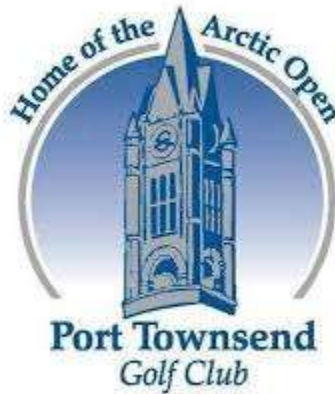


Business Analysis of the Port Townsend Golf Club in Port Townsend, WA



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Executive Summary

The following is a summary of significant findings made by the National Golf Foundation in its study of the Port Townsend Golf Club. The supporting text and tables are found in the body and appendices of the attached report. Some items are repeated from the full report.

INTRODUCTION AND PURPOSE

National Golf Foundation Consulting, Inc. (“NGF”) was retained by the City of Port Townsend (“City”) in Port Townsend, Washington to assist in evaluating the operational and economic performance of the City’s golf facility – the Port Townsend Golf Club (“Port Townsend GC” or “PTGC”). The City required a strategic review of the golf course, adjacent clubhouse and driving range operation, an evaluation of the long-term potential of this facility, and recommendations to enhance economic performance. The following report details findings on the Port Townsend GC, with analysis of the physical and economic condition of the club and the market environment within which it operates. Based on these findings, NGF has provided a set of recommendations to the City and its operator that we believe will improve overall operations and economics of the popular golf facility. We remind the City that the NGF had completed a similar review of the PTGC in 2004, after the City undertook some basic operational changes.

Port Townsend Golf Club is an historic and popular golf facility that includes a regulation-length 9-hole golf course, a driving range and modest clubhouse. The City has chosen to operate the facility via lease contract with a private vendor (Gabriel Tonan Golf Shops, Inc.) that is in charge of the day-to-day operation of the facility and responsible for all operating expenses and the business risk in the operation. The City’s income in the PTGC enterprise is a direct lease payment paid by the operator to the City, although this payment has declined considerable in the last ten years, falling from over \$19,800 in 2008 to under \$5,000 in 2018 (75% decline).

PTGC reported total top-line revenue of just over \$125,800 in 2018, an amount significantly lower than the average 9-hole facility in the U.S. (about \$500,000). The total on-site operating expenses total about the same \$125,800, which includes the cost of sales, taxes, lease fee and a payment for lease acquisition. However, the NGF must state that operating data on PTGC provided by the current golf professional was very limited, thus the level of confidence in the reported numbers is very low and further forensic review by the City is recommended. What is clear is that **expenses to operate PTGC are well below any reasonable standard expected for properly maintaining a 9-hole golf facility, resulting in PTGC being operated on a very tight budget with no new capital going to address deferred maintenance items that could cause problems in later years.** The current financial condition is comparable to most public sector golf operations in the U.S, as NGF expects that the majority of public-sector golf courses are not able to cover all on-site expenses, capital and other expenses.

Of particular interest to the City is a review of the lease agreement in place at PTGC, and the fact that the current lessee is actually a sub-lessee with an ongoing lease arrangement that appears to be highly detrimental to the City’s interest in Port Townsend GC. The current sub-lessee is paying the actual leaseholder for the rights to the lease, taking much needed resources away from the golf operation and facility maintenance. The NGF review in late 2018 shows a golf course facility in generally poor maintenance condition that is being operated with outdated infrastructure, sub-standard equipment, a large reliance on untrained volunteer staffing and a general lack of appropriate golf facility management expertise in senior leadership.

NGF REVIEW – 2018

In 2018, the NGF was retained by the City of Port Townsend to evaluate the golf club, and to make recommendations to help establish the long-term viability of the facility if the City were to continue with golf on this site. The project included a thorough review of PTGC on an ‘as-is’ basis, as well as an examination of the facility’s lease/management structure and capital needs. It is expected that the results of this NGF study will be used by the City as a guide for the future of the golf course, and to help identify the appropriate amenities and management structure that would make the subject PTGC a sustainable enterprise for the City over the next decade and beyond. The review includes an evaluation of the facility as it is presently operated, potential changes that could be made to the operation, and ideas for structural changes that could also be made to help improve overall performance.

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 the Port Townsend GC facility in 2018. NGF activities completed to date include meetings with City staff, interviews with golf course management and staff, visits to and profiles of other area golf courses and a review of the very limited operating data provided by PTGC. The NGF team also completed a comprehensive inspection of the facility and all its components.

The key components and issues of this report include:

- Overall condition and operating efficiencies of Port Townsend GC.
- Status of the broader Port Townsend market area, with focus on external issues that affect public golf operations, including the balance between demand and supply.
- A comprehensive review of the subject PTGC and its present physical condition and capital needs.
- A preliminary estimate of the cost of improvements that may be needed at PTGC.
- Review of the current lease/management structure and recommendations on the appropriate structure, including lease terms, that would help the City achieve the goal of maximizing the economic performance of PTGC.
- Recommendations on the most appropriate amenity package, quality of services, pricing and other “industry best practices” that could be employed at the facility to help improve the operation.
- Helping the City understand the expected impact of the declining golf market on the long-term economic potential of the PTGC, and to establish reasonable parameters for revenue and expense expectations for the Facility over the next 10 years.

The NGF consulting engagement was managed by Richard B. Singer, Senior Director of Consulting Services, and Edward Getherall, Director of Consulting Services, with assistance from Associate Consultant Mark Miller, ASGCA and NGF Consulting Administrator Jodi Reilly. In addition to meetings with City 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. NGF also collects considerable information and data on the golf industry as a regular part of our organization’s work, and much of this information and data is presented throughout this report.

OVERALL SUMMARY OF FINDINGS

The following bullets represent a summary of NGF's key 'high level' findings from our review of Port Townsend GC. The recommendations NGF set forth in this report are in consideration of the tenuous economic and physical condition of the Port Townsend GC, and the need to improve the overall economic performance of the facility if it is to remain open and viable as a City recreation asset. This review and attendant findings and recommendations must also be considered within the context that the economics of all golf courses are subject to uncontrollable factors, such as yearly weather variations, competitive factors and unexpected expenses.

This executive summary provides an "at-a-glance" summarization of the NGF review, detailing the main findings and NGF recommendations for the Port Townsend Golf Club. Additional details and support data can be found in the full body of our report and its appendix.

Key findings on Port Townsend Golf Club

Port Townsend GC is a small, 9-hole golf course located in Port Townsend, a somewhat isolated Washington City with a population of only about 10,000+/- permanent residents. With its mix of facilities, PTGC has features that are common in the golf industry, and can correlate with economic success. However, with its small population, golf demand among Port Townsend residents may never be fully sufficient to sustain operations at PTGC, and thus the key to long-term sustainability of the PTGC lies in its ability to consistently attract golf demand from the large and growing tourist base in the City. Other findings from NGF's review of PTGC:

- The overall physical condition of the PTGC property appeared to be generally poor and in decline. In particular, the NGF observed an aging golf facility with much of its basic infrastructure at or beyond its expected useful life. As such, if the City is to continue with golf at this location, considerable investment in improvements and modernization will be necessary at PTGC.
- The specific upgrades that were identified by NGF included all key areas of basic infrastructure like irrigation and drainage, along with other golf course improvements like turf conditions (greens, tees, fairways, etc.) and addressing the aging tree cover and many rock outcroppings that impact the play of golf. PTGC has insufficient equipment to operate and maintain golf course playing areas and the NGF found considerable disrepair in the clubhouse facility as well. In all, the NGF is estimating a total of least \$1.2 million in facility upgrades will be required to bring the PTGC to a generally acceptable level of condition and help establish its long-term viability.
- PTGC is managed by a third-party vendor via lease agreement with the City that runs through December 31, 2019. Specifically, the lease in place involves a sub-lease whereby the current operator ("Tonan") has purchased the lease interest of the former operator (Mike Early Golf Shops) for a fee agreed upon by the parties. This fee to purchase the lease is upwards of \$20,000 per year, an amount that is 20%-25% of total operating expenses in the facility that is being removed from the operation to pay a former lessee. This arrangement has led directly to reductions in staffing and maintenance in order to meet lease obligations in a declining market.
- The staff in place at PTGC is much smaller than industry expectations, and many key golf operation services are provided by "volunteer" staff that is compensated by golf privileges. A review of expenditures shows a much lower proportion of total labor cost in the PTGC operation than industry expectations. This is a result of operator budget cuts needed to meet the lease obligation, but may be impacting the service and long-term condition integrity of the golf course facility.

- The marketing of PTGC appears to be minimal, with PTGC primarily targeting its efforts to an ever-shrinking market of resident golfers, with very little effort to attract non-resident participation. As the facility is located in a market with a small permanent population, the adoption of a modern marketing program will be necessary to attract the new customers and sustain (or grow) rounds and revenue.
- Playing fees for golf and concessions are very low at PTGC, and clearly place the facility as the lowest cost provider of golf in this area. In addition, PTGC is attracting a very large share of discounted rounds of golf, mostly related to a high share of discounted member use and use by “volunteers.” As the current lessee is not actively recording all rounds played by type, complete review of revenue and an estimate of “average daily rate” (ADR) is not possible. However, the NGF is of the opinion that the total ADR collected at PTGC is well below the golf industry standard of 65% total ADR compared to peak green + cart fee.
- The food and beverage operation at PTGC was not functioning at the time of the NGF inspection. Staff reported that the grill equipment failed a County inspection and was shut down pending a required repair. Given the tenuous economic situation at PTGC, the operator has postponed this repair (estimated to cost roughly +/- \$3,000), resulting in the lack of a grill operation at PTGC. As some form of grill operation is an appropriate complement to a golf facility’s operation, the PTGC is at a severe competitive disadvantage by not being able to offer proper F&B service.
- The limited financial information provided to NGF shows a very lean golf course operation with only \$125,000+/- in total revenue generated by the golf facility in 2018. This amount is considerably lower than the average 9-hole golf facility revenue recorded by NGF of roughly \$500,000 per year. The operating expenses total \$103,000 (excluding cost of sales, taxes and sub-lease fee), an amount that is also well below the average 9-hole golf facility expense recorded by NGF of roughly \$500,000 per year. Total net income to the operator after all taxes and lease payments was very close to \$0 (break-even), although this is very misleading as PTGC is operated on a very tight budget with no capital to address deferred maintenance items that are clearly causing problems in facility condition.

EXTERNAL ENVIRONMENT

The NGF market analysis shows that while golf is not a particularly important component in the greater Port Townsend area, there is a modest contingent of resident and visiting golfers to support area golf courses. However, we do find that this contingent of golfers is relatively small (both resident and visitor), and unless there is growth in golf demand, the NGF has a reasonable expectation that substantial growth in rounds and income from current (2018) levels is unlikely. Other key findings from NGF’s market analysis include:

- Trends in the golf industry will present challenges to PTGC in continuing golf course operations. The total number of “core” golfers is declining and total spending on golf is declining along with them. NGF has also documented rapid inflation in expenses to operate golf facilities, especially related to the cost of course maintenance.
- The Port Townsend area economy is driven by tourism and visitation, with few permanent industries and large employers in the market. Generating golf from these visitors will be key to sustaining golf operations at PTGC, as local resident demand is likely not enough to support operations.

- The overall balance between supply and demand for public golf is very unfavorable in the Port Townsend area. There are far fewer households and golfers available to support each golf course in the market, and as a result the golf courses in this area tend to host fewer rounds than average. NGF estimates that there are about one-third the number of golfers per 18 holes in the PTGC market than the NGF-identified success threshold.
- Other competitive golf courses in the market area have felt a reduction in demand and increasing competition. There is a short golf season during which demand is strongest and the highest fees can be charged. The greater Port Townsend market has been affected by the same trends that have led to a downturn in golf demand nationally; including the difficulty the sport has had in attracting younger golfers to offset the natural attrition of older players.
- The physical amenities at PTGC are clearly inferior to its immediate competitive set of golf courses. These competitive golf courses are operating within a varied range of fees, with the subject PTGC at the lower end of public golf courses. The competitive nature of the regional golf market places constraints on the ability to raise fees, and almost all public golf in this market has a peak fee below \$50.
- In addition to the declining demand and competitive nature of public golf in this market, the relative limited accessibility of the area to automobile traffic severely limits the kind of “day-trip” visitation that tends to correlate well with public golf. As a result, the PTGC will have to attract a much larger share of overnight stay visitors in order to generate the kind of activity and revenue that will continue to support the operation of the PTGC.

NGF RECOMMENDATIONS

NGF Consulting has prepared a schedule of specific recommendations to be considered by the City and its operator. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; and (3) operations.

Basic Oversight and Golf Course Management

The NGF reviewed several options for the continued on-site management and oversight of the Port Townsend GC, and these options are reviewed in detail in the body of this report. Considering the type of facility, the small and local primary service area, the desire for continued community support and the likelihood that the continued operation of the golf course would result in economic losses, the NGF has concluded that some form of City self-operation (possibly with a separate F&B concession) is the most viable plan for PTGC going forward. The proposed new City-run system should include a few basic components, such as:

- The inclusion of properly trained senior staff, with a PGA (or LPGA) golf professional to oversee golf course operations and a GCSAA-trained superintendent to oversee all golf course maintenance activities.
- Utilization of proper maintenance equipment and golfer power carts, to be acquired via lease and included in operating budget.
- An operation with specific focus on player development and growing the game.
- Enhanced marketing, with focus on electronic marketing (email, website, social media, etc.).

Operational Recommendations

NGF has identified some operational adjustments that are detailed in the body of this report. When implemented, these concepts should result in increased rounds and revenues at PTGC, notwithstanding the needed physical improvements and management changes outlined in this report. These ideas focus on: marketing strategies; better utilization of available technology; website improvements; and player development & programming. The operational recommendations require limited investment and focus on “best practices” that NGF has observed in the golf industry to improve service, and increase rounds and revenue.

Physical Improvements / Capital Investment

The comprehensive NGF inspection of PTGC completed in October 2018 showed considerable deficiencies that will need to be addressed if the facility is to remain viable as a public golf course. Specifically, the NGF team identified upgrades to basic golf features (tees, greens, fairways, bunkers) through direct improvement and upgraded irrigation. The facility would also benefit greatly from enhancement to its maintenance infrastructure (facilities and equipment) and the clubhouse. Although numerous items are referenced for repair / replacement in the long term, the NGF has focused on the capital expenditures that would improve the facility’s competitiveness in the market place and / or have a positive impact on long term management practices by reducing operational costs. The recommended physical improvements in priority order:

Port Townsend GC NGF Recommended Upgrades – by Type		
Initial Capital Investments	Low Estimate	High Estimate
Irrigation System and Pump House	\$588,000	\$735,000
Trees and Stump Removal	45,000	75,000
Maintenance Equipment	100,000	120,000
Rock Outcroppings	6,000	7,000
Cart Paths	80,000	90,000
Tee Improvements / New Tees	60,000	90,000
Clubhouse Repair (restrooms, pro shop, etc.)	30,000	60,000
Bunker Renovation / Restoration	26,000	52,000
Grand Total of Capital Projects (all High Priority)	\$935,000	\$1,229,000
<small>All figures are NGF Consulting estimates based on architect’s input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Port Townsend, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; Ac = Acre</small>		

NGF recommends that City of Port Townsend, as part of the due diligence process before any decisions are made or work undertaken, retain a golf course architect and/or structures architect to complete a conceptual plan and get hard dollar cost estimates for any golf course, clubhouse or new structure changes proposed for PTGC.

FINANCIAL ANALYSIS

NGF has prepared a projection to show the potential economic performance of the Port Townsend GC under its most ideal conditions of local market dynamics, professional operation and improved physical condition. All NGF projections are based on a set of assumptions that may or may not become reality, and represent our best effort to create a “fair estimate” for the

optimum performance of this facility based on our complete review of the operation and market environment. The NGF projections assume that the City will adopt other recommendations related to self-operation of the facility, improved physical conditions (all recommended upgrades are completed), improved marketing, enhancing operations and actively seeking to grow golf activity and revenue. The NGF projection does not include any debt service or direct capital costs to complete any upgrades being considered, as these are assumed to be funded separately from the golf operation (i.e., through Public Facility District proceeds or other another City source).

NGF Projection Results

The results of the NGF financial projection analysis show that with the completion of NGF recommended improvements, direct operation by the City and bringing total rounds played up to a reasonable 18,000 level, we expect Port Townsend GC to improve operations and create total revenue in the range of \$400,000. This is the level of revenue that NGF estimates will be required to “break-even” operationally on the PTGC facility, assuming City operation and a basic level of “standard” operating expenses.

This would put the operation back into a status that is more in line with industry standards, and it includes some adjustment in expenses to ensure proper management and maintenance of the facility. However, it is important for the City to understand that it is highly unrealistic for the PTGC to be able to cover any form of large-scale capital improvement or debt service to amortize any improvements made to the facility for the foreseeable future.

Sensitivity Analysis

NGF has reviewed the impact of this projection assuming significant changes in rounds activity. This shows the performance of PTGC under a worst case (10,000 rounds), expected case (14,000 rounds) and best case (18,000 rounds). The results are shown in the table below:

Sensitivity Analysis of Projected Cash Flow Port Townsend Golf Club – After Enhancement			
	Worst Case	Expected Case	Best Case
Total Rounds	10,000	14,000	18,000
Total Facility Revenue	\$251,000	\$343,000	\$460,000
Less:			
Total COS	\$27,000	\$37,000	\$50,000
Total Operating Exp.	\$367,000	\$376,000	\$400,000
Operating Income (Loss)	(\$143,000)	(\$70,000)	\$10,000

SUMMARY STATEMENT

Port Townsend Golf Club is an aging golf facility located in a small market with a mix of marketable amenities. As we begin 2019, the facility is challenged by its declining physical condition and somewhat remote location that limits its potential market support. In addition, the operating structure in place at PTGC is adding to the stress of the facility with a taxing sub-lease arrangement that is further restricting the amount of money the operator has to properly maintain the property. As such, the City faces a unique, but not insurmountable, challenge in continuing to operate the PTGC, and it is only with new investment and a change in operating structure can this golf facility become a sustainable amenity for the City.

In summary, NGF believes that the City can improve the operational condition and economic performance of the Port Townsend Golf Club through action on the following NGF recommendations:

1. Make new investment in the PTGC facility, focusing on improving the condition of the golf course and clubhouse (estimated cost \$1.2 million+).
2. Change the operating structure by not renewing the operator lease and committing to a form of City self-operation (possibly with a F&B concession).
3. Hire the appropriate senior staff to manage and maintain the facility, including a PGA (or LPGA) designation for operations oversight and GCSAA designation for golf course maintenance oversight.
4. Improve the marketing of PTGC, especially in technology, improved website, email program and direct initiatives with Port Townsend lodging establishments.
5. Commit to a new focus on attracting less-traditional segments into golf (women, kids, minorities, etc.) through enhanced player development programming.

Subject Facility – Port Townsend Golf Club

The subject property is the Port Townsend Golf Club (“Port Townsend GC” or “PTGC”), a golf course facility owned by the City of Port Townsend (“City”) and operated via lease with Gabriel Tonan Golf Shop, Inc. (“Tonan”) to manage the PTGC. The facility includes an historic 9-hole regulation-length golf course, along with a full-service clubhouse and driving range. The facility is located on approximately 60± acres, less than one mile south of downtown Port Townsend. The golf facility was originally developed in 1904 as a private golf club, and was converted to a public golf course in 1927 (first owned by Jefferson County and then the City). The golf facility is operated as a public-access golf course in Port Townsend, available for use by any golfer on a daily fee basis or through the purchase of a seasonal pre-paid green fee (membership).

Port Townsend GC includes a mix of amenities that is common in public golf, and correlates well with economic success. However, the current condition of the property was not ideal at the time of the NGF inspection for many reasons, including aging and declining infrastructure and limited operating budget. The overall property condition was clearly worse than was observed by the NGF consultant who inspected the property in March 2004. It appears that this neighborhood golf facility is serving the basic needs of golf demand among Port Townsend residents and a few additional golfers visiting the Port Townsend area during the year, with the peak of this visitor demand occurring in the June-August summer season.

Preliminary performance reports provided to NGF in late 2018 show the Port Townsend GC generating approximately \$125,800 in total revenue, down significantly from the \$183,600 reported in 2014 (31.5% decline). The data presented by the PTGC operator did not include any breakdown of revenue by source (green fees, memberships, driving range, merchandise, F&B, etc.) so NGF cannot provide any context of revenue and how they are generated at the facility. The lease agreement in place at the facility provides payment to the City each year, with just over \$10,500 paid in 2014 and just under \$5,000 paid in 2018. All expenses to operate the PTGC are borne directly by the operator, and these expenses have fallen from about \$166,000 in 2014 to \$103,000 in 2018. When all expenses are considered, the total bottom line income to the lessee (Tonan, Inc.) was close to “break-even,” but significant reductions in operating expense has been necessary to sustain the operating vendor. The current financial condition is comparable to most public sector golf operations in the U.S, as NGF expects that the majority of public-sector golf courses are not able to cover all on-site expenses, capital and other expenses.

In our review of the Port Townsend GC, the NGF Consulting team found a public golf course that could potentially provide a level of good quality and affordable recreation to Port Townsend golfers and visitors, but the current operating and economic structure of the facility is limiting its maintenance requirements and revenue potential. The lease arrangement in place at the facility appears to be removing any risk or responsibility from the City, but placing a significant burden on the lessee, contributing heavily to the observed property condition in 2018.

PORT TOWNSEND GOLF CLUB FACILITY REVIEW

Port Townsend GC is an older 9-hole golf facility with a rich history and a location less than one mile from the center of downtown Port Townsend. The demand for PTGC has been in decline for many years, and the result is a small public golf course facility with rounds and revenue in 2017 clearly not sufficient to sustain operations at an adequate level. The facility includes an 9-hole golf course with modest length, a golf support service building (clubhouse), and somewhat older and inadequate maintenance facilities. Still, Port Townsend provides an appealing golf course design and appropriate support amenities that could support a high volume of play, if the demand was sufficient. However, its present (2018) condition and substantial capital needs make the attraction of an adequate number of golfers difficult to achieve.

This golf facility is popular among a select group of local Port Townsend golfers who find the layout appealing and the affordable price a good match. Of particular concern for NGF are large-scale infrastructure projects that will be needed at this site in order for the course to remain open, all while operating in a small market with few permanent resident golfers, meaning that attraction of non-local visitor play will be key to the long-term future of the PTGC. As such, the City will have to carefully weigh the investment required to bring PTGC to an acceptable level so as to attract this out-of-town golfing contingent, in light of other City of Port Townsend fiscal priorities and the market realities at this location.

Location, Access and Surrounding Elements

PTGC is located in the immediate vicinity of downtown Port Townsend and all associated attractions. The facility is accessed via the entrance on Blaine St., located less than one mile from City Hall and the Monroe St / Water St intersection. Coming from the south on Highway 20 or Discovery Rd., Discovery Rd. connects to 19th St. and to Blaine St. Overall, the immediate area surrounding Port Townsend GC is characterized by the general residential character that defines Port Townsend, but with low density and volume. The implication for the golf course is that PTGC must be able to attract non-local golfers to the course to generate rounds. Port Townsend has about 60+/- total parking spaces, comparable to the NGF-recommended 72 spaces per 9 holes.

Site Positives

- **Access:** The PTGC location is immediately proximate to, and convenient from, all areas of Port Townsend and close to downtown.
- **Topography:** The site has outstanding topography, which leads to positive feedback from golfers and provides a high degree of inherent potential for golf improvement.

Site Negative

- **Location:** The negative aspect of the PTGC location is the lack of proximity to key elements that add economic support to a golf course, such as large numbers of golfers and strong economic activity.
- **Site:** With about 60 total acres, this facility is large enough to support the existing 9-hole golf course but limits any modification of expansion possibilities.

Aerial View – Port Townsend GC



Summary of NGF Findings on Port Townsend GC

Port Townsend was originally developed as a private club in 1904, was closed in 1911, and then re-opened in 1927. The basic golf design and layout has remained mostly intact since this time. A new clubhouse was added by the City in later years, with only minor modifications over the past 15 years. It is reported to NGF that this course has been under-performing on rounds and revenue for many years, although proper historical operating data on rounds played and revenue was not provided to NGF for this analysis. The recommendations proposed by NGF consider the investment that it will take to bring this facility back to a quality level that would have market appeal, and whether this investment is warranted given the local market realities.

Golf Course

Port Townsend GC includes a core golf course, with a park-style layout built on a gently sloping site. This 9-hole course has at least two tee positions on each hole, allowing golfers some variety if they play the course twice for 18 holes. Yardage for the front is 2,782, and yardage for the back is 2,902, with a total yardage playing to 5,684. The course appears to be a good walking course, and the majority of the holes play either uphill or downhill. The course features ample tree-lined fairways and small challenging greens. Amenities include a putting green, a chipping green and a full driving range. The clubhouse has a small pro shop, a small sitting area, a bar, a small outdoor patio area and a basement for larger parties.

The golf course is routed in a circuitous clockwise direction, which is most desirable in keeping errant shots (right to left fade or slice) contained within the property. The course is rugged, but has an interesting variety that takes full advantage of the property. There is no “back and forth” on this course. Every hole plays in a different direction, with a nice downhill and uphill rhythm to the sequencing of holes. There is nothing odd about the routing, like 90-degree doglegs or back-to-

back par 3s. The course starts off with a nice downhill par 5 (the only par 5 on the course) and ends with a gentle uphill par 4 that is probably one of the more difficult holes on the course. The routing is wide open in areas and a little tight in others, adding to the variety.

Existing Conditions Review

- **Turfgrass:** The golf course turfgrass consists mainly of *Poa Annua* with some areas of creeping bentgrass, most notably on the greens. Annual bluegrass reseeds itself consistently throughout the season and seems to have taken over completely, except for the greens. There are areas of weeds that have encroached and are being mowed, likely due to a combination of limited herbicide budget and poor irrigation. As noted, the overall property is about 60 acres, which includes the clubhouse area, practice facilities and a small “prairie” area. The irrigated turfgrass area is approximately 49 acres.
- **Greens:** The existing greens average between 2,000 and 4,000 square feet (sf) in size, which is relatively small for a regulation golf course., but also minimizes the maintenance requirement. PTGC greens are fairly strategic, with movement and challenging pin locations designed into several greens. Almost all greens slope back to front with subtle, tricky breaks that can prove to be difficult when the greens are cut for faster rolling speed. PTGC greens are not designed to United States Golf Association (USGA) specifications, but rather soil based push-up greens that have been sanded or top dressed over the years. The predominant grass type is *Poa Annua*, and appeared to be healthy, but with a few bare or rough spots on several greens, likely due to limited fertilization.
- **Fairways:** The fairway and rough turfgrass is mainly *Poa Annua*, and appeared generally healthy. However, there are a variety of weeds and other grasses that are present in the fairways, and have increased over time (more than previous NGF visit in 2004). This is likely a result of poor irrigation and lack of funding for fertilizers and herbicides to control quality. With this said, whatever grows is being mowed and maintained, and is playable for golfers but not desirable. Staff reports to NGF a schedule for aeration of twice per year, and also verti-cut, which is a good practice for healthy turf. Although most fairways are tree lined, the course does not feel overly tight. The tree roots are a problem on some fairways and around some greens. The City may find that some tree removal would make this golf course much more playable and enjoyable, and the turfgrass would be much healthier (more below).
- **Tees:** The existing tees are well located, but are minimal in size. Each hole has at least two separate tee boxes, with an additional forward tee marked in the fairway. The tees are generally rectangular in shape and are adequate but uninspiring. The par three hole #2 has taken advantage of the lake edge for tee space, providing an ample amount of long narrow banana shaped teeing areas, although it often floods or is unusable due to the cattails that have taken over the lake and blocked the views to the green. The condition of the tee surfaces is old and worn, and at a minimum will need to be leveled and resurfaced with a sand cap to provide proper conditions. Additionally, we recommend new forward tees should be added to provide a shorter golf course and better accommodate the less-skilled players.
- **Cart Paths:** The cart paths for this course are gravel, with some in better condition than others. In general, the cart paths are in acceptable condition although improvement is recommended. Cart paths at PTGC might be less important than other golf courses due to the lower cart use and high number of walking golfers.

- **Sub-Surface Rocks:** The fairways can be very bumpy and uneven in places. Many of the fairways have exposed rock, which are actually the tops of giant buried boulders. They are too big to be removed, and thus should be covered with soil, turning them into mounds. This should be done consistently throughout the course, as well as grooming some of the bumpier areas.
- **Bunkers:** There are 12 green-side bunkers and one fairway bunker on the PTGC golf course. In general, the bunkers are well maintained, with fairly sharp edges and decent sand. However, PTGC bunkers do not have drainpipes installed in them, but staff reports that they all drain well due to the underlying existing soil. The bunkers are a nice added feature to the golf course and serve a purpose to add more challenge to the approach shot. The bunker shapes are not very creative or interesting, but they are well located and provide strategy to the holes.
- **Trees:** Although trees provide a great amount of safety between holes for this course, there are many that are detrimental to the safety and functionality of the course. For example, Lombardi poplars bordering (and within) the course, are tall, brittle and a could pose danger to golfers. They also have extensive root systems that encroach and disrupt areas off play and wreak havoc on underground utilities, mainly the irrigation system. Many of these trees have been cut down but the stump and root system still remain. A tree inventory and removal plan is recommended for the safety, welfare and playability of the golf course.
- **Course Drainage:** We did not notice any subsurface drainage on the entire course. However, given the naturally sloping site, everything surface drains well with the exception of the lowest point on the course around the pond on hole #2. Staff reported and showed photographs of high-water conditions when the pond will overflow and flood almost the entire second hole, including the teeing area and the green site on the other side of the pond. The existing road adjacent to the property acts like a dam and traps the water, so when this area floods it must dry up on its own through the ground and transpiration.
- **Course Safety and Player Comfort:** As mentioned, tree removal would make a big difference in the comfort and safety of the golf course. We recommend creating a safer environment by removing old growth, brittle trees. In addition, the green on hole #4 is extremely close to the road and could be relocated to help keep errant shots contained within the golf course. Other than these two issues the course is comfortable and safe for golfers.
- **Irrigation:** Water for the irrigation system comes from the City potable water supply, but the City is not currently charging the golf course for the water. There is a potential well that could be used but the City thinks the well water may be high in chlorides and not compatible with growing turfgrass. According to golf course staff, the irrigation system has not been updated since its original installation in 1987 (31 years). Staff reports spending considerable time addressing irrigation problems (line breaks, damaged heads, etc.), thus taking time away from other maintenance activities. It should be noted that some of these problems are related to tree root issues noted above. In addition, aging irrigation lines are no longer able to handle the appropriate pressure needed to fully irrigate the course, and thus some areas are not receiving adequate water. It does appear to NGF, that a full irrigation system replacement is required to provide the highest quality golf conditions and prevent a total system failure that could force shutdown of the golf course.

- **On-Course Services:** PTGC does not have on-course services such as restrooms or drinking fountains, with one exception of an old water fountain by hole #5 that is no longer working and port-a-potties for restrooms.

Clubhouse and Other Structures/Facilities/Amenities

- **Clubhouse:** The golf service support at PTGC includes a 2,700sf building that includes the golf service support functions, pro shop, snack bar and separate bar area. The facility is functional and provides a very basic level of support for a public golf course, with a minimal F&B operation and limited seating. However, at the present time the snack bar is not in operation due to inadequate grill conditions (shut down by County health department in 2018). There is a lower level with the same basic floor space, but currently unused except for a small area used for a classroom. The lower level restrooms were not functioning during the time of the NGF visit. The clubhouse has a small outdoor deck that has space for about 10-12 patrons and is popular with golfers.
- **Maintenance Facility and Private Cart Storage:** The current maintenance facility is located directly across from the clubhouse and all operations are in view of the golfing public. On a positive note, the building is fairly new and in good shape and is easily accessible. The maintenance area is less than half acre in size. The yard includes a 2,300sf barn for storing equipment. There is also a 1,300sf cart barn in this area for storage of the Club's four carts and members' private carts.
- **Maintenance Equipment:** All of the maintenance equipment used to maintain PTGC is at least 15+ years old and in declining condition. The operator reports that PTGC is employing a mechanic, along with additional volunteers to provide repair services to keep aging equipment operating. Although PTGC seems to have the minimum of what is needed to maintain the course, there is no back-up equipment to cover broken pieces or when replacement parts for older equipment cannot be found. PTGC is in need of replacing the older greens mower, fairway mower and other miscellaneous implements and pieces of equipment in order to provide adequate maintenance conditions on the golf course. However, it appears that the limited budget is preventing any improvements in this area.

Driving Range / Practice Amenities

The practice amenities at Port Townsend GC are consistent with modest quality public golf and should support the operation of the golf course, especially in programming and new player development. Practice amenities at PTGC include:

- **Driving Range:** The driving range at PTGC is good quality and can handle a relatively modest volume of activity. The range includes 12 grass stations and six stations with an artificial mat surface. The range has more than 250+ yards of length, which is adequate to handle most of today's advanced golf equipment. Range baskets are obtained from the pro shop, which can also serve to limit range activity (as opposed to an automated range dispenser). The automated system is preferred by both golfers and range operators as easier to use; it also provides better revenue opportunity.
- **Other Practice Amenities:** PTGC also includes very modest practice amenities with a small chipping area and a practice putting green. The variety of practice amenities at PTGC has appeal for both beginners and seasoned players, and fits well to support vibrant lesson and junior golf programming.

Port Townsend GC Capital Investment Considerations

Port Townsend GC would benefit from upgrades to basic golf features (tees, greens, fairways, bunkers) through direct improvement and upgraded irrigation. The facility would also benefit greatly from enhancement to its maintenance infrastructure (facilities and equipment) and the clubhouse. Although numerous items are referenced for repair / replacement in the long term, outlined below are the items that are recommended high priority capital expenditures that would improve the facility's competitiveness in the market place and / or have a positive impact on long term management practices and reduce operational costs:

- **Irrigation System and Pump House:** The addition of a new irrigation system to replace the outdated and mostly broken system in place. Cost for a basic system without extras is estimated at approximately \$12-\$15,000 per acre (derived from a prominent irrigation designer, using \$7-\$9,000 per acre for materials + \$5-\$6,000 per acre for installation. **NGF estimated cost = \$588,000 to \$735,000 (49 acres @ \$12-\$15,000/acre).**
- **Trees and Stumps:** Removing trees and stumps from previous tree removal. **NGF estimated cost = \$45,000 to \$75,000 (30-50 trees at \$1,500/removal).**
- **Maintenance Equipment:** replacement of aging and outdated maintenance equipment, with most important pieces including a greens mower, fairway mower and other miscellaneous equipment. **NGF estimated cost = \$100,000 to \$120,000 (lump sum).**
- **Rock Outcroppings:** Adding imported fill to cover rock outcroppings and create mounds to add appeal to the golf course. This will involve obtaining a dirt permit (cost estimated at \$1,000). The unit price for this level of improvement involves imported fill at about \$500-\$600 per rock outcropping. **NGF estimated cost = \$6,000 to \$7,000 (10 units @ \$500-\$600/unit + \$1,000 for permit).**
- **Cart Paths:** The golf course has some cart paths that could be improved to provide smoother surface. The cart path improvements will direct traffic and minimize wear and tear to green and tee surrounds. **NGF estimated cost = \$80,000 to \$90,000 (5,000lf @ \$16-\$18/lf).**
- **Tee Improvements / New Forward Tees:** Improvement of tee boxes include soil enhancements, leveling, alignment and the addition of new tees. All of the 10,000+/- sf of tees need to be enhanced, plus an additional 5,000sf of new tees added. The unit price for this level of improvement is higher than other re-surfacing, or about \$4.00 to \$6.00 per square foot. **NGF estimated cost = \$60,000 to \$90,000 (15,000sf @ \$4-\$6/sf).**
- **Clubhouse Enhancement:** The property's small golf service support building could be improved to take better advantage of the limited existing space, improve the basement and fix snack bar/grill deficiencies. Other improvements to flooring, ceilings/roof and restrooms would be helpful as well. **NGF estimated cost = \$30,000 to \$60,000 (based on 3,000sf @ \$10 to \$20/sf).**
- **Bunkers:** Renovation and/or restoration of bunkers in selected non-penal/strategic locations should be implemented to enhance the aesthetics, challenge and overall golf experience. The unit price for this is about \$2.00 to \$4.00 per square foot. **NGF estimated cost = \$26,000 to \$52,000 (13,000sf @ \$4.00-\$5.00/sf).**

**Port Townsend GC
NGF Recommended Upgrades – by Type**

Initial Capital Investments	Inputs	Low Estimate	High Estimate
Irrigation System and Pump House	49Ac @ \$12-\$15,000/Ac	\$588,000	\$735,000
Trees and Stump Removal	30-50 removals @ \$1,500/removal	45,000	75,000
Maintenance Equipment	Lump Sum	100,000	120,000
Rock Outcroppings	10 units @ \$500-\$600/unit + \$1,000 for permit	6,000	7,000
Cart Paths	5,000lf at \$16-\$18/lf	80,000	90,000
Tee Improvements / New Tees	15,000sf @ \$4-\$6/sf	60,000	90,000
Clubhouse Repair (restrooms, pro shop, etc.)	3,000sf @ \$10-\$20/sf	30,000	60,000
Bunker Renovation / Restoration	13,000sf at \$2.00-\$4.00/sf	26,000	52,000
Grand Total of Capital Projects (all High Priority)		\$935,000	\$1,229,000

All figures are NGF Consulting estimates based on architect's input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Port Townsend, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; Ac = Acre

REVIEW OF GOLF OPERATIONS

In the following section, the NGF provides a review of key areas of the PTGC operation, including management contracts, oversight, staffing, technology, fees, ancillary centers, organized activities, marketing and other issues key to the future of the operation.

Lease Management Review

The City has an agreement with Gabriel Tonan Golf Shop, Inc. ("Tonan") to manage the PTGC beginning December 31, 2014, continuing through December 31, 2019. This existing lease is actually an assumption of the City's lease with Mike Early Golf Shops, LLC, which dates back to 1987 and was renewed in 2002 and 2005.

Key Provisions

Key details and provisions of the contract are summarized below.

Lease Terms and Compensation

- **Initial Lease Term:** Mike Early Golf Shops, Inc. initial lease was from February 1, 1987 – January 31, 2002, with a new lease on May 11, 2004 for approximately 10 years to expire on December 31, 2015, with possible extension for one successive five-year renewal. On December 31, 2003 the lease was sold to Gabriel Tonan Golf Shop, Inc.
- **Monthly Rent:** (Total annual rent to City was estimated at \$20,000 in 2006)
 - 8 % of the 9-hole and 18-hole daily fees including senior and twilight discounts and annual and monthly membership fees
 - 5% of driving range, cart rental, gross pro shop sales, snack bar sales (including food service anywhere on the premises), and 5% of gross receipts not identified above
 - Only exclusion are sales and use taxes and income derived from private lessons.

Lessee Responsibilities

Key details on the responsibilities of Gabriel Tonan Golf Shop, Inc. (previously Mike Early Golf Shops, Inc.) are summarized below.

General Duties and Responsibilities:

- Render all services in accordance with the PGA Code of Ethics.
- Implement and utilize principles and practices of golf course management.
- Be or employ a PGA Class A Professional.
- Furnish the personnel, material, supplies, equipment, services, supervision and administration to operate and maintain the golf course, driving range and all facilities.
- Responsible for the reasonable operation, management, and supervision of the pro shop and food and beverage services to include furnishing and adequate stock of merchandise and/or food and beverage supplies for such services.
- Maintain the premises, building and other improvements solely for the purpose of operating, managing, maintaining and preserving a municipally owned golf course facility, and for no other purpose.
- The contract specifies specific standards that must be maintained at PTGC, including golf course maintenance standards (tees, fairways, greens, etc.), chemical storage, maintenance equipment, irrigation system and general upkeep of premises.

Insurance (City must be named as an additional insured on the policy):

- Commercial general insurance
- Worker's comp insurance
- Automobile insurance

City Responsibilities: (Maintenance and Repair)

Key details on the responsibilities of the City are summarized below.

- Maintain the structural aspects and systems of the clubhouse (i.e. roof, foundation, exterior walls, heating electrical and plumbing services)
- Replace border trees and shrubs and other vegetation around the Golf Course and maintain the native plant preserve signs.
- Maintain and repair the mainline, all service lines and control boxes for the irrigation system and provide parts as determined necessary by the Public Works Director.
- Capital improvement and maintenance to the parking area and ponds as set forth in the agreement
- City has the right to make whatever Capital improvements it deems necessary or desirable at any time without expense to Tonan.

Contract Summary

In reviewing this agreement, the NGF finds that on paper the agreement reads as a fairly standard golf management lease between a private party and municipal entity. The fixed portion of the lease fee would amount to 5%-8% of total revenue, which is within the 10% standard expected by NGF. A summary of actual lease collected by the City since 2008 is shown below:

Port Townsend Golf Club City Lease Collections (2008– 2018)		
Year	Lease Collected by City	Annual % Change
2008	\$19,860.98	-3.7%
2009	\$19,132.75	-10.0%
2010	\$17,216.98	-6.2%
2011	\$16,148.83	-4.2%
2012	\$15,469.05	-2.8%
2013	\$15,030.30	-29.8%
2014	\$10,546.39	26.6%
2015	\$13,347.04	-20.8%
2016	\$10,564.37	-6.4%
2017	\$9,883.15	-49.9%
2018	\$4,949.16	-3.7%
Grand Total Collected / % Change (2008-2018)	\$152,149.00	-75.1%

Lease Assumption Issues

The current lease in place with Tonan involves a purchase of the original City lease agreement with Mike Early Golf Shops, Inc. (“Early”) in December 2003. This purchase was approved by the City with a consent to release and assumption agreement in December 2003. In review of this assumption, the NGF finds the agreement may not be in the City’s best interest, as the assumption involved a cash buyout whereby Tonan is paying Early approximately \$22,000 per year for the lease buyout and associated equipment. We note this amount is higher than Tonan has paid the City in any year since 2008 and is essentially the highest individual line-item in the PTGC budget. Considering the low total revenue generated by PTGC, it seems that this payment has put a real fiscal burden on the golf operation and has prevented other needed operating, maintenance and capital investments from taking place.

Staffing

All employees at PTGC is employed directly by Tonan and the club is operating with a very lean staff as reported by the lessee. PTGC reports having only one full-time employee, the principle lessee Gabriel Tonan. All other staff are part-time, seasonal employees, some of which are ‘volunteers’ compensated with use of the golf course. This is a concern to NGF in that not only is the golf facility well under-staffed to provide basic maintenance and services, but volunteers are actually performing maintenance duties that could be considered hazardous, including the operation of golf maintenance equipment. Senior staff at PTGC includes the positions noted below:

Staffing Summary

- **Senior Partner** – Gabriel Tonan is a golf professional (in the apprenticeship to become a PGA professional), on-site manager and principle lessee. The individual in this position provides senior management oversight for the golf course and maintenance operation, and is also the high school golf coach.
- **Assistant Golf Professional/Maintenance** – The lessee’s son is a senior staff member primarily responsible for overseeing the golf course maintenance operation.

There is only one full-time (FT) position and a strong reliance on part-time staff at PTGC, which is common in public golf, although not typically to this extent. Given the family-nature of the operation and the lack of any significant employee status of ‘volunteers,’ it is difficult for NGF to estimate an appropriate full-time equivalent (FTE) staffing model for use in comparison to industry averages. In general, it is clear that the staffing for PTGC is very “light” when compared to the “typical” public golf course in the U.S., especially when considering the compensation arrangement at PTGC. Total reported payroll was just over \$23,800 in 2018, indicating a very low level of wages for PTGC employees. It is through the use of the golf play incentive that Tonan is able to manage the facility given the low revenue and lease / assumption requirement.

There are no industry standards that can be referenced to determine the appropriate staffing levels for a golf operation. The size of the 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 Port Townsend GC. The NGF data on public golf operations in 2016 show averages for full-time staffing at 18-hole public golf courses nationwide (table below). This level of staffing represents a reduction from 2009 figures as a result of declining income and the need to reduce expense.

City of Port Townsend Golf Club Total Facility Identified Staffing – 2018			
Facility	Operations Staff (FT / PT) *	Maintenance Staff (FT / PT)	Total Staff (FT / PT)
Port Townsend GC (9-H)	1.0 / 1.5	0.0 / 2.0	1.0 / 3.5
Industry “Standards” (per 18 holes)			
Total U.S. Average	3.0 / 16.0	4.0 / 8.0	7.0 / 24.0
* The national standard for operations staff includes administration and F&B.			

Volunteer Support

PTGC allows many volunteer golf course employees to play golf at no cost through what is essentially a “work-for-play” program that provides basic staffing services to PTGC without having to provide direct financial compensation, providing golf rounds as compensation instead. The program considers all positions in maintaining and managing the course operation, including counter staff, starters, rangers, cart attendants, range pickers and even maintenance activities such as landscaping, equipment operation and golf course repairs.

This system is providing the facility a level of service to customers that otherwise would have to be included in the PTGC’s operations budget. Considering the limited resources and short staffing noted above, this system appears to be functioning for the facility (we note that FTE comparisons noted previously do not include volunteer staff). Some form of ‘volunteer’ system to provide basic services to golf customers is common in public-sector golf, although it does appear that the PTGC is far too reliant on volunteers and having volunteers on maintenance equipment is not at all common and may pose a financial risk to PTGC and the City (should be reviewed carefully by the City of Port Townsend). In many ways, it seems as though the predominance of play at PTGC is from these volunteers and many of the volunteers are themselves members of the man’s clubs for league and tournament play.

Technology and Marketing

Technology Platform / Digital Marketing

PTGC utilizes *Golf Channel* technology to power the website and POS reservation systems. This company is one of the leading providers of Point-of-Sale (POS) technology in the golf industry. NGF's review shows that the facility is not very active in its use of technology, with basic utilization of the POS system for customer segmentation and marketing purposes, and no mobile app.

Website

The PTGC website (www.porttownsendgolf.com) has been designed by *Golf Channel*, and includes most all of the key features and user touches that NGF typically sees in successful golf facility websites, although it would add a nice touch to incorporate more pictures of the facilities and people using them and having fun. The address appears to be easy and should be findable in any web search (such as golf in Port Townsend, Port Townsend golf, etc.). The information included matches closely to NGF recommended information, and includes links to book tee times and provides e-club sign-up.

Marketing

Review of PTGC's recent financial history shows that an average of about \$1,800 per year has been spent on advertising and marketing. Traditionally, NGF recommends marketing budgets for golf courses equivalent to 1-2% of total gross facility revenue, or an amount comparable to the \$1,900 spent in 2018. Our review indicated that the golf course primarily focusses its marketing budget on print advertisements in the local Port Townsend newspaper and some brochures for hotels and other service areas in the City. Beyond this basic marketing, PTGC is relying mostly on word-of-mouth and the internet to promote the facility.

Golf Playing Fees

Daily Green Fees

The table below provides a summary of PTGC fees in 2018. PTGC offers a simple golf fee program, with posted or 'rack' rates broken down by weekday/weekend and additional discounts for juniors, seniors and a 'working person special.' As we will show in our competitive review (next chapter), NGF believes that PTGC's rack rates are near the middle for this market area, which may be too high given the overall quality of the golf course product (more in Recommendations section to follow).

Port Townsend GC 2018 Green Fee Rates		
	9 Holes WD/WE	18 Holes WD/WE
Daily	\$16.50 / \$16.50	\$25 / \$25
Senior	\$14 / N/A	\$20 / N/A
Junior	\$7 / \$7	\$10 / \$10
Working Person Special (>3:00)	\$14 / N/A	\$20 / N/A
Super Saturday (>1:00)	N/A / \$14	N/A / \$20
Cart Fee	\$9 / \$9	\$13 / \$13
Range Prices		
Small / Large Bucket	\$3.50 / \$6.00	
WD= Weekday; WE= Weekend		

Membership Fees

The table below provides a summary of membership fees at PTGC in 2018. The membership program is essentially providing a pre-paid green fee for active players, as there is very little other advantage to membership. NGF believes that PTGC's membership program is appropriate and providing a way to stimulate activity while providing more affordability to regular-play local Port Townsend golfers (more in Recommendations section to follow). What is not known by NGF in completing this review is the exact mix of member vs non-member activity and any ability to accurately estimate the average earned revenue per round from various players (members / non-members). This information would be very helpful in understanding the revenue potential of this facility if it were to be upgraded as suggested by NGF.

Port Townsend GC 2018 Membership Rates		
	Annual	Monthly
Single	\$1,025	\$150
Family	\$1,275	\$190
Senior Single	\$975	N/A
Senior Family	\$1,125	N/A
Junior (June-Aug)	\$100	\$40
Range Pass	\$500	N/A
Private Carts		
Covered Storage	\$300	N/A
Un-Covered (trail fee)	\$100	N/A
Private (trail fee)	\$100	N/A

Food and Beverage Operation

Tonan, Inc. is operating the food and beverage service at PTGC with basic services consistent with a golf course snack bar operation. However, at the time of the NGF review, the grill for the snack bar was not in operation due to a reported failed inspection of grill equipment. Staff reported that to support F&B operations during the time of Grill closure the idea to bring in food trucks was considered, although this may be against City policy. The adjacent bar area was in operation so the F&B service at PTGC in the Fall of 2018 included full beverage service and the sale of pre-packaged snack items.

Food and beverage operations at golf facilities tend to achieve two goals: (1) provide direct revenue; and (2) help increase the overall volume of rounds and other revenues at the facility. The primary focus of public golf course F & B service is to serve the needs of the golfers, with an occasional non-golf customer. The typical 18-hole public golf course will earn about \$6.10 per round in food and beverage, less direct costs. The industry standard for direct cost of sales at golf course F & B operations is around 40%. The NGF was not able to complete a review of the F&B operation at PTGC given the limited financial information provided to the consultants that did not include any breakdown of revenues and/or expenses for the F&B revenue center.

Merchandise Operations

It appears that there is some modest level of merchandising at PTGC, but probably consistent with a recent decline in sales at on-course retailers nationally. The NGF was not able to complete a review of the merchandise operation at PTGC given the limited financial information provided to the consultants that did not include any breakdown of revenues and/or expenses for the merchandise sales revenue center. NGF data shows that the industry standard is \$2.48 per round

for merchandise, with a direct cost of merchandise sold “standard” of 70% cost of sales on merchandise. However, as the total margin on merchandise is only around 30% (best case), the net income will never be significant in merchandise sales. Rather, this is a service to golfers to make the round more enjoyable and help bring them back for more.

Pro shop merchandise at PTGC is mostly limited to golf “impulse” items such as balls, gloves, hats, towels and other small counter items. The course is selling shirts, golf shoes and some equipment, although this makes up a small proportion of actual sales. The items that tend to sell best at facilities like the PTGC are the obvious impulse items as noted above. With limited space and limited rounds activity at PTGC, the NGF does not expect that sales of merchandise will ever be a large part of total net revenue for the facility or its operator.

Organized Events and Player Development

Cultivating new golfers is not only key to the future of golf, it has also proven to be an immediate generator of revenues for facilities and it is in the City’s interest to encourage any operator of PTGC to be active in player development programming and maintain activity in key “grow-the-game” initiatives. In 2018, the NGF observed very limited player development activity at PTGC, with some basic individual golf lessons and no formal programming ongoing at the facility. The NGF has observed that smaller courses like PTGC are an excellent venue to introduce new players to the game of golf and shorter, 9-hole courses should be at the forefront of player development initiatives (especially when owned by a municipality).

Player development programs at golf courses are important for generating interest in golf and creating future customers, thus total revenue derived from the programs is much less important (more in recommendations). Still, the PGA of America has estimated that actively engaging in new player development programs can develop as many as 200 to 350 new golfers per year for a golf course. The PGA goes on to estimate that if each new golfer produced 10 rounds of golf per year, it could add upwards of 2,000 new rounds of golf per facility, or as much as \$40,000 in new revenue per year at an average of \$20 per round of golfer spending.

Organized Golf Activities

One of the keys to successful public golf operations and generating green fee revenue is the continued promotion and hosting of group activities such as leagues, outings and tournaments. These activities are a key to maximizing rounds activity at public golf courses and NGF has shown strong correlation between an active calendar of organized events with strong economic performance. These events tend to stimulate activity and encourage repeat play, generating more rounds per golfer than without the event calendar. NGF notes an active calendar with a specific organized event for each day, with specials that often include an F&B component.

PTGC is very limited in this area, with only a handful of small charity tournaments hosted during the year (most participation comes from members) and a modest and active league component. Staff reports PTGC hosts a total of 20-24 events of this type annually, or about one-per-week during the golf season. PTGC has an active men’s club of about 60+/- participants in 2018, down significantly from the 120+/- members in 2008. The presence of these leagues and clubs provides a strong level of support for the facility even though most activity is from lower-priced 9-hole rounds. PTGC is also the home course for the local high school golf team that is coached by the PTGC manager.

Cart Rentals

PTGC is operating a very small fleet of only five (5) gas-powered carts, all of which are in poor condition and disrepair. There are also a dozen or so private carts owned by local golfers who store them at the PTGC facility for a small annual fee (\$390/yr. for covered and \$100/yr. for uncovered). The industry standard for the number of golf carts that is appropriate for a 9-hole golf course is around 36 total carts, indicating that PTGC is well short, even when private carts are considered. However, the PTGC is a good walking course and walking is popular with golfers in this region. Still, it is uncertain just how many rounds are being lost to potential patrons who might otherwise play the Port Townsend golf course if a cart in good condition was available to them.

PORT TOWNSEND GC OPERATIONAL PERFORMANCE

The NGF team was not able to complete any type of detailed review on the golf facility's activity and financial performance. The information provided to NGF included only a summary of revenues and expenses without the line-item detail needed to complete a more thorough analysis of this business. What was provided by the PTGC operator is summarized below:

Port Townsend Golf Club Reported Operating Revenue and Expense (2014-2018)						
	2014	2015	2016	2017	2018	Avg ('14-'18)
Total Revenue	\$183,603	\$209,718	\$168,243	\$146,713	\$125,818	\$166,819
		14.2%	-19.8%	-12.8%	-14.2%	-31.5%
Less Cost of Sales: (COS)						
Merchandise	\$27,728	\$44,775	\$32,109	\$27,047	\$24,465	\$31,225
Food/Bev.	\$13,036	\$11,068	\$21,021	\$15,988	\$11,986	\$14,620
Total COS	\$40,764	\$55,843	\$53,130	\$43,035	\$36,451	\$45,845
Gross Margin	\$142,839	\$153,875	\$115,113	\$103,678	\$89,367	\$120,974
Operating Expenses						
Payroll						
Officer Wages & Benefits	\$18,153	\$20,300	\$20,300	\$12,800	\$6,400	\$15,591
Staff Wages & Benefits	19,072	21,017	15,379	15,848	15,033	17,270
Payroll Taxes	4,379	4,599	3,971	3,264	2,383	3,719
Total Payroll	41,604	45,916	39,650	31,912	23,816	36,580
Operating Expenses	23,630	15,144	13,811	14,901	10,893	15,676
Utilities	11,829	12,806	10,248	11,730	11,748	11,672
City Lease	11,649	14,587	12,423	10,650	9,004	11,663
Supplies & Services	15,579	11,951	12,583	6,476	3,229	9,964
Other G & A	3,959	8,152	2,811	2,558	4,310	4,358
Marketing	1,729	2,009	1,385	1,291	1,937	1,670
Other	1,178	1,385	1,554	1,511	1,228	1,371
Total	\$111,157	\$111,950	\$94,465	\$81,029	\$66,165	\$92,953
		0.7%	-15.6%	-14.2%	-18.3%	-40.5%
Net Operating Income	\$31,682	\$41,925	\$20,648	\$22,649	\$23,202	\$28,021
Interest Expense	\$2,273	\$1,948	\$1,614	\$1,276	\$932	\$1,609
Amortization	\$6,137	\$6,695	\$6,695	\$6,695	\$0	\$5,244
Depreciation	\$6,032	\$13,280	\$8,214	\$6,405	\$0	
Facility Net (EBITDA)	\$23,272	\$33,282	\$12,339	\$14,678	\$22,270	\$21,168

Source: Gabriel Tonan Golf Shops, LLC

SUMMARY – PORT TOWNSEND GOLF CLUB

Port Townsend GC is a small, 9-hole golf course located in a somewhat isolated Washington City with a population of only about 10,000+/- permanent residents. With its mix of facilities, PTGC has features that are common in the golf industry, and can correlate with economic success. However, with its small population, golf demand among City residents may never be fully sufficient to sustain operations at PTGC, and thus the key to long-term sustainability of the PTGC lies in its ability to consistently attract golf demand from the large and growing tourist base in the City. Other findings from NGF's review of PTGC:

- The overall physical condition of the PTGC property appeared to be generally poor and in decline. In particular, the NGF observed an aging golf facility with much of its basic infrastructure at or beyond its expected useful life. As such, if the City is to continue with golf at this location, considerable investment in improvements and modernization will be necessary at PTGC.
- The specific upgrades that were identified by NGF included all key areas of basic infrastructure like irrigation and drainage, along with other golf course improvements like turf conditions (greens, tees, fairways, etc.) and addressing the aging tree cover and many rock outcroppings that impact the play of golf. PTGC has insufficient equipment to operate and maintain golf course playing areas and the NGF found considerable disrepair in the clubhouse facility as well. In all, the NGF is estimating a total of least \$1.2 million in facility upgrades will be required to bring the PTGC to a generally acceptable level of condition and help establish its long-term viability.
- PTGC is managed by a third-party vendor via lease agreement with the City that runs through December 31, 2019. Specifically, the lease in place involves a sub-lease whereby the current operator ("Tonan") has purchased the lease interest of the former operator (Mike Early Golf Shops) for a fee agreed upon by the parties. This fee to purchase the lease is upwards of \$20,000 per year, an amount that is 20%-25% of total operating expenses in the facility that is being removed from the operation to pay a former lessee. This arrangement has led directly to reductions in staffing and maintenance in order to meet lease obligations in a declining market.
- The staff in place at PTGC is much smaller than industry expectations, and many key golf operation services are provided by "volunteer" staff that is compensated by golf privileges. A review of expenditures shows a much lower proportion of total labor cost in the PTGC operation than industry expectations. This is a result of operator budget cuts needed to meet the lease obligation, but may be impacting the service and long-term condition integrity of the golf course facility.
- The food and beverage operation at PTGC was not functioning at the time of the NGF inspection. Staff reported that the grill equipment failed a County inspection and was shut down pending a required repair. Given the tenuous economic situation at PTGC, the operator has postponed this repair (estimated to cost roughly +/- \$3,000), resulting in the lack of a grill operation at PTGC putting the facility at a competitive disadvantage.
- The limited financial information provided to NGF shows a very lean golf course operation with only \$125,000+/- in total revenue generated by the golf facility in 2018, with comparable total expenses. This amount is considerably lower than the average 9-hole golf facility revenue and expense recorded by NGF of roughly \$500,000 per year. Total net income to the operator after all taxes and lease payments was very close to \$0 (break-even), although this is misleading as PTGC is operated on a very tight budget with no capital to address deferred maintenance items.

External Factors Affecting the Operation of Port Townsend GC

In this section of the report, NGF will provide a summary of important external factors that have direct effect on the operation of Port Townsend Golf Club. This includes a review of local demographics and the economy, national golf industry trends, and a specific estimate of golf demand in the Port Townsend market. NGF will also provide a review of other golf courses in the market area that compete with PTGC for market share. We will then provide a summary of these factors and how they relate to the continued operation of the PTGC.

DEMOGRAPHICS, ECONOMY AND WEATHER

The subject PTGC is located in Port Townsend at the northeastern tip of the Olympic Peninsula in Washington. The City is a familiar tourist region, known for the many 19th century Victorian buildings, numerous annual cultural events and as a maritime center for marine-related industries and crafts. The Port Townsend Historic District is a U.S. National Historic Landmark District. Given this basic characteristic, it is expected that the continued support of any golf facility in this location will rely on participation from golfers not residing close to the golf course, including the many tourists and visitors who migrate to the area each year.

Demographic Analysis – Local Permanent Residents

The table in **Appendix B** summarizes key demographic measures of population, income and other trends that relate to golf participation. The table below provides a summary of key demographic and golf demand measures for various market rings around the subject PTGC and the State of Washington and the total U.S. A summary follows:

Market Data Comparisons 2018					
Port Townsend GC	5-Mile Radius	10-Mile Radius	60-Minute Drive Time	Washington	Total U.S.
Population Est. 2017	14,963	31,194	90,042	7,280,533	324,310,011
Population 2022 Proj.	15,274	32,361	95,393	7,824,203	337,744,388
Med. HH Income (2017)	\$51,027	\$56,327	\$59,288	\$68,515	\$59,240
Median Age (2017)	57.1	56.7	54.2	38.1	38.1
Household Participation Index	69	73	83	85	100
Number of Golfers	1,002	2,086	6,327	498,025	23,832,510
Rounds Potential (res.)	32,898	68,854	183,090	8,689,495	455,965,500
Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions. N/A = not available					

- The local market around PTGC shows a small permanent population, with around 31,000 to 32,000 permanent residents in 2017 and 2022. The lower-than-average incomes tend to coincide with lower golf participation, but the much older age demographic is predictive of higher golf demand. In all, the demographics suggest a relatively small population of permanent resident golfers, most of whom would be considered price-sensitive golfers seeking low-priced public golf.

- The NGF estimates there are a total of just over 6,000 golfers potentially demanding over 183,000 rounds of golf annually (28.9 rounds per golfer per year) within a 60-minute drive time radius around PTGC (includes Port Townsend west to Sequim and Port Angeles, southeast to Port Ludlow, Port Gamble and Poulsbo). It is expected that this golf demand would be serviced by the golf facilities available in this market radius.
- The local market around the PTGC shows generally lower-than-average golf participation and rounds demand. Some of this may be related to the shorter golf season in the area, as well as lower incomes. Combined with a small permanent population, it is clear that the PTGC will need some level of external (non-resident) support to generate adequate rounds of golf and revenue to sustain operations.

Key Economic Factors

- Port Townsend is located at the extreme northeastern end of the Olympic Peninsula, on the north end of a large, semi-protected bay. Port Townsend is adjacent to the Admiralty Inlet and a trio of state parks built on retired military installations (Fort Worden, Fort Casey, and Fort Flagler). The Hood Canal Bridge connects Port Townsend and Jefferson County to Kitsap County, and the Coupeville-Port Townsend route of the Washington State Ferries connect the area to Whidbey Island in Island County, Washington. Port Townsend has an estimated population of 9,527 permanent residents (2016 estimate), while Jefferson County shows a total population of 29,872 (2010 census). Below, the NGF provides observations on the key economic drivers of the area and the potential impact on golf activity at PTGC:
- Port Townsend is a small market city with modest economic drivers, the most important of which include tourism, visitation and some small industry. The largest employer in the City is Jefferson Healthcare (operates Jefferson Healthcare Hospital) and the Port Townsend Paper Mill. Other industries include maritime trades, manufacturing, tourism, and timber. Port Townsend has a large number of lodging properties and dining establishments for a City of its size, generally more than a 10,000+/- population City would normally support. This indicates the heavy reliance on non-resident visitors to support the economics of Port Townsend, and the golf courses.
- Given its location at the northeastern tip of the Olympic Peninsula, Port Townsend is somewhat isolated for auto transportation, thus potentially limiting its appeal as a single-day destination. In addition to road links to the south and west, Port Townsend is accessible via ferry from the Washington State Ferry system. Ferries go from the Port Townsend ferry terminal to Coupeville, Washington, on Whidbey Island. Auto transportation to Sequim is roughly 40-45 minutes and over 1.5+ hours south to the Tacoma Narrows Bridge. This location and modest auto accessibility will serve to limit the potential non-resident demand to those lodging (or otherwise staying) in Port Townsend, as opposed to demand from single-day golfers.

Climate

As with any outdoor recreation, weather will have impact on golf participation. NGF data estimates that almost all golf is played with temperatures between 50- and 90-degrees Fahrenheit. The data suggests that golf in Port Townsend can be comfortably played in a seven-month golf season (May – October), with a modest shoulder season (March, April & November), and very little activity expected in December – February, except in unusually warm years. With an annual average of ±19 inches of precipitation, this market is prone to a reduction in playable hours/days. The following table presents a summary of monthly weather data for Port Townsend based on 50-year recorded trends:

Climatological Data Port Townsend, WA					
Month	Temperatures			Precipitation Inches	Average Length of Day (Hours)
	Average	High	Low		
Annual	48	55	41	19.2	12.8
January	39	42	35	2.3	9.5
February	41	46	35	1.7	10.8
March	44	50	37	1.6	12.5
April	48	55	41	1.4	14.3
May	53	60	44	1.5	15.9
June	57	66	48	1.3	16.7
July	60	69	50	0.8	16.2
August	60	69	50	0.8	14.8
September	57	66	48	1.1	13.0
October	50	57	44	1.6	11.3
November	44	50	39	2.5	9.8
December	41	44	35	2.6	9.0

Source: Weatherbase.com, Port Townsend, WA

GOLF MARKET SUPPLY AND DEMAND INDICATORS

National Golf Industry Overview

Despite the significant negative press, the golf industry remains healthy and golf continues its macro trend toward stabilization in 2018. Considering the severity of the most recent recession and its lingering effects on discretionary income and time, golf has held up rather well. Multiple NGF studies of golfers since 2008 attribute the gradual decline in golfers and rounds since peak participation primarily to the impact of lower job security and concern over personal finances, **not waning appeal for the game**. Total spending on golf and club memberships will always be vulnerable to outside forces such as the economy, but the game remains popular and is fortunate to have a deep well of interested prospects. Some findings from NGF:

- **Participation** - The national golfer number (participation) continues to show some net attrition, primarily among occasional/less committed golfers. Overall, NGF research indicates 23.8 million people in the U.S. that played at least one round of golf in the prior year, about ±900,000 fewer than in 2013. However, the vast majority of “core” golfers remain in the game. This compared to the reported declines in rounds at PTGC, suggesting this facility’s performance is consistent with the recent activity trend.
- **Golf Course Supply** - The correction in golf course supply continued in 2017 at a level comparable with previous years, falling 1.5% (205.5 18-hole equivalent permanent closures and 15.5 18HEQ new openings). According to NGF data, since the market correction in golf course supply began in 2006, there has been a cumulative net reduction of golf courses equivalent to 7%. For perspective, golf supply grew by 44% in the previous 20 years (1986-2005). NGF data shows some decrease in the Port Townsend market, with a reduction of 18 holes in Jefferson County since 2009, including 9 holes closing at the Resort at Port Ludlow (18 holes remain open) and the closure of the 9-hole Morningtide Golf Club in 2010 – both assumed to have closed for economic reasons.

- **Rounds Played 2017-2018** – Nationally, 456 million rounds of golf were played in 2017, representing a -2.7% decrease year-over-year. In Washington, the results were more severe, with the state recording a decrease of -5.3% for the year 2017, with a slight increase in the Seattle market (includes Port Townsend) of 4.8%. YTD through September 2018 national rounds are down -3.3%, but Washington State is up 7.8% and Seattle is up 7.2% through the end of September 2018. (data source: [Golf Datatech – see Appendix C](#)).
- **Looking Ahead - Baby Boomer Effect** – As Baby Boomers age and retire over the next 15 years; we expect to see a measurable increase in total rounds played in the U.S. Boomers - born between 1946 and 1964 - are currently 53 to 72 years old. About 6 million of them are golfers; that's about 1/4 of all golfers, and they currently play about 1/3 of all rounds. Boomers started turning 65 in 2011, and already 1 million+ golfing Boomers have reached retirement age. The Social Security Administration reports that 10,000 or more Boomers retire every day. And ~300,000 Boomer golfers will turn 65 each year for the next 15 years. Retired Boomers (age 65+) play about twice as much as younger, non-retired Boomers (40 rounds vs. 21 rounds).

Other Measures of Health

Other perhaps equally important metrics to consider when measuring the health of golf include:

- **Investment in Facilities:** Investment in major renovation projects has replaced new construction as the largest source of U.S. golf course development activity. NGF tracked just under 1,000 major renovations completed since 2006, representing at least \$3 billion. New development activity also remains in the pipeline, with NGF tracking 37 facilities currently under construction and another 55 in planning stages.
- **Engagement:** Several years ago, NGF developed a scale to gauge engagement/passion for golf. NGF annual golfer survey research indicates that the number of engaged golfers has remained steady at 20 to 21 million for the past four years. These engaged golfers are responsible for ±95% of rounds played and equipment spend. Those more engaged are significantly more likely to continue playing.
- **Increasing Diversity:** The junior golf population remains relatively stable at 2.9 million and continues to show a transformation in diversity. One-third of golfers age 6-17 are females, up from 17% in 1995 (in sum, 24% of all golfers are women). Also, 27% of junior golfers are non-Caucasian, up from only 6% in 1995. A similar trend is observed among young adult (18-34) or Millennial golfers, of which 29% are female and 24% non-Caucasian. The highest diversity is among beginning golfers, at 34% female and 32% non-Caucasian.
- **Beginners:** The number of beginners rose to a record 2.5 million in 2016, surpassing the record set in 2000 when Tiger Woods was in his prime and drawing newcomers to the game in unprecedented numbers. Since 2011, the compound annual growth rate (CAGR) in beginners is an impressive 10.8%.
- **Off-Course Participation:** Driven primarily by the popularity and growth of Topgolf, a non-traditional form of golf entertainment, there were an estimated 20 million off-course (involves only those activities that involve hitting a ball with a golf club) participants in 2016, about 40% of whom did not play on a golf course.
- **Latent Demand:** Overall interest in playing golf remains very high. NGF survey research indicates that the number of non-golfers who say they are “very interested” in taking up golf has doubled over the last five years to 12.8 million people.

Market Definition – Primary and Secondary Trade Areas

For purposes of the market analysis, NGF has defined the primary trade area for the PTGC as a 10-mile radius around the site, with a secondary trade area as the 60-minute drive-time market. In reality, NGF believes that the vast majority of play at PTGC comes from Port Townsend residents, with a few from the secondary market and the rest from area visitors who reside beyond these markets. The NGF expects that the PTGC facility could broaden its effective market if the course is improved and upgraded as proposed by NGF.

Local Golf Demand

The following are some summary NGF observations regarding key golf demand measures for the local golf market. Please see the supporting tables in **Appendix B**.

- NGF estimates that there are at least 1,000 golfers living within five miles of PTGC, and over 2,000 golfers living with 10 miles of PTGC in 2018.
- NGF estimates that resident golfers could demand about 32,900 annual rounds of golf in the 5-mile market and upwards of 68,800 in the 10-mile market around PTGC. In Jefferson County overall, NGF estimates demand potential of over 67,400 rounds of golf annually, to be distributed over all (public and private) courses. This equates to approximately 22,460 rounds per 18 holes in the market, roughly 2/3 the total U.S. average of 30,900+/- rounds per 18 holes.
- The golf demand indices for the local 5-mile and 10-mile markets around the PTGC indicate golf participation and rounds demanded rates that are about 20% to 30% lower than U.S. benchmarks, indicating a smaller proportion of golfers in Port Townsend. However, this finding is mitigated by two key factors that impact Port Townsend golf performance: (1) the weather and relatively short golf season; and (2) the much lower-than-average cost to play golf in Port Townsend that lowers golf course earned revenue.
- **Latent Demand** - People who express an interest in playing golf but have not yet started include former golfers and those who have never tried. The demographic profile of latent demand tends to be more female and younger than the population as a whole. Surveys show these golf-interested non-golfers cite several barriers to entry in golf, including the cost and social aspects (no one to play with). The latent demand population is comparable to the golfer population, and NGF estimates as many as 10,000 interested non-golfers in the 60-minute drive-time market. Given golf's tenuous participation situation, all golf courses should have programming aimed at "onboarding" prospective new golfers).

Other Demand Drivers

Supplementing golf demand from permanent residents are: (1) The area's few corporate and public employers; and (2) Visitors to the Port Townsend area (City estimated over 1.0 million visitors to Ft. Warden in 2017). NGF research shows that roughly one-third of all golfers participate in the activity while traveling, playing 0.557 rounds per day of travel. Though PTGC as presently situated would capture only a small proportion of these incremental rounds from visiting golfers, supplemental play from visitors drawn by a strong marketing program (e.g., through state park tie-ins and hotel offerings) could be an important element in making PTGC financially viable, assuming the level of quality was appropriate (more later in this report).

Local Golf Supply

The broader defined 60-minute drive-time market is home to eight total golf facilities, including seven public and one private club. This shows how the golf market in this area of the Olympic Peninsula is dominated by public-access golf, many of which are driven by demand from non-local tourist golfers. Of the seven public facilities, only one (Resort at Port Ludlow) is at the NGF-defined 'Premium' price point (peak riding rates greater than \$70), with four at a 'Standard' price (\$40-\$70), and the remaining two in the 'Value' segment (under \$40). This is compared to the overall U.S., where 53% of public courses in the country are value (29% in this market).

Like many markets we've observed nationally, there has been a reduction in golf supply over the last decade in this area, with a net loss of 18 golf holes. This represents about 7.1% of current existing supply (the U.S. has seen the net closure of about 4.6% of supply over the previous decade). The NGF database shows no new golf courses either in planning or under construction in the local Port Townsend market area.

The following table displays data showing the relative supply of golf courses in the various defined market rings and Jefferson County overall. The supporting tables in **Appendix B** provide additional statistics for smaller market rings.

City of Port Townsend Golf Course Supply within Defined Markets and Jefferson County									
		Public							
	# Facilities	Total Public Facilities	# of Premium Facilities (> \$70)	# of Standard Facilities (\$40-\$70)	# of Value Facilities (< \$40)	# of Private Facilities	Total Holes	Total Public Holes	Total Private Holes
5 Mile Radius	2	2	0	1	1	0	27	27	0
10 Mile Radius	2	2	0	1	1	0	27	27	0
60-Minute Drive Time	8	7	1	4	2	1	117	108	9
Jefferson County	3	3	1	1	1	0	45	45	0

Golf Course Market Supply / Demand Summary

Using the most basic measures of golf demand and supply, we note four possible combinations for any given market area: (1) favorable demand and favorable supply ("potential growth market"); (2) favorable demand and unfavorable supply ("active"); (3) unfavorable demand and favorable supply ("inactive"); and (4) unfavorable demand and unfavorable supply ("saturated"). The review of data for the greater Port Townsend area suggests an "saturated" market, with generally unfavorable demand ratios and unfavorable supply ratios.

Golfers per 18 holes

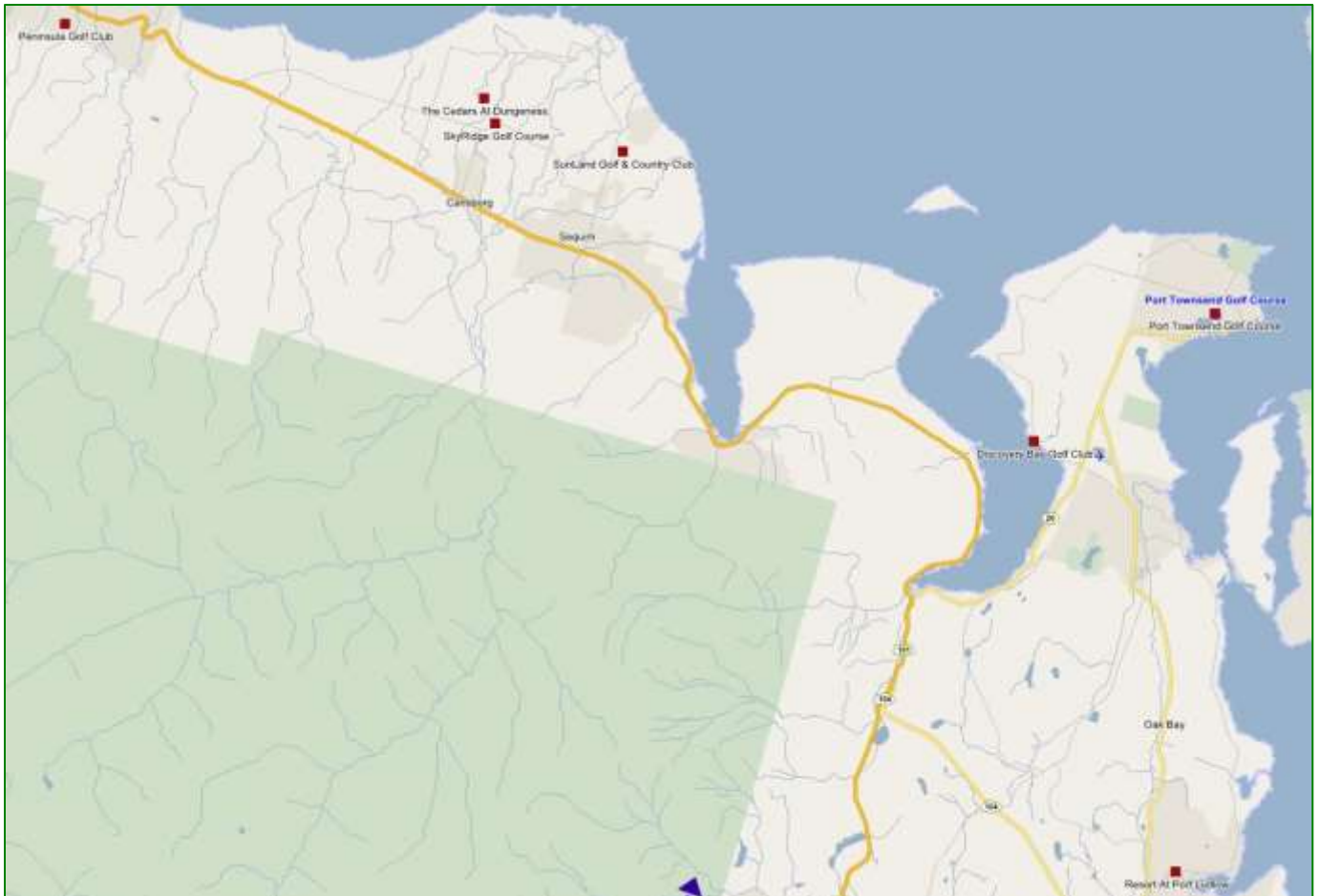
NGF has also evaluated the relative strength of the Port Townsend golf market with a comparison to a national "threshold" of golfers per golf course within 10 miles of a golf course. In its 2009 publication *The Future of Public Golf in America*, NGF hypothesized that the best predictor of a public golf course's success was the number of golfers per 18 holes within a 10-mile radius, with 4,000 identified as a key target for projected financial stability. **The NGF has estimated that there are only about 1,390 golfers per 18-hole course in the Port Townsend GC market**, thus lowering chances for successful golf operations, all other factors being equal. The importance of this metric is mitigated somewhat in markets with a high annual influx of visiting golfers, but further stresses the importance of continued support from non-resident golfers.

LOCAL COMPETITIVE GOLF MARKET

NGF has analyzed the public access golf market in the Port Townsend, Washington market area, with particular emphasis on determining the current position of PTGC as a public-access golf course, and prospects for sustaining and/or building market share in the future. On the following pages, we list operating information for a group of selected competitive golf facilities within the defined 60-minute drive-time market around Port Townsend. This list was not meant to be totally exhaustive or to account for all of the potential public golf competition to PTGC, but rather, to offer a frame of reference in evaluating actual performance of the subject as compared to other golf facilities noted by PTGC staff and golfers in the NGF survey as key competition.

Competitive Public Access Golf Facilities Map

The map below shows the relative locations of the facilities selected as comparable to the PTGC. The list of facilities is intended to be representative, but not exhaustive.



Summary Information

The following tables provide summary information for PTGC and a selection of other comparable / Competitive golf facilities.

Facility Summary Information - Expected Primary Competitors to Port Townsend Golf Club								
Golf Facility	Location	Type	Year Open	Par / Slope	Front Tee/ Back Tee	Location Relative PTGC (Miles)	Range Stations	Reported Annual Rounds (2018)
Port Townsend Golf Course	Port Townsend	DF-JG 9H	1927	70 / 123	4,781 / 5,684	0.0	18	9,800
Discovery Bay Golf Club	Port Townsend	DF-JG 18H	1925	72 / 124	3,799 / 6,665	5.4	8	18,000
Resort at Port Ludlow	Port Ludlow	DF-RR 18H	1975	72 / 140	5,086 / 6,861	13.9	40	28,000
SunLand Golf & Country Club	Sequim	DF-RD 18H	1964	72 / 122	4,695 / 6,023	14.9	16	30,000
SkyRidge Golf Course	Sequim	DF-JG 9H	2002	72 / -	5,088 / 6,529	18.1	25	24,000
The Cedars at Dungeness	Sequim	DF-JG 18H	1969	72 / 124	4,460 / 6,605	18.5	15	38,000
Peninsula Golf Club	Port Angeles	DF-JG 18H	1926	72 / 122	6,078 / 6,334	28.9	6	16,000

*Air miles from subject site, rounded to half-mile; actual driving distances will likely be greater.
Type: DF – Daily Fee; MU – Municipal

Summary Fee Data –Primary Competitors

Club	9H Green Fees & Cart Prime Time	18H Green Fees & Cart Prime Time	18H Green Fees & Cart Twilight	18H Green Fees & Cart Super Twilight	Green Fees & Cart Senior	Green Fee only Junior
	WD / WE	WD / WE	WD / WE	WD / WE	WD / WE	WD / WE
Port Townsend GC	\$25.50 / \$25.50	\$38 / \$38	WD After 3pm \$33 / Super Saturday after 1pm \$33	N/A	\$33 / -	\$10 / \$10
Discovery Bay GC ¹	\$19 / \$19	\$29 / \$29	\$25 / \$25	N/A	\$23 / \$23	\$12 / \$12 \$5 (Age 6-18) if they belong to the WSGA
Resort at Port Ludlow	N/A	7:30-7:59am \$53 / \$57 8:00-8:59am \$63 / \$67 9:00-11:59am \$68 / \$73 12:00-1:59pm \$58 / \$63	\$48 / \$53	4:00-4:59pm \$30 / \$30 5:00pm \$25 / \$25	N/A	N/A
SunLand G & CC	\$32 / \$32	\$56 / \$56	\$44 / \$44	N/A	N/A	\$15
SkyRidge GC	\$28 / \$28	\$43 / \$43	\$38 / \$38	\$30 / \$30	\$40 / \$40	(age 15 or under) \$15
The Cedars at Dungeness	Mon-Th \$36 / Fri-Su \$39	Mon-Th \$59 / Fri-Su \$66	Mon-Th \$42 / Fri-Su \$45	Mon-Th \$39 / Fri-Su \$41	N/A	\$16 / \$18
Peninsula GC	\$30 / \$30	\$53 / \$53	\$40 / \$40	N/A	N/A	N/A
1. Rates shown are fall rates. N/A = Program not available						

Summary Membership Fee Data –Primary Competitors					
Club	Membership Unlimited / Limited				
	Single	Couple	Family	Junior	Senior
Port Townsend GC	Annual \$1,025	N/A	Annual \$1,275	June-Aug. Only \$100	Annual \$975
Discovery Bay GC	Offer a Player's Club (\$125) Members get 20% off all golf for one year, good from date of purchase				
Resort at Port Ludlow	(monthly) Signature \$253 Executive \$172 Seasonal \$253 Non-Resident \$214 May-Sept Non-Resident \$118 Oct-April	(monthly) Signature \$394 Executive \$242 Seasonal \$394 Non-Resident \$321 May-Sept Non-Resident \$150 Oct-April	N/A	(age <= 29) \$109 monthly	N/A
SunLand G & CC	Equity \$4,057 Associate \$2,470 / \$1,517 Military \$945 Non-Resident \$2,2029	N/A	Equity \$5,751 Associate \$3,550 / \$2,275 Military \$1,416 Non-Resident \$2,876	N/A	N/A
SkyRidge GC	\$170 (monthly) \$230 (monthly w/ cart)	N/A	N/A	N/A	N/A
The Cedars at Dungeness	Offer a Members Club with Peninsula Golf Club (Starting at \$130 a month) CAD Members pay per round rates of \$30 at Peninsula Golf Club and \$34 at The Cedars at Dungeness				
Peninsula GC	Offer a Members Club with Cedars at Dungeness (starting at \$130 a month) PGC Members pay per round rates of \$28 at Peninsula Golf Club and \$34 at The Cedars at Dungeness				
N/A = Program not available					

Key Findings – Competitive Golf Market

NGF Consulting research indicates the following significant findings for the key primary competitors to Port Townsend GC:

- Based on our review, the NGF has identified Discovery Bay GC as the most immediate and direct competitor to the Port Townsend GC, followed by two Sequim area courses Cedars at Dungeness and Sky Ridge GCs as secondary competition. The current maintenance quality of these three main competitors is far superior to the Port Townsend GC, and thus putting the subject PTGC at a severe market disadvantage in attracting non-local play. In addition, the fact that PTGC is only a 9-hole course adds to the disadvantage, as NGF research shows the market area draw for 9-hole courses is much smaller than for 18-hole facilities, all else being equal.
- Total rounds activity among golf courses in this market has declined since a recent peak around 2008, and the long-term peak around 1999-2000. Rounds activity is now mostly under 30,000 total rounds for 18-hole courses, with the market leader (Cedars at Dungeness) hosting 38,000 rounds in 2018. The City of Port Townsend's golf course is hosting under 10,000 rounds, far fewer than any other competitor in this golf market area.
- Green fees among the competitive set we profiled show a wide range of fees, with the subject PTGC not the lowest-priced public golf course in the market, despite its 9-hole layout and less desirable conditioning. All of the market competitors are offering various forms of discounting for day of week, time of day, juniors and seniors. Considering its various discounts, the subject might be priced a little too high in some time periods, with \$25.50 for a walking 9-hole round of golf.
- Pre-paid green fee arrangements (memberships) are common at public golf courses in the market, and PTGC pricing is among the lowest among this competitive set. When considering the limited amenity package at PTGC, the cost of membership is very affordable, with the off-set being that the course is not fully private and public golf is allowed.
- The competitive nature of the regional golf market places constraints on the ability to raise fees. This is evident in the fee structures of the primary competitors; despite some high quality and well-maintained golf courses, all but one of the area's golf courses keep their peak weekend rates below \$56. The only exception is the Resort at Port Ludlow charges up to \$73 for a peak weekend morning before noon on a high-quality golf course.
- None of the area's public access golf facilities have undergone major renovations in recent years, although other facilities have kept up with minor capital investments such as irrigation improvements and other minor upgrades. Two of the area's golf courses have made improvements to clubhouse facilities (Sky Ridge and Peninsula GCs). As a result, PTGC is lagging behind in providing a high quality of golf service for a public course in this market.

EXTERNAL FACTORS SUMMARY

The NGF market analysis shows that while golf is not a particularly important component in the greater Port Townsend area, there is a modest contingent of resident and visiting golfers to support area golf courses. However, we do find that this contingent of golfers is relatively small (both resident and visitor), and unless there is growth in golf demand from these golfers, it is hard for NGF to imagine that both golf courses in Port Townsend can be supported with activity and revenue sufficient to properly maintain the property. The NGF has also observed that there are other golf courses in the area to service the demand, and many of these businesses are struggling to retain golf patrons. As such, the NGF has a reasonable expectation that while the market will provide support for continued operation of a public golf facility in Port Townsend, substantial growth in rounds and income from current (2018) levels is unlikely. Other key findings from NGF's market analysis include:

- The overriding trends in the golf industry will present challenges to PTGC in continuing golf course operations. The total number of golfers in Port Townsend is declining and total spending on golf is declining along with them. Similarly, the cost to maintain and operate golf courses had increased in recent years (equipment, labor, resources, etc.), leading to a difficult economic environment for public golf courses.
- The Port Townsend area economy is driven by tourism and visitation, with few permanent industries and large employers in the market. The subject PTGC is immediately proximate to all of the Port Townsend visitor attractions and lodging establishments, adding to the possibility of attracting patronage from this segment. Generating golf from these visitors will be key to sustaining golf operations at PTGC, as local resident demand is likely not enough to support operations.
- The overall balance between supply and demand for public golf is very unfavorable in the Port Townsend area. There are far fewer households and golfers available to support each golf course in the market, and as a result the golf courses in this area tend to host fewer rounds than average. NGF estimates that there is about one-third the number of golfers per 18 holes in the PTGC market than the NGF-identified success threshold.
- Other competitive golf courses in the market area have felt a reduction in demand and increasing competition. There is a short golf season during which demand is strongest and the highest fees can be charged. The greater Port Townsend market has been affected by the same trends that have led to a downturn in golf demand nationally; including the difficulty the sport has had in attracting younger golfers to offset the natural attrition of older players.
- The physical amenities at PTGC are clearly inferior to its immediate competitive set of golf courses. These competitive golf courses are operating within a varied range of fees, with the subject PTGC at the lower end of public golf courses. The competitive nature of the regional golf market places constraints on the ability to raise fees, and almost all public golf in this market has a peak fee below \$50.
- In addition to the declining demand and competitive nature of public golf in this market, the relative limited accessibility of the area to automobile traffic severely limits the kind of "day-trip" visitation that tends to correlate well with public golf. As a result, the PTGC will have to attract a much larger share of overnight stay visitors in order to generate the kind of activity and revenue that will continue to support the operation of the PTGC.

Recommendations for City of Port Townsend

Based on our evaluation of the Port Townsend GC and the local market environment, NGF has formulated recommendations that we believe will improve the overall economics of the City's public golf facility. The goal of this phase of the study was to help the City identify the business plan changes that could help to maximize rounds and revenues for the facility, while maintaining or enhancing the customer experience at PTGC. The objective of our recommendations is to provide the City with a strategic vision for the future operation of its golf course, and in consideration of changes that could be made to the facility, its operator and the contracts to help strengthen the financial health of the facility and preserve the service and long-term maintenance integrity of the golf facility.

NGF Consulting has prepared a schedule of specific recommendations to be considered by the City and its operator. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; and (3) operations.

NGF OBSERVATIONS ON PORT TOWNSEND GOLF CLUB

The NGF team offers a quick summary review of the most important findings and observations on the Port Townsend GC that form the basis for NGF recommendations. The NGF consultants' have reviewed the facility and find positive aspects that could make the facility more marketable in this competitive market of public golf courses. What did stand out to NGF in this review was the extremely small operating and labor profile at PTGC, showing the impact of lease requirements on this operation. Other observations on Port Townsend GC from NGF:

- The golf course appears to be in generally poor condition due to several factors, including aging infrastructure (particularly irrigation), outdated design features and excessive tree cover. Improvement will likely be expensive, perhaps as high as \$1.2 million or more to correct all deficiencies.
- The basic underlying design and mix of golf amenities at PTGC (9-hole golf course, clubhouse, grill, driving range) should continue to have appeal for varied golfer segments, and be conducive to active golf programming, including new player development.
- The location of PTGC will require a strong influx of golfers who do not reside close to the golf course, which means PTGC will have to improve its marketing to local businesses and golfers from a wide area of Port Townsend, including groups and charities to use PTGC for golf tournaments and events.
- The operating structure in place at PTGC that includes a sub-lease and lack of a properly trained PGA golf professional is not ideal for the City and its attempt to maximize the economic performance of the golf facility.
- The facility has an aging clubhouse with a good "footprint" for multiple uses and appeal, but is currently in poor physical condition with a grill that is not in use and significant area of unused (or underused) space that could be transformed with new investment. There is opportunity to improve F&B revenue at PTGC through an active lunch business and increased golf outing and meeting business.

BASIC OVERSIGHT AND STRUCTURE

The City of Port Townsend has chosen to operate its golf course via lease agreement, first with Mike Early Golf Shops, LLC, which dates back to 1987 and was renewed in 2002 and 2005. Beginning December 31, 2014, this lease was acquired by Gabriel Tonan Golf Shop, Inc., with term continuing through December 31, 2019. As noted, this structure has been in place for over 30 years, but will need to be modified to reflect the changing golf market environment and recent facility performance. While the outright lease of public-sector golf courses was common in decades past, this form of operation is far less common in the 2010s in public golf. The growing trend in privately-managed, public-sector golf facility operations is towards more straightforward fee-for-service management contracts where the public agency retains the operating risk, as opposed to leases where risk is passed on to a private operator.

NGF has prepared a review of options that are available to Port Townsend should it decide to continue providing golf service at this location, and alter the operation of its golf course. There are many options available to Cities in managing and operating golf courses, although most municipal golf courses in the U.S. generally tend to be self-operated, professionally managed via contract (lease or management agreement) or have some form of concession arrangement. A general discussion of the common operating structures, along with key advantages and disadvantages of each, is presented below.

Structure Options

Below are descriptions of the most typical management/operational options for public agency golf courses. In our experience, there is no ideal operating scenario that fits all situations, and each public entity must arrive at its own unique approach to operation and maintenance. The most common management options are shown below (these are not intended to be exhaustive, as there are hybrids and variations thereof), presented in order from most direct City involvement to the least direct City involvement:

1. **Self-Operation.** This would involve the City taking over the operation and staffing the facility with City employees. A key challenge in this option is finding and retaining qualified personnel, especially in key positions such as manager and superintendent. The advantage to this structure is direct City control of the operation for maximum benefit to the City, while the disadvantage is economic, as the City would have to absorb all economic risk with the PTGC operation.
2. **Concession Agreements:** These are similar to lease agreements and can come in several types or combinations. The advantage is shifting some risk and payroll to a private entity. The key areas of operation include Pro Shop, maintenance and/or F&B, and involve the City contracting for one, some, or all of these services. One subset of this concept includes multiple concessions, a system in which the City creates multiple contracts with separate entities for each facet of the operation. The most common concession agreements for public golf include:
 - a) **Contract for Food / Beverage Services** involves hiring a separate operator for the F&B, either through direct concession or exchange for capital investment.
 - b) **Contract for Maintenance Services** involves contracting with a private entity to provide golf course maintenance services in exchange for a pre-determined fee.
 - c) **Multiple Concessions** involves creating multiple agreements for separate entities for each facet of the golf operation (pro shop, F&B, and maintenance).

3. **Full-Service Management Contract.** The concept of a management agreement is for the City to hire a private management entity to operate all aspects of PTGC in exchange for a management fee, typically around 4-6% of total revenue. The City is earning all revenues, is responsible for all expenses (salaries, maintenance, liabilities, capital) and pays a management fee to an operator. Some advantages to this strategy are a shifting of labor expense from a public to a private structure, and the expected benefit of professional management, including access to national purchasing and marketing programs. The potential disadvantages are some loss of City control and the fixed fee for service, regardless of yearly variations in performance. This structure is far less common with smaller, 9-hole golf courses.
4. **Operating Lease(s).** This is the “status-quo” for PTGC, with the City leasing the operation to a private operator in exchange for a lease payment. The lease has been established to include certain requirements, standards and/or restrictions on fees. The advantage of this option is a total privatization of the golf operation and full shifting of risk away from the City. The disadvantage is that the operator must make reductions in operating expenses to meet the lease and other required payments. This can have a detrimental effect on facility condition, service and deferred maintenance.

Most Viable Considerations

Based on our review of the various operational considerations for the City, NGF has identified the two most viable options for consideration if the operating structure was to change at PTGC. The most viable options for Port Townsend GC operation are:

- **City Self-Operation.** If the City is committed to retaining golf on the PTGC site, and in consideration of the challenges posed by continuing with the current lease structure, then the City can opt to re-take the golf operation in-house and run it as a City park or City department, possibly using some form of “Public Facility District” organization allowable in Washington. This structure would involve direct City control of the golf operation, with all facility staff City of employees. This will also infer the City making any investment needed to improve and/or modernize the facility.
- One option to consider is making Gabriel Tonan a City employee and ending the lease arrangement currently in place. Another consideration would be the F&B operation and the liquor license required to continue with a bar at this site. Many municipalities have shown success by creating a separate concession agreement for the F&B operation, while still retaining self-operation in all other areas.
- **Multiple Concession Contracts.** The only other viable option for the City is to create separate concession contracts for the continued operation of PTGC. This includes contracts for the golf operation/pro shop, the F&B operation and golf course maintenance. These concessions or contracts would involve the City being “at risk” for the basic economics of the facility (with some limitations as noted below), although the NGF expects that all green fee and membership fee income would accrue directly to the City. The NGF vision new concessions would include:
 - **Golf Operations/Pro Shop** - A base concession to a PGA golf professional to include all income from the pro shop, lessons, carts and the driving range. The golf pro concessionaire would be responsible for all direct expenses associated with these revenue centers. If necessary, a small percentage of green fees could be paid to the golf professional as well to support additional support staff needed in the operation.

- **Food and Beverage** - A separate concession agreement for food and beverage service to include approximately 10% of F&B income in compensation to the City. The F&B concessionaire would be responsible for all direct expenses associated with this revenue center, including capital to re-open the grill.
- **Golf Course Maintenance** - The City can enter into a contract with a private company to provide basic golf maintenance services (likely to cost around \$4,000 to \$6,000 per acre) that should include maintenance equipment. Another option would be for the City to self-operate the maintenance function and undertake the other two contracts as noted above. This would require the City to acquire (or lease) the appropriate maintenance equipment.

NGF Recommendation

In consideration of the type of facility at PTGC, the small and local primary service area, the desire for continued community support and the likelihood that the continued operation of the golf course would result in continued economic losses, we conclude that some form of City self-operation (possibly with a separate F&B concession) is the most viable plan going forward. Port Townsend GC has a chance to improve its basic economic profile under this scenario, but new investment will be required for this facility to achieve its maximum potential. As these new investments are likely to be too expensive for any private operator to recoup, the most logical entity to complete needed upgrades to the golf course would be the City of Port Townsend. The proposed new City-run system should include a few basic components, such as (economic impact of these recommendations estimated in next section):

- The inclusion of a properly trained PGA (or LPGA) golf professional to oversee golf course operations and the pro shop.
- The inclusion of a properly trained golf course superintendent (GCSAA) to oversee all golf course maintenance activities.
- Utilization of proper maintenance equipment and golfer power carts, to be acquired via lease and included in operating budget.
- An operation with specific focus on new player development and bringing new players to the game of golf.
- Enhanced marketing, with focus on electronic marketing (email, website, social media, etc.).

OPERATIONAL RECOMMENDATIONS

NGF has identified some operational adjustments that, when implemented together, could lead to improved activity (rounds) and/or revenues at PTGC. These recommendations require limited investment and focus on “best practices” that NGF has observed in the golf industry that can help improve service, increase revenue, and/or control costs.

Recommendations are based on the consultants’ experience and expertise, and stem from a limited review of the operation and facilities. We also recognize that some of these items are already being enacted to varying degrees and that economic and/or other limitations (e.g. staffing) may prevent the lessee from implementing some of these items. Following are key NGF operational recommendations for PTGC, based on our review in late 2018.

Technology and Marketing

An effective marketing plan incorporates elements such as research, planning, strategy, market identification, budget, timetable, and tracking (to gauge effectiveness of various campaigns and vehicles). NGF's review indicated very little active marketing at PTGC, with reliance mostly on attracting golfers through word-of-mouth and a small number of local prints ads. NGF's recommendations for enhancing the marketing of PTGC include:

- Prepare some printed materials like a three-page folded brochure that could go in racks and/or be distributed to area businesses and hotels. Have the word "GOLF" printed in bold and be at the top 1/3 of the front page to stand out in any rack of other brochures. Any printed materials produced by PTGC should include information about golf, the driving range, the clubhouse / bar and the availability of golf lessons and new programming.
- A commitment to conduct some direct, face-to-face selling to area businesses, organizations, churches, civic groups, etc. to promote tournaments and outings at Port Townsend GC. NGF has found that this direct approach is the best way to enhance the tournament and outing business that is so important to the future success at PTGC.
- NGF believes that the PTGC website could use revision in both form and function. Improvements recommended include more pictures of the facility, up-to-date rate information, access to email and club sign-ups and the ability to book tee times online.
- Building, maintaining, and actively utilizing an email platform to practice yield management and advertise events, specials, etc. is an effective "best industry practice" for public golf in 2019. E-mail marketing, with the exception of word-of-mouth and free advertising, is the most cost-effective advertising possible. NGF recommends that PTGC actively work to build a customer email database and communicate regularly (no more than 2-4 per month) about activities, events, tournaments, specials, etc. at PTGC. NGF recommendations for building the email database at PTGC:
 - Emails should routinely be collected during golfer check-in for walk-in golfers, with emphasis on players new to PTGC.
 - Create an eClub registration on the website.
 - Make some of the periodic promos/specials contingent on having an email address on file, or providing one.
- More comprehensive use of a modern POS system could help management better understand its customer segments and provide assistance in marketing and customer tracking. Some of the key features of industry leading POS systems - often underutilized by operators – include:
 - Loyalty program modules
 - Creation of customer profile segments, including play and spending patterns
 - Enhanced target marketing, messaging and yield management utilizing the customer database segmentation
 - Integration with social media forums such as Facebook, Twitter, Instagram, etc.

Food and Beverage

The recommendations for improving the F&B operation at PTGC center mainly on re-opening the grill and providing basic meal service for golfers. Other ideas to enhance F&B revenue include adding and promoting daily specials, theme days, etc., and increasing focus to attract a larger volume of golf events and tournaments. NGF recommends that “grab and go” items, such as premade sandwiches, hot dogs, etc., be available as a standard best practice for golf course F&B operations. Consider adding some pre-packaged food items to the beverage cooler near the doorway to allow for some “grab and go” purchases from golfers. Adding convenience to golfers can help F&B sales at golf courses.

Player Development and Programming

As discussed in this report, PTGC is not very active with respect to player development and programming. Cultivating new golfers is not only key to the future of golf but, as noted earlier in the report in reference to PGA of America research, it has also proven to be an immediate generator of revenues for facilities. NGF has found that the public golf facilities that are most successful tend to be very active in adult player onboarding and development, as well as other “grow-the-game” initiatives. Creative programming is especially effective in onboarding new players from segments (e.g., women, millennials) that represent strong latent demand for the game but that may not prefer to be introduced to the game in traditional ways, such as individual lessons. Below are some current industry best practice recommendations for enhancing player development, onboarding and overall programming:

- **Increasing Women’s Participation:** Work to increase women’s participation, as females are strongly represented among the latent demand cohort. At present, women account for about 20% of golf participants, but 40% of beginners. There are many reasons why female golf participation is low, but increasing participation from women is one of the keys to maximizing revenue. The most common issues relate to golf course difficulty, retail selection, on-course services (restrooms, drinking fountains), food / beverage selection, and customer service. ‘
- **Lessons and ‘Onboarding’:** Operators should work directly with the PGA of America, LPGA, and First Tee on programs that have a proven track record, and how to best implement and promote them. Examples include Get Golf Ready; Drive Chip & Putt; PGA Junior League Golf; LPGA-USGA Girl’s Golf; and LPGA’s Teaching Her. Of course, a critical element to success is transitioning new players from learning to playing is follow-up and encouragement.
- **Events:** Creative golf-themed events are becoming more and more popular with operators looking to make golf more fun for less committed golfers, including many young adults (i.e., ‘Millennials’). Examples of successful events that NGF has observed at other facilities recently include:
 - A weekly **9-hole Scramble** that had 13 teams (52 participants) and generated about \$2,500 in direct revenue, plus additional bar revenue before and after the event.
 - **‘Balls & Beers’** at the driving range. Participants pay a small fee for the event, which can feature a keg and unlimited range balls for an hour, with a golf professional providing quick lessons and tips.
 - **‘9 & Wine’** golf training programs for women’s groups are a particularly popular and effective way to engage beginning women golfers and non-golfers.

- **Miscellaneous:**
 - Create programs to provide older, used golf equipment to always be available free of charge for beginners, and possibly for other needy prospects via donation or at a deep price discount.
 - Consider offering free lessons to adults on selected days or traditionally slow periods. Be sure to market this idea in all materials and website.

PHYSICAL IMPROVEMENT RECOMMENDATIONS

The comprehensive NGF inspection of PTGC completed in October 2018 showed considerable deficiencies that will need to be addressed if the facility is to remain viable as a public golf course. Specifically, the NGF team identified upgrades to basic golf features (tees, greens, fairways, bunkers) through direct improvement and upgraded irrigation. The facility would also benefit greatly from enhancement to its maintenance infrastructure (facilities and equipment) and the clubhouse. Although numerous items are referenced for repair / replacement in the long term, the NGF has focused on the capital expenditures that would improve the facility's competitiveness in the market place and / or have a positive impact on long term management practices by reducing operational costs. The recommended physical improvements in priority order:

Port Townsend GC NGF Recommended Upgrades – by Type		
Initial Capital Investments	Low Estimate	High Estimate
Irrigation System and Pump House	\$588,000	\$735,000
Trees and Stump Removal	45,000	75,000
Maintenance Equipment	100,000	120,000
Rock Outcroppings	6,000	7,000
Cart Paths	80,000	90,000
Tee Improvements / New Tees	60,000	90,000
Clubhouse Repair (restrooms, pro shop, etc.)	30,000	60,000
Bunker Renovation / Restoration	26,000	52,000
Grand Total of Capital Projects (all High Priority)	\$935,000	\$1,229,000
<small>All figures are NGF Consulting estimates based on architect's input and other similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Port Townsend, and the City should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; Ac = Acre</small>		

NGF recommends that City of Port Townsend, as part of the due diligence process before any decisions are made or work undertaken, retain a golf course architect and/or structures architect to complete a conceptual plan and get hard dollar cost estimates for any golf course, clubhouse or new structure changes proposed for PTGC.

Analysis of Expected Port Townsend Golf Club Financial Performance

Based on NGF analysis and recommendations, the consultants have prepared financial projections to show the potential economic performance of the Port Townsend GC under its most ideal conditions of local market dynamics, professional operation and improved physical condition. 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” for the optimum performance of this facility based on our complete review of the operation and market environment.

The NGF projections assume that the City will adopt other recommendations related to self-operation of the facility, improved physical conditions (all recommended upgrades are completed), improved marketing, enhancing operations and actively seeking to grow golf activity and revenue. With many golf facilities competing at the similar price points, revenue growth based on increasing average rates cannot be relied upon, so improvement in golf revenue will have to be derived from increases in rounds activity. Market conditions and other factors likely dictate that PTGC could produce rounds activity at a maximum of about 18,000+/- rounds per year with total average revenue per round of around \$25.50. The NGF does expect that facility revenue can be enhanced with strategic marketing, increased awareness of the value the course offers, and some enhancement to facilities to make the facility more competitive.

SUMMARY OF PORT TOWNSEND GC PROJECTIONS

NGF has prepared a projection based on expected performance in a “normal” environment and the implementation of NGF recommendations. In the tables that follow, NGF provides summary projections for PTGC under the expectation that the facility will be enhanced both physically and operationally as recommended by NGF (completed by the end of 2019). The NGF projection does not include any debt service or direct capital costs to complete any upgrades being considered, as these are assumed to be funded separately from the golf operation (i.e., through Public Facility District proceeds or other another City source).

Basic Assumptions – PTGC Performance Estimates (Year 1 – Year 5)

The projections made for the operation of PTGC assume the most ideal physical and operational conditions, and assume the first five years after completion of physical upgrades. As these upgrades could be completed in 2019, the generic “Year 1” could be as soon as 2020. Other key assumptions in the NGF projections:

- The overall economic condition remains stable, without any sizable increase or decrease in the Port Townsend area economy, employment, or visitation.
- Port Townsend GC will alter its operating profile to include City staff in all key positions (self-operation), with a possible exception of a F&B concession to a qualified operator. NGF has also assumed professional management (PGA and GCSAA certifications) and enhanced emphasis on marketing and attracting increased share of golf rounds, range use and Grill sales.
- The basic pricing structure will remain with slight increases in golf playing fees each year to keep up with inflation, but never more than \$0.50 for lower fees

(juniors, seniors, etc.) up to \$1.50 increases in the highest fee categories. Memberships will continue to be offered at the same rate and privilege as today.

- NGF has assumed a schedule of rounds with an expectation of growth as renovations are introduced to the market beginning in Year 1 (assumed to be no earlier than 2020). The rounds and membership activity projected by NGF assume a new “stable” level of activity, with some years falling below and some years rising above this expected ‘average’ figure. The projected activity by type through Year 5:

Port Townsend GC	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Members	50	60	75	90	100
Non-Member Rounds	9,000	10,000	11,000	11,000	11,000
Member Rounds	2,500	3,000	3,800	4,500	5,000
Tournament Rounds	1,000	1,000	1,500	1,500	1,500
Comp / EE / Volunteer Rounds	500	500	500	500	500
Total Rounds	13,000	14,500	16,800	17,500	18,000

- NGF has estimated the revenue potential of the facility using a baseline of \$23.50 average revenue per round for daily fee players (includes green fees, range, pro shop, F&B and other), plus additional membership revenue. We have assumed an annual increase of 2.5% per year to reflect of a program of annual increases and inflation. A summary of average rates is noted below (NOTE: this is an average rate per round/member and is not intended to reflect actual fees):

Blended Average Revenue per Round/Member	Year 1	Year 2	Year 3	Year 4	Year 5
Member Dues / Member	\$1,000.00	\$1,010.00	\$1,020.10	\$1,030.30	\$1,040.60
Green + Cart Fees / DF Round	\$17.50	\$17.94	\$18.39	\$18.85	\$19.32
Range Revenue per Round	\$0.75	\$0.77	\$0.78	\$0.80	\$0.81
Merchandise Rev per Round	\$1.50	\$1.52	\$1.54	\$1.56	\$1.58
F & B (Concess) / Round	\$3.50	\$3.54	\$3.57	\$3.61	\$3.64
Other Rev per Round	\$0.25	\$0.25	\$0.26	\$0.26	\$0.26

- The direct cost of sales for merchandise is held at 70% (industry standard). Total cost of sales on F&B is estimated at the standard 45%.
- NGF has estimated a total operations cost for PTGC of \$100,000 in Year 1, and assumes both full and part-time labor for basic pro shop operations.
- NGF has estimated a total golf maintenance expense for PTGC of \$200,000 in Year 1, and assumes both all labor and materials in maintaining the golf course playing area (or a maintenance contract).
- Other expenses adjusted include equipment leasing (carts and maintenance) and other basic operating expenses (insurance, utilities, contingency, and annual capital). These expenses are based on accepted industry standards with some adjustment to reflect a lean, 9-hole golf operation.
- All expenses are projected to increase at 2.5% per year through Year 5 inflation.

Economic Performance Projections

NGF Consulting has utilized the previously mentioned assumptions to create the cash flow model for Port Townsend GC for the first five years of operation after a facility upgrade and change in operational structure. All figures have been rounded to the nearest \$100 for simplicity.

**Projected Cash Flow Analysis
Port Townsend Golf Club
Base Assumptions – City Self-Operation with Facility Upgrade**

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Rounds	13,000	14,500	16,800	17,500	18,000
Revenue					
Golf Fees	\$175,000	\$197,000	\$230,000	\$236,000	\$241,000
Annual Memberships	50,000	61,000	77,000	93,000	104,000
Driving Range	10,000	11,000	13,000	14,000	15,000
Golf Shop Merchandise	20,000	22,000	26,000	27,000	29,000
Food & beverage	46,000	51,000	60,000	63,000	66,000
Other	3,000	4,000	4,000	5,000	5,000
Total Revenue	\$304,000	\$346,000	\$410,000	\$438,000	\$460,000
Less Cost of Sales: (COS)					
Merchandise	\$14,000	\$15,000	\$18,000	\$19,000	\$20,000
F & B	\$21,000	\$23,000	\$27,000	\$28,000	\$30,000
Total COS	\$35,000	\$38,000	\$45,000	\$47,000	\$50,000
Gross Margin	\$269,000	\$308,000	\$365,000	\$391,000	\$410,000
Departmental Expenses					
Pro Shop / Operations	\$100,000	\$103,000	\$106,000	\$109,000	\$112,000
Maintenance	200,000	205,000	210,000	215,000	220,000
Utilities	12,000	12,000	12,000	12,000	12,000
Carts & Equipment	20,000	21,000	22,000	23,000	24,000
Insurance	10,000	10,000	10,000	10,000	10,000
Other	10,000	10,000	10,000	10,000	10,000
Annual Capital	10,000	10,000	10,000	10,000	10,000
Contingency	5,000	5,000	5,000	5,000	5,000
Total Expenses	\$367,000	\$376,000	\$385,000	\$394,000	\$403,000
Net Income before Other (Loss)	(\$98,000)	(\$68,000)	(\$20,000)	(\$3,000)	\$7,000

SUMMARY DISCUSSION – NGF PROJECTIONS

The results of the NGF financial projection analysis show that with the completion of NGF recommended improvements, direct operation by the City and bringing total rounds played up to a reasonable 18,000 level, we expect Port Townsend GC to improve operations and create total revenue in the range of \$400,000. This is the level of revenue that NGF estimates will be required to “break-even” operationally on the PTGC facility, assuming City operation and a basic level of “standard” operating expenses.

This would put the operation back into a status that is more in line with industry standards, and it includes some adjustment in expenses to ensure proper management and maintenance of the facility. However, it is important for the City to understand that it is highly unrealistic for the PTGC to be able to cover any form of large-scale capital improvement or debt service to amortize any improvements made to the facility for the foreseeable future.

Limiting Conditions

The income estimates presented by NGF Consulting have been prepared based on existing and projected market conditions, the quality of the subject facility and the intended segment of the golf market toward which it is oriented. Particular focus was paid to the reality of the area public golf market, which has fallen far from its peak over the last 15+ years. Proper uses of these estimates include:

- Establishing reasonable parameters for expected performance for the subject facility
- Providing guidelines for realistic expectations of operating income and expenses

NGF Consulting is confident that some growth in activity and revenue can be achieved at Port Townsend GC after the recommended facility and operational improvements. From a practical standpoint, those managing the facility will need to respond to variable market conditions as well as unforeseen maintenance needs. NGF Consulting is confident that the facility will be able to continue to achieve results as presented in our analysis beyond the next five years of operation.

When projecting a realistic market share, it is important to realize that the total number of rounds to be played on a golf course in any given year may be lower than the market opportunity appears to suggest. Our estimates of performance for PTGC could change should one or more of the following conditions occur:

Stronger Performance	Weaker Performance
Future course closings	New course openings
Faster population growth than projected	Incorrect price levels
Positive regional publicity	Poor customer service
Lack of loyalty to existing courses	Deteriorating facility quality
Unforeseen surge in golf interest	Regional economic recession
Excellent yearly weather conditions	Poor yearly weather conditions

It is important to measure the performance of the golf course in such a way as to help City of Port Townsend make financial decisions based on realistic expectations. It is obviously possible that either more or fewer rounds will be realized. As we have noted, we do anticipate that it is highly unrealistic that the golf course in the foreseeable future would be able to cover any form of large-scale capital improvement or debt service to amortize any improvements made to the facility.

Appendices

A: Golf Course Life Cycle

B: Demographic, Golf Demand and Golf Supply Data

C: National Rounds Played Report

APPENDIX A – 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>	<i>10 – 15 years</i>	Corrugated Metal Pipes	15 – 30 years
<i>PVC Pipe (under pressure)</i>	<i>10 – 30 years</i>	Bunker Drainage Pipes (3)	5 – 10 years
<i>Pump Station</i>	<i>15 – 20 years</i>	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.

The American Society of Golf Course Architects (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 106, BROOKFIELD, WI 53005

APPENDIX B - LOCAL DEMOGRAPHIC, DEMAND AND SUPPLY DATA

Demographics

Port Townsend Golf Course	5-mile ring	10-mile ring	60-minute drive time	Jefferson County	State of Washington	U.S.
Summary Demographics						
Population 1990 Census	9,875	21,123	56,930	20,145	4,866,670	248,584,652
Population 2000 Census	12,933	26,995	73,935	25,952	5,894,112	281,399,034
CAGR 1990-2000	2.73%	2.48%	2.65%	2.57%	1.93%	1.25%
Population 2010 Census	14,579	30,425	86,651	29,872	6,724,540	308,745,538
CAGR 2000-2010	1.21%	1.20%	1.60%	1.42%	1.33%	0.93%
Population Estimate 2017	14,963	31,194	90,042	30,580	7,280,533	324,310,011
Population 2022 Projected	15,274	32,361	95,393	31,428	7,824,203	337,744,388
CAGR 2017-2022	0.41%	0.74%	1.16%	0.55%	1.45%	0.82%
CAGR 2010-2022	0.39%	0.52%	0.80%	0.42%	1.27%	0.75%
Median HH Income (2017)	\$51,027	\$56,327	\$59,288	\$54,693	\$68,515	\$59,240
Median Age (2017)	57.1	56.7	54.2	57.7	38.1	38.1
Ethnicity						
White	92.0%	90.9%	90.0%	90.5%	74.6%	70.4%
African American	0.7%	1.0%	0.8%	1.0%	4.2%	13.3%
Asian	1.9%	2.0%	2.5%	1.9%	8.6%	5.7%
All Other	5.4%	6.1%	6.7%	6.6%	12.7%	10.6%
Hispanic Population						
Hispanic	4.1%	4.7%	5.5%	3.9%	12.4%	17.5%
Not Hispanic	95.9%	95.3%	94.5%	96.1%	87.6%	82.5%
CAGR = Compound Annual Growth Rate						
Port Townsend Golf Course	5-mile ring	10-mile ring	60-minute drive time	Jefferson County	State of Washington	U.S.
Golf Demand Indicators						
Total Households	7,855	16,114	41,308	14,983	2,853,101	124,506,607
Number of Golfing Households	752	1,619	4,744	1,476	334,567	17,175,900
Projected Golfing Households (2022)	745	1,628	4,803	1,488	348,779	17,934,830
Projected Annual Growth Rate	-0.20%	0.10%	0.20%	0.20%	0.80%	0.90%
Seasonal Golfing Households	76	245	336	272	11,033	732,421
Latent Demand/Interested Non-Golfers	1,796	3,502	10,002	3,269	965,822	40,573,960
Household Participation Rate	9.60%	10.00%	11.50%	9.90%	11.70%	13.80%
Number of Golfers	1,002	2,086	6,327	1,896	498,025	23,832,510
Rounds Potential (resident golfers)	32,898	68,854	183,090	67,399	8,689,495	455,965,500
Estimated Course Rounds (in-market supply)	58,525	58,525	238,094	93,640	8,857,481	455,965,000
Demand Indices						
Golfing Household Participation Rate	69	73	83	71	85	100
Seasonal Golfing Households	165	259	138	309	66	100
Latent Demand/Interested Non-Golfers	93	85	89	85	106	100
Rounds Potential per Household (resident golfers)	114	117	121	123	83	100

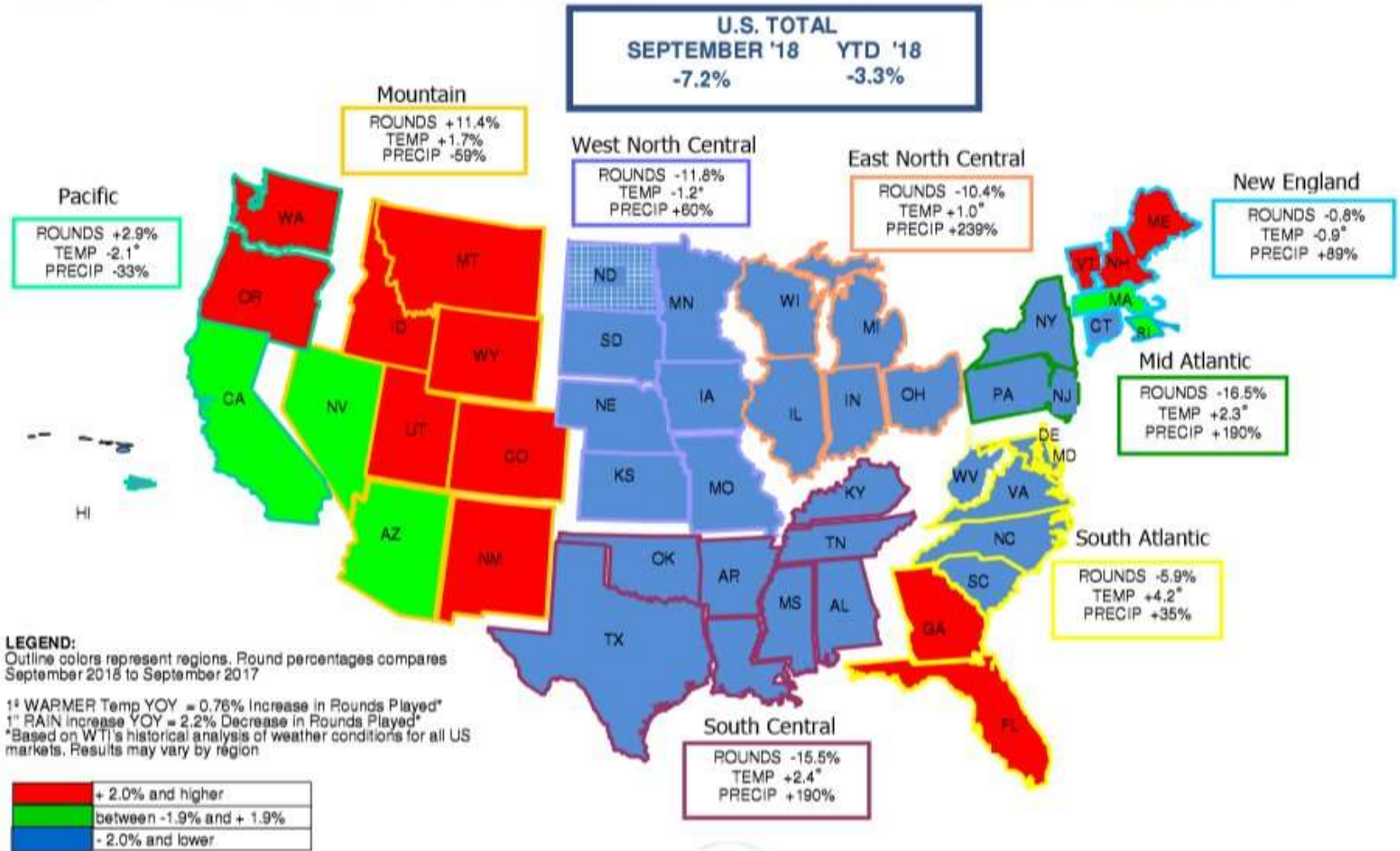
Supply

Port Townsend Golf Course	5-mile ring	10-mile ring	60-minute drive time	Jefferson County	State of Washington	U.S.
Golf Supply						
Golf Facilities						
Total	2	2	8	3	266	14,754
Public	2	2	7	3	211	11,006
Public: Daily Fee	2	2	7	3	163	8,509
Public: Municipal	0	0	0	0	48	2,497
Private	0	0	1	0	55	3,748
Public Golf Facilities by Price Point						
Premium (>\$70)	0	0	1	1	34	1,393
Standard (\$40-\$70)	1	1	4	1	106	4,087
Value (<\$40)	1	1	2	1	71	5,526
Golf Holes						
Total	27	27	117	45	4,230	250,146
Public	27	27	108	45	3,357	181,458
Public: Daily Fee	27	27	108	45	2,538	139,761
Public: Municipal	0	0	0	0	819	41,697
Private	0	0	9	0	873	68,688
Non-Regulation (Executive & Par-3)	0	0	9	0	486	20,277
Net Change*						
Net Change in Holes past 5 years	0	0	0	0	-153	-13,941
Percentage Total Holes Past 5 Yrs.	0.00%	0.00%	0.00%	0.00%	0	-5.30%
Net Change in Holes past 10 Years	0	-9	-9	-18	-234	-19,098
Percentage Total Holes Past 10 Yrs.	0.00%	-25.00%	-7.10%	-28.60%	0	-7.10%
*Numbers may include courses under construction and temporarily closed at the end of the year.						

Supply- Demand

Port Townsend Golf Course	5-mile ring	10-mile ring	60-minute drive time	Jefferson County	State of Washington	U.S.
Supply-Demand Ratios						
Households per 18 Holes						
Total	5,237	10,743	6,355	5,993	12,141	8,959
Public	5,237	10,743	6,885	5,993	15,298	12,351
Public: Daily Fee	5,237	10,743	6,885	5,993	20,235	16,035
Public: Municipal	0	0	0	0	62,706	53,748
Private	0	0	0	0	58,827	32,628
Premium (>\$70)	0	0	41,308	14,983	75,082	73,716
Standard (\$40-\$70)	7,855	16,114	10,327	14,983	26,296	28,602
Value (<\$40)	0	0	41,308	0	71,328	30,826
Golfing Households per 18 Holes						
Total	501	1,079	730	590	1,424	1,236
Public	501	1,079	791	590	1,794	1,704
Public: Daily Fee	501	1,079	791	590	2,373	2,212
Public: Municipal	0	0	0	0	7,353	7,415
Private	0	0	0	0	6,898	4,501
Premium (>\$70)	0	0	4,744	1,476	8,804	10,169
Standard (\$40-\$70)	752	1,619	1,186	1,476	3,084	3,946
Value (<\$40)	0	0	4,744	0	8,364	4,253
Household Indices						
Total	58	120	71	67	136	100
Public	42	87	56	49	124	100
Private	0	0	253	0	180	100
Premium (>\$70)	0	0	56	20	102	100
Standard (\$40-\$70)	27	56	36	52	92	100
Value (<\$40)	51	105	134	97	231	100
Golfing Household Indices						
Total	41	87	59	48	115	100
Public	29	63	46	35	105	100
Private	0	0	211	0	153	100
Premium (>\$70)	0	0	47	15	87	100
Standard (\$40-\$70)	19	41	30	37	78	100
Value (<\$40)	35	76	112	69	197	100
Rounds per 18 Holes						
Rounds Potential (resident golfers)	21,932	45,903	28,168	26,960	36,977	32,810
Estimated Course Rounds (in-market supply)	39,017	39,017	36,630	37,456	37,691	32,809

APPENDIX C - NATIONAL ROUNDS PLAYED REPORT





National Golf Rounds Played Report

SEPTEMBER 2018

	SEPT	YTD
PACIFIC	2.9%	4.2%
CA	1.0%	4.1%
Los Angeles	-0.4%	0.1%
Orange County	4.5%	8.0%
Palm Springs	0.6%	3.3%
Sacramento	-0.2%	4.6%
San Diego	9.6%	7.0%
San Francisco/Oakland	2.3%	9.2%
HI	-4.0%	-6.6%
OR	7.3%	4.6%
Portland	5.8%	9.5%
WA	8.2%	7.8%
Seattle	2.6%	7.2%
MOUNTAIN	11.4%	5.6%
AZ	1.4%	5.1%
Phoenix	3.0%	5.6%
CO	11.8%	1.1%
Denver	10.2%	3.3%
ID, WY, MT, UT	20.9%	9.9%
NM	6.9%	3.3%
NV	-0.4%	3.8%
Las Vegas	-1.6%	2.7%
WEST NORTH CENTRAL	-11.8%	-5.7%
KS, NE	-11.7%	-4.0%
ND, SD	-16.5%	-15.1%
MN	-10.1%	-5.2%
Minneapolis/St. Paul	-10.1%	-7.0%
IA, MO	-12.2%	-5.2%
St. Louis	-6.4%	-6.4%
Kansas City	-9.7%	-0.8%

	SEPT	YTD
UNITED STATES	-7.2%	-3.3%
PUBLIC ACCESS	-7.2%	-3.2%
PRIVATE	-7.1%	-3.8%

	SEPT	YTD
EAST NORTH CENTRAL	-10.4%	-5.9%
IL	-9.5%	-5.0%
Chicago	-8.8%	-4.7%
IN	-7.9%	-6.2%
MI	-3.1%	-0.5%
Detroit	-9.7%	-1.7%
OH	-14.9%	-9.1%
Cincinnati	-14.6%	-7.2%
Cleveland	-15.3%	-5.3%
WI	-18.3%	-10.5%
SOUTH CENTRAL	-15.5%	-4.6%
AL	-6.8%	1.1%
AR, LA, MS	-21.4%	-3.8%
KY	-5.8%	-2.1%
OK	-15.6%	-9.2%
TN	-5.1%	-11.5%
Nashville	-4.9%	-8.8%
TX	-20.4%	-3.8%
Dallas/Ft. Worth	-22.7%	-9.7%
Houston	-27.8%	-4.7%
San Antonio	-23.9%	0.8%

	SEPT	YTD
SOUTH ATLANTIC	-5.9%	-5.1%
DE, DC, MD	-25.9%	-13.7%
Washington/Baltimore	-26.1%	-12.2%
FL	32.2%	-1.5%
Jacksonville/Daytona	31.3%	-2.2%
Orlando	24.6%	2.6%
Tampa	30.5%	-0.7%
Palm Beach	37.4%	3.7%
Sarasota	37.9%	6.2%
Naples/Ft. Myers	34.3%	3.4%
Miami/Ft. Lauderdale	32.6%	-1.8%
GA	4.9%	-3.0%
Atlanta	2.1%	-3.1%
NC	-27.7%	-7.1%
Greensboro/Raleigh	-20.4%	-10.0%
SC	-17.5%	-7.3%
Charleston	-2.6%	-2.0%
Hilton Head	1.7%	-2.2%
Myrtle Beach	-31.3%	-7.8%
VA	-25.6%	-10.1%
WV	-17.9%	-8.3%
MID ATLANTIC	-16.5%	-9.4%
NJ	-14.1%	-7.7%
NY	-13.7%	-7.5%
New York City	-19.5%	-8.1%
PA	-20.7%	-12.3%
Philadelphia	-21.6%	-10.4%
Pittsburgh	-19.9%	-11.1%
NEW ENGLAND	-0.8%	-2.6%
CT	-6.4%	-4.4%
MA, RI	-0.2%	1.0%
Boston	-6.8%	-2.3%
ME, NH, VT	2.0%	-7.7%

The percentages represent the differences in number of rounds played comparing September 2018 to September 2017.
 For more information contact Golf Datatech, golfroundsplayed@golfdatatech.com or call 407-944-4116