

State of Utah Golf System Financial and Operational Analysis

Prepared For:

**State of Utah, Department of Natural Resources,
Division of Parks and Recreation**

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Introduction and Executive Summary

PURPOSE

National Golf Foundation Consulting, Inc. (“NGF Consulting” or “NGF”) was retained by the State of Utah, Department of Natural Resources, Division of Parks and Recreation (“State” or “Utah State Parks”) to assist in evaluating the operational and economic performance of the State’s four public-access golf facilities: Soldier Hollow Golf Course, Wasatch Mountain Golf Course, Palisade Golf Course and Green River Golf Course. Utah State Parks is seeking to have a full strategic review of the golf system and evaluate the long term potential of each of these facilities and the system as a whole. The following NGF report details findings and recommendations on the overall Utah State Parks golf system and each individual facility that together include six golf courses. In addition, the NGF team has detailed the overall economic condition of the Utah State Parks golf system and the market environment in which each facility operates, and has provided a set of recommendations for each individual facility and the system in its entirety.

BACKGROUND

The State of Utah, Department of Natural Resources, Division of Parks and Recreation is operating six golf courses spread out over four separate golf facilities. The system dates back to the original development of the Lake Golf Course at Wasatch Mountain in 1967. Since that time, the State has added the first nine holes at Palisade in 1971, a third nine holes to Wasatch Mountain in 1973 and the additions of three new 9-hole courses in 1996 at Green River, Palisade, and Wasatch Mountain. In 2004, the State opened two high quality golf courses at Soldier Hollow on property previously used during the 2002 Salt Lake City Olympic Winter Games. The last two additions in 1996 (Wasatch Mountain fourth 9-holes and the clubhouse) and 2004 (Soldier Hollow) were financed by revenue bonds, which are still being serviced by the Utah State Parks golf system until 2019 for Wasatch Mountain and 2024 for Solider Hollow. As a result, the State is now operating a widely diverse system of golf courses that offers “something for everyone,” from the beginner all the way up to seasoned golf professionals.

In the last two years, the economic performance of the State Park golf system has declined, leading to stress within the system in light of bond commitments made in the development of Soldier Hollow, the Mountain Course at Wasatch Mountain and the Wasatch Mountain clubhouse. Each of the four facilities has been experiencing decline, although it is clear that some are faring worse than others. In reviewing the Utah State Parks Golf system, it is clear that these golf courses are important to the State of Utah, and add value to the State’s overall park system.

The four Utah State Parks Golf facilities are situated in different locations, each with its own core market and set of local competition and market deficiencies. The locations of these facilities can best be described as “rural” in nature in that they lack proximity to any large population of permanent resident golfers and thus must rely on attracting out-of-town golfers who must travel longer-than-standard distances to utilize the facilities. Further, in the last few years the golf system has experienced what can best be described as a “perfect storm” of events including a national recession, increasing competition, and challenging weather.

In 2012, the NGF was retained by the State to assist with evaluating the Utah State Parks golf system and to make recommendations to help ensure the long-term viability of the golf program.

This includes a thorough review of the system on an 'as-is' basis, as well as a consideration of other operating alternatives, including privatization options. It is expected that the results of this NGF study will be used by the State as a guide for the future of the golf system, and to help convey to outside constituents (citizens of the State of Utah, legislators, policy makers, etc.) that the State will operate the golf system in the most efficient manner possible.

The findings and recommendations presented by NGF in this report are based on NGF Consulting experience, knowledge of golf industry best practices, and a review of each facility. NGF completed tours and meetings with key personnel (at each property and administration) in January and May of 2012. NGF findings and recommendations contained in this report are designed to give the State a full understanding of its golf system as a whole, along with an understanding of the operations and market conditions of each individual facility within the Utah State Parks system. The ultimate goal of this review is to create a formal program for Utah State Parks golf courses that will put the system on a path toward long-term economic stability and sustainability.

NGF activities completed to date include meetings with the staff from the State of Utah Department Natural Resources, Division of Parks and Recreation, the Regional Park Director, several State Park managers and other Park staff. In addition, the NGF team had meetings and interviews with other Utah State Parks Golf staff at each individual facility. These meetings involved substantive discussions about all key aspects of the Utah State Parks golf operations, as well as detailed reviews of each subject golf course. Further, the NGF consultants completed seven separate in-depth tours / inspections of each facility with complete interviews of each on-site manager and golf superintendent.

The key components and issues of this report include:

- Overall condition and operating structure of the Utah State Parks golf system as a whole
- A review of golf industry standards and norms of operation
- Status of the broader State of Utah Golf market, with focus on the Wasatch Front golf market
- A summary of NGF recommendations for the continued operation of Utah State Parks golf facilities
- An estimate of realistic economic potential of the Utah State Parks Golf system
- Benchmarking Utah State Parks golf operations with other regional municipal golf operations

The NGF consulting engagement was managed by Richard B. Singer, Director of Consulting Services for the NGF, with assistance from other NGF staff including: Ed Getherall, Senior Project Director; Clark Brown, Research Director; Jessica Siversen, Senior Research Manager; and Judy Cook, Consulting Administrator. In addition to meetings with Utah State Parks officials and golf course personnel, the NGF consultants collected materials to aid in understanding the local market area, weather data, other regional municipal golf operations, and golf operations in general. The NGF also collects considerable information and data on the golf industry on an ongoing basis as a regular part of our organization's work, and much of this information and data is presented throughout this report.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

In summary, we find that the State of Utah is operating four separate golf facilities that clearly suffer from some competitive disadvantages due to issues that are both controllable and uncontrollable within the Utah State Parks structure. The NGF found six key specific areas of deficiency of underperformance around which our core recommendations to the State focus:

- Golf facilities with remote locations that are not proximate to golfer populations;
- Inadequate resources devoted to marketing and promoting the golf facilities;
- High labor cost in proportion to total expense;
- Lack of “entrepreneurial” focus within the system (improving in 2012);
- A rigid pricing schedule that lacks the flexibility to be adjusted in response to changing market conditions; and
- A high level of debt service (over \$1.0 million per year) that will likely not be covered by golf revenues generated by the facilities.

The NGF finds that action on these above items will result in the greatest relief of economic stress to the system, although working to change the basic philosophy of the system from providing a public accommodation to running a business in a competitive market environment will also help to improve performance and ensure that the Utah State Parks golf system remains viable to cover its expense obligations.

The NGF recognizes that in operating public golf facilities there are variables to the operation that can be controlled by the owner (State) and variables that cannot be controlled. Uncontrollable factors include the location of the facilities, the demand for golf, the market competition, the condition of the national, local, and regional economy, and the weather. While some of the key controllable factors were identified above, other controllable factors include the condition of the subject golf facilities, the quality of services offered, and the extent to which the facilities are appropriately operated and marketed. The review and NGF recommendations contained in this report are designed to focus on the factors of the golf system that can be controlled by the State and to form the foundation of a system-wide business plan for golf.

The bullet points that follow summarize our findings and recommendations for each individual facility and the Utah State Parks Golf system as a whole. This executive summary is intended to provide an “at-a-glance” review of the full NGF report. Additional detail on this summary can be found in the full body of this report and its appendices.

Key Findings on Performance and External Factors

The NGF review of financial performance showed the challenges facing the Utah State Parks golf system, as the total rounds and revenues generated per 18-hole course in the system tend to be below industry standards at all but the Wasatch Mountain facility. Some of the factors external to the system are contributing to this performance.

Performance Findings

- **Rounds and Revenue Performance.** The Utah State Parks Golf system has produced a relatively stable level of rounds played since 2009, while total system revenue has declined approximately 4% over that period. The declines in revenue are generally favorable compared to the total U.S. average of 10% decline in golf course revenue since 2006. Total Utah State Parks Golf revenue was \$3.4 million in FY2012.

- **Expenses.** The \$2.7 million in on-site facility operating expenses (excluding user fees and debt service) have declined about 11% since 2009. The overall expenses to operate Utah State Parks golf facilities are much lower than expense averages for mid-range public golf courses in the nation (average facility = \$931,900 in expenses), and labor expenses tend to be higher (65% at Utah State Parks compared to a “standard” of 50%).

External Factor Findings

The external (uncontrollable) factors that affect the State’s ability to sell golf service to the public all tend to be negative in the period of this 2012 review. The national and state economies appear to be in recession, competition has increased (especially in the Wasatch Mountain area), demographics are changing, and the weather is unpredictable.

Other findings:

- NGF has documented a general decline in spending on golf from consumers and a rapid inflation in expenses to operate golf facilities nationwide.
- The high incomes and presence of large employers in greater Salt Lake City area typically translate to higher-than-average golf activity. Negative attributes include a generally rural location of these golf courses, all requiring longer-than-standard drive times for golf activity.
- Tourists and visitors to Utah represent a sizable market opportunity for golf activity, especially for the Wasatch Mountain State Park golf courses. The data shows over 3.0 million tourist nights in Utah, with 17% indicating golf as an activity (recent survey). This is potentially a very large market for the Utah State Parks golf courses and one that should be actively targeted with a wide range of promotional activities, including taking advantage of other State-wide efforts to grow tourist activity in Utah.
- A total of 10.5 new 18-hole courses have been added to the Wasatch Front area since 2001. The overall ratio of households to golf courses is very unfavorable in all of the Utah State Parks golf markets.
- The weather clearly has an impact on the overall potential for golf rounds in this State. Data shows that the golf season tends to be short (six months), but can be lengthened from time-to-time resulting in better performance for these golf courses (like in FY2012).
- NGF has observed that each Utah State Parks golf facility has unique competitors that have been identified. In general, our review showed that the Utah State Parks golf courses generally compare favorably to their immediate competition with lower fees and higher quality. The market review suggests there is room to increase fees over time, coupled with enhanced promotion, especially to non-Utah residents.

Overall System Findings and Recommendations

The NGF has reviewed the operation and management of the Utah State Parks Golf System, along with alternate “privatized” options for governance. It is the opinion of the NGF consultants that the present self-operation system should be continued, with the addition of a new business-oriented “Director of Golf” with a commitment to enhancing the marketing (especially electronic) of these facilities, and implement other key NGF recommendations, at least through the end of FY2015 to allow some of the new initiatives to take full effect. This will allow the changes in the system to take hold and create economic improvement. If the economic improvement does not

occur in the next three years, then Utah State Parks will have to consider making a change to some form of privatization. Some of the NGF observations regarding privatization:

- A management company will charge between \$140,000 and \$250,000 per year in management fees (3% to 6% of gross), thus requiring the system to improve by \$140,000 to \$250,000 in net revenue just to retain its present position. Further, all needed capital improvements will be the responsibility of the State.
- A pure site lease arrangement may be problematic for this system due to the debt service associated with Soldier Hollow and Wasatch Mountain, as well as park uses at adjacent State Park sites.
- It is likely that under any privatization structure, the method used by the private sector to achieve desired economic profitability will be through adjustments in labor expense or adjustments in maintenance quality.
- The four-facility Utah State Parks golf system has advantages stemming from the variety of offerings and efficiency of operations. Any break-up of this system will result in a spin-off of better-performing facilities and a possible situation of internal competition. It is the NGF recommendation that the system remain as one single group of four facilities without removing any one facility from the system.

Recommendations on Basic Structure

The basic oversight and structure of the Utah State Parks golf system needs to change to become more entrepreneurial and allow the golf system to be run more like a business and less like a public accommodation. This means new and improved emphasis on marketing and promotion, **especially to markets beyond the State of Utah**. This will also mean enhancements to facilities and systems (spend money to make money), and that management will have to react quickly to changes in market characteristics. The NGF recommends that this system be retained with:

- A single “Director of Golf” as a business-oriented position to help the system better react to changing market conditions and provide a business perspective to the issues of staffing, cost controls, green fee rates, programs, capital needs, etc.
- Improvement in the technology systems used to operate, market and otherwise promote the four golf facilities.
- Some physical upgrade to individual facilities to keep the product appealing and desirable among golfers.

Operational Recommendations

- **Marketing.** The NGF review of Utah State Parks Golf marketing shows some deficiencies in system marketing. The NGF recommended changes to the golf system marketing, including:
 - Upgrading the golf system website to a more “golf-oriented” look and feel, as opposed to a “park system” look and feel;
 - Linking the facilities together in a unified marketing strategy, focusing on variety and “something for everyone.”
 - Maintaining a budget of at least \$60,000 (2% of revenue) for the golf system.
 - Reviving and putting resources behind *Golf Wasatch* to sell golf and hotels together in the Wasatch Front area.

- Utilizing other State resources such as the State’s Office of Tourism.
 - Improving signage to the golf courses.
 - Adding a golf-specific social media component to marketing (*Facebook / Twitter, etc.*).
 - Expanding direct selling of tournaments and outings.
 - Enhancing advertising in magazines, billboards, foreign language newspapers, etc.
- **Physical Upgrades.** The NGF team has made specific recommendations for physical upgrades at each location, with each upgrade expected to add revenue or reduce expense at the facility, although the exact net benefit is not always fully quantified. These upgrades were presented by NGF in order of recommended priority and total some \$700,000 through 2016, with an additional \$2.9 million that may be required in 2017 and beyond. The NGF recommended upgrade list:
 1. Long range plan to soften the difficulty of Soldier Hollow
 2. Add a covering for equipment storage at Palisade
 3. Upgrade the maintenance equipment at Palisade
 4. Complete the cart paths at Wasatch Mountain and Palisade
 5. Upgrade / Expand the driving range at Wasatch Mountain
 6. Add a driving range at Green River
 7. Add wireless Internet access to make premium facilities more appealing to business meetings/outings, leading to increased rounds activity
 8. Complete the bunker renovation program at Soldier Hollow (annual program)
 9. Add a new set of forward tees to Soldier Hollow (annual program)
 10. Switch to a token-less range dispensing system to help stimulate range sales

Pricing Recommendations

NGF Consulting believes the Utah State Parks should not make any drastic changes to the golf fee structure at this time, but should consider the following general NGF Consulting fee recommendations:

- Implement a weekday and weekend differential at all facilities;
- Implement a new twilight rate;
- Implement a new “out-of-State” rate;
- Use internet-based tee time wholesalers;
- NGF recommends keeping up with annual adjustments to both green fees and ancillary charges (range, carts, etc.); and
- Golf course managers should have full authority to implement fee discounts when deemed appropriate, and not have to get higher approval (within defined limits).

The table below displays the NGF recommended changes to pricing at Soldier Hollow and Wasatch Mountain. Under this structure, the highest fee will be a non-resident weekend morning at Soldier Hollow - \$64.00 with cart. The NGF offers no change for fees at Palisade and Green River, other than to make annual adjustments of about 2% to keep up with inflation.

Proposed Fees (FY2013-14)				
Fees	Soldier Hollow		Wasatch Mountain	
	Resident*	Non-Resident*	Resident*	Non-Resident*
18-Hole Weekday	\$33.00	\$42.00	\$34.00	\$42.00
18-Hole Weekend	\$33.00	\$49.00	\$36.00	\$49.00
Weekday Twilight (after 3:00)	\$24.00	\$29.00	\$24.00	\$29.00
Weekend Twilight (after 3:00)	\$27.00	\$31.00	\$27.00	\$31.00
Cart Fee (per Player)	\$14.00	\$15.00	\$14.00	\$15.00
Passes				
Annual pass	\$1,000.00		\$1,000.00	
*Residents include all Utah residents, including seasonal residents.				

Wasatch Mountain Golf Course Summary

- Wasatch Mountain Golf Course is the premier facility for the Utah State Parks golf system, producing the highest level of rounds, total revenue, and net revenue after expense. In some ways, Wasatch Mountain is the “flagship” facility of the system that is generating the majority of revenue that, ideally, could help to support other State golf courses with much lower cost recovery.
- Even with its relatively strong performance, there is still room for growth in revenue and rounds at Wasatch Mountain GC. NGF sees a need for an on-site manager (golf professional) that is truly in the “modern world” of golf operations, technology systems and marketing, as “old school” ways will not work to grow activity anymore.
- A key revenue driver for this facility has been the popularity of the site for tournaments and outings, as Wasatch Mountain remains a very popular venue for these events and generates a lot of repeat business from previous customers, likely a result of strong service from senior staff.
- Wasatch Mountain GC is an aging facility with some key components now well over 40 years old. As such, the State will have to prepare for some significant investment in areas such as greens and irrigation. Although these items are not urgent and not likely to need replacement in the next five years, in the 2017 to 2022 period it is likely the State will have to make investment to upgrade the golf courses at Wasatch Mountain and should be planning for this eventuality.
- NGF recommendations for Wasatch Mountain center on making new investment in the facility to help grow revenue, and enhancing the marketing to promote the outstanding value of the facility in relation to its price. The State should also be planning for future golf course upgrades, as noted above, that will be required in the five to 10-year horizon.

Soldier Hollow Golf Course Summary

- Soldier Hollow is the premier facility in the Utah State Parks golf system in terms of quality, although total rounds and revenue have lagged behind Wasatch Mountain.
- The golf course and clubhouse facilities are among the best in the region. The clubhouse has great potential to generate enhanced revenue from non-golf activities such as banquets and parties. A key challenge will be to balance these opportunities with the day-to-day golfers.

- The two golf courses at Soldier Hollow are difficult for most golfers, thus limiting the appeal of the facility to better skilled players (a minority of golfers). Effort should be made to “soften” the difficulty of at least one of the golf courses.
- The recent USGA event will give prominence to the facility, and this is expected to add public interest in Soldier Hollow and stimulate new rounds activity.
- Given its relative quality and newness, Soldier Hollow is probably underpriced, especially for tourists and visitors. The lower price may be contributing to the perception of low quality to out-of-State golfers that are less familiar with Soldier Hollow’s quality.
- Soldier Hollow produced just over 33,000 rounds in 2012, leading to \$1.0 million in total revenue. Even when assuming a “best-case” scenario of rounds and revenue, Soldier Hollow GC is not able to earn total net revenue sufficient to cover the debt service tied to the bonds issued for the original Soldier Hollow development. This debt service will continue for another 11 years, or through the end of FY2024.
- NGF recommendations for Soldier Hollow include continuing the facility on an ‘as-is’ basis, with some steps taken to soften the difficulty and still take full marketing advantage of the recent USGA event. The State should also upgrade the direct marketing of the facility, especially improving the course’s website - either as a page in the Utah State Parks system website or as a separate Soldier Hollow website.

Palisade Golf Course Summary

- Palisade GC offers a high quality golf experience with outstanding scenery, but in a relatively remote location that is not proximate to a large population of golfers. With its high quality and modest fees, Palisade has the potential to be a much stronger performer in the Utah State Parks system. NGF finds a generally low level of awareness when compared to Wasatch Mountain and Soldier Hollow.
- The challenge for the State at Palisade GC is to try to maximize the out-of-town visitor interest in this facility, perhaps as a “day trip” destination for Salt Lake and Utah County residents and corporations seeking a day long retreat.
- The State should seek to maximize the use of on-site cabins to market “stay-and-play” golf packages, and consider adding new cabins to the park.
- Expenses have been reduced significantly at Palisade and the State must be careful that reductions are too severe and may jeopardize the integrity of the facility. A key feature to market this facility is the quality of the golf course and this must be preserved to have any chance at growing rounds and revenue.
- This facility needs upgrade to aging equipment and improvement in its equipment storage facilities (related issues).
- Palisade performance has been well below industry standards for 18-hole golf courses, mostly a result of the remote location. In 2012, Palisade GC hosted about 17,500 rounds and generated just under \$380,000 in top-line gross revenue. This facility has shown more stable performance in recent years when compared to the other State Park golf courses that were in decline in 2009 through 2011 (recovery in 2012).

Green River Golf Course Summary

- Green River Golf Course is clearly the most challenging facility for the Utah State Parks golf system. Located in a town with fewer than 1,000 persons and a County with around 10,000, the NGF data suggests that a minimum community population of 25,000 is required to support a golf course.
- The Green River Golf Course is located along the heavily-travelled Interstate-70 corridor between Grand Junction and Interstate-15. The Green River State Park includes a popular river launch park and is proximate to over 3,800 hotel rooms in the Green River community.
- The totals reported to NGF show rounds as low as 6,000 annually, with total revenue of just over \$94,000 in the recently completed FY2012. These figures are on the extreme low end for golf course performance in the U.S.
- With the extremely low revenue, the State has worked to reduce total expenses on Green River from over \$325,000 in 2011 to under \$167,000 in 2012. This level of expense may have been reduced to a level that is barely enough to maintain the property to a standard that would remain desirable for golfers.
- The State of Utah should seek a local partner to assist with keeping the Green River GC viable. If the facility is important to the City and/or County, perhaps there can be a new partnership to sustain the viability of Green River GC.
- In short, there are not many options available to the State to keep this troubled property. The State has several considerations with Green River, including:
 - **Expand:** The State could expand Green River to 18-holes as originally planned. It is unlikely that this expansion will lead to increased revenue sufficient to cover any expense needed to complete the expansion.
 - **Modify:** The State could modify the property to add a driving range and improve the existing golf course. These adjustments may improve overall revenue performance, but not to a level significantly higher than at present.
 - **Disposition:** The State can consider ways to dispose of the Green River GC, either through closure or gifting the course to a local government such as the County or City.

Financial Overview Summary

NGF Consulting has created a cash flow model for the continued operation of the Utah State Parks Golf system under the assumption of State control of operations and maintenance at all four golf facilities. The primary assumptions that drive the NGF Consulting financial projections are: (1) The addition of a new golf system manager primarily focused on marketing the golf courses; and (2) that the State will commit to make the technology and marketing improvements identified by NGF – the most significant of which are displayed in the summary tables.

Summary of Performance

The results of the NGF analysis show that even with NGF recommendations and the modest growth of rounds and revenues projected by NGF, we still expect the Utah State Parks Golf system to see challenges in the next few years. A summary of findings from the NGF analysis:

- The Utah State Parks Golf Enterprises is viable to cover its basic operating expenses, but not capable of covering full debt service. Increases in revenue will be required to keep the system viable for the future.

- The Utah State Parks golf courses are projected to operate with losses in the next few years, if the debt service remains tied directly to the golf courses.
- However, without the debt service it appears as though this golf system is capable of generating revenue sufficient to cover operating expenses and set aside money for capital upgrade (user fee program). This status is common in about 50% of municipal golf courses nationwide, while only about 20% of public sector golf courses are able to cover all expenses and debt.
- The NGF projections assume historical inflation in expenses and some inflation in fees charged for golf facilities. The Utah State Parks Golf Enterprise will have to commit to at least 2% increases in fees every year to meet these projections.

Utah State Parks Golf Courses Projected Economic Performance with NGF Recommendations					
Description	2013	2014	2015	2016	2017
Rounds	115,800	122,500	126,000	126,500	126,500
Revenue					
Green Fees	\$2,054,200	\$2,223,500	\$2,351,500	\$2,404,700	\$2,460,400
Driving Range	50,100	53,900	56,200	57,600	58,800
Cart Fees	1,063,500	1,144,000	1,194,900	1,224,500	1,249,100
Merchandise*	332,400	361,300	389,100	398,000	405,900
Other	5,100	5,300	5,800	5,900	6,000
F & B Lease	44,700	48,200	50,400	51,700	52,800
Total Revenue	\$3,550,000	\$3,836,200	\$4,047,900	\$4,142,400	\$4,233,000
System-Wide Cost of Sales*	\$191,600	\$209,400	\$226,200	\$231,300	\$236,000
System Gross Margin	\$3,358,400	\$3,626,800	\$3,821,700	\$3,911,100	\$3,997,000
Expense					
Total Facility Personnel Services	\$1,715,000	\$1,800,800	\$1,890,900	\$1,985,500	\$2,084,700
Total Current Expense	919,000	942,100	965,600	989,800	1,014,600
Data Process Expense	13,000	13,200	13,500	13,700	13,900
Other	4,000	4,000	4,400	4,400	4,400
Total Expenditures	\$2,651,000	\$2,760,100	\$2,874,400	\$2,993,400	\$3,117,600
Net Operating Income	\$707,400	\$866,700	\$947,300	\$917,700	\$879,400
Additional System Personnel	\$100,000	\$105,000	\$110,300	\$115,800	\$121,600
Total User Fees (Capital)	\$362,300	\$392,400	\$415,000	\$424,500	\$434,300
Net After Admin. + User Fees	\$245,100	\$369,300	\$422,000	\$377,400	\$323,500
Soldier Hollow Debt	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Wasatch Mountain Debt	\$371,400	\$371,400	\$371,400	\$371,400	\$0
Total Debt Service	\$1,371,400	\$1,371,400	\$1,371,400	\$1,371,400	\$1,000,000
Net After Debt	(\$1,126,300)	(\$1,002,100)	(\$949,400)	(\$994,000)	(\$676,500)
*Green River merchandise sales are net of all direct COS.					

Summary Conclusion

The recommendations contained in this report to the Utah State Parks are generally centered on increasing revenues and reducing expenses through some capital investment and significant enhancements to marketing. Still, despite the course of action recommended by NGF, the Utah State Parks should not expect large economic return from these facilities, and it is certainly not realistic to expect these facilities to generate enough revenue to cover assigned debt service. The State of Utah is operating some very fine golf facilities, but the courses are located in remote areas of the State and without proximity to large populations of golfers. As a result, the golf courses will always have to rely on the attraction of non-local golfers, including out-of-State golfers, to provide rounds activity and needed revenue.

It is clear that there are three key issues leading to economic hardship within the Utah State Parks Golf system, and these include: (1) inadequate marketing; (2) a short golf season that limits the ability to earn revenue; and (3) extremely remote locations without local golfers. We also note a general lack of entrepreneurial structure within the Utah State Parks system that is also working to constrain revenues (not an enterprise). Action taken by Utah State Parks to improve the business practices and establish a true “golf enterprise” should have an immediate and positive impact on the bottom line economic performance of the State’s golf system.

As part of this consulting effort, NGF reviewed alternatives for the operation and management of the State’s golf system. This review showed that none of the “privatization” alternatives would immediately improve economic performance of the Utah State Parks golf courses to a level that is clearly better than the expectations under continued, but improved, self-operation. Although, if the Utah State Parks Golf Enterprise cannot gain reductions in the economic burden from the items noted above, privatization alternatives will have to become a higher priority. Put simply, there is no “magic bullet” for the Utah State Parks golf system in privatizing, and the present system should be able to achieve improvement by implementing the recommendations contained in this report.

Still, despite all of the NGF recommendations to enhance revenue, there are some properties in this system that are likely to remain a challenge for Utah State Parks for many years to come. Specifically, Green River will be a great challenge to cover basic operating expenses and even strong revenue performers like Soldier Hollow will struggle to cover assigned debt service. Wasatch Mountain and Soldier Hollow have great potential to increase rounds and revenue to a level more comparable to competitors. Palisade is a great golf course, but will need to enhance its promotional activities to increase the attraction to draw “day customers” away from the Salt Lake City and Utah County areas to seek golf service at Palisade.

Some of the recommendations made by NGF in this analysis require the Authority to make investments in Utah State Parks golf properties, and much of the \$700,000+ in new investment involves improving some facilities and adding amenities to the facilities to make them more appealing. NGF recognizes that these investments may add economic stress to the State golf system in the years these investments are made, but the changes that will be made should add to the level of revenue earned by the system, fully recovering the investment over a 5-10 year period. In short, the State must be prepared to “spend money in order to make money.”

Overview of Utah State Parks Golf System

The Utah State Parks golf system comprises six golf courses at four separate golf facilities all located within the State of Utah. The facilities, golf course type, and year open are shown below:

Golf Facility	Type	Driving Range Facilities	Year Open
Soldier Hollow Golf Course		27-Station Grass Range	
Gold Course	18-Hole Regulation		2004
Silver Course	18-Hole Regulation		2004
Wasatch Mountain Golf Course		15-Station Grass Range	
Lake Course	18-Hole Regulation		1967
Mountain Course	18-Hole Regulation		1971/1996
Palisade Golf Course	18-Hole Regulation	16-Station Artificial Mats Range	1971/1996
Green River Golf Course	9-Hole Regulation	No Driving Range	1995

In our review of the Utah State Parks Golf system, the NGF Consulting team found good quality golf facilities, each serving a defined market niche with some overlap and internal competition, mostly with Soldier Hollow and Wasatch Mountain operating in the same market. Some of the facilities (Palisade and Green River) are operating in somewhat remote locations that are not proximate to large population centers, thus making attraction of out-of-town golfers a high priority (destination property). In short, the State may find that Utah State Parks golf courses need to be better promoted to take advantage of the multiple offerings, noting that the system has a golf facility to serve every segment of existing golf demand, from a 9-hole course at Green River to the “destination” championship golf at Soldier Hollow.

As part of this consulting effort, NGF Consulting has observed very dedicated and hard-working staffs at all State of Utah Parks golf facilities. All of the facilities are presently operating under somewhat reduced staffing due to budgetary limitations, and are trying to get by with often very limited resources. Utah State Parks appears to be willing to put appropriate resources into the golf courses, provided these resources are used to help improve financial performance and increase revenues.

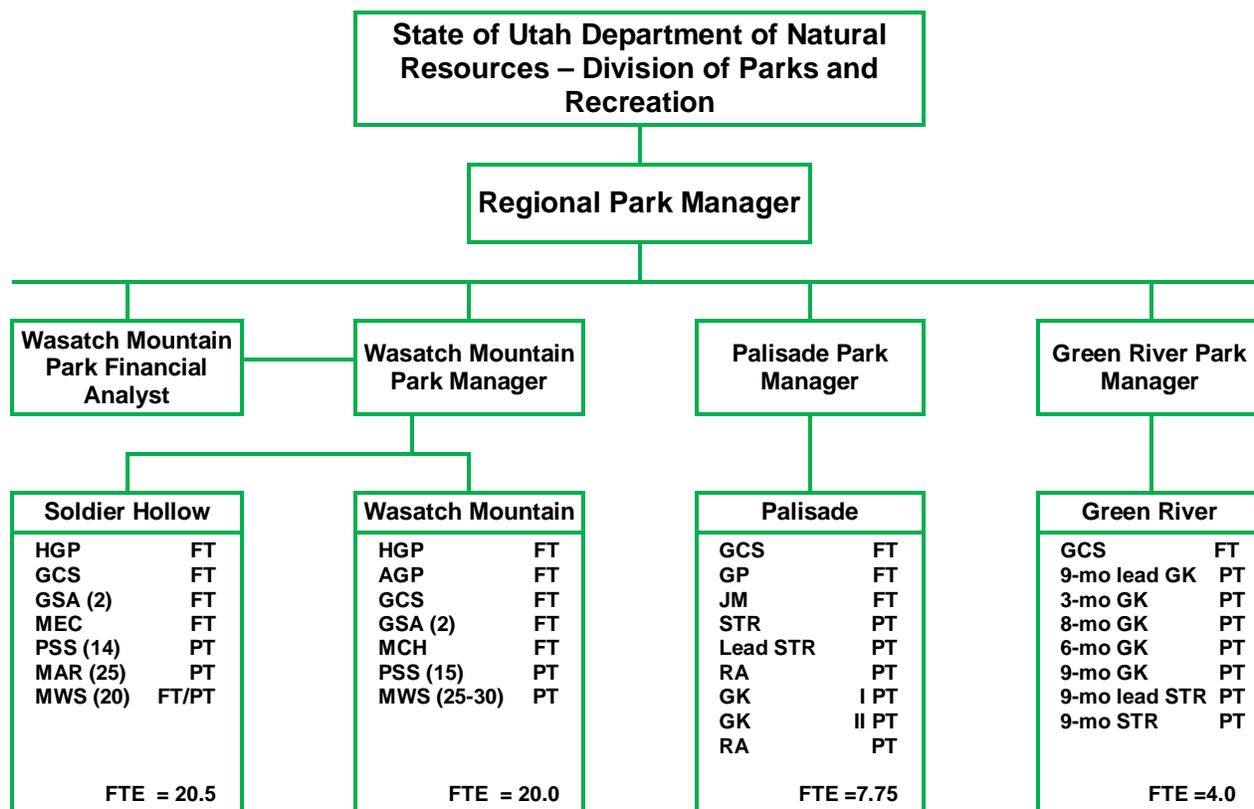
ORGANIZATION AND ADMINISTRATION

The golf program for the State is structured completely within the Department of Natural Resources – Division of Parks and Recreation, with each PARK run as a separate unit. The State Department of Natural Resources, Division of Parks and Recreation has a \$28 million+ operating budget with over 200 employees, and golf accounts for 26% of the restricted fees and 12.4% of the total operating budget. Golf is not a separate enterprise fund but a part of each separate State Park, and direct expenses for the golf courses apparently had not been tracked at a high level of detail until very recently. Although the golf system is not run as an enterprise, it appears as though the golf courses are being held to budget standards similar to enterprise fund accounting and there is also debt service tied to specific golf courses (mostly Soldier Hollow – more below). It is also a concern of NGF consultants that there is pressure from State

officials to improve profitability of the golf courses, yet the golf courses (or Park Managers) do not have full say in setting certain policies such as green fee increases and procurement. Further, with the golf courses being run internally to specific parks, all direct expenses for park items do not appear on golf course budgets, although the Park managers do code their golf related expenses to the golf courses.

Utah State Parks offers competitive compensation for personnel based on the income levels of the local market. The benefits for full-time positions can cost as much as 35% to 38% of base salaries. The Utah State Parks Golf Enterprises is also somewhat limited in regards to offering incentive-based compensation to employees.

Organizational Structure (at the Time of the NGF Review) FY2012



Abbreviations: AGP Assistant Golf Professional; GCS Golf Course Superintendent; GK Grounds Keeper; GSA Golf Superintendent Assistant; HGP Head Golf Professional; JM Journey Mechanic; MAR Marshal; MCH Mechanic; MS Maintenance Seasonal; PSS Pro Shop Seasonal; RA Ranger Aide; STR Starter.

State of Utah Parks Golf Facilities

The Utah State Parks golf facilities represent a mix of facility types and development histories. “Traditional” golf facilities developed in the 1960s and 1970s include Wasatch Mountain (Lake Course – 1967), the first nine holes at Palisade (1971 and the first nine holes of the Mountain Course at Wasatch Mountain (1971). In the mid-1990s, Utah State Parks expanded the two nine-hole courses at Palisade and Wasatch Mountain, and also added the nine-hole course at Green River State Park. In 2004, the last golf facility was added with the development of the high-quality Soldier Hollow GC, added to the system to fill a perceived need for high-end public golf, and to handle the overflow that was experienced at that time at Wasatch Mountain. This property was also financed through revenue bonds with debt service active in 2012.

As a whole, the golf system is currently generating upwards of \$3.4 million in annual total revenue. With total basic operating expenses around \$2.9 million, the combined four golf facilities are operating with a small profit before subtracting user fees (capital reserve) and the application of debt service. This basic financial condition is comparable to the majority of municipal golf course operations nationwide, very few of which are able to cover all direct expenses AND large debt service (only 20% can cover debt).

Recording Rounds Played

The record-keeping and financial reporting in the Utah State Parks golf courses appears appropriate and adequate for internal and external analysis. One area observed by NGF consultants was that the system is recording 9-hole rounds as its base measure for analysis and evaluation. The NGF recommends using the golf industry standard that defines a round of golf as “one individual beginning a round in an authorized start.” Thus in effect, the industry is counting “starts” as opposed to 9-hole rounds or even 18-hole equivalents. Using this industry method allows for easier comparison to national and regional benchmarks (as done by NGF in this report), and still allows for review of different round types (9-hole, 18-hole, weekday, weekend, etc.) as recorded within the Point-of-Sale (POS) system.

Utah State Parks Golf System Debt

As noted, the Utah State Parks golf system has required debt payments stemming from the 1996 bond issue used for the expansion of the Wasatch Mountain golf course and improvements to the clubhouse, as well as for the development of Soldier Hollow GC. The 1996 debt for Wasatch Mountain has an annual payment of \$371,407 annually. This debt is set to expire in 2019. The bond for Soldier Hollow was structured in 2003, and included \$13.89 million for 20 years. The Soldier Hollow debt will not be paid off until 2024. The table shows the recent history of debt service, as well as the expected amounts for each year through 2017.

Utah State Parks Golf System Total System Debt Service 2006-2011						
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Soldier Hollow Debt	\$1,100,060	\$1,100,060	\$1,100,060	\$1,100,060	\$1,055,447	\$1,010,833
Wasatch Mountain Debt	\$371,407	\$371,407	\$371,407	\$371,407	\$371,407	\$371,407
Total Debt Service	\$1,471,467	\$1,471,467	\$1,471,467	\$1,471,467	\$1,426,854	\$1,382,240

Source: State of Utah

Procurement

Notes taken by NGF during this evaluation indicated growing concern within the State Parks golf system about the Utah State Parks purchasing policies and the impact on golf operations. NGF understands the Utah State Parks golf courses are bound by capital purchase limits that apply to all acquisitions made for the Parks. However, in larger, multi-facility golf systems, small purchases that would not ordinarily exceed the threshold may trigger purchase order requirements due to the purchase being made for six golf courses as opposed to one. As purchase orders sometimes entail delays, there is concern about being able to react appropriately to immediate needs. NGF recommends that Utah State Parks conduct a review of this policy and consider making exceptions to the procurement limits for individual items that are priced below the threshold, but are common purchases for golf courses that all courses may need to purchase together. This practice is common within larger municipal golf systems operating several golf facilities.

User Fees / Capital Reserve Program

The Utah State Parks Golf system has an internal policy of setting aside 15% of green fees each year as “user fees,” and using the accumulated funds for large capital purchases such as maintenance equipment. The State has set aside between \$280,000 and \$314,000 in user fees in the 2009 to 2011 period, with increase to \$338,000 in 2012. The NGF sees this self-funding capital program as a strong positive for the golf system and recommends it be continued. A summary of the user fees collected by the State the last four years is shown below:

Utah State Parks Golf System Total Collected User Fees for Capital Reserve				
Course	2009	2010	2011	2012
Soldier Hollow	\$83,940	\$80,619	\$91,347	\$98,123
Wasatch Mountain	\$155,760	\$154,000	\$182,424	\$200,577
Palisade	\$32,923	\$32,019	\$31,704	\$32,493
Green River	\$8,892	\$8,472	\$8,885	\$7,603
Total	\$281,515	\$275,110	\$314,360	\$338,796

Sales Taxes

The Utah State Parks Golf system is required to collect sales taxes on all sales, an amount that is *included* in all green and cart fees to the consumer and has been deducted from revenues in the sales figures presented. The market review conducted by NGF shows that very few of the other public access golf facilities in this area use this model, opting instead to *add* sales tax to the posted green and cart fee. The State has collected between \$185,000 and \$205,000 in total sales tax revenue in the 2009 to 2012 period.

Recent Actions to Improve Utah State Parks Golf Enterprises

In reaction to recent declines in rounds activity and revenues, and in an effort to relieve the economic stress on the system, several key actions have been taken by the system’s staff to improve performance. These include some actions that are included in NGF’s recommendations for Utah State Parks golf operations. Key initiatives observed by NGF in 2011 include:

- Reduced staff at all golf courses, in both pro shop and maintenance operations. Senior staff is continuing to make personnel adjustments, particularly as it relates to seasonal (part-time) staff and poor weather days. The goal is to trim seasonal staff expense when these personnel are not needed.
- Increased advertising and promotional activities.
- Improved direct sales efforts, especially to hotels and area colleges.
- Improving the appeal and marketability of organized events and tournaments to add to the appeal to customers.
- Looking to expand the use of 3rd-party wholesalers as a method to increase rounds (more from NGF later in report).
- Upgraded the quality and quantity of rental sets of clubs at Palisade, Soldier Hollow, and Wasatch Mountain.

GOLF COURSE OPERATIONS

The basic structure of the Utah State Parks golf system is organized with formal management and oversight from the individual Park Managers, with assistance from on-site golf professionals and golf superintendents (no professional at Green River). This structure has led to some minor inconsistencies within the Utah State Parks golf operation, and NGF recommendations presented later in this report are designed to both enhance revenues at each facility and the system as a whole, and bring some level of continuity and consistency to the Utah State Parks golf operations.

Staffing

The basic staffing structure established for Utah State Parks Golf facilities includes the positions shown in the table below. Although there are some variations from facility to facility, this is the basic structure of “standard” positions for each facility in the system. We note that the positions titles do not always match exactly with traditional golf industry titles and NGF has offered industry equivalents where appropriate. Full-time (FT) positions include full-time positions with salary and benefits. Some part-time positions may involve more than 40 hours per week, but are without benefits. Several positions have been eliminated at some of the facilities, especially Green River that now has one full-time employee in the golf course budget. It is expected that Soldier Hollow and Wasatch Mountain would require the most pro shop responsibilities, due to higher fees and higher customer expectations, as well as more large tournaments.

Golf Maintenance Positions	Pro Shop / Operations Positions
Golf Superintendent (FT)	Head Golf Professional (FT)
Asst. Superintendent (FT)	Assistant Golf Professional (FT or PT)
Mechanic (FT or PT)	Golf Shop Assistants (PT)
Golf Maintenance Workers (PT)	Seasonal Golf Workers (PT)
	Range / Cart Workers (PT)

Staffing Totals

Assuming the NGF standard of 1,678 hours per year for one Full Time Equivalent (FTE) position, the total system has now reduced to 52.25 FTE's in 2012. The NGF review of staffing at each Utah State Parks Golf facility shows the following total FTE estimate as of June 2012:

Utah State Parks Golf System Total Facility Staffing – 2012			
Facility	Pro Shop Staff (FTE)	Maintenance Staff (FTE)	Total Staff (FTE)
Wasatch Mountain GC	7.50	12.50	20.00
Soldier Hollow GC	6.75	13.75	20.50
Palisade GC	3.00	4.75	7.75
Green River GC	0.50	3.50	4.00
Total	17.75	34.50	52.25
Avg. per 18-H Regulation*	3.25	6.25	9.50
* Includes Soldier Hollow (2x), Wasatch Mountain (2x), Palisade and Green River (.5x).			

Point of Sale (POS) and Reservation System

Utah State Parks is presently using the *FORE! Reservations* system for Point-of-Sale (POS) and tee-time reservations at all four of the State courses. Based on the NGF review, it does appear that there is some concern about the State fully maximizing all the features of the system, particularly those associated with marketing and customer tracking. This system does provide integrated on-line tee-times and a comprehensive POS solution.

The main benefits from the POS system include:

- **Reports.** The report menus are easy to manage and clear to understand, helping to create valuable reports.
- **Dependability.** The system has been generally dependable, allowing for enhancement of:
 - **Customer Service.** Customers not having to be checked in manually can improve check-in and reduce wait time on busy days.
 - **Accounting.** Transactions are recorded and as long as input is correct, the summary sheets and daily reports will provide accurate numbers for matching with receipts.
 - **Image.** The Utah Golf courses benefit from having a modern and operable POS system.

While a thorough review of the POS system is not under the scope of the present study, on the surface it appears to NGF that this system is working appropriately. The system is widely used in the golf industry and no change is recommended by NGF at this time, except to use the system more in capturing emails addresses and communicating via email with customers.

Food and Beverage Operations

Ideally, every facility needs to have some type of food and beverage operation. This is expected at golf courses of all quality levels, from destination golf courses to the 9-hole par-3 golf course. Food and beverage operations at golf facilities tend to achieve two goals: (1) provide direct revenue from food and beverage operations; and (2) help increase the overall volume of rounds and other revenues at the facility. In addition, given some of the Utah State Parks Golf locations, NGF anticipates that a third level of revenue will likely be gained from other non-golf business such as banquets and luncheons, as well as regular daily “restaurant” business. As noted in the “Standards and Norms” presented later in this report, a high volume of net revenue is not expected from food and beverage operations. The typical 18-hole public golf course will earn about \$5.61 per round in food and beverage, leading to an expected total gross revenue level of around \$200,000 to \$225,000 (±) per year, less direct costs. This would be considered “typical” for a regulation 18-hole public golf course playing around 40,000 (±) rounds, unless there was additional space for large banquets, parties, meetings, luncheons, etc.

As a subset of food and beverage service at golf courses, the service of beer and other alcoholic beverages is a natural partner to golf activities. Just as the overall food and beverage operation will enhance the golf experience and produce revenue, the service of at least beer will also add to direct revenue and help increase rounds and other revenues. The same can be said for beverage carts, which provide an important level of customer service that improves the overall golf experience and provides a competitive advantage (or eliminates a competitive disadvantage) over other golf courses a consumer can choose.

Utah State Parks Golf Facility F & B Structure

The food and beverage operation at Utah State Parks golf courses includes the high quality operation at Soldier Hollow (full banquet + restaurant); a slight reduction at Wasatch Mountain (smaller banquet + Grill); the small grill/snack bar operations at Palisade; and the vending-only setup at Green River. A summary of the food and beverage concessions at Utah State Parks Golf courses is shown below:

Utah State Parks Golf System Food and Beverage Concession Review						
Course	Basic Features	Est. 2012 Gross Revenue	Est. 2012 Gross Revenue/ Round	Total 2012 State Revenue	Effective State % of Gross	Change Recommended
Soldier Hollow	Soldier Hollow Grill, banquets, on-course service	\$420,000	\$13.00	\$19,031	4.5%	Expand promotions of banquet opportunities + add beverage cart
Wasatch Mountain GC	Wasatch Mountain Café, banquets, on-course service	\$340,600	\$6.30	\$21,364	6.3%	Expand on-course services + add beverage cart
Palisade GC	Lakeside Grill	\$53,145	\$3.04	\$4,994	9.4%	Expand services to non-golfers
Green River GC	Snack and Vending Only		N/A			None
Total System		\$813,745	\$7.38	\$45,389	5.6%	

Carts and Maintenance Equipment

The Utah State Parks Golf Enterprise is responsible for operating and maintaining fleets of golf carts and maintenance equipment, as is appropriate and customary at municipal golf courses and multi-course golf systems. Utah State Parks golf has chosen to operate with full ownership of all carts and equipment, funded through current expense dollars.

Cart Operations

The golf system employs a full fleet of power carts for rental at all four golf facilities, with none of the newly required ADA single-rider carts at any facilities. These carts are a mix of gas and electric power, based several factors including a considered change and storage facilities available at each location. Electric carts are generally less expensive to operate (both for the cost of gasoline and the ease of maintenance on the carts), and electric carts generally are preferred by golfers as they are quieter and do not have the exhaust fumes. However, electric cart fleets require appropriate storage facilities to allow for re-charging batteries each evening. Gas powered carts are also preferred for mountainous / hilly golf courses to provide needed power to get a full two rounds out of carts, without having to recharge between rounds.

A summary of cart operations at Utah State Parks golf facilities is shown in the table below. The data presented show that the average revenue earned per round on carts has been decreasing the last three years. Golfers choose to walk for two reasons: (1) to save money, and (2) to add an exercise component to the enjoyment of the activity. The trend in the golf industry is to make carts mandatory, as many of the State of Utah area competing golf courses have done. This leaves Utah State Parks Golf as one of the only venues left for golfers wishing to walk the course, and it is a benefit to Utah State Parks Golf to continue to allow this (see recommendations later in this report).

Utah State Parks Golf Cart Operations Review

Course	Cart Type	Storage	Average Cart Revenue per Round	Trend Since 2006*	Change Recommended
Wasatch Mountain GC	Gas + Electric	CH lower level + Storage Barn	\$8.79	Decrease 26%	Add ADA Carts
Soldier Hollow GC	Gas + Electric	CH lower level	\$7.32	Decrease 52%	Add ADA Carts
Palisade GC	Gas	Outdoor w/no cover	\$6.38	Increase 11%	Provide covering for outdoor storage+ Add ADA Carts
Green River GC	Gas	Storage Shed	N/A	N/A	Add ADA Carts
Total System			\$7.45**	Decrease 31%*	

*Trend is in average cart revenue per round. **Excluding Green River.

Maintenance Equipment

The Utah State Parks Golf system requires a full fleet of golf course maintenance equipment to provide proper course conditions. Traditionally, Utah State Parks Golf has utilized a system of ownership of maintenance equipment, in lieu of leasing. This system is appropriate, given the longer expected life of golf maintenance equipment (usually between 10 and 12 years per piece), and the exceptionally long life that Utah State Parks Golf has derived from its maintenance equipment fleet. However, as noted in the individual facility sections, several of the facilities have aging equipment that needs replacement. The NGF foresees a system in Utah where the State makes new equipment purchases for Soldier Hollow and Wasatch Mountain, and then transfers the older equipment at these facilities to Palisade, with Palisade equipment then moving to Green River. NGF has included equipment replacement in the recommended physical improvements presented at each individual facility, where appropriate.

Range Operations

The tables below show that the driving range business represents a minor part of the Utah State Parks golf facilities' revenue. The NGF notes that range facilities are generally small at the three golf facilities that have driving ranges. A realistic target for range revenues at facilities with driving ranges of this type is roughly \$1.00 per round of golf. This would equate to between \$100,000 and \$110,000 in total driving range revenue for the system, compared to the under \$50,000 actually earned in recent years. The NGF recommendations related to Utah State Parks range operations center around ways to increase activity and revenue within this system.

**Utah State Parks Golf System
Total Range Revenue by Facility 2009-2012**

	2009	2010	2011	2012	Average	# Stations
Wasatch Mountain GC	\$20,062	\$16,389	\$14,007	\$12,163	\$15,655	15
Soldier Hollow GC	\$28,378	\$32,981	\$25,953	\$31,693	\$29,751	27
Palisade GC	\$2,510	\$5,038	\$4,432	\$5,190	\$4,293	16
Green River GC	\$0	\$0	\$0	\$0	\$0	No Range
Total Range Rev.	\$50,950	\$54,408	\$44,392	\$49,046	\$49,699	
Avg. Per Round	\$0.51	\$0.50	\$0.40	\$0.44	\$0.45	

NGF Consulting estimate in italics.

The data above shows:

- Range revenue accounts for an average of just over \$37,000 over the last three years, ranging between \$34,800 and \$38,000 annually.
- Range revenue is approximately 1% of total system revenue.
- Range revenue has declined 2% since 2009.
- Average revenue per round of golf is extremely low for the system, with only \$0.34 per round in 2012.

Range Ball Dispensing

Range balls at all Utah State Park golf facilities are obtained from self-service range dispensers using tokens. It is expected that this operation can be eased by adding a token-less range dispensing system that involves use of a magnetic “swipe” card that can be reloaded as the customer wishes. Coupled with a proper POS, this system will allow for better use of quantity discounts and an ability to track customer use.

Water Issues and Use

One of the major expenditures for every golf course operation in general is the cost of water. With water and energy costs on the rise, it is important to begin developing reasonable, long-term methods for reducing water consumption. Any reduction in the volume of water used on Utah State Parks Golf courses will help the overall State water situation and help to reduce expense in the operation of golf courses. Utah is no stranger to the importance of water conservation and water rationing. In lean times, when water delivery must be managed, certain areas on a golf course will develop higher priority than others. To demonstrate how water is distributed on a typical course, we have included the following statistical information:

- The most heavily used areas on the golf course are the tees and greens. This equates to approximately 10% of the total area of most courses. While these are the highest demand areas, they use very little water overall. Trees also increase the use of irrigation water, with more trees leading to more irrigation water used.
- The approach and landing areas are also heavily used, but account for only 15% to 20% of the golf course. The other areas of the fairways account for another 20% of the course and 30% of the typical course is playable rough area, or the area between the tee and fairway. Lastly, 20% of the typical course is non-playable or tall rough, which has the lowest irrigation demand.

- When extreme water conservation is required, water use can be reduced 20% simply by not irrigating the non-playable rough areas, and 50% by eliminating irrigation in all rough areas. Introducing “native” or “natural” areas within the course is one of the best and most widely used methods for conserving water.

Winter Operations

The Utah State Parks has opted to continue operating its golf facilities through the winter months, on a day-by-day basis depending on weather. This practice is common in this market, where winter golf is often played during the winter season. Depending on the weather, there is revenue to be made by keeping the facilities open through the winter, provided the staffing plan is appropriate. A heavy reliance on seasonal/part-time labor will allow for some improved revenue opportunities. Specifically, winter operations can include:

Golf Facility	Comments
Soldier Hollow Golf Course	Extensive clubhouse operations should be promoted in winter, in conjunction with area ski and sled/toboggan program on the range
Wasatch Mountain Golf Course	Golf closed for the winter
Palisade Golf Course	Golf open on day-to-day basis depending on weather
Green River Golf Course	9-Hole golf open on day-to-day basis depending on weather.

Tournament and Outings

NGF has observed that tournaments and outings can be big business in the golf market of Wasatch Front and the greater Salt Lake City metro region, and it is expected that only the Utah State Parks 18-hole courses (Soldier Hollow, Wasatch Mountain, and Palisade) should have a large tournament segment. It appears that within the Utah State Parks golf system, the two courses at Wasatch Mountain (mostly the Lake Course) are active in hosting a large volume of tournaments, while Palisade is second and Soldier Hollow lags behind. However, total volume is down thus indicating there is capacity available to increase tournament rounds at Palisade and Soldier Hollow. We note Soldier Hollow and Palisade are among the only 18-hole courses in the region that will accommodate tournaments on weekends (Green River will also accommodate weekend tournaments).

It is clear from the NGF review that the Utah State Parks golf courses need to do more to attract tournaments and outings to Soldier Hollow and Palisade. Some of the deficiency can be traced to location and the lack of convenience. NGF also notes that some competitor golf courses in the area are engaged in direct marketing of tournaments to prospects, as opposed for waiting for prospects to contact them (more in recommendations section).

SYSTEM-WIDE MARKETING

The State has been developing and expanding its marketing program for all its park services, including golf. Specific marketing and promotional initiatives are typically driven from the golf facilities (or Park Managers), via request to the State office for action. Marketing activities are most intense for Soldier Hollow and Wasatch Mountain, with Palisade also showing activity.

Traditionally, NGF recommends marketing budgets for golf courses of at least 2% of total gross facility revenue, or roughly \$66,000 for the Utah State Parks in 2011. Review of marketing activities provided by Utah State Parks total just over \$15,000 for 2011. The golf system is now operating under the basic guidelines of a marketing program adopted in 2010, matching the approximately \$15,000 marketing budget (see **Appendix A**). NGF reviewed 10 specific items of marketing activities, mostly involving advertising in Fairways Media, some radio advertising and working with the FORE! Reservations system.

Printed Materials and Direct Activities

The marketing of State of Utah State Parks golf courses has two separate components, with marketing activities from each individual facility and a centralized marketing program covering all facilities. The result is a combination of marketing activities, with a broad-based central program and facility-specific activities than tend to be focused on Soldier Hollow and Wasatch Mountain. Highlights of selected State of Utah specific marketing is shown below:

- Fairways Media assists the facility with print advertising in the “Fairways” publication and various newspapers. Fairways Media also does an email blast using their email database.
- Wasatch Mountain used a FORE! Reservations tee sheet and online reservation system that allows the facility to send email blasts to its own database customers. The golf staff is working with FORE! Reservations to improve data collection from customers, including the addition in 2012 of a kiosk in the pro shop for people to sign up to win prizes when they provide their email address.
- The facility advertises and is promoted by the Heber Valley Chamber of Commerce and their website.
- The facility advertises on Park City radio (KPCW) with promo spots for the golf courses.
- Wasatch Mountain maintains an official website via Utah State Parks and Recreation (more later in this report).
- The facility is active in hosting numerous outings and events, the most important of which include the Utah Junior Golf Association, Utah Section PGA, Utah Golf Association and the United States Golf Association.
- Direct in-person programs offered to local hotels for hotel guests interested in golf
- Marketing to area universities
- Magazine ad in Fairways Media (\$1,450)
- Other programs such as local radio ads (in 2008-2009 @ \$2,000), Theater ads (\$2,250) and Sanpete County cooperative ads (\$1,300)
- Email blasts
- Online newsletter
- Poster for distribution at various locations

Website and Other Communications

It is clear that in 2012 and the foreseeable future, the Internet is the most significant piece of golf course marketing. The Internet is having a larger and larger impact on golf as time goes on. Golfers, especially when traveling, are using the Web more and more to find places to play. As such, the Internet is now the most important single element in a golf facility's (or golf facility system's) marketing, and the State is beginning to recognize this reality. The Web has several key advantages over other forms of advertising:

- **Cost.** A Website is relatively inexpensive to set up and maintain.
- **Reach.** As the name "World Wide Web" indicates, the Internet is international in scope and almost every household that contains a golfer has access to the Internet.
- **Information.** The amount of information that can be put on the Web is virtually unlimited. At the very least, clear directions and contact information can be used to dramatically increase impact.

NGF has viewed the Utah State Parks golf website, which is located as part of the overall State Parks Website at stateparks.utah.gov/golf. This address appears to be easy and memorable enough to be easy to use. It was noted by NGF that using the above address, finding the golf pages was very easy. Of course, for a Website to be effective, people have to be able to find it. It has to be designed so that today's Web search engines will find it based on key terms people are likely to use. In direct review of search engines like *Google* and *Yahoo*, NGF found that the Utah State Parks golf sites produced varied results in search engine activity, such as:

- "Utah Golf" – Utah State Parks golf courses were on the first page;
- "Golf Salt Lake City" – Utah State Parks golf courses did not appear;

The above list notes some positives and negatives. In our recommendations section, NGF will offer ideas on how to improve these results leading to even greater site visits and pageviews, hopefully leading to increased rounds and revenue.

Website Features

The Utah State Parks Golf Website appears to NGF to be very "pedestrian" or "park-like" and not as well organized or complete with as many high quality photographs as the successful golf course websites. Still, the site is navigable and includes most of the key aspects typically associated with higher quality golf facility or golf system sites. NGF identified the most important features of a golf Website include:

- Maps with locations and directions to each facility (Utah State Parks – yes)
- Ability to book tee-times online (Utah State Parks – yes but only through 3rd party teeitup.com. Online tee times may be reserved up to 10 days in advance. New visitors will need to register. Credit card information is used to hold the tee time and is not charged unless there is a no-show).
- Ability to sell discount golf passes online (Utah State Parks – no)
- Pictures and descriptions of the facility (Utah State Parks – yes but very limited)
- A full scorecard for each facility (Utah State Parks – yes)
- Process to sign up for email program – this is a key program in the golf industry in 2011 as a way of staying in touch with golf customers, something the Utah State Parks is just beginning to do and the golf website does not allow for sign up.
- Current rates and operating hours (Utah State Parks – yes)

- Amenities offered (Utah State Parks – limited)
- A calendar or news of tournaments and upcoming events (Utah State Parks – no)

It is essential that the Website be kept current for rates, hours, etc. The best sites are the ones that are constantly being updated with new promotions and news items, so that customers get in the habit of checking them.

Social Media

The Utah State Parks golf system is not actively posting on social media (*Facebook* and/or *Twitter*). Marketing golf courses in 2012 and beyond has to be about reaching potential golf customers where they are, and if they are on the Internet and *Facebook*, then that is where Utah State Parks Golf has to be as well. Golf course *Facebook* and/or *Twitter* pages have become common in golf course marketing with mixed results. On one hand it is a great way of keeping your facilities “top of mind” to your customers, but this form of marketing also requires effort to continuously post new items and stay current and up to date. Social media works best when posts are about what is going on at the facilities, such as tournaments, new events, who won what event, who got a hole-in-one, etc. This activity has not worked well to make direct sales or to drive activity through specials.

Utah State Parks currently exists in a centralized social media environment, controlled by the State. NGF has observed that social media for golf courses works best when it is developed at a level close to the golf operation, as opposed to a higher level (such as the State). Examples for Utah State Parks to review include Aurora Colorado (“Aurora Golf, Colorado”), Montgomery County Revenue Authority (“Montgomery County Golf”) and Salt Lake City (“Salt Lake City Golf Division”). The NGF recommendation (more later in this report) for this area would be for Utah State Parks Golf to have its own separate, golf-specific social networking sites with content produced by Golf personnel. This would be similar to other multi-facility municipal golf operations like Aurora and Salt Lake City that have City and Parks & Rec websites, but also allow a golf-specific web and social media presence from within the golf division.

Golf Wasatch

Utah State Parks had developed a new marketing collective to promote all the golf facilities in the Wasatch Front area called *Golf Wasatch*. This entity was run by Utah State Parks Staff and was designed to promote the area as a golf destination and work to aggressively market the region, specifically to out-of-State markets. As this is a key growth area for the State Park golf system, the NGF recommends that this entity be revived, and appropriate resources placed behind it (more in recommendations section).

Summary of Utah State Parks Golf Marketing

The NGF review of Utah State Parks Golf marketing shows a program that is in need of upgrade, both in terms of budget and methodology. NGF experience has shown that the most effective marketing of multi-course golf systems involves a two-pronged approach, with a centralized program to market the system as a collective, augmented by individual facility marketing at each location. Employment of the most up-to-date technology has also been shown to help enhance performance, and thus upgrade in this area is recommended by NGF.

In our formal recommendations (presented later in this report) the NGF will recommended upgrading the golf system Website as a whole and creating more golf-appropriate Web pages for the individual facilities that resemble more upscale golf websites that can help these facilities market themselves (see NGF marketing recommendations).

Much of the golf system marketing has been targeted to State of Utah residents, most of whom are already aware of the facilities. While we note that upwards of 85% of golfers at Utah State Parks golf facilities derive from the State of Utah, expanding the marketing to reach target audiences beyond the State will be an important component of expanding the market and sustaining real growth in rounds and revenues, in light of recent declines in both (more below). The NGF believes that Utah State Parks should be *communicating* with State of Utah residents and *marketing* to prospects outside this geography.

The NGF recommendations contained in this report include marketing recommendations to help Utah State Parks appropriately market and promote its golf facilities using all of the elements that NGF will see at the most successful golf facilities and multi-course systems.

Communications should be simple, focusing on key words like “**Golf in Utah**” and working with existing organizations such as the Utah Golf Association, Utah.com (Utah Travel Industry) and the Utah Sports Commission. Further, the State will have to consider its pricing model for green fee differential between each facility and between classes of golfers, perhaps adding an in-State vs. out-of-State pricing (see NGF marketing recommendations).

SYSTEM-WIDE OPERATIONAL PERFORMANCE

NGF has completed a full review of the performance of the Utah State Parks golf courses. This review is summarized in the paragraphs that follow and expanded upon in review of the golf industry “Standards and Norms” presented later in this report. In summary, it appears that the Utah State Parks golf courses are performing with activity, revenue and expenses that are below general expectations when compared to other municipal golf systems across the nation. The review below covers rounds activity, revenues and expenses over the last few years.

Rounds

The table below shows total rounds by facility since 2009, using the “starts” figure recommended by NGF for appropriate comparison to national and regional standards. We note that over this timeframe, the total Utah Parks system has increased “starts” by about 12%, led mostly by the large increase from 2009 to 2010 at Soldier Hollow. In comparison, the total U.S. golf industry has experienced a 9.7% decline in municipal golf course rounds between 2005 and 2010, with a 3% decline from 2009 to 2010. Total average rounds per 18 holes now stands at 32,497 for municipal golf courses and some Utah State Parks Golf Courses exceeded this figure in 2011.

Utah State Golf System Total Rounds Played by Facility (2009 – 2012)					
Year	Soldier Hollow	Wasatch Mountain	Palisade	Green River	System Total
2009	24,063	51,213	19,584	6,000	100,860
2010	32,116	52,989	19,266	5,481	109,851
2011	32,081	54,068	17,453	6,676	110,278
2012	33,222	55,293	17,500	6,800	112,815
Average	30,370	53,391	18,451	6,239	108,451
Source: State of Utah Natural Resources, Parks and Recreation					

Revenues

The table below shows total gross revenue by facility since 2009. We note that the totals in 2009 and 2012 are similar, with declines observed in 2009 and 2010. In comparison, we see that Utah State Parks golf facilities are operating with revenues that tend to be below the average for 'mid-range' courses (between \$25 and \$70 green + cart fee). The U.S. average revenue for mid-range public golf courses was \$993,800, \$2,645,700 for 'Premium' courses.

Utah State Golf System Total Revenue by Facility (2009 – 2012)					
Year	Soldier Hollow	Wasatch Mountain	Palisade	Green River	System Total
2009	\$1,109,986	\$1,952,132	\$366,005	\$75,202	\$3,503,325
2010	\$1,015,470	\$1,854,824	\$363,124	\$71,315	\$3,304,733
2011	\$963,480	\$1,806,666	\$392,304	\$90,683	\$3,253,133
2012	\$1,011,722	\$1,912,851	\$379,760	\$87,434	\$3,391,767
Average	\$1,025,165	\$1,881,618	\$375,298	\$81,159	\$3,363,240

Source: State of Utah

Average Revenue Analysis

The total average revenue earned per round of golf played now stands at \$30.11 for the full system in 2012. The average for mid-range public golf courses in the U.S. was \$21.54 for total golf revenue per round (green, cart, membership), plus an additional \$9.04 in ancillary spending for a total of \$30.58 per round, an amount very close to the actual performance of the State of Utah golf facilities. The average for 'Premium' public golf courses in the U.S. was \$55.73 for total revenue per round in golf revenue (green, cart, membership), plus an additional \$25.68 in ancillary spending (averages displayed in next section of this report).

Expenses

The table below shows total operating expenses by facility since 2009, excluding cost of sales, user fees and debt service. We note the totals show relatively stable performance, although there have been larger decreases at some courses (Palisade and Green River) than the Wasatch Mountain State Park courses. The overall expenses to operate Utah State Parks Golf facilities are generally lower than expense averages for mid-range public golf courses in the nation (average facility = \$931,900 in expenses), but much lower than average expenses for 'Premium' public golf courses (\$2.65 million in expenses). The per-facility expenses are shown in the table that follows.

Utah State Golf System Total Operating Expenses by Facility (2009 – 2012)					
Year	Soldier Hollow	Wasatch Mountain	Palisade	Green River	System Total
2009	\$1,133,944	\$1,119,247	\$505,525	\$303,219	\$3,061,935
2010	\$969,815	\$1,099,129	\$517,092	\$299,704	\$2,885,740
2011	\$1,040,070	\$1,086,244	\$492,969	\$325,058	\$2,944,341
2012	\$1,083,339	\$1,048,463	\$407,521	\$183,586	\$2,722,909
Average	\$1,056,792	\$1,088,271	\$480,777	\$277,892	\$2,903,731

Source: State of Utah Natural Resources, Parks and Recreation

System Summary

A summary of performance of the Utah State Parks Golf System, including all cost of sales, user fees and debt service, is presented in aggregate and by facility.

Utah State Parks Golf System Summary of Performance (2009 – 2012)					
	2009	2010	2011	2012	Average
Rounds	100,860	109,851	110,278	112,645	110,925
Revenue					
Green Fees	\$1,979,266	\$1,847,845	\$1,773,965	\$1,927,005	\$1,849,605
Driving Range	50,950	54,408	44,392	49,046	\$49,282
Cart Fees	1,033,932	1,030,989	1,045,087	1,039,427	\$1,038,501
Merchandise	393,061	329,120	340,843	321,563	\$330,509
Other	3,684	6,350	7,153	9,337	\$7,613
F & B Lease	42,432	36,021	41,693	45,389	\$41,034
Total Revenue	\$3,503,325	\$3,304,733	\$3,253,133	\$3,391,767	\$3,363,240
System-Wide Cost of Sales	\$232,243	\$186,957	\$185,886	\$178,901	\$195,997
System Gross Margin	\$3,271,082	\$3,117,776	\$3,067,247	\$3,212,866	\$3,167,243
Expense					
Total Personnel Services	\$2,066,909	\$1,893,899	\$1,818,925	\$1,761,840	\$1,885,393
Total Current Expense	984,136	971,317	1,077,204	\$869,351	\$975,502
Data Process Expense	10,662	19,490	14,366	17,864	\$15,596
Other	228	1,034	33,846	73,854	\$27,241
Total Expenditures	\$3,061,935	\$2,885,740	\$2,944,341	\$2,722,909	\$2,903,731
Net Operating Income	\$209,147	\$232,036	\$122,906	\$489,957	\$263,512
Total User Fees (Capital)	\$281,515	\$275,110	\$314,360	\$338,796	\$302,445
Net After User Fees	(\$72,368)	(\$43,074)	(\$191,454)	\$151,161	(\$38,934)
Soldier Hollow Debt	\$1,100,060	\$1,100,060	\$1,055,447	\$1,010,833	\$1,066,600
Wasatch Mountain Debt	\$371,407	\$371,407	\$371,407	\$371,407	\$371,407
Total Debt Service	\$1,471,467	\$1,471,467	\$1,426,854	\$1,382,240	\$1,438,007
Net After Debt	(\$1,543,835)	(\$1,514,541)	(\$1,618,308)	(\$1,231,079)	(\$1,476,941)
Source: State of Utah Natural Resources, Parks and Recreation					

**Utah State Parks Golf System
Summary of per Facility Performance (2009 – 2012)**

Wasatch Mountain	2009	2010	2011	2012
Total Facility Revenue	\$1,952,132	\$1,854,824	\$1,806,666	\$1,912,851
Less:				
Cost of Sales	\$68,868	\$63,911	\$61,889	\$51,907
Facility Operating Expense	\$1,119,247	\$1,099,129	\$1,086,244	\$1,048,463
Debt Service	\$371,407	\$371,407	\$371,407	\$371,407
User Fees (Cap Reserve)	\$155,760	\$154,000	\$182,424	\$200,577
Wasatch Mtn. Net Income	\$236,850	\$166,377	\$104,702	\$240,497
Soldier Hollow				
Total Facility Revenue	\$1,109,986	\$1,015,470	\$963,480	\$1,011,722
Less:				
Cost of Sales	\$113,860	\$76,471	\$70,768	\$73,584
Facility Operating Expense	\$1,133,944	\$969,815	\$1,040,070	\$1,083,339
Debt Service	\$1,100,060	\$1,100,060	\$1,055,447	\$1,010,833
User Fees (Cap Reserve)	\$83,940	\$80,619	\$91,347	\$98,123
Soldier Hollow Net Income	(\$1,321,818)	(\$1,211,495)	(\$1,294,152)	(\$1,254,157)
Palisade				
Total Facility Revenue	\$366,005	\$363,124	\$392,304	\$379,760
Less:				
Cost of Sales	\$49,515	\$46,575	\$53,229	\$53,410
Facility Operating Expense	\$505,525	\$517,092	\$492,969	\$407,521
User Fees (Cap Reserve)	\$32,923	\$32,019	\$31,704	\$32,493
Palisade Net Income	(\$221,958)	(\$232,562)	(\$185,598)	(\$113,664)
Green River				
Total Facility Revenue	\$75,202	\$71,315	\$90,683	\$87,434
Less:				
Facility Operating Expense	\$303,219	\$299,704	\$325,058	\$183,586
User Fees (Cap Reserve)	\$8,892	\$8,472	\$8,885	\$7,603
Green River Net Income	(\$236,909)	(\$236,861)	(\$243,260)	(\$103,755)
Summary Utah State Parks Golf System				
Total System Revenue	\$3,503,325	\$3,304,733	\$3,253,133	\$3,391,767
Less:				
System-Wide COS	\$232,243	\$186,957	\$185,886	\$178,901
System Operating Expense	\$3,061,935	\$2,885,740	\$2,944,341	\$2,722,909
Total Debt Service	\$1,471,467	\$1,471,467	\$1,426,854	\$1,382,240
Total User Fees (Cap Reserve)	\$281,515	\$275,110	\$314,360	\$338,796
Utah State Parks Golf Net Income	(\$1,543,835)	(\$1,514,541)	(\$1,618,308)	(\$1,231,079)
Source: State of Utah				

System Summary Discussion

The NGF review of the Utah State Parks golf system economic performance has revealed the following:

- The review shows a large system with over \$3.25 million in total golf revenue each year since 2009, with a peak of \$3.5 million in 2009.
- Total operating expenses have been reduced in recent years to just under \$2.9 million in 2012. This level of expense is likely the “bare minimum” that can be spent and still maintain the integrity of the golf system. The NGF review has shown that expense reductions at Palisade and Green River may have reached beyond the level of sustainability and should be reevaluated.
- The system’s financial position has improved considerably in FY2012, with favorable weather, publicity from the USGA event, declines in condition at other local courses (Park City, Homestead) and enhanced marketing activities. Using 2012 as a template, the Utah State Parks golf system can be self-sustaining to cover its basic operations, but it is very unlikely that this system can produce enough revenue to cover all expenses, including debt service. This is a common position in municipal golf in the U.S. as just under one in three (33%) of all municipal golf courses were able to fully cover debt service payments in 2011.
- This golf system has a very large level of debt service, with over \$1.0 million per year due for Soldier Hollow and over \$370,000 per year for Wasatch Mountain. The debt for Wasatch Mountain is expected to be fully paid by FY2019, thus allowing for a very large reduction in total expense to the system at that time. However, the Soldier Hollow debt will be with this system for 11 more years, through 2024.

Individual Facilities

ANALYSIS OF WASATCH MOUNTAIN GOLF COURSE

Wasatch Mountain Golf Course is a 36-hole championship golf facility originally developed in the 1960s, as part of the large 23,000-acre Wasatch Mountain State Park. The first golf course (18-hole Lake Course) was opened in 1967, with a third 9-hole course added in 1973. The final nine holes of the Mountain Course, along with the upgraded clubhouse, were finished in 1997. This facility now operates as the key golf facility for the Utah State Parks golf system, producing the highest rounds and revenue totals for all the golf courses. As recently as 2008, Wasatch Mountain was hosting as many as 57,000 total rounds (total “starts” – over 100,000 9-hole rounds) of golf with total gross revenues (from all sources) in excess of \$2.0 million. In FY2011, Wasatch Mountain recorded just 54,000 total rounds and \$1.7 million in total revenue.

The facilities at Wasatch Mountain include 36 championship golf holes, a modern irrigation system, a modern clubhouse operation, and a driving range. The facility is the premier golf course for the Utah State Parks golf system with a strong reputation for good golf and a high level of service.

Location and Access

Wasatch Mountain Golf Course does not appear to be well located for high rounds activity. The facility is located within the Wasatch Mountain State Park, and in a rural section of the western side of the “Wasatch Front,” in close proximity to the towns of Heber City and Midway. The Wasatch Mountain golf courses are accessible via one main roadway – Highway 189 connects the area to the Orem and Provo areas to the south (20 miles) and to Park City via Highway 40 to the north (15 miles). In all, the area is approximately 45 miles from Salt Lake City, making the trip to the facility from this market take up to one hour to drive. As such, this facility will function as a “destination-type” golf facility, with most activity coming from golfers living beyond the standard public golf course drive time of approximately 20 minutes.

Golf Course Review

Wasatch Mountain GC is an award-winning facility that appears to be very popular with golfers in the State of Utah golf market. The facility includes two separate and distinct golf courses: the original Lake Course and the newer Mountain Course. A summary of each course follows.

Lake Course

- Open 1967, designed by William H. Neff.
- Traditional par-72 layout with tree-lined fairways and generally wide hole-corridors. All 18 greens are “push-up” greens from the 1960s.
- Three sets of tees (Back, Middle, Front), with the longest measuring 6,642 yards and a USGA slope rating of 128 (about 13% ‘harder’ than the USGA standard slope rating of 113). The most forward tee measures 5,573 with a slope rating of 112, or also harder than the “standard.”
- 36 sand bunkers on the course with water in play on nine of the 18 holes.
- 1.5 acres of cart paths, not continuous throughout the golf course.

Mountain Course

- Open with the first 9 holes in 1971, a second 9 holes was added in 1996. The newest holes were designed by William Howard Neff (son of Lake Course architect).
- More modern and sophisticated par-71 golf course layout with narrow, tree-lined hole corridors, 9 of the 18 greens built to USGA specifications, and more difficult bunkering.
- The layout includes five par-5 holes and six par-3 holes (four of each is 'standard').
- Three sets of tees (Back, Middle, Forward), with the longest measuring 6,459 yards and a USGA slope rating of 125 (about 11% 'harder' than the USGA standard slope rating of 113). The most forward tee measures 5,009 with a slope rating of 119, or slightly higher than the "standard."
- With a slightly higher elevation, the Mountain Course is more scenic than the Lake course, but has fewer playable days per year due to cold weather.
- 38 sand bunkers on the course, including many smaller bunkers clustered together on several holes (modern feature), with water in play on only one of the 18 holes.

Overall, each course at Wasatch Mountain offers a good quality championship golf course that requires skill and accuracy to play well, although the newer Mountain Course is clearly more difficult. This mix of ease and difficulty gives the Wasatch Mountain GC great flexibility in marketing and ability to attract golfers of all skill levels.

Each of the courses has some on-course services, including a snack shack (halfway house) on the Mountain Course and restrooms on the both courses (plus several drinking water stations). The older Lake Course is mostly to the south of the clubhouse, with both the 9th green and the 10th tee in view of the pro shop, but the golfer is not required to pass the clubhouse between these two holes, thus reducing food and beverage revenue potential.

The newer Mountain Course is mostly north of the clubhouse area and has a similar layout, with the 9th green and the 10th tee in immediate proximity to each other north of the parking area, but not proximate to the clubhouse. Both courses start at similar locations south of the clubhouse, proximate to starter facilities and within view of the pro shop and clubhouse.

Upon review and inspection it is clear to NGF that there is nothing inherent in the basic design of either golf course or the facility as a whole that could serve to limit the volume of rounds, the overall revenue potential or the overall operating expense of the Wasatch Mountain Golf Course facility.

Clubhouse Review

- The clubhouse footprint is approximately 4,000 square feet (sf) on two levels, plus an outdoor patio at the southwest end. The upper section includes the pro shop, snack bar area and a banquet room, as well as other open areas and restrooms.
- The facility includes a well landscaped entrance presentation with a circle drive and bag drop at the front of the clubhouse.
- The lower level includes space for storage of 50+ carts.
- The pro shop at Wasatch Mountain is one of the largest in the system and has generally produced the highest consistent volume of sales in the system (pro shop sales peaked at \$143,000 in 2009 and had dropped to \$112,000 by 2012).
- The banquet room is ideal for hosting gatherings, both after golf events and also separate luncheons and parties. The capacity of the banquet Room is 200+ for

comfortable seating, an amount that is fully sufficient to host the largest golf events. As double 'shotgun' (simultaneous tee off at each hole) events can host as many as 144 players.

- The Wasatch Park Café offers a simple menu of items and space for up to 40 patrons at 10 tables. The room also includes high ceilings and one TV.
- An exterior patio has nice views of the golf course at the southwest end of the clubhouse (not included in HVAC).

The clubhouse facilities at Wasatch Mountain offer both functional utility and pleasing aesthetics, along with a very efficient use of space. The kitchen facilities at Wasatch Mountain are the largest for a basic café operation in the State of Utah system, surpassed only by the banquet kitchen at Soldier Hollow. There appears to be space to handle all the basic needs of a public golf course active in hosting large events and parties, even for the largest and potentially most profitable events. The outdoor patio area is also ideal for summer gatherings.

As a 36-hole facility, there is great opportunity for Wasatch Mountain to maximize tournament and group golf business, and there are adequate clubhouse facilities to accommodate the large indoor gatherings that usually accommodate these events. NGF sees this as a major competitive advantage to maximizing revenue generation from outings and non-golf related events.

Practice Amenities

Wasatch Mountain Golf Course has relatively modest practice amenities that include the driving range, conveniently located near the parking lot, plus a large practice green. We note that the practice green is all that exists to service chipping practice, which is not ideal. The range is well located for access from the parking lot or directly from the cart staging area. Range balls are obtained from the pro shop. The range is approximately 250 yards long at its longest point, and is only about 100 yards wide. The driving range does not have any netting or firm barriers to prevent shots from leaving the range, but this does not appear to be a problem for this course. The range has a total of 15 to 20 hitting stations, which is insufficient on busy days and especially during tournaments/outings.

Wasatch Mountain Facility Physical Evaluation

Wasatch Mountain GC appeared to have two well-maintained golf courses at the time of the NGF visits in January and May 2012. NGF expects that Wasatch Mountain, together with Soldier Hollow, will have maintenance requirements that should be at the highest level in the Utah State Parks golf system. It is of great importance that maintenance at Wasatch Mountain be efficient, both in total labor, utilities, and supplies.

Recommended Upgrades

The overall condition of the Wasatch Mountain Golf Course property is very good, with all infrastructure is clearly within its expected useful life (see **Appendix B**), and no major alteration of the golf course is required. In looking to the future, some items should be considered for upgrade at Wasatch Mountain, mostly related to expanding the cart path system and planning for the eventual irrigation and greens improvement that may be forthcoming in the longer-term future (beyond 10 years). The physical improvements recommended for Wasatch Mountain, presented in order of NGF recommended priority:

1. **Driving Range Improvements** – If possible given the physical constraint of the property, the driving range should be widened to allow for additional tee stations. **NGF estimated cost = \$25,000.**

2. **Equipment Cleaning System** – Wasatch Mountain needs upgrade to its system for cleaning maintenance equipment. **NGF estimates approximately \$50,000 to add the system to the Wasatch Mountain maintenance area.**
3. **Continuous Cart Paths** – Complete a full overlay of asphalt cart paths to cover the full length of both golf courses. **NGF estimated cost = \$2.75 per foot (sf), or roughly \$275,000 for the roughly 100,000 sf to finish project.**

Upgrade Recommendations – Lower Priority

Other upgrade considerations with lower priority to be completed after 2016 include the items listed below. The cost for each item has been adjusted to account for future inflation.

1. **Drainage Improvements** – Wasatch Mountain should complete a comprehensive program to improve drainage on the golf course, both through enhanced drainage features on the golf course and through improving the culverts and drainage channels property wide. This will go a long way toward helping improve turf health and improving the overall volume of play, especially during wet periods. **NGF estimates approximately \$200,000 for site drainage improvements.**
2. **Irrigation Replacement** – Wasatch Mountain irrigation dates back to 1988 and approaching (or exceeding) its useful life. **NGF Estimated cost = \$950,000 for a new system to be installed at Wasatch Mountain GC.**
3. **Greens:** The 27 older greens (all 18 on the Lake Course and 9 on the Mountain Course) are at the age where it is expected that they will need to be rebuilt. However, NGF did not observe any concerns with these greens, and they appear to be fine for the foreseeable future. This item is included in this list as a precaution and to allow Utah State Parks to be prepared for the eventual replacement that will likely be needed in the 10±-year time. **NGF Estimated cost = \$30,000 per green to repair and re-grass, or \$840,000 for 28 total greens (including practice greens).**
4. **Add Public Wi-Fi Access To The Clubhouse** – Wasatch Mountain should provide (and promote) the public availability of free wireless Internet access in the clubhouse for golf customers. This will go a long way toward helping develop a growing clientele of business executive golfers. The exact rounds or revenue enhancement from this addition is difficult to determine, but most premium golf courses that have added the feature report increases in rounds from corporate clients, especially in tournament/outing activity. **NGF estimates approximately \$25,000 to add the T1 or wireless line to the clubhouse.**
5. **New Token-Less Range Dispenser** –The NGF also encourages the addition of a ball dispensing machine with a modern self-service program that can take magnetic (swipe) cards. The electronic cards allows for golfers to prepay for the range balls. They function like a debit card, with a dollar amount stored on the card and then charged each time a bucket of balls is used. **NGF estimated cost = \$18,000.**

Estimated Cost and Priority of Physical Improvements

The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

Wasatch Mountain Golf Course Needed Physical Improvements	
Highest Priority Items (1-5 years)	Highest Estimated Cost
Range Improvements	\$25,000
Equipment Cleaning System	50,000
Continuous Cart Paths	275,000
Total High Priority	\$350,000
Lower Priority Items (5-10 years)	
Drainage Improvements	\$200,000
Irrigation Replacement	950,000
Greens Replacement (optional)	840,000
Add Wi-Fi to Clubhouse	25,000
Token-less Range Dispenser	18,000
Total Lower Priority	\$2,033,000
Total Wasatch Mountain Upgrades	\$2,383,000

Staffing

Wasatch Mountain is presently operated directly by Utah State Park, through the system's regional managers. Wasatch Mountain State Park employs an on-site Park Manager, with responsibility for both Wasatch Mountain GC and Soldier Hollow GC. On-site authority for the Wasatch Mountain GC is the responsibility of the Head Golf Professional, a long-term veteran of the facility with many years of experience. This length of experience appears to have some positive and negative aspects, as the individual in this position has developed many important client relationships, as evidenced by the large volume of repeat tournament and outing business. However, the experience also appears to have hindered the Head Pro's ability to adapt to the modernization of golf operations, particularly as it relates to technology and using technology to increase rounds activity. The NGF was disappointed that the Head Golf Professional at Wasatch Mountain GC did not involve himself in the NGF consulting process, despite opportunity to do so (more about this position in NGF's recommendations later in this report).

Despite cuts to operations staff at other Utah State Park golf courses, the State has determined that the staff of full time employees is needed at Wasatch Mountain, given the high volume nature of the facility, and NGF agrees with this decision. The staffing totals presented do not include several starter and ranger positions that are staffed by volunteers. The use of volunteers for these positions is common in the golf industry, and paid employees in these positions are becoming less common. Providing golf service in exchange for volunteer work is common in the golf industry as long as volunteers do not take tee times away from paying customers and pay their own way for other services such as carts, range balls, and rental clubs. The reported staff at Wasatch Mountain has changed some in the last year, as summarized below:

Wasatch Mountain Golf Course Facility Staffing 2011-2012	
Head Golf Professional	FT
Assistant Golf Professional	FT
Superintendent	FT
Assistant Superintendent (2)	FT
Mechanic	FT
Pro Shop Seasonal (15)	PT
Maintenance Seasonal (25-30)	PT

Golf Staff

Six (6) Full Time Employees: (1) Head Golf Professional, (1) Assistant Golf Professional, (1) Superintendent, (2) Assistant Superintendents and (1) Mechanic. The NGF consultants did express concern about the lack of involvement in the consultant process from the Head Golf Professional and the reported skill set of this individual, related specifically to the need to modernize the systems and marketing of the facility and the need to use technology to achieve the systems goals for the facility (more in recommendations section).

Pro Shop

Approximately 15 seasonal employees; Lead Starters, Starters and Cart Staff working various hours and several volunteer marshals. The total estimated budget for these positions is \$93,000 or a total of 9,110 hours of seasonal time.

Maintenance Shop

NGF completed its inspection of the Wasatch Mountain Golf Course facility in January and May 2012 and observed outstanding conditions. We note that Wasatch Mountain has experienced some reductions in maintenance operation. Wasatch Mountain has one of the larger maintenance staffs within the Utah State Park Golf Enterprise, a response to both the 36-hole nature of the operation, and the high quality of the golf courses.

The facility employs a total of between 19 and 20 seasonal employees (variable based on activity, weather and needed projects) in 2012, down from 22 seasonal employees in 2010. These are mostly grounds workers who are working full time (40 hours per week) from May to September. The total estimated budget for these positions is \$153,000 or a total of 14,452 hours of seasonal time.

Food and Beverage

The food and beverage operation at Wasatch Mountain GC appears to be “standard” for a public golf course operation, serving the basic concession needs of golfers in an efficient and convenient fashion, while at the same time allowing for some ability to host larger events and parties in the banquet room.

The food and beverage service at Wasatch Mountain is provided through two separate venues of operation: (1) the Wasatch Mountain Café; and (2) private parties in the banquet room. The Wasatch Mountain Cafe service includes counter service of a basic menu of items consistent with a high quality public golf course, including lunch items (sandwiches, etc.); plus a full selection of beverage items (including beer). A review of the menus shows modest pricing on items, with the sandwiches all at around \$5.00 to \$6.00. Beer is available on draught for \$3.00. Seating is comfortable and convenient in both the indoor snack area (can seat up to 48) and the outdoor patio.

Wasatch Mountain GC does not operate any on-course beverage cart service, a key deficiency in operations. The State should encourage (or require in new contract) the vendor to operate a beverage cart at least on most busy days and during tournaments/outings. This schedule would be appropriate for Wasatch Mountain GC to serve the demands of golf customers.

Wasatch Mountain GC also has a banquet room for hosting parties and banquets. As noted, this space can accommodate up to 200+ patrons. Many of these gatherings are part of golf outings or tournaments, but there appears to be a growing business in non-golf events such as luncheons and parties.

The “typical” food and beverage concession at public golf courses produces approximately \$5.61 per round, including banquets (see next chapter). Analysis of Wasatch Mountain shows total gross revenue from the food and beverage operation at approximately \$340,400 in 2011. This equates to \$6.30 per round for total food and beverage. Given that Wasatch Mountain has become more active in recent years in promoting a small banquet business, NGF finds this figure to be appropriate. It seems that regular play golfers do purchase concessions on a regular basis, and the clubhouse set up is convenient for a “quick stop” between nines.

In summary, NGF Consulting believes that the food and beverage operation at Wasatch Mountain is the appropriate complement to the overall facility, and Wasatch Mountain customers seem satisfied with the quality of service. There may be opportunity to increase performance of the Wasatch Mountain Cafe by reaching out to non-golfers without adding too much expense to the operation, provided larger space was available (more later in this report). The addition of on-course service (beverage cart) may also be a new revenue enhancement (state only 5% share), but is an overall added service to golfers and can help increase rounds.

F & B Concession Agreement

The operation is operated via concession agreement between Utah State Parks and Recreation (“Division”) and Glen B. Van Wagoner, **Wasatch Park Café** (“Concessionaire”) for exclusive year-round food & beverage and vending rights for **Wasatch Mountain Golf Course**, including Soldier Hollow Clubhouse and on the golf course itself. The agreement was entered into for a period from April 1, 2008 through April 1, 2014. The agreement provides an option to renew for two additional five-year terms at the option of the Division.

Concessionaire responsibilities

- Food & beverage service for sale to the public, including the snack shack on the Mountain Golf Course
- Banquet services in dining room
- Coordinate food services with the pro shop staff
- Open 7 days a week during golf course operating hours
- Offer beer service and sales
- Provide janitorial/sanitation service for restrooms and hallway associated with the restaurant and banquet areas of the clubhouse and the entrance to the foyer.
- Provide all equipment and materials necessary to maintain the concession premises in a first-class condition
- Install, operate, and maintain all kitchen and food/beverage preparation and service
- Repair or replace State equipment as needed; such equipment is owned by Concessionaire until termination of agreement.
- Meet health department requirements

Division responsibilities

- Provide cleaning materials and paper products for maintenance of restrooms on the main floor of the clubhouse
- Provide some “built-in” items for the kitchen in place at the start of the agreement

Fees

- Concessionaire pays Division an annual base payment of \$20,000
- Concessionaire pays Division \$4,000 annually, paid in four equal payments June 15, July 15, August 15, September 15 each year
- A 3% annual increase in fees began in the third year (2010)

Ownership of improvements

Upon termination of concession, possession of improvements vests in the Division.

Present Operational Issues

Wasatch Mountain is operated as a public golf facility, with the majority of revenue derived from green fees, cart fees, and some ancillary concessions (pro shop, F &B, other rentals). The NGF review of the facility’s marketing, range operations, carts, rental clubs and a discussion of fees follows in this section.

Marketing

As documented by NGF in our System-Wide review, the marketing of State of Utah State Parks golf courses has two separate components, with marketing activities from each individual facility and a centralized marketing program covering all facilities. The result is a combination of marketing activities, with a broad-based central program and facility-specific activities than tend to be focused on Soldier Hollow and Wasatch Mountain. Highlights of selected Wasatch Mountain specific marketing is shown below (in addition to system-wide marketing efforts noted earlier):

- Fairways Media assists the facility with print advertising in the “*Fairways*” publication and various newspapers. Fairways Media also does an email blast to their database.
- Wasatch Mountain used a FORE! Reservations tee sheet and online reservation system that allows the facility to send email blasts to its own database customers. The golf staff is working with FORE! Reservations to improve data collection from customers, including the addition in 2012 of a kiosk in the pro shop for people to sign up to win prizes when they provide their email address.
- The facility advertises and is promoted by the Heber Valley Chamber of Commerce and their website.
- The facility advertises on Park City radio (KPCW) with promo spots for golf.
- Wasatch Mountain maintains an official website via Utah State Parks and Recreation (more later in this report).
- The facility is active in hosting numerous outings and events, the most important of which include the Utah Junior Golf Association, Utah Section PGA, Utah Golf Association and the United States Golf Association.

Traditionally, NGF recommends marketing budgets for golf courses of at least 2% of total gross facility revenue, or roughly \$35,000 for Wasatch Mountain in 2011 (\$50,000 for 2008). In larger, multi-course systems it is expected that these amounts can be reduced by 25% to 50%, as long as the total system is being marketed aggressively.

Clientele

Staff observations reported to NGF in 2012 show mixed sources of golf rounds activity at Wasatch Mountain GC, including:

- Local area residents (mostly season pass holders) - make up about 40% of play. Most local play is from the Park City and Salt Lake area, with only a small amount of play reported from south of the property (Provo/Orem).
- Tournament/Outing Business – could be as high as 50% of total play. Wasatch Mountain GC typically will host over 100 “events” per year, including many large corporate outings. As of early May 2012, 73 such outings have been booked for 2012. Considering a 150-day golf season, it is expected that as many as two of every three golf days will include a golf outing of some type.
- Other tourist play – remaining 10% of play.

Walking is allowed only on the Lake Course at Wasatch Mountain, and this facility does get a high proportion of play from walkers. Cart revenue at Wasatch Mountain suggests that close to 20% of total rounds played at the facility are from walkers, with generally consistent performance in this measure from 2008 through 2011. The Mountain Course has 100% cart ridership and no walking.

Driving Range Operations

The driving range operation at Wasatch Mountain Golf Course represents a nice additional revenue source, despite the small size and limited other practice amenities. Range prices are \$3.50 for a small bucket and \$7 for a large. Range balls can be obtained via token-operated range dispenser located at the driving range. It is expected that this operation can be eased considerably by adding a token-less range dispensing system, as noted previously in general discussion of range operations.

Carts

Wasatch Mountain is presently using a fleet of 185 total carts, of which 163 are gasoline powered and the remaining 22 are electric. The carts are owned by the State and stored either on the lower level of the clubhouse (50 carts) and in the nearby cart barn (110 carts). In years past the State was planning to switch from gas to electric carts, but the need to store and re-charge a large cart fleet and the hilly nature of the Wasatch Mountain golf courses led to the realization that gasoline powered carts would be best. NGF did note a tight configuration for cart storage at Wasatch Mountain, making any expansion of the cart fleet problematic.

Fee Analysis

The table below displays the daily playing fees for Wasatch Mountain for 2011-12 and the adjustments made for FY2012-13.

Wasatch Mountain Fees				
	2011-2012		2012-13	
	Weekday	Weekend	Weekday	Weekend
Green Fees				
9 holes	\$14.50	\$14.50	\$15.50	\$15.50
9 holes Senior	\$12.00	\$14.50	\$12.50	\$15.50
9 holes Junior	\$11.00	\$14.50	\$11.00	\$15.50
18 holes	\$29.00	\$29.00	\$31.00	\$31.00
18 holes Senior	\$24.00	\$29.00	\$25.00	\$31.00
18 holes Junior	\$22.00	\$29.00	\$22.00	\$31.00
18 holes Child	\$8.00	\$8.00	\$8.00	\$8.00
Passes				
20-punch pass	\$240.00		\$250.00	
Annual pass	\$750.00		\$850.00	
Other Fees				
Cart 18 holes	\$14.00	\$14.00	\$14.00	\$14.00
Club rental 18 holes	\$12.00	\$12.00	\$12.00	\$12.00
High-end club rental	\$24.00	\$24.00	\$24.00	\$24.00
Driving range small	\$3.50	\$3.50	\$4.00	\$4.00
Driving range large	\$7.00	\$7.00	\$8.00	\$8.00
Senior = 62+; Junior = 13-17 Child = 12 and under				

Season Passes

Wasatch Mountain offers a season pass for \$750 that has produced a reported 72 sales and 2,046 total rounds (starts). As a result, the total average revenue per round from these passes is lower than the 18-hole green fee noted above. A summary of the program is shown in the table below. Wasatch Mountain also offers the 20-play punch pass for \$240, with a total of 30 sold for \$7,200 and 540 total rounds recorded.

Pass Sales – Wasatch Mountain GC				
Pass Fee	No. of Passes Sold	Total Pass Revenue	Total Pass Rounds	Average Revenue per Pass Round
\$750.00	72	\$50,700	2,046	\$24.78
Source: State of Utah				

Rental Clubs

Wasatch Mountain GC offers rental clubs as a service to golfers lacking equipment. The course owns several full rental sets of above average quality. Base fees for rental sets at Wasatch Mountain GC are \$12 for a base set and \$24 for a high-end (Callaway) set for 18 Holes.

Facility Performance and Data Analysis

Wasatch Mountain is operating as a public golf course, generating the vast majority of its revenue totals from green and cart fees. Additional revenue is also earned from ancillary items (pro shop, range, concessions). The following paragraphs summarize each of these revenue sources, plus the expenses required to maintain the facilities and service customers.

Activity Levels

The tables below show reported 9-hole rounds activity at Wasatch Mountain since 2006. As noted previously, the State of Utah is recording rounds played totals based on 9-hole rounds, a method that is different from the golf industry standards. The POS sales reports do show total starts, allowing for appropriate comparison. We see that this facility had shown a relatively continuous decline in activity since 2006, with an overall decline of over 4,870 rounds in the last six full years (8.3%). Significant impacts to rounds totals were recorded during this period, including both immediate effects of a recession in late calendar year 2008, and other weather events.

The total rounds recorded at Wasatch Mountain are not only down for the last six years, but rounds totals at this 36-hole facility were consistently in the 60,000s through much of the first half of the last decade. This longer-term decline is generally consistent with national trends observed by the NGF. The average annual rounds per 18-hole public golf course in the total U.S. now stands at 32,497, down from more than 50,000 rounds in 2000 (see next chapter on Golf Industry Standards, Norms, and Operational Issues).

Wasatch Mountain Golf Course Historical Total Reported 9-Hole Rounds – 2006-2011							
	2006	2007	2008	2009	2010	2011	Average
Total Rounds	105,247	116,147	102,219	91,452	94,623	96,690	101,063
Annual % Change		10.4%	-12.0%	-10.5%	3.5%	2.2%	
Total % Change (2006-11)	-8.1%						
Source: State of Utah							

Wasatch Mountain Golf Course Historical NGF Estimated “Starts” (Rounds for Comparison) – 2006-2011							
	2006	2007	2008	2009	2010	2011	Average
Total “Starts” (Rounds)	58,938	65,042	57,243	51,213	52,989	54,068	56,582
Annual % Change		10.4%	-12.0%	-10.5%	3.5%	2.0%	
Total % Change (2006-11)	-8.3%						
Source: NGF Consulting Estimate based on records from State of Utah Natural Resources, Parks and Recreation							

Rounds by Type

Rounds at Wasatch Mountain are divided between daily fee rounds, pass rounds, and complimentary rounds. In 2011, Wasatch Mountain has seen approximately 94% of rounds from daily fee players, 5% from discount passes, and 1% complimentary rounds. The amount for employees and volunteers is clearly below the acceptable threshold of 4.0% of complimentary rounds for a municipal golf course.

Wasatch Mountain Golf Course Rounds Played by Type (2011)	
Daily Fee	2011
18 GF	27,880
18 Senior	8,798
9 GF	7,686
9 Senior	2,453
18 Junior	286
Twilight After 3	2,082
Hotel	187
Spring Promo	91
9 Junior	437
18 School	575
9 School	574
Pass Rounds	
9-Hole	354
18-Hole	2,046
Punch Pass	30
Complimentary Rounds	589
Total Facility Rounds	54,068
Source: POS Sales Reports - State of Utah Natural Resources, Parks and Recreation	

Rounds by Month

In reviewing the rounds totals by month for 2011, NGF notes the clearly definable peak season for golf in the State of Utah with highest activity in June through August, a small “shoulder” season in May, September and October, and a slower winter season where some rounds are generated on a weather-permitting basis. Staff reports to NGF that FY2011 represents a fairly “typical” year in terms of seasonal variation.

Wasatch Mountain Golf Course Rounds by Month (FY2011)		
	2011 Total Reported 9-Hole Rounds	% of Total
March	0	0.0%
April	853	0.9%
May	5,810	6.0%
June	17,042	17.6%
July	23,946	24.8%
August	23,042	23.8%
September	18,782	19.4%
October	7,001	7.2%
November	214	0.2%
Dec.-Feb.	0	0.0%
Source: State of Utah		

Capacity Issues

As we will present later in the 'Competitive Analysis' section, current rounds played volumes at Wasatch Mountain are within the norms for championship 18-hole facilities operating within the Salt Lake City Metro region. Based on Wasatch Mountain's market positioning, location, and diversity in offering (two distinct 18-hole courses), NGF Consulting has estimated a reasonable number of expected yearly rounds activity of about $\pm 60,000$ to $\pm 70,000$ rounds in a good weather year. Thus, NGF has not termed this a "capacity": Wasatch Mountain is fully capable of hosting rounds in excess of 80,000, but it should not be expected at this location at this time.

Revenue Analysis

NGF Consulting's review of performance shows that Wasatch Mountain has experienced a decline in total revenue since reaching a recent peak of \$1.93 million in 2009. Since 2009, revenue declined about 18% to just over \$1.73 million in 2011, increasing back to over \$1.9 million in 2012. This decline was relatively consistent across all categories and reflective of the decline in activity. Wasatch Mountain recorded \$123,778 in pro shop sales in 2011, down from a recent high of \$143,475 in 2009. NGF assumes a 'standard' of 65% cost of sales for pro shop operations at golf courses, compared to Wasatch Mountain showing between 45% and 48% (favorable) between 2009 and 2011.

When compared to industry averages (see next chapter), we see that Wasatch Mountain is operating with revenues well above the average for 'mid-range' courses (between \$25 and \$70 green + cart fee), but lower than the U.S. average for 'Premium' courses (over \$70 green + cart fee). The US average revenue for mid-range public golf courses was \$993,800 (18 holes) in 2009, and \$2,645,700 for 'Premium' courses (18 holes). If you assume a double estimate to account for 36 holes, the U.S. standards become \$1,987,600 for mid-range public golf courses and \$5,291,400 for 'Premium' courses.

Wasatch Mountain Golf Course Total Gross Revenue – 2009-2012				
Revenue	2009	2010	2011	2012
Green Fees	\$1,152,062	\$1,065,946	\$1,027,025	\$1,145,167
Driving Range	28,378	32,981	25,953	31,693
Cart Fees	605,100	600,497	607,525	601,785
Other Rentals	0	0	594	0
Merchandise (Gross)	143,475	132,048	123,778	112,842
Other	3,117	3,202	39	0
F & B Lease	20,000	20,150	21,752	21,364
Total Revenue	\$1,952,132	\$1,854,824	\$1,806,666	\$1,912,851

Source: Utah State Parks

Average Revenue Analysis

The total average revenue earned per round of golf played now stands at \$34.59 for 2012, and has shown some decline over the period shown (max is \$38.12 in 2009). This indicates that Wasatch Mountain has experienced a decline in both rounds played and the average revenue per round, an indication that future increases in revenue will require both increased activity (rounds) and an increase in average revenue earned per round. A close analysis of average golf fee revenue shows that average revenue by category has mirrored the overall revenue, with no one line item standing out as being unique. The average for mid-fee public golf courses in the U.S. was \$21.54 for total revenue per round in golf revenue (green, cart, membership), plus an additional \$9.04 in ancillary spending (food, beverage + merchandise – see next chapter).

Wasatch Mountain Golf Course Average Revenue per Round 2009 – 2012				
Revenue	2009	2010	2011	2012
Total Rounds	51,213	52,989	54,068	55,293
Green Fees	\$22.50	\$20.12	\$19.00	\$20.71
Driving Range	\$0.55	\$0.62	\$0.48	\$0.57
Cart Fees	\$11.82	\$11.33	\$11.24	\$10.88
Merchandise (Gross)	\$2.80	\$2.49	\$2.29	\$2.04
Other	\$0.06	\$0.06	\$0.00	\$0.00
F & B Lease	\$0.39	\$0.38	\$0.40	\$0.39
Total Revenue	\$38.12	\$35.00	\$33.41	\$34.59
Source: Utah State Parks				

Expense Analysis

Basic expenses to operate and maintain the facility totaled just under \$1.05 million in 2012, with steady decline since 2009. The overall expenses to operate this facility are higher than expense averages for mid-range public golf courses in the nation (average 18-hole facility = \$931,900 in expenses, which equates to \$1,863,800), but much lower than average expenses for 'Premium' public golf courses (\$2.65 million in expenses – see next chapter).

Wasatch Mountain Golf Course Total Facility Expenses 2009 – 2012				
	2009	2010	2011	2012
Cost of Sales (Merchandise)	\$68,868	\$63,911	\$61,889	\$51,907
Operating Expense				
Total Personnel Services	\$739,687	\$720,835	\$681,469	\$705,914
Total Current Expense	376,075	364,675	400,136	337,199
Data Process Expense	3,269	13,619	4,200	5,023
Other	216	0	439	327
Total Operating Expenses (4293)	\$1,119,247	\$1,099,129	\$1,086,244	\$1,048,463
Source: Utah State Parks				

Direct Expense Findings

The two key expense categories of labor and non-labor expenses at Wasatch Mountain are compared to the industry averages in the following table:

Industry	Indicator	Wasatch Mountain GC*	Total 2011
50%	Labor	67.3%	\$705,914
50%	All other Expenses	32.7%	\$342,549
Total Expense			\$1,048,463
* Excludes cost of sales, debt service and user Fees			

Other Expense Findings

In review of the Wasatch Mountain Golf Course direct operating expenses, NGF offers the following basic summary:

- Total operating expenses at Wasatch Mountain GC are much lower than standard for a public 36-hole golf course. This is probably an appropriate position for Wasatch Mountain, as the quality of the facility would place it in the 'Premium' category, but green fees charged are clearly within the 'Mid-Range' category.
- Direct costs for labor are higher than standard in proportion to total spending at Wasatch Mountain Golf Course in 2011, inclusive of reductions made in 2011. This finding, coupled with the previous review of positions, shows that Wasatch Mountain Golf Course is not overstaffed, but total expense proportion may also reflect reductions in other (non-labor) expense areas, as well as compensation costs and benefits.

Wasatch Mountain Golf Course Operations Summary

The Wasatch Mountain GC operates as a public golf course, with green fees and other ancillary revenues as its primary sources of income. In total, this and other revenue drivers generated just over \$1.91 million in operating revenue in 2012, up 10% over 2011. The total revenue earned at Wasatch Mountain is comparable to the national average for public golf courses of this type, a good sign for the State of Utah when considering the shorter golf season at Wasatch Mountain State Park.

Total expenses to operate the facility are now down to just under \$1.05 million, an amount considerably lower than the expected average for a 36-hole facility and very favorable for the State of Utah. The Wasatch Mountain GC generated a operating profit before user fees and debt service of just over \$800,000, which is also very favorable for a 36-hole public golf facility. The basic summary of the Wasatch Mountain golf operation financial position is shown in the table that follows:

Wasatch Mountain Golf Course Summary of Operations – 2009 – 2012				
	2009	2010	2011	2012
Total Operating Revenue	\$1,952,132	\$1,854,824	\$1,806,666	\$1,912,851
Direct Cost of Sales	\$68,868	\$63,911	\$61,889	\$51,907
Operating Margin	\$1,883,264	\$1,790,913	\$1,744,777	\$1,860,944
Total Operating Expense	\$1,119,247	\$1,099,129	\$1,086,244	\$1,048,463
NET INCOME (Loss)	\$764,017	\$691,784	\$658,533	\$812,481
Net Income % of Rev.	39.1%	37.3%	36.5%	42.5%
User Fees (Capital Reserve)	\$155,760	\$154,000	\$182,424	\$200,577
Debt Service	\$371,407	\$371,407	\$371,407	\$371,407
Net After Debt (Loss)	\$236,850	\$166,377	\$104,702	\$240,497
Source: Utah State Parks				

Other summary points from NGF regarding the Wasatch Mountain GC include:

- Despite the high rounds activity, there is opportunity to enhance revenue at Wasatch Mountain by increasing the volume of visitor and hotel guest rounds from tourists visiting the Park City / Wasatch Mountain area. This will require new investment in marketing and promotions (more later in this report).
- The overall infrastructure in place at Wasatch Mountain (golf course condition, irrigation system, clubhouse, maintenance yard, etc.) is generally sound, with no specific areas in need of urgent replacement. The 10-year capital plan proposed by NGF will be somewhat “light” at this facility (favorable for Utah State Parks).

NGF Recommendations – Wasatch Mountain Golf Course

Wasatch Mountain is a good quality public golf facility featuring two distinct high quality 18-hole championship golf courses, each offering a different overall golf experience. The facility is basically operating as a community municipal golf course offering high quality for a reasonable price with facilities that are ideal for both daily play and an ideal place to host tournaments or outings. The NGF is recommending that the State work to create some differential in pricing between Wasatch Mountain and Soldier Hollow golf courses.

In light of this reality, the NGF recommendations for Wasatch Mountain are designed to improve its economic performance with: (1) modest upgrades to its physical infrastructure; (2) continuing to maintain the facility with a modest staff; and (3) upgrading the marketing and promotional activities by both on-site and State staff.

Wasatch Mountain Recommendations

- Complete the physical upgrade recommendations detailed previously by NGF and shown below, excluding lost revenue due to business disruption that may occur.

Wasatch Mountain Golf Course Needed Physical Improvements	
Highest Priority Items (1-5 years)	Highest Estimated Cost
Range Improvements	\$25,000
Equipment Cleaning System	50,000
Continuous Cart Paths	275,000
Total High Priority	\$350,000
Lower Priority Items (5-10 years)	
Drainage Improvements	\$200,000
Irrigation Replacement	950,000
Greens Replacement (optional)	840,000
Add Wi-Fi to Clubhouse	25,000
Token-less Range Dispenser	18,000
Total Lower Priority	\$2,033,000
Total Wasatch Mountain Upgrades	\$2,383,000

- Improve the marketing and promotion of the facility, both within the system and for Wasatch Mountain individually. As a method to improve marketing, Utah State Parks should work to improve the Wasatch Mountain GC website (or web page) with special focus on the quality of golf courses and the space available in the clubhouse for post tournament gatherings, as well as non-golf banquets and parties. The site

should also include new high quality pictures of the clubhouse facility, details of its availability, and directions to the facility. If the Utah State Parks elects to add a new system-wide marketing position, a key activity of this new staff will be to promote Wasatch Mountain GC for both golf and non-golf activities (more about system-wide marketing and a possible new marketing position later in this report).

- In addition to web marketing, the continued and expanded production of facility-specific printed materials and advertisements is also recommended. Additional activities such as direct selling of outings and tournaments to regional businesses, organizations, and charitable organizations through enhancing print materials and direct selling (cold calls, meetings, other facility tournaments, etc.).
- Renew the efforts and increase funding for the “Golf Wasatch” program, especially targeting the Park City area of resorts and hotels (more later in system recommendations).
- NGF recommends only minor adjustments to the fee structure at Wasatch Mountain for 2013. All indications are that this facility is priced appropriately for daily green fees, tournament fees and carts among its immediate competitive set. Thus, only a modest increase of \$1 for 9-holes and senior rates and \$2 for full 18 hole fees, with comparable increases annually going forward. The NGF also recommends considering an “out-of-State” rate for non-Utah residents at Wasatch Mountain and Soldier Hollow, perhaps as high as \$55 (with cart) on weekends at Wasatch Mountain (more in system recommendations).

Summary – Wasatch Mountain Golf Course

Given its location, quality of golf course, and pricing structure, Wasatch Mountain Golf Course has the potential to serve a defined niche of golfers in the greater Wasatch Front area, and possibly even become more of a regional destination facility, attracting value-conscious golfers seeking a high quality round of golf at an affordable price from a much wider geography than presently attracted to Wasatch Mountain GC. The facility is able to handle a much larger volume of golf rounds than is presently being served, with activity reduced due in part to weather and economic issues, but also due to a comparatively lower level of awareness (compared to some key competitors) in the broader Wasatch Front region.

It is clear that the key issues facing the State of Utah in the Wasatch Mountain operation are: (1) how to maximize the desire for golfers to make the longer trip to Wasatch Mountain; and (2) how to maximize the organized event schedule of tournaments, outings, charity functions, etc. as a key to improving economic performance. In short, Wasatch Mountain will likely remain the highest volume producer for the foreseeable future, provided the State and Wasatch Mountain staff can be successful in enhancing awareness about the facility as an excellent value for the green fees charged, especially for a place to host a large golf event or charity tournament. As the facility has a generally high amount of revenue earned per round of golf, it is expected that revenue can grow considerably with any increase in activity.

As-Is Economic Performance

The estimates in this section show Wasatch Mountain’s performance at various rounds played totals (worst case, ‘as-is,’ modest growth and best case), assuming expected 2013 inputs for revenues and expenses. The table shows that Wasatch Mountain GC can cover all obligations with rounds as low as 50,000, with net income after debt exceeding \$440,000 with rounds as high as 65,000. NGF has prepared these projections noting that there is variability in expenses at higher rounds (i.e., more maintenance needed when more rounds are played – figures rounded to nearest \$100).

Wasatch Mountain Golf Course Estimated Economic Performance at Various Rounds Totals				
Rounds	50,000	55,000	60,000	65,000
Revenue				
Green Fees	\$1,035,500	\$1,139,100	\$1,242,700	\$1,346,200
Driving Range	28,700	31,500	34,400	37,300
Cart Fees	544,200	598,600	653,000	707,400
Merchandise	102,000	112,200	122,400	132,700
F & B Lease	19,300	21,200	23,200	25,100
Total Revenue	\$1,729,700	\$1,902,700	\$2,075,700	\$2,248,700
Expenses:				
Direct Cost of Sales (COS)	\$52,000	\$57,200	\$62,400	\$67,700
Total Personnel Services	685,000	700,000	725,000	740,000
Total Current Expense	350,000	360,000	375,000	385,000
Data Process Expense	5,000	5,000	5,200	5,400
Other	1,000	1,000	1,000	1,100
Total Expense (Incl. COS)	\$1,093,000	\$1,123,200	\$1,168,600	\$1,199,200
Net Income (Loss)	\$636,700	\$779,500	\$907,100	\$1,049,500
User Fees (Capital Reserve)	\$181,200	\$199,300	\$217,500	\$235,600
Debt Service	\$371,400	\$371,400	\$371,400	\$371,400
Net After Debt (Loss)	\$84,100	\$208,800	\$318,200	\$442,500

NGF Projections 2012-2017

NGF Consulting has created a cash flow model for the continued operation of Wasatch Mountain, through 2017. The table below shows the projected cash flows for the full operation through FY2017, assuming a “standard” market environment over the next five years. This projection is intended to provide a realistic projection of economic performance of Wasatch Mountain in the next five years considering NGF assumptions, particularly the upgrades to the system’s marketing and continued maintenance of the facility at a high level of quality. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Wasatch Front regional economy, employment, or visitation.
- The improvement observed in FY2012 is continued, leading to a slight increase in rounds in FY2013. The new marketing efforts recommended by NGF are expected to produce increases to a stable level of 59,000 rounds by FY2016 (conservative estimate). NGF projects this to become a new “stable” level of rounds, with some years falling below and some years rising above this expected ‘average’ figure.
- Green fee revenue has been calculated using the NGF recommended schedule of fees, including the implantation of a new “out-of-State” rate that is assumed to be charged to 10% of golfers by 2015. The NGF has also assumed that the State can adhere to some increases in fees each year (2.5% - approximately \$0.50 to \$1). Additional revenue for pro shop, snack bar and other revenue has been estimated using historical performance, with 2% annual increases in average revenue per round.
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.

- It is assumed that the Wasatch debt service will be completed by FY2016, with the facility operating debt free beginning in FY2017.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

Wasatch Mountain Golf Course Projected Economic Performance with NGF Recommendations						
	2012 (Actual)	2013 (Projected)	2014 (Projected)	2015 (Projected)	2016 (Projected)	2017 (Projected)
Rounds	55,293	56,000	58,000	58,500	59,000	59,000
Revenue						
Green Fees	\$1,145,167	\$1,187,800	\$1,254,800	\$1,291,000	\$1,328,000	\$1,354,600
Driving Range	31,693	32,100	33,900	34,900	35,900	36,600
Cart Fees	601,785	609,500	643,900	662,400	681,400	695,100
Merchandise	112,842	114,300	120,700	124,200	127,800	130,300
F & B Lease	21,364	21,600	22,900	23,500	24,200	24,700
Total Facility Revenue	\$1,912,851	\$1,965,300	\$2,076,200	\$2,136,000	\$2,197,300	\$2,241,300
Less: Cost of Sales	\$51,907	\$58,300	\$61,600	\$63,300	\$65,200	\$66,500
Gross Margin	\$1,860,944	\$1,907,000	\$2,014,700	\$2,072,700	\$2,132,100	\$2,174,800
Operating Expenses:						
Total Personnel Services	\$705,914	\$685,000	\$719,300	\$755,300	\$793,100	\$832,800
Total Current Expense	337,199	375,000	384,400	394,000	403,900	414,000
Data Process Expense	5,023	5,000	5,100	5,200	5,300	5,400
Other	327	1,000	1,000	1,100	1,100	1,100
Total Operating Expense	\$1,048,463	\$1,066,000	\$1,109,800	\$1,155,600	\$1,203,400	\$1,253,300
Net Operating Income after Expense (Loss)	\$812,481	\$841,000	\$904,900	\$917,100	\$928,700	\$921,500
User Fees (Capital Reserve)	\$200,577	\$207,900	\$219,600	\$225,900	\$232,400	\$237,100
Debt Service*	\$371,407	\$371,400	\$371,400	\$371,400	\$371,400	\$0
Net Income after Debt Service (Loss)	\$240,497	\$261,700	\$313,800	\$319,800	\$324,900	\$684,400

ANALYSIS OF SOLDIER HOLLOW GOLF COURSE

The subject property is Soldier Hollow Golf Course, a 36-hole championship golf facility developed in 2004 as part of a broader plan to add high-end public golf to the State of Utah State Parks golf system. The facility was developed and originally financed with an issuance of \$18 million in public bonds, and the debt service from these bonds is still an expense borne by the golf enterprise operation. The facility consists of two separate and distinct 18-hole championship golf courses and support amenities that are consistent with high-end public golf. A new clubhouse was included as part of the development and is now being actively promoted by staff as a venue for large non-golf events like banquets, parties, and weddings. Soldier Hollow has been selected as the site for the 2012 United States Amateur Public Links Championship, an event that is considered “Major” by the USGA and is expected to bring much media attention to the Soldier Hollow facility and Utah State Parks.

Location and Access

Soldier Hollow Golf Course does not appear to be well located for high rounds activity. The facility is similarly located with the other golf courses in the Wasatch Mountain State Park, with a location further to the south and closer to the Deer Creek Reservoir. Like Wasatch Mountain, the Soldier Hollow golf courses are accessible via one main roadway – Highway 189 connects the area to the Orem and Provo areas to the south (20 miles) and to Park City via Highway 40 to the north (15 miles). In all, the area is approximately 45 miles from Salt Lake City, making the trip to the facility from this market take up to one hour to drive. As such, this facility will function as a “destination-type” golf facility, with most activity coming from golfers living beyond the standard public golf course drive time of approximately 20 minutes.

Golf Course Review

Soldier Hollow GC is a newer public golf facility that has been designed, built and operated as a high end public golf facility, but one that appears to be less popular than its sister Wasatch Mountain golf facility due in part to the greater difficulty of the golf courses. The facility includes two separate and distinct golf courses that were both developed simultaneously: the Gold Course and the Silver Course.

The two golf courses were designed by the renowned golf architectural firm of Gene Bates Golf Design. The basic design provided by Mr. Bates included one of the longest courses in the state and the originality of being the only golf course built on an Olympic venue. Mr. Bates and his team also provided a heavy use of native Utah vegetation, a method to help preserve nature and reduce direct maintenance expense. A summary of each course follows:

Silver Course

- Open 2004, designed by Gene Bates.
- The ‘tamer’ of the two Soldier Hollow courses, with a par of 72 and a slightly shorter length and wider fairways. The course is unique in that it features six par-3 and six par-5 holes (compared to the standard four par-3 and four par-5 holes).
- Five sets of tees (Gold, Black, Blue, White, Red), with the longest measuring 7,355 yards and a USGA slope rating of 134 (about 19% ‘harder’ than the USGA standard slope rating of 113). The most forward tee measures 5,532 with a slope rating of 116, or also harder than the “standard.”
- 42 sand bunkers on the course with water in play on six of the 18 holes.
- Continuous concrete cart paths throughout the course.

Gold Course

- Open 2004, designed by Gene Bates.
- This is the true "championship" golf course with narrower, more undulating fairways, tee shots requiring longer carry and trickier greens. The layout is at a higher elevation and offers views of the Heber Valley below. Although the fairways are a bit narrower, the first six holes of the Gold Course are similar to the Silver.
- Five sets of tees (Gold, Black, Blue, White, Red), with the longest measuring 7,598 yards and a USGA slope rating of 136 (about 20% 'harder' than the USGA standard slope rating of 113). The most forward tee measures 5,658 with a slope rating of 121, much harder than the standard for female players.
- With a slightly higher elevation, the Gold Course includes significant elevation change throughout the course and dramatic elevation changes within each hole.
- 49 sand bunkers on the course with water in play on only two of the 18 holes.
- Continuous concrete cart paths throughout the course.

Overall, each course at Soldier Hollow offers a good quality championship golf course that requires skill and accuracy to play well, although the higher elevated Gold Course is clearly the harder of the two. Overall, both courses represent a generally more difficult golf challenge and require higher skill levels to play well. This may have implications for the total volume of play as golfers tend to prefer playing golf courses that match their skill level. Thus a less skilled player may not feel comfortable playing either course at Soldier Hollow, while the better skilled players may seek out the challenge. Given that the majority of amateur golfers fall in the less skilled category, the difficulty of the Soldier Hollow offering may help to reduce total rounds played.

Each of the courses has some on-course services, including on-course restrooms on both courses (plus several drinking water stations). The Silver Course has a "halfway house" snack area between the front and back nine holes. Both courses have loops of nine holes that start and finish near the clubhouse, making it easy to play only nine holes and / or purchase a snack between the play of two nines (desirable for golf courses to have this layout).

Upon review and inspection it is clear to NGF that there is nothing inherent in the basic design of either golf course or the facility as a whole that could serve to increase the overall operating expense of the Soldier Hollow Golf Course facility. However, the general degree of difficulty of the golf courses may have an impact on total rounds demand as noted.

Clubhouse Review

The clubhouse at Soldier Hollow offers both appealing aesthetics and functionality. The building was constructed with large glass windows offering spectacular views of the course and the Heber Valley. The key components of the Soldier Hollow Clubhouse:

- A lower level with cart storage and charging facilities for the full complement of up to 157 carts, plus additional food and beverage storage facilities and excess space for storage of various other golf-related items (club storage, tee markers and other golf course/range equipment).
- The upper level includes:
 - **Pro Shop** – Small, but open with a wide variety of offerings (much with Soldier Hollow logo). The merchandise is well displayed in open shelving and racks/cabinets, all consistent with higher-end golf facilities.

- **Banquet Room** – Designed to seat up to 350 patrons with 4,200 sf of floor space. Space is open with views out to golf course. Retracting walls can be opened to expand to isolate space and leave the Soldier Hollow Grill open.
 - **Soldier Hollow Grill** – Snack bar / restaurant operation that is set up to accommodate up to 56 patrons at tables, but can be expanded as needed. Offers a full menu with tableside service.
 - **Restrooms** – The facility includes large restrooms for both men and women.
 - **Kitchen** – Kitchen facilities are modern and capable of providing a full menu of offerings for both daily restaurant fare and banquets and events.
 - **Storage** – Ample storage is available throughout the building with several spaces in various locations, in addition to the kitchen area and basement. Storage space was also noted in the pro shop / office area.
- The facility includes a well landscaped entrance presentation with a circle drive and bag drop at the side of the clubhouse, outdoor covered verandas with seating, side entrance for deliveries, and convenient cart staging area.

The clubhouse facilities at Soldier Hollow offer both functional utility and pleasing aesthetics, along with a very efficient use of space. There appears to be ample space to handle all the basic needs of a public golf course, while at the same time host large non-golf events and parties in a pristine setting with outstanding golf course views. The outdoor patio area is also ideal for summer gatherings. The facility has 150 parking spaces (plus an additional 100 at the Day Lodge across the street), an amount that should be sufficient for golf (including events) and banquets (even if occur simultaneously).

Practice Amenities

Soldier Hollow Golf Course has relatively modest practice amenities that include the driving range, conveniently located near the west side of the clubhouse, plus a large practice green. We note that the practice green is all that exists to service chipping practice, which is not ideal. The range is well located for access from the parking lot or directly from the cart staging area. Range balls are obtained from the pro shop. The range is approximately 280 yards long at its longest point, and is only about 150 yards wide. The driving range does not have any netting or firm barriers to prevent shots from leaving the range, but this does not appear to be a problem for this course. The range has a total of 25 to 30 hitting stations, which is generally sufficient for most days. The range was not yet open for the season during NGF's May 2012 visit, showing the generally short season of use for the driving range.

Soldier Hollow Physical Evaluation

Soldier Hollow GC appeared to have two well-maintained golf courses at the time of the NGF visits in January and May 2012. The Gold Course was in particularly good condition in May 2012 as preparations for the USGA event in July 2012 were well underway. NGF expects that Soldier Hollow, together with Wasatch Mountain, will have maintenance requirements that should be at the highest level in the Utah State Parks golf system. It is of great importance that maintenance at Soldier Hollow be efficient, both in total labor, utilities, and supplies.

Recommended Upgrades – All Lower Priority

The overall condition of the Soldier Hollow Golf Course property is very good. Given the relatively recent (less than 10 years) development of the golf courses at Soldier Hollow, all infrastructure is clearly within its expected useful life (see **Appendix B**), and no major alteration of the golf course is required. In looking to the future, some items should be considered for

upgrade at Soldier Hollow, mostly related to softening the difficulty of the courses for less skilled golfers. The physical improvements recommended for Soldier Hollow, presented in order of NGF recommended priority:

1. **Complete a Long Range Plan for the Soldier Hollow GC** – Ideally a member of the American Society of Golf Course Architects (ASGCA) should be contracted to complete a long-range plan to evaluate the golf course needs over the next 10 years. **NGF estimated cost = \$17,500.**
2. **Bunker Program** - Soldier Hollow has 91 total bunkers, and some renovation to improve the sand base and drainage is proposed. The bunkers at Soldier Hollow are key to the challenge and also add to the overall visual appeal of the golf course, but the large number adds to the challenge and expense of maintaining both golf courses. Given this visual appeal, many of the bunkers on this course are present primarily for visual appeal and not the play of golf. Thus, it is expected that the total number of bunkers could be reduced by 10% or 15%, leaving more than 75 bunkers (which is still a lot). This should be completed as an ongoing program with an **estimated cost of \$8,000 per year each year.**
3. **Tee Program** - Soldier Hollow has 5 sets of tees on both Silver and Gold Courses. However, the most forward tee on both courses is over 5,500 yards, a length generally too long for most women players. Soldier Hollow staff should commit to a program to add a more forward tee to at least 15 to 20 of the 36 holes to help reduce overall length from the most forward tee. This should be completed as an ongoing program with an **estimated cost of \$2,000 per additional tee (complete 4 per year over 5 years).**
4. **Add Public Wi-Fi Access To The Clubhouse** – Soldier Hollow should provide (and promote) the public availability of free wireless Internet access in the clubhouse for golf customers. This will go a long way toward helping develop a growing clientele of business executive golfers (see discussion in Wasatch Mountain). **NGF estimates approximately \$25,000 to add the T1 or wireless line to the clubhouse.**
5. **New Token-Less Range Dispenser** –The NGF also encourages the addition of a ball dispensing machine with a modern self-service program that can take magnetic (swipe) cards. The electronic cards allows for golfers to prepay for the range balls. They function like a debit card, with a dollar amount stored on the card and then charged each time a bucket of balls is used. **NGF estimated cost = \$18,000.**

Estimated Cost and Priority of Physical Improvements

The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

Soldier Hollow Golf Course Needed Physical Improvements	
Lower Priority Items (1-10 years)	Highest Estimated Cost
Long Range Plan	\$17,500
Bunker Program (Total over 10 Years)	80,000
Tee Program (Total over 10 Years)	40,000
Add Wi-Fi to Clubhouse	25,000
New Range Dispenser	18,000
Total Soldier Hollow Upgrades	\$180,500

Staffing

Soldier Hollow is presently operated directly by Utah State Parks, through the system's regional managers and the on-site Park Manager for Wasatch Mountain State Park. This park manager has responsibility for both Wasatch Mountain GC and Soldier Hollow GC.

The staffing totals presented do not include several starter and ranger positions that are staffed by volunteers. The use of volunteers for these positions is common in the golf industry, and paid employees in these positions are becoming less common. Providing golf service in exchange for volunteer work is common in the golf industry as long as volunteers do not take tee times away from paying customers and pay their own way for other services such as carts, range balls, and rental clubs. The reported staff at Soldier Hollow is summarized in below:

Soldier Hollow Golf Course Facility Staffing 2011-2012	
Head Golf Professional	FT
Superintendent	FT
Assistant Superintendent (2)	FT
Mechanic	FT
Pro Shop Seasonal (14)	PT
Volunteer Marshals (25)	PT
Maintenance Seasonal (20)	FT/PT

Golf Staff

Five (5) Full-Time Employees: (1) Head Golf Professional, (1) Superintendent, (2) Assistant Superintendents and (1) Mechanic. We note the difference from Wasatch Mountain is the exclusion of a full-time assistant professional, established this way due to lower total rounds volume at Soldier Hollow.

Pro Shop

Approximately 14 seasonal employees; Lead Starter, Starter and Cart Staff working various hours with one person acting as an Assistant Golf Professional. There are 25 additional volunteer Marshals working 8 hours per week. The total estimated budget for these seasonal positions is \$102,000 or a total of 9,668 hours of seasonal time.

Maintenance Shop

NGF completed its inspection of the Soldier Hollow Golf Course facility in January and May 2012 and observed outstanding conditions. We note that Soldier Hollow has experienced some reductions in maintenance operation, with a veteran staff and little turnover reported in its full-time staff. Soldier Hollow has one of the larger maintenance staffs within the Utah State Park Golf Enterprise, a response to both the 36-hole nature of the operation, and the high quality of the golf courses.

The facility employs a total of 20 seasonal employees (variable based on activity, weather and needed projects). These are mostly grounds workers who are working full time (40 hours per week) from May to September. The total estimated budget for these positions is \$175,000 or a total of 16,444 hours of seasonal time.

Food and Beverage

The food and beverage operation at Soldier Hollow GC appears to be “standard” for a public golf course operation, serving the basic concession needs of golfers in an efficient and convenient fashion, while at the same time allowing for some ability to host larger events and parties in the banquet room.

The food and beverage service at Soldier Hollow is provided through two separate venues of operation: (1) the Soldier Hollow Grill; and (2) private parties in the banquet room. The Soldier Hollow Grill service includes counter service of a basic menu of items consistent with a high quality public golf course, including lunch items (sandwiches, etc.); plus a full selection of beverage items (including beer). A review of the menus shows modest pricing on items, with the sandwiches all at around \$5.00 to \$6.00. Beer is available on draught for \$3.00. Seating is comfortable and convenient in the large banquet area, with day-to-day seating for around 60.

Soldier Hollow GC does not operate any on-course beverage cart service, a key deficiency in operations. The State should encourage (or require in new contract) the vendor to operate a beverage cart at least on most busy days and during tournaments/outings. This schedule would be appropriate for Soldier Hollow GC to serve the demands of golf customers.

Soldier Hollow GC also has a banquet room for hosting parties and banquets. As noted, this space can accommodate up to 350+ patrons. Many of these gatherings are part of golf outings or tournaments, but there appears to be a growing business in non-golf events such as luncheons and parties.

The “typical” food and beverage concession at public golf courses produces approximately \$5.61 per round, including banquets (see next chapter). Analysis of Soldier Hollow shows total gross revenue (including beer) from the food and beverage operation at approximately \$450,000 in each of 2007-2009, reducing to an estimated \$420,000 in 2010 and 2011. This equates to approximately \$13.00 per round for total food and beverage. Given that Soldier Hollow has become more active in recent years in promoting a small banquet business, NGF finds this figure to be very strong, and a positive for the facility. It seems that regular play golfers do purchase concessions on a regular basis, and the clubhouse set up is convenient for a “quick stop” between nines.

In summary, NGF Consulting believes that the food and beverage operation at Soldier Hollow is the appropriate complement to the overall facility, and Soldier Hollow customers seem satisfied with the quality of service. There may be opportunity to increase performance of the Soldier Hollow Cafe by reaching out to non-golfers without adding too much expense to the operation, provided larger space was available (more later in this report).

F & B Concession Agreement

An agreement between Utah State Parks and Recreation (“Division”) and Glen B. Van Wagoner, **Wasatch Park Café** (“Concessionaire”) for exclusive year-round food & beverage and vending rights for **Soldier Hollow Golf Course**, including Soldier Hollow Clubhouse and on the golf course itself. The agreement was entered into for a period ten years from March 1, 2004 through February 28, 2014.

Concessionaire responsibilities

- Year-round restaurant operation
- Banquet services
- Open 7 days a week during golf course operating hours

- Offer beer service and sales
- Provide on-course mobile snack and beverage service
- Provide janitorial/sanitation service for all main-floor areas except pro shop and storage area
- Provide all equipment and materials necessary to maintain the concession premises in a first-class condition
- Install, operate, and maintain all kitchen and food/beverage preparation and service
- Meet health department requirements

Division responsibilities

- Provide cleaning materials and paper products for maintenance of restrooms on the main floor of the clubhouse
- Enforce a policy that prohibits golf course patrons bringing “off site purchased” food and beverage items and coolers onto golf course property
- Provide built-in items including hand sinks, fire system, range hood and flashing under hood
- Supply tables and chairs for restaurant, banquet, bar, and deck area of the clubhouse

Fees

- Concessionaire pays Division a minimum rental fee of \$2,000
- Concessionaire pays Division 4% of gross receipts received, plus 1% of gross receipts for deposit in a separate Division fund to provide building and furnishings upgrades to clubhouse upon mutual approval of the parties
- Minimum annual payment is applied against the percentage amount due

Ownership of improvements

Upon termination of concession, possession of improvements vests in the Division.

Present Operational Issues

Soldier Hollow is operated as a public golf facility, with the majority of revenue derived from green fees, cart fees, and some ancillary concessions (pro shop, F &B, other rentals). The NGF review of the facility’s marketing, the 2012 USGA event, clientele, carts, range, rental clubs and a discussion of fees follows in this section.

Marketing

As documented by NGF in our System-Wide review, the marketing of State of Utah State Parks golf courses has two separate components, with marketing activities from each individual facility and a centralized marketing program covering all facilities. The result is a combination of marketing activities, with a broad-based central program and facility-specific activities that tend to be focused on Wasatch Mountain and Soldier Hollow. Highlights of selected Soldier Hollow specific marketing was presented earlier in the Wasatch Mountain section.

Traditionally, NGF recommends marketing budgets for golf courses of at least 2% of total gross facility revenue, or roughly \$18,500 for Soldier Hollow in 2011 (\$25,700 for 2008). In larger, multi-course systems it is expected that these amounts can be reduced by 25% to 50%, as long as the total system is being marketed aggressively.

2012 United States Amateur Public Links Championship

Soldier Hollow Golf Course has been established as the site for the prestigious United States Amateur Public Links National Championship in 2012, an event that will bring great prestige and notoriety to Soldier Hollow and State of Utah. The event is scheduled for July 9-14, 2012, and will lead to Soldier Hollow being closed for regular play for a total of eight days (leading to increased play at Wasatch Mountain). The event has required some upgrades to be made to the facility, totaling some \$100,000 in expense (all borne by the State). The State of Utah is looking to use the event as a catalyst to promote its State golf facilities, especially Soldier Hollow and Wasatch Mountain.

Clientele

Staff observations reported to NGF in 2012 show mixed sources of golf rounds activity at Soldier Hollow GC, including:

- Local area residents (mostly season pass holders) - make up about 40% of play. Most local play is from the Park City and Salt Lake area, with only a small amount of play reported from south of the property (Provo/Orem).
- Other tourist play from local hotels and “stay and play” deals makes up an estimated 20% of total play.
- Residents from the Salt Lake City area could be as high as 30% of total play.
- Other play from Utah County – remaining 10% of play.
- Although tournament and outing play is low at present, the facility is open and available for weekend tournaments, which is not common in the area and could be a market advantage for Soldier Hollow.

Given the elevation changes and nature of the facility, it has been assumed and staff confirms that all play at both Soldier Hollow courses is at 100% cart utilization.

Driving Range Operations

The driving range operation at Soldier Hollow Golf Course represents a nice additional revenue source, despite the small size and limited other practice amenities. Range prices are \$3.50 for a small bucket and \$7 for a large. Range balls can be obtained from the dispensing machine just outside the clubhouse and then transported to the range by golfers/customers. It is expected that this operation can be eased considerably by adding an automated range dispensing system, perhaps on site with the driving range (see general discussion on range operations later in report).

Carts

Soldier Hollow is presently using a fleet of 157 total carts, of which 110 are gasoline powered and the remaining 47 are electric. The carts are owned by the State and all stored in the lower level of the clubhouse. In years past the State was planning to switch from gas to electric carts, but the hilly nature of the Soldier Hollow golf courses led to the realization that gasoline powered carts would be best.

Rental Clubs

Soldier Hollow GC offers rental clubs as a service to golfers lacking equipment. The course owns several full rental sets of above average quality. Base fees for rental sets at Soldier Hollow GC are \$12 for a base set and \$24 for a high-end (Callaway) set for 18 Holes.

Fee Analysis

The table below displays the daily playing fees for Soldier Hollow for 2011-12, with changes adopted for 2012-13. Beginning in 2011, the fees for Soldier Hollow are the same as Wasatch Mountain, after several years of differential fees with higher rates at Soldier Hollow.

Soldier Hollow Fees				
Fees	2011-12		2012-13	
	Weekday	Weekend	Weekday	Weekend
9 holes	\$14.50	\$14.50	\$15.50	\$15.50
9 holes Senior	\$12.00	\$14.50	\$12.50	\$15.50
9 holes Junior	\$11.00	\$14.50	\$11.00	\$15.50
18 holes	\$29.00	\$29.00	\$31.00	\$31.00
18 holes Senior	\$24.00	\$29.00	\$25.00	\$31.00
18 holes Junior	\$22.00	\$29.00	\$22.00	\$31.00
18 holes Child	\$8.00	\$8.00	\$8.00	\$8.00
Passes				
20-punch pass	\$240.00		\$250.00	
Annual pass	\$750.00		\$850.00	
Other Fees				
Cart 18 holes	\$14.00	\$14.00	\$14.00	\$14.00
Club rental 18 holes	\$12.00	\$12.00	\$12.00	\$12.00
High-end club rental	\$24.00	\$24.00	\$24.00	\$24.00
Driving range small	\$3.50	\$3.50	\$4.00	\$4.00
Driving range large	\$7.00	\$7.00	\$8.00	\$8.00
Senior = 62+; Junior = 13-17 Child = 12 and under				

Frequent Player / Pass Card

Soldier Hollow offers a season pass for \$750 that has produced a reported 72 sales and 1,867 total rounds (starts). As a result, the total average revenue per round from these passes is lower than the 18-hole green fee noted above. A summary of the program is shown in the table below. Soldier Hollow also offers the 20-play punch pass for \$240, with a total of 18 sold for \$4,320 and 170 total rounds recorded (\$25.41 per round).

Pass Sales – Soldier Hollow GC				
Pass Fee	No. of Passes Sold	Total Pass Revenue	Total Pass Rounds	Average Revenue per Pass Round
\$750.00	72	\$51,690	1,867	\$27.69
Source: State of Utah Natural Resources, Parks and Recreation				

Facility Performance and Data Analysis

Soldier Hollow generates revenue primarily from green fees, cart fees and merchandise sales. The following paragraphs summarize each of these revenue sources, plus the expenses required to maintain the facilities and service customers.

Activity Levels

The tables below show reported 9-hole rounds activity at Soldier Hollow since 2006. The POS sales reports do show total starts, allowing for appropriate comparison. We see that this facility had shown a relatively continuous decline in activity since 2007, with a peak decline

experienced in 2009 (26% drop from 2008). Total “starts” (a rounds measure appropriate for comparison) are also down and now stand at around 32,000 total rounds on 36 holes. This amount is comparable to one half the average annual rounds per 18-hole public golf course in the total U.S. that now stands at 32,497 (see next chapter on Golf Industry Standards, Norms, and Operational Issues).

Soldier Hollow Golf Course Historical Total Reported 9-Hole Rounds – 2006-2011							
	2006	2007	2008	2009	2010	2011	Average
Total Rounds	53,470	61,495	59,085	43,751	58,392	58,309	55,750
Annual % Change		15.0%	-3.9%	-26.0%	33.5%	-0.1%	
Total % Change (2006-11)							9.0%
Source: State of Utah Natural Resources, Parks and Recreation							

Soldier Hollow Golf Course Historical NGF Estimated “Starts” (Rounds for Comparison) – 2006-2011							
	2006	2007	2008	2009	2010	2011	Average
Total “Starts” (Rounds)	29,409	33,822	32,497	24,063	32,116	32,081	30,665
Annual % Change		15.0%	-3.9%	-26.0%	33.5%	-0.1%	
Total % Change (2006-11)							-9.1%
Source: NGF Consulting Estimate based on records from State of Utah Natural Resources, Parks and Recreation							

Rounds by Month

In reviewing the rounds totals by month for 2011, NGF notes the clearly definable peak season for golf at Soldier Hollow with highest activity in July and August, a strong “shoulder” season in June and September, and a longer winter season where some rounds are generated on a weather-permitting basis. Staff reports to NGF that FY2011 represents a fairly “typical” year in terms of seasonal variation.

Soldier Hollow Golf Course Rounds by Month (FY2011)		
	2011 Total Reported 9-Hole Rounds	% of Total
March	0	0.0%
April	709	1.2%
May	2,445	4.2%
June	10,700	18.4%
July	11,656	20.0%
August	18,539	31.8%
September	11,177	19.2%
October	2,682	4.6%
November	401	0.7%
Dec. - Feb	0	0.0%
Source: State of Utah		

Rounds by Type

Rounds at Soldier Hollow are divided between daily fee rounds, pass rounds, and complimentary rounds. In 2011, Soldier Hollow has seen approximately 85% of rounds from daily fee players, 8% from discount passes, and 7% complimentary rounds. The amount for complimentary rounds is clearly higher than the acceptable threshold of 4.0% course, and is elevated due to the interest in the course from the PGA and State golf association due to the USGA event in 2012.

Soldier Hollow GC Rounds by Type (2011)	
Daily Fee	2011
Weekday	
18 Regular	11,630
18 Adv. Fee	3,195
High School	458
Hotel	100
Junior	637
Senior 18	3,544
Senior 9	673
WD 9	1,933
Spring Promotion	29
Weekend	
18 Regular	2,342
9 Regular	1,724
Twilight	982
Sub-Total Daily Fee	27,247
Pass Rounds	
Punch Pass	170
WD Annual Pass	1,408
WE Annual Pass	624
Member	459
Sub-Total Pass Rounds	2,661
Complimentary Rounds (PGA, UGA, etc.)	2,173
Total Facility Rounds	32,081
Source: POS Sales Reports - State of Utah	

Capacity Issues

As we will present later in the 'Competitive Analysis' section, current rounds played volumes at Soldier Hollow are considerably lower than its sister Wasatch Mountain property and other championship 18-hole facilities operating within the Salt Lake City Metro region. Based on the proposed Soldier Hollow market positioning, location, two golf courses and difficulty of the golf courses, NGF Consulting has estimated a reasonable number of expected yearly rounds activity of about ±50,000 to ±60,000 rounds in a good weather year, or around 10,000 fewer than Wasatch Mountain. Thus, NGF has not termed this a "capacity": Soldier Hollow is fully capable of hosting rounds in excess of 80,000, but it should not be expected at this location at this time.

Revenue Analysis

NGF Consulting's review of performance shows that Soldier Hollow had been experiencing a decline in total revenue since reaching a recent peak of \$1.1 million in 2009, with a clear recovery in 2012. This decline has been relatively consistent across all categories and reflective of the decline in activity. Soldier Hollow recorded \$107,226 in pro shop sales in 2011, down

severely from a recent high of \$165,016 in 2009. NGF assumes a 'standard' of 65% cost of sales for pro shop operations at golf courses, compared to Soldier Hollow showing between 69% between 2009 and 2011.

When compared to industry averages (see next chapter), we see that Soldier Hollow is operating with revenues well above the average for 'mid-range' courses (between \$25 and \$70 green + cart fee), but lower than the U.S. average for 'Premium' courses (over \$70 green + cart fee). The US average revenue for mid-range public golf courses was \$993,800 (18 holes) in 2009, and \$2,645,700 for 'Premium' courses (18 holes). If you assume a double estimate to account for 36 holes, the U.S. standards become \$1,987,600 for mid-range public golf courses and \$5,291,400 for 'Premium' courses.

Soldier Hollow Golf Course Total Gross Revenue – 2009-2012				
Revenue	2009	2010	2011	2012
Green Fees	\$602,787	\$564,230	\$516,932	\$554,652
Driving Range	20,062	16,389	14,007	12,163
Cart Fees	302,284	305,957	308,339	310,184
Other Rentals	0	0	302	0
Merchandise (Gross)	165,016	110,828	107,226	111,491
Other	595	3,002	6	4,201
F & B Lease	19,242	15,064	16,668	19,031
Total Revenue	\$1,109,986	\$1,015,470	\$963,480	\$1,011,722
Source: State of Utah				

Average Revenue Analysis

The total average revenue earned per round of golf played now stands at only \$30.45 for 2011, and has shown severe decline over the period shown (max is \$46.13 in 2009). This indicates that Soldier Hollow has experienced a slight decline in rounds played, but a severe decline in the average revenue per round. This is an indication that the recent reduction in fees (to match Wasatch Mountain) at Soldier Hollow has forced the course to trade rate for volume, an undesirable combination for golf facilities. Further, Soldier Hollow is viewed by the State and the consultants as being the "premier" facility for the State of Utah, with the potential to command the highest rates. The average for mid-fee public golf courses in the U.S. was \$21.54 for total revenue per round in golf revenue (green, cart, membership), plus an additional \$9.04 in ancillary spending (food, beverage + merchandise – see next chapter).

Soldier Hollow Golf Course Average Revenue per Round 2009 – 2012				
Revenue	2009	2010	2011	2012
Total Rounds	24,063	32,116	32,081	33,222
Green Fees	\$25.05	\$17.57	\$16.11	\$16.70
Driving Range	\$0.83	\$0.51	\$0.44	\$0.37
Cart Fees	\$12.56	\$9.53	\$9.61	\$9.34
Merchandise (Gross)	\$6.86	\$3.45	\$3.34	\$3.36
F & B Lease	\$0.80	\$0.47	\$0.52	\$0.57
Total Revenue*	\$46.13	\$31.62	\$30.03	\$30.45
Source: Utah State Parks. *Totals may not sum exactly as smaller categories not analyzed.				

Expense Analysis

Basic expenses to operate and maintain the facility totaled just over \$1.057 million in 2012, an amount somewhat comparable to the 2009 amount, with a slight decline in 2010. The overall expenses to operate this facility are higher than expense averages for mid-range public golf courses in the nation (average 18-hole facility = \$931,900 in expenses, which equates to \$1,863,800), but much lower than average expenses for 'Premium' public golf courses (\$2.65 million in expenses – see next chapter).

Soldier Hollow Golf Course Total Facility Expenses 2009 – 2012				
	2009	2010	2011	2012
Cost of Sales (Merchandise)	\$113,860	\$76,471	\$70,768	\$73,584
Operating Expense				
Total Personnel Services	\$719,555	\$600,409	\$584,285	\$624,133
Total Current Expense	411,439	366,266	448,672	376,640
Data Process Expense	2,950	3,140	6,771	9,465
Other	0	0	342	73,101
Total Operating Expenses (4291)	\$1,133,944	\$969,815	\$1,040,070	\$1,083,339
Source: State of Utah				

Direct Expense Findings

The two key expense categories of labor and non-labor expenses at Wasatch Mountain are compared to the industry averages in the following table:

Industry	Indicator	Soldier Hollow GC*	Total 2012
50%	Labor	57.6%	\$624,133
50%	All other Expenses	42.4%	\$459,206
Total Expense			\$1,083,339
* Excludes cost of sales, debt service and user fees			

Other Expense Findings

In review of the Soldier Hollow Golf Course direct operating expenses, NGF offers the following basic summary:

- Total operating expenses at Soldier Hollow GC are lower than expected for a "Premium" golf operation (favorable).
- Direct costs for labor are higher than standard in proportion to total spending at Soldier Hollow Golf Course in 2012, inclusive of reductions made in 2011-12. However, the proportion is lower than at Wasatch Mountain and Palisade. This finding, coupled with the previous review of positions, shows that Soldier Hollow Golf Course is not overstaffed, with the elimination of the second golf professional at this property.

Soldier Hollow Golf Course Operations Summary

In total, Soldier Hollow GC generated just under \$964,000 in operating revenue in 2011, with recovery observed in 2012 over the 2010 and 2011 performance. NGF expects that the growth in activity can be traced to improved weather in the last fiscal year (especially the winter and early Spring 2012), as well as some promotion due to the USGA event. The total revenue earned at Soldier Hollow is generally lower than expected for premium golf courses in this market and nationwide, an indication that Soldier Hollow is seriously underperforming relative to its market placement.

Total expenses to operate the facility total approximately \$1.08 million in 2012, before the user fees and debt are added in. It is clear that Soldier Hollow GC is not earning revenue sufficient to cover basic day-to-day operating expenses. With total revenue consistently finishing at under \$1.0 million annually, it is clear that covering an \$1.0 million+ debt service will be very difficult for this facility, even if rounds and revenue can be increased to a level closer to the previously-noted target (more later in this report).

The NGF Consulting review of this expense structure indicates that it is also lower than national averages. Further, the NGF Consulting team fully expects this basic structure to remain in place for the foreseeable future and does not see any specific areas that could be reduced to enhance overall earnings without jeopardizing the overall integrity of the facility (see further discussion in Financial Projection section). The basic summary of the Soldier Hollow golf operation financial position is shown in the table that follows:

Soldier Hollow Golf Course Summary of Operations – 2009 – 2012				
	2009	2010	2011	2012
Total Operating Revenue	\$1,109,986	\$1,015,470	\$963,480	\$1,011,722
Direct Cost of Sales	\$113,860	\$76,471	\$70,768	\$73,584
Operating Margin	\$996,126	\$938,999	\$892,712	\$938,138
Total Operating Expense	\$1,133,944	\$969,815	\$1,040,070	\$1,083,339
NET INCOME (Loss)	(\$137,818)	(\$30,816)	(\$147,358)	(\$145,201)
Net Income % of Rev.	-12.4%	-3.0%	-15.3%	-14.4%
User Fees (Capital Reserve)	\$83,940	\$80,619	\$91,347	\$98,123
Debt Service	\$1,100,060	\$1,100,060	\$1,055,447	\$1,010,833
Net After Debt (Loss)	(\$1,321,818)	(\$1,211,495)	(\$1,294,152)	(\$1,254,157)
Source: Utah State Parks				

Other summary points from NGF regarding the Soldier Hollow GC include:

- Soldier Hollow is clearly a higher-end public golf course with potential to grow revenues in both the golf and non-golf segments of its business.
- Given the lower rounds activity, there is opportunity to enhance revenue at Soldier Hollow by increasing the volume of visitor and hotel guest rounds from tourists visiting the Park City / Wasatch Mountain area. This will require new investment in marketing and promotions (more later in this report).

- The overall infrastructure in place at Soldier Hollow (golf course condition, irrigation system, clubhouse, maintenance yard, etc.) is generally sound with no specific areas in need of urgent replacement. As such, the 10-year capital plan proposed by NGF will be somewhat less expensive at this facility (favorable for Utah State Parks), but NGF does recommend the State work to “soften” the difficulty of at least one of these courses to make the venue more appealing for golfers with a wider diversity of skill level.

NGF Recommendations – Soldier Hollow Golf Course

Soldier Hollow is a high quality public golf facility with upscale amenities that are consistent with ‘premium’ public golf courses in this region and the U.S. as a whole. This facility has great potential to function as a high-end resort-type golf facility, although the difficulty of the golf course does lead to some concern. Overall, Soldier Hollow has appeal as a ‘destination’ golf property, ideal for higher skilled, serious golfers and for an ideal place to host tournaments or outings. The facility also has appropriate amenities for hosting a larger volume of non-golf events, but must remain careful not to host their events to the extent that they interfere with golf operations.

Given this, the NGF recommendations for Soldier Hollow to improve its economic performance center around continuing to actively promote the facility toward the higher-end of the golf market, focusing on tourists, seasonal residents, area hotels and corporations. The State should also work to make adjustments in marketing to enhance the awareness of the facility as an ideal location for both golf and non-golf events alike. The Soldier Hollow operation clearly has great synergy with Wasatch Mountain GC, and thus these two facilities will have very similar recommendations by NGF.

Soldier Hollow Recommendations

- Complete the physical upgrade recommendations detailed previously by NGF and listed below. Some of the NGF physical recommendations involve slight changes to the golf course to help soften the difficulty and increase its popularity with less-skilled players, while at the same time preserving the challenge for better players.

Soldier Hollow Golf Course Recommended Physical Improvements	
Lower Priority Items (1-10 years)	Highest Estimated Cost
Long Range Plan	\$17,500
Bunker Program (Total over 10 Years)	80,000
Tee Program (Total over 10 Years)	40,000
Add Wi-Fi to Clubhouse	25,000
New Range Dispenser	18,000
Total Soldier Hollow Upgrades	\$180,500

- Enhance the direct marketing of the facility, with specific focus on tournament and outing business. If possible within the Utah State Parks system, create a separate website for Soldier Hollow that focuses on tournaments and outings. Make sure to add photos of the Soldier Hollow facility to both the overall Utah State Parks golf webpage and the pages assigned for Soldier Hollow (or separate website as

recommended by NGF). Photos should show the magnificence of the Soldier Hollow facility both in golf and the clubhouse.

- Use the proposed new system-wide marketing position to become more aggressive in marketing the Soldier Hollow facility to maximize tournament and outings, plus grow the non-golf banquet business. Previous efforts remain very “passive” (waiting for inquiries to come in) and should be more “active” going forward. Direct selling activities that tend to work well for ‘premium’ golf courses include direct selling of outings and tournaments to regional businesses, organizations, and charitable organizations. Both through enhanced distribution of printed materials and direct selling (cold calls, meetings, targeting tournaments held at other facilities, etc.).
- Utah State Parks and Soldier Hollow should take full advantage of the 2012 United States Amateur Public Links Championship to be held at Soldier Hollow in 2012 (recently completed at the time of this report). The USGA already has this site on a very prestigious list of event venues for 2012, and Utah State Parks should take every advantage of the publicity surrounding this event and note the tournament in all printed and web materials related to Soldier Hollow.
- In addition to web marketing, the continued and expanded production of facility-specific printed materials and advertisements is also recommended. Additional activities such as direct selling of outings and tournaments to regional businesses, organizations, and charitable organizations through enhancing print materials and direct selling (cold calls, meetings, other facility tournaments, etc.).
- Renew the efforts and increase funding for the “Golf Wasatch” program, especially targeting the Park City area of resorts and hotels (more later in system recommendations).
- NGF recommends adjustments to the fee structure at Soldier Hollow, continuing an effort to create some separation over time between Wasatch Mountain and Soldier Hollow, with Soldier Hollow being priced slightly higher than Wasatch Mountain. The recently adopted modest increase of \$1 to \$2 for FY2013 should be continued with increases on an annual basis going forward. The NGF also recommends considering an “out-of-State” rate for non-Utah residents at Soldier Hollow and Wasatch Mountain, perhaps as high as \$65 (with cart) on weekends at Soldier Hollow (more in system recommendations).

Summary – Soldier Hollow Golf Course

Given the quality of the golf course Soldier Hollow Golf Course has the potential to become one of the more popular higher fee golf courses in the region, and thus produce a strong volume of revenue. Its proximity to the Park City resort area and in conjunction with Wasatch Mountain, coupled with increased attention as a result of the 2012 USGA Amateur Public Links Championship, all combined with the matching high quality of golf make this facility a strong fit for its location.

It is clear that the key issues facing the Utah State Parks in the Soldier Hollow operation are: (1) how to maximize revenue through appropriate fee structure without ‘chasing away’ golfers with too aggressive a fee structure; (2) how to maximize the organized event schedule of tournaments, outings, charity functions, etc.; and (3) how to improve marketing and promotional activities to get the message out about Soldier Hollow and help to increase demand for the facility.

As-Is Economic Performance

The estimates in this section show Soldier Hollow’s performance at various rounds played totals (worst case, ‘as-is,’ modest growth and best case), assuming expected 2013 inputs for revenues and expenses. The table shows that Soldier Hollow GC will need to grow rounds activity to the range of 38,000 (+/-) rounds annually, just to cover basic operating expenses. Even with growth to a level of 50,000 rounds, this facility will still come up more than \$800,000 short of covering all debt service. It is clear to NGF that the revenue derived from the Soldier Hollow operation will not be sufficient to cover the debt service under any realistic operating scenario. NGF has prepared these projections noting that there is variability in expenses at higher rounds (i.e., more maintenance needed when more rounds are played – figures rounded to nearest \$100).

Soldier Hollow Golf Course Estimated Economic Performance at Various Rounds Totals				
Rounds	24,000	32,000	38,000	50,000
Revenue				
Green Fees	\$400,700	\$534,300	\$634,400	\$834,800
Driving Range	8,800	11,700	13,900	18,300
Cart Fees	224,100	298,800	354,800	466,800
Merchandise	80,500	107,400	127,500	167,800
F & B Lease	13,700	18,300	21,800	28,600
Total Revenue	\$727,800	\$970,500	\$1,152,400	\$1,516,300
Expenses:				
Direct Cost of Sales (COS)	\$41,100	\$54,800	\$65,000	\$85,600
Total Personnel Services	600,000	615,000	625,000	640,000
Total Current Expense	375,000	385,000	410,000	425,000
Data Process Expense	5,000	5,000	5,150	5,300
Other	1,000	1,000	1,050	1,100
Total Expense (Incl. COS)	\$1,022,100	\$1,060,800	\$1,106,200	\$1,157,000
Net Income (Loss)	(\$294,300)	(\$90,400)	\$46,200	\$359,200
User Fees (Capital Reserve)	\$72,100	\$96,200	\$114,200	\$150,300
Debt Service	\$1,011,000	\$1,011,000	\$1,011,000	\$1,011,000
Net After Debt (Loss)	(\$1,377,400)	(\$1,197,500)	(\$1,079,000)	(\$802,000)

NGF Projections 2012-2017

NGF Consulting has created a cash flow model for the continued operation of Soldier Hollow, through 2017. The table below shows the projected cash flows for the full operation through FY2017, assuming a “standard” market environment over the next five years. This projection is intended to provide a realistic projection of economic performance of Soldier Hollow in the next five years considering NGF assumptions, particularly the slight adjustment in fees, the upgrades to marketing and continued maintenance of the facility at a high level of quality. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Wasatch Front regional economy, employment, or visitation.
- The improvement observed in FY2012 is continued, leading to a slight increase in rounds in FY2013. The publicity surrounding the USGA event, the change in fees and new marketing efforts recommended by NGF are expected to produce increases

to a stable level of 38,000 rounds by FY2016 (conservative estimate). NGF projects this to become a new “stable” level of rounds, with some years falling below and some years rising above this expected ‘average’ figure.

- Green fee revenue has been calculated using the NGF recommended schedule of fees, including the implantation of a new “out-of-State” rate that is assumed to be charged to 10% of golfers by 2015. The NGF has also assumed that the State can adhere to some increases in fees each year (2.5% - approximately \$0.50 to \$1). Additional revenue for pro shop, snack bar and other revenue has been estimated using historical performance, with 2% annual increases in average revenue per round.
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.
- It is assumed that the Soldier Hollow debt remains in force for the entire period shown.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

Soldier Hollow Golf Course Projected Economic Performance with NGF Recommendations						
	2012 (Actual)	2013 (Projected)	2014 (Projected)	2015 (Projected)	2016 (Projected)	2017 (Projected)
Rounds	33,222	34,000	36,500	38,000	38,000	38,000
Revenue						
Green Fees	\$554,652	\$618,600	\$697,300	\$762,300	\$777,500	\$793,100
Driving Range	12,163	12,400	13,600	14,500	14,800	15,100
Cart Fees	\$310,184	317,400	347,600	369,100	376,500	384,000
Merchandise	\$111,491	114,100	124,900	132,700	135,300	138,000
F & B Lease	19,030	19,500	21,300	22,600	23,100	23,600
Total Facility Revenue	\$1,011,722*	1,082,100	1,204,800	1,301,200	1,327,200	1,353,800
Less: Cost of Sales	\$73,584	75,300	82,500	87,600	89,300	91,100
Gross Margin	\$938,138*	\$1,006,800	\$1,122,000	\$1,212,800	\$1,237,100	\$1,261,800
Operating Expenses:						
Total Personnel Services	\$624,133	\$600,000	\$630,000	\$661,500	\$694,600	\$729,300
Total Current Expense	\$376,640	375,000	384,400	394,000	403,900	414,000
Data Process Expense	\$9,465	5,000	5,100	5,200	5,300	5,400
Other	\$73,101	1,000	1,000	1,100	1,100	1,100
Total Operating Expense	\$1,083,339	\$981,000	\$1,020,500	\$1,061,800	\$1,104,900	\$1,149,800
Net Operating Income after Expense (Loss)	(\$145,201)	\$25,800	\$101,800	\$151,800	\$133,000	\$112,900
User Fees (Capital Reserve)	\$98,123	\$111,300	\$125,500	\$137,200	\$140,000	\$142,800
Debt Service*	\$1,010,833	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Net Income after Debt Service (Loss)	(\$1,254,157)	(\$1,085,500)	(\$1,023,700)	(\$985,400)	(\$1,007,000)	(\$1,029,900)

*Includes \$4,201 other revenue

ANALYSIS OF PALISADE GOLF COURSE

The subject property is Palisade Golf Course, an 18-hole championship golf facility originally developed as a 9-hole course for Palisade State Park in the mid-1970s, with expansion to a full 18 holes in 1996. Popularity of the course and the variety of activities to do while visiting Palisade State Park has resulted in the addition of 28 new full hook-up campsites, two new group areas, and the expansion of the clubhouse to accommodate a concessionaire. The Golf Course and Campground seem to feed off each other in attracting business to Palisade State Park and to the area. Many golfers agree that Palisade State Park Golf Course is now one of Utah's best-kept golf secrets. Hidden in the geographic center of Utah, Palisade is a beautiful 18-hole mountain course with towering trees, vistas of Sanpete County, and views of Palisade Reservoir. The course appears to be maintained well and is both fun and challenging for all levels of golfers.

Location and Access

Palisade Golf Course is located in a rural region of central Utah, not proximate to any major population center. While Palisade is not proximate to any major metropolitan area (Provo is closest at 80+ miles), the park and golf course are convenient and easily accessible for golfers in the local region of towns, including Manti, Sterling, Ephraim, and Gunnison. These towns all lie along the Highway 89 corridor through the area, and Palisade has direct access to Highway 89. Highway 89 connects the area to the northern population centers via Highway 28, which intersects with Highway 89 in Gunnison, approximately 10 miles from the golf course. Like other State of Utah golf courses, the generally remote location means that activity levels (rounds) are expected to be generally lower than average and the facility will function best as a “destination-type” golf facility, with most activity coming from golfers living beyond the standard public golf course drive time of approximately 20 minutes.

Golf Course Review

Palisade GC is a high quality state park golf course that appears to be popular with State golfers, but its remote location tends to reduce overall activity. The golf course measures 6,360 yards from the back tee markers but plays longer because all the par-5s play uphill. Also, the golf course is challenging to better skilled players due to the difficulties encountered around the greens. The mountain layout has an elevation change of 230 feet from 5885 feet at the base to 6115 at the top.

The most interesting and marketable feature of the golf course is its signature hole #4. This 179-yard par-3 has an elevation drop of 70 feet and requires golfers to carry the ball over a canyon, and land it precisely on the green. A ball hit too long will hit into the mountain behind the green, while a ball hit too short will certainly come to rest in the canyon below. The Salt Lake Tribune has likened this hole to the famous 12th at Augusta National and the Deseret News had it on its "Best Holes" in Utah list for 2005.

Views and vistas of the natural surrounding are stunning. Many golfers use their cameras as much as their clubs. In addition to golf, Palisade State Park offers boating, camping, fishing, hiking, off-highway vehicle access, and a variety of other activities.

A summary of the Palisade Golf Course:

- 1st 9-holes open 1971 designed by Keith Downs, 2nd 9-holes in 1996 (Richard Bigler).
- Three sets of tees (Blue, White, Red), with the longest measuring 6,333 yards and a USGA slope rating of 123 (9% 'harder' than the USGA standard). The most forward tee measures 5,303 with a slope rating of 122, or also harder than the "standard."
- 25 sand bunkers on the course with water in play on three of the 18 holes.
- Dramatic changes in elevation in several locations on the golf course.
- Some concrete cart paths, but not continuous throughout the course.

Overall, the Palisade Golf Course offers a good quality championship golf course that requires skill and accuracy to play well, although the changes in elevation make the course generally more difficult golf challenge and require higher skill levels to play well. The facility includes much of the basic golf course amenities typically associated with a higher quality golf course, such as two restroom stations (one on each 9 holes), 100/150/200-yard markers visible on fairways and yardage markers on sprinkler heads. The course is also designed with a loop of nine holes that start and finish near the clubhouse, making it easy to play only nine holes and / or purchase a snack between the play of two nines (desirable for golf courses to have this layout).

Upon review and inspection it is clear to NGF that there is nothing inherent in the basic design of this facility that could serve to increase the overall operating expense of the Palisade Golf Course facility. Thus, it seems the remote location of the facility, not proximate to any large population center, will have the greatest impact on total rounds volume, as opposed to anything inherent in the facility's design or maintenance.

Clubhouse Review

The clubhouse at Palisade appears to be sufficient for the operation, and has some open and less-used areas that could be altered at some later date to expand the facility offerings. The clubhouse includes a nice entry presentation with recently improved landscaping, making a nice first impression to golfers. The clubhouse includes:

- **Pro shop:** Small, but well-stocked and does a relatively strong amount of sales as compared to the volume of rounds (more later in this section).
- **Snack Bar Area:** Lakeside Grill operation that is set up to accommodate up over 50+ patrons at tables, but can be expanded as needed. Offers a snack bar menu.
- **Kitchen** – Very small kitchen, but capable of providing a limited menu of offerings for both daily restaurant fare and banquets and events
- **Meeting Room** – An area just off the main snack bar can be set up to function as a small meeting/conference room. Presently used as a "tournament" room for events.
- **Restrooms** – The facility includes small restrooms for both men and women.
- **Storage** – There is limited storage available throughout the building with several spaces in various locations.
- **Basement/Cart Storage** – There is a sizable area of under-utilized space on the lowest level of the clubhouse, designed for cart storage but is too small to accommodate carts. The space is presently used by the State Park for storage, with some golf storage. If a wider modification of space is ever considered at Palisade GC, this area could be altered to make better use of available space.

The clubhouse facilities at Palisade offer functional utility and pleasing aesthetics, but somewhat inefficient use of space. There appears to be more space within this clubhouse that if altered properly could enhance the facility offering and add more space, especially for tournaments and/or non-golf banquets. However, given the direct expense of such changes it is not likely that any change would be cost effective and thus not high on the NGF recommended upgrade list (more below).

Practice Amenities

Palisade Golf Course has relatively modest practice amenities that include the driving range, conveniently located just southeast of the clubhouse and proximate to the parking area. There is also a large practice green. We note that the practice green is all that exists to service chipping practice, which is not ideal. The range is small and enclosed with netting, a key due to the frequent replacement that is required. The range has 16 stations with dividers and artificial turf (mats) tee areas. Range balls are obtained from a self-service ball dispenser machine located at the range. This is a system recommended by NGF for other State Park properties, although without tokens (token-less machines are more ideal). The set-up of this driving range appears to be relatively low maintenance, which is ideal given budget constraints.

Palisade Physical Evaluation

Overall, Palisade GC appeared to be in good condition and shows signs of attentive and high quality maintenance. There are some issues observed that may be related to the climate and design of the facility, some of which can be improved with capital investment (i.e. new equipment and improved irrigation), while other aspects are not under State control (such as climate and older greens). It does appear to NGF that the equipment used to maintain this golf course is not of the highest quality. Given this golf course is part of a larger system with higher priority golf courses (Wasatch Mountain – Soldier Hollow), this can be expected. In addition, the golf course was constructed in two pieces 25-years apart, leading to some greens (6) being the older “push up” type of green that is more difficult to maintain while the other greens (12) are the newer “USGA” type greens that are more modern and easier to maintain. The course is generally snow covered for most of the winter, leading to a recovery period each spring that may or may not be rapid, depending on the winter and spring climate (not controllable by the State).

Recommended Upgrades

The overall condition of the Palisade Golf Course property is very good, with all infrastructure is clearly within its expected useful life (see **Appendix B**), and no major alteration of the golf course is required. In looking to the future, some items should be considered for upgrade at Palisade, presented in order of NGF recommended priority:

1. **Equipment Storage Covering** – Palisade should add covering within the maintenance compound for equipment being stored outdoors. **NGF Estimated cost = \$60,000.**
2. **Equipment Upgrades** – Palisade needs to upgrade its maintenance equipment. Given the structure of the system, NGF expects that this would be structured by improving equipment at Soldier Hollow and Wasatch Mountain and then passing their equipment on to Palisade. **NGF estimated cost = \$125,000.**
3. **Continuous Cart Paths** – Complete a full overlay of asphalt cart paths to cover the full length of both golf courses. **NGF estimated cost = \$2.75 per foot (sf), or roughly \$75,000 for the roughly 27,200 sf to finish project.**

Upgrade Recommendations – Lower Priority

Other upgrade considerations with lower priority to be completed after 2016 include the items listed below. The cost for each item has been adjusted to account for future inflation.

4. **Greens:** The 6 older greens are at the age where it is expected that they will need to be rebuilt, and NGF did observe that the older greens are of lower quality condition. This item is included in this list as a precaution and to allow Utah State Parks to be prepared for the eventual replacement that will likely be needed in the 10±-year time. **NGF Estimated cost = \$30,000 per green to repair and re-grass, or \$180,000 for 6 total greens.**
5. **Range Netting** – Replacement of the netting / fence protecting hole #11 and the parking lot from the driving range. **NGF Estimated cost = \$15 per linear foot or approximately \$10,500 for 700 feet of fence/netting.**
6. **Irrigation Replacement** – Some of the Palisade irrigation system dates back to 1971 and approaching (or exceeding) its useful life. **NGF Estimated cost = \$650,000 for a new system to be installed at Palisade GC.**
7. **Add Locker Room:** The State should evaluate the possibility of adding up to 100 lockers in available (or renovated) space within the clubhouse. **NGF Estimated cost = \$60,000.**

Estimated Cost and Priority of Physical Improvements

The estimated cost to complete the above noted facility improvements are detailed in the table below, excluding lost revenue due to business disruption that may occur.

Palisade Golf Course Needed Physical Improvements	
Highest Priority Items (1-5 years)	Highest Estimated Cost
Equipment Upgrade	\$125,000
Equipment Storage Covering	60,000
Continuous Cart Paths	75,000
Total High Priority	\$260,000
Lower Priority Items (5-10 years)	
Greens Replacement (optional)	\$180,000
Range Netting	10,500
Irrigation Replacement	650,000
Add Locker Room	60,000
Total Lower Priority	\$900,500
Total Palisade Upgrades	\$1,160,500

Clubhouse and Other Renovation Considerations

Palisade Golf Course proposed a few ideas for facility improvement to NGF consultants for helping to improve performance. Among the ideas presented included adding a new attractive water feature to the golf course such as a running stream connected to the ponds on site. A second included using the available space within the clubhouse to add a locker room facility for golfers. The on-course change (water feature) is likely going to be more expensive than any increase in rounds it may generate and thus is not recommended. The locker room idea does have merit given the transient nature of the rounds at Palisade and the 70% of play coming from more than 80 miles away. The idea of a locker room for changing and possibly even storing

equipment should be explored and a formal cost estimate should be obtained before proceeding. The market analysis shows a range of \$150 to \$200 per year for locker rentals, indicating a revenue stream to Palisade of \$7,500 to \$20,000 for the rental of 50 to 100 lockers.

Staffing

Palisade is presently operated directly by Utah State Parks, through the system’s regional managers and the on-site Park Manager for Palisade State Park. This park manager has responsibility for Palisade GC. As this park has several other elements included (RV hook ups, cabins, lake, etc.), the predominance of day-to-day operational responsibility for the golf course falls on the Head Golf Professional. To review, the golf staff at Palisade GC includes:

Golf Staff

Three (5) Full-Time Employees: (1) Head Golf Professional, (1) Superintendent, (1) Mechanic. The remainder of all staff at the golf course is part-time/seasonal in nature. The seasonal staff totals approximately \$102,000 or 9890 Hours per year. This is estimated to be equivalent to 4.75 full-time equivalents (FTE), bring the total golf facility operation to 7.75 FTE’s. This level of staffing is very low for an 18-hole golf operation (see next chapter on Golf Industry Standards, Norms, and Operational Issues), but is reflective of the low activity volume at the facility. The NGF also notes the apparent high quality of the individuals within these positions that the golf course is run as smoothly and in as good a condition as it is given the small staff. A table of staff summary:

Palisade Staffing FY 2011-2012	
Greens Superintendent	FT
Golf Professional	FT
Journey Mechanic	FT
Golf Course Starter	PT
Lead Golf Course Starter	PT
Ranger Aide	PT
Groundskeeper I	PT
Groundskeeper II	PT
Ranger Aide	PT
PT = 4.75 FTE	

Food and Beverage

The food and beverage operation at Palisade GC appears to be “standard” for a public golf course operation, serving the basic concession needs of golfers in an efficient and convenient fashion. The food and beverage service at Palisade is provided through the Lakeside Grill concession, which is a basic counter service operation with a small kitchen as noted. A review of the menus shows modest pricing on items, with hot dogs at \$4.00, sandwiches and burgers between \$6 and \$9.00 (including fries). Beer is available for \$2.00, or \$10 for a six-pack. Seating is comfortable and convenient in the snack bar, which can be converted to host larger post tournament gatherings or banquets up to 120 persons.

The figures suggest an operation with a total gross revenue of approximately 53,000 in 2011, or approximately \$3.04 per round of golf. In summary, NGF Consulting believes that the food and beverage operation at Palisade is the appropriate complement to the overall facility, and Palisade customers seem satisfied with the quality of service. It seems that regular play golfers

do purchase concessions on a regular basis, and the clubhouse set up is convenient for a “quick stop” between nines.

F & B Concession Agreement

An agreement between Utah State Parks and Recreation (“State”) and Shari Malmgren, dba **Lakeside Grill** (“Concessioner”) for exclusive year-round food & beverage and vending rights for **Palisade Golf Course**, located at Palisade State Park (“Park”).

Concessionaire responsibilities

- Operate a year-round food & beverage concession
 - Offer both hot and cold foods as well as beverages
 - Concessioner may set menu and prices, with approval of Park manager.
 - Non-food beverage items to be sold need Park manager approval
 - Coordinate food services with the golf professional for tournaments and special events; cost for events will be negotiated by the Concessioner, Park manager, and golf professional
 - Pay fees for security, snow removal, and misc. costs for special functions
 - Serve fountain drinks and provide drinks for one or two vending machines located outside the clubhouse
 - Serve drinks and other items on the golf course during play, using the F&B cart provided by Coke
- Open 7 days a week during pro shop operating hours
 - During golf shoulder seasons, Concessioner may decide hours of operation depending upon business
- Provide janitorial/sanitation service for the dining area inside and outside
- Repair or replace State equipment as needed; such equipment is owned by Concessioner until termination of agreement.
- Meet sanitation requirements
- Maintain the concession premises in “first-class” condition

Division responsibilities

- Provide equipment on hand (as-is) at the time of contract signing
- 50-50 share on cost of major State equipment breakdowns costing more than \$1,000
- The Park will be allowed to utilize the concession premises at no charge during the operating year for meetings and general usage with proper notice of 10 days

Fees

- Concessioner paid \$1,000 deposit on signing, \$500 to be refundable based on condition and cleanliness of the facility and equipment at the time of termination
- Concessioner pays Division an annual concession fee of \$800
- Concessioner pays Division 5.5% of adjusted gross receipts received from or through operations of the concession and through endorsements or partnerships
 - Allowable deductions from gross receipts are fees for taxes, refunds of expenditures, cash given to customers in debit and credit card transactions, sale of used and retired capital equipment, and capital infusions from bank loans and investors; properly documented and reported to the State.
 - Concessioner pays utilities - \$600/Mo. in season and \$300/mo. off- season.

Ownership of improvements

Upon termination of concession, possession of improvements vests in the Division.

Key Operational Issues

Palisade revenue is generated from green fees, cart fees, and some ancillary concessions (pro shop, F &B, other rentals). The NGF review of the facility's clientele, events/programs, marketing, carts, range, other rentals, and a discussion of green fees follows in this section.

Clientele and Events

Staff observations reported to NGF in 2012 show the course draws primarily from the Utah County and Salt Lake City areas, with upwards of 70% of play from these "day trip" markets. Palisade also hosts upwards of 12 to 15 large golf tournaments/events each year with at least 70+ players. These events are limited primarily to weekdays, leaving weekends available for daily fee play.

Marketing

As documented by NGF in our System-Wide review, the marketing of State of Utah State Parks golf courses has two separate components, with marketing activities from each individual facility and a centralized marketing program covering all facilities. The review shows Wasatch Mountain and Soldier Hollow tending to be marketed together from a central point (both in Wasatch Mountain SP), leaving Palisade to complete much of its own marketing. Key elements reported to NGF include:

- Direct in-person programs offered to local hotels for hotel guests interested in golf
- Marketing to area universities
- Magazine ad in Fairways Media (\$1,450)
- Other programs such as local radio ads (in 2008-2009 @ \$2,000), Theater ads (\$2,250) and Sanpete County cooperative ads (\$1,300)
- Email blasts
- Online newsletter
- Poster for distribution at various locations

Traditionally, NGF recommends marketing budgets for golf courses of at least 2% of total gross facility revenue, or roughly \$7,500 for Palisade in 2011 (\$8,000 for 2008). In larger, multi-course systems it is expected that these amounts can be reduced by 25% to 50%, as long as the total system is being marketed aggressively.

Driving Range Operations

The driving range operation at Palisade Golf Course represents a nice additional revenue source, despite the small size and limited other practice amenities. Range prices are \$3.00 for a small bucket and \$6 for a large. Range balls can be obtained directly at the range via automated machine, a system that is preferable to both golfers and the golf courses and is recommended at all Utah State Parks facilities, as noted in the general discussion on range operations.

Carts

Palisade is presently using a fleet of 80 total working carts, all of which are stored outdoors. The facility reports owning up to 95 carts, but several are not in working order. The terrain of this golf course, along with the outdoor storage and the lack of wall-to-wall cart paths, may accelerate the rate of deterioration of carts and this should be considered by the State.

Rental Clubs

Palisade GC offers rental clubs as a service to golfers lacking equipment. The course owns several full rental sets of above average quality, including several premium sets (Taylor Made, Callaway, etc. for a higher fee. This is an important amenity for this facility and should be part of the marketing efforts to attract transient visitor play from golfers who may travel without equipment.

Fee Analysis

The table below displays the daily playing fees for Palisade for 2011-12, including the update for 2012-13. We note that the facility does not offer a Junior/Senior discount on weekends, which NGF finds to be appropriate. Also, the facility charges a \$5 fee for non-players on the course accompanying other golfers. This is also appropriate and fits in well with the Palisade State Park clientele.

Palisade Fees				
	2011-12		2012-2013	
Fees	Weekday	Weekend	Weekday	Weekend
9 holes	\$11.00	\$13.00	\$11.00	\$13.00
9 holes Junior / Senior	\$8.00		\$8.00	
18 holes	\$22.00	\$26.00	\$22.00	\$26.00
18 holes Junior / Senior	\$16.00		\$16.00	
Non-Player per 9-holes	\$5.00	\$5.00		\$5.00
Passes				
20 Round Punch Pass	\$180.00		\$180.00	
Jr. Season Pass	\$125.00		\$125.00	
5-day Season Pass (Mon-Fri)	\$350.00		\$350.00	
7-Day Season Pass (Mon-Sun)	\$500.00			500.00
Couples Season Pass	\$700.00		\$700.00	
Family Season pass	\$900.00		\$850.00	
Other Fees				
9-hole Cart per seat	\$5.00	\$5.00	\$5.00	
18-hole Cart per seat	\$10.00	\$10.00		
Pull Cart	\$2.00	\$2.00		
Range Ball (Small)	\$3.00	\$3.00	\$3.00	
Range Ball (Large)	\$6.00	\$6.00	\$6.00	
Rental Clubs	\$5.00	\$5.00	\$5.00	
Premium Rental Clubs	\$15.00	\$15.00	\$15.00	
Senior = 62+; Junior = 17 and under				

Frequent Player / Pass Card

Palisade offers several season pass options as noted above, totaling approximately 100 passholders. These passholders generate revenue of \$40,000 and produce 3,490 rounds of golf. A summary of the program is shown in the table below:

Pass Sales – Palisade GC				
Average Pass Fee	Passes Sold	Total Pass Revenue	Total Pass Rounds	Avg. Revenue per Pass Round
\$400.00	100	\$40,000	3,490	\$11.46
Source: State of Utah				

Facility Performance and Data Analysis

Palisade generates revenue primarily from green fees, cart fees and merchandise sales. The following paragraphs summarize each of these revenue sources, plus the expenses required to maintain the facilities and service customers.

Activity Levels

The tables below show reported total rounds as derived from the facility POS system. The Palisade POS system is recording “starts” so as to allow for comparison to national and regional averages. We see that this facility had shown relatively stable performance over the period shown, with a decrease noted in 2011. Total “starts” (a rounds measure appropriate for comparison) now stand at around 17,400 total rounds on 18 holes. This amount is comparable to about 54% of the average annual rounds per 18-hole public golf course in the total U.S. that now stands at 32,497 (see next chapter on Golf Industry Standards, Norms, and Operational Issues). Rounds at Palisade are primarily divided between daily fee and pass rounds. In 2011, Palisade generated approximately 70% of rounds from daily fee players, 26% from discount passes and 4% from ‘other.’

Palisade Golf Course Historical Total “Starts” (Rounds Played) – 2008-2011					
Type	2008	2009	2010	2011	Average
*18 hole	4,302	3,784	3,792	3,453	3,833
9-hole	5,986	6,098	6,228	5,399	5,928
*18 hole Sr.	576	741	637	504	615
*18 hole Jr.	85	68	63	68	71
9-hole Sr.	817	1,073	965	809	916
9-hole Jr.	435	549	463	412	465
Punch Card	1,386	1,800	2,053	1,554	1,698
Comp	92	7	1	20	31
Season Pass	3,581	4,410	4,313	4,572	4,219
High School	146	74	75	638	233
UGA / PGA (2 for 1 offer)	663	964	665	8	575
Rain Check	20	16	11	16	16
Total Rounds Played (Starts)	18,089	19,584	19,266	17,453	18,599
Annual % Change		8.3%	-1.6%	-9.4%	-3.5%*

Source: State of Utah. *total change from 2008-2011.

Capacity Issues

As presented in the competitive facility data in our System-Wide report, current rounds played volumes at Palisade are well below national norms for 18-hole golf courses and also below rounds played volumes at other Utah golf courses. Based on Palisade’s market positioning, location, fee structure, season pass program, and desire to maintain the highest quality of golf course conditioning, NGF Consulting has estimated a reasonable number of maximum expected yearly rounds activity of about ±30,000 rounds in a good weather year.

Revenue Analysis

NGF Consulting’s review of performance shows that unlike other facilities in the Utah State Parks golf system, Palisade GC has experienced relatively stable total income over the last four years. Palisade recorded \$78,546 in pro shop sales in 2012, the highest total recorded over the period shown. NGF assumes a ‘standard’ of 65% cost of sales for pro shop operations at golf courses, compared to Palisade showing around 68% between 2009 and 2012.

When compared to industry averages (see next chapter on Golf Industry Standards, Norms, and Operational Issues), we see that Palisade is operating with revenues well below the average for 'mid-range' courses (between \$25 and \$70 green + cart fee). The US average revenue for mid-range public golf courses was \$993,800 (18 holes) in 2009.

Palisade Golf Course Total Gross Revenue – 2009-2012				
Revenue	2009	2010	2011	2012
Green Fees	\$180,063	\$175,396	\$179,660	\$184,125
Driving Range	2,510	5,038	4,432	5,190
Cart Fees	109,507	106,979	107,585	106,827
Other Rentals	0	0	566	0
Merchandise (Gross)	70,853	74,829	96,243	78,546
Other	(118)	75	545	78
F & B Lease	3,190	807	3,273	4,994
Total Revenue	\$366,005	\$363,124	\$392,304	\$379,760
Source: State of Utah				

Average Revenue Analysis

The total average revenue earned per round of golf played now stands at only \$21.70 for the just completed FY2012, up 15% from the \$18.85 recorded in 2010. It seems that Palisade GC has been able to increase its average revenue in the last few years while other facilities have recorded decrease in this measure. The average for mid-fee public golf courses in the U.S. was \$21.54 for total revenue per round in golf revenue (green, cart, membership), plus an additional \$9.04 in ancillary spending (food, beverage + merchandise – see next chapter).

Palisade Golf Course Average Revenue per Round 2009 – 2012				
Revenue	2009	2010	2011	2012
Total Rounds	19,584	19,266	17,453	17,500
Green Fees	\$9.19	\$9.10	\$10.29	\$10.52
Driving Range	\$0.13	\$0.26	\$0.25	\$0.30
Cart Fees	\$5.59	\$5.55	\$6.16	\$6.10
Other Rentals	\$0.00	\$0.00	\$0.03	\$0.00
Merchandise (Gross)	\$3.62	\$3.88	\$5.51	\$4.49
Other	(\$0.01)	\$0.00	\$0.03	\$0.00
F & B Lease	\$0.16	\$0.04	\$0.19	\$0.29
Total Revenue	\$18.69	\$18.85	\$22.48	\$21.70
Source: State of Utah. NGF Consulting estimate in <i>italics</i>				

Expense Analysis

Basic expenses to operate and maintain the facility totaled just over \$400,000 in 2012, representing a significant increase from 2011 and continuing a trend from 2009. Overall, expenses at Palisade have declined by 37% since 2009, with a 17% decline in 2012. The overall expenses to operate this facility are now much lower than expense averages for mid-range public golf courses in the nation (average 18-hole facility = \$931,900 in expenses—see next chapter on Golf Industry Standards, Norms, and Operational Issues), and may have

reached a true “bottom” in that any further reductions would seriously jeopardize the integrity of the golf course and golf operation.

Palisade Golf Course Total Facility Expenses 2009 – 2012				
	2009	2010	2011	2012
Cost of Sales (Merchandise)	\$49,515	\$46,575	\$53,229	\$53,410
Operating Expense				
Total Personnel Services	\$391,108	\$366,994	\$339,969	\$306,965
Total Current Expense	112,363	149,246	120,000	98,581
Data Process Expense	143,235	492	0	1,779
Other	(121)	360	33,000	196
Total Operating Expenses (4465)	\$646,585	\$517,092	\$492,969	\$407,521
Source: Utah State Parks				

Direct Expense Findings

The two key expense categories of labor and non-labor at Palisade are compared to the industry averages in the following table:

Industry	Indicator	Palisade GC*	Total 2012
50%	Labor	75.2%	\$306,595
50%	All other expenses	24.8%	\$100,926
Total Expense			\$407,521
* Excludes cost of sales, debt service and State overhead			

Other Expense Findings

In review of the Palisade Golf Course direct operating expenses, NGF offers the following basic summary:

- Total operating expenses at Palisade GC are lower than expected for a “Standard” golf operation (favorable).
- Direct costs for labor are higher than standard in proportion to total spending at Palisade Golf Course in 2012, inclusive of reductions made in 2011-12. This finding, coupled with the previous review of positions, shows that Palisade Golf Course is not overstaffed, but has reduced “current expenses” and “capital” more rapidly than personnel.

Palisade Golf Course Operations Summary

The Palisade Golf Course operates as a public golf course with modest revenue and recent expense reductions. In total, the course generated just under \$380,000 in operating revenue in 2012, with steady performance over the last few years (different from other State facilities). NGF expects that the growth in activity from improved Palisade marketing has prevented the declines observed at other Utah State Parks courses in the last year or two. The total revenue earned at Palisade is generally lower than expected for standard public golf courses in this market and nationwide, but total revenue per round is somewhat comparable, indicating that the challenge at Palisade is in increasing activity without having to lower price.

Total expenses to operate the facility have been reduced to under \$400,000 in FY2012, and should not be reduced any further. The high quality of the golf course product is the strongest asset at this facility and continued cuts to maintenance will eventually take their toll. With total revenue consistently finishing at under \$400,000 annually, it is clear that covering all required expenses at this facility will always be problematic, even if rounds and revenue can be increased to a level closer to the previously-years totals (more later in this report).

The NGF Consulting review of this expense structure indicates that it is considerably lower than national averages, although labor cost in proportion to total expense is high. Further, the NGF Consulting team fully expects this basic structure to remain in place for the foreseeable future and does not see any specific areas that could be reduced to enhance overall earnings without jeopardizing the overall integrity of the facility (see further discussion in Financial Projection section). The basic summary of the Palisade golf operation financial position is shown in the table that follows:

Palisade Golf Course Summary of Operations – 2009 – 2012				
	2009	2010	2011	2012
Total Operating Revenue	\$366,005	\$363,124	\$392,304	\$379,760
Direct Cost of Sales	\$49,515	\$46,575	\$53,229	\$53,410
Operating Margin	\$316,490	\$316,549	\$339,075	\$326,350
Total Operating Expense	\$505,525	\$517,092	\$492,969	\$407,521
NET INCOME (Loss)	(\$189,035)	(\$200,543)	(\$153,894)	(\$81,171)
Net Income % of Rev.	-51.6%	-55.2%	-39.2%	-21.4%
User Fees (Capital Reserve)	\$32,923	\$32,019	\$31,704	\$32,493
Net (Loss)	(\$221,958)	(\$232,562)	(\$185,598)	(\$113,664)
Source: Utah State Parks				

Other summary points from NGF regarding the Palisade GC include:

- Palisade is clearly a better-quality public golf course with a remote location that will always be dependent on attracting players from outside its local market to succeed.
- As such, the key issues for this operation will be methods to help entice golfers to make the trip from non-local areas to seek out golf at Palisade, and ways to make this easier for these golfers (lockers, day retreats, cabins, etc.).
- The overall infrastructure in place at Palisade (golf course condition, irrigation system, clubhouse, maintenance yard, etc.) is generally sound, but NGF has concern that recent expense reductions related to golf course maintenance have gone too far. This course has some physical upgrade needs, the most important of which relate to the condition of the maintenance equipment and the way this equipment is stored outdoors (issues are related).

NGF Recommendations – Palisade Golf Course

Palisade is a public golf facility featuring a golf course of good quality with outstanding scenery, but with conditions that may be beginning to decline due to recent budget/labor reductions. While Palisade has operational and marketing challenges similar to other Utah State Parks golf courses, maintaining the high quality physical condition of this golf facility will be key to making the marketing efforts successful.

In light of this reality, the NGF recommendations for Palisade are designed to improve its economic performance with: (1) upgrades to its physical infrastructure; and (2) enhancing the marketing to attract out-of-town visitors to the area for day trips and/or corporate retreats.

Palisade Recommendations

- The Utah State Parks should commit to a plan to complete upgrades at this facility as detailed previously by NGF, including:

Palisade Golf Course Needed Physical Improvements	
Highest Priority Items (1-5 years)	Highest Estimated Cost
Equipment Upgrade	\$125,000
Equipment Storage Covering	60,000
Continuous Cart Paths	75,000
Total High Priority	\$260,000
Lower Priority Items (5-10 years)	
Greens Replacement (optional)	\$180,000
Range Netting	10,500
Irrigation Replacement	650,000
Add Locker Room	60,000
Total Lower Priority	\$900,500
Total Palisade Upgrades	\$1,160,500

- Palisade GC should create a “day-trip” or corporate retreat concept for its marketing to promote use from Salt Lake / Utah County golfers. General improvements to Palisade marketing should be focused on the visual beauty of the golf course, as well as enhanced targeting of area hotels and colleges.
- NGF recommends increased use of the cabins within the State Park to promote golf “stay-and-play” packages. If funds become available, the golf staff can “lobby” the State to add additional cabins within the park as a method to help grow golf activity.
- The facility can also add promotion of the clubhouse for use in non-golf functions, and for use by the other guests (both day and overnight) to the Palisade Park.

Summary – Palisade Golf Course

Despite the high quality of this golf course, the remote location will always present a challenge to for increasing revenue. The concern from NGF is that the State will view the lower revenues as a reason to reduce expense budgets, putting the very high quality of the product at risk. The facility is such that it needs some upgrade to aging components, and would benefit from improvement to its golf course and clubhouse facilities. Unfortunately, the NGF team does not see the revenue potential as high enough to warrant a full renovation, but upgrades to equipment storage and the addition of a locker room will help to increase rounds activity.

As-Is Economic Performance

The estimates in this section show Palisade's performance at various rounds played levels (worst case, 'as-is,' modest growth and best case), assuming expected 2012 inputs for revenues and expenses. The table shows that Palisade will need to grow rounds to over 27,000 annually to show any kind of operational profit. NGF has prepared these projections noting that there is some variability in expenses at higher rounds and revenue total (i.e. more maintenance needed when more rounds played). We also note that the NGF estimate is based on the proposed (2013) average fee structure (figures rounded to nearest \$100).

Palisade Golf Course Estimated Economic Performance at Various Rounds Totals				
Rounds	15,000	17,500	20,000	27,000
Revenue				
Green Fees	\$157,800	\$184,100	\$210,400	\$284,100
Driving Range	4,400	5,200	5,900	8,000
Cart Fees	91,600	106,800	122,100	164,800
Merchandise	67,300	78,500	89,800	121,200
F & B Lease	4,300	5,000	5,700	7,700
Total Revenue	\$325,467	\$379,678	\$433,989	\$585,920
Less: Direct Cost of Sales (COS)	\$45,800	\$53,400	\$61,100	\$82,400
Gross Margin	\$279,667	\$326,278	\$372,889	\$503,520
Operating Expenses:				
Total Personnel Services	\$300,000	\$300,000	\$335,000	\$350,000
Total Current Expense	100,000	\$115,000	\$130,000	\$150,000
Data Process Expense	1,500	1,500	\$1,600	\$1,600
Other	1,000	1,000	\$1,000	\$1,100
Total Operating Expense	\$402,500	\$417,500	\$467,600	\$502,700
Net Income (Loss)	(\$122,833)	(\$91,222)	(\$94,711)	\$820
User Fees (Capital Reserve)	\$27,600	\$32,200	\$36,800	\$49,700
Net After Debt (Loss)	(\$150,433)	(\$123,422)	(\$131,511)	(\$48,880)

NGF Projections 2012-2017

NGF Consulting has created a cash flow model for the continued operation of Palisade through 2017. The table below shows the projected cash flows for the full operation through FY2017, assuming a "standard" market environment over the next five years. This projection is intended to provide a realistic projection of economic performance of Palisade in the next five years considering NGF assumptions, particularly the upgrades to the system's marketing and continued maintenance of the facility at a high level of quality, including additional staff hours and current expense. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Central Utah regional economy, employment, and visitation.
- The improvement observed in FY2012 is continued, leading to a slight increase in rounds in FY2013. The new structure and marketing efforts recommended by NGF are expected to produce increases to a stable level of 22,000 rounds by FY2014

(conservative estimate). NGF projects this to become a new “stable” level of rounds, with some years falling below and some years rising above this expected ‘average’ figure.

- Green fee revenue has been calculated using the NGF recommended schedule of fees with 5% increases every other year (approximately \$1 to \$1.25). Additional revenue for pro shop, snack bar and other revenue has been estimated using historical performance, with 2% annual increases in average revenue per round.
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

Palisade Golf Course Projected Economic Performance with NGF Recommendations						
	2012 (Actual)	2013 (Projected)	2014 (Projected)	2015 (Projected)	2016 (Projected)	2017 (Projected)
Rounds	17,500	19,000	21,000	22,000	22,000	22,000
Revenue						
Green Fees	\$184,125	\$204,700	\$226,200	\$248,800	\$248,800	\$261,300
Driving Range	5,190	5,600	6,400	6,800	6,900	7,100
Cart Fees	106,827	116,000	130,800	139,700	142,500	145,400
Merchandise	78,546	85,300	96,100	110,800	113,000	115,300
F & B Lease + Other	5,072	3,600	4,000	4,300	4,400	4,500
Total Facility Revenue	\$379,760	\$415,200	\$463,500	\$510,400	\$515,600	\$533,600
Less: Cost of Sales	\$53,410	\$58,000	\$65,300	\$75,300	\$76,800	\$78,400
Gross Margin	\$326,350	\$357,200	\$398,200	\$435,100	\$438,800	\$455,200
Operating Expenses:						
Total Personnel Services	\$306,965	\$310,000	\$325,500	\$341,800	\$358,900	\$376,800
Total Current Expense	98,581	115,000	117,900	120,800	123,800	126,900
Data Process Expense	1,779	1,500	1,500	1,500	1,500	1,500
Other	196	1,000	1,000	1,100	1,100	1,100
Total Operating Expense	\$407,521	\$427,500	\$445,900	\$465,200	\$485,300	\$506,300
Net Operating Income after Expense (Loss)	(\$80,171)	(\$70,300)	(\$47,700)	(\$30,100)	(\$46,500)	(\$51,100)
User Fees (Capital Reserve)	\$32,493	\$35,800	\$39,600	\$43,500	\$43,500	\$45,700
Net Income after User Fees (Loss)	(\$113,664)	(\$106,100)	(\$87,300)	(\$73,600)	(\$90,000)	(\$96,800)

ANALYSIS OF GREEN RIVER GOLF COURSE

The Green River Golf Course is the most unique and economically challenged golf facility in the Utah State Parks golf system. The golf facility consists of a regulation-length 9-hole golf course and clubhouse, located on property surrounding the Green River State Park. The park includes a 40-unit campground, a boat dock and launch facilities, modern restrooms, hot showers, and a covered pavilion. The primary story regarding the Green River Golf Course is the remote location and very small population within 70+ miles, making the attraction of an adequate number of golfers a significant problem.

This facility has been attracting very low total rounds and revenue for many years (data shows approximately 6,000 total rounds), but the course remains popular with a small number of local area golfers. As the revenue is very low (under \$90,000 annually), the State of Utah has been working in recent years to reduce the total expense on the operation, but has become clear to the State and the NGF consultants that the upside revenue potential of this facility is very low and thus meeting budget obligations is likely to always be a challenge at this property. There was a slight uptick in revenue in the just ended FY2012, likely a result of recent changes.

Location and Access

The Green River GC has a particularly problematic location, a key factor in its low rounds and revenue totals. The course is located in the small town of Green River, Utah (population approximately 1,000), at the eastern edge of Emery County (population approximately 10,000). The golf course is the only one within 50 miles in any direction. As a reference, the NGF uses the estimate of 25,000 to 30,000 as a MINIMUM local (within 20 miles) population needed to support a single golf course. Green River is located along and in close proximity to Interstate-70 (I-70), approximately 100 miles west of Grand Junction, Colorado and 100 miles east of Salina, Utah and the intersection with Utah Highways 6 and 191. While this is a sparse and rural location, Green River is at a mid-point between a large 200-mile stretch of open highway and the area has a sizable inventory of hotels (3,800 hotel rooms in Green River) considering the small size. The Green River SP is a local attraction and is a popular location to launch onto the River. The very small local market and the 9-hole nature of the Green River property would be expected by NGF to limit the overall market potential of this site.

Golf Course Review

Despite the issues associated with the rural location, the Green River State Park Golf Course does offer an appealing golf layout with on the banks of the Green River, with the Book Cliffs towering in the distance. The modern design features of elevated tees and greens add character to the facility, as opposed to a flat and simple golf course. The course has holes lined with mature cottonwood trees, and includes several water hazards from, and holes alongside, the Green River. As such, the course does offer a challenge to golfers and could be a desirable location for travelers passing through looking for a place to stop overnight or just for a few hours. Other NGF observations regarding the Green River GC:

- Opened in 1996 and was originally planned to include 18 holes but second nine was never added. The State still owns property on the north side of Highway 19 that was planned to be a second nine holes.
- The nine hole golf course is a par-36 (standard) and four sets of tees (Gold, Blue, White, Red) ranging from 3,368 to 2,459 yards in length. The slope rating is 121 from the gold and 116 from the red. The length and slope would equate to a full-length, regulation golf course if 18 holes.

- The course includes 9 bunkers and water in play on six of the nine holes.
- Can be open in winter when other area courses are closed.
- There is no driving range.
- Cart paths are limited and include some gravel and some asphalt.
- The irrigation system appears to be functioning properly with no problems of concerns.
- The course has some drainage problems in areas close to the Green River.
- The overall turf health is not ideal as the sub-soil is high in alkaline, a problem exacerbated by the river and its overflows.
- There are no outbuildings or on-course services of any kind.
- Recent reductions in maintenance expense have contributed to declining conditions, especially on the greens. Staff has reduced the amount of mowing and maintaining the golf course.

Overall, Green River Golf Course offers a good quality golf experience, but the remote location is contributing to very low activity and revenue which has led to reductions in maintenance. It is clear to NGF consultants that if this cycle continues the condition of Green River GC could deteriorate to a level where it is no longer appealing to play. This golf course has deferred maintenance issues that are likely to increase in the coming years as it now operates on a reduced budget.

Needed Upgrades

The physical review of Green River Golf Course reveals significant deficiencies at this location, perhaps more so than any other in the Utah State Parks system. This becomes especially problematic given that this property is also the weakest in the system in terms of revenue production. The problems observed at Green River are not necessarily tied directly to growing revenue, but may be required to maintain activity as is. Green River is a relatively small golf course (total 60 acres) but the design is spread out over a wide area of narrow corridors. The Key issues reviewed include:

- **Turf** – The overall turf condition at Green River did not appear to be healthy on the tees, greens, and fairways. Staff reports very poor underlying soil, coupled with reductions in maintenance. The greens were especially problematic, showing many bare spots common in diseased greens that are stressed due to poor soil conditions and/or poor irrigation or both. ***(NGF Estimated cost to improve is undetermined as more study is needed, but any investment unlikely to be recovered through revenue).***
- **Lack of Driving Range** – This facility does not have a driving range although space is available on property across Highway 19. The addition of a new driving range with basic features should have direct cost at ***NGF Estimated cost = \$75,000.***

Operational Review

The review of operation at Green River shows a small golf facility program with limited service. This appears appropriate given the very low volume of business recorded by the golf course. The NGF review of the facility's clubhouse, staffing, carts, clientele, rental clubs and a discussion of green fees follows in this section.

Clubhouse

The Green River clubhouse includes a small pro shop, small snack area, restrooms and a small common area within the clubhouse that can accommodate 8-10 people. As such, the pro shop and food and beverage operations are not expected to produce significant revenue.

Staffing

The Green River facility is presently operating with a very lean staff that has been reduced considerably in the last few years. The direct Green River GC budget now includes only one (1) full-time staff – the Golf Course Mechanic who is functioning as the Golf Course Superintendent. The Green River State Park manager is also functioning as the golf course manager, but has other park responsibilities. There is no golf professional at Green River and only a handful of pro shop assistants and maintenance personnel. It is clear to the NGF consultants that this structure is about as lean as possible and still sustain a golf course operations, but is probably not sufficient to sustain a level of golf course quality for the longer term (more in NGF's Green River recommendations to follow).

Green River Maintenance Staffing		
FY 2011 - 2012		Hours
Full-time superintendent	FT	
9-month lead grounds keeper	PT	1,400
3-month grounds keeper 1/2 time	PT	300
8-month grounds keeper 1/2 time	PT	600
6-month grounds keeper 1/2 time	PT	400
9-month grounds keeper 1/4 time	PT	400
9-month lead golf starter 1/2 time	PT	1,100
9-month golf starter	PT	1,600
Total PT Hours		5,800

Clientele

The Green River staff reports a clientele of about 80% local (within 1.5 hours) and the rest transients and visitors, some from hotels. The course has 65 pass holders from a recent push in 2012 to sell new season passes. There is some organized golf activity with a few local groups. The course also hosts 6 high school golf teams that play about 10 times per year. There is a junior golf program for \$25 per year.

Carts

Green River has 48 gas powered carts owned by the State, all stored in the cart shed that was added in 2004.

Season Pass

Green River has implemented a new \$150 season pass in 2012 designed to stimulate new activity. On-site management reported to NGF that a total of 65 of these new passes were sold in 2012, compared to the 9 sold in 2011 at the previous rate of \$350. The facility operators also estimated upwards of 1,150 rounds to be generated from the passes, although it is not clear if these will be new rounds or just replace previous activity with lower fees.

Rental Clubs

Green River offers rental clubs as a service to golfers lacking equipment. This is an important amenity for this facility and should be part of the marketing efforts to attract transient visitor play from golfers who may travel without equipment. The course owns only a handful of rental sets, mostly of standard or below-average quality, and there are no junior rental sets at this facility. Base fees for rental sets at Green River GC are \$5.

Fee Analysis

The table below displays the daily playing fees for Green River for 2011-2012 and 2011-13.

Green River Fees				
Green Fees	2011-12		2012-13	
	Weekday	Weekend	Weekday	Weekend
9 holes	\$10.00	\$10.00	\$10.00	\$10.00
9 holes Jr/Sr	\$9.00	\$10.00	\$9.00	\$10.00
18 holes	\$18.00	\$18.00	\$18.00	\$18.00
Passes				
20 round punch pass	\$160.00	\$160.00	\$160.00	\$160.00
Annual pass	\$150.00		\$150.00	
Annual pass Jr/Sr	\$150.00			
Annual pass - youth	\$150.00			
High school tournament	\$3.00			
Other				
Cart 9 holes	\$5.00	\$5.00	\$5.00	\$5.00
Cart 18 holes	\$10.00			
Pull cart	\$2.25			
Club rental 9 holes	\$5.00	\$5.00	\$5.00	\$5.00

Jr. = 17 and under; Sr. = 62 and over

Facility Performance and Data Analysis

As noted the Green River GC financial picture is very simplistic. The table below shows the summary of rounds, revenue and expense activity for the last three full years. As noted, the 2012 budget included a significant reduction in operating expense in reaction to lower revenue.

Green River State Park Golf Course Summary of Performance 2009 – 2012				
	2009	2010	2011	2012
Total Rounds	6,000	5,481	6,676	6,800
Revenue:				
Green Fees	\$44,354	\$42,273	\$50,348	\$43,061
Rentals	17,041	17,556	21,638	20,631
Merchandise*	13,717	11,415	13,596	18,684
Other	90	71	5,101	5,058
Total Revenue	\$75,202	\$71,315	\$90,683	\$87,434
Total Revenue per Round	\$12.53	\$13.01	\$13.58	\$12.86
Expenses:				
Total Personnel Services	\$216,559	\$205,661	\$213,202	\$124,828
Total Current Expense	84,259	91,130	108,396	56,931
Data Process Expense	2,268	2,239	3,395	1,597
Other	133	674	65	230
Total Expenses (4465)	\$303,219	\$299,704	\$325,058	\$183,586
Net Operating Income	(\$228,017)	(\$228,389)	(\$234,375)	(\$96,152)
User Fees (Capital Reserve)	\$8,892	\$8,472	\$8,885	\$7,603
Net After User Fees	(\$236,909)	(\$236,861)	(\$243,260)	(\$103,755)

Source: Utah State Parks *Merchandise net of all cost of sales

Other summary points from NGF regarding the Green River Golf Course include:

- Significant reductions in personnel expense were made in FY2012, leading to a reduction in the loss on the facility. However, as noted in our physical review the golf course condition has suffered and this may have a cumulative effect for the future if the maintenance reductions continue (deferred maintenance).
- With its low expense structure, the challenge for this facility is clearly on revenue generation. As such, all considerations to expand activity will have to be evaluated (more later in this report).
- The other issue with this facility is that Green River clearly has capital and infrastructure needs that cannot be funded through operations. Utah State Parks will have to think hard about what level of investment is warranted for this facility in light of its present revenue situation.

NGF Recommendations – Green River Golf Course

Green River is clearly a problem facility for the State of Utah, given the remote location and extremely small local golfer population. Still, there are some things the State can be doing to help improve this operation and take advantage of the positive elements that the facility has. Key NGF recommendations for this facility include:

- Add one additional maintenance worker back to the facility, either as a golf course employee or a park employee. The golf course maintenance has declined in 2012 and if conditions get much worse the course may become unappealing to golfers, making any sale of rounds difficult.
- Resist the temptation to expand the facility to 18 holes using State funds. The project will not be economically justified and the revenue increase will not cover additional expenses to operate, let alone any capital cost reduction (debt service).
- The State should seek out a local partner for the golf course, such as the City of Green River or Emery County to provide some matching funds that can be used to improve maintenance or upgrade the 9-hole facility.
- One such upgrade that should be considered is the addition of a new driving range on the property just across the Highway. If this improvement is made, the new range should be included as a key amenity in any marketing for the facility.
- Another capital investment that may have merit at Green River is the addition of day lockers in available clubhouse space. This can then be used by truckers and/ or other pass-through visitors seeking a break from highway travel.
- The State should use available billboards on I-70 for the Green River Park and golf course, emphasizing the “take a break from driving” theme.
- Offer free rental clubs to golfers as a means to help sell green and cart fees. This program should be part of the advertising and will have appeal to pass-through visitors and truckers looking for a short break from driving.
- Continue the program with area hotels and motels for a buy one get one free and other discounts. With a small local population, hotels and pass through visitors will have to be the key for this operation.

Summary – Green River Golf Course

Given its extreme remote location, it is clear to NGF that this property will always represent a challenge for the State of Utah. This property is not earning enough revenue to cover even its basic expenses, and it has some capital needs that NGF is recommending be delayed, as there are other priorities within the Utah State Parks golf system.

As such, even disposition options should be considered, such as turning the course over to the local City or County, or even closing it altogether. The State will have to decide whether the property is worth preserving from a public accommodation / public recreation standpoint, as the facility will never generate the revenue needed to cover its operations. In short, the NGF recommendations contained in this review are designed to help the State maintain rounds and revenue at the facility without too much change to its present condition or operating program.

As-Is Economic Performance

The estimates in this section show Green River's performance at various rounds played totals (worst case, 'as-is,' modest growth, and best case), assuming expected 2012 inputs for revenues and expenses. The table shows that even if Green River can increase rounds to around 10,000 total, the increases in variable costs will still keep the facility at a level close to its economic position at present. NGF has prepared these projections noting that there is some variability in expenses at higher rounds and revenue total (i.e., more maintenance needed when more rounds are played – figures rounded to nearest \$100).

Green River Golf Course Estimated Economic Performance at Various Rounds Totals				
Rounds	5,000	6,000	7,500	10,000
Revenue				
Green Fees	\$31,700	\$38,000	\$47,500	\$63,300
Rentals	15,200	18,200	22,800	30,300
Net Merchandise	13,700	16,500	20,600	27,500
Other	3,700	4,500	5,600	7,400
Total Revenue	\$64,300	\$77,200	\$96,500	\$128,500
Expenses:				
Total Personnel Services	\$115,000	\$120,000	\$125,000	\$130,000
Total Current Expense	53,000	\$60,000	\$70,000	\$75,000
Data Process Expense	1,500	1,500	\$1,600	\$1,600
Other	1,000	1,000	\$1,000	\$1,100
Total Operating Expense	170,500	182,500	197,600	207,700
Net Income (Loss)	(\$106,200)	(\$105,300)	(\$101,100)	(\$79,200)
User Fees (Capital Reserve)	\$5,400	\$6,500	\$8,100	\$10,800
Net After Debt (Loss)	(\$111,600)	(\$111,800)	(\$109,200)	(\$90,000)

NGF Projections 2012-2017

NGF Consulting has created a cash flow model for the continued operation of Green River through 2017. The table below shows the projected cash flows for the full operation through FY2017, assuming a "standard" market environment over the next five years. This projection is intended to show the State that it should not expect much by way of positive net income for this facility, even with the recommendations made by NGF. Base assumptions in preparing this financial performance estimate include:

- The overall economic condition remains stable, without any sizable increase or decrease in the Central Utah regional economy, employment, and visitation.
- The improvement observed in FY2012 is continued, leading to a slight increase in rounds in FY2013. The new structure and marketing efforts recommended by NGF are expected to produce increases to a stable level of 7,500 rounds by FY2015. NGF projects this to become a new “stable” level of rounds, with some years falling below and some years rising above this expected ‘average’ figure.
- Green fee revenue has been calculated using the NGF recommended schedule of fees with 2% increases every year. Additional revenue for pro shop, snack bar and other revenue has been estimated using historical performance, with 2% annual increases in average revenue per round.
- Expenses are adjusted to reflect the changes noted above, with 5% increases in annual labor expense and 2.5% increases in all other expenses.
- As the NGF projections are estimates of future results, all figures have been rounded to the nearest \$100 for simplicity.

Green River Golf Course Projected Economic Performance with NGF Recommendations						
	2012 (Actual)	2013 (Projected)	2014 (Projected)	2015 (Projected)	2016 (Projected)	2017 (Projected)
Rounds	6,800	6,800	7,000	7,500	7,500	7,500
Revenue						
Green Fees	\$43,061	\$43,100	\$45,200	\$49,400	\$50,400	\$51,400
Rentals	20,631	20,600	21,700	23,700	24,100	24,600
Net Merchandise	18,684	18,700	19,600	21,400	21,900	22,300
Other	5,058	5,100	5,300	5,800	5,900	6,000
Total Facility Revenue	\$87,434	\$87,500	\$91,800	\$100,300	\$102,300	\$104,300
Operating Expenses:						
Total Personnel Services	\$124,828	\$120,000	\$126,000	\$132,300	\$138,900	\$145,800
Total Current Expense	56,931	54,000	55,400	56,800	58,200	59,700
Data Process Expense	1,597	1,500	1,500	1,600	1,600	1,600
Other	230	1,000	1,000	1,100	1,100	1,100
Total Operating Expense	\$183,586	\$176,500	\$183,900	\$191,800	\$199,800	\$208,200
Net Operating Income after Expense (Loss)	(\$96,152)	(\$89,000)	(\$92,100)	(\$91,500)	(\$97,500)	(\$103,900)
User Fees (Capital Reserve)	\$7,603	\$7,300	\$7,700	\$8,400	\$8,600	\$8,700
Net Income after User Fees (Loss)	(\$103,755)	(\$96,300)	(\$99,800)	(\$99,900)	(\$106,100)	(\$112,600)

Golf Industry Standards, Norms, and Operational Issues

NGF has presented a selection of basic golf industry information designed to help educate the State of Utah on “reasonable expectations” for public golf operations in the U.S. Information provided includes operational norms for public golf courses (rounds, revenues, expenses, staffing) as well as some other “standards” consistent with successful public golf courses. As the State of Utah is operating golf courses that fit into separate categories, NGF has included benchmark data for both ‘mid-range’ and ‘premium’ public golf courses.

PUBLIC GOLF OPERATIONAL NORMS

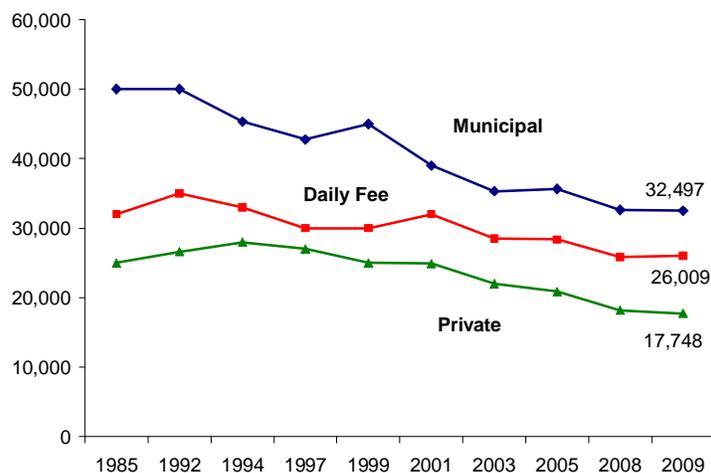
For comparison purposes to the State of Utah Parks golf courses, we present a review of selected NGF data from our bi-annual surveys of golf facilities. As the 2012 edition was not yet complete at the time of this report, NGF has used the 2010 figures for comparison to Utah State Parks golf courses. This include data from the aggregate of all golf courses in the U.S. (by category), as well as data from selected sub-categories of golf facilities including mid-range (middle fee) public golf facilities and premium (highest fee) golf facilities. These data are detailed in the National Golf Foundation publication, *Operating & Financial Performance Profiles of 18-hole Golf Facilities in the U.S.* These figures were included and used for this effort as they represent “reasonable estimates” for comparison to the State of Utah Parks golf courses. In addition, NGF Consulting has added estimates from the “*Future of Public Golf in America*” study completed in 2012 and presented at the annual NGF Golf Business Symposium.

Public Golf Facility Rounds Expectations

NGF research indicates that the average number of rounds played per 18-hole golf course has been declining in the last 25 years. The totals now stand at an average of 32,497 rounds for municipal golf courses, 26,009 for all daily fee (privately-owned, open to the public), and 17,748 for private (member only) clubs. We note these figures all represent significant declines since 1985, with acceleration of decline since 2001. As a benchmark comparison, average rounds per 18-hole municipal golf course was around 36,000± in 2005 and just over 33,500± rounds in 2009.

The NGF uses a golf industry standard that defines a round of golf as “one individual beginning a round in an authorized start.” As such, the NGF is essentially counting “starts” as a round. We understand that the State of Utah has been using 9-hole rounds as a metric for evaluating performance. As this is not the industry standard, the State of Utah method does not allow for appropriate comparison to industry benchmarks and other facilities. During the course of this study, the NGF has used the industry standard of “starts” to count rounds played and recommends the State adopt this counting method for all future reporting.

Rounds Played Median 18-hole

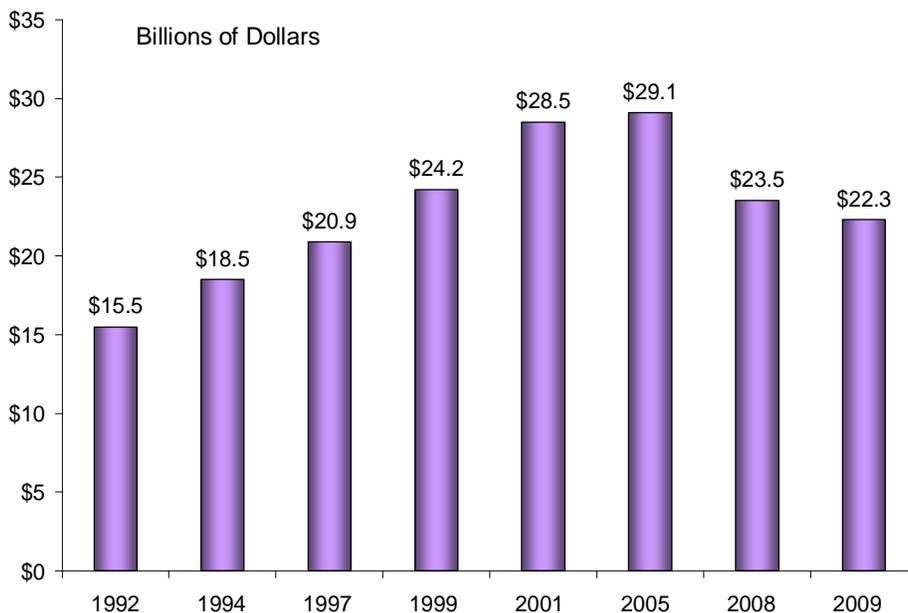


Public Golf Facility Revenue Expectations

NGF research indicates that the total of all golf facility revenues in the U.S. represents a \$22.3 billion industry, down from a peak of \$29.1 billion in 2005. The table below shows the NGF estimate for total golf facility revenue (public and private combined) in the United States for selected years since 1992.

Total U.S. Golf Facility Revenue

Total Golf Facility Revenues
Adjusted for inflation, includes public & private



Average Revenue per Golf Facility

The NGF estimate for total revenue per golf facility in the U.S. now stands at \$1.5 million for daily fees, \$1.3 million for municipals, and \$3.4 million for private clubs. Again, we note that this is a full aggregate of all golf facilities in the U.S., inclusive of all climatic regions and facility types.

Facility-Level Revenues Average Total Revenues 18-hole - \$millions			
	2008	2010	% change
Daily Fee	\$1.6	\$1.5	-6.1%
Municipal	\$1.3	\$1.3	-2.1%
Private	\$3.6	\$3.4	-4.7%

Source: National Golf Foundation and Golf Datatech

Revenue Detail for 'Mid-Range' Public Golf Courses

Further detail on 'mid-range' public golf facility operations in the United States has been collected by NGF over the years, a summary of which is presented below for 2005 and 2010. 'Mid-range' public golf courses are those with green fees in the \$40 to \$70 range (excluding carts). The NGF consultants feel that this represents the best measure of comparison to performance at State of Utah Golf Courses such as Wasatch Mountain and Palisade, as well as some comparison for Green River, and is used for this purpose throughout the NGF engagement for the State of Utah.

Public Mid-range Average Revenues			
	2005	2010*	% change
Green fees, cart fees and member/passholder revenue	\$679,280	\$624,900	-8.0%
All other golf revenue	\$76,930	\$75,000	-2.5%
F&B revenue (incl. banquets)	\$214,400	\$182,200	-15.0%
Merchandise revenue	\$80,080	\$75,300	-6.0%
All other operating revenue	\$37,560	\$36,400	-3.1%
Total Revenue	\$1,088,250	\$993,800	-8.7%

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and "Future of Public Golf in America" study – 2010.
*Estimated totals derived from sample research in 2011.

Revenue Detail for 'Premium' Public Golf Courses

In addition, NGF also has data on 'Premium' public golf facility operations in the United States, which is summarized in the following table for 2005 and 2010. 'Premium' public golf courses are those with green fees \$70.01 and up (including cart fee). Although the green fees at Wasatch Mountain and Soldier Hollow do not meet this threshold, the NGF sees these facilities (especially Soldier Hollow) as having the quality more appropriately associated with "premium" facilities. NGF will use the figures below for comparison to Soldier Hollow GC throughout the NGF engagement for the State of Utah.

Public Premium Average Revenues

	2005	2010*	% change
Green fees, cart fees and member/passholder revenue	\$1,872,270	\$1,610,100	-14.0%
All other golf revenue	\$210,760	\$200,800	-4.7%
F&B revenue (incl. banquets)	\$620,750	\$516,200	-16.8%
Merchandise revenue	\$276,240	\$216,200	-21.7%
All other operating revenue	\$120,270	\$102,400	-14.9%
Total Revenue	\$3,100,290	\$2,645,700	-14.7%

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and "Future of Public Golf in America" study – 2010. *Estimated totals derived from sample research in 2011.

Public Golf Facility Expense Expectations

NGF research indicates that all golf facilities in the U.S. had a total of \$21.3 billion in direct operating expenses, down 20.5% from a high of \$26.8 billion in 2001. The table below shows the NGF estimates for total golf facility expenses (public and private combined) in the United States for selected years since 1992.

Total U.S. Golf Facility Expenses



Average Expense per Golf Facility

The NGF estimate for total expenses per golf facility in the U.S. now stands at \$1.3 million for daily fees, \$1.1 million for municipals and \$3.2 million for private clubs. Again, we note that this is a full aggregate of all golf facilities in the U.S., inclusive of all climactic regions and facility types.

Facility-Level Expenses Average Total Expenses 18-hole - \$millions			
	2008	2010	% change
Daily Fee	\$1.4	\$1.3	-5.8%
Municipal	\$1.1	\$1.1	-1.2%
Private	\$3.4	\$3.2	-5.4%

Source: National Golf Foundation and Golf Datatech

Operating Expense Detail for 'Mid-Range' Public Golf Courses

Further detail on 'mid-range' public golf facility operational expenses in the United States from 2005 and 2010 are displayed below. The NGF consultants will use these figures for comparison to performance at State of Utah Golf Courses such as Wasatch Mountain and Palisade, as well as some comparison for Green River, throughout the NGF engagement for the State of Utah.

Public Mid-range Average Expenses			
	2005	2010*	% change
Total maintenance costs	\$377,160	\$414,900	10.0%
Golf car fleet costs	\$31,120	\$30,500	-2.0%
COGS F&B	\$86,360	\$76,200	-11.8%
COGS merchandise	\$56,450	\$44,600	-21.0%
Other expenses	\$315,280	\$365,700	16.0%
Total Expenses	\$866,360	931,900	7.6%

Notes:
 "Total maintenance costs" includes payroll, supplies, and equipment.
 "Other expenses" is a large category because it includes all non-maintenance payroll and all other operating expenses. Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and "Future of Public Golf in America" study – 2010.
 *Estimated totals derived from sample research in 2011.

Operating Expense Detail for 'Premium' Public Golf Courses

Operating expense detail for 'Premium' public golf facilities appears in the following table. The NGF consultants will use these figures for comparison to performance at Soldier Hollow throughout the NGF engagement for the State of Utah.

Public Premium in Average Expenses			
	2005	2010*	% change
Total maintenance costs	\$825,640	\$923,900	10.6%
Golf car fleet costs	\$57,040	\$55,800	-2.2%
COGS F&B	\$189,750	\$167,500	-11.7%
COGS merchandise	\$189,000	\$148,200	-21.6%
Other expenses	\$1,167,480	\$1,354,300	16.0%
Total Expenses	\$2,428,910	\$2,649,700	9.1%

Notes:
 "Total maintenance costs" includes payroll.
 "Other expenses" is a large category because it includes all non-maintenance payroll and all other operating expenses. Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and "Future of Public Golf in America" study – 2010. *Estimated totals derived from sample research in 2011.

Other Expense Findings

NGF Consulting has also included basic information on golf industry 'standards' for all golf courses of all types in all climates. Industry standards can vary depending upon specific courses, but as a "rule of thumb," allocated spending in key areas coincide with the percentages displayed below. The two most significant of these figures for the analysis of the Utah State Parks Golf Enterprises are the percentage of labor expense and utilities, as addressed by NGF for each individual facility.

Key Area	Allocated Spending
Labor	50%
Products, Supplies & Repair	15%
Services (Incl. Equipment)	10%
Utilities	5%
Other	20%

Source: Golf Course Superintendents Association of America (GCSAA) and NGF Consulting. Expense totals do not include non-recurring capital expenses, amortization, or depreciation.

Public Golf Facility Average Revenue and Expense per Round

The following section provides NGF estimates for revenues and expenses per round of golf played for each of 'Mid-Range' and 'Premium' golf facilities.

Public 'Mid-range' Revenue and Expense per Round

NGF research indicates that middle-fee public golf courses in the U.S. average \$30.58 in total facility revenue per round of golf in 2010. Of this figure, \$21.54 (70.4%) is derived from "golf" sources (green, cart, pass fees and driving range), with the remaining \$9.04 (29.6%) per round derived from "ancillary" (mostly merchandise, food + beverage) sources. Overall, this figure has declined by about 6.0% between 2005 and 2010, with the largest decline (12.5%) coming from food and beverage revenue.

Public Mid-range U.S. Average Revenue Per Round			
	2005	2010	% change
Total Revenue	\$32.54	\$30.58	-6.0%
Golf Revenue	\$22.61	\$21.54	-4.7%
F&B revenue (incl. banquets)	\$6.41	\$5.61	-12.5%
Merchandise revenue	\$2.39	\$2.32	-2.9%
All other operating revenue	\$1.12	\$1.12	0.0%

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and "Future of Public Golf in America" study – 2010

Middle-fee public golf courses in the U.S. average \$28.68 in total facility expenses per round of golf. Of this figure, \$12.77 (44.5%) is derived from golf course maintenance, with the remaining \$15.91 (55.5%) per round derived from all other expenses. Overall, this figure increased by about 11% between 2005 and 2010.

Public Mid-range U.S. Average Expense Per Round			
	2005	2009	% change
Total maintenance costs	\$11.28	\$12.77	13.2%
Golf car fleet costs	\$0.93	\$0.94	0.9%
Total COGS	\$4.27	\$3.71	-13.1%
Other expenses	\$9.43	\$11.25	19.4%
Total Facility Expense	\$25.91	\$28.68	10.7%

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and "Future of Public Golf in America" study – 2010

Public 'Premium' Revenue and Expense per Round

NGF research indicates that the highest fee public golf courses in the U.S. average \$81.41 in total facility revenue per round of golf. Of this figure, \$55.73 (68.5%) is derived from "golf" sources (green, cart, pass fees and driving range), with the remaining \$25.68 (31.5%) per round derived from "ancillary" (mostly merchandise, food + beverage) sources. Overall, this figure declined by about 12% between 2005 and 2010.

Public Mid-range U.S. Average Revenue Per Round			
	2005	2010	% change
Total Revenue	\$92.70	\$81.41	-12.2%
Golf Revenue	\$62.28	\$55.73	-10.5%
F&B revenue (incl. banquets)	\$18.56	\$15.88	-14.4%
Merchandise revenue	\$8.26	\$6.65	-19.5%
All other operating revenue	\$3.60	\$3.15	-12.4%

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2011 edition, National Golf Foundation, and *Future of Public Golf in America* study – 2010

Premium public golf courses in the U.S. average \$81.54 in total facility expenses per round of golf. Of this figure, \$28.43 (34.9%) is derived from golf course maintenance, with the remaining \$53.11 (65.1%) per round derived from all other expenses. Overall, this figure increased by about 16% between 2005 and 2010.

Public Mid-range U.S. Average Expense Per Round			
	2005	2010	% change
Total maintenance costs	\$24.69	\$28.43	15.2%
Golf car fleet costs	\$1.71	\$1.72	0.7%
Total COGS	\$11.32	\$9.71	-14.2%
Other expenses	\$34.91	\$41.67	19.4%
Total Facility Expense	\$72.63	\$81.54	12.3%
<small>Source: <i>Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.</i>, 2011 edition, National Golf Foundation, and <i>Future of Public Golf in America</i> study – 2010</small>			

Public Golf Course Staffing

As noted previously, the State of Utah Parks is operating its four golf facilities directly, through its Regional Park structure, with on-site Park Managers, golf professionals, and superintendents employed directly by the State. While there has been some use of various contracted staff for functions over the years, this has been the system in place for most of the history of Utah State Parks Golf facilities. This structure is very common among municipal golf courses in the U.S., although it often results in labor expense that is higher than similar operations in the private sector. The discussion that follows will explore the operation of Utah State Parks Golf courses and help to assist the State in identifying a “standard” for staffing a public golf course operation, for ultimate use in establishing a program for staffing at all four Utah State Parks Golf courses. However, we note that given the relative quality of each facility, its local market characteristics, and the level of rounds played and revenue production, it is clear that a “one size fits all” approach will not be appropriate for this system.

There are no industry standards that can be referenced to determine the appropriate staffing levels for a golf operation. The number of staff needed for a particular golf operation depends on several factors, not the least of which is budget considerations. Personnel costs typically represent the largest single expense item in a golf course operation, as is the case for Utah State Parks Golf courses. Therefore, an analysis of these costs is essential to understanding the financial performance of the Utah State Parks Golf operation. It appears that Utah State Parks Golf has reduced staffing in 2011 through retirements and reassignments. The NGF review of public golf operations nationwide in 2010 revealed the following averages for full-time staffing at 18-hole public golf courses nationwide:

U.S. Averages Distribution of Staffing – Full-Time Equivalents (Year-Round)						
	“Typical” Utah SP Golf Course in 2012*	Total U.S.	Daily Fee Golf Courses by season length		Municipal Golf Courses by season length	
		Avg.*	10-12 mos.*	<10 mos.*	10-12 mos.*	<10 mos.*
Golf Maintenance Staff	6.25	10.0	9.5	7.0	10.5	9.0
Pro Shop Staff	3.25	6.5	6.0	5.0	7.5	5.5
Clubhouse Staff (F&B)	N/A	3.0	3.0	2.0	2.0	2.5
Total	9.5	19.5	18.5	14.0	20.0	17.0

Source: Operating & Financial Performance Profiles of 18-Hole Facilities in the U.S., National Golf Foundation. *Includes average per 18-holes and is based on combination of PT and FT.

GOLFER EXPECTATIONS OF BETTER QUALITY PUBLIC GOLF FACILITIES

Golf consumers have developed certain expectations about the package of amenities they expect at golf courses of various levels of quality. These expectations extend to both the physical attributes (maintenance) of a facility as well as the level of service provided. In this section, NGF will provide a basic “checklist” of amenities and services that are expected at various levels of golf course quality and should be considered within the overall program of the State of Utah Parks golf system. This includes a review of golf course facilities, support amenities, and service.

Golf Course Expectations

A summary of categories of expectations for golfers at middle-to-better quality golf courses includes:

- Clean carts
- Good scenery
- Appropriate length and challenges (see below)
- Well maintained conditions
- Well maintained greens
- Well maintained fairways
- Well maintained tees
- Well maintained bunkers
- Clearly marked and visible yardage and hazard indicators
- Rough that is not too difficult and ball can be found
- Practice facility
- On-course facilities / water fountains

Golf Course Standards (Length of Tees)

The length of tees on a golf course can significantly impact course performance in three ways: Marketing (inherent appeal), playability, and pace of play. All three areas are important, but are often overlooked when a course is initially laid out.

From a marketing perspective, the length of tees that means the most is the one from the back tee. Any course that does not measure at least 7,000 yards from the back tee is at a disadvantage to be marketed as a true upscale “championship” facility. This is especially true for courses in resort areas or who count a lot on non-local play, especially tourists. The reason the back yardage is so important is not because golfers will actually play from there (fewer than 4% of golfers will play from tees over 7,000 yards), but because golfers have come to equate distance with quality -- a perception that is fed by the media. In the State of Utah system, both courses at Soldier Hollow meet this criterion, although the Lake Course at Wasatch Mountain is just under at 6,942 yards.

While the back tee yardage is important to get golfers to the course for the first time, the length from the other tees is critical in getting them to return. This is because playability is crucial to generating return play. Golfers tend to prefer courses where they can score at their “normal” level. If a course is perceived as being too easy, it is considered inferior. On the other hand, few golfers want to get “beaten up” every time they play. Ideally, a course would appear challenging but allow most golfers to be able to score at their normal level.

The most commonly preferred yardage for male golfers is around 6,250 yards plus or minus 250 yards. Psychologically the “6” is critical. The average male golfer (who typically will shoot anywhere from 90 to 105) will normally choose the shortest tee that is at least 6,000 yards long. You will find this tee, regardless of color, will be the most popular tee on almost every course -- typically receiving 40-50% or more of the play. There is some logic to this yardage as it will allow most male golfers to use almost every club in their bag when they play. At this yardage, most male golfers will typically be able to reach every hole in regulation at most courses.

However, as golfers age, they are no longer able to hit the ball as far. As a result, they are no longer able to reach all the holes in regulation at 6,000 plus yards. So for seniors, the most comfortable and preferred yardage tends to be from 5,400 to 5,800 yards. Women, on the other hand, tend to hit the ball about 80% as far as men. So the equivalent distance of a 6,000 yard tee would be 4,800 yards. Thus, women tend to prefer yardage of 5,000 or less.

When these yardages are not present, golfers are forced to play from a length where they are not comfortable. In reviewing the yardages at Utah State Parks Golf facilities, it seems that the system provides an excellent mix of yardage offerings, with only the longer forward tees at both Soldier Hollow courses and the Lake Course at Wasatch Mountain appearing to be slightly long for most women players.

Golf Facility	Longest Tee Yardage	Middle Tee Yardage	Forward Tee Yardage
Soldier Hollow Gold	7,598	7,197 / 6,629 / 6,131	5,658
Soldier Hollow Silver	7,355	6,972 / 6,546 / 6,043	5,532
Wasatch Mountain – Lake	6,642	6,322	5,573
Wasatch Mountain – Mountain (Par 71)	6,459	5,787	5,009
Palisade	6,333	5,755	5,303
Green River Park (9-H Par 36)	3,368	3,135 / 2,912	2,459

Clubhouse Expectations

Basic expectations of golf course clubhouses from golf consumers at middle-to-better quality public golf courses include:

- Visually appealing entrance and landscaping
- Area to drop golf bags directly from auto
- Clean and clearly marked entrance
- Appropriate and visible art and decorations
- Visually appealing pro shop area
- Room to shop and view items for sale + ease of purchase
- Convenient restrooms cleaned twice daily
- Clear logistics and ergonomics (where do I go to check in?)
- Space and comfortable chairs to sit and relax
- Space for gatherings / tournaments (at least 72 patrons on 18 holes)
- Wi-Fi and cell service available
- Space to privately change clothes/shoes (if necessary)
- Nice views of the golf course
- Good food and beverage service
- Alcohol service (at least beer) and a comfortable place to go to enjoy food and drinks and reflect on their round with friends
- Big screen TVs in the lounge/bar and/or grill area that are always tuned to sports

The above items represent the basic package of clubhouse amenities expected by golfers to complete a better quality golf experience. Attention to these details will help produce repeat customers and strong “word-of-mouth” recommendations. In general, the Utah State Parks Golf facilities meet these expectations at Soldier Hollow, Wasatch Mountain and Palisade (except for Wi-Fi), but come up short at Green River.

Service Expectations

Basic service expectations from golf consumers at middle-to-better quality public golf courses include:

- Availability of, and accommodation for booking tee-times
- Assistance with golf bag drop
- Ease of parking
- Friendly/courteous staff at check-in counter
- Pro shop stocked with appropriate basic items (balls, tees, gloves, umbrellas, etc.)
- Carts cleaned and fully charged for a round
- Courteous starter attentive to golfer needs
- Management/staff attention to pace-of-play
- Courteous ranger moving play along
- Beverage cart service
- On-course restroom / drinking stations
- Ability to conveniently consume snacks/beverages after 9th hole (the “turn”)

- Assistance with golf bag after the round
- Ability to conveniently consume snacks/beverages after 18th hole (“19th hole”)
- Pro shop open when round complete

The above items represent the basic service package expected by golfers to complete a better quality golf experience. Attention to these details will help produce repeat customers and strong “word-of-mouth” recommendations. NGF notes there are few deficiencies in these areas at Wasatch Mountain and Soldier Hollow, and the other facilities tend to match the fee structure.

Merchandising Operations

Merchandise sales are an often overlooked aspect of golf operations. Most operators realize that it is important to carry some items as a convenience to their customers, some even see it as a profit center, but rarely is it seen as a significant source of income. Many golf operators appear to be content with low merchandise sales per round (‘standard’ was \$2.32 for mid-range and \$6.65 for premium in 2010). On the other hand, some operators see merchandise sales for what it can be – a major profit center for the golf operation. In looking at Utah State Parks golf courses, we see a total of \$332,292 in merchandise sales in 2011, down 17% from a peak of over \$401,000 in 2009 (\$3.98 per round):

Golf Facility	Total Merchandise Sales (2011)	Merch. Sales per Round	Direct Cost of Sales % (COGS)
Soldier Hollow GC	\$111,491	\$3.34	66%
Wasatch Mountain GC	\$123,778	\$2.29	50%
Palisade GC	\$77,974	\$4.47	68%
Green River GC	\$23,314	\$3.49	50%
Total System	\$332,292	\$2.92	56%
*Green River data includes the sale of snacks and vending items.			

In addition, savvy operators understand that the quality of the merchandise helps set the golfer’s expectations for the course. For example, if a golfer comes in and sees a sparsely stocked pro shop, they are likely to conclude that the golf course is in financial difficulty, which may reflect on the quality of the golf course and its condition. Similarly, if the pro shop carries high-quality shirts and supplies, the golfer is led to believe the golf course is a higher-end facility that attracts higher-end golfers who can afford to play at better facilities.

The biggest key to success in merchandise sales is attitude. If a golf facility operator approaches merchandise sales as simply a minor add-on, it is likely to remain a low priority and generate little revenue. On the other hand, if the pro shop is viewed as a retail store, the entire perspective changes. The degree to which a golf facility can emulate successful retail store practices will determine just how successful that golf shop can become. Key issues include:

- **Sales.** Successful retail stores realize that the word “SALE” is a very powerful word, and thus always have merchandise on sale. Further, the merchandise on sale is not just the rejects, but includes popular selections as well.
- **Promotion.** There is an adage in retail that goes like this: “a promotion not promoted is not much of a promotion.” The typical pro shop relies on a small sign placed strategically on a rack or table to announce items that are on sale. Successful retail operations are constantly advertising their sales on the Website, sent out in e-mails,

noted on large signs in the lobby or grill area, or on smaller signs at the pro shop counter or even on the golf carts.

- **Incentive.** If allowable within the State of Utah Park system, some form of staff incentive to sell merchandise would likely result in increased merchandise sales.
- **Inventory.** Most pro shops strive to keep inventory levels down, providing limited selections in most areas. Successful retail stores recognize that having a strong inventory is important for two reasons: (1) it gives customers a wider selection, which increases the chances for a sale; and (2) full shelves are much more enticing to customers than sparsely stocked shelves. If a store (pro shop) looks like no one is buying anything, the potential customers feel like they shouldn't buy either.
- **Margin.** Many pro shop operators are guilty of getting so caught up in maximizing their profit margin on each item that they end up losing sales in the process, reducing overall profit. Most successful pro shops will have a cost-of-goods for merchandise sales of around 65-70% (most Utah State Parks Golf facilities are within this threshold).
- **Know Your Market.** One of the biggest keys to success is to know your market, especially the golfers that are coming to your course, and stocking items that are appropriate to your customers.
- **Logo.** One thing golf discounters and on-line stores do NOT have is your logo! Your logo is often the main reason buyers will purchase your shirts and caps, etc., because it is unique and gives them something to wear others won't have. The Utah State Parks Golf system has created outstanding logos for all four courses and these should be promoted on all soft goods items (shirts, jackets, hats, etc.), as well on golf balls and umbrellas and other hard goods items.
- **Staffing.** The best pro shops will have staff dedicated to merchandise sales.

Food and Beverage Operations

The food and beverage (F&B) operation at most golf courses is critical to the facility's profitability, either positively or negatively. The F&B operation, though, is more important to the success of a golf course than simply its direct contribution to the bottom line. What is often undervalued, perhaps because it is so hard to measure, is the F&B's impact to the overall desirability of a golf course and thus its effect on rounds performance.

There is no question that for most golfers a golf course's F&B operation significantly impacts the overall golfing experience. Given that an 18-hole golf round usually takes four to four and half hours to play, a golf round is inevitably going to impact at least one meal for a golfer. Further, many golfers enjoy relaxing after a round of golf, preferably while eating and/or drinking. This is an important social time as the golfers reflect on the round, settle bets, and often discuss various issues that may have nothing to do with golf. (Notably, a golf course is a popular spot to conduct business).

As a result, a facility's F&B operation can be either an asset or a detriment to a facility. If the quality of food is excellent and the atmosphere and service are good, there is no doubt that the operation will have a positive impact on golf course performance. However, if the F&B is lacking (or even non-existent) it can deter a lot of players from even coming to the course. This is true if for no other reason than convenience. Given that the golfer is likely to need a place to eat either before, after or even during a round, if the golf course cannot provide the meal, the golfer must find another place – adding additional time and inconvenience to the round. Further, a golfer

tends to want to satisfy thirst and hunger immediately. If this cannot be done at the golf course, the round can be much less pleasant.

On the other hand, if the food quality and service are good, it adds to the golf experience and increases the desirability of the golf course as a place to play. A high quality F&B operation can help make up for any deficiencies of the golf course. Similarly, a poor F&B operation can drag even a good golf operation down.

Successful Food and Beverage Operations at Golf Facilities

From a golf perspective, the F&B operation does not need to be elaborate; a simple grill operation is often sufficient. Golfers are looking mostly for tasty items that can be prepared and delivered quickly in an inviting and friendly atmosphere. Hot dogs and hamburgers are still the overwhelmingly most popular items served. However, with healthy selections becoming more socially acceptable and appealing and with the desire to expand the market to include women and seniors, other menu items are required. There should be salad and healthy sandwich choices as well as fruit offerings. To increase appeal to regulars, there should be daily specials. A “signature” item is always desirable.

It is also important to understand that the F&B operation is not limited to the grill or restaurant, but definitely extends to the golf course. Many golf operators have discovered that offering a good beverage cart operation not only creates a new profit center, but also increases total rounds performance. Golfers tend to enjoy beverage cart service, when the operators are well-trained and personable and the prices and selection reasonable. It is not uncommon for a mid-level facility to average more than \$1 to \$2 per round from beverage cart sales alone. However, to be successful, a beverage cart operation needs to have the following:

- **Good Servers.** The attendants need to be friendly and helpful.
- **Beer.** Beer is the beverage of choice for a large percentage of golfers. Having beer readily available will significantly help performance – both for the F&B operation and for the golf course.
- **Good Selection.** Savvy operators track what golfers are buying and do their best to keep these items in stock and available on the golf cart.
- **Consistency.** This is perhaps the most important ingredient of all. To be successful, the beverage cart must be present consistently. It cannot be operated only during “peak” days and at “peak times.” Golfers need to be trained to expect that the beverage cart will be there in order to leave their coolers behind and for the beverage cart to have a positive impact on the golf course rounds.

Where F&B operations tend to create fiscal problems for a golf facility is when they start offering dinner services that go beyond the typical golf course fare and try to compete with restaurants.

Utah State Parks Golf Enterprise Operational Considerations

One of the key issues for review by the NGF Consulting team was the issue of overall governance and structure of Utah State Parks golf facilities, and to review and analyze options for “privatization” of the State’s system. Before we present our findings and recommendations on this subject, we believe it will be useful to provide a summary of the various management options available to public sector golf course operations.

MANAGEMENT OPTIONS

In our experience, there is no ideal operating scenario that fits all situations, and each municipal entity must arrive at its own unique approach to operation and maintenance. In the following section, we summarize the options available to the State of Utah by presenting descriptions of the most typical operational structures for public sector golf facilities, as well as advantages, disadvantages and public policy implications of each. These options, which are presented in order of most direct State involvement to the least State involvement, include:

- **Self-Operation.** Under this scenario, the State would continue to operate the four facilities under the supervision of the Park system Director, through the Regional Manager with ultimate site authority with the Park Managers. Food & beverage at all but Green River would continue to be outsourced to a concessionaire.
- **Concession Agreements.** Often structured as “personal services” contracts with municipalities, typically involving Pro Shop, Food and Beverage and/or Maintenance and would involve the State contracting for one, some, or all of these services.
- **Full-Service Management Contract.** Hire a management company to operate all aspects of the State Parks Golf Courses.
- **Full Service Lease.** Lease the facilities to a private operator in exchange for an annual (or monthly / quarterly) lease payment to the State.

Management contracts and operating leases are the most commonly used terms to describe a contract between a municipality and a private golf course operator. Each has significant differences, but also several common characteristics. A general discussion of each option, along with key advantages and disadvantages is presented in the following paragraphs.

Option 1: Self-Operation by Utah State Parks

Self-operation gives the municipality the greatest control over golf operations and would be the status quo option for the State of Utah, which currently runs the golf operations and contracts out only for food & beverage services at Palisade, Wasatch Mountain, and Solider Hollow. With the exception of the food & beverage, the State would continue to have control over all employees, course maintenance, policies and procedures, hours of operation, fee schedules, and operating and capital budgets. All revenues (including F & B rent from vendors) belong to the State, as do all expenses associated with operating and maintaining the golf course.

Advantages of Self-Operation

- Direct State control of the assets.
- All workers are State employees.
- Full participation in upside revenue potential.

Disadvantages of Self-Operation

- Requires municipal administrative support for the operation.
- Potential operating inefficiencies due to “red tape”, bureaucracy, and/or procurement issues.
- The municipality may lack necessary expertise in managing golf facilities, and would have to add staff for this purpose.
- All employees would be subject to municipal labor policies for wages, benefits (if applicable), termination policy, etc.
- Golf operation may experience fiscal loss and require subsidies from other departments (i.e., taxpayer support).

Discussion and Policy Implications

Any golf facility owner must consider how it views its golf facilities. If the State Parks golf courses in Utah are seen primarily as amenities to the overall State experience like other recreation amenities that have lower cost recovery, then the municipality should be prepared to realize lower economic return, and self-operation likely makes the most sense. However, if the municipality requires a positive economic return from its golf courses, then the self-operation option may not be the most effective in terms of maximizing economic performance and minimizing taxpayer support. Also, if a municipality is unable to fund needed capital improvements and/or is deferring routine maintenance, the result will be a less attractive product for golfers, leading to continued rounds and revenue decreases, and ultimately resulting in larger and larger subsidies by the municipality and continued deferral of needed capital upgrades.

Option 2: Concession Agreements

This form of agreement is similar to a lease agreement. However, a concession agreement usually involves granting a license to operate a facility rather than the right to occupy the premises. It is very common in the golf industry, especially in the food and beverage service area, as presently exists at three of the four subject golf facilities in Utah State Parks.

Food and Beverage Concession

The most common concession agreement at municipal golf courses nationwide is the food and beverage concession. This agreement typically covers all aspects of food and beverage operations and is in place in many municipalities due to restrictions on public sector agencies holding liquor licenses. These agreements will typically involve the concessionaire owning all revenues and paying a share to the municipality (usually around 10% of gross revenue). The concessionaire is responsible for all direct expenses (cost of sales, labor, materials, etc.) and can sometimes add capital investment such as kitchen equipment. If banquets and other non-golf events are hosted at the facility the concessionaire would have rights to provide all food and beverage service, but concessionaire collection of room rental fees is not common.

Pro Shop Concession

The second most typical concession agreement would be for the Pro Shop, including one or more of the cart, merchandise, and driving range revenue centers. The most common pro shop concession agreements usually involve the municipality owning all green fees and any other revenue centers tied to large capital investment (carts, range, etc.). Pro shop concessionaires will often receive payment from the municipality for a share of certain pre-established revenue centers in order to cover direct expenses for overseeing golf operations. All money will typically flow in one direction with either the municipality collecting all revenue and paying the concessionaire, or vice-versa. Because of the short term of most pro shop concession agreements, there is little incentive for the concessionaire to make major investments.

Maintenance-Only Concession

Another area of separate concessions is in maintenance-only contracts. This model has become more common in certain areas of the country where labor costs for maintenance are increasing too rapidly to keep under control, or where maintenance staffs have been reduced significantly to reduce expense thereby reducing the overall quality of maintenance. Golf course maintenance, including associated labor, is almost universally the largest single line expense item on a golf course's operating budget. This is especially true in public sector golf operations, when employee wage and benefit costs are often significantly higher than in the private sector.

There are a number of companies that specialize in fixed-fee outsourced golf course maintenance, and these companies are able to offer considerable maintenance cost savings due to several reasons, foremost of which is the ability to employ cost-effective manpower and scheduling strategies, which most municipalities are constrained from doing. Additional savings are often achieved through the ability of the larger companies to leverage national purchasing agreements for equipment, materials, and supplies, and through other economies of scale.

Advantages of Concession Agreements

- The municipality is generally removed from the day-to-day operation (in a pro shop concession) in exchange for green fees and a percentage of other gross receipts.
- The term of a concession agreement is typically shorter than an operating lease.
- In a maintenance-only contract the vendor will typically provide all maintenance equipment. The agreement will typically include a reduction in labor expense with comparable quality.
- The municipality does not have to staff functions related to golf operations (e.g., reservations, green/cart fee collection, driving range operations, customer service, programming), food & beverage, and golf course maintenance, but receives all green fee revenue and a pre-determined percentage of other gross receipts.
- In contrast to the full-service management contract, concession agreements do not require the municipality to pay a fixed management fee.
- Concession contracts provide a steady net income to the municipality for some components of the operation, thus somewhat reducing the overall operating risk.

Disadvantages of Concession Agreements

- Concession agreements do not provide guaranteed revenue to the municipality.
- The municipality remains responsible for most capital expenditures. Depending on the structure of the deal, some capital improvements, such as expansion of banquet space, are likely to accrue more benefit to the vendor than to the municipality.
- Possible conflict between concessionaires when multiple concessions involved. If contracts do not expire simultaneously the City may end up tied to a contractor for longer than truly desired.
- Contract enforcement still requires municipal staff time and overhead expense, although this should be reduced from the self-operation scenario.

Discussion and Policy Implications

The advantages to this type of arrangement are the municipality's relief of day-to-day operational responsibilities, while still retaining some control of the operation and keeping community service benefit. The system can also help reduce a municipality's overall operating costs, including administration and overhead expense. However, in structures where there are multiple agreements this is not always possible due to the requirements of managing multiple concessions and getting all involved "on the same page."

Option 3: Full Service Management Contract

The primary goal of a management contract or management agreement is to provide a golf facility with a single experienced, professional operator to be responsible for all aspects of the golf facility program, thus relieving the owner (municipality) of this task. In a typical management contract, the municipality hires a firm that is charged with all management and maintenance responsibility. The municipality funds all capital improvements, and the management firm hires all employees. Because employees work for the management firm and not the municipality, payroll cost may be less; thus, the operating expenses would be reduced from self-operation, and possibly from a multiple concession arrangement.

The management firm collects all revenue and provides accounting reports to the municipality. All revenues belong to the municipality, as well as the responsibility for all expenses. The municipality reimburses the management firm for all payroll expenses and pays the firm a management fee. Typical services provided under the management agreement include, but are not limited to:

- Personnel/Training/Human Resources
- Payroll / Benefit Administration
- Budgeting
- Marketing
- Accounting and Reporting
- Tee Sheet Management
- Agronomic Support

While the management company performs these functions, the municipality retains overall control of the operation and is the ultimate determinant of items such as fee structures, compensations, policies, employment practices, etc. (though it receives considerable input from the management entity).

The management firm submits detailed budgets to the municipality prior to the operating year. The municipality monitors the firm's utilization of budgeted funds and is responsible for any unforeseen expenses beyond the control of the management firm. Because of the close working relationship between the municipality and the management firm, the changing golf economy, and capital requirements of golf courses, the typical management contract requires frequent revision. The length of the typical agreement is relatively short, two to five years, and may include option periods. The most typical initial term is five years.

The management firm collects all revenue and provides accounting reports to the State, who reimburses the management firm for all payroll expenses and pays the firm a management fee. The most typical management agreement that NGF observes today involve compensation that comprises a fixed dollar amount plus an incentive component that is predicated on percentages of gross receipts or net income, over and above the established minimum revenues (terms may be influenced by IRS regulations if tax-exempt bond financing, such as exists at Soldier Hollow, of facility improvements is involved). The incentive earned is typically predicated on the municipality achieving its predetermined goals with respect to financial performance. Also, the operating expense budget must be maintained at the original projection for incentives to be earned. Total compensation to the management company varies depending on the size of the facility and the level of responsibility of the management firm, but the industry "standard" is 3% to 6% of total facility gross revenues, with a minimum of \$60,000 for a regulation 18-hole facility, but could go as low as \$25,000 for an executive or par-3 golf course. The State of Utah should anticipate a management fee for the Utah State Parks golf courses to be:

Estimated Management Fees Utah State Parks Golf Courses			
Facility	2012 Gross Revenue	Low Management Fee Estimate	High Management Fee Estimate
Soldier Hollow GC	\$1,011,722	\$30,352	\$60,703
Wasatch Mountain GC	\$1,912,851	\$57,386	\$114,771
Palisade GC*	\$379,760	\$25,000	\$25,000
Green River GC*	\$87,434	\$25,000	\$25,000
Total	\$3,391,767	\$137,737	\$225,474
*Assumes the minimum rent due to low revenue.			

Advantages of Management Contracts

- Reputable management companies generally possess experience and expertise in all facets of golf facility operations, including marketing, maintenance, tee sheet management, merchandising, and food & beverage operations.
- The very nature of the agreement ensures that management company interests with respect to the golf course are aligned with the interests of the municipality/owner.
- Marketing and overall operating cohesion and effectiveness is generally maximized under this structure if a qualified company is chosen.
- A single entity controls every aspect of the golfer experience from the time he or she sets foot on the property.
- There is substantial upside to the municipality when a facility is on the upswing, as the municipality owns all of the net revenues, minus incentives earned by the management company. Also, incremental revenues generated by capital investments belong to the municipality.
- Operating costs may be reduced because the management firm hires all employees at costs that can be less than what the municipality would have to pay. (This benefit accrues mostly to municipalities that manage and/or maintain their facilities with public labor).
- Though mutually agreed upon budgeted expenses are the responsibility of the municipality, the management entity provides all on-site staff and performs the management and maintenance functions. However, the municipality retains overall control and remains the ultimate authority on fee structures, compensation, policies, employment practices, etc. Therefore, the management contract provides the most flexibility and municipal control of any structure short of self-operation.

Disadvantages of Management Contracts

- Though this option offers the municipality more control than with an operating lease, it offers less control than self-operation.
- The municipality still needs a person in the structure with golf course expertise who could spend sufficient time overseeing the golf operation and contract compliance.
- Unlike an operating lease, management contracts do not provide a guaranteed income for the municipality, and the fixed portion of the management fee is guaranteed as long as the contract provisions have been met. Therefore, positive net operating income to the municipality is not assured.
- Unlike with a lease agreement, the municipality would still be responsible for the capital improvements.

Discussion and Policy Implications

The full-service management contract structure can result in significant positive results and is an option that is typically considered as a reaction to insufficient economic performance and the inability of municipal staff to either appropriately operate the golf course (management, marketing, maintenance, etc.), or control expenses. The overall quality of these types of agreements rests with the municipality's ability to find a qualified company, negotiate a contract that is "win-win" for both sides, and then provide proper oversight to see to it that the contract is complied with.

In conjunction with a well-constructed contract, the management contract form of operation provides the controls necessary to protect a substantial asset. A management contract, unlike a lease agreement, offers no assurance of a net profit to the municipality. In the case where a golf facility is experiencing, or expects to experience, an upswing in revenues due to factors such as an improved product or new capital investment, the management contract provides the greatest amount of up-side revenue potential to the municipality, and allows the municipality to reinvest in operating and capital programs. Finally, this option provides the most flexibility of any management style short of self-operation.

Option 4: Full Service Operating Lease

The primary goals of an operating lease are to relieve the golf course owner (municipality) of all operating concerns, to ensure a minimum rent payment to the municipality, and to improve and/or protect the asset. An operating lease is similar to a management contract in that the lessee, like the management firm, hires and fires all employees and is responsible for the day-to-day operation of the facility. The difference between the two is that the lessee would be committed to pay all operating expenses, supply equipment, and, typically, provide some capital for investment in the golf facility. The ability of the selected private vendor to have control over the labor resource at the facility, and not have to pay "municipal" wages and benefits, would be key to making this arrangement work. These leases are typically for a longer term (longer than 10 years), especially when large lessee capital investment is involved.

In exchange for incurring all operating expenses and capital upkeep, the private lessee would receive most (if not all) of the revenue and pay the municipality either a flat payment (flat lease) or a percentage of revenue (percentage lease). In today's golf economy, there are fewer and fewer properties for which the economics of a lease work for both parties, as reduced net cash flows often will not allow for guaranteed minimum lease payments, profit for the lessee, and funding of required capital improvements. Also, IRS regulations (e.g., rule 97-13) may preclude this option entirely if tax-exempt bond financing of facility improvements is at issue, such as it is with the construction of Soldier Hollow.

Advantages to Leasing

- **Burden of Risk.** If structured appropriately, leasing the facility to a private entity can shift the burden of operational risk to the lessee. This includes the risk associated with rising labor and other expenses, as well as potential downturns in rounds played and revenues. Barring a breach of the contract, the municipality would have a guaranteed net revenue stream. The only expenses remaining with the municipality will be those associated with administering the contract, oversight, and compliance.
- **Simplicity.** The municipality's day-to-day administration of the golf facilities could be significantly reduced or eliminated. (As with all privatized management options, the municipality should still have a person who has golf course expertise monitoring the operation and enforcing contract compliance).

- **Capital Improvements.** Depending on the relative attractiveness of the business opportunity to the private entity, the lease terms could require (or at least incentivize) the lessee to make, or at least contribute significantly to, needed capital improvements (i.e., improving irrigation, cart paths and driving range).
- **Maintenance Equipment.** The lessee would be responsible for providing maintenance equipment and golf carts, or could assume the balance of existing leases.
- **Reduce Municipal Involvement.** Minimizes political influence with less direct involvement of the State in setting fees, policies, and practices.

Disadvantages to Leasing

- **Control.** This lease option offers municipalities the least amount of control over the golf course operation, especially with regard to pricing and community benefits (leagues, clubs, high schools, etc.).
- **Profit Motive.** This is closely tied to the control issue. If not carefully executed, a lease arrangement may conflict with the objective of providing an affordable recreation activity for residents, as private interests (including maximizing return) can often be in opposition to public interests (such as providing a community service).
- **Revenue Constraint.** As would be expected when one party shares a disproportionately low share of the risk, the municipality would receive less of the upside revenue potential than it would with a management contract.
- **Long Term.** Leases are typically for a long term, especially if capital improvements are included in the lease terms. This makes it difficult to get out of the lease, should the municipality become displeased with the lessee's operation of the facility.
- **Down Market.** The lessee may be forced to cut maintenance expenses and/or raise fees if revenues do not meet expectations. Unexpected golf market downturns often lead to declines in property condition or the lessee seeking to renegotiate terms.

Discussion and Policy Implications

While leasing of public sector golf facilities was popular in previous decades, its popularity waned in the 1990s as golf revenues were increasing and public agencies began to see what they thought were large sums in golf revenue going to an outside vendor and not being reinvested in the facility or going as profit to the municipality. However, since the turn of the 21st century, leases are again becoming more attractive to municipalities in the face of public sector budget challenges. Leasing out the golf operations shifts the burden of operating risk to the private vendor, helps to reduce (or eliminate) large fiscal losses, and, in some cases, provides a guaranteed revenue stream to public agencies. In most cases, the vendor will also contribute to capital improvements.

Although the appeal of turning everything over to an outside agency does have merit, especially in terms of transferring operational risk, we should note some downsides of this option. First, the State would have much less control over operational issues such as pricing and programs. Second, it may be difficult to attract an acceptable vendor with lease terms palatable to both the State and the vendor(s). The golf course owners that find trouble in lease agreements often have entered into agreements where one party is doing considerably better than the other. If the deal is too favorable to the State, the lessee may struggle and the facilities could suffer. Likewise, if the deal is too favorable for the vendor, the State could experience lower returns than expected.

DISCUSSION

The NGF review of the various operational considerations for the Utah State Parks Golf facilities shows that two of the four options presented are probably not the best fit for Utah State Parks and can be eliminated from further evaluation:

- **Outright Lease.** The NGF review of the lease option shows that leasing may not be fully allowable under various legal and State provisions. The two most important of these are bond covenants and conveyance of park property. Further review of these issues will be required if the State is to consider a lease option, as there clearly are “gray” areas in these considerations. The two key considerations covered include:
 - **Bond Covenants.** The Wasatch Mountain expansion and Soldier Hollow Green River development (2004) were funded through the issuance of revenue bonds, which remain in place as of June 2012. The restrictive covenants in these bond issues may prevent the “conveyance” of these properties under a longer term lease agreement.
 - **Park Property.** All Utah State Parks golf facilities are located on Park property that may also have restrictions on “conveyance” that may apply under a lease option.
- **Traditional Concession.** This option will likely produce too many “working parts” that require attention and shift Utah State Parks’ burden from managing golf courses to managing contracts. The State will likely still be responsible for covering losses and making capital improvements (retain risk). Thus the multiple concession option is not likely to bring the Utah State Parks golf system into a more favorable economic position than it is at present.

In light of this, NGF sees the continued self-operation (as-is), or some form of management agreement as the two most appropriate options for the State going forward. However, NGF must also note that if the State opts to pursue a management agreement for Utah State Parks golf courses, the key issues that must be addressed prior to making the evaluation include the issue of whether to include one, some, or all of the Utah State Parks facilities in the agreement.

One, Some, or All of the Utah State Parks Golf Facilities

Another consideration for the State of Utah if it considers a new management arrangement for the golf system is which of the golf courses will be placed within this structure. As noted above there may be some restrictions on certain properties, while others may not be affected. There may also be the possibility that a private vendor will want only certain facilities that they deem most profitable (Wasatch Mountain, Soldier Hollow), leaving Utah State Parks with its lower-performing golf courses. Other issues to consider include:

- Some facilities in the system may not be overly profitable, but serve some other “public purpose” such as recreation amenity or economic development driver (Green River).
- If Utah State Parks does not commit to a management agreement model at all four facilities (retaining some as self-operated), the State may find itself competing with its own golf properties for customers and market share.
- Several of the Utah State Parks golf facilities would benefit from infrastructure upgrades that will require a high level of capital to complete.

NGF RECOMMENDATION

NGF recommends that the Utah State Parks continue with its present operational structure and add a new business-oriented “Director of Golf” with a commitment to marketing upgrades (especially electronic), and implement other key NGF recommendations, at least through the end of FY2015 to allow some of the new initiatives to take full effect. This will allow the changes in the system to take hold and create economic improvement. If the economic improvement does not occur in the next three years, then the Utah State Parks will have to consider making a change to some form of privatization. Further, NGF recommends the Utah State Parks explore a management contract option only if action on these items still fails to improve net revenue by the end of FY2015.

New Director of Golf

NGF envisions that the new “Director of Golf” Position would be on a level with the Park Managers and would report to the Regional Park Manager. Though golf professionals would report to this new Director position, it is not envisioned by NGF to be a “micromanaging” position. Rather, the Director of Golf position would entail the following responsibilities:

- Manage/oversee efforts to modernize and maximize use of technology and systems (e.g., utilize customer origin tracking, email database creation and marketing modules from POS system).
- Tee sheet management – work with golf professionals to fine-tune pricing based on a demand analysis, and utilize yield management to maximize revenue from high-demand tee times, and discount lower-demand tee times for higher total activity.
- Create formal marketing programs and strategies, including spearheading effort to get local and state tourism/economic development organizations and chambers of commerce to put more emphasis and funds behind marketing State golf.
- Develop stay-and-play packages and formal hotel marketing programs (e.g., revive GolfWasatch).
- Direct selling of large tournaments.

Alternate Solution After 2015

If the above items can be adjusted to ease the economic burden on the Utah State Parks Golf System, the continued self-operation option becomes much more appropriate, and the privatization option much less appealing as Utah State Parks Golf will be in much improved fiscal condition. If the Utah State Parks is to seek a management company type of arrangement, NGF recommends that the agreement be entered into only if:

- **Hybrid Agreement.** Includes a variable portion that helps spread the risk to the operator
- **Include Some Capital Investment.** Requires the private vendor to contribute capital to the properties, which would be in their interest given the recommended investments are designed to increase revenue.
- **Commit to Public Service.** The selected vendor will have to commit to a program of service to the community by offering junior programs, high school access, senior/junior discounts, frequent tournaments, honor league commitments and other activities presently employed by Utah State Parks golf courses under self-operation.

External Factors Affecting the Operation of Public Golf Courses

In this section of the report, NGF Consulting will provide a summary of important uncontrollable factors that have direct effect on the operation of the Utah State Parks golf program. This includes a review of national trends in golf industry demand and supply, a specific estimate of golf demand in State of Utah and each local market of the State Parks with golf courses, a review of economic issues and their effect on golf facility operations, and a review of other golf courses in the market area that compete with Utah State Parks golf courses market share. We will then provide a summary of these factors and how they relate to the continued operation of Utah State Parks golf facilities.

NATIONAL TRENDS

Golf participation in the U.S. has grown from 3.5% of the population in the early 1960s to about 9% of the population today. NGF estimates that the number of golfers fell in 2011 to 25.7 million, essentially even with 2010. For research purposes, a golfer is defined as a person age 6 or above who plays at least one round of golf in a given year.

All U.S. Golfers (in millions)						
	1985	1990	1995	2000	2005	2011
All golfers age 6+	19.5	27.4	24.7	28.8	30.0	25.7
Source: National Golf Foundation						

The number of golfers remained essentially steady in 2011 at 25.7 million. (Compared to the 26.1 million recorded in 2010, the estimated drop of 400,000 golfers is within the range of research sampling error.) For research purposes, a golfer is defined as a person age 6 or above who played at least one round of golf in a given year. The Mountain Region, which includes Utah, statistics are shown below:

Regional Profile				
	Participation Rate	Number of Golfers	Percent of Golfers	Total Annual Rounds
Mountain Region	10.0%	2,028,000	7.9%	32,400,000
United States	9.2%	25,682,000	100.0%	463,000,000
Source: <i>Golf Participation in the U.S.</i> , 2012 edition, National Golf Foundation				

Considering the severity of the recession and its effects on both discretionary income and time, golf has held up rather well. Multiple NGF studies of golfers since 2008 would attribute the gradual decline in golfers and rounds primarily to the impact of lower job security and concern over personal finances, not waning appeal for the game.

Over the past 50 years, golf demand grew at about 4% per year while facility supply grew at about 2% per year. However, since 1990, the situation has reversed – demand has grown at

only 0.5% per year while facility supply has grown at 1.4% per year. With the increase in supply, we are seeing a marked increase in competition, and the supply is greater than the demand in some markets.

In addition to increased competition, other factors have contributed to a decline in the number of rounds per course nationally from 2002 to 2011. In the NGF's most recent survey of core golfers conducted in September 2011, we found that fearful financial outlooks, weak consumer confidence, and negative golfer attitudes have also played a role. The combination of these has caused many golf facilities to become distressed, particularly those that have a high debt load because of higher construction costs and the perceived need to build high-end courses.

The number of golf course closings quadrupled from an annual average of 24 courses per year in the 1993-2001 time period to more than 100 courses in 2005. In 2006, there was negative net growth in golf facilities for the first time in six decades, with 146 18-hole equivalents closing and 119.5 opening. In 2007, there were 113 openings and 121.5 closures, and in 2008, 72 golf course openings and 106 closures. In 2009, 49.5 openings minus 139.5 closures equated to a net loss of 90 18-hole equivalents. Closures continue to be disproportionately public, stand-alone 9-hole facilities or short courses (executive or par-3 length) with a value price point. Net growth in supply has been negative now for four consecutive years, with the largest drop of 90 courses in 2009. However, U.S. openings averaged 200+ (net) for 20 years, and total 18-hole equivalent supply is up 5% since 2000, indicating a slow market correction is underway. As of December 2011, NGF reported 2011 net growth of negative 138.5 (openings minus closings).

On the positive side, the growth in golf course development has slowed considerably nationally and in the majority of local markets, a trend that should help ease some of the competitive pressure. Another positive trend is the aging of America. Baby Boomers are rapidly approaching retirement age when golf activity flourishes. The baby boomers represent not only the largest single demographic in the US, but they also approach retirement age with more disposable income than any previous generation.

Public Sector (Municipal) Golf

Municipalities were largely responsible for helping bring golf to the masses by creating affordable golf courses for their citizens. The role of municipal golf has changed dramatically over the past 30 years, with fewer municipalities viewing golf in the same vein as other recreational opportunities offered – simply an amenity for its citizens. Still, many municipalities remain that are willing to subsidize municipal golf. Though these municipalities certainly prefer to earn a profit, they recognize the value of offering affordable golf to their residents with respect to quality of life issues, providing positive diversions for lower-income and/or at-risk youth, and even longevity, due to health benefits.

Several factors have changed over the last few decades that have altered the golf course market and the role of the public sector golf courses. The main factor has been increased competition. In the last two decades the supply of public golf courses has increased dramatically, thus eliminating the near-monopoly that municipalities used to have on public golf. Now municipal courses are finding themselves competing head-to-head for market share with private enterprise. Unfortunately, few public agencies find they are equipped to handle this type of competitive environment.

There are several factors that typically inhibit public agencies in their ability to compete successfully with private enterprise and present them with considerable challenges in the modern golf industry. These include:

- **Slow response.** By nature of the bureaucracy that is typically involved in making decisions, government-owned business are typically very slow to respond to market conditions – such as rates, promotions, etc.
- **Budget Constraints.** Often budgetary problems in other departments can have an adverse effect on golf operations.
- **Personnel Policies.** Governments often have restrictions on changing benefits and termination. State of Utah employees cannot be terminated even if they are ill-suited for their position. Rather, the employee must be re-trained or the position can be targeted for a new skill set when it is next vacant.
- **Marketing.** Most public agencies lack golf marketing expertise that is critical to succeeding in a competitive business. At present, the Utah State Parks golf marketing is conducted through the Marketing Services Branch within the Park Services Division. This branch has responsibility to market all Park Services activities, including golf.
- **Procurement.** When large items are needed, public agencies are often constrained with procedures and policies that slow the process down and can lead to situations where the best product or contractor is not selected.
- **Incentive.** With most municipal golf operations where staff is employed by the municipality, there can often be little or no incentive for superior performance. As a result, municipal golf employees often earn the same income regardless of how successful the golf facilities may be. This may apply to some degree in State of Utah where recent budget reductions have temporarily suspended merit pay raises, although Utah State Parks golf employees are typically subject to merit increases for outstanding performance.

STATE OF UTAH OVERVIEW

In addition to identifying trends in golf course demand and supply, NGF has examined certain factors that have the potential to affect the performance of the Utah State Parks golf courses. Following are some key observations highlighting the basic demographics, economy, climate, and transportation of State of Utah, and the potential impact of each on golf activity. The NGF has previously identified some of the local demographic characteristics in each subject market. The overall findings are viewed as mixed for the three distinct golf markets surrounding State Park golf courses, in that these locations tend to be rural in nature, requiring golfers to travel distances that tend to be greater than usual to golf at these facilities.

Demographics

With just over 2.3 million people (2010 census), the State of Utah has seen rapid growth from both the 1990 and 2000 census. The 30-mile ring around Wasatch Mountain SP (proxy for the “Wasatch Front”) contains roughly 52% of the State’s total population. Incomes in Utah tend to be comparable to the total U.S. figure, indicating an expectation that golf activity in Utah should be comparable to the total U.S. average.

Summary Demographics			
	State of Utah	Wasatch Front (30 Mi. Wasatch Mtn.)	U.S.
Population 1990 Census	1,722,846	952,177	248,710,012
Population 2000 Census	2,233,169	1,217,241	281,421,906
CAGR 1990-2000	2.63%	2.49%	1.24%
Population 2010 Census	2,374,743	1,252,010	308,699,447
CAGR 2000-2010	0.62%	0.28%	0.93%
Population 2015 Projected	2,814,825	1,544,308	312,047,700
CAGR 2010-2015	2.87%	3.56%	0.18%
Median HH Inc	\$58,128	\$59,292	\$53,908
Median Age	29.1	29.1	36.9
CAGR = Compound Annual Growth Rate. Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions			

The local communities that surround each of the Utah State Parks golf sites have very different basic demographic characteristics. The markets around Palisade and Green River tend to be very small, while the immediate local 10-mile market around Wasatch Mountain State Park includes a permanent population of only 18,400; the broader 20-mile market includes almost 370,000 persons. While these smaller rings do not necessarily represent the true “market” for each of the Utah State Parks golf sites, the localized analysis does give an indication of the characteristics of the immediate local populations and the level of support that can be expected from the “fall-out-of-bed” markets that surround each property.

Local Population and Income 2011				
Utah State Parks Golf Site	Population		Median HH Income	
	10-Mile Ring	15-Mile Ring	10-Mile Ring	15-Mile Ring
Soldier Hollow/Wasatch Mtn.	18,415	368,600	\$65,034	\$75,619
Palisade	6,474	15,565	\$43,881	\$42,109
Green River GC	N/A	1,107	\$47,729	\$47,856
Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions. N/A = not available				

Basic demographics of State of Utah are described below:

- 2010 census shows 2,374,743 people, 772,639 households, and 675,386 families residing in the State. The racial makeup of the State was 84% White, 2% Asian, 13% Hispanic, 1% Black or African American.
- The median income for a household in the State was \$58,128 (2010). Only 7% of the State’s households have incomes over \$150,000 annually, slightly lower than the 8.9% observed nationally. In general both golf participation and golf frequency (rounds played) tend to be higher among higher income populations. As the income levels in Utah tend to be comparable to total U.S. averages, NGF has assumed a “standard” level of golf participation for the State as compared to the total U.S.

Statewide Economy

According to the Bureau of Economic Analysis, the gross state product of Utah in 2010 was \$114.5 billion, or 0.78% of the total United States GDP of \$14.55 trillion for the same year. Major industries of Utah include: mining, cattle ranching, salt production, and government services. The Wasatch Front has seen large growth and development despite the economic downturn. Other key features of the State of Utah economy include (Source: Utah Economic Summary 2012: www.governor.utah.gov/dea):

- **Employment Change** – Utah’s nonagricultural employment increased an estimated 3.0%, or 36,300 jobs, between December 2010 and 2011. Nationally, employment increased 1.3%, or 1 million jobs, from December 2010 to 2011.
- **Unemployment** – Utah’s unemployment rate was 6.0% during December 2011, lower than the December 2010 unemployment rate of 7.5%. The national unemployment rate was 8.5%, lower than the December 2010 rate of 9.4%.
- **Overview of the Economy** – Utah typically grows more rapidly than the nation after recessions, and this pattern is taking hold in the current recovery. For the U.S., employment grew 1.0% in 2011, compared to 2.3% for Utah. While employment increased during 2011, Utah’s unemployment rate decreased to 7.7%. Though housing stabilized, with building permits at 8,700 in 2011, home-building is not leading the economy as it does during a typical recovery.
- **Outlook 2012** – Economic growth in Utah is expected to accelerate during 2012. Employment is forecast to increase 2.7% for the year as a whole, with larger increases as the year progresses. Housing permits are forecast to move up slightly from historic lows. As the overall unemployment rate declines to 6.7%, the improving labor market will support increased consumer spending and a strengthening recovery.
- **Population** – Utah ranked third among states in population growth between 2010 and 2011.
- **Tourism** - Tourism is a major industry in Utah and the State is well known for its year-round outdoor and recreational activities. Utah has five national parks, seven national monuments, seven national forests and numerous state parks and monuments. Utah is well known for its winter activities and has seen an increase in tourism since the 2002 Winter Olympics. Park City is home to the United States Ski Team. Utah's ski resorts are primarily located in northern Utah near Salt Lake City and Park City, in reasonable proximity to Wasatch Mountain State Park. Other key tourism facts:
 - Total spending by travelers and tourists to Utah in 2009 = \$6.2 billion
 - Total visitor nights 2010 = 3,007,970 (55% winter and 45% summer)
 - Total overnight winter visitors 2010 = 280,645; summer visitors = 234,098
 - Total visitors to Utah State Parks in 2011 = 4,803,876; to Utah Welcome Centers = 413,196

Regional Economy

Some of the key economic factors for each of the three submarkets containing Utah State Parks golf courses are identified with the bullets that follow:

Wasatch Mountain SP

- In Summit County, tourism is the largest single component of the economic base. In 2008 it provided more than 6,061 jobs in travel and recreation-related employment, nearly one-third of Summit County's total employment. Visitor spending is estimated at over \$569 million annually, providing over \$54 million in general sales tax locally, \$5.5 million in transient room tax revenues, nearly \$1.7 million from the restaurant tax, and \$1.3 million from retail sales.
- Wasatch Mountain State Park saw 452,871 visitors in 2007, declining to 312,173 in 2008, and 341,881 in 2009.
- Park City visitor profile shows high correlation with the golfer profile:

Park City Overnight Out-of-State Visitor Profile		
	2007/2008 Winter Visitor	2010 Summer Visitor
Male/Female	59%/41%	53%/47%
Average Age	43	48
Repeat Visitors	74%	53%
Average Length of Stay	5.9 nights	5.56 nights
Average Days Skied/Snowboarded	4.9	
Activities: Golfing		17%
Average Party Size	3.9 people	5.53
Per Person Daily Expenditure	\$190	\$295
Hotel/Motel/Lodge	23%	34%
Household Income:		
\$100,000-\$149,999	18%	
\$150,000-\$199,999	16%	33%
\$300,000+	38%	9%
Source: Park City Chamber/Bureau 2010 surveys; Park City Chamber/Bureau and Ski Utah 2007-08		

- **Wasatch County** is a rural county located southeast of Salt Lake City less than 45 minutes from the Salt Lake International Airport. Two highways (US 40 and US 189) intersect in Heber City which is 15 miles south of Park City. Wasatch County is surrounded on 3 sides by the Uinta-Wasatch-Cache National Forest providing year round recreational opportunities.
 - Population Heber City = 9,668, with 3,176 housing units
 - Population Wasatch County = 22,203, with 7,437 housing units
 - Projected Population Wasatch County in 2015 = 25,215
- In 2011, Wal-Mart opened a new store in Heber City. This project has attracted several other retail stores, including Chase Bank, Rue 21, Kneaders, Famous Footwear, Sports Clips, Dollar Tree, Petco, Maurices, and GNC which will open in the spring of 2012. The total capital investment for this project exceeds \$35 million.

- Major Employers include the Wasatch County School District, County government, The Homestead/Zermatt Resort, State of Utah, RMD Management, IHC/Heber Valley Medical Center, and Smith's Marketplace
- The average annual precipitation in Heber City is 16.22 inches
- Elevation is 5,593 feet
- Average July high temperature is 89 degrees
- Average January low temperature is 11 degrees

Palisade SP

- **Sanpete County** is located in the middle of the state, in proximity to major Interstates I-15 and I-70. The largest city is Ephraim and county seat is Manti.
 - Population Ephraim = 5,570
 - Population Sanpete County = 26,636
 - Projected Population Sanpete County in 2015 = 30,081
- Mediconnect Global currently has approximately 50 full-time employees and they have hired 100+ temporary employees through SOS. They plan to make them permanent as soon as possible. The total number of employees should ultimately reach 200.
- Major employers in Sanpete County include Snow College, South Sanpete School District, State of Utah, Moroni Feed, and North Sanpete School District.
- The average annual precipitation in Ephraim is 12.7 inches
- Elevation is 5,515 feet
- Average July high temperature is 92 degrees
- Average January low temperature is 14 degrees

Green River SP

- **Emery County** is located in central Utah. Interstate 70, Highway 6, and Highway 10 run through Emery County. Castle Dale is the largest city and the county seat.
 - Population Castle Dale = 1,661
 - Population Emery County = 10,772
 - Projected Population Emery County in 2015 = 11,484
- Mancos Hills Industrial Park near Green River, a Utah Sure Site, is continuing to expand. Emery County and 670 Group LLC. have now aggregated a total of 3,200 acres for the Mancos Hills Industrial Park. This Heavy Industrial business park is dedicated to large acreage, industrial projects. The Park has direct access to Interstate 70, US 6 and the UP rail line.
- Conductive Composites, a Heber City Utah company has selected Green River Utah as the site for its new manufacturing facility. The company will initially operate out of a temporary facility at the Green River Airport until a permanent facility is constructed. The temporary facility will employ approximately 12 full time employees and the permanent facility is expected to employ between 35 and 50.
- The Moore Cutoff Road is complete. The \$22 million transportation project that ties the communities on the west side of Emery County to eastern community of Green River is a high speed (65 mph) road through the scenic San Rafael Swell. The project was an 8 year project funded by congressional appropriations and the county Road Special Service District.

- Major Employers include the Emery County School District, Energy West, Nielson Construction, PacifiCorp, and Emery County.
- The average annual precipitation in Emery County is 7.89 inches
- Elevation is 5,771 feet
- Average July high temperature is 89 degrees
- Average January low temperature is 9 degrees

Economic Overview Summary

The review of these key issues related to State of Utah economic activity shows:

- The demographic factors are viewed as generally positive for golf facility operation in the State, particularly the Wasatch Mountain State Park area. Demographics in the Palisade and Green River markets show very small population available to support exiting golf facility operations.
- Utah State Parks golf courses that have a wide variety of choices to appeal to many groups, including the large volume of visitors to the State. The key to targeting this market will be awareness, making sure as many “sport-minded” tourists as possible understand the quality and availability of State Park golf offerings.
- The weather clearly has an impact on an outdoor recreation activity like golf. Precipitation (both snow and rain), as well as oppressive heat can (and has) impact golf participation in the area. The data shows that the “traditional” golf season peaks in the June – August summer, with shoulder seasons in May, September and October, and very little or no golf activity in the November through April winter.
- The transportation / roadway conditions in Utah in proximity to the subject State Parks include a mix of interstate roadways and smaller State Highways. As golf is a time consuming activity, this roadway structure should be assumed to impact golf participation by adding time to the activity, and thus adding to the consumer time commitment to participate in the activity. The somewhat remote locations of the Utah State Parks golf courses mean that these facilities will always be reliant upon the availability of highway access and a relatively low price for gasoline.

ESTIMATED STATE OF UTAH GOLF MARKET

NGF Consulting uses actual data from competing golf facilities to provide documentation of the local golf economy, and this information is presented in this report. NGF Consulting also utilizes predictive models as benchmarks for estimating potential market strength. The methodology for determining the relative strength of the subject market is described in the following section.

Utilizing research materials provided by Applied Geographic Solutions, Inc. (a supplier of demographic research based on U.S. Census results), NGF Consulting has examined relevant characteristics of the local population in the State of Utah and for each of the Utah State Parks golf facility sub-markets. The details are summarized in this section.

Basic Characteristics of Golf in State of Utah - 2011

In this section, NGF Consulting will summarize the basic golf demand and supply characteristics of the overall golf market in the Salt Lake City MSA and State of Utah. The table below summarizes some of NGF’s findings on the golf market in the Salt Lake City market area:

Salt Lake City MSA Market Characteristics	
Characteristic	Salt Lake City MSA
Total Number of Facilities	37
<i>Golf Facility closures – (2009-2011)</i>	1*
Private Facilities	9
Public Facilities:	28
<i>Premium Facilities</i>	0
<i>Standard Facilities</i>	14
<i>Value Facilities</i>	14
Predicted Household Participation Rate	16.3%
Predicted Number of Golfing Households	62,175
Predicted Number of Rounds Demanded	1,485,093
*Closed in 2009: University of Utah 9H executive length Source: National Golf Foundation	

Golf Demand – State of Utah 2011

Predicted Local Golf Demand

The **Golfing Household Index** is based on Predicted Golfing Households, and compares golfing household participation in a particular geography to the national base index of 100. The **Rounds Index** is based on Predicted Rounds, and compares the propensity of rounds played per household in a particular geography to the national average rounds index of 100.

The predictive indices for golfing households and rounds demanded were developed in order to determine the relative strength of a particular golf market area in comparison to other golf markets and the nation as a whole. These predictive demand indices help identify where golfing households and rounds activity are concentrated by comparing various geographies with one another and the national average (Index=100). For example, if a particular MSA has a Golfing Household Index of 120, that area is estimated to have 20 percent higher golf participation rate as compared to the U.S. average. And, if an MSA has a Rounds Index of 120, that area is estimated to have 20 percent higher rounds per household as compared to the U.S. average.

Although both the golfing household index and the rounds index help to predict golf demand in a particular market, each index is derived independently and does not necessarily relate to the other. ***It is possible for an area with a low golf household index to have a high rounds demand index and vice versa. In other words, some markets may have fewer golfing households, but those households play more rounds of golf; other markets may contain a large number of golf households but the households play less frequently.*** A market area with a higher than average golfing household index in conjunction with a higher than average rounds index would be considered a prime area in terms of overall predicted golf demand.

Local Golf Demand Indices

The golf demand indices for each of the three Utah State Parks Golf sub-markets are below the U.S. standard for golf participation (U.S. Standard Index = 100), and generally lower for rounds played. Overall, the local (10-mile) golf markets around each site are very small, indicating that each of the State of Utah Parks golf courses will have to attract play from a much wider area than is “standard” for public golf courses. For comparison, NGF has provided the indices for the aggregate of the Wasatch Front market and the State of Utah as a whole.

Predicted Golf Demand 2011				
10-mile Rings	# of Golfing Households	Golf Index	Predicted Rounds	Rounds Index
Soldier Hollow/Wasatch Mtn.	1,165	83	29,055	88
Palisade	510	86	14,245	102
Green River GC	Data not available – Market too small			
Aggregate Wasatch Front	79,657	93	1,871,452	93
State of Utah	142,254	88	3,362,749	88

Source: National Golf Foundation

Corporate Market Demand

As we note in our economic overview, the Salt Lake City MSA has a considerable number of large corporate and public employers. Although potential corporate demand for golf rounds is difficult to quantify, it is clear that Utah State Parks Golf facilities should target this market by emphasizing high quality facilities and the willingness of the staff to accommodate large corporate events and outings.

Golf Course Supply in Salt Lake City/State of Utah 2011

As noted, there are a total of 117 golf facilities in the State of Utah, comprising 1,998 holes of golf. We observed that while immediate local demand numbers in each local State Parks golf market tended to be low, the NGF data suggests that the level of golf facility supply may also be generally unfavorable. The table below shows the total number of golf facilities and total golf holes within 10 miles of each Utah State Parks Golf facility site, with a comparison to the number of households within that same geography. The resulting ratio is a telling measure of the relative supply of golf in any geography. The Household/Supply Ratios are derived by dividing the number of households by the number of 18-hole equivalent golf courses. This measure is used as a benchmark to establish the level of support (households) that is available for each 18 holes of golf in the market. A Household /Supply index is derived from these ratios and compared with the base national figure of 100.

As the table below indicates, each of the three Utah State Parks golf courses is located within markets that have Household/Supply indices well below 100, indicating **fewer** households available to support each 18-hole golf course (unfavorable). In the State of Utah overall, the Household /Supply index is 103, indicating a number very close to the U.S. average, documenting that the State of Utah is neither over or under supplied with golf courses, compared to other U.S. markets.

Golf Facility Supply 2011				
	Total No. of Golf Facilities	Total No. of Golf Holes	Households per 18 holes	Households per 18 Hole Index (US=100)
10-mile Rings				
Soldier Hollow/Wasatch Mtn.	7	162	870	11
Palisade	1	18	3,312	42
Green River GC	1	9	N/A	N/A
Aggregate Wasatch Front	45	855	9,998	127
State of Utah	117	1,998	8,126	103

Source: National Golf Foundation. N/A = Data not available

Facilities in Planning or Under Construction

The NGF database indicates the only new construction in any of the subject Utah State Parks golf markets is two private clubs in the Wasatch/Soldier Mountain market that are planning additions but have not broken ground: Red Ledges Golf Club in Heber City and Talisker Club At Tuhaye in Kamas.

It is clear that the boom in new golf course development has subsided and that closures of existing golf courses have become much more common. In all, the lack of any new golf facility development and the closure of existing golf courses should work to improve the overall Household/Supply indices for the Utah State Parks Golf facility markets.

Recent Construction Activity

The overall Wasatch Front area has seen some new golf course construction over the last decade, with 189 new golf holes (10.5 18-hole equivalents), including 117 public golf holes (6.5 18-hole equivalents) added since 2001. This figure represents about 22% of total existing inventory for total holes (18% public), compared to only 9.1% for the total U.S. This is indicative of several factors (land availability and cost, etc.), but is generally unfavorable for the golf courses existing in the market today.

Golf Course Construction Activity, 2001 - 2010			
	State of Utah	Wasatch Front (30 Mi. Wasatch Mtn.)	U.S.
Total holes added past 10 years	369	189	24,318
Public holes added past 10 years	261	117	17,469
Private holes added past 10 years	108	72	6,849
Percent Total Holes Added	18.50%	22.10%	9.10%
Percent Public Holes Added	16.20%	18.30%	9.10%
Percent Private Holes Added	27.90%	33.30%	8.90%

Source: National Golf Foundation

Golf Course Market Supply / Demand Summary

The collection of the previous data allows NGF to make comparison between supply and demand in the broader Wasatch Front market area, as well as for the State of Utah as a whole and each of the three Utah State Parks golf sub-markets. As expected, the results are comparable to the population and income data with the small rings areas around each property showing relatively weak demand, but a large number of golf courses relative to the small population.

Market Status

Using the most basic measures of golf demand and supply, we note there are four possible combinations for any given geography: (1) favorable demand and favorable supply (“opportunity”); (2) favorable demand and unfavorable supply (“active”); (3) unfavorable demand and favorable supply (“inactive”); and (4) unfavorable demand and unfavorable supply (“saturated”).

As shown in the table below, all the Utah State Parks golf sites are in markets with generally unfavorable supply conditions, with a mix of demand conditions. Many of the successful golf facilities in the U.S. tend to be located in “opportunity” markets, although this is not universal. The Wasatch Front market as a whole would be categorized as “inactive,” with unfavorable demand and favorable supply.

10-mile Rings	Demand Index	HH/Supply Index	Market Status
Soldier Hollow/Wasatch Mtn.	88	11	Saturated
Palisade	102	42	Active
Green River GC	N/A	N/A	N/A
Aggregate Wasatch Front	93	127	Inactive
State of Utah	88	103	Inactive

Source: National Golf Foundation. N/A = Data not available

Golfers per 18 holes

NGF has also evaluated the relative strength of these markets with a comparison to a national “threshold” of golfers per golf course within 10 miles of a golf course. In its 2009 publication *“The Future of Public Golf in America,”* NGF hypothesized that the best predictor of a public golf course’s success was the number of golfers per 18 holes within a 10-mile radius, with 4,000 identified as the key number for projected financial stability. As shown in the table below, the State of Utah Parks golf courses are all in markets with far fewer golfers per golf course than the identified threshold. In fact, the overall State of Utah and Wasatch Front have only 30% to 40% of the number of golfers per golf course compared to the identified threshold.

10-mile Rings	Est. No. of Golfers	Total 18-H Equivalent	Golfers per 18 holes
Soldier Hollow/Wasatch Mtn.	1,165	9	129
Palisade	1,590	1	1,590
Green River GC		Not Available	
Total U.S. “Threshold” for Successful Public Golf			4,000
Aggregate Wasatch Front	79,657	47.5	1,677
State of Utah	142,254	111	1,281

Source: National Golf Foundation

STATE OF UTAH COMPETITIVE GOLF MARKET

NGF has reviewed the operations of 12 golf courses believed to reflect a representative sample of the key competitors for the various Utah State Parks golf courses. These facilities were identified based on several factors, including type and proximity of facility, price, and selection and input from Utah State Parks staff. These facilities are divided into three basic groups, each associated with a specific Utah State Park.

Wasatch Mountain and Soldier Hollow Competition

One of the objectives of this study is to identify any opportunities that may exist for the subject Wasatch Mountain State Park and Soldier Hollow Golf Courses to increase market share and revenues. In this section, we present an overview of the public access golf market in which these facilities GC operate, with a focus on key competitors and municipal golf operations. The map below shows the location of Wasatch Mountain and Soldier Hollow in relation to the selected competitive facilities.

In the tables that follow, NGF Consulting presents summary operational information for a subset of golf facilities we've identified as either direct or secondary competitors to Wasatch Mountain and Soldier Hollow. NGF Consulting, with help from Parks staff, identified these representative competitors based on a number of factors, including location, price point, and quality. In a market such as Salt Lake City where there is much quality public golf to be enjoyed at very affordable rates, it can be difficult to precisely determine who is competing with whom. NGF experience shows that when there is strong value and a variety of golf experiences available in a market, many avid golfers exhibit a willingness to travel for up to an hour or more to occasionally play golf courses other than their "home" club, so the list of facilities selected for comparison is by no means intended to be exhaustive.

Key Competitors – Summary Information					
Golf Facility	Location	Type	Year Open	Par / Slope	Front Tee / Back Tee
Wasatch Mountain Golf Course – Lake Wasatch Mountain Golf Course – Canyon	Midway	MU 36H	1967/1973/1976	72 / 128 71 / 125	5,573 / 6,942 5,009 / 6,459
Soldier Hollow Golf Course	Midway	MU 36H	2004		
Bonneville Golf Club	Salt Lake City	MU 18H	1929	72 / 125	4,696 / 6,872
Crater Springs (Homestead)	Midway	DF 18H	1990	72 / --	5,091 / 7,017
Hobble Creek Golf Course	Springville	DF 18H	1973	71 / --	5,435 / 6,406
Mountain Dell Golf Course – Canyon Mountain Dell Golf Course – Lake	Salt Lake City	MU 36H	1960	72 / 126 71 / 129	5,447 / 6,787 5,066 / 6,745
Old Mill Golf Course	Salt Lake City	MU 18H	1998	71 / 125	4,744 / 6,769
Park City Golf Course	Park City	MU 18H	1963	72 / 133	5,558 / 6,622
South Mountain Golf Club	Draper	MU 18H	1998	72 / 130	5,165 / 7,080
Thanksgiving Point Golf Course	Lehi	DF 18H	1997	72 / 145	5,838 / 7,716
Type: DF – Daily Fee; MU – Municipal					

Summary Information – Key Competitors

The table below shows summary facility information Wasatch Mountain, Soldier Hollow and some of the key competitors we've identified. Non-resident rates are shown; resident rates are footnoted where applicable. For total rounds, **starts are shown unless otherwise indicated, and were provided by the operators.**

Summary Operating Data – Key Competitors							
Golf Facility	2011 Rounds	9-Hole Green Fee (WD/WE)	18-Hole Green Fee (WD/WE)	Per Person Cart Fee (9/18)	18-Hole Aft. / Twilight Green Fee (WD/WE)	18-Hole Senior Green Fee	Annual / Seasonal Pass
Wasatch Mountain Golf Course	54,068	\$15.50	\$31	\$7 / \$14	DNA	\$25 / \$31	\$850 ¹
Soldier Hollow Golf Course	32,081	\$15.50	\$31	\$7 / \$14	DNA	\$25 / \$31	\$850 ¹
Bonneville Golf Club	48,115	\$18.50	\$35	\$8 / \$16	DNA	\$29 M-Th	\$1,845 ²
Crater Springs (Homestead)	29,000	\$21.50 / \$27.50	\$27 / \$30 ³	\$7.50 / \$15	\$20 / \$30	\$30 riding M-Th	Corporate Only
Hobble Creek Golf Course	N/A	\$13 / \$14	\$26 / \$28	\$8 / \$16	DNA	\$24 M-Th	\$750 Res \$875 N/R
Mountain Dell Golf Courses	56,958	\$18.50	\$35	\$8 / \$16	DNA	\$29 M-Th	\$1,845 ²
Old Mill Golf Course	N/A	\$16	\$32	\$7 / \$14	DNA	\$24 M-Th	DNA
Park City Golf Course	33,863	\$22.50 ³	\$45 ⁴	\$7.50 / \$15	All res rates after 3:00	DNA	DNA
South Mountain Golf Club	N/A	\$22 / \$24	\$42 / \$45	Included	\$30 / \$35	\$36 M-Th	DNA
Thanksgiving Point Golf Course	30,000	\$36 / \$46	\$65 / \$75 / \$85 ⁵	Included	\$39 / \$49	\$29 / \$39	Corporate Only
KEY *NGF Consulting estimate N/A – Information not available DNA – Does not apply Note: Where only one rate indicated, represents a seven day rate; where three rates indicated, middle rate is Friday 1 Soldier Hollow pass includes cart; Wasatch Mountain does not 2 Seven-day pass that entitles holder to access to all seven Salt Lake City municipal courses; 5-day and other passes also available 3 Peak rates July 6 – August 18: \$49 / \$59 4 Resident rates: \$16.50 9H / \$33 18H; off season rates offered before Memorial Day, October 1 to close 5 Sunday \$45; Lehi resident 18-hole rate is \$49 anytime; off-season May 1-11 & October 1-15, WD \$55, WE \$65, Sunday \$40; 9 holes \$36							

Significant Findings

- The most proximate key competitors to Wasatch Mountain and Soldier Hollow include the nearby Crater Springs at the Homestead and Park City Golf Course. NGF played at Crater Springs and toured Park City Golf Course in spring 2012. We concluded that the State courses, which are at a very similar price point to Crater Springs (likely follows the State's lead on prices) and a lower price point than Park City, offer far superior golf experiences.
- Crater Springs, which dropped its rates considerably about 5 years ago in the face of stiff competition from the State courses, reports that about 20% of total play comes from Homestead resort guests. Despite active marketing through area hotels, management reports little daily fee play from out-of-state daily fee player. Management confirmed that the GolfWasatch initiative (in conjunction with Wasatch Mountain, Soldier Hollow, and Park City GC) never took off because of a lack of resources dedicated to from tourism and economic development agencies.
- Overall, the greater Salt Lake City, and most of Utah in general, is characterized by high quality, and often visually spectacular golf, at fees much lower than we've observed for this quality of golf in most areas of the country. Also, there is an abundant supply of public golf. Taken together, this makes the greater Salt Lake / Wasatch Front area a very favorable place to be a golfer.
- NGF was told by many golfers, as well as golf operators, that much of the reason for the great value to be found is that greater Salt Lake and Utah in general (with exception of some resort areas such as St. George and Park City) is that state golfers tend to be very price sensitive.
- NGF interviewed many golfers during the course of our field visit, and the majority included Wasatch Mountain and, especially, Soldier Hollow as among the finest public golf in the area.
- Green fees at the public courses listed previously are generally tightly bunched, with the exception of Thanksgiving Point, which has among the highest fees in Utah (discounted play is available for Lehi residents only). However, management reports rather liberal use of golfnow.com and golfhub.com to sell discounted rounds.
- Thanksgiving Point hosts about 30,000 to 35,000 rounds annually under its new owners Vanguard Golf Management, down somewhat from its peak of 40,000. Vanguard also owns or manages several other Utah courses, including nearby Ranches Golf Club (rounds are reportedly up to 30,000 after being as low as 12,000 in 2005 under previous owners). At Thanksgiving Point, only about 30% of play is public daily fee rounds. The facility thrives on corporate memberships, charity tournament, and league play.
- Among the other facilities in the regional market that are high-volume providers of tournament rounds are the Crater Springs (reports about 9,000 annual outing rounds, down from as high as 15,000 in past), Salt Lake County's Old Mill, North Salt Lake City's Eaglewood, the City of Bountiful's Bountiful Ridge, and two more municipal courses located further north in Davis County, Davis Park and Valley View.
- On a per-18-hole basis, the facilities we profiled generally fell in the 25,000 to 30,000 range in terms of rounds played (starts). The exception to this was Soldier Hollow, which averaged only 16,000 rounds on its two courses in 2011. Salt Lake City is one of the few markets we observe nationally where most operators – at least municipal ones - keep track of rounds in nine-hole equivalents. Overall, after some uneven years, rounds seem to be up significantly in 2012 due to an early opening and much better weather.

- Perhaps because green fees are so affordable in this market, afternoon and twilight rates are less prevalent than we observe in most markets nationally. However, the majority of courses are marketing off-peak demand tee times in some way or another (e.g., web specials, internet discounters, etc.). Other ways that area golf operators offer discounted play is through use of punch passes, multi-play cards, and/or frequent player/loyalty programs such as Salt Lake City's LoyalTee Program.
- The Canyons Golf Club at the Canyons Ski Resort project began construction in 2011, though construction appeared to be halted when NGF visited in the spring of 2012. In addition to the 18-hole golf course and 10,000 square-foot clubhouse, the ski resort project includes new lifts, new lodging facilities, and continued development of the Resort Village. The course is projected to open in 2013. Though the golf course will be a resort course, it is not known what the extent of general public access will be, nor are the price points determined. It remains to be seen how much of a competitor to Wasatch Mountain and Soldier Hollow this course will be if it is completed.

Sample of Regional Municipal Golf Summary Operating Results

Below we summarize some recent operating results from some representative municipal golf courses/systems in the greater Salt Lake City / Wasatch Front area.

Park City

Park City's 18-hole municipal golf course hosted nearly 34,000 total rounds (starts, excluding nearly 2,000 comp rounds) in FY 2011, generating \$1.156 million in total operating revenue. As we can see from the 2001 – 2011 history summarized in **Appendix C**, several things stand out about the Park City Golf Course rounds and revenues:

- Total starts (excluding comp rounds) peaked at nearly 40,000 in FY 2007 but have subsequently declined to less than 34,000 in FY 2011, a drop of nearly 15%. This does not account for the number of playable days.
- After 2001, the number of non-resident rounds began a steady decline (perhaps due to aftereffects of the 9/11 tragedies). In 2001, non-resident play was about 30% of total starts; in 2011 it was only 14%.
- Total revenues have been relatively steady over that time frame, ranging generally from about \$1.15 million and \$1.275 million (peak was \$1.365 million in 2007). Total revenues were generally steady in the 2009 – 2011 time period.
- Both total green/cart/pass revenue per round and total revenue per round have been remarkably consistent over the 11-year period, with little real growth realized

Salt Lake City Golf System

The Salt Lake City municipal golf system comprises eight total golf facilities, including four 18-hole regulation courses (Bonneville, Glendale, Rose Park, and Wingpointe), one 36-hole regulation facility (Mountain Dell), two 9-hole regulation courses (Nibley Park and Forest Dale), and the 9-hole par 3 Jordan River. The system is run out of an Enterprise Fund system. Although these courses are not immediately proximate to Wasatch Mountain and Soldier Hollow, some of them (e.g., Mountain Dell and Bonneville) compete with the State courses for regional wallet share for both daily fee play and tournaments.

Beginning in January 2012, the City enacted green fee increases at all of its courses, in order to fund both operations and to build up a capital reserve to fund its newly formed Dedicated Golf Capital Improvement Project Fund; \$1 of every 9-hole green fee, and 9% of the purchase price for the new Golf Passports (the City's new season pass program) will be allocated to the fund.

The largest fee increases were at Bonneville and Mountain Dell, where regular 18-hole rates were raised \$7. How the City fares in terms of activity levels at these facilities in 2012 will provide good information on the elasticity of demand for golf in the Salt Lake market. Though there are many variables at play (including an early opening to this golf season and generally excellent weather), early results are favorable:

- For the March through May period of 2012, starts at Bonneville are up by more than 5,000 rounds, or 47%, while 9-hole equivalent rounds are up 50%
- For the April through May period of 2012, both starts and 9-hole equivalent rounds at Mountain Dell are up by about 80%.

Please see the tables in **Appendix C** for complete fee (including LoyalTee frequent player program rates) and summary operating information for the Salt Lake City golf system.

Salt Lake County Golf System

The County system comprises six golf facilities of varying types. For FY 2010, the County reported about \$6.43 million in revenues, \$6.5 million in operating expenses (including \$940,000 in depreciation, and about \$428,000 in debt service. After all was said and done, the County system had a loss before transfers of about \$435,000. A \$1.2 million subsidy was provided to the Golf Courses Fund to help cover debt service requirements.

City of Bountiful

The City of Bountiful owns the 18-hole Bountiful Ridge Golf Course. For FY 2011, the City reported \$1.286 million in operating revenues, and \$1.3 million in operating expenses (including \$186,000 depreciation), resulting in a small loss of about \$22,000. According to the City's financial statements, the Golf Enterprise fund has 39 full-time equivalent employees.

City of North Salt Lake

The City of North Salt Lake owns the 18-hole Eaglewood Golf Course. For FY 2011, the City reported \$1.183 million in operating revenues, virtually unchanged from 2010. Expenses, at \$1.366 million (including \$204,000 depreciation), were also nearly identical to 2010. The total operating loss was about \$182,000, despite cuts in salaries and wages of \$63,000 (total was \$670,000).

City of Springville

The City of Springville owns the 18-hole Hobble Creek Golf Course. For FY 2011, the City reported \$805,000 in operating revenues and \$824,000 in operating expenses (including \$47,000 depreciation). Total salaries and benefits were nearly \$500,000.

Green River Competitive

Due to its extremely rural and isolated location, Green River Golf Course does not have direct competitors. Rather, it competes for rounds from regional golfers that also play occasionally at facilities such as **Carbon Country Club** in Price, which is 60+ miles to the northwest, and the municipal **Moab Golf Club**, 50+ miles to the southeast. Both of these 18-hole golf courses are 18-hole regulation length courses at higher price points than Green River.

For instance, Carbon Country Club offers 18 holes at \$27 to walk, \$39 to ride. A Single Golf Pass costs \$650 (Senior is \$550), compared to \$150 at Green River. Carbon CC also offers 20-round punches for \$234. Moab Golf Club lists only one rate on its fee structure - \$44, cart inclusive. Both of these golf courses offer better amenities and overall golf experiences than Green River, but Green River offers strong value and has the advantage of being close to I-70, so it should have an edge in drawing "drive-through" golfers. Green River also is typically open

for a longer season than Carbon Country Club, thus increasing rounds during the shoulder or off seasons. A tertiary competitor to Green River would be the lower-end 18-hole Ferron Millsite Golf Course, which is located about 75 miles and 90 minutes away to the west.

For a relatively rural location, Carbon CC is very active due to a large membership base (~300, including couples), very active programming, and leagues. Management reported about 43,000+ 9-hole equivalent rounds for both 2010 and 2011. Rounds year-to-date through June 2012 are up about 2,000 over last year, though “cash” daily fee rounds and overall cash flow is down. Carbon CC draws about 90% of its play from Carbon County. The facility hosts about seven large tournaments a year, with tournament rounds at about 1,200 annually. Management reports being active in capturing customer origin (zip codes) and maintains an active database.

Palisade Competitive

Though less isolated than Green River, Palisade Golf Course also has few, if any, direct competitors. Palisade draws mostly from Utah County, especially during weekdays, including small towns such as Ephraim, Manti, Gunnison, and Sterling. It draws more golf travelers from the Salt Lake City and Wasatch Front Area on weekends, and NGF believes that growth in these types of rounds through increased marketing efforts, stay and play packages, etc. will be key to growing activity levels at Palisade.

Secondary competitors to Palisade include the town of Nephi’s 9-hole **Canyon Hills**, a nicely conditioned and aesthetically pleasing course at a low price point that is about 50 minutes to the north. Green fees are \$10 for 9 holes, \$20 for 18, with \$6 cart per person. Seven-day passes are available for \$420 (\$630 couple). Also, 20-play cards are sold for \$170. Palisade competes with Canyon Hills for regional golfers (as well as north south travelers), though NGF believes Palisade offers a far superior golf experience, especially due to the 18-hole layout and the visually spectacular nature of the course.

Palisade also competes for regional resident and transient golf rounds with the City of Richfield’s 18-hole **Cove View Golf Course**, located about 50 miles and 50 minutes from Palisade. Cove View’s regular 18-hole walking green fees are \$23 weekdays, \$24 weekends, with discounts for juniors. Per person carts are \$12 per person. Cove View also offers multi-round punch passes (e.g., 20 9-hole rounds for \$190), as well as season passes. Passes are \$500 for men (\$475 senior) and \$400 for women (\$375 senior). The club has about 135 passholders, who account for about 50% of total play.

Cove View reports about 27,000 9-hole equivalent rounds in recent years, peaking at 35,000 in the middle 2000s. Total revenue last year was about \$350,000 (\$200,000 in green / cart and \$125,000 in various rentals), which resulted in a small profit of ±\$20,000. Prior to its 9-hole expansion to 18 holes in 2000, Cove View’s numbers were remarkably similar to the State’s Green River, with about \$100,000 in revenue and \$180,000 in expenses. At the time of the expansion, the City was able to sell off some property to fund a Capital Improvement Plan.

Cove View has a lean operation, led by the only full-time salaried employee – Head Professional Kris Abegglin – who oversees all aspects of the operation, including the City-owned food & beverage. Another revenue center added in recent years was rental lockers, which are priced at \$65 for large, \$40 for small. These, in addition to 40 to 50 ladies lockers, account for about \$5,000 in revenue.

Cove View enjoys a location directly off an I-70 exit and, as such, has been able to have success in drawing transient rounds. Kris is very active in marketing the facility, including the recent introduction of Facebook (has helped with merchandise sales) and the building of an

email database. He also actively collects zip codes when daily fee players check in, and markets through the area hotels along I-70, as well as through the Chamber of Commerce.

Other golf courses in the region that NGF did not consider to be serious competitors to Palisade include the previously mentioned Ferron Millsite (only 46 miles, but about 1.5 hours) and the 9-hole Skyline Mountain Resort and Golf Course (\$23 peak riding rate, about 50 minutes away). Of course, in terms of drawing more transient rounds from the Salt Lake City / Wasatch Front area, the State will have to make a compelling case through marketing to make golfers pass up a host of other golf opportunities between Palisade and those northern areas.

EXTERNAL FACTORS SUMMARY

Some summary points about the overall market environment within which the Utah State Parks Golf courses are operating include:

- National trends in the golf industry are not favorable for operators of golf courses. The total number of “core” golfers is declining and total spending on golf is declining along with them. Similarly, the total number of golf courses has expanded in the last ten years, leading to a decline in per-course rounds and revenues collected. NGF has also documented rapid inflation in expenses to operate golf facilities nationwide.
- The greater Wasatch Front area and the Salt Lake City metro area have many favorable attributes related to economic activity that can translate to high golf activity. High incomes and the presence of large employers typically translate to higher-than-average golf activity, providing a positive impact on golf activity at Utah State Parks golf facilities. Negative attributes include a generally rural location of these golf courses, all requiring longer-than-standard drive times for golf activity.
- Tourists and visitors to Utah represent a sizable market opportunity for golf activity, especially for the Wasatch Mountain SP golf courses. The data shows over 3.0 million tourist nights in Utah, with 17% indicating golf as an activity (recent survey). This is potentially a very large market for the Utah State Parks golf courses and one that should be actively targeted with a wide range of promotional activities, including taking advantage of other State-wide efforts to grow tourist activity in Utah.
- Along with an expected higher participation rate comes lots of golf courses, including 10.5 new 18-hole courses added in the Wasatch Front since 2001. The overall ratio of households to golf courses is not favorable in any of the Utah State Parks golf markets, meaning the attraction of non-local golfers from both inside and outside of Utah will be key to increasing revenues at these golf courses.
- The weather clearly has an impact on the overall potential for golf rounds in this State. Data shows that the golf season tends to be short (six months), but can be lengthened from time-to-time resulting in better performance for these golf courses (like in FY2012).
- NGF has observed that each Utah State Parks golf facility has unique competitors that have been identified. In general, our review showed that the Utah State Parks golf courses generally compare favorably to their immediate competition with lower fees and higher quality. The market review suggests there is room to increase fees over time, coupled with enhanced promotion, especially to non-Utah residents.

NGF Consulting Recommendations for Utah State Parks Golf

NGF Consulting has prepared a schedule of recommendations for the continued operation of the Utah State Parks Golf system. These recommendations have been organized into four main categories: (1) System-wide basic oversight and structure, (2) Operational Recommendations, (3) Physical Upgrade Priorities, (4) Marketing and Program Recommendations, and (5) pricing recommendations. These recommendations are intended to apply to the system as a whole and are designed to benefit all facilities in the system. Previous discussion on the individual facilities provided additional recommendations unique to each Utah State Parks golf property. In the chapter following these recommendations, NGF Consulting will display the potential financial impact of enacting all of the system-wide and individual facility recommendations.

SYSTEM-WIDE ORGANIZATIONAL RECOMMENDATIONS

Utah State Parks Golf Administration and Structure

As noted elsewhere in this report, the Utah State Parks golf system is operating with system-wide oversight from the State's Natural Resources, Parks and Recreation Division, with direct oversight from a Regional Park Manager and on-site Park Managers. **It is the NGF recommendation that this system be retained with a key modification, at least through the end of FY2015 to allow new technology-based marketing initiatives to take hold and improve revenue.** The key modification recommended by NGF includes the addition of a new "Director of Golf" position that would report to the Regional Park Manager and focus entirely on growing rounds and revenue through various direct marketing activities.

NGF has observed that the present operational system for Utah State Parks golf is basically appropriate with no need for drastic change, but some modifications will need to be made to: (1) enhance the marketing and promotion of the Utah State Parks golf facilities; (2) enhance the overall technology capabilities of the Utah State Parks golf system; and (3) provide some physical upgrade to individual facilities to keep the product appealing and desirable among golfers. These changes should allow the present operational structure to maximize the economic potential of these golf courses and meet fiscal responsibilities.

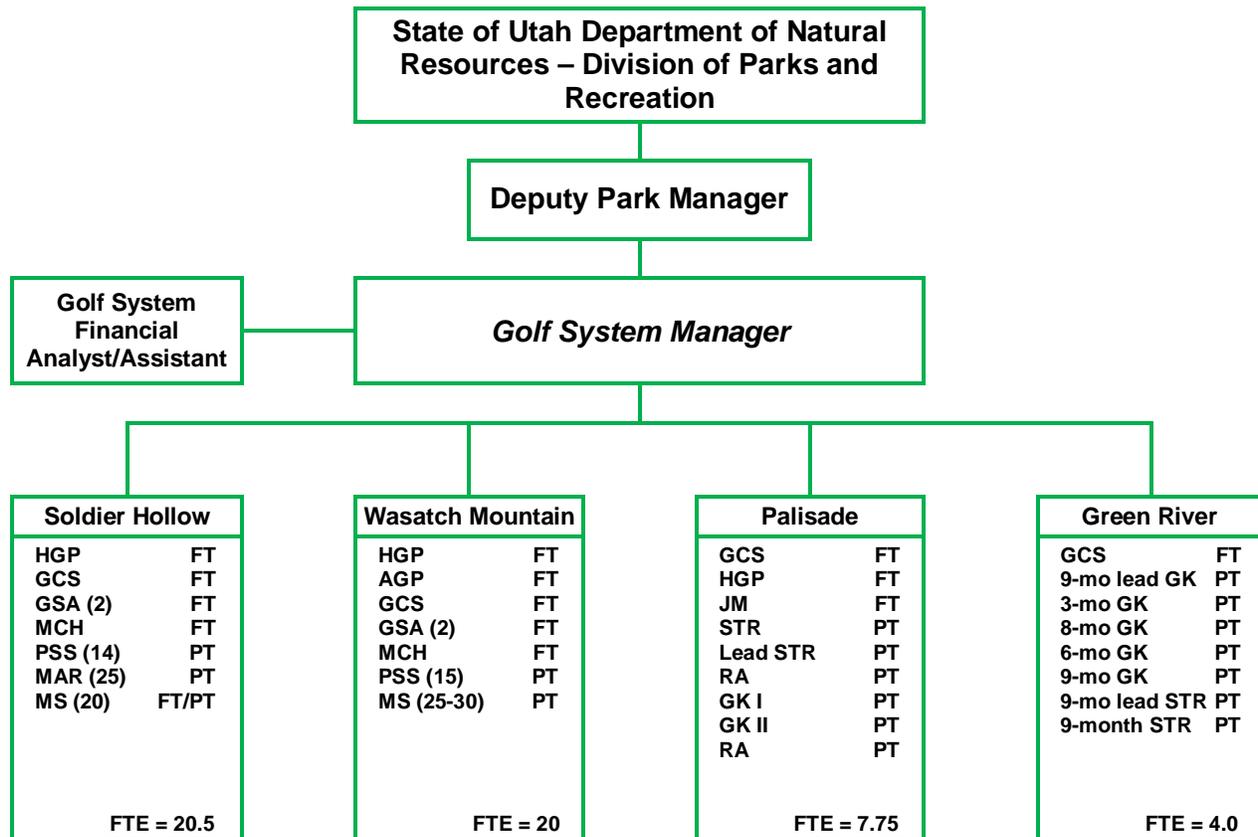
If the economic improvement does not occur in the next three years, then Utah State Parks should consider privatization alternatives, such as one of the management company / privatization models described in this report. NGF recommends the Utah State Parks explore a management contract option only if action on these items still fails to improve net revenue by the end of FY2015. Key findings and recommendations regarding the Utah State Parks Golf Administration include:

- **The basic oversight and structure of the Utah State Parks golf system must change to become more entrepreneurial and run the golf system more like a business and less like a public accommodation.** This means new and improved emphasis on marketing and promotion, especially to markets beyond State of Utah. This will mean enhancements to facilities and systems and mean that management will have to react quickly to changes in market characteristics. NGF recommends the new "Director of Golf" be a business-oriented position, as opposed to a maintenance-oriented position, to help the system better react to changing market conditions and provide a business perspective to golf operating the issues.

- NGF recommends that the Utah State Parks **consider adding a new “Director of Golf” position as described earlier** to focus on golf course marketing. The addition of this position would provide the Utah State Parks golf system with a dedicated, full-time marketing professional with a sole responsibility to maximize the exposure and awareness of Utah State Parks golf courses. The direct expense for this position has been assumed in NGF’s financial projections.

Considering these additions, coupled with the individual course staffing recommendations made by NGF for each individual facility, the overall recommended system organizational structure is displayed below:

Proposed Organizational Structure 2012-13



Abbreviations: AGP Assistant Golf Professional; GCS Golf Course Superintendent; GK Grounds Keeper; GSA Golf Superintendent Assistant; HGP Head Golf Professional; JM Journey Mechanic; MAR Marshal; MCH Mechanic; MS Maintenance Seasonal; PSS Pro Shop Seasonal; RA Ranger Aide; STR Starter.

Changes from 2012 actual in italics.

BASIC OPERATIONAL RECOMMENDATIONS

Additional recommendations regarding basic operations that apply to all four Utah State Parks golf facilities include ideas for improving technology capabilities, staffing, food and beverage operations, pro shop operations, and golf course maintenance.

Improve Use of Technology

NGF recommends that Utah State Parks continue to work to improve the use of technologies available to the system, such as the POS system and FORE! Reservations. One key aspect that

is recommended is to create effective customer databases that can be used in marketing the golf facilities. Other areas to improve the use of technology include:

- **Expand On-Line Tee Times** – Utilize a system that allows for automated tee sheet to be integrated with the POS. This includes the phone tee sheets and much is still done by hand.
- **Tee Sheet Management** – Improvement in this area can help in yield management, by identifying higher demand periods for premium fees and slower periods to implement discounts (more in pricing recommendations).
- **Email Collection.** Use existing technology to capture customer emails for use in direct communications.
- **Social Media** – Utah State Parks should allow for the creation of a golf-specific social media program comparable to other multi-facility golf systems like the City of Aurora or Salt Lake City. Many successful golf operators are using *Facebook* and *Twitter*, among others, as a means to stay in communications with potential customers, get their name out there and even attract a new, younger demographic.

Yield Management Practices

The Utah State Parks golf managers should be given a moderate amount of authority to monitor their tee sheets and run specials “on a moment’s notice” to beef up activity during slow periods. This practice should be monitored closely and will likely have impact in attracting new discounted rounds, and will be especially effective if/when a modified fee structure is employed.

Staffing Recommendations

The NGF has recommended a continuation of the basic staffing structure in place for Utah State Parks golf facilities, with the addition of a new system-wide Director of Golf (as noted). The only other changes recommended include:

- **Wasatch Mountain.** The structure at Wasatch Mountain does not need to be changed, although the responsibilities and production of the Head Professional does need to be improved (as noted previously). The Head Golf Professional at this facility needs to be:
 - Directly involved in selling the facility to area hotels, new tournaments, tourists, etc., like the professionals at Soldier Hollow and Palisade;
 - Technologically savvy, using then internet to manage systems and grow the business;
- **Soldier Hollow.** No change is recommended at present. If rounds and revenue increase over the next few years then the State can re-implement the Assistant Golf Professional position as a full-time assistant to the Head Professional (like Wasatch Mountain). The Head Professional should remain active in promoting rounds and new activity (as present).
- **Palisade.** Commit to no further reductions in maintenance. The Head Professional should remain active in promoting rounds and new activity (as present).
- **Green River.** Add additional part-time maintenance staff, either to the golf course or the Park with some responsibility at the golf course. This facility should have a full-time golf superintendent.

Food & Beverage Operations

NGF has observed that Utah State Parks Golf facilities have developed appropriate food and beverage operations, with offerings in three categories – full service (Soldier Hollow and Wasatch Mountain), basic grill operation (Palisade), plus the vending only at Green River. It is important to maintain high quality in food and beverage operations for both direct revenue and to enhance the overall golf experience, leading to increased golf revenue. NGF Consulting believes that maintaining adequate food and beverage operations at Utah State Parks golf facilities will help increase rounds of golf, increase revenue per round and increase traffic to the Utah State Parks golf course properties. The NGF recommendation on food and beverage operations generally center on finding ways to improve total revenue to the vendors, which in turn will increase revenue to the State.

Other NGF Recommendations

NGF recommends the following changes to F & B operations in the Utah State Parks system:

- **Soldier Hollow and Wasatch Mountain** – Enhance advertising and promotion of banquet and party capabilities as part of the overall system offering. Expand access to a small “Grab-n-Go” system to add convenience to golfers between nines. Expand the beverage cart program.
- **Palisade** – Enhance advertising and promotion of banquet and party capabilities as part of the overall system offering. Expand the beverage cart program.
- **Green River** – Add a wider variety of snacks and vending items.

Beverage Cart Service

On-course service of beverage (and some food) items has become a key component of golf operations in the U.S., particularly at resort-type golf courses of high quality. While the beverage cart itself is often not highly profitable (can add \$1 to \$2 per round in revenue), the beverage cart provides a level of service that the golf customer has come to expect and will lead to enhanced revenue in other areas of the operation (green fees, carts, etc.). NGF Consulting recommends that Utah State Parks push to have vendors expand the beverage cart service at each golf course on weekends, holidays and during all tournaments.

Pro Shop Recommendations

The Utah State Parks golf system staff should seek to maximize merchandise revenue at the golf courses. This will require some modifications to purchasing and items offered, especially apparel, and an increased focus on ladies items. In general, NGF recommends:

- No change in pro shop operations at Soldier Hollow and Palisade.
- Modify the space and add additional inventory at Wasatch Mountain.
- No change at Green River.

Course Maintenance

The NGF team believes that the most valuable asset in the Utah State Parks Golf system is the high quality of the golf courses and their historically high quality of maintenance. The State should incorporate a “Minimum Maintenance Standards” manual for all facilities to follow the standards, when budgets allow. There is a concern that as budgets and staffing decline, so too will maintenance conditions. The NGF Consulting team believes this strategy is a recipe for disaster and that if this occurs at Utah State Parks golf courses, it will further deteriorate golf course income by an amount even greater than the expense reduction savings. If golf course conditions decline, the golf courses will become less appealing, leading to further reductions in

revenue, leading to even further cuts in expenses, and the “death spiral” cycle will be very much in play for Utah State Parks Golf courses. The projections made by NGF for the future operation of the Utah State Parks golf system assume a high quality of maintenance will be retained at State golf facilities.

PHYSICAL UPGRADE PRIORITIES

In the previous chapter, the NGF team has made specific recommendations for physical upgrades at each location, with documented estimates of costs for each item. As most of the NGF review is centered around enhancing revenue (particularly tournament and outing revenue) and reducing expense, some of the physical improvements are a high overall priority for the system and should not be ignored or postponed for too long. Key physical upgrade recommendations made for individual facilities are listed below in overall priority order, based on NGF’s review of the full Utah State Parks golf system and each individual facility. NGF notes that this order of priority is the NGF recommendation, and may not match exactly with Utah State Parks’ planning and approved budgets. The list represents NGF’s best thinking on prioritizing future physical upgrades to Utah State Parks golf facilities.

NGF Priority List

The NGF priority list follows below. We note that not all items require significant capital expense, and some items (even though they are lower on the list) could be completed at relatively low expense:

1. Long range plan to soften the difficulty of Soldier Hollow
2. Add a covering for equipment storage at Palisade
3. Upgrade the maintenance equipment at Palisade
4. Complete the cart paths at Wasatch Mountain and Palisade
5. Upgrade / Expand the driving range at Wasatch Mountain
6. Add a driving range at Green River
7. Add wireless Internet access at Soldier Hollow and Wasatch Mountain
8. Switch to a token-less range ball dispensing system
9. Complete the bunker renovation program at Soldier Hollow (annual program)
10. Add a new set of forward tees to Soldier Hollow (annual program)

UTAH STATE PARKS– MARKETING AND PROGRAM RECOMMENDATIONS

In the previous chapter, the NGF team has made specific program recommendations, including facility pricing and site-specific marketing strategies that are unique to each property. In reviewing the system as a whole, the NGF recommendations for marketing center around enhancing the overall marketing and promotion of the Utah State Parks golf courses to increase the market penetration to areas beyond the present base of customers. As noted previously and in NGF individual facility reports, upwards of 85% of the present rounds activity is derived from customers residing in Utah. The NGF recommendations for marketing are designed to help the State expand that market, thus our recommended program is designed to improve the reach to targets that are presently not using and/or are not familiar with Utah State Parks golf courses.

In review of the system, NGF sees a two-pronged marketing approach: (1) A system-wide approach that promotes ALL facilities under a unified brand and logo; and (2) an individual facility approach that identifies and promotes each individual facility based on its unique characteristics and offering, along with its own unique brand and logo. Some of the NGF recommendations will be for one approach or the other, while some of the recommendations will apply to both approaches. In general, most recommendations concern the need to enhance marketing of the golf facilities, especially in the area of electronic (Internet) marketing. Thus, the list of NGF recommendations may be short and may even include areas where the State is already active.

System-Wide Marketing

It is the opinion of NGF that the State Parks golf courses should be marketed both as a system and for each individual location. Ideas for marketing the system as a whole includes promotion of the key concepts that link the facilities together as one system, as noted below.

Key Concepts

Utah State Parks Golf courses have most of the necessary ingredients to create a successful system-wide marketing approach that should benefit all facilities. Some ideas for promotions to help create the image of Utah State Parks golf courses include:

- **Theme.** The biggest need is to develop a common theme that ties all the courses together and is also very marketable. Given that each course is different and offers a unique golf experience, using a “Something for Everyone” tag line along with “Golf in Utah” should be successful.
- **Customer Service.** High standards should be maintained for customer service consistently throughout the system, and a mechanism for measuring satisfaction should be implemented at least once per year.
- **Premium Course.** Soldier Hollow has been assumed to be the facility that can be marketed as the “Premium” facility of the system. This should be the best maintained, offer the highest level of customer service, and have the highest fees.

Individual Facility Marketing

While the It is the opinion of NGF that Utah State Parks Golf can be marketed effectively as a system, some consideration should be given to marketing each facility individually based on key aspects at each property. Key concepts to be highlighted include:

- **Soldier Hollow.** Championship golf and outstanding amenities with the variety of two courses. The two courses ensures that the facility is accessible and likely available at any time. This is a great location for a daily round of golf with friends, a tournament/outing or even a wedding or banquet.
- **Wasatch Mountain.** Affordable championship golf with the variety of two courses. The two courses ensures that the facility is accessible and likely available at any time. Heavily promote the space available for after golf. Note that the Lake Course is the “Original State of Utah Municipal Golf Course.”
- **Palisade.** Affordable golf with some of the most scenic views in all of Utah. The breathtaking 4th hole has been identified as one of the top golf holes in all of Utah. Worth the drive for a short retreat.
- **Green River.** Best value for golf in State of Utah that can be played in under two hours, and is open in winter when other golf courses are closed.

Other Marketing Recommendations

The State should make a commitment to continuing with enhanced marketing efforts for the system as a whole and at individual facilities. Utah State Parks should commit to a golf marketing budget of at least \$50,000 annually to be divided:

- 25% for Internet (web) and other electronic marketing
- 50% for printed materials and print advertising
- 25% for other initiatives (promotions, tie-ins, and or radio spots).

Website

The Internet is having a larger and larger impact on golf as time goes on. Golfers, especially when traveling, are using the Web more and more to find places to play. The Utah State Parks golf Website was discussed earlier and meets much of the basic criteria for success, although more could be done to enhance the overall design and add features to make it more appealing to golfers and easier to find. NGF recommends improvements to the branding on the website(s) to include a consistent Utah State Parks system brand, as well as each individual facility’s brand. This should be combined with all materials that are geared towards creating and conveying a brand image as a high quality system (facility) that can serve all of a golfer’s needs, including practice amenities, high quality food service, meetings, banquets, etc. All of these items should be addressed in the Utah State Parks golf website(s).

NGF also recommends that Utah State Parks expand its photograph program with more pictures of facilities and their individual components that appear on the web, both in terms of the number of photos and the prominence with which they are placed on the website(s). At present, there are only a few nice pictures of the facilities, but they are small and not prominent. It is important that the pictures also serve to promote the golf courses and selling non-golf events, such as banquets and parties in the clubhouses.

While most of the key needs regarding pictures will apply to Soldier Hollow and Wasatch Mountain, all Utah State Parks golf facilities should improve the amount and quality of pictures within the website. The most successful golf websites designed by golf courses that consistently produce high rounds and revenue typically have several pictures of all aspects of the facilities, including:

- Multiple pictures of the most scenic locations on the golf course

- Some even include at least one picture of each hole in the course description page
- Multiple pictures of the clubhouse, especially if the facility is active in selling banquets and parties
- Pictures of practice facilities
- Pictures of key staff
- Prominent display of the facility logo on each page

E-mail

E-mail databases are essential in today's golf marketplace as a means of staying in touch with the facility's customer base. The State should continue to expand and update its database of golf customers by collecting golfer emails. Utah State Parks should then expand the use of email marketing and its FORE! Reservations system to connect with these golfers. E-mail marketing, with the exception of word-of-mouth and free advertising, is the most cost-effective advertising possible. In today's market, it is essential to have and use an e-mail database. E-mails can be captured in any number of ways (sign –up, online, discount cards, etc.), with a notice that people on the e-mail list will receive notice of special promotions.

State Resources

The State should revive and provide funding and resources to fully revive the *Golf Wasatch* concept, complete with a new link to the website and a "GolfWasatch.com" website (or page). The key focus of the initiative should be to focus on "stay-and-play" golf packages. It is also recommended that the State incorporate its golf facilities fully into other collective marketing arrangements that promote the State as a tourist destination, such as the Office of Tourism programs. Other entities that are active in promoting Utah tourism should also be included in the State Parks golf marketing, such as Utah.com (travel site) and the Utah Golf Association (UGA).

Basic Marketing Strategy

A marketing emphasis is critical to creating awareness, correcting misperceptions in the market (e.g., the golf course is closing or being sold), and increasing daily fee and tournament play. Efforts to enhance golf activity at Utah State Parks golf facilities should include (in order of importance): (1) Website + golf-specific social media; (2) e-mail programs; (3) printed promotions / advertisements and (4) improved signage. NGF notes that some of these activities were ongoing at the time of the NGF review.

The marketing plan that the State adopts should be revised annually and address:

- Market conditions
- Competition – including pricing and any changes in policies, facilities, or apparent market strategy
- Target markets
- Overall strategy / implementation strategy
- Pricing
- Media sources and budget
- Specials / promotions
- Customer feedback, research, and follow-up
- Measurement (a mechanism to gauge the effectiveness of the marketing plan)

Other Key Components

Articles and Non-Paid Promotion. A good public relations campaign to get articles written in national, regional, and local publications would be ideal, with a good start in using the USGA

event at Soldier Hollow. The primary goals/themes will be stimulating trial of a golf course and making sure potential patrons know how to find each facility.

Rack Brochure. A quality, professionally produced rack brochure for Utah State Parks golf courses should be professionally developed as a fold-out piece with “Golf” in the upper 1/3 of the front page. An enhanced commitment to distributing this piece and placing it in as many area visitor centers, hotels, tourist attractions with information racks, restaurants with tourist racks, Chambers of Commerce, etc. is reasonable. NGF research (NGF publication *The U.S. Golf Travel Market*) reveals that 44% of all golfers play golf when they travel.

Tournaments and Outings. The Utah State Parks golf staff needs to be more aggressive in direct marketing to tournament and outing prospects to bring in a larger share of that business. Keys to marketing in this segment include some direct contact selling, as well as actively seeking groups, charities, and corporations that have hosted tournaments in the past.

Advertising. Utah State Parks should continue to place nice color advertisements with high quality photos of golf courses in regional golf publications such as *Fairways*, but add some type of tracking mechanism to gauge effectiveness. Common ideas for tracking include “mention this ad” specials and/or special offers that appear only in the advertisement.

Link to Other Sites. Utah State Parks should place advertisements and/or seek to be linked to other sites active in promoting Utah golf and/or Utah visitation. Sites reviewed by NGF that seem like a good fit include Utah.com/golf and the Utah Sports Commission.

Social Media. Utah State Parks should allow for the creation of a golf-specific social media program comparable to other multi-facility golf systems like the City of Aurora or Salt Lake City. Many successful golf operators are using *Facebook* and *Twitter*, among others, as a means to stay in communications with potential customers, get their name out there and even attract a new, younger demographic.

Signage. The signage for some of the Utah State Parks golf courses should be improved, to the extent that is allowable by County, State, and local guidelines. The most significant upgrades are needed for Soldier Hollow and Wasatch Mountain, and involve both general information signage and directional signage. It is recommended that any signage to Utah State Parks golf sites include the facility logos (as opposed to Utah State Parks logo) and make locations of each golf course as clear as possible and note that each golf course is “open to the public.”

Plan Execution and Sales

Of course, no matter how well conceived the plan, it will be useless if not effectively executed. The marketing plan should be considered a guideline, but there should be enough flexibility to make adjustments as the market dictates. System leadership must be a driving force behind the implementation of the marketing plan, and must be motivated and dedicated to building market share and customer loyalty.

FEE DISCUSSION AND RECOMMENDATION

NGF has reviewed the existing fee structure at Utah State Park golf courses, as well as a review of competing facilities in each market. The review shows there is some room to adjust fees, mostly in the form of enhanced yield management – increasing fees at peak demand times and decreasing fees when demand is reduced. Although the NGF did not complete a full review of the tee sheets at each golf course, our team did get a strong feel for the demand periods as defined by golf staff. Staff definitions of demand at the golf courses revealed the following key findings:

- Demand is strongest on weekends, holidays, and weekday mornings.
- There is a drop off in demand on weekday afternoons.
- Fridays can often be as strong as weekends at Wasatch Mountain.
- There is demand from out-of-state visitors who often expect to pay rates higher than charged.
- The peak weekend fee with cart in the Utah State Parks system is now \$45 with cart at Wasatch Mountain and Soldier Hollow, and is the lowest among the most immediate comparable facilities - lower than Salt Lake City's Mountain Dell and Bonneville (both \$35 + \$16 after January increase).
- Fee increases implemented on July 1, 2012 appear to have been absorbed by the golfing public with little resistance thus far.

NGF Fee Proposal for FY 2013-14

Analyzing green fee structures based on “rack” rates can be a difficult exercise in today’s fluid golf environments, as “rack” rates may not be reflective of what golf facilities are actually charging for a significant percentage of rounds. Discounting of fees has taken on many forms, including internal yield management (specials for e-club members, etc.), frequent use of promotional rates, and use of Internet discounters such as golfnow.com. In general, the “rack” green fee often defines the property and has a connotation of quality in the mind of the consumer. Thus a “premium” facility may seek to have a higher rack rate to make the facility look to be of high quality, but not charge that peak rate very often (through various discounts) so the effective realized earnings per round is much lower. This is a basic strategy that is recommended for Utah State Parks at Wasatch Mountain and Soldier Hollow.

The NGF has analyzed the pricing at the four subject Utah State Parks golf courses in the context of the competitive market and concluded that they are generally priced appropriately given their value propositions, with the recent FY2013 fee increases just implemented included.

General Fee Recommendations

NGF Consulting believes the Utah State Parks should not make any drastic changes to the golf fee structure at this time, but should consider the following general NGF Consulting fee recommendations:

- Implement a weekday and weekend differential at all facilities;
- Implement a new twilight rate to allow for reduced fees when demand is lower. This recommendation includes a permanent and published “midday”, “twilight”, and/or “super twilight” times. Even if not included in the Utah State Parks’ official fee structures, these fees should be prominent in all materials (including website) that the consumer will access.

- Implement a new “out-of-State” rate that is at a level higher than any fees presently charged. The rate would then apply to anyone who cannot show proof of Utah residency, with the standard of proof being very low (i.e. utility bill, ID, etc.) so even seasonal residents can pay the Utah rate. This structure is common at municipal golf facilities all across the country as communities seek to protect those residents that support golf operations through taxes that apply to them.
- Use the various Internet-based tee time wholesalers judiciously and not as a substitute for vigilant internal yield management (see discussion below).
- NGF recommends that any changes to cart fees or other fees such as pull carts, rental clubs, driving range buckets, etc. be in proportion to overall fee increases and be completed every other year, as opposed to every year.
- Golf course managers (Park managers or Golf Professionals) should have full authority to implement fee discounts (promotional, twilight, quantity, etc.) when deemed appropriate, and not have to get State Legislature or senior Park Division approval (within defined limits).

Summary of Proposed Utah State Parks Golf Pricing

The table below displays the NGF recommended changes to pricing at Soldier Hollow and Wasatch Mountain. Under this structure, the highest fee will be a non-resident weekend morning at Soldier Hollow - \$64.00 with cart. The NGF offers no change for fees at Palisade and Green River, other than to make annual adjustments of about 2% to keep up with inflation.

Proposed Fees (FY2013-14)				
Fees	Soldier Hollow		Wasatch Mountain	
	Resident	Non-Resident*	Resident	Non-Resident*
18-Hole Weekday	\$33.00	\$42.00	\$34.00	\$42.00
18-Hole Weekend	\$33.00	\$49.00	\$36.00	\$49.00
Weekday Twilight (after 3:00)	\$24.00	\$29.00	\$24.00	\$29.00
Weekend Twilight (after 3:00)	\$27.00	\$31.00	\$27.00	\$31.00
Cart Fee (per Player)	\$14.00	\$15.00	\$14.00	\$15.00
Passes				
Annual pass	\$1,000.00		\$1,000.00	
*Residents include all Utah residents, including seasonal residents.				

Frequent Player / Loyalty Program

Utah State Parks should implement additional levels of multi-play discount programs to include:

- **Frequent Player Discount Program** – Provide 5%, 10%, and 15% discounts for pre-payment of 5, 10, and 15 rounds.
- **Loyalty (Point) System** – Add a new system to allow golfers to accumulate points for each round played, and points can be redeemed for free rounds and/or cart rentals at a certain level (15 +/- points). Utah State Parks should be able to implement this within the FORE! Reservations system as present.
- **Player Card System** – Add a system that applies benefits of both programs (discounts and points), plus other benefits like discounts on range balls, merchandise and food/beverage. The card should have a sales price of at least \$90 +/-.

Third-Party Wholesale

Utah State Parks golf courses (except Green River) utilize Teeitup.com as its online tee time booking mechanism. This is a subscriber-based, with subscribers logging on to the teeitup.com website or book tee times through an automated phone-in system for all Utah State Park golf courses. NGF believes it would be preferable to have a State-run on-line reservation system through the individual golf course websites. There are also several other independent tee time providers who are functioning like “wholesalers” of tee times, ultimately selling rounds of golf and paying significant discounts to the golf course.

Though moving unsold inventory through wholesalers / discounters can be a very useful tool (and can result in increased awareness of a facility), NGF does not recommend that it become a substitute for vigilant internal tee sheet / yield management. NGF has witnessed instances where golf course management seemingly cedes too much control of its tee sheet management to on-line wholesalers. Though there is no quantitative standard for identifying exactly how much is too much, a good indication that a facility has lost some control of its tee sheet is when managers begin releasing discounted tee times that, with some internal effort (e.g., email blasts promoting a package deal Tuesday afternoon after 1:00 p.m.), they could fill themselves. NGF has included the National Golf Course Owner’s Association’s (NGCOA) recommendations for managing third-party wholesalers in **Appendix D** to this report.

Financial Analysis of Expected Utah State Parks Golf Enterprise Performance

As part of this NGF Consulting study effort, the consultants have prepared an economic evaluation to show the potential economic performance of the State's golf courses under certain operational and/or performance scenarios. In this section of our report, the entire Utah State Parks Golf system's economic potential is evaluated and summarized, with estimates of individual facility performance that were presented earlier in this report. All NGF projections are based on a set of assumptions that may or may not become reality. We feel that these estimates represent the best effort to create a "fair estimate of performance" for these facilities based on our complete review of each Individual operation.

SUMMARY OF UTAH STATE PARKS GOLF PROJECTIONS (2012-2017)

NGF has made projections for each of the four individual Utah State Parks Golf facilities, detailed in an earlier chapter of this report. In the table below, NGF has summarized the projections on each facility's performance by revenue and expense line items and by individual facility. We note that these projections are based on NGF estimates for future performance in consideration of recommendations made for each individual facility and the system as a whole.

The projections we have made include capital needs, although no specific capital expense for the recommended projects is included in the projection. It has been assumed that Utah State Parks will make the other recommended capital enhancements, as these are expected to enhance revenue and reduce expenses, which have been assumed in the individual facility projections. The details of NGF projections are presented in the following tables, summarized both by line item for the total system and by facility. Direct operating expenses, cost of sales, user fees and debt service are included in the projections. The NGF recommendations that are expected to have the most significant economic impact include:

- The addition of a new golf system manager, primarily focused on marketing the golf courses;
- Upgrading the Utah State Parks system marketing, particularly Internet marketing;
- Revising the fee structure slightly to incorporate a new "out-of-state" green fee for Wasatch Mountain (peak at \$69) and Soldier Hollow (peak at \$79).
- Continue the program to increase fees on a consistent basis to keep up with inflation;
- Committing to a program to control labor expense in the system through natural vacancies and retirements, with some re-staffing completed with part-time staff, when vacancies come open;
- Upgrading the Audio/Visual amenities and wireless Internet access for golfers at Wasatch Mountain and Soldier Hollow to attract more business/corporate rounds and events at the facilities, leading to improved revenue.

Utah State Parks Golf System Summary by Line Item

Utah State Parks Golf Courses Projected Economic Performance with NGF Recommendations					
Description	2013	2014	2015	2016	2017
Rounds	115,800	122,500	126,000	126,500	126,500
Revenue					
Green Fees	\$2,054,200	\$2,223,500	\$2,351,500	\$2,404,700	\$2,460,400
Driving Range	50,100	53,900	56,200	57,600	58,800
Cart Fees	1,063,500	1,144,000	1,194,900	1,224,500	1,249,100
Merchandise*	332,400	361,300	389,100	398,000	405,900
Other	5,100	5,300	5,800	5,900	6,000
F & B Lease	44,700	48,200	50,400	51,700	52,800
Total Revenue	\$3,550,000	\$3,836,200	\$4,047,900	\$4,142,400	\$4,233,000
System-Wide Cost of Sales*	\$191,600	\$209,400	\$226,200	\$231,300	\$236,000
System Gross Margin	\$3,358,400	\$3,626,800	\$3,821,700	\$3,911,100	\$3,997,000
Expense					
Total Facility Personnel Services	\$1,715,000	\$1,800,800	\$1,890,900	\$1,985,500	\$2,084,700
Total Current Expense	919,000	942,100	965,600	989,800	1,014,600
Data Process Expense	13,000	13,200	13,500	13,700	13,900
Other	4,000	4,000	4,400	4,400	4,400
Total Expenditures	\$2,651,000	\$2,760,100	\$2,874,400	\$2,993,400	\$3,117,600
Net Operating Income	\$707,400	\$866,700	\$947,300	\$917,700	\$879,400
Additional System Personnel	\$100,000	\$105,000	\$110,300	\$115,800	\$121,600
Total User Fees (Capital)	\$362,300	\$392,400	\$415,000	\$424,500	\$434,300
Net After Admin. + User Fees	\$245,100	\$369,300	\$422,000	\$377,400	\$323,500
Soldier Hollow Debt	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Wasatch Mountain Debt	\$371,400	\$371,400	\$371,400	\$371,400	\$0
Total Debt Service	\$1,371,400	\$1,371,400	\$1,371,400	\$1,371,400	\$1,000,000
Net After Debt	(\$1,126,300)	(\$1,002,100)	(\$949,400)	(\$994,000)	(\$676,500)

*Green River merchandise sales are net of all direct COS.

Utah State Parks Golf System Summary by Facility

Wasatch Mountain Golf Course					
	2013	2014	2015	2016	2017
Total Facility Revenue	\$1,965,300	\$2,076,200	\$2,136,000	\$2,197,300	\$2,241,300
Less:					
Cost of Sales	\$58,300	\$61,600	\$63,300	\$65,200	\$66,500
Facility Operating Expense	\$1,066,000	\$1,109,800	\$1,155,600	\$1,203,400	\$1,253,300
Debt Service	\$371,400	\$371,400	\$371,400	\$371,400	\$0
User Fees (Cap Reserve)	\$207,900	\$219,600	\$225,900	\$232,400	\$237,100
Wasatch Mtn. Net Income	\$261,700	\$313,800	\$319,800	\$324,900	\$684,400

Soldier Hollow Golf Course					
	2013	2014	2015	2016	2017
Total Facility Revenue	\$1,082,100	\$1,204,800	\$1,301,200	\$1,327,200	\$1,353,800
Less:					
Cost of Sales	\$75,300	\$82,500	\$87,600	\$89,300	\$91,100
Facility Operating Expense	\$981,000	\$1,020,500	\$1,061,800	\$1,104,900	\$1,149,800
Debt Service	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
User Fees (Cap Reserve)	\$111,300	\$125,500	\$137,200	\$140,000	\$142,800
Soldier Hollow Net Income	(\$1,085,500)	(\$1,023,700)	(\$985,400)	(\$1,007,000)	(\$1,029,900)

Palisade Golf Course					
	2013	2014	2015	2016	2017
Total Facility Revenue	\$415,200	\$463,500	\$510,400	\$515,600	\$533,600
Less:					
Cost of Sales	\$58,000	\$65,300	\$75,300	\$76,800	\$78,400
Facility Operating Expense	\$427,500	\$445,900	\$465,200	\$485,300	\$506,300
User Fees (Cap Reserve)	\$35,800	\$39,600	\$43,500	\$43,500	\$45,700
Palisade Net Income	(\$106,100)	(\$87,300)	(\$73,600)	(\$90,000)	(\$96,800)

Green River Golf Course					
	2013	2014	2015	2016	2017
Total Facility Revenue	\$87,500	\$91,800	\$100,300	\$102,300	\$104,300
Less:					
Facility Operating Expense	\$176,500	\$183,900	\$191,800	\$199,800	\$208,200
User Fees (Cap Reserve)	\$7,300	\$7,700	\$8,400	\$8,600	\$8,700
Green River Net Income	(\$96,300)	(\$99,800)	(\$99,900)	(\$106,100)	(\$112,600)

Summary of Golf Facilities' Economic Performance

Summary Utah State Parks Golf Courses					
	2013	2014	2015	2016	2017
Total System Revenue	\$3,550,100	\$3,836,300	\$4,047,900	\$4,142,400	\$4,233,000
Less:					
System-Wide COS	\$191,600	\$209,400	\$226,200	\$231,300	\$236,000
System Operating Expense	\$2,751,000	\$2,760,100	\$2,874,400	\$2,993,400	\$3,117,600
Total Debt Service	\$1,371,400	\$1,371,400	\$1,371,400	\$1,371,400	\$1,000,000
New Admin. Staff	\$100,000	\$105,000	\$110,300	\$115,800	\$121,600
Total User Fees (Cap Reserve)	\$362,300	\$392,400	\$415,000	\$424,500	\$434,300
Utah State Parks Golf Net Income	(\$1,226,200)	(\$1,002,000)	(\$949,400)	(\$994,000)	(\$676,500)

The results of the NGF analysis show that even with NGF recommendations and the modest growth of rounds and revenues projected by NGF, we still expect the Utah State Parks Golf system to see challenges in the next few years. A summary of findings from the tables above:

- The Utah State Parks Golf Enterprises is expected to be able to cover its basic operating expenses, but not capable of covering new investment and total debt service at present. Increases in revenue will be required to establish a system that can cover its needed capital upgrades, but it is unlikely that this system will ever be able to generate enough revenue to cover the large Soldier Hollow Debt service.
- The above projections assume historical inflation in expenses and some inflation in fees charged for golf facilities. The Utah State Parks golf courses will have to commit to at least two percent (2%) increases in fees every year to meet these projections.

UTAH STATE PARKS GOLF UNDER MANAGEMENT COMPANY OPERATION (2012-2017)

NGF has reviewed the Utah State Parks Golf system under the possibility of implementation of a management contract under terms as presented earlier, using the “high” estimate of management fee (it is possible that Utah State Parks can negotiate to lower fees). Under this scenario, the State will be responsible for all capital improvements (may not be completed under management agreement) and the system’s debt service, as is customary under management contracts. This program is simply hiring a company to manage the operations for Utah State Parks in exchange for a management fee paid to the management company. NGF has assumed that Utah State Parks can find an interested third party willing to take on all four facilities.

The result of this review shows that the State will be adding a new \$230,000+ expense line to the Utah State Parks golf system. Unless the new management company can increase revenue OR reduce expenses (or combination) by \$230,000, there will be no net change in net income performance. The \$230,000 in expenses represents about 8.0% of total Utah State Parks golf system expenses, and this is the amount that must be improved for the system to remain fiscally neutral under management company operation. Many of the nationally recognized golf management companies that specialize in municipal golf operations have a track record of increasing revenue through golf management expertise and technology systems that are in place within these organizations.

As noted earlier, this course of action is not recommended by NGF at present. A review of the management company alternative is displayed in the table below:

Utah State Parks Golf Enterprise Projected Economic Performance Under Management Company Operation					
System	FY2013	FY2014	FY2015	FY2016	FY2017
Total Revenue	\$3,550,000	\$3,836,200	\$4,047,900	\$4,142,400	\$4,233,000
Total Operating Expense	\$2,842,600	\$2,969,500	\$3,100,600	\$3,224,700	\$3,353,600
Management Fee	\$233,000	\$247,000	\$256,000	\$261,000	\$266,000
Net Income Before Debt	\$474,400	\$619,700	\$691,300	\$656,700	\$613,400
User Fees	\$362,300	\$392,400	\$415,000	\$424,500	\$434,300
Debt Service	\$1,371,400	\$1,371,400	\$1,371,400	\$1,371,400	\$1,000,000
Utah State Parks Golf Net Income	(\$1,259,300)	(\$1,144,100)	(\$1,095,100)	(\$1,139,200)	(\$820,900)

Summary Statement

The recommendations contained in this report to the Utah State Parks are generally centered on increasing revenues and reducing expenses through some capital investment and significant enhancements to marketing. Still, despite the course of action recommended by NGF, the Utah State Parks should not expect large economic return from these facilities, and it is certainly not realistic to expect these facilities to generate enough revenue to cover assigned debt service. The State of Utah is operating some very fine golf facilities, but the courses are located in remote areas of the State and without proximity to large populations of golfers. As a result, the golf courses will always have to rely on the attraction of non-local golfers, including out-of-State golfers, to provide rounds activity and needed revenue.

It is clear that there are three key issues leading to economic hardship within the Utah State Parks Golf system, and these include: (1) inadequate marketing; (2) a short golf season that limits the ability to earn revenue; and (3) extremely remote locations without local golfers. We also note a general lack of entrepreneurial structure within the Utah State Parks system that is also working to constrain revenues (not an enterprise). Action taken by Utah State Parks to improve the business practices and establish a true “golf enterprise” should have an immediate and positive impact on the bottom line economic performance of the State’s golf system.

As part of this consulting effort, NGF reviewed alternatives for the operation and management of the State’s golf system. This review showed that none of the “privatization” alternatives would immediately improve economic performance of the Utah State Parks golf courses to a level that is clearly better than the expectations under continued, but improved, self-operation. Although, if the Utah State Parks Golf Enterprise cannot gain reductions in the economic burden from the items noted above, privatization alternatives will have to become a higher priority. Put simply, there is no “magic bullet” for the Utah State Parks golf system in privatizing, and the present system should be able to achieve improvement by implementing the recommendations contained in this report.

Still, despite all of the NGF recommendations to enhance revenue, there are some properties in this system that are likely to remain a challenge for Utah State Parks for many years to come. Specifically, Green River will be a great challenge to cover basic operating expenses and even strong revenue performers like Soldier Hollow will struggle to cover assigned debt service. Wasatch Mountain and Soldier Hollow have great potential to increase rounds and revenue to a level more comparable to competitors. Palisade is a great golf course, but will need to enhance its promotional activities to increase the attraction to draw “day customers” away from the Salt Lake City and Utah County areas to seek golf service at Palisade.

Some of the recommendations made by NGF in this analysis require the Authority to make investments in Utah State Parks golf properties, and much of the \$700,000+ in new investment involves improving some facilities and adding amenities to the facilities to make them more appealing. NGF recognizes that these investments may add economic stress to the State golf system in the years these investments are made, but the changes that will be made should add to the level of revenue earned by the system. In short, the State must be prepared to “spend money in order to make money.”

Appendices

Appendix A – Marketing Budget

Appendix B – Golf Course Life Cycle

Appendix C – Regional Golf Data

Appendix D – NGCOA Guidelines for Third-party Resellers

APPENDIX A – UTAH STATE PARKS MARKETING PROPOSAL

Utah State Parks 2010 Marketing Proposal

I. **Email Blasts** – Wasatch, Soldier Hollow, Palisade

A. One per course per month Wasatch & Soldier Hollow - 2 per month

1. April	\$270.00
2. May	\$270.00
3. June	\$270.00
4. July	\$270.00
5. August/ Sept	\$270.00

Wasatch State Park \$1,350.00

B. Palisade State Park Golf Course – 1 per month

1. April	\$135.00
2. May	\$135.00
3. June	\$135.00
4. July	\$135.00
5. August/ Sept	\$135.00

Palisade \$675.00

TOTAL \$2,025.00

B. Email Blasts Ideas/Content

1. April/May – Opening Dates, Upcoming tournament Schedules, Internet reservations, Corporate tournaments, Early Discounts, Season Passes
2. June – Corporate outings, Father’s Day, Father’s Day Pro Shop Specials, Tee Times on the Web
3. July – Beat the Heat, July 4, July 24
4. August/September – End of Season Sales, Fall Golf

II. **Newsletter**

- A. Online Newsletter (3): Spring: April/May; Summer: June/July/August; Fall: September/October – Upcoming events for the season. Tournaments, Pro Tips. Specials including passes, men’s & women’s association news, new items in pro shop, online reservations, corporate and company tournaments.

Wasatch	\$1000.00
Palisade	\$500.00

TOTAL \$1,500.00

III. Lobby Posters

A. Lobby Signs – 2 Changes

TOTAL \$450.00

IV. Fairways Magazine

A. Wasatch, Soldier Hollow

1. November – Corporate Tournaments, ½ page	\$1,000.00
2. February – Corporate Tournaments, ½ page	\$1,000.00
3. May – Golf Passes, online reservations, Full page	\$2,000.00
4. August – Fall Season, ½ page	\$1,000.00

Wasatch \$5,000.00

B. Palisade

1. May ½ page	\$1,000.00
2. August 1/3 page	\$500.00

Palisade \$1,500.00

TOTAL \$6,500.00

V. Vouchers \$550.00

VI. Photography \$500.00

VII. Promotional Flyers \$200.00

VIII. US Amateur Public Links Media Day \$2,000.00
Media Kits, information, etc.

IX. Miscellaneous \$2,000.00
Newspaper, special adv offers

Wasatch State Park Marketing Total \$13,050.00

Less Trade \$1,000.00

\$12,050.00

Palisade State Park Marketing Total \$2,675.00

APPENDIX B – GOLF COURSE LIFE CYCLE

GOLF COURSE ITEMS EXPECTED LIFE CYCLE

HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

ITEM	YEARS	ITEM	YEARS
Greens (1)	15 – 30 years	Cart Paths – concrete	15 – 30 years
Bunker Sand	5 – 7 years	Practice Range Tees	5 – 10 years
Irrigation System	10 – 30 years	Tees	15 – 20 years
<i>Irrigation Control System</i>	10 – 15 years	Corrugated Metal Pipes	15 – 30 years
<i>PVC Pipe (under pressure)</i>	10 – 30 years	Bunker Drainage Pipes (3)	5 – 10 years
<i>Pump Station</i>	15 – 20 years	Mulch	1 – 3 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)	Grass (4)	Varies

NOTES: (1) Several factors can weigh into the decision to replace greens: accumulation of layers on the surface of the original construction, the desire to convert to new grasses and response to changes in the game from an architectural standpoint (like the interaction between green speed and hole locations). (2) Assumes on going maintenance beginning 1 – 2 years after installation. (3) Typically replaced because the sand is being changed – while the machinery is there to change sand, it's often a good time to replace the drainage pipes as well. (4) As new grasses enter the marketplace – for example, those that are more drought and disease tolerant – replanting may be appropriate, depending upon the site.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. We encourage golf course leaders to work with their golf course architect, superintendents and others to assess the longevity of their particular course's components.

ASGCA thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.

The materials presented on this chart have been reviewed by the following Allied Associations of Golf:

For more information,
contact ASGCA at
262-786-5960 or
www.asgca.org



DATA COMPILED BY ASGCA, 125 NORTH EXECUTIVE DRIVE, SUITE 108, BROOKFIELD, WI 53005

APPENDIX C –REGIONAL MUNICIPAL GOLF SUMMARY OPERATING RESULTS

Park City Golf Course

Park City Golf Course Rounds and Revenue Summary											
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total Starts	37,602	35,084	37,534	33,582	34,290	34,993	39,644	36,490	36,240	34,113	33,863
Comp Rds.	3,109	2,893	2,244	2,478	1,676	1,581	1,884	1,797	1,879	1,786	1,988
Non-Res Rds	11,193	8,679	9,459	7,994	5,721	4,540	5,966	4,509	3,305	4,481	4,711
Tour-Lodging	1,432	1,155	1,395	1,254	1,148	1,194	1,528	1,698	858	1,163	1,352
% Non-Res	29.77%	24.74%	25.20%	23.80%	16.68%	12.97%	15.05%	12.36%	9.12%	13.14%	13.91%
Revenues											
Green Fees	\$677,749	\$662,809	\$704,424	\$652,791	\$619,389	\$624,592	\$727,873	\$688,704	\$642,190	\$624,362	\$647,673
Passes	\$73,328	\$72,670	\$72,662	\$72,692	\$66,014	\$70,601	\$65,626	\$69,605	\$61,629	\$56,758	\$50,426
Range	\$27,268	\$40,963	\$33,768	\$30,753	\$35,798	\$36,970	\$44,819	\$44,995	\$40,424	\$35,392	\$46,650
Cart	\$206,844	\$176,423	\$191,910	\$170,876	\$169,739	\$173,578	\$210,325	\$197,469	\$177,252	\$171,141	\$181,423
Retail	\$179,151	\$163,169	\$218,097	\$202,382	\$194,835	\$195,732	\$224,351	\$173,794	\$160,923	\$136,701	\$154,193
Misc.	\$66,353	\$66,452	\$60,285	\$72,993	\$85,222	\$102,560	\$91,853	\$99,027	\$83,662	\$85,863	\$75,894
TOTAL	\$1,230,693	\$1,182,486	\$1,281,146	\$1,202,487	\$1,170,997	\$1,204,033	\$1,364,847	\$1,273,594	\$1,166,080	\$1,110,217	\$1,156,259
Green/Cart/Pass/Rd.	\$25.48	\$25.99	\$25.82	\$26.69	\$24.94	\$24.83	\$25.32	\$26.19	\$24.31	\$24.98	\$25.97
Total Rev./Rd.	\$32.73	\$33.70	\$34.13	\$35.81	\$34.15	\$34.41	\$34.43	\$34.90	\$32.18	\$32.55	\$34.15
Source: City of Park City, Utah											

Salt Lake City Golf System

Salt Lake City Golf Fees 2012						
Facility	Listed Rate		LoyalTee Discount Card* M-F & WE/Hol after 12 pm		LoyalTee Discount Card* WE/Hol before 12 pm	
	9 Hole	18 Hole	9 Hole	18 Hole	9 Hole	18 Hole
Regular						
Bonneville	\$18.50	\$35.00	\$15.00	\$28.00	\$16.75	\$31.50
Mountain Dell	\$18.50	\$35.00	\$15.00	\$28.00	\$16.75	\$31.50
Wingpointe	\$17.00	\$33.00	\$13.75	\$26.50	\$15.50	\$29.75
Glendale	\$15.00	\$30.00	\$12.00	\$24.00	\$13.50	\$27.00
Rose Park	\$14.00	\$28.00	\$11.25	\$22.50	\$12.75	\$25.25
Forest Dale	\$14.00	DNA	\$11.25	DNA	\$12.75	DNA
Nibley Park	\$13.00	DNA	\$10.50	DNA	\$11.75	DNA
Jordan River Par-3	\$8.00	DNA	\$6.50	DNA	\$7.25	DNA
Senior						
Bonneville	\$15.50	\$29.00	\$12.50	\$23.25	\$16.75	\$31.50
Mountain Dell	\$15.50	\$29.00	\$12.50	\$23.25	\$16.75	\$31.50
Wingpointe	\$14.00	\$27.00	\$11.25	\$21.75	\$15.50	\$29.75
Glendale	\$13.00	\$26.00	\$10.50	\$21.00	\$13.50	\$27.00
Rose Park	\$12.00	\$24.00	\$9.75	\$19.25	\$12.75	\$25.25
Forest Dale	\$12.00	DNA	\$9.75	DNA	\$12.75	DNA
Nibley Park	\$11.00	DNA	\$9.00	DNA	\$11.75	DNA
Jordan River Par-3	\$7.00	DNA	\$5.75	DNA	\$7.25	DNA

*LoyalTee Discount Card \$45/year Adult & Senior, \$30 Junior: green fee, range balls discounts; earn reward points for range balls, golf cart rentals, and pro shop merchandise discounts.
DNA – does not apply

Salt Lake City Rounds and Revenue Summary								
Rounds Played								% Change From Prior Year
Year	Starts	9-Hole Equiv.	Green Fees	Cart Rental	Driving Range	Retail Sales	Total	
2002	373,018	510,504	\$4,610,868	\$1,751,798	\$357,797	\$682,942	\$7,403,405	
2003	385,957	519,694	\$4,816,308	\$1,761,090	\$328,325	\$741,442	\$7,647,165	3.3%
2004	348,910	469,276	\$4,592,025	\$1,711,052	\$309,484	\$707,037	\$7,319,598	-4.3%
2005	336,292	446,361	\$4,543,923	\$1,624,874	\$309,807	\$710,631	\$7,189,235	-1.8%
2006	348,872	465,514	\$4,710,943	\$1,763,267	\$321,525	\$781,093	\$7,576,828	5.4%
2007	352,013	471,454	\$4,763,272	\$1,951,157	\$334,510	\$827,788	\$7,876,727	4.0%
2008	342,964	458,561	\$4,483,569	\$1,912,527	\$328,519	\$807,905	\$7,532,520	-4.4%
2009	353,715	470,925	\$4,519,334	\$1,882,413	\$330,452	\$772,120	\$7,504,319	-0.4%
2010	339,099	450,173	\$4,398,695	\$1,793,780	\$327,872	\$738,057	\$7,258,404	-3.3%
Budget 2011	309,199	413,661	\$4,939,804	\$2,019,200	\$345,013	\$809,000	\$8,113,017	11.8%
Proposed 2012	301,327	401,644	\$4,789,000	\$1,969,200	\$343,000	\$800,500	\$7,901,700	-2.6%

Source: Salt Lake City Council Staff Report April 26, 2011 re: Golf Enterprise Fund
2012 Rounds Played are through May

APPENDIX D – NGCOA GUIDELINES FOR THIRD-PARTY RESELLERS



NATIONAL GOLF COURSE OWNERS ASSOCIATION

Best Practices

when contracting a Third Party Tee-Time Reseller

The NGCOA recommends that golf courses opting to use Third Party Tee-Time Resellers utilize the Best Practices below to protect their business interests and manage business relationships with Third Party Tee-Time Resellers.

1. **Signed Written Contract.** All agreed upon terms and conditions should be contained in a written document signed by representatives of both parties who have authority to execute binding legal agreements.
2. **Term.** The term of the agreement should be clearly defined. The Golf Course should have the right to immediate termination with no penalty for any breach of the agreement by the Third Party. It is also in the interest of the Golf Course to incorporate in the agreement the shortest possible notice period for termination without cause.
3. **Best Rate Guarantee.** The Golf Course should contract so that their own posted rates and promotions are the best offers at all times, or equivalent to the best available. Any exceptions must require written consent in advance.
4. **Data Ownership.** The Third Party should provide unfiltered access to the Golf Course of all pertinent customer information, forwarding all such data in whatever form and timing is mutually agreed upon. The Golf Course acquires ownership of all such data immediately upon receipt.
5. **Payment Model.** Terms of payment should be clearly defined. The NGCOA recommends a commission based model which calls for a reasonable percentage paid to the Third Party on tee-times actually sold. If a merchant model is used instead (course provides tee-time at net rate to Third Party and then Third Party sells to golfer at gross rate), then a defined mark up from net to gross rates should be included in the agreement.
6. **Auction Model.** No auctioning of tee-times by the Third Party should be permitted without the expressed written consent by the Golf Course. Golf Course should in that case still provide a floor below which the round cannot be sold by the Third Party so that the course preserves its best rate guarantee.
7. **URL Ownership.** The Golf Course should own and protect its Uniform Resource Locator (URL) for all its own websites at all times.
8. **Search Engine Optimization.** To protect the Golf Course from online golfer searches being diverted away from its own websites, the Third Party should not use the Golf Course or related facility names for their own search engine optimization (SEO) without written consent from the Golf Course.
9. **Selective Inventory.** The Golf Course should retain the right to offer the Third Party only that tee-time inventory that it deems to be in its own best interest to market through the Third Party. ►



NATIONAL GOLF COURSE OWNERS ASSOCIATION

10. **Brand Protection.** The Third Party should only utilize the Golf Course's name, logo, slogans, photographs, images, marks, and promotions for the marketing purposes specified within the contract. The Golf Course retains the sole right to determine any updated presentation of these marketing properties on the Third Party website or any other marketing materials.
11. **Loyalty & Membership Programs.** Any Third Party loyalty or membership programs that leverage the customers of the Golf Course should be fully disclosed within the contract. The Golf Course should be diligent about protecting itself from any such programs that will be competing with its own loyalty or membership program.
12. **Indemnification & Regulatory Compliance.** The Third Party should protect the Golf Course from all possible liability for taxation and regulatory matters related to the resale of tee-times, both state and federal. The Third Party should be fully compliant with all relevant regulatory standards, including the Privacy Act and PCI Compliance.
13. **Additional Services.** If the Third Party is offering additional services beyond tee-time reselling, all such services and any related fees should be specified in the contract.
14. **Price Parity.** The Golf Course retains the sole right to impose price parity (same price for the same product throughout all marketing and distribution channels).
15. **Online Links.** The Third Party should be required to fully disclose all proposed links to any other sites, in writing and in advance.
16. **Transferability.** The Third Party should not be entitled to sell, give, partner, or transfer by any means its reseller services as they relate to the Golf Course to any other Third Party without the express written consent of the Golf Course. Further, the Golf Course retains the right to terminate or otherwise adjust the terms and conditions of the agreement upon any type of transfer.
17. **Exclusivity.** The Golf Course should retain the right to work with any other Third Party.
18. **Confidentiality.** The Third Party should not be entitled to a confidentiality clause that prevents the Golf Course from disclosing the terms of the agreement.
19. **Proprietary Business Information.** The Golf Course should request reasonable protection for all proprietary business information that may be exposed to the Third Party as a result of the business relationship.
20. **Support Services.** The contract should define all of the Third Party support services to the Golf Course including IT, customer relations, marketing and consultation.
21. **Legal Entity.** The contract should define the legal business configuration of the Third Party and clearly state that the Third Party will present itself as an entity separate and independent from the Golf Course.