.070 Meetings of the board.

- A. The Board shall meet at least once per month. The Board shall establish a regular meeting time and location. All meetings of the board shall be open to the public, except for executive sessions as allowed by state law.
- B. Five voting members shall constitute a quorum of the Board.

C. The Board shall elect from its membership a Chair who shall serve for one year or until the expiration of his/her term. The Chair shall conduct the meetings of the Board and may call special meetings of the Board as necessary. The Chair shall have the right to vote on matters before the board to the same extent as all other members.

CITY OF RAPID CITY

Mayor

ATTEST:

Finance Officer

(SEAL)

First Reading:

Second Reading:

Published:

Effective:

Conclusive Report

August 14, 2002

The Mayors Golf Course Assessment Committee

Establish February 2002

Conclusive Report

Scheduled September 1, 2002

Table of Contents

A Special Note 3

Mission Statement 4

The Current Status 5

 Current Fee Strategy. 6

The Assessment 10

 Revenues 11

 Current Golf Fees 12

 Calculation of Golf Fees. 12

 Fee Structures. 13

 Development Fees. 14

 Range Balls 15

 Golf Car Fees 15

 Fee Collection. 16

 Design, Construction, Playability and
Maintenance 16

 The Golf Professional’s Contract 18

 The Golf Car Contract 18

The Management. 19

 Marketing 21

 Course Condition. 21

The Recommendation 23

 The Rapid City Golf Courses
Management Advisory Board 24

 The Department of Golf and
Director of Golf. 29

The Summary 31

A Comparison with Other
Municipal Organizations 34

Exhibits 36-37

A Special Note

The members of this committee came to our appointed task possessing various motives. Each was asked to share in writing with the group their personal agenda. While viewpoints of the many issues differed, an understanding of these issues became universal and the group's capability to use this understanding to form a consensus was remarkable. The common thread that is woven through the fabric that binds this unit has been the intention to do our very best work resulting in the very best golf courses possible for all concerned. To witness the dynamics of this group of diverse personalities as well as the honor and respect shown for one another individually and mutually for the job has been a unique privilege.

Our group insisted on identifying a goal and working toward it in a manner which would make the people of Rapid City proud. We chose to commit to confidentiality to protect all those who came before us or otherwise supplied information. We elected to report to the City Council and Mayor rather than the media in order to prevent premature disclosure of sensitive judgments. Any other path would, we believed, result in valuable opinions being withheld. It was an excellent decision.

We of this Committee and the people of Rapid City always will be deeply honored by the many who gave their private time toward helping us conclude this important assignment. The city staff members were all graciously generous in sharing with us limitless personal time. Equally, all Members of our Rapid City Common Council and our Mayor have given, too without reservation, their time and sincere concern.

Our committee recommends that the Rapid City Common Council create a Golf Management Board, Department of Golf Facilities and Director of Golf as that department's director. We are confident this action is the way to a successful future for Rapid City golf.

The Mayor's Golf Course Assessment Committee

Mike Sanborn _____ Pat Vidal _____

George Brown _____ Tim Kretchmar _____

Ted Wolk _____ Bill Waugh _____

Dave Noble _____

Mission Statement

Our mission is to evaluate the efficiency, effectiveness, management and marketing of all current city golf courses, with the ultimate objective to minimize taxpayer liability, while providing the most economical and positive experience for the public golfing community. The committee will report and recommend to the mayor and the city council a path for the future.

The Current Status

The competition for the golf market in the Black Hills has been growing for the past several years. The contention for the golf business will become stronger with top-quality, highly motivated management directing the golf programs at the many fine facilities in the area. The impact of that growth challenges the Rapid City golf courses now. Its effect has been felt with growing economic distress by the Rapid City taxpayer for the past several years.

A new public golf course, Red Rocks, opens in 2003. The excellent success of the Red Rocks housing development thus far indicates a similar prosperity for the golf facility. The renowned Hot Springs public golf course recently announced plans to expand to a full eighteen holes. An unnamed golf course reported to be seeking public use is proposed to be located north of Rapid City. The town of Wall opened their new nine-hole course last year. The Boulder Canyon Country Club's three-hole renovation of a few years ago is mature and the golf course reports attracting significantly increased play. Belle Fourche Country Club recently remodeled their clubhouse building and experiences sharply increased event play. Spearfish Country Club has adopted an open play policy welcoming public golfers. Residents of the Black Hills and visitors are enjoying golf at Boulder Canyon, Belle Fourche, Spearfish and the other improved locations of Tomahawk Golf Course, Newell Golf Club, Rocky Knolls Golf Course, Devils Tower Golf Club and Lead Country Club. Coming to the Rapid City golf courses for the area golfers is not nearly as attractive as it once was.

Current Fee Strategy

Fee changes at the city's three golf courses are first recommended by Public Works. Assistance from the golf professional has been slight, however approval by the Golf

Committee, the Public Works Committee and finally the Common Council formed the process. The Council began in 2000 to approve fee schedules for three years at one time. Generally, for the last decade, the City saw fit to increase its golf course fees at rates exceeding inflation. The Public Works Department's strategy was to increase fees as a means to offset the ever-increasing expenses associated with the golf courses.

The increased fees still could be shown to be competitive with most golf courses in other nearby states and with some courses in the Rapid City area. However, they soon reached the "walk away point" (that price where some of the loyal customers began to play elsewhere) making them less competitive with other courses, including some local courses. Lower fees charged at these other local courses attracted many golfers away from the City courses. The majority of golfers who left were golfers who played often and who usually purchased season passes. In response to golfer complaints about the City golf courses' fees and concern for the number of golfers leaving its golf courses, the City Council approved just prior to the 2002 season a reduction in fees that would be charged to some golfers. The Council approved reduced fees for single adult, single senior, and adult and senior couple season pass holders. The Council also reduced range ball fees and provided an unlimited season range ball pass.

The City did not advertise these reduced fees. The importance of such advertisement to attract new golfers and maintain revenues was pointed out to the Public Works Department by members of this Committee. Public Works indicated they did not want to advertise the lower fees because they were concerned about how private golf courses would view the City competing for golfers.

Persons can pay a daily fee to play either nine or eighteen holes at any of the three city courses. Discounted daily fees are provided to Meadowbrook golfers if they are a senior or

junior golfer. Slightly higher daily fees are charged during weekends and holidays at Meadowbrook. Season passes can be purchased at Meadowbrook. Discounted season passes are provided if you are a senior golfer, junior golfer, a couple, a family member of an existing season pass holder or a City employee. Members of school golf teams are provided discount passes for the duration of the team's season. A fee add-on to Meadowbrook season passes allows the pass-holder to include play at either of the City's other two courses. Other than an increase in fees charged during weekends and holidays, the City does not charge any prime time fees at any of its golf courses. For season pass holders, one's season pass is good for an unlimited number of rounds at the golf course.

The City charges a development fee at each of its golf courses for each nine-hole round played. The development fee was established as a means to raise funds for capital improvements at each of the golf courses. The development fees collected at any one course are intended to be held in reserve for improvements only at that course. The development fee is included in the daily fees. It is charged separately to season pass holders.

Carts can be rented from the City at all three courses, or private owners can bring their carts onto the courses. Limited cart storage facilities are available from the City for use by private cart owners. In addition to daily cart rentals, Meadowbrook provides a cart season pass, which it claims to be competitive with the annual amortized cost of owning and operating one's own golf cart. A cart season pass-holder cannot share his cart with a person who does not hold a cart season pass, unless that person pays half the cost of a daily cart pass. This policy is not enforced.

Only Meadowbrook Golf Course has a driving range. This year the City purchased a range ball dispenser. The dispenser takes tokens and currently provides 20 balls per token. Tokens can be

purchased at the golf shop at a cost of \$2.50 for one token (20 balls), \$4.00 for two tokens (40 balls) and \$6.00 for three tokens (80 balls). These prices are less than the previous year's cost to purchase a small or large bag of balls. The price per range ball (\$.12-\$.10) is slightly greater than the national average, and slightly less than that charged at Meadowbrook last year. In 2002 the City approved letting golfers purchase an unlimited range ball pass for \$110.00 if purchased with a season pass or \$175.00 if purchased without a season pass. In 2001 an unlimited range pass was not available. Instead golfers could purchase a \$100 punch card allowing them to hit 25 large bags of balls.

Under the new system, the golf shop hands out three or four tokens at a time to range pass holders desiring to hit balls. There seems to be no policy limiting how many tokens are handed out at one time. No marshalling is done at the range to assure that range pass holders are not sharing balls or tokens with non-range pass holders. As with its reduced golf fees, the City did not advertise that it was reducing its range ball fees or providing unlimited range ball passes for the 2002 season.

Currently, fees are collected at the golf shops and hopefully now recorded on the golf shop's computers. Golfers are supposed to check in at the starter shack to verify that they paid, and the starter is supposed to indicate on his tee sheet that each paid golfer has checked in. Apparently, no checks are made with the tee sheets from the starter's shack to determine if the inventory of tee times being used up corresponds with revenues collected for these tee times at the pro shop. In fact these tee sheets have simply been thrown away most of this season. That practice was corrected when it was brought to the attention of the golf course management team. There also is no monitoring of golfers by course marshals to determine if golfers actually have paid and checked in at the starter shack before going onto the course.

The Assessment

The operation of the golf course is viewed differently through the eyes of each of the several stakeholders. The job of management is to balance the impact of the various views as fairly as possible to make one policy acceptable to all. This is difficult. If the golf course operation could be considered as a picture, then all parts of this picture are of equal importance. The parts are comprised of the taxpayer, the golfer, the golf course management and staff, prospective local or area residents, businesses seeking a home in Rapid City or the area, non-golfing residents of the surrounding area, and visitors who are yet to realize Rapid City or the surrounding area is in their future. None of these stakeholders are greater or less important than any other. Each has a motive in seeing that the institutions of the area are all they can be. The public golf courses are among these institutions.

Revenues

The revenues produced at Meadowbrook and Executive only occasionally support their operations. LaCroix Links is credited consistently with falling short of making its way. Its operation requires subsidy. Searching for ways to increase revenues will lead the future management to focus on the daily fee use, the golf cart revenue, and tournament revenue. This committee found a significant amount of earned revenue opportunity is uncaptured. The marketing for the golfer's business will either become management's priority or the burden on the taxpayers will increase. Golfers will pay for their golf game. They will gladly pay for play on a well-kept golf course. To offer less and ask more from these golfers will not succeed. Fares or fees are a marketing tool.

Current Golf Fees

Daily fees charged to the City's golfers are greater than those charged to any user of any other City recreational facility, including those with comparable operating and maintenance costs. Fees at LaCroix Links come close to some other recreational facilities, but still are slightly higher. Daily fees charged at Meadowbrook and the Executive Course are much higher. This being said, it must also be pointed out that the daily fees at these courses are competitive with other local golf courses. Season pass fees also now are competitive with other local golf courses. The lower fees approved by the City Council for 2002 did bring new season pass holders to the City's golf courses and season pass revenues have increased compared to last year. However, until the season is completed and a full season's data are analyzed, one cannot determine if these new season pass holders are transfers from other golf courses or simply City course daily fee players who have converted to season pass holders.

Calculation of Golf Fees

The current manner by which fees are established by Public Works does not take into consideration either the actual revenue required to meet expected expenses at the golf courses or a realistic estimate of the number of golfers that will play. The fees simply are increased each year at some arbitrary percentage based upon the revenues needed to meet the golf course expenses, without regard to realistic projections of increased or decreased play. This has caused (1) the fees to increase at an unnecessarily high rate, (2) golfers to become disgruntled with the fees and the City's leaders who approve the fees, (3) a loss of golfers who either cannot afford to pay, or choose not to pay the higher fees, and (4) lost revenues which must be made up by taxpayer subsidies.

The reduction of season pass fees for the 2002 season and its resultant increase in revenues shows a more detailed analysis of revenues, expenses, golfers and fees can benefit the golfers and the taxpayers. With such analysis one should be able to closely estimate the minimum fees required to generate the revenues necessary to meet a golf course's projected expenses. By keeping the fees at the minimum required to meet expenses, golf becomes affordable for the greatest number of golfers possible at the lowest possible cost to taxpayers and golfers. It is generally agreed that this should be the goal of our golf courses. However, current management is apparently not doing the data collection, detailed studies and calculations necessary to accomplish this goal. If it is done, the data and studies are not shown to the golfers to justify the fees they are being charged. This committee believes that such demonstration to the golfers is a necessary step to keep the golfers' trust of the City's golf course management and to reduce the complaints our City leaders must field when they address fees.

Fee Structures

There basically are two factions of season pass golfers at our City's golf courses, each of which has its own point of view about how much golfers should pay for their golf. Golfers who play an above average number of rounds of golf each week represent one faction. These are persons whose schedule allows them the ability to play at their leisure, but especially between 7AM and 5PM on Monday through Friday. The times these golfers play are when the golf course is least crowded and most pleasant.

Golfers with a fixed work schedule, and consequently use the course less, represent the other faction. These golfers play an average or below average number of rounds of golf each week, not by choice, but because of lack of opportunity. These golfers normally cannot get to the golf course until after 4PM on

weekdays. They all have little choice but to play at the same time, so the tee times fill up quickly, crowding the course.

It is apparent that golfers disagree about what discounts should be given to different groups of golfers. Season pass discounts especially are debated.

This Committee believes the entire fee structure requires review and revision. Input from all golfers should especially be given consideration when deciding on final reasonable fees. It is an unfortunate fact of life with respect to municipal golf courses that politics plays a major role in the establishment of fees. The members of the Rapid City Common Council are elected and are constantly wary these special interests.

Steps can be taken to reduce the politics involved in the establishment of our golf course fees. The first step requires regaining the trust of the golfer with respect to how the golf courses are managed and operated. The second step requires better educating the golfing community on the economics of the golf courses, especially with respect to the inter-relationship of the different sources of revenues. The third step requires surveys to determine what subsidies, if any, the taxpayers are willing to provide and what discounts, if any, one group of golfers may be willing to subsidize for the benefit of another group. The fourth step requires that the golfers themselves be allowed to determine what their priorities are with respect to their golfing experience, with the understanding that these priorities will affect their fees. The final step is to establish reasonable assumptions and a mathematical formula that will use these assumptions, along with information received from the third and fourth steps, to calculate the golf fees.

Development Fees

This Committee agrees that charging a development fee is a reasonable method for raising capital improvement funds for our

golf courses. Currently at Meadowbrook, development fees seem to be applied only to loan payments for large capital improvement projects. An increase in the development fee to pay for small capital improvement projects that currently are expensed, should be considered. This may allow some decrease in those daily fees and/or season pass fees required to cover the ordinary expense budget that may be less when small capital improvement projects are removed.

Range Ball Fees

The concept of a season pass for unlimited range balls may attract more purchasers of this pass, but it also allows for sharing of the pass with others who pay nothing for the golf balls shared. An example was noted on a recent Saturday when a husband was heard in the parking lot telling his wife that he would have to get the tokens for the range because "their" range pass was in his name. The unlimited range ball pass needs to be reconsidered and monitored carefully. Assuming this is not feasible at this time tokens for range balls should simply be sold on an individual basis. The key is to price the tokens so that the average golfer will buy a bucket to warm up before he plays. The cost per bucket this year seems fair and reasonable.

Golf Cart Fees

Private ownership of golf carts at Meadowbrook Golf Course reduces the revenues that might be realized if rental carts only were allowed. However, private cart owners make up a large number of the golfers who enjoy our public courses. It would be detrimental to the bottom line of our golf courses if we lost them. Until all local courses eliminate private carts, the City should continue to allow them or make it more attractive for private cart owners to give them up. It does not appear that Meadowbrook is adhering to its philosophy of no new

private carts. The cart shed continues to be full. A waiting list exists for private cart spaces that open up.

Fee Collection

Because tee sheets from the starter's shacks have been thrown away, there is no way to check if revenues being collected at the golf shop are being fully reported. In addition to this information, the tee sheets could provide data concerning who plays when at the course and what tee times need to be marketed most aggressively. This committee has advised management of the importance of these tee sheets, but until recently they have not been saved. This committee believes the golf courses are losing valuable information because of this practice and the courses potentially are losing revenues. This practice would seem to be a disservice to both the golfers and the taxpayers of Rapid City.

Design, Construction, Playability and Maintenance

The strategy of identifying fee amounts and the policy/privileges accorded to the golfing customer must be balanced by the playability of the course. The Rapid City golf facilities' condition needs continued improvement. Design and construction of a golf course are inseparable as the first and most important consideration of fee level. The quality of maintenance on the golf course is equal to the former two considerations, however great upkeep on a poorly designed and/or built facility, while commendable, will always come up short of what is desired. The design and construction of the Rapid City public golf facilities is excellent, but aging has begun to show. Quality, demand, and supply of a product or service offered influence the pricing of that item.

Golf is no different than any product or service. The decision to choose a particular golf course is based on the

evaluation of past or anticipated experience by the golfer, influence of others' opinions based on their past or anticipated experience. Often the choice rests merely with just getting a "tee time." The golf courses present a quality that is fair and must improve. The golf courses are deteriorating and so is their market share. As new golf courses emerge new golfers are born. The actual pie grows and therefore if the golf course management is aggressive the piece can be full slice rather than just a sliver.

The pricing strategy also must be based on meeting or exceeding the expenses. Questions must be asked and answered to understand the motive of the taxpayer that provided the golf course in the first place. Also, that same taxpayer stands up each year insuring these facilities continue to be part of the City's public commitment to a better life for its citizens and visitors. This Committee found no clear goal among the management as to the wishes of the taxpayer in the performance of revenue verses expenses.

This lack of aggressive marketing begs the following questions:

Should public golf in Rapid City continue to be subsidized in the future?

Should the operational revenue meet or exceed the operational costs?

Should the operation produce some or all funds for capital expenditures?

These operational benchmarks, surprisingly, the Committee learned are not a part of any consideration in the fee formulation or budget process.

The Golf Professional's Contract

First, it was found that in the past (before the current Professional) much of the direction was left to the Golf Professional. He was a contracted individual and was considered to be the manager of the facilities. His obligation reached to at least oversight of most of the activities at the golf courses. His return included all the merchandise business, and part of the golf cart rental, driving range fees, lesson fees, and food and beverage revenue. This person also received an amount of money to pay the staff working in the clubhouses. The amount of return enjoyed or the cost engaged was not addressed.

At the time the previous contractor choose to leave the Rapid City Golf Courses; the Public Works Director indicated a vast change would be made in the revenue side of the new contract. The current contract is counter-productive from all angles. Because of the inequities to both sides, the courses themselves suffers as a result. A small number of candidates applied for the position. It was offered to some; all of whom turned it down when the details of the contract were divulged. The current contractor was then offered a minimal arrangement and accepted it. Struggling through two and one-half years of an unbalanced contract, he has expressed to the committee that he hopes to have the Public Works Director make a fair arrangement in the future.

The Golf Cart Contract

The rental golf cart contract between the City and Golf Cars West, Inc. is in its final year. The charges of this lease arrangement are based on usage or "rounds" operated. This type of contract was developed at a time (long past) when the risk of leasing golf cars was thought to be greater than is realized currently. In this agreement the golf cart supplier is given greater reward because of his perceived "greater risk." A more modern, sound economic basis for providing the golf course a

golf cart fleet is to lease with a flat monthly fee on a four- or five-year fixed fee arrangement or outright ownership.

The number of golf carts needed in the shoulder seasons (spring and fall) should be determined and applied to the contract. Then, the per-cart monthly payment to the provider could be doubled during the best income-producing months when cash flow is better.

Short-term rental of older golf cars in good condition makes good business sense for four months such as May, June, July, and August. This provides for the tournament and increased usage needs in a strategy that provides ample units when they are needed and applies the cost to the months when income is being earned. The current contract is unattractive because it maximizes the revenue to the supplier, reduces the City's share, and maintains the obligation of damage repair and maintenance with the golf course.

The Management

Over the past eleven years the current Public Works Director has been involved in the golf course operation. In his interviews with the committee he estimated he devoted almost no time to management of the golf facilities before the current contract (2 1/2 years) and currently devotes five percent or less of his time. He explained his method of delegating much of the management to others is, in his opinion, the way to manage this business. The Public Works Director estimated his time contribution since he has been in charge to be no more than 100 hours annually.

Several different flow charts were presented to the Golf Course Assessment Committee. (See exhibit) The chain of command was referred to as "it really was" or "as it was written." Confusion exists as a result of the city employees and the professional contractor relationship. In the past the

contracting professional/manager was an advisor to the maintenance function. When the current Public Works Director assumed the management role at the golf courses, both the golf professional's contract and its administration changed. The grounds superintendent and the contracting golf professional became competitors rather than contributors in the decision making process.

Public Works personnel, who are not held responsible by the Director for their control, influence greatly the administration of golf course matters. The result is that too many bosses make the process ineffective. In their book, Strategic Management, Concepts and Cases, A. A. Thompson, Jr. and A. J. Strickland III say, "...the most important leadership trait is a strong, confident sense of 'what to do' to achieve the desired results." The primary problem this committee identified in Rapid City's golf course management is that the leader doesn't know "what to do." In fact, he does not know "the desired results," and relies too heavily on others, who also don't know "what to do" or "the desired results" to perform important jobs. Thompson and Strickland go on to say, "Knowing what to do comes from a savvy understanding of the business and the organization's circumstances."

The Public Works Director is not golf savvy, does not comprehend the golf business, nor does he understand the organization's situation. The work is passed to subordinates for whom the Director says he "cannot speak." This situation would not be tolerated in private enterprise or any effective government organization.

The failure to commit to the time necessary to lead or gain an understanding of and accountability for the matters of running a golf course system as complex as Rapid City's is apparent to the committee. A better path to successful leadership exists.

Marketing

This committee found the current annual Marketing/Advertising budget of \$1,500 to be a fraction of what is needed for a multi-million dollar operation like the golf courses.

However, if the budget intention was designed to avoid marketing or advertising it succeeded. The current web page is difficult to access and is not of an acceptable quality. GOLF IN THE BLACK HILLS, a pamphlet printed several years ago remains on racks throughout South Dakota. It is old and does not meet a reasonable standard for telling the Rapid City Golf Course story or attracting business to the public golf courses. The Committee was told there were no other marketing tools employed or planned.

Course conditions

The conditions of the golf courses are reflective of difficult conditions in the winter months and the summer months. In his second year the golf course superintendent is demonstrating improvement. The Committee finds less than fully effective irrigation at LaCroix Links throughout the course manifested by under watered dormant. These dry areas occur on tees as well as adjacent to greens. Often the details required of good responsible golf course management are found to be lacking on all three courses. A case in point is a tee bench placed directly in line with another teeing ground. The bench and other equipment can easily be moved, but it remains. It has occupied this location on the LaCroix Links course for several years and unless someone assumes the responsibility to change the position of this bench it will continue to be a possible accident cause. Irrigation system leaks causing saturated, mushy areas are evident while dry spots are equally evident. A net on the edge of the property designed to protect adjoining

homes is full of holes. The responsibility to protect the neighbors' property seems lacking and the appearance is abysmal. The concept and design of LaCroix Links is artfully achieved, yet surprisingly neglected.

The Executive Golf Course building has siding off adjacent to the front door. Dereliction of the duty to repair all buildings in a timely manner is without excuse. The effect of this sad appearance reflects upon the image of the golf course. If this is how the building is taken care of one can expect the golf course to be maintained similarly. While the perception may be faulty, these things make selling a golf course difficult. The Golf Course Assessment Committee found the severe time constraint of the Public Works Director to be too great to overcome a host of shortcomings. The Public Works Department and its Director have little expertise, education, or background in Golf Course Management to qualify as an effective leader for the golf course operation of the City of Rapid City.

The Recommendation

The Rapid City Golf Courses Management Advisory Board

The Mayor's Golf Course Assessment Committee recommends the creation of a Golf Course Management Advisory Board to oversee the management of the operation of the City's golf courses and for advising the Rapid City Common Council on matters pertaining to the golf courses and their operation.

Expectations resulting from the establishment of the Management Advisory Board:

1. A consistent and more business-like method for setting fees should be established. The fee formula should be reasonable and understandable to the golfers. The fees established should provide total revenues that will cover reasonable estimates of the expenses, which will be incurred at the golf courses for the following season. They should be based on a reasonable estimate of the number of golfers that will play during the season, which will require an accurate accounting of the golfers who played the previous season. They also should take into consideration any taxpayer subsidies which the City may allow and any new expenses or capital improvement payments which are foreseen for the upcoming year.
2. Collection and preservation of accurate data concerning who uses our golf courses and when and how often they use them should be a priority. It is only with such data that one can truly calculate the minimum fees necessary to raise the minimum revenues required to meet projected expenses for an upcoming season. This data also would be absolutely necessary to determine marketing strategies to increase use of the golf courses. This data also would be required to look at the feasibility of different fee structures.

3. A survey of the golfers should be conducted to determine the following:
 - a. What percentage discounts do the golfers believe are fair for different golfers, e.g. seniors, juniors, couples, City employees? Once these percentages are established, they should be used consistently in establishing fees.
 - b. Are the season pass holders receptive to making more prime tee times available to daily fee golfers in order to reduce season pass fees?
4. The City has three different golf courses of varying length and difficulty. The fees charged at the golf courses should likewise vary so that any City golfer of any age and economic background should be able to afford to play at least one of the City courses. It is especially important that the City's youth be provided an economic golfing opportunity. The City's taxpayers made it clear in 2012 hearings and town meetings that the City should support recreational opportunities for our youth. Also, the youth are the future resident customer base for our golf courses. For these reasons golf at one of our courses should be made very affordable, even if it should require taxpayer or other subsidies to maintain that course.
5. Valuable data, such as the tee sheets at the starter shack should be saved. All original entry accounting materials and supporting documents give important details to aid the management process. A few weeks ago, after the practice of discarding these tee sheets was brought to the attention of golf course management the pattern was reversed. The types of golfers and the fees they paid at the pro shop that are indicated on those tee sheets should be summarized by the starter at the end of every day and compared to the figures

collected in the pro shop. The tee sheets should then be saved for further periodic analysis to determine slack times of play during the golf season, so steps can be taken to fill those slack times in the future. These steps would generate more revenues at the golf courses that in turn would allow golfers' fees to stay lower and taxpayer subsidies to be minimal or not necessary at all.

A careful examination of organization structures will show that in recent years, there has been a decided shift from authoritarian, hierarchical structures to flatter more decentralized structures that stress employee empowerment. (See Exhibits) The new preference for leaner management structures and empowered employees is grounded three ways.

1. The best performance will demonstrate an ability to act and react quickly. In short, management must reinvent their organizational arrangements.
2. Decision-making authority should be pushed down to the lowest organizational level capable of making timely, informed, competent decisions.
3. Employees below the management ranks should be empowered to exercise judgment on matters pertaining to their jobs.

The work The Rapid City Golf Courses Management Advisory Board proposed by the Mayor's Golf Assessment Committee is to manage the operation of the municipally owned golf facilities in Rapid City. This group shall be made up of five voting members and three non-voting members. Five of the voting members shall be citizen volunteers. The non-voting members shall be a Rapid City Common Council member, the Rapid City Finance Director and the Director of Golf. The new board (RCGCMAB) shall develop and

timely update their mission statement, goals, and objectives. They shall submit this body of work to the Rapid City Common Council for approval upon creation and renewal. The new board shall create and submit to the Rapid City Common Council for approval budget proposals. Monthly they shall vigilantly monitor each city golf course's income and expense as well as capital expenditures to determine and assure their intended performance. The board shall take the steps necessary to protect the funds of the taxpayers of the City of Rapid City.

The Rapid City Golf Course Management Advisory Board shall be charged with forming an effective strategy maximizing revenue by creating a fee structure achieving equity between the taxpayers and the golfers alike consistent with the revenue use philosophy determined by the judgment of the Rapid City Common Council. These operational fees charged for golf course products and services shall be part of the budget activity and shall, also, be tendered to the Rapid City Common Council for their approval.

The membership of the RCGCMAB shall consist of local business people who have proven expertise, education, and interest in management of the several types of businesses of a golf course. One of those types of pursuance having special interest to the Assessment Committee is having a RCGCMAB member with food and beverage aptitude. Furthermore, this individual shall have demonstrated a high level of success in the food and beverage industry.

The purpose of food and beverage at a golf course is to **first** serve the needs of the golfing public in order that the experience of coming to the golf course is the best it can be and **second** to successfully serve the wishes of others. Often the blending of these two goals causes the second to dominate the first.

Another member of the RCGCMAB shall be one who has demonstrated successful achievement in advertising and

marketing. To achieve the revenue potential of the public golf facilities in Rapid City, an aggressive program of promoting our golf courses shall be required. Leadership for positive action in developing play (revenue) for all of the City's golf facilities must come from the entire, new Rapid City Management Board, but the board member identified with the special background in marketing and advertising will be in a crucial position to overcome the accumulation of the past years lack of an any appreciable effort.

Five positions of the new Rapid City Management Advisory Board will be filled with persons who have demonstrated considerable achievement in the field of business management under competitive conditions. The importance of the selection of these board members is that their field has relevance to the multiple tasks of the golf course operation. A wide range of backgrounds should be considered that could include, but may not be limited to: business management, banking and finance, law, retail management, operations management, education management, hospitality management, sales management, grocery management, as well as many others.

The Rapid City Finance Director shall serve on the RCGCMAB along with a member of the Rapid City Common Council. Both will provide guidance to the RCGCMAB on city government matters as well as contribute their considerable background to the affairs of the business of managing the municipal golf courses in our city.

The five voting members of this new board shall have an equal vote in all matters. Their selection of the volunteer citizens and their election to this management team should be very carefully and thoughtfully carried out. Consideration should be given to avoid potential members who have a bias or represent an association of citizens. Such an alignment will offer the perception of management through prejudice rather than by circumspect judgment.

The Department of Golf and the Director of Golf

The Mayor's Golf Course Assessment Committee recommends the creation of a Department of Golf that is managed by the Director of Golf. The duties of the Director are established in the proposed ordinance.

The purpose of this change in the organization structure is to focus accountability and responsibility on those who can best respond to the needs of the public, on those who can cause economy in the use of these public funds, on those who can increase the revenues, and on those who are properly equipped to meet these challenges.

No cost will be required in the creation of this new department. Currently the contract between the City and the Golf Professional supplies monies to underwrite the cost of labor for the Professional's staff. This staff and this money would become the City's staff and the City's funds to pay them. The merchandise sales revenue and food/ beverage sales revenue (now all or part the Golf Professional's contract) would revert to the City. This revenue with the "Professional's staff labor monies" mentioned above will meet the cost of the new Department of Golf.

The value of better utilization of staff and a cohesive relationship between staff members contribute to the advisability in support of the recommendation. However, the strongest reasons for moving to this form of organization for the management of the City's golf courses are:

1. To reduce rate increases by seizing revenue opportunities at all courses through marketing and promotion.
2. To provide proven local guidance for full time management.

3. Collect and report accurate operating data on which to base business decisions concerning the golf course and its management.
4. To better control expenses and capitol improvement costs.

The Summary

The Mayor's Golf Course Assessment Committee, having come together more than thirty times, experiencing remarkable attendance, interviewed golf course stakeholders, have amassed a considerable volume of information from written documentation and verbal accounts. The members carefully examined the facts presented and thoughtfully assessed their effect upon the operation of the golf courses owned and operated by the City of Rapid City.

This Committee expects a positive change in management performance when a management board comprised of proven business people guide a professional manager toward achieving stated goals. All business dealings should be balanced, thoughtful, and fair to all concerned. Management should be predictable and swift in the execution of its obligations and opportunities. Knowledge through education, experience, and dedication to guiding each of the golf facilities provide the best solution to the task of operating a golf complex such as Rapid City's. The current management has misled council on budget revenue and expenses. Multiple accounting methods and layer after layer of micro managers confuse middle and lower management. The mission is not mutually stated and the organizational structure is unclear causing the operation to be unplanned. The deterioration of the relationship between the superintendent and the golf professional is caused by an obvious imbalance in consideration for the position of the golf professional demonstrated by the Public Works Department. The Committee found this difference results in minimized revenues and services. The lack of balance of the Golf Professional's contract led him to focus on matters that profited him rather than the issues profiting the golf course operation. The operational function of driving range, golf cars, and golf course management (starters and marshals) are delegated to the golf professional. The budget, however, remains under the golf

course superintendent. This effects a question of "who's running the show?"

The Golf and Grounds Committees are manned by staff and dominated by a single Public Works staff member. This method of administration allows the senior management the luxury of never being accountable and permits part-time management to occur. This method allows the avoidance of duties such as marketing or effective strategic planning by circumventing the responsibility of leading a business organization. It allows the employment of consultants, surveys and studies using limited, inaccurate statistical information seeking an easy "fix", but the product of such devices are only used if they serve to support the flawed organization.

Incorrect information has been used to support budget proposals and fee structures and the budget process has not followed the path designated. Members of Golf Committee report that next year's budget has not been shared with them or the group has not met since last February.

The organization of a Management Advisory Board responsible for giving leadership where needed to an empowered Director of Golf is designed to eliminate favoritism, utilize proven local expertise in marketing, food and beverage, operations management, financial management, community relations and interpersonal relationship. As a team, the Board and Director will identify needs and wishes of the community and target solutions to achieve them by crafting and executing a realistic business plan. This Board and The Director of Golf in the performance of their duties shall provide the administration of Rapid City's Golf Courses' activities in a manner in which the taxpayer, golfer, visitor, Common Council Members and Mayor will share pride and confidence. It is the clear path of the future to bring the citizens of Rapid City the very best golf course operation. This Committee believes they certainly deserve it.

A Comparison with Other Municipal Organizations

A comparison of the operation of municipal golf courses in cities in South Dakota and how the organization is shaped between the elected body, oversight management, and the golf course staff.

Mitchell:

Golf Course	Eighteen-Hole Regulation
Director of Cemetery/Golf Course	Department Head
Golf Course Board	Answers to Mayor who can and often does overrule Director.
Golf Professional	Works under the Director and the Golf Board. Board is referee.
Type of Government	Mayor and Common Council

Huron:

Golf Course	Eighteen-Hole Regulation Two Nine-Hole Short Courses.
Director of Finance	Department Head who handles payroll, submits budget.
Golf Course Board	Answers to Mayor and is supposed to direct Professional. Board is weak.
Professional	Strong, effective and is over the superintendent.

Brookings:

Golf Course
Director of Parks & Rec.

Golf Course Board

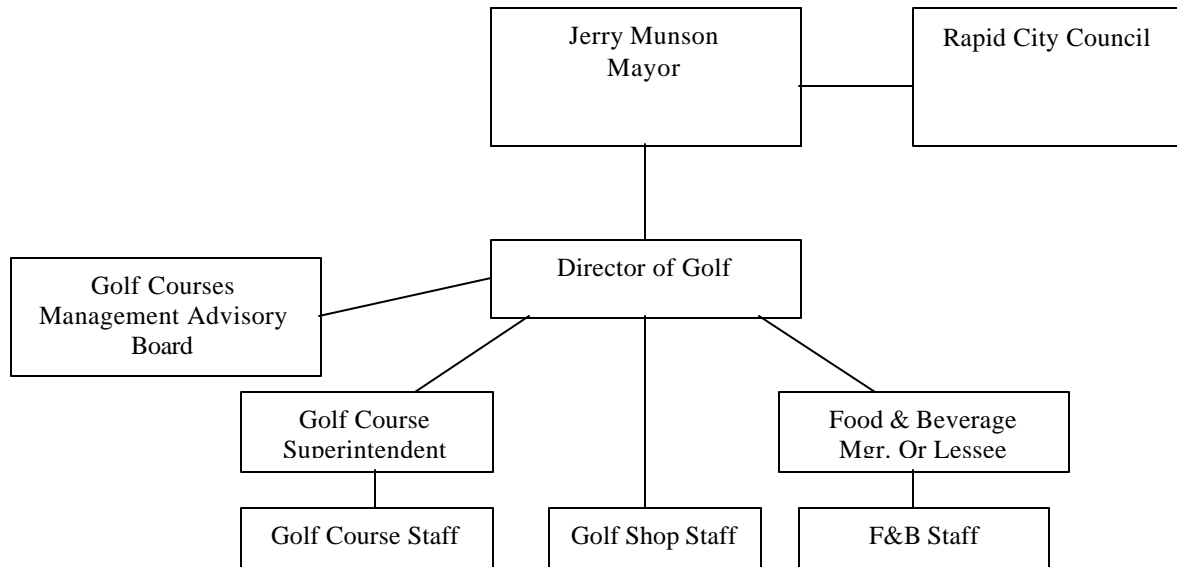
Professional

Eighteen-Hole Regulation
Department Head who
handles payroll, submits
budget.

Answers to Mayor and
Directs Professional.
Board is strong.

Strong, effective and is
a contractor.

Improved Organizational Chart



Golf Course Organizational Chart
March 2002

