

**EL DORADO HILLS  
COMMUNITY SERVICES DISTRICT**

**AGENDA REPORT**

**To:** General Manager/Board of Directors

**From:** Dianna Hillyer, Director of Planning

**Meeting**

**Date:** March 15, 2007

**Report**

**Date:** March 7, 2007

**Subject:** **Proposal for EDH Golf Course Feasibility Analysis**

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**Recommended Action:** Board of Directors approve contract with NGF Consultants to prepare a feasibility analysis of the EDH Golf Course, authorize General Manager to execute a contract in an amount not to exceed \$28,000, and authorize staff to request cost sharing from El Dorado County.

**Background:** The 18-hole executive course opened to the public in 1962. A driving range and a small clubhouse which houses a snack bar, pro shop, and cart storage are also on the property. The current owner, Parker Development Co., closed the El Dorado Hills Golf Course on January 15, 2007 for business reasons, but is providing minimal maintenance to keep the greens maintained and the grass green.

Strong public opposition to closing the public golf course has prompted several letters, e-mails, post cards and petitions requesting the CSD to participate with Parker Development Co., private golf course management companies and El Dorado County to find ways to "Save the Golf Course".

The Board supports continuing operation of the golf course and opposes any zoning change from its present designation. The Board authorized a feasibility study on 2/8/07 to evaluate the District's options for the public golf course property. The Board is interested in exploring the feasibility of keeping and/or managing the course, provided it can be shown that it will not be a drain on the financial resources of the District.

**Discussion:** Planning staff requested and received three (3) proposals from NGF Consultants, Golf Course Appraisers, and PFK. After careful review, staff recommends that the Board approve and award the contract for the feasibility analysis to NGF Consultants in an amount not to exceed \$28,000.

**Fiscal Impact:**

Amount Requested: \$28,000.00

Funding Source(s): 01-5171-6030 (Professional Services)

**Attachment:** NGF Consultants Proposal



Tel: (916) 614-3210  
E-Mail: dhillyer@edhcsd.org

February 22, 2007

Dianna Hillyer  
Director of Planning  
El Dorado Hills Community Services District  
1021 Harvard Way  
El Dorado Hills, CA 95762

**RE: Acquisition Analysis of El Dorado Hills Golf Club (Proposal #207011)**

Dear Diana:

In follow-up to our conversation, I have prepared this proposal for consulting services concerning the feasibility of the El Dorado Hills Community Services District ("The District") acquiring and/or leasing the privately owned, and currently closed, El Dorado Hills Golf Club. The facility is an 18-hole executive course owned by a private developer who closed the course in January, reportedly due to continued operating losses.

We understand that the District would like to evaluate the facility in the context of the local/regional golf market to determine if the golf course can operate as a viable business. Another component to the study will be to conduct a "highest and best use" analysis of the property, assuming the site will remain zoned as a recreational amenity. Among the uses to be considered is a stand-alone driving range (perhaps double-sided and night-lighted). NGF Consulting has done many of these types of studies, for both municipalities and private operators, and we believe we are uniquely qualified to assist the District in this effort.

This study would be used to determine the market potential and financial feasibility of the golf course as an ongoing concern, assuming privately contracted management and maintenance and/or a lease arrangement to a third party, after any necessary improvements to the golf course and support amenities are made. *We understand that at this time the District does not require a certified appraisal of the subject property.* Rather, a market-based value based on existing and potential cash flows will be provided by NGF Consulting to assist in determining whether operating the facility would be financially viable for the District.

Thank you for the opportunity to submit this proposal! Please call if there are any questions or if we can be of further assistance.

**SCOPE OF SERVICES**

NGF Consulting will complete the scope of work set forth in this proposal in the following sequence:

- Task One: Golf Market Demand and Supply Analysis
- Task Two: Physical Review and Preparation of Capital Improvement Plan
- Task Three: Financial Performance Analysis

## **Task One: Golf Market Demand and Supply Analysis**

Upon receiving your authorization to proceed, NGF Consulting will begin the analysis of the El Dorado Hills, California area golf market. Among the field activities expected for this project are:

- Meet with District officials to review the scope of work and arrange specific dates for deliverables. This process will be repeated as needed throughout the project in order to discuss any necessary refinements, additions, or deletions to the scope of work
- Collect from the El Dorado Hills Community Services District copies of any additional relevant data and documents that pertain to the project.
- Collect demographic and economic data to identify the characteristics of the local market.
- Visit each of the competitive golf facilities in the market area, and provide operating data and market placement information on each.
- Obtain information regarding proposed new golf facilities that have the potential to affect the operating results of El Dorado Hills.
- Conduct a physical inspection and evaluation of the El Dorado Hills Golf Club

These field activities will provide NGF Consulting with first-hand information on key market and site factors in the El Dorado Hills area. These factors will include site characteristics, area competition, planned facilities, present use levels, and community golfing needs. NGF Consulting will then develop an in-depth market analysis that will include:

### **Local Golf Market Analysis**

In this task, we will consider the population size, median household income levels, age distribution of the residents, and other demographic factors that are influential in determining the number of golfers within the area. A thorough analysis of the area's tourist/seasonal resident market will also be conducted. The summation of the identifiable demand from these sources will represent the "potential" demand for golf within the specified market area.

NGF Consulting will also review existing and planned golf facilities in the market area that may impact the operation of El Dorado Hills Golf Club as a municipal golf facility. This will include an analysis of all public access golf facilities located in the defined market area. Key factors to be examined for all competitive facilities include their location, course type, annual rounds played, fee levels, operating hours, and support services. This allows us to ascertain the quality and quantity of public golf supply levels for the area. Included in this market analysis are detailed course overviews illustrating rates, rounds, and market placement

The end product of the market analysis will be a concise report identifying the club's market and financial potential should it be operated as a municipal golf course (but leased to a private operator), after recommended and necessary improvements have been made to the facility. NGF Consulting will make a recommendation as to the specific golf course concept/design (including stand-alone driving range), related amenities, and pricing that would offer the greatest chance for success in this golf market. This will include estimates of all golf facility use levels such as rounds played (broken out by type), membership/annual pass levels (by type and/or category), and driving range/practice facility activity. Further, the corresponding fees for each

revenue center will also be estimated for the first five years after acquisition of the El Dorado Hills Golf Club.

### **Task Two: Physical Review and Preparation of Capital Improvement Plan**

NGF Consulting will conduct a thorough inspection of the El Dorado Hills Golf Club. The areas to be examined include issues specifically related to the conversion of the facility from a daily fee to a municipal golf course, such as (but are not limited to):

- **Maintenance and Agronomic Programs**
  - Staffing levels
  - Budgeting
  - Course playability
  - Standards of quality
  - Environmental compliance procedures
- **Potential Renovations and Upgrades to:**
  - Greens and tees
  - Fairways and roughs
  - Bunkers
  - Cart paths
  - Trees and shrubs
  - Driving range
  - Practice greens
  - Structures, including clubhouse

The inspection of the golf facility will result in the preparation of a recommended list of capital improvements necessary to allow the golf facility to effectively compete in the market. The estimated cost of each improvement will be provided, and the recommendations will be prioritized sequentially in terms of the greatest need.

### **Task Three - Financial Performance Analysis**

NGF Consulting will analyze all necessary revenue and expense categories to estimate potential financial performance of the newly acquired golf facility. This phase of the study process will involve integrating market findings and expected use levels into a five-year cash flow proforma for the re-opened golf facility, whether it be a golf course or driving range. In consideration of market conditions and proposed quality of services, attainable fee levels will be estimated and detailed revenue and expense estimates developed for each facet of the golf operation.

We will provide you with a five-year financial pro forma statement that will result in a warranted investment estimate that can then be used to aid in determining an appropriate level of investment in the golf facility. NGF Consulting's financial proformas are prepared for feasibility purposes and therefore will be conservative and unbiased. In addition, NGF Consulting's financial proformas will be developed in a format consistent with the required due diligence standards of our numerous lender clients who have provided significant feedback over the last ten years. *NGF Consulting will also compare these operating results to projected revenues and expenses associated with alternative recreational uses, including a relocated community services center.*

Finally, NFG realizes that some municipalities require their golf facilities to stand on their own financially independent of General Fund financial support, and that other communities find it in the best interest of the community to supplement golf courses from their General Fund. We will clearly identify the level of supplemental revenue that would be required to operate and maintain the golf course in a good quality, market-competitive condition if sufficient revenues cannot be generated from user fees.

### STUDY COST AND DELIVERY DATE SUMMARY

	<u>Timing*</u>	<u>Cost</u>
Task One: Golf Market Demand and Supply Analysis	4-5 Weeks	\$10,000
Task Two: Physical Review and Preparation of Capital Improvement Plan	Concurrent	\$5,000
Task Three: Financial Performance Analysis	1 week	\$8,000
<b>Totals</b>	<b>5-6 weeks</b>	<b>\$23,000</b>

\* Timing from the completion of the field visit

Out-of-pocket expenses such as travel, lodging, meals, telephone calls, purchase of demographic data, and mailing expenses are not included in the professional fees shown above. Reimbursable expenses will not exceed \$5,000 without prior authorization from the El Dorado Hills Community Services District. This total includes expenses associated with two trips to El Dorado – one for the initial field research, and one for a final presentation of results.

### ACCEPTANCE

Acceptance of this proposal is indicated by providing NGF Consulting with a signed District contract/purchase order and a retainer of \$11,500, or 50% of total professional fees, to NGF Consulting's Jupiter office. The remaining fees and reimbursement of direct expenses will be billed upon delivery of draft report. The maximum **not-to-exceed price for all phases and expenses is \$28,000.**

Diana, we appreciate your interest in the National Golf Foundation and its consulting services. Our goal is to serve our clients and the industry, and to promote the development of successful golf projects. If you need any additional information, please call.

Sincerely,



Ed Getherall  
Senior Project Director

Acceptance \_\_\_\_\_ Date \_\_\_\_\_

## **NGF CONSULTING QUALIFICATIONS**

### **Corporate Structure**

National Golf Foundation Consulting, Inc. (NGF Consulting), incorporated in 1987 in the state of Delaware, is a wholly-owned subsidiary of the National Golf Foundation, Inc.

National Golf Foundation, Inc. (NGF) is a not-for-profit 501(c)(6) organization, incorporated in 1936 in the state of Illinois and now located in Jupiter, Florida. With a staff of approximately 25 and an operating budget of approximately \$3.5 million, its mission is providing information and insights on the business of golf through research and information products and services for the industry and its members. NGF has two subsidiaries: a for-profit consulting corporation (NGF Consulting) and a not-for-profit 501(c)(3) organization

### **National Golf Foundation**

The NGF has been assisting municipalities and private developers/owners with golf course planning, development, and operational needs as well as industry research for golf businesses for more than 70 years. All research and consulting projects are conducted out of our offices in Jupiter, Florida, by our staff of 25 professionals.

The Foundation's work today is supported by a membership base of approximately 4,500 members representing every facet of the industry: private and public golf facilities; golf course architects; developers and builders; companies offering specialized services to the golf industry; national, regional, state, and local golf associations; teachers, coaches, and instructors; and individuals. The board of directors and board of governors include the chief executives of the PGA TOUR, PGA of America, Golf Course Superintendents Association of America, Club Managers Association of America, National Golf Course Owners Association, and International Association of Golf Administrators

The National Golf Foundation has long been recognized as the U.S. golf industry's primary source for golf market research. The National Golf Foundation's multifaceted research database has set an untouchable standard in the golf industry, with an entire department devoted to daily data collection through telephone interviews and surveys. NGF research data is frequently quoted by other consulting firms, and utilized by these firms to analyze the viability of golf markets.

The National Golf Foundation's annual surveys are designed to ascertain golfing habits and trends of golfers, golf facilities and golf manufacturers nationwide. From this research, the NGF publishes upwards of 60 research documents that provide dependable information on the number, nature, and habits of golfers in each state, as well as golf facility operational issues, golf travel issues, alternative golf facility operations, and an annual directory of golf.

Our most important "flagship" research includes several publications that are widely quoted in national and international press and are used by numerous other golf-oriented consulting and information firms. The key "flagship" NGF publications include:

- *Golf Industry Report* – published quarterly
- *Golf Facilities in the U.S.* – 2006
- *Operating & Financial Performance Profiles of 18-hole Golf Facilities in the U.S.* – 2006
- *Golf Participation in the U.S.* – 2005
- *Development and Operation Manual: How to Plan Build and Operate a Successful Golf Range* – 2003

- *Marketing Your Golf Course* – 2003
- *Women Welcome Here! A Guide to Growing Women's Golf* – 2003
- *The Spending Report: Sizing the Golf Consumer Marketplace* – 2003
- *U.S. Golf Travel Market* – 2003
- *Careers in Golf: An Insider's Guide to Careers in the Golf Industry* – 2001
- *A Strategic Perspective on the Future of Golf* – 1999

## **NGF Consulting**

National Golf Foundation Consulting, Inc. (NGF Consulting) is a subsidiary of the National Golf Foundation that provides assistance to clients regarding the feasibility of potential development projects and the efficiency/profitability of existing golf facilities. This specialized consulting group has been providing advisory services to golf facilities for 20 years and has become the recognized leader in new golf facility feasibility studies and existing facility operational reviews.

NGF Consulting's industry contacts are extensive, through both NGF members and consulting assignments. Our clients are from all parts of the world, and as a result of this international posture, we have singularly examined more golf markets than any other golf consulting firm in the world.

In any consulting assignment, NGF Consulting brings together a team of experts whose efforts are exclusively devoted to the business of golf course development and operations. Our goal is to fully understand the needs of our clients, to thoroughly examine the golf market (with staff members personally visiting the area), and to analyze that market's ability to support a successful golf course.

The unique golf demand estimation practice developed by NGF Consulting in the late 1980s was the first to incorporate age and income modeling to create market specific golf participation and frequency estimates based on the demographic profile of any given subject population. In the late 1990s, this modeling technique was updated to include other key factors relating to golf participation such as availability of local golf supply, seasonality in selected markets, price point segmentation (premium, mid-fee, value) and other household specific variables. While our demand modeling capabilities are unmatched in the industry, it is our hands-on presence in the local market of our projects that truly allows NGF Consulting to make the most accurate projections of future golf activity and generate reality-based market and facility financial projections. NGF Consulting prides itself on the level to which we involve local communities in our consulting engagements and refrain from producing statistical-based reports without hands-on local input.

Since the National Golf Foundation is not involved in the design, construction, or operation of golf facilities, our staff will not hesitate to advise clients against proceeding with a golf project or to identify operational deficiencies that affect the performance of an existing facility.

Since 1987, NGF Consulting has conducted more than 900 assignments throughout the United States, plus Europe, Asia, the Caribbean, and South America, covering a broad spectrum of services. This experience is the cornerstone of NGF Consulting, from which all our clients benefit.

All consulting work is conducted under the direction of **Richard B. Singer**, Director of Consulting Services at the National Golf Foundation. Other staff members will work as part of the study team in providing professional insight, gathering additional data, applying participation models, conducting financial analyses, and reviewing the written report. Resumes of key professional staff appear on the following pages.

All staff members work out of NGF Consulting's Jupiter offices:

**National Golf Foundation Consulting, Inc.**  
1150 South U.S. Highway One, Suite 401  
Jupiter, FL 33477  
Tel: (561) 744-6006 Fax: (561) 744-9085

### **Richard B. Singer, Director of Consulting Services**

Richard B. Singer has been the Director of Consulting Services for the National Golf Foundation (NGF) since 1997, and now has a total of 17 years of golf facility consulting experience. Mr. Singer first joined the NGF consulting staff in 1989 as a project analyst after completing his Finance MBA at the University of Florida. Mr. Singer has successfully managed the NGF's well-known golf consulting practice with an industry-respected track record of success and a reputation for delivering projects on time and on budget

#### **Experience**

Mr. Singer's background includes hands-on experience in the following functional areas:

-Golf Facility Feasibility Analysis	-Financial Analysis	-Golf Business Valuation
-Golf Operations Consulting	-Business Plan Preparation	-Golf Market Analysis
-Account Management	-Budgeting/Planning	- Staffing/HR
-Real Estate Master Planning	-Public Presentations	- Proposal Writing
-Expert Witness	-Due Diligence	-Credit Evaluation

#### **National Golf Foundation Consulting Experience**

During his tenure with NGF Consulting, Mr. Singer has been responsible for preparing over 275 research studies for specific projects including: public and private sector feasibility studies for golf facility development and expansion; public and private sector golf facility operational reviews; due diligence studies for golf facility acquisition and/or refinancing; public sector Request For Proposal preparation; private club membership development plans; and public and private golf facility marketing plans. In his 16 years as a golf consultant, Mr. Singer has visited and/or profiled more than 2,000 public and private golf facility operations in the United States and internationally. Mr. Singer also has extensive experience as an expert witness in matters related to golf facility operation, and he has demonstrated considerable poise while under public attack in defense of highly controversial local projects.

**Golf Facility Operations Consulting** - Mr. Singer's golf facility operations consulting assignments have included golf course inspections, operational/accounting audits, management/operations contract preparation, clubhouse design/needs assessments, RFP preparation assistance, golf marketing strategies, green fee/member pricing, and business plan preparation. Mr. Singer has also provided litigation assistance to golf facilities in the form of expert testimony in estimating economic damages.

**Golf Facility Development/Acquisition Consulting** - In his 16 years with NGF Consulting, Richard Singer has become one of the most experienced golf facility development and acquisition consultants available today. His extensive experience includes feasibility studies, acquisition due diligence, appraisal and brokerage support, golf master plan development, and golf facility business plan preparation. In the 1999-2004 period, Mr. Singer has completed several consulting engagements involving the conversion of "sensitive" sites into golf facilities (i.e. landfills).



**Alternative Golf Facility Consulting** - Mr. Singer's consulting services for alternative golf facilities have included both new development and operational reviews for driving ranges, putting courses, miniature golf courses, golf learning centers, executive/par-3 courses, and various combinations with other facilities. He co-authored the NGF publication *How to Plan, Build and Operate a Successful Golf Range*.

**Regional Market and Economic Impact Analyses** – During his tenure with NGF Consulting Mr. Singer has completed several statewide or regional golf market and economic impact studies. These studies typically involve preparing estimates of golf supply and demand in large geographies, as well as estimating the hard dollar impact of golf facilities on a local economy

**Key Accounts Managed (2002-2006)**

**Representative public sector clients in 2002-2006** include: City of San Diego, CA (Operations review – 3 courses); Nassau County, NY (5-course operations review); City of Victorville, CA (2-course operations review); City of Palm Springs, CA (2-course operations review); City of San Antonio, TX (6-course operations review); City of Greeley, CO (2-course operations review); City of Portland, OR (5-course operations review); Town of Groton, CT (operations review - WPBCC); City of Winter Springs, FL (GC acquisition); City of Gresham, OR (GC acquisition); City of Houston, TX (8-course operations review); City of Plano, TX (2) (GC Acquisition and GC operations review); the City of Bakersfield, CA (management contracts review); the City of San Francisco, CA (5-course operations review). These public sector projects include extensive participation in public meetings and a full defense of all project work.

**Representative private sector clients in 2002-2006** include: Pulte Homes; The Trump Organization; Arnold Palmer Golf Management; Greg Norman Golf Course Design Company; PGA Tour; Meadowbrook Golf; Western Golf Properties; PaineWebber, Incorporated; Howard Hughes Corporation; Beazer Homes; Olympia Group, Inc.; Meridian Venture Partners; General Motors Corp.; Watermark Communities Inc.; Oaktree Capital Management; Evergreen Alliance GL; Mohegan Sun Casino, Inc.; Palmer Investments; Marriott Golf Management; Walt Disney Imagineering; Coral Creek Partners; Bonita Bay Properties; Fortune Bay Casino; Poxabogue in the Hamptons GC; Triangle Equities; Fuzzy Zoellar Productions; US Naval Academy Golf Club; and Mahogany Run GC (St. Thomas, USVI).

**Representative alternative facility clients in 2000-2006** include: Greens of Las Vegas, Inc. (new facility feasibility); Golden Bear International (new facility feasibility); Palm Beach County, Florida; County of Ft. Lauderdale, FL (new facility on landfill feasibility); City of Plantation, FL (litigation support); Gambrell & Stoltz (Macon, GA – expert testimony) Development Consulting Co. (three ranges in CA & FL); Brevard Golf Driving Range (Melbourne, FL); and Collier Golf Enterprises (Orlando, FL).

**Representative regional market and economic impact clients in 1999-2006** include: the State of West Virginia (Statewide 'Golf Trail' study); Bonita Bay Properties; *Golf 20/20* – Raleigh-Durham MSA Study; Reliance National Insurance Company; GATX Capital Golf Group; C. Cabot Incorporated; Gunster, Yoakley, Valdes-Fauli & Stewart, P.A.; Public Finance Consultants Inc.; and Morgan Stanley – Dean Witter.

**International Experience**

Mr. Singer's professional resume includes golf facility consulting on projects located in the countries of Sweden, Korea, Egypt, Anguilla (BWI), St. Marten, Brazil, Bahamas, and Chile.

**Background/Education**

Mr. Singer is a long-time resident of Palm Beach County, Florida and grew up around the North Palm Beach Country Club. He earned his Bachelor's degree in marketing and insurance from

the University of Florida in 1985, and worked as a financial consultant for Northwestern Mutual Life and Baird Securities before earning an MBA in Finance from the University of Florida in 1989.

### **Edward Getherall, Senior Project Director – NGF Consulting**

Ed Getherall joined the NGF Consulting staff as Project Analyst in 2000 after several years of sub-contracting consulting services to the NGF. Mr. Getherall, who was promoted to Senior Project Director in 2001, has been instrumental in coordinating NGF Consulting's golf facility databases since 1997, with a particular focus on key golf course revenue center activity and fee research. Since joining NGF Consulting, Mr. Getherall has become a respected industry authority on issues pertaining to clubhouse operations, including the issue facing every facility at one time or another – whether to renovate or replace an aging or obsolete clubhouse.

### **NGF Consulting Projects Experience**

Mr. Getherall's extensive business and marketing background has enhanced NGF Consulting's ability to provide marketing expertise to the facility segment of the golf industry. Since joining NGF Consulting, Mr. Getherall has been responsible for processing golf facility data for use in all of our market, financial, and operational consulting projects. Additionally, in the six years since joining NGF's Consulting division, Ed has been the lead project director for more than 50 consulting assignments, covering a broad range of services, including public and private golf course feasibility studies, operational audits, golf-related real estate absorption analyses, and clubhouse renovation/replacement studies.

Mr. Getherall's recent clients include: Textron Financial Corporation; Meadowbrook Golf; Pulte Homes; City of Houston, TX; City of Palm Springs, CA; Mecklenburg County, NC; City of Melbourne, FL; University of the South; Dalhousie Golf Club; City of Greeley, CO; City of Miramar, FL; Hoffman Properties, Ltd.; Oaktree Capital Management; Town of Wallingford, CT; City of Concord, NC; City of Solon, OH; Front Royal C.C.; Bonita Bay Properties; Conley-Manning, LLC; Scituate Highlands, LLC; Watermark Communities, Inc.; Prestwick Plantation, LLC; H.C.D.A.; City of West Palm Beach, Florida; Village of Wellington, FL; Village of Royal Palm Beach, FL; City of Henderson, Nevada; Palm Beach County, Florida; Callaway & Price; Loving & Campos Architects; City of Concord, CA; City of Gilbert, AZ; City of Reno, NV; City of Lake Havasu, AZ; City of Tempe, AZ; Town of Kershaw, SC; City of San Antonio, TX; the Mohegan Sun Tribe; Poxabogue Golf Course; Lely Development Corporation; Partyka Resource Management; Triangle Equities; Town of Farmington, CT; River Bluff Resort, LLC; the City of Naples, FL; Palmer Investments, Inc.; Golf Trust, Inc.; Dominion Realty Advisors; Beazer East, Inc.; Kealakehe Ahupua'a 2020; Jonathan's Landing POA; City of Palm Coast, FL; City of Tarpon Springs, FL; Pocoy Consulting; Stauffer Management Company; City of Victorville, CA; Mizner Trail Golf Club; City of Apple Valley, MN; City of Kentwood, MI; City of San Diego, CA; Borough of Dunmore, PA; City of Soldotna, AK; Municipality of Anchorage, AK; City of Gresham, OR; City of Portland, OR; City of Oviedo, FL; Keyser Marston Associates; Belfonti Capital Partners; City of San Francisco, CA; Fuzzy Zoeller Productions; and, the City of New York.

### **Background/Education**

Prior to joining the NGF, Mr. Getherall held several positions in the business community including extensive marketing work for such organizations as South Florida Blood Banks, Inc., the Florida Lottery and the American Cancer Society. His areas of expertise cover a broad spectrum of marketing activity, including research, product management, and special event planning and consulting.

Mr. Getherall earned his M.B.A. from the University of Florida in 1989, with a concentration in finance. Ed also achieved his undergraduate degree at Florida, with a B.S. in Business

Administration (Marketing) in 1986. With a diversified educational and professional background in both marketing and finance, Mr. Getherall has the experience and knowledge to assist in all aspects of golf facility management, marketing, operations and development

## REPRESENTATIVE STUDIES FOR ACQUISITION

Following are summaries of similar golf facility acquisition studies conducted by NGF Consulting in recent years. For some of the older studies, the contact persons may no longer be current, but the municipalities may still be contacted for reference.

### **GRESHAM GOLF COURSE Gresham, OR**

#### ***Municipal Acquisition Feasibility***

NGF Consulting was retained by the City of Gresham to assist in evaluating the feasibility of acquiring the privately-owned, daily fee Gresham Golf Course and operating it as a City-owned municipal golf course. The purpose of this market and facility analysis was to provide the City with an evaluation of the local golf market and an estimate of the overall economic potential of the Gresham Golf Course as a City-run municipal golf course.

NGF Consulting studied the golf market in the Gresham/east Portland, Oregon area, with special focus on utilization and pricing of the existing golf courses. We observed a golf market driven by numerous public golf courses trying to maintain market share through aggressive discounting of fees. While the Gresham Golf Course has not been discounting as strongly as other facilities in the market, the course has experienced a decline in rounds activity in the last few years.

Gresham Golf Course is a quality golf facility in good condition that appears to be an appropriate fit for a municipal golf course. It is well located in the heart of Gresham, and is situated to take advantage of community growth patterns. However, it is clear from our review of this market that the immediate permanent resident population around the subject Gresham Golf Course appears sufficient to sustain only a lower-priced municipal golf course. The City's economic interest in the facility would continue to be at risk for bad weather and other unpredictable factors that might reduce revenue, increase costs, or limit funds available to create required operating reserves.

NGF Consulting observed a demand for lower-fee public golf in the market, but several good quality existing golf facilities are available to serve this demand, producing a highly competitive business environment for lower-fee public golf courses. The golf market dynamic means that the viability of the Gresham Golf Course, if acquired, will be highly dependent on the facility's ability to create a good quality public golf experience at an affordable green fee level, and to distinguish itself from market competitors.

NGF Consulting noted several areas that should be addressed to help improve revenue performance and reduce potential liability problems. These needed improvements should be considered in addition to the purchase price. If the City of Gresham is to undertake this acquisition, the purchase price of the golf facility would have to be separated economically from the golf operation through grant funding, donations, joint ventures with private industry, sponsorships and/or the City's General Fund

**Client:** Robb Courtney  
Parks & Recreation Manager  
City of Gresham  
1333 NW Eastman Parkway  
Gresham, OR 97030  
(503) 618-2408

126011

## **BIRCH RIDGE GOLF COURSE Soldotna, AK**

### ***Municipal Acquisition Study***

In 2006, the City of Soldotna was considering acquisition of the privately-owned, 9-hole Birch Ridge Golf Course. NGF Consulting was retained to provide the City with an evaluation of the local golf market and an estimate of the overall economic potential of the facility as a City-run municipal golf course

NGF Consulting found that Birch Ridge is a good quality golf facility that appears to be an appropriate fit for a municipal golf course and would be a nice addition to the City's recreational offerings, also providing a positive activity for the area's youth. Additionally, the demographic profile of the area is generally predictive of high golf participation, though the population available to support the existing golf course supply is relatively low, compared to national standards.

A preliminary inspection of the subject Birch Ridge Golf Course by NGF Consulting found no apparent pressing capital improvement needs, and no evidence of trouble with disease or organisms, except for occasional snow mold. Though the City may have a 'wish list' of improvements, most will not have any immediacy, nor will they necessarily pay for themselves in terms of incremental revenues. The most immediate improvement priority, should the City decide to purchase the facility, is to construct a clubhouse ramp to make the building compliant with the Americans with Disabilities Act (ADA).

NGF Consulting recommended that the City add \$30,000 to the purchase price of the facility as upfront capital to cover any initial equipment replacements and construction of the ramp. Unused funds from this initial capital allocation can be set aside into a reserve account. Considering cost of sales and all preliminary expense estimates prepared by NGF Consulting for this study, Birch Ridge is projected to be essentially a break-even operation, with small losses building gradually as we project expense growth to outpace revenue growth. These losses are before any debt service related to the purchase and improvement of Birch Ridge. With no surplus cash flow from operations, paying the annual debt service related to acquisition, improvement, and capital equipment costs will require funding from some other source.

**Client:** Andrew Carmichael  
Director of Parks & Recreation  
City of Soldotna  
177 North Birch St  
Soldotna, AK 99669-7509  
(907) 953-1949

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**WINTER SPRINGS GOLF CLUB Winter Springs, FL**  
***Municipal Acquisition Feasibility Analysis***

The City of Winter Springs retained NGF Consulting to assist in evaluating the possibility of the City acquiring the Winter Springs Golf Club and operating it as a City-owned municipal golf course. At the time of our study, the facility was a struggling daily fee golf club that was taken back by its lender. The facility continued operation under contract with a management company, and the bank approached the City about possible acquisition.

NGF Consulting studied the golf market in the Winter Springs/Seminole County, Florida area, with special focus on utilization and pricing of the existing golf courses. In summary, there are indications that golf course operators in this market are generally struggling, particularly at the higher and middle fee public golf course segments. The market is characterized by numerous public golf courses trying to maintain market share with aggressive discounting of fees.

The subject club has had to adjust fees to remain viable, although this strategy has been barely enough to keep the facility open. It is clear from our review of this market that the immediate permanent resident population around the subject golf facility appears sufficient to sustain only a lower-priced municipal golf course, and only then if the capital investment in the project is no more than +\$1,200,000, including the purchase price and the estimated +\$650,000 in needed improvements. Given this, the total purchase price for the facility cannot exceed \$550,000 and still be comfortably supported by the golf course after the fifth year of City operation. Even at this level of investment, the City's economic interest in the facility will continue to be at risk for bad weather (hurricane) and other unpredictable factors that may reduce revenue, increase costs, or limit funds available to create a required three-month operating reserve.

**Client:** Ron McLemore  
City Manager  
City of Winter Springs  
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(407) 327-5957

126005

**VILLAGE OF ROYAL PALM BEACH Royal Palm Beach, FL**

***Municipal Acquisition Analysis***

NGF Consulting was retained by the Village of Royal Palm Beach, Florida to assist in determining the financial feasibility of redeveloping the former Tradition Golf Club as a municipal golf course. The Village acquired the 159-acre site in April 2005. Under consideration for this feasibility study was the potential redevelopment of the course, which had been closed since August, 2004, as either an 18-hole facility with essentially the same layout and dimensions as the former Tradition, or as a nine-hole regulation layout, 18-hole executive layout, or nine-hole alternative-length golf course.

NGF Consulting discovered a very competitive golf market in the Royal Palm Beach/western communities area, with many privately-owned golf courses struggling to stay open. Increased competition in this market has led operators to institute broad-based discounting of fees in search of market share, thus lowering average realized revenue per round at most courses. The very uneven history of golf courses in the western communities sounds an additional word of caution to potential new entrants in this market.

It is not likely that a large capital investment by the Village for a complete renovation of the 18-hole regulation-length course would result in positive cash flows. NGF Consulting reviewed the option of reducing the size of the golf course from a regulation-length 18-hole golf course to a shorter, executive-length golf course or even a 9-hole golf course. Although all options produce negative cash flows to the Village, the short-course options have a much lower capital investment and the annual operating cash losses are less severe than those associated with the 18-hole renovation option. Further, a short course option would allow the Village to re-evaluate other adjacent open space uses for the remainder of the subject site.

**Client:** Stan Hochman  
Director of Finance  
**Village of Royal Palm Beach**  
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125008

**MIRAMAR GOLF COURSE (EAGLE WOODS) Miramar, FL**

***Municipal Acquisition Study***

NGF Consulting was retained by the City of Miramar, Florida to assist in determining the market and financial feasibility of acquiring and re-developing the privately owned, and currently closed, Eagle Woods Golf Course in Miramar. The City was also considering the possibility of operating a 9-hole course and utilizing the remaining acreage as a city park.

NGF Consulting developed a five-year cash flow model for the facility, based on our analysis of the golf market and on the expected quality of the proposed Miramar Golf Course as an 18-hole operation. NGF Consulting was also asked to study the potential feasibility of operating Miramar Golf Course as a 9-hole golf course. We believe there may be strong merit for the re-development of the former Eagle Woods site as a nine-hole track. With very few quality 9-hole golf courses in the area, there may be a market niche available for the City of Miramar to exploit with the development of a top-flight 9-hole golf course that features a comprehensive practice facility. The presence of the practice facility with driving range is significant factor, as player development programs will be critical to the near and long-term viability of the facility. The NGF cash flow model shows a higher level of warranted investment for the club under this scenario.

**Client:** Don Waldron  
Community Development Director  
City of Miramar  
6901 Miramar Parkway  
Miramar, FL 33023  
(954) 967-1635

124009

**MAINLAND GOLF COURSE Lansdale, PA**

***Municipal Acquisition Study***

NGF Consulting, a subsidiary of the National Golf Foundation, was retained by the Borough of Lansdale to assist in determining the market feasibility and a preliminary estimate of market value for the acquisition of Mainland Golf Course in Mainland, Pennsylvania. If acquired by the Borough, the course would be operated as a public access facility with amenities available on a daily fee basis.

NGF Consulting found that the golf facility can be successful if oriented toward the middle to upper tier of the public golf market, with appropriate amenities, support services and turf maintenance practices. Our cash flow projections indicate that the acquired golf facility has the potential to exceed current top line revenue figures by approximately ten percent.

Should the Borough of Lansdale decide to move forward with this project, NGF Consulting recommended that a more in-depth analysis of the golf asset be conducted, using appropriate specialists such as an agronomist, a golf course or landscape architect, and/or a food and beverage expert.

**Client:** F Lee Mangan  
Borough Manager  
Borough of Lansdale  
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122030

**BLUEFIELD ELKS GOLF CLUB Bluefield, WV*****Municipal Acquisition/Feasibility Study***

NGF Consulting was retained by the City of Bluefield in 2002 to assist in evaluating the possibility of the City acquiring the Bluefield Elks Club to provide added recreation to the community and new City revenues. The purpose of the market and facility analysis was to provide the City with a fair estimate of the size and strength of the local golf market and the overall economic potential of the Club as a City-run municipal golf course.

NGF Consulting determined that Bluefield Elks Golf Club has been underperforming for the market, and questioned whether a simple change in ownership would be sufficient to turn the operation around. However, it is clear from both our demand analysis and a review of the competition that the market can support a municipal golf operation. Recommendations related to the clubhouse, pro shop, golf course, marketing, fees, and management were included in the report. If the recommended changes are implemented, we feel that Bluefield Municipal can become a success golf operation and generate a positive cash flow for the City.

**Client:** B. K. Satterfield  
c/o First Century Bank  
**The Hugh I. Shott Foundation, Inc. for City of Bluefield**  
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**CHASE OAKS GOLF CLUB Plano, TX*****Municipal Market & Facility Analysis for Potential Acquisition***

NGF Consulting was retained by the City of Plano to evaluate the possibility of the City acquiring the Chase Oaks Golf Club and operating it as a municipal golf course. At present Chase Oaks GC is a semi-private golf club serving both members and daily play customers. The facility has been struggling to retain members and increase revenues, and has approached the City of Plano about the possible acquisition.

NGF Consulting analyzed the Plano/Collin County, Texas area, and observed a growing golf market, particularly in the middle fee public golf segment. The market is driven by numerous high-end public golf courses trying to maintain market share without excessive discounting. Chase Oaks is one of these higher-end facilities that has had to adjust to survive.

Our review of Chase Oaks indicated that the existing course was not at the quality level necessary to compete in this golf market. The course must be renovated and the playing conditions improved in order to achieve the projections made by NGF Consulting for this study.

The viability of Chase Oaks Golf Club as a municipal golf course will be highly dependent on its ability to create a good quality public golf experience at an affordable green fee level. This means that appropriate pricing, including a frequent user discount card, will be necessary for the new facility to distinguish itself and attract adequate play levels from all market segments.

**Client:** Don Wendell  
Director of Parks & Recreation Department  
**City of Plano**  
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(972) 941-7254

123024



## RECENT NGF CONSULTING CALIFORNIA CLIENTS

(References available upon request)

**San Francisco Nonprofit Golf Foundation**  
Operational Review (6 facilities)  
Year of Study: 2006-07

**City of San Diego**  
Golf Enterprise Fund Operations Review  
Year of Study: 2006

**City of Mountain View**  
Operational Review  
Year of Study: 2005

**City of Palm Springs**  
Operational Review  
Year of Study: 2005

**City of Victorville**  
Operational Review  
Year of Study: 2004-05

**City of Wasco**  
Golf Market/Real Estate/Operational Audit  
Year of Study: 2002

**Palmer Investments**  
Specialty Consulting  
Three Studies: 2000, 2001, 2002

**Desert Aire Golf Course**  
Municipal Market & Performance Evaluation  
Year of Study: 2002

**Loving & Campos Architects, Inc. - for City of Concord**  
Clubhouse Feasibility  
Year of Study: 2001

**City of Concord**  
Market/Financial Study  
Year of Study: 2001

**Hasley Canyon Land Company, LLC**  
Market Analysis  
Year of Study: 2000