



MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC # **164-2011**

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LETTER TO COMMISSION

CITY CLERK'S OFFICE

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: June 29, 2011

SUBJECT: Status Update - City's participation in the Premier Card Summer Golf Membership Program

This Letter to Commission is being sent to provide you information in response to the recent questions regarding how the Premier Summer Golf Membership program works, and what have been the benefits to the City of Miami Beach.

Background

The summer period is a very challenging time for golf course operators to generate play. The weather conditions, heat and reduced tourist business requires management to generate rounds from local and regional golfers. The summer golf market is highly competitive, with courses substantially dropping their golf fees, developing marketing packages that may include driving range balls, reduced priced beverages and food, and discounts for multiple rounds purchased, etc. A summer membership is one of the most common programs developed to attract golfers, increase revenues and reasonably ensure an increased number of golf rounds during the slowest time of the golf year.

Prior to participating in the Premier Card golf program, the City of Miami Beach offered summer memberships to the Miami Beach Golf Club (Normandy Shores Golf Course was closed at this time). The first summer membership program, initiated in 2003, offered a single resident golfer a membership (good from April 15th to September 30th) for unlimited golf at the price of \$1,000, plus a cart fee of \$20.00 per round. The initial program sold 66 memberships and generated \$126,088 in income. In subsequent years the City implemented similar summer golf membership programs which, in its most successful year, (2005) saw a total of 126 memberships, which generated an income of \$213,706. At one point, although not actually participating in the Premier Card program, the Miami Beach Golf Club offered Premier Card holders the option of playing the course Monday – Thursday only, for a rate of \$50.00. This generated limited play and minimal income.

Based on the past responses to summer membership programs at the Miami Beach Golf Club and the need to generate substantially more income than the localized summer membership was creating, and the documented positive impact on golf rounds, as well as revenues that the Premier Golf Summer Program had on participating golf courses, the City of Miami Beach became a full partner in 2009.

Premier Card Overview

The Premier Golf Card is a summer membership program that for the summer of 2011 includes 26 of the finest public access golf courses in Miami-Dade and Broward Counties. The program was conceived and developed with the sole purpose of increasing play and revenue at participating courses during the traditionally slow summer months.

Fifty percent of the income generated by the card sales (after marketing and administrative expenses, which in 2010 equated to approximately 13.2% of the total revenue) is distributed equally among the participating clubs; the remaining fifty percent of revenue is distributed to the clubs based on the percentage of rounds played at each golf course.

Since its inception, and despite a difficult economic environment, Premier has had accelerated growth both in the number of participating clubs and card sales. This year the program is projecting more than 10,000 Premier card sales, in excess of \$6,000,000, generated to participating courses in card sales distribution and cart fees; these kind of results make Premier the most successful joint summer membership program in the country.

The clubs participating in the 2011 Premier Card Summer Program are:

Miami - Dade County

Country Club of Miami
Crandon Golf at Key Biscayne
Doral Golf Resort McLean Course
International Links Miami
Shula's Golf Club
Miami Beach Golf Club
Miami Shores Country Club
Normandy Shores Golf Club
Palmetto Golf Course

Broward County

Carolina Club
Grand Palms
Bonaventure Country Club
Hillcrest Country Club
Inverrary Country Club
Jacaranda Country Club
Pembroke Lakes Golf Club
Plantation Preserve
Heron Bay Golf Club
Deer Creek Golf Club
Woodlands Country Club
Woodmont Country Club
Seven Bridges at Springtree

Benefits to the Miami Beach and Normandy Shores Golf Clubs

The City of Miami Beach golf clubs began participating as a full partner in the in the Premier Card Summer Membership Program in 2009. The following is a summary of the program by year.

2009

The City received a total of \$1,064,161.51 in revenue from the 2009 Premier Card distributions and rounds. This was comprised of \$440,373.41 at the Normandy Shores Golf Club and \$623,788.10 at the Miami Beach Golf Club. By comparison, the last year Miami Beach Golf Club offered its own individual summer membership program (2008) a total of 55 memberships were sold which produced combined revenues (membership dues, cart fees and driving range) of approximately \$110,000.

2010

The City received a total of \$1,137,766.64 in revenue from the 2010 Premier Card distributions and rounds. This was comprised of \$657,931.59 at the Miami Beach Golf Club and \$479,835.05 at the Normandy Shores Golf Club, which represented 63% of the total golf course revenue for the period.

2011

The 2011 Premier Card Summer Golf Program began on May 1st. As previously stated, there are 26 of the finest public access golf courses in Miami-Dade and Broward Counties participating (see above list). As of June 15, there have been a total of 7,891 cards sold program-wide. Although the first distribution of the City's portion of revenues is not scheduled until the end of June, it is projected that the City will meet or exceed last year's revenues for the period.

Please advise if you have questions, comments or concerns.