

Preliminary Business Plan for the Town of Yarmouth, MA Golf Courses - Bayberry Hills and Bass River



Prepared For:

Town of Yarmouth

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General Limiting Conditions

This report is based on information collected from direct NGF research completed for the Town of Yarmouth, Massachusetts (“Town”) in 2019, along with general information and data collected during our previous engagements with various Towns and other clients in and around Cape Cod since 2008. The assessment is based on conditions at the time of the analysis (e.g., economic and market conditions) and significant changes in those conditions may affect the relevance of the assessment. National Golf Foundation Consulting, Inc. (“NGF” or “NGF Consulting”) has not undertaken any update of its research effort since such date. Because future events and circumstances, many of which cannot be predicted as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by NGF Consulting that any of the projected values or results contained in this study will actually be achieved.

Although we believe that the expectations in this report are reasonable, any or all of the estimates contained herein could prove to be incorrect. To the extent possible, the NGF has attempted to verify and confirm all estimates and assumptions used in this analysis. However, some assumptions may not materialize as a result of known or unknown risks and/or unanticipated events. Consequently, actual results achieved by any new golf facility during the period covered by NGF projections may vary from our estimates, and these variations may be material. As such, the National Golf Foundation accepts no liability in relation to the estimates provided herein.

To protect you and other clients, and to assure that the research results of NGF Consulting's work will continue to be accepted as objective and impartial by the business community, it is understood that our fee for the undertaking of this project is in no way dependent upon the specific conclusions reached or the nature of the advice given by us in our report to the Town of Yarmouth, MA.

Every reasonable effort has been exerted in order that the data contained in the written report reflects the most accurate and timely information possible, and is believed to be reliable. However, no responsibility will be assumed for inaccuracies in reporting by the client, client's agents, or any other data source used in preparing the report.

The client agrees that the report is not to be used in conjunction with any public or private offering of debt or equity securities or to otherwise induce investment without the prior written consent of NGF Consulting, which may be conditioned upon client agreeing to pay an additional fee in an amount to be reasonably determined by NGF Consulting.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Executive Summary

The following is a summary of key business plan findings made by National Golf Foundation in its study of the Town of Yarmouth golf courses. The supporting text and tables are found in the body and appendices of the attached report. Some items are repeated from the full report.

INTRODUCTION AND PURPOSE

National Golf Foundation Consulting, Inc. (“NGF”) was retained by the Town of Yarmouth, MA (“Town”) to assist in preparing a preliminary business plan for the continued operation of the Town’s two golf courses – the Bayberry Hills Golf Course (“Bayberry Hills” or “BBHGC”) and Bass River Golf Course (“Bass River” or “BRGC”). The Town requires a strategic review of the golf facilities as part of its ongoing plan to enhance and improve the economic performance of the golf facilities in light of previous shortfalls in revenue, and the Town’s need to “transfer in” large sums of General Fund money to sustain the operations of the Golf Enterprise Fund. The proposed business plan for the future operation of the two Town golf courses should include a program of operations that meets three key criteria established by the Town that revenue generated by the golf courses must cover: (1) All direct operating expenses; (2) any new capital expenditures to repair or upgrade facilities (including debt service); and (3) re-pay previous General Fund transfers to the Golf Enterprise Fund.

The Town’s two golf courses comprise 45 total holes of golf, with 27 holes at BBHGC and 18 holes at BRGC. The system dates back to the original 18 holes at Bass River developed in 1900, and the addition of Bayberry Hills in 1988. Nine additional holes were added to Bayberry Hills in 1995, and a full renovation was completed to the original 18 holes at BBHGC in 2016 and 2017. The two Yarmouth golf facilities enjoy excellent locations in the heart of Cape Cod, with convenient access to important roadways, plus outstanding scenery and maintenance conditions. While Bayberry Hills is in ideal condition due to its recent renovation, Bass River shows some signs of aging infrastructure that warrants some attention and capital investment from the Town.

Yarmouth golf facilities are operated directly by the Town, with Town employees staffing all positions (known as full self-operation). The Town has created a separate Golf Enterprise Fund, with a separate leadership and formal Golf Enterprise Committee to advise the Board of Selectmen on budget, policy and other golf matters related to golf operations. Yarmouth golf courses produced total top-line revenue of just over \$3.645 million in FY2019, an amount slightly higher than the \$3.28 million in revenue generated in FY2018. However, total expenses needed to operate and maintain the golf courses have increased by 11.5% since 2016, leading to the need for additional General Fund support to keep the facilities open and operating. This level of performance is common in municipal golf nationwide, as a large proportion of public agency golf operations are probably not able to earn revenue sufficient to cover all operating, administrative, capital and depreciation expenses, and this is the case with the majority of Town-owned golf courses on Cape Cod.

Of particular interest to the Town is a review of the long-term potential for the golf courses going forward, in full consideration of changes that could be made to the Town’s golf operation structure, activities and budget. The purpose of this business plan is to provide the Town with a plan for golf that improves the economic position of the facilities, while considering the realities of the current market and site conditions.

SUMMARY OF YARMOUTH GOLF COURSES

The Town of Yarmouth is providing golf service to the community at two golf facilities that are rich in history and have traditionally set a standard for quality and value, especially for Town residents. Bass River is a Donald Ross-designed golf course with outstanding riverfront beauty and Bayberry Hills offers a more modern premier golf design that is good enough to host important golf tournaments like the Massachusetts State Golf Association (MassGolf) Pub-Links event held there in August 2019. It is clear to the NGF consultants that these two golf courses have strong appeal and the ability to attract both local golfers, as well as tourist players from all over the world.

Bayberry Hills GC

Bayberry Hills GC is the newer of the Yarmouth golf courses, with an original 18-hole course and clubhouse added in 1988. A third 9-hole “Links” course was added on former landfill property just to the east of the original 18 in 1995. The facility now includes 27 total golf holes, a driving range, putting green, chipping/practice area and clubhouse all on about 260+/- acres of Town property.

Bayberry Hills GC includes a mix of amenities that is common in public golf, and generally correlates well with economic success. The location close to Highway 6 (Mid Cape Highway) provides easy access and a great opportunity to attract golf patrons from a wide geographic area. While the clubhouse amenities are relatively small, the overall high quality of the property is very marketable in this region and the additional 9-hole Links course adds greatly to its capacity.

Overall, Bayberry Hills was in good maintenance condition in the summer of 2019. All key golf course elements (tees, fairways, greens, rough) were in excellent condition and reflective of high-quality maintenance, attention to detail and the recent renovation. The golf course condition is a key selling proposition for BBHGC and should be front and center in any marketing of the facility. The only areas of concern noted by NGF at BBHGC included some challenges with the irrigation system on the Links course, some repair needed on the cart paths, range improvements (leveling) and new maintenance equipment. The only one of these items at BBHGC that is on the NGF’s list of highest priority capital needs the town should plan for is the Links Course irrigation fixes.

Bass River GC

Bass River GC is an aging municipal golf facility with a rich history and a location on Bass River. The demand for BRGC has been in decline for several years, and the result is a public golf course facility with rounds and revenue in 2019 that may not be sufficient to sustain operations at the appropriate level. At present, almost all of the Yarmouth golf leagues use BRGC for their activities and the total rounds generated at the facility are mostly from local leagues and Resident Annual Fee rounds.

Bass River GC is an older golf facility with a classic Donald Ross design and outstanding features related to its proximity to the river. The golf course is over 100 years old and is showing signs of age and declining infrastructure. The small clubhouse and beautiful overlooks to the river provide strong appeal to this facility, making Bass River a very marketable golf facility for Cape Cod golf.

As documented in this report, BRGC has several condition issues, and new capital investment in irrigation, drainage, greens, tees, bunkers and cart paths will be required in the coming years, as well as other improvements to the clubhouse and maintenance facilities. In all, NGF estimates some \$1.6 to \$1.87 million in new capital investment is going to be required at Bass River, of which about \$1.1 to \$1.3 million are considered high priority items such as course and drainage improvements. Over time, the Town may find that keeping Bass River open and operating properly will become more challenging with each passing year as key infrastructure continues to age and these items are not addressed, possibly putting the operation at risk of “total system failure.”

Enhancement and Capital Investment Considerations

The NGF has provided very preliminary costs that we estimate would be required to complete the capital improvement program for Yarmouth golf courses. The program for enhancing the physical plant of Town golf facilities considers specific improvements that can be made to each facility under three defined categories of improvement:

- **Level 1** – are the most critical items in golf infrastructure and “mission critical” to keep a golf course open and operating. These are the highest priority investments for the Town to consider.
- **Level 2** – are not mission critical, but improvement would greatly enhance the product and its marketability
- **Level 3** - the NGF has identified a few other enhancements that could be made that should tie directly to improved revenue and/or reduced expenses, but may carry a high price-tag and thus the Town will want to proceed with caution

A summary of improvements by facility is shown in the table below (details in the report):

Town of Yarmouth Golf Courses Summary of Preliminary Golf Facility Repair and Enhancements by Facility			
Most Urgent Projects (Level 1)			
Level 1 Improvements	Key Projects	Low Estimate	High Estimate
Bass River GC	Drainage, greens, tees, cart paths	\$1,124,000	\$1,350,000
Bayberry Hills GC	Links course irrigation improvement	175,000	200,000
Total Level 1 Improvements		\$1,299,000	\$1,550,000
Level 2 Improvements	Key Projects	Low Estimate	High Estimate
Bass River GC	Maintenance, clubhouse, equipment	\$279,000	\$330,000
Bayberry Hills GC	Cart paths, bunkers, CH enhancement, equipment	548,000	704,000
Total Level 2 Improvements		\$827,000	\$1,034,000
Level 3 Improvements	Key Projects	Low Estimate	High Estimate
Bass River GC	Deck area, bar addition, kitchen improvements, cart storage and gas pump	\$156,000	\$197,000
Bayberry Hills GC	Tee Levelling Project	\$74,000	\$111,000
Total Level 3 Improvements		\$230,000	\$308,000
Total Bass River Projects		\$1,559,000	\$1,877,000
Total Bayberry Hills Projects		\$797,000	\$1,015,000
Total Estimated Town-Wide Capital Investment		\$2,356,000	\$2,892,000

EXTERNAL ENVIRONMENT

The NGF market analysis shows that golf is an important component in the greater Cape Cod market. While there is strong demonstrated demand for golf in this local market, there are also numerous golf courses available to service the demand. As such, the NGF has a reasonable expectation that while the market will provide support for the continued operation of Town golf courses, such strong support is not guaranteed. Other key findings from NGF’s analysis of the Yarmouth / Cape Cod golf include:

- The overriding trends in the golf industry will present challenges to the Town of Yarmouth in continuing golf course operations. The total number of golfers in Yarmouth is not increasing, while the cost to maintain and operate golf courses has increased in recent years (equipment, labor, resources, etc.), leading to a difficult economic environment for public golf courses.
- The Yarmouth area economy is driven by many sub-industries related to tourism. There are an estimated 4.5+ million visitors to Barnstable County annually, which NGF estimates could include golfers demanding over 350,000 rounds annually. Golf demand from these visitors will be an integral supplement to permanent resident play and a key to sustaining golf operations at Yarmouth golf courses.
- As we have documented, there are a number of demographic and economic factors present in Yarmouth that correlate well with strong demand for golf, including a demographic profile in Yarmouth that is favorable for high golf participation and the large volume of tourists and seasonal residents with high interest in golf coming to the area each year.
- The overall balance between golf demand and supply is not favorable for golf courses in the Cape Cod market. The NGF has documented that this local market area has only about 800 permanent resident golfers for each 18 holes in the market, far fewer than the 4,000 golfers per 18 holes target. As a result, it is expected that the Yarmouth golf market will remain very competitive for the foreseeable future and that **large increases in rounds and revenue are very unlikely at Yarmouth golf courses**. Any improvement in economic performance at area public golf courses is going to have to come from increased penetration into the tourist and/or outing golf market, with increased sales of daily fee rounds to tourists, seasonal residents and tournament participants in the area.
- Golf will always be at the mercy of weather, and in a New England climate strong demand may occur over only 7 or 8 months and yearly variations can significantly lengthen or shorten the golf season, perhaps making the difference between operating profits and losses for some golf courses. With an average of ± 16 inches of precipitation and 39 rain days during the five-month summer season, this golf market is prone to a modest reduction in playable hours/days.
- Finally, all golf facilities face a couple of other factors beyond their control: First, a high fixed expense structure and operating expenses that tend to rise more rapidly than revenues. Second, while golf is more popular than ever with younger children, the activity is losing appeal with younger adults and this will provide a continuing challenge for golf courses facing attrition from older players.

TOWN OF YARMOUTH BUSINESS AND OPERATING PLAN (2020-2024)

NGF has assisted the Town of Yarmouth in preparing a plan for the continued operation of Yarmouth golf courses, with details provided in this report. The golf business and operating plan for the Town's golf courses includes some recommended changes to staffing, F&B operations, marketing, use of technology, golf fees and the mix of play between resident passholders and daily fee players (mostly tourists and visitors to Cape Cod).

Recent Operational Performance

The NGF review shows that both Yarmouth golf courses are performing with revenue and expenses that exceed the established standards for public golf operations, but generate lower than standard activity (rounds). This is significant given that Yarmouth golf courses are not able to operate year-

round due to the local climate. Yarmouth golf courses have experienced a decline in rounds and memberships in the last few years, but total revenue appears to be recovering in 2019. The total average revenue earned per round of golf was about \$60+/- in FY2019, up significantly from the \$45 recorded in FY2016. Total average revenue per round at Yarmouth courses is the highest among Cape Cod Towns.

The expenses required to operate Yarmouth golf courses has been increasing steadily, which is consistent with a national and local industry trend. These increases in expenses are likely to continue for the foreseeable future, and any attempt to reduce operating expenses will likely result in diminished service and/or deteriorating golf playing conditions – neither of which will lead to economic improvement.

The Town's golf courses have required a subsidy from taxpayers in recent years to maintain operations and continue to provide golf service to the community. These subsidies are likely to continue in some form unless the Town can generate significant increases in golf revenue. Given the competitive market environment and less-than-favorable demand-supply balance, a large-scale revenue increase is unlikely, although some growth is possible through increased attraction of Cape Cod tourist golfers.

Summary Financial Performance (FY2016-2019)

In reviewing all revenues, expenses and Town transfers, the overall net performance of Yarmouth golf courses has been in decline in the last three years as shown. The table below provides a general summary of facility performance that now requires Town subsidy to meet all required obligations:

Town of Yarmouth Golf Courses Combined Summary of Operation (FY2016 – FY2019)				
	FY2016	FY2017	FY2018	FY2019
Rounds	77,367	67,549	59,484	60,812
Total Operating Revenue	\$3,471,782	\$3,317,597	\$3,279,513	\$3,645,160
Total Cost of Sales	\$305,264	\$310,902	\$291,851	\$322,981
Gross Margin	\$3,166,518	\$3,006,695	\$2,987,662	\$3,322,179
<i>Total Average Revenue/Round</i>	<i>\$44.87</i>	<i>\$49.11</i>	<i>\$55.13</i>	<i>\$59.94</i>
Total Operating Expenses	\$2,787,761	\$2,829,418	\$2,912,987	\$3,107,762
Operating Income (Loss)	\$378,757	\$177,277	\$74,675	\$214,417
Other Items				
Interest	\$1,613	\$607	\$207	\$203
Misc. Rev	\$3,903	\$36,380	\$70,000	\$0
Other Expense Items				
Debt Service	\$357,431	\$357,379	\$347,615	\$293,951
Net After Other Items	\$26,842	(\$143,115)	(\$202,733)	(\$79,331)
Add In				
Gen Fund Transfer	\$0	\$0	\$61,000	\$364,000
System Net Income (Loss)	\$26,842	(\$143,115)	(\$141,733)	\$284,669
Source: Town of Yarmouth				

Key Business Plan Recommendations

The Town of Yarmouth is ready to move forward with the continued operation of both golf facilities under a program of operation that will be slightly revised if NGF business plan recommendations are incorporated. A summary of key aspects of the proposed new business plan for Town of Yarmouth golf courses include:

- **Oversight and Staffing** – NGF recommends little change and the continuation of employing a golf manager to oversee both golf courses. This “Director of Yarmouth Golf” should be a business-oriented position occupied by an individual with a background in management, accounting, technology **and marketing** of golf facilities.
- **Food & Beverage Operations** - The Town should outsource all F&B operations as a separate concession with an experienced vendor (or vendors), with the Town earning around 10%+/- of total gross F&B revenue (industry standard). This move will free up staff to focus on golf and provide an opportunity to significantly enhance F&B revenue.
- **Golf Playing Fees** – NGF supports the need for increases in annual pass fees, but not beyond the amounts already approved for 2020. Over the next five years, the Town should add 5% increases every other year (2022 & 2024). Daily fees should be modified slightly so there is a differential between the two courses, with the highest green + cart fee at BBHGC falling below \$100.
- **Cart Policy and Pricing** – Member cart fees should be increased by \$2 for 9-holes and \$3 for 18 holes. For BBHGC, we recommend that carts only be mandatory on weekends and holidays and only be in effect until 1:00pm. This will make cart fees and policy more consistent with other Cape Cod Town golf courses.
- **Member / Daily Fee Balance** - Yarmouth golf courses will work to manage the balance of play so as to allow for improved access to the golf courses by Cape Cod area tourists and lodging guests – and **communicate this availability to the public at large**.
- **Enhance Marketing** – The NGF has provided a detailed plan to enhance marketing, focusing efforts on attracting daily fee, tourists, lodging (hotel) guests and tournaments/ outings mostly to BBHGC. This will be accomplished through improvements to technology, website and the possibility of employing (or outsourcing) a marketing specialist to assist with new marketing initiatives.
- **New POS** – NGF recommends the Town adopt a new point of sale (POS) system to more effectively manage the golf facilities and use accumulated data in marketing efforts. Some options for a new system have been presented by NGF in this report.
- **Leagues** – NGF recommends an active league program and promotion to attract new players into Town golf leagues. Some slight adjustment in time and venues may be appropriate to help free up inventory to attract more daily fee and tourist players.
- **Player Development** - The Town should make the development of new golfers a high priority at both facilities, working to provide discounted lessons and other beginner programming and to make the courses available to beginning golfers during various off-peak periods when demand tends to be lower. PGA data shows every new golfer could be worth as much as \$600 per year (10 rounds at \$60).
- **Other** – NGF also recommended the Town maintain its winter golf policy, do more to promote the availability and quality of rental clubs and to consider an additional capital surcharge **only if other plans to enhance revenue are unsuccessful**.

FINANCIAL ANALYSIS

NGF has assisted the Town of Yarmouth in preparing an analysis to show what the potential economic performance of Town golf courses could be if the facility operation were to be modified under the business plan program identified by NGF. This analysis was prepared based on a set of assumptions that may or may not become reality. We feel that these projections represent a “fair estimate” of performance for these golf facilities over the next five years based on our review of the market and Yarmouth golf facilities. We have completed this economic performance estimate assuming the implementation of NGF-recommended business plan items beginning with the 2020 golf season, with the first fiscal impacts to come in FY2020 that is already underway (having begun July 1, 2019).

Base Projection Results

The results of the economic projections for Yarmouth golf courses show that with full adoption of NGF recommendations, the economic profile of the facility will improve almost immediately. The NGF projects the Yarmouth golf courses can return to the high 60,000's in rounds activity, with the mix between member and guest rounds shifting from about 45% guest rounds in FY2019 to about 55% guest rounds by 2022. NGF is estimating that total gross revenue can reach \$3.59 million in FY2021, slightly less than the \$3.645 million actually earned in FY2019. This reduction is due to all gross F&B revenue shifting to a private operator. After additional member fee increases in 2022 are implemented, NGF projects revenue to increase to around \$3.9 million and reaching \$4.0 million by FY2023 or FY2024. The NGF is projecting these increases will occur over time, which is common in golf as all impacts of growth will not occur in just one year.

Considering all operating expenses, additional expenses for capital, contingency and debt service, the net income available to the Town of Yarmouth for replenishment of the golf fund is projected to be negative for FY2020 and FY 2021, but increasing to over \$8,000 by 2022 and nearly \$104,000 in 2024. The large jump in later years is primarily due to new 5% member-fee increases initiated in 2022. **Overall, this represents an estimated annual improvement in net income of nearly \$100,000 (+/-) on Yarmouth golf within three years after implementing NGF recommendations.**

Scenario 2 Projection Results

NGF created a second income projection for Town golf courses under the assumption that recent declines in Yarmouth golf activity continues, and that business plan changes proposed by NGF are either not successful or not implemented. In light of key challenges facing Yarmouth golf courses and documented in this report, this scenario analysis will show the Town what the system's performance could look like if the following key “worst case” conditions are realized:

- Resident annual membership declines by 20% over five years (as opposed to 10%) leaving 444 resident members by 2024.
- Non-resident and other member categories fall more significantly than we projected in previous scenario (to only 62 non-resident and 192 other members by 2024).
- No new daily fee rounds emerge at Yarmouth courses over the next five years.

With only these three “worst case” considerations, the projections show dramatic changes to expected financial performance of Yarmouth golf courses when the impact of a vastly reduced membership and inability to generate daily fee rounds is compared to the same expense structure that was previously projected by NGF. It is expected that if these “worst case” revenue projections were to become reality, the Town might react by reducing expenses, which would in turn lessen the product and service quality, possibly leading to even further losses. In all, the primary difference

between the two NGF scenarios is the loss of about \$250,000 in membership revenue and about \$1,280,000 in total green fee + cart fee revenue over the five-year projection. The result is a significant need to transfer in General Fund support to allow the golf system to meet all its expense obligations.

Summary Comparison of Projection Results

The table below shows a direct comparison of actual FY2019 results, alongside the performance results projected by NGF for FY2021 and FY2024 under two scenarios. This abridged view shows the impact of implementing NGF recommendations, with projections showing that Yarmouth golf courses will have the ability to earn capital reserves in 2024, assuming all projections are achieved. If the memberships, rounds and revenue fall as postulated in Scenario 2, then the Town will not be able to accumulate any reserves and will require large subsidies to continue operations.

Yarmouth Golf Courses Summary of NGF Projections (FY2021 & FY2024)					
	Actual FY2019	Expected 2021	Scenario 2 2021	Expected 2024	Scenario 2 2024
Total Rounds	60,812	65,200	62,200	68,600	58,200
Green + Cart Revenue	\$2,054,017	\$2,379,200	\$2,247,200	\$2,883,300	\$2,400,600
Member Revenue	697,080	824,300	800,400	827,700	723,000
All other Revenue	894,063	389,800	372,200	445,500	378,600
Total Revenue	\$3,645,160	\$3,593,300	\$3,419,800	\$4,156,500	\$3,502,200
Cost of Sales	\$322,981	\$151,600	\$144,700	\$166,700	\$141,500
Operating Expenses	\$3,107,762	\$3,154,400	\$3,154,400	\$3,497,500	\$3,497,500
Operating Income (Loss)	\$214,417	\$287,300	\$120,700	\$492,300	(\$136,800)
Other Items					
Debt Service	\$293,951	\$301,900	\$301,900	\$213,600	\$213,600
Net After Debt	(\$79,534)	(\$14,600)	(\$181,200)	\$278,700	(\$350,400)
Capital Reserve	\$0	\$0	\$0	\$174,900	\$0
Net After Capital Reserve	(\$79,534)	(\$14,600)	(\$181,200)	\$103,800	(\$350,400)

SUMMARY STATEMENT

The Town of Yarmouth is operating two public golf facilities that exceed national standards for revenue and expense, but have several challenges that prevent optimal performance. In recent years, these courses have lagged behind other regional competitors, producing lower rounds and members when compared to the nearby Towns of Dennis, Brewster and Barnstable. There are many factors that contribute to this recent decline, but some of it may relate to the condition of Town golf facilities, particularly Bass River GC that has significant infrastructure problems that will need to be addressed by the Town. In addition, the NGF has identified several key operational challenges in this Town golf system, including an operating program that is overly beneficial to resident member golfers when compared to other Town golf courses on Cape Cod.

In preparing a new business plan for Town of Yarmouth golf courses, the NGF team was mindful of this operational challenge but also mindful of the important role these resident members play in supporting Bass River and Bayberry Hills GC's. As a result, the NGF has recommended only modest changes to the operating program, and providing a detailed plan to help the Town reduce its reliance on resident members and attract a greater share of the large volume of seasonal / tourist golfers who migrate to Cape Cod each year. The new plan will help the Town strike an improved balance between the core membership and other visiting golfers seeking a single round of golf at a high-quality facility on Cape Cod during their vacation, and willing to pay top-dollar for that round. The NGF plan has also documented the need for repairs to aging golf course infrastructure, some of which are critical improvements to Bass River irrigation and drainage.

In summary, the NGF consultants find that the Town's golf system has great potential to improve its net income performance and continue to provide affordable public golf for Town of Yarmouth residents. Bayberry Hills is well-located and offers a championship layout that is popular with golfers and has been a host site for important golf events. Bass River is a beautiful river-side golf course with rich history and famous-name designer, but has some improvement needs. In review of this golf system, the NGF's most significant recommendations to the Town of Yarmouth include:

1. Move forward and implement proposed member pricing changes and plan for additional 5% increases every two years.
2. Create a plan to outsource the food and beverage concession at both courses to an independent private operator.
3. Manage golf rounds inventory to allow for more non-member guest play, especially in peak summer season.
4. Modify golf cart policy to lessen mandatory carts and increased fees for members.
5. Give the Town Director of Golf full authority to manage golf courses.
6. Create a plan to fund needed capital improvements, especially "mission critical" infrastructure upgrades at Bass River GC.
7. Improve marketing efforts with focus on attracting daily fee, visitor, hotel and tournament/outing play through an enhanced budget and improvements in technology (new POS, website, email, data, etc.).

External Factors Affecting the Operation of Yarmouth Golf Courses

As we plan for the future operation of the Town of Yarmouth Golf Courses under the proposed configuration, NGF has provided a summary of important external factors that have direct effect on the operation of these facilities. This includes an assessment of local demographics and economy, golf industry trends, and a review of golf demand and pricing in the Yarmouth market. NGF will also provide a review of other golf courses in the area that compete with Town golf courses for market share. We will then summarize these factors and how they relate to the continued operation of Bayberry Hills and Bass River golf courses.

In summary, the NGF finds that the market environment for the continued operation of Town golf facilities presents many challenges and opportunities. Yarmouth and Cape Cod as a whole is one of the most attractive summer destinations, and includes many lodging facilities, resorts and housing communities that support economic activity and golf demand in the area. This market area has become very popular with both seasonal and transient summer visitors, which is a key market to attract in order to sustain golf facility businesses. While there is a strong and thriving permanent population in Yarmouth, these residents are not numerous enough to support golf facility operations and thus attraction of visiting golfers becomes necessary. A summary of key findings on external factors that impact the operation of Town golf courses are noted below:

MARKET OVERVIEW

The Yarmouth golf courses are located in the heart of Yarmouth and Cape Cod, making the courses immediately proximate to one of the most attractive summer destinations in the northeast U.S. that includes lodging facilities, resorts and retirement-age residents that support economic activity and golf demand in the region. The region includes a full range of activities to attract residents, seasonal residents, and tourists, including beaches, golf, fishing and pleasure boating. The county is projected to have around 210,000 residents, supplemented by the high number of seasonal (summer-only) residents that populate the area's housing units. As such, the NGF expects that the continued support of Yarmouth golf courses will rely on participation from the large visitor market to the area, in addition to permanent residents.

Demographic Analysis – Local Permanent Residents

The local demographic and economic factors affecting the demand for public-access golf in this market show that the Cape Cod region has demographic characteristics that correlate to strong golf demand, which is then supplemented by the large seasonal, tourist and retiree population in the Yarmouth area.

The table in [Appendix A](#) summarizes key demographic measures of population, income and other trends that relate to golf participation. The table below provides a summary of key demographic and golf demand measures for various market rings that include the two Yarmouth golf facilities, Barnstable County, the State of Massachusetts and the total U.S. A summary follows:

Market Data Comparisons 2019			
Bayberry Hills / Bass River CenterPoint	5-Mile Radius	10-Mile Radius	Barnstable County
Population Est. 2018	44,306	90,507	213,313
Population 2023 Proj.	44,222	90,038	211,726
Med. HH Income (2018)	\$60,469	\$66,096	\$71,172
Median Age (2018)	55.0	53.9	52.9
Participation/Rounds Index*	133 / 318	132 / 301	134 / 294
Number of Golfers	5,177	10,607	25,941
Rounds Potential (res.)	235,587	442,102	1,000,891
Est. Rounds (in-market supply)	247,094	416,476	1,171,642
Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions. * Golf Participation and Rounds Index: Estimated number of golfing households / average rounds played in a particular geography compared to the national average golfing household (US index = 100).			

- The local market around Yarmouth golf courses shows a modest permanent population, with over 90,500 residents within 10 miles in 2018. Population growth rates in the subject markets suggest a slightly declining permanent population in the local market rings and Barnstable County. We note that the above figures are based on permanent population and do not consider the large seasonal population in the area.
- The Median Age in the local market is significantly higher than the national median age of 38.2 years, reaching as high as 52.9 years for all of Barnstable County. This is indicative of the higher proportion of older age residents in the permanent population (i.e. “retirees”). In general, the propensity to play golf with greater frequency increases with age, making relatively older markets more attractive to golf facility operators, all other factors being equal.
- The Median Household Incomes in the local market areas around Yarmouth golf courses are comparable to state and national medians. However, we note that these income figures do not consider transfer payments that are common with large retiree populations living off their “nest egg.” In general, higher income residents are more likely to participate in golf, and they play more frequently than lower income residents. The modest incomes in the Yarmouth market would suggest a generally lower tolerance for higher golf playing among the local permanent population.
- The NGF estimates there are a total of about 10,600 golfers potentially demanding over 442,000 rounds of golf annually (41.7 rounds per golfer per year) in the 10-mile market around Yarmouth golf courses. The NGF has estimated that seasonal residents and tourists can add an additional 325,000 +/- rounds of demand to the area’s golf market, mostly during the peak summer months of June – August. It is expected that this golf demand would be serviced by the golf facilities available for use in this and other nearby counties.
- The local market around Yarmouth golf courses shows generally higher-than-average golf participation, and ***substantially*** higher-than-average rounds demand. This finding is indicative of the basic nature of Yarmouth as a golf destination, where golfers from all over the world aspire to reside and/or retire and participate vigorously in golf. Combined with this resident and seasonal resident population, it is clear that Bayberry Hills and Bass River will need to attract their share of tourist golfers to generate the rounds and revenue needed to sustain operations.

Key Climate and Economic Factors

The NGF has examined certain economic factors that have the potential to affect the demand for public golf in the Yarmouth market area. Following are some key observations highlighting the economy, transportation, and visitation characteristics of Yarmouth and the surrounding Cape Cod market. In general, Yarmouth / Cape Cod have mostly positive economic characteristics as they relate to continued operation of Town owned golf courses.

Climate

As with any outdoor recreation, weather impacts golf participation. NGF data estimates that almost all golf is played with temperatures between 50- and 90-degrees Fahrenheit, although evidence suggests greater tolerances at lower temperatures in this local market. Understanding local weather patterns helps determine the number of golf playable days. The data suggests that golf on Cape Cod can be realistically played in a 7-8-month golf season, although Cape Cod's weather is typically more moderate than inland locations leading to some additional winter golf days available. With an average of ± 16 inches of precipitation and 39 rain days during the five-month summer season, this golf market is prone to a modest reduction in playable hours/days. The following table presents a summary of monthly weather data for the Hyannis area based on 50-year recorded trends:

Climatological Data Hyannis, Massachusetts						
Month	Temperatures			Precipitation Inches	No. of Rain Days	Average Length of Day (Hours)
	Average	High	Low			
Annual	49.8	57.4	42.2	43.2	104	12.7
January	30	38	23	3.8	10	10.1
February	30	38	23	3.5	8	11.1
March	37	44	30	4.1	10	12.5
April	45	53	38	3.9	10	13.9
May	55	63	47	3.5	9	15.1
June	64	72	57	3	8	15.7
July	71	78	63	3	7	15.4
August	70	77	62	3.7	8	14.3
September	63	71	55	3.2	7	12.9
October	53	61	45	3.5	8	11.5
November	44	52	37	3.9	9	10.3
December	34	42	27	4	10	9.7
Source: Weatherbase.com, Hyannis, MA						

Yarmouth / Cape Cod Market

Cape Cod is a key seasonal and tourist market area in southeast Massachusetts. Its historic, maritime character and ample beaches attract heavy tourism during the summer months. Cape Cod stretches from Provincetown in the northeast to Woods Hole in the southwest, and is generally divided into the upper Cape, Mid Cape (includes Yarmouth) and a lower/outer Cape. Automobile access to Cape Cod is via two highway bridges: the Sagamore Bridge and the Bourne Bridge, each ultimately connecting to Massachusetts State Highway 6 (Mid-Cape Highway), the primary auto thoroughfare through Cape Cod. The key NGF findings on the Cape area economy and tourism that relate directly to the operation of Town golf courses include:

- Cape Cod has a year-round population of about 215,000, increasing to over 645,000 in the peak summer season (Memorial Day through Labor Day). While this period is the defined peak of activity, off-season visitation has been increasing in recent years due to longer summers, reduced lodging rates, and “empty-nester” visiting without children.
- Cape Cod is a popular destination for beachgoers, with 559.6 miles of coastline, including many publicly-accessible beaches. Cape Cod is also popular for other outdoor activities, including golf (there are 27 public, daily-fee golf courses and 15 private courses on Cape Cod). A review of Cape Cod tourism by the Massachusetts Office of Travel and Tourism (MOTT) showed “visiting friends” and “outdoor recreation” as the top two activities for visitors to Cape Cod in 2018.
- Tourism data collected for Cape Cod shows a total of 4.5 million visitors in 2016, a number that has been relatively stable since 2010. The two peak season months of July and August show in excess of 900,000 visitors in 2016, with 53% of total visits to Cape Cod coming in the third-quarter of 2016 (July-September). Total visitor spending on Cape Cod was just over \$1.08 billion, and tourism supports numerous service industries on Cape Cod, including golf facilities (NGF estimates tourists can support 300,000 to 350,000 rounds of golf annually).
- According to the Cape Cod Chamber of Commerce, there are ~19,000 total lodging units on Cape Cod, although the figure is difficult to fully quantify due to the high number of bed and breakfasts or vacation houses that are often used for visitors. Lodging on Cape Cod peaks in the July-September third-quarter, with an average of 80-85% occupancy and an average daily room rate (ADR) of between \$240 and \$255. The ADR on Cape Cod has increased by 20% since 2010. An estimated 61% of total lodging receipts are earned in the third quarter each year.
- Bayberry Hills GC is very accessible for the Mid-Cape region. The course is visible from U.S. Route 6 and proximate to the interchange with Station Ave. Bass River GC is a little more out of the way, located 2.5 miles from Bayberry Hills and Route 6, but close to the major Main St and Station Ave. intersection in South Yarmouth. Other Routes 6A, 132, 149 and a brief, 1/10-mile portion of 130 also add to the ease of access and connection to the Sagamore Bridge, the Orleans Rotary and off-Cape southeast Massachusetts.

GOLF MARKET SUPPLY AND DEMAND INDICATORS

National Golf Industry Overview

Despite significant negative press, the golf industry remains healthy and golf continues its macro trend toward stabilization in 2019. Considering the severity of the most recent recession and its lingering effects on discretionary income and time, golf has held up rather well. Multiple NGF studies of golfers since 2008 attribute the gradual decline in golfers and rounds since peak participation primarily to the impact of lower job security and concern over personal finances, **not waning appeal for the game**. Total spending on golf and club memberships will always be vulnerable to outside forces such as the economy and weather, but the game remains popular and is fortunate to have a deep well of interested prospects. Some findings from NGF:

- **Participation** - The national golfer number (participation) increased slightly in 2018, with NGF counting 24.2 million golfers in 2018 compared to 23.8 in 2017. Overall, NGF survey research indicates that the number of people in the U.S. that played at least one round of golf in the prior year fell by about ±500,000 since 2014. However, the vast majority of “core” golfers remain in the game. This compared to the reported declines in rounds at Yarmouth golf courses, suggesting the Town’s performance in golf is more severe than the national activity trend.

- **Golf Course Supply** - The correction in golf course supply continued in 2018 at a level comparable with the previous several years, dropping by 1.5% (160 total 18-hole equivalent permanent closures in 2018 compared to 181 in 2017). According to NGF data, since the market correction in golf course supply began in 2006, there has been a cumulative net reduction of 1,230 golf courses equivalents. For perspective, golf supply grew by 44% in the previous 20 years (1986-2005). NGF data shows very little change in the Yarmouth market, with a reduction of only 18 holes in Barnstable County since 2009.
- **Rounds Played 2017-2018** – Nationally, around 435 million rounds of golf were played in 2018, representing a -4.8% decrease from 2017. In Massachusetts, the results were less severe with the State showing a -1.7% decline from 2017 to 2018. However, Boston (includes Cape Cod) shows a more severe decline of -5.9% from 2017 to 2018. Year-to-date through August 2019 shows a similar pattern of slight declines, with the state falling only -0.4% and Boston only -1.8% through August 2019 (data source: Golf Datatech – see [Appendix B](#)). This is somewhat less severe than the actual much steeper declines in rounds in the last few years experienced by Town of Yarmouth golf courses.
- **Looking Ahead - Baby Boomer Effect** – As Baby Boomers age and retire over the next 15 years; we expect to see a measurable increase in total rounds played in the U.S. Boomers - born between 1946 and 1964 - are currently 53 to 72 years old. About 6 million of them are golfers; that's about 1/4 of all golfers, and they currently play about 1/3 of all rounds. Boomers started turning 65 in 2011, and already 1 million+ golfing Boomers have reached retirement age. The Social Security Administration reports that 10,000 or more Boomers retire every day. And ~300,000 Boomer golfers will turn 65 each year for the next 15 years. Retired Boomers (age 65+) play about twice as much as younger, non-retired Boomers (40 rounds vs. 21 rounds).

Other Measures of Health

Other perhaps equally important metrics to consider when measuring the health of golf include:

- **Investment in Facilities:** Investment in major renovation projects has replaced new construction as the largest source of U.S. golf course development activity. NGF tracked just under 1,000 major renovations completed since 2006, representing at least \$3 billion. New development activity also remains in the pipeline, with NGF tracking 37 facilities currently under construction and another 55 in planning stages.
- **Off-Course Participation:** Activity at off-course (or alternative) facilities continued in 2018, with NGF counting over 9.3 million active users of off-course facilities (like TopGolf), compared to 8.3 million in 2017 (12% increase).
- **Beginners:** The total number of new golfers reached an all-time high in 2018, with NGF counting over 2.6 million beginning golfers (compared to 2.0 million in 2014). These beginning golfers tend to be younger, more female and more non-Caucasian than the golfer population as a whole.
- **Increasing Diversity:** The junior golf population remains relatively stable at 2.9 million and continues to show a transformation in diversity. One-third of golfers age 6-17 are females, up from 17% in 1995 (in sum, 24% of all golfers are women). Also, 27% of junior golfers are non-Caucasian, up from only 6% in 1995. A similar trend is observed among young adult (18-34) or Millennial golfers, of which 29% are female and 24% non-Caucasian. The highest diversity is among beginning golfers, at 34% female and 32% non-Caucasian.
- **Latent Demand:** Overall interest in playing golf remains very high. NGF survey research indicates that the number of non-golfers who say they are “very interested” in taking up golf has doubled over the last five years to 12.8 million people.

Estimated Local Market Demand

The table below details basic golf market data indicating the magnitude of the local golf demand (additional support data in [Appendix A](#)). We note that much of this data is based on the permanent resident population, and is not reflective of the retiree, seasonal resident and visitor populations in the market area (more later in this section).

Summary of Market Indicators	5-Mile Ring	10-Mile Ring	Barnstable County	Total U.S.
Golfers				
Number of Golfing Households	3,968	7,827	18,362	17,484,590
Seasonal Golfing Households	2,329	4,368	9,728	748,477
Rounds Potential (resident golfers)	235,587	442,102	1,000,891	434,080,100
Estimated Rounds (in-market supply)	247,094	416,476	1,171,642	434,084,100
Latent Demand/Interested Non-Golfers	6,724	13,915	32,188	47,425,600
Golf Indices				
Golf Participation Index	133	132	134	100
Golf Rounds Activity Index	318	301	294	100

- The permanent population in the Yarmouth market has age and income characteristics that tend to coincide with higher-than-average participation in golf. This is reflected in golf demand indices that show 32% to 34% higher participation and 300% higher rounds played per golfer in the market areas (Cape Cod golfer plays three times more rounds per golfer than the U.S. average).
- The local BBHGC market has a slightly larger proportion of higher income households than the wider market areas. An estimated 26% of households in the 5-mile ring show incomes over \$100,000 annually, while 6% show income in excess of \$200,000, both a key “sweet spot” for high golf participation and activity:

Higher Income Households	5-Mile Ring		10-Mile Ring		Barnstable County	
	No.	Pct.	No.	Pct.	No.	Pct.
No. of Households over \$100,000 Income	5,635	25.9%	21,593	29.3%	33,070	33.6%
No. of Households over \$200,000 Income	1,257	6.0%	3,113	7.3%	8,040	8.1%

- The NGF’s golf demand model estimates a total of 5,600 permanent resident golfers living within five miles of Bayberry Hills, and about 5,100 within five miles of Bass River GCs (there is considerable overlap). These golfers have the potential to demand as many as 200,000 +/- rounds of golf annually, or approximately 35 to 39 rounds per golfer per year. These estimates are based on data that suggests golf participation rates in Yarmouth are about 35% higher than the national participation rate, and that rounds demand per household is also about 2-3 times the rate of the national estimate.
- The NGF estimates about 10,600 permanent resident golfing households, plus an additional 4,400 seasonal households, in the 10-mile market around Yarmouth golf courses. These permanent and seasonal golfers are capable of supporting a large market of golf facilities, and this does not include the even larger market of transient / visiting golfers who come to the area each year.
- NGF estimates the residents in Barnstable County could demand upwards of 1.0 million rounds of golf annually, and the golf courses in this County are hosting over 1.17 million rounds annually, indicating a strong demand from non-residents at area golf courses. The 1.17 million rounds played in Barnstable County help to confirm the expectation that there is demonstrated demand for golf service in the Yarmouth market.

- Overall golf demand is higher per household in the BBHGC market when compared to the rest of the State and nation overall. The area also shows a high level of latent demand, with almost 13,900 non-golfers in the 10-mile ring expressing interest in becoming golfers.

Visitor Golf Demand

Earlier we noted about 4.5 million visitors to Cape Cod in 2016. These visitors contribute significantly to golf course activity in the overall region. NGF research shows that roughly one-third of all golfers participate in the activity while traveling, playing 0.557 rounds per day of travel. Based on current golf participation rates, the estimate for total tourist golf rounds on Cape Cod is 300,000 to 350,000 rounds annually. Though the two Yarmouth golf courses would likely capture only a small proportion of these visiting golf rounds, it is nonetheless important for the Town to maintain a strong marketing presence, and visiting golfers, especially those staying in nearby hotels, should continue to be aggressively targeted by the Town's golf management for stay-and-play packages, digital/website channels, as a couple of thousand visitor rounds could make a big difference in the bottom line.

Latent Demand

People who express an interest in playing golf but have not yet started include former golfers and those who have never tried. The demographic profile of latent demand tends to be more female and younger than the population as a whole. Surveys show these golf-interested non-golfers cite several barriers to entry in golf, including the cost and social aspects (no one to play with). The latent demand population is comparable to the golfer population, and NGF estimates as many as 13,900 interested non-golfers within 10 miles of Yarmouth golf courses. Given golf's tenuous participation situation, all golf courses should have active programming aimed at inviting and "onboarding" prospective new golfers, a key component of the changes proposed for both Bayberry Hills and Bass River.

Local Golf Supply

The NGF data shows strong demand for golf from permanent residents, seasonal residents and tourists in this market area, and the supply of golf courses is equally strong to serve this demand. NGF observations regarding key golf supply measures for the local market:

- There are 13 total golf facilities (includes 9 public, of which 6 are municipal) in Yarmouth's primary 10-mile trade area, and 38 total facilities (22 public, 12 municipal) in Barnstable County. The proportion of public courses (58%) is lower than the total U.S. where 74.9% of all golf courses are open and available to the public.
- Ratio analysis based on national benchmarks shows that all three market rings and Barnstable County are over-supplied, as there are about 69% **fewer** households available (unfavorable) to support each 18 holes of golf compared to the national benchmark. The finding is based on the ratio of golf holes to **permanent households**, and supports the need to attract non-resident golf demand.
- Seven of the 9 public facilities in the 10-mile market are at an NGF-defined 'premium' price point (>\$70 peak riding fee), with one each at 'standard' (\$40-\$70) and 'value' (<\$40 peak riding fee). In the broader Barnstable County market, there is a higher proportion of mid-range facilities, and only three 'value' facilities.
- The net change in golf holes shows very little change in the supply of golf on Cape Cod, as NGF estimates that a net of 18 holes were closed in Barnstable County since 2010, the most recent of which was the Woodbriar GC (Falmouth - closed 2010). Other small 9-hole and executive courses closed in Plymouth County since 2010, including the Challenger 9 at Waverly Oaks and the 18-hole par-3 Golf City course. NGF data shows no other new golf course projects under development in Barnstable County in 2019.

Golf Course Market Supply / Demand Summary

Using the basic measures of golf demand and supply, we note four possible combinations for any given market area: (1) favorable demand and favorable supply (“potential growth market”); (2) favorable demand and unfavorable supply (“competitive”); (3) unfavorable demand and favorable supply (“inactive”); and (4) unfavorable demand and unfavorable supply (“saturated”). The review of data for Yarmouth suggests a “competitive” market for golf, with strong demand and an unfavorable household/supply ratio. Thus, the influx of visiting golfers will be needed to sustain golf course operations in this market.

Golfers per 18 Holes

NGF has also evaluated the relative strength of the market with a comparison to a national “threshold” of golfers per golf course within 10 miles of a facility. In its 2009 publication “The Future of Public Golf in America,” NGF hypothesized that the best predictor of a public golf course’s success was the number of golfers per 18 holes within a 10-mile radius, with **4,000** identified as the key number for projected financial stability. **The NGF has estimated that there are only about 816 golfers per 18-hole course in the Yarmouth market.** However, the importance of this metric is mitigated somewhat in markets with a high annual influx of visiting golfers (further stressing the importance of continued support from non-resident golfers).

LOCAL COMPETITIVE GOLF MARKET

NGF has analyzed the public access golf market in the Yarmouth / central Cape Cod market, with particular emphasis on the current position of Town of Yarmouth facilities, and prospects for sustaining and/or building market share in the future. On the following pages, we list operating information for a group of selected competitive golf facilities within approximately a 15-mile radius from central Yarmouth.

Primary Regulation Competitors	Alternative Golf Facilities
Dennis Pines GC	Blue Rock GC (18-hole par-3)
Dennis Highlands GC	Holly Ridge GC (18-hole par-3)
Cranberry Valley GC	
The Captains GC (36 holes)	
Olde Barnstable Fairgrounds GC	
Hyannis GC	
Sandwich Hollows GC	

This list was not meant to be totally exhaustive or to account for all of the potential public golf competition to the Yarmouth golf courses, but rather to offer a frame of reference in evaluating actual performance of the subject courses as compared to other potentially competitive golf facilities. The map on the following page shows the locations of the various Town facilities and the other public courses selected as the key competitors. Following the map, we provide summary operating information for these key competitors, as well as key pricing & fee recommendations regarding the Town of Yarmouth golf facilities.

Competitive Public Access Golf Facilities Map

The map below shows the relative locations of the facilities selected as comparable to the Bayberry Hills and Bass River Golf Courses.



Key Competitors – Summary Information

The following tables provide summary information for the Town of Yarmouth courses and the primary competitors in the local market area.

Town of Yarmouth Public Golf Market Facilities (15-mile Radius) – Summary Information						
Public Golf Courses	Location	Type	Year Open	Par / Slope	Back Tee / Forward Tee	Number of Range Tee Stations
Bayberry Hills Golf Course	Yarmouth	18H MU-R	1988	72 / 132	7,172 / 5,294	30
Bayberry Hills - Links Course	Yarmouth	9H MU-R	1999	36 / 126	3,345 / 2,574	30
Bass River Golf Course	Yarmouth	18H MU-R	1900	72 / 128	6,138 / 4,932	0
Dennis Pines Golf Course	Dennis	18H MU-R	1965	72 / 133	6,931 / 5,115	15
Dennis Highlands Golf Course	Dennis	18H MU-R	1984	71 / 123	6,509 / 4,884	34
Cranberry Valley Golf Course	Harwich	18H MU-R	1974	72 / 129	6,482 / 5,132	15
The Captains GC –Port Course	Brewster	18H MU-R	1999	72 / 135	6,675 / 5,282	25
The Captains GC - Starboard	Brewster	18H MU-R	1999	72 / 131	6,776 / 5,359	25
Olde Barnstable Fairgrounds Golf Course	Marstons Mills	18H MU-R	1992	71 / 132	6,470 / 5,031	32
Hyannis Golf Course	Hyannis	18H MU-R	1973	71 / 133	6,305 / 5,132	40
Sandwich Hollow Golf Course	East Sandwich	18H MU-R	1971	71 / 122	6,307 / 5,124	50
Short Courses						
Blue Rock Golf Course	South Yarmouth	18H DF-P	1962	54 / 83	2,868 / 2,154	15
Holly Ridge Golf Club	Sandwich	18H DF-P	1967	54 / 74	2,952 / 2,194	32
Type: DF – Daily Fee; MU – Municipal Length: R – Regulation; E – Executive; P – Par 3						

Market Area Rounds and Fee Information

Found on the following page is information regarding the fee structure at the public facilities within the 15-mile market area. The 1st chart reflects the peak season rate for green fees (walking) and green & cart fees as well as the number of rounds played in 2018 (to show the last complete year). The next chart shows the various membership / season pass options available at these facilities

Summary Peak Season Green Fees – Town of Yarmouth Courses & Other Public Facilities (15-mile Radius) ¹									
Public Golf Courses	2018 Rounds Played	18-Hole Weekday	9-Hole Weekday	18-Hole Senior WD	18-Hole Weekend	9-Hole Weekend	18-Hole Senior WE	18-Hole Twilight	9-Hole Twilight
Bayberry Hills Golf Course	29,602	\$67 / \$89	\$40 / \$54	--- / ---	\$83 / \$105	\$50 / \$64	--- / ---	\$21 / \$33 ²	--- / ---
Bayberry Hills - Links Course	----	\$67 / \$89	--- / \$30	--- / ---	\$83 / \$105	--- / \$30	--- / ---	\$21 / \$33 ²	--- / ---
Bass River Golf Course	30,903	\$63 / \$85	\$38 / \$52	--- / ---	\$73 / \$95	\$44 / \$58	--- / ---	\$21 / \$33 ²	--- / ---
Dennis Pines Golf Course	35,410	\$69 / \$89	--- / ---	\$20 / \$34 ³	\$69 / \$89	--- / ---	--- / ---	\$29 / \$49 ²	--- / ---
Dennis Highlands Golf Course	39,108	\$69 / \$89	--- / ---	\$20 / \$34 ³	\$69 / \$89	--- / ---	--- / ---	\$29 / \$49 ²	--- / ---
Cranberry Valley Golf Course	42,000	\$74 / \$96	\$38 / \$50	--- / ---	\$74 / \$96	\$38 / \$50	--- / ---	\$32 / \$54 ²	--- / ---
The Captains GC – (36H)	74,395	\$77 / \$98	\$40 / \$53	--- / ---	\$77 / \$98	\$40 / \$53	--- / ---	\$36 / \$57 ²	--- / ---
Olde Barnstable Fairgrounds	38,424	\$74 / \$96	--- / ---	--- / ---	\$74 / \$96	--- / ---	--- / ---	\$35 / \$57 ²	--- / ---
Hyannis Golf Course	31,440	\$55 / \$77	--- / ---	--- / ---	\$64 / \$86	--- / ---	--- / ---	\$35 / \$57 ²	--- / ---
Sandwich Hollow Golf Course	28,000	\$55 / \$75	\$20 / \$30	--- / ---	\$65 / \$85	\$26 / \$35	--- / ---	--- / \$40	\$20 / \$30
Short Courses									
Blue Rock Golf Course	~16,200	\$65 / \$83	\$45 / \$55	--- / ---	\$70 / \$88	\$45 / \$55	--- / ---	\$35 / \$53 ⁴	--- / ---
Holly Ridge Golf Club	n/a	\$38 / \$51	\$23 / \$32 ⁵	\$30 / \$43	\$38 / \$51	\$23 / \$32	\$23 / \$32 ⁵	\$23 / \$36 ⁴	\$23 / \$36 ⁴
¹ Walking rate / Riding rate ² After 4:00pm ³ Senior rates only offered for 9-hole rounds – early WD & after 2:00pm WD ⁴ After 3:00pm ⁵ Senior rates on Monday & Saturday									

2019 Season Passes & Membership Offerings – Town of Yarmouth Facilities and Primary Competitors						
		Residents		Non-Residents		Seniors / Juniors
Public Golf Courses	Number of Passholders	Single	Couple	Single	Couple	
Town of Yarmouth Courses	1,019	\$892	----	\$892	----	\$535 ¹ / \$100
Town of Dennis Courses	1,560	\$775	---	\$1,200	---	--- / \$165 ²
Cranberry Valley Golf Course	1,181	\$790	---	\$1,090	---	--- / \$150 ³
The Captains Golf Course	987	\$1,003	----	\$1,669	----	\$--- / \$194
Town of Barnstable Golf Courses	1,172	\$1,070	\$1,955	\$1,420	----	\$535 ¹ / \$130
Sandwich Hollows Golf Course	300	\$925	\$1,525	\$925	\$1,525	\$825 ⁴ / \$250
Short Courses						
Blue Rock Golf Course	175	\$875	\$1,495	\$875	\$1,495	--- / \$295
Holly Ridge Golf Club ⁵	700	\$69	---	\$69	---	--- / ---
¹ Age 80+ ² Non-Resident Junior pass is \$230 ³ Non-Resident Junior pass is \$350 ⁴ Age 62+ ⁵ Discount card - \$5 off 18-hole rounds; \$3 off 9-hole rounds; & \$3 off twilight rounds						

Other Options in the Yarmouth Market

In addition to standard golf facilities in the Yarmouth / central Cape Cod area, there are also several alternative options available to local and visiting golfers. Alternative facilities include standalone driving ranges, par 3 courses, non-traditional ranges (such as Top Golf) and others.

- Blue Rock Golf Course:** This facility originally opened in 1962 and is now owned by the Davenport Companies. The Davenport Companies own 5 resorts in and around the Yarmouth area – the Blue Rock Golf Resort, the Blue Water Resort, the Green Harbor Resort, the Red Jacket Beach Resort and the Riviera Beach Resort. The majority of play comes from Davenport resort guests (all guests have access to the course) – there are approximately 1,500 people at the various Davenport resorts in peak season and this is a large target market. The 18-hole par-3 course is developed on approximately 45 acres (including the range) and has holes on length between 100 yards and 200 yards. The course was very well maintained and featured attractive landscaping and vegetation. Daily fee play is also an important market, but this group typically sign up late as they are “settling” for a par 3 course (not their 1st choice). According to the director of golf, they plan to promote the course more to the Davenport guests to grow this segment in the future.

- **Holly Ridge Golf Club:** Located in Sandwich, this 77-acre facility opened in 1967 and includes a full-length driving range, 18-hole par 3 golf course and a clubhouse with pro shop and food & beverage operation. The range includes approximately 32 hitting stations on mats and 18 grass tee station (but these are used only for clinics). The par 3 course has a maximum length of 2,915 yards (an average of 162 yards per hole) and the holes range in length between 124 yards and 207 yards. The course is developed on a heavily vegetated site, with significant spacing between holes. The current owners are a husband and wife team of PGA golf professionals who bought the facility in the last 4 years. The primary target audience for this facility include seniors, women and juniors. The owners are very active in player development, offering various clinics and group lessons.

Key Findings – Competitive Golf Market

A summary of general findings regarding the competitive market for Yarmouth golf courses:

- Cape Cod has a very active golf market, and Bayberry Hills and Bass River GC's compete with many high-quality facilities for market share. The Cape Cod market includes private golf clubs dating back to 1885, although the majority of municipal golf courses were developed between 1971 and 1999 (excluding Bass River – 1900).
- Cape Cod is among the most active public golf markets we've observed in northern climates. The ten municipal facilities from the competitive set comprise a total of 12 18-hole equivalent golf courses; these facilities average about 33,000 rounds per 18 holes, with Cranberry Valley (Harwich) the most active at 42,000 rounds, and Sandwich Hollows the least active at an estimated 28,000 rounds. Olde Barnstable, along with Dennis Highlands, are the other golf courses at or above 39,000 annual rounds.
- NGF identified a number of key competitors to Town of Yarmouth golf courses. We found that while Bayberry Hills generally compares favorably to this grouping of golf courses in terms of course interest and conditions, the Bass River facility does not compare as well and will need capital improvement in terms of overall competitiveness and value.
- The golf facilities identified by NGF as the primary competitors to Town of Yarmouth golf courses include Dennis Highlands, Dennis Pines, Olde Barnstable Fairgrounds, Cranberry Valley, The Captains and Hyannis golf courses. Each of these facilities is owned by a local municipality and most of these facilities require some form of taxpayer subsidy in order to meet all obligations required to remain open and operating, with only the Town of Brewster operating without subsidy for the last five years (more detail below).
- The two Town of Yarmouth golf courses generated a total of just over 60,800 total rounds in FY2019, down significantly from the 77,300 recorded in FY2016 (21% decline). In comparison, most of the other municipal golf courses on Cape Cod are hosting higher rounds totals, led by Cranberry Valley (42,000), Dennis Highlands (39,100) and Captains GC (74,400 on 36 holes). Only Hyannis GC and Sandwich Hollows GC (two less popular courses) are hosting 31,000 rounds or less.

- The peak weekend 18-hole weekend rate of \$105 (including cart) at Bayberry Hills is the highest in the Cape Cod market in 2019. Bayberry Hills is an excellent course, but we believe that there is a psychological barrier to green & cart fees over \$100 for this market. Several of the major competitors including the Dennis, Brewster and Barnstable courses are in the \$89 to \$98 range for weekend green fee with cart. On the other hand, membership fees at Yarmouth courses are lower than all but the Town of Dennis (has a lower rate for residents). In addition, Yarmouth is one of only two municipalities on the Cape that does not have differential pricing for residents / non-residents (Sandwich is the other).
- In addition to the Yarmouth courses, all municipal facilities in this market offer a season pass or membership to lock in players and improve customer loyalty. The memberships are an important source of advance revenue and the number of memberships sold varies widely by Township. For example, the Town of Dennis has nearly 1,600 memberships to play their 2 courses while the Town of Sandwich has only 300 memberships for their single facility. Many muni course members spend little additional money at their home course (for carts, food & beverage, etc.) and the average revenue per round can be very low for frequent players. Hence, the Town must maintain a careful balance between passholder play and the higher-paying daily fee players.
- From a pricing perspective, the Town of Yarmouth adult membership is at the higher end of the pricing scale for residents, but still lower than the non-resident rate in other Cape Cod Towns. NGF has found that this new pricing is appropriate for this golf course product in this market.
- The Yarmouth golf system does not differentiate its membership pricing between residents and non-residents, unlike the other townships in the area (excluding the Town of Sandwich). These pricing differentials range between approximately 33% and 66% for non-resident memberships.
- The two alternative golf facilities we identified before (Blue Rock GC & Holly Ridge GC) serve a role in the local market as a source of new golfers for the Cape Cod area. However, they are not considered directly competitive with Town of Yarmouth courses (nor most regulation-length facilities) but rather represent a different type of golf experience.
- Other differences between Yarmouth courses and the other Town golf courses in the area include the mandatory cart policy at Bayberry Hills that is unique in this area and the three-month payment plan offered by Yarmouth for their members at no interest – no one else does this and this probably should be discontinued.

CAPE COD MUNICIPAL GOLF OPERATIONS REVIEW

NGF collected basic operating and financial information from several Towns on Cape Cod presently operating municipal golf courses, including the key competitors identified above. The data obtained included basic information on operations provided by NGF for comparison and benchmarking to Town of Yarmouth golf courses. The data collected was derived primarily from publicly available information contained in each Town's annual financial reports, as well as from interviews and/or email surveys conducted with golf course staff. We note a word of caution in that the information provided may not represent a true even comparison, as each Town has some uniqueness in how various data points are calculated and presented, and there are also variations regarding the time period supplied (e.g., calendar vs. fiscal year, 2017 vs. 2018). A table summarizing the findings is presented below, followed by NGF commentary on the findings:

Summary of Findings on Cape Cod Municipal Golf Operations

- The Dennis, Harwich, Sandwich and Brewster golf operations are accounted for within each Town's General Fund, while Barnstable and Yarmouth are Enterprise Fund operations. According to data collected by NGF for this study, all but Sandwich Hollows are profitable when taking only on-site operating revenues and expenses into account.
- Average total revenue for these municipal golf courses, excluding Sandwich, is about \$1.6 million per 18 holes. Dennis Highlands is the highest revenue producer among the 18-hole facilities, at about \$1.96 million.
- Excluding Sandwich Hollows and Falmouth Country Club (leased operation), total greens + cart + membership revenue per round ranged from a low of \$30 at Sandwich Hollows to a high of \$45.49 at Town of Yarmouth golf courses. The Captains and Barnstable courses are also well over \$44 per round.
- It appears that capital improvements at Cape Cod area municipal courses are largely dependent on their structure (enterprise fund or general fund), economic viability and if they are still paying debt service. Each of the competitive local courses have different approaches as described below.
 - **Town of Barnstable:** the Olde Barnstable Fairgrounds GC has been debt-free since 2006, but the Hyannis GC debt will not be paid off until 2025 (at about \$400,000 per year). Hyannis GC has deferred maintenance but this will not be addressed until they are debt-free. In the interim, the Hyannis operating shortfalls are covered by the Olde Barnstable Fairground GC revenues.
 - **Town of Harwich:** Cranberry Valley GC tries to set aside approximately \$80,000 annually for capital improvements. They recently completed a \$1.2 million project for a new cart barn (they are converting to electric carts) and landscaping around the parking lot & clubhouse.
 - **Town of Dennis:** they have created a specific formula to retain monies for capital improvements – they collect 28% of member dues and 5% of daily green fees. This captures approximately \$375,000 annually. Additionally, they place 25% of the cart revenue into a revolving fund for cart repayment.
 - **Town of Brewster:** The Captains GC will pay off their debt in April 2020 (which will save them \$840,000 annually going forward). There is a significant amount of deferred maintenance to be done in the next few years.
 - **Town of Sandwich:** Sandwich Hollows GC is not breaking even and they have not been making any capital improvements.

Summary of Comparative Data – 2018

Cape Cod Area Municipal Golf Systems									
Golf Facility	Municipality	Holes	Golf System Structure	Rounds Played	Recent Trend in Rounds	Green + Cart Revenue (incl. memb.)	Per Round	Total Operating Revenue	Total Operating Expense
Town of Yarmouth Courses ¹ (Bayberry Hills & Bass River)	Yarmouth	45	Enterprise Fund	60,474	Rds. down 15% since 2015	\$2,751,097	\$45.49	\$3,645,161	\$3,727,092
Town of Dennis Courses (Dennis Highlands & Dennis Pines)	Dennis	36	General Fund ²	74,518	Rds. up 2.3% vs last year	\$2,793,082	\$37.48	\$3,317,413	\$2,820,354
The Captains Golf Course ¹ (Port Course & Starboard Course)	Brewster	36	Special Enterprise Fund ³	74,395	Up 1.3% vs 2017 but down 6% vs 2016	\$3,309,577	\$44.49	\$3,759,074	\$3,932,489 ⁴
Cranberry Valley Golf Course	Harwich	18	General Fund	42,000	Stable last 3 years	\$1,600,000*	\$38.10	\$1,850,000	\$1,500,000
Town of Barnstable Courses (Olde Barnstable FG & Hyannis)	Barnstable	36	Enterprise Fund ⁵	69,864	Stable last 3 years	\$3,100,000*	\$44.37	\$3,589,336	\$3,795,523
Sandwich Hollows Golf Course	Sandwich	18	Enterprise Fund	28,000	Down 7.1% since 2016	\$830,000*	\$29.64	\$922,261	\$975,000*
<p>*NGF estimate.</p> <p>1 Revenue & expense figures from FY 2018 (July 1, 2018 to June 30, 2019) but rounds played data is from calendar year 2018</p> <p>2 The courses retain 28% of membership dues & 5% of green fees for capital improvements. They also retain 25% of cart fees into a revolving cart repayment fund.</p> <p>3 Similar to an Enterprise Fund in that all revenues stay with the golf system; however, they can receive general fund monies in the event of a shortfall.</p> <p>4 The \$10 million bond from the 2nd course in 1999 will be paid off in April 2020 - saving about \$800,000 annually.</p> <p>5 Receive some monies from the General Fund to cover indirect Town administrative charges (such as HR, Finance, Accounting, etc.).</p>									

EXTERNAL FACTORS SUMMARY

The NGF market analysis shows that golf is an important component in the greater Cape Cod market. While there is strong demonstrated demand for golf in this local market, there are also numerous golf courses available to service the demand. As such, the NGF has a reasonable expectation that while the market will provide support for the continued operation of Town golf courses, such strong support is not guaranteed. Other key findings from NGF's analysis of the Yarmouth / Cape Cod golf include:

- The overriding trends in the golf industry will present challenges to the Town of Yarmouth in continuing golf course operations. The total number of golfers in Yarmouth is not increasing, while the cost to maintain and operate golf courses has increased in recent years (equipment, labor, resources, etc.), leading to a difficult economic environment for public golf courses.
- The Yarmouth area economy is driven by many sub-industries related to tourism. There are an estimated 4.5+ million visitors to Barnstable County annually, which NGF estimates could include golfers demanding over 350,000 rounds annually. Golf demand from these visitors will be an integral supplement to permanent resident play and a key to sustaining golf operations at Yarmouth golf courses.
- As we have documented, there are a number of demographic and economic factors present in Yarmouth that correlate well with strong demand for golf. These include several factors that bode well for the continued success of Yarmouth golf courses including a demographic profile in Yarmouth that is favorable for high golf participation and the large volume of tourists and seasonal residents with high interest in golf coming to the area each year.
- The overall balance between golf demand and supply is not favorable for golf courses in the Cape Cod market. The NGF has documented that this local market area has only about 800 permanent resident golfers for each 18 holes in the market, far fewer than the 4,000 golfers per 18 holes target. As a result, it is expected that the Yarmouth golf market will remain very competitive for the foreseeable future and that **large increases in rounds and revenue are very unlikely at Yarmouth golf courses**. Any improvement in economic performance at area public golf courses is going to have to come from increased penetration into the tourist and/or outing golf market, with increased sales of daily fee rounds to tourists, seasonal residents and tournament participants in the area.
- Golf will always be at the mercy of weather, and in a New England climate strong demand may occur over only 7 or 8 months and yearly variations can significantly lengthen or shorten the golf season, perhaps making the difference between operating profits and losses for some golf courses. With an average of ± 16 inches of precipitation and 39 rain days during the five-month summer season, this golf market is prone to a modest reduction in playable hours/days.
- Finally, all golf facilities face several other factors beyond their control: First, a high fixed expense structure and operating expenses that tend to rise more rapidly than revenues (e.g., ability to raise fees is constrained). Second, while golf is more popular than ever with younger children, the activity is losing appeal with younger adults and this will provide a continuing challenge for golf courses facing attrition from older players.

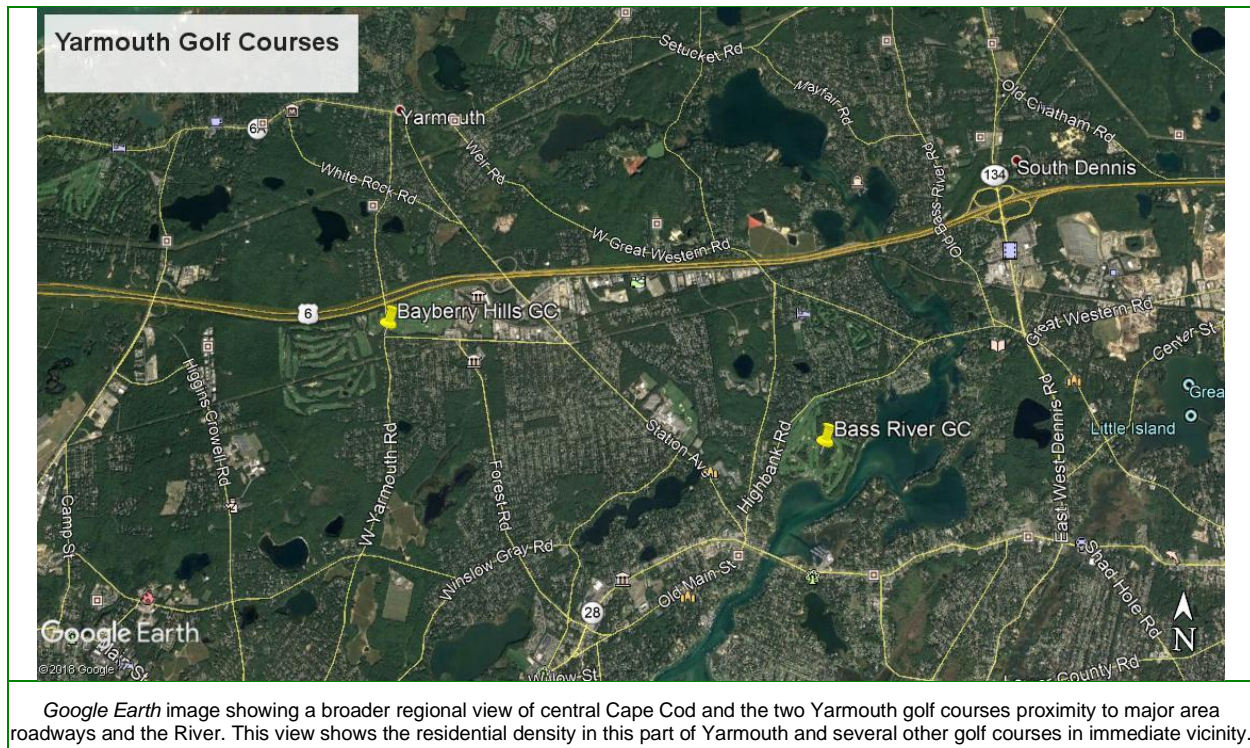
Subject Facilities and Improvement Planning

The subject properties for this business plan include the two Town of Yarmouth golf courses – Bayberry Hills Golf Course (BBHGC) and Bass River Golf Course (BRGC), both owned and operated directly by the Town of Yarmouth. The facilities include 45 total holes of golf, with 27 holes at BBHGC and 18 holes at BRGC. The system dates back to the original 18 holes at Bass River developed in 1900, and the addition of Bayberry Hills in 1988. Nine additional holes were added to Bayberry Hills in 1995, and a full renovation of the original 18 holes was completed at BBHGC in 2016 and 2017. The two Yarmouth golf facilities enjoy excellent locations in the heart of Cape Cod, with convenient access to important roadways and outstanding scenery and maintenance conditions. While Bayberry Hills is in ideal condition due to its recent renovation, Bass River shows some signs of aging infrastructure that warrants some attention and capital investment from the Town.

Bayberry Hills GC includes a mix of amenities that is common in public golf, and generally correlates well with economic success. The location close to Highway 6 provides easy access and a great opportunity to attract golf patrons from a wide geographic area. While the clubhouse amenities are relatively small, the overall high quality of the property is very marketable in this region and the additional 9-hole Links course adds greatly to its capacity.

Bass River GC is an older golf facility with a classic Donald Ross design and outstanding features related to its proximity to the river. The golf course is over 100 years old and is showing signs of age and declining infrastructure. The small clubhouse and beautiful overlooks to the river provide strong appeal to this facility, making Bass River a very marketable golf facility for Cape Cod golf.

Local Area View – Bayberry Hills and Bass River GCs



BAYBERRY HILLS GOLF COURSE FACILITY OVERVIEW

The Bayberry Hills GC is the newer of the two Yarmouth golf courses, with an original 18-hole golf course and clubhouse added in 1988. A third 9-hole “Links” course was added on former landfill property just to the east of the original 18 holes in 1995. The facility now includes 27 total golf holes, a driving range, putting green, chipping/practice area and clubhouse all on about 260+/- acres of Town property.

The course is located in a parkland setting with outstanding conditions that are good enough to have the Championship “Red” 18-hole course host a Massachusetts State Golf Association (MassGolf) Pub-Links event in August 2019, which is a prestigious honor and reflective of a very high-quality golf course design and maintenance condition. This type of outstanding golf course is highly sought after by serious golfers, and can create a strong attraction for the facility if properly marketed. Given the strong visitation profile in Cape Cod, a facility with this kind of golf prestige should be able to attract a high volume of tourist/visitor rounds, if space is available. In addition, the clubhouse and practice amenities add proper balance to the overall facility offering that only add to the appeal.

Location, Access and Surrounding Elements

Bayberry Hills GC is located in central Yarmouth right alongside the Mid-Cape Highway (Highway 6), right at its intersection with W. Yarmouth Rd. (although no interchange). This location places the facility between Highway 6 interchanges with Willow St (1.5 miles west) and Station Av (.75 miles east). The facility is accessed via Old Town House Rd., which connects to W. Yarmouth Rd. at the golf course entrance and is less than one mile from the intersection with Station Av. and Highway 6. This places the BBHGC facility in the heart of central Cape Cod and with immediate proximity to, visibility from and access to the main Cape Cod thoroughfare of Highway 6. As such, BBHGC is extremely convenient and easy to find for golfers on Cape Cod, a key factor in improving rounds and revenue at the facility.

Overall, the immediate area surrounding Bayberry Hills GC includes the Highway as noted, and large areas of open space in central Cape Cod. There is some residential density to the south and southeast of BBHGC, and there are some commercial elements along Old Town House Rd close to the golf course. BBHGC is also only about 2.5 miles from the Dennis-Yarmouth Regional High School. The implication for the golf course is that BBHGC is proximate to several key elements that are expected to provide support to the golf course for the foreseeable future, and the course is extremely convenient for the enhanced attraction of tourists and visitors.

Site Positives

- **Location:** The BBHGC location is immediately proximate to, and visible from, the Mid-Cape Highway (Highway 6).
- **Footprint:** BBHGC is a large sized property allowing for some flexibility if changes or expansion is ever contemplated.
- **Topography:** The site has outstanding topography, including features unique to each of the Red and Blue courses providing for a high-quality round of golf.

Site Negative

- **Residential Proximity:** The negative aspect of the BBHGC location is the course is generally not proximate to large and dense residential areas of central Cape Cod.

Aerial View – Bayberry Hills GC



Bayberry Hills Golf Course Summary of Facilities, Condition and Marketability

The Bayberry Hills GC facility includes the following elements all at one location on 260+/- acres in the Town of Yarmouth:

- 18-hole Cornish & Silva designed championship (“Red”) golf course with five sets of tees and a maximum length of 7,172 yards.
- A second 9-hole “Links” (Blue) course with five sets of tees and plays to a maximum length of 3,345 yards.
- A 5,500 square-foot (sf) clubhouse on two levels (3,000sf footprint) with pro shop, grille room, locker rooms and offices.
- A seven-acre practice facility complete with 25-station driving range (270 yards long), practice chipping area, practice bunker and practice green.

These amenities offer a high-quality (championship) golf experience with all amenities and services commonly associated with high-end public golf. Given the market dynamic of numerous tourist golfers and intense competition, active marketing and promotion will always be required so that visiting golfers are aware of the facility’s existence and high-quality amenities. Part of the promotion of BBHGC includes the championship caliber golf course and unique variety in the 9-hole Links course addition.

Golf Course

The Bayberry Hills Golf Course includes two unique and distinctive golf experiences that can be marketed by the Town. The championship 18-hole “Red” course is a traditional parkland layout that plays to a par of 72, and has a core design with numerous parallel holes, returning nines (holes #1, #9, #10 and #18 all near the clubhouse) and five sets of tees. The additional 9-hole Links (Blue) course provides a different experience with a true links feel of open and rolling topography and almost no trees (largely due to former landfill capping of the site). Given this mix of courses and higher quality, BBHGC tends to be appreciated more by skilled players who are seeking a more challenging and upscale round of golf, including serious golf competitors. Other NGF observations:

- The Red Course scorecard shows a maximum distance of 7,172, exceeding the 7,000-yard threshold that is key in marketing high-end championship golf. The back tee shows a USGA slope rating of 132, which represents that the golf course is much more difficult than the ‘standard’ slope of 117. The intermediate tees (Blue/White) are 6,523 / 6,087 yards with a slope rating of 126 / 122 (both also harder than standard). The Red course has another intermediate tee (Green) that plays only 5,468 yards with a slope rating of 110, much easier than the standard.
- In all, these numbers suggest that this golf course is harder than standard to play, and that less-skilled players (beginners, some seniors, some ladies, etc.) may find the course difficult to play if playing from the wrong set of tees. The Red course at BBHGC has 34 sand bunkers (a low amount for championship golf) with water in play on only one hole (#4).
- The most forward tee on the course (commonly associated as the “ladies” tee) is 5,294 yards, which is about 10% longer than the NGF-recommended distance of under 4,800 total yards in length for a forward tee course. This current forward tee placement makes the course longer and more difficult for ladies, and NGF suggests that the Town consider adding a new (shorter) forward tee to help the facility improve rounds and revenue from the female segment.
- The Links course scorecard shows a 9-hole golf layout that is generally shorter than the Red course, with similar slope rating characteristics. The Links course has 31 bunkers on only 9 holes, thus adding to the challenge and consistent with a true “links” design. Water is only in play on the two holes on the west side of West Yarmouth Rd.
- This golf course is highly marketable in this area given its attractive appearance, challenging layout(s) and unique mix of two very distinct golf experiences. The golf course provides enough challenge to attract important tournaments and all promotions should play into this appeal, both in photos and testimonials from previous events and tournaments.

Existing Conditions Review

Overall, Bayberry Hills GC was in very good maintenance condition in the summer of 2019, both on the Championship and Links courses. All key elements of a golf course playing area (tees, fairways, greens, rough) were in excellent condition and reflective of high-quality maintenance, attention to detail and the extensive renovation that was completed in 2016 and 2017. The golf course condition is a key selling proposition for BBHGC and should be front and center in any marketing of the facility. The only areas of concern noted by NGF in BBHGC golf course condition included:

- **Irrigation:** The irrigation system at BBHGC was replaced in 2007, and includes all modern above-ground and below-ground features. The Links course at BBHGC reports issues with valve corrosion and irrigation pressure, leading to very long watering cycles (staff reports needing 6-8 hours to water the 9-hole course). The Links course system only provides irrigation system pressure of 200 gallons-per-minute (GPM), compared to 1,200-1,400 GPM on the Championship course. Anything that can be done to enhance the pressure and volume on the Links course will relieve staff time and obligations, leading to more attention to other golf maintenance activities.

Improvement in this area will have to come in two parts: (1) new valves to eliminate corroded equipment; and (2) working with Yarmouth Department of Public Works (DPW) to run a new pipe for the course that will improve the current situation (not necessarily a direct cost to the Golf Division).

- **Cart Paths:** The existing cart path system has several areas of damage that can be uncomfortable for golfers and add wear and tear to golf carts. Cart paths should be improved in specific locations of damage at BBHGC and this investment should lead to increased rounds and revenue.
- **Driving Range:** The multi-level hitting area is not appealing and a larger flat area would be easier to maintain and provide more space for hitting and thus better turf conditions. The Town can consider a range tee leveling project to bring the full hitting surface to one level. Also, range balls are provided via automated dispenser system, although it operates via tokens that must be purchased in the pro shop. NGF finds that automated range ball systems that allow the use of range codes, pre-paid range cards or direct credit card purchase will generate 1.5 to 2.0 times the revenue as systems that use range tokens.
- **Maintenance Facilities and Equipment:** The maintenance facility is adequate to service BBHGC, and several key elements (lift station / reel grinders) are present and can be used for Bass River maintenance. Much of the equipment on site is old and in need of upgrade / replacement.

Clubhouse and Support Amenities

The clubhouse at Bayberry Hills GC includes about 5,500sf of space on two levels, with the pro shop on the upper level and F&B service on the lower level. Additional space is divided between offices and restrooms. The BBHGC clubhouse is original to 1989 and is still functional, providing good support for a public golf course with attractive, albeit small spaces. Given its good condition and functionality, the NGF does not see any significant deficiencies that would require large-scale Town investment to correct. Items of note for the BBHGC clubhouse include:

- The clubhouse has some deferred maintenance needs, most notably a new roof and new siding.
- The interior of the facility also needs some cosmetic improvements such as painting, flooring, window treatments, furnishings, restroom improvements and F&B space improvement. The restrooms should also be updated and improved.

In all, the clubhouse program at BBHGC includes all elements commonly associated with successful public golf courses and should provide adequate support for the golf operation and add significantly to facility revenue.

Driving Range / Practice Amenities

The practice amenities at BBHGC are extensive and can be a key selling feature for the facility. The range is full sized and includes about 25 tee stations, which is the appropriate number for an 18-hole golf course (is still OK for 27 holes). As noted above, the un-level hitting area is restricting some of its capacity and improvement in this area should be considered. In addition, BBHGC has a dedicated chipping area and practice bunker, plus a large practice green behind the #1 tee (ideal location).

Facilities like this can support the public purpose of municipal golf through inclusion of lesson programs, golf schools, junior camps / programs, as well as support for scholastic and college teams. This can help to increase the number of golfers in the area, ultimately leading to an increase in customers needed to demand additional rounds of golf at the course. In addition, the golf development center could produce direct revenue through schools, junior golf clinics & camps, and other programming.

It is assumed that additional features and amenities that correlate to success in this area will remain present at BBHGC, such as high-quality hitting surface, high quality golf balls and convenient access to range balls (through automated “swipe card” or “key” system). Industry “standards” suggest that on-course driving ranges average around \$1.00 to \$1.50 per round in revenue, and projections assume the range at BBHGC, if modified as proposed, should meet this standard.

BASS RIVER GOLF COURSE FACILITY OVERVIEW

Bass River GC is an aging municipal golf facility with a rich history and a location on Bass River, less than one mile from the center of South Yarmouth at Station Ave. and Main St. The demand for BRGC has been in decline for many years, and the result is a public golf course facility with rounds and revenue in 2018 that is clearly not sufficient to sustain operations at an adequate level. This golf facility has remained popular among a select group of local Yarmouth golfers who find the shorter golf layout appealing and the affordable price a good match. At present, almost all of the Yarmouth golf leagues use BRGC for their activities and the total rounds generated at the facility are mostly from local leagues and Resident Annual Fee rounds. Bass River GC is rich with history and tradition, and includes a Donald Ross design dating to 1900. BRGC has a history of hosting both men’s and ladies’ professional events, and visitors from around the globe come to Yarmouth to play this historic facility.

Location, Access and Surrounding Elements

Bass River GC is located in South Yarmouth on the River, about ½ mile from the Station Ave. and Main St. intersection. This location places the facility about 1.5 miles south of Highway 6 (Mid-Cape Highway) on Main St., or about 2.5 miles south of Highway 6 on Station Ave. The facility is accessed via Highbank Rd. which connects to Main and Station to the west and to Highway 134 in Dennis about 2.0 miles to the east. This places the BRGC facility in the heart of the more densely populated area of Cape Cod, although roadway access is generally served by surface arterials making travel in excess of five to 10 miles slow moving.

Overall, the immediate area surrounding Bass River GC is characterized by a mix of single-family residential units that make up the bulk of the Town of Yarmouth, along with some very high-end waterfront homes in immediate proximity to BRGC. The implication for the golf course is that BRGC is proximate to the residential elements that should continue to provide support to the golf course for the foreseeable future, but less convenient for tourists and visitors who will need better signage and/or good directions to find the golf facility.

Site Positives

- **Location:** The BRGC location is proximate to dense residential areas of Yarmouth.
- **View:** BRGC is directly on the River with river views from both the golf course and clubhouse.
- **Topography:** The site has outstanding topography, which leads to positive feedback from golfers and provides a high degree of inherent potential for golf improvement.

Site Negative

- **Access / Congestion:** The negative aspect of the BRGC location is heavy traffic congestion on key area roadways local to the course, thus limiting its market appeal and potential draw.
- **Not on Main Roadway:** With a location that is not on a main thoroughfare in a heavy tourist market, active marketing and promotion will always be required.

Aerial View – Bass River GC



Bass River Golf Course Summary of Facilities, Condition and Marketability

The Bass River GC facility includes the following elements all at one location on 100+/- acres in the Town of Yarmouth:

- 18-hole Donald Ross designed golf course with four sets of tees and a maximum length of 6,138 yards.
- A 5,700 square-foot (sf) clubhouse with pro shop, restaurant (with patio overlooking the river), locker rooms and offices.
- Small practice amenities (green and chipping area) – with no driving range.

These amenities offer a simple golf experience without added frills, but still correlate well with economic success in public golf. Given the location, active marketing and promotion will always be required so that visiting golfers are aware of the facility's existence and high-quality amenities. Part of the promotion of BRGC includes the scenic, riverfront golf course and a waterfront restaurant.

Golf Course

The Bass River Golf Course is a “traditional” parkland layout that plays to a par of 72, and has a core design with numerous parallel holes, returning nines (holes #1, #9, #10 and #18 all near the clubhouse) and four sets of tees. Although Bass River is a par-72 golf course, the two 9's do not match as the front-9 is a par 38 (has 3 par-5 holes) and the back-9 is a par 34 (one par-5 and three par-3's). Bass River includes all of the basic design elements that are commonly associated with a regulation-length course, but it has shorter playing length than is typical in modern golf. As such, the course tends to be appreciated more by less-skilled players who do not hit a golf ball a long way. Other NGF observations:

- The Bass River GC scorecard shows a maximum distance of 6,138 yards and this is a significant factor in the popularity of this course. The back tee shows a USGA slope rating of 128, which represents that the golf course is more difficult than the 'standard' slope of 117. The intermediate tee (White) is 5,716 yards with a slope rating of 121 (also harder than standard). In all, these numbers suggest that while the golf course has some features to enhance its difficulty, the shorter length has strong appeal to beginners, intermediate players, ladies and seniors.
- The most forward tee on the course (commonly associated as the “ladies” tee) is 4,932 yards, which aligns with the NGF-recommended distance of under 4,800 total yards in length for a forward tee course. This current forward tee placement makes the course playable for ladies, but perhaps adding a new (shorter) forward tee could help the facility to improve rounds and revenue.
- The Bass River course has design features that make it playable for all golfers (such as shorter par 4 holes, limited water hazards, etc.). The Bass River course has fewer than 32 bunkers, which is lower than most 18-hole courses. Although close to the river, water is only in play on two or three holes, allowing for an easier round of golf along with outstanding scenery.
- The golf course is highly marketable given its attractive appearance and proximity and views of the river. The golf course provides enough challenging and unique features to add to its overall attractiveness and provides a unique golf experience proposition that can be marketed by the Town through photos on the website and in print advertising and brochures, etc.

Existing Conditions Review

- **Greens:** Staff reports and NGF observations in July 2019 suggest that while BRGC greens are generally acceptable for the current resident frequent golfer, the age and deterioration is something that the Town should consider addressing in the near future. Issues such as the shrinkage of size, invasive turf, poor drainage profile (these are older 'push-up' greens – not USGA spec greens) and lack of smooth and consistent putting surfaces all detract from the otherwise great natural environment. If BRGC is ever to be truly competitive as a 'premier' golf course, greens improvement will have to be a high priority. However, any new investment in greens at BRGC is not likely to have any immediate positive economic return to the Town, but may help hold off further declines in rounds and revenue.

- **Tees:** BRGC teeing surfaces show several problems that should be addressed, both in terms of new capital investment and ongoing maintenance. Several tee areas are small and narrow, but have nearby parallel tee areas that are also small and narrow (holes #1, 2, 18 and others) and could be combined to form larger tee surfaces. Several tees on par-3 holes also show signs of uneven distribution of wear due to undersized tee spaces. The small tee areas tend to get damaged by regular play and larger tee areas could spread the impact to be less noticeable. In addition, the older turf and drainage characteristics should also be enhanced, and several tee boxes are close to tree-lines that block sunlight (mostly on back-9), leading to unhealthy turf. The NGF also observed that the #5 tee is very close to the #4 green, which is less than ideal and could be dangerous to golfers. This course would definitely benefit from improvements to teeing areas, although this improvement may not lead directly to enhanced rounds and revenue.
- **Turf Conditions:** The overall turf conditions are generally good, but with some areas showing stress due to irrigation limitations and drainage issues (more below). These concerns could be improved significantly with improvements to irrigation and drainage, and these improvements should lead to improved economics through increased activity (rounds) and more efficient maintenance.
- **Cart Paths and Bridge:** The existing cart path system has several areas of damage that can be uncomfortable for golfers and add wear and tear to golf carts. A good cart path system in better condition can allow carts on the course more often, even after excessive rainfall. Cart paths should be improved at BRGC and this investment should lead to increased rounds and revenue. The bridge that was on hole #18 fell into disrepair and was removed, and a walking bridge should be added to provide better pedestrian access to #18 green.
- **Irrigation:** The existing irrigation system is a mix of newer above ground features (heads and controllers) and a much older single-row system with deteriorating 1950s piping. The water source is an irrigation pond that is filled naturally through rain. Staff reports spending time repairing irrigation breaks and the overall coverage and pressure needs to be improved. A new irrigation system should help improve the overall turf condition and allow for rounds and revenue improvement.
- **Drainage:** There are several low-lying areas on Bass River GC that tend to pool water after rainy periods. BRGC has two issues related to drainage: (1) Problems related to excess rain events; and (2) problems related to tidal issues with the nearby river. Staff reports that some higher tides will push river water (salt water) into the irrigation across the 13th fairway. The overall drainage profile and proximity to the Bass River represent a key challenge to the continued operation of BRGC. This course would definitely benefit from drainage improvements by increasing the number of playable days and thus increasing rounds played capacity, ultimately leading to increases in rounds and revenue.
- **Maintenance Facilities and Equipment:** The maintenance facility is basically adequate to service BRGC, but the space is small and key repair elements (lift station / reel grinders) are not present. Some investment to improve the space should lead to improved efficiency in maintenance. Much of the equipment on site is old and in need of upgrade / replacement. Specifically, BRGC needs:
 - Newer Deere fairway & rough mowers
 - A Small dump truck & pick-up truck
 - Additional utility vehicles

Clubhouse and Support Amenities

The clubhouse at Bass River GC is larger than at Bayberry Hills, with about 5,700sf of space, divided between golf support functions (pro shop, office), the F&B service area and restrooms. The facility is very functional and provides good support for a public golf course with an attractive, albeit small, F&B space and large windows with nice views of the golf course. The golf shop area is spacious, with a variety of merchandise displayed (such as shirts, hats, balls, impulse items, etc.). The most outstanding feature of the BRGC clubhouse is the outdoor deck area for F&B service with nice views of the golf course and river. This space is very popular with golfers and non-golfers, and should be part of the facility's enhanced marketing. Given its good condition and functionality, the NGF does not see any significant deficiencies that would require large-scale Town investment to correct. Items of note for the BRGC clubhouse include:

- The clubhouse was originally built in 1958 but is still reasonably functional (although not modern-looking). The building should have some cosmetic improvements to freshen the interior (flooring, window treatments, furnishings, restroom improvements, pro shop fixtures (more like Bayberry) and F&B space improvement.
- The kitchen area is poorly designed and adversely impacts the production capability. Improvements to the kitchen will be important – especially if the Town will be leasing out the F&B concession (as recommended). However, no improvements should be undertaken before consultation and feedback from any prospective F&B partner.
- The outdoor patio for the clubhouse enjoys great views of the Bass River. This exterior area should be improved (new furniture, some covered areas, etc.) to promote greater use by golf & non-golf patrons. These improvements should also be coordinated with any prospective F&B partner.

In all, the clubhouse program at BRGC includes all elements commonly associated with successful public golf courses and should provide adequate support for the golf operation and add significantly to facility revenue. NGF has documented that food and beverage operations that cater to both golfers and non-golfers can produce stronger profits, but actual experience with F&B concession performance at BRGC has been problematic for the Town. It is expected that a change to a third-party vendor, preferably an entity with significant F&B operations experience, will help to improve this area of the BRGC operation and enhance the net revenue to the Town (more later in this report).

Practice Amenities

Bass River GC has limited practice amenities, with only a practice putting green available. The lack of practice facilities (particularly a range) is a significant deficiency that has adverse effects in several different ways: (1) nowhere for players to warm up prior to a round; (2) nowhere to practice (except for the field adjacent to #9); (3) nowhere for the golf professional(s) to teach except for playing lessons; and (4) no ability to offer player development and junior golf programs to create new golfers for the future.

The BRGC property is only about 100+/- acres and has no room for expansion to add a driving range under its current configuration, but there may be opportunity to add a practice chipping area and expand the practice green. Additional practice amenities can help the facility support the public purpose of municipal golf through inclusion of lesson programs, golf schools, junior camps / programs, as well as support for scholastic teams. This can help to increase the number of golfers in the area, ultimately leading to an increase in customers needed to demand additional rounds of golf at the course. In addition, the golf development center could produce direct revenue through schools, junior golf clinics & camps, and other programming.

Other Issues or Concerns

Other key issues related to the BRGC that should be considered by the Town in any future plan for the operation of this facility:

- **Golf Cart Operation and Storage** – BRGC currently has 66 gasoline-powered golf carts, provided via lease that runs through the end of 2019. The Town has acquired an additional six carts to bring the fleet to the industry appropriate 72 carts-per-18 holes (on 6-month lease at \$75/month per cart). Only about 35 of the carts can be stored in the cart barn on property, meaning that 35+ carts must be stored outside to the elements each night. In addition, the cart barn is about 150 yards from the clubhouse and staging carts every day has significant staff requirements.

NGF has also observed that the fuel for the gas-powered carts is provided at the gas pump located in the maintenance compound. This means that in order to refuel the cart fleet carts must be taken one-at-a-time to the fuel pumps to complete a process that takes approximately eight hours to complete (very inefficient). The industry preference is to use electric cart whenever possible. If the Town can replace the cart barn with a new and larger building that is wired for electric carts, it would solve both problems noted above.

- **Club Rentals and Other Services** – BRGC is trying to provide services to help accommodate infrequent and tourist golfers who may not have equipment. However, the course only has about 8-10 sets of rental clubs and these are not in good condition for a high-level golfer. BRGC may need to have a mix of better-quality rental sets to provide for tourists and others without equipment. The key revenue sources for BR green and cart fees, and rental sets help the facility to sell more rounds. The rental sets themselves are not typically a strong direct profit center.

TOWN OF YARMOUTH GOLF - ENHANCEMENT AND CAPITAL INVESTMENT CONSIDERATIONS

The NGF recommendations for enhancing the physical plant of Town golf facilities considers specific improvements that can be made to each facility to enhance performance, as well as addressing some of the “mission critical” (Level 1) aspects of enhancing drainage, greens, tees and cart paths at Bass River GC. In addition, the Town should begin to consider some other improvement that are less critical (Level 2), but could enhance the facilities overall appeal. Lastly, the NGF has identified a few other enhancements that could be made that should tie directly to improved revenue and/or reduced expenses, but may carry a high price-tag and thus the Town will want to proceed with caution. The NGF business plan for the future of the Yarmouth golf courses considers the most ideal physical condition of each facility so as to maximize the potential economic performance.

The physical changes considered for the Town golf courses also must reflect other ideals, such as internal segmentation, future sustainability of selected locations (most notably Bass River), and the ability to effectively attract non-resident golfers to the Town's golf courses. Below, the NGF identifies the key physical enhancements, along with a projected cost to complete, for the most significant improvement projects, listed in order of most to least important.

Recommended Capital Projects – By Priority

The NGF has proposed an improvement program for Town golf facilities that assumes completion of basic repairs and other high priority enhancements as documented previously. A summary of these improvements by project is presented in the table below:

Town of Yarmouth Golf Courses Summary of Preliminary Golf Facility Repair and Enhancements by Project			
Most Urgent Projects (Level 1)			
Key Projects	Cost Estimate Inputs	Low Estimate	High Estimate
Bass River GC Drainage improvements (surface and tidal enhancements)	Additional surface/subsurface drainage to enhance the quality of the playing surface - may include new siphon system and 4", 6", 8" and 12" piping	\$500,000	\$600,000
Bass River Greens	90,000sf @ \$5.00 to \$6.00/sf for USGA greens	\$450,000	\$540,000
Bass River Tees	\$2.00 to \$2.50 per square foot for 60,000sf	120,000	150,000
Bass River Cart paths	3,000lf @ \$18 to \$20/sf	54,000	60,000
BBHGC – Links Course Irrigation Improvements	Lump Sum	175,000	200,000
Total Level 1 Improvements		\$1,299,000	\$1,550,000
Other Projects to Consider (Level 2)			
Key Projects	Cost Estimate Inputs	Low Estimate	High Estimate
Bass River Clubhouse Enhancement	5,000sf @ \$16 to \$20/sf	80,000	100,000
Bass River Maintenance Enhancement	3,000sf @ \$8 to \$10/sf	24,000	30,000
Bayberry Hills Cart Paths	5,000lf @ \$18 to \$20/sf	90,000	100,000
Bayberry Hills Clubhouse Enhancement	5,000sf @ \$16 to \$20/sf	80,000	100,000
Bayberry Hills Bunker Enhancement (Links Course)	26 bunkers @ \$3,000 to \$4,000 per bunker	78,000	104,000
Bayberry Hills Maintenance Equipment	Lump Sum*	300,000	400,000
Bass River Maintenance Equipment	Lump Sum*	175,000	200,000
Total Level 2 Improvements		\$827,000	\$1,034,000
Other Investments to Improve Revenue / Reduce Expense (Level 3)			
Key Projects	Cost Estimate Inputs	Low Estimate	High Estimate
Bayberry Hills Range Tee Leveling	\$2.00 to \$3.00 per square foot for 37,000sf	\$74,000	\$111,000
Bass River Deck Area Modification and Bar Addition	1,500sf @ \$18 to \$30/sf	27,000	45,000
Bass River Kitchen Renovation	1,500sf @ \$20 to \$28/sf	30,000	42,000
Bass River Cart Barn	5,500sf @ \$18 to \$20/sf	99,000	110,000
Total Level 3 Improvements		\$230,000	\$308,000
Total Estimated Town-Wide Capital Investment		\$2,356,000	\$2,892,000
<small>*Note: This equipment can be secured via lease with annual cost in maintenance budget. All figures are NGF Consulting estimates based on architect input and other similar projects completed in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for the Town, and the Town of Yarmouth should engage appropriate research to cost out specific projects.</small>			

Recommended Capital Projects – By Facility

The projects detailed above are shown divided by facility in the table below:

Town of Yarmouth Golf Courses Summary of Preliminary Golf Facility Repair and Enhancements by Project			
Most Urgent Projects (Level 1)			
Facility	Key Projects	Low Estimate	High Estimate
Bass River GC	Drainage, greens, tees, cart paths	\$1,124,000	\$1,350,000
Bayberry Hills GC	Links course irrigation improvement	175,000	200,000
Total Level 1 Improvements		\$1,299,000	\$1,550,000
Other Projects to Consider (Level 2)			
Facility	Key Projects	Low Estimate	High Estimate
Bass River GC	Maintenance, clubhouse, equipment	\$279,000	\$330,000
Bayberry Hills GC	Cart paths, bunkers, CH enhancement, equipment	548,000	704,000
Total Level 2 Improvements		\$827,000	\$1,034,000
Other Investments to Improve Revenue / Reduce Expense (Level 3)			
Facility	Key Projects	Low Estimate	High Estimate
Bass River GC	Deck area, bar addition, kitchen improvements, cart storage and gas pump	\$156,000	\$197,000
Bayberry Hills GC	Tee Levelling Project	\$74,000	\$111,000
Total Level 3 Improvements		\$230,000	\$308,000
Total Bass River Projects		\$1,559,000	\$1,877,000
Total Bayberry Hills Projects		\$797,000	\$1,015,000
Total Estimated Town-Wide Capital Investment		\$2,356,000	\$2,892,000
All figures are NGF Consulting estimates based on architect input and other similar projects completed in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for the Town, and the Town of Yarmouth should engage appropriate research to cost out specific projects.			

Town of Yarmouth Golf Business and Operating Plan

The subject facilities include Bayberry Hills Golf Course and Bass River Golf Course, two golf facilities owned and operated by the Town of Yarmouth. These facilities include 45 total holes of golf, two clubhouses and one driving range (at Bayberry Hills). The original 18 holes at Bass River were designed by famed golf architect Donald Ross and date back to 1900. The Championship (Red) 18 holes at Bayberry Hills was added in 1988 and an additional nine holes (“Links”) was added at Bayberry Hills in 1995. The Town’s golf facilities enjoy excellent locations with direct visibility from Highway 6 (BBHGC) and direct frontage on the Bass River (BRGC), each with generally convenient access via major roadways in mid Cape Cod.

The Town of Yarmouth is operating facilities with a mix of amenities that is common in public golf, and generally correlates well with economic success. However, the current market environment is not ideal, as NGF and other consultants have documented for the Town. In addition, the older Bass River golf facility is aging and has declining infrastructure that will have to be addressed with new capital investment by the Town in the near future. In light of these realities, the Town of Yarmouth is now ready to move forward with the continued operation of both golf facilities under a revised program of operation that will be defined in this section. The golf business and operating plan for the Town’s golf courses includes some recommended changes to staffing, F&B operations, marketing, use of technology, golf fees and the mix of play between resident passholders and daily fee players (mostly tourists and visitors to Cape Cod).

YARMOUTH GOLF RECENT OPERATIONAL PERFORMANCE

The operation of Bayberry Hills and Bass River GCs is comparable to a mid-level public golf business, with primarily revenue sources (green fees, passholders, cart fees, merchandise sales, etc.) and an expense structure derived primarily from revenues generated. Direct expenses to operate the facility are borne by the Town and include all labor, materials, services, direct cost of goods sold, operations, utilities, and other general and administrative expenses. As is typical in public golf operations, much of the total expense is fixed in that the expenses must be borne regardless of how many rounds are played. The following paragraphs summarize the activity, revenue, and expenses for the Yarmouth golf facilities for the last four full fiscal years of operation (FY2016-2019).

The review shows that both Yarmouth golf courses are performing with revenue and expenses that exceed the established standards for public golf operations, but with lower than standard activity (rounds). This is significant given that Yarmouth golf courses are not able to operate year-round due to the local climate.

Rounds Played and Annual Passes at Yarmouth Golf Courses

Yarmouth golf courses have been on a recent steep downward trend on rounds, falling from over 77,300 total rounds played in FY2016 to just over 60,800 rounds hosted in FY2019. Some of the decline has been related to ongoing renovations at Bayberry Hills GC in 2017 and 2018. In comparison, the total U.S. experienced a -8.4% decline in per-course golf rounds between 2008 and 2017, with a -4.8% decrease recorded for calendar-year 2019. The NGF and Golf Datatech record that rounds were down 1.7% in Massachusetts in 2018, although the Boston Metro Region (includes Cape Cod) showed a more severe decline of -5.9% in 2018. Year-to-date through August 2019 shows a similar pattern of slight declines, with the state falling only -

0.4% and Boston only -1.8% through August 2019. The decline suggests activity at Yarmouth golf courses appears to be more severe than the rest of the local market and suggests severe competition in the Cape Cod market and the likely imbalance between supply and demand noted earlier. A summary of total rounds by type at Yarmouth golf courses since FY2016 is shown in the table below:

Town of Yarmouth Golf Courses Total Rounds Summary (FY2016 – FY2019)				
	FY2016	FY2017	FY2018	FY2019
Bayberry Hills GC				
Annual Fee	18,939	17,989	14,869	15,856
Green Fee	17,086	13,896	12,112	15,636
Total Bayberry Hills Rounds	36,025	31,885	26,981	31,492
Bass River GC				
Annual Fee	22,773	22,177	19,997	16,814
Green Fee	18,569	13,487	12,506	12,506
Total Bass River Rounds	41,342	35,664	32,503	29,320
Total Combined Rounds	77,367	67,549	59,484	60,812
Source: Town of Yarmouth				

Annual Passes and Punch Cards

The Town of Yarmouth offers golfers an option to pre-pay golf for a season through the issuance of several annual golf passes or punch cards. These passes are offered in several categories, but are essentially pre-paid green fee arrangements although they carry the name “membership.” The total number of passes has declined steadily the last four years, mirroring the rounds total as noted above. The fee for a resident annual pass was \$892 in 2019 (plus \$150 capital for a total of \$1,042), up from \$825 in 2016 (it was \$775 in 2014). Non-resident passes were \$892 (no differential) in 2019, down from the \$1,150 in 2018. Both resident and non-resident passes are being increased back to \$1,150 in 2020. A summary of total passes sold by type at Yarmouth golf courses since FY2016 is shown in the table below:

Town of Yarmouth Golf Courses Total Passes Sold (FY2016 – FY2019)					
	FY2016 Passes	FY2017 Passes	FY2018 Passes	FY2019 Passes	FY2020 Passes
Regular Annual	755	768	723	658	564
Non-Resident Annual	59	54	45	68	71
Annual Senior	0	0	0	64	61
Under 35	170	112	115	96	92
Young Adult	43	40	24	35	35
Junior	76	79	42	46	48
Links	0	0	0	52	56
Discount / Punch Cards*	460	471	344	0	0
Total Passes	1,563	1,524	1,293	1,019	927
Source: Town of Yarmouth. *Includes punch cards (2016-2018), eliminated 2019.					

Recent Revenue Performance at Yarmouth Golf Courses

The NGF review shows the Town of Yarmouth golf system generating approximately \$3.645 million in revenue from operations in FY2019, up 8.8% from the of the \$3.350 million generated in FY2018. The data shows the system to have been relatively stable from FY2016 through FY2018 at around \$3.4 +/- million in revenue, **despite the previously noted decline in rounds**. By facility, Bass River produced just over \$2.068 million in FY2019, which is also an increase over 2016-2018. The total Bass River revenue includes approximately \$636,000 in golf resident fees that apply to both courses but are recorded as revenue at Bass River. Bayberry Hills generated \$1.577 million in revenue in FY2019, bringing the total to \$3.645 million. The average of about \$1.8 million in total revenue per 18 holes earned in Yarmouth is higher than the U.S. standard of about \$1.2 million for public courses, but comparable to other public courses on Cape Cod (as noted previously).

Total expenses needed to operate the system have been increasing steadily, growing 11.5% since FY2016. The expense increases have been consistent across all categories, led mostly by increases in direct personnel expense. Total expenses needed to operate and maintain the town golf courses was \$3.626 million in FY2019, and includes about \$294,000 in debt service from a previous bond issue. The average of about \$1.8 million in total expenses per 18 holes earned in Yarmouth is higher than the U.S. standard of about \$1.2 million for public courses, but comparable to other public courses on Cape Cod (as noted in previous section). Total personnel costs remain the highest expense within the system, and this is consistent with golf courses of all types, especially in the public sector. The total labor expense has been around 50% of total operating expenses (excluding COGS and debt service), which is consistent with national standards. This NGF review shows that the golf facilities are not over-staffed, suggesting that the Town's benefit of having long-tenured veteran employees is also affecting the labor expense proportion.

In total, the two-facility golf system in Yarmouth is operating with a net operating income of over \$214,400 before debt service, capital investment and Town subsidy. With an FY2019 debt service of around \$294,000, the system performance goes into the red with an approximately **(\$79,300)** loss on operations, thus requiring a Town subsidy. This subsidy was \$61,000 in FY2018 and \$364,000 in FY2019. It is hoped that the Golf Enterprise will pay back the 2018 and 2019 subsidies through improved earnings in the coming years. When considering the total existing debt service, a required payback of 2018-2019 subsidies and additional capital investment at Bass River, the Town of Yarmouth golf courses are going to have to improve net operating income by several hundred thousand dollars per year.

Review of Bayberry Hills GC Revenue

The table below shows total operating revenue from all sources at Bayberry Hills GC from FY2016 through FY2019. The figures show a considerable increase in FY2019 revenue, driven largely a 16.7% increase in rounds from FY2016 to FY2019. Bayberry Hills GC was able to exceed \$1.576 million in revenue in FY2019, the highest since before 2016. The weather conditions in this part of Massachusetts in late 2017 and much of 2018 impacted this figure, and are clearly a contributing factor in revenue performance at BBHGC (along with completion of the course renovation in 2018).

Bayberry Hills Golf Course Total Operating Revenue Summary (FY2016 – FY2019)				
	FY2016	FY2017	FY2018	FY2019
Rounds	36,025	31,885	26,981	31,492
Revenue				
Green Fees	\$816,454	\$685,554	\$623,175	\$779,246
Driving Range	82,032	69,486	68,557	76,984
Cart Fees	342,518	322,971	313,602	377,333
Handicap Fees	2,525	1,960	1,340	1,915
Pro Shop	114,702	100,478	117,292	126,431
Bayberry Hills Restaurant	149,526	147,449	150,426	214,688
Misc., other, tax	(4,077)	249	184	397
Total Operating Revenue	\$1,503,680	\$1,328,147	\$1,274,576	\$1,576,994
Total Rev/Rnd.	\$41.67	\$41.59	\$47.19	\$50.02
Total Green + Cart Rev./Rnd.	\$32.17	\$31.63	\$34.72	\$36.73
Cost of Sales (BBHGC Grille)	\$83,623	\$76,549	\$64,943	\$82,523
COS %	55.9%	51.9%	43.2%	38.4%
Gross Margin	\$1,420,057	\$1,251,598	\$1,209,633	\$1,494,471
Source: Town of Yarmouth				

While total activity has declined in recent years, the total average revenue per round at BBHGC has increased, coming in at about \$50.00+/- per round from all operating revenue. This is higher than the overall U.S. average of about \$38.70 per round for public courses nationwide (NGF estimate), and also a little higher than the \$37 to \$45 per round earned at other Cape Cod municipal golf courses. In all segments of the operation, BBHGC is close to, or higher than accepted industry averages with actual FY2019 average revenue per round compared to standards shown below:

Year	BBHGC in FY2019	Generally Accepted U.S. Average
Rounds	31,492	31,000 (per 18-H)
Green + Cart Fees	\$36.73	\$29.81
Golf Shop Merchandise	\$4.01	\$2.71
Food & Beverage	\$6.82	\$4.65
Driving Range	\$2.44	\$1.50
Other	\$0.06	\$0.04
Total	\$50.08	\$38.71

Review of Bass River GC Revenue

The table below shows total operating revenue from all sources at Bass River GC from FY2016 through FY2019. The revenue figures for Bass River include nearly \$700,000 in golf resident and non-resident pass fees that are included at BRGC. While the overall revenue at BRGC seems relatively stable, the total pass revenue for the system has declined considerably, from about \$780,000 in FY2016 to about \$697,000 in FY2019 (-10.6% decline).

Bass River Golf Course Total Operating Revenue Summary (FY2016 – FY2019)				
	FY2016	FY2017	FY2018	FY2019
Rounds	41,342	35,664	32,503	29,320
Revenue				
Green Fees	\$640,975	\$641,565	\$597,354	\$607,562
Golf Resident Pass Fees	727,973	705,360	713,892	635,866
Golf Non-Resident Pass Fees	51,850	60,010	56,350	61,214
Cart Fees	297,352	285,254	283,621	289,876
Handicap Fees	11,680	11,145	13,040	12,560
Pro Shop	66,715	75,240	84,931	89,134
Capital Surcharge	0	0	0	116,400
Bass River Restaurant	170,916	211,395	256,328	255,382
Misc., other, tax	641	(519)	(579)	172
Total Operating Revenue	\$1,968,102	\$1,989,450	\$2,004,937	\$2,068,166
Total Rev/Rnd.	\$47.61	\$55.78	\$61.68	\$70.54
Total Green + Cart Rev./Rnd.*	\$22.70	\$25.99	\$27.10	\$30.61
Cost of Sales (BBHGC Grille)	\$221,641	\$234,353	\$226,908	\$240,458
COS %	93.3%	81.8%	66.5%	69.8%
Gross Margin	\$1,746,461	\$1,755,097	\$1,778,029	\$1,827,708
Source: Town of Yarmouth *Does not include pass revenue				

The total average revenue per round at BRGC is a misleading measure due to all the Town's pass revenue and capital surcharge revenue being included at this facility. When the pass revenue and surcharges are excluded, total average revenue per round stands at about \$42.79 in FY2019, about 10.5% higher than the defined industry standard. In all segments of the operation, BBHGC is close to, or higher than, accepted industry averages with actual FY2019 average revenue per round compared to standards shown below:

Year	BRGC in FY2019	Generally Accepted U.S. Average
Rounds	29,320	31,000 (per 18-H)
Green + Cart Fees	\$30.61	\$29.81
Golf Shop Merchandise	\$3.04	\$2.71
Food & Beverage	\$8.71	\$4.65
Driving Range	\$0.00	\$1.50
Other	\$0.02	\$0.04
Capital Surcharge	\$3.97	N/A
Total	\$42.79*	\$38.71
*Excludes all pass revenue and excludes capital surcharge		

Town of Yarmouth Golf Course Expenses

The total expenses required to operate the Town of Yarmouth golf courses have been combined into one master table of expenses, thus limiting the ability to review each facility's expense structure for comparison to industry standards. The table below shows total Town golf expenses exceeded \$3.1 million in FY2019, up 11.5% since FY2016. In general, the expenses and proportions conform to golf industry expectations, although the total expense is higher than standard. This can be expected in a resort-oriented market like Cape Cod where the cost of living is higher, but also reflects some difficulty in attracting and retaining qualified personnel, especially in operations related to the maintenance of the golf course playing areas.

Town of Yarmouth Golf Courses Total Combined Operating Expense Summary (FY2016 – FY2019)				
	FY2016	FY2017	FY2018	FY2019
Expenses				
Total Personnel Services	\$1,339,073	\$1,402,265	\$1,419,086	\$1,440,521
Administration	363,248	378,435	408,586	454,071
Buildings & Grounds	654,760	597,128	592,187	743,733
Benefits	122,975	127,372	233,778	198,700
Restaurant	37,731	33,543	30,649	39,599
Golf Shop & Range	26,043	16,111	17,069	15,131
Cart Lease	129,530	128,284	105,064	97,745
Equipment Maintenance	114,401	146,280	106,568	118,262
Total Operating Expense	\$2,787,761	\$2,829,418	\$2,912,987	\$3,107,762
Source: Town of Yarmouth				

We also note that these expenses include specific services related to the maintenance of Homer Park (the former Old Town House), a nearby recreation area operated by the Town of Yarmouth. The total cost to maintain this park is estimated to be around \$154,000+/- and is absorbed by the Golf Enterprise. The agreement between the Golf Enterprise and the Town calls for the park maintenance to be undertaken in lieu of a \$172,000+/- Town administrative charge to the golf courses for services (Admin, IT, payroll, legal, etc.) as required by statute with enterprise funds.

Summary Financial Performance (FY2016-2019)

In reviewing all revenues, expenses and Town transfers, the overall net performance of Yarmouth golf courses has been in decline in the last three years as shown. The table below provides a general summary of facility performance that now requires Town subsidy to meet all required obligations:

Town of Yarmouth Golf Courses Combined Summary of Operation (FY2016 – FY2019)				
	FY2016	FY2017	FY2018	FY2019
Rounds	77,367	67,549	59,484	60,812
Total Operating Revenue	\$3,471,782	\$3,317,597	\$3,279,513	\$3,645,160
Total Cost of Sales	\$305,264	\$310,902	\$291,851	\$322,981
Gross Margin	\$3,166,518	\$3,006,695	\$2,987,662	\$3,322,179
Total Operating Expenses	\$2,787,761	\$2,829,418	\$2,912,987	\$3,107,762
Operating Income (Loss)	\$378,757	\$177,277	\$74,675	\$214,417
Other Items				
Interest	\$1,613	\$607	\$207	\$203
Misc. Rev	\$3,903	\$36,380	\$70,000	\$0
Other Expense Items				
Debt Service	\$357,431	\$357,379	\$347,615	\$293,951
Net After Other Items	\$26,842	(\$143,115)	(\$202,733)	(\$79,331)
Add In				
Gen Fund Transfer	\$0	\$0	\$61,000	\$364,000
System Net Income (Loss)	\$26,842	(\$143,115)	(\$141,733)	\$284,669
Source: Town of Yarmouth				

OPERATIONAL CONSIDERATIONS FOR TOWN OF YARMOUTH GOLF

The Town has expressed a clear desire to continue to operate with all facilities, services and amenities open and available to the public at an affordable rate, especially to Yarmouth residents. The direct implementation strategy to achieve this operational program is provided by NGF, subject to full adoption and implementation by the Town in the coming months and years. The Town of Yarmouth has chosen to operate its municipal golf courses with Town employees staffing all positions (pro shop, maintenance and F&B) and under the direct authority of the Town through the Town's Community Services Department (full self-operation). This structure has allowed the Town to keep the most direct control of operations, although NGF has observed little coordination between Bayberry Hills and Bass River. The challenges in this structure include the Town absorbing the economic risk in the operation, mostly related to personnel costs and benefits. Another challenge in this structure is finding and retaining qualified personnel, especially in top management positions. The Town considered switching to a private management company in 2018 and even put out an RFP for professional management, but the idea was eventually scrapped in favor of continuing with full self-operation by the Town.

The Town has created a separate Golf Enterprise Fund, with a separate leadership and formal Golf Enterprise Committee. This committee advises the Board of Selectmen on budget, policy and other golf matters as assigned by the Board of Selectmen. The committee will facilitate community input on golf matters and assist the Selectmen and the Director of Golf Operations in communicating Town policies to the residents.

Going forward, the Town may find that a more streamlined organizational structure that allows full authority for golf to a single manager (both facilities) will provide a better platform to provide unified operation and improved player experiences. A new unified structure will also help the Town implement the advanced marketing initiatives that are needed to attract new golfers and improve overall economic performance. The new structure recommended by NGF is detailed in the paragraphs that follow with support materials (new organizational chart and Golf Manager position description) contained in [Appendix C](#) to this business plan report.

Oversight and Staffing

The staffing and oversight required to operate the Yarmouth golf courses successfully will include some modifications in leadership and food and beverage (F&B) operations. The key to leadership needs to be a strong golf system manager to be located at Bayberry Hills GC. Under this system, all staff associated with providing golf service to Yarmouth will still be Town employees under the supervision of one senior individual who reports directly to Town administration. All services and staff associated with providing F&B to golf courses would be the responsibility of a separate third-party vendor, operating via contract with the Town. This structure will offer the Town the greatest chance to provide the hands-on control so as to maximize implementation of program elements that will be required for the Town to succeed in golf. The key modifications to the Town golf operation oversight include:

- ▶ The Director of Golf position reports directly to Town management, and is senior to all golf staff at both locations. This new position will have a working title of “Director of Yarmouth Golf,” and should be a business-oriented individual, preferably with extensive hospitality management and marketing experience. This position should be based at Bayberry Hills GC, and will thus have some direct management responsibility at that facility (with a strong assistant). The primary duties of this new position will include oversight of:
 - All golf facilities and golf staff
 - All golf system financial control and reporting
 - All golf system marketing
 - All merchandising
 - Centralized purchasing (equipment, supplies and all items for re-sale)
 - Specific control of Bayberry Hills GC
- ▶ Move to outsource all F&B operations as a separate concession with an experienced vendor (or vendors) operating as contracted concessionaires at Bass River and Bayberry Hills GCs. The Town will then earn a modest income from lease or concession payments, expected to be at or near 10%+/- of total gross F&B revenue (industry standard). The Town may permit a waiver of lease or concession payments to the Town in the first year of the contract period as an enticement to allow a new vendor to get up and running.
- ▶ The staffing requirement for Yarmouth golf in the next five years is expected to conform to the following schedule. This staff will be sufficient to yield the level of quality conditions and service needed to generate the revenue projected for the Town’s golf courses. This staff structure includes personnel requirements on-site at each golf course location, and not any additional staff (IT, Payroll, Accounts Payable, Procurement, Debt management, etc.) that is required by the Town of Yarmouth in administering the operation, either directly or through an allocation program. A summary of Yarmouth golf staffing with FT = full-time exempt; PT = part time (estimated full-time equivalents FTEs is presented):

- **Management / Admin. Staff (2.0 FTE)**
 - Yarmouth Director of Golf (FT)
 - Office / Finance Assistant (FT)
- **Golf Operations Staff (15.5 FTE)**
 - Bass River Golf Manager (FT)
 - Bayberry Hills Asst. Golf Manager (FT)
 - Bass River Operations Assistant (FT)
 - Bayberry Hills Operations Assistant (FT)
 - Additional Golf Shop Desk Attendants (6 positions - PT)
 - Golf Course / Cart Attendants (15 positions – PT)
 - Driving Range Attendants (2 positions - PT)
- **Golf Maintenance Staff (13.0 FTE)**
 - Bass River Golf Superintendent (FT)
 - Bayberry Hills Golf Superintendent (FT)
 - Bass River Maintenance Tech (2 positions – FT)
 - Bayberry Hills Maintenance Tech (2 positions – FT)
 - Staff Mechanic (FT)
 - Mowers (6 positions – PT)
 - Maintenance Laborers (15 positions – PT)
- **Contracted Instructors for Player Development (not in Golf payroll)**

Accounting and Financial Reporting

Traditionally, financial reporting in municipal golf has been facility based, meaning that each individual golf facility would report its own revenue and expense figures. While the Town of Yarmouth reports separate revenue for each facility, the golf expenses for the Town are combined for both facilities jointly. Going forward, the Town should create more detailed expense reports for each facility as a separate entity, so as to allow proper analysis on the viability of each individual facility. It would also be helpful for the Town to move the revenue from annual passes to a central Town account, as the continued inclusion of annual pass revenue in Bass River revenues is distorting the actual revenue profile of that facility.

Food and Beverage Considerations

A high-quality F&B operation correlates well with success in public golf. Traditionally, golf course F&B services do not produce strong net revenue, but they do provide a service to golfers to help enhance golf fee revenue. One exception to this standard is golf facilities that include some form of attraction or appeal, such as the Bass River Restaurant. It is the Town's expectation that the only revenue to be generated from the F&B operation at BBHGC and BRGC is the collection of a small concession payment from the operator and room rental charges for banquets. Based on industry best practices and NGF's review of other public golf operations in the market area with successful food & beverage operations, the Town is anticipating the following F&B program elements to be included at Yarmouth golf courses:

- A snack bar or mixed grill
- An indoor bar area with multiple TVs mostly showing sports programs
- Outdoor barbeque area with space for small golf tournaments and outings
- Banquet area with capacity up to 120+/- patrons

Golf Playing Fees

The primary source of revenue to the Town from the golf courses is green, pass and cart fees, plus other ancillary revenue. The proposed fees for membership and maximum daily green fee for the upcoming (2020) golf season have been approved by the Town and appear in the tables on the following page. The maximum green fee is the highest amount the Yarmouth courses can charge, and are subject to decisions by the Town's Director of golf. Although the maximum green fee was set at \$96 in 2019, this level was not reached at any time during the year as per the Golf Director's discretion.

Daily Green and Other Fees

The tables below show the current (2019) green fees for BBHGC and BRGC, along with NGF recommendations for changes in 2020. We note that the Director of Golf has discretion to offer specials and discounts, and to impose increases in daily fees, depending on market circumstances and subject to the defined maximum. This "dynamic pricing" concept is a clear industry best practice and is supported by NGF for the Town of Yarmouth.

2019 Bass River Greens Fees				2019 Bayberry Hills Greens Fees			
May 17th - October 20th				May 17th - October 20th			
	Open-1pm	After 1 pm	After 4pm		Open-1pm	After 1 pm	After 4pm
Monday-Thursday	\$63.00	\$43.00	\$33.00	Monday-Thursday	\$67.00	\$43.00	\$33.00
Friday-Sunday	\$73.00	\$47.00	\$33.00	Friday-Sunday	\$83.00	\$47.00	\$33.00
January 1 - May 16th / October 21st - December 31st				January 1 - May 16th / October 21st - December 31st			
	Open-12pm	After 12pm			Open-12pm	After 12pm	
Monday-Thursday	\$38.00	\$28.00		Monday-Thursday	\$38.00	\$28.00	
Friday-Sunday	\$43.00	\$33.00		Friday-Sunday	\$43.00	\$33.00	
Cart Fee additional per rider: \$22 for 18-holes; \$14 for 9-holes							
Recommended 2020 Bass River Greens Fees				Recommended 2020 Bayberry Hills Greens Fees			
May 17th - October 20th				May 17th - October 20th			
	Open-1pm	After 1 pm	After 4pm		Open-1pm	After 1 pm	After 4pm
Monday-Thursday	\$53.00	\$40.00	\$31.00	Monday-Thursday	\$66.00	\$46.00	\$35.00
Friday-Sunday	\$63.00	\$44.00	\$31.00	Friday-Sunday	\$76.00	\$50.00	\$35.00
January 1 - May 16th / October 21st - December 31st				January 1 - May 16th / October 21st - December 31st			
	Open-12pm	After 12pm			Open-12pm	After 12pm	
Monday-Thursday	\$35.00	\$28.00		Monday-Thursday	\$38.00	\$28.00	
Friday-Sunday	\$40.00	\$33.00		Friday-Sunday	\$43.00	\$33.00	
Cart Fee additional per rider: \$23.10 for 18-holes; \$15.23 for 9-holes							

Daily Fees			
Type of Fee	2019 Fee	Town Proposal for 2020	NGF Recommendation for 2020
Golf Car (18 holes, pp) Pass Holder	\$14.00	\$14.70	\$17.00
Golf Car (9 holes, pp) Pass Holder	\$8.50	\$8.93	\$10.50
Golf Car (18 holes, pp) Non-Pass Holder	\$22.00	\$23.10	\$23.10
Golf Car (9 holes, pp) Non-Pass Holder	\$14.50	\$15.23	\$15.23
Range Fees: Small	\$7.00	\$7.35	\$7.35
Medium	\$10.00	\$10.50	\$10.50
Large	\$12.00	\$12.60	\$12.60
Club Rental: Nine Holes	\$27.50	\$28.85	\$28.85
Eighteen Holes	\$44.00	\$46.20	\$46.20
Premium Set	\$68.00	\$71.40	\$71.40
Handicap Maintenance	\$50.00	\$52.50	\$52.50
Director of Golf Operations will have authority to adjust these daily fees downward as market conditions dictate, or there is intent to offer certain "specials" to increase facility/service utilization.			

Membership Fees and Discount Considerations

Based on our review of the central Cape Cod golf market and our analysis of the Town's golf pass program, the NGF makes the following recommendations regarding resident and non-resident pass pricing:

Annual Fees		
Type of Fee	2019 Fee	Proposed 2020 Fee
Annual Pass	\$892	\$1,150
Senior Annual Pass	\$535	\$725
Link Annual Pass	\$300	\$315
Under 35 Annual Pass (under 35 years of age)	\$535	\$725
Young Adult Annual Pass (under 23 years of age)	\$299	\$310
Junior Annual Pass (under 19 years of age)	\$100	\$105

In moving forward on a new business plan, the NGF sees this proposed fee schedule as appropriate for Yarmouth golf courses based on our review of the subject golf courses and the greater Cape Cod golf market. Among the items the Town should consider as part of the longer-term business plan regarding green fee and membership fee pricing:

- The Town should adopt a greater pricing differential between Bayberry Hills and Bass River. The golf experiences at BBHGC and BRGC are very different, and thus playing fee should reflect this difference. The NGF recommends an overall pricing differential of approximately \$10 to \$15.
- The current weekend green + cart fee is \$105 per round. We recommend that this be reduced to under \$100 to eliminate the perceived \$100 stigma of being "over \$100".
- The current 9-hole rate for green & cart fee for the Links course at Bayberry Hills is \$30. Most of the competitive courses charge considerably more (with several at or over \$50). The Links course is a very good golf experience and the 9-hole rate should be closer to \$40 in peak season.

- Virtually all other townships in the area offer a resident and non-resident pricing structure. We recommend that the Town of Yarmouth also implement this structure and we suggest a pricing differential of approximately 40%.

Based on our review of the central Cape Cod golf market and our analysis of the Town's golf pass program, the NGF makes the following recommendations regarding resident and non-resident pass pricing:

- The Yarmouth annual pass is currently approved for the 2020 season at \$1,150 per year, up from the \$1,042 in 2019 (\$892 + \$150 capital). This new rate will make the Yarmouth pass the most expensive resident pass in Cape Cod, but would still be lower than the non-resident passes at key competitors like Barnstable, Dennis and Brewster. We recommend that the Town increase this price by 5% every two years (next for the 2022 season) to be within Town-allowed price increase parameters.
- The Town should eliminate the 3-payment option that allows passholders to pay for annual memberships over three interest-free payments. This arrangement creates a banking relationship for the Town that is not ideal to administer municipal golf. We also note that no other township in the area offers this option (especially at no interest).

The Town is considering a new benefit for resident passholders to enhance renewal rates and positively impact new member recruitment. The concept is to provide new and renewing golf members with 15 months of access for the price of the standard 12-month pass. The intent is to have members commit by the start date for the annual membership (January 1st), and this promotion would provide access to qualifying members through March 31st.

The period of this extension during the winter months may not yield many golf rounds due to the weather (but this is not a certainty) and the economic ramification is expected to be very small. However, the NGF would strongly recommend that this idea be modified to provide a shorter extension (or free period) or be reconsidered altogether.

The Town's golf members are the "raving fans" and this group tends to have a very strong renewal rate (assuming only a modest or no price increase). We do not believe that it is necessary to offer such a discount to the members. Rather, we suggest that the discount be 13 months for the price of 12 months (allowing access from January 1st through January 31st). Alternatively, the Town could offer to enter members for a drawing who sign-up by a certain date for a pro shop credit – there could be 8 or 10 prizes of the same value and this impact may be more significant.

Member – Daily Fee Golf Balance

One key to enhancing revenue at Yarmouth golf courses is to increase the inventory of tee times that can be sold to the public at a premium price. At present, total rounds played at Yarmouth golf courses are divided between daily fee players who pay a unique fee for a single round of golf, and golf members who pay an annual fee for unlimited golf during the year. Traditionally, passholders play about 58% of total rounds at Yarmouth courses, although this mix has fallen to only 53% in FY2019. However, despite the high volume of rounds, these passholders generate generated only about 34% of total green fee revenue in FY2019. On a per round basis, members paid around \$19.46 per round for green fees compared to an average of \$49.28 for daily fee players. This represents a discount of about 60% for members compared to the 25% to 35% discount that is the target for public courses operating with memberships (also known as semi-private).

In addition, it also appears that while members are playing 58% of total rounds, they are also taking up most of the prime tee times that have the strongest demand, especially to Cape Cod tourists and visitors (early weekday and weekend mornings). As a result, the Town becomes limited on how many higher-paying daily fee customers it can accommodate on its golf courses, and thus reducing total potential revenue. The NGF recommends that the Town consider changes so as to allow a greater volume of higher-yielding daily fee rounds, but still honor basic commitments to membership. The various municipalities on Cape Cod each utilize slightly different tee time reservation programs to capture as much guest play as possible (while accommodating their own members). Listed below is a brief summary of the programs employed by 5 other local townships:

- **Town of Brewster (the Captains GC):** One course offers alternating tee times in 2-hour segments between members & guests (e.g., 8:00am to 10:00am for members & 10:00am to 12:00pm for guests). For their second course, they allocate 80% of the tee times for guests and the balance for members. This is viable only because both courses are in a single location.
- **Town of Barnstable (with 2 separate courses):** They equally split times between members and guests in 2-hour blocks to start the day and then alternating times afterwards. They also added a new element this year – one Friday and one Saturday each month, each course offers 2 extra hours of guest tee times.
- **Town of Dennis (with 2 separate courses):** They utilize a published tee time allocation schedule. For the morning and early afternoon times, members & guests are allocated various amounts of time (90 minutes, 60 minutes & 30 minutes). Starting at approximately 2:00pm, each tee time then alternates.
- **Town of Harwich (Cranberry Valley GC):** Members are able to book up to 7 days in advance while the public players can book several weeks in advance. This facility has almost 1,200 members and they play nearly 70% of the rounds.
- **Town of Sandwich (Sandwich Hollows GC):** Members are allowed to book up to 30 days in advance and guests also get the same lead time. Sandwich Hollows has a smaller membership with less than 300 members (who play less than 30% of the total rounds).

The availability of an adequate number of tee times for public (non-member) golfers is an essential consideration to grow revenues at the Town of Yarmouth golf courses. The quantity of times is important but the time of day for these times are also equally significant. The revenue per round generated by daily fee players is nearly double the amount by the Yarmouth members, reflecting the importance of the daily fee segment.

Recommendation

According to golf staff, tee times for Town courses are equally distributed between members and public players. Golf staff will block four (4) tee times for members on the tee sheet and the next four (4) tee times are then allocated for public players (non-members). However, golf staff reserves the right to sell available times to public players, as needed. Members can make their tee time request up to 7 days in advance but the actual time is not provided until 2 days out. Guests are able to book tee times at Yarmouth courses approximately 90 days out.

NGF recommends the Town consider changes to allow a greater volume of more expensive daily fee rounds, but still honor basic commitments to membership. We recommend:

- Incorporating larger blocks of time (90 minutes to 2 hours) of alternating times for members and guests

- Move some of the league play to afternoon times and/or to the Links course at Bayberry Hills (but not mandate golf cart usage)
- Promoting this increased daily fee availability through social media and other sources as well as to the local hoteliers

Golf Cart Policy and Fees

One key source of revenue at Town golf courses is fees collected for the use of powered golf carts on the courses. Cart usage at the Bayberry Hills facility is currently mandatory every day until 2:00pm, although none of the other competitive courses have this cart use requirement with the exception of the Sandwich Hollows course (and only on weekends & holidays). We recommend that the mandatory cart rule be changed to only weekends & holidays and only be in effect until 1:00pm.

Passholder Cart Fees

Season pass holders (members) at the various municipal golf courses on Cape Cod are an essential segment of the market, as they are loyal and frequent players at their respective facilities. The Town of Yarmouth golf system provides a discount for golf cart rentals for its members as does all the other competitive municipal courses (with the exception of the Town of Sandwich at their Sandwich Hollows GC).

In our analysis, the NGF reviewed the golf cart discount provided to Yarmouth passholders relative to the other area courses (data in [Appendix D](#)). We found that Yarmouth offers the largest golf cart discount versus the non-member rate in the market – a 36% discount for 18-hole cart rentals and a 39% discount for 9-hole cart rentals. Excluding the Yarmouth courses and Sandwich Hollows GC (which provides no discount), the remaining Townships offer their members an average 18-hole discount of 21% and an average 9-hole discount of 23%. The Town of Dennis offers the next highest discount (30% for 18-holes & 36% for 9-holes), while the Town of Harwich offers the lowest member discount (9% for 18-holes & 8% for 9-holes).

For the local market, we believe that the current Yarmouth member cart discount is too large and we recommend an adjustment to the member cart pricing structure as follows:

	Recommended Rate	Discount vs Non-Members	Price Increase
18-Hole Rate	\$17.00	23%	+\$3.00
9-Hole Rate	\$10.50	25%	+\$2.00

The implementation of this modified member cart fee structure will yield an immediate increase in overall cart revenue. In FY 2019, we understand that there were approximately 25,000 cart rounds played by the Yarmouth members. If we assume that these cart rounds were evenly distributed between 9-hole play and 18-hole play, the new pricing structure would have generated an additional \$62,500 in golf cart revenue in the previous fiscal year.

Marketing Enhancements

Few things can positively affect rounds and revenue performance more than marketing. A marketing emphasis is critical to creating awareness and increasing daily fee, tournament and tourist/visitor play. The NGF observed only modest marketing of Town courses, as the Town reports a total marketing (advertising) budget of \$29,000 in 2019 (up from \$16,500 in 2016), mostly spent on targeted advertisements and print materials. NGF recommends marketing / advertising budgets be 1% to 2% of total gross revenue, or about \$36,000 to \$72,000 per year

for Town courses. A marketing budget of this size could include the employment of a staff marketing person, or outsourcing certain aspects of marketing (such as website development & maintenance, recruiting events & outings, etc.). The recommendations by NGF in marketing reflect the new organizational structure with one single individual in charge of the system, and some enhanced marketing included as part of this new position's responsibilities.

It is expected that this budget would be dedicated to marketing the facilities and increasing rounds and revenue. Efforts to enhance golf activity at the Town golf courses should include both advertising and branding under the "Yarmouth Golf" brand, as well as direct selling. Going forward, the NGF recommends marketing both of the Town golf courses by: (1) maintaining or building loyalty and "wallet share" from existing regular-play golfers; (2) improving the messaging and reach to attract greater participation from more infrequent players; (3) developing a comprehensive tournament and outings strategy that includes direct "face-to-face" marketing to potential target groups; and (4) developing an expanded strategy to attract regional golfers and visitors to the facilities. Strategies include: enhanced marketing via the Internet; direct selling (including acceptance of tee times online); and judicious use of third-party tee-time providers, discount books, internet specials, etc.

Direct Selling and Advertising

Activities related to direct selling that should be part of the Town golf course marketing include:

- **Tournaments and Outings** – It is assumed the Director of Golf (or direct reports) would directly market to tournament and outing prospects. NGF recognizes that there is competition in the market, but changes recommended will enhance the efforts to attract events and tournaments at Town golf courses.
- **Print / Brochure** - Printed ads can still be effective in golf, and the operator should create new printed fold-out pieces with specific focus for golf. The golf fold-out piece would be printed with the word "Golf" in the upper 1/3 of the front page – to stand out in racks. This piece should be distributed and placed in as many area visitor-centers, hotels, and tourist attractions with information racks as is reasonable.
- **Signage** - The signage for the Town golf courses should be improved as is allowable by local guidelines. Both Town golf facilities would improve performance with new directional signs at key intersections leading to the courses and improved to the extent that is allowable. All signage for the golf courses can make it clear that the golf facility and all amenities are government-owned and "open and available to the public."

Growing Guest Play & Hotel Rounds

If the Town had more prime tee times available (weekday & weekend mornings), selling these times to daily fee players would yield the highest financial benefit on a per-round basis. If the Yarmouth golf system can grow this segment, the economic benefits can be significant given the high fixed cost of operations for all golf courses.

To achieve growth in the daily fee market, this will require a concerted marketing effort utilizing traditional strategies (such as print media, radio promotions, improved signage as allowed by the local statutes, etc.) and the use of technological solutions such as Internet marketing and direct email activities. Visitors would be attracted to an increased inventory of morning tee times and this is positive story to share.

The other opportunity for growth we see is the local hotel market. Presently, there are about 19,000 total lodging units on Cape Cod, and there are six Yarmouth area hotels that generate a quantifiable number of guest rounds at the Yarmouth golf courses. It will be necessary for someone to promote the Town golf courses to the marketing & sales managers at the key hotels

and resorts, including the preparation of flyers (or other promotional materials). Reaching this specific market can be very beneficial but the marketing efforts will require dedicated personnel (at least initially). These marketing activities are ideal to undertake during the slower winter months and it should be easier to meet with the key staff at the various hotels. The effectiveness of these efforts will also be relatively easy to monitor, allowing the Town's marketing person to emphasize what is working and modify (or eliminate) what is not.

Employment of Technology

Technology is one of the most important tools available to a golf course management team, and its deployment is critical in golf operations in 2019 and beyond. Technology defines and guides the marketing strategy, helps to generate exposure and provides tools to manage a customer database, create customer loyalty and boost revenue. The Town of Yarmouth golf facilities are currently using the Chelsea Reservations system for tee time reservations and as the Point-of-Sale (POS) system for the golf shops and the restaurant operations at the two Town-owned courses since 2000. The system should have access to tools for initiatives recommended by NGF, and CITY/Events DETROIT can seek to maximize technology by:

The Chelsea Reservation system was founded in 1987 and the system is in use at approximately 200 golf clubs and courses nationwide (as of late 2018). In October 2018, Chelsea was acquired by Northstar Technologies (a club software provider based in Atlanta, GA). The Chelsea Reservations system is widely used by various Cape Cod municipalities (including the Towns of Barnstable, Dennis, Sandwich & Brewster), primarily for the tee time reservation and allocation capabilities. The Chelsea Reservation system is a moderately-priced Cloud-based POS system that resides on the Chelsea servers and is secured with high-level SSL encryption. Based on feedback from Town golf staff and our prior experience with other public courses, the Chelsea system is good for tee time reservations but is less functional for pro shop and restaurant operations. Some of the deficiencies in the Chelsea system include:

- Each location required to have their own Internet account (at an additional cost)
- The Chelsea customer must provide and maintain all hardware to run the system (such as computers, tablets, etc.)
- Not able to offer customer management or marketing services (such as email marketing, customer database management, website support, etc.)

The NGF sees the POS system as an essential component for a successful golf operation. There are numerous POS options for public courses and they should include key features such as the integration of POS with websites, online tee-time availability, reliable credit card processing and customer tracking (see a summary of specific brands in [Appendix E](#)). Access to a modern POS system with a marketing module would allow the Town golf courses to:

- Create a customer database (no database of Town golf customers at present)
- Issue identification cards and/or capture golfers' email addresses
- Communicate with customers via an opt-in email marketing program
- Maximize yield management

Website

Over the past few years and for the foreseeable future, the Internet is the most significant piece of golf course marketing. NGF research shows upwards of 90% of all golfers get information on golf courses from the internet, especially while travelling to a new market. As a result, the Internet is now the most important single element in a golf facility's (or golf facility system's) marketing. The Web has several key advantages over other forms of advertising:

- **Cost** - A Website is relatively inexpensive to set up and maintain
- **Reach** - Almost every household that contains a golfer has access to the Internet
- **Information** - The amount of information on a website can be virtually unlimited

The Town of Yarmouth golf system website was developed in late 2013 by Cybergolf of Mulкитеo, WA. The firm also hosts the Yarmouth website and offers email marketing capabilities through their system (but through the cybergolf.com site). The Town is currently spending about \$5,100 annually with Cybergolf for the hosting and back-up services.

The Town of Yarmouth golf website is well named at <http://www.golfyarmouthcapecod.com> (and www.yarmouth.golf) and utilizes a general standardized format used for most Cybergolf websites. The Yarmouth golf website includes tabs for both the Bass River GC and the Bayberry Hills GC and includes information on each course, the facility amenities (pro shop, F&B operation & the range), facility events, golf instruction, restaurant menus, directions, etc. Membership information is also provided on the Yarmouth website. The site also allows golfers the opportunity to make tee times online – public players can book several months in advance and Town of Yarmouth members can make their tee time request through the Chelsea system up to 8 days in advance (but the actual placement occurs 2 days prior to the requested date).

The Yarmouth golf system website includes most of the key features and user touches that NGF typically sees in successful golf facility websites. The address appears to be easy and should be findable in any web search (such as golf in Yarmouth, Yarmouth golf, etc. – however, it does not come up under “Cape Cod golf”). The information included matches closely to NGF recommended information and includes links to book tee times (for members & public players) and provides e-club sign-up, although the course overview and information could be improved (especially with no photos included for the Bass River GC).

E-mail

E-mail databases are essential in today’s golf market place, as a means of staying in touch with the golfer customer base. E-mail marketing, with the exception of word-of-mouth and free advertising, is the most cost-effective advertising possible. At present, Yarmouth golf courses report collecting emails and maintaining a golfer database. Augmenting the database should be a top priority of management, so that dynamic pricing and other email marketing can be optimally implemented.

Social Media

Social networking is the fastest growing marketing tool in golf, and Yarmouth golf management should become more active with Facebook and Twitter, which should be used to communicate “what’s going on” type of messages (who won a tournament, who had a hole-in-one, etc.). This tends to help build loyalty and repeat activity. You Tube is the second most utilized search engine on the internet and Yarmouth golf should develop a presence with informational videos of the facilities and golf courses, as well as league, tournament and instructional activities.

Technology Summary

The review of the POS and other technology systems in place at the Town golf courses illustrates areas that can be improved. Upgrades in these areas would help the facilities improve rounds and revenue. Additionally, we also see that some external (third-party) support will be required to support and improve the golf system’s capabilities. NGF will make additional recommendations on these subjects later in this report as staying ahead in technology is viewed by the consultants as key to improving this golf operation, along with other physical and operational changes that will be addressed.

Leagues and Organized Golf

The Golf staff has been active in cultivating, promoting and facilitating golf leagues, and encouraging participation. At present, key Yarmouth Town leagues are hosted in the mornings and on weekends at Bass River GC, which are peak demand periods for potential higher-paying daily fee customers. Hosting active golf leagues in the early mornings and on weekends is a practice much more common in private club golf, and much less common at public golf facilities. As noted above, the more inventory that can be freed up to host higher-paying daily fee players (mostly tourists in peak summer season) the more revenue the Town can generate in golf.

The NGF recommends that the Town move all league play to weekdays, to be hosted either later in the mornings (after 10:00 AM), or in some cases in the later afternoons (after 3:00 PM). This is a common practice in public golf and will free up tee-time inventory in early weekday mornings and on Saturday-Sunday that can be sold at a higher rate to tourists and visitors to Cape Cod. The Town can also consider moving leagues to the 9-hole Links course at Bayberry Hills during these periods as well (possibly removing mandatory cart requirement). The presence of a strong central golf manager (as recommended by NGF) should help in the ultimate implementation of new league guidelines.

In addition, the Town's golf staff could do more to facilitate introductions for new players to join existing leagues at Yarmouth golf courses, as it can sometimes be difficult for new golfers to join existing clubs. Golf course managers should also be active in soliciting new leagues.

Player Development

We note that player development will be one of the critical elements to the long-term viability of Town golf courses, and this should remain as a point of emphasis at both facilities. At present, the Town has a modest lesson program with two contracted pros, but only Bayberry Hills has a driving range. The NGF has documented that a critical element to the long-term viability of public golf courses is player development, especially a strong Junior Program, and it is important that these initiatives are continued into the future at Town golf courses.

Key recommendations for player development programming include:

- Work directly with the PGA for specific programs that work, and how to properly implement and promote these programs (i.e. "Get Golf Ready," "Hook a Kid on Golf," "Drive Chip & Putt," "PGA Junior League," and LPGA's "Teaching Her" program). Add focus on transitioning new players from learning to playing golf.
- Maximize the use of range and practice facilities at Bayberry Hills.
- Encourage and provide incentives for staff to provide lessons during off hours.
- Create programs to make older, used golf equipment always available free of charge for beginners or other needy prospects via donation or at a discount.

Less Traditional Segments

Increasing participation among less traditional golfer populations is generally about three groups – younger adults, women and minorities. One of the major initiatives identified by industry leaders is specialized programming and events aimed at onboarding or simply increasing the patronage of adults. NGF research has shown that making golf "experiential" is one of the keys to attracting less engaged golfers from this generation. Events such as afternoon scrambles featuring golf, music, beverages, contests, etc. (think "Beers and Balls") will be popular with young adults, and help expand the demand for golf in this age segment. PGA data shows every new golfer developed could be worth as much as \$250 per year (10 rounds at \$25), and the common successful player development program produces at least 200 new golfers per facility.

Other Operational Recommendations

Other issues related to Yarmouth golf courses that should be considered in the Town's operating program that could have direct impact on activity and revenue at Town golf courses:

- **Club Rentals and Other Services** – Yarmouth golf courses should expand their services to help accommodate beginners and other less frequent golfers. One service that can help to increase the volume of golf rounds is to have a good quantity of high-quality rental golf club sets available, and communicating this fact to potential customers. The Town may need to have a mix of better-quality rental sets and lower quality “loaner” clubs for use on the range by beginners. The key revenue sources for the Town are green and cart fees, and rental sets help the facility to sell more rounds. The rental sets themselves are not typically a strong direct profit center.
- **Capital Surcharge** - Some municipalities fund golf course improvements through accumulated enterprise funds, pre-established budget priorities or dedicated capital improvement surcharges (e.g. \$xx added to green fees to fund improvements). As the Yarmouth Golf Enterprise Fund is completely exhausted, and there is existing debt from previous Town subsidies that is still owed by the Golf Enterprise, the funding of new improvements that may be needed in the next few years (especially at Bass River) will become problematic for the Town. In this case, it is common for municipalities to use a dedicated capital improvement surcharge as the most appropriate mechanism to pay down any new debt that may be incurred.

The NGF would only recommend the Town implement additional capital surcharges if the new business plan program is unsuccessful in improving the golf economics in Yarmouth. In short, this is the “last resort” mechanism for the Town to enhance golf revenue with a simple \$1.00 surcharge for each 9-hole round (\$2.00 for 18 holes), applied to both daily fee and member rounds.

- **Homer Park Maintenance** – Expenses to maintain Yarmouth golf courses include specific services related to the maintenance of Homer Park (the former Old Town House) at a total cost of about \$154,000. The agreement between the Golf Enterprise and the Town calls for the park maintenance to be undertaken in lieu of a \$172,000+/- Town administrative charge to the golf courses for services (Admin, IT, payroll, legal, etc.) as required by statute with enterprise funds. It is recommended that this arrangement be continued, as it is preferable to adding the hard costs of Town administrative charges to the Golf Enterprise budget.
- **Winter Golf** – Most municipal courses on Cape Cod remain open in winter (weather dependent). For Towns with more than one course (Dennis & Barnstable), usually one facility is open in the winter. The two single Town courses (Harwich & Sandwich) are also open for winter play. Yarmouth keeps only Bass River open in winter with play allowed on regular greens (but with 2 holes cut into each green to eliminate changing the holes) and there is only a single set of tee markers on each hole.

With good weather conditions, golf cart use is allowed in winter. We understand that the majority of play is by annual members, with little daily fee play (and a small amount of incremental revenue). Golf course operations have a very high fixed operating expense (in the range of 75% to 80%) and the full-time employees are generally working on different golf-related projects during the winter. Providing the golf course is not being damaged, winter play at Bass River should be continued.

SUMMARY – TOWN OF YARMOUTH GOLF OPERATIONS

The Town of Yarmouth is ready to move forward with the continued operation of both golf facilities under a program of operation that will be slightly revised if NGF business plan recommendations are incorporated. This includes some recommended changes to staffing, F&B operations, marketing, use of technology, golf fees and the mix of play between resident passholders and daily fee players (mostly tourists). A summary of key aspects of the proposed new business plan for Town of Yarmouth golf courses include:

- **Historical Performance** – Yarmouth golf courses have experienced a decline in rounds and memberships in the last few years, but total revenue appears to be recovering in 2019. The total average revenue earned per round of golf was about \$60+/- in FY2019, up significantly from the \$45 recorded in FY2016. Total average revenue per round at Yarmouth courses is the highest among Cape Cod Towns.
- The expenses required to operate Yarmouth golf courses has been increasing steadily, which is consistent with a national and local industry trend. These increases in expenses are likely to continue for the foreseeable future, and any attempt to reduce operating expenses will likely result in diminished service and/or deteriorating golf playing conditions – neither of which will lead to economic improvement.
- The Town's golf courses require a subsidy from taxpayers to maintain operations and continue to provide golf service to the community. These subsidies are likely to continue in some form unless the Town can generate significant increases in golf revenue. Given the competitive market environment and less-than-favorable demand-supply balance, a large-scale revenue increase is unlikely, although some growth is possible through increased attraction of Cape Cod tourist golfers.
- The Town should continue to employ a golf manager to oversee both golf courses. This "Director of Yarmouth Golf" should be a business-oriented position occupied by an individual with a background in management, accounting, technology **and marketing** of golf facilities (or other hospitality).
- The Town should outsource all F&B operations as a separate concession with an experienced vendor (or vendors), with the Town earning around 10%+/- of total gross F&B revenue (industry standard). The Town may permit a waiver of lease payments the first year to allow a new vendor to get up and running.
- Yarmouth should make some modest changes to daily fee rates, reducing the highest peak fee to under \$100 and adding a viable differential in fees between Bayberry Hills and Bass River. The Town should avoid discounts to sell resident passes and eliminate the 3-month interest free payment option.
- Yarmouth golf courses will work to manage the balance of play so as to allow for improved access to the golf courses by Cape Cod area tourists and lodging guests – and **communicate this availability to the public at large**. This will be part of a larger initiative to improve the marketing of Yarmouth golf courses through improvements to technology, website and the possibility of employing a marketing specialist to assist with new marketing initiatives.
- The Town should make the development of new golfers a high priority at both facilities, working to provide discounted lessons and other beginner programming and to make the courses available to beginning golfers during various off-peak periods when demand tends to be lower. PGA data shows every new golfer could be worth as much as \$250 per year (10 rounds at \$25).

Town of Yarmouth Golf Courses - Projected Financial Performance (FY2020-FY2024)

NGF has assisted the Town of Yarmouth in preparing an analysis to show what the potential economic performance of Town golf courses could be if the facility operation were to be modified under the business plan program identified by NGF. In this section, we provide estimates of performance based on a set of assumptions that may or may not become reality. We feel that these projections represent a “fair estimate” of performance for these golf facilities over the next five years based on our review of the market and Yarmouth golf facilities. We have completed this economic performance estimate assuming the implementation of NGF-recommended business plan items beginning with the 2020 golf season, with first fiscal impacts to come in FY2020 that is already underway (having begun July 1, 2019).

MARKET OPPORTUNITY CONCLUSION

Based on the evaluation of the Yarmouth golf courses and the local market environment, the NGF expects that adoption of the proposed business plan changes to Town golf courses will lead to significant improvement in the economic performance of the facilities. The following bullets summarize what NGF views as the key justifications for the projections of future economic performance of Yarmouth golf courses based on our understanding of the demand drivers in this market:

Positive Factors

- A permanent resident population in the Yarmouth market area with demographic profile that is predictive of strong golf demand.
- A very high volume of tourists and seasonal travelers to supplement demand from area residents. Yarmouth has numerous lodging properties in proximity to its golf courses that could provide added golf demand and support to golf courses.
- Favorable performance and ability to command higher playing fees at existing public golf courses in the Cape Cod market, including facilities like Cranberry Valley and Olde Barnstable Fairgrounds that have generated higher activity than Yarmouth golf courses, but with similar fees and quality of facilities.
- Both golf courses are immediately accessible and convenient for a wide geographic area, although Bass River is a little harder to find for golfers not familiar with the location. The visibility and access to Bayberry Hills from major roadways is very good, particularly from Highway 6 (Mid-Cape Highway).

Potential Threats / Mitigating Factors Relative to Projections

While there appears to be some evidence to support strong rounds and revenue from Yarmouth golf courses, there are mitigating factors that could reduce rounds and revenue, including:

- Very unfavorable ratio of golfers to golf courses – NGF has documented an apparent over-supply of public golf in Cape Cod.
- Intense competition – other Towns on Cape Cod are also operating public golf courses with features, attributes and pricing that are similar to Yarmouth golf courses.

- Regional economic recession – previous recessions have impacted the performance of public golf courses.
- Continued overall decline in golf participation – recent trends show declines in golf participation, especially among the younger generation.
- Weather unpredictability – The market area has a generally shorter golf climate, with the potential to lose a large volume of golf playable inventory to weather each year.

YARMOUTH GOLF COURSES - BASIC PERFORMANCE ASSUMPTIONS

The economic performance of Yarmouth golf courses for the next five years has been estimated under the assumption of continued operation under the current Town program with adoption of changes recommended by NGF. NGF has assumed the continuation of key revenue generators at Bass River and Bayberry Hills, with modifications derived from changes in fees plus the new proposal that all F&B revenue come to the Town in the form of concession payments from a third-party vendor. The expenses needed to operate the facilities have been assumed to include all costs required to run the golf facility operation on site, less direct expenses for F&B, and do not include other “below-the-line” expenses that may be required such as additional Town overhead (IT, Payroll, Procurement, etc.) or depreciation. This bottom-line projection shows the net operating revenue available to the Town to cover additional expenses that may be incurred.

In preparing our estimates of future performance, the Town and NGF have made several assumptions for input variables and external market conditions. We recognize that this estimate is prepared in October 2019, and so all financial estimates are prepared in 2019 dollars. Each of the two facilities is reviewed separately, with a system summary provided for review. A summary of NGF assumptions are detailed below:

Basic Assumptions

- The overall economic condition remains stable, without any sizable increase or decrease in the Barnstable County area economy, employment, or visitation.
- Yarmouth golf courses will operate with service and conditions as described, placing the facilities in the upper-middle range of public golf courses in the Cape Cod market.
- Bass River and Bayberry Hills will continue to operate with a traditional mix of revenue centers common in public-access golf, with the predominance of golf activity derived from a mix of passholders and daily fee customers, with additional revenue from clubhouse and driving range operations.
- Considering the proposed improvements, NGF has assumed that the physical condition of Town golf courses and all associated amenities will be maintained to the highest standards of public golf facilities in the Cape Cod area. This includes the presence of qualified personnel and adequate staffing and resources
- All NGF financial projections assume a “status quo” on basic operating expenses, with some modification to account for NGF-recommended changes.
- The marketing of Yarmouth golf courses is enhanced in 2020, with emphasis on technology, website & email programs, and direct selling. All marketing activities will target both local and non-local golfers, plus golf events and tournaments.
- NGF has assumed a basic inflation factor of 1.5% for average revenue and 2.5% for all expense categories.

EXPECTED FUTURE PERFORMANCE (FY2020-FY2024)

NGF Consulting has created a cash flow model to show the future estimated performance of Bass River and Bayberry Hills golf courses under the assumption of adoption of NGF recommendations and other assumptions noted above. The revenue for each facility is projected separately, with a summary of system-wide expenses and net performance. The key Revenue and expense assumptions that drive the NGF projections are outlined below. This projection was intended to represent a “fair estimate” of expected future performance under generally favorable market and site conditions. Following this expected case estimate, the NGF will provide the town with a separate estimate that considers the impact on Town golf finances if certain assumptions do not materialize (worst case scenario).

Activity and Revenue Assumptions – Bass River GC (FY2020-FY2024)

The projections made for the operation of BRGC through the end of FY2024 assume the facility will have all key NGF-recommended changes in place by April 1, 2020 (last quarter of FY2020). Other key member, rounds and revenue assumptions in the NGF projections:

- Member Activity and Rates** - The NGF projection for member activity and rates at Bass River GC through 2024 is shown below. Membership is assumed to continue a long-term trend of modest decline, with a 10% total reduction in members by 2024 (membership declined 12% since 2016). The average pass fee presented is based on the Town-mandated maximum 5% increase being applied every other year (increase in 2022 and 2024). Membership activity and rates projected by NGF for the next five-years:

Bass River GC Projected Members and Member Rates (FY2020-FY2024)					
No of Passes	FY2020	FY2021	FY2022	FY2023	FY2024
Regular Annual	564	549	534	519	504
Other	292	272	252	232	212
Non-Resident	70	72	74	76	78
Total Passes	926	893	860	827	794
Average Pass Fee					
Regular Annual	\$1,150	\$1,150	\$1,200	\$1,200	\$1,260
Other	\$405	\$405	\$425	\$425	\$445
Non-Resident	\$1,150	\$1,150	\$1,200	\$1,200	\$1,260

- Rounds Played** - The NGF projection for rounds activity at Bass River through 2024 is shown below. Rounds activity is based on historical activity of rounds per member, but with additional daily fee rounds replacing lost members rounds plus some increase for improved marketing. Average rounds per member is based on historical averages that come to approximately 36 total rounds per member per year, across all categories. Rounds projected by NGF for the next five-years:

Bass River GC Projected Rounds (FY2020-FY2024)					
Rounds	FY2020	FY2021	FY2022	FY2023	FY2024
Member	16,700	16,100	15,500	14,900	14,300
Guest	13,000	15,000	17,000	17,500	18,500
Total	29,700	31,100	32,500	32,400	32,800

- NGF has prepared financial projections based on blended average green + cart fees for the various categories of rounds derived from green fee pricing presented earlier. These average rates are then applied to daily fee rounds for the next five years. Average revenue for additional ancillary items such as merchandise, gross food & beverage and other miscellaneous items has been projected and applied to all rounds. Total gross F&B revenue is increased substantially to reflect enhancements from a private operator and increased non-golf F&B patronage. Gross F&B will then be accrued at a factor of 10% to reflect the new F&B concession program recommended by NGF. A summary of average revenues per round for BRGC:

Bass River GC Projected Average Revenue per Round (FY2020-FY2024)					
	FY2020	FY2021	FY2022	FY2023	FY2024
Daily Green Fees (DF Rounds)	\$45.00	\$45.68	\$46.36	\$47.06	\$47.76
Cart Fees	\$10.75	\$10.91	\$11.07	\$11.24	\$11.41
Handicap Fees	\$0.43	\$0.43	\$0.44	\$0.44	\$0.45
Pro Shop	\$3.00	\$3.05	\$3.09	\$3.14	\$3.18
Bass River Restaurant	\$8.75	\$9.63	\$10.59	\$11.65	\$12.81
Misc., other, tax	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01

Activity and Revenue Assumptions – Bayberry Hills GC (FY2020-FY2024)

The projections made for the operation of BBHGC through the end of FY2024 assume the facility will have all key NGF-recommended changes in place by April 1, 2020 (last quarter of FY2020). Other key rounds and revenue assumptions in the NGF projections:

- **Rounds Played** - The NGF projection for rounds activity at Bayberry Hills through 2024 is shown below. Rounds activity is based on historical activity of rounds per member, but with additional daily fee rounds replacing lost members rounds plus a much larger increase in daily fee rounds to reflect the new emphasis and improved marketing. Rounds projected by NGF for the next five-years:

Bayberry Hills GC Projected Rounds (FY2020-FY2024)					
Rounds	FY2020	FY2021	FY2022	FY2023	FY2024
Member	16,700	16,100	15,500	14,900	14,300
Guest	16,000	18,000	20,000	20,500	21,500
Total	32,700	34,100	35,500	35,400	35,800

- Bayberry Hills' projections are also based on blended average green + cart fees derived from green fee pricing presented earlier. Average revenue for additional ancillary items such as merchandise, gross food & beverage and other miscellaneous items has been projected and applied to all rounds. Total gross F&B revenue is also projected to increase based on new operational structure, with a net estimate of 10% (applied later) to reflect F&B income to the Town. A summary of average revenues per round are shown in the table below:

Bayberry Hills GC Projected Average Revenue per Round (FY2020-FY2024)					
	FY2020	FY2021	FY2022	FY2023	FY2024
Daily Green Fees (DF Rounds)	\$50.00	\$50.75	\$51.51	\$52.28	\$53.07
Driving Range	\$2.45	\$2.49	\$2.52	\$2.56	\$2.60
Cart Fees	\$12.75	\$12.94	\$13.14	\$13.33	\$13.53
Handicap Fees	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06
Pro Shop	\$4.00	\$4.06	\$4.12	\$4.18	\$4.25
Bayberry Hills Restaurant	\$6.90	\$7.59	\$8.35	\$9.18	\$10.10
Misc., other, tax	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01

Projected Expense Assumptions – Yarmouth Golf Courses (FY2020-FY2024)

This projection of performance is based on estimates of expenses for the continued operation of Town golf courses under the revised program recommended by NGF. We note that many of the NGF recommendations do not require change in expenses, but rather a re-directing of efforts and energies. The key aspects of NGF recommendations that do result in changes to the expenses at Town golf courses include:

- Removal of all F&B related expenses due to move to third-party concession.
- Addition of about +/- \$50,000 per year in new marketing expense, to be used to hire additional marketing staff or for use in outsourcing key web, social media, data mining, email, and other marketing campaigns.
- The existing debt service is modified into a new long-term debt program in FY2022.

Other Expense Details

Operating expenses projected for Yarmouth golf courses are based on historical patterns of staffing, materials and direct administrative costs. Overall, total operating expenses for Yarmouth golf courses was just over \$3.1 million in FY2019, and includes all direct operating expenses presented in Town financial statements with debt service and cost of sales excluded. The Town has experienced an average annual inflation in expenses of approximately 3.5% since FY2016, an annual increase that has been assumed by NGF to continue through FY2024. The NGF has based our estimates for the defined Yarmouth expense line items on historical patterns established at Town courses, and in keeping with general industry guidelines for golf facilities of this type. Key expense assumptions for future Yarmouth golf expenses include:

- Total **salaries & wages** assume a 3.5% increase for FY2020, and are then reduced by \$45,000 to reflect the ending of F&B personnel expense in the last quarter of FY2020. Beginning in FY2021, a full \$155,000 annual F&B expense is removed from all future personnel expenses.
- **Administration** expenses assume a 3.5% increase for FY2020, and are then increased by \$50,000 per year through 2024 to reflect increased marketing expenses and new POS system.
- **Building & Grounds** expenses assume a 3.5% increase for FY2020, and are then decreased by \$12,500 in FY2020, and then by \$50,000 per year thereafter to reflect a reduction in energy, utilities and credit card processing expenses related to the F&B service that will begin outsource in the 4th quarter of FY2020.

- **Restaurant** expense is projected at \$30,000 for FY2020, then eliminated entirely beginning in the 4th quarter of FY2020.
- **Golf Shop, Range, Cart and Equipment Maintenance** expenses are retained at historic levels, with 3.5% annual inflation.
- Total **Cost of Merchandise Sold** has been set at 65% of total pro shop revenue, an amount consistent with previous experience at Yarmouth golf facilities.
- Total **Debt Service** is presented based on the Town's expectation of \$316,475 in FY2020, \$301,900 in FY2021, \$301,900 in FY2022, \$219,200 in FY2023 and \$213,600 in FY2024, unless the Town issues additional debt to address some of the capital issues identified by NGF in this report.
- The NGF has added a new **Capital Reserve** for replacement line-item to our projections, commencing in FY2022. The capital expense projection assumes an operations reserve contingency expense to account for any possible unforeseen expenses, and / or cover unexpected capital needs. This contingency has been estimated to be five percent (5%) percent of all expenses, excluding cost of goods sold.

Summary of Yarmouth Golf Courses – (FY2020-FY2024)

Using the above-noted assumptions, a cash flow model for the Town of Yarmouth's operation of Bass River and Bayberry Hills for the next five years has been created, along with the actual performance in FY2019 for comparison. Each category of revenue and expense has been listed separately, and presented in the tables on the following pages. All figures have been rounded to the nearest \$100 for simplicity. The primary assumption that drives the NGF Consulting financial projections is that the new golf facility will be operated in similar fashion to other comparable golf facilities operating in the upper-middle-range of public-access golf in this market.

Yarmouth Golf Courses
Summary of Revenue and Expense (FY2020-FY2024)

	Actual FY2019	Projected* FY2020	FY2021	Projected		
				FY2022	FY2023	FY2024
Total Rounds	60,812	62,400	65,200	68,000	67,800	68,600
Revenue						
Green Fees	\$1,386,808	\$1,385,000	\$1,598,600	\$1,818,300	\$1,895,300	\$2,024,600
Golf Resident Pass Fees	635,866	766,900	741,500	747,900	721,400	729,400
Golf Non-Resident Pass Fees	61,214	80,500	82,800	88,800	91,200	98,300
Cart Fees	667,209	736,200	780,600	826,200	836,200	858,700
Handicap Fees	14,475	14,600	15,500	16,400	16,600	17,100
Pro Shop	215,565	219,900	233,100	246,700	249,700	256,400
Capital Surcharge	116,400	0	0	0	0	0
Restaurant	470,070	364,200	55,800	64,000	70,200	78,200
BBHGC Driving Range	76,984	80,100	84,800	89,600	90,700	93,100
Misc. + Other + Tax	569	600	600	700	700	700
Total Revenue	\$3,645,160	\$3,648,000	\$3,593,300	\$3,898,600	\$3,972,000	\$4,156,500
Total Rev/Rnd		\$58.46	\$55.11	\$57.33	\$58.58	\$60.59
Direct Cost of Sales (COS)						
Merchandise	\$131,945	\$140,300	\$151,600	\$160,400	\$162,300	\$166,700
Total COS	\$322,981**	\$280,300**	\$151,600	\$160,400	\$162,300	\$166,700
Gross Margin	\$3,322,179	\$3,367,700	\$3,441,700	\$3,738,200	\$3,809,700	\$3,989,800
Operating Expenses						
Salaries & Wages	\$1,440,521	\$1,446,000	\$1,390,000	\$1,438,700	\$1,489,100	\$1,541,200
Administration	454,071	480,000	535,000	553,700	573,100	593,200
Buildings & Grounds	743,733	757,000	745,000	771,100	798,100	826,000
Benefits	198,700	200,000	207,000	214,200	221,700	229,500
Restaurant	39,599	30,000	31,100	32,200	33,300	34,500
Golf Shop & Range	15,131	18,000	18,600	19,300	20,000	20,700
Cart Lease	97,745	100,000	103,500	107,100	110,800	114,700
Equipment Maintenance	118,262	120,000	124,200	128,500	133,000	137,700
Total Operating Expenses	\$3,107,762	\$3,151,000	\$3,154,400	\$3,264,800	\$3,379,100	\$3,497,500
Operating Income (Loss)	\$214,417	\$216,700	\$287,300	\$473,400	\$430,600	\$492,300
Other Items						
Other Expense Items						
Debt Service	\$293,951	\$316,475	\$301,900	\$301,900	\$219,200	\$213,600
Net After Other Items	(\$79,331)	(\$99,475)	(\$14,600)	\$171,500	\$211,400	\$278,700
Less						
Reserve for Replacement (5%)		\$0	\$0	\$163,200	\$169,000	\$174,900
System Net Income	(\$79,331)	(\$99,475)	(\$14,600)	\$162,300	\$42,400	\$103,800
Gen' Fund Transfer	\$364,000	\$0	\$0	\$0	\$0	\$0
Net after Transfers	\$284,669	(\$99,475)	(\$14,600)	\$8,300	\$42,400	\$103,800

*Projected based on actual FY2020 through August 2019. **Assumes some direct F&B cost of sales in FY2019 and first 3 quarters of FY2020.

Cash Flow Results – Yarmouth Golf Courses (FY2020-FY2024)

The results of the economic projections for Yarmouth golf courses show that with full adoption of NGF recommendations, the total rounds and revenue profile of the facility will change dramatically. The NGF projects the Yarmouth golf courses can return to the high 60,000's in rounds activity, with the mix between member and guest rounds shifting from about 45% guest rounds in FY2019 to about 55% guest rounds by 2022. The change is reflective of several factors, including more aggressive marketing of daily fee rounds (tourists, outings, etc.) along with some adjustment in daily green fees and cart fees.

The estimate of rounds activity presented above shows total gross revenue increasing to about \$3.59 million in FY2021, slightly less than the \$3.645 million in FY2019. This reduction is due to all gross F&B revenue shifting to a private operator. After additional member fee increases in 2022 are implemented, NGF projects revenue to increase to around \$3.9 million and reaching \$4.0 million by FY2023 or FY2024. The NGF is projecting these increases will occur over time, which is common in golf as all impacts of growth will not occur in just one year.

Considering all operating expenses, additional expenses for capital, contingency and debt service, the net income available to the Town of Yarmouth for replenishment of the golf fund is projected to be negative in FY2020 and 2021, but increasing to over \$8,000 by 2022 and nearly \$104,000 in 2024. The large jump in later years is primarily due to new 5% member-fee increases initiated in 2022. **Overall, this represents an estimated annual improvement in net income of nearly \$100,000 (+/-) on Yarmouth golf within three years after implementing NGF recommendations.**

YARMOUTH GOLF PERFORMANCE – SCENARIO 2 (FY2020-FY2024)

NGF Consulting has created a second cash flow model for Town of Yarmouth golf courses under the assumption that recent declines in Yarmouth golf course activity continues, and that business plan changes proposed by NGF are either not successful or not implemented. In light of key challenges facing Yarmouth golf courses and documented in this report, this scenario analysis will show the Town what the system's performance could look like if some (or all) of the following key "worst case" conditions are realized:

- The Barnstable County economic condition worsens, or enters recession.
- One or several peak summer seasons experience poor golf weather.
- Town leaders elect to not undertake key NGF-recommended changes, including enhanced marketing and/or new price changes.
- Yarmouth community golfers are not receptive to NGF recommended changes and seek golf service elsewhere in the County.
- Yarmouth golf facilities decline in condition, leading to further reductions in golf participation at Yarmouth golf courses.
- Inflation in expenses between 2020 and 2024 is higher than projected by NGF.

Activity, Revenue and Expense Assumptions – Scenario 2 (FY2020-FY2024)

Scenario 2 estimates are based on only three key "worst case" changes: (1) resident annual membership declines by 20% over five years (as opposed to 10%) leaving 444 resident members by 2024; (2) non-resident and other member categories fall to only 62 non-resident and 192 other members by 2024; and (3) no new daily fee rounds emerge at Yarmouth courses over the next five years. With only these three "worst case" considerations, the projections show dramatic changes to expected financial performance of Yarmouth golf courses:

Yarmouth Golf Courses
Summary of Revenue and Expense – Scenario 2 (FY2020-FY2024)

	Actual FY2019	Projected* FY2020	FY2021	Projected FY2022	FY2023	FY2024
Total Rounds	60,812	62,400	62,200	61,200	60,200	58,200
Revenue						
Green Fees	\$1,386,808	\$1,385,000	\$1,502,300	\$1,573,600	\$1,646,900	\$1,671,600
Golf Resident Pass Fees	635,866	766,900	722,200	707,700	661,000	644,900
Golf Non-Resident Pass Fees	61,214	80,500	78,200	79,200	76,800	78,100
Cart Fees	667,209	736,200	744,900	743,900	742,800	729,000
Handicap Fees	14,475	14,600	14,800	14,700	14,700	14,300
Pro Shop	215,565	219,900	222,500	222,200	221,900	217,800
Capital Surcharge	116,400	0	0	0	0	0
Restaurant	470,070	364,200	53,200	57,600	62,300	66,300
BBHGC Driving Range	76,984	80,100	81,100	81,000	81,000	79,600
Misc. + Other + Tax	569	600	600	600	600	600
Total Revenue	\$3,645,160	\$3,648,000	\$3,419,800	\$3,480,500	\$3,508,000	\$3,502,200
Total Rev/Rnd		\$58.46	\$54.98	\$56.87	\$58.27	\$60.18
Direct Cost of Sales (COS)						
Merchandise	\$131,945	\$140,300	\$144,700	\$144,400	\$144,200	\$141,500
Total COS	\$322,981**	\$280,300**	\$144,700	\$144,400	\$144,200	\$141,500
Gross Margin	\$3,322,179	\$3,367,700	\$3,275,100	\$3,336,100	\$3,363,800	\$3,360,700
Operating Expenses						
Salaries & Wages	\$1,440,521	\$1,446,000	\$1,390,000	\$1,438,700	\$1,489,100	\$1,541,200
Administration	454,071	480,000	535,000	553,700	573,100	593,200
Buildings & Grounds	743,733	757,000	745,000	771,100	798,100	826,000
Benefits	198,700	200,000	207,000	214,200	221,700	229,500
Restaurant	39,599	30,000	31,100	32,200	33,300	34,500
Golf Shop & Range	15,131	18,000	18,600	19,300	20,000	20,700
Cart Lease	97,745	100,000	103,500	107,100	110,800	114,700
Equipment Maintenance	118,262	120,000	124,200	128,500	133,000	137,700
Total Operating Expenses	\$3,107,762	\$3,151,000	\$3,154,400	\$3,264,800	\$3,379,100	\$3,497,500
Operating Income (Loss)	\$214,417	\$216,700	\$120,700	\$71,300	(\$15,300)	(\$136,800)
Other Items						
Other Expense Items						
Debt Service	\$293,951	\$316,475	\$301,900	\$301,900	\$219,200	\$213,600
Net After Other Items	(\$79,331)	(\$99,475)	(\$181,200)	(\$230,600)	(\$234,500)	(\$350,400)
Less						
Reserve for Replacement (5%)		\$0	\$0	\$0	\$0	\$0
System Net Income	(\$79,331)	(\$99,475)	(\$181,200)	(\$230,600)	(\$234,500)	(\$350,400)
Gen' Fund Transfer	\$364,000	\$0	\$0	\$0	\$0	\$0
Net after Transfers	\$284,669	(\$99,475)	(\$181,200)	(\$230,600)	(\$234,500)	(\$350,400)

*Projected based on actual FY2020 through August 2019. **Assumes some direct F&B cost of sales in FY2019 and first 3 quarters of FY2020.

Summary of Yarmouth Golf Courses –Scenario 2 (FY2020-FY2024)

The table above shows the impact of a vastly reduced membership and inability to generate daily fee rounds, when compared to the same expense structure that was previously projected by NGF. It is expected that if these “worst case” revenue projections were to become reality, the Town might react by reducing expenses, which would in turn lessen the product and service quality, possibly leading to even further losses. In all, the primary difference between the two NGF scenarios is the loss of about \$250,000 in membership revenue and about \$1,280,000 in total green + cart fee revenue over the five-year projection. The result is a significant need to transfer in General Fund support to allow the golf system to meet all its expense obligations.

SUMMARY DISCUSSION –NGF PROJECTIONS

The results of the NGF financial projection analysis show that with the adoption of NGF recommendations on fees, marketing and daily fee/member play balance, the Yarmouth golf courses could improve their net income after all expenses (including the new capital reserve) by approximately \$100,000 after three years. This increased revenue should allow the Town to provide for capital improvement funding that may take the form of new debt service to complete renovations at Bass River GC sometime in the next 2-3 years. The projections developed for this business plan show activity returning to around 68-69,000 total rounds and average revenue per round increasing to over \$57.00 by 2022. Still, even with this projected increase in performance, the Town may find that the new revenues will not be sufficient to cover all on-site expenses and all of the capital cost reduction required to complete needed upgrades and pay back all previous General Fund transfers.

In addition, the review shows there will be strain on the golf fund economics during the period the facility is implementing these changes as the results may not be immediate. However, we do expect that a large part of the projected growth in income will come from 2020 membership fee increases, with additional daily green fee income coming later in the projections (more in 2022-2024). The move to privatize the F&B operations at Town golf courses will not likely produce a large amount of direct new income (NGF projections are basically a wash), but will help to streamline the operation and free up staff to focus more on golf service and maintenance, while at the same time allowing for the possibility of real revenue growth in this area.

Limiting Conditions

The income estimates presented in this business plan have been prepared based on existing and projected market conditions, the quality of the subject facility and the intended segment of the golf market toward which it is oriented. Particular focus was paid to the actual performance of area public golf courses, and the manner in which several municipal golf courses in the Cape Cod area have implemented new fees and programs. The NGF is confident that growth in activity and revenue can be achieved at Yarmouth golf courses after adoption of NGF-recommended changes and other fee modifications. From a practical standpoint, those managing the facilities will need to respond to variable market conditions as well as unforeseen maintenance needs. NGF is confident that the Town golf courses will be able to continue to achieve results as presented in our analysis beyond the next five years of operation.

When projecting a realistic market share, it is important to realize that the total number of rounds to be played on a golf course in any given year may be lower than the market opportunity appears to suggest. NGF believes it is important to measure golf course's potential future activity in such a way as to help the Town make financial decisions based on realistic expectations. It is obviously possible that either more or fewer golf rounds and/or memberships

can be sold. We note that our projections for future performance of the new course anticipate strong market acceptance from the very early stages after renovation.

Summary Statement

The Town of Yarmouth is operating two public golf facilities that exceed national standards for revenue and expense, but have several challenges that prevent optimal performance. In recent years, these courses have lagged behind other regional competitors, producing lower rounds and members when compared to the nearby Towns of Dennis, Brewster and Barnstable. There are many factors that contribute to this recent decline, but some of it may relate to the condition of Town golf facilities, particularly Bass River GC that has significant infrastructure problems that will need to be addressed by the Town. In addition, the NGF has identified several key operational challenges in this Town golf system, including an operating program that is overly beneficial to resident member golfers when compared to other Town golf courses on Cape Cod.

In preparing a new business plan for Town of Yarmouth golf courses, the NGF team was mindful of this operational challenge but also mindful of the important role these resident members play in supporting Bass River and Bayberry Hills GC's. As a result, the NGF has recommended only modest changes to the operating program, and providing a detailed plan to help the Town reduce its reliance on resident members and attract a greater share of the large volume of seasonal / tourist golfers who migrate to Cape Cod each year. The new plan will help the Town strike an improved balance between the core membership and other visiting golfers seeking a single round of golf at a high-quality facility on Cape Cod during their vacation, and willing to pay top-dollar for that round. The NGF plan has also documented the need for repairs to aging golf course infrastructure, some of which are critical improvements to Bass River irrigation and drainage.

In summary, the NGF consultants find that the Town's golf system has great potential to improve its net income performance and continue to provide affordable public golf for Town of Yarmouth residents. Bayberry Hills is well-located and offers a championship layout that is popular with golfers and has been a host site for important golf events. Bass River is a beautiful river-side golf course with rich history and famous-name designer, but has some improvement needs. In review of this golf system, the NGF's most significant recommendations to the Town of Yarmouth include:

1. Move forward and implement proposed member pricing changes and plan for additional 5% increases every two years.
2. Create a plan to outsource the food and beverage concession at both courses to an independent private operator.
3. Manage golf rounds inventory to allow for more non-member guest play, especially in peak summer season.
4. Modify golf cart policy to lessen mandatory carts and increased fees for members.
5. Give the Town Director of Golf full authority to manage golf courses.
6. Create a plan to fund needed capital improvements, especially "mission critical" infrastructure upgrades at Bass River GC.
7. Improve marketing efforts with focus on attracting daily fee, visitor, hotel and tournament/outing play through an enhanced budget and improvements in technology (new POS, website, email, data, etc.).

Appendices

A: Demographic, Golf Demand and Golf Supply Data

B: National Rounds Played Report

C: Organizational Chart

D: Area Golf Cart Discounts

E: POS System Brands

APPENDIX A - LOCAL DEMOGRAPHIC, DEMAND AND SUPPLY DATA

Mid-point between Bayberry Hills and Bass River GCs	5-mile ring	10-mile ring	Barnstable County	2019 U.S.
Summary Demographics				
Population 1990 Census	41,252	83,526	186,609	248,584,652
Population 2000 Census	48,314	97,292	222,230	281,399,034
CAGR 1990-2000	1.59%	1.54%	1.76%	1.25%
Population 2010 Census	44,967	92,194	215,888	308,745,538
CAGR 2000-2010	-0.72%	-0.54%	-0.29%	0.93%
Population Estimate 2018	44,306	90,507	213,313	326,955,948
Population 2023 Projected	44,222	90,038	211,726	338,366,389
CAGR 2018-2023	-0.04%	-0.10%	-0.15%	0.69%
CAGR 2010-2023	-0.13%	-0.18%	-0.15%	0.71%
Median HH Income (2018)	\$60,469	\$66,096	\$71,172	\$60,523
Median Age (2018)	55.0	53.9	52.9	38.2
Ethnicity				
White	89.8%	90.0%	91.7%	70.1%
African American	4.5%	4.2%	3.2%	13.4%
Asian	1.5%	1.6%	1.6%	5.8%
All Other	4.2%	4.2%	3.5%	10.7%
Hispanic Population				
Hispanic	4.0%	3.9%	3.1%	17.6%
Not Hispanic	96.0%	96.1%	96.9%	82.4%
CAGR = Compound Annual Growth Rate				
Mid-point between Bayberry Hills and Bass River GCs	5-mile ring	10-mile ring	Barnstable County	U.S.
Golf Demand Indicators				
Total Households	21,419	42,447	98,325	125,541,798
Number of Golfing Households	3,968	7,827	18,362	17,484,590
Projected Golfing Households (2023)	4,133	8,190	19,191	18,258,060
Projected Annual Growth Rate	0.80%	0.90%	0.90%	0.90%
Seasonal Golfing Households	2,329	4,368	9,728	748,477
Latent Demand/Interested Non-Golfers	6,724	13,915	32,188	47,425,600
Household Participation Rate	18.50%	18.40%	18.70%	13.90%
Number of Golfers	5,177	10,607	25,941	24,241,030
Rounds Potential (resident golfers)	235,587	442,102	1,000,891	434,080,100
Estimated Course Rounds (in-market supply)	247,094	416,476	1,171,642	434,084,100
Demand Indices				
Golfing Household Participation Rate	133	132	134	100
Seasonal Golfing Households	1,824	1,727	1,660	100
Latent Demand/Interested Non-Golfers	107	107	104	100
Rounds Potential per Household (resident golfers)	318	301	294	100

Mid-point between Bayberry Hills and Bass River GCs	5-mile ring	10-mile ring	Barnstable County	U.S.
Golf Supply				
<i>Golf Facilities</i>				
Total	7	13	39	14,604
Public	5	9	23	10,896
Public: Daily Fee	1	3	11	8,377
Public: Municipal	4	6	12	2,519
Private	2	4	16	3,708
<i>Public Golf Facilities by Price Point</i>				
Premium (>\$70)	5	7	13	1,428
Standard (\$40-\$70)	0	1	7	4,081
Value (<\$40)	0	1	3	5,387
<i>Golf Holes</i>				
Total	135	234	702	247,815
Public	99	162	405	179,760
Public: Daily Fee	18	45	171	137,760
Public: Municipal	81	117	234	42,000
Private	36	72	297	68,055
Non-Regulation (Executive & Par-3)	36	63	117	19,872
<i>Net Change*</i>				
Net Change in Holes past 5 years	0	0	0	-14,346
Percentage Total Holes Past 5 Yrs	0.00%	0.00%	0.00%	-5.50%
Net Change in Holes past 10 Years	0	0	-9	-21,888
Percentage Total Holes Past 10 Yrs	0.00%	0.00%	-1.30%	-8.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.				

Mid-point between Bayberry Hills and Bass River GCs	5-mile ring	10-mile ring	Barnstable County	U.S.
Supply-Demand Ratios				
<i>Households per 18 Holes</i>				
Total	2,856	3,265	2,521	9,119
Public	3,894	4,716	4,370	12,571
Public: Daily Fee	21,419	16,979	10,350	16,404
Public: Municipal	4,760	6,530	7,563	53,804
Private	10,710	10,612	5,959	33,205
Premium (>\$70)	3,894	5,660	6,555	72,630
Standard (\$40-\$70)	0	42,447	16,388	28,779
Value (<\$40)	0	0	65,550	32,225
<i>Golfing Households per 18 Holes</i>				
Total	529	602	471	1,270
Public	721	870	816	1,751
Public: Daily Fee	3,968	3,131	1,933	2,285
Public: Municipal	882	1,204	1,412	7,493
Private	1,984	1,957	1,113	4,625
Premium (>\$70)	721	1,044	1,224	10,115
Standard (\$40-\$70)	0	7,827	3,060	4,008
Value (<\$40)	0	0	12,241	4,488
<i>Household Indices</i>				
Total	32	36	28	100
Public	31	38	35	100
Private	33	32	18	100
Premium (>\$70)	5	8	9	100
Standard (\$40-\$70)	0	147	57	100
Value (<\$40)	0	273	211	100
<i>Golfing Household Indices</i>				
Total	42	48	37	100
Public	42	50	47	100
Private	43	43	24	100
Premium (>\$70)	7	10	12	100
Standard (\$40-\$70)	0	195	76	100
Value (<\$40)	0	362	283	100
<i>Rounds per 18 Holes</i>				
Rounds Potential (resident golfers)	31,412	34,008	25,664	31,530
Estimated Course Rounds (in-market supply)	32,946	32,037	30,042	31,530

APPENDIX B – NATIONAL ROUNDS PLAYED REPORT





National Golf Rounds Played Report

Page 2 of 3

AUGUST 2019

PACIFIC AUG 0.4% YTD -2.7%

CA	-0.8%	-4.8%
Los Angeles	2.6%	-2.8%
Orange County	-1.8%	-7.1%
Palm Springs	3.7%	2.2%
Sacramento	-1.9%	-7.0%
San Diego	1.2%	-2.1%
San Francisco/Oakland	1.1%	-6.4%
HI	21.9%	1.9%
OR	1.0%	1.2%
Portland	-1.0%	2.3%
WA	1.0%	2.2%
Seattle	1.1%	4.4%

MOUNTAIN	-0.4%	-1.5%
AZ	1.8%	1.1%
Phoenix	2.2%	1.4%
CO	2.3%	-2.2%
Denver	3.3%	-3.0%
ID, WY, MT, UT	-3.1%	-2.7%
NM	-1.4%	-4.2%
NV	4.2%	-1.6%
Las Vegas	6.2%	-4.9%

WEST NORTH CENTRAL	3.4%	0.8%
KS, NE	2.8%	-0.3%
ND, SD	6.4%	7.3%
MN	1.6%	1.6%
Minneapolis/St. Paul	4.8%	4.7%
IA, MO	4.4%	-0.5%
St Louis	-0.3%	-2.0%
Kansas City	-5.7%	-3.4%

	AUG	YTD
UNITED STATES	3.5%	0.0%
PUBLIC ACCESS	2.9%	-0.2%
PRIVATE	6.2%	1.1%

EAST NORTH CENTRAL	7.1%	1.6%
IL	5.6%	-0.6%
Chicago	2.8%	-1.4%
IN	12.7%	5.0%
MI	7.5%	1.4%
Detroit	6.6%	1.9%
OH	5.2%	3.2%
Cincinnati	6.2%	-1.1%
Cleveland	1.7%	0.9%
WI	7.7%	-0.6%

SOUTH CENTRAL	-3.3%	-4.7%
AL	-4.7%	-5.4%
AR, LA, MS	-6.4%	-9.6%
KY	-3.1%	-5.5%
OK	-1.1%	-6.6%
TN	4.2%	3.6%
TX	-4.9%	-4.2%
Dallas/Ft. Worth	-2.1%	-3.6%
Houston	-7.3%	-4.2%
San Antonio	-2.0%	1.5%

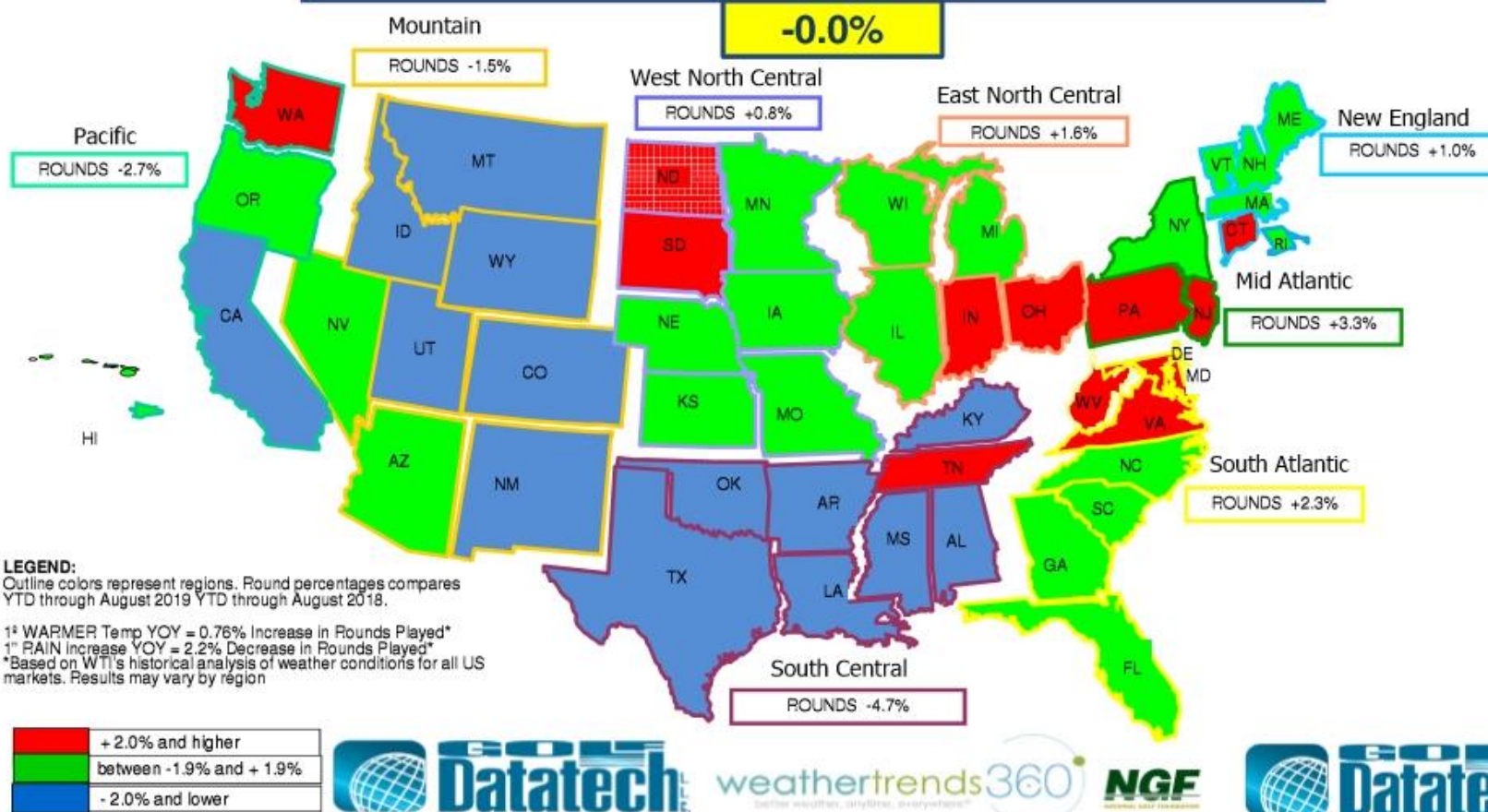
SOUTH ATLANTIC	AUG 0.3%	YTD 2.3%
DE, DC, MD	6.9%	10.7%
Washington/Baltimore	7.2%	13.1%
FL	-8.9%	0.8%
Jacksonville	-6.4%	2.1%
Orlando	-4.4%	4.1%
Tampa	-11.4%	-1.1%
Palm Beach	-14.1%	2.4%
Naples/Ft Myers	-5.7%	0.5%
Miami/Ft. Lauderdale	-3.6%	2.1%
GA	3.7%	1.8%
Atlanta	1.6%	2.2%
NC	4.3%	-0.1%
Greensboro/Raleigh	5.6%	3.9%
SC	-4.2%	-0.5%
Charleston	-6.4%	1.8%
Hilton Head	-5.9%	1.6%
Myrtle Beach	3.3%	0.8%
VA, WV	9.2%	10.4%

MID ATLANTIC	11.6%	3.3%
NJ	18.1%	10.4%
NY	10.2%	-0.2%
New York City	19.7%	6.4%
PA	10.2%	3.9%
Philadelphia	7.7%	5.8%
Pittsburgh	6.0%	6.2%

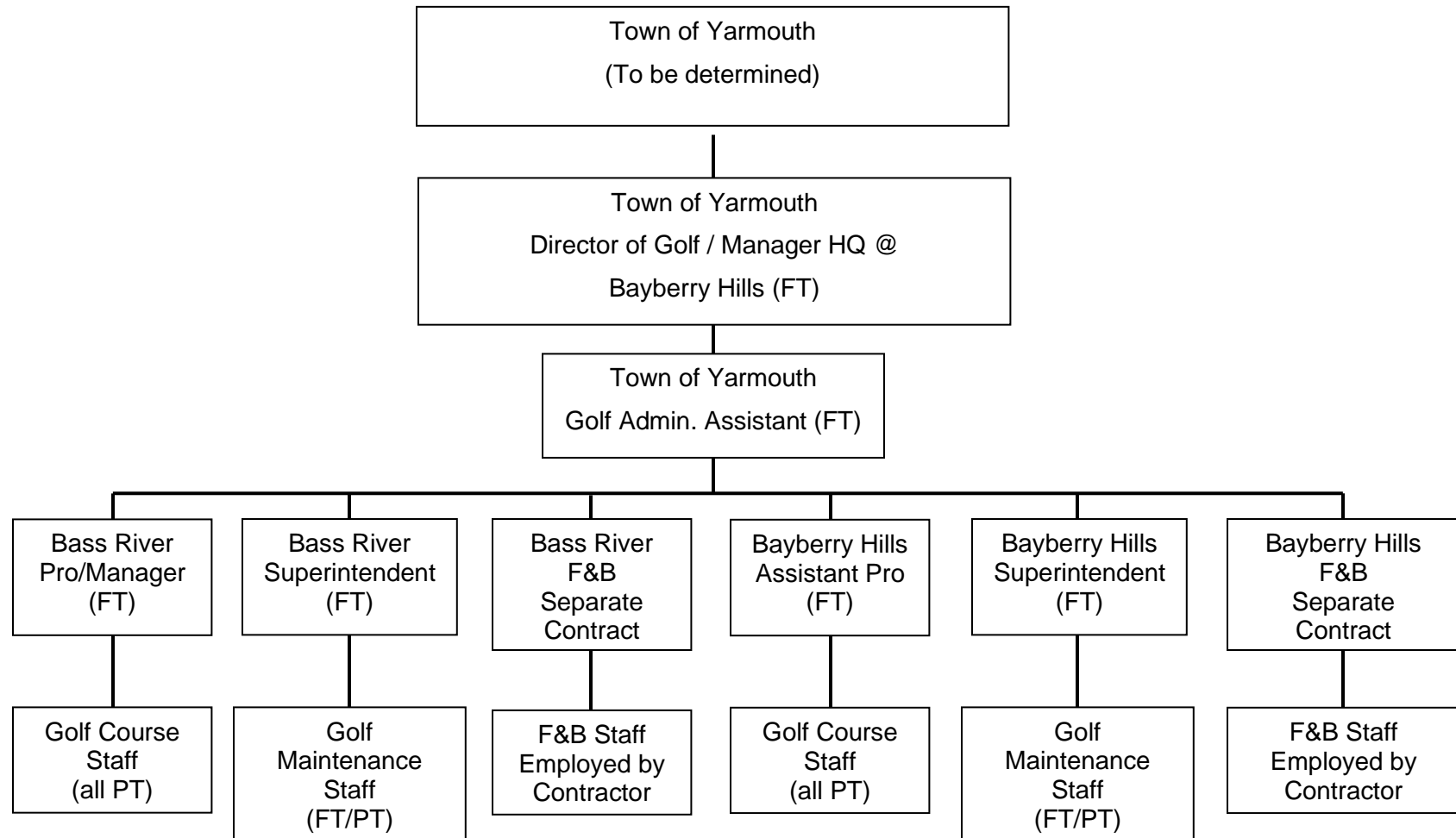
NEW ENGLAND	8.5%	1.0%
CT	8.4%	5.4%
MA, RI	9.8%	-0.4%
Boston	6.9%	-1.8%
ME, NH, VT	6.5%	0.7%

The percentages represent the differences in number of rounds played comparing August 2019 to August 2018
For more information contact Golf Datatech, golfroundsplayed@golfdatatech.com or call 407-944-4116

US YEAR-TO-DATE RESULTS 2019



APPENDIX C – ORGANIZATIONAL CHART



APPENDIX D – AREA GOLF CART DISCOUNTS

<u>Member & Non-Member Golf Cart Rates & Percentage Discount</u>			
<u>Town of Yarmouth</u>	<u>Members</u>	<u>Non-Members</u>	<u>% Discount</u>
18-Holes	\$14.00	\$22.00	36%
9-Holes	\$8.50	\$14.00	39%
<u>Town of Dennis</u>	<u>Members</u>	<u>Non-Members</u>	<u>% Discount</u>
18-Holes	\$14.00	\$20.00	30%
9-Holes	\$9.00	\$14.00	36%
<u>Town of Brewster</u>	<u>Members</u>	<u>Non-Members</u>	<u>% Discount</u>
18-Holes	\$16.00	\$21.00	24%
9-Holes	\$9.00	\$13.00	31%
<u>Town of Harwich</u>	<u>Members</u>	<u>Non-Members</u>	<u>% Discount</u>
18-Holes	\$20.00	\$22.00	9%
9-Holes	\$11.00	\$12.00	8%
<u>Town of Barnstable - HGC</u>	<u>Members</u>	<u>Non-Members</u>	<u>% Discount</u>
18-Holes	\$17.00	\$22.00	23%
9-Holes	\$9.00	\$12.00	25%
<u>Town of Barnstable - OBF</u>	<u>Members</u>	<u>Non-Members</u>	<u>% Discount</u>
18-Holes	\$18.00	\$22.00	18%
9-Holes	\$10.00	\$12.00	17%
<u>Town of Sandwich</u>	<u>Members</u>	<u>Non-Members</u>	<u>% Discount</u>
18-Holes	\$20.00	\$20.00	0%
9-Holes	\$10.00	\$10.00	0%
Average 18-Hole Discount¹			21%
Average 9-Hole Discount¹			23%
¹ Excluding the Town of Yarmouth courses & Sandwich Hollows GC			

APPENDIX E – POS SYSTEM BRANDS

Overview of Several POS Systems

1) Teesnap

- Contract: None
- Who provides equipment: Vendor (2 I-pads supplied to each course)
- Setup Fee: No
- Credit Card Processing: Flat fee
- Automated Tee Sheet included: Yes
- Other Key Features: POS included with features for marketing with tee sheet

2) Chronogolf

- Contract: None
- Who provides equipment: Customer
- Setup Fee: No
- Credit Card Processing: Through their processor
- Automated Tee Sheet included: No
- Other Key Features: POS included with features for marketing with tee sheet

3) ForeUp

- Contract: None
- Who provides equipment: Customer
- Setup Fee: Yes
- Credit Card Processing: Worldpay and ETS
- Automated Tee Sheet included: Yes
- Other Key Features: POS included with features for marketing with tee sheet

4) EZLinks

- Contract: None
- Who provides equipment: Customer
- Setup Fee: Yes
- Credit Card Processing: BluePay ETS
- Automated Tee Sheet included: Yes
- Other Key Features: POS included with features for marketing with tee sheet

This list of vendors is only a small portion of the potential POS options available.