



Shennecossett Golf Course Financial Master Plan

Town Council Report – January 2025

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Section 1 - Executive Summary

The Asset

A golf course is a vital community asset.

It serves as a nature preserve that provides a recreational venue for citizens to enjoy the outdoors, the opportunity to create and renew friendships, strengthen business alliances, support charities, and a forum for competition. It also is a laboratory for youth to learn honesty, integrity, sportsmanship, respect, judgment, confidence, responsibility, perseverance, and courtesy.

The Town of Groton (herein referred to as “The Town” or “Groton”) owns and operates the Shennecossett Golf Course, which opened for play in 1898. The course is an 18-hole, par 71, 6,562 yards long with a slope rating of 123, reflecting a challenging championship course. This historic links-style was re-designed in 1916 by the internationally acclaimed golf course architect Donald Ross, whose vision resulted in over 400 golf courses being built worldwide, including 118 in New England.

Shennecossett has received numerous accolades, most recently being recognized as one of the country's top 100 Best Value Courses. The course is also a Certified Audubon Golf Sanctuary for adopting conservation-friendly operational practices.

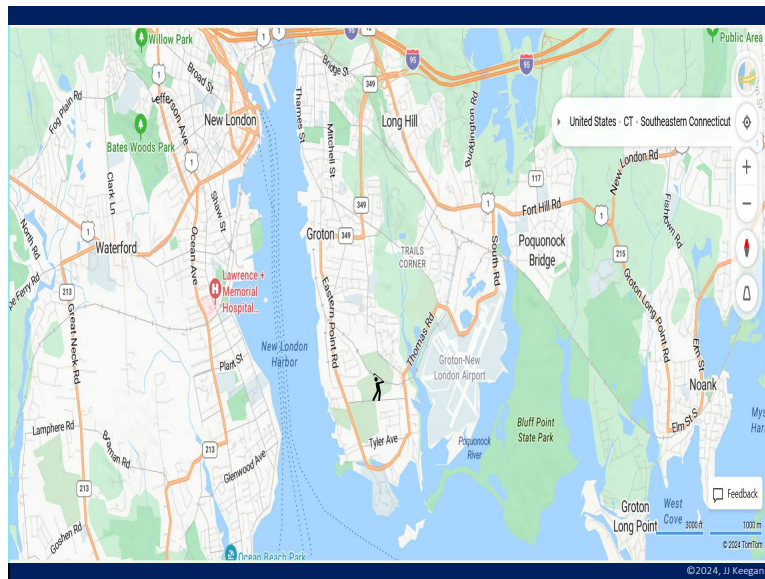
The golf course provides an exceptional experience. Green fees for 18 holes range from a youth rate of \$20 to a weekend nonresident fee of \$55, which is intended to fund three departments that manage the golf course under a collective bargaining agreement:

Department	FY2025 Budget
Customer Service	\$322,231
Leadership/General Support	\$427,824
Maintenance	\$870,546
Total	\$1,620,601

The average fee for a round of golf earned is \$45.77. The FY2025 budget projects revenue of \$1.731 million to be generated for annual passes, green fees, cart revenue, interest, and income of \$39,000 from the food and beverage lease.

The golf course is accounted for in a non-major government fund titled a “Special Revenue Fund.” An enterprise fund is a government accounting fund that accounts for activities that operate similarly to private businesses. These activities are typically self-sustaining, generating revenue through user fees or charges covering operating costs.

Located in the southern part of the Town, it lies on a peninsula surrounded by New London Harbor, the Birch Plain Creek, and the Poquonock River, shown here:



The views from the course create a serene environment. The harbor is picturesque, and submarines can be seen occasionally. It is truly a special course.

The Purpose of This Financial Master Plan

The Town commissioned this Golf Study with a clear goal: to research, analyze, and present options that will increase the probability that the Town of Groton can provide its residents with golf as a recreational amenity that offers value to patrons on a financially stable foundation.

The golf business has surged since 2020 in what is known as the “Pandemic Era,” as evidenced by:

- As of September 30, 2024, rounds nationally are up 1.7% yearly over 2023.
- Rounds in 2023 were up over 17% compared to 2017-19.
- 2023 set a record with 26.6 million individuals playing 531 million “green grass golf” rounds.
- Public Green Fees are up 16%.
- 49% of public facilities have undertaken significant course or clubhouse-related investments.

- This ability to obtain a tee time, especially in metropolitan markets, has become challenging as 13.9% of the golf courses in the United States have closed since 2006.
- Even with a surge in demand, more golf courses will close in 2024 than open.

Before the Pandemic, the Shennecossett Golf Course was subsidized by the General Fund. Given golf's resurgence, the opportunity exists to establish it on a fiscally sound foundation.

The Challenge

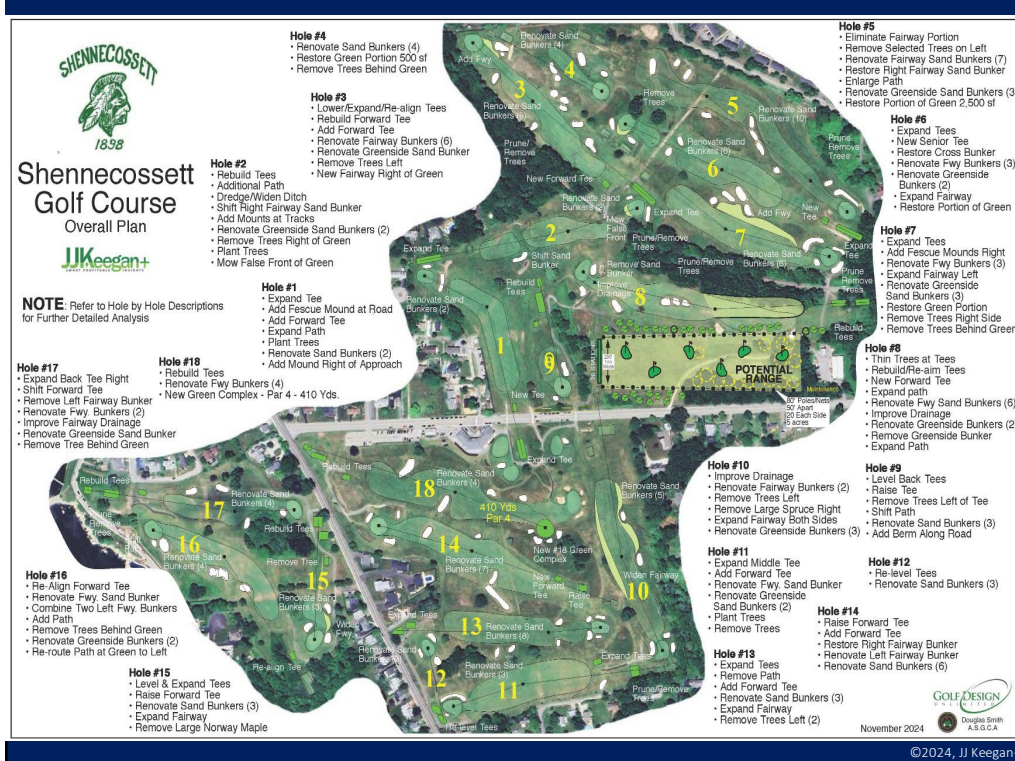
The FY 2023 Town of Groton Annual Comprehensive Financial Report reported that the golf course had assets of \$1.209 million and a fund balance of \$1.090 million.

The golf course has an estimated \$7.0 million in deferred capital expenses, including over \$3 million necessary to replace the 24-year-old irrigation system, with various heads and joints failing on a top-soil bare course.

Golf Course	Phase	Cost
Holes 1 - 18	1	328,970
	2	577,610
	3	717,105
	4	705,915
	5	280,380
	6	673,850
		3,283,830
Short Game	Renovate greenside bunker	12,125
Course	New Irrigation System	3,000,000
General Total		6,295,955
Contingency	10%	629,596
Design Engineering		157,000
Final Estimate		7,082,551

Beyond the irrigation system, projects that should be undertaken in phases include renovating greenside and fairway bunkers, recontouring greens and cart paths, creating or repositioning trees, removing trees, and enhancing drainage, among other things.

The scope of the desired renovation changes on the golf course is illustrated here:



An integral component of this financial master plan was determining the advisability of constructing a driving range on the property. As the diagram above notes, a 300-yard range with 20 bays is possible.

A range would be a tremendous amenity to the golf course. Concerns regarding the safety of the adjacent road might be mitigated by using “limited flight balls” and reducing the size of the range to 150 yards. Both Top Tracer and InRange (two leading range entertainment companies that generate incremental range revenue exceeding \$500,000 beyond current sales) accommodate limited flight balls, with the software converting the ball flight to actual distances vs. the limited flight flown based on club head speed.

Unfortunately, it may not be practical due to neighborhood sightline concerns regarding nets, environmental concerns regarding the trees that must be removed, and the potential return on investment due to the large capital investment.

However, because of the uncertainty of Council approval, funding this project would exceed \$1 million, and the return on investment and the resulting cash flow were not integrated into the cash flow forecasts prepared.

This deferred investment does not include the Clubhouse, which is long pending renovation, the adjunct storage building in disrepair, and a parking lot that lacks sufficient capacity to

accommodate golfers and restaurant guests. “Street parking” prevails, creating an unnecessary hazard for cars and golfers.

Nor does the projected capital investment include a storage facility for the golf carts, which are left out in the open, subject to the elements all year, which could lead to hastening their decline in appearance and functionality.

With projected revenues insufficient to fund the deferred investment, it is fundamental to create a master plan to define the enterprise's financial goal. Illustrated here are some concepts regarding the extent to which a Town may be required to allocate funds to support a golf course:

Level	Category	Impact on Cash Flow	Capital Investment Responsibility
0	Operational Expenses Exceed Revenue	Subsidized by the General Fund	Operations, capital investment, and the associated debt service subsidized by the General Fund
1	Operational Expenses Equal Revenue	No subsidy is required except for interest and taxes subsidized by the General Fund .	Capital Investment and the associated debt service subsidized by the General Fund
2	Revenues Exceed Expenses before interest, taxes, depreciation, and amortization.	Surplus funds are allocated to cover taxes	Capital investment and debt service subsidized by the General Fund
3	Revenues Exceed Expenses after interest, taxes, depreciation, and amortization but before principal debt service.	Surplus funds are allocated to cover interest expenses and taxes.	Capital investment and a portion of debt service subsidized by the General Fund
5	Revenues Exceed Expenses after interest, taxes, depreciation, amortization, and principal but before creating capital reserves.	Surplus fund allocated to capital reserves.	The General Fund or additional debt subsidizes projects authorized beyond capital reserves.
6	Revenues Exceed Expenses after interest, taxes, depreciation, and amortization and after principal service after creating capital reserves.	Internal capital reserves fund authorized capital investment projects.	N/A

The course has had an operational surplus of \$1.0 million in the past four years. While the amassed reserves are impressive, the golf course is now operated at only Level 2.

Historically, an average \$250,000 transfer from the Town’s General Fund was required until FY2024, when no capital financial support was provided.

While some, particularly non-golfers, would hope that the golf course would be a self-sustaining enterprise to include funding for the required capital investment, it should be highlighted that a municipality incurs an expense of \$150,000 annually to maintain 100 acres of open park space.

Balancing Town Council expectations in chart below is always a challenge:



Town leadership in Groton hopes that the golf course will be able to achieve **Level 6** revenues equal to expenses before interest, taxes, depreciation, and amortization after the planned renovation and with the implementation of the insights and recommendations contained within this Golf Study, which was developed in partnership with the Park and Recreation Department, the Golf Course Advisory, and course leadership.

Why is the goal of fiscal self-sufficiency appropriate, considering 70% of the capital needs of other municipal golf courses are funded by the General Fund?

Groton Embraces Operational Excellence and Culture Innovation

Incorporated in 1705, Groton provides its over 38,000 citizens with a high quality of life. As such, the golf course is an essential component of this vibrant community and is also widely embraced by non-residents, who dominate in their acquisition of value-based annual passes, which golfers incorrectly label as memberships.

The Town of Groton, like many municipalities across the United States, is facing a financial challenge in funding what is required and desired by the residents with limited resources. Over the next five years, the Town of Groton is studying the feasibility of issuing bonds exceeding \$75 million for the following projects that will benefit every resident:

Projects	Purpose	Possible Investment
Claude Chester School	Creating recreational spaces, athletic fields, pedestrian and bicycle facilities, playgrounds, event spaces	\$12 million
Sutton Park	Significant renovations to enhance its facilities, including the addition of fitness stations, new playground equipment, and improved amenities	\$6 million
Fitch High School	New Track, bleachers, athletic field renovations, software field,	\$37 million
Field House	Basketball, fitness facilities	\$20 million
S. B. Butler Elementary School	Renovate the school into an eco-friendly building with a private residence, a bed and breakfast, and a multi-use recreational park.	To be determined
Mary Morrison Elementary School	Study to be undertaken	To be determined
Capital Project Desired		\$75 million

Since one of seven residents plays golf, anticipating lump-sum funding from the general fund to address Shennecossett's deferred capital investment exceeding \$7.0 million is highly improbable. At best, the capital required for the irrigation system might be included in the bond when issued at least five years from now.

Compounding the Town's fiscal squeeze is that \$64.8 million (34.4%) of its \$188.5 million in revenue is derived from operating grants and contributions, principally funded by the State of Connecticut and subject to withdrawal.

Therefore, this financial master plan is crafted based on the philosophy that golfers who benefit from the golf course should generate sufficient revenues from their users to ensure its financial self-sufficiency.

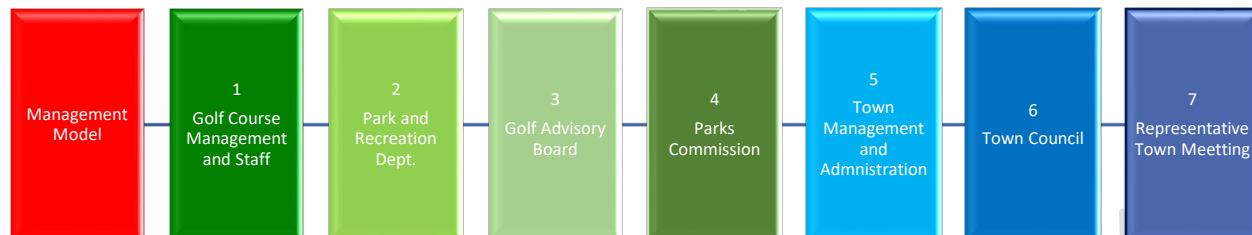
To do so, the Town will need to change the business model on which the course is managed, unshackling it from bureaucratic constraints and imposed expense burdens and adopting contemporary policies and procedures currently thwarted by limitations from an archaic style of managing operations adopted by current staff.

The Management Model Creates Challenges

One of the highest hurdles in the operation of Shennecossett is its flawed operational model.

The decision-making, ranging from green fees to labor expenses to the adoption of contemporary golf management software to embracing new technology, i.e., autonomous mowers, is entangled in the complex process of policy adoption and procedures with seven

levels of approval required, before a change can be implemented shown below:



The Town of Groton is governed by the Town Charter, which incorporates a 300-year-old philosophy of governance with numerous checks and balances.

As background, the Golf Advisory Board is represented by golfers who propose annual rates and voice opinions on the policies, procedures, and staff operating the course.

The Groton Park Commission's primary responsibilities are maintaining and Caring for the parks, commons, and recreational areas, planning and development, community engagement, and permits and regulations.

The Groton Town Council consists of nine members elected at large by the town's citizens. Council members serve two-year terms. Each political party nominates a full slate of candidates, and the nine candidates with the most votes are elected. Currently, all nine members of the Town Council are registered Democrats.

The Groton Representative Town Meeting (RTM)) consists of up to forty-five members elected for two-year terms. The RTM reviews the actions of the Town Council and has the power to initiate legislation or force reconsideration of legislation already adopted. The RTM must approve the budget before the Council sets the tax mill rate in financial matters.

The hierarchical approval process required for where changes can be implemented only annually renders the efficiency and effective management of a business that operates 365 days near impossible. To illustrate, only a few of the strategic recommendations presented by the National Golf Foundation in 2004 – twenty years ago, have yet to be implemented.

Further, for this review, the financial information provided was not consistent with generally accepted accounting principles for golf courses and lacked sufficient detail regarding the expenses incurred, which precluded a thorough analysis available at nearly all other municipal golf courses for which a financial master plan might have been prepared. Also, access to the POS system via the correct website address, login, and password was not provided accurately by the golf staff to analyze for the proper transaction analysis inherent in a financial master plan.

The burdens placed on the golf course by the operating philosophy of the Town are best illustrated by the financial burdens of the course placed on the course by the collective bargaining agreement.

Fringe benefits paid employees are budgeted at 54.9% of base salary. The desirable benchmark for the fringe benefit expense at a golf course is <30%. Shown below is the financial impact:

Description	Fringe Benefits	RTM & Council FYE 2025 Budget
Fringe Benefits Paid	54.93%	\$369,603
3rd Party Management Benefits (25% of Salary)	25.00%	168,200
Savings in Fringe Benefits		\$201,403
3rd Party Management Fee		100,000
Annual Dissipation of Taxpayer Resources		\$101,403

It should be highlighted that collective bargaining agreements are very effective and appropriate business practices in manufacturing. In a seasonal business, like a golf course, where overtime hours are necessary during the summer to prepare the course daily for golfers, a financial burden is created.

There is a tertiary impact. The course's maintenance department is understaffed because of the high labor cost structure to balance the budget based on the constraint set by below-market green fees and annual pass rates.

Six full-time employees, representing 11,520 hours, are available to maintain the golf course. Based on 242 playable golf days per year¹ a minimum of 15,000 man-hours is required to maintain the course properly. Since the golf course remains open throughout the year and is only one of the few golf courses in New England that proudly operates during the winter, it could be stated that over 18,000 man-hours are required.

While hiring seasonal workers might solve the labor shortage, the Town human resources department requires that seasonal workers for the golf course have prior landscaping experience, eliminating a qualified labor pool of high school and college students seeking summer employment as their job.

¹ A Golf Playable Day (GPD) is defined as a day where the maximum temperature is above 46 degrees Fahrenheit and below 86 degrees Fahrenheit, precipitation is less than 0.25 inches of rainfall, and wind speed is less than 19 miles per hour.

The shortage of labor has dire consequences. The capital investment over the past several years in renovating bunkers to improve drainage, the surrounding area, and the playability of the sand has been dissipated as the current staff doesn't have sufficient labor to properly maintain the bunkers after renovation.

Shown below are two examples of bunkers that are incorrectly maintained due to the lack of labor.



Sand pros are used to rake the sand. As the equipment enters and exits the bunkers, the rakes scrap the ground beyond the intended bunker edges. In theory, if sufficient labor were available, the edges of the bunkers would be hand-raked, and the sand-pro would not enter the bunker with the rakes deployed.

Further, we are concerned about the design of the recent work completed on the bunkers, believing significant capital has been dissipated. While the shortage of maintenance employees contributes to their rapid degradation, we believe the design recommendations provided by the architect attempting to restore to the "Donald Ross" style are ill-advised and are shortening the functional life of the bunker faces.

If the Town Council elects to continue the golf course's current decision-making process and mandates that it be financially self-sustaining, then, as part of the annual General Budget,

over \$100,000 should be allocated to the golf course based on the labor expense burden placed on its preference for the current organizational model.

Options, though none are likely to be adopted, need to be presented in this financial master plan for the Town Council to consider if it desires to operate the course prudently.

Options

This report analyzed the various management models implemented by municipalities across the US to determine which style would optimize the financial return to the Town. The models most frequently are as follows:

- Self- Managed (Arlington, Ft. Worth, Monmouth, Bethpage State Park, Westchester County). The food and beverage concessions are frequently the only revenue activity leased under this model.
- Non-Profit (Alamo City Golf Trail)
- Third Party Management (Charlottesville, Chicago, Forest Preserve District, San Francisco).
- 100% Operational Leases: The City receives a rental payment, usually a percentage of gross revenues (Indianapolis, Los Angeles County), but the **lessee** is responsible for maintenance.
- 100% Operational Leases: The City receives the revenue from green fees (Dallas) and is responsible for maintaining the golf course. A contracted professional or lessee is retained to operate the golf facility and receives the revenues from carts, merchandise, food and beverage, range, etc. In some cases, the contracted professional is also provided with a salary. The revenue split under this arrangement varies widely among municipalities in the US that have adopted this model.

Each model has advantages and challenges, and every municipalities options differ. The two most viable options for Groton are self-management or privatization, in which a third-party management company is paid a fee ranging from \$75,000 to \$110,000 for every 18 holes managed.

Under the privatization model, the Town receives all revenue earned and is responsible for expenses incurred and capital investments. Over 30% of municipal golf courses are managed

by a third-party management company, principally Troon Golf, Kemper Sports, or Touchstone.

Municipalities usually select a management company for two reasons:

- 1) The fringe benefits the Town pays employees exceed 40% compared to the 25% paid by a management company. Such is the case with the Shennecossett golf course.
- 2) To avoid exposure to legal liability for offering alcoholic beverages at the golf course, management companies are also selected, sometimes because of their purchasing power for significant equipment purchases, marketing experience, financial benchmarking metrics developed, technology platforms utilized, etc.

Time of Justification for Rate Alignment

The weakness of the current business model is that green fees and annual passes are customer-friendly and underpriced in relation to the golf experience offered.

In a capitalistic system, prices should be established based on numerous criteria. Considering the demand for the product or service vs. its available supply is one metric for establishing fees.

Demand for golf within 10 miles of the Shennecossett Golf Course exceeds US average supply by 25% percent (26,695/21,165) as illustrated here:

Entity	United States	Groton – 10 Mile Radius	Connecticut	Rhode Island
Population	337,470,185	133,476	3,626,205	1,093,734
Golf Courses	15,945	5	191	57
Golf Facilities	13,946	5	170	56
People Per Course	21,165	26,695	18,985	19,188
People Per Facility	24,198	26,695	21,331	19,531

Thus, engaging in dynamic pricing to match demand vs. supply is prudent.

Ironically, the course is being underutilized. Based on an estimated 37,500 rounds, the golf course's current utilization is 58.1%, compared to a national utilization of 69%.

A contributing factor to the underutilization is that the golf staff is blocked 19,820 tee times (30.7% of capacity), labeling them as “walk-ons,” providing the flexibility to reserve tee times

for those they might desire. From the interviews, we frequently heard about the inability of annual pass holders to reserve tee times, that “the tee sheet is full,” and “that the parking lot is empty.” These issues suggest a closer look at the management of the tee sheet.

Our analysis also reviewed that a few select golfers in FY2024 could reserve for themselves 318, 231, 178, 159, 148, 131, 112, 107, and 106 tee times. Four of the nine golfers were non-residents. These individuals consistently reserved tee times between 7:30 and 9:00 a.m. Self-entitlement prevails. This practice appears to occur with the awareness of the Golf Staff, who may block times for annual pass holders who forgot to make a reservation online or to provide flexibility for certain golfers.

It might be humorously conjectured that the Town of Groton is operating a private club for a privileged few.

The actual rounds played at the Shennecossett golf course are unknown. Annual pass holders are not required to check in and frequently merely go to the first tee when scheduled. If observed by the staff, a note is made. When the golf shop closes at 6, golfers will play if the course is not busy walking onto the course without paying.

At the end of the day, the golf staff produces a “Z” report of the daily activity. In the morning, a revenue report is prepared to document the public play and insert the manual count of annual pass holders observed. That report and any monies received are given to the Town’s accounting department. This practice reflects inefficiencies and underutilization of current software.

It should be highlighted that the current golf management software used, while functional, is a legacy product on which contemporary updates are unlikely.

A second factor that a rate alignment is in order is that the current annual pass prices are below market value, as shown below:

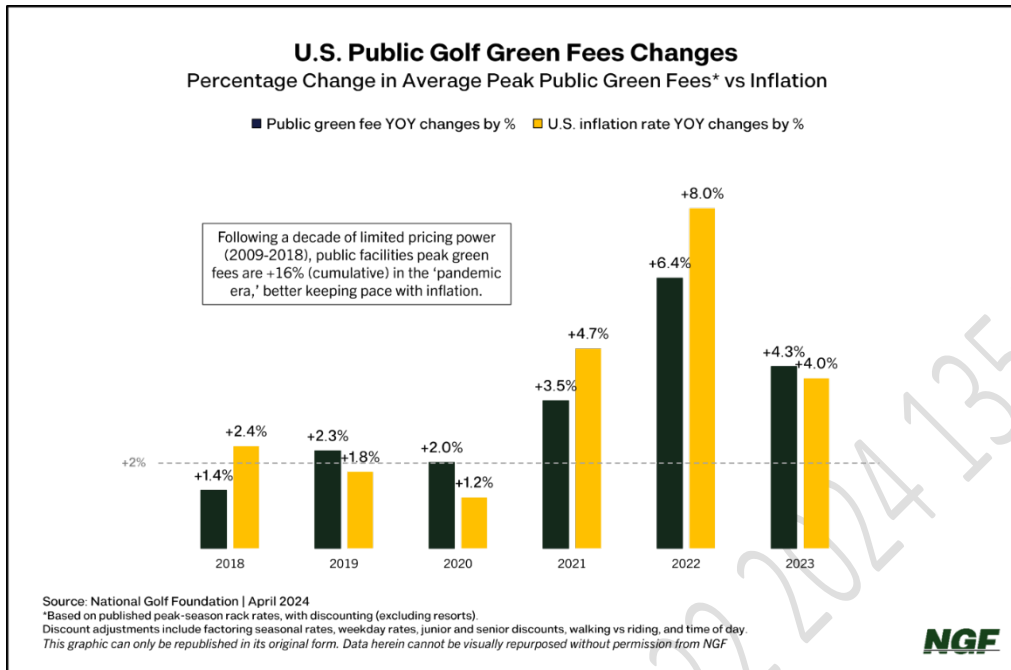
	Unlimited Pass - Walking: National Benchmark	Resident 7 Day Pass - Walking	Resident 5 Day Pass – Walking
Transferable	No	Yes	Yes
Holes	18	18	18
Playable Days	260	242	173
Playing Frequency	32%	32%	32%
Rounds Played	83	77	55
Rate Rack	\$37.00	\$50.00	\$45.00
Frequency Discount	30%	30%	30%
Proper Annual Fee	2,155	2,150	1,744
Current Annual Fee		1,605	1,280
Annual passes Underpriced by		545	464
Percentage by Which Annual Passes Undervalued		34%	36%

Notably, 767 responses were received in the community survey, and the annual pass holder indicated that they intended to play over 60 rounds per year; thus, the calculated fees based on national benchmarks are appropriate.

Thus, not only is the annual pass underpriced, but so are the green fees, creating an opportunity to generate incremental revenues from increased play based on existing capacity.

Considering the competitive environment, this facility's potential is predicated on implementing a proper rate structure that reflects the value provided to the golfer. The new rates suggested should be comparable to the fees offered by comparable golf courses in Groton and the surrounding marketplace.

Further, an increase in user fees is inevitable, acknowledging the impact of inflation, the rise in demand for golf courses resulting from the pandemic, and the fact that golf courses require continuing capital investment. An insightful chart released by the National Golf Foundation (NGF) on April 25, 2024, reflects that annual increases in greens fees are less than inflation.



This fortnightly report by the NGF cites, “the average U.S. public 18-hole fee—**when accounting for discounts**—is still just north of \$37 when excluding resorts. That’s up from about \$32 in 2020.”

Comparing rates between courses is a nettlesome challenge. A typical golf course has over 80 different rates that vary by time of day, day of week, and time of year. One must differentiate between the “typical muni” course and the superior experience that the Shennecossett Golf Course offers, given its historical designation as a “Donald Ross”-designed course.

Another dilemma when comparing rates amongst local and regional golf courses that makes such a comparison misleading is merely comparing the posted rate doesn’t consider the experience being provided or, in the case of municipal golf courses, the financial goals set by the Town Council. Some municipalities conscientiously subsidize golf courses by maintaining artificially low rates.

Such subsidy of rates is not intended in this Financial Master Plan for the Town of Groton.

Financial Projections

Any financial projection, the accuracy of which is subject to debate based on the assumptions utilized and the risk tolerance.

Realizing the desire for the Shennecossett to be financially self-sustaining to include “ongoing” capital investment, as differentiated from attempting to amortize the historical deficit exceeding \$7 million, presented below are the current rates and those proposed by selected members of the Golf Advisory Board, whose cooperation in creating this financial master plan was extraordinary:

Greens Fees	Resident	Non- Resident	Proposed
Weekend (Friday to Sunday)	50	55	70
Weekend 9-Hole (after 4 pm)	25	25	35
Weekday (Monday to Thursday)	45	50	60
Weekday (Monday to Thursday - Senior	45	55	55
Weekday 9-Hole (after 4 pm)	25	25	35
League	22	25	30
Tournament	45	45	75
Youth	20	20	25
Annual Passes	Resident	Non- Resident	Proposed
7-Day Adult Regular	1,605	1,785	2,800
7-Day Adult Family	2,790	3,100	4,500
5-Day Adult Economy	1,280	1,420	2,000
5-Day Family Economy	2,045	2,270	2,700
5-Day Senior Economy	1,155	1,285	1,800
Youth - \$700	350	350	700

- 1) Note that for FY2025, 28 different annual pass options were offered.
- 2) The 9-hole rate for FY2025 was set for “after 3 p.m.
- 3) The Town of Groton provides nominal financial support to the golf course, so providing residents with a discount rate based on the assumption of reallocating their tax dollars is no longer appropriate.
- 4) The \$5 discount for “members” who bring a guest is discontinued.

In addition, to the change in rates to reflect the value the Town of Groton provides in its championship golf course, with 2025 being a year of transition from the sale of annual passes that expire 12 months from the date of purchase to December 31 to facilitate rate adjustments annually based on market conditions, a loyalty card program is being recommended. Golfers can purchase a loyalty card that expires on December 31, 2024, based on the following rate schedule:

Loyalty Card	Discount Provided	Rate
Bronze	10%	\$49
Silver	20%	\$299
Gold	30%	\$599

Under this new initiative, a golfer who purchases a loyalty card obtains the corresponding discount from the rate effective on the date and time they play. This program also allows those with limited financial resources to enjoy value-based golf.

Valuing annual passes at their fair market value, acknowledging the price increase is substantial, and with the introduction of loyalty cards, the practice is consistent with neighboring golf courses as illustrated here:

Course	Prime Time Rate	7 -Day Individual	7- Day Couple	7- Day Family	5-Day Individual	5-Day Couple	5-Day Family
Fairchild Wheeler	30						
Keney Park & Goodwin Park	Not Listed	2,100			1,650		
Sterling Farms	68						
Tashua Knolls	58						
Timberlin	47	1,600			400		
Triggs Memorial Golf Course	55						
Wintonbury	40	2,250	3,500	3,750	1,200	2,400	2,650

Where the box is grayed out, those programs are unavailable at those facilities. Instead, frequent player cards are sold to provide a discount. It is excellent practice to have customers pay each time they visit the golf course. In a perfect world, annual passes would not be offered at Shennecossett.

Based on the rates developed by the Golf Advisory Board representatives, a scenario analysis was undertaken to provide insights regarding the impact of a rate alignment on Shennecossett's operating results.

In addition to the 72 primary variables displayed below, over 100 additional secondary variables were input into the projection based on the industry financial benchmarks for a municipal golf course.

Regarding the financial projections, it should be noted that the typical golf course "nets per round" is 60% of the highest prime-time weekend rate. This reduction in revenue is due to changes in the rates charged by time of day, day of week, type of golfer, time of year, and any discounts that may be offered via the issuance of unlimited play passes.

Scenario	Rounds	Green Fee	Yield	Cart Fee	Revenue City	Revenue Private	Expenses City	Expenses Private	Cash Flow City	Cash Flow Private	Town Managed Including \$250,000 Capital Reserve	Privately Managed Including \$250,000 Capital Reserve + Mgt Fee
1	35,000	50.00	55.00%	20.00	1,817,550	1,817,550	City	Private	21,730	180,359	(228,270)	(169,641)
2	37,500	50.00	60.00%	20.00	1,967,925	1,967,925	1,795,820	1,637,191	172,105	330,734	(77,895)	(19,266)
3	40,000	50.00	65.00%	20.00	2,130,800	2,130,800	1,795,820	1,637,191	334,980	493,609	84,980	143,609
4	35,000	60.00	55.00%	20.00	1,927,000	1,927,000	1,795,820	1,637,191	131,180	289,809	(118,820)	(60,191)
5	37,500	60.00	60.00%	20.00	2,102,325	2,102,325	1,795,820	1,637,191	306,505	465,134	56,505	115,134
6	40,000	65.00	65.00%	20.00	2,292,650	2,292,650	1,795,820	1,637,191	496,830	655,459	246,830	305,459
7	35,000	70.00	55.00%	20.00	2,073,950	2,073,950	1,795,820	1,637,191	278,130	436,759	28,130	86,759
8	37,500	70.00	60.00%	20.00	2,274,225	2,274,225	1,795,820	1,637,191	478,405	637,034	228,405	287,034
9	40,000	70.00	65.00%	20.00	2,492,000	2,492,000	1,795,820	1,637,191	696,180	854,809	446,180	504,809

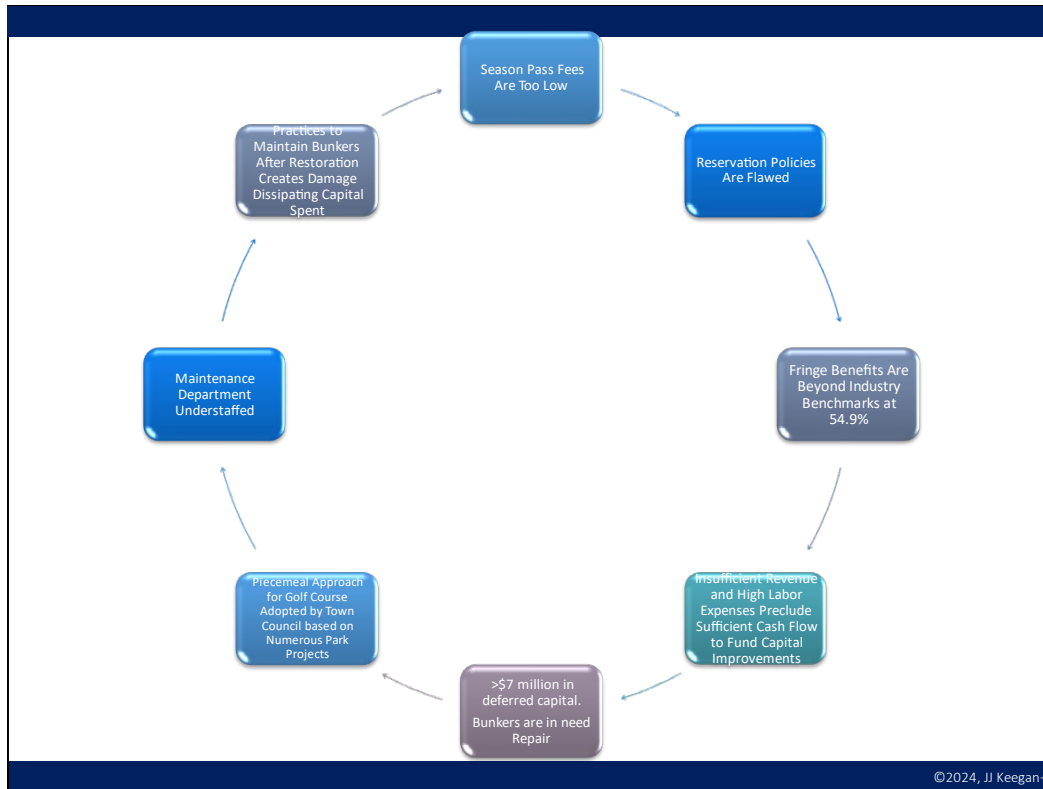
©2024, JJ Keegan+

It should be noted that the current FY2025 forecasts a \$100,000 positive cash flow without any allocation to a capital reserve. Thus, if the current rates remain unchanged or only nominally changed, the golf course will not be economically self-sustaining within the Enterprise Fund and will require financial support from the General Fund.

Though accurate records reflecting rounds played and maintenance expense details were lacking, from discussions held with the current golf course management team and Town leaders, it is believed and hoped that **Scenario 6 should be achieved, which includes nearly \$500,000 annually for future investment.**

The Path Forward

To successfully operate as an Enterprise Fund in which the economic unit, the golf course, is financially independent of the General Fund, the Town will need to implement a strategic vision that breaks the cyclical in which the course is currently immersed, illustrated here:



To achieve that objective, in possessing the operational responsibility for the Shennecossett Golf Course, the Town could implement a series of changes that will significantly enhance the value the golfer receives and dramatically improve operational efficiency by adopting the policies and procedures highlighted here:

1. Creating a line-item allocation of \$150,000 in the General Fund budget to finance the excessive labor burden on the golf course should the Town Counsel select continued self-management.
2. Retain additional staff for maintenance, including revising HR policies requiring prior landscaping experience to qualify for hire.
3. Suspend capital investment on the golf course until sufficient staff are hired to maintain the improvements once completed properly and adequate funds are available so that all golf course components, i.e., greenside bunkers, can be renovated simultaneously to end the constant repair cycle.
4. Enhance senior leadership in the golf operation to ensure they are proficient in operating a modern POS system, including electronic confirmation of tee times and the distribution of monthly newsletters communicating club events.

5. All tee times should be booked via an online reservation secured by a credit card. This is becoming a “standard practice” throughout the golf course industry, with the ability to cancel, without penalty, 24 hours in advance. Note that a few non-profit and municipal golf courses require the prepayment of green fees when a reservation is made comparable to the policies of sporting events, the theatre and airlines.
6. Tee times for the public should be available up to 90 days in advance, with a non-refundable advanced reservation fee of \$25 per person. This has the potential to generate over \$100,000 in revenue that was not integrated into the cash flow forecasts.
7. Annual pass-holders and the public who are not willing to pay an advanced reservation fee should be able to reserve tee times seven days in advance.
8. Mandate the release of the blocked tee times marked for walk-ups, requiring 100% of tee time reservations to be blocked online to create for all golfers, eliminating the mystique that the Shennecossett Golf Course is a private club for a few.
9. Implement a no-show policy in which if a golfer fails to cancel a tee time 24 hours in advance, they are subject to pay for the tee times they reserved to make a future reservation.
10. The golf course’s website should be updated and separate from the Town’s website. Currently, information about the golf course is found under the Visitor’s tab on the Town Website.
11. Establish a customer database by registering each golfer when reserving a tee time and checking in to play. Of the 14,000 emails in the current database, the Town’s marketing department found that over 7,000 were invalid.
12. Require all golfers to check in at the Pro Shop before their scheduled tee time.
13. Tournaments, particularly those scheduled for Friday, should be charged a \$20 premium per person for additional resources to successfully conduct such an event for a corporation, outing, or charity. If the Town desires to support the charity, it should allocate monies from the General Fund and not encumber the golf course by providing discount fees to this constituency.

14. Review merchandise policies with respect to men's and women's preferences. While an extensive line of clothes is not financially viable, requiring the men's and women's clubs, the leagues, and outings to purchase gift cards at an area sporting goods store is not conducive to a customer-friendly environment. The current business model of the PGA Professional, "owning the golf shop," is an antiquated practice prevalent in the 1990s. Less than \$25,000 in revenue is generated annually from an approach to merchandising. Consideration should be given to the Town managing this "department" benefitting from the 30% profit margin. If the town were to operate the Pro Shop, if well managed, a supplemental net income of >\$50,000 might occur.
15. Print hole location charts on laminated cards inserted in the carts and available for golfers who walk based on the Rule of 45's (four pinnable sections per green) and publish, based on signage in the pro shop and the first tee, the location of pins for that day.
16. Allocate funds from the building department for the renovation of the Clubhouse. The repair of the two bathrooms in the clubhouse has taken over 10 months.
17. Allocate funds from the building department for the insulation of the maintenance building and renovation of the unsightly storage shelter so that part of the cart fleet might be spared the winter elements and reduce the potential loss from theft. Stealing the 55 carts, transporting them to a different part of the country, and selling them for \$4,000 each would be easy.

Though these suggestions will generate a positive financial result for the golf course and enhance the customer experience, a Financial Master Plan is merely a document. Its success or failure in implementation is solely the result of crisp execution.

Based on what we observed, the status quo is a formidable foe. We greatly appreciated the fabulous assistance of leadership with the Town, the Parks and Recreation Department, the Course Superintendent, the Golf Advisory Board, and the members of the Park Commission, RTM, and Town Council interviewed.

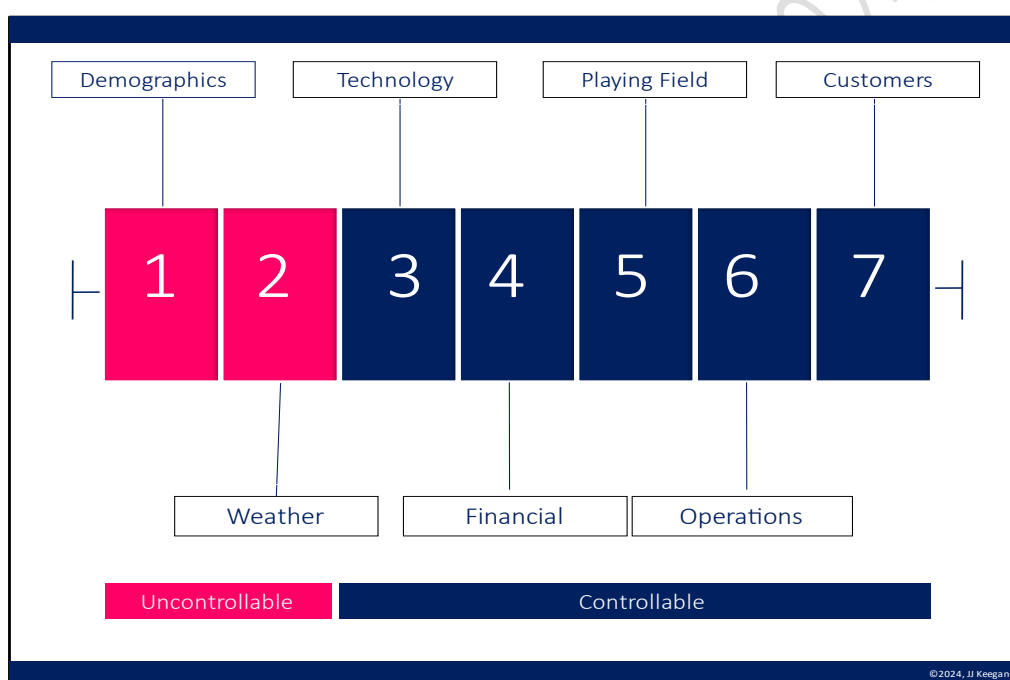
Change is often challenging, and resistance is a natural part of the process. However, embracing these changes has the potential to greatly enhance the golfer experience and create a more financially sustainable operation. Overcoming this resistance is critical and will require front-facing staff to willingly implement the proposed changes and adopt the proposed practices. By adopting improvements, golfers could enjoy a significantly elevated experience, and the Town could reduce its reliance on General Fund support, ensuring a 90 more successful and self-sufficient operation.

Section 2 - The Financial Master Plan

The Town of Groton sought to evaluate its public golf course and provide planning recommendations for its future. Over the past decade, the course has historically realized cash flow deficits.

With the renewed interest in golf, the Town of Groton seeks to optimize its allocation of resources to ensure citizens are provided with a valued experience based on a foundation that ensures the golf course is cash flow positive.

This study was undertaken through a system process comprising the following seven steps:



For the review, we undertook a thorough progression of evaluation and research that comprised:

Phase 1 - A Strategic Assessment to Measure the Uncontrollable Factors and Historical Performance:

1. A geographic local market analysis identifying the financial potential of the facility was completed. This analysis included the six key measurements that accurately forecast the facility's potential. They are the MOSAIC profile, the customers' age, income, and ethnicity; the number of golfers per 18 holes; and

the competitive market's slope rating. These numbers are the key drivers determining the golf course's economic potential. (Section 5)

2. A playable weather study was completed to determine if the golf course was over- or under-performing the weather. Access to Weather Trends International's 11-month weather forecast service was provided, 88% accurate on temperature and 83% correct on precipitation. This data helps determine appropriate pricing. (Section 6)

Phase 2 - A Tactical Evaluation of the Golf Course Experience

1. The facility's current technology was evaluated to determine if it is efficiently integrated and appropriately leveraged to develop a segmented database for targeted marketing to golfers. (Section 7)
2. A strategic assessment to measure the historical financial performance of the facility against industry norms and 15 benchmarks successful golf courses achieve was completed. (Section 8)
3. An analysis of the facilities and maintenance, including deferred capital expenditures, staffing levels, and equipment, was accomplished. We examined the necessary capital investment required to operate the golf course satisfactorily. (Section 9)
4. A comprehensive operational review was undertaken to examine policies and procedures that impact on the customer's experience and the operational and financial performance of the golf course. As measured by the experience provided, the value created determines if the dues and guest green fee rates are correctly set. (Section 10)
5. A proprietary, 33-question electronic survey of your golfers and area residents was conducted to measure many things, including customer loyalty. (Section 11)

Phase 3 – Financial Projections

1. The best management model for the Town to implement after the golf course renovation was considered (Section 12).

2. An annual budget with five-year cash flow projections and operational and capital recommendations is developed as a “proof of concept” that the capital investment recommended can be repaid through fee adjustments and expense monitoring. (Section 13)

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Section 3 - A National Perspective

A Snapshot of the Golf Industry

Golf is a \$102 billion industry, 20% larger than in 2016.

Thirteen thousand nine hundred sixty-three facilities offer 15,963 golf courses in the United States. There are 45.0 million golfers (off and on the course), of whom 17.6 million are seriously committed to the game. On-course golfers represent 26.6 million. 74% of golfers are male. The average age of a golfer is 43.5, with a household income of \$103,464 as of 2023.

The 531 million rounds played in 2023 represent a 17.0% increase from 2019. During the past three years, play among youth, people of color, and females has increased by 40%, 27%, and 25%, respectively.² Demand shows no immediate signs of weakening with the understanding that golf is a weather-dependent sport.

The average estimated playing fee for 18 holes at public courses, when not incorporating discounts, has increased to \$43 (18%) since 2019, when the average cost was \$36.50.³ Golf courses since 2023 achieved 69% utilization of capacity.⁴ It should be noted that the fee to play the Shennecossett Golf Course during prime time is \$50 for Groton residents, active and retired military personnel and dependents, Town of Groton employees, and guests of annual pass holders. The regular green fee rate is \$55, with a cart fee per rider of \$20. An estimated 37,813 rounds were played in the fiscal year ending June 30, 2024, representing course utilization of 58.62% of capacity.

Spurred by the Pandemic, the popularity of golf entertainment has expanded dramatically across the nation from three entertainment centers in 2006 to 80 entertainment centers in 2022. There are over 500 businesses with golf simulators. The presence of amusement centers, i.e., Top Golf, Drive Shack, Big Shot, and Top Tracer, attracted around 27.9 million people in 2022. Top Tracer alone is installed at over 280 green grass facilities, which has seen range revenues soar. Off-course golf options now attract more individuals than on-course.

Off-course options have created an environment that makes people want to play, provides a more approachable way for them to learn the game, provides the excitement of a good shot,

² National Golf Foundation, "2024 Golf Participation in the United States," pg. 3

³ National Golf Foundation, "2024 Graffis Report," pg. 8

⁴ Golf Inc., "Will We Hit 520 million in 2023," (November/December 2023), Pg 11.

and provides a sense of the requirements to play traditional golf. Thus, societal values are now changing.

Golf has long been viewed as the most elite, expensive, and most time-consuming sport, as noted by Thorstein Veblen in his book, *"The Theory of the Leisure Class,"* in which he challenges some of society's most cherished standards of behavior and exposes the hollowness of many of our canons of taste, education, dress, and culture. His work suggests that when it comes to socially desirable goods, there is far more room for price elasticity than conventional economics assumes. That in fact, price hikes do not suppress demand for goods and services but enhance their perceived value.

There is now a brand revitalization regarding golf. The off-course audience continues to grow at a high rate. The off-course alternatives have given consumers' confidence that golf while challenging, can also be fun, entertaining, and exciting. As a result, the game is becoming more popular, fashionable, diverse, and approachable.

The Quality of Life: Golf Course - Recreation for a Lifetime

One of every seven Groton residents play golf, a lifestyle choice.

Golf contributes more to charities nationwide than the NFL, NBA, MLB, and NHL combined. Shennecossett Golf Course hosts over 50 women's and men's league events, tournaments and outings that benefit various charities and organizations within the Town. The September United Way event generated over \$1 million for Charity.

Individuals are attracted to the game for many reasons:

- **Accessibility:** Golf is inclusive and suitable for people of all ages and skill levels. Many courses offer programs and clinics for beginners, making it easy for newcomers to learn the game.
- **Challenge:** Golf is a sport that requires both physical and mental skills. Mastering it can be a rewarding challenge. Players enjoy the feeling of accomplishment that comes with improving their game.
- **Competition:** Whether individual or team-based, competitive golf adds excitement and motivation for players.

- **Competitive Spirit:** Golf can be played competitively against other players or oneself. Many people thrive on the challenge of improving their scores and competing with others.
- **Enjoyment of the Outdoors:** Golf is typically played on a beautiful, well-maintained course that allows players to enjoy the great outdoors. The lush greens, trees, and water features create a calming and relaxing environment.
- **Exercise:** A typical round of golf involves walking several miles, providing moderate exercise. It's a great way to stay active while enjoying the outdoors.
- **Mental Focus:** Golf demands intense mental focus and concentration. Analyzing shots and making strategic decisions add to the appeal of many players.
- **Personal Achievement:** Golf allows individuals to set personal goals and work towards achieving them. Whether improving their score, hitting a specific shot, or playing on a particular course, the feeling of personal achievement is rewarding.
- **Relaxation:** For some, golf is a way to relax and unwind. The slow pace of the game, combined with beautiful scenery, provides an escape from everyday stress.
- **Socialization:** Golf is often played in groups, allowing socialization and bonding with friends or business colleagues.
- **Skill Development:** Golf hones various skills, including physical balance, coordination, focus, and concentration. The process of developing and refining these skills can be satisfying.
- **Time Outdoors:** Playing golf allows individuals to spend a few hours outside in the fresh air, away from the stresses of daily life. It's a chance to unplug from technology and appreciate natural surroundings.
- **Tradition:** Golf has a rich history and unique culture, appealing to those who appreciate tradition. From dress codes to on-course etiquette, golf enthusiasts find its heritage captivating.
- **Travel:** Golf courses exist worldwide, making it a popular activity for travelers. Playing on a new course in a different location offers a unique and exciting experience. Visitors to the Town of Groton frequently play golf at

Shennecossett Golf Course, instilling within them an impression of the quality of our lives.

Golf is an integral part of the social fabric of the Town of Groton.

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Section 4 – A Town Governmental Perspective

Trickle Down

Groton is a vibrant Town. The financial position is strong as reflected in the FY 2023 Annual Consolidated Financial Report reflected in the following for the consolidated governmental and enterprise (proprietary business) funds:

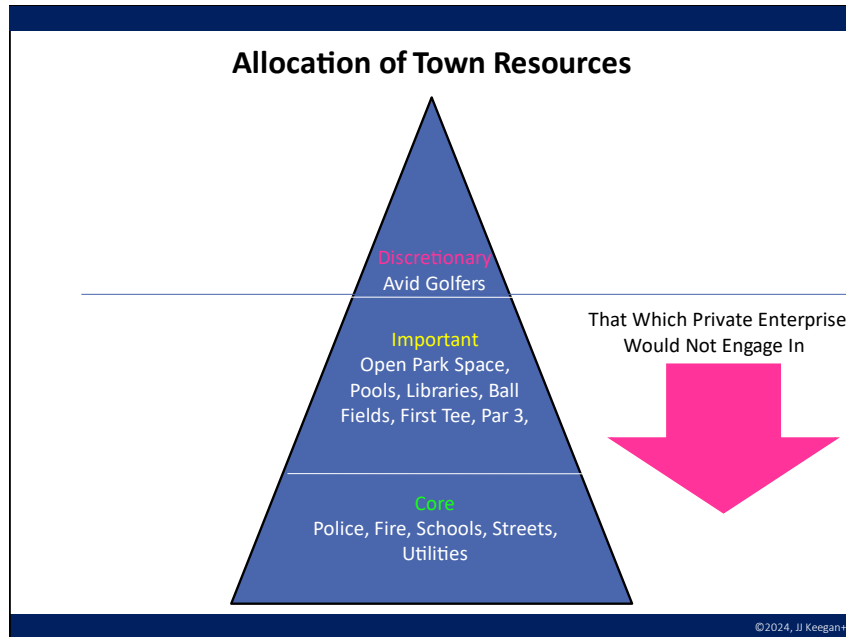
Category	Amount
Assets	\$439,291
Net Position (Net Worth)	232,339
Revenue	188,564
Expenses	\$190,290

Note: Stated in Millions

Principal Revenues	Amount
Property Taxes	\$100,748
Grant and Contributions	64,812
Charge for Services	14,276

Principal Expenses	Amount
Education	117,683
Safety	19,499
Public Works	14,595
General Government Services	11,897
Sewer	6,966
Health and Human Services	4,677

The question that the Town Council faces perpetually is how to best allocate resources by minimizing taxes to maintain a high quality of life standards for its residents.



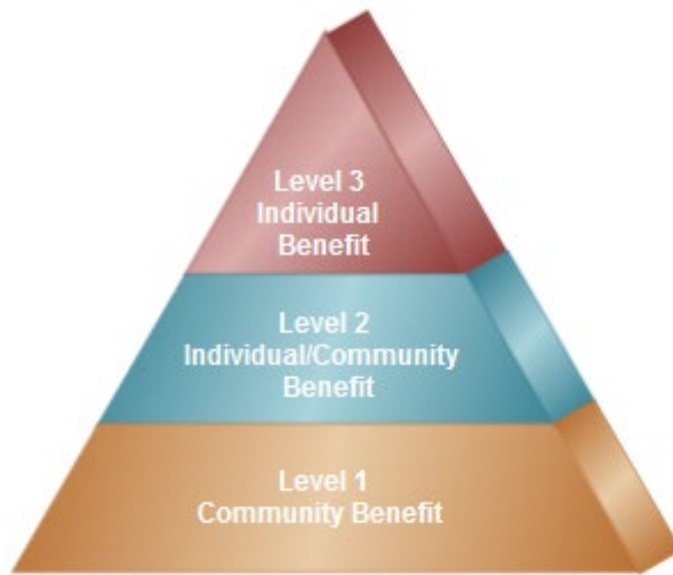
The government generally engages in activities that private enterprises do not. That poses the following questions:

- "How much should a Town invest in an asset that competes against private businesses, i.e., a golf course?
- Do you invest or subsidize an asset to provide affordable, value-based recreation for new entrants to the game and citizens with limited financial resources?
- How do you measure the intangible value of providing recreational amenities to enhance residents' quality of life?

The Town's Administration ultimately decides on this question based on the Town's leadership input.

The Park and Recreation Department's foundation is built on four community service pillars: Health & Wellness, Social Equity, Conservation, and Economic Activity. Their Strategic Plan guides their mission to build up Groton as a Happy, Healthy, and Connected Community. Strategic Plan objectives include accessing and identifying barriers that limit opportunity, creating age-friendly community spaces, and adopting practices for recycling and zero waste. Their budget for FY 2025 is \$2.46 million, of which \$2,127 is spent on personal services.

Regarding the services by the Parks and Recreation Department, a version of a three-level cost recovery model is often used, as highlighted below:



It is essential to understand the allocation of resources from the Town's General Fund of Park and Recreation to provide a quality of life and, to some extent, financial underwriting for residents. Illustrated below are these priorities:

- **LEVEL 1 – COMMUNITY BENEFITS**

- Parks
- Playgrounds
- Splash Pads
- Trails
- Greenways
- Free Special Events
- After-School Program
- Outreach Programs (Free or \$)
- Programs at Rec Centers (Free or \$)

- **LEVEL 2 – INDIVIDUAL/COMMUNITY BENEFIT**

- Summer Camp
- Learn to Swim Lessons
- Youth sports fees
- Rec Center Programs with small fees
- Transportation Fees for Senior Programs
- Monitored facility use (pools, tennis)
- Programs in the Park partners
- Fee-based Special Events

- **LEVEL 3 – INDIVIDUAL BENEFIT**

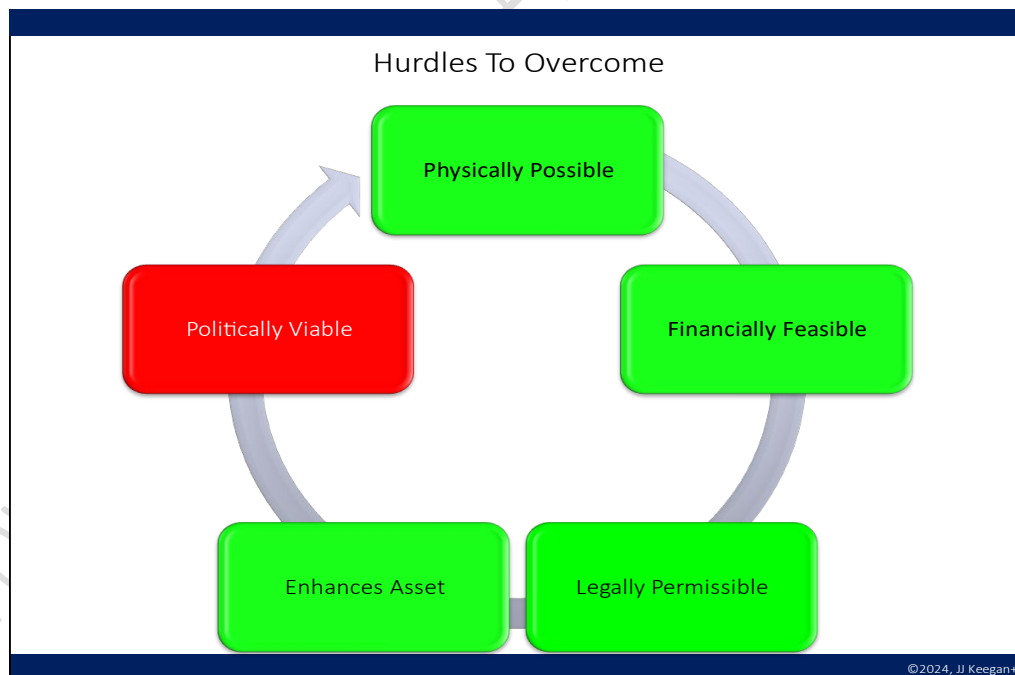
- Golf
- Adult sports league fees
- Concessions
- Rentals (Shelter, building, field, pool)

Pending the direction of the Town Administration to the contrary, the Community Service Model regarding individual benefits defines the fees for those activities.

Thus, this model suggests that the rates at the golf course be set to recognize the individual benefit the participant receives and should be established to be self-sustaining.

Five Hurdles

Can the Town Council adopt this benchmark when implementing components of this Financial Master Plan? Finding the best solution for a municipal asset must contain five elements:



The highest hurdle is often the political viability of a solution. The Town Administration and Council must ultimately define the golf course's vision and future.

Should the Town Council not adjust rates from the current \$50 per 18 holes or \$1,605 for an unlimited annual pass, the golf course will continue to require subsidy exceeding \$300,000 annually from the General Fund to support the deferred capital investment exceeding \$7 million that will only grow.

As importantly, the proactive leadership of the Town Council today will affirm its vision and mission to provide excellence in operational services to its constituents while demonstrating financial prudence.

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Section 5 – Demographics

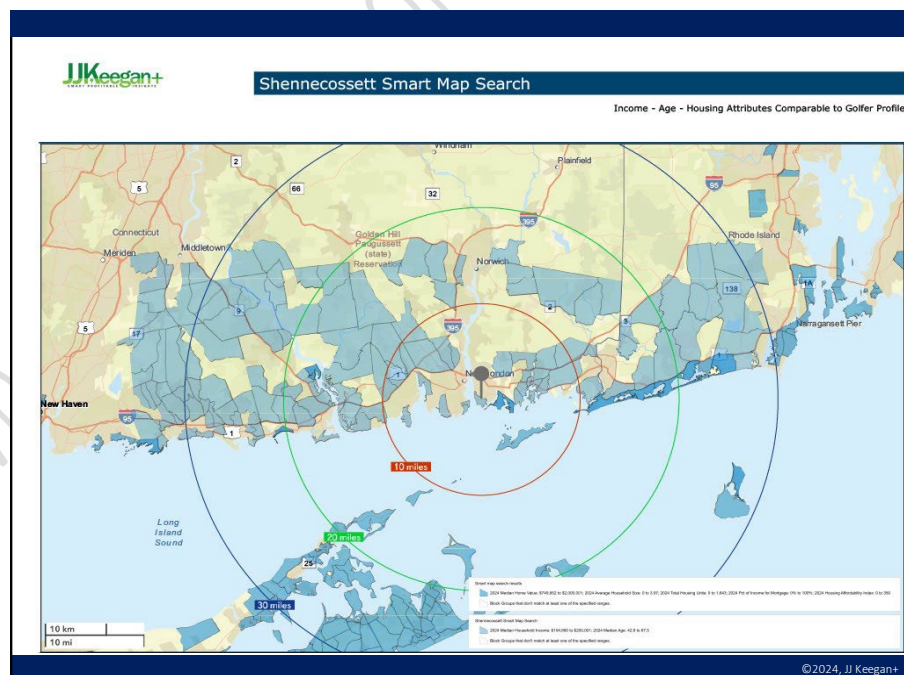
Who's Who

Every business's success is founded on understanding the demographics of the local market to ensure that the product/service being offered is consistent with the population's lifestyle modes. For a business, the local population is an “uncontrollable” factor that dramatically influences its potential for financial success.

In determining the viability of a golf course, it is essential to know that the average age of a golfer in the United States is 43.5, and the household income was \$103,464 as of 2023.

What segment of the Groton population would match that profile?

Below is a map that reflects the Groton metroplex by block group. The blue boxes represent **block groups** where residents live with a favorable predisposition to play golf. In those segments, the median age is >42.8, the median household is >\$104,000, and the house value exceeds \$750,000.



Note: The Red/Green/Blue Marking represents the 10/20/30 mile radius from Shennecossett Golf Course

This map shows where individuals are likely to possess the demographic profile consistent with a golfer living within 30 miles of the Shennecossett golf course. In a golf community survey undertaken while developing this Financial Master Plan, respondents indicated their average age was 54.8, and their median income was \$125 553.

Interestingly, the Shennecossett golf course, along the shore's edge, is centrally located to significant wealth in Connecticut and Rhode Island. In creating a financial master plan to achieve economic self-sufficiency, residents have the disposable income to pay fair market value for golf.

Functionally, the market on which the Shennecossett Golf Course will likely attract golfers is within a 30-mile radius. In viewing the demographics of that market in the aggregate, the median household income, median net worth, and average home values are above national averages.

Site	10 Miles	20 Miles	30 Miles	Connecticut	Rhode Island	USA
2024 Total Population	133,476	297,922	559,105	3,626,005	1,102,490	338,440,954
2024 Median Age	41.6	44.2	44.8	41.5	41.1	39.3
2024 Median Household Income	\$82,714	\$85,938	\$94,284	\$94,033	\$86,261	\$79,068
2024 Median Net Worth	\$256,317	\$306,503	\$405,629	\$330,174	\$243,428	\$225,545
2024 Average Home Value	\$436,833	\$472,242	\$553,664	\$493,696	\$497,357	\$459,105

Source: ESRI, 2024

It is always interesting to compare the local market to State and National averages. Groton's residents are older and have higher median household incomes and net worth, supporting the position that residents have disposable income available for recreational activities like golf.

Beyond the population's size, income, and net worth, residents' race and ethnicity also significantly affect their desired golf course experience.

Note that race and ethnicity are often used interchangeably but have distinct meanings. ChatGPT 4 states, "Race is associated with physical traits, such as skin color, bone structure, and other biogenic features. Ethnicity is related to cultural identity, linguistic heritage, nationality, tribal affiliations, and regional culture. Shown below are the numbers:

Site	10 Miles	20 Miles	30Miles	Connecticut	Rhode Island	USA
2024 Diversity Index	61.5	54.3	51.1	68.7	64.0	72.5
1 Race	90.62%	91.37%	91.89%	90.27%	90.30%	87.93%
1 Race: White	72.31%	76.45%	79.29%	66.05%	71.01%	60.36%
1 Race: Black/African American	7.05%	5.42%	3.76%	10.72%	5.64%	12.15%
1 Race: American Indian/Alaska Native	0.91%	0.89%	0.75%	0.44%	0.67%	1.10%
1 Race: Asian	4.13%	3.87%	2.98%	4.76%	3.53%	5.88%
1 Race: Pacific Islander	0.10%	0.09%	0.06%	0.04%	0.05%	0.20%
1 Race: Other Race	6.11%	4.65%	5.05%	8.25%	9.40%	8.25%
2 or More Races	9.44%	8.53%	7.94%	9.18%	9.23%	10.00%
Hispanic Population	13.92%	10.93%	11.08%	17.19%	16.52%	18.34%

Note: The Percentage of Race are based on the 2020 Census

Source: ESRI, 2024.

Groton is far less racially and ethnically diverse than the United States. According to the National Golf Foundation, participation by people of color has grown 23% over the past decade.⁵

A third set of statistics provides further insights.

Site	10 Miles	20 Miles	30Miles	Connecticut	Rhode Island	USA
2024 Participated in Golf Last 12 Mo	7.40%	7.65%	7.96%	7.00%	6.93%	6.34%
2024 Watch PGA Golf on TV/Online	11.96%	12.40%	12.70%	11.07%	11.00%	9.82%
2024 Fees for Participant Sports Excluding Trips	\$57.90	\$61.86	\$66.79	\$65.03	\$57.57	\$51.50
2024 Fees for Recreational Lessons	\$72.69	\$76.72	\$83.66	\$84.02	\$76.36	\$66.62
2024 Sports/Rec/Exercise Equipment	\$128.24	\$135.33	\$143.69	\$139.08	\$125.67	\$117.90

Note: Fees spent are per individual with the defined site radius.

Source: ESRI, 2024

The above chart indicates that residents within 30 minutes of Shennecossett Golf Course are more interested in golf than residents of the United States, as measured by participation. More people watch golf on TV and spend more on recreational lessons and sports equipment.

⁵ National Golf Foundation, "2024 Graffis Report," Pg 8.

What are Groton’s citizens favorite pastimes? According to the Sports and Leisure Market Potential Report prepared by ESRI, Groton residents' recreational interests are concentrated in activities, as shown below.⁶

Category		Groton Residents
College Basketball	Watch	118
Pickleball	Participate	115
Horse Racing	Watch	115
Watch NHL Hockey	Watch	114
Play Golf	Participate	112
Yoga	Participate	112
Canoeing/Kayaking	Participate	112

Note that the number compares Groton’s residents' interests to those of United States residents based on a benchmark of 100. Thus, Groton has 18% more people who watch college basketball and 12% more who play golf.

Thus, from a “macro” viewpoint, it would be safe to conclude that the Town of Groton is a strong market for golf. A capital investment expended at the Shennecossett Golf Course will likely generate a sufficient return on investment if the green fee and annual passes prices are established at a tier that matches the experience provided.

That raises the question of whether Shennecossett Golf Course's current experience is consistent with residents' desired experience.

The Predictive Index

For a golf course to be economically successful, it must possess one of two criteria:

- 1) It must be of sufficient championship caliber, i.e., Bethpage, Crandon Park, Harding Park, and Torrey Pines, to attract tourists beyond a 10-mile radius who are willing to pay a high green fee to play the nationally acclaimed courses or
- 2) It should provide an experience that matches the attitudinal behavior of residents within the 30-mile radius.

⁶ ESRI, “Sports and Leisure Potential Report,” Pg 1.

The Experian Mosaic profile is a consumer lifestyle segmentation system that classifies households and neighborhoods into distinct groups and types. Most golfers are classified into the following categories: sophisticated singles, bourgeois prosperity, career and family, or comfortable retirement. For the Town of Groton, the chart below highlights the distribution of the population among these categories:

Shennecossett GC			4.02%
10 Miles	Population	Distribution by Behavior Category	Compared to US Population
Sophisticated Singles	1,824	1.33%	-1.47%
Bourgeois Prosperity	23,286	16.99%	1.19%
Career and Family	11,779	8.59%	-4.71%
Comfortable Retirement	24,690	18.01%	9.01%
Routine Service Workers	22,421	16.36%	-0.84%
Hard Working Blue Collar	13,632	9.94%	-0.96%
Metropolitan Strugglers	25,416	18.54%	2.24%
Low-Income Elders	4,881	3.56%	0.86%
Post Industrial Survivors	8,545	6.23%	-0.27%
Rural Inheritance	607	0.44%	-5.16%
Total	137,082	100.00%	

What is stunning is that the Town of Groton has 18% of the population in the category comfortable retired. This is one of the ideal classifications in which a golf course will prosper

The Predictive Index, developed tested by our firm, compares the attitudinal behavior of residents, i.e., the experience they seek measured against the slope rating of a golf course, which indicates its difficulty. Shown below is the Predictive Index calculation matching the pre-deposition of Groton residents to the golf experience they are seeking:

Shennecossett Golf Course	Slope Rating								
MOSAIC Profile	110 - 114	115 - 119	120 - 124	125 - 129	130 - 134	135 - 139	140 - 144	145 - 149	150 or >
>45	0	0	2	3	4	5	5	5	5
40	0	0	2	3	4	5	5	5	5
35	0	1	3	4	5	4	4	4	4
30	0	1	3	4	5	4	4	3	3
25	1	2	4	5	4	3	3	3	2
20	1	2	5	4	4	3	2	2	1
15	2	3	5	4	3	2	2	1	0
10	2	3	4	3	3	2	1	0	0
5	3	4	4	2	2	1	0	0	0
0	3	White/Green	Blue - Blue/White- White	2	1	1	0	0	0
-5	3	4	3	1	1	0	0	0	0
-10	4	5	3	1	0	0	0	0	0
-15	4	4	2	0	0	0	0	0	0
-20	4	4	2	0	0	0	0	0	0
-25	5	4	1	0	0	0	0	0	0
-30	5	4	1	0	0	0	0	0	0
< -35	5	4	0	0	0	0	0	0	0

©2024, JJ Keegan+

Note 1: The rating schedule measures the probability that the golf course experience matches that desired by residents on a 6-point scale: 0 = little chance, 3 = fair, 5 = Excellent.

Note 2: The Slope rating measures the difficulty of a golf course. New entrants and recreational golfers seek to play golf courses that match their abilities.

Note 3: The MOSAIC profile is a customer segmentation model designed by Experian. It is a cross-channel consumer classification system that reflects the attitudinal behavior of individuals.

Note 4: The cost of a round of golf includes the green fee and cart and can also be measured by the number of golf balls lost. Hence, new entrants to the game and recreational golfers seek a gentler and more forgiving course.

This analysis indicates that Groton residents, in general, are seeking a golf course that is based on the experience Shennecossett provides.

Demand vs. Supply

There are multiple methods to measure demand vs. supply: 1) the number of **people per golf course**, 2) the number of **people per golf facility**, 3) the number of **golfers per golf facility**, or 4) the number of **golfers per course**.

Demand to play in the Town of Groton exceeds supply when measured by the number of people per course or per facility shown here:

Demand for golf exceeds supply based on the population, as illustrated here:

Entity	United States	Groton – 10 Mile Radius	Connecticut	Rhode Island
Population	337,470,185	133,476	3,626,205	1,093,734
Golf Courses	15,945	5	191	57
Golf Facilities	13,946	5	170	56
People Per Course	21,165	26,695	18,985	19,188
People Per Facility	24,198	26,695	21,331	19,531

Note 1: The Town of Groton's golf course population is based on a 10-mile radius of the facility provided by ESRI's ArcGIS Online.

Note 2: The National Golf Foundation provided the number of golf courses in the United States, Connecticut and Rhode Island.

Note 3: Apparation provided the number of golf courses for the Town of Groton based on a 10-mile, 20-mile radius from the facility.

Note 4: Courses measured based on 18-hole equivalents.

Interestingly, both Connecticut and Rhode Island have a surplus of golf courses.

Shown below are various facts regarding the Town of Groton's golf course that support the conclusion that demand exceeds supply for this public golf course within a 10-mile radius of the golf course:

Demand	Shennecossett	U.S. Per Course - 2023
Year Course Opened	1898	N/A
Predictive Index Score (44 Variables) out of 14,631 Facilities	2,346	N/A
Green Fee 18 Holes with Cart-Prime Time	\$55	\$51
Golfers (Reported)	11,794	26,600,000
Rounds Played	250,324	510,000,000
Rounds Played Per Golfer	20.62	19.17
Golf Participation	15.90%	8.03%
Golfers Per Number of Courses	2,359	1,668
Green Fee Carts/18 - Total Spending Per 18 Holes Within 10 Miles	\$2,241,246	\$1,416,063
Annual Spending	1,140	849
Cost Per Round	\$53.72	\$44.27

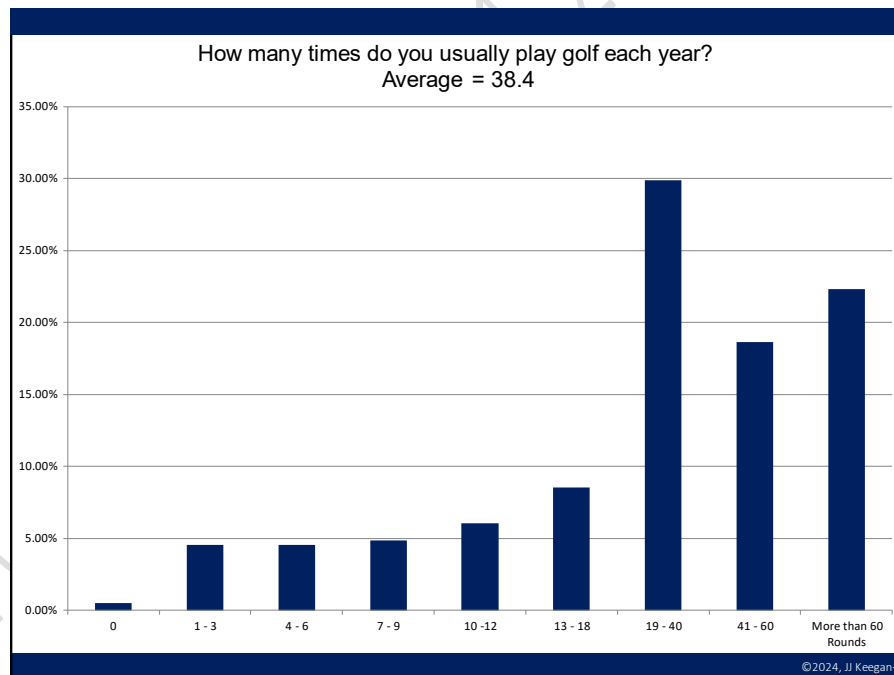
Note the cost per round at Shennecossett <\$40.

Thoughts for Consideration

While the amount of data presented can be daunting and overwhelming, and some statistics can seem contradictory, it is only by examining the breadth and depth of data that some summary observations can be made.

For the golf market in the Town of Groton and explicitly concerning the Shennecossett Golf Course, the following conclusions can be drawn:

- 1) Demand exceeds supply.
- 2) The average golf player has about 20 rounds per year. Of those who responded to individuals to a community survey in conjunction with this engagement, 767 indicated that they average 38 rounds per year:



Note: The survey response generated a 99% confidence level with a 5% margin of error based on the number of individuals who play golf in Groton.

- 3) Currently, golfers spend about \$2,241,246 per 18 holes for public golf within a 10-mile radius of Shennecossett. Of the six golf courses within the 10-mile radius, two are private clubs, and two are 9-hole par 3 venues. It is estimated that the revenue potential for the Shennecossett Golf Course might exceed \$3 million in

annual revenue when considering the impact of tourists on the Town of this famed New England destination.

- 4) Residents' income levels are above the national median, creating an opportunity to increase rates. Capital investment made to sustain the golf course will likely generate substantial incremental revenue, and the Town's General Fund will only have to financially support the golf course if the proper rate structure is established, and the golf course tee sheet is efficiently managed through the introduction of contemporary golf management software.

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Section 6 – Weather

A Golf Playable Day

The most significant uncontrollable factor in the operation of a golf course is weather. There is a joke in the golf industry that when financial performance is positive, it is because of superior management. When economic performance is poor, it is because of the weather.

The number of golf playable days is directly correlated to the revenue potential of a golf course. A golf playable day is defined as a day where the maximum temperature is above 48 degrees and below 98 degrees Fahrenheit, precipitation is less than 0.25 inches of rainfall, and wind speed is less than 19 miles per hour.

While one can debate the definition of a golf playable day based on the locale of the golf course, using a standard benchmark provides consistency in analyzing the financial performance of golf courses within the United States. These numbers can be used to compare “good” years with “not good” years. Monthly values can help the owner determine when to have the most staff and plan for the most rounds.

Over the past decade, Shennecossett Golf Course has averaged 246 playable golf days per year, representing 66% of the possible days to play in the calendar year, as shown below.

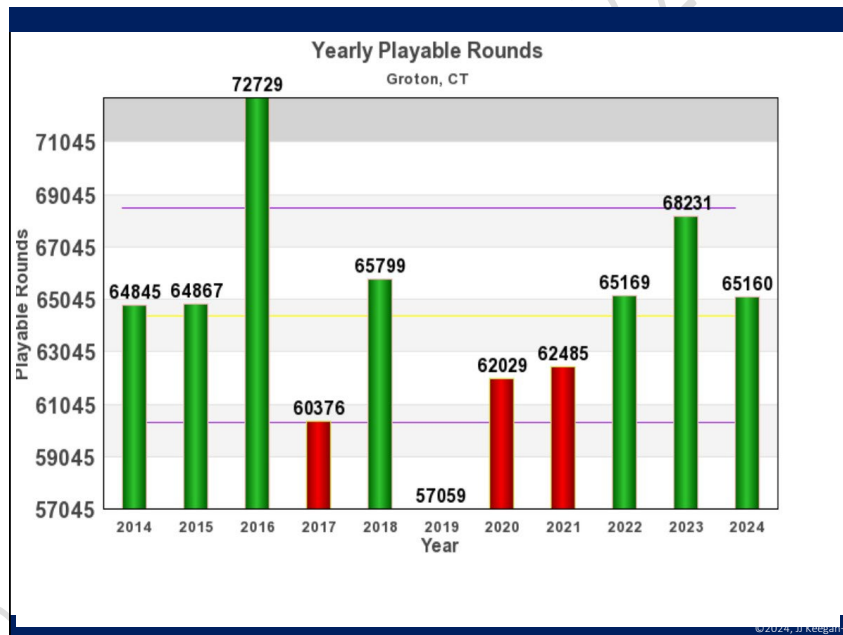


The number of playable days impacts the number of full-time employees required within the golf shop. While the maintenance department should average 15,000 man hours a year, the golf shop's requirements are less, such that three or fewer full-time employees are necessary, with the remaining staff retained as seasonal employees.

Course Utilization

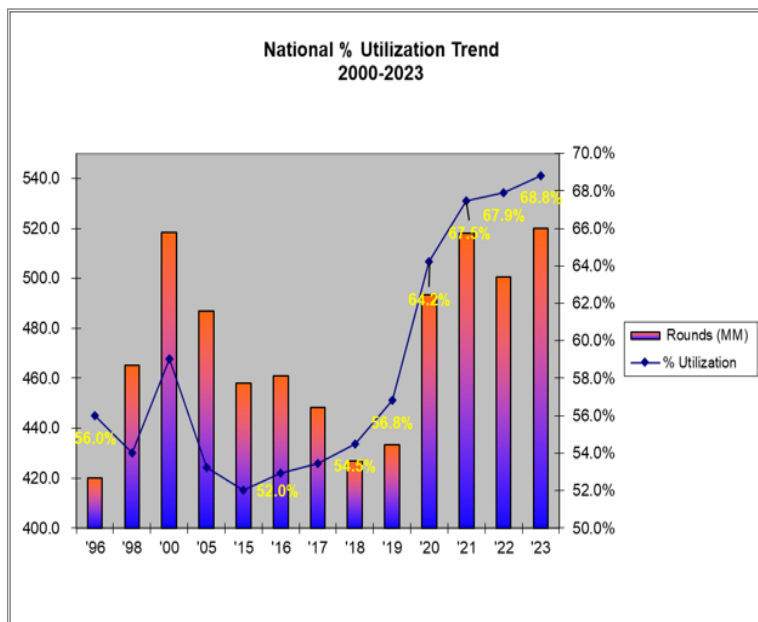
Another benchmark in determining golf's financial potential is the utilization of the golf course in comparison to the number of rounds that can be played.

The theoretical capacity of rounds being played at Shennecossett Golf Course per 18 holes is shown here:



Thus, as an 18-hole complex, Shennecossett Golf Course could accommodate a maximum of 64,500 per year. This metric is calculated by weighting temperature and precipitation values by the number of rounds possible daily. This metric assumes 8 minutes between foursomes, and rounds start being played 1 hour after sunrise and stop playing 3 hours before sunset.

Interestingly, of the 73,397 tee times reserved, illustrated below, only 37,813 rounds were played, representing a utilization of 58.3% (64,500/37813). Nationally, the utilization of golf courses in 2022 and 2023 was near 70%, as shown here.⁷:



With golf courses currently at 68.8% capacity nationally, Shennecossett Golf Course is far below the national benchmark. If Shennecossett were to match the national utilization rate of 68.8%, the dramatic financial impact is shown here:

Description	Amount
National Utilization Rate	68.8%
Shennecossett Utilization Rate	58.3%
Utilization Differential	10.5%
Course Capacity	64,500
Incremental Rounds Played	6,725
Average Round Per Round	\$45.77
Supplemental Revenue	\$307,823

Why is the utilization at Shennecossett operation 365 days per year despite having only 242 defined playable days?

One might speculate that it is because of how the tee sheet is managed. The 73,397 tee times reserved were booked as follows:

⁷ Golf Inc., *Will We Hit 520 million in 2023?* (November/December 2023), Pg 11.

	Member Rounds	% of Rounds	Guest Rounds	% of Rounds	Total	% of Rounds
Daily Fee Adult	8,154	22.54%	20,188	54.23%	28,342	38.61%
Resident Adult	21,204	58.62%	3,855	10.36%	25,059	34.14%
Non-Resident Limited Sr.	2,343	6.48%	4,216	11.33%	6,559	8.94%
Non-Resident Adult	1,310	3.62%	3,373	9.06%	4,683	6.38%
Limited Senior	956	2.64%	1,889	5.07%	2,845	3.88%
Resident Associate	238	0.66%	525	1.41%	763	1.04%
Non-Resident Limited Adult	251	0.69%	509	1.37%	760	1.04%
Limited Youth	239	0.66%	408	1.10%	647	0.88%
Non-Resident Res Assoc Plus	189	0.52%	373	1.00%	562	0.77%
Ltd. Adult	165	0.46%	385	1.03%	550	0.75%
Resident Assoc. Plus	137	0.38%	311	0.84%	448	0.61%
Resident Family Add	156	0.43%	242	0.65%	398	0.54%
Non-Resident Limited Fam Add	154	0.43%	206	0.55%	360	0.49%
Non-Resident Res Associate	92	0.25%	171	0.46%	263	0.36%
Non-Resident Limited Family	117	0.32%	143	0.38%	260	0.35%
Resident Family	101	0.28%	146	0.39%	247	0.34%
Limited Family	111	0.31%	77	0.21%	188	0.26%
Non-Resident Limited Youth	62	0.17%	103	0.28%	165	0.22%
Non-Resident Family	60	0.17%	61	0.16%	121	0.16%
Limited Family Add	90	0.25%	8	0.02%	98	0.13%
Non-Resident Family Add	44	0.12%	35	0.09%	79	0.11%
	36,173		37,224		73,397	

Source: Chelsea Golf Management Software Reservation Report, 7 1 2023 6 30 2024

It should be noted that the report represents reservations booked in advance of play may not accurately reflect the adjustments made in the Chelsea POS system on the date of play. This report reflects 73,397 advance tee time reservations, contrasted to 37,813 rounds reported as played. This report, if accurate—and it is subject to debate based on the quality and consciousness of the data input by the golf staff—reveals the possible unnecessary dissipation of revenue.

- The Public is accorded the member rate on 8,154 rounds, in which they receive a \$5 discount per round, potentially costing the Town \$40,770 in lost revenue.
- There is no penalty for a golfer making a reservation and failing to show. Municipal golf courses today are becoming stringent in accepting reservations secured by a

credit card and providing a 24-hour advance cancellation without penalty. One golf course, Common Ground, operated by the non-profit Colorado Golf Association, requires prepaying the entire tee time when making a reservation. Annual pass holders frequently book and fail to show up for their tee time if there is no financial consequence.

It is speculated that the lack of no-show policy is resulting in a loss of revenue exceeding \$100,000 annually.

Another Chelsea report, the legacy management software utilized by the Town of Groton, shows potentially the source of the leak beyond reservations and actual rounds played.

Member Number	Description	Category	Rounds Reserved
999999	WALK-ON	Resident Adult	19,820
2377	CLOSED	Daily Fee Adult	646
4000	LEAGUE EB	Daily Fee Adult	620
3000	STARTER	Daily Fee Adult	434
1163	Golfer Name Withheld	Limited Senior	318
8000	OUTING	Resident Adult	246
5000	BACK NINE LEAGUE	Daily Fee Adult	232
1003	Golfer Name Withheld	Resident Adult	231
6000	LADIES DAY	Daily Fee Adult	189
1127	Golfer Name Withheld	NonRes Limited Sr.	178
1050	MENS CLUB	Resident Adult	168
2202	Golfer Name Withheld	NonRes Adult	159
1000	Golfer Name Withheld	Resident Adult	148
1064	Golfer Name Withheld	NonRes Limited Sr.	131
1150	Golfer Name Withheld	Limited Senior	112
2787	Golfer Name Withheld	NonRes Limited Sr.	107
2812	Golfer Name Withheld	NonRes Assoc Plus	106

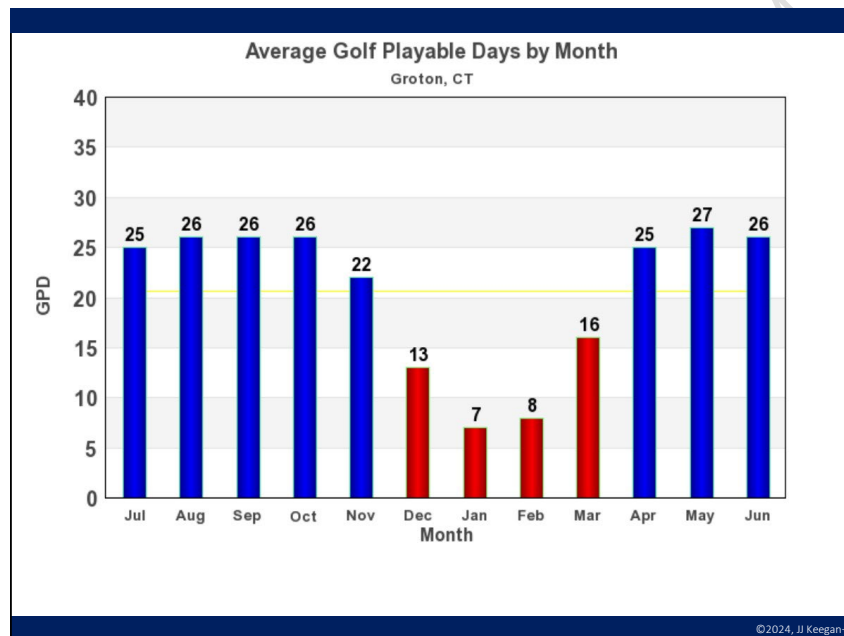
Source: Chelsea Golf Management Software Rounds Played Greater Than 0 Report, 7 1 2024 6 30 2024

This report indicates that nearly 20,000 rounds are blocked, precluding golfers from making an advanced reservation. If true, that would explain the complaint received about the inability to book a tee time and the statement heard that the tee sheet is full and the parking lot is empty.

A Shennecossett Tradition

Though Shennecossett has only 242 playable days, it remains open 364 days per year. It is one of the few courses in New England that remain year-round. The course's proximity to the coast insulates it from the harsh temperatures and frequent snows experienced in that region.

Presented below are the number of playable golf days per month:



That raises the question should the golf course be open from December 15 – February 28? For the FY 2024 fiscal year, rounds played are shown here:



For FY 2024, January and February generated only 3.81% of the annual revenue. A broader perspective examining three fiscal years reflects that green fee revenue averages \$22,244 per monthly, and annual pass sales average \$15,677 monthly.

Management, staff, and golfers oppose closing the closing in January – February, which, in our professional is opinion, should be closed and is appropriate for the following reasons:

- Capital construction projects, such as rebuilding cart paths, removing invasive trees, and building forward tees, can best be accomplished when the course is closed.
- Damage to the course from divots, particularly on par three holes, will not heal until the median daily temperatures exceeds 50 degrees.
- The collective bargaining agreement could be modified to provide maintenance paid time off as vacation days in exchange for the hours worked during the summer, incurring a supplement of overtime labor expenses of \$45,555.
- Provides the opportunity to undertake meaningful renovation of the clubhouse.
- Affords the possibility of upgrading the golf management software without inconveniencing the golfers or the staff.

Annual Passes

Understanding the number of playable golf days can help establish a fair and equitable fee for annual passes.

Over 75% of municipal golf passes offer varying “annual passes” that provide unlimited play. The most common annual passes are five-day (weekdays only) and seven-day passes. Senior citizens are often offered discounts on these passes.

Presented below is a calculation of how the Shennecossett Golf Course annual pass is excessively discounted:

	Unlimited Pass - Walking: National Benchmark	Resident 7 Day Pass Walking	Resident 5 Day Pass Walking
Transferable	No	Yes	Yes
Holes	18	18	18
Playable Days	260	242	173
Playing Frequency	32%	32%	32%
Rounds Played	83	77	55
Rate Rack	\$37.00	\$50.00	\$45.00
Frequency Discount	30%	30%	30%
Proper Annual Fee	2,155	2,150	1,744
Current Annual Fee		1,605	1,280
Annual passes Underpriced by		545	464
Percentage by Which Annual Passes Undervalued		34%	36%

Note 1: The national benchmarks are based on a survey by JJ Keegan+ in July 2019 regarding how golf courses calculated their pass rates based on the forecasted frequency of visits and the discount to accord.

Note 2: Based on a proposed green fee rate of \$70, the fair market value, using the formula above, would be \$3,773. This plan suggests a rate of \$2,800 be posted for 2025.

Currently, the Shennecossett Golf Course sells ~478 annual passes in 28 different categories. For FY2024, \$502,634 in revenue was generated with 15,907 rounds played

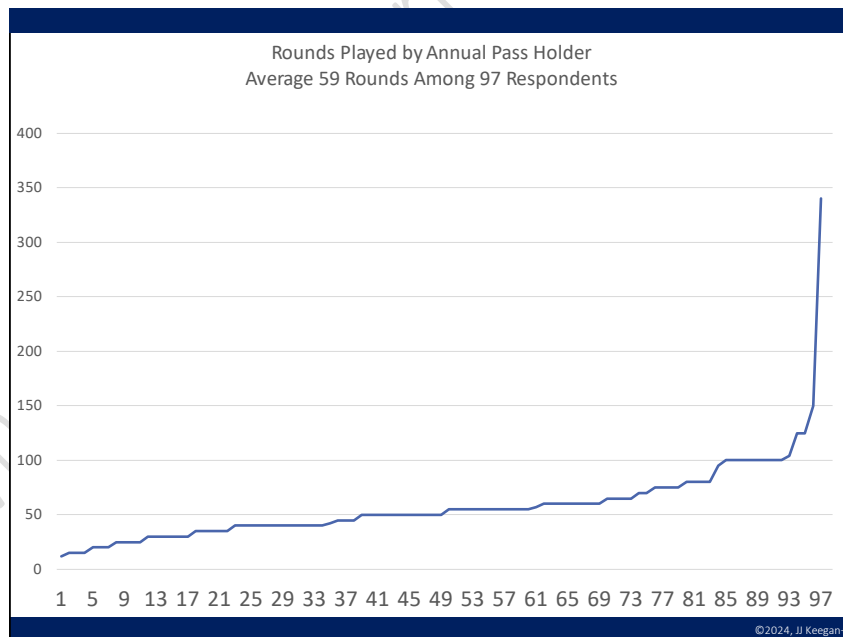
yielding revenue of \$31.60 per round contrasted green fee rates of \$45 and \$50 for weekdays and weekends, respectively representing a discount in excess of 30%.

One might also question whether it's appropriate to base the "breakpoint" on an annual pass based on 55 rounds for 5-day access and 77 rounds for 7-day access when the 478 pass holders only averaged 33 rounds (15,907/478).

That inconsistency reveals the flaw in offering annual passes and in establishing an appropriate price. Someone always loses when annual passes are issued: the golf course if the golfer excessively uses the pass beyond "breakpoint" or the golfer who buys the pass in anticipation of playing frequently during the year but doesn't.

Do you price the annual pass based on the "average" number of rounds that a golfer will play, or do you price the pass to prevent overuse by some and provide the less frequent golfer with an alternative to value-based golf?

Annual pass holders responded in the golfer survey that they average 59 rounds per year, shown below:



Twenty play more than 75 rounds per year, with one golfer indicating that they play 344 rounds per year at an average cost of \$4.72 per round. These golfers are taking advantage of the flexibility provided by the annual pass. Options considered were:

- Eliminating annual passes
- Capping annual passes at an equitable value for all golfers; when the cap was reached, the golfer would pay the prevailing rate.
- Raising the price of an annual pass to achieve a better revenue per round yield and introduce a loyalty card providing the following benefits:

Loyalty Card	Discount Provided	Rate
Bronze	10%	\$49
Silver	20%	\$299
Gold	30%	\$599

Under this new initiative, a golfer who purchases a loyalty card obtains the corresponding discount from the rate effective on the date and time they play. This program also allows those with limited financial resources to enjoy value-based golf.

Valuing annual passes at their fair market value, acknowledging the price increase is substantial, and with the introduction of loyalty cards, the practice is consistent with neighboring golf courses as illustrated here:

Course	Prime Time Rate	7 -Day Individual	7- Day Couple	7- Day Family	5-Day Individual	5-Day Couple	5-Day Family
Fairchild Wheeler	30						
Keney Park & Goodwin Park	Not Listed	2,100			1,650		
Sterling Farms	68						
Tashua Knolls	58						
Timberlin	47	1,600			400		
Triggs Memorial Golf Course	55						
Winton Berry	40	2,250	3,500	3,750	1,200	2,400	2,650

Where the box is grayed out, those programs are unavailable at those facilities. Instead, frequent player cards are sold to provide a discount. It is excellent practice to have customers pay each time they visit the golf course. In a perfect world, annual passes would not be offered at Shennecossett, but political reality requires them to be offered for at least the next couple of seasons.

In addition, rates will change to reflect the value the Town of Groton provides in its championship golf course. 2025 will be a year of transition from the sale of annual passes that

expire 12 months from date of purchase to December 31 to facilitate rate adjustments annually based on market conditions.

Thoughts for Consideration

The annual pass program is flawed for many reasons, including that it provides advanced access to tee time and blocks golfers who would otherwise pay the prime-time rate.

The most profitable municipal golf courses do not offer unlimited annual pass rates. They sell a loyalty card for \$49, \$299, or \$599 that provides discounts of 10%, 20%, or 30% on every round based on the prevailing rate on the date and time played. This program's advantage is that it prevents excessive abuse by golfers who play over 100 rounds, and more importantly, customers pay each time they visit the facility.

While existing annual pass holders are likely to oppose this loyalty program, it merits consideration.

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Section 7 – Technology

The Basic Data Set

The foundation of every successful golf course is a technology platform that seamlessly integrates the elements of all profit centers into a streamlined information and reporting system.

One of the most significant areas for improvement in Shennecossett Golf Course's operation is its use of the Chelsea POS/TTRS management system. The Chelsea system⁸ was a very popular option in the 1990s through New England. It uniquely features a “lottery” system in which tee times are equitably distributed over the season to all golfers. On October 22, 2018, the Company, which served less than 200 golf courses, was acquired by Northstar.⁹ Northstar’s primary focus is providing golf management software to private clubs.

The leading software vendors that service municipal golf courses include: Club Caddie¹⁰, Club Prophet¹¹, ForeUP¹², Lightspeed¹³, Tenfore Golf¹⁴ and Whoosh¹⁵.

In our professional opinion, the effectiveness of the software could be enhanced with greater engagement and proactive involvement from the pro shop staff.

The current software, unlikely to be updated as it appears to be a legacy product, possesses basic functionality for a municipal golf course operation. However, it is not being fully or properly utilized by the golf staff as a fundamental requirement that all golfers are required to check-in at the POS is not in place.

This policy facilitates learning:

⁸ [Home - Chelsea Reservations](#)

⁹ [NS Club Management Software 2022 | Award Winning Software - Northstar Club Management Software](#)

¹⁰ [Club Caddie: Premier Golf Course Management Software](#)

¹¹ [Golf Course Management Solutions | Club Prophet](#)

¹² [foreUP Login](#)

¹³ [Lightspeed fuels The Brande Group - Lightspeed](#)

¹⁴ [TenFore | Golf Software | Golf Course Management Software](#)

¹⁵ [Whoosh](#)

- How many rounds are played by each golfer, and what is their spending?
- How many reservations are made by online booking vs. phone for a calendar year?

The software only provides data for the last 30 days. From the scant data available, it appears that only 20% of tee times are being booked online. Most efficiently managed golf courses require all tee times to be booked online and accept reservations only on the day of labor. This policy has a great labor savings benefit.

For courses where tee times are difficult to obtain, management is installing Noteefy, which provides golfers with notice of tee time availability when all reservations are booked.¹⁶ Some notable municipal golf course clients include:

- **Heron Glen Golf Course** in Ringoes, New Jersey
- **Chambers Bay Golf Course** in Washington

Additionally, Noteefy is used by several top operators such as KemperSports, Landscapes Golf Management, TPC, Bobby Jones, and Touchstone4.

- How many rounds by rate category are booked by the time of day, day of week, and time of year?

Golf course personnel need this essential data to manage the golf course effectively.

Today's leading golf management software companies can provide an integrated solution that captures the essential data of business operation, provides customer relationship tools, and enhances the golfer's experience through online reservations. These systems include the following modules:

- Point of Sale
- Food and Beverage
- Customer/Membership Management
- Marketing
- Merchandise

¹⁶ Noteefy is the easiest way to make sure your tee sheet stays full and your golfers keep coming back

- Pricing Revenue Streams
- Range
- Tournaments Scheduling and Contract Documentation
- Website

The insights and perspectives generated from these systems are essential to managing a golf facility effectively, and the following reports are included.

Customer Analysis

- 1) Customer Distribution: stratifies golfers into ten segments by number and spending.
- 2) Demographics: age, income, and ethnicity of customers
- 3) Customer Retention: core, new, and lost customers
- 4) Spending by Class: SKU generates the highest yield per transaction.
- 5) Spending by Individual: the best customers by frequency and spending
- 6) Zip Code Analysis: residential and business location of customers.

Facility Analysis

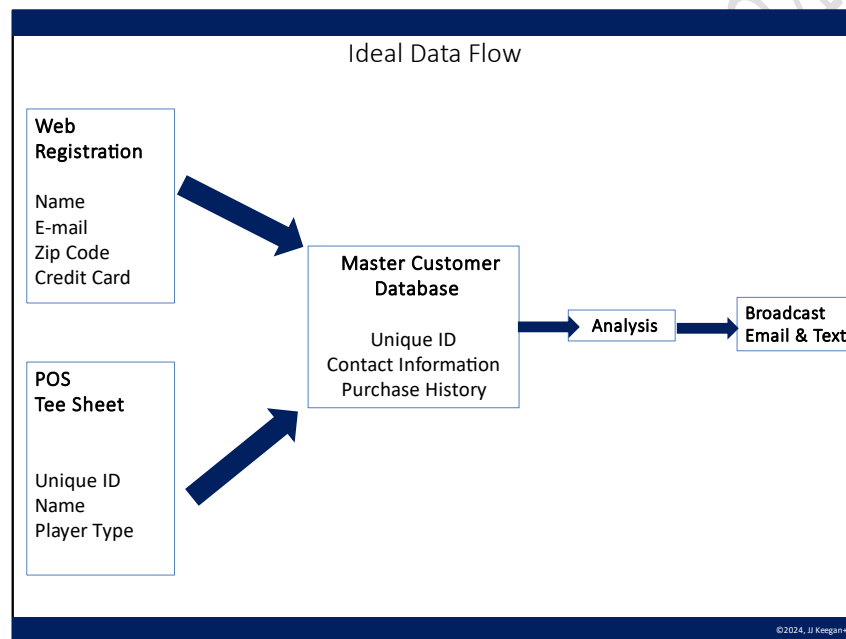
- 7) Merchandise Sales by Vendor: rank vendors' orders by inventory, sales, and turnover.
- 8) Reservations by Booking Method: customer preferences, i.e., phone, website, etc.
- 9) Reservations by Day of Week highlight daily demand to facilitate proper pricing.
- 10) Revenue Benchmarks: benchmarks (green fees, carts, etc.) compared to norms.
- 11) Revenue Per Available Tee Time: established net rate per round by time slot
- 12) Revenue by Department focuses on revenue centers
- 13) Revenue Per Hour identifies which hours generate the most revenue
- 14) Rounds per Revenue Margins: customer frequency versus yield per customer
- 15) Course Utilization: demand vs. supply by time slot

While some of these reports might be available within the Chelsea System, their accessibility was hindered by under-utilization of the software's capabilities. The desired access to this information was not available, limiting its inclusion in this financial master plan research.

Customer Relationship Management

Registering all golfers is fundamental to effectively managing a golf course, as it facilitates a customer relationship program that can create customer loyalty.

Five modules are needed to create an effective customer relationship program. For a golf course, the ideal system will have the following components: (1) a website, (2) an electronic tee sheet, (3) a customer database, (4) a customer relationship management system, and (5) a broadcast e-mail and text messaging system linked together as depicted here.



An advantageous software system will allow golfers to self-register on the Web or be registered by staff personnel.

Because many customers may be one-time visitors, many golf course managers don't have a compelling desire to register all customers. However, it can and should be done. We have observed that the best golf course may capture up to 95% of customer names and e-mail addresses but capture only 60% of the transactions by linking the customer's name to the transaction. Merely gathering the e-mail address allows you to know who your customers are.

The Shennecossett Golf Course has captured the email addresses of over 14,000 customers. In the community survey conducted, over 7,000 of these addresses were invalid.

Shennecossett tracking the transaction data provides insight into how much revenue each customer generates.

The electronic tee sheet is the basic building block of a well-designed customer relationship management system. Each golfer should be registered by the day of play and time of day. When the golfer or the employee clicks to process the transaction, the POS system automatically calculates the correct green fee for that golfer by category, day of the week, and time of day. Most people don't realize that a golf course may have more than 75 different rates. The POS system that processes the cart, merchandise, and other items creates a unified customer record.

Integrating this system preserves a repository of meaningful customer information (e.g., customer spending, inventory turns, accurate round statistics by golfer type, or the ability to ascertain statistical course utilization as measured by revenue per round or revenue per available tee time). Thus, a potential resource for future management needs to be recovered.

Customer loyalty can be created by amassing a customer database of meaningful information. The by-product is that the golf course derives the following benefits:

- Maximize Revenue
 - Web-based marketing presence for national exposure
 - Reservation cards sold for premium access.
 - Dynamic yield management
- Increasing Operational Efficiency
 - Better internal control
 - Improved reporting
 - Elimination of repetitive tasks by staff
- Enhance Customer Service
 - 24-hour access to tee-time reservations
 - E-mail and text communication of promotions, tournaments, and updates
- Prepaid gift cards sold online

The question is not “if” but “when” for Shennecossett Golf Course to fulfill its potential and become financially self-sufficient.

Online Tee Time Reservations

For most golf courses in the United States, a golfer can only book a tee time seven days in advance. This policy may be a remnant of the days of paper tee sheets, costing the industry hundreds of thousands of dollars annually. The Town of Groton should rethink its tee-time reservation policy.

In Colorado, there is a group of very savvy PGA golf professionals at municipal and daily fee courses that are offering the advanced booking of tee times beyond a seven-day window, generating impressive incremental revenue as shown here:

Town	Castle Rock	Denver	Eagle	Golden	Larkspur	Steamboat
Course	Plum Creek	Green Valley Ranch	Eagle Ranch	Fossil Trace	Bear Dance	Haymaker
Ownership	Daily Fee	Daily Fee	Municipal	Municipal	Daily Fee	Municipal
The Standard Booking Window	7 Days	8 Days	8 Days	7 Days	7 Days	Ten days
Advance Booking Window	8 – 90 days	9 – 90 days	396 days	396 days	8 – 90 Days	11 – 90 Days
Fee	\$10 per person	\$15 per person	\$20 per person	N/A	N/A	\$15 per person
Guaranteed	Non-Refundable	Non-Refundable	Non-Refundable	N/A	N/A	Non-Refundable
Dynamic Pricing	Yes	Yes	Seasonal Pricing	No	Yes	Seasonal Pricing
\$75 WD, \$85 WE	Starting at \$65 WD, \$90 WE	Starting at \$77		Starting at \$80	\$149 WD, \$179 WE	Starting at \$75
Advanced Booking Green Fee	\$85 WD, \$95 WE	Starting at \$80 WD, \$105 WE	Starting at \$77	\$160	\$195	\$169
Advanced Reservation Fees – 2023	\$92,390	\$31,500	\$39,480	N/A	N/A	\$21,315
Advanced Booking Green Fee Differential Impact – 2023	\$693,000	N/A	N/A	> \$750,000	>\$750,000	N/A
% of Online Booking	85%	50%	70%	99%	87%	65%
Phone Reservations Allowed	Only 7 Days in Advance	Only 8 Days in Advance	Only 3 Days in Advance	Only on the day of the Play	Only 7 Days in Advance	Only 10 Days in Advance

The policy at Fossil Trace, owned by the City of Golden, is fantastic.

Starting on December 1, 2023, golfers could book tee times for any day in 2024. While the rack rate is \$80, the advanced booking fee, which includes a green fee, cart, and a sleeve of balls (a gift not shared before checking in), is \$160. Including the sleeve golf balls, it generated \$148,800 in supplemental merchandise revenue in 2023.

It should be noted that every other Saturday morning, the league player pays about \$115, including a green fee, cart, and entry into the weekly event in which 50% of the prize earnings are spent within the pro shop.

This policy results in fifty-three percent of tee times being booked more than seven days in advance. When considering tournaments and leagues, over 90% of tee times are booked more than seven days in advance.

Golf courses are latent adapters of technology. Policies that would boost their cash flow are often overlooked.

Considering the demand now exceeds supply, the Town of Groton would be well advised to follow the leadership of the sage Colorado PGA Professionals and implement advanced booking of tee times to maximize revenue during this resurgence within the golf industry.

Technology – Cash or Barter?

Shennecossett has a marvelous opportunity to upgrade its golf management system to enhance customer service and to develop meaningful insights on which the course can be better manager.

The selection of an integrated management system introduces the concept of acquiring the software for “FREE” by engaging in barter: offering the software vendor twice daily to sell and earn the revenue they generate.

Currently, the Shennecossett Golf Course uses Chelsea and does not engage in barter. In searching for a new golf management software system, some vendors license their software in exchange for two tee times daily for them to sell. The Town of Groton is advised to pay the annual licensing fee for software that will likely be under \$15,000.

Why? There may be no more controversial topic in golf course operation than licensing a POS and Tee System via swap, which provides the software vendor with unfettered access up to

three times daily. The National Golf Course Owners Association and the PGA of America have long opposed barter for software licensing and issued many joint publications pointing out the peril of this practice.

The case for barter is long-standing. Before the formation of the monetary financial system centuries ago, barter was the principal of economic trade.

Even today, barter is prevalent, exchanging a few green fees for advertising, legal counsel, accounting services, or receiving a discount on goods or merchandise. To the extent that a business enterprise has excess capacity it is logical to exchange its goods or services for another commodity that has value to the owner. \$7

So, what is wrong with barter?

The proponents of barter would argue that the value of tee times they sell and financially benefit from is an oversimplification of the issue and doesn't represent the fair value the Course received in marketing services, the convenience of creating a database of customers, or the value of the third-party brand as the default site public golfers use to reserve a tee time.

The marketing promise is, "If you do not use our platform, your course will lose visibility, leading to a decreased market share of rounds played. Such can be seen if one searches for a public golf course in the Groton area where tee times are offered for the following courses:

The screenshot displays the GolfNow website interface. On the left, there is a 'Filter Options' sidebar with sections for 'Hot Deals', 'Promoted Offers', 'Start Time' (5 AM - 9 PM+), 'Price Range' (\$0 - \$130+), 'Distance' (35mi), 'Golfers' (Any, 1, 2, 3, 4), and 'Holes' (Any, 9, 18). Below the filters is a subscription prompt: 'Don't miss out on great golf deals, special offers and more! You'll receive send me offers and news from GolfNow and GolfPass by email about products and services offered by us and our Partners.' It includes fields for email and postal code, and a 'Subscribe' button. The main content area shows a list of golf courses with their names, locations, distances, ratings, and tee time availability. The courses listed are: Norwich Golf Course (Norwich, CT, 06360, 11mi away, 576 Reviews, \$30.00 - \$65.00 per player), Cedar Ridge Golf Course (East Lyme, CT, 06333-1213, 7mi, 70 Reviews, \$17.00 - \$39.00), Winnapaug Country Club (Westerly, RI, 02891, 15mi, 195 Reviews, \$43.99 - \$61.00), Fenner Hill Country Club (Hope Valley, RI, 02832, 21mi, 55 Reviews, \$29.00 - \$62.00), Chantclair Golf Course (Colchester, CT, 06415, 21mi, 103 Reviews, \$19.99 - \$46.00), and Islands End Golf Club (Greenport, NY, 11944, 21mi, 10:30AM - 3:00PM). Each course listing includes a 'View Tee Times' button. The footer shows the copyright notice: '© 2024, JJ Keegan+.'

But the issue is more complicated than that. The third party posting a price below the rate charged by the golf course defines the value of the experience they will receive in the consumer's mind. Why would I reserve the 11:00 a.m. tee time from the Course for \$70 if I can buy the 11:40 tee time for \$45 via the Golf Now website?

The golfer that uses a third-party tee time provider is not loyal to any course and is merely seeking a tee time at the lowest price that is most convenient to their schedule.

The most compelling reason not to opt for barter is that extensive, fully featured golf software is available for \$8,000 to \$10,000 annually in the golf industry.

Thoughts for Consideration

Considering the limited resources, time, money, and technical proficiency, Shennecossett Golf Course should begin issuing a Request for Proposal in December 2024 with the hope of installing the new software prior to the increased usage of the golf course in March 2025.

This step will create operational data and customer information to market effectively. Upgrading the current technology is an untapped opportunity for the Town of Groton to enhance customer experience and bolster customer loyalty.

Section 8 – Financial Performance & Implications

A Small Business with Big Challenges

Despite its recreational allure and positive brand image, the golf course operation is a small business subject to many uncontrollable factors, such as demographics, weather, and politics.

From 2006 to 2019, golf was in a state of decline as more than 150 golf courses closed nationally annually. Presented below are statistics reflecting the golf industry trends regarding golfers nationally and golf facilities over the past 14 years:

Benchmark	2010	2023
Golfers Nationally	27.1 million	26.6 million
Latent Potential Demand	45.0 million	45.1 million
Rounds Played	475 million	531 million
Golf Facilities	15,890	13,946

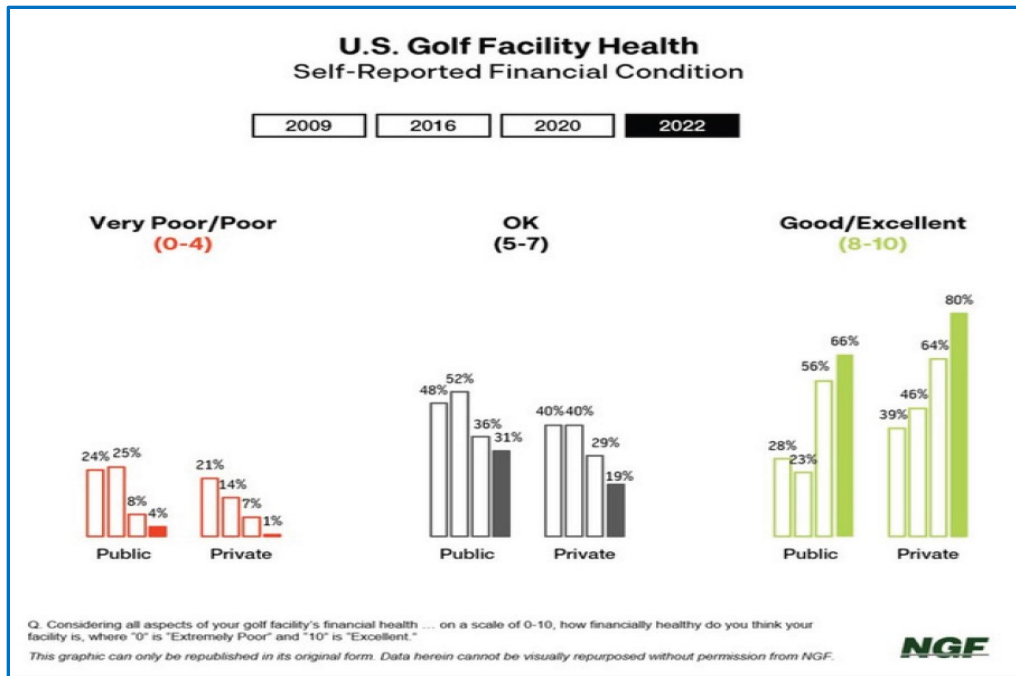
Note 1: 2010 and 2023 Statistics from National Golf Foundation Golf Participation Reports.

Note 2: The National Golf Foundation defines latent potential demand as people who didn't play golf in 2023 but indicated that they are very interested in playing golf on a golf course.

Many are surprised to learn that in 2000, 28.8 million golfers played 518 million rounds. Despite the feeling that the golf industry is surging today, it is merely approaching the levels of participation over two decades ago.

COVID-19 significantly resuscitated play as rounds nationally had fallen to 424 million in 2019. Rounds, revenue, and net income increased due to golf being perceived as a "safe, healthy recreational alternative during the worldwide health crisis."

As a result, the financial health of the golf course has dramatically improved, as illustrated here:



Rounds and revenues are up, and initiation fees and monthly dues have increased at private clubs. The impact of Covid-19 is clear. The answer to why golf is flourishing in 2024 is the combination of course closures (13.9% since 2006) and demand stimulated by the Pandemic, which allowed golf course owners to increase prices.

Historical Financial Statements

To be able to project what the future financial results of Shennecossett Golf Course might be, one must understand the past.

Presented below is the summarized financial information for the past three fiscal years.

	FYE - 22	FYE - 23	FYE - 24
Total Revenue	\$1,458,571	\$1,571,659	\$1,650,306
Total Expenses	1,192,377	1,287,924	1,559,584
Revenue > Expenses	266,194	283,735	90,722
EBITDA as % of Revenue	18.25%	18.05%	5.5%
Total Revenue Per Round	\$40.13	\$39.65	\$43.64
Total Rounds	36,344	39,636	37,813
Green Fee Revenue	757,893	791,840	852,316
Annual pass Revenue	419,953	453,785	502,634
Green Fee Rounds	22,175	22,651	21,906
Annual pass Rounds	14,169	16,985	15,907
Green Fee Revenue Per Round	34.18	34.96	38.91
Annual pass Revenue Per Round	29.64	26.72	31.60
Green Fee - Prime Time Green Fee	45	50	55
Revenue Par Round Discount to Rack Rate Green Fee	76%	70%	71%
Revenue Par Round Discount to Rack Rate Annual pass	66%	53%	57%

Note: The difference between total revenue and green fee and annual pass revenue represents cart revenue and licensing fees from food and beverage

These statistics present many interesting insights:

- EBITBA % of Revenue for FYE 22 - FYE 23 is impressive and beyond industry benchmarks.
- The yield for green fees is over 60%, which shows that Shennecossett does not offer a 9-hole rate until after 3 p.m. This is a very effective policy to book the revenue earned per tee time.
- Of concern is that the yield per tee time for an annual pass holder for FY23 and FY24 is below the 60% benchmark, indicating that the annual pass holder rate is too low.

Adroit Management

Though revenue and net income increased due to the Pandemic, the question that needs to be addressed is, “Was Shennecossett Golf Course adroitly managed to optimize the additional revenue opportunities from the surge in demand?”

Seventeen heuristic benchmarks effectively evaluate the efficiency of operational management. Heuristics refers to using mental shortcuts to quickly form judgments and find solutions to complex problems where an exhaustive study would not generate a more accurate conclusion.

We are always amazed at how these heuristics provide valuable insights into a golf course's financial performance. Unfortunately, the Shennecossett Golf Course has faced challenges due to insufficient utilization of software, highlighting significant opportunities for improvements.

Regretfully, due to the management model in which the revenues and expenses were not provided at a general ledger account level necessary for analysis, a comprehensive analysis of the historical performance of the Shennecossett Golf Course benchmarks is not achievable.

From the available records, the following analysis was constructed:

#	Benchmarks that Predict the Financial Health of a Golf Course	2024 Benchmark	Shennecossett
1	Revenue: Multiply the prime rate green fee and cart rate times 60%. That result is multiplied by the number of starts. The result should equal your revenue from green fees and carts. Note- season sales, loyalty cards, punches are added to the total gross revenue.	\$1,247,829	\$1,354,980
2	Net Effective Yield Revenue Per Round. Total Revenue divided by Total Rounds divided by Highest Green Fees Rate (1,354,980/37,813)/\$55	60%	65.1%
3	Green Fee Indicator 1: Multiply the maintenance budget, \$703,900, times .0001, and the result should equal the green fee. While the total maintenance budget is \$838,700, \$135,000 is spent on vehicle replacement and equipment reserves.	\$70.39	\$55.00
4	Green Fee Indicator 2: Multiply the median household income within 10 miles of the golf course by .00084. The result should equal the green fee. Median Household income is \$82,714	\$69.48	\$55.00
5	Fringe Benefits: Divide the total fringe benefits by payroll expense.	<30%	54.9%
6	Total Salary Expense: Total salaries should be 40% of the total revenue for a municipal/daily fee golf course < \$100.	40.00%	57.7%
7	Maintenance Expense: Total maintenance salaries plus all related expenses for the course, i.e., electricity, equipment supplies, fertilizer, gas, water, etc. of revenue. (Based on gross revenue). (\$838,700/1,650,306)	35.00%	50.80%
8	EBITDA: Earnings before interest, taxes, depreciation, and interest should exceed 20% of gross revenue.	Positive 15%	5.8%

Note 1: The numbers in **GREEN** represent where Shennecossett Golf Course operations were managed and exceeded the industry benchmarks. The numbers reflected in **RED** highlight areas of concern. Items highlighted in yellow are potential address to address as they are below industry guidelines.

Revenue and the effective yield are positive due to the favorable policy that 9-hole rates are only available after 3 p.m.

Unfortunately, the green fee posted at \$50 for residents and \$55 for non-residents is far below the industry guideline. The green fee for 2025 should be set at \$70, with annual pass rates calculated based on the primetime rate.

Other financial weaknesses in the operation of the Shennecossett Golf Course include very high fringe benefits, no advertising, and, most importantly, a declining EBITA over the past three years.

Thoughts for Consideration

One can't effectively operate under a flawed economic model for over 25 years provided by management at the golf course and anticipate that a change in management will immediately address all the weaknesses in policies and procedures.

Revising the rate structure to reflect competitive market pricing is vital for the Town of Groton to begin reducing the operational deficit.

Adequately utilizing the POS/TTRS with a dynamic tee time reservation system that offers online reservations will be essential to developing the requisite financial data to manage revenues properly.

It should be noted that over 80 different rates may be offered depending on the time of year, the time of day, the type of golfer, and any promotions.

The goal of a golf course to reflect the impact of the multitude of rates offered is to achieve revenue per round of 60% of the prime-time rate. Thus, the proposed \$20 increase in the prime-time rate would create the expectation that revenue would increase by the number of rounds played time \$12.00 and would increase green fee revenue by \$453,756, effectively generating sufficient capital for the deferred capital investment in the golf course.


Section 9 – Agronomy/Architecture

The Campus

The Town of Groton (herein referred to as “The Town” or “Groton”) owns and operates the Shennecossett Golf Course, which opened for play in 1898. The course is an 18-hole, par 71, 6,562 yards long with a slope rating of 123, reflecting a challenging championship course. This historic links-style was re-designed in 1916 by the internationally acclaimed golf course architect Donald Ross, whose vision resulted in over 400 golf courses being built worldwide, including 118 in New England.

The Need for Capital is a Constant

The golf course is a living organism. It is only designed as the architect intended on the golf course's opening. A golf course consists of many components, each of which has an expected life cycle shown here:

GOLF COURSE ITEMS EXPECTED LIFE CYCLE	
HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?	
No two golf courses are alike except for one thing: deferring replacement of key items can lead to greater expense in the future, as well as a drop in conditioning and player enjoyment. The following information represents a realistic timeline for each item's longevity.	
Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. The American Society of Golf Course Architects (ASGCA) encourages golf course leaders to work with an ASGCA member, superintendents and others to assess their course's components.	
ITEM	YEARS
Greens (1)	15 – 30 years
Bunker Sand	5 – 7 years
Irrigation System	10 – 30 years
Irrigation Control System	10 – 15 years
Pump Station	15 – 20 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)
Cart Paths – concrete	15 – 30 years (or longer)
Practice Range Tees	5 – 10 years
Tees	15 – 20 years
Corrugated Metal Pipes	15 – 30 years
Bunker Drainage Pipes (3)	5 – 10 years
Mulch	1 – 3 years
Grass (4)	Varies
<small>NOTES: (1) Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and respond to changes in the game from an architectural standpoint like the interaction between grass, sand and hole locations. (2) Assumes on-going maintenance beginning 1 – 2 years after installation. (3) Typically replaced because the sand is being changed – while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. (4) As new grasses enter the marketplace – for example, those that are more drought and disease tolerant – replanting may be appropriate, depending upon the site.</small>	
ASGCA thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.	
The materials presented on this chart have been reviewed by the following Allied Associations of Golf:	
	
For more information, contact ASGCA at (262) 786-5980 or visit www.ASGCA.org	
<small>DATA COMPILED BY ASGCA, 125 NORTH EXECUTIVE DRIVE, SUITE 302, BROOKFIELD, WI 53005</small>	

For the Financial Master Plan, we addressed the following items at Shennecossett Golf Course Golf Course:

1. General Overview

- a. Aesthetics
- b. Playability
- c. Maintainability
- d. Security/Vandalism

2. Greens

- a. Size
- b. Grass Conditions
- c. Contour Analysis
- d. General Character

3. Tees

- a. Size
- b. Condition

4. Cart Paths

- a. Condition
- b. Impact on course

5. Hazards

- a. Sand Bunkers
- b. Water
- c. Rough
- d. Trees

6. Drainage

- a. Flood Issues
- b. Erosion/Siltation
- c. Adjacent Development
- d. Course Drainage

7. Practice Facilities

- a. Putting Green
- b. Short Game Area
- c. Practice Range

8. Golf Course – Expected Life Cycle

9. Hole-By-Hole Analysis

10. Estimate of Probable Costs

11. Safety Issue Options

Today, a fully featured golf course renovation costs nearly \$10 million. A practical method to measure deferred capital strategically is to analyze each golf course's components against the standards published by the Golf Course Builder's Association based on their updated cost models.

In analyzing the capital components of the Shennecossett Golf Course, an investment of over \$7 million is needed to achieve the life span of the various golf course components as shown below:

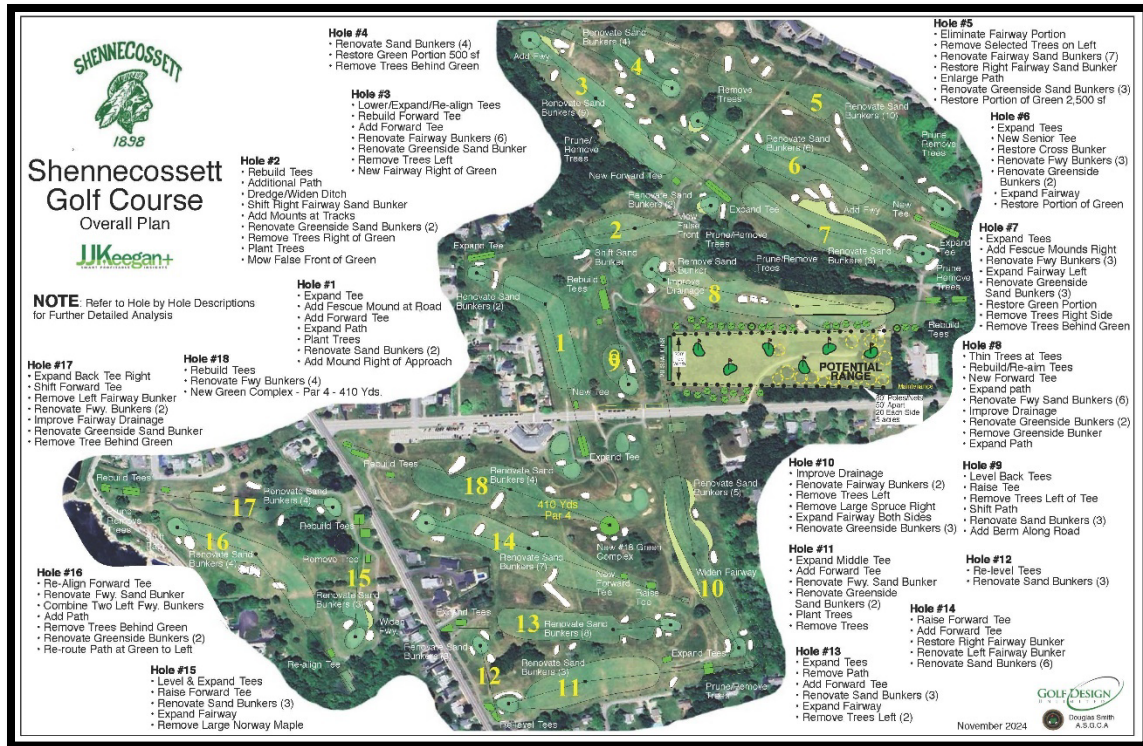
Component	Component - Sub Group	Years Minimum	Years Maximum	Estimated Cost to Replace	Years Since Asset Replaced	Annual Capital Reserve	Deferred Capital Expenditures
Greens		15	30	1,200,000	30	40,000	1,200,000
Bunker Sand		5	12	100,000	12	8,333	100,000
Bunker Drainage Pipes		5	10	250,000	10	25,000	250,000
Irrigation System	Irrigation Control	10	15	300,000	15	20,000	300,000
	Heads and Swing Joints	7	10	600,000	10	60,000	600,000
	PVC Pipe	20	30	800,000	30	26,667	800,000
	Pump Station	10	25	400,000	25	16,000	400,000
	Pump House	15	25	150,000	25	6,000	150,000
Corrugated Pipe		15	30	400,000	30	13,333	400,000
Cart Paths	Seashells	15	30	200,000	30	6,667	200,000
Practice Range Tees		N/A	N/a		10		
Tees		15	20	150,000	20	7,500	150,000
Mulch		2	2	2,000	2	1,000	2,000
Turf Care Center	Mix/Load facility	20	30	200,000	30	6,667	200,000
	Cold Storage (Equipment)	20	30	850,000	30	28,333	850,000
	Equipment Repair Shop	20	30	938,000	30	31,267	938,000
	Shop Yard (Concrete)	20	30	225,000	30	7,500	225,000
Water Features	Hole: 16	20	30	100,000	30	3,333	100,000
	Hole: 17	20	30	100,000	30	3,333	100,000
Clubhouse Landscape		20	20	65,000	20	3,250	65,000
				\$7,030,000		\$ 314,183	\$7,030,000

The significant number is that the budget should be created to create an annual positive cash flow of \$314,183 to create reserves to fund capital investment. The Shennecossett Golf Course has never consistently achieved that level of positive cash flow.

Shennecossett Golf Course Capital Needs

The heuristic exercise above provides a macro-overview of the capital needs; for this engagement, each hole was reviewed in detail for this engagement.

Here is a picture of the Shennecossett Golf Course campus and the desired renovations.



The golf course has an estimated \$7.0 million in deferred capital expenses, including over \$3 million necessary to replace the 24-year-old irrigation system, with various heads and joints failing on a top-soil bare course. Here is a summary of the phase of work to be completed:

Golf Course	Phase	Component	Cost
Holes 1 -18	1	Greenside bunkers	\$328,970
	2	Fairway Bunkers, Drainage	577,610
	3	Carts paths, realigning tees	717,105
	4	Creating new forward tees, green surroundings, mowing lines	705,915
	5	Approaches, fairway, fescue mounding	280,380
	6	Trees, green locations	673,850
			\$3,283,830
Short Game	Renovate greenside bunker		12,125
Course	New Irrigation System		3,000,000
General Total			\$6,295,955
Contingency	10%		629,596
Design Engineering			157,000
Final Estimate			\$7,082,551

A detailed hole-by-hole analysis of the suggested improvements is provided in Exhibit B.

With such a large capital deficit, funding, particularly in the short term, is a concern, even though the Golf Course Enterprise Fund has >\$1 million fund balance. Funding was prioritized based on three tiers:

- Critical is defined as what is essential now and needs repair, adversely impacting current operations and revenues.
- Competitive is defined as those capital improvements required to ensure the current golf experience enjoyed by the golfers is comparable to that of other golf courses.
- Comprehensive is defined as the significant capital investment necessary to render the golf course in a state comparable to that on the day the course opened.

Based on these criteria, the importance of the renovation of Shennecossett was allocated as follows:

Category	Funded	Cost
Critical	Bond	\$3,000,000
Critical	Cash Flow	771885
Competitive	Cash Flow	1,769,260
Comprehensive	Cash Flow	754,810
		<hr/> \$6,295,955

The irrigation is likely to be funded by a bond within five years hopefully. If the suggestions in the financial master plan are implemented effective January 2025, it is thought that the cash flow over the next years will be sufficient to complete the renovations identified beyond.

Unfortunately, this deferred investment does not include the Clubhouse, which is long-pending renovation, the adjunct storage building in disrepair, and a parking lot that lacks sufficient capacity to accommodate golfers and restaurant guests. “Street parking” prevails.

Nor does the projected capital investment include a storage facility for the golf carts, which are left out in the open, subject to the elements all year, hastening their decline in appearance and functionality.

A Game Entertainment Center

This financial master plan, based on the goal of the Request for Proposal RFQ 25-07 Comprehensive Evaluation of Shennecossett Golf Course, examined the opportunity of creating a driving range within the existing property as part of an initiative to improve operations and golfer experience.

As outlined in the master plan graphic above, a 300-yard driving range with 20 bays is possible to the left of the 8th and 9th fairways. While the ideal area for a driving range is between 7 and 12 acres, with the rerouting of the 8th hole closer to the existing train tracks, sufficient space is available.

However, because the potential range is near the 8th hole on the left and Plant Street on the right, netting at least 72 feet high would be necessary. A netting of 100 feet would be preferred and would dramatically increase the report. TopGolf management has shared that they invested over \$2 million in their netting, poles, and ranges as part of a speculated \$12 capital investment before opening.

The estimated cost for the creation of the range at Shennecossett is presented below:

Description	Cost
Land Preparation - Clearing including some existing trees, Grading, Drainage, Irrigation, Landscaping, Synthetic Target Greens	\$300,000
Netting - \$2.50 Per Square Feet, 90,000 square feet	225,000
Poles - 72 Feet High (80 telephone poles buried 8 feet deep), 50 yards apart, ten on each side	275,000
Installation of Netting and Poles	50,000
Trees on Perimeter of Range	75,000
Cover the Tee Shelter - Enclosed Canopy with Garage Door	306,550
Concrete Hitting Bays - 200 length - 10-foot bays, with Mats	50,000
Power & Data	24,500
In Range Annual Licensing Costs (20 bays)	55,000
Strata Golf Balls	7,500
Permitting Fees	10,000
	\$1,368,550

What has become very popular, is the “gamification” of the golf ranges installing Top Tracer, a division of Top Golf or InRange. Tracer range installations (including clearing, shelters, hitting bays, power & data, licensing costs, golf balls, permitting and fees) have cost between \$275,000 and \$500,000, with the variable being the canopied installed, misters/heaters, 10- or 12-foot wide bays, etc. For Shennecossett, the land preparation with existing trees to be

removed and the poles/netting make it a financial challenge. Depending on location, range revenue with Top Tracer runs from \$250,000 for a remote golf course in Texas to \$750,000 for a daily fee course in Charlotte, NC, to nearly \$1.0 million at a municipal golf course in Tacoma, WA.

The installation of a covered pavilion, installing Top Tracer, and providing a warm and welcoming family environment as shown here:



Spurred by the Pandemic, the popularity of golf entertainment has expanded dramatically, from 3 entertainment centers in 2006 to 80 entertainment centers in 2023. Over 500 businesses have golf simulators. In 2023, the presence of entertainment centers hosted around 32.9 million people.

The age average of “off-course” golfers is 31; 42% are female, 43% are people of color, and 41% have household incomes exceeding \$100,000¹⁷. Off-course golf options now attract more individuals than on-course.

Golf is now experiencing brand revitalization. Off-course alternatives have given consumers’ confidence that golf while challenging, can also be fun, entertaining, and exciting. As a result, the game is becoming more popular, fashionable, diverse, and approachable.

¹⁷ National Golf Foundation, “2024 Golf Participation Report”, Pg. 6

Off-course options have created an environment that makes people want to play, provides a more approachable way for them to learn the game, provides the excitement of a good shot, and provides a sense of the requirements to play traditional golf.

Is There Sufficient Demand to Justify the Installation of a Range?

It is essential to differentiate between a stand-alone range, which often requires miniature golf batting cages to generate adequate revenue, especially if not located with easy access from a significant thorough to a golf course where a range is a natural amenity that accompanies an 18-hole course golf course.

Connecticut has an estimated 92 ranges – 1 for every 38,924 people. Stand-alone ranges near the Shennecossett Golf Course include:

Driving Range	Website	Address	Practice Tees	Distance
Great Brook Sports	Great Brook Sports	850 Route 184, Groton, CT, 06340-2708	35	5.24
East Lyme Driving Range	Closed November 30	298 Flanders Rd, East Lyme, CT, 06333-	50	11.24
Malerba's Golf Driving Range	(20+) Facebook	650 New London Tpke, Norwich, CT, 06360-7071	25	16.83
100 Acres Driving Range	N/A	218 Shore Rd, Old Lyme, CT, 06371-2033	15	18.32
Green Meadows Driving Range	N/A	117 Dunns Corner Rd, Westerly, RI, 02891-5822	32	21.5

The population of Groton is ~38,000, so merely viewed from the perspective of demand vs. supply, the market is currently adequately served.

However, while the “macro” factors usually desired for profitability are not as strong as those preferred for operating a range at Shennecossett Golf Course, the “micro” factors of demand vs. supply provide evidential support for the facility's consideration by the Town Council.

- 1) Provide an opportunity for year-round instruction.
- 2) Offer a location center for residents to be introduced to the game of golf in a hospitable setting.

- 3) Provide a community center for residents with a menu offering hamburgers, club sandwiches, hot dogs, brats, Caesar salads, beer, wine, and soft drinks via food truck installed behind the range that will also be an added amenity for convenience for golfers after completing play on the ninth hole.

Range Revenue Model

What are the possible economics? InRange is an industry leader in providing range technology, facilitating solo practice, multi-player golf gaming, and social events, offering virtual golf courses worldwide, and providing skill-based challenges.

InRange forecasts, based on their extensive client base located at clubs and resorts, entertainment venues, limited flight venues and commercial driving range the following revenue potential:

	Best Case	Expected	Possible	Capacity
Number of Bays	20	20	20	20
Hours Per Day	10	10	10	10
Available Bays to Sell	200	200	200	200
Single Player Utilization	20%	40%	60%	80%
Cost Per Hour	\$15	\$15	\$15	\$15
Single Player Revenue Per Day	\$600	\$1,200	\$1,800	\$2,400
Days Per Year Operating	300	300	300	300
Single Player Revenue Per Year	\$180,000	\$360,000	\$540,000	\$720,000
Multi-Bay Usage Utilization	10%	15%	20%	20%
Cost Per Hour	\$30	\$30	\$30	\$30
Multi-Bay Revenue Per Day	\$600	\$900	\$1,200	\$1,200
Days Per Year Operating	300	300	300	300
Multi-Bay Revenue year	\$180,000	\$270,000	\$360,000	\$360,000
Annual Revenue Potential	\$360,000	\$630,000	\$900,000	\$1,080,000
Operating Costs	20%	25%	30%	30%
Operating Expenses	\$72,000	\$157,500	\$270,000	\$324,000
Net Income	\$288,000	\$472,500	\$630,000	\$756,000
Investment	\$1,368,550	\$1,368,550	\$1,368,550	\$1,368,550
Payback - Years	4.75	2.90	2.17	1.81
Annual Rate of Return	21.05%	34.53%	46.04%	55.31%

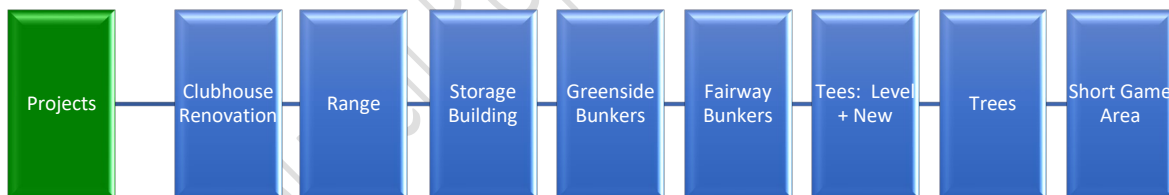
While an independent observer may question the rate of return projected by in Range, from the interviews conducted as part of this financial master plan, it has been reported:

- The return on the investment has been as little as years up to three years on initial investment from \$275,000 to \$650,000.
- Gamification of an existing will increase revenue from 300% to 700% percent.
- Food and beverage revenue, if located in proximity to the range, will match the range revenue.

However, the installation of a range at Shennecossett may not be practical due to neighborhood sightline concerns regarding nets, environmental concerns regarding the trees, and safety regarding the proximity of the street, which may be mitigated somewhat with the geocoding of the balls. The installation of a range at Shennecossett is a very viable option. It should be considered within a five-year implementation to create another amenity that will enhance the golfer's experience and bind families and friends.

Thoughts for Consideration

While the number of capital investment projects borders on mind-numbing and is highly restricted from occurring in the short term due to the GO bond funding that is required to provide the funds for such projects, the critical path we suggest for the golf course be as follows:



Section 10 – Operations

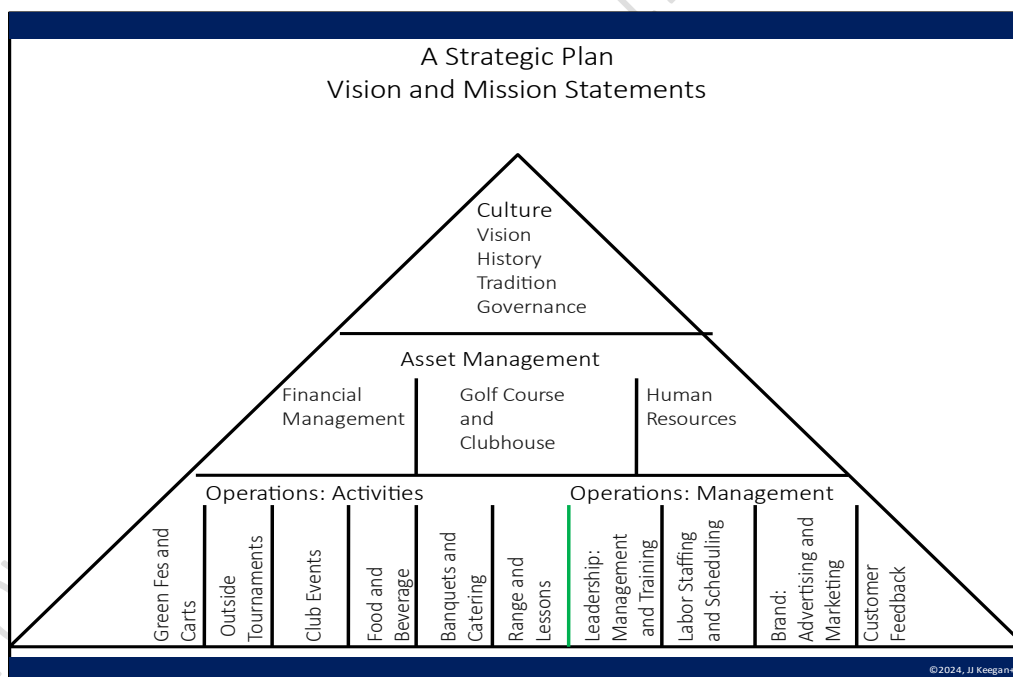
Why – How – What

Attracting golfers to a facility starts with a marketing program that encapsulates the facility's vision and mission statements, creating a brand image that the customer identifies with and embraces.

The vision and mission statements define, from the customer's perspective, the purpose of the golf course and the experience they will encounter.

Some golf courses can define a compelling theme that entices the golfer to visit. Bandon Dunes, "Golf as It Was Meant to Be," exemplifies such a motivating statement.

In a well-managed operation, every operational decision can be traced to the tactical plan and the strategic vision.



The Town of Groton golf course has yet to formulate a vision or mission statement or create a compelling marketing message to attract and build customer loyalty.

In a Ted Talk viewed over 62 million times, Simon Sinek describes the "golden circle of communication, "WHY? - HOW? - WHAT?"

He states that all companies and organizations know what they do. They are easily able to describe their products and services. Some companies can explain HOW they are different—their unique selling position. Few companies can articulate WHY clearly.

He concluded that the most successful companies communicate from the inside out, while all others communicate outside. People don't buy WHAT you do; they buy WHY you do it.

By defining the strategic vision, the WHY your golf course exists translates into performance targets through goal-creation realized through marketing.

Here are a few examples of the vision statement some municipalities have embraced:

- 1) "We deliver a convenient and affordable recreational experience for those who play just for fun."

The subtle message here is that frequent customers who act as though this is their private club should sense the equality in the message and perhaps play elsewhere if they don't want to encounter beginners. Conversely, beginners and others might feel more welcome reading this "why."

- 2) "We are here to provide a cauldron to allow you to learn how good you are at golf and to appreciate the game's traditions."

This would be appropriate wording for a course with a slope rating over 140. The subtle message here is to bring your game and that this is not the facility for rank amateurs who don't appreciate the challenges golf offers and the traditions so respected in golf that shape the game's culture.

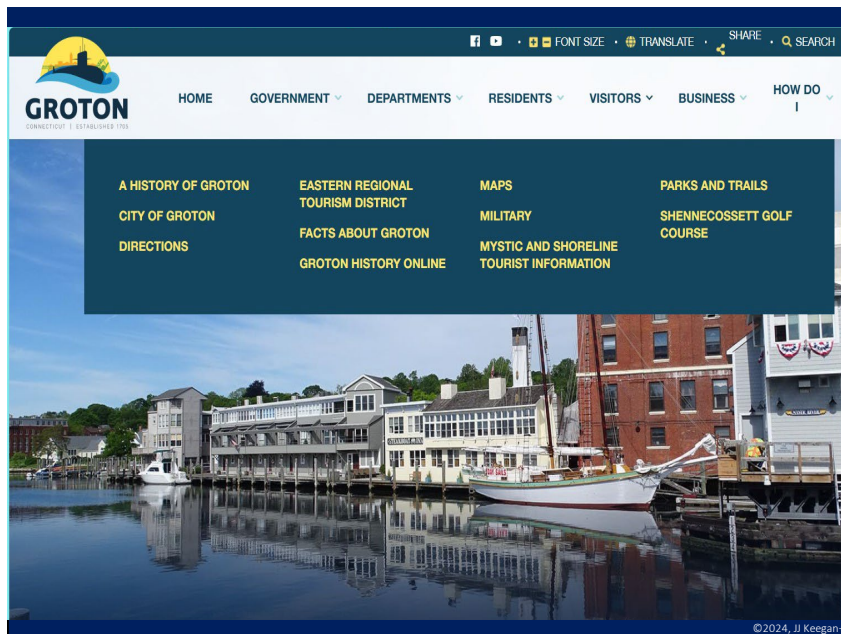
- 3) "We will provide, in a responsible fiscal manner, as a recreation component of our leisure programs, golf consistent with the stature of the leading municipalities concerning green fees, maintenance, and administrative operations so that we maximize revenue, increase operational efficiency, and ensure optimum customer service as prudent stewards of government-owned assets."

This is a good message for a golf course in an enterprise that recognizes that only 1 out of 7 residents play golf and that the municipality is a good resource steward, realizing the average golfer earns over \$100,000.

One of the best places to communicate such a vision is on the golf course website.

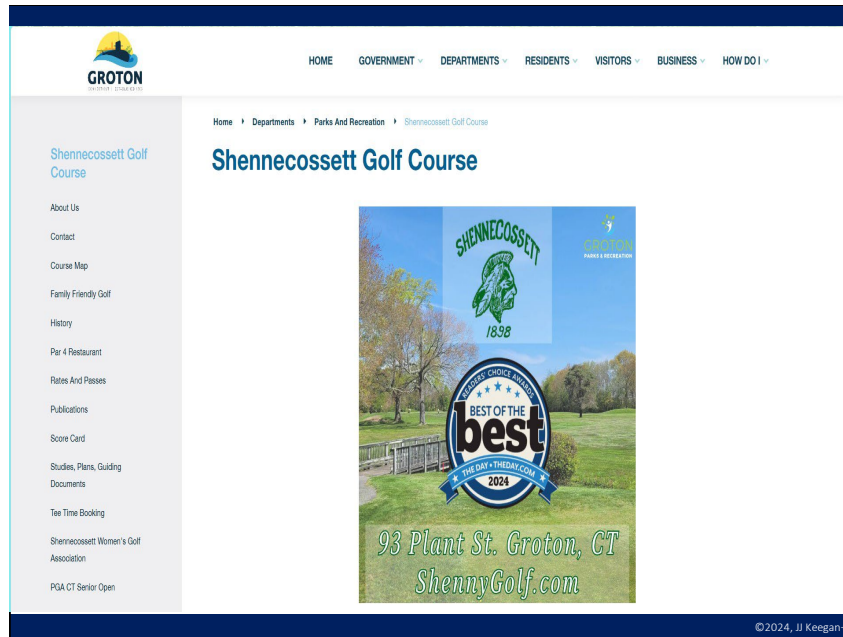
Website

Shennecossett Golf Course website reflects that this technology has yet to be embraced to enhance the customer experience. The website is hosted on the Town's website under visitors shown here:



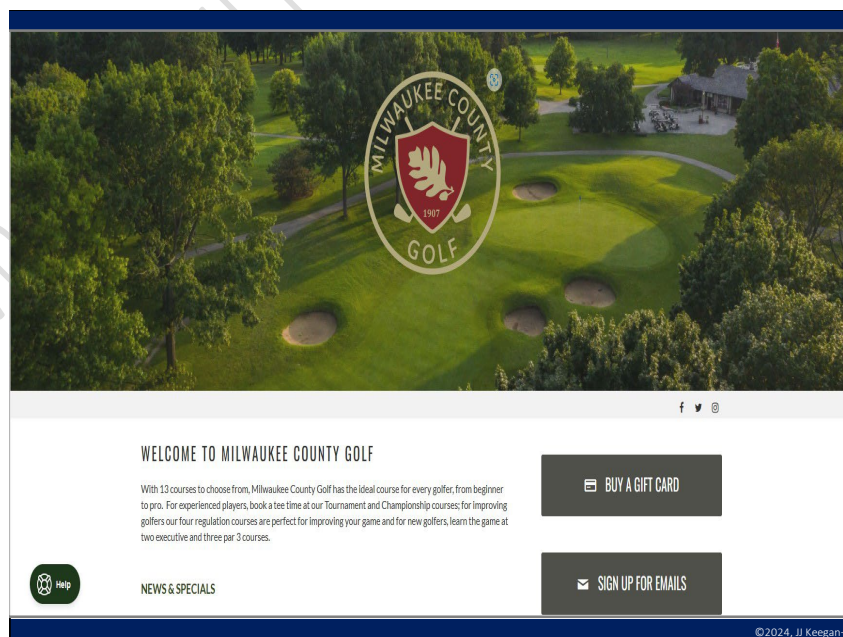
The current website, while functional, is uninspiring. The graphic design is bland, the use of white space is excessive. Though it provides the basic information a golfer would desire, there is no “brand identification,” as represented by a tagline that motivates one to reserve a time. Slogans, such as: “A Donald Ross course – reimagined”, “126 years in the making – waiting for you now.”

The home page is shown here:



The website provides the opportunity to place an emotive, aspirational message differentiating one's facility to motivate a customer to visit. This message, described by Simon Sinek, is the "why" statement—people don't buy what you do; they buy why you do it. Each course is unique and appeals to a narrower set, not to "everyone."

Milwaukee's County golf website excels at defining the experience it offers¹⁸: The tagline on the home page states:

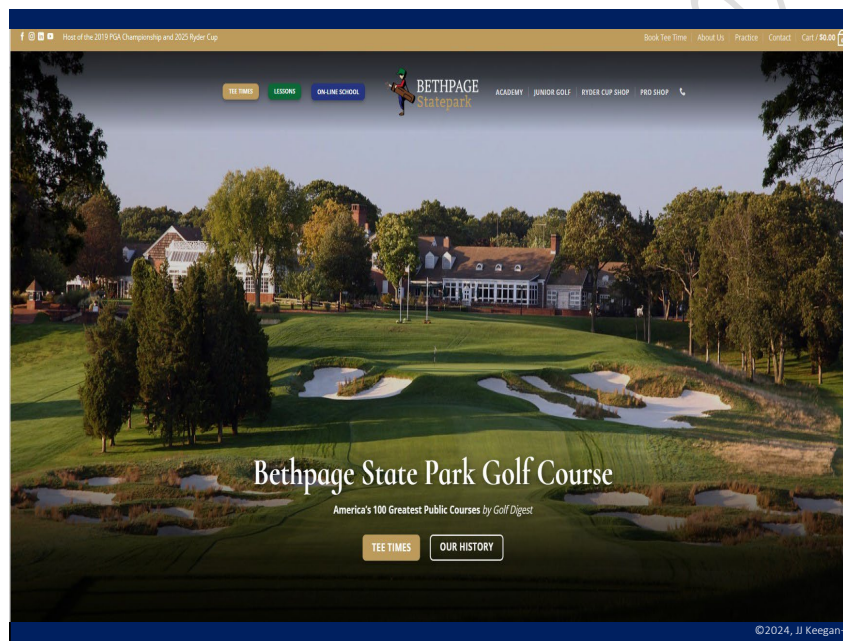


¹⁸ [MKE Golf – Milwaukee County Golf](#)

“Welcome to Milwaukee County Golf

With 13 courses, Milwaukee County Golf has the ideal course for every golfer, from beginner to pro. For experienced players, book a tee time at our Tournament and Championship courses; for improving golfers, our four regulation courses are perfect for improving your game, and for new golfers, learn the game at two executive and three par three courses.”

Another municipal golf course that has a compelling website is Bethpage State Park, shown here¹⁹:

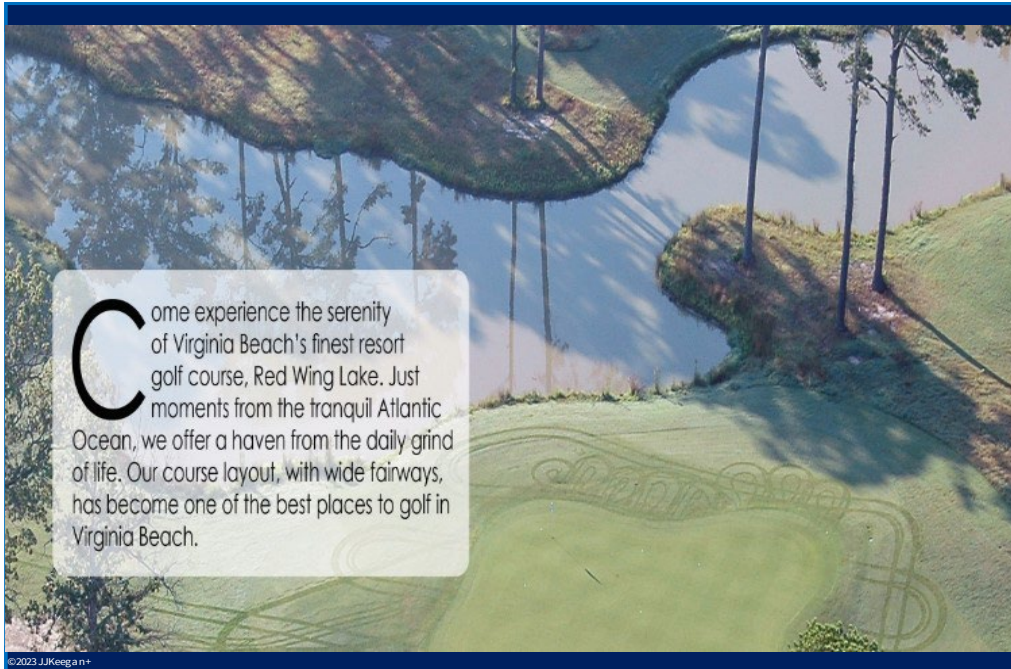


Note how the website has a tagline, “American’s 100 Greatest Public Courses, links to all the leading social media sites, the ability to book a tee time, a link to their history, and a mobile cart.

To make a tee time at Shennecossett Golf Course, while it is thought that 50% of tee times are booked online by the public and 75% are booked online by pass holders, many golfers call the shop. This partly explains why the course’s utilization is so low. The policy of when tee times can be made, i.e., seven days in advance, is not displayed.

Several years ago, the Town of Virginia Beach embraced creating a compelling marketing message for its golf course. For their premier golf course, the marketing message was:

¹⁹ [Bethpage State Park Golf Course \(bethpagegolfcourse.com\)](http://bethpagegolfcourse.com)



Regardless of the message that Groton chooses to convey, it should appear on the home page in a series of rotating banners that highlight the course's value and entice the customer to play.

Cost-Effective Marketing Tools

Most golf courses could be more effective at marketing. Shennecossett Golf Course falls into this category. Some cite the lack of personnel, and others cite cost.

We are very sympathetic to the time requirements for sending marketing messages to golfers. Hootsuite offers an effective software tool for slightly over \$150 per year. A golf course can set up its marketing messages on this site and have them automatically distributed by parameters the golf course sets to the client email database and Facebook, Twitter, TikTok, and other desired social media platforms.

The sophisticated golf course operator might install LeadLander on their website. LeadLander is a website visitor analytics and reporting solution that provides specific details about each person visiting your site.

Based on the pages viewed, i.e., tournaments, the golf course might contact the customer to determine their interests and secure an outing for the facility.

Golf courses deploy other marketing activities. Some use Facebook, Twitter, and TikTok with less success. Besides regional golf publications, print advertising is infrequently used in this digital world.

Thoughts for Consideration

In our opinion, the current staff does not possess the necessary skills or mindset to proactively market the golf course. This challenge cannot be addressed solely through the introduction of new technology. This highlights opportunities for improvement through targeted staff training and development.

The golf model, introduced to Shennecossett, where the Golf Shop manager owns the merchandise, is an anachronistic practice of the 1990s.

Merchandise sales at a municipal golf course should exceed \$100,000 if the shop is properly stocked with golf consumables—balls, tees, gloves, umbrellas, sunscreen products, putters, wedges, and drivers—and a limited selection of logoed ball markers, shirts, hats, cigars and outdoor wear, including rainwear for both men and women, etc.

A municipal golf course should eschew offering iron sets, golf shoes, and casual shirts, pants, or skirts. These items, particularly iron sets and golf shoes can be custom ordered by the golf shop. The plethora of items required to be purchased to provide all customers with a selection is cost prohibitive.

The profit margin on golf shop merchandise is 30%

With women's participation in golf up 50% and minority participation up 23% in the last decade, management and staff need to be sensitive to the unique purchasing preferences of all golfers.

We would suggest that the Town assume the operation of the merchandise concession that is currently held in disregard by current golfers.

Section 11 - Public and Customer Input

Survey Says

As part of this Financial Master Plan, 761 individuals responded to 33 questions based on the Town's marketing postings and emails sent to over 7,000 registered golfers at the course. The full study results are available upon request. Note: Based on the number of responses received, we are 99% confident with a 5% margin of error concerning the survey results.

In conducting over 300 municipal golfer surveys over the past decade, we are always chagrined by two insights these surveys generate:

- 1) The public golfers' observations consistently aligned with our professional thoughts regarding the experience created by a golf course.

Despite the moniker of being a "municipal golfer," these individuals have incomes consistent with golfers nationally.

- 2) The profile of the respondent is shown here²⁰:

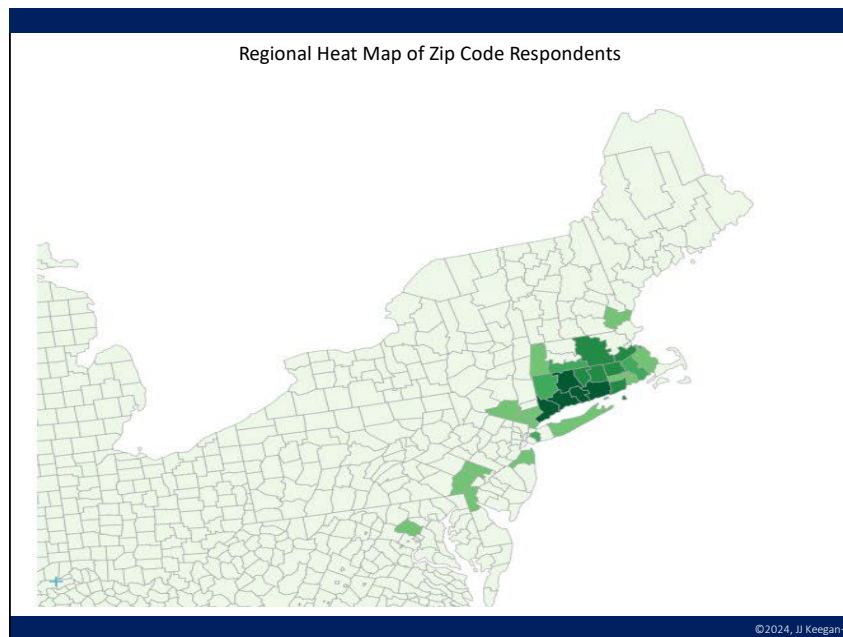
Category	Groton Survey Respondents	US Golfers
Gender: Male %	86.9%	73.7%
Age	54.7	43.5
Income	\$123,729	\$103,464
Rounds Per Year	39.3	20
Courses Played Per Year	8.0	7

That raises the question, "If the median household income of the Town of Groton golfer is \$123,729, and they represent only 1 in 7 citizens, how does a municipality balance supporting the recreational leisure of this group while ensuring the essential services such as fire, police, schools, and parks are adequately funded for a broader population with a median household income of \$77,332 living with a 20-minute drive of the golf course?"

Thus, it is anticipated that the capital investment outlined in this Financial Master Plan would be recaptured from increased fees and higher facility visitation rates through more effective tournament scheduling.

²⁰ National Golf Foundation, "2024 Golf Participation Report", Pg. 9

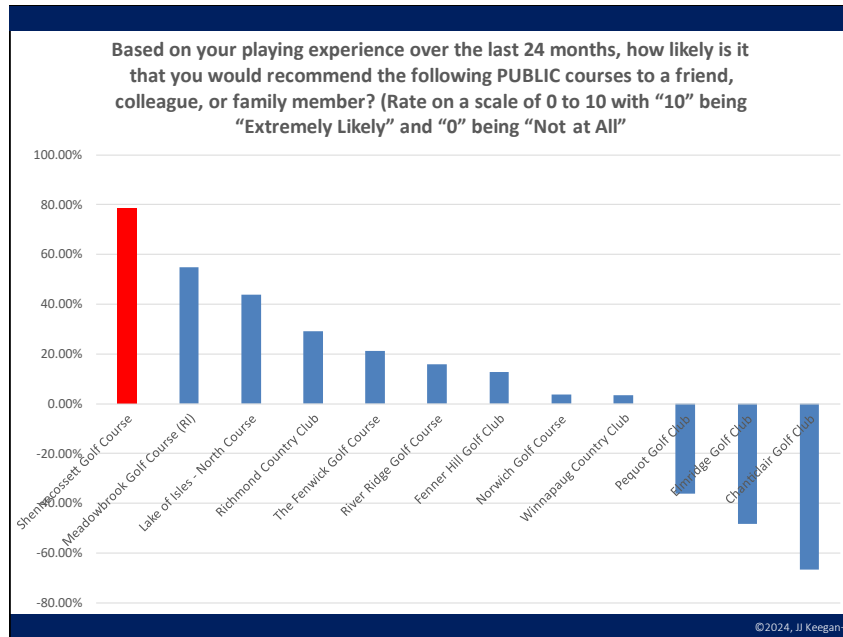
The respondents lived in various parts of the Town and outlying areas illustrated here:



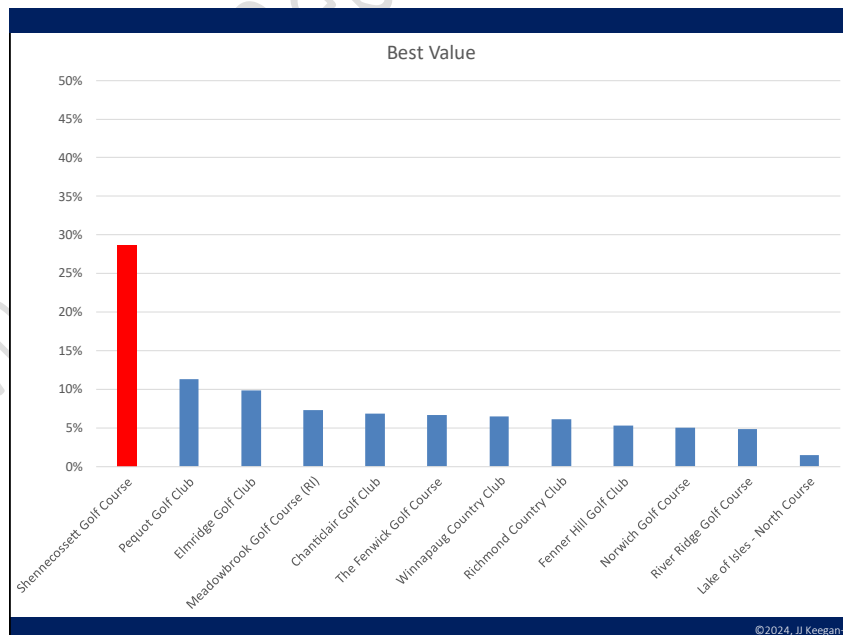
They were asked the following questions:

“Based on your playing experience over the last 24 months, how likely would you recommend the following public course to a friend, colleague, or family member? (Rate your likelihood to recommend on a scale of 0 to 10, with “10” being “Extremely Likely” and “0” being “Not at All Likely.” If you did not play a course, please indicate by checking “N/A”).

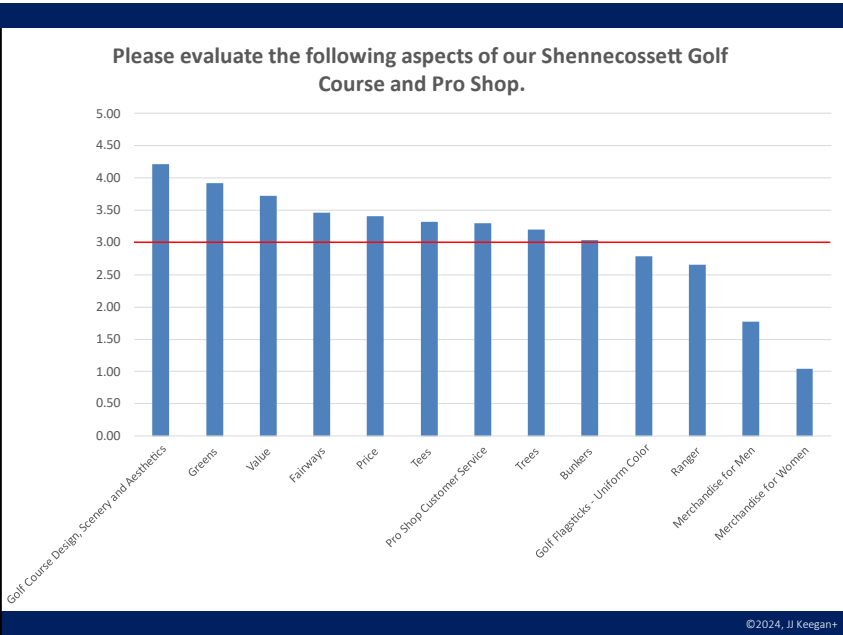
Their responses regarding their affinity for the Town of Groton’s golf course are shown here:



The respondents liked many things about Shennecossett Golf Course. The course was ranked #1 in course layout and customer service. Conditioning, merchandise, and practice facilities were rated lower in comparison to the competitive set. Not surprisingly, the Shennecossett Golf Course was ranked #1 for the best value, underscoring the failure to raise rates materially over the past decade has catered to the interests of the golfer to the detriment of the Town, as illustrated here:



While the respondents were complimentary of the golf experience, they provided the following specific insights:



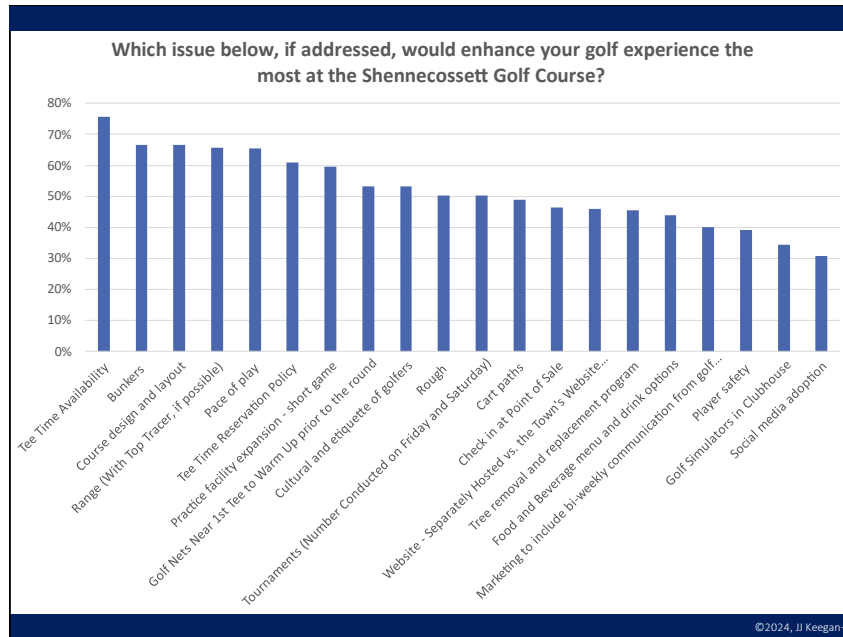
Change colored flagsticks indicating the depth of the pin and the merchandise, for men and women, were cited as below expectations.

Thoughts for Consideration

Price is what someone is willing to pay. The best value represents the long-term worth of an item's benefits.

When capital investments have not been made, the course experience has degraded to requiring a large allocation of funds to keep the facility current. Considering the patrons who utilize the facility are focused on price and value, such an investment is now appropriate.

As germane, the golfers responded as to what changes at Shennecossett Golf Course would enhance their experience shown here:



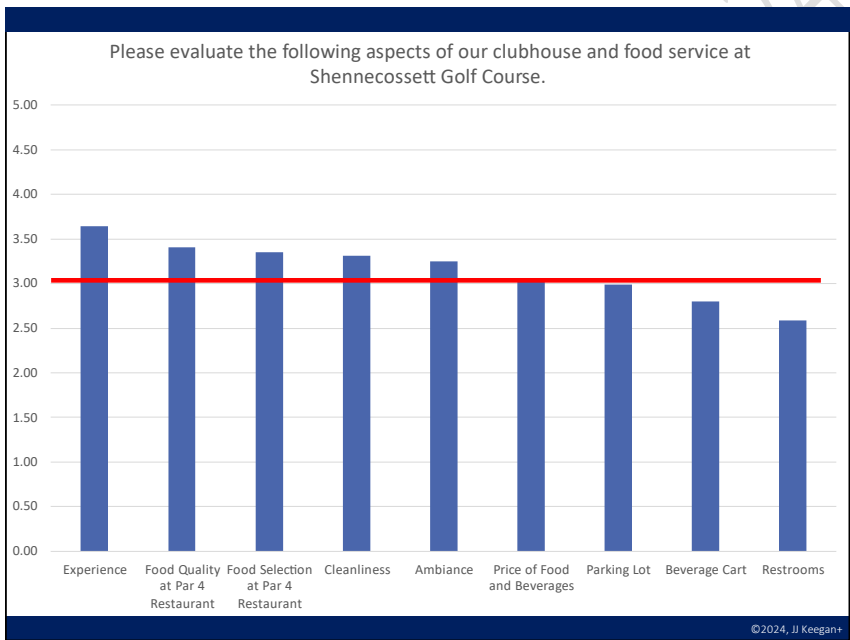
This financial master plan has focused on the top five desired by golfers and incorporated herein are suggestions, that if implemented, will address each of the issue on a timely basis.

Section 12: The Clubhouse

Another Concern

The Financial Master Plan Study asked a single question regarding Food & Beverage: “Does the current operating structure for Food & Beverage meet the expressed needs of the golfers and tournaments and provide the concessionaire a reasonable possibility of generating net income sufficient for their investment in resources and time.

The answer was a qualified “yes,” as reflected in the survey results shown here:



The experience feels the same as if you walked into the TV set of “Cheers.” People hanging around the bar and standing with a drink in hand feel like a neighborhood gathering place.

The food quality is good, the selection is diverse, and the price charged is fair. The long-standing lessee is revered and remits a \$39,000 annual license payment. When the current lease is up for renewal, the Town should consider negotiating a revised agreement that includes a percentage of food and beverage income to accelerate the renovation of the clubhouse.

But it could be so much more. While some would like the building designated in the “National Register of Historic Buildings” that is managed by the National Park Service, there are issues: asbestos abundant, a ventilation system that doesn’t warm the patio extension in

the fall, spring, and winter or cool it in the summer, as clubhouse for tournaments, outings, special events and evening weddings. While Shennecossett Golf Course has an operating kitchen, it also has limited seating within the Clubhouse and a small outdoor patio tournament pavilion.

Its long, narrow style is dysfunctional and dated, but if renovated, it would become a very special restaurant for residents and tourists.

In the perfect world, a new clubhouse would be built that would become the central focus for golfers and residents. An example is the Meadowbrook clubhouse that opened in June 2022 by the Minneapolis Park Board, shown below:



That facility costs \$1.3M, including landscape plantings, sidewalks, and retaining walls. Other municipal clubhouses recently built include the Rockwood Golf Course-- the Town of Fort Worth, and the Texas Rangers Golf Club – the Town of Arlington, for \$7.7 and \$14.5 million, respectively.

Options to Expand Service Economically

One limitation of the layout at Shennecossett Golf Course is that the 9th green and 10th are not conveniently located near the clubhouse. Thus, it is inconvenient for those seeking to purchase food or beverages “at the turn.”

One option for the lessee to consider is food trucks, which have become extremely popular at golf courses. The Highland Creek Golf Course in Charlotte, NC, installed a food truck to boost sales on the turn illustrated below:



The food truck serves a dual purpose: It provides food and beverages for the weekend concerts, where the wood-fired pizza is trendy. This draws residents, most of whom don't play golf. Positioning the food truck by the range would be ideal for serving golfers and providing residents with a community outreach initiative when live entertainment could be offered.

An ideal aspect of this alternative is that the concessionaire could move the mobile food truck to serve other parks and recreation events, creating economies of scale and dual-purpose use.

We were informed that the food truck installed at the Bear Creek Golf Course in Grand Prairie, Texas, pictured below, boosted sales at the turn from golfers from under \$50,000 to over \$250,000 in its first year of operation.



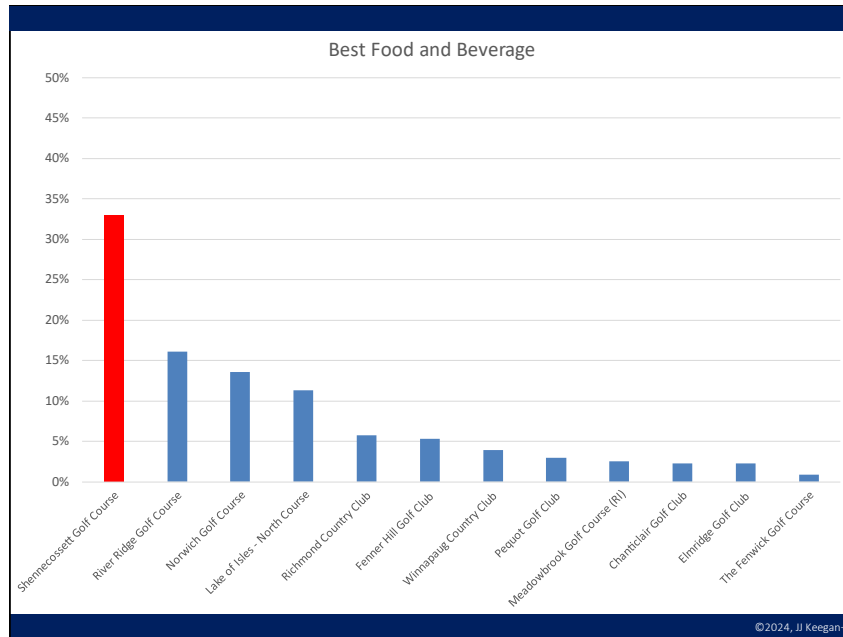
Thoughts for Consideration

The first impression upon approaching the Shennecossett Golf Course clubhouse is very negative. It is confusing to determine where to enter the clubhouse.

Parking is inconvenient and limited.

The principal purpose of a clubhouse is to enhance customer experience. Providing an attractive pro shop to facilitate registration, serving food and beverages to complement the golf experience, giving convenience to golfers seeking a quick snack or drink on the course, and having sufficient capacity to host tournaments and outings are all ingredients that enhance customer loyalty.

One of the challenges of operating a golf course is providing good food and beverage experience. In the community golf survey conducted in conjunction with this financial master plan, the food and beverage service were rated superior to the competitive courses shown here:



The Town of Groton, through the building fund, has capital, and it would be advised to invest at least \$250,000 to renovate and refresh the existing clubhouse.

The impact on the golf experience, residents, and tourists would be very positive, we anticipate.

Section 13 – Self-Management or Privatization

Self or Third-Party Management?

Interestingly, many individuals need help understanding the nuances of the various options for managing a municipal golf course. Three basic alternatives are self-management, third-party management, or a lease.

Presented is an outline of the variances in this form of management:

Matrix of Decisions	Self-Management	Third-Party Management	Lease
Risk	Full Risk	Full Risk	Partial Risk
Capital Investment	Full Capital	Full Capital	No Capital unless negotiated.
Profits	Full Profits	Entire Profits Less Management Fee	No Profits other than “rent.”

While this chart oversimplifies the options, the principal difference is that a municipality pays a third party, typically between \$75,000 and \$125,000 annually, to operate an 18-hole golf course under third-party management. In contrast, under the lease, the Town receives a rental payment.

Unfortunately, due to the significantly deferred capital expenditures that the Town would be obligated to fund, leasing the golf course to a third party is not a likely viable option.

Suppose the golf course is self-managed or operated by a third party; in that case, the municipality is still responsible for 100% of the capital investment, receives 100% of the profits, or bears financial responsibility for all losses. Under a lease, any capital investment by the lessee is negotiated at the outset of the contract.

Concerning self-management, municipalities are frequently criticized by daily golf course owners as having an unfair competitive advantage in operating their facilities. Some of these operators believe that:

- Profit Motivation Not as Intense
- Don't recognize or fund depreciation.
- Better Insulated from Downturns
- Located in Population Centers
- Capital Easier to Access

- Land is Free
- No Property Taxes
- Fees for water, sewer, electricity, and gas can be lower.
- Zoning Changes may be more easily obtained.
- Employees are attracted to lucrative fringe benefits: health, life, annual merit and cost of living increases, and retirement compensation.

But municipalities, when self-managed, face many challenges, including:

- The payroll cost structure is higher.
- Labor issues: the ability to hire and dismiss.
- Presence of labor unions
- Inflexibility of rates
- Politics
- Golfers demand low-priced annual passes, improved conditions, and better pricing.
- The Course is expected to provide a wide range of unprofitable services.
- Procurement is cumbersome.
- All financial information is in the public domain.

The Formula to Decide the Best Option

It is estimated that of the 2,581 municipal golf facilities in the United States operating 2,939 golf courses, nearly 30% of municipal golf courses are managed by independent third parties, principally Troon Golf (Sub-division - Indigo Sports), Kemper Sports, or Touchstone because of their professional expertise, national purchasing power, adapt marketing, the contemporary information systems installed, and their flexibility to implement demand pricing reporting while reporting to Town Council by submitting an annual business and capital plan for the forthcoming year.

Most management companies aim to earn their professional services fee between 6% and 10%, though some companies earn up to 14% of a facility's total revenue.

The decision to self-manage or engage a third-party management company is made based on several criteria. Often, the decision can be reduced to a calculation of the following factors:

- Do the Town's fringe benefits exceed 35%? The Town of Groton pays fringe benefits to its employees of 54.93%.

- Are the golf courses charging a "common service allocation" fee for the services provided to the golf course from the General Fund, i.e., accounting, human resources, legal, fleet leases, computers, and procurement?
- Is the Town willing to assume the potential risk and legal liability of having a lessee own Town property and offer alcoholic beverages at the golf course to patrons?

To the extent that the Town would incur fringe benefits and the standard service allocation fees exceed the management fee charged, it would be logical to retain a third-party management company strictly based on expense savings.

Thoughts for Consideration

Because the deferred capital at the Town of Groton's golf course is so substantial and the revenue below national benchmarks, it is unlikely the Town will be able to attract a firm to lease the golf course without a significant commitment and agreeing on any future major changes to the course.

In today's critical society, where one can always raise questions and doubts regarding the performance of others, we observe that the management team at Shennecossett Golf Course is skilled in agronomy.

Even with the financial advantages of third-party management, the current staff should be allowed to embrace contemporary golf management practices upon receiving training in contemporary golf business management practices, including budgeting, customer relationship management, dynamic yield management, and marketing.

With the staff acquiring these skills, the golf course will be able to create value for golfers on a foundation that optimizes the facility's financial return.

Section 14 - Five-Year Cash Flow Projections

The Roulette Wheel

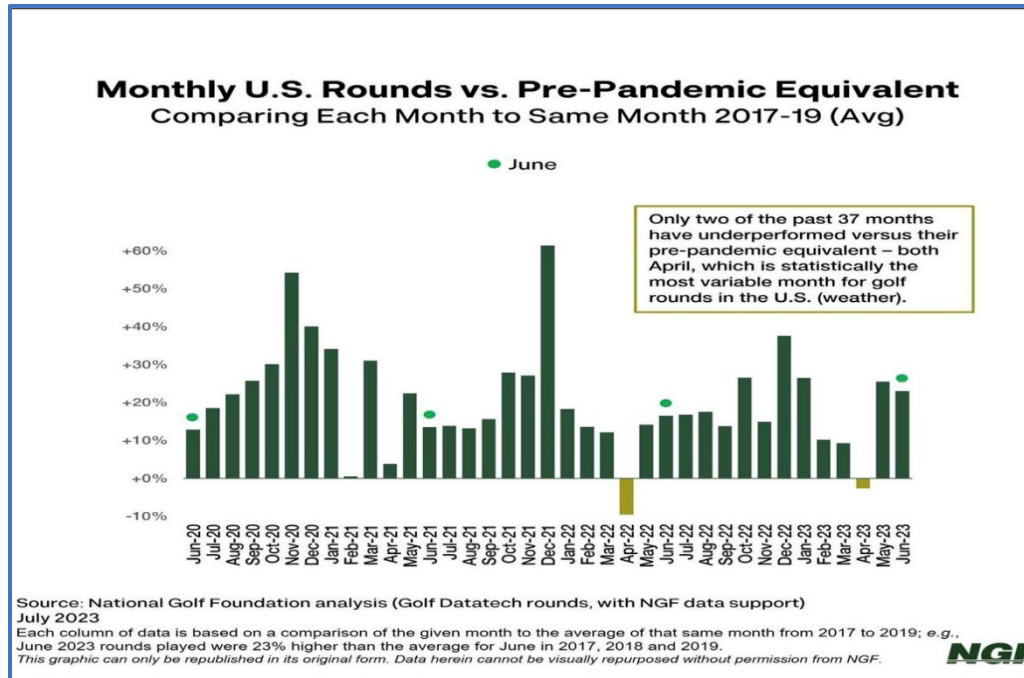
Creating five-year financial projections is a hazardous endeavor, even when updating the budgets for a long-standing enterprise in which the amenities existing at a facility are competitive and capital investment has been made judiciously. Neither of those elements is present at the Town of Groton's golf course.

Do you update the historical statements to reflect incremental changes and potential capital investment? How does one measure the impact of future uncontrollable and controllable factors on the business enterprise?

The following factors complicate creating cash flow forecasts for the Town of Groton:

- Will the Town opt to privatize the golf course? Note that the impact on revenue and expenses on managing courses may change dramatically based on a different operating philosophy, especially if another third-party management company is retained.
- Will prime-time green fee rates be adjusted to reflect the current value provided to the golfer? Prime-time green fees should be raised by \$20 (40%) to \$70, which represents the fair market value based on maintenance expenses currently expended to create the golf experience and the median household income of residents. Will the Town Administration approve such an adoption?
- Will annual revenue-dilutive passes be discontinued, or will rates be increased?
- Will golfers be allowed to invest in a loyalty program that offers appropriate discounts based on the anticipated number of rounds the golfer may play?
- Will increased marketing efforts be initiated to attract and retain golfers?
- Will the brand image of the golf course, now vague, be defined and reflected on the website, via email, and other initiatives?
- Operational expenses currently incurred are above industry benchmarks. This factor, combined with inflation, suggests that costs will increase soon.

- The Pandemic has created a national round surge, benefiting the Town of Groton golf course regionally. On August 1, 2023, the National Golf Foundation posted on Instagram the following image:



Will the surging interest in golf continue?

- The capital investment to make the golf course competitive is daunting, nearing \$7 million. This investment excludes expenditures for a driving range with covered stalls in an entertainment pavilion, a new maintenance building, a cart storage building, and a clubhouse.

What, if any, capital investment will occur, realizing that such investment is not likely, at least in the short term, to change the operating results meaningfully?

The Crystal Ball

It would be professionally negligent to render any cash flow forecast based on the numerous uncertainties regarding the governance and operations of the Town of Groton's golf course during this critical phase of their uncertainty regarding the policies and capital investment that may be made. The superficial observer might attribute the numbers presented to be a realistic projection of what might occur.

However, scenario analysis provides the opportunity to weigh numerous variables simultaneously. It allows Town Management to determine the potential impact their decisions on various rates will have on the golf course's revenue and, ultimately, its cash flow.

Based on industry benchmarks for municipal golf courses, the following 12 significant variables with 118 secondary input variables were utilized to create a cash flow forecast for the Shennecossett Golf Course operation beginning with the FY2026 year.

Scenario	Rounds	Green Fee	Yield	Cart Fee	Revenue City	Revenue Private	Expenses City	Expenses Private	Cash Flow City	Cash Flow Private	Town Managed Including \$250,000 Capital Reserve	Privately Managed Including \$250,000 Capital Reserve + Mgt Fee
1	35,000	50.00	55.00%	20.00	1,817,550	1,817,550	City	Private	21,730	180,359	(228,270)	(169,641)
2	37,500	50.00	60.00%	20.00	1,967,925	1,967,925	1,795,820	1,637,191	172,105	330,734	(77,895)	(19,266)
3	40,000	50.00	65.00%	20.00	2,130,800	2,130,800	1,795,820	1,637,191	334,980	493,609	84,980	143,609
4	35,000	60.00	55.00%	20.00	1,927,000	1,927,000	1,795,820	1,637,191	131,180	289,809	(118,820)	(60,191)
5	37,500	60.00	60.00%	20.00	2,102,325	2,102,325	1,795,820	1,637,191	306,505	465,134	56,505	115,134
6	40,000	65.00	65.00%	20.00	2,292,650	2,292,650	1,795,820	1,637,191	496,830	655,459	246,830	305,459
7	35,000	70.00	55.00%	20.00	2,073,950	2,073,950	1,795,820	1,637,191	278,130	436,759	28,130	86,759
8	37,500	70.00	60.00%	20.00	2,274,225	2,274,225	1,795,820	1,637,191	478,405	637,034	228,405	287,034
9	40,000	70.00	65.00%	20.00	2,492,000	2,492,000	1,795,820	1,637,191	696,180	854,809	446,180	504,809
©2024, JJ Keegan+												

In reviewing the various options, one can see below the dramatic swing after a \$250,000 capital reserve and a negative cash flow of \$228,270, presuming no rate changes are made. If the rate changes recommended by the Golf Advisory Board representatives are implemented, after a capital reserve is \$250,000 is created, supplemental cash flow of \$446,180 is generated.

Thoughts for Consideration

Town Council members are not to be envied for the difficult decisions they are often required to make. Balancing the Town budget by selecting appropriate rates to generate a neutral financial return is also precarious. From the Town's perspective, many citizens unrealistically would like the Town's services to be free.

The media is often a willing culprit in the headlines they write to shock and awe the public, promoting action by their protesting rate increases. To illustrate, if the green fee rates are raised, after decades of no change, from \$50 to \$70 though the Town has invested in the golf course (\$500,000 bunkers, \$2.5 million for green complexes, \$250,000 annual cash flow deficits for five years), the headline in the Day, The Patch, CT Insider or Daily Voice will read, ***"Town Council Gouges All Citizens With a 40% hike in Golf fees."***

It would be best to chuckle while there would be political fallout from such a justified rate increase. Only 1 in 7 Groton residents play golf, and their median household income is 100% higher than other residents.

However, under the three-level cost recovery model within which the Parks and Recreation Department guidance operates, golf is deemed an "Individual Benefit" that the consumer should fund more fully.

Thus, Scenario 6 will result in approximately a break-even of cash flow before adopting interest, taxes, depreciation, and amortization. If that suggestion and the insights in this report are implemented promptly, the golf course can be financially self-sustaining within five years.

Appendix A: Supporting Research Reports

The data, insights, and suggestions delivered were formulated based on licensing the following ESRI ArcGIS Online reports:

Report - 10 20 30 Drive Time & 10 20 30 Mile Radius ESRI ArcGIS Online	Shennecossett Golf Course
2020 Census	X
Business Summary	X
Demographic Profile	X
Demographic Summary	X
Dominant Tapestry Profile	X
Eating Places	X
Housing Market Characteristics	X
Key Facts	X
Net Income, Age, Net Worth, and Housing Value Comparison	X
Population Trends	X
Recreation Expenditure	X
Sports and Leisure Market Profile	X
Tapestry Profile	X
Target Summary	X
Traffic Map	X
What's In My Community	X

This field study encompassed seven steps.

Highlighted below, those steps are enumerated along with the data sources licensed and field-tested operational templates deployed for this engagement as a foundation for the insight suggestions presented.

Step 1 - Local Market Analysis

- Apparation – Golf Course Database – 23 Courses – 37 Data Elements
- Geographic Market Analysis – (Tactician, National Golf Foundation)
- Macro Demand Supply Analysis – Population Base (ESRI and National Golf Foundation)
- Master Demographics and Sports Spending (ESRI)
- Mosaic Profile Analysis (Tactician)
- Predictive Index (JJ Keegan+)

Step 2 – Weather Playable Days

- Weather Trends International 10-Year Golf Playable Days Report (FY and CY)
- 11-Month in Advance Weather Forecast
- Annual pass Value Calculation (JJ Keegan+)

Step 3 - Technology

- Technology Integration Checklist (JJKeegan+)
- InRange Proposal
- Top Tracer Proposal

Step 4 – Financial

- 2022 – 2024 Rounds and Revenue
- 2023 Tournaments
- Town of Groton Annual Consolidation Financial Report FY 2021, FY 2022, FY 2023
- Town of Groton Annual Consolidation Budget Report FY 2024, FY 2025

Step 5 – Architectural and Agronomy

- Annual Labor Hour Estimate – 2024
- Deferred Capital Evaluation – Shennecossett Golf Course (JJ Keegan+)

Step 6 – Operations

- Secret Shopper Photos for facilities visited:
 - Birch Plain - 3
 - Elm Ridge – 23
 - Norwich - 31
 - Pequot - 22
 - Shennecossett Accounting Records - 5
 - Shennecossett Clubhouse – 6
 - Shennecossett Golf Course – 157
 - Shennecossett Maintenance - 45
 - Shennecossett Pro Shop - 9
- Customer Value Experience – 2024 (JJKeegan+)

Step 7 – Customers

- Golfer Survey (33 Questions) (JJKeegan+)

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