



## Golf Business Advisors

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### **City of Harrisonburg, Virginia**

### **Heritage Oaks Golf Course Analysis**

### **Executive Summary**

**by**

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**City of Harrisonburg  
Heritage Oaks Golf Course  
Financial and Operational Analysis**

**Table of Contents**

- I. Situation Analysis**
- II. Public Engagement**
- III. Financial Analysis**
- IV. Golf Course Asset Analysis**
- V. Golf Course Management**
- VI. Golf Course Maintenance Analysis**
- VII. Marketing Analysis**
- VIII. Current and Future Economic Trend Analysis**
- IX. Business Plan Recommendations**
- X. Appendix**

# I. Heritage Oaks Golf Course Situation Analysis

- The Heritage Oaks Golf Course is a municipal golf course owned by the City of Harrisonburg and designed by golf course architect, Bill Love. The course was built on approximately 191 acres (of which 35 acres are restricted for recreational purposes only) and includes an 18 hole regulation course, parking lot, driving range, practice putting green and 3 hole par three course. The Heritage Oaks clubhouse includes pro shop/check in area, snack bar and kitchen, cart storage, restrooms and office space in a setting overlooking the course.
- The course opened in September, 2001 for a soft opening and opened for good on March 29, 2002. The cost of the golf course and 6,300 square foot clubhouse was approximately \$4,700,000 and the cost of the Clubhouse and parking lot (120 parking spaces) was approximately \$900,000. The City arranged Bond financing (\$6,400,000 for 30 years) that was used to pay for both and the payments are currently approximately \$438,000 per year. If all goes as planned, the final payment will be in the year 2030.
- The City of Harrisonburg has an extensive parks system with 18 parks offering an array of natural areas, recreation centers, ball fields, activities and services. The Heritage Oaks Golf Course is part of the City of Harrisonburg Parks Department and Luanne Santangelo is the Director of the Parks and Recreation Department. The budget for the entire Parks and Recreation Department is approximately \$6 million.
- The financial results of the Heritage Oaks Golf Course have not been positive for any of the 19 years of the course operations and in late 2018, both the Parks and Recreation Advisory Commission and City Council began asking many questions—which has led to a substantial budget cut in Heritage Oaks expenses in 2020-21 and to this Study.
- Based on information provided by the City, the rounds of play at Heritage Oaks have averaged approximately 25,886 over the past five years. Over the past five years, the revenue has averaged \$630,000 annually and expenses of \$1,087,000 annually for a Net Income average loss of approximately (\$460,000).
- Based on my tours of the Heritage Oaks course, it is an excellent golf course that is well suited for golfers of all abilities. The course is in very good condition (tees, fairways, greens and roughs) and also has excellent views with mostly natural surroundings (except for a couple of holes with adjacent homes).
- The Clubhouse serves its purpose of checking in golfers, however there is not any food and beverage service (except drinks and snacks in the Pro Shop), as a combination of Covid and not being able to find a dependable food and beverage operator has been an issue.
- As part of this Study, we developed and implemented three public engagement initiatives: Staff and Stakeholder interviews, Meeting with Parks and Recreation Advisory Commission and an open Survey of golfers and other citizens. The results are included in the Study, but we quickly learned that Heritage Oaks has become a controversial subject and a political issue on a number of fronts from the course being a great asset for the City to the course should be closed down immediately.

# II. Public Engagement

- \* Working with Luanne Santangelo, we developed three key initiatives to help Golf Business Advisors and the City better understand where the City staff, the public, as well as key stakeholders stood on the Heritage Oaks Golf Course and what the key issues were concerning Heritage Oaks.

## 1. Staff and Stakeholder Interviews

We met with City Manager Eric Campbell and Assistant City Manager Ande Banks and Luanne Santangelo, Director of Parks and Recreation and Brian Mancini, Assistant Director of Parks and Recreation. We also met with Charlie Fultz, Heritage Oaks Interim Manager and Superintendent, David Johns, Heritage Oaks PGA Golf Professional and Ed Steele, Parks and Recreation Safety Director who has also assisted at Heritage Oaks during the Covid situation. As part of the Survey, we met and communicated with Michael Parks, the Director of Communication and as part of our marketing efforts, we met with Brian Shull, the Director of Economic Development

In addition, we also conducted telephone interviews with a number of stakeholders of Heritage Oaks including: George Hirshmann, Kyle Lawrence, Kai Degner, Laura Dent, Lindsey Sodikoff, Bob Lewis, Mike Layman, Kevin Gibson, Dany Fleming, Chris Jones, Tom Tattersall, Kemper Funkhauser

- During our conversations, many issues and concerns were discussed, but in general, the key themes that we heard are as follows:
  - A. **Land Use**
  - B. **Financial Performance**
  - C. **Lack of Diversity**
  - D. **Course is an asset for City**

- \* The Heritage Oaks Golf Course has certainly becoming a political issue and there are many strong feelings regarding each of these key themes. The results of our study and the successful implementation of some or all of our recommendations should hopefully help resolve the Financial Performance issue, but in my opinion, the other two key issues (Land Use and Lack of Diversity) will continue to be a challenge. The City is engaging the Urban Land Institute to do a study of the Heritage Oaks land and provide suggestions on other possible uses.

## 2. Parks and Recreation Commission

We presented an update on our Study at the March 15 Parks and Recreation Commission meeting. Although the update was generally well received, it was apparent that the Parks and Recreation Committee also has many concerns for the operations, financial performance and land use of the golf course.

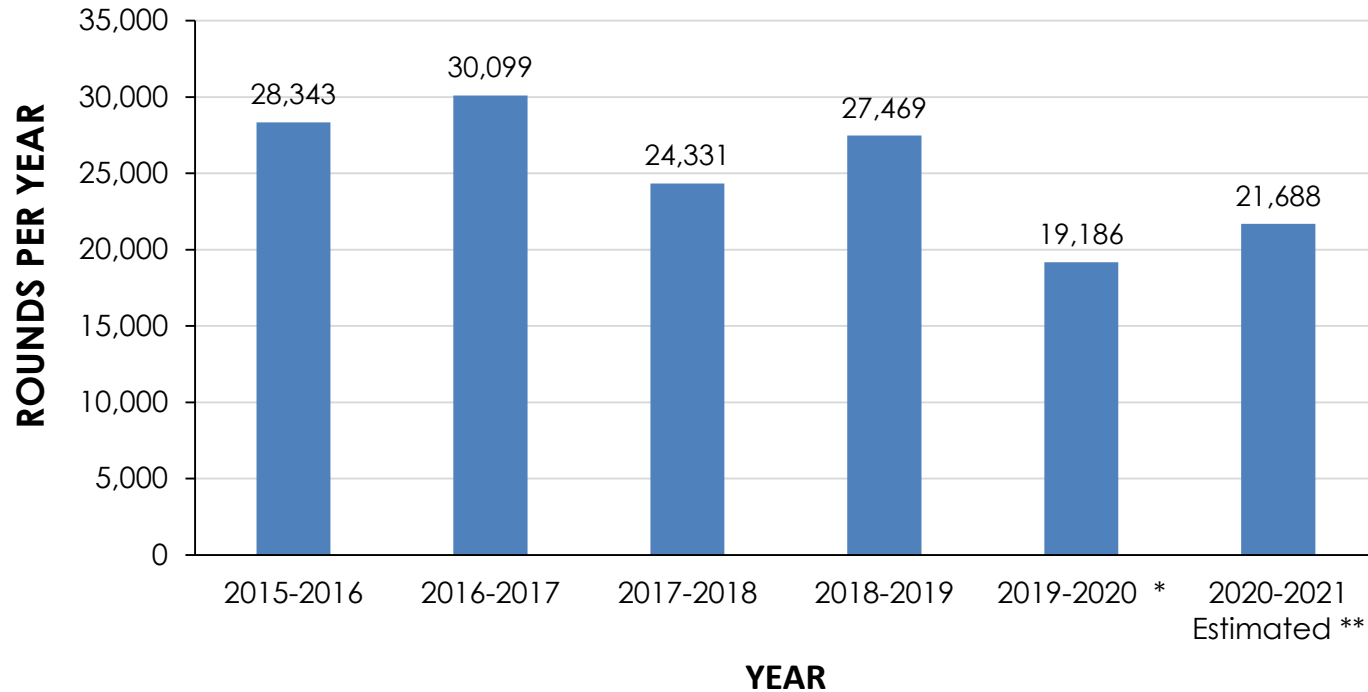
## 3. Public Survey

We developed a survey (in cooperation with Luanne Santangelo and Micheal Parks) to get feedback from the golfers and the general public on Heritage Oaks. The survey was sent to the Heritage Oaks database of approximately 1,600 golfers and also promoted on the City's website and other ways. There were 1,077 responses to the survey and the survey questions and results are outlined in the complete study. In my opinion, the key results include:

- Heritage Oaks attracts golfers from many zip codes and throughout the Shenandoah Valley
- Lakeview, Shenvalee, Spotswood and Packsaddle are the key competitors
- The golf experience, course layout, course conditions and PGA Pro/Golf Instruction all received high ratings
- Customer service, tee time availability, pace of play and merchandise all received low ratings
- Over 50% of the respondents are interested in golf instruction
- The vast majority of the respondents think that the green fees, cart fees and annul pass fees are fair
- The biggest issue for improvement is the Snack Bar

# III. Financial Analysis and Golf Operations

## HERITAGE OAKS ROUNDS OF GOLF HISTORY

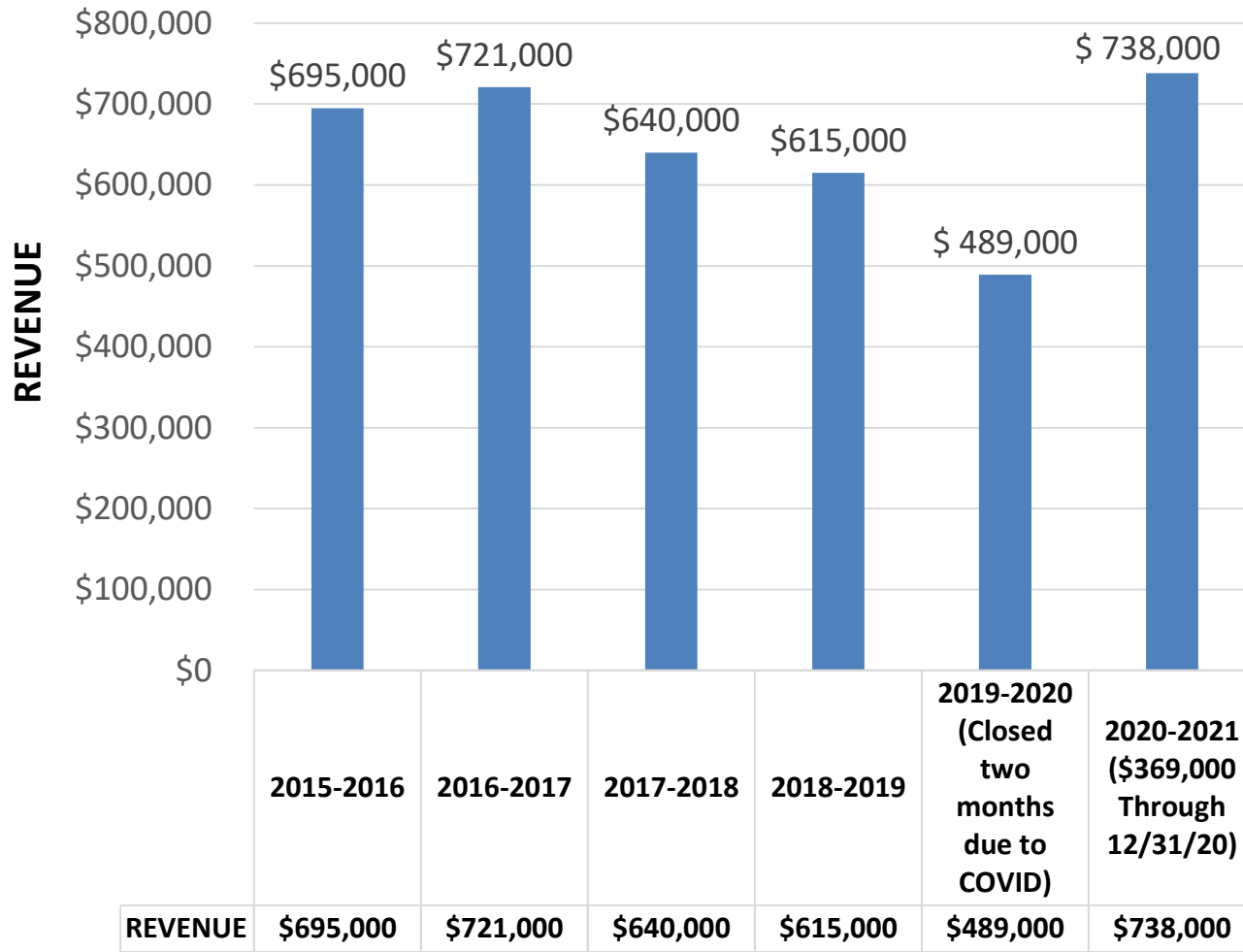


\* 2019-2020 : Closed two months for COVID-19

\*\* 2020-2021: Actual of 10,844 through December 31--estimate is 2X rounds through

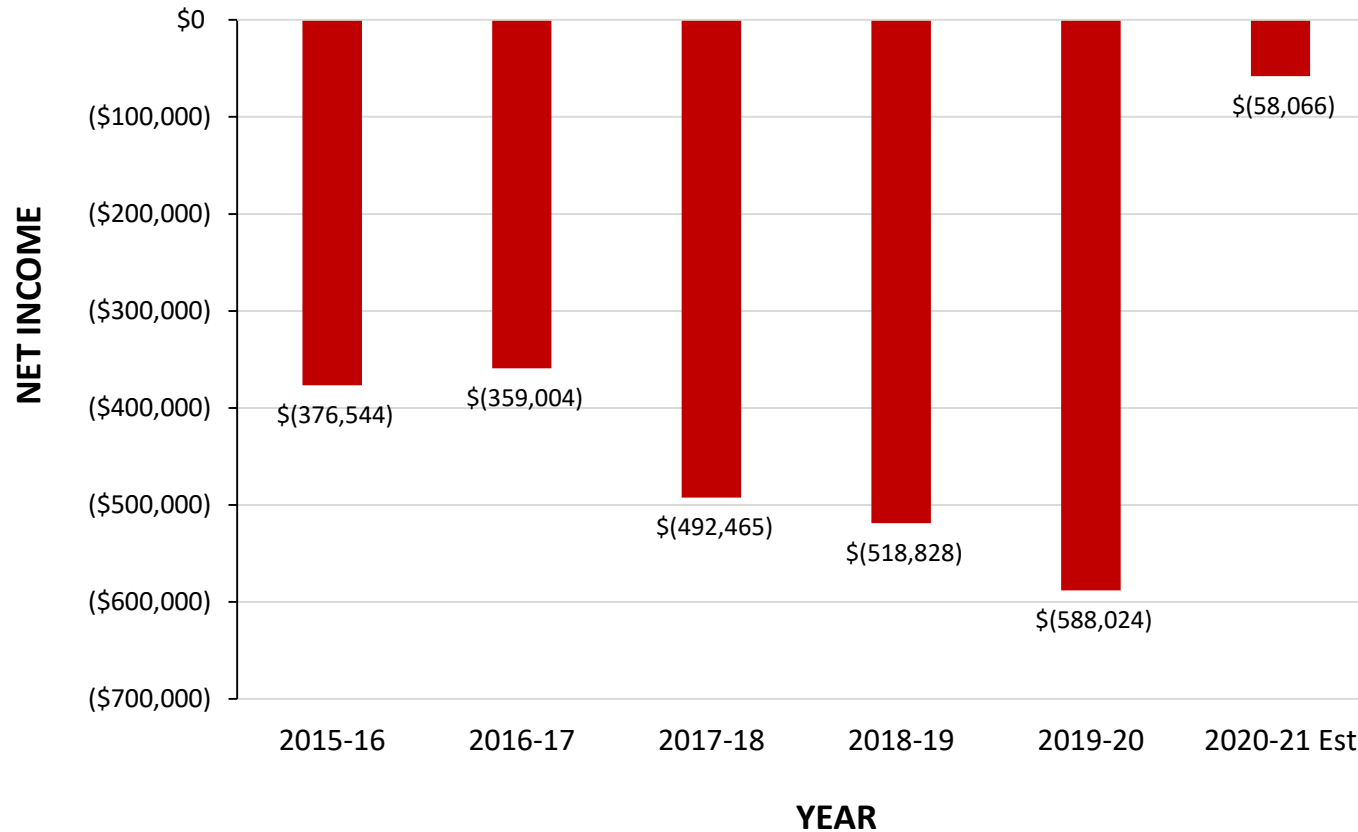
# III. Financial Analysis and Golf Operations

## HERITAGE OAKS REVENUE HISTORY



# III. Financial Analysis and Golf Operations

## HERITAGE OAKS NET INCOME



*Note: Does not include Capital Outlay nor Debt Service*

# III. Financial Analysis and Golf Operations

## Heritage Oaks Season Pass History

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21 Est*</u>
<b>Number of Passes</b>	149	157	148	160	130	80
<b>Total Number of Rounds</b>	9,951	9,388	10,948	9,094	8,455	5,200*
<b>Number of Rounds Per Pass</b>	67	60	74	57	65	65
<b>Annual Pass Revenue</b>	\$106,983	\$98,116	\$108,931	\$106,520	\$94,392	\$109,557
<b>Revenue per Round</b>	\$10.75	\$10.45	\$9.95	\$11.71	\$11.16	\$21.07

\*5,200 is estimate based on 65 rounds per pass



# III. Financial Analysis and Golf Operations

## Overview of Municipal Golf Courses in Virginia

	Annual Rounds	Annual Revenue	Annual Maintenance Expenses	Annual Operating Expenses	Net Income
<b>Meadowcreek</b> Charlottesville  <a href="http://www.meadowcreekgolf.org">www.meadowcreekgolf.org</a>	33,617	\$886,635	\$433,000	\$453,486	\$152
<b>Bide A Wee</b> Portsmouth  <a href="http://www.portsva.org">www.portsva.org</a>	32,000	\$1,022,666	\$495,500	\$505,000	\$22,166
<b>Dogwood Trace</b> Petersburg  <a href="http://www.dogwoodtracegolf.com">www.dogwoodtracegolf.com</a>	19,860	\$678,587	\$350,000	\$347,082	<b>\$18,495</b>
<b>Heritage Oaks</b> Harrisonburg  <a href="http://www.heritageoaksgolf.com">www.heritageoaksgolf.com</a>	27,299	\$659,271	\$690,308	\$472,473	<b>-\$503,510</b>

All information shown are averages of past three years

# III. Financial Analysis and Golf Operations

Based on the most recent financial report from the City through May 31, 2021, outlined below is a projection on the year end financials for Heritage Oaks for 2020-21. It is apparent that the budget cuts and improved management of the golf course and golf operations are working to bring Heritage Oaks closer to a break even despite the challenges that Covid brought.

	<u>2020-21 Budget</u>	<u>2020-21 Actual (through 3/31)</u>	<u>2021-21 Year End Projected</u>
<b>Rounds of Golf</b>	<b>not budgeted</b>	<b>18,666</b>	<b>21, 500</b>
<b>Revenue</b>	<b>\$612,500</b>	<b>\$631,527</b>	<b>\$721,000</b>
<b>Expenses</b>	<b>\$836,254</b>	<b>\$675,280</b>	<b>\$750,000</b>
<b>Net Income</b>	<b>\$223,754</b>	<b>\$43,753</b>	<b>\$29,000</b>

# IV. Golf Course Asset Analysis

- The Heritage Oaks Golf Course is a valuable asset for the City of Harrisonburg and rounds out the excellent park facilities and services that are offered by the Parks and Recreation Department. As a large acre tract of land near downtown Harrisonburg and with few parcels available in the City, it is indeed valuable and the City has just commissioned the Urban Land Institute to study the possible other uses. It is important to note that 35 acres (encompassing four of the golf holes) are on land that is restricted to recreational use only. Hillandale Park is located on the back side of the golf course and a walking trail system will be completed in 2021 that will run beside the golf course.

The Heritage Oaks course facility also includes three buildings:

- **Clubhouse** (of approximately 8,500 square feet) that includes pro shop/check in area, snack bar and kitchen, cart storage area, restrooms, and office space—all in a setting over-looking the course. In addition, there is a paved parking lot in front of the Clubhouse that has approximately 120 spaces.
- **First Tee of the Greater Shenandoah Valley Clubhouse and Pavilion** (The City owns the Pavilion).
- **Golf Maintenance facility** of approximately 10,500 square feet—this is actually a 21,000 square foot building that is shared with the School System. In addition, the golf maintenance operations have a wealth of equipment to maintain the golf course that is housed within this facility.
- After having played the golf course on April 19, I will add that the course layout and conditions are certainly among the best of the courses I have played in the Shenandoah Valley and Heritage Oaks is indeed one of the top municipal golf courses in Virginia.
- The First Tee- Shenandoah Valley is part of a national premier youth development organization that uses a Life-Skills Education curriculum and the Nine Core Values to impact the lives of young people. They provide learning facilities and educational programs that promote character-development and life-enhancing values through the game of golf.
- First Tee is based on the nine core values that it instills in all of the participants: **Honesty, Integrity, Sportsmanship, Respect, Confidence, Responsibility, Perseverance, Courtesy and Judgment.**
- The program services the youth of the City of Harrisonburg, Rockingham, Shenandoah, Page, and Augusta Counties. Youth ages 5-17 are welcome to participate. In 2018, they had over 6,300 youth participants through our program, public schools, private schools, and other outreach. They hope to see these numbers increase through additional programs with Harrisonburg City and Rockingham County Schools, the 3 other Counties in our service area, and other youth organizations.

## IV. Golf Course Asset Analysis (Cont'd)

- Currently, the First Tee National School Program is being taught in Thomas Harrison Middle School, Skyline Middle School in the City of Harrisonburg; McGaheysville, Elkton, John Wayland, and Plains Elementary Schools in Rockingham County; Craigsville, North River, Riverheads, and Wilson Elementary Schools in Augusta County; Bessie Weller, McSwain, and Ware Elementary Schools in the City of Staunton. The National School Program is led by the PE teachers as part of their yearly curriculum.
- The goal at the First Tee- Shenandoah Valley is to allow all children to grow character through the game of golf. To ensure this, they want to assure you that no youth will be turned away due to financial restrictions.
- The First Tee program started as just Harrisonburg kids and has been funded by private donations, including by the City of Harrisonburg. Beginning in 2015, First Tee expanded to neighboring areas and now uses five different courses throughout the Shenandoah Valley—although Heritage Oaks is their home base.
- In 2010 one of the First Tee volunteers and former staff member at the First Tee, developed the **Juvenile Diversion Program**. This program is only the second of its kind among the 195 chapters in The First Tee network. Its design is to keep children out of the court system who have committed their first offense. Participants in the program are referred to our facilities by juvenile probation officers from the 26th District Court. This 9-week program is now led by our Executive Director, Mr. Tom Tattersall. Through the 9 weeks, participants receive mentorship and guidance on goal setting, interpersonal skills, conflict resolution, and more. In addition, participants in the program are introduced to the game of golf and The 9 Core Values of The First Tee.
- The goal of this program is to help participants reflect on the choices they have made and supply them with skills they need to make better choices in the future. Tattersall stated, “We are extremely proud of this unique program made possible through a strong partnership with the Juvenile Intake Officers within our 26th District Court Service Unit.”
- First Tee is managed on a daily basis by **Tom Tattersall**, Executive Director, **Nate Hildebrand**, Program Director and **Matt Haemsch**, Program Coordinator. They work at the direction of the First Tee Board which includes: **Garrett King, Ryan Hite, Tim Cash, Sam N. Shaw, Melissa Andrews, Eric Bond, Jason Crawford, John Dod, Sam Groseclose, Cover Heishman, Tom Hoy, Mike King, Michelle Koontz, Dan Nardi, Eric Obaugh, Willy Pirtle, Larry Rogers, Fulton Sensabaugh, Walt Trobaugh and Peter Wray.**

There is an agreement from June, 2011 in place between First Tee and Heritage Oaks including:

- Range Balls—up to 2,000 buckets of range balls at no charge
- Use of Regulation Course—2,000 rounds of golf at no charge
- Use of Short Course—First Tee has priority and pays for utilities/maintenance
- First Tee Fundraising Tournaments—Heritage Oaks has “right of first refusal”
- The City was contributing \$70,000 per year to First Tee, but that has now been curtailed

# IV. Golf Course Asset Analysis (Cont'd)

## Other Possibilities for Recreational Use at Heritage Oaks

Although it is our opinion that the City of Harrisonburg offers many different parks and facilities for its citizens and therefore Heritage Oaks should remain primarily a golf course and not have its operations impacted by other activities (like it did in 2020 and 2021). However, due to the public out-cry over possible uses for the golf course property and based on best practices at other municipal and daily fee courses, we would suggest the following be considered as additional activities at Heritage Oaks:

- **Running races—one is planned this summer and the revenue will easily offset the delayed opening of the course**
- **Concerts/Movie Nights—the Driving range is an excellent location and will not affect the golfers**
- **Pickleball—perhaps 4 courts using some of parking lot—the area to the left as you enter the parking lot would seem to offer the best alternative...and a pickleball court size is 34 X 64, so it seems like 4 or more courts could easily go in that area**
- **Putt Putt golf course—consider a fun 18 hole putt putt course either at main Clubhouse or near par three course**
- **Bocce Ball—needs limited space and could go clubhouse and the driving range (see photo below)**
- **Cross Country Skiing—perhaps a trial in the winter of 2022 to see how it will work**

## Recommendations for Consideration

- The lack of food and beverage at Heritage Oaks is an issue, and I suggest that it be operated “in house” under the direction of the General Manager with simple menus and reduced hours for starters—and from April 1 through October 31
- Consider establishing a name for the par three course—perhaps as a fundraiser
- Consider making the par three course on the “honor system” and have a box to collect fees of \$5 per day for adults and \$1 per day for children under 18
- Consider the other amenities and activities outlined above in order to get more users at the Heritage Oaks property

# V. Golf Course Management

## A. Overview of Heritage Oaks Operations Management

- Heritage Oaks is managed on a daily basis by the Parks and Recreation Department under the direction of their Director, Luanne Santangelo. In prior years, there have been a number of General Managers overseeing the course including the Assistant Director of Parks and Recreation and the PGA Golf Instructor, David Johns. In mid 2020, Genevieve Chandler was named General Manager and worked until she resigned in October and then Charlie Fultz took over as the Interim General Manager in addition to his other duties as Superintendent and Athletic Fields Supervisor. An overview of the Parks and Recreation Department organizational chart is shown below. Fultz now oversees both the golf operations and golf course maintenance.
- At the moment, David Johns does not have any supervisory responsibility, although it appears that he assists in every area where needed. Ed Steele (who has other responsibilities within Parks and Recreation) has also been serving as a supervisor.
- Golf courses are open seven days per week from early morning until dark (14 or more hours per day) and there needs to be supervision during that entire time. There appears to be a lack of supervision at the golf course (especially on Sundays) and this needs to be addressed prior to the busy summer season. Assistant PGA Golf Professionals are a dime a dozen (and probably less than \$25,000 per year salary) and will work hard with many hours while they learn and this could be the answer for Heritage Oaks in order to add to the Supervision.

### Recommendations for Consideration

- Make Charlie Fultz the General Manager and also retain role of Superintendent and Athletic Fields supervisor.
- Adjust David Johns responsibilities to include the Golf Operations Supervisor overseeing all of the golf operations staff—reporting to General Manager
- Consider hiring an Assistant PGA Pro to provide more supervisory support (could replace a Pro Shop staff position)
- Get back to an operating schedule of 7:00 am until dark as soon as possible
- Develop program for paid or volunteer starters and rangers on the busiest days
- Discontinue offering Annual Passes with carts
- Consider a new Point of Sale system and also adding *Golf Now* on line tee time system
- Increase Annual Pass fees approximately 10% per year over the next few years
- Change merchandise program to the limited items that we have outlined above
- Host Harrisonburg City Championships (Men, Seniors, Women and Juniors) in late summer, 2021
- Reduce golf course maintenance costs to approximately \$450,000 per year
- The lack of food and beverage at Heritage Oaks is an issue, and I suggest that it be operated “in house” under the direction of the General Manager with simple menus and reduced hours for starters—and from April 1 through October 31

# V. Golf Course Management (cont'd)

## B. Overview of Management Options

- The City of Harrisonburg has chosen to self-manage their golf course for many years now and through this RFP process is trying to learn more about their golf course asset, financial situation, how best to improve the operations of the course and what their options for the course in the future may be.
- Municipalities have a number of options to consider when determining how best to manage their golf assets. Outlined below is an overview of the various options that are in use today by other municipalities and the pros and cons for each option are shown: **Self-Management, Lease, Management Contract, Partial Management contract** (generally for golf maintenance or food and beverage)

## VI. Golf Course Maintenance

- Charlie Fultz is currently the Interim General Manager and also the golf course superintendent. He has an excellent background managing the golf course maintenance at other courses and based on what I can see, is doing an excellent job at Heritage Oaks.
- Prior to 2020, Heritage Oaks had averaged over \$699,000 per year in golf course maintenance expenses compared to the other municipal course in Virginia of Meadowcreek at \$433,000, Bide A Wee at \$495,000 and Dogwood Trace at \$350,000. In addition, there is a survey of Virginia superintendents at the end of this section which shows that many courses are being maintained for less than \$500,000 annually. Charlie Fultz commented to me that there is no reason that Heritage Oaks can not be well maintained for less than \$500,000 per year.
- After reviewing the course, I certainly agree with Charlie on the “less than \$500,000” per year in maintenance costs. Prior to our getting started on this project, I speculated that the golf course maintenance costs were an issue and was prepared to suggest a Golf Maintenance Management Company like Brightview, Indigo or IGM (see their information above in the Management Section)...and then learned that Meadowcreek, Charlottesville’s municipal course, retains Indigo on a golf course maintenance contract only--which is a total of \$433,000 for 2021. So, although this is an option for the City in order to lower costs, I certainly think Charlie Fultz can maintain the quality of the course and get close to that total maintenance number.



# VII. Marketing Analysis

- A. The Competition:** As part of the marketing analysis for Heritage Oaks, we have examined the competitive set of courses as outlined below (both public and private courses) that golfers in the Harrisonburg area have to choose from.
- Based on the results of the survey and the information provided by the Heritage Oaks staff, it certainly appears that the key competitive courses in the area include: **Lakeview, Spotswood Shenvalee and Packsaddle**. Based on information from the Heritage Oaks staff and from the Packsaddle website, it appears that Packsaddle has been sold and will not reopen for the 2021 season—which could be a boost to Heritage Oaks if one of the key competitors is no longer an option for area golfers.

## The Competitive Set of Courses for Heritage Oaks Golf Course

Outlined below are the 18-hole courses within a 20-mile radius of the Heritage Oaks course including both public courses and one private club.

<u>Public Courses</u>	<u>Location/Miles from Heritage Oaks</u>	<u>Approximate Annual Rounds</u>	<u>Weekend Rack Rate w Cart</u>	<u>Annual Pass Single/Couple</u>	<u>Golf Advisor Rating 1 to 5</u>
<b>Heritage Oaks (18)</b>	Harrisonburg/0 miles	25,000	\$58	\$999/\$1,449	4.2
<b>Lakeview (27)</b>	Harrisonburg/7 miles	35,000	\$48	\$1,050/\$1,650	4.3
<b>Lakeview Par Three (9)</b>	Harrisonburg/7 miles	5,000	\$9	na	na
<b>Shenvalee (27)</b>	New Market/20 miles	42,000	\$49	\$983/\$1,256	4.5
<b>Packsaddle Ridge (18)</b>	Keezeltown/10 miles	10,000	\$42	na	3.3
<b>Massanutten—Woodstone (18)</b>	Massanutten/17 miles	28,000	\$55	na	3.3
<b>Massanutten—Mountain (18)</b>	Massanutten/19 miles	32,000	\$55	na	4.8

<u>Private Club</u>	<u>Location/Miles from Heritage Oaks</u>	<u>Approximate Annual Rounds</u>	<u>Annual Pass Single/Couple</u>	<u>Golf Advisor Rating 1 to 5</u>
<b>Spotswood (18)</b>	Harrisonburg/ 5 miles	15,000	\$3,540/\$3,816	5.0*

# VII. Marketing Analysis

## B. Marketing Strategies to Attract Local Golfers

GBA met with the Heritage Oaks staff to understand the ongoing sales and marketing efforts to attract local golfers to Heritage Oaks. We also reviewed the Heritage Oaks website, fee structure, League and Outing information, Facebook posts, instruction programs, email blasts and tournament schedules.

### 1. Fee Structure

- Daily Fee Rates—the rates are slightly higher than the competition with only a slightly lower fee for weekday play. The discounts for City residents, Seniors, Juniors and Military are all reasonable and in line with what is generally offered at other courses. The VSGA VIP card is very popular and the rate is unlimited Monday through Thursday for \$32 and 5 plays on weekends for \$40.
- Annual Pass Fees—these fees are in line with Lakeview and Shenvalee, but significantly lower than private club dues at Spotswood. As indicated in the Financial Analysis, the Annual Pass golfers had previously been playing for an average of \$10 per round, but this is up to approximately \$21 per round due to more scrutiny on the Annual Passes and a price increase in 2020-21.

2. **Website**—course website ([www.heritageoaksgolf.com](http://www.heritageoaksgolf.com)) has very good information and photos of the course and allows people to make a tee time on line. There is also a way to sign up for the E Mail Club to get information—which is great way to add to the database.
3. **On Line Tee Times**—the on line tee time system is through RecTrac and once a golfer makes a tee time, they can not pay on the site, but must pay when they get to the golf course. Apparently this system also occasionally double books—which is a huge problem on busy days. *Golf Now* was used in a trade out situation for a number of years with good success, but they began requiring more for the trade outs, so the City cancelled the arrangement.
4. **Signage**—the entry signage is very attractive and there are also a number of directional signs throughout the City that include Heritage Oaks
5. **Social Media**—The Course has a Facebook page and it appears that posts are made regularly and often offer a special rate (for example, Easter Monday). There is also a *Friends of Heritage Oaks* group that has a Facebook page that also posts regularly concerning the course.
6. **Database**—There is an Email Club shown on the website and apparently that is where most of email addresses are collected—this Spring, they had a total of approximately 1,600 email addresses in the database.
7. **Advertising**—Heritage Oaks has not done any paid advertising
8. **Email blasts**—these are sent to the database on a semi regular basis
9. **Monthly Newsletter**—is sent out to the database monthly and features articles about the golf course maintenance, instruction updates, upcoming features and calendars for the upcoming months
10. **Outing Sales**—historically hosted 40 to 50 outings per year, with 20 booked as of April 1. Covid restrictions limiting Outings to 72 players at this time.
11. **Tournaments**—are hosting Virginia State High School League Regional Tournament and Girls State Championship in 2021.
12. **VSGA VIP Card**— \$32 weekdays after noon and \$40 weekends
13. **Leagues**—The course promotes and hosts six different leagues (Ladies Playing, Ladies Learning, Men's, Seniors, Couples) with play at non peak times—usually 25-35 players per league session
14. **Instruction**—David Johns is the PGA Golf Professional and his primary role is instruction. Private lessons are \$50 per hour or \$30 per ½ hour. He is also coordinating the Heritage Oaks Players Experience (HOPE) for junior golfers with 12 sessions. He is also beginning a *Golf Get Ready* program for beginners this Spring. Current Covid restrictions limit participation to 10 or less.

## VII. Marketing Analysis (cont'd)

### C. Marketing Strategies to Attract Tourist Golfers

Based on conversations with the Heritage Oaks staff and Brian Shull, the City Economic Development Director, we learned that very few marketing efforts have gone towards attracting tourist golfers to Heritage Oaks. Based on that and considering that it was very early in the golf season (and thus implementing some of these strategies now could certainly affect the golf business at Heritage Oaks in 2021), Brian and I coordinated a meeting to discuss with the Heritage Oaks staff and the owners and staff of the Madison Hotel—which happened on April 1. Outlined below is the overview of that meeting and the GBA suggestions for attracting tourist golfers.

#### Marketing for Heritage Oaks

- As part of the overall analysis of Heritage Oaks, GBA will be making some suggestions on sales and marketing at the golf course level in order to increase the rounds and revenues. In addition, based on conversations with Brian Shull, Director of Economic Development for the City of Harrisonburg, there are additional suggestions that I have outlined below that should be administered by his office, the Madison Hotel and/or the golf course staff.
- On April 1, Jeff Fleishman, Brian Shull, Charlie Fultz and David Johns met with Harry Jarrett, Sales Manager, Hotel Madison and Mike Andrews, CFO, dpM Partners (Owner of Hotel Madison) to discuss the concepts outlined below.

## VII. Marketing Analysis (cont'd)

### I. Highway signage on I-81

Heritage Oaks will be an Attraction and cost is approximately \$3000 per year. Brian indicated that he had experience with this and hopefully can administer making this happen, although probably a Parks and Recreation Department expense. There is an attraction sign for Lake View Golf Course in I-81.

### II. Heritage Oaks Opportunities that May Include Lodging

This would be in partnership with the Madison Hotel and some of the initiatives should start with the golf staff and some with the hotel staff.

- A. **Virginia State High School League (VSHL) Tournaments hosted by Heritage Oaks**—there are two separate tournaments that are coming up in April at Heritage Oaks and David and Charlie provided Harry and Mike the contacts at the VSHL as it is not too late to secure the lodging for the participants and their families.
- B. **VSGA One Day events**—the VSGA hosts 75 to 100 One Day events per year and is now looking to complete the schedule for 2021. Some of the events will piggy back on another club in the area for back to back days and thus a greater need for lodging. Courtney Jones is the contact and I would suggest the golf course staff handle this.
- C. **Virginia Golf Vacations**—is the number one golf packager in Virginia and has other courses in The Valley...no reason that Madison Hotel and Heritage Oaks are not part of this in attracting traveling golfers—many from out of state. Chris Hartig is the contact and both the Madison Hotel and the golf course should handle this.
- D. **Golf Packages with other area courses**—this will take some time to develop, but the Madison Hotel should have its own Madison Golf Package with lodging there and golf at Heritage Oaks and other area courses. Golfers travel on both weekends and weekdays so this should be a great source of new business for the Madison. The Madison should set this up and meet with golf courses to get their participation—and then on websites of golf courses and the Madison and most marketing initiatives from the Madison.

## VII. Marketing Analysis (cont'd)

- E. Junior Golf Tournaments**—there are a number of Junior Golf Tournament organizations that host tournaments all through the year and most will bring in at least two nights of lodging. Here is College Prep Tour contact and both the Madison Hotel and the golf course should handle this.
- F. Traveling Golf Groups**—there are plenty of golf groups that travel to enjoy the golf and socializing. Some of the groups are outlined in *Virginia Golfer* magazine—see below under F. This should be the Madison Hotel's initiative to reach out to the groups.
- G. JMU Hosted College Tournament**—either Men's and Ladies or both...most college tourneys are Sunday practice round and then 36 holes Monday and 18 holes Tuesday and most are in March or April. There are usually 15 or so teams of 5 plus coaches that can all be lodged at Madison Hotel as part of entry fee...plus plenty of parents and grand parents coming to town. This should be a joint effort of Charlie and David and Hotel.

### III. Discounts for Madison Hotel Guests at Heritage Oaks

Mike Andrews asked if Hotel Madison Guests could be extended a discount at Heritage Oaks and we all agreed to discuss and get back to them.

Based on all of this information and our experience with other golf facilities, outlined below are an array of marketing strategies that should be considered to attract and retain both local golfers and tourists in the future.

# VII. Marketing Analysis (cont'd)

## D. Suggested new Marketing Strategies for Consideration

- Develop a simple written Sales and Marketing Plan for 2021 that outlines all initiatives and also due dates and who is responsible
- Consider finding a student that is a social media expert and trade out golf for them to be able to coordinate all social media (including Monthly Newsletter) in 2021
- Increase Annual Pass rates a minimum of 10% for the next few years
- Eliminate the cart fee option included with Annual Passes
- Begin offering \$5 discount to Madison Hotel guests
- Email frequency to be increased to once per week minimum
- Test an ad campaign with Facebook for a month with special offer—probably less than \$250 expense
- Begin the *Golf Now* relationship again to boost on-line tee time bookings
- Meet with Sales Managers and General Managers at top Harrisonburg hotels
- Develop and put rack cards in Harrisonburg hotels
- Host “thank you” fun event for Golf Outing Coordinators in the Fall
- Since the range business is slow, offer a free bag of balls with paid golf fee at slower times
- Host Harrisonburg City Championships (Men, Seniors, Women and Juniors) in late summer, 2021
- Begin Heritage Oaks signage on I-81
- Work with Virginia Golf Vacations on Golf Packages
- Work with Madison Hotel on Golf Packages
- Contact VSGA concerning One Day events in 2021
- Contact Junior Golf Tours (shown above) about hosting tournaments in 2021-22
- Work with Madison Hotel on possibly hosting JMU tournament for 2022
- Take a hard look at VSGA VIP card and maybe limit to one play in season and unlimited off season
- Consider beginning a **Heritage Oaks Golf Association** that anyone can join for annual fee (maybe \$50 and includes VSGA handicap) and conduct monthly Golf Association Tournaments—see sample for Bide A Wee in Appendix
- Do direct mail campaign with follow up calls to every Outing that has ever been held at Heritage Oaks in the past
- Consider “Summer Sizzler” special on slowest weekday for the three summer months
- Have special days for \$1 buckets of balls at driving range—maybe Mondays is Ladies Day; Tuesdays is Juniors and Wednesdays is Seniors
- Develop and market plans for a 20<sup>th</sup> Anniversary in Fall, 2021
- Jeff Fleishman to pitch VSGA Executive Director and Editor of Virginia Golfer on doing a story on Heritage Oaks

## VIII. Current and Future Economic Trends

- The year 2020 was a year of resurgence in the golf industry with courses closing down in the Spring when Covid started and then an unprecedented comeback in rounds of golf as golfers found a safe haven at the golf courses across the country.
- *The Graffis Report* for 2020 by the National Golf Foundation outlined that total golf rounds were down 16% through May, 2020 and ended up the year up 14% over 2019, with over 502 million rounds played—an increase of 61 million rounds over 2019.
- Based on National Golf Foundation research, the golf economy nationwide is continuing to stabilize after the 2008-2009 recession and 2020 was indeed a shot in the arm for the golf industry. The number of golfers is at 24.8 million in 2020 and has been up to 26 million range in the past few years (there were 5 million golfers in 1960 and this peaked at 30 million golfers in 2003). There are also over 12 million “off course” only golfers who use driving ranges and the new golf entertainment type venues like *Top Golf*.

Golfers in the United States by segment also rose in most categories in 2020 as follows:

- **Juniors** (6 to 17)—total who played on a course rose by 610,000 to 3,100,000
  - **Young Adults** (18-34)—total who played on a course decreased by 180,000 to 5,900,000
  - **Seniors** (Age 65+)—total who played on a course rose by 333,000 to 4,800,000
  - **Non Caucasians**—total who played on a course rose by 300,000 to 5,100,000
  - **Women**—total who played on a course rose by 450,000 to 6,000,000
  - **Beginners**—total who played on a course rose by 570,000 to 3,000,000
- Internationally, there are over 20,000 golf courses in 200 countries outside of the United States; however, 85% of those courses are concentrated in 20 countries with Japan, South Korea, United Kingdom, Canada, Germany and China leading the way. The Olympics had a successful golf competition in 2016 (for the first time since 1904) and due to the interest in the Olympics, it is expected that golf will reach even more international golfers and potential golfers than ever before. The 2021 Olympics, including golf, will be in Japan this summer.

## VIII. Current and Future Economic Trends

- In the United States there are 16,165 golf courses and 12,354 of those are public courses. Of that number, 2,515 are municipal courses owned by municipalities and this number has grown as public agencies have acquired golf properties to either control the land and/or provide recreation for their citizens.
- The overall supply of courses has been declining for 14 straight years as the golf business has weakened and the demand for other uses of the land has increased. Over 1,900 courses (of all types) have closed since 2003. In 2020, 193 courses closed and 10 new courses opened. The number of courses that opened in the United States in the 1990s and 2000s created an oversupply of courses and a correction has been in place for the past few years. There are currently approximately 160 course closings per year and 10 to 15 new course openings (primarily real estate developments). It is estimated that this market correction needs a few years to have a healthy supply and demand balance overall.
- The PGA Tour, LPGA, USGA, and PGA of America have partnered with many new "**Grow the Game**" initiatives over the past few years which are paying off in introducing people (especially juniors) to golf. These initiatives include **The First Tee** which reached over 5 million children in 2019. Others include **Get Golf Ready** (an introduction to golf with 5 lessons for \$99), **PGA Junior Golf League** (teams of kids like little league baseball), **Drive, Chip and Putt** (national competition for juniors like Punt, Pass and Kick) and **Family Golf Programs**. In addition, there are also programs that encourage playing shorter courses and/or playing 6 or 9 or 12 holes, rather than 18 holes.
- There are approximately 24.8 million golfers in the United States with an overall participation rate of 8.1% (age 6 and above). The participation rate in Virginia is estimated to be 7%, as it is part of the South Atlantic region that has a 7.6% rate. Of that number, approximately 5.9 million (24%) are women and approximately 5.1 million are Non Caucasians. The profile of the golfers with the highest participation rate are those ages 30-39, household incomes over \$125,000 and with a college degree. The golfers that play the most rounds of golf are those over 70 years old with incomes over \$125,000 and with college degrees.
- The state of Virginia has approximately 350 golf courses and 28 of those are municipal courses with the closest to Heritage Oaks being Meadowcreek in Charlottesville.
- The most recent trend in golf has been the new entry into the golf facility options over the past few years and *Top Golf* was the original brand with a few other companies now that have copied their design and programming. *Top Golf* is now in over 65 locations in the United States and a few other countries, although only one in New York state. Most of these facilities are on land that is shorter than a normal driving range as it has nets on all sides. It is an entertainment venue/sports bar with golf as the centerpiece and lots of high-tech hitting golf balls into targets (with scoring) built into the ground in the fairways—plus lots of food and beverage



# Golf Supply and Demand Analysis for the Harrisonburg, Virginia Market

Based on our research on the competitive courses and the Harrisonburg area, we are able to determine a simple Golf Supply and Demand Analysis as indicated below:

Using the assumptions and calculations above, we are able to combine the golf supply and demand in the Harrisonburg market area and see that there is a gap between supply and demand for rounds of golf and that the Harrisonburg has more golf supply than is being demanded.

This over supply of golf is perhaps the reason that one public course (Packsaddle) is apparently closing. In addition, it highlights that the existing courses are competing for the same public golfers. In general, when the supply is greater than the demand, it is good for the golfers but not the golf course owners and operators.

<u>Combining Supply and Demand for Golf in Harrisonburg Market</u>	
<b>Demand for Golf</b> (area population and tourists)	154,000 rounds
<b>Supply of Golf</b> (7 courses)	<u>195,000 rounds</u>
<b>Excess Demand (Supply)</b>	<b>(41,000) rounds</b>

# IX. Business Plan Recommendations

Golf Business Advisors has provided a laundry list of recommendations above in the following sections:

- **Asset Analysis**
- **Management Analysis**
- **Marketing Analysis**

The key recommendations include:

1. Adjust staffing and Supervisory coverage by naming Charlie Fultz the General Manager, adding supervisory responsibilities to David Johns and consider hiring an Assistant PGA Pro
2. The golf course hours of operation should be from 7:00 am to dark (in season) and getting back to that schedule as soon as possible will help the golf revenues
3. Revise program for Par Three course with a new name and Honor system
4. Consider the additional facilities and uses for Heritage Oaks including: Races, Concerts/Movies, Pickleball, Putt-Putt Course and/or Bocce Ball
5. Discontinue offering Season Passes with carts and increase fees by 10% per year
6. Change to limited merchandise program
7. Change to new Point of Sale system and tie in *Golf Now* for online tee times
8. Offer Food and Beverage service by operating “in house”
9. Develop Sales and Marketing Plan to incorporate the many suggestions that are outlined above and determine the responsibilities for each.
10. Add Harrisonburg City Championships in summer, 2021
11. Establish Heritage Oaks Golf Association (with full tournament schedule and play days) in 2022