



*Forest Hills*

2015 UPDATE REPORT 8/24

# 2015 Update Report

---

## Table of Contents

1. Executive Summary
2. Annual Results
3. State of the Industry
4. Key Performance Indicators
5. Community involvement
6. Strategic Initiatives
7. Construction
8. P&L Thru 7/31/15





# 2015 Update

---

## Summary

To: Board of Public Works  
From: Keith Stoll, General Manager

2015 has been a very unique year for Forest Hills Golf course. The underpass was constructed over the winter and became operational on April 11. While the underpass was open, construction on the railroad easement continued into June. The course was changed from a par 71 to a par 68 by splitting holes one and eighteen and making them par 3's. Beginning in late June construction on the golf course began and continues today with a projected date of September 15 to have all construction finished and grow in started.

Several factors of the construction process were unknown when the budget was put together for 2015. The driving range was predicted to be open but unfortunately that was not possible. Construction of the golf course and the closing of four holes on the back 9 in order to construct the 15 hole was an unknown factor.

Course conditions have continued to improve with consistent agronomic practices. Greens and fairways were in the best condition then they have been the previous 6 years and most likely since the city took control of the golf course from the Country Club. This would explain why golfers continued to play the golf course this year even with all the distractions of construction.

I'm very proud of the strides we have once again taken to bring this beautiful golf course back to life. And when I say "we" I mean our entire team, from the wonderful staff at the golf course, the outstanding KemperSports support staff and the city staff who have all worked in unison to make this course A "Best in Class" golf course.



# State of the Industry

---

## Golf Industry Dynamics

The National Golf Foundation 2014 Report reflects a continued downward trend in golfers in the United States (2010 –26.1 million, 2011 –25.7 million). This is a decline of 14.3% since 2005 or 4.3 million golfers

- Rounds in the US are down 11% 2000-2011.
- The number of core golfers in the US has dropped from a high of 19.7M in 2000 to 13.7M in 2012.

\*Information source –National Golf Foundation and PGA of America

---

## Local Industry Dynamics

- Forest Hills is in a very competitive setting with several other value priced courses within a short drive from La Crosse.
- Continuously improving course conditions, friendly professional staff and location where key reasons our customers choose to play Forest Hills.
- Maple Grove golf course closed its doors for good at the end of 2013. This closing had an impact on not only the golf course in 2014 but also the driving range.
- Irish Hills golf course and driving range closed in 2014.



# Key Performance Indicators

## Metrics

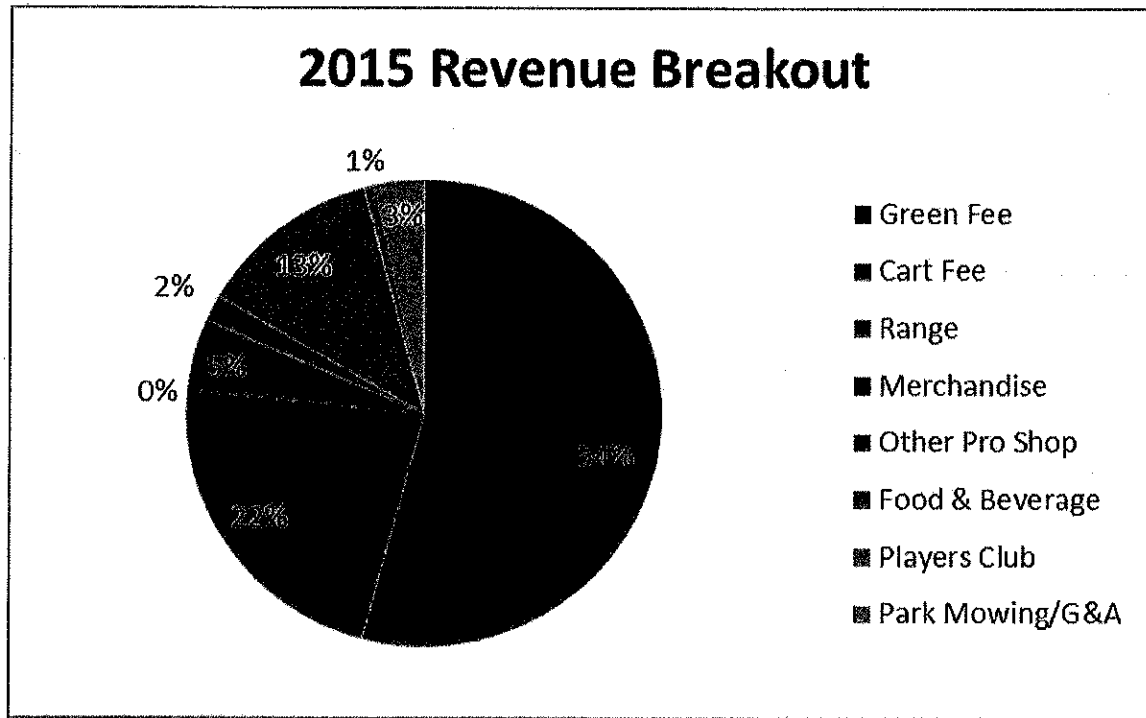
The following items are key performance indicators for Forest Hills that are used on as a benchmark purpose for driving results.

- Revenue Trends
  - Mix Review
  - ADR
  - REVPAR
  - Cash Flow
- Round Trends
  - Year over Year





# Key Performance Indicators

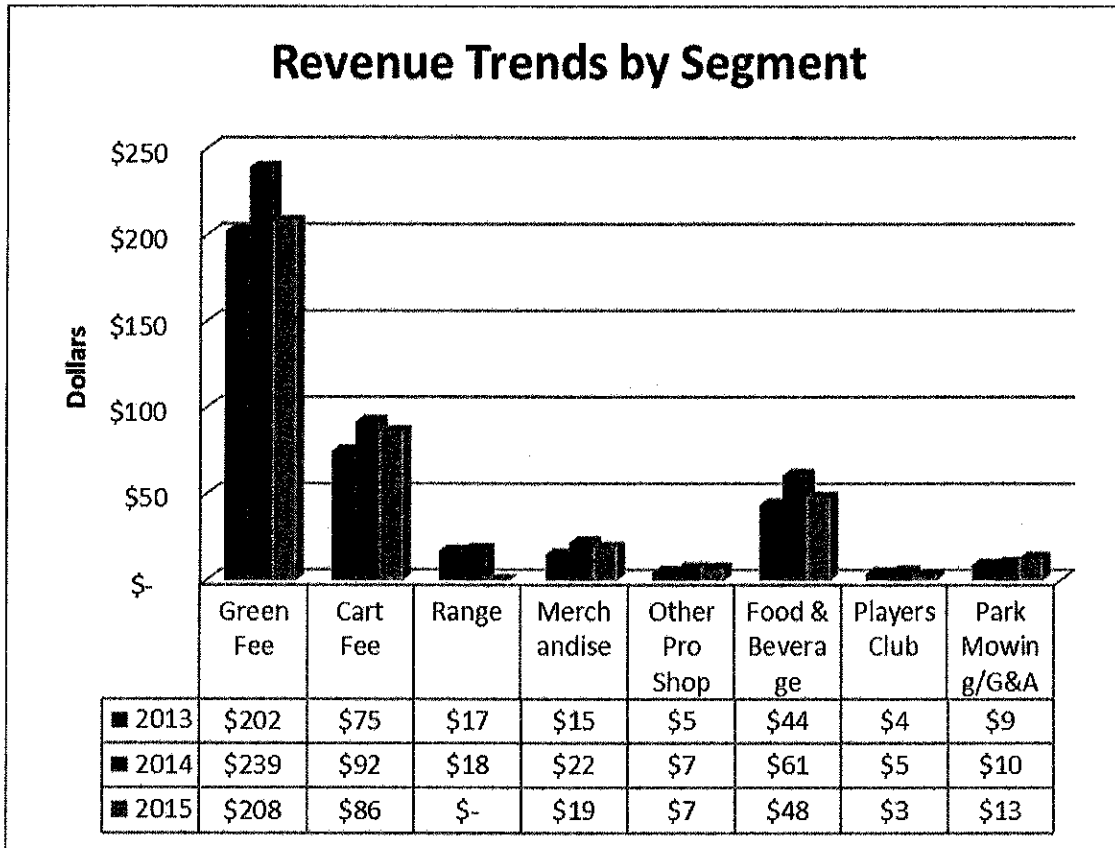


## Strategic Insights

- Green Fees / Cart Fees remain the key revenue drivers
- Park mowing continues to be a good source of additional revenue
- An additional beverage cart was purchased for the 2014 season and allowed for double coverage of the course and increased profits.



# Key Performance Indicators



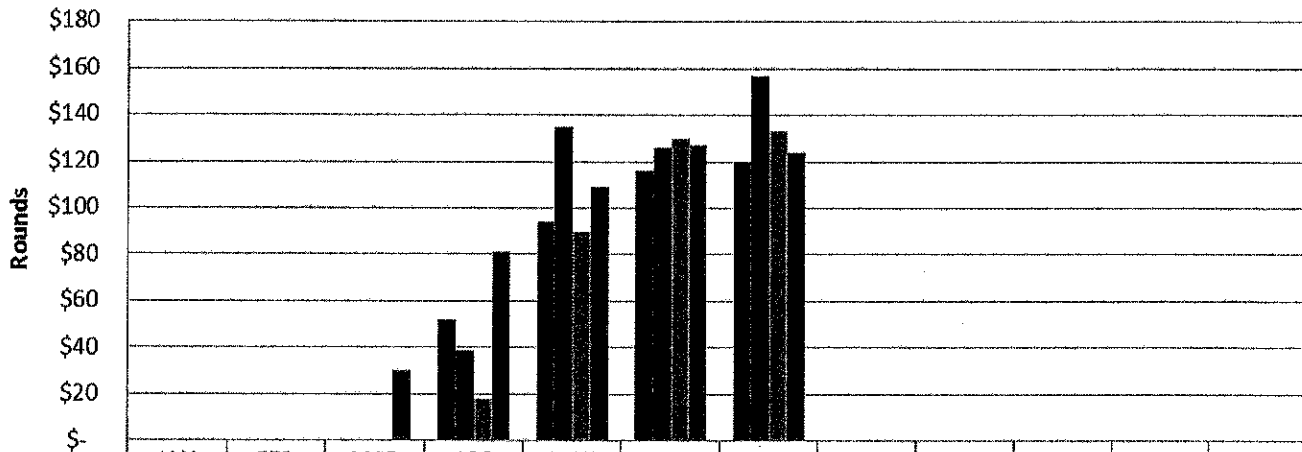
## Strategic Insights

- Shoulder season is typically weather related and can make or brake the budget.
- Not having the driving range open in 2015 has an obvious impact on revenue.



# Key Performance Indicators

### Revenue Trends by Month



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
2015	\$-	\$-	\$-	\$52	\$94	\$116	\$120	\$-	\$-	\$-	\$-	\$-
2014	\$-	\$-	\$-	\$39	\$135	\$126	\$157	\$-	\$-	\$-	\$-	\$-
2013	\$-	\$-	\$-	\$18	\$90	\$130	\$133	\$-	\$-	\$-	\$-	\$-
2012	\$-	\$-	\$30	\$81	\$109	\$127	\$124	\$-	\$-	\$-	\$-	\$-

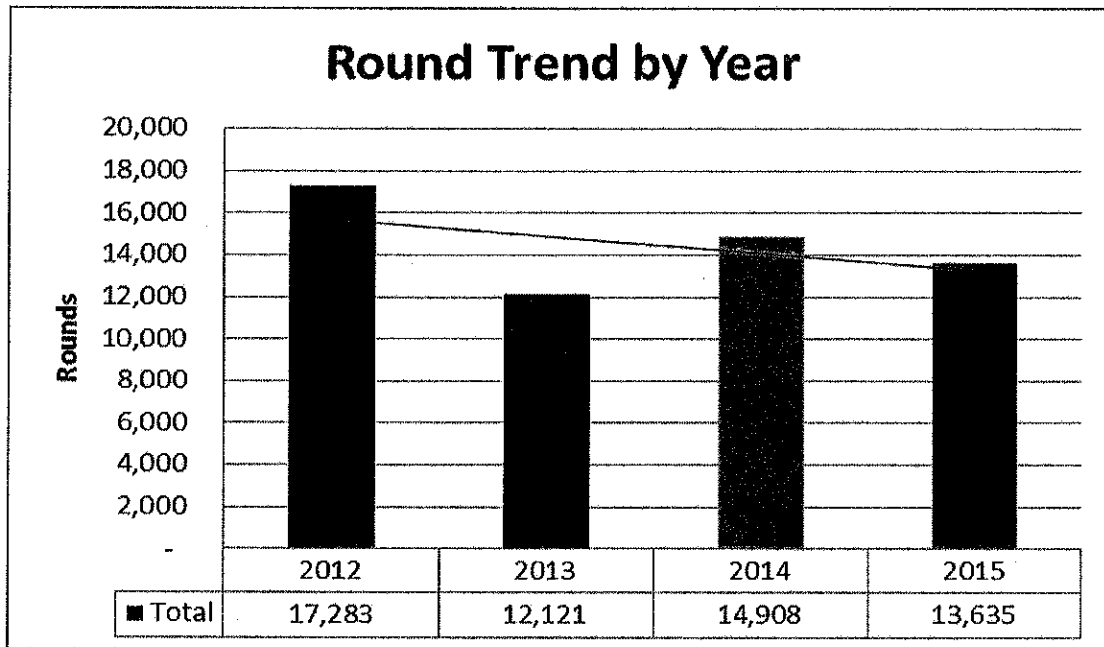
## Strategic Insights

- Considering all the construction and changes to the golf course in 2015 revenue has held strong.
- Weather is always a very big factor in rounds played especially during the shoulder seasons.





# Key Performance Indicators

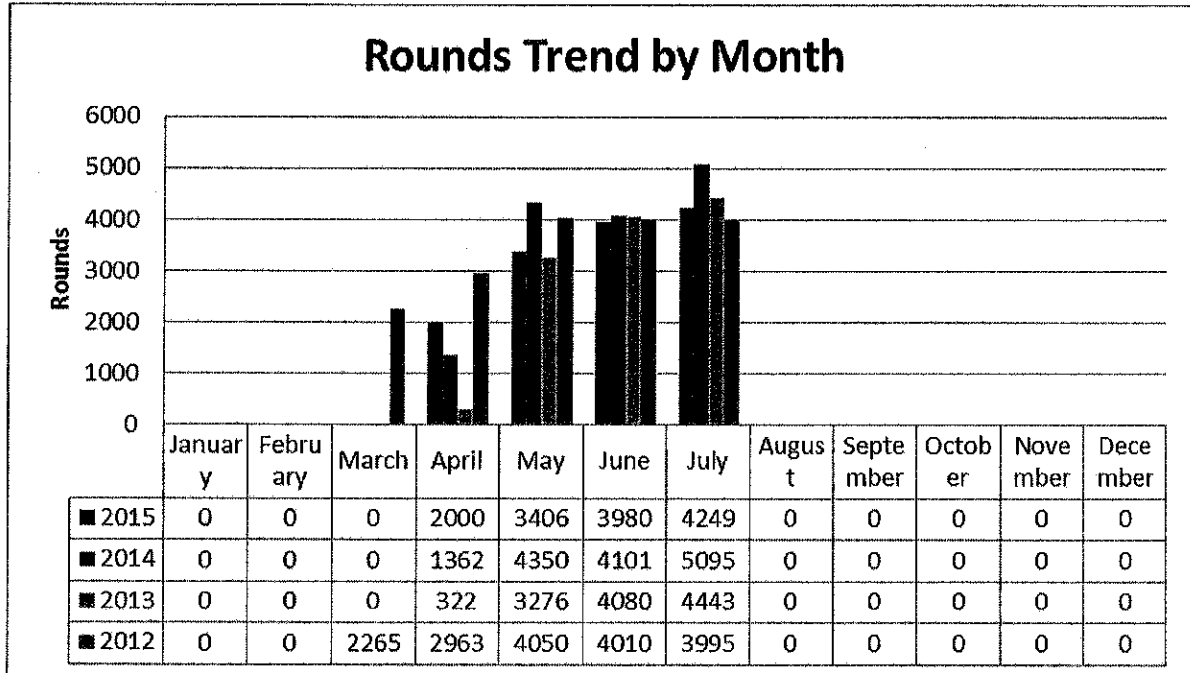


## Strategic Insights

- 2013, 2014, and 2015 the golf course was not able to open until mid April due to snow on the course compared to mid March in 2012.
- The construction of the underpass in the Spring of 2015 delayed the opening of the course .



# Key Performance Indicators



## Strategic Insights

- Shoulder seasons are very unpredictable in the state of Wisconsin especially in the spring times.
- Good weather in April jump started the season.
- Comparable rounds were played due to very good conditions and great anticipation of the changes coming to the course.



# Community Involvement

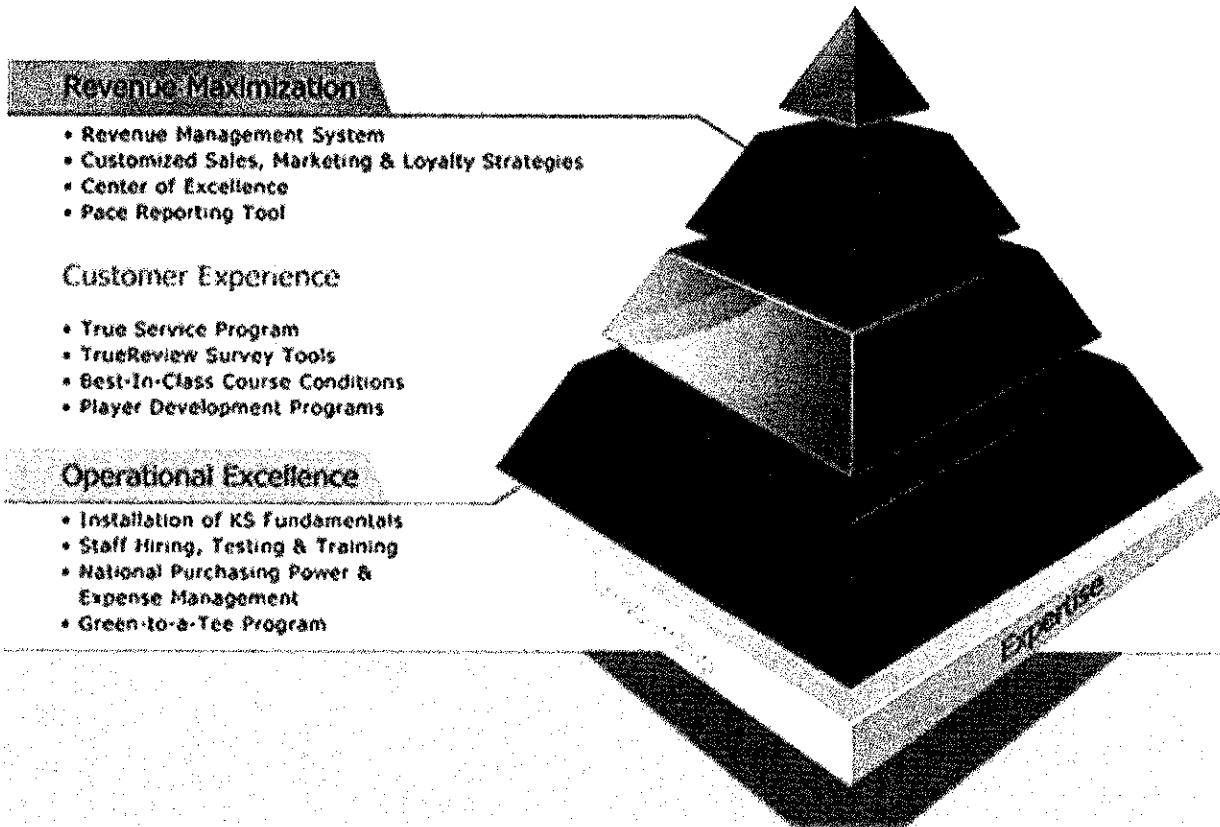


## Strategic Insights

- Three junior clinics were held over the summer with over 50 juniors participating.
- New junior playing program was held for 13 weeks with 19 juniors participating.
- Family tees were installed on the golf course making the course much more friendly for juniors and beginners.
- Middle School golf team was formed in conjunction with the Russ Hiser Foundation.
- Host golf course for Logan and Central boys and girls golf teams.
- Host of Special Olympics on Tuesday evenings.



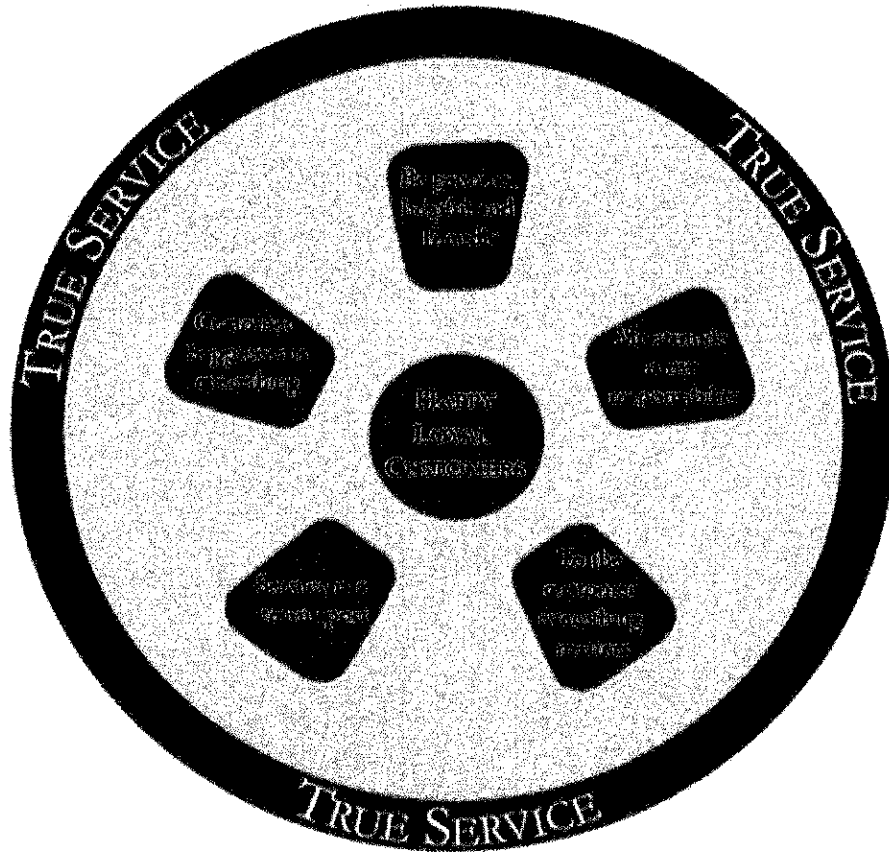
# Strategic Initiatives



## Initiatives

- Under KemperSports' management, Forest Hills has utilized our preferred vendor relationships and leveraged proprietary operational initiatives
- Titleist exclusive shop receiving 10% off invoice and free shipping on range balls.
- Rebates and incentives received in 2014 included Syngetic, Toro, Titleist, Footjoy, Gear and Pepsi.

# True Service



## Elevating Service Standards

- Service is the staple of our business plan at Forest Hills. Every employee hired is first evaluated on the principals of True Service. Once an employee is hired the process of True Service training begins with several levels of training involved. This training is universal to all positions held and develops the ideas of working as a team. A monthly True Service ambassador is chosen for outstanding examples of True Service.



# Environmental Stewardship



Green to a Tee™



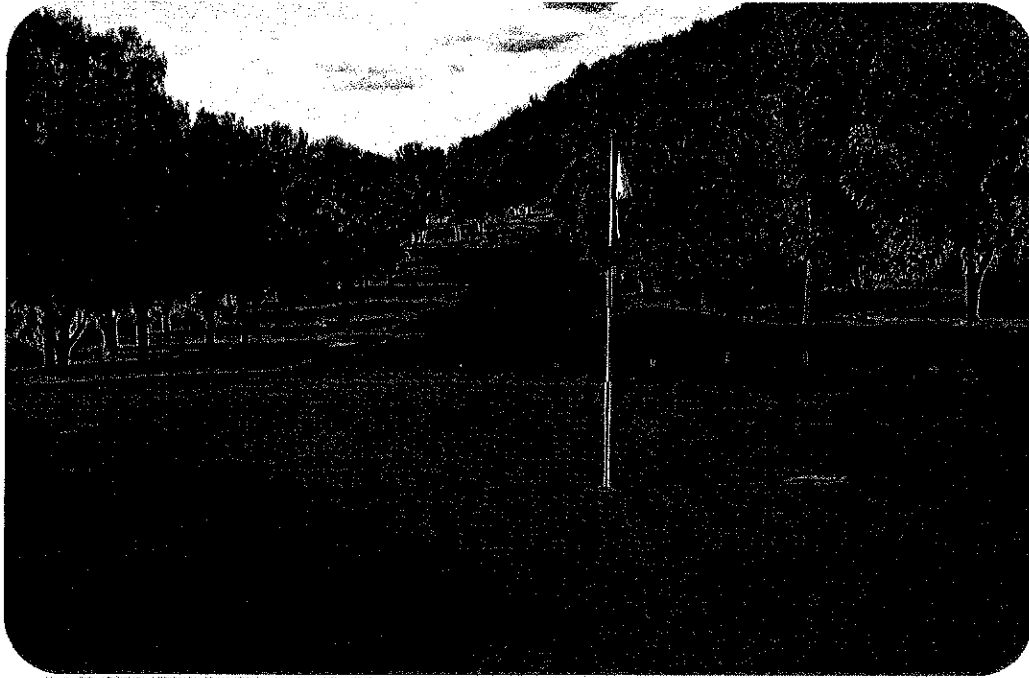
## Protecting Assets

- Forest Hills is currently a recipient of level one Green to a Tee.
- Recycling programs continue in all departments
- Responsible use of pesticides and minimal use of water consumption are key strategies in place.
- Employee awareness of operating in a “green” manner keeps the environment top of mind.



# Investing In Innovation

## GOING *of* GREAT PLACES

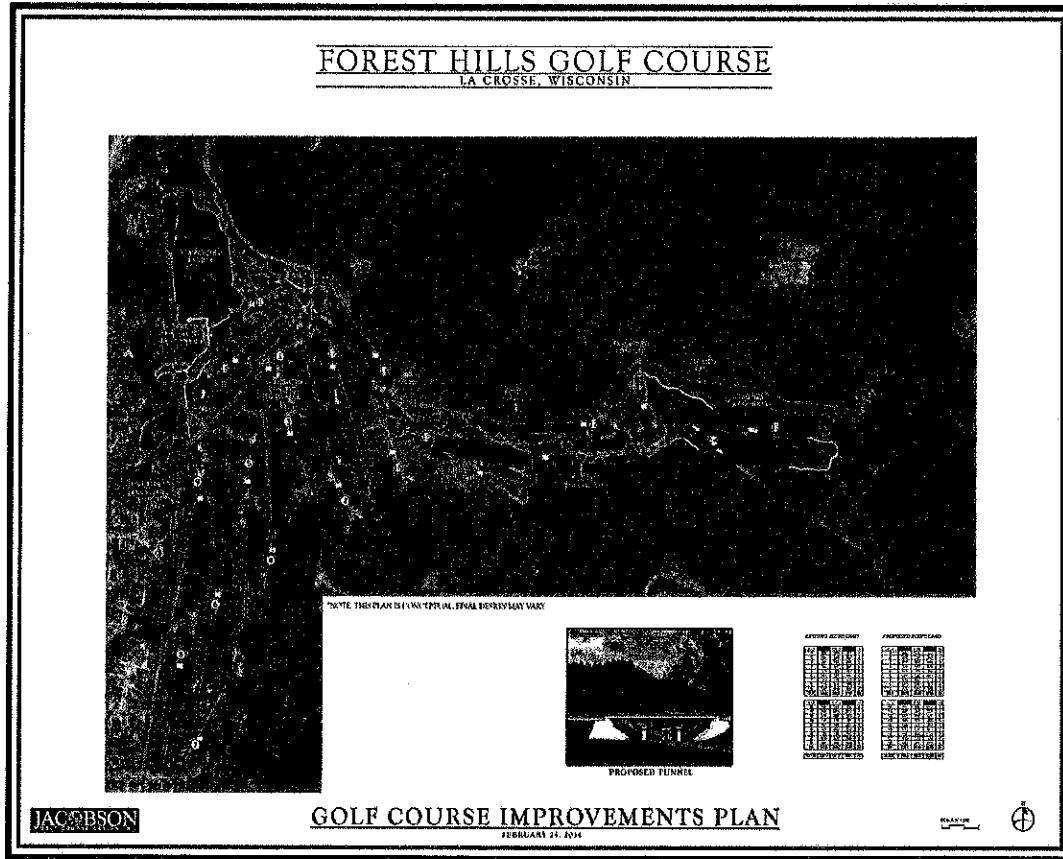


### Support Services

- Attending the KemperSports Leadership Conference and having the opportunity to share ideas and best practices with like courses is a great way to prepare for the season.
- Bi-weekly sales and marketing revenue calls with Regional Operations Executive and Regional Sales and Marketing Manager.
- Worked with Regional Food and Beverage department to create plans and layouts for the snack bar.
- Attended webinar on Safety National
- Attended webinar on off-season revenue ideas
- Monitored True Review scores several times a week and shared with staff.
- Worked with accounting on a daily basis to ensure accuracy.



# Improvement Plan



## Improvement plan

- The construction plan was approved and construction began in June of 2015.
- These changes to the course will have a major positive long term impact adding over 200 yards of length to the course and eliminating the wait for trains.





## Construction 2015

- The new holes 13 and 14 broke ground in December with clearing of the land followed by full blown construction in June.
- Railroad underpass was started in January and opened April 11<sup>th</sup>.
- A new Green was build for hole #18 along with a new tee box.
- New tee boxes were constructed on Hole # 10
- New cart paths are in place for holes one, ten, and eleven.
- The 14<sup>th</sup> hole and the 15<sup>th</sup> hole were combined to make one par 5 hole



# Year to date P & L 1/1-7/31

	Year to Date				
	Actual	Budget	% of Budget	Prior Year	% of Prior
Green Fees & Cart Fees	293,833	255,880	115%	332,400	88%
Merchandise	19,009	16,988	112%	22,181	86%
Other Proshop	6,887	6,267	110%	6,860	100%
Range	0	12,925	0%	18,465	0%
Food & Beverage	48,147	49,648	97%	61,280	79%
Other G&A Income	13,545	6,931	195%	10,210	133%
<b>Total Facility Revenues</b>	<b>384,241</b>	<b>353,859</b>	<b>109%</b>	<b>456,616</b>	<b>84%</b>
<b>Cost of Sales</b>	<b>28,770</b>	<b>26,536</b>	<b>108%</b>	<b>36,017</b>	<b>80%</b>
<b>Payroll</b>	<b>197,040</b>	<b>209,897</b>	<b>94%</b>	<b>205,479</b>	<b>96%</b>
<b>Expenses</b>	<b>82,897</b>	<b>85,900</b>	<b>97%</b>	<b>78,443</b>	<b>106%</b>
<b>EBITDA</b>	<b>75,534</b>	<b>31,526</b>	<b>240%</b>	<b>136,677</b>	<b>55%</b>
Management Fee	63,137	63,852	99%	62,915	100%
Financing Payments	4,000	0	#DIV/0!	729	549%
NOI	8,693	(32,077)	-27%	73,282	12%

**P & L thru  
July 31st**

- 2 walk behind greens mowers were purchased for \$4,000 to be able to handle grow in of the new greens.
- \$40K ahead of NOI as of July 31<sup>st</sup>.
- Driving range was budgeted to be open through August.
- 6% below budget for payroll to date.