



COTTAGE GROVE CITY COUNCIL

12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MINNESOTA 55016

March 1, 2023

SPECIAL MEETING - 5:00 P.M.

RIVER OAKS GOLF & EVENT CENTER

(11099 US-61, Cottage Grove, MN 55016)

1 CALL TO ORDER

2 AGENDA ITEM

River Oaks Business Plan Update



City Council Action Request

Meeting Date	3/1/2023	
Department	Administration	
Agenda Category	Agenda Item	
Title	2021-2025 River Oaks Business Plan Update	
Staff Recommendation	Receive a presentation on the 2021-2025 River Oaks Business Plan Update.	
Budget Implication	N/A	
Attachments	Memo River Oaks Business Plan (1).tif	357.79KB
	River Oaks 2022 Recap (1).tif	3.16MB



To: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

From: Zac Dockter, Parks and Recreation Director

CC: Dennis Neitz, River Oaks General Manager

Date: February 24, 2023

Subject: 2021-2025 River Oaks Business Plan Update

Introduction/Background

River Oaks is currently working under the guidance of the 2021-2025 River Oaks Business Plan. A recap of 2022 is provided with this memo. Staff is eager to present updates to the City Council at the March 1 workshop while also sharing anticipations for the coming year(s). We invite questions and conversation as we look to a successful 2023.

Staff Recommendation

Receive presentation on the 2021-2025 River Oaks Business Plan Update.



2022 Recap

2022 Performance Update

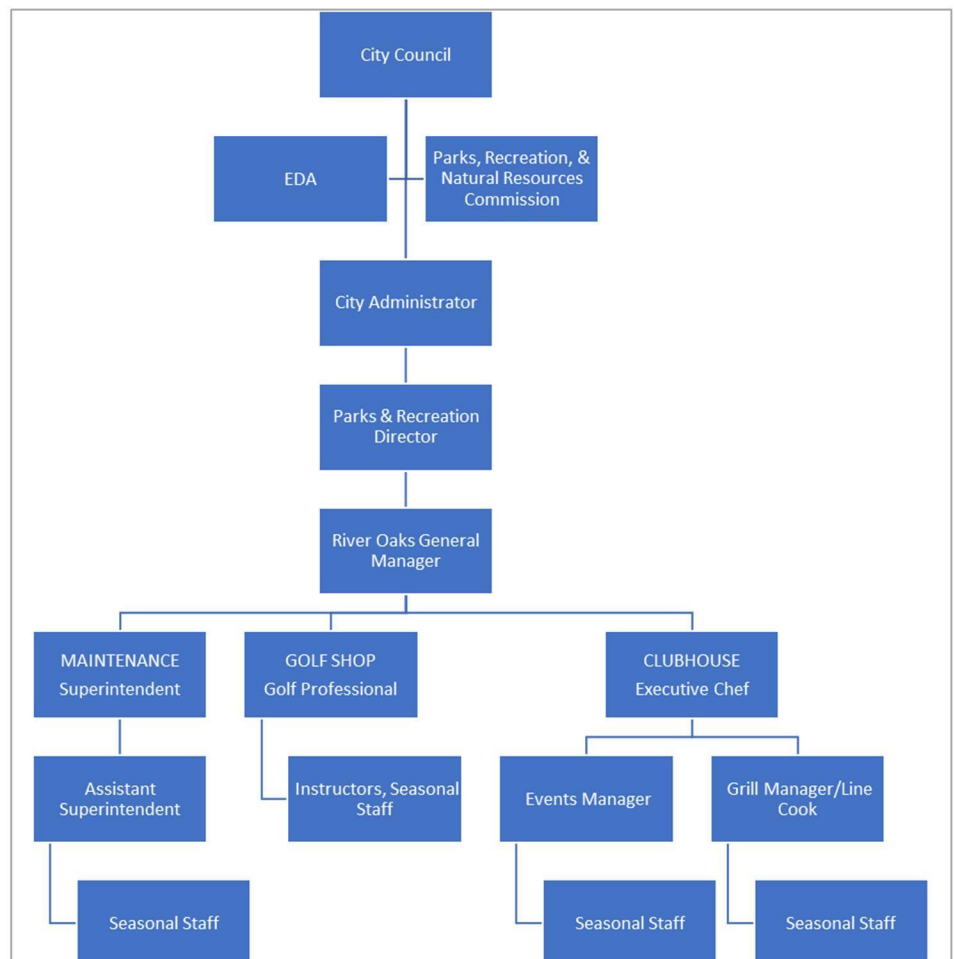
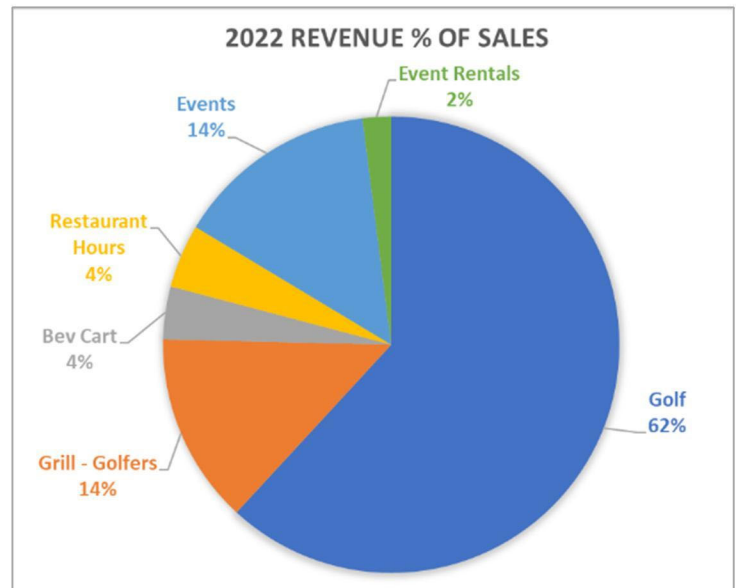
WHO WE ARE: We offer many services at River Oaks Golf Course and Event Center. For almost thirty years, River Oaks has focused on serving the communities golf, event center, grill, and outdoor recreation needs. Although all elements of the business are important to a successful and sustainable operation, it is important to note that golf is considered the keystone due to its direct and indirect revenue potential that supports the entire business.

Over the past five years, our focus has been on creating an excellent customer experience. Maintaining this is the responsibility of all departments and employees at the course. For customers who trust us by spending their money for golf, events, or in the grill, we want to make sure each person's needs are taken care of during every aspect of their time with us.

NEW OPERATIONAL STRUCTURE:

The River Oaks Golf Course and Event Center business model continues to evolve to meet the needs of our customers while also adapting to rapidly changing employment expectations within the industry. Finding the right skill set and quantity of staff to deliver our service expectations has become increasingly challenging in an operation that relies so heavily on seasonal and itinerant staffing. In response to those challenges, the River Oaks team developed a staffing structure proposal that Council adopted at the December 7, 2022 Council meeting.

Over the last 5 years, River Oaks has experienced revenue growth from \$1.5M to \$2.6M. Because we are a service industry, revenue growth needs the support of additional personnel services. Historically, we have met service growth needs by utilizing seasonal and part-time staff. However,



as wages for these positions escalate rapidly, it is becoming apparent that investing into full-time employees will achieve a more stable operation and increase our service levels with nominal financial impact to our expenses.

By moving to a more full-time based staffing matrix, we believe the following benefits are achieved:

- Recruit and retain superior talent.
- Reduce unemployment expenses.
- Increase cross-training across skilled positions.
- Reduce exposure to coverage concerns from employee illness, departure or other.
- Reduce exposure to employee burnout and turnover.
- By splitting the events and grill positions, we can drive equal focus to both operations to assure consistent service levels, innovation and growth.
- Grow all three pillars (Golf, Grill, Events) of the business to better serve the community.

It is important to note that River Oaks places great value on cross-training employees across the multiple functions of the facility. We would expect all employees to have sufficient knowledge to support services to golf, grill and events regardless of job title.

PAYROLL: Although our payroll has increased approximately 38.7% since 2016, our payroll as a percent of revenue has decreased 23.3% over the same time period. Our goal by 2025 is to have overall payroll at 45% of revenue or less.

	2016	2017	2018	2019	2020	2021	2022
Payroll							
Golf	\$248,636	\$171,035	\$169,982	\$187,136	\$328,100	\$301,859	\$405,446
Maintenance	\$305,135	\$323,561	\$325,905	\$339,697	\$367,115	\$412,652	\$408,823
Clubhouse - Eagles & Events	\$398,990	\$364,380	\$468,765	\$517,030	\$321,965	\$502,173	\$506,812
Gratuities	\$47,541	\$53,601	\$78,803	\$92,229	\$39,350	\$85,607	\$106,710
Overall Payroll	\$952,761	\$858,976	\$964,652	\$1,043,863	\$1,017,180	\$1,216,684	\$1,321,081

Revenue							
Golf	\$913,204	\$904,791	\$953,407	\$1,082,834	\$1,382,187	\$1,615,297	\$1,604,818
Maintenance	\$0	\$0	\$0	\$1,879	\$0	\$0	\$0
Clubhouse - Eagles & Events	\$558,471	\$554,275	\$777,317	\$885,027	\$481,294	\$833,232	\$991,292
Total Revenue	\$1,471,675	\$1,459,066	\$1,730,724	\$1,969,740	\$1,863,481	\$2,448,529	\$2,596,109

Payroll as a Percent of Revenue							
Golf	60.6%	54.7%	52.0%	48.6%	50.3%	44.2%	50.7%
Clubhouse - Eagles & Events	68.8%	62.1%	55.8%	53.6%	63.9%	55.7%	45.2%
Overall	63.6%	57.3%	53.6%	50.7%	53.6%	47.9%	48.8%

FINANCIAL PERFORMANCE: River Oaks has been seeing steady growth in our revenue since 2016. Our revenue has grown over 76% from 2016 to 2022 while our expenses have grown by just over 49% during that same period.

	2016	2017	2018	2019	2020	2021	2022
Golf Services							
Revenue	\$913,204	\$904,791	\$953,407	\$1,084,713	\$1,382,187	\$1,615,297	\$1,604,818
Expense							
- Personal Services - Golf Shop	\$248,638	\$171,035	\$169,982	\$187,136	\$328,100	\$301,859	\$405,446
- Personal Services - Maintenance	\$305,135	\$323,561	\$325,905	\$339,697	\$367,115	\$412,652	\$408,823
- Commodities - Golf Shop	\$7,318	\$5,508	\$7,701	\$6,318	\$14,540	\$34,882	\$27,962
- Commodities - Maintenance	\$108,148	\$106,910	\$109,978	\$111,833	\$107,106	\$136,239	\$167,960
- Contractual - Golf Shop	\$123,571	\$100,139	\$113,142	\$139,315	\$171,614	\$265,743	\$276,271
- Contractual - Maintenance	\$45,149	\$43,580	\$38,109	\$38,171	\$47,137	\$76,084	\$64,992
- Capital - Golf Shop	\$0	\$10,135	\$0	\$5,458	\$0	\$29,263	\$8,500
- Capital - Maintenance	\$44,901	\$67,198	\$110,581	\$82,097	\$89,192	\$104,470	\$94,471
- Financing - Golf Shop	\$38,200	\$0	\$0	\$42,061	\$0	\$0	\$0
- Financing - Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$921,060	\$828,066	\$875,398	\$952,086	\$1,124,805	\$1,361,192	\$1,454,425

Clubhouse - The Eagles & Events							
Revenue	\$558,471	\$554,275	\$777,317	\$885,027	\$481,294	\$833,232	\$991,292
Expense							
- Personal Services	\$398,990	\$364,380	\$468,765	\$517,030	\$321,965	\$502,173	\$506,812
- Commodities	\$33,774	\$29,153	\$32,651	\$41,527	\$19,710	\$48,986	\$44,370
- Contractual	\$297,672	\$283,524	\$341,641	\$405,313	\$235,911	\$362,473	\$421,692
- Capital	\$4,110	\$43,195	\$0	\$6,422	\$54,675	\$36,049	\$41,694
- Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$734,546	\$720,252	\$843,057	\$970,292	\$632,261	\$949,681	\$1,014,568

Overall							
Revenue	\$1,471,675	\$1,459,066	\$1,730,724	\$1,969,740	\$1,863,481	\$2,448,529	\$2,596,109
Inv Interest Revenue	\$0	\$0	\$860	\$428	\$134	-\$1,310	-\$4,277
Expense	\$1,655,606	\$1,548,318	\$1,718,455	\$1,922,378	\$1,757,066	\$2,310,873	\$2,468,993
Credit Card Fees	\$24,256	\$23,518	\$28,997	\$32,332	\$42,389	\$46,670	\$49,423
Profit/Loss	-\$208,187	-\$112,770	-\$15,868	\$15,458	\$64,161	\$89,676	\$73,417

Golf Services Recap

PAST PERFORMANCE:

	2016	2017	2018	2019	2020	2021	2022
Golf Shop							
Rounds Played	28,479	29,561	30,193	33,382	40,116	41,096	40,574
Greens Fee Revenue	\$583,429	\$568,167	\$628,606	\$678,434	\$680,538	\$910,977	\$925,901
Average Greens Fee Per Round	\$20.49	\$19.22	\$20.82	\$20.32	\$16.96	\$22.17	\$22.82
Overall Dollars Per Player	\$32.06	\$30.60	\$31.58	\$32.44	\$34.45	\$39.31	\$39.55
Range Revenue	\$46,670	\$47,690	\$50,963	\$63,874	\$94,688	\$142,498	\$145,523
Golf Days	251	222	191	216	166	201	205
Rain Days	52	64	49	47	16	21	52

Maintenance Recap

EQUIPMENT REPLACEMENT PROGRAM: Replacing old equipment saves labor costs, reduces down time, and helps control fuel and fertilizer costs. Below is a chart that shows some of our larger maintenance costs over the past four years.

	2016	2017	2018	2019	2020	2021	2022
Maintenance							
Fuel	\$17,929	\$21,189	\$26,511	\$22,934	\$15,133	\$28,479	\$43,340
Fertilizer	\$32,566	\$32,170	\$28,993	\$29,016	\$36,619	\$31,279	\$34,261
Equipment Repair	\$34,250	\$27,088	\$21,183	\$19,235	\$17,714	\$27,473	\$43,857

Clubhouse – The Eagles & Events Recap

PAST PERFORMANCE:

	2016	2017	2018	2019	2020	2021	2022
Rentals							
Rentals	\$15,511	\$23,708	\$30,026	\$35,313	\$16,589	\$14,850	\$52,302
Food - Cost of Goods Sold							
Cost of Goods	\$132,029	\$106,061	\$132,558	\$159,545	\$74,586	\$138,058	\$167,545
Revenue	\$286,698	\$286,737	\$365,314	\$436,956	\$183,779	\$353,026	\$429,269
Total Expense	46.1%	37.0%	36.3%	36.5%	40.6%	39.1%	39.0%
Alcohol - Cost of Goods Sold							
Cost of Goods	\$41,200	\$49,716	\$62,675	\$67,107	\$44,947	\$74,977	\$79,030
Revenue	\$182,386	\$177,914	\$263,525	\$279,168	\$198,543	\$325,531	\$336,577
Total Expense	22.6%	27.9%	23.8%	24.0%	22.6%	23.0%	23.5%
NA Beverages - Cost of Goods Sold							
Cost of Goods	\$11,519	\$12,009	\$14,348	\$17,006	\$15,282	\$24,479	\$23,639
Revenue	\$23,503	\$13,805	\$33,139	\$39,652	\$41,633	\$51,552	\$64,578
Total Expense	49.0%	87.0%	43.3%	42.9%	36.7%	47.5%	36.6%
Overall Clubhouse - Cost of Goods Sold							
Cost of Goods	\$184,748	\$167,786	\$209,581	\$243,658	\$134,815	\$237,514	\$270,215
Revenue	\$492,587	\$478,456	\$661,978	\$755,776	\$423,955	\$730,109	\$830,424
Total Expense	37.5%	35.1%	31.7%	32.2%	31.8%	32.5%	32.5%