

Memo

To: Thomas H. Muehlenbeck, City Manager
From: Amy Fortenberry, Director of Parks and Recreation
Date: 3/1/2010
Re: Pecan Hollow Golf Course Renovation

Pecan Hollow Golf Course is now approaching 35 years of age. The greens, irrigation systems and cart barn will not continue to function indefinitely. Maintenance staff is struggling to keep an irrigation system running that was last updated 25 years ago. The greens and tees are severely compacted inhibiting the growth of good turf. Renovation is needed in order to keep the course functioning and to continue to generate revenue to support the operation. Since the greens, tees, irrigation, cart paths, etc., are all integrated components, it does not make sense to repair one component at a time and then have to tear out a newly repaired component in a few years in order to address issues associated with the existing layout.

Funding was approved in the 2005 Bond Referendum for replacement of the cart barn and improvements to the greens. After additional study, it was determined that a complete renovation is necessary resulting in additional funding being approved in the 2009 Bond Referendum. The project total is \$8,800,000. To date, \$800,000 in debt has been sold for this project. The remaining \$8,000,000 for this project has not been sold and would require a bond sale next January. The budget department has confirmed that we could cash flow any payments for construction until the bond sale occurred.

Plans for the renovation are expected to be complete in late April and we are seeking approval to move forward with this project. Timing of golf course projects is very critical to their success. The dirt work, drainage, irrigation, etc all needs to be completed so that the grass can be installed for the warm weather growing season. For that reason, our timeline is proposed as follows:

- June 2010 – Bid project
- August 2010 - Contract approved by Council
- September 2010 - Contract executed
- October 2010 - Contractor mobilized on site
- November 2010 - Begin renovation
- October 2011 - Re-open

With advent of new golf technology (new clubs, longer playing golf balls, etc.) there has been a corresponding change in the design of new courses. The Pecan Hollow renovation will place more spacing between fairways and improve safety zones by changing the layout of holes adjacent to FM 544 and Dublin Road. Another notable improvement is the expansion of the driving range. Currently the range is not well placed. It is parallel to FM 544 where golfers slice onto the heavily traveled thoroughfare. The length is also inadequate for the use of woods and drivers which limits its use and revenue potential. The renovated driving range will be moved away from the road and is estimated to produce two to three times its current annual revenue of \$40,000 and will have a synergistic effect on other areas of the operation.

In the mid 1990's play at the course peaked at more than 77,000 rounds annually. During that time the maintenance staff expanded to 10 full-time employees. With the renovation of the course on the horizon we have not replaced employees when they retired or resigned in the past two years. Last year we supplemented the staff with seasonal workers and now are down to six full-time employees. While the thin ranks have been helpful to the budget during the extremely wet fall and winter, the course maintenance is in jeopardy without the renovation. The golf course superintendent retired in December 2008 and we have been utilizing another employee on an interim basis for this role. The interim superintendent is planning to retire this spring. This works well if the renovation is approved so that the selection of a new superintendent will coincide with the renovation. The remaining five staff members could be transferred to vacant positions in the Parks Division, may elect to retire (four of the five are eligible), or a reduction in force may occur.

During a golf course renovation, the superintendent will oversee the grow-in period for the fairways and greens. This is especially critical to insure that a revenue producing facility can re-open as soon as possible after the fine turf is established. As such, we will need to recruit and hire someone with specific experience in this area to protect the investments being made at the course.

So you might ask, "*What happens if the renovation is delayed a year or two*"?

First, the golf course construction industry is extremely competitive right now. According to the golf course architect that is preparing the plans, there are only a few golf courses in the entire country under construction at present. The consultant has also estimated that the bid prices may come in **a million dollars less** than if we delay the project for long. It is a great time to bid projects.

Second, staff is very concerned about the ability to maintain the current irrigation system and continue to grow grass on the greens. Failure in one of these areas can result in the course being closed for an extended time. Catastrophic loss of greens would result in loss of play and would likely place the Golf Fund in position where revenues could not exceed expenses. Recovering customer loyalty would also be a long process.

Third, the recruitment of a superintendent will be more difficult. It will be easier to attract good talent with the promise of a new course to maintain. The lure is much weaker when you try to attract someone to maintain an old course that may be renovated and could result in a lay off in a couple of years.

The golf course has historically been able to generate enough revenue to offset its operation and maintenance costs including some of the capital improvements. By renovating now, we can position the course to rebound with the economy and provide another 20 years of value driven golf for our residents.

I appreciate your consideration to proceed with this project and will be happy to provide additional information at your request.

C: LaShon Ross, Assistant City Manager