

Glendoveer Golf Course Operating Contract

Improve financial planning to achieve desired outcomes

Background

Glendoveer Golf and Tennis is a Metro-owned facility with several kinds of public recreation. The facility includes two 18-hole golf courses and four indoor tennis courts. Located in East Portland, the 242-acre property also includes a fitness trail and restaurant.

Metro took over Glendoveer from Multnomah County in 1994. As the lease was expiring in 2012 with Glisan Street Recreation, Metro issued a request for bids for a new operating agreement to manage the golf and tennis center. CourseCo won the bid and took over operations at the end of 2012. The current operating agreement is set to expire on December 31st, 2017, but can be extended for up to six years.

Key findings

- Financial goals partially achieved. Financial objectives were partially met during the first three years of the agreement. The agreement outlined two primary financial goals. First, generate enough revenue to cover operating expenses; second, generate enough net income to allow for continued capital improvements. Enough revenue was generated to cover operating costs, but that revenue was less than what was spent on capital improvements. This may have been expected due to a backlog of maintenance and other investments.
- Improved financial planning needed to guide future investments. Looking five-to-ten years in the future, forecasting revenue and expenditures under different future scenarios and establishing more specific financial goals would help guide long-term planning for Glendoveer.
- Opportunities exist to increase net revenue. These approaches could help; create incentives for efficient operations, assess the cost of the point of sale system and develop controls to better monitor complimentary rounds of golf.
- Several environmental sustainability goals accomplished, but one remains. These goals were mostly met, but additional work was needed to fully achieve them. It wasn't clear what work remained for Glendoveer to be certified as a SalmonSafe golf course.
- Most community goals met, but some issues remain. More information about the quality of the tennis program was needed. Clarifying expectations about background checks and addressing data security concerns were other areas of work remaining.

Recommendations

To improve financial planning for Glendoveer Golf and Tennis, Metro should:

1. Forecast revenues, expenses and capital investments five-to-ten years in the future.
2. Improve controls for capital project planning by:
 - a. increasing the accuracy of project cost estimates,
 - b. developing an accurate asset list for the facility, and
 - c. establishing maintenance levels for each asset.

To meet the objectives of the operating agreement Metro should work with the operator to:

3. Establish an annual target for net income and contributions to capital improvements.
4. Renegotiate the incentive fee to encourage efficient operations.
5. Assess the cost of the point of sale system.
6. Improve controls for complimentary rounds of golf.
7. Clarify expectations regarding SalmonSafe certification.
8. Collect customer service information about tennis.
9. Clarify expectations for background checks and drug testing.
10. Ensure information technology systems meet security requirements.