

VICE PRESIDENT FOR FINANCE &
ADMINISTRATION UPDATES AND
RECOMMENDATIONS

TASK FORCE

04



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**ON
GOLF COURSE**

Task Force Four will also make recommendations for changes in the operations of the Gene Torres Golf Course in order to reduce costs, provide a stream of new revenue, and develop new residential and or mixed-use options in the City of Las Vegas.

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Golf Course - This subcommittee will be tasked with addressing the following:

- * What is the current state?
- * What are the pros and cons of the golf course?
- * What are the challenges (i.e. economic, structural, etc.)?
- * What are the sources of revenue? Identify areas of growth or new potential.
- * What is the operational, physical and clientele of the golf course?
- * Do we lease the golf course? Present options (e.g. public/private partnership leasing, sell, etc.)
- * Required resources
- * What are the basic services that can be provided with historical revenues?

GOLF course

Chair Justin Aragon | Vice Chair Joe Gieri



EXECUTIVE SUMMARY



The Purpose

The task posed was “Examine all business and administrative operations to improve efficiency and effectiveness and to capture resources for reallocation. Make recommendations for changes in the operations of the Gene Torres Golf Course (GTGC) in order to reduce costs, provide a stream of new revenue, and develop new residential and mixed-use options in the City of Las Vegas.”



NMHU GTGC has been operating at a loss since it was opened in 1964 and is looking for ways to operate with a profit. Golf rounds played have stayed around 5500 in the last 5 years but operating losses have increased to nearly \$200,000 per year. Throughout the years NMHU has been supporting the GTGC through its General Fund.

With current utilization and expenses, losses exceeding \$175K are anticipated. The golf course has several capital expenditures that need to be addressed soon, and with the inability to fund these capital improvements, the long-term economic viability of the golf course in question, the golf experience will deteriorate.

The operation of the golf course is very complex, but overall, if the value is not provided to the golfer then the golf course will suffer from decreased utilization.

Revenues have fluctuated throughout the last 5 years and have not remained stable. The expenses have increased due to the hiring of Head Golf Professional in April 2015 but other areas of expenses were significantly reduced by Head Professional.

Year	Revenues	Expenses	Operating Income
2017	\$128,565.00	\$326,953.00	(\$198,388.00)
2016	\$164,767.00	\$347,539.00	(\$182,772.00)
2015	\$105,681.00	\$297,117.00	(\$191,436.00)
2014	\$90,457.00	\$265,466.00	(\$175,009.00)
2013	\$140,563.00	\$284,486.00	(\$143,923.00)

Here is a snapshot of the savings in utilities from FY13:

	FY17	FY16	FY15	FY14	FY13
Utilities	\$47,967	\$49,499	\$57,377	\$65,148	\$79,692

The impact on the financial statements of the golf course is:

	FY17	FY16	FY15	FY14	FY13
Wages	\$163,879	\$176,716	\$146,417	\$108,370	\$109,730
Benefits	\$46,818	\$53,512	\$44,645	\$35,371	\$33,252
% Benefits	28.57%	30.28%	30.49%	32.64%	30.30%
National Benchmark	22.00%	22.00%	22.00%	22.00%	22.00%
Standard Compensation	\$36,053	\$38,878	\$32,212	\$23,841	\$24,141
Excessive Compensation	\$10,765	\$14,634	\$12,433	\$11,530	\$9,111

Beyond the apparent financial challenges to utilities there is also base wages and fringe benefits. We are spending an excess of \$10,765 a year on compensation paid. Note: Golf course is closed 4 months in the winter due to weather and maintenance staff still works during those months.

Who Should Be Served?

NMHU acquired the Golf Course in 1964 and has been a unique asset to the City of Las Vegas. It has provided the city with athletic competitions, entertainment, leisure, and outdoor recreation for the citizens of Las Vegas and surrounding rural towns.

The key point of the questions is “What is the role of NMHU to offer golf to its citizens when golf is normally provided by municipal governments or private companies?”

A decision that seems simple is more complex when you look through governmental entities. (Not understanding this part)

The core role of government is to provide:

1. Sufficient protection to foster a civilization and promote economic activity
2. Civic amenities ranging from sanitation and hygiene to enriching the quality of lives through a diverse array of parks and recreation programs
3. Education to foster rational, intellectual, and reasoned thought
4. Justice and Administration

Answering this question will likely be rooted in differing beliefs as to whether the University should invest in the asset that has an intangible value or whether the activity should be held to the national benchmarks of being able to sustain itself.

The Assets in Question

NMHU Gene Torres Golf Course 9-hole golf course, driving range, and putting green. The golf course is 1 of 2 in a 40-mile radius that serves rural communities. The golf course property was appraised in 2002 by Barrett Appraisal Services, LLC and the value of the property was \$1,983, 453. It was mentioned that the site was developed with residential lots/homes, and the value would increase to over \$3,000,000.

The strengths, weaknesses, opportunities, and threats to the NMHU GTGC summarized below:

Strengths	Weaknesses	Opportunities	Threats
The abundance of playable golf days	Capital requirements and deferred capital maintenance	NMHU theme "Highlands University will be a community partner"	City of Las Vegas is declining in population
Only golf course in Las Vegas	9 Hole Facility vs. 18 Hole	NMHU marketing department could re-brand facility with enhanced use of technology	Closure of golf course
Course is a fair enough challenge for all skill levels of golfers	Lack of food and beverage services due to financial constraint	Leveraging unused land at golf course for residential/commercial properties	WLV and RHS closed down 1 middle school and 2 elementary schools due to lack of students
Unique Restaurant Space	Las Vegas Economy	Attract people to Las Vegas	No housing needed in Las Vegas
Affordable Golf Fees	Cost to maintain	Retain people in Las Vegas	Low median household income
Entertainment Venue	No housing needed in Las Vegas	Enhancer to academic programs	
		Sports/Athletic Programs	

NMHU Vision 2020 and Various Scenarios

The committee discussed the purpose of the Golf Course and its alignment with New Mexico Highlands University's Vision 2020. The committee determined that currently it did not appear to align for a number of reasons. First, the golf course is not a financially self-sufficient department and requires substantial financial resources from the University's general funds to keep operations going. Second, the golf course does not support student activities that are related to the University, for example, there is not a University golf team and campus functions cannot be held there because the club's resources are limited. However, it is important to note that the Golf Pro teaches golf classes for credit each semester. The Golf Course conducts free outdoor recreation/campus life, and offers free golf for students and rental clubs. The golf course also hosts 10-15 tournaments (fundraisers) a year that support local clubs and businesses generate additional income. The Golf Course hosts the fireworks every 4th of July, supports the city by lending golf carts for use at the fiestas, and hosting events that use our facility such as car shows and campus life activities.

The golf course in its current format is not in alignment with NMHU's strategic plan and goals, as such, NMHU should consider options such as those mentioned below. Without drastic change, the golf course will need to think about reducing operations for fiscal viability or it runs the risk of continuing to constrain the University's limited resources.

Because of the University's labor cost and continued losses, self-management is not viable, unless land is developed for residential/commercial properties or property is sold. The likely option for the University would be to issue a Request for Proposal to remove the University from any operational responsibility or use the land surrounding the golf course for development of real estate. While this seems simple, it

gets pretty complicated. Knowing that these processes take time to work through and realizing that the impacts to the University are ongoing, our team drafted an interim “short-term” recommendation for consideration as well as a long-term recommendation list of possible scenarios for your consideration as provided below:

RECOMMENDATIONS

Short-Term:

The task force recommends prompt action, with some investment and/or increase in pro shop labor expense to help address or ease a portion of the losses currently experienced by the University. These actions are needed to quickly increase revenues and will also create a more attractive opportunity for outside investors or lessees, if that course of action is ultimately taken.

A great deal of the revenue loss over recent years is due to lack of major tournaments, regular informal events, little or no promotion or advertising, and the lack of snack bar/grill and alcohol offerings. The absence of an active Men’s Golf Association, the loss of the restaurant, and lack of promotion/advertising are contributors to the loss of rounds played and overall revenue.

It is imperative that NMHU obtain an alcohol sales license of some sort. A “beer and wine” license has been used in the past, and may easily be reinstated. However, a “Governmental Liquor License” would allow sales of hard liquor, as well as beer and wine, and would cost no more than the “beer and wine” license. The full liquor license would allow for increased revenue, directly and will indirectly increase golf revenue, as well as allow for special NMHU functions and public or private functions that may be held at the golf course. Importantly, the governmental license could allow the University to attract an outside operator to lease the facility and the license. It would be highly unlikely if an outside firm could ever obtain a private liquor license, at a cost of \$350,000 to \$500,000, for a golf course operation and be profitable. It is highly recommended that some liquor/beer-wine be available as soon as possible, to help make this coming season successful.

The task force recommends increased advertising and promotion, with as much emphasis as possible on low cost “guerrilla marketing” methods. NMHU has many individuals and departments with expertise in economics, public relations, media arts, etc. The task force recommends creation of a team within the University for promotion and advertising of the golf course, including golf, disc golf, youth golf, golf lessons, and hopefully, snack bar/grill/bar offerings. Posters, flyers, radio shows, presentations to civic clubs, cross-promotions with hotels/restaurants are all low-cost opportunities to create excitement and higher utilization. Together with increased activities of the Men’s and Ladies’ golf associations, NMHU promotion and advertising should greatly increase revenues. It is projected that strong promotion of the golf course will easily double the rounds played, with additional net revenue from food/alcohol sales. Part of that increase will require the golf pro, Justin Aragon, to devote more time to promoting golf, giving lessons, developing youth golf programs, and helping manage tournaments, and will require additional labor budgeted for staffing the pro shop. It is also suggested a NMHU administrator join and participate in the Men’s Golf Association to monitor and instigate tournaments and activities. The University could also raise the visibility of the golf course to students as part of their activities options, with some activities budget allocated to the golf course. Reaching out to NMHU Alumni and H-Club, with strong advertising and promotion, will increase participation in those events and increase revenues. The H-Club has made a commitment to have a very large golf event this fall.

The task force also recommends efforts be made to bring in support for the golf course from the City of Las Vegas and San Miguel County. The golf course is an asset to the community, with City and County reaping benefits with little or no cost. An economic study performed within the University could in some way

quantify the benefits to the area, possibly adding leverage to any requests to help support the course. City and County support could include in-kind services and lodger's tax allocation for advertising events, with minimal effect on City and County budgets. High-level discussions between NMHU and City/County leadership is needed.

Long-Term Scenario 1:

Increase green fee rates at golf course. Charge for disc golf rounds played at facility.

As the chart below (Figure 2) illustrates, the current break-even point for a round of golf is \$70.84, which we are averaging \$25.37. A round is defined as someone commencing play on the 1st tee. The options to the golf course fees would be:

1. Increase rates to \$70.84 per round and continue to have 5067 rounds played a year. This scenario is unlikely due to the median household income in Las Vegas of \$23,094. The typical golfer spends only 2% of disposable income on golf. That would suggest that their annual budget would be \$480 or 6.77 rounds. According to the Quit Claim Deed, Golf Course green fees must be comparable to other public golf courses in New Mexico. \$70.84 per round would violate the deed as there are no 9-hole public golf courses that charge that high on green fees.
2. Increase rounds played by 200% (15201 rounds vs. 5000), car rentals by 200%, range by 120%, golf equipment rental 100%, food/snacks 100%, beverages 100%, memberships by 180%, gift certificates by 100%, gross receipt tax by 100%, merchandise revenue by 100%, and merchandise gross margin by 100%. This would allow us to have a net income of \$1,671.
3. Golf course utilization of 100%. The maximum number of rounds that can be played at NMHU in a 9-month season is 55K. If the golf course were to operate at max capacity the golf course would generate \$1,139,486 in revenue for a net income of \$762,662 (See Maximum Capacity Below). The odds of this happening are nearly impossible with our population and economy.
4. Lower rates to accommodate local economics and increase rounds by 300% to offset discount. Can the golf course generate enough rounds in hopes of obtaining golfers who play infrequently and are seeking a low price point experience?
5. Discontinue Yearly Memberships and Senior Rates. The idea of discontinuing yearly memberships is based on their dilute effect on revenue because we are a daily fee golf course. Currently the golf course has 14 yearly memberships and 9 of them are senior memberships, which are already discounted. The cost per round for memberships is \$11.46 which underscores we are losing out on revenue.
 - » Instead of offering membership packages the golf course could issue a "players card" for the amount of \$150-\$200, which would give all golfers 1 free round and 20% off additional rounds anytime they play.
 - » The University of New Mexico offers an Access Pass for unlimited play with a cart for \$2499 for seven days per week, \$1,999 for Monday-Friday, and a \$350 for 31 consecutive days.

If one were brave, they would eliminate all senior rates which would cause an outcry and the lines of those wanting to speak as to their need for NMHU to subsidize their leisure would be long. The facts of the senior group are collectively because they have the greatest amount of wealth, free time, and use golf as a way to remain in good health.

- » Provide seniors on the weekday (Monday-Thursday) and keep all rates the same for everyone on the weekend.
 - » The golf course could implement a "senior pass" Monday through Friday for an amount of \$1000-\$1400.
6. The NMHU Golf Course has an 18 hole disc golf course that is being used frequently but has not charged disc golfers for 4+ years. It is suggested we start charging \$4-5 per round of disc golf or offer disc golf



memberships. More info here: <https://infinitediscs.com/blog/the-cost-of-disc-golf/>. Based off of rough estimates, the Head Professional, thinks there is about 8-15 disc golfers that play every day during the season. This could be a potential of \$10K of extra revenue a year if we charge for disc golf. The individual in charge of the disc golf association also has 2-3 big tournaments a year where we can collect a tournament fee for use of course.

Some options would be to conduct a study on the median household income of golfers playing the course to get a better idea of what the NMHU GTGC core and recreational golfers have the capacity to pay. This number will also be impacted by the amenities our golf course offers, i.e., scenic views, amenity packages, upscale pro shop, and course designer.

Below is a quick look at rates from central and northern New Mexico. 18 holes with cart was rate used.

Course Name	Location	Fee
NMHU Gene Torres Golf Course	Las Vegas	\$48
Pendaries Golf Resort	Rociada	\$65
Santa Fe CC	Santa Fe	\$55
Marty Sanchez Golf Course	Santa Fe	\$48
Raton CC	Raton	\$46
Paa-Ko Ridge Golf Club	Cedar Crest	\$117
Pueblo De Cochiti Golf Course	Cochiti	\$68
Albuquerque Country Club	Albuquerque	\$80
Isleta Eagle Golf Club	Albuquerque	\$69
Puerto Del Sol Golf Course	Albuquerque	\$46
UNM South Golf Course	Albuquerque	\$75
Arroyo Del Oso Golf Course	Albuquerque	\$45
Tanoan Country Club	Albuquerque	\$70
Sandia Golf Club	Albuquerque	\$86
Desert Greens Golf Course	Albuquerque	\$49
Ladera Golf Course	Albuquerque	\$44
Los Altos Golf Course	Albuquerque	\$45
The Canyon Club	Albuquerque	\$80
UNM North Course	Albuquerque	\$28
Tierra Del Sol Golf Course	Belen	\$41
Twin Warriors Golf Club	Bernalillo	\$80
Santa Ana Golf Club	Bernalillo	\$37
Coyote del Malpais Golf Course	Grants	\$35

It is important to note that the other 9-hole golf courses on the list are UNM North and Raton CC.

Scenario 2:

Labor analysis of golf operations.

Since the golf course re-opened in 2008 the golf course has been closed during the winter months (Nov-Feb/March). The head professional, superintendent, and lead greens keeper all work during the winter months when the golf course is closed to the public. The task force four committee suggests that NMHU looks at these different scenarios to reduce labor expenses which accounts for 2/3rds of the golf course budget.

Current Labor Expenses



	Golf Professional	Weekend Cashier	Weekday Cashier	Guest Services	Work Study
Months worked in season	12	7	8	8	
Hours worked in season	2,080	350	1,200	520	
Hourly Wage	\$20.19	\$8.00	\$8.00	\$8.00	\$-
Hourly Wage X's Seasonal Hours	\$41,995	\$2,975	\$9,600	\$4,420	\$-
Benefits Percentage	0.35	0	0	0	0
Benefit Amount	\$14,698	\$-	\$-	\$-	\$-
Annual Pay	\$56,693	\$2,800	\$9,600	\$4,160	\$-
		Golf Shop Wages		\$73,253	

	FY 17	Dollars Per Round FY17	Average % of Change	Average Numerical Change	Trend Forecast for FY 18	Revised Forecast for FY 18	% Change from FY 17	Numerical Change from FY 17	Dollars per Round FY 18
Total Rounds	5067		4.21%	\$213	\$5,280	\$5,574	10.00%	\$507	
Round Type									
Weekday	2570		-14.57%	(\$374)	\$2,196	\$2,827	10.00%	\$257	
Weekend/Holiday	2497		118.46%	\$2,958	\$5,455	\$2,747	10.00%	\$250	
Membership	1294						-100.00%	-\$1,294	
Golf Operation Revenues									
Green Fees	\$49,196	\$9.71	-1.00%	(\$491)	\$48,705	\$54,116	10.00%	\$4,920	\$9.71
Golf Car Rentals	\$24,948	\$4.92	-3.48%	(\$869)	\$24,079	\$27,442	10.00%	\$2,495	\$4.92
Range	\$10,506	\$2.07	14.58%	\$1,532	\$12,038	\$11,031	5.00%	\$525	\$1.98
Golf Equipment Rental	\$800	\$0.16	28.39%	\$227	\$1,027	\$960	20.00%	\$160	\$0.17
Food/Snacks	\$2,026	\$0.40	32.05%	\$649	\$2,675	\$2,127	5.00%	\$101	\$0.38
Beverages	\$3,461	\$0.68	76.40%	\$2,644	\$6,105	\$3,807	10.00%	\$346	\$0.68
Yearly Memberships	\$14,828	\$11.46	-6.88%	(\$1,020)	\$13,808	\$16,311	10.00%	\$1,483	\$2.93
Gift Certificates	\$7,200	\$1.42	85.33%	\$6,144	\$13,344	\$7,920	10.00%	\$720	\$1.42
NM Gros Receipt Tax	\$7,964	\$1.57	6.07%	\$484	\$8,448	\$8,761	10.00%	\$796	\$1.57
Merchandise Total Revenue	\$23,118	\$4.56	65.25%	\$15,086	\$38,204	\$25,430	10.00%	\$2,312	\$4.56
Cost of Goods Sold	\$15,482	67%	-280.91%	(\$43,491)	(\$28,009)	\$16,256	5.00%	\$774	\$0.64
Merchandise Gross Margin	\$7,636		428.87%	\$32,748	\$40,384	\$9,163	20.00%	\$1,527	
Total Golf Operations Revenues	128,565	25			\$133,426	\$141,639	10.17%	\$13,074	\$25.41
Golf Operations Expenses									
Labor	163,879	32	11.82%	\$19,378	\$183,256	\$147,491	-10.00%	-\$16,388	\$26.46
Benefits	46,818		9.99%	\$4,675	\$51,493	\$46,818	0.00%	\$0	
Supplies	24,109		15.55%	\$3,750	\$27,858	\$24,109	0.00%	\$0	
Other	33,510		45.79%	\$15,345	\$48,854	\$33,510	0.00%	\$0	
Dues & Memberships	1,140		162.04%	\$1,847	\$2,987	\$1,140	0.00%	\$0	
Utilities	47,967		-11.75%	(\$5,637)	\$42,330	\$47,967	0.00%	\$0	
NM Gros Receipts Tax	6,619		3.67%	\$243	\$6,862	\$6,619	0.00%	\$0	
Yamaha Golf Car Lease	22,787		0.00%	\$0	\$27,787	\$22,787	0.00%	\$0	
Freight Charges	2,208		60.32%	\$1,332	\$3,540	\$2,208	0.00%	\$0	
MISC	9,928		23.10%	\$2,293	\$12,221	\$10,920	10.00%	\$993	
Total Golf Operations Expenses	\$358,963	\$71			\$407,188	\$343,567	-4.29%	-\$15,395	\$61.64
Golf Operations Net Income	(\$230,397)	(\$45)			(\$273,763)	(\$201,928)	-12.36%	\$28,469	(\$36)

	Superintendent	Lead Greens-keeper	Temporary Mechanic	International Students	Work Study
Salary	38,293				
Months worked in season	12	12	6	9	9
Hours in 12 months	2,080	2,076	1,038	720	360
Hourly Wage	\$18.41	\$11.10	\$13.00	\$8.25	\$4.00
Hourly Wage X's Seasonal Hours	\$38,292	\$23,043	\$13,494	\$5,940	\$1,440
Benefits Percentage	35%	35%	0%	0%	0%
Benefit Amount	\$13,402	\$8,065	\$-	\$-	\$-
Employees				3	
Annual Pay	\$51,695	\$31,108	\$13,494	\$17,820	\$1,440
			Maintenance Wages		\$115,558
			Golf Course Total Labor		\$189,246

1. Potential reduction of staff during the winter months. The committee suggests that if the golf course continues to be closed during the winter months that the maintenance staff should not be working at golf course. Maintenance crew could be relocated to facilities during these months to reduce expenses.

	Superintendent	Lead Greens-keeper	On-Call Mechanic	International Students	Work Study
Salary	38,293				
Months Per Year at GC	8	8	8	6	8
Hourly Wage	\$18.41	\$11.10	\$18.00	\$8.25	\$4.00
Hourly Wage X's Seasonal Hours	\$38,292	\$15,362	\$2,880	\$1,980.00	\$1,920
Benefits Percentage	35%	35%	0%	0%	0%
Benefit Amount	\$13,402	\$5,377	\$-	\$-	\$-
Employees				3	
Annual Pay	\$51,695	\$20,739	\$2,880	\$5,940.00	\$1,920
			Maintenance Wages		\$83,174
			Total Golf Course Labor		\$158,092

The superintendent and lead greens-keeper would work 4 months under facilities and the other 8 months at the golf course during the season. GC will have an on-call mechanic to help with any major mechanical needs. International Departmental students will only work May-October (15-20 hours a week). This reduces labor expenses by \$31,154.

2. Reorganization or restructure of golf course staff. The committee suggests that if the golf course continues and is closed in the winter, staff is reorganized to seasonal employees like many golf courses that close in the winter, or have facilities overtake maintenance of golf course and golf course will pay their hourly wages out

of golf course budget.

	Superintendent	2 Temp Workers/ Mowers	Temporary Mechanic	International Students	Greens-keeper
Hour per Month	173	60	20	50	60
Months Per Year	8	8	8	6	10
Hourly Wage	\$18.25	\$8.00	\$18.00	\$8.25	\$2.00
Hourly Wage X's Seasonal Hours	\$25,307	\$3,840	\$2,880	\$2,475	\$1,200
Employees		2		3	
Annual Pay	\$25,307	\$7,680	\$2,880	\$7,425	\$1,200
			Maintenance Wages		\$44,491.67
			Total Labor Expenses		\$119,009

The superintendent would be switched to a seasonal employee making the same hourly pay rate as before but no benefits. The lead assistant would no longer be working at the golf course and transferred to facilities. We would have 2-part time temporary green-keepers/mowers replace that position. Golf course would reduce labor expenses by \$70,237.

Option 3 of Labor Reduction

	Superintendent	Lead Greens-keeper	NMHU Mechanic	Facilities Aide	Work Study
Facilities	Work Study				
Salary	38,293		Facilities would hire maintenance employees for golf course, if needed, and golf course would cover those hours worked.		
Hours per Year	2080	2080			
Month's in a Year	12	12			
Hour per Month	80	80			
Months Per Year	8	8			
Hours in 8 months	640	640			
Hourly Wage	\$18.25	\$11.10			
Hourly Wage X's Seasonal Hours	\$11,680	\$7,104			
Annual Pay from GC	\$11,680	\$7,104			
Annual Pay with Benefits from Facilities	\$40,015	\$24,005			
			Maintenance Wages		\$18,784
			Total Labor Expenses		\$93,301

The superintendent and lead greens-keeper would be working under facilities. Facilities would take over labor and benefits expenses for these employees. Facilities would be responsible for the maintenance of the golf course, irrigation system, and equipment maintenance. During the golf season (7-8 months), facility employees would work 4 hours a day at golf course, if needed, and golf course would cover those hourly expenses (not benefits). Facilities could hire work studies for golf course maintenance as well. Golf Course would reduce labor expenses by \$95,945.

3. Privatization or outsourcing of maintenance department. Having the maintenance performed by an outside agency is done at many facilities but would be difficult to find a company to do it for less than our current labor expense of \$116K. We contacted Mountain West GolfScapes, who maintains UNM North golf course, and the minimum they would maintain our golf course would be \$300K. We would need to do an RFP and see if we could find a company that fits our budget.
4. Volunteer maintenance staff. A unique and extreme route is that the golf course could create a volunteer maintenance staff that maintains golf course for exchange of yearly golf memberships. This may prove difficult because equipment may get damaged due to new operators, lack of experience, and lack of proper maintenance knowledge. Also, irrigation system maintenance and applications of chemicals would be a challenge without a superintendent. Job safety for volunteer staff will also be an issue.

Scenario 3:

Lease/Outsource the NMHU Golf Course through RFP.

There are 2 types of management routes that the NMHU GTGC can take.

1. The first option is to lease and receive “rent”. Third parties pay a negotiated rental fee for the facility and gain access to revenue, gains, and losses through an RFP. Depending on how well written the contract is, the third party is held accountable for future capital improvements. This offers the university a short-term fix to the net operating losses but can be the highest long-term risk as well due to capital improvements not being completed. Leasing to individuals can often produce less than desirable results because they are typically for-profit entities. This can cause a conflict of interest between the services they provide and the profitability of the operation.
2. The second option would be to hire a management contract. The third party chosen by the university is paid an annual fee, typically around \$75,000, to manage the golf facility. The third party assumes full responsibility for operating the golf course and hires their own employees. The university benefits from all revenue generated but is responsible for all expenses incurred and capital improvements.

The following chart underscores the matrix of decisions the university faces:

Matrix of Decisions	Self-Manage	Lease	Management
Risk	Full Risk	No Risk	Full Risk
Capital Investment	Full Capital	No Capital, unless negotiated.	Full Capital
Profits	Full Profits	No profits other than “rent”.	Full profits less a management fee

Managing the university golf course is a challenge regardless of the form of management. Being run under the University, the golf course management is compensated, and the golfers in town expect a low price because it is a 9-hole facility. These two situations do not mix well.

The rule of thumb is that if the university golf course is incurring operating losses coupled with insufficient funding for leasing, then this is the preferred option.

Scenario 4:

Selling Entire Property or Portions of It.

The property NMHU owns is roughly 163 acres and was appraised in 2002 by Barrett Appraisal Services, LLC for a price of \$1,983,453. Based on current land trends, it is estimated the value of the property has appreciated over the last 15 years. NMHU would no longer be losing money every year and would be in a better financial situation. With that said, it must be understood that the improvements on this site may/have depreciated based on age of depreciation. Although this option sounds like a very simple process there are several hurdles to overcome:

1. The Quit Claim Deed was executed on August 12, 1964 from the City of Las Vegas to New Mexico Highlands University-Board of Regents. The Quit Claim Deed specifically outlines that the property has to be maintained under the current code specifications, including, but not limited to: maintaining a public golf course. The transfer of property was for the sum of \$1.00.
2. The property may not be able to be sold and go back to the City of Las Vegas' possession due to the Quit Claim Deed.
3. With regard to the sale of the property, Section 13-6-2 of the New Mexico Statutes requires all sales of the real property in excess of \$5000 are subject to the approval of the State Board of Finance and obtain approval for such transactions.
4. Ownership falls solely under the control of the Board of Regents.
5. Citizens of Las Vegas will have a negative bias towards NMHU for years to come for selling the land and getting rid of golf course.
6. Finding a buyer for the property may prove difficult due to the declining economy in Las Vegas.
7. If it's a possibility, sell portions of land to developers or future residents, and create endowment for 20 years for sustainable income.

Scenario 5:

Development of Golf Course property.

There are several different options for the golf course to develop the property if: use two current zoned areas of golf course (1 residential plat and 1 commercial plat), zone unused areas of golf course for residential/commercial properties, or work with the community (City of Las Vegas, Luna, State Hospital, County, ect) to build more recreational opportunities on golf course. Partnerships with the City of Las Vegas, Luna, and the Country may provide additional resources to keep the golf course sustainable. Listed below are some scenarios:

1. It is suggested by task force four committee that before any of these items are seriously considered NMHU or some entity pays for an Economic Impact Study for the property. This will help determine was it viable for the city and what can be sustainable.
2. Searching for some venture capitalists/investors would be the next step. Finding individuals that want to develop in Las Vegas may prove worthwhile. The expenses from developing any of these options will be high and we need someone who has the capital to do so.
3. Commercial Properties could generate the NMHU Golf Course sustainable income for years to come. The estimated cost of a .5 acre of commercial property in Las Vegas is \$200-300K. We do have 4 acres available for on the southeast corner of the property which could potentially generate us \$1.6-2.4 million if all acres were sold. However, the main hurdle to overcome would be if NMHU is allowed to sell property due to the Quit

Claim Deed. These were the suggested properties via the committee and the survey presented to golfers were:

- » Bowling Alley was the number one recommendation from the survey of golfers. The cost of building a 10-lane bowling alley would cost ~\$720K. A 10-lane is suggested because of population in a 5-mile radius. Potential revenue based off of national trends would be \$367, 500 per year. The amount of land used to build the bowling alley would be 1 acre. <https://www.bowling.com/braden.aspx>
- » Pool hall
- » Top Golf Facility. <https://www.youtube.com/watch?v=8ZnObuIDmsQ>
- » Dave & Busters type entertainment
- » Casino / Race Track Casino
- » Restaurants

4. Community

» Addition of 9-Holes for an 18-Hole Golf Course. The cost of building another 9 holes would be an estimated \$1-2M. The challenges of building 9 more holes would be funding and upgrading irrigation system and pump house. With the addition of 9 holes residential property may decrease but there will still be several lots to build homes. The commercial property on the Southeast corner of property would still be available for use. In 1992 a profitability report was conducted and it was suggested that the golf course expands to 18 holes. The golf course would be able to raise fees, host bigger tournaments and maximize revenue, and attract golfers from outside of Las Vegas. The challenges would be maximizing the number of rounds played at the facility. A great example of this happening recently in New Mexico is with the golf course in Hobbs, New Mexico <https://youtu.be/lbrx0LYr8k>. The golf course is still subsidized by the city because they are unable to cover their costs but they are able to host a variety of activities for the community and stay busy. Some of the items mentioned in the Hobbs video were also recommended via committee and survey. These items are below:

» Community Center facility. An upgrade to the pro-shop/restaurant facility to be able to host more events. Possible additions for more space to host events such as weddings, meetings, graduation parties, community events, NMHU events, etc. Would need to make the area around the pro-shop more beautified with possible grass or landscaping. Funding would be a concern with this type of addition costing anywhere from \$100-300K.

» Dog Park. A dog park was suggested by committee members because we do not have one in Las Vegas. The benefits of the dog park would be that it is the only one in town, possible low maintenance if grass is not watered, and place for pet owners to walk their dogs safely at golf course instead of on the course. Potential cost could be anywhere from \$10K-50K depending on the park. Individuals of the community mentioned volunteers would take care of the area for no additional fees. <https://www.youtube.com/watch?v=QmI6opOgFoc>

» Walking/Bike Path. Little to no investment needed to re-define walking path on perimeter of golf course property. Possible expenses would be building a bridge to cross concrete ditch on hole #2 and planting trees on holes #6 & 7 to prevent pedestrians from being hit with golf balls.

» Amphitheater for hosting music events for the community. It could be run by a commercial entity, NMHU, a nonprofit entity, or even run by the users. Each has pros and cons but the #1 concern would be the cost of building the facility.

» Lighted Driving Range. The lighted driving range could be used during the 5 months of the year and would be a great addition to the community for nightlife. Hosting weekly events in conjunction with a restaurant could be a potential revenue stream. This could also get more people interested in picking up the sport and playing more golf. The cost to install the lights is estimated at \$20-40K for 4 light polls. Possible grants could be found to pay for costs. Expenses would be the labor needed during the evening to pick driving range and electricity bill.

5. Residential

» Develop homes on the property in existing platted area (Highlands Park Estate) and vacant land. Based on a 2005 study from the Miller Engineering Consultants it was proposed that developing the infrastructure for a 35.16 acre subdivision would cost \$2,576,188. Discussions with NMHU determined the standard lot size would be .2, .3, and .4 acre lots which would adequately serve the market with varying prices for potential buyers. The total number of lots would be 110, minus the 4 that occupied, for

a total of 106 lots. Their recommendations were to conduct a study of the real estate market to determine anticipated absorption rate for the sale of the new lots.

- ✓ The challenges with developing the subdivisions would be the amount of money needed to pay for the infrastructure, getting the City of Las Vegas to agree to the development, the cost of building the homes, having enough buyers for 106 lots, and the declining economy of Las Vegas, NM.
 - ✓ Assuming it costs \$200 per square foot to build a home, and each home is 1500 sq. ft., and there are 106 homes, it would cost \$31.8 million to fully develop the property.
 - ✓ Add the infrastructure cost and that goes up to \$34.4 million.
- » Selling the 17 lots available on Highlands Park Estate. This lots have utilities and power ready for use. Assuming the lots go for \$35K per lot, NMHU could sell the property to a potential buyer, and place money in an endowment for a period of 20 years for sustainable income. The revenue generated from these sales would be \$595,000 not including interest.
- ✓ It is important to note that NMHU may not be able to sell off property on the golf course due to the Quit Claim Deed.
- » If unable to sell property, the golf course can lease the 17 lots under the current 99-year lease agreement. The potential buyer would be able to build a home on the leased lot.
- ✓ The issue that occurs with the 99-year lease is that it makes it very hard for a bank to loan an individual the money needed to finance a home on property they do not own. This may be the main reason why a home has not been built on the golf course since the 1970's.
- » NMHU could build 17 homes on the Highlands Park Estate and charge individuals rent each month based on market standards. The cost of building 17 homes would cost an estimated \$5.1 million. Assuming these rentals would cost \$1200 a month to rent, the golf course could generate \$244,800 a year, and the \$200K the golf course losses a year would be canceled out.
- ✓ Finding 17 potential renters will prove difficult in this economy.
 - ✓ Cost of building homes will be difficult for NMHU to fund.
 - ✓ Cost of maintaining homes could be a challenge but with correct lease agreement this may not be an issue.



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