



MONTGOMERY COUNTY DEPARTMENT OF PARKS
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MCPB
Agenda #2
3/25/10

MEMORANDUM

TO: Montgomery County Planning Board

FROM: Gene Giddens, Acting Deputy Director of Parks *GG*
Christine Brett, Chief, Enterprise Division *CB*

SUBJECT: Presentation by the Montgomery County Revenue Authority on its Operation
of the Commission's Four Golf Courses – Sligo, Needwood, Northwest, and
Little Bennett

Attached, for your review and approval, is a copy of the Montgomery County Revenue Authority's Annual Report on the operation of the Commission's four golf courses during the 2009 calendar year. A verbal presentation will be made by Keith Miller, Executive Director, Montgomery County Revenue Authority.

GG:CB:dlf
Attachment



Montgomery County Revenue Authority

Annual Planning Board Briefing 2010

Purpose and Background:

As required by section 7.2.6 of the lease between the Montgomery County Revenue Authority (MCRA) and Maryland-National Capital Park and Planning (M-NCPPC), the tenant shall appear before the Montgomery County Planning Board. The Tenant shall make a presentation of its operation of the Golf System during the preceding calendar year, including (1) significant activities conducted by Tenant in support of its obligations under this Lease, including (i) a schedule of fees charged at each M-NCPPC golf course with a comparison to the market, (ii) number of rounds played at each M-NCPPC golf course, and (iii) community outreach activities and programs to meet its commitments with regard to accessibility, including the participation rates; (2) a summary and representation of its compliance with the terms of this Lease; (3) any updates to the Golf Master Plan; (4) current capital improvement plan; and (5) any other information reasonably requested by Landlord.

On April 15, 2006 the MCRA began operating four golf courses owned and operated by Maryland-National Capital Park and Planning Commission. As such, the Montgomery County Golf system expanded from five to nine golf courses. Initially, the four M-NCPPC golf courses were operated under a Letter of Intent and an Operating Agreement. Once approved by the Montgomery County Council, the parties entered into a long-term lease agreement for the operation of the M-NCPPC golf courses in Montgomery County.

Structure of the Report:

This report and accompanying presentation will provide an overview of the key operational items from the previous year. The items covered will satisfy the requirements of paragraph 7.2.6 of the lease, as well as other items that the MCRA may feel are relevant. The report will flow in the same order as the items listed in the lease beginning with operational details and ending with updates on the Golf Master Plan and current capital improvement plan. We are happy to follow up with any additional requests the Landlord may request during the presentation.

Activities in Support of Lease Obligations

Commitment to the Environment

MCRA is a leader in pursuing green policies throughout the golf system and continues to advance its commitment to improve course conditions while decreasing our environmental impact. In 2009, we partnered with new vendors and revised operational procedures to further reduce our impact. Additionally, new procedures were implemented to recognize the advantages of increased operating efficiencies. An Environmental Committee was formed, made up of Golf Course Superintendents, Golf Professionals, and other MCRA staff to develop new initiatives across our system.

Research: In 2009, the MCRA began using the Executive Nine at Needwood Golf Course as a research course. The purposes are to investigate non-chemical alternatives to pest control and evaluating the use of warm-season grasses such as Bermuda grass,

Zoysia grass, and Seashore Paspalum, which traditionally require significantly less water, fertilizer, or pesticides to maintain. Studies are underway to help us identify practices we can implement in our golf course system that would allow for acceptable playing conditions with fewer chemical inputs to the turf and allow for reduced maintenance expenses. While not all of the research will result in operational changes, it is important for us to stay on the cutting edge and keep thinking outside the box regarding how we can reduce our environmental impact. Golfers who frequented Needwood's Executive 9 last year were educated with the use of numerous signs posted near each of the research sites. Our long term goals are 1) to transfer the successful practices at the Needwood course to our other facilities and 2) to partner with schools and other public groups to help build a better understanding as to how golf courses can benefit the world around them.

Audubon Cooperative Sanctuary Program for Golf Courses: MCRA courses have partnered with the Audubon International advisory service, which helps golf courses develop effective conservation and wildlife enhancement programs. Little Bennett Golf Course completed the certification program in 1998, making it one of the first golf courses in the state of Maryland to become a certified sanctuary. The other MCRA courses all achieved certification in Environmental Planning in 2009, and will continue to work towards completing the program. This year, they will be completing the necessary steps to achieve certification in at least one of the following categories: Water Conservation and Chemical Use Reduction and Safety.

Water Conservation: Our Superintendents utilize Best Management Practices to conserve water; daily monitoring of soil moisture, hand-watering of greens and utilizing computerized irrigation programs to target only the sprinkler heads that water the driest areas of the golf courses saved an estimated 20 million gallons of water in 2009. Our agronomy team also performs annual audits of the irrigation systems to ensure that the distribution uniformity of the irrigation systems is consistent by leveling heads, replacing worn nozzles, and doing a catch test, where rain gauges are put out on a green, for example, and they make sure the precipitation rate is the same for all areas of that green. If not, adjustments are made to correct this.

Course Conditions – While continuing our efforts to reduce our environmental impact we still strive to offer superior playing conditions at our facilities. The following is a summary of some of the main programs that have lead to significant success in both areas.

Targeted Fertilizer Applications: The MCRA has been working with a soil consultant for years now to help us monitor nutritional levels of individual greens, tees, and fairways; the application of fertilizers are targeted to specific sites, instead of making widespread applications on the whole golf course. This reduces potential runoff of excess fertilizer, optimizes turf health, and saves an estimated \$30,000 each year in fertilizer costs alone. In addition, the practice of spoon-feeding nutrients, especially on sand-based soil systems like some of our greens and tees, has provided our superintendents the ability to really fine-tune their applications to exactly what the turf needs in a given week or 2-week period. More advanced testing of the soil, called a saturated paste analysis,

allows us to see what nutrients are made available in the soil by the specific water with which we irrigate. This allows us to be extremely precise with our applications of fertilizer.

Low-maintenance or “Native” Areas: More than 10% of the 2,500 acres of property maintained by MCRA is designated as a “no mow” area. These grassy areas are allowed to develop naturally, promoting a diverse wildlife habitat while reducing maintenance costs (including the use of pesticides and fertilizer) and fuel emissions of equipment.

Use of Organic Fertilizers and Biostimulants: The MCRA has committed to using more eco-friendly organic fertilizers on its courses. We partnered with Perdue AgriRecycle to treat our courses with an organic pasteurized poultry litter fertilizer, which improves the playing surfaces in a more natural way. The environmental benefits of the product include slow nutrient release from natural microbial breakdown and the availability of 10 of the 13 essential nutrients required by turf grass for improved plant cell structure and vigor. This product also enriches the soil with organic components that are slowly depleted over time. The use of biostimulants such as seaweed extracts, humic acids, amino acids, and other naturally-derived substances help the turf promote deeper roots; they also better tolerate the numerous environmental and disease-related stresses that are characteristic of this region. Ultimately, these products also allow us to grow healthy turf while reducing the amount of other fertilizers or pesticides we use. Also, there are some instances where a pesticide can be applied in conjunction with an amino acid-based product, for example, where the lowest labeled rates of the pesticide can be used with the same efficacy of the pesticide at its normal rate when used as a stand alone product.

Pricing

In 2007, the MCRA adapted a supply and demand pricing structure, which did away with the posting of established rates. We implemented a system that monitors tee sheet utilization by 2-hour segments by day of the week. This information allows us to adjust pricing to maximize utilization and the revenue potential of each property. As a result, we are able to offer greater discounts during “off-peak” times to golfers than in the past, while still creating more revenue for the property.

Rounds Played:

Overall, there were 364,329 rounds played at M-NCPPC and MCRA courses in Calendar Year (CY) 2009 versus 370,897 rounds in CY2008, which represents a 2% decline in total rounds. There were 186,494 rounds in CY2009 versus 190,526 rounds in CY2008 played at the four M-NCPPC golf courses, which represents a 2% decrease. There were 177,835 rounds in CY2009 versus 180,371 rounds in CY2008 played at MCRA courses, which represents a 1% decrease in rounds. According to Golf Datatech which provides data for the PGA of America and the National Golf Course Owners Association, the total rounds nationally for CY2009 decreased by 1%, regional market of DE, DC, and MD increased by 1%, and local DC and Baltimore market decreased by 2% in CY2009. In

conclusion, the 2 % decrease of rounds played in the entire system was more than the national average. However, the golf system as a whole performed equivalent to the local market and slightly worse than the regional market. In CY2009, the M-NCPPC courses, with the exception of Needwood, significantly outperformed the national, regional, and local rounds trends by increasing year over year rounds.

A year ago, we predicted that in 2009 there will be a slight decrease in the total rounds and that the system will begin to balance and stabilize, which we believe was accurate. As we continue to look forward to 2010 and beyond, we must consider the challenges of our economy and the golf industry as a whole. The industry continues to predict significant course closures due to an over supply of facilities. Some industry leaders have predicted that up to 75% of the private courses will close in the next 3 – 5 years. The National Golf Foundation has estimated that 1,500 public facilities are at risk and approximately 100 – 200 courses will close annually until the supply and demand model is balanced. The market in Montgomery County is not immune to these challenges. According to historic data, the Montgomery County courses were averaging close to 430,000 rounds annually prior to 2003 and now the system is averaging close to 360,000 rounds annually. The future needs of a nine golf course system will have to continue to be monitored closely.

Community Outreach Activities:

In 2009, the Revenue Authority was able to remain committed to its current outreach activities while adding several new and exciting programs.

Customer Appreciation Day

As another way to thank those who support MCRA throughout the year and also to reach out to new golfers, the MCRA hosted its second annual Customer Appreciation Day. The event was hosted at the Little Bennett Driving Range and included local vendors, equipment demonstrations, free food, fun contests with prizes, and a golf exhibition by a past National Long Drive Champion. Over 150 people participated in the event.

Montgomery County Golf – Loyalty Club

In 2009, MCRA launched a new Loyalty Club program, which yielded 7,000 participants. This free membership program provides golfers the ability to earn free golf cart rental and/or free rounds based on Loyalty Club members' patronage of the MCG facilities.

Family Golf

The Family Golf program, which started at Needwood and Northwest Golf Courses in September 2008, expanded to all facilities in 2009. These events offered reduced prices for families playing nine-hole rounds. A course within a course was set up at all facilities to add to the enjoyment of the golf experience for those new to the game. Special scorecards were also provided. Free family golf lessons were provided throughout the year and a special rate of \$10 per family member was charged after 5PM on any MCG facility. This program will again be expanded in 2010.

Golf Industry Supported Initiatives

We continue to support the golf industry programs to grow the game. In 2009, MCRA we introduced Get Golf Ready, which is a program that was initiated by the World Golf Foundation. The program offers five weeks of introductory golf lessons for \$99. We had more than 300 participants in the program this year. Other industry programs that we participated in this year include: Take Your Daughter to the Course Day, Women in Golf Day, and Bring Your Kids to the Driving Range Day.

First Tee Montgomery County

Another major commitment to junior golf and to the community is the MCRA's partnership with the First Tee Montgomery program. First Tee provides an opportunity to young people, who otherwise might not have an opportunity, to experience the sport of golf along while learning personal life skills that apply to their every day lives. The program is now offered at Laytonville, Needwood, Northwest, and Sligo Creek Golf Courses. The First Tee mentoring program matches students with volunteers who will help them further develop an understanding of the sport and enhance their skill levels. The MCRA provides a 50 percent discount for the mentors and students. Another significant contribution to First Tee is the donation of Laytonville Golf Course for a major First Tee fundraising event that provides one of the most significant single revenue generators for First Tee Montgomery on an annual basis.

Junior Golf and School Programs

The MCRA has made a significant commitment to junior golf in the form of clinics, and more recently, camps designed to expose young people to the game of golf. In all, the MCRA had over 8,500 participants in a broad range of camps or clinics last year.

The MCRA additionally provides extensive support to the Montgomery County Public Schools golf program. There are 25 public high schools which the MCRA provides free access to all facilities for tryouts, practices, matches, and season ending events – an estimated value of more than \$50,000.

In 2009, MCRA again partnered with the Montgomery County Public Schools and the Recreation Department to provide the Middle School Golf Program. Four courses established a program in which middle school aged children participated in a six-week long spring and fall program that offered one day a week of instruction and one day a week of spirited on-course competition.

Finally, based on the program that was conducted as a partnership with Goshen Elementary School and Laytonville Golf Course, golf continues to be a part of the physical education curriculum for all fifth graders in Montgomery County.

MCRA League, Tournament, and Charitable Play

MCRA facilities also provide an opportunity for golfers to participate in league and tournament play, providing both recreation and a bit of friendly competition. The MCRA has continued to grow this segment of golf operations. With over 48 different leagues across eight of its golf courses, leagues and tournaments accounted for over 18,000 rounds of golf in 2009. In 2009, the MCRA held the fifth annual Montgomery County Golf Summer Amateur Tournament at Laytonsville and Northwest Golf Courses with over 120 participants.

In 2009, the MCRA introduced two new competitive programs. The First Annual MCG High School Invitational was conducted at Falls Road in October and included 56 of the County's top high school golfers. The students competed in boys' and girls' divisions and included students from both public and private high schools. Additionally, the MCRA introduced the First Annual Singha Cup Series. This event was open to all golfers who competed for prizes over a six-week event at six different MCG courses culminating with a championship match and awards dinner at Poolesville Golf Course.

The MCRA donated rounds of golf to over 100 local charities, including schools and church groups, at a value of over \$20,000 in 2009.

All nine MCRA golf courses participated in the Second Annual Patriots Golf Day. This was a joint initiative with the PGA of America and the United States Golf Association that raised contributions for the Wounded Warriors. This organization supports families of those who have become disabled or lost their lives in the line of military duty. The MCRA courses collected and matched contributions of all golfers who played that day. The MCRA donated \$1.00 for each green fee that was processed on Saturday, September 1 and collected over \$6,500 for this outstanding cause.

Compliance with Lease

The MCRA believes it is and has been in compliance with the details and overall intent of the lease. The above information outlines the operational initiatives that have taken place over the past year to satisfy our lease obligations. Additionally, we have submitted all required reports and continue to move towards creating a financially sustainable golf system.

Golf Master Plan Update

In these tough times, it is essential that funds are expended in a diligent manner to ensure facility and system sustainability. Although there have been no significant changes to the 2006 Master Plan, the timing of the projects have been delayed. We will continue to move forward with projects on a slower, more financially sustainable schedule.

The MCRA proposed a new project in this year's CIP for Needwood Golf Course. The project includes funding for the modification of the clubhouse to include a food and

beverage expansion. It is the goal of the project to increase the utilization of the food and beverage department by golfers as well as additional new business from non-golfers. The franchise would be purchased and operated by the MCRA.

Capital Improvement Plan

During 2009, the MCRA made the following capital improvements. We continued our focus on the renovation of golf course bunkers at Little Bennett and Needwood. We have also completed significant irrigation system work and some drainage work at Northwest. Following the renovation of the exterior of the Little Bennett clubhouse, we purchased new outdoor furniture. In total, the MCRA invested over \$200,000 at the M-NCPPC golf courses in 2009.

Other Information Requested

At the time of this report, there were no additional items requested.

Attachment 1
Year over Year Rounds Comparison Detail

The following comparison is based on calendar year results not fiscal year. This comparison allows us to better evaluate performance against industry trends.

Golf Course System	2008	2009	Variance	% Growth
Total Rounds	370,897	364,329	-6,568	-1.77%
M-NCPPC Golf Courses	2008	2009	Variance	% Growth
Total Rounds	190,526	186,494	-4,032	-2.12%
MCRA Golf Courses	2008	2009	Variance	% Growth
Total Rounds	180,371	177,835	-2,536	-1.41%
Sligo Creek	2008	2009	Variance	% Growth
Total Rounds	26,125	28,014	-1,889	7.23%
Little Bennett	2008	2009	Variance	% Growth
Total Rounds	29,645	30,815	1,170	3.95%
Needwood	2008	2009	Variance	% Growth
Total Rounds	69,937	61,989	-7,948	11.36%
Northwest	2008	2009	Variance	% Growth
Total Rounds	64,819	65,676	857	1.32%
Falls Road	2008	2009	Variance	% Growth
Total Rounds	42,809	47,380	4,571	10.68%
Poolesville	2008	2009	Variance	% Growth
Total Rounds	31,425	29,425	-2,000	-6.36%
Laytonsville	2008	2009	Variance	% Growth
Total Rounds	41,277	37,086	-4,191	-10.15%
Hampshire Greens	2008	2009	Variance	% Growth
Total Rounds	31,851	31,407	-444	1.39%
Rattlewood	2008	2009	Variance	% Growth
Total Rounds	33,009	32,537	-472	-1.43%