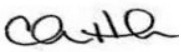




INFORMATION REPORT

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	September 19, 2024
SUBJECT/REPORT NO:	Municipal Golf Course Update (HSC24002) (Wards 1 and 4) (Outstanding Business List Item)
WARD(S) AFFECTED:	Wards 1 and 4
PREPARED BY:	Romas Keliacius (905) 546-2424 Ext. 4722
SUBMITTED BY:	Chris Herstek Director, Recreation Division Healthy and Safe Communities Department
SIGNATURE:	

COUNCIL DIRECTION

Emergency & Community Services Committee at its meeting March 23, 2023, approved the following:

That staff be directed to report back to the Emergency and Community Services Committee by Q1 2024 with the following information for the purpose of determining and ensuring that the Chedoke Golf Course lands serve the public interest in the best possible way:

- (i) An overview of the Golf Course Business Plan, including identified deliverables, outcomes achieved, and the Performance Analysis conducted in 2010 and 2015;
- (ii) For each of the three municipal golf courses:
 - (a) A financial review of operating revenues, expenditures and required capital investments;
 - (b) The number of rounds played, the percent of capacity and the number of unique golfers being served at each course over the past 15 seasons and the net operating budget for each season;

- (c) The existing environmental management of the golf courses including average volume of water and fertilizer/pesticides used per season;
- (iii) Emerging trends with the municipal golf industry including rates of play; and
- (iv) An overview of current and projected parkland needs, based on the City's Parks Master Plan, including City policies and targets as defined in the Parks Master Plan, Urban Forest Strategy, and Climate Action Strategy.

This Information Report has been informed by discussions with various departments associated with the elements in the motion. The following staff were engaged in the development of the report and provided supporting information in the specified areas.

Public Works

- Landscape Architectural Services – Parks Master Plan
- Corporate Facilities and Energy Management – Capital Infrastructure and Building Condition Assessments
- Forestry and Horticulture - Urban Forest Strategy
- Parks and Cemeteries – Parks Master Plan
- Hamilton Water - Watershed Action Plan

Planning and Economic Development

- Climate Change Administration - Climate Action Strategy
- Sustainable Communities - Biodiversity Action Plan

Corporate Services

- Legal Services – Property History and Agreements
- Real Estate – Title Searches associated with our courses
- Finance – Annual budget information

In addition to the involvement by City staff, Recreation staff engaged a consultant to provide information on emerging trends in golf. GGA Partners were engaged through procurement approval to provide detailed golf trends analysis. GGA Partners were utilized in previous reports and have the historical understanding of the City of Hamilton municipal inventory.

INFORMATION

Introduction:

The City owns and operates three 18-hole municipal golf courses at two locations – Chedoke Civic Golf Course and King's Forest Municipal Golf Course. Chedoke Civic Golf Course is home to two 18-hole public golf courses, the Beddoe and the Martin. Golf has been played at these courses since 1896, first as the Hamilton Golf

Club and then later renamed Chedoke Civic Golf Course in 1924, making this year the 100th anniversary. Chedoke Civic Golf Course was Canada's first 36-hole municipal golf facility.

King's Forest Municipal Golf Course opened for play in the fall of 1973 and is one of the premier public golf facilities in the country and was recognized in the summer 2013 issue of SCOREGolf Magazine being named the best municipal golf course in Canada. Since then, it has repeatedly made the list of the Best Public Golf Courses in Canada.

Both golf course properties fall under the jurisdiction of the Niagara Escarpment Commission (NEC) Development Control Area. As such, the City of Hamilton's Zoning By-law does not apply and all development/changes to land use on the subject lands must obtain approvals via the Niagara Escarpment Commission.

Within Hamilton Zoning By-law 6593, Chedoke is zoned Agriculture "A" District and King's Forest contains multiple zoning categories within Hamilton Zoning By-law 6593:

- Agriculture (A);
- Suburban Agriculture and Residential, Etc. (B); and
- Urban Protected Residential, Etc. (C).

(i) An overview of the Golf Course Business Plan, including identified deliverables, outcomes achieved, and the Performance Analysis conducted in 2010 and 2015;

Summarized below are the reports that outline the golf course business plans including identified deliverables. Appendix "A" to Report HSC24002 provides a fulsome review of all Committee reports pertaining to the golf courses and a table summarizing the recommendations and completed outcomes.

2006 - Golf Courses/Winter Sports Park Request for Proposals (RFP) Process (Report CS05008(a))

The report led to the approval and adoption by Council to have the Internal Bid Team manage and operate the Golf Courses from 2007 to 2016. The following were the core deliverables of the Internal Bid Team's Proposal:

- Manage capital expenditures - Identified \$12.7 M (2006) in potential capital investments that could be focused on clubhouse and irrigation during the 10-year period.
- The financing of the Capital expenditures would be funded entirely from the operations of the courses, and as such was projected to have no forecasted impact on the Net Tax Levy.

- Increase memberships – Target a 39% increase in golf user fees over the 10-year period of the proposal. The report projected a rate increases over the initial four years totaling 20%, or 5% annually, followed by inflationary increases thereafter.
- Improve Fees – The report forecasted that total revenues would increase by approximately 5% annually over the 10-year proposal. The forecasted increase in revenues was predicated on a combination of increases in user fees, and changes in participation in green fees and memberships.
- Review operations:
 - Suggested consolidation of the administration, maintenance, pro shop, and food and beverage services under one functional area.
 - Recommended a shortened advance booking time for the membership, thereby increasing the opportunity for advanced booking for pay-as-you-play rounds.

2010 Hamilton Civic Golf Course Rates & Fees Schedule (Report CS10017)

This report recommended fee increases to both memberships and green fees. Given the value and reasonable cost of the existing fees, the increase was deemed to be fair and aimed to retain the golf operations as a competitive player competitive within the marketplace.

2010 - Management and Operation of the City Golf Courses Business Plan Update (Report CS10061)

Report CS10017 directed staff to provide an overview of the golf performance since implementing the new business model. The report outlined that a consultant was commissioned to undertake the analysis and that key findings and recommendations would be brought back to Committee.

2015 - Golf Courses - Golf Course Business Plan Update (Report PW15053)

The purpose of this report was to provide Council with an update on the financial performance of the municipal golf courses in the ninth year of a ten-year business plan. A consultant was used to undertake an analysis of the City's two golf facilities comparing actual performance to projections contained within the staff's business model.

The Golf Course industry globally was in a downturn from 2008 to 2015. Unforeseen events impacted the golf courses such as the 2009 harmonized sales tax, where golf was not exempt. With the downturn within the golf industry, golf operations were unable to meet the proposed 39% increase in memberships, and 25% in green fees over the past eight years. Without the increases in memberships and green fees, golf operations were unable to fund the capital needs of the three golf courses. As a result, clubhouse renovations, practice facilities and course irrigation projects were unfunded and either

deferred or abandoned. Approximately \$1.3 M in Golf Course Capital Reserves were reinvested in the upgrades to the golf courses during this period. Extending the original business plan for an additional five years allowed staff to explore various alternatives and opportunities to generate new revenues for capital reinvestments to the golf courses.

The opportunity of undertaking a golf user fee market study, allowed golf operations to focus on identifying market needs, target market segments, produce attractive and satisfying offerings, and win local customers.

The consultant's report focused on how to optimize golf operations and provided a high-level review of other strategic directions. The consultants highlighted the opportunity to re-purpose a portion of the land at the Chedoke facility producing new revenue streams – through the sale and/or lease of property – while lowering operating costs by reducing the footprint of a facility. The report identified five potential options:

- Option One: Sell a portion of the Chedoke lands for a use acceptable to Council – preferably a use that is compatible with a golf facility adjacency.
- Option Two: Lease a portion of the Chedoke lands for a use acceptable to Council – preferably a use that is compatible with a golf facility adjacency.
- Option Three: Re-purpose a portion of the land to accommodate a golf practice facility.
- Option Four: Create a relationship with an outside partner for the operation of the catering and hospitality services.
- Option Five: Develop a private, public, partnership to attract private capital to the facility – either the entire operation or a defined portion such as the clubhouse.

The staff recommendations at the time of the report included the following elements:

- That the current Golf Course Business Plan, currently in the ninth of ten years, be extended for an additional five years.
- That staff be directed to explore various opportunities for public-private partnerships and new development, to generate new revenues for the purpose of capital reinvestment in the existing golf courses and that staff report back with its results at a future date.
- That staff be directed to develop a marketing strategy and a new fee structure for Season Passes & Green Fees for the 2016 golf season, to maximize rounds and increase revenues and report back as part of the 2016 Budget Process.

Council approved the report and recommendations extending the business plan until the end of the 2021 golf season.

Outcomes Since Recreation Division Assumed Operations in 2019

Since the Recreation Division assumed control of golf operations, staff have implemented many improvements to increase utilization and accessibility of the golf courses. Table 1 – New Golf Initiatives (since 2019) attached as Appendix “F” to Report HSC24002 summarizes these initiatives.

(ii) For each of the three municipal golf courses:

(a) A financial review of operating revenues, expenditures and required capital investments;

Financial Review

The actual golf operating revenue and expenses for 2009 to 2023 can be found in Appendix “B” to Report HSC24002. The golf course operation is intended to be self-sustaining and is mandated to cover all direct operating expenses through revenues generated. As of Year-end December 31, 2018, the Golf Improvement Reserve account #104060 was recorded at a zero balance and any surplus generated was contributed back to the overall net levy. Since the Recreation Division assumed control in 2019 the revenue has increased by 58% while only increasing expenses 36%. The surpluses generated in that same period equate to \$474 K which help offset the overall net levy. This growth is illustrated in Chart 1, page 2 attached as Appendix “B” to Report HSC24002.

The 2023 operating expenses are illustrated in Chart 2, page 3 attached as Appendix “B” to Report HSC24002. Like many units in the City, a large portion of the operating expenses can be attributed to employee related costs (45% in 2023). The golf courses have a total peak headcount of 65 equal to 27.93 budgeted Full-time Equivalency (FTE).

Required Capital Investments

Like most City operations, capital investments are not funded from operations. The golf courses have both above-ground and in-ground assets that require investment. For above-ground assets, Table 2 summarize the investments required over the next 10 years. Table 2 – Required Investment for Above Ground Assets attached as Appendix “F” to Report HSC24002. Recently presented within the 2024 Corporate Asset Management Plan, the total replacement costs for Golf Facilities, adjusted to 2024 figures, is \$17 M.

Staff have identified deficiencies in Building Condition Assessment (BCA) process where we only prioritize above ground building structures and not our in-ground equipment such as irrigation pipes. For golf courses, a major component related to sustainable operation is the irrigation system. This gap in data has been addressed and will appear in future building condition assessments.

Report HSC23055, Accessibility of City Operated Recreation Facilities, provides a summary of the overall accessibility of City recreation facilities including further information on the Act compliance, barrier free washrooms, and planned capital improvements. Both golf courses have a “medium” accessibility ranking indicating that there is room for improvement which would also require additional capital funds.

(b) The number of rounds played, the percent of capacity and the number of unique golfers being served at each course over the past fifteen seasons and the net operating budget for each season;

Appendix “C” to Report HSC24002 shows the rounds played by course from 2009 to 2023. It compares the rounds played to the capacity of each course and the net operating budget for each year.

When looking to estimate the total capacity for a course in the Hamilton area, assumptions were made in the following areas: Temperature, precipitation, industry standard tee times per hour of 6.7 (9-minute intervals), industry average of 3.2 golfers per tee time, defined golf season of April to October given the Ontario climate and all courses are open and able to be played on golfing days. Based on these metrics, 38,400 rounds are estimated as the realistic capacity for golf courses in the market. Based on 2023 levels of usage, King’s Forest is approaching capacity, and is likely already reaching full capacity during high demand periods throughout the peak playing season (i.e., weekends, mornings).

Total paid rounds (green fee revenue and flex pass revenue) have increased by 22,000 rounds across all the courses since 2017, up to 62,400 paid rounds played in 2023. Paid rounds have increased most significantly at the Beddoe course (12,400 up to 22,300) and the Martin course (12,500 up to 21,000).

Since golf operations were transferred back to the Recreation Division, some trends of note in rounds played and capacity include:

- Rounds played increased 65%
- Steadily increasing percent of capacity from 47% (2018) to 78% (2023)

Unique Golfers

Staff were asked to identify unique golf visits; however, historic booking systems did not collect unique identifiers for a single round of play. Only season pass holders can be analysed in terms of unique golfers. In addition, in 2019 the golf management operating system changed limiting new data requests to only our current system. Since this is a metric that wasn’t analysed in the past, only the last four years have completed usable data and can be seen in Table 3. Table 3 - Unique Bookings attached as Appendix “F” to Report HSC24002.

Unique bookings represent season pass holder and repeat users. Table 3 illustrates that over the past four years there has been a decreasing trend in these unique users with a total of a 35% decline. The decline in unique users coupled with the increased total rounds indicates that the golf courses have more repeat players and are building a solid member base which provides stability in revenue and utilization.

(c) The existing environmental management of the golf courses including average volume of water and fertilizer/pesticides used per season;

Both golf courses have Integrated Pest Management Accreditation. Integrated Pest Management is a legislated process that uses all necessary techniques to suppress pests effectively, economically and in an environmentally sound manner. Integrated Pest Management involves planning and managing ecosystems to prevent organisms from becoming pests. This requires identifying potential pest problems through monitoring and recording weather and pest population levels and establishing thresholds to make treatment decisions to reduce pest populations to acceptable levels. The Integrated Pest Management Council of Canada believes that science has shown Integrated Pest Management ensures environmental sustainability and minimizes the requirement for using pesticides.

The City of Hamilton golf courses, wherever and whenever possible, try to use cultural practices and monitoring thresholds to avoid treating in a preventable manner. Staff take more of a curative approach when applying pesticides. Only when thresholds are exceeding tolerances do they then apply. Staff use water management practices, fertilization - a higher nitrogen to help fight against the disease, and deep tine aeration. This has been a more environmentally friendly approach and we will continue to do so moving forward.

The pesticides and volume used for each golf course can be found in Appendix "D" to Report HSC24002 and water consumption from 2018-2022 can be found in Table 4. Table 4 – Water Consumption 2018 – 2022 attached as Appendix "F" to Report HSC24002.

Water consumption at golf courses is influenced by factors such as course size, climate, irrigation practices, turfgrass types and maintenance routines. In 2022, Chedoke saw a significant increase in water consumption. The volume of water recorded, and the expenditures associated with the water consumption in 2022 are not typical of the operating costs. Upon further review, the increased consumption and expenditures were a result of faulty pipes. The source of the issue was mitigated by capping the water source and has been resolved as a short-term solution. This situation underscores the fact that our irrigation systems are aging, and this further highlights the need of capital investment on the in-ground infrastructure at our City golf courses.

Continued review of fertilizer, pesticide and water use in addition to other initiatives such as the transformation of fleet vehicles/equipment and golf carts to greener options, will be essential to meet the actions of the Watershed Action Plan, Climate Action Plan and Biodiversity Action Plan.

(iii) Emerging trends with the municipal golf industry including rates of play;

GGA Partners

To address the emerging trends in municipal golf, Staff engaged GGA Partners, the golf advisory firm that had previously done the market analysis to provide a fulsome overview of the municipal golf environment and trends in rate of play. The summary report can be found in Appendix “E” to Report HSC24002. Overall, the demographic outlook remains favourable for sustained demand. Population and income levels for the driveable market radials surrounding the City courses have slightly outperformed the national trend over the past five years, and the projections for the next five years remain attractive. Overall, the data suggests that future customer demand for the City courses will continue to attract new golfer customers.

Municipal Golf Operators

The City of Hamilton is part of a recently established working group of Municipal golf operators including Brantford, Burlington, Kitchener, London, Mississauga, and Toronto. The purpose of this group is to share best practices on effective operation. Early stages of discussion have already highlighted that there are several different operating models and that many municipally operated golf courses are experiencing challenges in funding increasing capital costs. Table 5 illustrates some of the high-level operating models in other municipalities. Table 5 – Municipal Operating Models attached as Appendix “F” to Report HSC24002

Recreation Master Plan Trends on Municipal Golf

The Recreation Master Plan, completed in 2022, provided some golf trends as well.

- Although often associated with older adults, golf is a sport played by people of all ages, offering exercise and social interaction. However, the time commitment and cost of lessons and green fees can be a barrier for many.
- After years of minimal growth in participation, participation in golf increased in 2020 and 2021, fuelled largely by the pandemic (despite occasional course closures). The golf industry cannot say whether this increased demand will continue; however, there is always concern during recessionary times.
- The City’s junior golf programs provide youth with opportunities to meet new friends, enjoy the health benefits of physical exercise, learn to manage their emotions, set personal goals, improve their concentration, learn valuable communication skills all while having fun outdoors.
- The City recently began offering expanded winter activities at its golf courses, including winter golf (Chedoke) and disc golf (King’s Forest).

- The survey found that 26% of households have one or more members that have played golf since 2019.
- 15% percent of survey respondents felt that golf courses should be a high priority investment (25th of 29 facility types).

(iv) An overview of current and projected parkland needs, based on the City's Parks Master Plan, including City policies and targets as defined in the Parks Master Plan, Urban Forest Strategy, and Climate Action Strategy

The golf courses are a significant asset in the City of Hamilton and subsequently are impacted by multiple plans and strategies. The sections below summarize how golf is impacted by the respective City-wide plans and strategies.

Parks Master Plan

- Long-term Parkland needs (2051) identify a 98-hectare shortfall to be made up through municipal acquisition/other alternatives.
- General Open Space such as public golf courses provide benefit to the community, but are not considered active municipal parkland, are not acquired nor funded through the same mechanisms, and do not contribute to overall provision rates in this report.
- Neither of the City's golf courses are located within the targeted parkland acquisition areas.
- While neither of the City's golf courses are in targeted parkland priority acquisition areas, the report does speak to the repurposing of surplus municipal lands (such as golf courses) as a potential tool to supplement the City's existing toolkit – to expand parkland and/or passive recreation space and enhance forest canopy cover through reforestation efforts.
- The identified focus of the Parks Master Plan has been concentrated on the acquisition of neighbourhood level green space.

Urban Forest Strategy

- The Urban Forest Strategy is a high-level plan and the roadmap for a sustainable urban forest and provides strategic direction for long-term planning, planting, protection, and maintenance of the urban forest.
- The strategy aims to control invasive species, increase tree canopy and biodiversity and improve green infrastructure.
- City-wide target of 40% tree canopy by 2050. The tree canopy coverage at the golf courses was calculated in 2023 as 66% for King's Forest and 45% for Chedoke.
- In collaboration with Forestry, 400 trees were planted in 2023 at King's Forest and Chedoke Golf Courses to enhance environmental sustainability, beautify landscape and promote biodiversity.

- The urban forest is an important part of Hamilton’s green infrastructure;
- Green infrastructure is defined as the “natural vegetative systems and green technologies that together provide a multitude of economic, environmental and social benefits”. The golf courses play a part in Hamilton’s green infrastructure by having an above target tree canopy.
- There are many pressures threatening Hamilton’s urban forest today including invasive species, which affect biodiversity. Invasive pests, like Emerald Ash Borer, have caused largescale die-off of ash trees. To contribute to the goals of the Urban Forest Strategy and to improve strategic decisions in the future, a review is needed of biodiversity and invasive species at the golf courses.

Biodiversity Action Plan (Draft)

- The Biodiversity Action Plan (BAP) is a coordinated effort between the City and local conservation community partners to protect, restore, enhance and explore biodiversity in Hamilton. Both golf courses are situated at the base of the Niagara Escarpment Biosphere Reserve with two major water courses running through, so their role/opportunity from a biodiversity perspective, to contribute to habitat connectivity amongst other ecological functions is crucial.
- Seven Key Priorities were identified in the Biodiversity Action Plan and serve as high level descriptions of the areas of focus that are required to ensure the long-term health of Hamilton’s biodiversity. In general, the following Key Priorities should be considered with respect to municipal golf courses:
 - Key Priority 3: Protect, restore, and enhance natural areas within Hamilton to support biodiversity, establish and enhance core areas, connect fragmented habitats, and enhance ecosystem functions.
 - Key Priority 7: Ensure impacts on or improvements to local biodiversity are clearly considered in all municipal decision making related to the development or use of urban and rural lands.
- From an operations perspective, the following Key Priorities touch on golf courses as green space and considerations that can be made with respect to landscape management:
 - Key Priority 5: Protect Hamilton’s biodiversity by implementing coordinated, city-wide efforts to manage invasive species.
 - Key Priority 6: Enhance local aquatic habitats through sustainable stormwater management practices and restoration of degraded watercourses, waterbodies, and wetlands.
- When Council endorsed the draft Biodiversity Action Plan for consultation (May 2023), they also approved a recommendation that the City be a signatory to the Montreal Pledge: Cities United in Action for Biodiversity. One of the actions under the pledge is related to an aim to reduce pesticide use by two-thirds by the year 2030.

Climate Action Strategy

- Hamilton's Climate Action Strategy for achieving the goal of net-zero carbon emissions by 2050 is comprised of the Community Energy and Emissions Plan (CEEP) and the Climate Change Impact Adaptation Plan (CCIAP).
- Chedoke Creek flows through the Chedoke Golf course lands. Open spaces like the Chedoke Golf Courses could assist in realizing climate goals of environmental stewardship, sustainability, low impact development, equity of green space while advancing the goals of the Watershed Action Plan (in development).
- There are higher level goals set out in Hamilton's Climate Action Strategy that can be partly realized through efforts undertaken in and around golf courses. These are highlighted in the Table 6. Table 6 – Hamilton's Climate Action Strategy and Municipal Golf Courses attached as Appendix "F" to Report HSC24002.

Watershed Action Plan (in development)

- The Watershed Action Plan will help to identify and guide the work to address non-point-source contamination and will focus on activities that are within the care and control of the City of Hamilton. Golf courses currently have an identified action under this plan.
- Action - Manage runoff from the golf course: Determine the best stormwater management practice to improve the quantity and quality of the runoff from golf course operations (pesticides, fertilizers, and irrigation practices) and other golf course infrastructure including parking lots. The stormwater management best practices will help improve the water quality entering creeks by reducing contaminants and sediment produced as part of the golf course operation.

Next Steps

The Recreation Division continues to operate the golf courses based on the approved operating budgets. In addition, the Recreation Master Plan had the following provision model recommendations for the golf courses:

- a) Affordable and accessible opportunities for golf will continue to be supported.
- b) Seek innovative programming, partnerships, and a financially responsible operating model for our golf courses.

The Master Plan also recommends that in the short-term, staff complete an updated golf strategy (Recommendation 53). This strategy will create and guide a long-term vision for the City's municipal golf courses and related services. The Strategy will include community engagement and consider items such as (but not limited to) highest and best use, infrastructure needs, complementary year-round programming, public access, environmental management and alignment with biodiversity and climate commitments and financial objectives.

The Division has funding to complete this strategy and has already started pre-project work by drafting the Terms of Reference that will be used to hire a consultant.

The golf courses are also included in the Recreation Master Plan Implementation Strategy from a capital perspective. These investments will be included and positioned according to priority based on all other required capital investments in the Division. The Implementation Strategy is targeted for completion in Q4 2024.

While the golf courses continue to operate, the services and operating procedures will continue to support the 2022-2026 Council Priorities. Table 7 summarizes how the golf courses support these priorities. Table 7 - Council Priorities and Golf Course Actions attached as Appendix "F" to Report HSC24002

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report HSC24002:	Historical Report Summary and Outcomes
Appendix "B" to Report HSC24002:	Actual Operating Revenue and Expenses (2009 to 2023)
Appendix "C" to Report HSC24002:	Rounds Played and Net Operating Budget
Appendix "D" to Report HSC24002:	Golf Course Unlisted Pesticide Use (2021-2022)
Appendix "E" to Report HSC24002:	GGA Partners Market Analysis
Appendix "F" to Report HSC24002:	Tables