



Operational Review Report
Lloydminster Facilities Corp.
Prepared by Health Systems Group

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INTRODUCTION

Background

The Lloydminster Facility Corp. (LFC) is incorporated under *The Non-Profit Corporations Act*, 1995 (Saskatchewan). The City of Lloydminster is the sole member of the Corporation, which is governed by a Board of Directors appointed by Lloydminster City Council. The LFC operates a golf course, restaurant, curling arena and squash and racquetball courts in the City of Lloydminster.

The LGCC is a multifaceted sports centre, which first opened in 1978 utilizing the property adjacent from the original 6 and then 9-hole golf course developed in the 1960's. In 1984, the golf course expanded to 18 holes. Today, the LGCC boasts an 18-hole golf course, 8-sheet curling arena, 175 seat restaurant, one squash court, one racquetball court, and a conference room.

The LGCC Administration typically forecasts an annual budget deficit for the Centre, which is subsidized by the City. This deficit has grown steadily in recent years. As a result, the LFC undertook a review to ensure the best possible operating model for the future, and to capitalize on any efficiencies that can be realized based on using 'Best Practices in the Industry'.

The Review had the following broad objectives:

- Review existing organizational structure and outline the appropriate framework, structure, systems and policies that should exist within the organization to achieve high levels of performance from each staff member;
- Review operating processes: in particular, to assess how the business is operated in order to identify strengths and opportunities for improvement;
- Provide recommendations on efficiencies that could be realized; and,
- Report on findings and recommendations.

Terms of Reference

More specifically, the services of the consultant would review the LFC and recommend changes to improve efficiency, effectiveness, and accountability for positive results:

- Gaining a detailed understanding of the long term strategic objectives for the Lloydminster Facilities Corp. and requirements for the successful operation of the Golf & Curling Centre.
- Assessing the Governance structure to identify any gaps between the current oversight and best principles for Not-For-Profit governance in Alberta in order to provide effective recommendations for the future state of the Facilities Corp. Board.

- Assessing the ‘business’ of the Golf and Curling Centre. Determine what the operating model is currently achieving (including financial outcomes) and what its potential can be, based on the unique conditions in the municipality.
- Evaluating the appropriateness of current inventory controls and accounting practices, and to make recommendations that will support effective cost control for the future.
- Reviewing operations with a focus on assessing customer service and usage/community engagement strategies and outcomes.
- Working closely with the Lloydminster Facilities Corp. and senior operating staff and municipal administrators to develop strategies for improving the organizational structure and operating processes, which are appropriate for your circumstances and implementable by your team.

Project Deliverables

Reports were to include identification of gaps, strengths, and recommendations for change, addressing current challenges and embracing future opportunities:

- A detailed report for the LFC Board, Administration and Council; and,
- A presentation of the report findings and recommendations to Council and the LFC.

HSG’s Approach: Research; Review and Analysis

In order to accomplish the assignment, HSG used a tailored version of its own Operational Review Model, which is based on our ongoing research into recreation industry best principles, and application to both commercial and NFP (not for profit) clients. Using this model, we looked at four major domains of activity:

1. **People** – anchored in the review of organizational structure, roles & responsibilities, performance management, training & development, and compensation practices;
2. **Business Processes** – particularly Planning, Financial Management, Operational Oversight, and Marketing & Sales.
3. **Customer Service Practices** – anchored in Staff Conduct, Customer Feedback, Complaint Management, Recovery Management, Service Measurement and Communication.
4. **Programs** – anchored in a review of Golf, Curling and Squash & Racquetball program offerings and delivery.

For this study, we also looked at **Strategic Oversight** – as manifested in the Structure and Role Differentiation of the Board Directors in relation to the Lloydminster Facilities Corp. (LFC) and the Lloydminster Golf & Curling Centre (LGCC) operations.

In order to complete the Scope of Work outlined in the Request for Quotation (RFQ), Health Systems Group completed the following research activities over a period of 1.5 months:

1. **Stakeholder Interviews – Facility Corp. Board Members:** These confidential interviews were conducted with the Key Stakeholders from the Lloydminster Facilities Corp. using a series of strategic questions to provide the consultants with a comprehensive background understanding of the evolution of the organization, and to establish context for the organizational review.
2. **Staffing Assessment:** HSG completed a review of strategies and systems related to People Management and Engagement. These reviews with Management, Staff and Representatives from Sports (Curling) identified if the appropriate framework, structure, systems and policies exist within the organization to achieve high levels of performance from each staff member.
3. **Operating Model Review:** As outlined in the RFQ, a review of LFC's operating model was completed in order to determine the strengths of the business operation; and to identify opportunities for improvement.

HSG completed this by means of our proprietary **Operational Review** instrument. This was a tailored tool specific for this application that compared the organization's policies and procedures (day to day activities) against industry Best Practices. Our research was conducted primarily through confidential interviews with senior operational staff who had the responsibility to prepare in advance by completing a self-audit on the departments they represent (Golf, Curling, Food & Beverage, Customer Service, Marketing & Sales etc.). We also reviewed the operational systems related to:

- Business Model (Planning processes; operating policies, system & tools; budgeting process etc.)
 - Revenue generation and cost efficiencies; and,
 - Service levels
4. **Review of Financial Results:** HSG reviewed the outcomes (where appropriate) from the most recent forensic accounting audit conducted by MLN_{LLP} that took place and was made available in February, and the detailed financial statements for the Facilities Corp. (Golf & Curling Centre) over a 3-year period. This review was to understand what the current level of cost recovery is, and to determine what the realistic strategies for revenue and cost efficiencies can be.
 5. **Review of Inventory Controls and Accounting Practices:** HSG reviewed the LGCC's process of inventory control by meeting with the staff member in charge of inventory and assessing their current systems and processes based on industry best practices. The process also included a review of the Golf & Curling Centre's accounting systems and Point of Sale Software (POS) to ensure appropriate controls and authorizations.

This Report

This report is designed to provide the LFC and City Council with findings and recommendations in order to improve the operational efficiency, financial contribution and sustainability of the LGCC.

Our approach to writing this report has been to structure the findings of all research and review activities into strategic and business management stream mini-reports. These include:

1. Trends in Golf, Curling, Squash and Racquetball	Page 6-14
2. Strategic Oversight	Page 15-18
3. Management/Operational Oversight	Page 19-24
4. Staffing	Page 25-33
5. Customer Service	Page 34-38
6. Operations	Page 39-62
a. Food & Beverage	
b. Pro-Shop (Golf)	
c. Curling	
d. Squash & Racquetball	
e. Turf Care, Maintenance and Safety & Security	
7. Financial Results	Page 63-69
8. Future Operating Model	Page 70-76
9. Next Steps	Page 77-79

Each of these mini reports include recommendations for implementation. All recommendations are summarized at the end of the report as an alternative way of presenting the findings.

Schedules

Schedule 1 - Curling League Fees	Page 80
Schedule 2 – Self-Assessment of Governance	Page 81-86
Schedule 3 – Key Performance Measures	Page 87-89
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Executive Summary

The LFC experienced a financial loss of \$287,828 in 2016. This amount has escalated since 2014. However, the LFC has been experiencing net financial losses each year since 2012. In addition, the most recent forensic audit completed by MNP^{LLP} has revealed that the LFC has been experiencing even greater losses than expressed in the detailed financial statements since its incorporation in late 2011.

The two areas of most concern from a financial perspective are the Food & Beverage and Curling departments. In 2016, the Food & Beverage department reported a net loss of \$22,649 and the Curling area experienced a net loss of \$53,440. The Food and Beverage department is not effectively managing its costs. Food & Beverage costs are well above the industry benchmarks, and labour costs are much higher than the industry benchmark as well. Curling associate memberships are also on the decline and there is no identifiable strategy in place to grow the sport in Lloydminster.

Proposal

1. There needs to be a greater focus on creating a strategic direction supported by a comprehensive operating **plan** that focuses on increased engagement and participation from the citizens of Lloydminster. The current focus on expense control, although important in the short term, while the new Council gets its bearings, will not successfully sustain the operation without greater attention on increasing citizen utilization and revenue generation.
2. The Centre needs to be **managed** more effectively in order to help ensure the successful execution of the 'plan'. This can be achieved by implementing systems and processes based on industry best practices.

Risks

1. The development of a strategic plan for the LGCC that complements the City's mission is vital in engaging more of the population to participate in the activities at the LGCC. Pushing forward without a well-designed strategic plan will lack focus and lead to ultimate failure.
2. The budget can no longer drive the plan. This will be a significant shift in thinking for the LFC as this has been the practice for a number of years. Cutting expenses in the absence of well-developed revenue generating strategies is a death spiral for any organization.
3. Food & Beverage cannot operate the way it has in the past. Key control systems need to be put in place today in order to prevent further losses.
4. A new agreement needs to be negotiated with the Curling Association. The absence of a collaborative relationship with the Curling Association will lead to continued challenges in the growth of the sport in Lloydminster, and continued deficits at the Centre.

Recommendation

The Consultant recognizes that there are a number of oversight and operational challenges as identified in this review, and it is hard to be patient when the operation is experiencing such financial losses. However, a well-developed plan with improved management systems and processes will lead to the long-term sustainability of the LGCC. There will also be greater possibility with a well-defined and effectively executed plan to foster greater levels of community engagement and participation; therefore, higher levels of public perception of value.

1. Trends

Emerging Trends and benchmarks in golf, curling and squash were important considerations throughout the research and analysis process of the consultant's work and made an important contribution to our findings and recommendations. Below is an overview of the key trends:

Golf

NAVICOM conducted a Canadian Golf Consumer Behaviour Study on behalf of the National Allied Golf Association (NAGA) published in September 2012)¹. The following are some important trends:

Trend	Description
Overall, there is no growth in the number of people playing golf.	The number of people entering the game is equal to the number of people leaving the game (approximately 18% or 1.026 million people)
Golfers are playing fewer rounds.	The number of golfers playing fewer rounds (38%) is greater than the number of golfers playing more rounds (14%)
There is a lack of engagement among golfers in Canada.	In a study done by NAVICOM (Research Group), those that are engaged in golf represent 25% of the golf population, while 75% of the golfers indicate that they can take or leave the game.
The majority of the rounds being played are by only a few golfers.	The majority of rounds are being played by less than 26% of golfers.
The game has a focused appeal.	The game of golf is: Male dominated (70% male / 30% female); Well educated (62% post-secondary graduates); Higher income (26% \$50K – \$75K and 42% above \$75K); The game reflects very little ethnic diversity.
There is a growth opportunity for Public Play Courses.	16% of golfers are members at a club and 84% are public players. Approximately 6.5% leave private and semi-private clubs each year (this represents an opportunity for public golf courses).

¹ Canadian Golf Consumer Behavioural Study Conducted by NAVICOM on behalf of the National Allied Golf Associations (September 2012)

Emerging Trends in the Golf Industry

<p>There is a shifting focus to make it more ‘fun’ to play.</p>	<p>To attract new players to the game and to keep existing players golfing longer, the focus is shifting away from competing to enjoyment.</p> <p>The ‘Play-it-forward’ concept is having more success at enhancing the player’s fun quotient and represents a critical component in successful golf course programming²</p>
<p>Increasing impact of social media</p>	<p>Many golf courses around the world are experiencing success with well-designed social media platforms that create a sense of community and portray the game as a ‘family’ surrounding the golf course that the local area golfers and visitors alike aspire to. Key social media being used: Twitter, Facebook, Pinterest and Google Plus.</p>
<p>Consumers are very conscious as to how they spend their ‘time’.</p>	<p>People are busier now than they ever have been before. As a result, recreational activities that require an abundance of time are becoming less favourable, compared to activities that allow for multi-tasking. Golf is more attractive when combined with other items that rank high on a person’s priority list, like spending time with family.</p>
<p>Consumers are more price conscious than ever before.</p>	<p>There is movement in the golf industry away from rigid fixed pricing models to variable rates. This concept is similar to the airline industry and hotel pricing, whereby the price for the same inventory item fluctuates based on demand with the objective of selling all the inventory and maximizing volume of use.</p> <p>Successful implementation of an effective pricing strategy will:</p> <ul style="list-style-type: none"> • Increase the number of rounds played; • Improved the use of the service facilities; • Increase revenue; and, • Enhance public engagement.

² PGA - <https://www.pga.com/pga-and-usga-step-new-sets-tees-in-nationwide-tee-it-forward-initiative>

Off-Course participation in golf activities is on the rise and is not considered part of the golf participation rates.	Driven by the success of driving range and entertainment facilities (golf simulator use), off-course golf has seen an 11% increase in participation since 2016. Of the 20 million people who are considered 'off-course' participants, 8.2 million have never played on a golf course, according to The National Golf Foundation in the United States ³
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The golf facilities best poised for growth in the future will:

- Program for 'fun' and engagement;
- Provide value to an increasingly budget-conscious population;
- Serve the demand of specific demographics; and,
- Serve the needs for 'off-course' participation (Driving Range, golf simulators, skill development).

Saskatchewan Golf Industry Market

Saskatchewan ranks 5th among Canada's provinces in total golf supply. Saskatchewan has 208 facilities serving a population of approximately 1.1 million, making it the Canadian leader in golf facilities per capita. Seventy-Three percent (73%) of Saskatchewan's facilities have fewer than 18 holes, a percent that is larger than any other province. There are only 55 18-hole facilities in the province, which makes the LGCC relatively unique. This profile is in line with many other agricultural based regions in the United States⁴

Golf contributes an estimated \$600 million toward Saskatchewan's Gross Domestic Product (GDP). This includes⁵:

- 17,000 jobs;
- \$352 million in household income;
- \$36.6 million in property; and,
- \$81.3 million in federal and provincial income tax

Golf Participation in Saskatchewan is the 6th highest in Canada at 4.2% of the population, just behind Manitoba at 4.5%.

³ The NGF's annual golf participation report <https://www.golfdigest.com/story/the-ngf-annual-golf-participation-report-uncovers-favorable-trends-for-the-games-future>

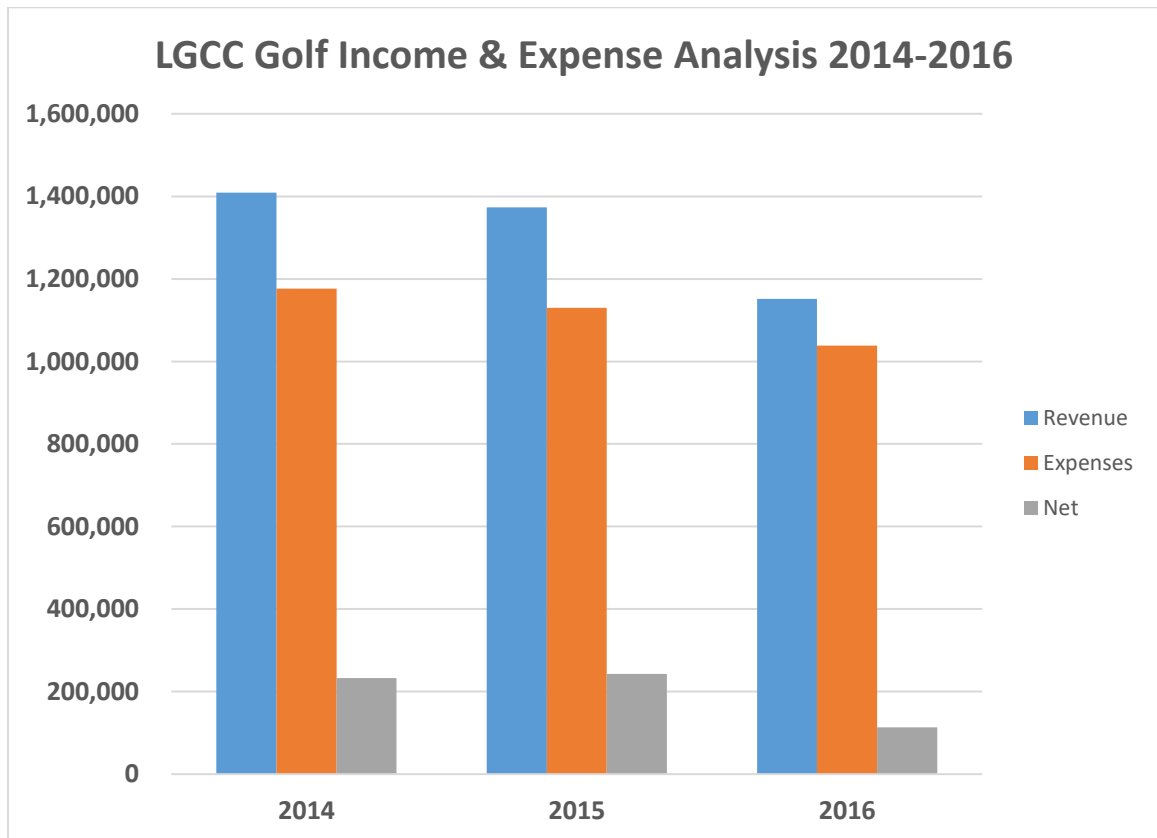
⁴ Golf Facilities in Canada 2015 Edition – Golf Canada and the PGA of Canada

⁵ NAGA 2014 Economic Impact of Golf in Canada

City of Lloydminster Golf Market

The golf market in Lloydminster over the last 3 years has been negatively impacted by the economic downturn in the oil and gas industry. Golf has been on a steady decline over the past 3 years and remains very price sensitive. The decline in job growth and uncertainty of the future economic conditions will definitely continue to impact the near term market demand for golf. However, given that the membership and green fee rates are comparatively very competitive for 18-hole courses, and because of the opportunities identified in more detail in this report, the consultant believes that the LGCC is sustainable for the future.

Chart 1: LGCC golf financials 2014-2017



Curling

Trend & Profile	Description
Curling participation rates in Saskatchewan are declining for affiliated membership according to CurlSask.	Affiliated membership numbers in Saskatchewan for Curling have declined by 36% between 2012 and 2017. 2012/13 - 21,993 2013/14 - 21,151 2014/15 - 15,259 2015/16 - 15,423 2016/17 - 14,056
Youth and Adult Curling Clinic participation is increasing in Saskatchewan according to CurlSask.	Youth and Adult Curling clinic participation has increased by 205% for Youth and 1,083% for Adults between 2012 and 2017 2012/13 – 240 Youth, 6 Adults 2013/14 – Stats not Available 2014/15 – 526 Youth, 0 Adults; 6,241 Rocks n Rings presented by Curling Canada. 2015/16 – 488 Youth, 207 Adult; 7,926 Rocks n Rings presented by Curling Canada 2016/17 – 695 Youth, 76 Adults; 2,972 Rocks n Rings presented by Curling Canada. 2017/18 (YTD) – 733 Youth, 71 Adults; Rocks n Rings (stats not available yet) ⁶
Of the active (regular) sport participants in Canada, 3.4% participate in curling.	
4.8% of the Canadian population are curlers	Approximately, 1,512,000 people, ages 12+, in Canada curl, or 4.8% of the population (2015) ⁷
Curling is popular amongst ‘middle’ age adults.	The majority (23%) of Canadian curlers were between the ages of 35-49. This is followed by the 50-64 age group (20%) and then the 12-17 age group (17%).
Curling is a popular sport in the Prairie Provinces	The majority of Canadian curlers (46%) live in Ontario. The next largest percentage of Canadian curlers (25%) live in the Prairies.
Curling is predominantly a ‘Caucasian’ activity.	The majority (77%) indicate their ethnicity as White. The majority (85%) of Canadian Curlers speak English conversationally.

⁶ CurlSask, email document from Executive Director Mat Ring

⁷ Curling Canada, Profile of the Canadian Curler 2015 <http://www.curling.ca/about-the-sport-of-curling/business-of-curling/profile-of-the-canadian-curler-2015/>

Individuals that regularly participate in curling do so often.	64% of curlers participate one to two times per week, with 27% participating more than twice per week ⁸
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The Curling facilities best poised for growth in the future will:

- Provide an opportunity for people to meet and play with friends;
- Serve people of all ability levels;
- Continue to provide value to an increasingly budget-conscious population; and,
- Promote ‘fun’.

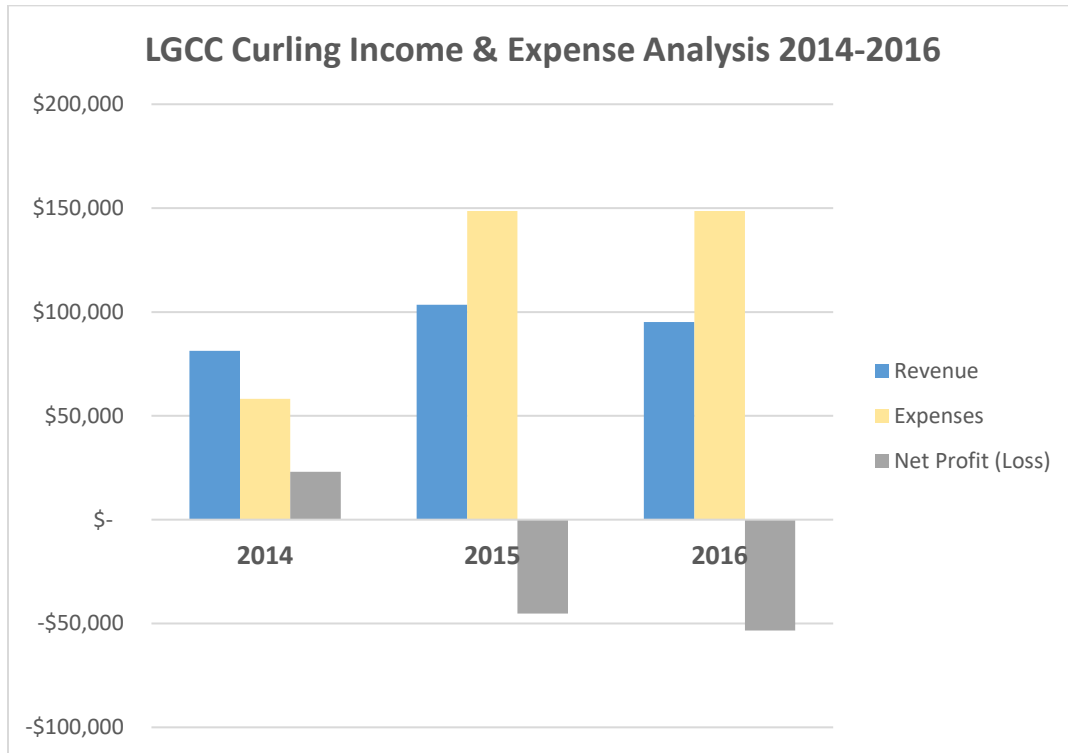
City of Lloydminster Curling Market

As with the golf market, the curling market in Lloydminster over the last 3 years has been negatively impacted by the economic downturn in the oil and gas industry. The decline in job growth and uncertainty of the future economic conditions will definitely impact near term market demand for curling. However, given that the league membership fees have remained unchanged for the past 3 years, curling league fees in Lloydminster are reasonable compared to other municipalities in Saskatchewan and Alberta. See [Schedule 1: Curling League Fees](#). The rise in popularity of the sport of mixed doubles curling at the 2018 Olympic Games in PyeongChang, and because of other opportunities identified in more detail in this report, the consultant believes that curling at LGCC has the potential to grow in the future.

The curling portion of the LGCC has experienced a steady decline of revenues and an increase in expenses over the past 3 years. The recommendations outlined later in this report will help to reverse this trend and support the LGCC’s future operating sustainability.

⁸ The State of Curling in the City of Edmonton, AB. February 2015
<http://www.northernalbertacurling.com//user/files/2015-02-17%20State%20of%20Curling-SM.pdf>

Chart 2: LGCC curling financials 2014-2016



Squash and Racquetball

Trend & Profile	Description
<p>Squash participation rates are starting to rise in Alberta. There is no data for Saskatchewan.</p> <p>Squash is not growing in Canada</p>	<p>Participation rates in Squash have experienced a 9% increase in Alberta in the last 3 years. This is after a number of years of stagnant growth.</p> <p>Overall in Canada, there has been a gradual decline (as most sports have) but have most recently stabilized in terms of participation and loss or construction of courts according to Dan Wolfenden, Executive Director of Squash Canada.</p>

Squash and Racquetball are not in the top 10 most popular sports in Canada.	Of the most practiced sports in Canada Squash ranks 20 out of 25 and is actively participated in by 1.6% of overall Canadians participating in sport. Racquetball is ranked below the top 25 ⁹
Squash in one of the ‘healthiest’ sports in the world.	A Forbes Magazine study in 2003 indicated that squash was the healthiest sport in the world. This is based on the caloric expenditure in one-hour of squash (600 to 1000 calories/hr.) ¹⁰
Squash is a World game.	Squash is played in 188 countries and territories. There are more than 147 National Squash Federations. Squash is included in over 20 multi-sport international games and is one of the 10 core sports in the Commonwealth Games. The sport is also on the shortlist for the 2020 Olympics ¹¹

The Racquet facilities best poised for growth in the future will:

- Provide a dedicated Squash/Racquetball Professional or programmer;
- Provide an opportunity for people to meet and play with friends; and,
- Focus on youth development.

City of Lloydminster Squash & Racquetball Market

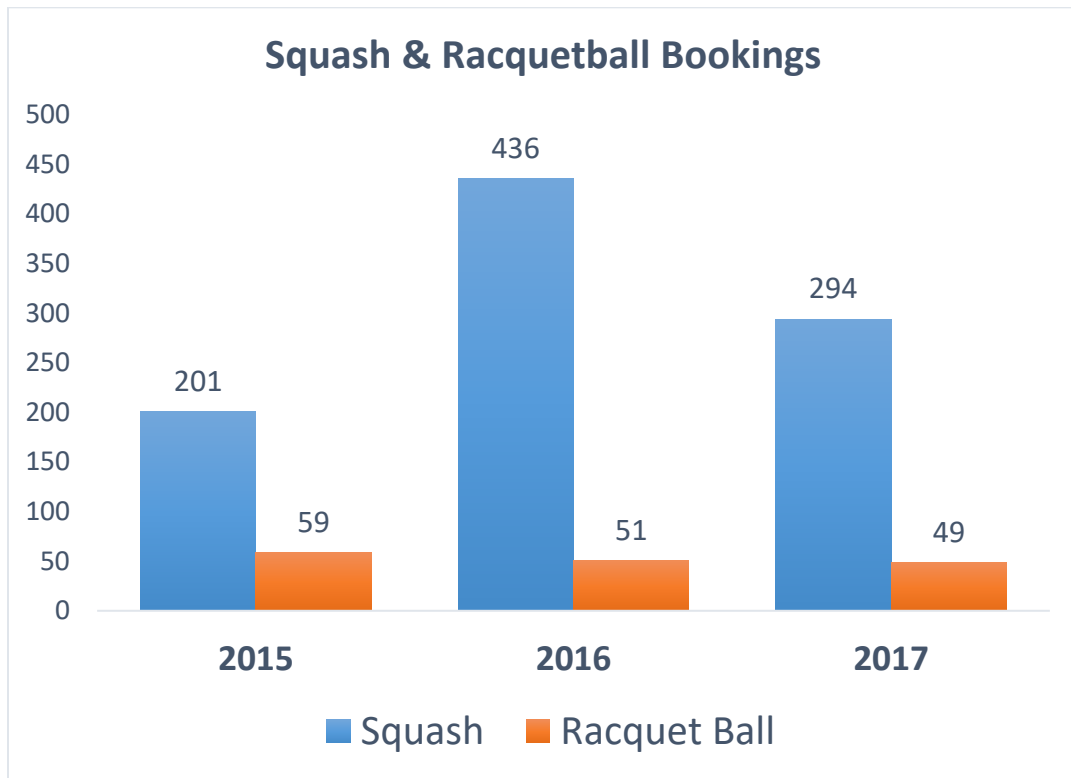
It appears that the squash bookings have dramatically declined between 2016 and 2017 with Racquetball bookings remaining stable in the same time period. Membership fees have remained unchanged for the past 2 years, but it is the consultant’s understanding that accessibility to the courts has diminished between 2016 and 2017. The recommendations outlined later in this report may help to improve this trend.

⁹ Heritage Canada, Sport Participation 2010 Research Paper
http://publications.gc.ca/collections/collection_2013/pc-ch/CH24-1-2012-eng.pdf

¹⁰ Forbes Magazine Study 2003
https://www.forbes.com/2003/09/30/cx_ns_1001featslide.html#6587f3a55ba6

¹¹ Squash Canada, The Game <http://www.squash.ca/en/game>

Chart 3: Squash & Racquetball Bookings



The industry trends and economic climate will shed light on potential opportunities for the LGCC to maintain or enhance cost recovery through the redesign of their current operating model. The redesign of the operating model will not only focus on reducing costs and rationalizing overhead; but will also focus on increasing participation and therefore revenues through enhanced positioning in the community/market derived from a greater understanding of demographics, focused marketing messages, engaging programs and effective pricing strategies.

FINDINGS AND RECOMMENDATIONS

2. STRATEGIC OVERSIGHT

Findings | Strategic Oversight

A. Governance Structure

The Lloydminster Facility Corp. (LFC) is incorporated under *The Non-Profit Corporations Act*, 1995 (Saskatchewan). The LFC operates a golf course, restaurant, curling arena and squash and racquetball courts in the City of Lloydminster.

The corporation is governed by a 5-person Board of Directors, all appointed by Lloydminster City Council. All members of the Board are recent appointees within the last year.

The Chairman of the Board is the Executive Manager, Community Development Services; and the Treasurer is the Manager of Finance for the City. The other three members include two City Counsellors and the City Manager.

There are three non-voting members on the Board:

- Director of Recreation & Culture Services (who reports to the Executive Manager, Community Development Services; and was the past Manager of the LGCC);
- Current LGCC Manager; and,
- Office Liaison of the LGCC (as the Recording Secretary)

B. Assessment of Governance Practices

Methodology

Confidential interviews were conducted by the Consultants with each Board member. The Mayor was also interviewed. Several days prior to the interviews, each interviewee was provided with a copy of a Self-Assessment of Governance Standards from HSG's Operational Review instrument. This was used to guide the direction of each interview. For a complete outline of this instrument, please see [Schedule 2: Self-Assessment of Governance Standards](#).

Findings

A. BOARD LEADERSHIP

1. LGCC does not have a mission statement; nor does it have a strategic plan. No mechanism is in place to develop these, except to adopt the City's strategic priorities and adjust them to apply to the LGCC.

2. The Manager of LGCC reports to the Director of Recreation & Culture Services instead of the Chairman of the Board, like he would if the LGCC were a City department and the Manager of the LGCC were a civil servant.
3. The LGCC has no policies and procedures governing codes of conduct, human resources, or finance, that are separate and distinct from those provided to it by the City.

Since the Board of the LGCC is entirely composed of Council members and Administrative Executive staff of the City of Lloydminster, it is second nature for them to apply their thinking and priorities to the operation of the LGCC. The City has just completed an update of its Strategic Plan that spans the period 2017-2021. In it, is clearly stated the City's Vision, Mission and Values. Its watchword is Community Sustainability through Governance, Culture (which includes Recreation & Sport), Social, Economy and Environment. It is committed to sustainability-based planning; and articulates eight high-level priorities. Steeped in this strategic context, the LGCC is currently well-served by a group of directors who understand public service and appreciate the 'big picture' economic environment within which the LGCC operates, and how malleable it needs to be to thrive in the long term.

Because this is a relatively new experience for each of the directors, and because the LGCC has been operating at an increasing deficit for the last two years, and because the City effectively 'owns' the Centre asset, the Board is currently acting to mitigate any further financial risk to the City in supporting the LGCC operation. As a consequence, there is no attention to generating programs and increasing revenues, but rather to controlling operating costs. As a result, the LGCC as a vibrant and enterprising business that contributes high quality recreation opportunities to its constituents, is, instead languishing in uncertainty and indecision.

Essentially, the LGCC is being controlled by the Board like a municipal government department, except that it is under closer scrutiny because of the liability issues associated with its underperformance.

B. FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

1. The organization issues annual financial statements in accordance with CPA Canada standards. These are prepared by the City Finance Department, under the supervision of the Manager, Finance, who is also on the Board of the LGCC as its Treasurer.
2. The financial statements are audited by an independent licensed public accountant.
3. They are reviewed and approved by the Board within 6 months of year end.
4. The Board approves the LGCC annual budget and monitors the organization's performance compared to the annual budget through the production of monthly P&L statements on a YTD basis. These are prepared by the City Finance Department and presented to the Board by the Treasurer of the LGCC, who is also the Manager of Finance for the City.

5. Grants are applied for, as appropriate, through the Grant Coordinator with the City.

The finance function of the Centre is perhaps the highest priority of the Board. It currently controls expenses very tightly, practically 'to a fault'. There is little latitude for creativity or innovation – qualities that will be needed in the future in order to 'grow the business'.

C. FUNDRAISING

1. There are no fundraising activities that occur at the LGCC.

D. STAFF MANAGEMENT

1. The LGCC has extensive policies and procedures in Human Resources as per [Schedule 2: Self-Assessment of Governance Standards](#) but they are all provided by the City. The only difference between employees of the Centre and City staff is that Centre staff are not members of CUPE.
2. A key weakness within the LGCC, however, is the lack of succession planning, particularly in the case of the Turf Care Superintendent – a unique position, for which a replacement needs to be developed over time, not recruited 'at the last minute'.

E. VOLUNTEER INVOLVEMENT

1. Other than the Marshalls on the golf course during the summer, there are no volunteers that work at the Centre.

C. LloydNeeds Assessment Report | January 2018

Initiated in the summer of 2017, Lloydminster just finished publishing the findings of its Community Social Needs Assessment. It paints a comprehensive picture of Lloydminster's social needs; and includes the essential recommendations and actions required to build a connected and socially responsible community.

It lists *Mental Health* and *Recreation* as two of the top five social issues that most impact the residents of the City. *Mental Health* was identified as the second *highest priority* for residents, behind only Substance Abuse / Addictions.

According to the Report, residents embrace the idea that ***recreation supports community connection and belonging*** – key factors in the social well-being of individuals.

Recommendations for Action

The Report makes three sweeping recommendations for action by the City. (*Paraphrased here from page 26 of the Report*)

1. Develop policies and procedures to remove physical, financial and systemic barriers to accessing recreation facilities and programs.
2. Provide the opportunity for residents to identify the forms of recreation activities and programs they prefer, including the consideration of a Recreation Subsidy Program.
3. Assign priority funding (either through community grants or tax-based allocations) to organizations that have accessible and affordable programs.

The LloydNeeds Report represents a strong rationale for City Council to more whole heartedly include the LGCC into its stable of recreation assets. Judging from the City's website, a new resident of Lloydminster might think that the LGCC already *was* a part of the recreational mosaic owned by the City.

The Consultants are therefore recommending in [Section Eight](#) that the Board strongly consider restructuring the Centre to recognize it for what it already is: another sports and recreation asset within the Recreation & Culture Services department.

3. MANAGEMENT/OPERATIONAL OVERSIGHT

Findings | Management and Operational Oversight

A. Business Management Systems

Through the consultant's analysis, it became apparent that there is a lack of well-defined systems and policies to guide operations. Currently, the LFC relies heavily on policy and procedures developed within the City of Lloydminster to support daily operations; especially in the areas of Human Resource Management and Accounting.

It has been identified that the main form of planning undertaken by LGCC management is the budget. While we recognize that there is a tremendous amount of effort in creating the annual budget, there are some distinct drawbacks with using the budget as the primary planning tool:

- There are limited or no written plans (Strategic, Annual Operating, and Department-specific) to support the dollar amounts (particularly revenue expectations) outlined in the budget.
- The budget is developed based on a best-case scenario of what has 'historically' occurred in the past, not on what is anticipated, or planned, for the future.
- The budget variance reports may not provide sufficient information to support decision making and to manage outcomes.
- It is clear that the strategy for operational sustainability is based on reducing expenses versus planning for the growth into new or existing markets.
- Many of the staff are stressed with regards to the financial position of the LGCC, and the culture that has been created through the significant transitions at the City. This is leading to increased turnover and makes it difficult to hire well qualified and reliable staff. Currently, there are 3 key positions vacant at the LGCC (Curling Supervisor, Head Golf Professional and Head Cook). This current scenario will make it difficult to greatly improve the level of service in the short-term.

The Consultants were not able to obtain or see detailed copies of the following key management tools:

- Comprehensive and detailed Strategic Plan;
- Annual Operating Plan with goals, objectives and action steps;
- Marketing and Sales Plans with target markets, objectives and action steps;
- Department Goals and Objectives;
- Individual Performance Management Plans;
- Written and detailed Service Strategy; and,
- Facility Lifecycle Plan beyond 2021 for **all** departments.

It is a best practice in many Not-for-Profit Recreation Centres that the Management Team utilize their strategic plan to guide the development of annual objectives for the staff. It is also a best practice to develop a 10-year facility Lifecycle Plan; and contribute a minimum of 2% of gross revenue per year to a capital reserve account for facility and equipment refurbishment.

B. Accounting and Payroll Systems

The LGCC's accounting and payroll processes are currently supported by both the LGCC staff and the City's Finance departments. The City of Lloydminster (which has a finance department) supports the LGCC by producing its budget variance report and drafting cheques for accounts payable. The City supports payroll by ensuring that all LGCC staff are paid. The balance of the accounting activities is managed at the LGCC and overseen by the Manager (LGCC) and Manager of Finance (LFC Treasurer and Manager of Finance for the City of Lloydminster).

The consultant did not complete a 'deep dive' into the financial processes as this work was completed by MNP_{LLP} through their Forensic Investigative Report of the Lloydminster Facilities Corp. However, the consultant did complete a high-level review of the accounting processes based on industry 'best practices'.

The Consultants uncovered a few challenges and concerns through the review process:

- The POS system is not directly linked to the Accounting Software. This leads to double entry of data and can lead to errors. In addition, this take a great deal of time and unnecessary effort.
- There is no formal cash flow statement produced monthly to identify potential cash shortages. In this difficult economic time period for the LGCC a cash statement would assist with identifying cash needs in advance of a potential cash crunch.
- Key performance ratios/indicators (i.e. Payroll as a % of revenue, membership attrition % or weekly Food & Beverage Costs) are not produced to allow effective management of the operation.
- LGCC staff do not know how to utilize the POS system to create special reports necessary to manage more effectively.
- Membership fees are collected in a lump sum for the season; and there is no capacity to collect fees monthly.
- Accounting Policies & Procedures (LGCC responsibilities) are not in writing (i.e. Accounts Payable procedures).
- The Office Liaison is the only person at the LGCC that knows the accounting support job that is provided to the City. Consequently, she does not take vacation beyond a few days at a time.

C. Risk Management

Risk management is a fundamental part of doing business. Risks are simply part of doing business and by having the right policies and procedures in place to deal with them, limits their impact.

The consultant identified the following concerns through the operational review process:

- There is no signed membership agreement with the golf members that includes terms and conditions.
- In the curling centre, helmets are not mandatory for injury prevention for anyone under the age of 12 and for new curlers. After Under – 12, parents are not required to sign waivers up to the age of majority in the province of Saskatchewan.
- The LGCC has business interruption insurance. However, it is limited to \$300,000 and the total deductible is \$25,000 per month. This is insufficient.
- Some Squash and Racquetball members have access to the courts through the ground level entrance outside of normal hours of operation. The concern is the liability to the Centre if the member is injured or worse without qualified staff on-site; and without a signed waiver covering this specific possibility.

Recommendations | Management and Operating Oversight

A. Business Management Systems

Our recommendations focus on ensuring that the LGCC position itself to achieve its greatest potential success as an organization through the development and use of fundamental business management systems and processes. The LGCC should operate with guidance from the following:

1. A Strategic Plan which reflects the Centre’s long term, realistic operating aspirations; and making choices in order to have a sustainable operation;
2. An annual Operating Plan, including key measurable outcome objectives for each department;
3. An annual Sales and Revenue Plan (by department and including events, membership, programs, rentals and new business development opportunities);
4. An annual Financial Plan (budget) with detailed monthly forecasts for revenue growth and cost management (see recommendations in this Report’s Financial Management [Section Seven](#));
5. An Individual Performance Management plan (for the Manager and all department Supervisors) that ensures a clear accountability for operational outcomes that are aligned with the annual Operating Plan;

6. A process for analyzing the operational effectiveness of all departments and services, such as:
 - Food & Beverage control systems (including reporting);
 - Facility utilization rates (by specific target demographics, as defined in your Sales & Revenue Plan);
 - Member and Community satisfaction levels; and,
 - Membership attrition rates (by month).
7. A formalized Customer Service Strategy that documents the existing standards and practices that are in place, along with any additional concepts that would optimize the customer service experience; and,
8. A comprehensive Facility Lifecycle Plan to ensure the protection of the LGCC as an important community asset; and to provide a safe and enjoyable facility for years to come.

B. Accounting and Payroll Systems

The following recommendations focus on creating a more efficient process for accounting practices and to provide management with informative data to support more effective decision making.

The POS System is not linked to the Accounting Software

Currently, the POS system in the Pro-Shop is not automatically uploading data into the accounting software. The Office Liaison is currently printing reports from the POS system and manually entering the data into the accounting system. This is time consuming and may lead to errors due to the manual entry process. The Manager is currently investigating the compatibility between the two software packages and will make a decision on the next steps pending his investigation.

Cash Flow Statements

It is the consultant's understanding that cash flow statements are not part of the monthly reporting activity at the LGCC. Based on the current financial position of the LGCC it will be important to complete a cash flow statement as part of the monthly reporting practice to ensure the LGCC can meet its financial obligations. It is recommended that this statement identify cash requirements far enough in advance to ensure the proper approvals can take place and that the cash is available when required.

Key Performance ratios/indicators

In order for management to make effective operating decisions, Managers and Supervisors need to be trained to create key performance ratios or indicators appropriate for managing their department. This information can be developed through the effective use of the POS systems and the Accounting system. Primary examples are: Cost of Goods Sold (COGS) for Food & Beverage items, Inventory turn-over rates, membership attrition rates, cost per square foot etc.

[Schedule 3: Key Performance Measures](#) provides a list of some of the key performance ratios/indicators that can support the LGCC Management in its decision making.

Membership Fees

Currently, membership fees for golf are collected in a lump sum for the season. Based on the current economic climate, and in order to make it easy for patrons to do business with the LGCC, it is recommended that the LGCC consider providing a monthly (automatic) payment option for its members. This is common practice now in the recreation industry and leads to greater uptake in memberships as it is perceived as being more affordable.

Written Policies and Procedures for LGCC

At this time, there are no **written** policies and procedures for the accounting responsibilities for which the Office Liaison is accountable on a monthly or annual basis: This makes it difficult to maintain consistency and accuracy in the execution of the process. The consultant recommends that written policies and procedures be developed for all of the critical processes to run the business effectively at the LGCC; and that an additional and appropriate staff person be trained in, at least, the necessary/critical on-going tasks to maintain the business.

C. Risk Management

The following recommendations are important for the LGCC to consider as they each pose their own degree of risk to the organization.

Membership Agreement

There is currently no formal agreement signed by the members that includes Membership Terms & Conditions. This should include such categories as: Membership Type and relevant information, etiquette and the Member's Signature and date to the Agreement.

Helmets

In 2017, the Canadian Curling Association stated that helmets be mandatory for anyone under the age of 12. Helmets must be CSA approved headgear. After age 12, parents should sign waivers, releasing the facility of liability for not wearing a helmet; or, alternatively, helmets continue to be worn until the age of majority in the province. Curling Canada strongly recommends that anyone who is vulnerable (related to experience or medical condition, etc.) wear protective headgear on the ice or, sign waivers if choosing not to wear protective headgear.¹²

¹² Curling Canada, helmet use recommendations <http://www.curling.ca/?s=helmets>

Business Interruption Insurance

Although the LGCC has business interruption insurance the consultant recommends that it review the policy to identify if the amount of \$300,000 total and deductible of \$25,000 per month is the most appropriate policy for its current needs.

Access to Courts Outside on Normal Hours of Operation

No members should have access to the facilities of the LGCC beyond the posted hours of normal operations. This not only creates a liability for the LFC, but it is not good business practice and can be seen as 'unfair' to other members who abide by the rules.

4. STAFFING

Findings | Staffing

The Consultant identified a number of challenges in this area at the LGCC. In general, the reporting structure at the highest level is not providing the management team the direction they require; there is very little on-site management/ supervisory support during peak usage times; and the capacity to exercise sound operational decision making is limited due to the absence of key metrics. The details of our findings are outlined below.

It is important to acknowledge that, throughout our interview process, we were impressed with the degree of commitment and hard work the staff were exhibiting. Staff are at the LGCC for the right reasons (passionate about people, committed to the community, want to make a contribution).

A. Organizational Structure

The organizational structure of the LGCC, with its Board of Directors, Manager, Supervisors, Full-Time and Seasonal Staff is somewhat standard for the golf industry. However, the most significant challenge is the reporting structure between the Manager, Board of Directors and the Director of Recreation & Culture. It is very unusual to have the Manager reporting (receiving direction) from two different authorities. This may not have been as effective as initially anticipated; and in the Consultant's interviews with the Manager, he reported the following challenges:

- There is no common and clear mission for the LGCC. The LGCC is utilizing the City of Lloydminster's mission, but there is a lack of clarity on how this can support the daily operations of the LGCC.
- There are, at times, differing expectations between the board and the Director.
- There is limited ability to make decisions when it comes to spending or making decisions on staffing. There is a chain of approvals that includes the Board, the Director of Recreation & Culture and Council for decisions that takes a great deal of time and may lead to frustration.

Currently, there is no staff person designated or identified as being a replacement for the current Turf Care Superintendent. In many golf operations, there is an Assistant Superintendent who is positioned to take on the role of Superintendent in the event of retirement or a vacated role. This is an issue as the current Superintendent has a tremendous amount of intelligence regarding the uniqueness of the operation. A vacancy in this position without the sharing of history and unique operating practices may lead to poor course conditions and costly mistakes as result of a 'trial and error' approach. As well, it is the consultant's understanding that it is difficult to attract a well-qualified and experienced Superintendent to the Lloydminster area.

B. Leadership & Direction

There is a **clarity of purpose** by the staff at the LGCC to deliver good customer service. However, there is no common understanding of the Centre's vision, mission, objectives or measures of success besides coming in on budget. Currently, there is confusion regarding the *Purpose* of the Centre, as staff feel conflicted with the focus on cost cutting. Some staff feel that Customer Service will be compromised based on reduced staffing and limited hours of operation.

Operating Plans for the LGCC, as well as individual departments (for the most part), are not as effective as they could be or do not exist. There *are* department initiatives; however, there is a lack of detail on the objectives or action items to achieve the initiatives. In addition, there is no evidence of a link between budgets and the plans. It appears that staff are 'working in a whirlwind' – as staff are so caught up in day to day operating issues, they are not paying attention to the important management and business processes that need to be in place (i.e. developing a solid service plan, marketing plans, department plans, action steps and performance management). Consequently, staff are operating in a place of uncertainty rather than a position of clarity and purpose. This has led to confusion for staff, management and the Board.

There is a lack of **Team** in the overall operation and departments operate as **Silos** (this was identified in the consultant's review). Some department supervisors expressed that they would sooner be left alone to complete their responsibilities than meet with their supervisor or team as they felt it would not be focused or productive. The only team activity identified was the planning for a major event that involved multiple departments (i.e. Food & Beverage and golf or curling); or amongst the individual departments; and this was either a group meeting or a short huddle at the beginning of the day to review the day's events.

The lack of Team and operating in Silos, results in a lack of **Cohesion** and limited **Collaboration** between departments, a critical requirement to operate a facility of this size and complexity.

Structure, systems and tools of **Accountability** either don't exist or are not readily applied. Although operating programs have been adopted (for example, the planning of an event and a debrief following the event), there has been no or limited measures for success or challenges. Staff had a difficult time expressing what measurable success looked like beyond the verbal feedback from customers.

The process for **Decision Making** is either unclear or cumbersome. This results in an inadequate understanding of decisions, identification of threats and reduced knowledge of staff. In addition, operating systems and policies are inconsistently applied or not applied at all. Some department heads, and therefore their staff, are not trained on key systems or policies. An example of this is the absence of key measures for monitoring food costs. By having systems in place to monitor Cost of Goods Sold (COGS) the supervisor is able to more clearly identify reasons for higher costs due to; spoilage, theft, inaccurate inventory counts etc.

There were some reports during the interview process that supervisory staff have not been **Present/Available** enough outside of normal business hours. Some sited this to be an issue especially during events in the evening or over the weekend. Senior staff need to be present at peak times to support staff (Evenings, Weekends or Holidays). It is the consultants

understanding that there is a presence of Senior staff, but not as much as some customers expect.

C. Roles, Responsibilities & Performance Management

Every employee of the LGCC has a Job Function agreement which clearly outlines their responsibilities – **WHAT** to do while on the job. However, vacancies in key positions (Supervisor of Curling, Head Golf Pro, Head Cook) have left staff feeling that they can't effectively do (the key functions of) their jobs.

Beyond the Job Function document, the consultant was not able to identify any additional department **guidelines** and **expectations** regarding day to day operating requirements (e.g. standards of performance). Two departments, those which the consultant was able to review a little closer due to the season – Food & Beverage and Building Services – could optimize the service levels by creating or adjusting department standards as identified through interviews with a user group. i.e. Curling Ice quality – number of Picks per game and replacement frequency of 'sticky' tape at curling arena entrance.

Staff require support from the organization by having specific **operating systems**, policies and procedures for each department that are complemented by overall general policies (primarily HR and Administrative related) provided by the City. In addition, there are a number of **tools** needed for staff to effectively and efficiently perform their function. This report details these tools in [Section Six: Operations](#).

Performance Management

It does not appear that supervisors have access to (or have made use of) training or tools that would assist them in implementing a system of performance management, beyond performance reviews, including setting clear performance objectives and coaching staff on achieving job outcomes. The absence of specific expectations and lack of targeted support can lead to reduced moral.

Supervisors are not clear on **how** their performance is being **measured**, nor are there **measures** to tell how they are doing. The shift from service to cost management as the priority has created confusion and anxiety for many staff. The current application of reduced expenses as seen in the reduction of access to the courts is seen to conflict with efforts to manage costs and generate revenue, thereby adding to the confusion of what are the priorities, and how performance is being measured.

A strong performance management system also includes **recognition** and **reward**. The consultant did not identify any formal program within the LGCC. We understand that the City has a program which the LGCC can access, but this is not used consistently. Verbal and written recognition from customers is passed along to staff in recognition of a job well done.

Training Requirements

In order to enhance customer service and improve employee morale, all staff need to have a formal development plan. The consultant could not identify any written training and development plan for staff. It is our understanding that staff development is currently based on a request from staff; rather than through a Staff Development Plan per se.

Some staff identified, through the interview process, that they require more training in: computer software use, problem solving and goal setting. Development in these areas would support greater **productivity** and **accountability** in the future.

D. Cost of Staffing

Wages

Salaries and wages are a significant portion of expenses in any recreational business. The Consultant has access to an industry specific compensation survey and Food & Beverage expertise and has compared the LGCC cost by position against the compensation survey costs for 'like' roles in the facility category.

Overall, the LGCC staffing costs on a per hour rate is **2%** higher than the top 75% percentile for the industry. *See the confidential personnel document for details.* In analyzing the details of the comparison, the Consultant identified the following:

- LGCC Department Manager's/ Supervisor's wages are **2.5%** higher than the wages range identified in the industry research.
- Operational staff and wages were **1.6%** higher than the wage range identified in the research.

It is not uncommon to see higher salary and wages in municipalities that have an economy that is predominantly supported by the Oil & Gas sector. In order to attract and retain staff in the recreation service industry, salary and wages must be attractive in relation to higher paying jobs in the Oil & Gas industry. However, the consultant has noted that there are some positions that are extraordinarily high compared to similar roles in the industry.

Recommendations | Staffing

A. Organizational Structure

Given the Findings of this Review our recommended organizational structure changes are as follows:

- Reporting structure between the LGCC Manager, Director of Recreation & Culture Services, and Board of Directors:** It is very unusual to have a Manager of operations reporting directly to two different parties; Director of Recreation and Culture and a representative from the Board. This three-way direct reporting structure is inefficient and may create confusion that can be mitigated through a single direct reporting structure. Traditionally, the Manager reports directly to the Chairman of the Board of Directors and it is the consultant's recommendation that this be the reporting structure adopted by the LFC.
- Assistant Superintendent:** The Turf Care department should ideally have a second in command to the Superintendent in order that the current Superintendent's wealth of knowledge and experience is not lost to the LGCC in the event that the current Superintendent leaves his position. Turf Care is a critical component to the LGCC quality of service, and ultimately the golfer's experience. In order to maintain the quality of the golf course, it is important to impart information and train an additional staff person in the art of turf care at the LGCC. This could be done with the assignment of an Assistant Superintendent. This role could handle current escalating workloads and would be accountable for assisting the Superintendent in ensuring that the grounds are developed and maintained in an environmentally sustainable manner to optimizes the golfer's experience.

This role would be responsible for implementing, through the guidance of the Superintendent, strategies for effective turf care management, maintenance and lifecycle planning. They would be accountable for areas of budget development and adherence, maintenance and repair, renovation of existing facilities related to the golf course where applicable. They would be expected to acquire the appropriate education in modern turf care management along with learning important aspects that are unique to the environmental and soil conditions at the LGCC. They would be trained on how to lead a team of turf care staff in preparation for a senior leadership role in the future.

B. Leadership & Direction

The consultant's recommendations are provided in order for the LFC and the LGCC Manager to enable staff effectiveness through a disciplined adherence to Purpose, Focus and Management.

The recommendations begin with Leadership because this is a story of 'change'. Change requires making strategic choices before building a culture of Excellence.

The LFC needs to develop and effectively communicate a compelling strategic direction in order for the LGCC to function most effectively as an organization. Currently, the staff of the LGCC is left to function like a rudderless ship, not knowing its mission/purpose for the future. The LGCC requires a vision and mission in order that the Manager can develop a comprehensive operating plan complete with goals, objectives and action steps to map out the course for a successful and sustainable future.

The board of the LFC needs to first determine the future purpose and structure of the Lloydminster Golf and Curling Centre, taking into consideration the historic and future economic realities of the enterprise. From there, everything else: its strategic objectives, its operational planning, its policies and procedures, and its staffing structure, can all cascade from this initial fundamental decision. Please see [Section Eight: Future Business Model](#) for further discussion.

Develop a **Culture of Accountability** including:

The adoption of Performance Objectives by the LGCC will help to create (or drive) a culture of change within LGCC to one of disciplined adherence to greater responsibility for delivering performance accountabilities in support of the City's strategic direction.

Ultimate accountability will rest with the Manager but will be shared with each department supervisor of the LGCC. Applying accountability systems that will have clear lines of sight between department Key Performance Indicators (KPI's), Department results, right down to Individual Performance Measures of individual Staff will ensure that everyone understands the contribution and impact their collective efforts have on the total purpose of the department.

Increase **Decision Making Capacity**

The development of an *Accountability Framework* will specify the span of control that should be exercised by the Manager; but is intended to empower staff through a wider diffusion of authority to ensure that *appropriate decisions are being made at the appropriate level*.

With the development of a strategic direction by the LFC, there will become a clearer line of sight between the decisions that need to be made and the impact on the organization's goals. An effective manager and the team will learn to shift their decision-making style to match changing environments/circumstances. By correctly identifying the governing context, staying aware of danger signals, and avoiding inappropriate reactions, the manager or supervisor will be able lead effectively in a variety of situations.

C. Performance Management and Accountability

The LGCC is not currently utilizing a comprehensive system for performance management. This would include a performance planning, performance coaching and a performance review process. Currently staff are held accountable primarily for the financial results in the budget (which is primarily focused on cost management) but not performance objectives.

Staff need to understand what role they play in achieving the organization's goals in order to be able to set appropriate performance objectives, with associated key performance indicators. This will permit a much clearer performance-focused relationship to exist between the respective manager, supervisors and staff.

The Manager and Supervisors need the tools, resources and training to adequately set performance standards, support staff in achieving desired results and measuring performance outcomes. Strong performance management systems are the foundation for holding individuals and teams accountable for their activities, behaviours and results.

A strong and supportive Performance Management system is based on the philosophy that staff are competent professionals, who are committed to the goals of the organization they serve and can be trusted to work in the best interests of their colleagues and their customers. A system which supports all staff to fulfill their roles, responsibilities and objectives include:

Performance Planning involves understanding and agreeing on an employee's Roles and Responsibilities, Performance Objectives and Standards of Performance, for a selected period of time (monthly, quarterly, semi-annually or annually).

Performance Coaching from supervisors should occur continually throughout the year to check progress and ensure that performance is on track. Interim reviews are completed as required.

Performance Review provides the opportunity for an employee's performance over the period to be summed up through a systematic, consistent and documented process between each employee and their supervisor. Currently, the LGCC has an appropriate Performance Review structure, but it needs to be complimented by Performance Planning and Performance Coaching.

The completion of the Performance Review process should open up a subsequent conversation regarding the employee's future professional growth. In this discussion, plans for **Training & Development** are also set.

With each individual employee's performance affecting all other staff and overall project operations, it is essential that LGCC supervisors and employees each fulfill their *Performance Management* responsibilities effectively.

The purpose of Performance Management is served when an individual employee's performance plan (i.e. roles & responsibilities, performance objectives and standards of performance) is current and aligned with the goals of the Centre, for a specific period of time.

In order to take the job function to the next level, it is important to identify the standards of service both in general that the staff as a whole will provide and the specific standards necessary for the optimization of service at the department level. The standards of service focus on the '**behaviours**' required to engage customers and should be used as metrics to evaluate performance. An example of a general standard might simply be that each guest of the LGCC is greeted with a *warm smile and acknowledged with a 'hello'*.

In addition to the performance management system there are additional management activities that are recommended by the consultant:

Redefine the *Qualifications and Hiring Practices* for staff

The consultants recommend that the job expectations for Managers or Supervisors include:

Qualifications

- Adjust the qualification requirements to focus on stronger skills in managing.
- Priority should be on overall management skills a) Business and Operational planning, execution and evaluation; and b) People relationships, supervision, and development.
- Technical certifications for Food & Beverage, Turf Care and Ice Maintenance is important where the position requires a qualified technical expert. It is the opinion of the Consultant that the Food and Beverage Supervisor needs training or technical expertise in Food & Beverage controls.

Hiring Practices

- Ensure that the practice of hiring to 'fill' a role is replaced with filling the position with people who have the right qualifications and experience to succeed in the job.

There is an opportunity for the Manager and Supervisors to develop greater **Management Skills**. Managing can be simply defined as: *Deciding* (based on purpose) what needs to be done and how to do it; *Creating* networks of people and relationships that can accomplish an agenda; and, remaining vigilant to *ensuring* these people actually do the job.

Key management skills should include:

- A. Planning and Budgeting: Setting targets and goals (with a variety of metrics such as memberships sold; number of visits etc.), establishing detailed steps to achieve goals, allocating resources to accomplish the plans. Each department needs to have its own plan (not just a budget) which reflects LGCC's annual strategy.
- B. Enabling People: Creating an operating/organizational structure and set of jobs for accomplishing the plan, staffing with qualified people, delegating responsibility, collaborating as needed, and devising systems to monitor staff performance.
- C. Controlling to ensure plan accomplishment:
 - Monitoring results – tracking, reporting;
 - Solving Problems which arise; and,
 - Identifying opportunities – deciding which ones to act on.

Budgeting and Financial Management

Budgeting needs to shift to being an outcome of the planning process.

Currently, budgets are based on what has occurred in the previous year or most recent years. The ideal situation would be that plans are created first before the budgeting process begins. Operational planning in each department is done by the Manager, Supervisor and key staff and these plans need to be formally represented in the budget (direct allocation of revenues and expenses by event/activity).

The Manager and Supervisors **must** have a more dedicated focus to achieving operating outcomes, which contribute to the goals and objectives of the LGCC.

Measure What Matters.

There are endless things that can be measured and it will be critical that the LGCC comes to an agreement on the key measures that are **predictive** (if we do this, it will lead to that) and **influenceable** (LGCC is in control) in achieving their goals.

C. Staff Scheduling

There is currently no formal policy or schedule for the supervisory staff to be on-site at the LGCC during hours after 5PM Monday - Friday or on the Weekends. It is important for Supervisors to see how their staff are performing and how services are being received by the members and guests at the facility during peak usage periods on a regular basis. Having a supervisor on-site provides support for front-line staff who may be faced with difficult issues that they may not be able to handle on their own or have the authority to address fully.

It is important for the LGCC to develop a schedule where at least one supervisor is on duty during each peak period when usage is high.

D. Cost of Staffing

Salaries/Wages

The LGCC Administrative Salaries/Wages are 2.5% higher than industry standards; and the operational salaries/wages are 1.9% higher. Both are in the top 75th percentile. Although it is understood why salary and wages are this high, based on the unique circumstances of the City of Lloydminster, it will be important to monitor industry pay scales in the future in order to keep control of staffing costs in the years ahead.

It is advised that the salaries/wages be reviewed as there are some positions that are extraordinarily high compared to the salaries/wages for their counterparts in the industry.

5. CUSTOMER SERVICE

Findings | Customer Service

The LGCC has some components of a Customer Service program in place that mainly focus on general relationship development (i.e. acknowledging customers by making eye contact and using their name wherever possible). There is no designated staff member with accountability for Member Service at the Centre as the primary responsibility of their job. It is generally acknowledged that customer service is important to everyone, but it is not well documented in the job functions. Based on a review with the LGCC Manager, Supervisor of Food & Beverage, the Superintendent and the Curling Association Board of Directors, the Consultant identified the following programs in place that are based on Customer Service ‘Best Practices’.

The Consultants confirmed that systems are in place in the following areas:

- *Training:* LGCC staff participate in customer service training as part of their orientation to the job and includes a document designed by the City to provide guidance on the behaviours that are important for good customer service.
- *Relationship Development:* Training at the LGCC primarily focuses on relationship development. Service staff are required to greet the customers by name wherever possible, make eye contact and smile. The consultants witnessed this in our on-site visit to the LGCC from the service staff in the restaurant. At peak times, the Manager is said to be in the common areas to make himself highly visible to customers, to proactively engage customers, and to provide encouragement and support. The consultant noticed this activity on one of the evenings during our on-site review.
- *Service Measurement:* From time-to-time, the Centre tracks customer satisfaction levels through a golf member survey (2014) and most recently, the 2016/17 Curling Survey.
- *Communication:* Many staff stay current with what is happening at the Centre through an event schedule outlining what events will be taking place for the week/month; the use of a daily Tee-Sheet; and weekly meetings are held by each department to communicate face-to-face on the activities for the week.

Through our visit to Lloydminster and the LGCC, it was difficult to identify, first hand, the quality of customer service experienced by the members and guests as our visit took place in February, which is a slower time period for the operations of the LGCC: However, through the use of our interview process and the use of our Operational Review instrument (based on ‘best practices’) we did uncover a number of **areas of opportunity** for the LGCC to improve the current level of customer service.

A. Business Objectives

In reviewing the LGCC business plan the consultant did not identify any service excellence goals in their business objectives. Subsequently, service excellence does not become a high priority for departments, work teams or individual employees. This often occurs when service quality becomes secondary or disassociated with revenue opportunities. Based on our review, the primary focus is expense control at the LGCC.

B. Service Standards

There are no written service standards which would apply to each department and each employee at the LGCC. These can take the form of telephone protocols; responding to requests for information; and, customer privacy, for example. They can also include keeping the facility tidy, use of mobile phones/electronic devices, and professional appearance. These are simple standards that should be emphasized as important and reinforced, so that they become habitual, or second nature.

C. Customer Feedback

The consultant identified very few systems, processes or procedures to ensure the on-going success in the LGCC's ability to gather and make effective use of customer feedback beyond a membership survey that was done for golf. It is our understanding that an action plan has not been formally identified to address the feedback. Customer feedback must be an ongoing process that includes not only methodologies, but follow-up communication vehicles.

D. Managing Member/Customer Complaints and Recovery Management

Great customer service means that staff listen with compassion and responds with respect. They explore solutions, which solve an immediate problem; are consistent with, and in alignment to systematic policies; and does not jeopardize the experience of other members/customers. Above all, it is important to ensure the safety and security of staff.

During the consultants review we identified that the LGCC does not have a 'code of conduct' for members or guests, and managing complaints relies on the skill set of the individual receiving the complaint rather than a formal process or methodology. Although this may work for some, it will not support all staff who are faced with a difficult situation. An example of a Code of Conduct is provided in [Schedule 4: Sample Code of Conduct](#).

E. Service Measurement

Identifying key measures for customer service allows management to communicate the positive impact of the implementation and effective use of customer service systems and provides timely response when processes or systems break down. There is no current mechanism in place at the LGCC to monitor customer service on a regular basis and there is no tool to report on the level of customer service initiatives taking place daily. (i.e. daily audit of cleaning, courtesy etc.).

F. Organizational Alignment

The systems and processes within themselves will not lead to service excellence. In many organizations there are three barriers that prevent an organization from achieving service excellence.

- **Compromise** – Not living up to their service values every day;
- **Lack of Accountability** – Not defining who is accountable for what; or worse, not holding management accountable for defined service standards; and,
- **Inconsistency** – Not applying customer service standards equally throughout the organization.

The consultant could not identify any formal mechanisms in place at the LGCC for staff to address customer service daily at every level, and in every role, to maintain accountability for making customer service happen. When customer service becomes a priority focus for supervisors, it becomes a priority focus for the entire workforce. This takes the support of well-designed systems, processes and standards to support pulling it all together.

G. General Feedback

The Consultant has read, and discussed, the survey that was done for golf (2014) and the survey done by the Curling Association for Curling (2016/17). We are hesitant to place a lot of stock in the golf survey, as it was done 3 years ago. However, there were some general comments that may be important to review for current consideration:

Golf (2014):

- The level of service based on the responses, was inconsistent: Some respondents felt the service from the pro-shop and restaurant was poor or even rude; while a similar number of respondents felt the service level was exceptional. The main concern would be inconsistency.
- There were a number of comments about the quality of the course. Unlevel tee-boxes and the speed of the greens: The greatest concern appeared to be the lack of sand in the bunkers. It is the consultant's understanding that this remains an issue today.
- It is important to note that 92% of members (at the time the survey was done) felt that there is good value in their membership.
- A very small percent, (only 2%) felt that the culture of the golf course was too 'cliquey'.

Curling (2016/17):

- Overall, 95% of the 21 respondents were satisfied with the quality of the ice surface. (24% Somewhat Satisfied and 71% Very Satisfied).
- Overall, 100% of the 21 respondents were Satisfied with the quality and maintenance of the building. (29% Somewhat Satisfied and 71% Very Satisfied).
- Overall, 85% of respondents were Satisfied with the food options and level of service provided in the restaurant. (42% Somewhat Satisfied and 43% Very Satisfied).
- Concern was expressed that there were not enough servers and bartenders for large bonspiels (Oilman's bonspiel).

- There was concern with a lack of planning for some curling events as the restaurant area was booked for an outside function and the curlers had to go downtown to eat. The survey seemed to indicate that this occurred on more than one occasion.
- It was indicated that the restaurant closes too early for the late draws and impacts the social atmosphere for the curlers.
- A babysitting service was also mentioned as a way to generate more participation for parents.

It is evident that more work needs to be done to create a consistently high quality of customer service. This is not an easy thing to accomplish; and it will take a focused effort by management to accomplish.

Recommendations | Customer Service

A. Build a Stronger Culture of Customer Service

The Consultants believe that the LGCC needs to adopt a reliable culture of customer service excellence in order to attract and retain the general public, members, and user groups. This includes the consistent application of its existing service initiative on engagement. However; most importantly, there needs to be a concerted effort to develop a comprehensive **Customer Service Strategy**. The following are Key Principles for developing a comprehensive strategy:

- Development of **Business Objectives** that incorporate Service Excellence goals. This may be to increase customer engagement by 10%, reduce customer complaints by 5% or to increase the quality of services or products in some quantifiable way.
- Development of **Service Standards**: Specify the behaviour employees are expected to exemplify to ensure the customer consistently receives flawless service. This would take the form of standard professional service behaviour for all staff across all departments.
- Develop systems, processes and procedures for **Customer Feedback**: Create methods of generating frequent customer feedback. This may be through engagement surveys, comment cards, website feedback, conversations etc. Once the levels of customer satisfaction are understood, goals should be set that are measurable and benchmarked. Results need to be shared with staff and plans developed for continuous improvement.
- Development of processes and procedures for **managing member/customer complaints and recovery management**: It will be important for the LGCC to develop a 'Code of Conduct' for members and guests in order to set the expectations of people utilizing the LGCC facilities and services. A process for handling customer complaints needs to be developed and all staff need to be trained. This will go a long way to preventing conflict with customers and arm the staff with a method to handle complaints in an effective manner.
- Development of standards for **Service Measurement**: The old, but true, adage applies here; what gets measured gets managed. In order to optimize the customer's experience, the LGCC should set a high priority on department-wide measures for

customer service. Identifying these key measures will allow management to communicate the positive impact of effective customer service systems, and also allow for a timely response when processes breakdown.

- Development of a standard for **Communication**: An effective communication system is essential to keeping people connected and informed. It is important that the LGCC share customer service stories that inspire, that have emotional content and touch people on a personal level; stories that give fellow staff a strong sense of identity and purpose and give community members, members and user groups a strong desire to associate and affiliate with the LGCC. Priority should be placed on maintaining effective communication with:
 - LGCC staff;
 - Management/Supervisors of LGCC, LFC Board, Recreation & Culture and City Council; and,
 - Individual Members and the Public
- Development of standards for **Organizational Alignment**: Talking about customer service every day makes everyone at every level accountable for making service excellence happen. Organizational alignment seeks to engender employee engagement. Through the Organizational Alignment processes, all employees will have a clear understanding of:
 - *Purpose* – What is our purpose?
 - *Role* – What is expected of us?
 - *Actions* – What must we do?
 - *Systems* – What assistance is available to make us successful?

Organizational Alignment may take many forms: Meetings specifically about Customer Service, Workshops on Customer Service, daily Customer Service audits, team huddles each day on a specific standard of Customer Service that will be focused on for the day.

B. Build a Culture of Conversation

A Culture of Conversation is about encouraging staff members in all departments to engage in casual conversation with the members and guests. Relationship building begins with genuine two-way dialogue. Encourage the staff to learn as much as possible about your patrons, from their families and careers to their interests or hobbies.

Set targets for staff (and volunteers) on the number of (short) conversations they have during their shift.

6. OPERATIONS

In this section we provide a brief report on findings and recommendations for the following:

- a. Food & Beverage
- b. Pro-Shop
- c. Curling
- d. Squash & Racquetball
- e. Turf Care, Maintenance and Safety & Security

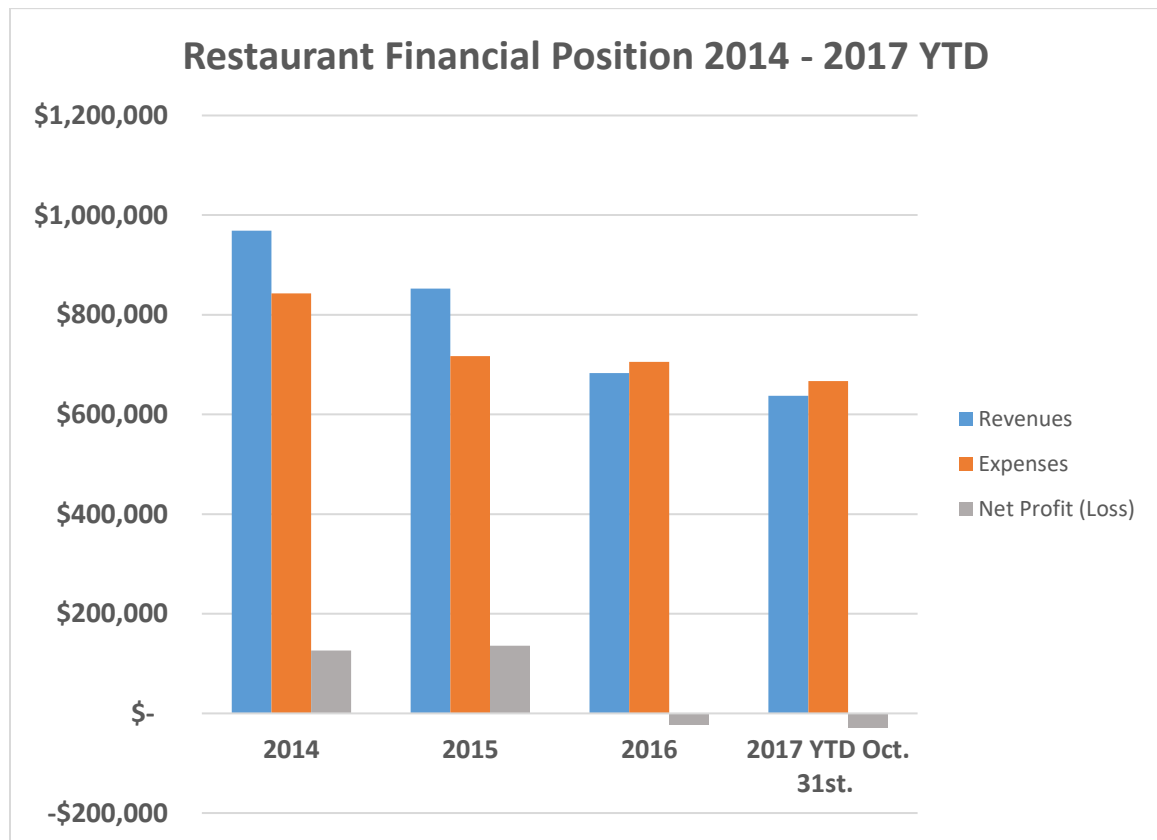
A. FOOD & BEVERAGE

Findings | Food & Beverage

The LGCC operates its own in-house food & beverage service consisting of the Restaurant & Lounge (which offers lunch, dinner, and banquet services) and Catering & Take-out. The original vision for LGCC food & beverage service may have been an appropriate offering during the early days of the facility but is not a successful model for the community today. In addition, the facility design (location of the restaurant and kitchen location) is not conducive to providing a fast and effective service for the golfers (which is the primary market for the LGCC in the golf season).

The food and beverage operation has experienced significant financial challenges in the past two years. Food and beverage costs and labour costs are very high, based on industry norms as a result of declining revenues and the lack of control systems. As a result of poor financial performance, the LGCC has been vigilant about trying to reduce its costs by reducing hours during traditionally quiet times. This effort has led to only moderate success. *Chart 4: Restaurant Financials* below illustrates the financial trend that has been occurring since 2014.

Chart 4: Restaurant Financials



Event revenue has declined by 45% between 2014 and 2016. In 2016, event revenue only accounted for **26%** of the total food and beverage revenue generated. It would be anticipated that between 35-40% of the total food and beverage revenues comes from events based on the consultant's knowledge of the industry.

It is not uncommon to see food and beverage services designed in the same manner as the LGCC in many private or semi-private clubs across Canada. However, in a number of municipally-operated 'public' courses the service offerings are limited to convenience items and the 'grab & go' concept as their focus has been on participation in the sport rather than the business of food and beverage.

Through the Consultant's consultation with a long-term Food & Beverage Manager in a popular Semi-Private Golf Club in Calgary, many Food & Beverage operations are struggling to break-even on the restaurant portion of their business. Most of their profitability is seen in the ½ Way Huts located between the 9th and 10th holes and in hosting events. Specialists in F&B have a good understanding of what types of design concepts will attract the most business. In many ways, the LGCC is burdened by the original design from 34 years ago.

Inventory Control and Food & Beverage Costs

Up until December 2017, Inventory in the Food & Beverage department at the LGCC was only completed on an annual basis by staff at the LGCC. In 2016, the inventory count was completed with the assistance of the City of Lloydminster Accounting department. The Accounting Department has expressed some concerns with the accuracy of the inventory count in 2017.

It is a 'best practice' in the food and beverage industry to account for inventory on a **weekly** basis. This activity gives management the ability to understand and evaluate the performance of the operation based on industry standards. The absence of having this important control system in place makes it difficult to manage the business. Currently, the Food & Beverage Supervisor is not utilizing key ratios (i.e. Food Cost of Goods Sold (COGS), or Beverage COGS) to manage the business. Not knowing key ratios based on inventory counts like Food COGS and Beverage COGS (Liquor, Beer, Wine and Soda) most often leads to:

- Excessive waste of perishable stock;
- Loss of product due to theft;
- Underperforming menu items for extended periods of time; and,
- Diminished financial viability of the business.

Through the interview process the Food & Beverage Supervisor has expressed that the department is now working on completing a monthly inventory count in order to identify cost issues in a more timely manner, which is certainly better than the annual inventory count that was practiced in the past. However, best practices in inventory control is completing an inventory count **weekly**; and for more expensive products, counts should be done **daily**. This level of inventory control allows the Supervisor to identify issues early; thereby, giving the department the opportunity to make changes or identify problem in a timely manner. As well, by completing more frequent inventory counts it will encourage the Head Cook to only order the product necessary for the week, which will keep inventory amounts lower (ease of counting) with less chance of spoilage or theft.

To help analyze the performance of the LGCC Food & Beverage department, the Consultant has used results from the 2015 – 2016 financial statements and completed an analysis of *Key Metrics* as seen in the chart below: The consultant did not use 2014 as Beverage COGS were combined with Food COGS, and at the time of writing this report the 2017 year-end financials were not completed. For comparison purposes, the Consultant has used benchmarks from the golf club industry¹³. Traditionally, golf clubs operate with higher food & beverage COGS as they want to encourage their membership to frequent the F&B operation and foster a high frequency of use to develop a culture of friendly social interaction.

¹³ National Golf Course Owners Association – Guide to Profitable Food & Beverage.
https://www.ngcoa1.org/images/ngcoa/Profitable_Food_Beverage.pdf

The LGCC Food & Beverage COGS were excessively high in 2016 based on industry benchmarks. Food COGS were higher than the benchmark by **11%** and greater than the benchmark by **15%** for Beverage COGS. Food COGS in 2015 were in line with the benchmark, but high for Beverage COGS as well during this year. *Chart 5: Restaurant Food & Beverage COGS* provides an overview of the Food & Beverage COGS for the LGCC compared to the Golf Industry Benchmarks.

Chart 5: Restaurant Food & Beverage Costs

Metrics Cost as a % of Revenue	LGCC 2015	LGCC 2016	Industry Benchmark
<i>Food COGS</i> (Total food costs as a % of Food Sales).	36%	46%	35%
<i>Beverage COGS</i> (Total Beverage Costs as a % of Beverage Sales).	35%	40%	25%

Beyond the physical inventory count, there were additional control procedures that were not present when the consultant completed the Inventory review:

1. Analysis is not being completed on the same day as the inventory is being completed to take corrective action as needed. This is due to the fact the Inventory was only being done annually and it may have been too difficult to identify specific issues that led to inaccurate counts.
2. Beverage items are not split out and analyzed based on individual categories of products (Wine, beer, liquor and non-alcoholic). Each of these product lines has its own set of costs that can be benchmarked against industry standards.
3. The LGCC is counting cases as units for inventory purposes rather than counting individual units of the product.
4. The use of 'Theoretical' COGS.

B. Additional Controls in Food & Beverage

There are a number of other key areas of control that were reviewed by the Consultant. The following observations were made:

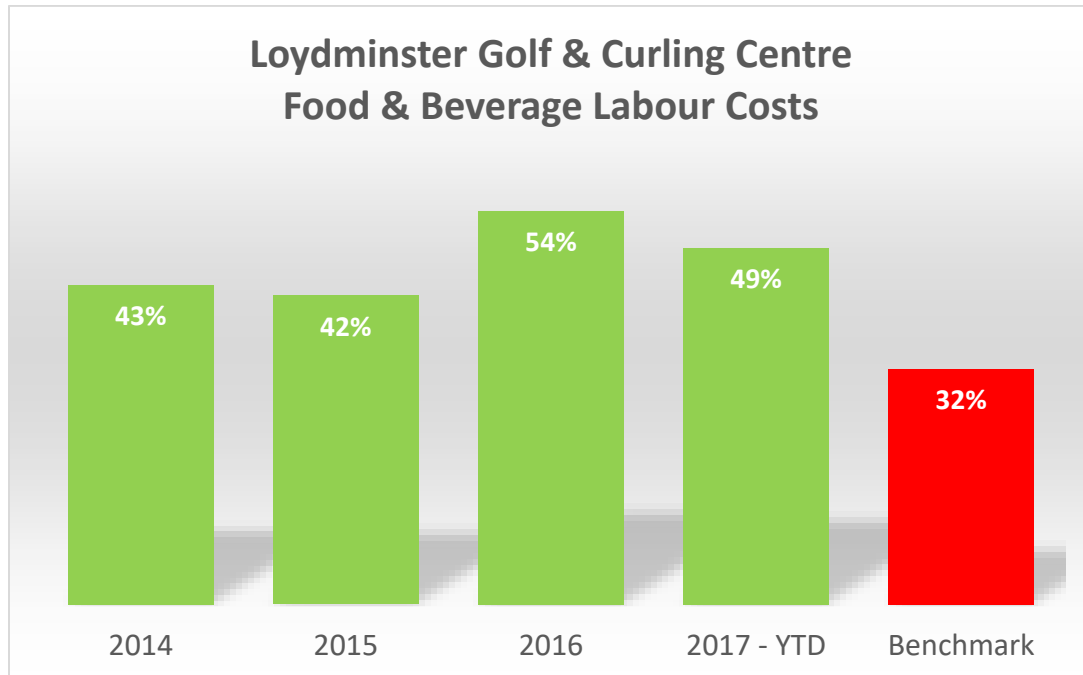
Labour Costs

Labour cost is assessed in the Food & Beverage industry and is the ratio between the total revenue generated in the department for Food & Beverage and the actual cost of staffing for the same time period. The Consultant assessed the labour cost of the LGCC Food & Beverage department on an annual basis between 2014 and 2017 YTD: This analysis can be done and should be done weekly.

It was identified that the labour costs for the LGCC was much greater than the industry benchmark year-over-year. In 2016, labour costs were 54% compared to the benchmark of 32%.

This was **22%** higher than what would have been expected for the golf industry. YTD to October 31, 2017, the LGCC labour costs were 49%. Slightly better, but again much higher than would be expected.

Chart 6: LGCC Food & Beverage Labour Costs



The high labour costs are attributed to the low volume of sales, especially during the fall and winter months, and the LGCC keeps two full-time servers on staff at a pay rate that is **23%** higher than the industry norm. Although the Consultant understands the pay rate situation, as it is difficult to attract and retain good staff with little opportunity for tips, we do not understand the need for two full-time servers during a traditionally slow sales period.

Purchasing Strategies

There are very few purchasing strategies executed at the LGCC with the exception of the bulk of the purchases take place with one 'main' supplier. It will be important for the LGCC to research what other similar size operations are paying for items in order to potentially reduce costs. As well, work closely with the supplier to potentially lower costs through tracking when rebates should be initiated through volume of sales.

Receiving

Receiving controls appear to be adequate to reduce miscounts based on the consultant's assessment. More should be done for security purposes when the supplier is delivering product as the doors remain open when deliveries occur. At the time the consultant performed the review, it was witnessed that the driver delivering beer left the pallets unattended outside the main door while going inside to find a staff person to receive the order. Although it did not take a long time for the staff person to be located, the driver should never leave the product unattended.

Storage

There are a few areas of concern regarding the storage of product at the LGCC. The greatest concern is that there are no locks on the storage areas inside the kitchen even though there is an equipment feature for placing locks on the storage units (i.e. refrigerators, freezers etc.). In addition, the liquor storage area at the bar, where there is easy access from the public, remains unlocked when unsupervised.

The area where the pop and dry items are stored adjacent to the Office Liaison person's office, and close to the entrance, is unlocked and accessible to the public. This becomes a greater issue when the Office Liaison person is not at her desk and may forget to close and lock the door while out in the facility.

Sanitation

Food handling and food safety is a positive part of the LGCC's practices. All staff employed have safe handling certifications, and food inspections are viewed as a positive encounter to assist in the safety of patrons.

The only major challenge identified in this area is the lack of written and trained procedures for handling a customer that suspects illness related to something that was consumed at the LGCC. A poorly managed incident may lead to a costly insurance claim against the LFC or City.

Managing the Numbers

Managing based on a set of important performance indicators is not a strong skill employed in the Food & Beverage department. The absence of keeping on top of costs (Food, Beverage, and labour) is a fundamental practice in well-managed food and beverage operations. This is one of the most critical areas for improvement that should take place in this department in the future if the LGCC hopes to become a more sustainable business.

Service

It was difficult to assess the level of service in the restaurant based on the lower volume of business at the time the consultant was on-site. However, we did identify that there was prompt and friendly service. It is our understanding that this can be somewhat inconsistent during peak periods from our interviews with the Curling Association.

It should be noted that the service staff did not have uniforms and did not wear name tags, which may make it difficult to identify staff during busier periods. Uniforms and name tags look more professional.

Closures of the restaurant early (10:00 PM) on league nights was an issue for a few curlers who started their game later in the evening.

Through this review process, the Consultant identified that although management believes in the importance of Customer Service, the step of writing down the standards and training for a consistent set of behaviours has not been implemented.

Recommendations | Food & Beverage

Inventory Control

Inventory control, on a **weekly** basis, has been identified as a ‘best’ practice in the Food & Beverage industry. By incorporating a weekly inventory system there can be a dramatic reduction in food wastage and theft. Some industry officials indicate that between 5% and 10% of food & beverage costs can be attributed to poor inventory control management. This would mean that with a weekly inventory control system, the LGCC Centre could potentially save between \$14,000 and \$29,000 per year.

Taking inventory is an unpopular task, but one that is critical to controlling food and beverage costs and improving profitability. The Consultant recommends that the LGCC incorporate a weekly inventory control system as soon as possible. Some ‘best practices’ in taking inventory are listed in [Schedule 5: How to Take Inventory](#).

Analyze food and beverage COGS weekly: To stay on top of the costs, it is important to assess food and beverage COGS every week. This is the best way to identify rising cost early and to have an opportunity to rectify the problem before it becomes an insurmountable task. The Food and Beverage department should keep a **log book** of the purchases for the week following this formula (*Beginning Inventory + Purchases*) – *Ending Inventory = Usage: Usage (Dollars) / Net Sales = COGS %*.

Treat the beverage area like it is a separate business: Break the beverage costs down into the following areas and analyze based on industry benchmarks for COGS:

- Wine – 35%
- Beer – 25%
- Liquor – 18%
- Non-Alcoholic – 12-15%

Take inventory on the same day: Either before or after the operation opens/closes. This will ensure the greatest accuracy for the COGS %.

Count items, not cases of produce: To ensure greatest accuracy, the LGCC should be counting individual items as part of the inventory count. It is hard to ensure the number of items if only the 'case' is counted.

The concept of Theoretical Inventory: Determining the COGS by taking usage dollars and dividing by net sales yields is known as *Actual* COGS. Although the Actual COGS is a true report card as to how the Food and Beverage department has been performing, to judge the results is jumping the gun; the actual COGS must be compared to a Theoretical COGS; one of the most revealing tools available within the numbers structure. Unfortunately, it is often a tool that is not used. The Theoretical COGS, is simply an average COGS based on the menu mix, or what menu items have actually been sold or rung into the POS system. Actual and Theoretical COGS should be the same; if not, it is important to assess where the difference may lie (i.e. waste, theft, portion control, employee discounts, comps, etc.). This may be a measure that is put into place after the Food & Beverage department has implemented the Consultant's other control system recommendations.

Labour costs: The Consultant recommends the following with regards to this area:

- Develop staffing costs based on the Food & Beverage revenues expected for the week. Once you know what the costs should be, develop a schedule that meets the appropriate target. i.e. if your Food & Beverage sales are expected to be \$10,000 for the week and your labour costs are budgeted to be 32%, the total staffing cost for the week should only be \$3,200.
- Reassess the need to have two full-time servers on for the shoulder season.

Purchasing Strategies: The Food & Beverage Supervisor should call around to operations that do a similar amount of business to find out what their costs are for the most popular items and assess if the LGCC is paying too much for the same product line.

In addition, contact the supplier to understand at what point rebate levels are reached and track this amount to ensure the LGCC is actually receiving the rebates it is due based on the agreement.

Receiving: A system for increased security during receiving needs to be applied in order that items are not going missing at the time of delivery. It may be prudent to instruct the supplier to educate their delivery people that the LGCC policy for receiving it to not leave product unattended at any time during the delivery process.

Storage: The following are key recommendations for storage at the LGCC:

- All storage areas that have products should have a lock; and a policy needs to be in place on when to lock the storage areas to protect the LGCC's assets.
- A more secure storage method should be developed for the items located next to the Office Liaison's work location.

Sanitation: The LGCC needs to contact its insurer to identify the policy and training that needs to be in place to handle a customer that suspects illness related to something that was consumed at the LGCC. This will ensure that all LGCC staff are professional in the handling of this situation and are protecting the LGCC from any undue liability.

Managing the Numbers: In order to accurately assess the performance of the food & beverage department, the LGCC must track key metrics related to the effectiveness of the operation. Below is a high-level overview of the most common reporting areas. For a detailed sample of a Food & Beverage Weekly or Monthly Report please see [Schedule 6: Sample F&B Monthly Report](#). The following are key areas that need to be assessed in the Food & Beverage department on a weekly basis:

A common report includes a breakdown of:

- Food:
 - Sales \$
 - Cost of Sales \$
 - % of Sales (Cost of Sales / Sales)
- Alcohol:
 - Sales \$
 - Cost of Sales \$
 - % of Sales (Cost of Sales / Sales)
- Non-Alcoholic Sales
 - Sales \$
 - Cost of Sales \$
 - % of Sales (Cost of Sales / Sales)
- Total F&B Sales
- Total Cost of Sales
- Profit Margin
- Labour Cost as a % of Sales

This type of reporting provides a clear snapshot of how the Food & Beverage Department is doing and provides the opportunity to react quickly to any changes or challenges on a frequent basis.

Service

Service issues in the Food and Beverage department are mainly in the areas of consistency of service and the quality of the experience (i.e. not being open when some community members are expecting a food and beverage offering; and inconsistency in the delivery of quality service and the quality of the food). The following are the Consultants recommendations:

- Create written standards of service for the Food & Beverage department. This will be important in providing clarity to the staff about what is expected in order to provide a consistently high level of service. Most importantly, staff need to be well trained and recognized for achieving desired service levels.
- Uniforms and name tags should be worn at all times to project a professional image.
- Evaluate the cost/benefit of remaining open later than 10:00PM for those curlers whose start times are later in the evening.

Evaluation of the current Food & Beverage model

It was clear to the Consultant that the LFC is concerned with the Food & Beverage operation. Issues of service consistency, the true cost of operations, the true profitability and the general notion that food & beverage is a tough business are all key concerns and have been validated by our review.

The original concept and design for food and beverage at the LGCC may have served the membership well back at the time of construction, however, this restaurant operation is very difficult to support based on the changing needs of today's golfer and the amount of competition now seen in the community with the development of chain franchises and their focus on quality service and efficiency. Today's golfer does not act as they did 30 years ago, or even 5 years ago, and the restaurant cannot function effectively as it is operated today. It will be important that the Board and management of the LGCC reflect on what F&B needs to be today regardless of the original design. Key questions to consider in restructuring the F&B offering include:

- What can we do well to be of great value to the community?
- Given the current conditions and foreseeable future, what is possible in food and beverage?
- Given what we know, what is a reasonable expectation of this department for the future?
- What business are we *really* in?
- Should we be in the food & beverage business at all?
- Are there local operators that would welcome an opportunity to run the department?

Through the Consultant's discussion with a long-time Food & Beverage Manager in Calgary, the trend is a service offering of convenience and quality. The 'grab & go' concept is one that can earn a profit because it meets that needs of the contemporary golfer.

A **Half-Way House** between the 9th and 10th hole (maybe close to the driving range) that offers a limited menu of quality convenience items, that does not require a full staff load, can more readily serve the golfers coming of the 10th hole, and those who want a bite to eat or a drink at the practice range. This may include: Hamburgers, hotdogs, pre-made quality sandwiches, and popular drinks. There could be seating for 8-12 and an outdoor patio with picnic tables and a BBQ to provide a special menu for Friday afternoons and the weekends to create some energy and enhance sales.

The current restaurant space could be used solely for special events. Currently, the LGCC has had limited success with attracting events. In 2017, it hosted one wedding. Some golf courses host up to 20 weddings in a season depending on the size of the market. Special events are another area that make a profit, but they have to be done well. This would require a full-time Event Coordinator and a catering company that could utilize the existing kitchen to co-host the events. There could be a focus on the Not-For-Profit fundraising events to generate more of a community focus.

In the Fall and Winter months, with certain standards in place, the kitchen could be utilized by a volunteer group from the Curling Association to provide service to the curlers who wish to socialize after a game or entertain during a bonspiel.

Whatever the direction, a **business case** needs to be developed to ensure that there is economic sustainability for the food and beverage offering at the LGCC.

A word about Outsourcing

The concept of ‘outsourcing’ (leasing) the restaurant to a qualified local third party provider is a topic of discussion that is considered at a number of golf facilities across Canada. There are different types of outsourcing. A facility’s food and beverage operation can be completely outsourced, meaning that a completely different catering company owns and runs the food and beverage operation. Another option would be when outside catering companies are allowed to cater a specific, one-time event. Some of the **most popular reasons for completely outsourcing** your food and beverage operation as cited by the *Club Managers Association of America* include:

- The ownership and management have no interest or skill set in food and beverage operations;
- There is a lack of qualified candidates to staff the food and beverage operation; or
- The facility-run food and beverage operation was not profitable so the facility is trying a different approach.

This process of outsourcing allows the management to focus on other areas of importance in the facility; however, there are **disadvantages** as well:

- The facility loses control over pricing and the potential income that a profitable and well-run food and beverage department can bring;

- More importantly, loss of control of providing a *consistent* and top-quality product and service to the members and the community.

If outsourcing, consider the following:

1. Make sure the brand and culture of the prospective operator can support the LGCC brand;
2. The physical capabilities of the facility's kitchen may narrow down the field as to appropriate partners;
3. If physical changes need to be made, determine what partner will be financially responsible to invest in making these changes happen; and,
4. Take care of current staff and ensuring the service standards of incoming staff is critical. Ensure that current staff can be incorporated into the new food and beverage operation and new staff, hired by the new partner, are trained to service levels that are necessary to meet your customer's expectations.

The LFC needs to evaluate if it is prepared to invest the time and effort it will take to run a break even or even slightly profitable operation in the future.

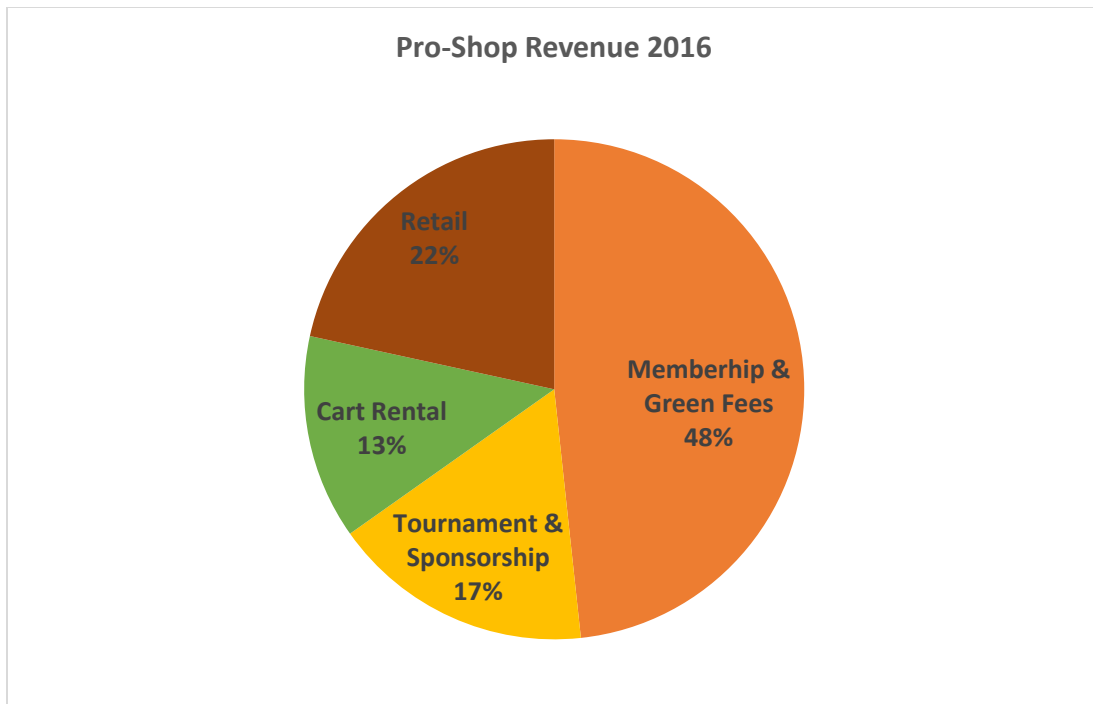
B. Pro-Shop

Findings | Pro-Shop

The Pro-Shop business represents on average **56%** of total LGCC Revenue. In the last 3 years the business has declined dramatically, declining by **-18%** in 2016 from 2014 primarily due to the economic down turn. The change in the revenue in the Pro-Shop has been in retail (-7%) and tournament and sponsorship (-5%).

Memberships and Green fees are the predominant form of revenue at **48%** of overall Pro-Shop revenue, with cart rental being the least amount of Pro-Shop revenue at 13%. *Chart 7: Pro Shop Revenue Breakdown 2016* below provides and illustration.

Chart 7: Pro-Shop Revenue Breakdown 2016



Membership Results

Membership reached a peak in 2016 of 309. The golf business at LGCC experienced a decline in membership in 2017 ending at 260. It is interesting that the brunt of the economic down turn occurred in late 2015 and throughout 2016; but the LGCC had its greatest number of members in 2016 in the three-year period, and its lowest in 2017.

Note: annual planning is based on revenue and not on anticipated annual membership.

We were unable to identify a comprehensive membership sales strategy or sales process beyond what occurs through telephone inquiries or walk-ins and the early March Membership campaign. It appears most memberships are sold at the initiative of the buyer, and not through a pro-active approach by the LGCC staff. We encountered the common belief that marketing activities to sell golf are limited because it is believed that the community already knows about the golf offering, or there may be community pushback because the LGCC is a City owned facility. Therefore, promotion expenses have been cut back due to public perception and the deteriorating financial position of the LGCC.

Golf Offerings

Based on the membership survey of 2014, some members were concerned about deteriorating course conditions: Not enough sand in the bunkers, uneven Tee-Boxes and slow greens.

However, we encountered the perception that, in general, the LGCC is one of the better golf courses in Saskatchewan.

Driving range sales have declined by 12% between 2014 and 2016. Although the Consultant could not see the condition of the driving range. We have been told by the Manager that some upgrades to the practice facilities are needed in order to make the use of the driving range more attractive i.e. the development of a short play practice area.

Lesson revenue has not been included in the financial statements so it is hard to compare the success of lessons over the years. This is an area of opportunity according the Canadian Golf Consumer Behaviour Study done in 2012, which indicates engagement in golf can be increased through the active participation in lessons.

Junior Program

The Junior and Youth memberships have declined over the past 3-years. The number of Junior members has gone from 24 to 20 since 2014 and the Youth memberships have declined from 6 to 2 since 2014. The further development of the Jr. golf program and growth of green fee play incentives for children is seen as an important part of the growth of the game for future.

Pro-Shop Inventory

During the on-site review, the Consultants toured the existing Pro – Shop facility. We were surprised to see the large amount of space dedicated to the pro-shop in comparison to the general size of other Pro-Shops around Alberta, B.C. and Ontario. The average revenue generated per square foot in golf pro-shops ranges from a low of \$358/sq. ft. to a high of \$548/sq. ft.¹⁴ In 2016, the LGCC achieved **\$177 /sq. ft.** which is much lower than the bottom of the industry benchmark. In 2014, the LGCC Pro-Shop achieved \$313/sq. ft.

Profit Margins

The profit margins were assessed based on sales of Hard Goods (Clubs, balls etc.) and Soft Goods (Clothing, shoes, accessories etc.) which is how the golf industry evaluates sales performance.

- *Hard Goods:* The LGCC's profit margins for Hard Goods was **12%** for 2016 and the industry bench mark ranges from 12%-15%. The LGCC has achieved greater profit margins in the past with a high of 19% in 2015.

¹⁴ Association of Golf Merchandisers – Golf Retail Operations
<http://accelerate.ngcoa.org/HigherLogic/System/DownloadDocumentFile.ashx?DocumentFileKey=f7bd146a-b54b-4f13-9741-ec9468d234c3>

- *Soft Goods*: Profit margins for Soft Goods was **32%** in 2016 and the industry bench mark averages 49% (including discounts). The greatest recorded margin for Soft Goods at LGCC was 35% in 2015.

Inventory Turn-Over Rate

Inventory turn-over rate is commonly used in retail to identify the number of times the retail inventory has turned-over in the year. The benchmark for turn-over rate in the golf industry is between 3 and 4 times, based on the research done by the *Association of Golf Merchandisers*. The Hard Goods inventory turn-over rate in 2016 was **2.15** times and the turn-over rate for Soft Goods was **2.93** times – lower than the industry averages.

Given the difficult economic circumstances that have affected the LGCC over the last three years, it is not surprising to see the decline in Pro-Shop retail sales. Buying patterns have changed, and the Manager at the LGCC has indicated that he has noticed that the customers have been waiting to purchase closer to the end of the season when they know that the merchandise will go on sale.

Recommendations | Pro-Shop

Membership and Green-Fee Play

It is no secret in the golf industry that golf is not a growth sport; similar to many other sports in Canada. There are just as many people leaving the sport as joining; and the people that are playing golf are playing less than they have in the past. The number of golfers playing fewer rounds is 38% greater than the number of golfers playing more rounds 14%.¹⁵

The LGCC needs to **identify where the opportunities** lie within its specific market, which starts by answering the following questions:

Market Dynamics	Market Implications
<ul style="list-style-type: none"> • Who is in the market? • What demographic segments for exploitation? • What core beliefs guide their actions? • What is the demographic make-up in the market? • Behaviours (what do they do; how do they act?) 	<ul style="list-style-type: none"> • What are the strengths and weaknesses of the LGCC and the industry? • What are the opportunities and risks facing the LGCC? • How can the LGCC best leverage the opportunity?

¹⁵ National Allied Golf Association Findings Report – Canadian Consumer Behavioural Study September 2012 http://canadagolfs.ca/wp-content/uploads/2012/09/Canadian-Golf-Consumer-Behaviour-Study_english-FINAL.pdf

Market Drivers	Market Actions
<ul style="list-style-type: none"> • What drives customer behaviour related to golf in the Lloydminster market? • What are the benefits that drive decisions? • How can the LGCC best deliver on the benefits (programs, actions, initiatives)? 	<ul style="list-style-type: none"> • What should be the priorities of action to drive success? • How should the LGCC focus actions on to grow the game?

Source: National Allied Golf Association – Canadian Golf Consumer Behaviour Study, September 2012

Once these questions are answered, the LGCC needs to **implement a clear plan** to better engage the golfing community and to help grow the game for future sustainability. The plan would include the following:

- Setting monthly membership targets for sales and retention for each category of membership;
- Setting monthly green-fee play targets and goals for repeat play;
- Sales strategy for member acquisition;
- Sales strategy for Green-Fee play participants;
- Developing a program and promotion schedule - including participation targets;
- Systems for tracking participation in programs and services;
- Promotion plan; and,
- Metrics for determining success and adjusting program plans.

This strategy could apply to *any* of the services run at the LGCC (Lessons, Curling, Squash, Tournaments etc.)

Pro-Shop Inventory

Based on the revenue per square foot that retail sales achieved at the Pro-Shop in 2016, it could afford to be approximately half (500 sq. ft.) the size it is today. This would provide the following opportunity for the LGCC:

- Reduce its cost of inventory;
- Enhance the look and feel of the Pro-Shop as it will look like it has more product;
- Bring in smaller quantities of fresh new merchandise more frequently;
- Increase sales revenue per square foot; and,
- Utilize the excess space for another service outlet. e.g. a Golf simulator.

In the process of conducting the Operational Review, a number of additional recommendations occurred to us that may assist the Pro-Shop's future success:

Inventory Count: As with Food & Beverage, inventory should be counted on a weekly basis with higher priced items counted daily. Key measures of success should be incorporated (Profit margins and inventory turn-over rates) on a weekly, monthly and annual basis to monitor the

success of the business. Written controls should be completed to ensure all staff are aware of the expectation and so that consistent training can occur.

Group Purchases: The LGCC currently purchases inventory on its own. Investigating what other golf course Pro-Shops are purchasing in the upcoming season may be an opportunity for the LGCC to participate in a 'bulk' buy with 2 to 3 other locations. This would bring the cost per item down based from a 'volume' based purchase.

Interior Design: The look and feel of the Pro-Shop is an art to help increase sales. The appearance of an attractive and well-designed Pro-Shop is an important factor in the world of retail. It is recommended that the LCGG invest in a retail consultant to assist with the set-up and display of the Pro-Shop to begin the year. This knowledge can be taken forward to the following years.

C. Curling

Findings | Curling

The LGCC operates an 8-sheet curling arena as part of its facility offering. The primary user group of the curling rink is the Lloydminster Curling Association, which has a formal agreement to rent ice for league play and bonspiels until March 2019. The LGCC has the opportunity to rent un-used ice to host curling related events and to be an active resource for curling instruction for juniors, adults and seniors.

The Curling business represents **5%** of total LGCC Revenue. Since 2014, curling revenue has declined by 17% primarily due to lower associate memberships.

In the past 3-years, the financial position of the Curling operation has been deteriorating. Through a full costing analysis, the expenses are \$160,000 for the full cycle of the curling season. The revenues associated are \$95,000 which leads to a shortfall of \$65,000 per Curling season.

Participation in Adult League play has gone from 396 in 2015/16 to 326 in 2017/18; a decline of 18% in the last three years. Junior League play has grown slightly from 49 participants in 2015/16 to 51 participants in 2017/18: An increase of 4%.

Lloydminster Curling Association

During the on-site review, the consultant met with the board members of the Lloydminster Curling Association to discuss the Strengths, Weaknesses, Opportunities and Threats to curling and the relationship with the LGCC. Although the group felt that the facility was very appropriate to serve the needs of curling in Lloydminster, they did have some concerns:

Equipment: The curling rocks are outdated and in need of replacing as they are worn to the point where they cannot be repaired much longer. Lockers in the locker room are marked and unattractive for rental, and the lighting in the parking lot is not bright enough for people to feel safe or to deter theft from vehicles.

Since the departure of the Curling Supervisor, a suitable replacement has not been found for this role. The Curling Association feels that the LGCC has not fully lived up to their understanding of what is outlined in the Agreement. They feel that more support is needed in the areas of:

- *Communication* – More effective communication is needed to develop an open dialog between the Curling Association and the LGCC to support the growth of the game.
- *Advertising* – more advertising should be done on the LGCC website as the Curling Association only has access to utilize Facebook.
- *Social Atmosphere* – Greater emphasis should be placed on dialog between the Supervisor of Food & Beverage and the Curling Association to make their members feel welcome and to offer a greater level of service i.e. open longer hours to serve those curlers who participate in league play. Currently, the restaurant closes at 10:00PM on Tuesday – Friday and closes at Midnight on Mondays during the curling season. As well, there needs to be a greater presence of supervisory staff in the evenings to develop a greater relationship with the curlers.

These views of the Curling Association are not completely shared by the LGCC, which makes it important for the two parties to discuss the agreement and come to a resolution of expectations.

Growth of the Game

In the interview process, the consultant asked the Curling Association board members if the association has a plan to grow the game of curling in Lloydminster. The response was that although the board wants the game to grow there is difficulty getting volunteers to support this initiative. Unfortunately, there was no plan to capitalize on the excitement of the Olympics in PyeongChang to promote curling in the community, particularly the relatively new sport of mixed doubles. However, one board member has developed an outline for a plan based on survey feedback that may be a start to a more comprehensive long-term plan.

Recommendations | Curling

Curling User Agreement

It will be important for the LGCC to share its financial challenges in the curling arena with the Curling Association to determine what can be done in the future to mitigate the financial impact to the LGCC in this area. Similar to the recommendations made for the Pro-Shop (Golf); the consultant suggests that the two parties work together to identify opportunities that lie in the market, and to develop a comprehensive plan. This will help formulate what will be required in the next user agreement with regards to respective responsibilities of the LGCC and the Curling Association.

Sponsorship

There is promising potential to generate additional revenue for curling by providing more opportunities for sponsorship in the facility. A plan needs to be developed to identify valuable locations for sponsor advertising on the walls, scoreboards, with an associated pricing strategy for the advertising locations. This will need to become a focused effort with a commission program for the staff person who is responsible for selling the sponsorship.

Supervisor of Curling

Consideration needs to be given to hiring a Supervisor of Curling that can also support other sports activities in the LGCC. Without a focus on programming in curling and squash/racquetball there will be limited interest for new participants joining or maintaining their activity level in the sport. This would be a seasonal position where the employee would have a base salary (if possible, at a lower amount than is currently anticipated) with a commission structure for generating sponsorship revenue above the level of what currently exists.

Growing the Game of Curling

Curling Canada is very committed to supporting communities who want to grow the game. Their website is filled with resources to help facilities and curling associations get started, and to renew their focus. The following are some resources listed on the Curling Canada website¹⁶:

- Getting Started and organized;
- Registration and follow-up;
- Curling 101;
- Have your adult learn to curl program in place and ready to go; and,
- Follow-up (Key to engaging new curlers to want to play more).

¹⁶ Curling Canada – Growing the Sport of Curling: Leveraging 2018
<http://www.curling.ca/?s=growing+the+sport+of+curling>

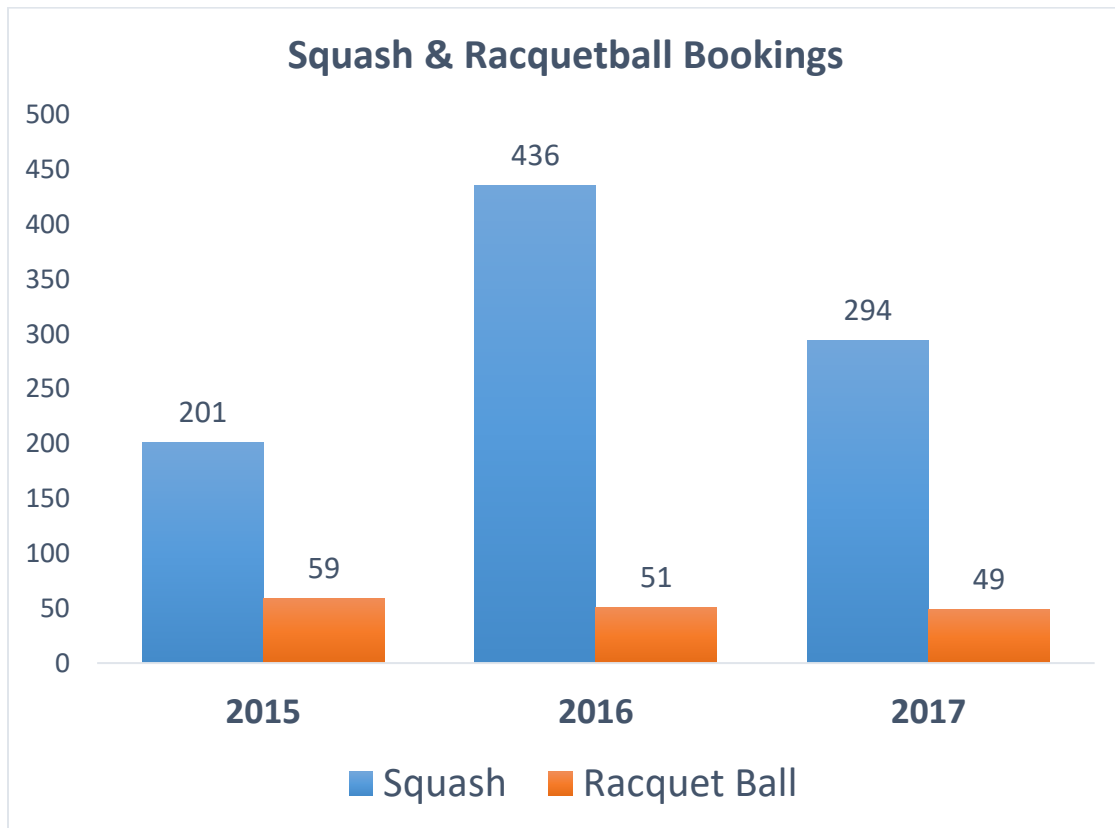
D. Squash & Racquetball

Findings | Squash & Racquetball

The Squash & Racquetball business represents **0.4%** of total LGCC Revenue. Since 2015, court rental revenue has declined by **31%** primarily due to the change in hours (reduced on weekends and throughout the week in 2017).

Squash court bookings has experienced a dramatic drop since 2016; again, mainly due to the change in hours. Racquetball court bookings have not been impacted to the same degree. As seen in the chart below; Squash is more popular than Racquetball.

Chart 8: Court Bookings



Recommendations | Squash & Racquetball

The LGCC is the only location in Lloydminster where the public can play squash or racquetball; both are great for improving health and fitness. The consultant recommends that a more concerted effort be made to grow the game of squash and racquetball by adding duties for programming and membership enrollment efforts in the Curling Supervisor's role.

It will be important to monitor the success of the Curling Supervisor's efforts, and if there is very little growth, the LGCC should consider leasing this space for another type of activity for the community e.g. a small fitness centre.

E. Turf Care, Maintenance and Safety & Security

Findings | Turf Care, Maintenance and Safety & Security

Turf Care

Course condition is the most important factor for golfers to choose to play or be a member of a course. Although the LGCC has been trying to keep up with a good standard of course maintenance, there are some challenges. If not rectified, these challenges could seriously impact the LGCC's economic viability. The following are current maintenance and capital issues that are of concern:

- Tee-boxes need to be leveled;
- The irrigation system is past its life expectancy and is deteriorating. However, plans are in place to replace the irrigation system;
- The water source (well water) has a high sodium and alkaline content, and alternative sources of water need to be identified to promote proper growth of the turf and vegetation; and,
- the bunker sand needs to be replaced or re-filled for a better playing experience.

Environmental Practices

Environmental practices are not being identified or practiced to the extent that they could be at the LGCC. Examples of these practices are:

- Completion of a site assessment to evaluate current environmental management practices to identify improvements;
- Identification of wildlife habitat, water resources and management zones to create a plan for the future; and,

- Employees are not trained in the importance of environment-friendly practices and techniques for ensuring environmental quality.

Maintenance

Maintenance of equipment is a priority for the Turf Care department. There is a preventive maintenance program and schedule in place, and there is an in-house mechanic available to supervise, maintain and repair the equipment.

There is a documented lifecycle plan; however, this current plan does not go past the next 5-years.

The grounds maintenance budget for sustaining the golf course was **31%** of total revenue (excluding curling). Based on industry best practices for maintenance, approximately 37% should be a target. The LGCC is close, but in speaking with the Superintendent and Manager more could be done to benefit the condition of the course.¹⁷

Safety & Security

Based on the Consultant's Operational Review the LGCC has a number of safety and security standards in place. It is the Consultant's understanding that the LGCC is utilizing videos for on-site training, and the training process is well developed. However, more constructive Safety Committee meetings need to take place. Greater participation by part time staff is needed.

There is no process to check the operational status of the AED device daily.

Emergency Procedures

The LGCC has written emergency procedures in place. The only piece missing is a process for handling immediate threats (i.e. gunman on the property). We were assured that this is something that is a work in progress.

There have been emergency evacuation drills performed (approximately annually). However, there is no set schedule for these, according to staff.

Physical Plant Safety

Based on the Consultant's review, the only items identified as deficient were:

- The quality of lighting in the parking lot. It is a general feeling that the lighting level in the parking lot should be brighter.
- Updated directional signage in the parking area. New paint is needed on signs or replacement signs are needed.

¹⁷ Golf Course Industry - Understand & Enhance Course Value, 2014
<http://www.golfcourseindustry.com/article/gci-102714-hirsh-maintenance-plan/>

- There is an absence of safety signs in areas of high risk (i.e. protective eyewear recommended for the racquet courts, locker room signage for leaving valuables in lockers etc.).

Program Safety

Program areas are not typically monitored by staff to foster compliance with injury reduction measures (i.e. monitoring of the courts).

Recommendations | Turf Care, Maintenance and Safety & Security

Turf Care

Owning a golf course is a major investment. Having the proper infrastructure in place will lead to a well-maintained course that will protect the asset and provide golfers with a quality experience that will ultimately lead to higher sales and improved retention of customers and members.

a) Asses the cost of completing the capital investment of the: Tee-box repair, water source, and bunker refurbishment.

Evaluate the cost of capital improvements to the golf course and determine the priority items based on the future risk to the course if these items are not replaced or constructed.

2. Identify potential funding

Complete the research to identify if there are any grants available for these priority projects. If so, identify the LGCC's eligibility and develop a plan for application. If funding is not available through a grant program, identify other sources of capital funding.

3. Develop a plan

If a source of funding is identified and approved, formalize a plan for the capital project.

Maintenance

There is a documented life-cycle plan for the Turf Care and major equipment; however, the plan only accounts for the next 5-years. The consultant recommends that the LGCC review its life cycle plan for all of its facilities, based on the appropriate standards from the City. A well-developed life-cycle plan will help to protect the assets of the City long-term and provide for a quality user experience. In addition, the LGCC should consider extending the life cycle plan to 10-years. This will enable the LGCC to plan for funding of major capital cost items well in advance, such as; roof replacement, ammonia plant replacement, water source replacement.

The commitment to the grounds maintenance budget should be maintained, if not enhanced by about 3-5%. It has been well documented that the number one area that leads to customer satisfaction and increased green fee and member play is the condition of the course.

Safety & Security

The following are the Consultant's recommendations in the area of safety and security:

- Get feedback from participants on adding greater value to the Safety Committee meetings.
- Redesign safety meetings to add more value and increase participation.
- A plan needs to be in place to complete a daily check of emergency equipment (AED).
- Complete the written policies and procedures that are currently underway for 'Immediate Threats'.
- Confirm the requirements for performing emergency evacuation drills based on the LFC's insurer standards and implement a schedule for the drills to occur.
- Identify parking lot lighting requirements for safety and security and update signage in the parking lot area.
- Identify the risk and liability signage that needs to be in place on the property. This should include signage for the activities occurring at the LGCC as well as general liability requirements. This should be established through the LFC's insurer (e.g. Protective eyewear is recommended in the court area).
- Remote activity areas should be monitored frequently (i.e. each hour, a staff person needs to check the courts).

7. FINANCIAL REVIEW

Findings | Financial Results

Budgeting, Reporting, and Analysis

Budgeting/Planning

The LGCC has a budget planning process by department, for both revenue and expenses. Our review indicates the following weaknesses with the current budgeting process:

- Expense planning is based on average costs over the last 2 years and does not include sufficient consideration for anticipated changes, rising costs etc.
- Revenue is similarly budgeted with insufficient details on how revenue will be achieved. For example, Membership dues should be forecast based on the number of members (by category) anticipated in any given month.
- Budgeting is not linked to any formal annual operating or business plan.

Accounting and Reporting

The Consultant is **concerned** that the accounting processes do not reflect full costing in the LGCC financial statements as identified through the most recent Forensic Audit completed by MNPLLP. It is imperative for planning purposes that *all* costs associated with the LGCC operation be represented. The Consultant will rely on the MNPLLP report and the City of Lloydminster for the recommendations on the future practices for accounting and financial reporting.

The Point of Sale system (POS) is not directly linked to the accounting software. This creates a challenge as it requires two entries whereby the data from the POS has to be manually transferred into the accounting system. This can lead to errors in entry and it is more time consuming than it needs to be.

The LGCC does not have the ability to debit members monthly for their membership dues. Currently, members need to pay-in-full for their annual green fees. This may limit the LGCC's ability to attract customers that may not have the cash flow needed to meet this requirement.

The Board Chairman of the LFC has interest in understanding the process and use of electronic signatures for the payment of invoices. The main concern is identifying if proper control systems are in place to ensure that the signatures are used appropriately. The Consultant has reviewed the AP payment process with the City of Lloydminster Accounting Representative and the LGCC Office Liaison. The detail of the current practice can be seen in [Schedule 7: AP Process for LGCC and Use of Electronic Signatures](#).

The Consultant feels that the process looks reasonable for the purpose of control, as there is segregation of responsibility for payment and there is documented authorization. However, it is advised that a signature be provided by the LGCC employee who reviews the Invoice on the document before the invoice is placed in the safe. This will assure the Office Liaison that the invoice has not been placed in the safe by anyone other than the responsible authority.

Analysis

The Finance department provides a basic monthly Statement of Operations and a Balance Sheet. The Statement of Operations provides: Current Month; Actual, Budget, and Variance \$ and Variance % and Previous Year (Month) Actual, Variance \$ and Variance %.

What is lacking is the use of key metrics, such as those described earlier in our review of Food & Beverage. Not tracking key metrics greatly reduces the ability to effectively manage, and more importantly, to grow the business.

Financial Results

The Consultants were provided with the following material to assist in our review:

- Year-by-Year historical summary of financial results including gross operating revenue and expenses and Net Profit (Loss).
- Detailed annual financial reports by department for 2014 – YTD 2017. Note: there was movement of some accounting lines within some departments (particularly Golf Ground Maintenance and Restaurant) in 2014 making year-over-year detailed department comparisons challenging - primarily on the revenue side.
- Annual Membership counts, Court bookings, F&B COGS %, F&B Labour Costs, Pro-Shop Profit Margins and Inventory Turn-Over Rates for the last 4-years.

Cost Recovery

Cost recovery calculations are made using **operating** revenue and expenses. It does not include funding (i.e. grants) from the City. Cost recovery is a simple calculation that determines the percentage of costs that are recovered through operating revenue performance. Although it is a simple measure it is an extremely important metric not just for the entire operation/business but for individual departments and program/service lines.

As full costing has not been included in the LGCC's Income Statements, due to the accounting practices identified in the MNPLLP Forensic Audit, it is very difficult to get an accurate cost recovery number for the LGCC. It is recommended that for the purposes of assessing true cost recovery that the amounts from the 'Due To, Due From' accounts be reconciled and the related expenses be allocated in the appropriate years. Only then will it be valid to assess Cost Recovery for the LGCC.

In the absence of this work of allocation we can assess the financial performance trends of the LGCC based on the Statement of Operations that the Consultant has been provided.

Net Profit (Revenue – Expense)

Net profit from 2014 has been rapidly declining to a low point of **(\$287,828)** in 2016; **(\$29,014)** in 2015 and **(\$71,583)** in 2014.

Net Profit by Service Area

Pro-shop: The Pro-Shop's net profit was: \$232,737 in 2014; \$243,143 in 2015 and \$113,093 in 2016.

Restaurant: The Restaurant net profit was: \$126,254 in 2014; \$135,802 in 2015 and a loss of **(\$22,649)** in 2016.

Curling: The Curling Arena's net profit was: \$23,076 in 2014; a net loss of **(\$45,137)** in 2015 and another net loss in 2016 of **(\$53,440)**.

Building: The Building's net loss was: **(\$453,650)** in 2014; **(\$362,825)** in 2015 and **(\$324,833)** in 2016.

Expenses

Gross operating costs between 2014 and 2016 have declined by an average of 4% per year presumably related to cost cutting measures due to the economic downturn and the loss of revenue.

Not surprisingly, wages and benefits account for the greatest cost to the operation: and average of 48% in each of the last 2 years (47% in 2015 and 49% in 2016). It is our understanding that the increase in 2016 is primarily related to staffing in the Curling area: an increase of \$15,000.

Another metric we reviewed is staffing cost as a % of revenue. At the LGCC this was 47% in 2015 and 56% in 2016. The dramatic change is mainly due to the substantial loss in revenue as labour costs only increased by 1.14% in this time frame.

As described above in our review of the Food & Beverage Department, cost management efforts are insufficient, especially related to food and beverage costs. This is due in part to the lack of inventory procedures and the overall absence of adequate control systems. Labour costs are also **22%** higher than anticipated based on the industry bench mark.

Revenue

We reviewed total revenue for the years 2014 - 2016 and found:

- Revenues dropped between 2014 and 2015 by: \$56,331 or 2%
- Between 2015 and 2016 revenues dropped by: \$351,602 or 15%.

Revenue analysis in 2015 and 2016 show:

By Department

- *Pro-Shop*: The Pro-Shop is the department with the most revenue: 57% and 56% of revenue in each of 2015 and 2016.
- *Food & Beverage*: F&B has the next highest revenues: 31% and 33% of total revenue in each of 2014 and 2015.
- *Curling*: The Curling department generated revenues of: 4% and 5% of total revenue in each of 2014 and 2015.
- *Building*: The Building department generated 3.7% and 6.6% of total revenue. There was an additional \$48,570 allocated to revenues for 2015 to 2016 mainly from an operating grant provided from the City to cover anticipated losses.

The Consultant understands that the primary focus of the LGCC has been on controlling costs for the last 2 years, and that there has not been the kind of planning and focus needed to **grow revenue**. Increasing revenues is the only way, in the long term, to achieve improved financial sustainability and begin to decrease the losses experienced in the last several years. While useful as a short-term strategy, you can't cost control your way to long term financial sustainability.

Financial Results

The consultants believe that the LFC can be in a better financial position than it has experienced in the past.

By implementing selective cost controls (see below) and with more focus on business planning and **revenue generation** (see recommendations below) the minimum cost recovery on the entire operation (full costs) should be 75% with an ideal target of full cost recovery. This is based on discussions with two other golf and curling centres in Saskatchewan and Alberta to determine their current financial status. By including all expenses, as identified in the MNPLLP forensic audit, a more concise estimate can be made based on an accurate financial position of LFC.

Recommendations | Financial Results

Strategic Planning

The LFC should develop a 3-year strategic plan with a primary focus of business growth. The Consultants believe that the LGCC and the Board may require assistance from an expert in this area.

Consider community engagement as a key mission. Ideally every patron/resident should find some value in the LGCC.

One key component of this plan should be reviewing the feasibility of making the LGCC a department of the City rather than a NFP. For all intents and purposes the LGCC is operating almost exactly like a City department. This would enhance the LGCC's ability to engage with more of the community. See the [Section Eight](#) for recommendations on a new business model.

Budgeting

Budgeting should be an outcome of the planning process and not the first step. Alignment starts with a clear and integrated link between the budget and the mission, strategic priorities and annual objectives. This calls for collaborative planning between the Board, the LGCC and the Supervisory Team. Key principles for the budgeting process are as follows:

- Communication about financial policy & budget decisions is easily understood;
- Department supervisors are intimately involved in the development of budgets for their department;
- An annual budget review process takes place with the Board with a variety of opportunities for discussion;
- Analysis on previous years' financial results includes more metrics than just averages over time;
- Revenue forecasts need to be based, where feasible on 'units sold' (i.e. anticipated number of members or Green fees anticipated by category) on a monthly basis and not just on total average revenue over time; and,
- Reports need to be clear and to 'tell a story' about recent facility financial trends, current situations, and future prospects. Department Supervisors will require tools that enable monthly dash-boarding (capturing the best few measures that will inform future decisions). They need to be able to access sales, usership, and cost data to translate into information about their business.

This approach leads to better informed programming, pricing and budget decisions and more collaborative opportunities between departments.

Cost Controls

There are 2 key areas to focus on for additional cost control measures:

1. Food & Beverage

- Install and diligently execute an appropriate inventory system that tracks activity on a weekly basis.
- Develop key metrics that are analyzed weekly on COGS for Food and Beverage.
- Treat beverage like a separate business. Separate and track Beer, Wine, Liquor and Non-Alcoholic beverages. Analyze the COGS in each of these areas.
- Control labour costs as they are well above the industry standard for F&B at LGCC.
- Lock all areas of storage (i.e. liquor supply) when not being accessed.
- Consider the cost/benefit of being open for lunches during the winter months.

2. Staffing Costs

The staffing Costs at the LGCC are at the higher end of the spectrum compared to the industry. The consultants understand that many Oil & Gas based economies struggle with attracting and retaining quality staff due to the competitive environment with high compensation and benefit levels in the community. Ideally the following would occur:

- Once the Turf Care Superintendent retires, consideration needs to be given to a new salary level for this position. Currently, this role commands a salary that is more than the industry median for an 18-hole golf course.¹⁸
- Review the requirements for a Supervisor of Curling. This role could be a seasonal position and may be re-classified in a lower pay grid.
- As the Head Golf Pro position is currently vacant, a new role should fit into the appropriate pay grade. The budgeted amount identified is more than the industry's top quartile.
- With the pending retirement of the Mechanic, an evaluation should be considered to identify if a Journeyman Mechanic is required or if the LGCC can function with a non-journeyman status Mechanic.
- An evaluation should be done for the need to have two full-time Servers during the winter months.
- Server wages at the LGCC are currently above the industry average. Once business picks up in the Food & Beverage area, the base pay should be re-evaluated.

Revenue Generation

The consultants believe that there are 6 key initiatives for enhancing revenue:

GOLF

1. Developing a **proactive marketing and sales strategy for memberships and Green Fee play**. A re-branding effort should take place to inform the community that the LGCC is not a private club. In addition, identify past members and focus on incentivizing them to come back as members (changing the membership payment structure to monthly could support this initiative). The Green Fee play should focus on getting those who are occasional golfers to play more with a strategy to move some of these users into membership.
2. Investigate the opportunity to focus on a children and youth offering, which may also enhance family membership/use.
3. Reduce the size of the Pro-Shop and make it more attractive.
 - a. This may require the expertise of an interior designer.
 - b. Identify what kind of service offering could be done in the remaining space (i.e. Golf simulators or child care).

¹⁸ Canadian Golf Course Superintendents Association – 2017 Compensation Survey

HOSPITALITY

4. Growing Events
 - a. Based on facility size and kitchen capacity, emphasis should be placed on community use of this facility through Not-for-Profit fundraisers.
 - b. The LGCC is a unique and beautiful place for weddings.
 - c. Corporate events and meeting.
 - d. Team building (Golf, Curling).

5. Engaging more of the community even for a single program or event.
 - a. This requires an enhanced program, event and service plan.
 - b. LGCC needs to focus on a strategy which would bring every resident to the LGCC at least once a year.
 - c. Provide programming for vulnerable populations.

FUND RAISING

6. Grant Applications

Emphasis needs to be on capitalizing on grant programs to assist with capital projects or specialized programming for the community. An action plan to apply for those grants that move the business forward based on its operating objectives.

8. FUTURE BUSINESS MODEL

Findings | Future Business Model

During the Consultant’s preliminary work, we were asked to consider the best potential business model for the LGCC based on our findings from the Operational Review. Specifically, should the LGCC continue to operate under the strategic guidance of the existing Non-For-Profit, Lloydminster Facilities Corp., or become a department of the City of Lloydminster? The research and analysis that was completed in this Operating Review assignment will assist the City of Lloydminster in determining the most appropriate future model under which the LGCC should operate.

A. Background

The LFC was established in 2010 as a Not-For-Profit Society. Although the history is not quite clear, it is the Consultant’s understanding that the primary reason that the LFC was established was to take over a failing business from the previous member run Not-For-Profit to enable golf and curling to carry on in the community. It was also identified that at the time of incorporation, a municipality could not acquire a Liquor License in Saskatchewan and this is another reason why the LFC was established.

B. Current State of the LGCC Golf & Curling Centre Operations

The following is a summary of key observation established by the Consultant during the operating review process as document in previous sections of this report. These observations highlight the major challenges that the LFC faces currently as an NFP entity.

Key Observations	Explanation
Financially, the LFC is struggling, and has been challenged for a number of years, based on findings from the MLNLLP Forensic Audit. Financial challenges are not atypical based on discussions with other Golf & Curling Centres in Saskatchewan and Alberta.	Net profit from 2014 has been rapidly declining to a low point of (\$287,828) in 2016; (\$29,014) in 2015 and (\$71,583) in 2014. The biggest challenges are in the Food & Beverage and Curling departments.
Strategic Planning is absent or very weak.	The Consultant could not identify a well-defined strategic plan for the LFC, which would include a: Vision, Mission, Values. Currently, the LGCC relies on the City of Lloydminster’s strategic direction, but it is not clear on how this supports the specific operation of the LGCC.
Operational Plans are weak and not well defined.	In addition to the absence of a strategic direction, the LGCC does not have well

	defined operating plans. This would include an annual operating plan with goals, objectives, well-defined action steps and accountabilities.
Key operating systems are weak for most areas of operations.	With the absence of strong operating policies, procedures and systems the LGCC struggles to hold departments accountable for success or failure. Performance management is limited to an annual performance review, but there are no well-defined objectives. i.e. keeping F&B costs in line with industry benchmarks.
Policies & Procedures are sourced when required.	The LFC and the LGCC do not have well defined operating policies and procedures, which would be expected for an organization that was incorporated in 2010. Essentially, the LGCC relies heavily on the City Policies & Procedures when issues arise; particularly in Human resource and Accounting.
Payroll is administered by the City of Lloydminster.	The payroll for LFC staff is administered through the City payroll system. In addition, although the staff are not employees of the City, their pay grades are very similar to the City's standards and they receive the same benefits.
Board 'turn-over' leads to inconsistency	The current Board of Directors is new to the oversight of the LFC (2016-17). Furthermore, there has been a significant turnover in board members in the past. High turn-over often leads to inconsistency; but more importantly, it leads to the lack of development of key policies, procedures and systems needed to create the optimum governance environment.
Grants are not applied for consistently as a form of financial support.	Although the LFC may be eligible for additional funding through provincial and federal grants, the LFC is not capitalizing on this funding opportunity as much as would be expected. Other City-operated recreation facilities are applying for grants and have a process for doing so.

Although the Lloydminster Facilities Corp. is a Not-For-Profit organization it operates very similar to a municipality. For example:

- Salary/wages are relatively close to the pay grids for similar roles within the City;
- Benefit costs are the same as the City;
- The LGCC utilizes key policies and procedures (Accounting and Human Resources) from the City; and,
- Assets of the LFC are owned by the City.

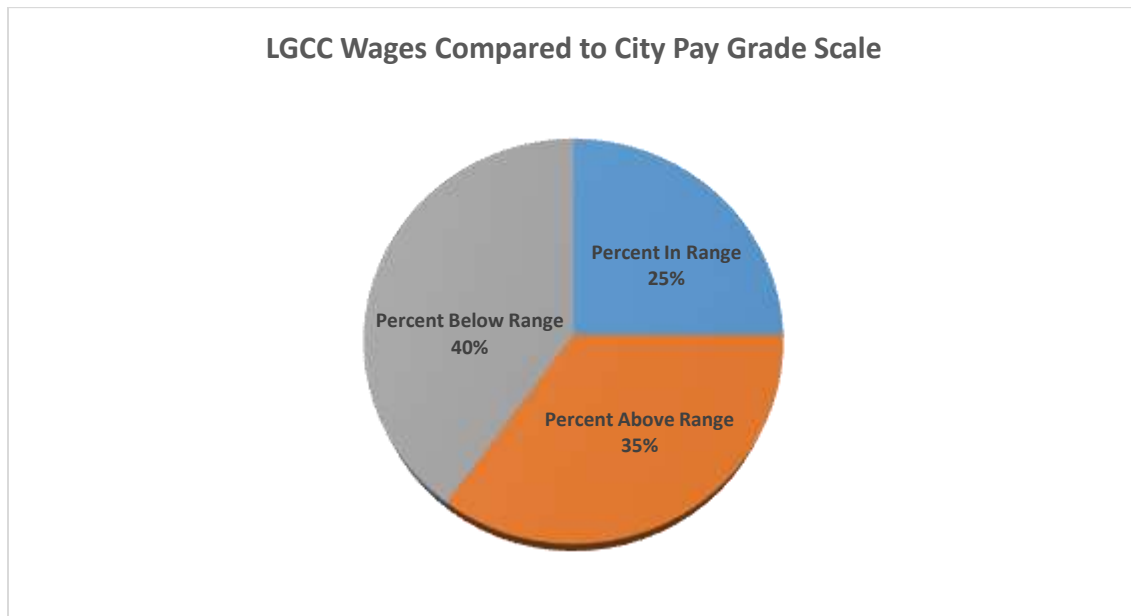
For all intents and purposes, the LGCC operates very similar to a municipal government department.

C. Labour Costs Compared to City of Lloydminster Pay Grade Scale

Based on the consultations with the City of Lloydminster Payroll Department, the Consultant has completed a high-level analysis of what the labour cost liability would be to the City if the LGCC were to become a department of the City of Lloydminster.

The consultant has identified that 25% of the wages (by position) currently paid to LGCC are within the pay grade identified by the City, 35% of the positions are paid above, and 40% are below.

Chart 9: Consultant’s Analysis – LGCC Wages Compared to the City of Lloydminster Pay Grades.



The cost of creating pay equity to the bottom end of the pay grid for those positions that are below the City pay grade would be \$50,498 per year, including wages and benefits. The cost of creating pay equity to the top end of the pay grid for those same positions would be \$100,593 per year. The cost of creating pay equity to the bottom end of the pay grid and to align those above the grid to the maximum in the grid would be \$17,072. The chart below highlights the three options expressed above.

Chart 10: Labour Cost – LGCC to City Department Options

Options	Labour Costs (includes Benefits)	Var. \$	Var. %
*LGCC Budget – Labour Cost 2018	\$1,198,675		
Below Grade to City Min. Pay Grade	\$1,249,173	\$50,498	4.2%
Below Grade to City Max. Pay Grade	\$1,299,268	\$100,593	8.4%
**Matching Grade Below and Above to City Pay Grade	\$1,215,747	\$17,072	1.4%
* LGCC Budget used as a base for comparison			
**Matching Grade = LGCC Below Pay Grade to Minimum and Above to Maximum City Pay Grade			

As indicated, 35% of the staff positions at the LGCC are currently above the City pay grade for similar positions. If the City were considering transitioning the LGCC to a City department, a strategy would need to be created to bring these position wages in line with the City's existing pay grid.

D. Consultant's View of Sustainability

The Consultant has noted in this report that there are several emerging golf, curling and squash trends that the LGCC should take advantage of in the future, if the Centre is to become more financially sustainable. This will require further investment in innovative programming and certain capital improvements to be undertaken going forward. Regardless of which Business Model is adopted, (please see below), it is imperative to understand that the operational recommendations we are proposing will need to be undertaken to achieve the desired results.

E. Business Model Options

The following are business model options that have been used in other Municipalities to various degrees.

- 1. Municipally Operated:** The City/Town operates the facility as a department inclusive of policies, processes, systems and sustainability improvements based on best practices in municipalities and for the golf and curling industry.
- 2. Management Contract – Entire Operation:** The municipality contracts out operations and maintenance of the restaurant and grounds to a third party while retaining operational authority including; oversight of the fees and charges and capital responsibilities.

3. **Management Contract – Clubhouse:** The municipality contracts out all clubhouse activities to a third party only. This may include: Restaurant, half-way house, banquets, and event management, and pro-shop. The municipality remains in operational control, including setting fees and charges and collecting revenues, maintenance of the golf course, curling arena, courts and capital responsibility.
4. **Management Contract – Grounds:** The municipality contracts out all grounds maintenance activities to a third party. The City/Town retains operational control, including setting fees and charges, collecting revenues, operating and maintain the clubhouse and capital responsibility.
5. **Leasing – Golf Course/Curling Arena/Courts:** A third-party makes lease payments to the municipality and is responsible for all revenues and costs associated with all operations of the golf course, curling arena or courts; fees charged to the customers; and responsible for all expenses for lifecycle and maintenance.
6. **Lease Clubhouse Operations:** A third-party makes lease payments to the municipality and is responsible for all revenues and costs associated with all operations associated with the clubhouse; restaurant, half-way house, banquets, event management services, and pro-shop. The municipality retains responsibility for golf and arena administration, grounds maintenance activities and lifecycle.
7. **Wholly Owned Subsidiary:** Create a third-party corporation that would be wholly owned by the municipality. Profits, less required capital, generated from the corporation are returned to the municipality in the form of a dividend.

Special Note: Under all business models, except leasing, the Municipality is responsible to fund capital upgrades and replacements.

Recommendations | Future Business Model

Advice on Selecting a Business Model

Recognizing that the LFC is at a critical point in its ability to offer affordable golf, curling and squash/racquetball to the citizens of Lloydminster, the Consultant advises that the City adopt the following solution characteristics with regards to its choice in the future LGCC business model. This would afford the City the greatest opportunity to ensure long-term economic sustainability and achievement of the City's objectives (To Be Determined).

Consultant's Recommendations

Key Consultant Recommendations	Explanation
The City of Lloydminster should operate the LGCC as a department of the City.	<p>The LGCC is currently a City asset and the existing LFC Board is made up of senior staff and elected officials from the City of Lloydminster.</p> <p>In order to ensure that the guiding principles (TBD) are being met the City should maintain control. This is especially critical when considering public accessibility and affordability as well as alignment with City direction and policies.</p>
Develop an Advisory Committee as a 'voice' of the community to ensure the needs of the citizens are being met.	Although the City needs to maintain control, it should utilize user groups, members etc. of the community to act as a sounding board for ideas to ensure maximum community participation, engagement and value. The Advisory Committee members do not have a vote on decision making; but provide advice and insights.
There would be no need for a Board of Directors, as the current Directors would all directly or indirectly have a continuous 'say' in the LGCC.	There is a danger in 'bureaucratizing' the LGCC too much. The City should strive to have the LGCC 'department' run like a business; and assess it as that.
The Manager of the LGCC would report to the Director of Recreation & Culture Services.	This would not involve any change in reporting structure.
Maintains the rights to 100% for the LGCC cash flows, and not take on a partnership in which cash flows would be shared.	Currently, the margins between operational revenue and expenses is already quite narrow. To be required to share (all or a portion) of the revenues may place the City in a position of declining returns.
Look to partner with an existing operator of food services and/or event management in the community (or region) to provide the appropriate professional hospitality services.	This is a specialty service that the City has no experience with. Operated well, the LGCC can become a 'community hub'. Run poorly, the Centre will wither and die.
Look for opportunities to reduce wage costs to industry benchmark levels in some areas of the operation.	Labour costs are a significant portion of the LGCC's current operating expenses. Reducing staffing costs in targeted areas offers the potential for labour cost savings.
Capital Funding is required	There are a number of critical capital issues in the LGCC's business that are being deferred or not addressed. This facility is in need of capital funding to put the property and its assets to their greatest use and to maximize community and visitor satisfaction.

Leasing or Management Contract

The consultant believes that more work should be done by the City of Lloydminster to investigate the cost/benefits of leasing or contracting the management of some of the components of the operation, especially in the Golf Management, Food & Beverage, and Hospitality areas. The success of a lease or contract will depend upon the strategic intent of the City, and whether or not a third-party can effectively fulfill their obligations in the unique Lloydminster environment. Further work would include:

- Identification of the strategic direction of the City with regards to Golf, Curling and court sports;
- An analysis of the availability of expertise in the community (or beyond) to fulfill lease obligations or a management contract for these activities;
- A Cost/benefit analysis to confirm the degree of service required, and the associated economic benefit to the City; and,
- The degree of realistic interest from prospective third-party organizations, based on a well-drafted Scope of Services.

9. NEXT STEPS

The following is a list of key recommendations and the time lines for implementation that the Consultant is suggesting based on the LFC Operational Review. It should be noted that the Consultant has made a number of detailed recommendations throughout the report that should be referred to when the planning process is underway.

Implementation Term

Short = 0-6 Months

Medium = 7-12 Months

Long = 13-24 Months

Strategic Oversight

Key Recommendations	Implementation Term (Short / Medium / Long)
1. That the Board of LGCC create a comprehensive Strategic Plan that gives guidance to the structural and operational plans that need to occur going forward.	Short
2. That the City of Lloydminster dissolve the Current Lloydminster Facilities Corp. and operate the Lloydminster Golf & Curling Centre as a department of the City of Lloydminster. The Government of Canada provides a process for dissolving a not-for-profit corporation ¹⁹ Although there is information provided that will assist the LFC to dissolve the corporation, the guidance does not replace legal advice. The consultant recommends that the LFC <i>consult legal counsel</i> before taking steps to dissolve the corporation.	Medium

Management/Operational Oversight

3. That the Operational Plan is based on and supported by the Strategic Plan (as stated in #1).	Short/Medium
4. That the budget is guided by the operational plan (rather than being based on historical precedence).	Short/Medium
5. That the LGCC use fundamental business management systems and processes as outlined in our review. e.g. Sales & revenue targets, financial plans, individual performance plans, customer service strategy etc. These systems and processes need to be documented.	Medium/Long

¹⁹ Government of Canada – Dissolving a not-for-profit corporation: <https://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs05167.html>

Staffing

6. That the LFC address our advice on personnel matters as expressed in the confidential memo titled “Personnel Issues”.	Short
7. That the LGCC develop a staffing schedule whereby there is at least one supervisor on-site during peak periods when usage is high.	Short
8. That the LGCC review, and if necessary, redefine its hiring practices to ensure that the most appropriate staff are hired based on the unique needs of the LGCC.	Short
9. That the LGCC develop a Succession Plan for key roles within the organization.	Medium

Customer Service

10. That a comprehensive Customer Service Strategy be developed. Key areas for consideration are outlined in our report.	Medium/Long
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Operations

11. That the staff take inventory of Pro Shop items weekly and utilize key measures to evaluate the success of the business.	Short
12. That the LGCC develop a business case to either keep Food & Beverage in-house or outsource the service to an appropriate vendor. Our review provides some guidelines for consideration. Regardless of the outcome, the following are recommendation for Food & Beverage that should done in the interim:	Short/Medium
a. That food and beverage inventory to done on a weekly basis with key measure (e.g. food costs) analyzed weekly. b. That the food & beverage products be stored and secured more effectively as outlined in our review (e.g. locks on all liquor coolers). c. That the LGCC reduce its Labour Costs in Food & Beverage to be more in line with the industry benchmarks.	Short
13. That the use of after-hours access cards be restricted to use only by approved staff.	Short
14. That the LGCC renegotiate their existing agreement with the Curling Association and any recommended changes be identified and agreed upon before the existing agreement expires.	Short/Medium

15. That the LGCC adopt a system whereby the POS system information directly uploads into the accounting software system.	Short/Medium
16. That the LGCC develops a system and process that allows members to pay their memberships through automatic debiting on a monthly basis.	Short/Medium
17. That the LGCC develop a comprehensive marketing plan to increase engagement and participation in all service areas of the LGCC that will result in increased revenue.	Medium
18. That the LGCC hire a qualified staff person to help grow the games of curling, squash and racquetball. This person would also have responsibilities to increase sponsorship revenue in each of these areas.	Medium
19. That the LGCC and City develop a plan to enhance the quality of the golf course by: Repairing uneven Tee-Boxes, refurbishing the sand bunkers, finding an alternative water source that is appropriate to effectively grow vegetation and complete the replacement of the current irrigation system.	Medium/Long
20. That the LGCC develop a 10- year facility life-cycle plan that is based on the City's life-cycle format.	Medium/Long
21. That the Pro Shop be redesigned to reduce the amount of square footage used and more effectively display products.	Long

If the City makes the decision not to dissolve the Lloydminster Facilities Corporation, then the following should occur in the short-term:

- a) Development of a Strategic Plan tailored to support the future of the LGCC and is aligned with the strategic direction of the City and Recreation and Culture as a whole.
- b) The Manager of the LGCC report directly to the Chairman of the LFC Board.
- c) Develop policies and procedures and governing codes of conduct to support the professional operation of the LFC (this needs to be done regardless of the operating model the City decides it will choose).
- d) Identify and develop committees to help support the achievement of the LFC strategic plan.

Important Note: Regardless of which strategic oversight option the LFC chooses, all the recommendations outlined by the Consultant need to be considered for implementation for the effective operation of the LGCC.

Schedule 1 | Curling League Fees

Comparative Curling League Fees Analysis 2017/18 (Adult)

Location	Adult League Fee (Team)	# of nights	Cost/Night	# of Sheets
Lloydminster Golf & Curling Centre	\$1,040	20	\$52	8
North Battleford – Twin Rivers Curling Club	\$1,400	22	\$64	6
Lashburn	\$740	15	\$49	3
Vermillion	\$800	19	\$42	5
Provost	\$520	20	\$26	4

Schedule 2 | Self - Assessment of Governance Standards

Governance Standards	YES	NO	N/A	NOTES
A. BOARD LEADERSHIP				
A1. The organization has a mission statement that is approved and revisited by the board at least every five years to assess its continuing relevance.				
A2. The board ensures a strategic plan is in place and has a process to evaluate progress in achieving the plan's priorities.				
Board Oversight				
A3. The board is accountable for the recruitment and orientation of the most senior staff person in the organization.				
A4. The most senior staff person reports to the board and has a written job description or terms of reference, annual performance objectives and an annual performance review.				
A5. The total compensation package of the most senior staff person is approved by the board or a board committee and expenses are reviewed at least annually by a member(s) of the board.				
A6. The organization has a process to identify its major strategic and operational risks and a plan to minimize and mitigate these risks. The plan is reviewed annually by the board.				
A7. The organization has a process to review its insurance coverages. A summary report is reviewed annually by the board.				
A8. The board or board committee oversees the organization's compliance with its own governing documents (e.g., letters patent, by-laws) and all applicable federal, provincial and municipal laws and regulations.				
Governance Policies & Processes				
A9. The organization identifies its stakeholders and ensures there is a strategy for regular and effective communication; with consultation with them about the organization's achievements and work.				
A10. The organization has codes of ethics/conduct that apply to board, staff and volunteers.				
A11. The organization has conflict of interest policies for board, staff, and volunteers that provide for disclosure, review and decisions on actual or perceived conflicts of interest.				

A12. The organization has a privacy policy that is posted in a readily accessible location on its website.				
A13. The organization responds promptly to complaints by external stakeholders. The organization informs the board at least annually of the number, type and disposition of complaints received.				
A14. The organization has established and implemented policies and procedures that enable individuals to come forward with information on illegal practices or violations of organizational policies. This “whistleblower” policy specifies that the organization will not retaliate against, and will protect the confidentiality of, individuals who make good-faith reports.				
A15. The board holds a sufficient number of meetings annually to ensure appropriate direction and oversight of the organization's activities. At minimum, the board holds at least two meetings per year, at which the agenda is not restricted to a specific issue or issues (e.g., appointment of officers).				
A16. The board has written terms of reference outlining how it will review, approve, and monitor the mission/strategic direction, annual budget and key financial transactions, compensation practices and policies, in addition to fiscal and governance policies.				
A17. The board is comprised of no less than 3 (but preferably 5 or more) directors, a majority of whom must be at arm's length of each other, to the most senior staff person and/or other management staff. No employee may be a director.				
A18. No member of the board is entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization in their capacity as a director.				
A19. A process is in place to ensure orientation of new board members. Board members understand their legal and fiduciary responsibilities, exercise due diligence consistent with their duty of care, are familiar with the organization's activities, and fully informed of the financial status of the organization.				
A20. Proper Minutes of board meetings and a complete record of policies are kept up to date.				
A21. The board has a process to annually review plans for succession to the positions of board chair and committee chairs.				
A22. The board has a process to annually consider development opportunities for potential board chairs and committee chairs.				
A23. The board has a process to annually review the performance of its individual directors, and of the board as a whole.				

B. FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

B1. The organization issues annual financial statements in accordance with an acceptable accounting framework as identified by CPA Canada.				
B2. Organizations with over \$1 million in annual revenue must have their financial statements audited by an independent licensed public accountant.				
B3. The organization's financial statements are reviewed and approved by the board and released within 6 months of year end.				
B4. Charities - The board has a process to ensure that an accurate Registered Charity Information Return (T3010) is filed with the Canada Revenue Agency (CRA) within six months of year-end, as required by law.				
B5. Non-Profits - The board has a process to ensure that an accurate Corporate Income Tax Return (T2) is filed with the CRA within six months of year end, as required by law.				
B6. Registered Canadian Amateur Athletic Association (RCAAA) - The board has a process to ensure that an accurate RCAAA Information Return (T2052) is filed with the CRA within six months of year end, as required by law.				
B7. The board approves the annual budget and has a process to monitor the organization's performance in relation to the annual budget. The board or a board committee reviews actual revenues and expenses versus budget at least twice a year.				
B8. The board or a board committee receives from management, at least twice a year, assurance that all statutory remittances have been made.				
B9. The board regularly reviews the cost-effectiveness of the organization's fundraising activities. No more is spent on administration and fundraising than is required to ensure effective management and resource development.				
B10. Organizations with investable assets over \$100,000 have an investment policy setting out asset allocation, procedures for investments, and asset protection issues.				
B11. When the organization collects money (donation or sales) online its practices are consistent with or exceed the provisions of the Canadian Code of Practice for Consumer Protection in Electronic Commerce.				
B12. The organization's financial statements are made available to the public.				
B13. The organization makes information on compensation accessible to its stakeholders to at least the same level as that required by CRA in the T3010.				
B14. The organization discloses on its website, details of the purpose and amount of payments for products or services to board members or companies in which a board member is an owner, partner or senior manager.				
B15. The organization accurately discloses all costs associated with its fundraising activities.				

C. FUNDRAISING

Donor Relations

C1. The organization does not sell its donor list. If it rents, exchanges or otherwise shares its donor list, it abides by the Canadian Marketing Association Code of Ethics and Standards of Practice and honours donors' requests to be excluded from such lists.				
C2. Donors' requests to remain anonymous are honoured.				
C3. The organization encourages donors to seek independent advice if the proposed gift is a Planned Gift and/or the organization has any reason to believe the proposed gift might significantly affect the donors' financial position, taxable income, or relationship with other family members.				
C4. Charities and RCAAAs: The organization prepares and issues Official Income Tax receipts for monetary gifts and gifts-in-kind, in compliance with all regulatory requirements.				
C5. Non Profits: The organization makes it clear to all potential donors that it cannot issue Official Income Tax receipts.				

Fundraising Practices

C6. All fundraising activities conducted by, or on behalf of, the organization are: truthful, accurately describe the organization's activities, disclose the organization's name, disclose the organization's policy with respect to issuing Official Tax receipts, including any policy on minimum amounts for which a receipt will be issued; and disclose, upon request, whether the individual or entity seeking donations is a volunteer, employee or contracted third party.				
C7. The organization does not make claims that cannot be upheld or are misleading.				
C8. The organization does not exploit its beneficiaries. It is sensitive in describing those it serves (whether using graphics, images or text) and fairly represent their needs and how these needs are being addressed.				
C9. Any fundraising materials distributed by or on behalf of the organization includes its address or other contact information.				
C10. The organization does not directly or indirectly, pay finders fees, commissions or percentage compensation based on contributions.				

<p>C11. Anyone seeking or receiving funds, on behalf of the organization, whether a volunteer, employee or contracted third party must:</p> <ul style="list-style-type: none"> • act with fairness, integrity, and in accordance with all applicable laws; • cease contacting a prospective donor who states that he/she does not wish to be contacted; • disclose immediately to the organization any actual or apparent conflict of interest or loyalty; and • not accept donations for purposes that are inconsistent with the organization’s mission. 				
<p>C12. The organization has appropriate fundraising policies (e.g., a gift acceptance policy, a policy on the treatment of restricted or designated gifts, and naming and endowment policies). The relevance and appropriateness of these policies are reviewed every three years by the board.</p>				
<p>C13. Organizations that conduct face-to-face fundraising (e.g., door-to-door campaigns, street-side fundraising, workplace campaigns) must:</p> <ul style="list-style-type: none"> • provide verification of the affiliation of the person representing the organization; and, • secure and safeguard any confidential information, including credit card information, provided by donors. 				
<p>C14. When the organization has formally entered into a cause-related marketing agreement with a third-party, it must disclose in all related materials it produces, how the organization benefits from the sale of products or services and the minimum or maximum amounts payable under the arrangement. If no minimum amount is payable, the organization should disclose this.</p>				
<p>D. Staff Management</p>				
<p>D1. The organization has written HR management policies that comply, at minimum, with employment, health and safety and other applicable legislation.</p>				
<p>D2. HR management policies are accessible to all employees.</p>				
<p>D3. HR management policies are reviewed at least every two years and revised, if necessary.</p>				
<p>D4. The organization has a compensation structure that fairly evaluates and compensates the value of each position.</p>				
<p>D5. All employees have written job descriptions.</p>				
<p>Recruitment, Orientation & Training</p>				
<p>D6. Employees are recruited and selected through an objective, consistent process that complies, at minimum, with human rights legislation.</p>				

D7. All individuals external to the organization who are offered a position are given a letter of employment that outlines the terms of employment.				
D8. All employees who are new to the organization or their position, are provided with appropriate orientation and training.				
Performance Management and Staff Development				
D9. All employees have a work plan or performance objectives that identify their tasks/activities and the expected result.				
D10. The performance of each employee is assessed at least annually.				
D11. The development needs of all fulltime employees are reviewed at least annually and plans are established to address any gaps. Staff with responsibility for managing others are provided with opportunities to develop their supervisory skills.				
D12. Critical positions in the organization are identified and succession plans are established to address any potential gaps.				
D13. The organization has a formal process to manage workplace conflicts.				
E. VOLUNTEER INVOLVEMENT				
E1. The organization has policies and procedures in place that define and support the involvement of volunteers.				
E2. The organization has one or more clearly designated individuals (volunteer or paid staff) with appropriate experience, skills, or qualifications who are responsible for volunteer involvement.				
E3. Volunteer assignments relate to the mission or purpose of the organization and involve volunteers in meaningful ways that reflect their abilities, needs, and backgrounds.				
E4. Volunteer recruitment incorporates internal and external strategies to reach out to and involve a diverse volunteer base.				
E5. The organization has appropriate screening processes for volunteers.				
E6. Volunteers are provided with appropriate orientation to the organization and its policies and practices and receive training appropriate to their roles and needs.				
E7. All volunteers are given regular opportunities to offer and receive feedback. Volunteers who are engaged in delivering programs or services receive a level of supervision appropriate to their role.				
E8. The contributions of volunteers are acknowledged and recognized.				
E9. The impact and contributions of volunteers and the volunteer program are regularly evaluated.				

Schedule 3 | Key Performance Measures

Key Performance Measures are measurable statistics to evaluate the organization's progress toward its overall goals. The following are a few measures that are traditionally used in the industry. However, it is important to track only the ones that are important to your specific goals and objective. It is overwhelming and unproductive to measure dozens of items.

Golf

Revenue Per Available Tee Time

Revenue per available tee time or available rounds is a critical KPI for all golf courses to track. Just as a hotel has a limited number of rooms, a golf course has a finite number of tee times available each day. They are also perishable. An unsold tee time cannot be sold or discounted at a later date. The golf course manager must make certain the revenue from the available tee times is maximized. Monitoring revenue per available tee time on a weekly and monthly basis can reveal how effective the marketing efforts are in bringing golfers to the course.

Average Length of Round

A chronic problem in golf is slow play. The longer it takes to play a round the less enjoyment the golfer gets from the playing experience. For course manager, slow play, within reason, means lost revenue because the number of rounds played each day will be below the goal set.

Repeat Business

The course manager should track the percentage of golfers who come back to the course after playing it for the first time. Repeat business percentage is a KPI that reveals the overall customer satisfaction the operation is achieving. A high repeat business percentage indicates that the green fees are priced fairly and competitively. It also indicates that course maintenance is meeting a high standard. Golfers return to courses they judge to be well maintained.

Course Utilization

The number of rounds sold divided by total available rounds yields course utilization -- similar to occupancy percentage in the hotel industry. The manager should track this KPI by time of day, day of week, and month of the year. Slow days or slow times of the day with few sold rounds require implementing marketing strategies to bring in more people.

Revenue Stream KPIs

Average merchandise sale per customer, average food and beverage sales per customer, and the percentage of golfers who purchase practice range fees or lessons are KPIs that guide the golf course manager toward the goal of providing the best overall customer experience possible. He might discover that many of the golfers are not taking advantage of the restaurant after their completed round - or perhaps he didn't know that your pro shop merchandise prices are competitive with outside sources. Determining how much the golfer spends at your facility in addition to the golf is a great indicator for how your marketing efforts are driving additional business.

Pro Shop

Profit Margin: Monthly and Annual

- Hard goods
- Soft goods

Inventory turn-over (Total Sales divided by Average Inventory on Hand)

- Hard goods
- Soft goods

Food & Beverage

Cost of Goods % (Beginning Inventory + Purchases) – ending inventory = Usage. Usage (dollars) / net sales = COG % (Weekly, monthly, and Annual for the following:

- Beverage (Beer, Wine, Spirits & Soft drinks)
- Food (Meat, Seafood, Grocery, Dairy, Etc.)

Labour Costs (Total Labour \$ / Total Sales) – Weekly, monthly and annual

Curling

Revenue/sheet (Total Revenue attributed to curling divided by the total number of sheets)

Cost/sheet (Total expenses attributed to curling divided by the total number of sheets)

Operating cost/sheet (Split out operating costs (electricity, water, gas etc.) divided by the total number of sheets.

Revenue/Game (Calculate the total revenue received for the game in addition to F&B purchases divided by the number of games in a week, month, annual) This could even be done by bonspiel or event.

Customer Service

Member Retention – A measure of member loyalty and is identifying the percentage of the members that stayed members in the past year. The calculation is: $((ME - MN)/MS) \times 100$

ME = number of members at end of period

MN = number of new members acquired during period

MS = number of members at start of period

Customer Engagement Surveys – Annually

Internal measures of Customer Satisfaction or Engagement: Daily, weekly, monthly, quarterly and Annual

- Comment cards
- Web Feedback
- Mystery member/customer feedback
- Daily operations audit (Safety, welcoming, clean)

Cleaning Audit – Daily, weekly, monthly and annually (% cleanliness – Comparison of a rating of clean to standards set)

Schedule 4 | Code of Conduct - Sample

MEMBER CODE OF CONDUCT STATEMENT

POLICY STATEMENT

The Facility aims to provide a tolerant environment for all people using and working at our facility. The Management of the Facility expects all persons to behave in a manner consistent with this policy while using or working at our facility.

OBJECTIVES

1. The laws of the Province of Alberta (including the Human Rights Code) apply to how our Facility conducts its programs and services and equally apply to how staff and members behave while using the Facilities.
2. The Facility reserves the right to suspend the privileges without refund, of any Customer*, or to remove from the premises any customer, who
 - Aids or abets in the unauthorized entrance of another customer
 - Is physically or verbally abusive to any other customers or Facility staff
 - Knowingly disregards any Facility rule or regulation
 - Deliberately causes damage to any property
 - Uses profanity while on the premises
 - Engages in any form of socially unacceptable behaviour.

**Customer is a generic term that includes any LGCC – either those in the community or those we work with. (Our members, program, service or event participants, Guests, Suppliers, Partners).*

Schedule 5 | How to Take Inventory

How to Take Inventory: 10 Best Practices

1. **Take inventory frequently:** Inventory on some items should be done daily. At a minimum inventory should be taken before placing orders and for sure weekly. The frequency of daily is done for high priced items like expensive cuts of beef especially after an event.
2. **Take inventory after the restaurant is closed, or before it opens.** You cannot take accurate inventory while goods are being sold.
3. **Take inventory before a new shipment arrives** and then add new stock to your counts.
4. **Clean out and organize your stock areas before taking inventory.** Throw out items that have expired, move similar items to the same shelf and in general, tidy up.
5. **Use inventory count sheets.** Have one for daily, one for weekly and one for monthly counts (or whatever periods you use) and standardize the items included and the units (lbs. # of items, boxes etc.) each item is tracked in. Products are available on-line to create these sheets and track results over time.
6. **When tracking inventory,** make part of the practice ensuring that items are being used on a First In - First Out (FIFO) basis. Older goods should be rotated to the front of shelves so they are used first. Additionally, try to keep the number of items you have on hand as low as possible to keep spoilage to a minimum, but without sacrificing service delivery.
7. **Use two people to take inventory.** They will not only get it done faster, but they will tend to be more consistent.
8. **Change inventory takers periodically.** It will be important to change one of the inventory takers out periodically to avoid potential of collusion.
9. If you use a scale to measure inventory and measure portions, **calibrate** them weekly.
10. **Standardize what your unit cost is.** The price of items (like ground beef) changes week to week. Use the latest price paid as the standard. It is the easiest to find and remember.

The most critical piece of taking inventory is consistency. Taking inventory at the same time and counting the same items are some of the easiest ways to improve accuracy.

Adapted from How to Take Inventory: 10 Best Practices by Greg Poirier - Livelenz

Schedule 6 | Food & Beverage Monthly Report - Sample

SAMPLE Food & Beverage Cost of Sales Analysis

Location: Centennial Centre
Completed By:For the Month of:
Date:

		Actual		Budget	Change	Prior Month Actual
COS = Cost of Sales		\$	% of Sales	\$	% of Sales	%
Alcohol						
Beer	Sales	46,000				
	COS	16,000	35%		35%	40%
Liquor						
	Sales	11,000				
	COS	1,800	16%		19%	32%
Wine						
	Sales	12,000				
	COS	4,000	33%		32%	23%
Total Alcohol Sales		69,000		78,000		
Total COS - Alcohol		21,800	32%	25,000	32%	0%
Profit Margin		<u>47,200</u>	68%	<u>53,000</u>	68%	0%
Food						
Food sales		75,000		69,000		
COS Food		34,000	45%	26,000	38%	8%
Profit Margin		<u>41,000</u>	55%	<u>43,000</u>	62%	-8%
Non-Alcohol						
Sales		11,000		14,000		
COS		5,400	49%	6,000	43%	6%
Profit Margin		<u>5,600</u>	51%	<u>8,000</u>	57%	-6%
Total F&B Sales		155,000		161,000		
Total COS		61,200	39%	57,000	35%	4%
Profit Margin		<u>93,800</u>	61%	<u>104,000</u>	65%	-4%
Labour Cost as % of Sales						
Staffing		50,000	32%	48,000	30%	2%
						58%

Schedule 7 | Accounts Payable Process for LGCC

AP Process For LGCC and Use of Electronic Signatures

