Strategic Outlook and Analysis of RedGate Municipal Golf Course in Rockville, Maryland

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Introduction and Summary of Findings and Recommendations

PURPOSE

The National Golf Foundation ("NGF" or "NGF Consulting") was retained by the City of Rockville, Maryland ("City") to provide a clear understanding of whether future prospects to operate the city-owned RedGate Municipal Golf Course ("RedGate GC") as a viable and self-sustainable public golf course are realistic, or if the Golf Enterprise Fund will continue to rely on increasing support from the City's General Fund. The ultimate goal of the Consultants' study is to assist the City in reversing RedGate's deteriorating financial condition and eliminating (or minimizing) the annual deficit. The City wants to know what needs to be done, and what can realistically be accomplished, for the operation to achieve the maximum success possible.

Included in this report are a review of the overall golf facility operation, an analysis of the local market environment, a review of the physical condition of the facility, recommendations as to what can be done in the coming years, and the results that can be expected from various strategies and options. The review also includes an analysis of the various management models available to the City, and a recommendation as to the structure - self-operation, outsource arrangement, or some combination - that will best improve the course's financial performance within a reasonable amount of time and on a sustained basis.

Under consideration for this report are the present condition of the RedGate GC, the status of the local Rockville/Montgomery County area public golf market, and the expected ability of RedGate GC to maintain and perhaps enhance its revenues and/or reduce operating expenses.

The key issues to be evaluated in this report include:

- Identifying the optimal operating structure for RedGate Golf Course that will result in maximizing net revenues and/or minimizing required support from the General Fund.
- Determining the status of the local golf market and the current and recommended pricing/market positioning for RedGate Municipal Golf Course
- Recommending facility improvements necessary to ensure optimal operating condition of the RedGate Municipal Golf Course
- Projecting the operational revenue and expense performance of the RedGate Municipal GC golf operation

Activities conducted in completion of this consultants' report included meetings with the City of Rockville Recreation and Parks Director, City Manager, Finance Director, Mayor, and members of the City Council and Golf Advisory Commission. Meetings and interviews were also held on-site at RedGate with the Head Golf Professional, Golf Superintendent, and other key staff, as well as with members of the Recreation Advisory Committee for RedGate GC. The team also completed a thorough inspection of the subject golf facility and completed on-site visits to several of the area's competing municipal golf facilities. Finally, the NGF Consultants collected materials to aid in understanding the area golf market and the subject facility. NGF Consulting field activities, analysis and report preparation were conducted by Richard Singer, Director of Consulting Services, and Ed Getherall, Senior Project Director.

BACKGROUND

The subject property is the RedGate Municipal Golf Course, an 18-hole golf facility located in the heart of Rockville, Maryland (a suburb of Washington, DC) approximately 12 miles north of downtown Washington, DC. The facility represents a long-standing municipal golf course for the City of Rockville that dates back to the 1970s, when it was originally developed for this purpose. The facility is currently operated as a City-run Enterprise Fund, with direct authority for the facility through its Recreation Department. All of the on-site workers are employed by the City of Rockville.

RedGate GC consists of 18 regulation golf holes, a clubhouse, a few practice amenities, a cart storage building, and a maintenance facility/equipment storage building. The golf facility is located on the eastern side of Rockville, immediately adjacent to portions of the large Rock Creek Park. RedGate GC is easily accessible from several directions and enjoys frontage on main roads through Rockville. The facility features a challenging par-71 golf course that has traditionally been among the most active public golf courses in the Montgomery County area. In recent years, the facility has experienced declines in rounds activity, and consequently revenues, leading the City to explore other options for the continued operation of the municipal golf facility.

SUMMARY OF FINDINGS

In our review of the City's golf program, the NGF Consulting team found a municipal golf course that has been struggling to meet its expectations in recent years. Several factors – some controllable and some not – have contributed to these struggles that have accelerated in the last two years. Uncontrollable factors include the recent downturn in the national and local economy, leaving some golf consumers with limited discretionary income. Further, a major local competitor, the Montgomery County Revenue Authority (MCRA), operates eight comparable public golf courses and has been aggressive in its commitment to upgrade facilities and reduce green fees.

In the face of rounds reductions and mounting operating losses, the RedGate Golf Enterprise Fund was exhausted and ran deeply into a deficit position, leading to reductions in staffing and what appears to NGF to be a deterioration of the golf course condition. Also, a lack of marketing over the years eventually caught up to RedGate, which had more customers than it could handle in the late 1990s and did not have the need to promote the facility. (In recent years, the City has increased the marketing budget for the facility but may also have sent mixed messages to the market about whether RedGate GC would remain open. NGFC believes that this perception may have contributed to the steep decrease in the number of memberships and multi-play cards sold, and causing other golfers to simply stay away). These controllable factors have created an environment that has made it more difficult for RedGate to compete in the marketplace, especially in the face of the ever-improving Montgomery County Revenue Authority (MCRA) golf system.

Despite these obstacles, NGF Consulting has observed many positives and potential opportunities that RedGate can take advantage of to improve its financial position. First and foremost is that the RedGate Golf Course, which was once considered one of the premier municipal facilities in the market, remains a fundamentally attractive golf venue that can be appealing, with some facility improvements, to many golfer segments. Also, RedGate has very dedicated employees and supporters that have a vested interest in seeing the facility survive and thrive. Finally, as evidenced by the golfer survey results, RedGate retains a robust and loyal core customer base despite its problems.

Potential opportunities for RedGate GC that may result in increased rounds and revenue include the addition of an outdoor pavilion at the site of the current veranda, which would enhance the overall appeal of the golf course and make RedGate more competitive in terms of being able to draw and facilitate larger golf outings and non-golf meetings/banquets. Also, the completion of the InterCounty Connector (ICC), which will link the I-270/I-370 and I-95/US 1 corridors within central and eastern Montgomery County and northwestern Prince George's County, should facilitate access and reduce travel times to RedGate GC for golfers living in eastern Montgomery, Anne Arundel, and Prince George's Counties.

Still, despite these opportunities, NGF has observed a basic operating system that is not conducive to maintaining profitability. The expense structure at RedGate is higher than "standard" for the municipal golf industry, and this will keep the level of rounds and/or revenue needed to break even at a level that may not be achievable in this market in the foreseeable future. In completing this review, NGF has explored the possibility of changing the present system from self-operation to some form of outsource arrangement in an effort to control costs. NGFC has concluded that outsourcing RedGate, preferably with key current operations and maintenance staff remaining in place, would give the City the best opportunity to reduce the operating deficits at RedGate and ultimately making it self-sustaining again. NGF Consulting believes that, because of the ongoing operating deficits and the overall golf market environment, it is unlikely that the City would be able to attract an operator to take on the risk of leasing RedGate. Therefore, the most likely outsource arrangement for the facility would be a fee-based management contract.

Other key NGF Consulting findings from this facility review and analysis are summarized below Further detail and source material is displayed in the body of the report or appendix.

Demographic / Economic Environment

NGF Consulting has made the following observations regarding the demographic and economic profiles of the Rockville / greater Washington, DC areas:

- Our estimates indicate the local market around RedGate GC is indicative of dense urban/suburban neighborhoods. Median Household Incomes in the RedGate's trade area are considerably higher than the corresponding national figure of $51,627. In general, higher income residents are more likely to participate in golf, and they play more frequently than lower income golfers. However, incomes in this market must be considered in the context of the very high cost of living.
- It is unclear what effects the troubled regional and national economies will have on activity levels at public courses. On one hand, decreased discretionary income will almost certainly cut down on recreational / leisure spending. However, interviews with area golf operators indicate that golfers are either playing less or shifting play patterns to less expensive rounds, which actually could benefit lower price point municipal golf courses such as RedGate.
- The Rockville area is a leading hub for advanced technology and the creation of new jobs in this sector. Among the 24 counties in Maryland, Montgomery County had the second lowest unemployment rate (not seasonally adjusted) in September 2010, at 5.5%. By comparison, the State of Maryland was at 7.3% and the U.S. at 9.2%.

Golf Market Indicators

- The demand for golf in the Rockville area is above average on all measures compiled by NGF for this study. There is a potentially large golf market in

Montgomery County, Maryland from which the RedGate GC can draw customers, though there is also significant competition for these customers. Though the numerical ratios compiled by NGF indicate that the balance between supply and demand is generally favorable (compared to national benchmarks) for golf operators in this local market area, actual results at area golf courses have been on the decline.

- The most significant competition to RedGate comes from the eight Montgomery County Revenue Authority (MCRA) golf courses, all of which were mentioned by RedGate golfers as other golf courses they played frequently. The MCRA courses present a significant obstacle to RedGate's attempts to increase market share. Some key findings from this set of competitors includes:
  - MCRA golf system functions as a conglomerate, providing marketing, purchasing, staffing and management advantages over RedGate GC.
  - The MCRA has demonstrated a willingness to invest in the continued improvement of the physical quality of its facilities. As a result, it is NGF Consulting's opinion, borne out by NGF visits to these facilities as well as interviews with area golfers, that the MCRA golf courses that compete most directly with RedGate are currently in better overall condition than RedGate. Though pricing is very fluid at the MCRA facilities, NGFC believes that the market currently perceives that facilities such as Needwood, Falls Road and Northwest offer a stronger value than does RedGate.
  - The review of performance at MCRA golf facilities shows that while these courses have also experienced declines in rounds activity in the last few years, the decline has been more severe at RedGate, particularly between 2009 and 2010, when the MCRA courses declined only 1% compared to 8.5% for RedGate.

Subject Facility – General Findings

- The RedGate Municipal Golf Course appears to be a good quality municipal golf facility with a desirable location, good access, and a functional basic physical set up. The golf course at RedGate GC offers an appealing layout, but can be difficult for some less-skilled golfers. RedGate has traditionally been maintained to high standards, but deficiencies in its conditioning were evident to the consultants during the October 2010 inspection (not prime playing season). If left unchecked, these deficiencies could lead to further reductions in the volume of play and, consequently, revenues.
- The course is older, and some of its ancillary amenities may be nearing (or past) the end of their useful life and will be in need of replacement in coming years. Items to consider include:
  - Improvement in turf conditions
  - Improved on-course services (restrooms, drinking stations)
  - Addition of a tournament pavilion
  - Other potential, but lower priority, improvements to the bunkers, cart paths and ponds
- The management and operation of the RedGate GC facility appears to be professional, and NGF observed that facility management has worked hard to reduce the cost of operation in recent years in order to maintain profitability. The City reported to NGF that, at its lowest, the marketing budget for RedGate was minimal. However, in response to the decline in rounds played, the management team has been more active in marketing the facility in an attempt to attract new players, and current marketing and promotion strategies (website, email, promotions, yield

management, tee-time wholesalers, outings, tournaments, etc.) are consistent with industry expectations for maximizing revenue (website, email, promotions, yield management, packages, outings, groups, etc.).

- Overall, it appears that the RedGate GC is not overstaffed, but the total labor cost at the facility is out of proportion when compared to the national and regional golf industry.
- Golfers surveyed by NGF indicated that the food and beverage operation is an area that they would like to see improved with better quality food items and better service. We also note that the 10% percentage of gross payment to the City from the food and beverage concession compares favorably to other municipal golf courses in the region. It is not likely that the City will be able to significantly enhance net revenue to the City by taking over full operation of the food and beverage concession.

Subject Facility – Recent Operational Performance

The RedGate Municipal Golf Course operates as a public golf facility with two primary sources of revenue: golf (and related) fees and concession revenue (merchandise, F&B, etc.). At the time of the NGF Consulting review, the RedGate Municipal Golf Course had experienced a decline rounds activity in both 2009 and 2010 (33,479 rounds in FY2010), after a period of growth in 2006 through 2008 (41,116 rounds in FY2008). Overall, rounds are down considerably from highs in the late 1990s of well over 50,000 to 55,000 rounds per year.

The RedGate Golf Course generated between $1.02 and $1.17 million in golf revenue in FY2008 through FY2010. Total expenses to operate the RedGate GC facility, including all City overhead, debt and depreciation now stands at over $1.6 million, or roughly $47.80 for each round of golf played at the facility.

The revenue and expense budgets for FY2011 combine to produce a loss on the RedGate GC operation in excess of $670,000, up from a $580,000 loss in FY2010. Labor costs represent 60% of total operating expenses (excluding City overhead, debt and depreciation), compared to the industry standard of 50%. The NGF notes a rapid inflation in expenses at RedGate over all years evaluated, largely as a result of increases in personnel costs.

The NGF review shows that RedGate GC would have to increase average revenue per round by 35% (to $41 per round), or increase activity to over 45,000 rounds, in order to generate revenue sufficient to cover basic operating expenses, not including City overhead, debt service or depreciation (reserve for replacement). Based on the NGF review of the market area and rounds/price relationship at other courses in this market, it is not expected that RedGate will be able to produce this level of revenue needed to cover total expenses on the operation.

NGF Consulting Summary of Recommendations

Throughout this NGF report, the consultants have provided recommendations for the continued operation of the RedGate GC. These recommendations have presented in three main categories: (1) Basic Operating Structure; (2) Physical Improvements; and (3) Operational Recommendations. Details of each recommendation are contained in the body of this report. A summary includes:

Recommendation on Basic Structure

NGF Consulting recommends that the City of Rockville strongly consider initiating an RFP for private management services for RedGate Golf Course. The NGF team has observed that the City golf operation is struggling under its current expense structure, especially with respect to the cost of labor and benefits. Rapidly increasing expenses, including the administrative overhead charge from the City that will rise to more than $330,000 beginning in FY 2012, combined with decreasing rounds and revenues have resulted in staff reductions and apparent declines in maintenance condition in recent years.

These circumstances have created an environment in which it is difficult for RedGate Golf Course to compete for market share, especially in the face of the MCRA aggressively improving its golf courses over the last decade. It is NGF Consulting's opinion that course conditions and the quality of support amenities at RedGate are not currently comparable to those at the MCRA golf courses that RedGate competes with, especially given their very similar respective price points. Also, MCRA has a master plan that includes continued investment in their golf facilities, meaning the competitive situation is likely to get worse for RedGate without some fundamental change in the way it does business.

During the course of NGF Consulting's review, we did not perceive that the existing management team or other golf course personnel at RedGate GC are the cause of its struggles, and the results of a golfer survey completed by NGF in this consulting effort seemed to confirm this conclusion. To the contrary, the existing team has a great deal of experience with the property, appears to have a close connection to its customer base, and is actively engaged in trying to increase rounds and revenues, as detailed in this report. NGFC has concluded that RedGate's primary problem, certainly exacerbated by such uncontrollable external factors as the economy and the overall increase in regional golf course supply, is an operating structure that is no longer viable.

RedGate's expense structure is cumbersome due to the relatively high cost of public labor and benefits, resulting somewhat from the fact that the facility has several long-time employees. The fundamental problem that the City faces is that the expense structure must be reduced at the same time that the RedGate facility, which was not long ago considered one of the premier municipal golf courses in the market, must be improved in order to rebuild market share. NGF Consulting does not believe this scenario is realistically achievable under continued City self-operation.

In the Financial Projections section of this report, NGFC presented four cash flow models for continued operations at RedGate:

1. Continued self-operation – "As Is" Scenario
2. Continued self-operation – "Enhanced Revenue" Scenario
3. Management company – "As Is" Scenario
4. Management company – "Enhanced Revenue" Scenario

As we will see below, even under the best case enhanced performance scenario, NGF Consulting has projected that RedGate GC will continue to experience operating losses, and the accumulated golf fund balance will continue to grow, thus requiring subsidy from the General Fund and leaving no money to perform facility improvements.

The management company structure, *preferably with current key personnel remaining in place*, should result in RedGate operating more efficiently, especially if a large company with a strong regional presence is chosen to manage the facility, allowing for synergies and economies of scale with respect to management, purchasing, marketing, and staffing. Retaining a large management company should also ensure that the City gets the most "bang for the buck" on golf course maintenance.

The annual management fee that NGFC has projected for RedGate - $120,000 – is likely to be considerably less than the amount the Golf Enterprise Fund will *save* on administrative / overhead services that are currently provided by the City, but which will now be borne by the management company. Overall, NGF Consulting projects that the total operating expense at RedGate will be reduced by about 20% under the management company structure. Finally, all revenues will belong to the City and all potential revenue upside, including those derived from merchandise, F&B, and driving range revenue centers, will accrue to the City 100% (minus any incentive paid to management company for increasing net revenues).

Physical Improvement Recommendations

NGF Consulting has noted that the overall RedGate GC facility is not in ideal condition and that the golf course is in need of improvements to help: (1) increase the volume of rounds that can be accommodated and thus increase revenue; and (2) help to lower the expense to operate the facility. Among the most important improvements recommended by NGF:

- Improvements in turf condition
- Improvements to on-course facilities
- Addition of a tournament pavilion

Basic Marketing Recommendations

NGF Consulting has presented a series of recommendations designed to enhance the overall business of RedGate GC, both in terms of growing new customers and retaining existing customers. These recommendations, addressed in more detail in the body of this report, related to:

- Customer Service
- Advertising
- Website
- Email
- Brochures
- Outings/Tournaments
- Player development
- Increasing women's participation
- Pace of Play
- Fees (see below)

RedGate GC Pricing Recommendations

Given our analysis of the current competitive golf market dynamic, as well as other factors such as the demographic profile of Rockville, the high cost of living in this market, and the uncertain regional economy, NGF Consulting believes that RedGate GC is generally priced appropriately, given its value proposition. NGF Consulting believes the City should not make any drastic

changes to the golf fee structure at this time, but should consider the following general NGF Consulting fee recommendations:

- Any fee changes to be considered for the short term (ahead of any physical improvements to the course) should be in the direction of offering more discounted fees in the form of Golfnow tee times, other yield management specials (e.g., specials to fill unused tee times one to two days out) or group discounts for outings, rather than substantive changes to rack rates. The ultimate objective of this strategy would be to trade some average rate for volume, especially during off peak demand times, such as mid week and early afternoon.
- Increase the utilization of promotional specials (e.g., packaged with breakfast or lunch, or a pro shop credit) to stimulate play during traditional slow periods.
- Management should continually monitor market conditions and adjust fees as the market dictates. The City should grant more flexibility to management to adjust fees quickly in reaction to market realities.
- Management should streamline the fee structure at RedGate to facilitate ease of reporting and analysis of rounds played patterns, and to present a concise, clear fee structure to customers. NGFC has noted a trend among municipal facilities that includes having fewer rate categories and eliminating published 'rack' discount categories in favor of vigilant day-to-day yield management. While the City seems inclined to retain a nominal $1 discount for residents, NGF Consulting believes that several rate categories can be eliminated / combined with others without substantively harming any constituents. For instance, eliminating senior and junior resident discounts (essentially double discounts), and 9-hole resident discounts would simplify the fee structure somewhat.

RedGate Municipal GC Financial Projections

The results of the NGF Consulting financial analysis of RedGate Municipal Golf Course show that even if the performance of RedGate is improved and rounds are increased to a realistic target of more than 43,000 annually, the facility will still not be able to generate enough revenue to cover all direct expenses and City overhead under the continued self-operation scenario. **Thus the City of Rockville should anticipate that deficits in the RedGate GC Fund balance would continue into the foreseeable future under self-operation and with the facility's current and expected expense structure, even under the "best case" scenario presented in this report**.

In summary, NGF concludes:

1. The continued operation of RedGate Municipal Golf Course on an 'as-is' basis, without facility improvements or reductions in expenses, will likely result in ever-increasing fiscal deficits and City bailouts of the RedGate GC Fund. If RedGate continues to be operated under its current structure, but improves its revenue to a "best case" level of performance, the fiscal situation would improve but not enough to cover all direct expenses and City overhead. Also, the City would have to fund not only the operating deficits (and ultimately once again have to erase the accumulated negative fund balance), but would be left without a funding mechanism for needed facility improvements.

2. The only way to secure fiscal stability within the RedGate Fund is to simultaneously reduce expenses AND grow revenues. Based on the NGF review of this operation, it appears that the most efficacious way to achieve this goal is to outsource the golf operation, with present key management and maintenance personnel retained (if possible), via contract to a qualified management company capable of managing the facility at a much lower rate than the City of Rockville. Under this form of operation, NGF Consulting believes that the RedGate operation should be able to increase rounds and revenues and generate a positive fund balance within a few years.

Summary

In summary, the NGF Consulting cash flow model for the RedGate Municipal Golf Course, assuming a private management company and basic primary facility upgrades, shows the improved golf facility generating significantly improved revenue performance and expense reductions that should help the City replenish the RedGate GC Enterprise Fund over the longer term (2015). However, even with an improved financial scenario, RedGate Municipal Golf Course may still have to operate with Fund deficits for at least the next two or three fiscal years.

Subject Facility – RedGate Municipal Golf Course

The subject property is the RedGate Golf Course, an 18-hole municipal golf facility owned and operated by the City of Rockville, Maryland. The facility consists of 18 regulation golf holes, driving range and clubhouse.

FACILITY OVERVIEW

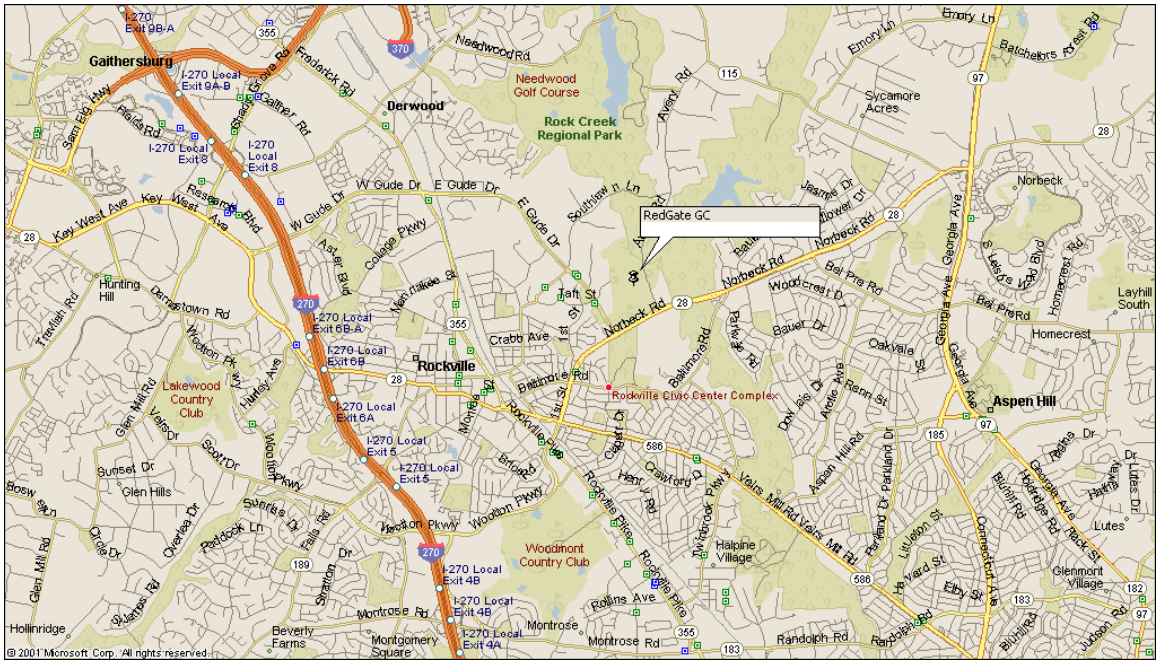
In 1974, the City's government opened the RedGate golf course with the idea that it would serve the golfing needs of City residents, as well as earn extra income from servicing other golfing populations that were not Rockville residents. This facility is well located on the northeastern side of the densely populated City of Rockville, and the 140-acre RedGate Golf Course represents one of the last large areas of undeveloped "open space" within the City limits. The property is zoned as Recreation/Park property, although as recently as 2007 the site was zoned residential.

The facility is reasonably proximate to many of the Maryland suburbs north of Washington, DC between Interstates – 270, 95 and 495. The RedGate golf property enjoys several key amenities that make it an attractive venue for all types of golf-related business, including local resident golf, tourist golf, event golf and small banquet business. However, in the fall of 2010 the golf course playing area appeared to be in slightly deteriorated condition that may constrain the long-term revenue potential of the facility.

Location and Accessibility Analysis

RedGate Golf Course is located along Avery Road, a couple of hundred yards north of Norbeck Road (State Road 28), in Rockville. The course is bounded on the west by a mix of commercial and residential and then E. Gude Road, on the south by Norbeck Road, and on the east and north by Rock Creek Regional Park. The facility is convenient to the surrounding communities with an intersection to Interstate-270 located about 3.5 miles from RedGate, and the Norbeck Road/Georgia Avenue (97 – major north south thoroughfare into Washington DC) intersection located three miles from the property. RedGate is located approximately 15 miles from downtown Washington, six miles from Montgomery Village, eight miles from Bethesda, seven miles from Silver Spring, five miles from Gaithersburg and 12 miles from McLean, VA. This location placed RedGate in the heart of a densely populated metro area, although roadway access is generally served by two-lane surface streets making travel in excess of five to 10 miles slow moving. Generally speaking, golfers coming from the eastern part of Montgomery County do not enjoy easy access to the facility due to the lack of major east-west connectors in the central part of the county. This will change with the completion of the final stretches of the Inter-county Connector in late 2011.

Local Context



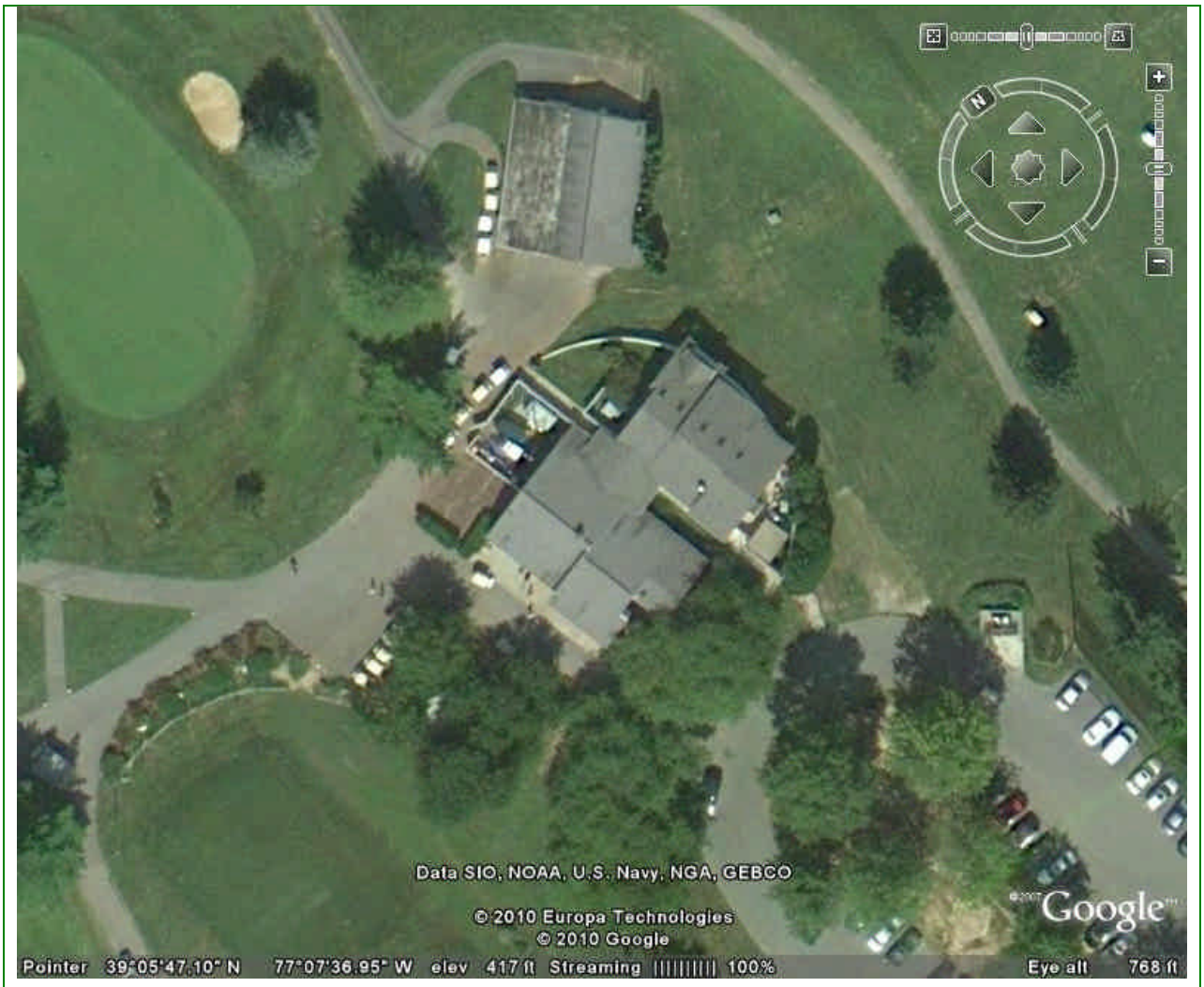
Inventory of Facilities

The RedGate GC golf course represents an interesting municipal golf course, with park-like setting and rolling topography, all bounded by a variety of residential, commercial and park components. The full property of RedGate Municipal Golf Course includes the following elements:

- 18-hole golf course on 140 acres (90 acres of maintained rough, 22 acres of fairway, 5 acres of driving range, 4 acres of tees and 3 acres of greens). Includes 20 greens and 32 bunkers + cart paths.
- Split-plan clubhouse with approximately 5,000 square feet (sf) of space, including pro shop, offices, restrooms and a grill area with balcony.
- Separate 2,200 sf cart storage building.
- Maintenance facility (as part of City Maintenance center).
- Additional acres for parking lot and unused open space.

The aerial images presented below show the basic property configuration and how RedGate GC fits in with its surroundings.

Google Earth image showing the RedGate GC site and its immediate surroundings. We note the limited space available for major enhancements such as expanding the driving range.



Google Earth image showing the portions of the RedGate GC site immediately proximate to the clubhouse. We note that space appears available for a tournament pavilion near the clubhouse

Golf Course

The RedGate Golf Course opened in 1974 and features a design by Therman Donovan, a golf architect with no other golf course designs on record. This is a scenic golf course with interesting topography and numerous mature trees bounded in many areas by natural woodlands. The golf course is of such caliber that it has hosted important golf tournaments over the years, including a regional qualifier for the USGA Public Links Championship, a sectional qualifier for the USGA United States Open Championship, and qualification for the Maryland State Open. RedGate is the home course for two local high school and the Montgomery College golf teams.

The golf course includes a large number of trees and a total of 32 sand bunkers in play. There are few dogleg holes and water in play on nine of the 18 holes. The topography of the golf course also provides for a few “blind” shots where the golfer does not see the target area from certain locations, thus adding to the challenge.

The facility consists of one 18-hole, par 71 golf course measuring 6,458 yards from its longest tee, a distance that would be considered “short” by modern standards. Many “championship”

golf courses today are in excess of 7,000 yards. However, the RedGate forward tee is 5,271 yards, which may be slightly long for women players. It is highly desirable for top-quality public golf courses to have a forward (ladies') tee at under 5,000 yards. The scorecard below shows the relative difficulty of the RedGate golf course from its farthest tee where the USGA slope rating (a golf industry standard measure for golf course difficulty) is 129, moderately higher than the "standard" USGA Slope Rating of 120. However we note the "standard" slope rating of 120 is for a par 72 course and RedGate is a par 71. This type of golf course layout tends to have limited appeal for seniors, ladies, junior golfers and other beginners.

RedGate Municipal GC				
Tee	**Par**	**Yards**	**Slope**	**Rating**
Back (Black)	71	6,458	129	70.9
Middle (Gold)	71	6,119	126	69.5
Front (White)	71	5,703	124	67.5
Ladies (Red)	71	5,271	112	70.2

Overall, RedGate Golf Course has the basic layout and amenities to offer a high quality golf experience with good basic design, tree-lined holes and a lot of topography. RedGate Golf Course possesses design characteristics and features that are comparable to other public golf courses in the market area and consistent with its target fee level.

Clubhouse

The RedGate clubhouse dates back to the original 1974 opening, with an addition in 1993 that doubled the size of the facility and added space for a larger snack bar and pro shop. The building now includes a total of approximately 5,000 sf comprising the following elements (sizes estimated by NGF Consulting):

RedGate Clubhouse	
	Square Feet
RETAIL / PRO SHOP AREA	**800**
SNACK BAR (INCL. STORAGE)	**2,400**
OFFICES	**600**
OPEN/RESTROOMS/OTHER	**1,200**

The clubhouse at RedGate GC includes features that are appropriate for a municipal golf facility. While the size may be insufficient for larger parties, the snack bar at RedGate can comfortably host up to 55-60 patrons for a seated indoor gathering. As many golf tournaments will be as large as 72 (4 golfers per hole), the space may be limited for these types of events, and certainly too small to accommodate larger (8 golfers per hole) charity-type golf events that are common in the area. There is also an outdoor veranda just off the main dining area that faces east and overlooks portions of the golf course. The building also includes a pro shop area and men's and ladies' restrooms, plus an administrative office and a foyer/entrance area. The base parking lot for the golf course includes up to 110 defined parking spaces, which is adequate for an 18-hole public golf course.

Practice Amenities

The modest golf practice facilities at RedGate include a driving range, practice green and small practice chipping area. The teeing area for the driving range is limited to about 15 patrons, and is not deep enough to allow for the 20(+ or -) tee positions needed to maintain healthy turf on the tee. Also, the driving range is only about 225 yards in length, making it too short to accommodate the hitting of golf clubs that send the ball beyond 225 yards. In the golf industry, ranges of this type are referred to as “irons-only” ranges. Another issue with the driving range at RedGate is the location relative to the clubhouse (where range balls are purchased) and parking area. While the range is not convenient for walking golfers, the cart path system is adequate to accommodate golfers in carts.

Given the relatively low revenues traditionally earned by the driving range at RedGate, as well as the closure of the 100-stall stand-alone Mid-Atlantic driving range in Rockville in the last few years, club management has considered ways to further improve the driving range at RedGate, including expanding the area or even adding some type of lighting system for night use. However, given the size constraints of the range and the location away from the parking lot, it is not likely that significant improvements would be physically possible and/or cost feasible for RedGate.

Maintenance Facility/Cart Storage

The maintenance facility is the operations center of the golf course and is the location for all facility maintenance equipment. It is important that the maintenance facility be of adequate size and provide the appropriate shelter for personnel and equipment. The maintenance facility is original to the golf course (1974) with some additions made over the years. The facility is located as part of a larger City maintenance compound on the west side of the RedGate property, in immediate proximity to the driving range and 11th-12th holes, with paved pathways leading to the facility from the parking lot and the clubhouse. The maintenance compound includes a total of over 6,000 sf of indoor space, including approximately 1,000 sf of office/staff area. Although the golf course maintenance building does show some deterioration and has modest space limitations, the NGF did not find any critical issues that would materially affect the operation and maintenance of the RedGate golf course and thus no investment to improve this area is recommended at this time. The City should consider some upgrade and/or expansion of this facility as part of a longer term plan (beyond 10 years) for the facility.

The City of Rockville owns all of the maintenance equipment at RedGate and is replacing pieces on an as needed basis. It appeared to NGF that the maintenance equipment was being well cared for and the City is getting maximum length of service from each piece. The NGF does not recommend any change in the procurement program for golf maintenance equipment.

Carts are stored in a separate cart storage barn of approximately 2,200 sf just to the north of the clubhouse. This barn has space for approximately 55 carts, an amount that is insufficient for an 18-hole public golf course. The NGF usually recommends at least 65 carts for a golf course of this type, and the RedGate staff reported the need to lease 20 additional carts for peak demand periods. The NGF also noticed slight deterioration on the cart barn, although this did not appear to be critical. Enhancement and/or expansion of this facility should be a long-term (beyond 10 years) consideration for RedGate GC, but is not recommended at this time.

GOLF COURSE PHYSICAL EVALUATION

As part of this comprehensive research effort, the NGF Consulting team has provided an evaluation of the physical condition of the RedGate golf course playing area, and will offer some basic ideas on what improvements could be made to bring this facility to its optimum operating

condition, thereby allowing for maximum use and facility revenue. The evaluation covers the base facilities (i.e., the golf course, golf amenities, and maintenance operations). The method for evaluating the facilities involved physical tours of the facilities, interviews with staff charged with maintaining the facilities and review of previous USGA Turf Advisory reports. Additional knowledge was gained from professionals familiar with these types of golf operations, review of previous reports and evaluations, interviews with golf operators in similar climates, and from available aerial photography resources.

The purpose of this evaluation is to give the City management team an understanding of the current golf course conditions as well as preliminary guidelines for improvements to consider for the future. The golf course improvements to be considered are those that would: (1) clearly improve the aesthetic condition and overall appeal of the golf course; (2) lead directly to enhanced revenues; or (3) help to reduce golf course maintenance costs. These improvements can be implemented in phases based upon the facilities budget.

Overview

As with any living thing, a golf course deteriorates with time (see Golf Course Life Cycle in **Appendix A**). RedGate Municipal Golf Course is no different than any other golf course, and the City should carefully consider a formal capital improvement master plan for likely short-term and long-term improvements to the golf course. Some features have passed their normal life expectancy and should be rebuilt immediately. Other features of the golf course can be expected to be replaced or rebuilt within the next 10 years.

Golf Course Condition

The NGF Consulting inspection of the RedGate GC shows that the golf course is in acceptable, but not ideal, condition in October of 2010. We note that the NGF inspection occurred during the "off-season" when overall turf conditions were not the highest priority for the golf course superintendent. The problems on the golf course observed by NGF appear to be the result of a challenging summer climate in 2010, with some impact from reductions in maintenance personnel. **In short, issues at RedGate appear to be more a result of maintenance items as opposed to capital needs or upgrades.** This is a concern, because NGF believes that the most valuable asset at RedGate GC is the high quality of the golf course and its historically high quality of maintenance. The most significant NGF concerns include:

- **Overall Turf Condition** – The condition of the greens, fairways and tees was not ideal during the NGF inspection in October of 2010. It is believed that most of the problems observed by NGF are a result of natural causes (hot, dry summer) and that the maintenance superintendent is aware of, and actively trying to correct these issues. It is hoped that another cool winter and spring season may help to mitigate problems on the golf course that are a result of excessive summer heat and dryness. The issues related to overall turf conditions at RedGate are not considered by NGF to be a high priority capital item, but rather a continuing maintenance issue that should be addressed as part of the facility's annual maintenance budget.

- **On-Course Facilities** – RedGate has limited on-course restroom facilities other than portable restrooms on holes #5 and #16 that do not include running water or electricity. A covered outdoor pavilion of some type to host larger tournaments may also help to attract new business to the facility. Several areas of cart paths are damaged, adding to discomfort for golfers and wear and tear on the carts.

In addition to needed turf and on-course facility upgrades, NGF Consulting has noted several other improvements that could benefit the overall condition of RedGate GC, but which are less critical since they would either not directly increase rounds or revenue, or the expense to complete the item may not be justified. These secondary upgrades include improving bunkers, lighting the driving range and renovating the greens.

The maintenance practices appear to be appropriate for this facility based on NGF Consulting experience. Overall, a high quality of maintenance should remain a high priority for the City of Rockville. If the golf course conditions decline further, the RedGate facility will become less appealing, leading to further reductions in revenue, leading to cuts in expenses and a "death spiral" cycle will be very much in play for RedGate. Put simply, the golf course conditions need to be improved in order to maintain the present levels of rounds and green fees and to allow the possibility of growth in both areas.

The RedGate golf course includes 140 acres, which may be slightly high for a full-length 18-hole golf course (120 acres is standard for 18-hole golf course property including all ancillaries), and thus total maintenance requirements are expected to be greater than for other comparable 18-hole courses with lower acreage. The number of bunkers on the course (32) also requires greater detail attention in course maintenance, as well as the high areas of dense tree cover that create additional maintenance requirements. Overall, NGF expects that RedGate will have maintenance requirements that are on the high end of the scale of comparable golf courses.

Recent Changes

Over the last decade, the City of Rockville has undertaken several projects or initiatives designed to enhance the RedGate golf course, or improve the economic performance of the facility. This includes the 1998-99 upgrade to the irrigation system at a cost of $485,000 that was taken from the course's accumulated cash reserves. In 1998, a cell tower was added along side the 15th hole with an expectation that lease income from the tower would go toward the golf course budget. In 1999, the Rockville Mayor and Council made the decision to divert the revenues to another City fund at a time when RedGate was doing very well financially and rounds were at peak. In 2004, the City implemented a new business plan for the golf course that included a change of some golf course maintenance workers from full-time to part-time, thus saving on maintenance expenses.

In 2007, the City undertook a storm water retention project that affected the northern most section of the golf course and caused changes to the driving range and a narrowing of the par-4, 11th hole to such an extent that it diminished the appeal of the hole as a par-4. In 2010, the City began a project to change the configuration of several holes that were affected by this storm water project, including a plan to shorten the 11th hole to a scenic par-3 over water and lengthen the 9th hole to a par 5. When complete in 2011, the changes should provide for a better natural fit of the storm water runoff and pond at the north end of the range and the 11th hole.

Primary Golf Course Improvements

Based on our review of the RedGate GC facility and interviews with key staff on property, NGF Consulting has detailed the following highest priority improvements for the City of Rockville to consider for the subject golf operation. A summary of the improvements is as follows:

- **On-Course Facilities** – RedGate has limited on-course restroom facilities that are functioning without utilities. RedGate would benefit from the addition of new restroom facilities at the present location (between #5 and #16) and an additional structure –

perhaps near the 12h - 13th hole. ***(NGF estimate appx. $50,000 to $70,000 to add two new restroom facilities with water and electric service.***

- **Tournament Pavilion** – One item that is growing in popularity at public golf courses is a covered outdoor pavilion for use with tournaments and other large gatherings. This is popular due to the much lower cost than expanding the clubhouse, while still allowing for adequate service to larger gatherings of patrons. Popular design features include ceiling fans and fixed bar-b-q grills, along with space to comfortably seat 125 to 150 patrons with portable folding tables and chairs. ***(NGF estimate appx. $60,000 to $90,000 to add a new tournament pavilion, inclusive of expenses to clear the space and remove the existing patio).***

Possible site for tournament pavilion just to the west of the clubhouse, where a small patio and gazebo presently exist

- **Cart paths –** The condition of asphalt cart paths at RedGate is deteriorating. Although not high on the priority list, improvement of this area will help save wear and tear expense on cart maintenance and make the golf round more enjoyable for golfers, leading to repeat play. **(NGF estimates that improvements to cart paths will cost around $9 to $11 per linear foot of cart path, or roughly $36,000 to $44,000 for the roughly 4,000 linear feet needed for upgrade).**

Selected areas of cart paths at RedGate showing root damage,
making for uncomfortable cart riding and increased wear on carts

Secondary Golf Course Improvements

In addition to the primary items detailed above, NGF Consulting recommends several other items of improvement be considered for the facility as budget allows. Again, we note that these items, while important, are less urgent and do not tie directly to increased revenue, or are such a large expense so as to be less cost justified. Some of these projects could be completed in-house by maintenance staff and thus would result in increased maintenance costs, rather than capital investment. These items include (in order of priority importance):

- **Arbor Care** – The trees on the golf course and around the property are in need of some pruning, and there are some trees that may have to be eliminated entirely for the safety of the golfing public. While there are too many trees to count that will need attention, some program for improved Arbor care should be implemented, making this an increase in maintenance rather than a capital expense item. ***(NGF estimates appx. $30,000 per year additional maintenance budget for Arbor care and management).***

- **Bunkers** – Several bunkers on the golf course are in need of repair to fix erosion and drainage problems. Also, many of the bunkers on the RedGate golf course have ragged edges that are not ideal for play and unattractive. Although not as critical an element to the potential to grow revenue, this golf course could be enhanced with upgrades to the sand bunkers on the course, both in terms of aesthetics and playability / challenge. We noted that the total number of bunkers on the course was 32, with approximately one-half in need of upgrade. ***(NGF estimates appx. $7,800 per bunker for repair and renovation = $125,000 total for the project over five years).***

Selected bunkers showing some edging problems that result in increased maintenance attention

- **Fairway Turf** – Some of the ryegrass fairways have also declined during the hot and dry periods of 2010. While portions of this damage appear to have recovered on their own, it is expected that the superintendent will continue to follow the USGA recommendations to aggressively overseed with perennial ryegrass. This may result in increased maintenance costs, required to protect the long-term condition of the fairways. ***(NGF estimates appx. $15,000 to $30,000 per year additional maintenance budget {materials and labor} for improved fairway turf).***

Selected fairways at RedGate showing turf problems in 2010

- **Greens** – The greens are 36 years old and may be reaching the end of their useful life expectancy (see **Appendix A**). In the summer of 2010, the USGA raised concern about the impact of Fairy Ring, a condition of stress mostly caused by hot and dry conditions, as was the case in Rockville during 2010. The maintenance superintendent has been aggressive in trying to combat the condition, following the plan outlined by the USGA that includes use of fungicide applications that are more expensive than common fungicides. In the coming years, it is likely that RedGate GC will have to consider a full greens replacement, although NGF does not see this as a critical element to growing revenues or reducing expenses for 2011 to 2015. ***(NGF estimates appx. $250,000 to $500,000 in green upgrades, depending on the extent to which these are completed. Not a high priority item).***

Selected greens at RedGate showing turf problems and Fairy Ring

- **Driving Range** – The facility offers a driving range with size limitations and is only open during daylight hours. Expansion of, and/or lighting, the range could be source of additional income to the facility. However, it does not appear that space is available to increase the size of the range and the cost to expand and light the range would be much higher than the income generated. Still, this is an item for consideration in the longer term future of the facility. ***(NGF estimates appx. $40,000 to $80,000 to expand and light the range, plus additional annual expense for electric power for lights).***

Estimated Cost of Physical Improvements

The estimated cost to complete the above noted facility improvements is detailed in the table below. The $204,000 estimate for primary improvements assumes the project will be funded by an annual capital reserve program, presently itemized as "depreciation." Additional items may have to be financed via debt instrument such as bonding. The annual (non-capital) items should be included as additional maintenance expenses.

RedGate Golf Course Recommended Improvements	
	Estimated Cost
Highest Priority Items	
New Restroom Facilities	$70,000
Tournament Pavilion	$90,000
Cart Path Completion	$44,000
Total High Priority	**$204,000**
Additional one-time lower priority items:	
Greens replacement	$500,000
Driving Range Expansion and Lights	$80,000
Total Capital Upgrades	**$784,000**
Annual (non-capital) Items	
Tree Removal/Arbor Care (annual)	$30,000
Overall turf enhancement (annual)	$30,000
Bunker Enhancements (annual 5 years)	$25,000
Total Lower Priority (Annual)	**$85,000**

PRESENT OPERATIONAL ISSUES

The RedGate Municipal GC is owned and operated directly by the City of Rockville, through the Recreation and Parks Department. RedGate does have a separate Enterprise Fund (RedGate Golf Fund) and thus it must pay the City of Rockville for various administrative services such as accounting, legal, payroll, human resources and information technology, etc., as well as for the services of the City Manager and Recreation and Parks Director, both of whom have oversight responsibilities to the golf course. The City charges the RedGate fund for these services according to a formal City-wide cost allocation plan adopted in 2010. City records indicate that these administrative charges were approximately $60,000 per year up to 2000, when City administrative charges increased to $180,000. Between FY2007 and FY2011, the City reduced the annual administrative charge to between $89,500 and $97,900. The budget shows a total of $165,760 in administrative charges for FY2011 (current year) and $335,000 for administrative charges beginning in FY2012. NGF research has shown that there is no clear "standard" for these administrative charges for municipal golf courses as data we have collected shows a wide variance in actual charges incurred by golf enterprise funds (**Appendix B** - golf enterprise fund admin. charges). However, based on the type of facility, the nature of administrative services being provided by the City, and other similar-earning municipal golf courses, the NGF estimates that a comparable non-municipal golf course would have administrative expenses in the $180,000 to $200,000 range per year, inclusive of senior management staff (P & R Director/City Manager).

The RedGate Golf Fund has been in existence from the very beginning of the golf course and was reported to have a positive balance for at least the first 25 years of its existence. Beginning around the year 2000, the performance of the RedGate Golf Fund began to decline along with the balance of the fund. The loss recorded on the operation of the RedGate Golf Course included the internal City administrative charges. By the end of FY2010 the RedGate Golf Fund had accumulated a total deficit of over $1.7 million. This was combined with a projected FY2011 loss of approximately $700,000 for a total accumulated deficit of $2.4 million by the end of FY2011. In September 2010, the Rockville City Council voted to fully fund the entire $2.4 million RedGate deficit out of the City's General Fund.

In 2006, the City undertook a plan to create and implement a full business plan for the operation of the RedGate GC. The basic goals of the business plan were to increase rounds played and total average revenue per round at the course. The plan included an allocation of $372,500 to be used for facility enhancements and marketing of the golf course. As of January 2011, the City is reporting to NGF that this full allotment has been spent completely, or has the funds committed to projects under construction (improvements to #11 and #9).

Head Golf Professional

RedGate employs a full-time Head Golf Professional (Kieron Mooney) to serve as on-site manager for this golf property. Mr. Mooney has been in this position for a total of nine years and has been employed at RedGate for a total of 19 years. It is the opinion of the NGF based on our 2010 review that this individual is highly qualified for the position, and has earned several accolades and awards (PGA Merchandiser of the Year in 2006).

The system in place at RedGate includes a City salary for the Head Golf Professional, plus additional income derived from direct ownership and operation of several ancillary facility revenue centers, including the pro shop, snack bar, driving range and lessons. The distribution of these revenues between the Head Professional and the City is as follows:

RedGate Golf Course Golf Professional Concession Agreement		
Revenue Center	**Notes**	**Pro Payment to City**
Pro Shop	All employees are City staff.	$2,750/yr.*
Snack Bar	Employees paid by Pro. Pro also pays cost of sales. Pro owns liquor license.	10% of gross sales
Driving Range	Some employees paid by Pro. Pro also pays cost of sales.	10% of gross sales
Lessons/Club Repair	Some employees paid by Pro. Pro also pays cost of sales.	$1,000
*Reduced in FY10 to $2,750 from $4,250 due to declining sales in the pro shop.		

The above-detailed arrangement has a basic framework that is generally common in the municipal golf industry, but which has fallen out of favor in the last decade. The primary reason for the decline is the overall benefit to the municipality of having all revenues treated equally,

even if there is a revenue sharing arrangement between the Golf Professional and the City. The NGF will provide greater analysis and opinion on Golf Professional compensation in the review of management alternatives presented later in this report.

Other Staffing

In addition to the Head Golf Professional, the other key staff position at RedGate GC is the Head Superintendent, presently staffed by Ray Evans who has been with the City at RedGate since 1977. Both senior on-site positions report directly to the Director of Recreation and Parks (DRP). As such, the DRP have the ultimate authority on policy (such as fees and specials) at RedGate, along with input from Mayor and City Council. This basic staffing structure is consistent with other municipal golf courses in the U.S., although the NGF has seen a recent trend away from the type of Golf Professional concession agreements like this one. Other trends include efforts to reduce some full-time positions to part-time positions to save on payroll expenses. NGF will address staffing in our recommendations presented later in this section. A summary of positions at RedGate (**includes both City staff and concession staff employed by contractor**) with comparison to U.S. averages for premium public courses follows below:

RedGate Golf Course
Golf Operations Staffing – 2010-2011

Position	2010	2011 Budget
Head Golf Professional (FT-Salary)	Staffed	Staffed
Assistant Golf Professional (FT – Salary)	Staffed	Staffed
3 Asst. Golf Professionals (FT - Hourly)	Reduced to 2	Staffed
Food and Beverage (FT – Hourly)	Staffed	Staffed
3 Golf Shop Assistants (PT-Hourly)	Staffed	Staffed
8 F & B Staff (PT-Hourly)	Staffed	Reduced
8 Cart Staff (PT-Hourly)	Staffed	Reduced
10-15 Starter/Player Asst. (PT-Hourly)	Staffed	Reduced
Total Golf Operations	**13.0 FTE**	**12.0 FTE**

RedGate Golf Course
Golf Maintenance Staffing – 2010-2011

Position	2010	2011 Budget
Maintenance		
Head Superintendent (FT-Salary)	Staffed	Staffed
Asst. Superintendent (FT - Salary)	Staffed	Staffed
Lead Mechanic (FT - Salary)	Staffed	Staffed
3 Technicians (FT – Salary)	Staffed	Approved for 4
2 Technicians (PT – Hourly)	Staffed	Staffed
4 Seasonal Workers (PT - Hourly)	Staffed	Staffed
Total Maintenance	**9.0 FTE**	**10.0 FTE**

While there is no formal or quantitative way of establishing the quality or value received from these positions, it is the opinion of NGF Consulting that RedGate Municipal GC is employing high quality and dedicated personnel that are providing a high level of service to customers.

Staff size is comparable to golf courses of similar operation (see below). There are no industry standards that can be referenced to determine the appropriate staffing levels for a golf

operation. The number of staff needed for a particular golf operation depends on several factors, not the least of which is budget considerations. Personnel costs typically represent the largest single expense item in a golf course operation, as is the case for RedGate. Therefore, an analysis of these costs is essential to understanding the financial performance of the City golf operation. It appears that RedGate GC cannot reduce staffing any further without jeopardizing the quality of the product offering, unless perhaps more positions are modified from full time to part time in nature. We note that there are only eight full-time salaried employees in this operation and it does not seem that there is room for any further reductions. The NGF review of public golf operations nationwide in 2008 revealed the following averages for full-time staffing at 18-hole daily fee golf courses nationwide:

U.S. Averages
Distribution of Staffing – Full-Time Equivalents (Year-Round)

		Total U.S.	Daily Fee Golf Courses by season length		Municipal Golf Courses by season length	
	RedGate GC*	**Avg.***	**10-12 mos.***	**<10 mos.***	**10-12 mos.***	**<10 mos.***
Golf Maintenance Staff	**9.0**	10.0	9.5	7.0	10.5	9.0
Pro Shop Staff	**8.0**	9.5	9.0	7.0	10.5	7.5
Clubhouse Staff (F & B)	**5.0****	3.0	3.0	2.0	2.0	2.5
Total	**22.0**	**22.5**	**21.5**	**16.0**	**23.0**	**19.0**

Source: Operating & Financial Performance Profiles of 18-Hole Facilities in the U.S., National Golf Foundation. *Based on combination of pt and ft – volunteers not counted. **F & B includes Pro-employed staff

POS System

Up through the middle of 2010, RedGate GC had been operating without a formal point-of-sale (POS) system for accurate record keeping and management analysis. In July 2010, the City implemented the *Active Golf Solutions* POS system for all aspects of the business. A high quality POS system that integrates with all business segments is highly valuable in a public golf operation such as this one, for ease of both internal and external reporting, as well as providing a better understanding of the facility's customer base and what sales are made and when. This is important for both planning and marketing purposes.

Food and Beverage Operations

The food and beverage service at RedGate is provided through two separate venues of operation: (1) RedGate Café; and (2) beverage cart service. The café service includes counter or table service of a basic menu of items consistent with a "standard" public golf course, including: breakfast items (eggs, toast, muffins, etc.) from between $3 and $5; lunch items (sandwiches, hot dogs, chili, burgers, etc.) from between $4 and $8; plus a full selection of beverage items (including beer and wine). The snack bar also includes four refrigerated "grab-n-go" coolers with bottled/can sodas, sport drinks and beer, plus some pre-packaged sandwiches and snacks. The kitchen is small but functional and includes a deep fryer, stove, burner, grill and sandwich prep area. It appears that storage space is limited and additional storage has been added outside the kitchen.

As noted, the Head Golf Professional has a full concession agreement for this business and owns the beer and wine liquor license for the facility. Total revenue from the food and beverage operation at RedGate has been as high as $130,000 in 2007 and 2008, falling to just over

$110,000 in 2009 (more later in this report). The "standard" for public golf courses in the U.S. is $5.88 per round of golf for food and beverage, equating to roughly $197,000 in "expected" food and beverage revenue at RedGate (**Appendix C**).

With only a 10% share, the City of Rockville does not appear to have a significant economic stake in the food and beverage operation at RedGate, and the revenues would have to grow significantly for the City's share to increase beyond $20,000 per year. However, the food and beverage operation at public golf facilities is a key associative amenity and good food and beverage service can be a driver to increase rounds of golf, especially in the tournament/outing segment.

Food and Beverage Summary

In summary, NGF Consulting believes that the food and beverage operation at RedGate has the potential to offer the appropriate complement to the overall facility, although RedGate customers seem dissatisfied with the quality of service (more in Golfer Survey section). The concessions in place at RedGate are adequate to service golfers, both daily fee players and players in smaller tournaments. RedGate does not appear to be an attractive venue for larger golf and non-golf events and parties (in excess of 60 patrons) that would be higher margin and thus can enhance total F & B revenues.

Our review of pricing suggests that the menu generally seems to be in order when compared directly to other golf operations where the quality is comparable. There are some "hot dog" stand / snack bar operations in place at public golf courses in the Montgomery County area and prices at those facilities are comparable to RedGate GC.

Current Marketing Efforts

Traditionally, RedGate GC did not market itself aggressively and the staff reported to NGF that there were times before 2000 that there was no marketing budget at all for this facility. In FY2011, the marketing budget for RedGate was $30,000, an amount that is generally consistent with NGF recommendations for marketing budgets of between 2% and 4% of total gross facility revenue (RedGate is 3% in FY2011). The present management team has become very aggressive in marketing the RedGate facility. Given today's highly competitive marketplace a strong marketing plan is required for public golf operations like RedGate GC.

The NGF review also shows that RedGate staff is implementing a marketing program that contains the key elements that the NGF will typically recommend for a high quality public golf course like RedGate. Key areas of marketing focus at RedGate include:

- **Website** – The centerpiece of marketing at RedGate GC is the facility's website (www.RedGategolf.com) This site appears to be very well done for both golf and the RedGate Café, and contains all of the key elements recommended by NGF for successful golf websites (scorecard, up-to-date information, tee-times, rates, tournament information, directions, course tour and much more). Most important is the ability to book tee times directly through the site.

- **Social Networking Sites** – In enhancing its web presence, RedGate is actively posting on several social networking sites such as Facebook and Twitter in an effort to boost exposure of the golf course.

- **Email Program** – RedGate has a very active email program to keep the club in touch with its customers.

- **Comcast Cable TV.** RedGate runs a commercial produced in-house by The Rockville Channel (TRC). The commercial contains information about specials and is shown mostly on the Golf Channel around PGA Tour events. It is also shown on The Learning Channel and The Discovery Channel. **Cost = $10,000 a year**.

- **The Gazette Newspaper**. Several different ads are run for approximately seven months. **Cost = $6,500 a year**.

- **Innovative Marketing Concepts, Inc.** This is a guest map advertiser that is in the three biggest hotels in the Rockville area. Those hotels are Marriott, Hilton, and Legacy. **Cost = $2,000 a year**.

- Other ads are placed in Chinese, Korean, and Latino local newspapers. **Cost = $800 a year**.

- **Golf Now/The Golf Channel.** This deal is new for 2011 and includes E-mail blasts promoting slow selling tee times and some website services. **Cost = $3,600 a year**.

- **Gmail.** RedGate e-mail account has just been created from capturing player profiles in the new POS system. RedGate estimates having 1,000 e-mail addresses.

- **The Tee Time Pass Book.** A discount tee time book sold to the public. It is the biggest discount book on the market. RedGate is featured heavily and part of the e-mail blast to their 25,000 customers.

- **The 2011 Golf Passport discount book**. Run through the Mid Atlantic PGA, this book offers discounts to its buyers. RedGate has very limited involvement because the discounts are too steep.

- **In-house Promotions.** They are advertised with posters and flyers at City Hall and all the recreational facilities that the City of Rockville operates.

NGF Commentary on RedGate Marketing

The NGF review of the RedGate marketing program shows the club is placing emphasis in the most appropriate areas that NGF industry research has shown can provide the most direct impact on a high quality public golf operation. Website and direct email marketing have been shown to be the most effective marketing at golf courses nationwide. The NGF has estimated that upwards of 90% of all golfers get information about golf courses they are considering for play from the internet.

Just as important, RedGate GC management has worked hard to enhance efforts with the *Golf Channel's* marketing arm, *Golf Now,* which is an effective way of selling off-peak tee times that are typically hard for public golf courses to sell on their own. Given that RedGate GC is competing in its local market against a large conglomerate with multiple golf courses (MCRA), the *Golf Now* program appears to be a great equalizer for RedGate. Other efforts such as direct tie-ins with local lodging facilities, especially in conjunction with a major tourist draw like Washington DC, will also show a greater return than any print advertising. Other key items to consider:

- **Trackable** – The most effective advertising activities are ones that can be tracked, showing effectiveness.
- **Labor intense** – Social media marketing is growing in golf and should be used to communicate with golfers who are NOT presently customers and drive them to learn more about a property. Existing RedGate customers should be communicated to via email. We note that posting "tweets" in social media is time consuming and should be evaluated on a regular basis to gauge effectiveness.
- **Print not Dead** – Although various forms of print media are less popular with golf facilities in the internet age, this area of golf marketing is not totally dead. Print media can help raise brand awareness and promote the image of RedGate, even if at a quick glance or to drive prospects to the website for more information. Items like magazine ads and rack brochures are still effective in the Montgomery County market and should be included in the facility's marketing plan.

Fee Structure

The table on the following page displays the daily playing fees for RedGate GC from 2008 through 2010. We note a relatively consistent level of fees over the period shown, with increases mostly in the highest fee weekend / holiday rates (increased $5 since 2008). Management also reduced the resident discount from the previous $2 to $4 (depending on type), to $1 across all rounds. Later in this report, the NGF will review the overall market position of RedGate in direct comparison to fees charged at its competitive set, which comprises several of the Montgomery County Revenue Authority golf courses.

RedGate Fees						
	2008		2009		2010	
	Resident	Other	Resident	Other	Resident	Other
Monday-Friday						
9 Holes	$18.00	$20.00	$20.00	$21.00	$21.00	$22.00
9 Holes Senior	$14.00	$16.00	$16.00	$17.00	$17.00	$18.00
9 Holes Junior	$13.00	$15.00	$15.00	$16.00	$15.00	$16.00
18 Holes	$32.00	$35.00	$37.00	$38.00	$38.00	$39.00
18 Holes Senior	$28.00	$30.00	$32.00	$33.00	$32.00	$33.00
18 Holes Junior	$25.00	$27.00	$29.00	$30.00	$29.00	$30.00
Saturday/Sunday/Holiday						
9 Holes	$23.00	$25.00	$23.00	$25.00	$24.00	$26.00
18 Holes	$38.00	$42.00	$44.00	$45.00	$46.00	$47.00
Golf Cart Fees (per person)						
9 Holes	$10.00		$10.00		$10.00	
18 Holes	$15.00		$15.00		$15.00	
Mid-morning Special	$10.00		$10.00		discontinued	
Twilight	$10.00		$10.00		$10.00	
Multiplay Cards						
7-Day	$380.00	$420.00	$484.00	$495.00	$506.00	$517.00
Monday-Friday	$330.00	$350.00	$407.00	$418.00	$418.00	$429.00
	2008		2009		2010	
	Walk	Ride	Walk	Ride	Walk	Ride
50 Years and Older - 18 Holes Open to 3 pm						
Monday - Friday	$25.00	$30.00	$25.00	$30.00	$30.00	$35.00
60 Years and Older - 18 Holes Open to 3 pm						
Monday - Friday	NA	NA	NA	NA	$25.00	$30.00
Twilight - April through September After 4 pm						
Monday - Friday	$25.00	$35.00	$29.00	$39.00	$20.00	$25.00
Saturday - Sunday	$30.00	$40.00	$35.00	$45.00	$20.00	$25.00
Ladies Day Special						
Tuesday - Thursday	NA	NA	NA	NA	$30.00	$35.00
Military, Police, Fireman Special						
Monday - Friday	NA	NA	NA	NA	$28.00	$38.00
Saturday - Sunday	NA	NA	NA	NA	$35.00	$45.00

Season Pass / Multi-Play Discount Plans

In addition to the green and cart fees noted above, RedGate also offers other multi-play discount programs available to all golfers.

Multiple Play Card

Under this program, golfers can pay for 11 rounds of 18 holes in advance and get 3 rounds of 18 holes for free. RedGate offers two multiple play card options: Monday to Thursday or 7 days-a-week. The minimum savings is $160.00.

RedGate GC Multi-Play Card	
Card Type	**Cost**
Resident 7-Day	$506.00
Non-Resident 7-Day	$517.00
Resident, Monday to Thursday	$418.00
Non-Resident, Monday to Thursday	$429.00

6-Month and 10-Month Passes

In addition to the multi-play cards, RedGate is also offering a pass for unlimited greens fees for individuals and families. These are available as 6-Month passes (from April thru September), or as 10-Month passes (from March thru December). The fees for these passes are shown in the table below:

RedGate GC 6 and 10 Month Passes	
Pass Type	**Cost**
10-Month Resident, 7-Day, Individual	$1,558.00
10-Month Non-Resident, 7-Day, Individual	$2,076.00
10-Month Resident, Monday to Friday, Individual	$1,148.00
10-Month Non-Resident, Monday to Friday, Individual	$1,638.00
10-Month Resident, 7-Day, Family	$2,349.00
10-Month Non-Resident, 7-Day, Family	$3,168.00
10-Month Resident, Monday to Friday, Family	$1,748.00
10-Month Non-Resident, Monday to Friday, Family	$2,744.00
6-Month Resident, 7-Day, Individual	$1,251.00
6-Month Non-Resident, 7-Day, Individual	$1,662.00
6-Month Resident, Monday to Friday, Individual	$908.00
6-Month Non-Resident, Monday to Friday, Individual	$1,311.00
6-Month Resident, 7-Day, Family	$1,880.00
6-Month Non-Resident, 7-Day, Family	$2,535.00
6-Month Resident, Monday to Friday, Family	$1,398.00
6-Month Non-Resident, Monday to Friday, Family	$2,185.00

Discount Plan Analysis

The table below summarizes some key metrics for the two key discount programs in place at RedGate – the multi-play cards and the 6- and 10-month passes. Data collected from RedGate GC shows that the number of discount cards sold was as high as 418 in FY2008, decreasing rapidly to only 225 sold in FY2010 and as few as 130 +/- in FY2011. The staff reported to NGF that it was growing more and more difficult to sell these passes in light of City discussion to close the golf course. Golfers were concerned that there would not be a refund for unused rounds if the course was closed. As shown in the table below, this plan offers a nice discount for golfers with an average of $32.86 per round on the cards in FY2010, even when the full allotment of 14 rounds is not played.

RedGate GC Discount Card Analysis – 2007-2010

	FY07	FY08	FY09	FY10
No. of Discount Cards Sold	401	418	255	225
Est. Discount Card Rounds	5,286	5,668	3,414	3,013
Avg. Rounds / Card	13.2	13.6	13.4	13.4
Avg. Fee / Card Round	$440.00	$440.00	$440.00	$440.00
Total Card Revenue	$176,440	$183,920	$112,200	$99,000
Avg. Revenue / Card Round	**$33.38**	**$32.45**	**$32.86**	**$32.86**

Source: RedGate Municipal Golf Course and NGF Consulting.

In addition to the discount cards, RedGate also sells a 6-month and 10-month “all you can play” cards. These passes have become much less popular in the last several years for several reasons, including the addition of the multi-play cards and the golfer concern about spending for a full year of golf when there is a possibility the course could be closed. RedGate records show over 150 of these passes were sold each year in the early 2000s, with declines beginning in 2007 as golfers moved toward the multi-play cards. As of late 2010, RedGate is reporting only 51 passholders averaging around 33 rounds each in 2010. While the average rate shown in the table below is lower than the daily posted fee in most categories, the discount is clearly less than with the multi-play cards.

RedGate GC 6- and 10-Month Pass Analysis – 2007-2010

	FY08	FY09	FY10
No. of Passes Sold	65	61	51
Est. Pass Rounds	1,822	1,731	1,670
Avg. Rounds / Pass	28.0	28.4	32.7
Avg. Fee / Pass Round	$950	$950	$1,075
Total Pass Revenue	$61,750	$57,950	$54,825
Avg. Revenue / Pass Round	**$33.89**	**$33.48**	**$32.83**

Source: RedGate Municipal Golf Course and NGF Consulting.

The discount cards were producing upwards of $180,000 in revenue at a reasonable rate per round, thus adding to the revenue at the facility. As this program also comes with other “loyalty card” benefits it appears to be a net positive for the facility. Further, RedGate staff is reporting that many of these cardholders do not redeem the full 14 rounds, and there is growing demand from golfers to allow the cards to carry over from one year to the next.

The season passes appear to be desirable from the RedGate perspective in that they are producing a similar average rate per round and allow the club to collect a large influx of income

at the beginning of the year. However, it does not appear as if this plan is favorable to the golfer when compared to the discount cards and this may explain why these passes have fallen out of favor at RedGate.

Key Markets Served

As RedGate is operating as a public golf course, the predominance of revenue generated by the facility is derived from green and cart fees, plus additional revenue from ancillary amenities such as the driving range and food and beverage. Despite its position as a Rockville municipal golf course, it appears that approximately 60% of the play at this facility is not derived from Rockville residents. Considering the density of cities, towns and communities in the north-of-Washington suburbs in Maryland, this finding is not surprising. A small percentage of play comes from across the Potomac River in Virginia from golfers seeking lower green fees; this market may have the potential to grow larger with targeted marketing and improved conditions at RedGate. Given its location, operators of RedGate will always have the ability to generate golf activity from outside the local market area by attracting tournaments and outings to the facility.

Lessons and Programs

RedGate Municipal GC is active in promoting lessons and programs, including an active Junior Program, in an effort to drive new business to the facility. Professional Golf Instruction is available seven days a week and private instruction can be arranged by appointment. RedGate is active in promoting a large variety of clinics and camps for all levels and ages, including the **RedGate Junior Golf Clinic**. Advanced players receive individual attention and will become eligible for a junior interclub team.

The lessons are provided by the golf professional staff, with direct income accruing to the golf professional providing the lessons and a small share going to the City. The cost of lessons to golfers is $45 per half-hour, with a package of six lessons available for $225 ($37.50 per half-hour). Income from these lessons has become a key source of personal income for the golf professional staff and this is common at public golf courses nationwide. Data collected from the Head professional indicates that total gross lesson and club repair income is approximately $65,000 in FY2010, less direct expenses (estimated at 50%). The City collects approximately $1,000 per year from lessons and club repair at RedGate.

Group and Tournament Play

Tournaments and other events are a proven method for stimulating interest and maximizing the activity at public golf courses. RedGate GC has been active in trying to attract outings and tournaments at the golf course as a way of supplementing rounds of golf and revenues. In addition, RedGate has been active in promoting competitive events for players of all levels at this facility. Events at RedGate include the popular RedGate Tournament Players Club (RTPC), which hosts a series of events; the facility supports the Maryland State Golf Association (MSGA) and Washington Metro Golf Association (WMGA) team events. Each year, RedGate hosts the Rockville Open and City Championship, a special 2-day event open to the first 108 players.

RedGate also is an active participant in many interclub teams throughout the year, including men's, ladies, senior and junior team competitions held by the MSGA and the WMGA. Every season the facility has strong demand for players wanting to join the extensive team program.

RedGate Tournament Players Club

For many years, RedGate has hosted a series of tournaments throughout the season that allows players of all skill levels to compete against others in individual and team events.

RedGate began the RedGate Tournament Players Club (RTPC) during the 2002 golf season to promote the involvement of players in a season of events. During the golf season, RTPC events are typically held every two weeks (primarily on Sundays). Any golfer who is a member of RedGate's GolfNet handicap system can join an event. Most tournaments are team events with RedGate Pro Shop credit being awarded to the top teams. In addition, players can earn RTPC points; points are given to the top teams in each event. Point totals are calculated after each event and are used to determine the players in our season ending RedGate Cup matches, as well as the winners of our year-end awards.

RedGate GC reported to NGF that some larger events are difficult to accommodate at times given the limitations of the clubhouse and the high rounds demand from regular players during peak demand periods. We note that the outing market in Washington, DC is vigorous with a large number of competitors seeking to host events. There is real opportunity for a larger share of this business for RedGate GC going forward, although some facility upgrades (tournament pavilion) may have to be added (more later in this report).

2006 Business Plan

In May of 2006, the City of Rockville staff prepared a formal five-year business plan for the continued operation of the RedGate Golf Course. This plan defined four specific goals for improvement at the City golf facility, including:

- Increase of rounds played
- Increase in average revenue per round
- Turning deficits in surpluses
- Reducing the negative RedGate Fund balance

To achieve these goals the plan outlined improvements and/or changes in staffing, services, overhead charges, marketing and needed infrastructure improvements. The plan included a funding mechanism from the City that pledged $372,500 in funds to implement key plan initiatives, all of which has been spent (or pledged) as of January 2011.

In reviewing the results of RedGate GC over the last few years, it appears clear that the basic goals of the 2006 business plan will not be met. Considering this, City staff has recommended that a new course of action be considered by the City regarding the RedGate GC. It was as part of this initiative that the National Golf Foundation was retained to update key aspects of the plan, help identify appropriate benchmarks for future planning at RedGate, and evaluate considerations for alternate operating models for RedGate.

FACILITY PERFORMANCE AND DATA ANALYSIS

RedGate is operating as a public golf course with the predominance of revenue generated from golf green fees and cart fees, plus additional revenues from the sale of food, beverage and merchandise. The following paragraphs summarize each of these revenue sources.

Activity Levels

The tables below show reported rounds activity at RedGate since 2006, with a breakdown of rounds by type and by month for 2008-2010. We see significant decline between 2008 and 2010, with rounds dropping by 18.6% over that period. The average rounds per 18-hole public golf course in the U.S. now stands at about 33,000 rounds, down about 12.7% from the 37,800 average recorded in 2007 (**Appendix C**). Further, City records on historical golf activity at RedGate show rounds in excess of 60,000 per year as recently as 1998. A round is defined as one player teeing off in an authorized start.

The break-out of rounds by type shows the majority of play (around 60%) is from non-residents and only a small number of rounds are generated from the 6- and 10-month passes. The NGF was not able to complete a more comprehensive analysis of rounds activity at RedGate due to the lack of a POS system being in place until August 2010. In future years, the City should be able to complete a more comprehensive analysis of rounds at this facility, including evaluation of each sub-category of green fees, to see what fees are attracting the most play.

Another issue to consider in reviewing the rounds totals for RedGate is the number of days the facility was closed or otherwise limited in hosting rounds due to inclement weather. As shown in the table for 2007-2010, the total volume of rounds is clearly related to weather and the total rounds decline experienced in the last two years can be traced back, at least in part, to fewer available days to host golf, although more conclusions cannot be drawn as the weather days cited below are for calendar years while rounds played are for fiscal years.

RedGate Golf Course
Historical Total Rounds – 2006-2010

	FY2006	FY2007	FY2008	FY2009	FY2010
Total Rounds	36,068	39,538	41,116	36,571	33,479
Total Days Closed for Weather	N/A	50	36	60	65
Other Days affected by Weather	N/A	74	104	152	136

Source: RedGate GC

RedGate Golf Course
Rounds Played by Type – 2008-2010

	FY2008	FY2009	FY2010
Rockville Resident	15,624	13,897	12,722
Non-Resident	25,492	22,674	20,757
Total	**41,116**	**36,571**	**33,479**
Daily Fee	32,411	30,320	27,696
Discount Cards	5,668	3,414	3,013
Tournament	1,215	1,106	1,100
Season Passes	1,822	1,731	1,670
Total	**41,116**	**36,571**	**33,479**

Source: RedGate GC

RedGate Golf Course Rounds Played by Month– 2008-2010			
	FY2008	**FY2009**	**FY2010**
July	5,750	5,267	5,045
August	5,455	5,131	4,884
September	4,977	4,299	4,161
October	3,392	3,512	3,183
November	2,006	1,709	1,882
December	1,013	1,216	424
January	835	424	234
February	897	768	0
March	2,272	1,846	1,368
April	3,914	3,505	3,596
May	5,012	4,310	4,266
June	5,593	4,584	4,436
Total	**41,116**	**36,571**	**33,479**

Source: RedGate GC

Capacity Issues

As we will present later in the 'Competitive Analysis' section, the current rounds played total at RedGate is clearly below its capacity, although comparable to several other similar public courses operating in the Montgomery County area. Desired activity can vary from facility to facility but, in general, capacity is based on the course's type and size, fee structure, weather conditions, down time for maintenance, and tee time intervals. Based on RedGate's market positioning, location, fee structure and other factors such as desired quality of maintenance condition, NGF Consulting has estimated a realistic yearly capacity of about ±45,000 to ±50,000 rounds in a good weather year.

Complimentary Rounds

The City of Rockville allows a number of groups to play the course for no or reduced fees, including staff, other golf professionals, schools and other "giveaways" associated with promotions (frequent player card, NGF survey, etc.). This policy is provided as a benefit to the staff, but it is not without cost when considering the overall expense of the golf operation (presented later in this section). Given the lack of an adequate POS system, the NGF is unable to accurately detail the number of "complimentary" rounds played at RedGate, but these rounds will be considered as part of the revenue review and estimates of average revenue per round presented later in this report.

Revenue and Expense Analysis

NGF Consulting's review of performance shows that the RedGate GC has been relatively consistent with total facility operating revenues at or around $1.1 million each year until FY2009, when revenue declined to $1.07 million, and in FY2010, when revenue fell sharply to just over $961,000. When compared to industry averages (**Appendix C**) we see that RedGate is operating with revenues that were above average in 2009 (US average = $993,800 in 2009), even when considering that the U.S. averages presented by NGF include ancillary revenues such as range, merchandise and food and beverage. Total golf revenue (green fees, cart fees,

memberships only) average about $700,000 per 18 holes for public golf courses in the U.S. in 2009.

On the expense side, basic expenses to operate the facility total approximately $1.28 million in FY2010, before City overhead, debt service and depreciation expenses are considered. The overall expenses to operate this facility are considerably higher than expense averages for public golf courses nationally (average facility = $931,900 in expenses – **Appendix C**), and this average does not include expenses for basic overhead. The NGF also observes that the rate of inflation on direct expenses has been very high, averaging around 10% per year since 2006.

The result of revenue decline and rapid expense inflation has been a loss on actual operations in each of the last two years (2009-10), along with an expected loss in FY2011 (underway). The trend over the five years shown is clear, with diminishing income and growing deficits. According to City records, 2009 and 2010 are the first years that RedGate has ever experienced losses on operations.

RedGate Municipal Golf Course
Direct Facility Operations Revenue and Expense
FY2006-10

REVENUE:	**Actual FY06**	**Actual FY07**	**Actual FY08**	**Actual FY09**	**Actual FY10**
Golf Course Fees	$846,338	$869,521	$887,553	$827,324	$738,181
Cart Rentals	217,988	252,324	265,553	230,766	206,248
Driving Range Fee	1,327	1,480	1,635	1,651	1,982
Concessions / Other	13,156	20,073	11,664	12,159	12,251
Pro Shop Rental	4,250	4,250	4,250	4,250	2,750
TOTAL REVENUE	**$1,083,059**	**$1,147,648**	**$1,170,655**	**$1,076,150**	**$961,412**
Expenses					
Personnel	$639,884	$664,098	$732,933	$805,091	$835,559
Contract Services	85,628	127,751	136,022	138,743	130,339
Commodities	190,500	226,227	240,513	261,032	244,495
Capital Outlay	22,015	33,210	42,404	86,239	68,936
TOTAL EXPENSES	**$938,027**	**$1,051,286**	**$1,151,872**	**$1,291,105**	**$1,279,329**
NET INCOME bef. Debt Svc. + City Overhead	**$145,032**	**$96,362**	**$18,783**	**($214,955)**	**($317,917)**

Source: RedGate Municipal Golf Course.

Average Revenue and Expense Analysis

A closer analysis of average golf fee revenue shows that while rounds have declined in the last two years, total average revenue per round has remained relatively constant since 2006. Total average revenue for ancillary items such as driving range, merchandise and concessions (food and beverage) are artificially low due to the Head Professional's ownership of these revenues (further analysis later in this report). Overall, total golf facility revenue per round tends to be generally consistent with U.S. averages in green and cart fees, but lower than average on ancillary items such as pro shop and food and beverage. The average public golf course in the U.S. produces approximately $22.58 per round in golf revenue (green, cart, membership), $2.43 per round in merchandise and $5.88 per round in food and beverage (see **Appendix C**).

Golf facilities are like any other business enterprise in that they operate under the restrictions of "production costs" – costs associated with "producing" a round of golf. In the golf facility industry, most of the production costs are fixed and will be required regardless of how many

rounds are played or how many members there are, unless staff is reduced. NGF Consulting has derived from the RedGate GC financial statements that the total direct expense to operate the facility was $1,372,400 in FY2010, excluding debt service and City overhead (discussed later). It cost RedGate GC about $41.00 total to produce each round of golf in 2010, as compared to just over $30.00 per round for the average public golf course in the U.S. (see **Appendix C**). NGF Consulting notes rapid inflation in the cost of production, especially in personnel expense, mirroring the growth in overall expense for the facility from 2006 through 2010.

RedGate Municipal Golf Course
Average Revenue and Expense per Round
FY2006-10

	Actual FY06	**Actual FY07**	**Actual FY08**	**Actual FY09**	**Actual FY10**
Rounds	36,068	39,538	41,116	36,571	33,479
Revenue					
Golf Course Fees	$23.47	$21.99	$21.59	$22.62	$22.05
Cart Rentals	$6.04	$6.38	$6.46	$6.31	$6.16
*Driving Range**	*N/A*	*$0.37*	*$0.40*	*$0.45*	*$0.48*
*Concessions**	*N/A*	*$3.07*	*$3.04*	*$3.26*	*$3.35*
*Pro Shop**	*N/A*	*$3.65*	*$2.40*	*$2.11*	*$2.07*
Total Rev./Round*	**$29.51**	**$35.46**	**$33.89**	**$34.75**	**$34.11**
Expense					
Personnel	$17.74	$16.80	$17.83	$22.01	$24.96
Contract Services	$2.37	$3.23	$3.31	$3.79	$3.89
Commodities	$5.28	$5.72	$5.85	$7.14	$7.30
Capital Outlay	$0.61	$0.84	$1.03	$2.36	$2.06
Total Operating Expense	**$26.01**	**$26.59**	**$28.02**	**$35.30**	**$38.21**
Other Expenses					
Administrative Charge	$4.81	$2.26	$2.24	$2.60	$2.92
Debt Service	$0.28	$0.31	$0.30	$0.33	$0.35
Other	$1.98	$3.52	$3.06	$3.01	$3.59
Total Other Expenses	**$7.06**	**$6.10**	**$5.60**	**$5.94**	**$6.86**

*Per round estimates are total revenues accrued to Head Professional, included for comparison purposes from Head Professional Records (data for 2006 not available). NGF recognizes that actual revenue to the City does not match due to concession agreement.

Direct Maintenance Expense Findings

The NGF was provided with a full line-item break-out of direct maintenance expenses incurred by RedGate GC in the last full fiscal year. The bullet points below provide a brief summary of the NGF Consulting review of these expenses. NGF Consulting has also included basic information on golf industry 'standards,' for all golf courses of all types in all climates.

Industry standards can vary depending upon specific courses, but as a "rule of thumb" allocated spending in key areas coincides with the following percentages:

Average Maintenance Expense	
Key Area	**Allocated Spending**
Labor	50%
Products, Supplies & Repair	20%
Equipment (Incl. Carts)	10%
Utilities	5%
Other /General & Admin.	15%

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

RedGate GC is compared to the industry averages in the following table:

RedGate Municipal Golf Course Golf Maintenance Expense Compared to Industry Average			
Industry	**Indicator**	**RedGate GC***	**Golf Maint. Dollars (FY10)**
50%	Labor	67.7%	$542,505
20%	Products, Supplies & Repair	18.7%	149,529
10%	Equipment	8.5%	68,156
5%	Utilities	3.6%	28,449
15%	Other /General & Admin.	1.5%	12,402
			$801,041

* Excludes any allocation for City overhead, debt service and depreciation

The table below shows the expense structure for eight MCRA golf courses in 2010, with comparison to RedGate GC's expenses for FY2010. We see that the total operating expense, particularly labor expense, is much higher than the "average" MCRA facility with RedGate expenses comparable to Northwest, Falls Road and Little Bennett. Only the 27-hole Needwood GC has a higher operating expense structure than RedGate GC.

NGF has also observed that the overhead expenses (management fee, interest and depreciation) tend to be much higher at MCRA facilities in 2010, although most of this expense is debt service and depreciation. The management fee, or administrative overhead charged to each facility by the MCRA home office is $139,100 for each facility in FY2010. For comparison,

RedGate was charged $97,900 for administrative overhead in FY2010, increasing to $165,750 in FY2011 and $334,815 in FY2012.

MCRA Golf Facility Expenses - 2010

	Total Labor	Total Non-Labor	Total Operating Expense	Total Overhead*	Total Facility Expense
Falls Road	$780,630	$519,565	$1,300,195	$658,391	$1,958,586
Laytonsville	$520,090	$339,742	$859,832	$464,847	$1,324,679
Poolesville	$428,583	$324,324	$752,907	$315,970	$1,068,877
Rattlewood	$334,575	$206,438	$541,013	$588,566	$1,129,579
Hampshire Greens	$446,367	$424,563	$870,930	$665,000	$1,535,930
Northwest**	$656,755	$669,849	$1,326,604	$230,621	$1,557,225
Needwood**	$893,762	$671,247	$1,565,009	$221,081	$1,786,090
Little Bennett	$688,664	$640,387	$1,329,051	$246,497	$1,575,548
MCRA Average	**$593,678**	**$474,515**	**$1,068,193**	**$423,872**	**$1,492,064**
RedGate FY10	**$835,559**	**443,770**	**$1,279,329**	**$229,600**	**$1,508,929**

Source: MCRA. *Overhead includes management fee, interest expense and depreciation. ** Facility has 27 holes.

Other Expense Findings

In review of the RedGate GC direct operating expenses, NGF offers the following basic summary:

- Total operating expenses at RedGate GC are considerably higher than what is usual or customary for public golf courses in general.
- RedGate GC expenses do not include direct expenses covered by the Head Golf Professional as part of the concession agreement in place for food and beverage, merchandise, lessons, club repair and range.
- Direct costs for labor are considerably higher than appropriate in proportion to total spending at RedGate GC. This finding, coupled with the previous review of positions, shows that RedGate GC is not “over-staffed,” but total compensation and benefits may not be consistent with industry standards. City reports reviewed by NGF show that increases in personnel expense at RedGate have been driven by large increases in defined benefits programs and contributions to the pension fund.
- Other line items in the RedGate expense budget appear to be in line with industry proportions, except G & A expenses. The NGF did not complete a full G & A allocation analysis, but basic industry ‘standards’ have been presented.
- The facility did budget $30,000 in “Promotional Advertising” in 2011, representing about 3.0% of total revenues. The industry standard for promotions and advertising is between 2% and 4%, indicating this is appropriate for RedGate GC. NGF will provide greater detail on how this advertising money should be allocated in later sections of this report.

Golf Professional Concession Analysis

As noted previously, the RedGate Municipal Golf Course has an agreement in place for enhanced compensation to the Head Golf Professional. This is in the form of a concession agreement that allows the Head Pro direct ownership of four key revenue centers in the operation: (1) Snack Bar; (2) Pro Shop; (3) Driving Range and (4) lessons / club repair. Agreements of this nature are generally common in the municipal golf industry, but have fallen out of favor in the last decade. The primary reason for the decline is the overall benefit to the municipality of collecting all gross income at the facility, before any commission/concession split. This way all income to the facility is treated equally and no one side benefits more from certain sources of income, even if there is a revenue sharing arrangement between the Golf Professional and the City. The present agreement in place in Rockville is as shown below:

RedGate Golf Course Golf Professional Concession Agreement		
Revenue Center	**Notes**	**Pro payment to City**
Pro Shop	All employees are City staff.	$2,750/yr.
Snack Bar	Employees paid by Pro. Pro also pays cost of sales. Pro owns liquor license.	10% of gross sales
Lessons and Club Repair	Some employees paid by Pro. Pro also pays cost of sales.	$1,000/Yr.
Driving Range	Some employees paid by Pro. Pro also pays cost of sales.	10% of gross sales
*Reduced in FY10 to $2,750 from $4,250 due to declining sales in the pro shop.		

Considering these agreement terms, the actual performance of the concessions from the perspective of the Head Golf Professional is shown in the table that follows. In review of this performance the NGF has observed that gross concession revenue at RedGate is below industry averages for comparable facilities with comparable rounds, with the exception of lesson income, most of which goes directly to the golf professionals (industry norm). However, the NGF must note that there are mitigating circumstances, the most important of which is the continuing possibility of drastic change at RedGate based on City Council action. It is difficult for the Head Professional to stock inventory and make long-term commitments when there is a real possibility that the agreement terms could be changed, or even that the golf course could be closed. This uncertainty appears to have impacted the quality of the concession service in the severe reduction in the quantity of merchandise for sale and the overall quality of the food and beverage service (see golfer survey results).

RedGate Municipal Golf Course
Head Professional Concession Performance
2007-10

Sales	**2007**	**2008**	**2009**	**2010***
Pro Shop	$144,189	$98,682	$77,338	$45,148
Snack Bar	121,250	125,113	119,152	72,860
Lessons + Club Repair	*60,000*	*60,000*	65,100	*35,000*
Driving Range	14,800	16,350	16,510	19,820
Total Sales	**$340,239**	**$300,145**	**$278,100**	**$172,828**
Cost of Sales				
Pro Shop (Incl. Range)	99,116	80,514	56,323	33,861
Snack Bar	62,148	75,565	78,077	42,987
Total Cost of Sales	**161,264**	**156,079**	**134,400**	**76,848**
Gross Margin	**$178,975**	**$144,066**	**$143,700**	**$95,980**
Expenses				
Pro Shop Rent to City	$4,250	$4,250	$4,250	$2,750
Share to Pros for Lessons	*$58,500*	*$58,500*	*$63,600*	$34,750
Share to City for Lessons	$1,000	$1,000	$1,000	$500
Snack Bar - City Share (10%)	12,125	12,511	11,915	7,286
Driving Range - City Share (10%)	1,480	1,635	1,651	1,982
Other Expenses (Labor, advertising, deprec., insurance, commissions, supplies, etc.)	*95,000*	*63,000*	*58,000*	*43,000*
Net Income to Head Pro	**$7,620**	**$4,170**	**$4,284**	**$6,212**

Italics = NGF Consulting estimate. *2010 data is for January 1 - June 30
Source: RedGate Head Golf Professional (un-audited).

City Ownership of Concessions

In an effort to increase the economic return on the RedGate operation, the City of Rockville has considered ending the concession agreement and taking direct control of all revenue centers for the facility. This move would have positive and negative consequences for the City of Rockville, which are summarized below:

Advantages	Disadvantages
Additional revenue to City	City responsible for COGS
Increase control on operations	City must obtain Liquor License
	Increase personnel expense
	City must carry inventory
	Lose entrepreneurial initiative

Considering the level of average revenues earned by RedGate on concession items in the last few years, the NGF has made an estimation of potential economic performance under the City-run option for concessions. The table below shows that even with additional costs for personnel and other "typical" expenses, the City of Rockville would be able to improve its economic performance on concessions. However, if RedGate continues with "as-is" performance on average gross revenue, the additional net income to the City will only be around $22,000 to $27,000 per year. If RedGate could improve its performance on average concession revenues to a level closer to U.S. averages for public golf courses, then the increased net income to the City could be closer to $38,000 to $46,000.

RedGate Municipal Golf Course
Concession Performance Estimate
Assuming Industry Averages

	Assuming RedGate Historical Revenue per Round		**Assuming U.S. Industry Average Revenue per Round**	
F & B	$3.25	$3.25	$5.88	$5.88
Lessons + club repair	$1.50	$1.50	$1.00	$1.00
Merchandise	$2.10	$2.10	$2.43	$2.43
Driving Range	$0.45	$0.45	$1.17	$1.17
Estimated RedGate Rounds:	**33,000**	**40,000**	**33,000**	**40,000**
Sales				
Food / Bev.	$107,250	$130,000	$194,040	$235,200
Merchandise	$69,300	$84,000	$80,190	$97,200
Lessons + Club Repair	$49,500	$60,000	$21,500	$26,000
Driving Range	$14,850	$18,000	$38,610	$46,800
Total Sales	**$240,900**	**$292,000**	**$334,340**	**$405,200**
Less Cost of Sales:				
Food / Bev. (60%)	$64,350	$78,000	$116,424	$141,120
Merchandise (75%)	$51,975	$63,000	$60,143	$72,900
Total Cost of Sales	**$116,325**	**$141,000**	**$176,567**	**$214,020**
Gross Margin	**$124,575**	**$151,000**	**$157,774**	**$191,180**
Expenses				
Additional Personnel Expense*	$37,538	$45,500	$68,137	$82,590
Lesson commissions to Pros (80%)	$39,600	$48,000	$17,200	$20,800
Other expenses*	$18,769	$22,750	$34,068	$41,295
Expected Net Income to City	**$22,675**	**$27,500**	**$38,074**	**$46,080**
For comparison, the total City of Rockville Income from concessions in 2010		**$16,983**		

*Additional personnel expense based on additional salary to Head Pro + additional F & B and Range staff.
Other expenses include liquor license fees, insurance and legal.

RedGate Municipal Golf Course Operations Summary

The RedGate Municipal Golf Course operates as a public municipal golf course, with green fee revenue as its primary source of income. In total, this and other revenue drivers generated just under $1.02 million in revenue in FY2010, down 12.9% from about $1.17 million in FY2008. Revenues in all categories have fallen in direct proportion to decreases in rounds activity, as average revenue per round has remained relatively constant.

Total direct expenses to operate the facility total approximately $1,372,400 in FY2010, before additional expenses such as city overhead, debt service and depreciation. The NGF Consulting review of this expense structure indicates that it is considerably higher than national averages and reflects a high operating cost structure, particularly in labor expenses that are 60% of total costs (US standard is 50%). Further, the NGF Consulting team fully expects this basic revenue structure to remain in place for the foreseeable future and does not see any specific areas that could be altered to significantly increase revenues without requiring additional capital expense (i.e. expand clubhouse and/or driving range).

Below the line expenses at RedGate GC include the City administrative overhead, which has increased significantly in FY2011 and beyond. City reports show the City Admin expense increasing to $165,750 in FY2011 and $335,000 in FY2012. These expenses are essentially "inter-City transfers" that could be considered items that other golf courses (both private and public sector) might consider normal and thus should be included as basic operating expenses. If these items were included in basic operating expenses, the total to operate the RedGate GC would be $1,481,900, or about 37% higher than the industry average of $931,900 (**Appendix C**), and well over $1,691,700 in FY2011 and $1,906,000 in FY2012.

Further, the City of Rockville is including approximately $120,000 in depreciation expense, which is a non-cash item charged to the RedGate Golf Fund. While the NGF believes that this is a normal expense for golf course operations that any privately-owned golf course would also have, the more traditional model is to have a "Reserve for Replacement" account that would be actual saved funds for use in future replacement of depreciated items (irrigation, clubhouse, cart barn, etc.). It is clear that revenues from club operations are not sufficient to cover these items and all City overhead. However, the NGF team notes that the facility is not generating enough income to cover capital items identified in earlier sections of this report as being necessary to maintain the quality of golf at the RedGate GC. The summary financial position of RedGate Municipal GC is shown in the table below:

RedGate Municipal Golf Course
Summary Financial Performance (2006-2010)

Revenues/Sources	Actual FY06	Actual FY07	Actual FY08	Actual FY09	Actual FY10
Golf Course Fees	$846,338	$869,521	$887,553	$827,324	$738,181
Cart Rentals	217,988	252,324	265,553	230,766	206,248
Driving Range Fee	1,327	1,480	1,635	1,651	1,982
Concessions / Other	13,156	20,073	11,664	12,159	12,251
Pro Shop Rental	4,250	4,250	4,250	4,250	2,750
Total Revenues / Sources	**$1,083,059**	**$1,147,648**	**$1,170,655**	**$1,076,150**	**$961,412**
Expenses					
Personnel	$639,884	$664,098	$732,933	$805,091	$835,559
Contract Services	85,628	127,751	136,022	138,743	130,339
Commodities	190,500	226,227	240,513	261,032	244,495
Capital Outlay	22,015	33,210	42,404	86,239	68,936
Total Operating Expenses	**$938,027**	**$1,051,286**	**$1,151,872**	**$1,291,105**	**$1,279,329**
Net GC Operating Income	**$145,032**	**$96,362**	**$18,783**	**($214,955)**	**($317,917)**
Administrative Charge	$173,380	$89,500	$92,200	$95,000	$97,900
Debt Service	$10,106	$12,330	$12,208	$11,944	$11,600
Other (Deprec.)	$71,237	$139,190	$125,791	$110,139	$120,100
Working Capital, Ending	**($109,691)**	**($144,658)**	**($211,416)**	**($432,038)**	**($547,517)**

Source: RedGate Municipal Golf Course.

GOLFER SURVEY

NGF's Golfer Survey Program was distributed on the Internet and by on-site access to RedGate golfers and others in the Rockville community. A total of **370 surveys** were collected by NGF Consulting, with 48% defining themselves as "Rockville non-resident," 21% as "Rockville residents," 13% as "non-resident passholders," 6% as "resident passholders," 8% "multi-play card holders," and 4% as members of the Tournament Players Club. This total number of surveys is adequate to provide in-depth understanding of the user groups at RedGate, and the results are viewed with a high level of confidence to aid in knowledge of how some users feel about the facility and its place in the market. A copy of the survey instrument is displayed in ***Appendix D*** to this report. The general findings and a table showing the ratings follow:

RedGate Municipal Golf Course
370 Responses (11/5/2010 – 11/16/2010)

Factor	**Average Score** (Scale 1-5)	**Benchmark Grade – Value***
Convenience of Course Location	4.4	A-
Friendliness/Service of Staff	4.2	B-
Tee Time Availability	4.1	B-
Scenery and Aesthetics of Course	4.0	C+
Overall Value of Course	4.0	B-
Golf Course Design	3.9	C-
Affordability	3.9	B
Overall Experience	3.9	C+
Condition of Fairways	3.8	C
Overall Course Conditions	3.8	C+
Condition of Golf Carts	3.7	C-
Condition of Greens	3.6	C
Condition of Tees	3.6	C-
On-course Services (restrooms, drinking water)	3.4	C
Overall Quality of Golf Shop	3.4	D+
Food and Beverage Service	3.3	D
Overall Quality of Golf Shop Merchandise	3.3	D+
Pace of Play	3.3	D+
Amenities (clubhouse, pro shop, locker room)	3.2	D+
Overall Quality of Golf Shop Apparel	3.2	D
Condition of Bunkers	3.1	C-
Quality of Practice Facility	3.0	D

Average Score: 1 = very dissatisfied; 2 = somewhat dissatisfied; 3 = neither satisfied nor dissatisfied; 4 = somewhat satisfied; 5 = very satisfied. ***Benchmark Grade is how RedGate compares to other "Standard" golf courses in U.S. ("Standard" = peak green and cart fees between $40 and $70).**

RedGate Survey

1. RedGate golfers that responded to the survey show a modest level of loyalty to the facility, playing approximately 35% of their golf there (overall sample). The US benchmark for all 'Standard' courses is 39%. Among the most loyal golfers are the residents, multi-play cardholders and TPC members, who play over 38% of their rounds at RedGate. Non-residents also show relatively high loyalty with 33% of rounds played at RedGate.

2. The opinions expressed by RedGate golfers show generally mixed feelings about the golf facility. The survey respondents give generally high ratings to the staff and the ability to get tee times, but give significantly lower ratings for the ancillary amenities such as the golf shop, driving range and food and beverage service. The golf course design/layout and conditioning are generally rated as "average" (Benchmark Grade "C") by the survey group when compared to other similarly-priced golf courses nationwide.

3. Our surveys show that other golf facilities utilized by this survey group include (in order of importance): Needwood GC, Falls Road GC, Northwest GC, Hampshire Greens GC, Little Bennett GC, Poolesville GC and Laytonsville GC. We note that all of these facilities are Montgomery County Revenue Authority (MCRA) facilities. The only non-MCRA golf course that is also played by more than 15% of the survey group was Blue Mash Golf Course.

4. The profile of the RedGate golfer is more male (92%) and slightly older (54% over 50) than the national benchmark (total U.S. is 85% male and 50% over 50). Over 58% of respondents indicated household incomes in excess of $100,000 annually, compared to the U.S. benchmark of 41%. The survey group is also spread out over a wide geographic area with the majority (57%) originating in 12 ZIP Codes: 20850, 20854, 20853, 20878, 20852, 20814, 20895, 20832, 20851, 20016, 20874, and 20906. The map displaying the origin of customers is displayed in ***Appendix D*** to this report.

5. Nearly 83 percent of the survey group indicated that they did not know any friends / colleagues / co-workers / former playing partners who have stopped golfing at RedGate due to poor playing conditions.

6. When asked directly about what one golf course alteration/improvement would be most likely to increase frequency of play at RedGate, the survey group had a wide variety of opinions with a total of 287 responses. The vast majority of these responses tended to center improving golf course conditions (mostly greens), offering more on-course beverage service (beverage cart), and improving the pace of play.

7. When asked about the difficulty of the golf course, 81% of respondents said that their frequency of play at RedGate **would not increase** if the course was less difficult, all other factors being equal.

8. A total of 68% of respondents indicated that they had heard rumors in the last 12 months indicating that the City of Rockville may close RedGate GC in the near future. However, of the 250 respondents who indicated that they had heard these rumors, 180 respondents (72%) said that this would not make them less likely to choose RedGate when deciding on where to play, or to purchase multi-play cards or season passes. However, the NGF notes that this was a survey of existing golfers at RedGate GC and golfers who are no longer playing RedGate for this reason (or another), did not receive the survey.

9. When asked “what would induce you to play more frequently at RedGate GC,” the responses were as follows:

Better course conditions (38%)

Better customer service (7%)

Robust schedule of tournaments (6%)

Nothing – I prefer to play several area golf courses (49%)

10. When asked “why do you not play RedGate GC more frequently,” the responses were as follows:

Golf course is too difficult (9%)

Distance of RedGate GC from my home (17%)

Poor course maintenance condition (20%)

Green fees too high (23%)

Poor customer service (4%)

Playing less due to economy (27%)

11. Survey respondents were also asked to voice their opinions in an open-ended comments section. These comments further show the loyalty of the customer group and the positive comments about the staff, the operational model and the Tournament Players Club. Among the most common items identified as being in need of improvement at RedGate were: (1) improving the course condition (especially greens); (2) improving the driving range; and (3) improving the food and beverage service. Other items noted with less frequency included cheaper late afternoon rates, more programs for minority golfers and improvement to the pace of play.

SUMMARY –REDGATE MUNICIPAL GC

The RedGate Municipal Golf Course appears to be a good quality municipal golf facility with a desirable location, good access, and a functional basic physical set up. The golf course at RedGate GC offers an appealing layout that is generally in good condition, but has deficiencies in its conditioning that if left unchecked could lead to further reductions in the volume of play, and consequently revenues. It appears as though RedGate has fallen behind its most immediate competition, the MCRA golf courses, in terms of quality and value for the fees paid.

The course is getting older and some of the ancillary amenities may be nearing (or past) the end of their useful life and will be in need of replacement in coming years (cart barn). Specifically, NGF identified that, improvement in turf conditions (particularly greens) and improvement in on-course services (restrooms) are the highest priority items for future enhancement needed to maintain, or possibly increase, revenues at RedGate GC. The facility would also likely benefit from the addition of a new tournament pavilion to host larger outings and tournaments. Other items that could enhance the facility include improvement to cart paths, bunkers and the pond in front of the 13th tee box, as well as expansion of the driving range. The City of Rockville needs to create a formal capital plan (with funding mechanism) to address upgrades that will likely be required in the next five years as identified in this report.

The management and operation of the RedGate GC facility appears to be professional, and NGF observed that facility management has worked hard to reduce the cost of operation in recent years in order to help achieve profitability. The present City-employed management team has been active in marketing the facility in an attempt to attract new players, and marketing and promotion strategies (website, email, promotions, yield management, tee-time wholesalers, outings, tournaments, etc.) are consistent with industry expectations for maximizing revenue. Overall, it appears that the RedGate GC is not overstaffed, but the total labor cost at the facility is out of proportion when compared to the national and regional golf industry. Golfers surveyed by NGF indicated that the food and beverage operation is an area that they would like to see improved with better quality food items and better service. We also note that the 10% percentage of gross payment to the City from the food and beverage concession is comparable to other municipal golf courses in the region.

The RedGate Golf Course generated between $1.02 and $1.17 million in golf revenue in FY2008 through FY2010. Total expenses to operate the RedGate GC facility, including all City overhead, debt and depreciation now stands at over $1.6 million, or roughly $47.80 for each round of golf played at the facility. The revenue and expense budgets for FY2011 combine to produce a loss on the RedGate GC operation in excess of $670,000, up from a $580,000 loss in FY2010. Labor costs represent 60% of total operating expenses (excluding City overhead, debt and depreciation), compared to the industry standard of 50%. The NGF notes a rapid inflation in expenses at RedGate over all years evaluated, largely as a result of increases in personnel costs. **The NGF review shows that RedGate GC would have to increase average revenue per round by 35% (to $41 per round), or increase activity to over 45,000 rounds, in order to generate revenue sufficient to cover basic operating expenses, not including City overhead, debt service or depreciation (reserve for replacement).** Based on the NGF review of the market area and rounds/price relationship at other courses in this market, it is not expected that RedGate will be able to produce this level of revenue needed to cover total expenses on the operation.

Factors That May Affect the RedGate GC Operation

The objective of this section is to identify and assess those factors that have the potential to affect the rounds and revenue of the RedGate Golf Course. While there are many variables that have the potential to affect the viability of the facility, NGF will focus on the various site, market demand and supply variables that directly affect the RedGate operation.

SITE CHARACTERISTICS

RedGate is an aesthetically pleasing golf course with varying elevations and numerous mature trees. As noted, the golf course has hosted important golf tournaments over the years, and has been considered by many golfers to be one of the top "munis" in the local market. The golf course includes a large number of mature trees, sand bunkers, a few dogleg holes and water in play on nine of the 18 holes. The dense canopy of trees framing some of the greens, though pleasing to the eye, creates excessive shade and prevents sufficient air circulation. The topography of the golf course also provides for a few "blind" shots where the golfer does not see the target area from certain locations, thus adding to the challenge. For certain segments of golfers, RedGate would have limited appeal due to the overall difficulty of the course.

The clubhouse at RedGate GC, while generally adequate for this type of municipal golf facility, lacks sufficient space for larger tournaments and non-golf events. The addition of an outdoor pavilion at the site of the current veranda would enhance the overall appeal of the golf course and make RedGate more competitive in terms of being able to draw and facilitate larger golf outings and non-golf meetings/ banquets.

MARKET FACTORS

To appropriately assess the potential of RedGate Golf Course, the environment in which the course competes must be understood. Specifically, it is helpful to examine local socio-economic and demographic trends that have the potential to impact rounds played, fee levels, and revenues. In this section of this report, NGF Consulting will provide an overview of important factors that characterize the primary market area for RedGate, including a presentation of the area's demographics.

Defining the Market

The Golf Consumer Profile, a research document developed by the National Golf Foundation (NGF) in cooperation with Market Facts, Inc., determined that "on the average nationally, golfers travel about 12 miles one way to play their most frequently played golf course. That translates into a 19-minute trip to the average golfer's most often played course." The survey also determined that golfers travel a considerable distance farther to regularly play a high quality course. (Average golfers report a willingness to travel just over 26 miles, estimated to be a trip of 36 minutes.) Further, it was determined in the national survey that golfers are willing to travel as far as 48 miles or 60 minutes to occasionally play a good quality golf course.

Given these parameters, NGF Consulting has identified the potential geographic market area from which the facility can expect to draw play. A number of factors assist in determining the expected market area for a golf facility. In addition to the quantity, quality, and nature of existing competitive facilities in the area, the nature of population centers, the availability of highway and major thoroughfare infrastructure, prevailing traffic conditions, economic and demographic factors, and the propensity for golfers to travel to play golf all play a role in developing the market area for a golf facility.

NGF Consulting has weighed the relative importance of each of these factors in determining the primary market area for RedGate GC. The primary market area is the area from which a majority of play can be expected to emanate from. Based on our knowledge of this market, interviews with RedGate staff, and the nature of the chief competition (primarily MCRA courses), NGF expects that RedGate would draw the vast majority of its play from residents living in Rockville and surrounding areas comprising roughly a ten-mile radius around the site. Supplemental demand is also expected from area corporations/ organizations and visitors.

Demographic Overview

Utilizing research materials provided by Applied Geographic Solutions, Inc, NGF Consulting has examined relevant characteristics of the local population. In the following table, NGF Consulting indicates basic population, age and income demographics for Montgomery County, the 5-, 10-, and 15-mile rings around the RedGate GC, Maryland, and the total United States.

Population Trends

RedGate Golf Course	5 mi	10 mi	15 mi	Montgomery County	Maryland	U.S.
Summary Demographics						
Population 1990 Census	242,648	732,524	1,588,922	762,733	4,781,469	248,710,012
Population 2000 Census	268,440	825,982	1,770,190	873,341	5,296,486	281,421,906
CAGR 1990-2000	1.02%	1.21%	1.09%	1.36%	1.03%	1.24%
Population 2010 Estimate	294,811	894,198	1,907,409	961,614	5,657,102	308,332,907
CAGR 2000-2010	0.94%	0.80%	0.75%	0.97%	0.66%	0.92%
Population 2015 Projected	303,465	925,516	1,969,001	997,920	5,735,449	322,581,814
CAGR 2010-2015	0.58%	0.69%	0.64%	0.74%	0.28%	0.91%
Median HH Inc	$84,320	$89,717	$83,942	$88,412	$67,624	$51,627
Median Age	41.5	40.3	38.4	39.8	37.9	37.1

Source: Tactician Corporation and National Golf Foundation. CAGR = Compound Annual Growth Rate

From the data presented above, NGF Consulting has made the following observations regarding the local demographics.

- The populations in the subject markets are indicative of dense urban / suburban areas. There are approximately 295,000 residents within 5 miles of RedGate Golf Course in 2010, about 894,000 within 10 miles, and more than 1.9 million living within 15 miles. Montgomery County was home to about 962,000 people in 2010. The populations of the subject markets are projected to grow at a moderately slower pace than the overall U.S. through 2015. By 2015, the 10-mile market is projected to add more than 31,000 net new residents, while Montgomery County is expected to

add 36,000+ residents during that time. Later in this report, we will put this population base in context with existing golf course supply in the market.

- The median age in Montgomery County, and especially in the 5-mile market area, is significantly higher than the national median of 37.1 years. In general, golf participation rates and frequency of play increase with age, making relatively older markets more attractive to golf facility operators, all other factors being equal.

- Median household incomes for the subject markets around RedGate GC and for Montgomery County overall are considerably higher than the national median of $51,627. The median income in the 5-mile market surrounding the club is 63.3% higher than the national median, while the figure for Montgomery County - $88,412 - is 71.3% higher than the national benchmark. In general, higher income residents are more likely to participate in golf, and also play more frequently than lower income golfers.

Key Economic Factors

Below we highlight a few aspects of the local and regional economies that have the potential to impact demand for golf at RedGate Golf Course (all information collected from the City of Rockville website and other linked sites, including: *Business Gazette Market Facts*; City of Rockville Public Information Office; Department of Community Planning and Development Services; Maryland Department of Labor, Licensing and Regulation; and the U.S. Bureau of Labor Statistics.

- The City of Rockville, which occupies 13.03 square miles, is one of the largest cities in Maryland and is just 12 miles northwest of Washington, D.C. The City's estimated population as of July 2008 was 60,734.

- The occupational profile for Rockville indicates an economy heavily oriented toward white collar and service industry jobs. Managerial and professional jobs account for just under 56% of total jobs, while sales and office occupations account for 22% and service occupations 12.3%.

- Rockville is a leading hub for the advanced technology, biotechnology and life sciences sectors. High technology companies such as Human Genome Sciences, with 850 employees in Rockville, Supernus Pharmaceuticals, and Otsuka Pharmaceuticals have a strong presence in the city. Other biotech companies doing business in Rockville include US Pharmacopeia (470 employees), BioReliance Corporation (447), and J. Craig Venter Institute (326). Israel-based Alvarion, a global leader in the wireless broadband market, announced in October that it is moving its North American headquarters to Montgomery County from California and will create 25 new jobs by 2013.

- Rockville's largest employer is Montgomery County Government, with nearly 14,000 employees, followed by the U.S. Food and Drug Administration. The largest private employers include s include Westat, Inc. (1,900 workers), Kaiser Permanente (900), and Human Genome Sciences.

- Among the 24 counties in Maryland, Montgomery County had the second lowest unemployment rate (not seasonally adjusted) in September 2010, at 5.5%. By comparison, the State of Maryland was at 7.3% and the U.S. at 9.2%.

- Rockville benefits from a strong local and regional transportation network, and is served by three major airports - Baltimore-Washington International Airport (BWI), about 30 miles northeast of Rockville, Washington-Dulles International Airport (IAD), 20 miles southwest, and Ronald Reagan Washington National Airport (DCA), 20 miles southeast. Major local/regional thoroughfares include I-270 (the "Technology Corridor", with four exits in Rockville), I-495 (the Capital Beltway), U.S. Route 29 (connecting Washington, D.C., and Baltimore), and I-95 (Maine to Florida).

- The Inter-county Connector (ICC) will link existing and proposed development areas between the I-270/I-370 and I-95/US 1 corridors within central and eastern Montgomery County and northwestern Prince George's County with a state-of-the-art, multi-modal east-west highway that should facilitate access and reduce travel times to RedGate GC for golfers living in eastern Montgomery, Anne Arundel, and Prince George's Counties. The final segments that will connect 270 and 95 are expected to be completed in late 2011.

- Other successful Montgomery County company openings, expansions and attractions in 2010 included: Choice Hotels' relocation and expansion of its world headquarters from Silver Spring to Rockville by 2013; the expansion of the U.S. Nuclear Regulatory Commission into a new 362,000-square-foot building in North Bethesda; the National Cancer Institute's new 575,000-square-foot, $200 million satellite campus at the Shady Grove Life Sciences Center in Rockville; QIAGEN's 117,000-square-foot North American headquarters and manufacturing facility expansion in Germantown; EDF Inc.'s new 16,000-square-foot North American headquarters in Chevy Chase; and International Baccalaureate's new 36,000-square-foot Americas Global Center headquarters in Bethesda.

- With nearly 400 employees and growing, Choice Hotels has been searching for a new headquarters in the DC area since mid-2008. Once moved (perhaps to Rockville Town Center), it plans to add 75 new employees. Also under consideration is a new Cambria Suites hotel near the proposed new headquarters, to house an estimated 10,000 stays per year, generated by employee training programs as well as community, vendor and other events.

- Construction employment declined in 236 out of 337 metropolitan areas between September 2009 and September 2010, according to an analysis of federal employment data released by the Associated General Contractors of America, Arlington, Va. Among the areas adding jobs was Bethesda-Rockville-Frederick, Md., with 1,600 new jobs (5 percent).

- NGF research indicates that the downturn in the economy over the last two years has resulted in decreased demand for golf – especially at higher price points. There is less discretionary income for many households, and in the greater Washington, D.C. metropolitan area, this problem is exacerbated by a higher cost of living.

GOLF MARKET SUPPLY AND DEMAND INDICATORS

Having identified key demographic and economic factors that may affect the performance of RedGate Golf Course, we now turn our attention to the current golf demand climate in this market and the actual performance of the area's public golf facilities. NGF Consulting uses predictive models as benchmarks for estimating potential market strength. These benchmarks are then compared to the actual performance of golf courses in the subject market in an effort to establish reasonable performance expectations for RedGate GC.

National Trends

Participation

Golf participation in the U.S. has grown from 3.5% of the population in the early 1960s to about + / - 10.0% of the population today. NGF estimates that about 27.1 million golfers ages 6 and above reside in the U.S. Other surveys completed outside the golf industry show the number of people who "identify themselves as golfers" is as high as 45 million, indicating a large potential "latent" demand from very inactive golfers.

Over the past 50 years, golf demand grew at about 4% per year while facility supply grew at about 2% per year. However, since 1990, the situation has reversed – demand has grown at only 0.5% per year while facility supply has grown at 1.4% per year. With the increase in supply, we are seeing a marked increase in competition, and the supply is greater than the demand in some markets.

In addition to increased competition, three other factors have contributed to a decline in the number of rounds per course nationally during the 2002 to 2010 period. These include: 1) an uneven national economy; 2) the aftereffects of 9-11, which greatly reduced the traveling golfer market; and 3) the increasing time pressure on individuals and families. The combination of these factors has caused many golf facilities to become distressed, particularly those that have a high debt load because of higher construction costs and the perceived need to build high-end courses.

The number of golf course closings quadrupled from an annual average of 24 courses per year in the 1993-2001 time period to more than 100 courses in 2005. ***In 2006, there was negative net growth in golf facilities for the first time in six decades, with 146 18-hole equivalents closing and 119.5 opening***. In 2007, there were 113 openings and 121.5 closures, and in 2008, 72 golf course openings and 106 closures. In 2009, 49.5 openings minus 139.5 closures equated to a net loss of 90 18-hole equivalents. Closures continue to be disproportionately public, stand-alone 9-hole facilities or short courses (executive or par-3 length) with a value price point. Net growth in supply has been negative now for four consecutive years, with the largest drop of 90 courses in 2009. However, U.S. openings averaged 200+ (net) for 20 years, and total 18-hole equivalent supply is up 5% since 2000, indicating a slow market correction is underway. NGF projects 2010 net growth of about negative 50 (openings minus closings).

U.S. rounds decreased 5.4% for the year through September 2010, while the South Atlantic Region decreased only 1.0%. In terms of the total number of rounds produced, NGF estimates that national rounds experienced an overall drop from 2000 to 2010 of -9.5%.

On the positive side, the growth in golf course development has slowed considerably nationally and in the majority of local markets, a trend that should help ease some of the competitive pressure. Another positive trend is the aging of America. Baby Boomers are rapidly approaching retirement age when golf activity flourishes. The baby boomers represent not only the largest

single demographic in the US, but they also approach retirement age with more disposable income than any previous generation.

Municipal Golf

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

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

There are several factors that typically inhibit municipalities in their ability to compete successfully with private enterprise and present them with considerable challenges in the modern golf industry. These include slow response due to bureaucracy, budget constraints, personnel policies (high benefits), marketing, procurement and the lack of incentives to employees.

A Strategic Perspective on the Future of Golf

The NGF completed a study in 2009 on the issues facing the public golf industry in the coming years. A summary of NGF's "*A Strategic Perspective on the Future of Golf*" is displayed in **Appendix E**. In general, the report indicated that there are opportunities to grow the game of golf in many market segments, the most important of which are minorities and women. These are areas that should be considered in any new marketing initiative for any public golf course in the U.S. in 2010.

Predicted Golf Demand in Rockville / Montgomery County Market

Using NGF-created modeling, our consulting team has crafted an estimate of the golf demand potential in the subject market. The predictive demand models are based on historical golfer participation characteristics, and incorporate existing and emerging demographic trends in the subject market area.

Estimated Market Area Golf Demand

Rockville, Maryland falls within the Washington DC (Hagerstown MD) Designated Market Area (DMA). The table below illustrates how this DMA ranks in relation to the other 209 DMAs nationwide on some key golf demand and supply measures.

Washington DC (Hagerstown MD)	
Characteristic	**Rank (of 210 DMAs)**
Total Number of Facilities	14
Public Facilities	19
Private Facilities	T11
Premium Facilities	T15
Standard Facilities	10
Value Facilities	67
Predicted Household Participation Rate	18%
Rank (of 210 DMAs)	100
Predicted Number of Golfing Households	412,397
Rank (of 210 DMAs)	9
Predicted Number of Rounds Demanded - 2009	11,700,336
Rank (of 210 DMAs)	7
'T' indicates tied with at least one other DMA for this rank	

On the supply side, the Washington DC (Hagerstown MD) DMA ranks in the top 9% nationally for number of total, public, and 'premium' public golf facilities. Washington ranks 10th overall for number of 'standard' public golf facilities – the category in which RedGate Golf Course falls. Washington DC ranks in the middle of the pack of all DMAs for golf participation rate, but due to its large population base ranks in the top 4% of all markets for number of golfing households and predicted rounds demanded.

NGF Golf Demand Indices

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

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

Predicted Golf Demand						
RedGate Golf Course	**5 mi**	**10 mi**	**15 mi**	**Montgomery County**	**Maryland**	**U.S.**
Golf Demand Indicators						
# of Golfing Households	20,714	64,515	136,340	67,177	370,752	21,249,260
Number of Rounds Played	599,533	1,845,375	3,659,617	1,929,657	10,224,974	499,090,240
Golfing Household Index	101	106	99	103	93	100
Rounds Played Index	125	129	114	126	110	100

Golf participation rates in the subject markets (with exception of 15-mile ring) are modestly higher than national benchmarks, while predicted rounds demanded per household range from 14% to 29% higher than the nation. Montgomery County is estimated to contain more than 67,000 golfing households, with the potential to demand more than 1.9 million rounds of golf annually.

Corporate Market Demand

The Montgomery County/greater Washington, D.C. area is home to a large number of major corporate and public employers. The City of Rockville should continue to target larger employers in the county for tournaments / outings. This corporate/organizational tournament play can augment the daily fee rounds expected from the primary and secondary resident markets, especially during off peak periods. The addition of an outside pavilion should help to draw and facilitate these events at RedGate.

Visitor Golf Demand

Visitors (both leisure and business travelers) to the Rockville/Montgomery County area have an impact on demand at area golf courses. Actual visitation numbers for Montgomery County were not available, but D.K. Shifflett & Associates estimated 29 million domestic visitors to Maryland for 2009; of these visitors, 16% or 4.64 million, came to the "Capital" region that comprises Montgomery, Frederick, and Prince George's Counties. (Washington, D.C. had nearly 15 million visitors in 2009). NGF research shows that roughly one-third of all golfers participate in the activity while traveling, playing about a round of golf for every two days of travel, and traveling golfers often exhibit high incomes and are typically less price sensitive than resident golfers. These visiting golfers could be viewed as a supplemental target audience for a quality public golf course such as RedGate.

Supply Indicators

The tables below summarize the basic parameters of golf course supply in the subject markets.

Golf Course Supply

Montgomery County is home to 26 total golf facilities, totaling 522 holes. Of the 26 total golf facilities, 11 are public access, comprising 207 holes. The ratio analysis that follows puts these numbers in context, compared to national benchmarks.

RedGate Golf Course	5 mi	10 mi	15 mi	Montgomery County	Maryland	U.S.
Golf Supply Summary						
Total Golf Facilities	10	23	37	26	188	15,967
Public Golf Facilities	4	9	16	11	125	11,567
Private Golf Facilities	6	14	21	15	63	4,400
Total Golf Holes	225	468	729	522	3,483	269,793
Public Golf Holes	90	171	288	207	2,259	190,161
Private Golf Holes	135	297	441	315	1,224	79,632

Household/Supply Ratios and Indices

The Household/Supply Ratios are derived by dividing the total number of households by the number of 18-hole equivalent golf courses. This measure is used as a benchmark to establish the level of support (households) that is available for each 18 holes of golf in the market area. An index is derived from these ratios and compared with the base national figure of 100. As the table below indicates, the ratio of households to golf courses in the subject markets – particularly in the 10-mile and 15-mile rings – is much higher than we observe on a national basis. For instance, the 10-mile primary market area for RedGate GC has more than three times as many homes available to support each 18 holes of public golf than the national benchmark.

RedGate Golf Course	5 mi	10 mi	15 mi	Montgomery County	Maryland	U.S.
Household/Golf Supply Indicators						
Households per 18 Holes: Total	8,742	12,522	18,102	12,012	188	7,694
Households per 18 Holes: Public	21,854	34,270	45,820	30,291	125	10,916
Households per 18 Holes: Private	14,569	19,731	29,923	19,905	63	26,068
Households Supply Index: Total	115	165	239	158	0	100
Households Supply Index: Public	203	319	426	282	Maryland	100
Households Supply Index: Private	57	77	116	77	125	100

Golf Course Construction Activity

RedGate Golf Course	5 mi	10 mi	15 mi	Montgomery County	Maryland	U.S.
Golf Course Construction Activity 1998-2010						
Total holes added	0	36	90	54	702	41,112
Public holes added	0	36	54	36	648	32,094
Private holes added	0	0	36	18	54	9,018
Percent Total Holes Added	0.00%	7.70%	12.30%	10.30%	20.20%	15.20%
Percent Public Holes Added	0.00%	21.10%	18.80%	17.40%	28.70%	16.90%
Percent Private Holes Added	0.00%	0.00%	8.20%	5.70%	4.40%	11.30%

Since 1998, 36 holes of golf, all public, have been added within 10 miles of the RedGate GC, while 90 holes, including 54 public, were added within 15 miles. The 36 holes of new public golf in the 10-mile ring comprises 21% of total existing public golf supply in this market; from a national standpoint, about 17% of existing public golf supply was added during that time.

Supply / Demand Interaction

Using the most basic measures of golf demand and supply, the overall Rockville/Montgomery County public golf market appears to be favorable for public golf operations, with a very high number of golfing households to support each existing facility and golf demand per household that is higher than national benchmarks.

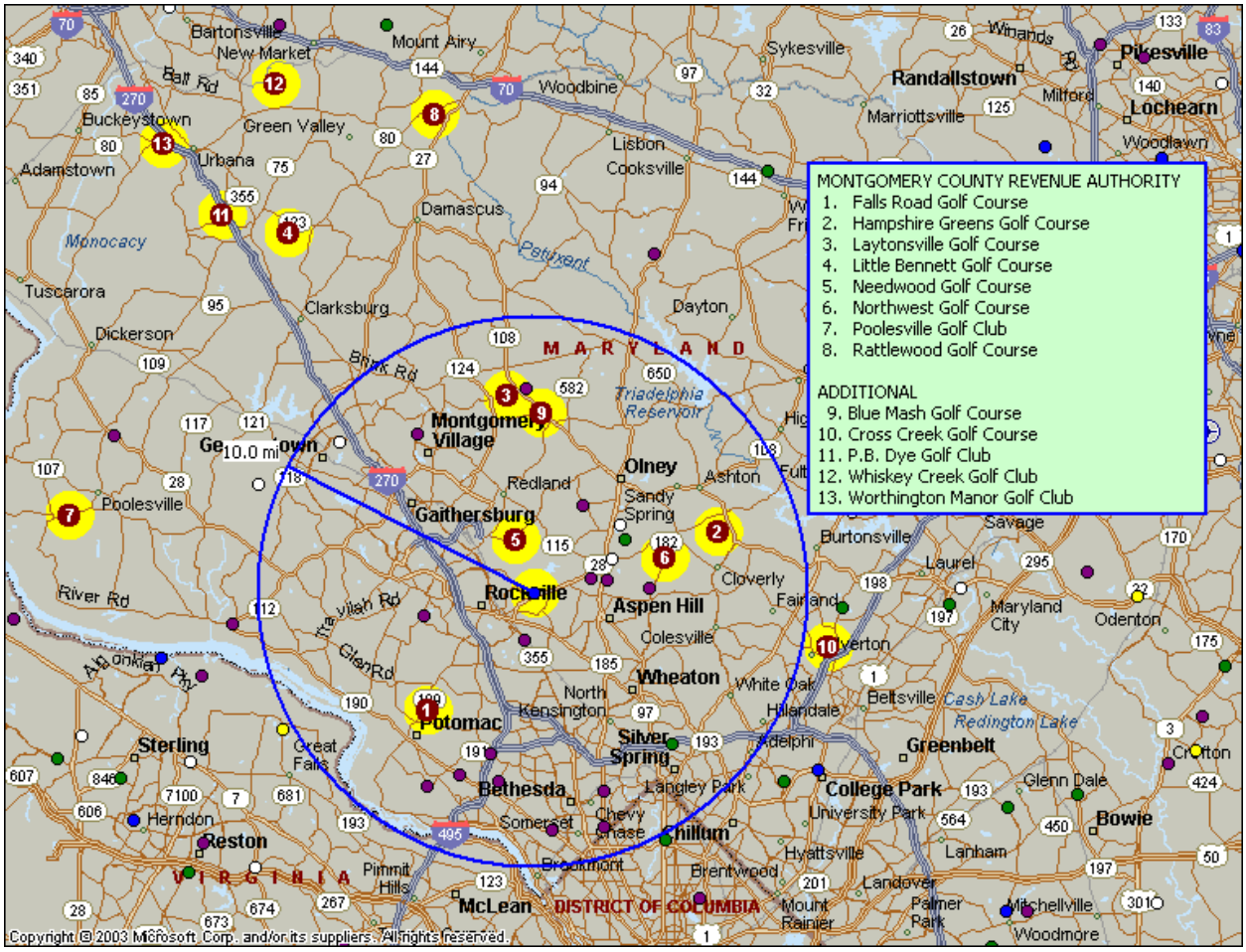
Though the predictive demand model and supply ratio analysis is very useful in evaluating the relative strength of golf markets, it cannot stand on its own in determining the status or health of a golf market. Rather, these analyses must be considered in the context of what is actually happening “on the ground” in the market, in terms of price point and activity level trends at existing golf courses. In the next section we will analyze rounds played trends and other dynamics that are shaping the local and regional public golf market.

COMPETITIVE GOLF MARKET

Earlier in this report, NGF Consulting identified a ten-mile radius around the RedGate Golf Course as its primary market – the area from which the club would be expected to draw the vast majority of its customers and play. Based on this geographic trade area, the price/value proposition offered by RedGate GC, and the results of the Golfer Survey Program, NGF Consulting has concluded that the Montgomery County Revenue Authority (MCRA) golf courses, to varying degrees, will continue to comprise the chief competition for RedGate.

NGF Consulting has identified Needwood, Falls Road, and Northwest as the MCRA golf courses that are most directly competitive to RedGate, followed by Hampshire Greens, Little Bennett, and Laytonsville. The map below illustrates the relative location of RedGate and the MCRA facilities, as well as some of the secondary competitors identified in the RedGate golfer survey. Following the map, we present summary operating information for these facilities.

Competitive Public Golf Facility Map



Summary Operating Information – MCRA Golf Facilities

The table below illustrates basic operating data for the 18-hole or greater Montgomery County Revenue Authority (9-hole Sligo Creek excluded) golf facilities.

Montgomery County Revenue Authority Golf Courses – Summary Information						
Public Golf Courses	**Location**	**Type**	**Year Open**	**Par / Slope**	**Back Tee / Forward Tee**	**Location Relative to RedGate GC***
RedGate Golf Course	Rockville	18H MU	1974	71 / 129	6,458 / 5,271	--
Falls Road Golf Course	Potomac	18H-MU	1962	70 / 118	6,162 / 4,583	5.5 mi SW
Hampshire Greens Golf Course	Silver Spring	18H MU	1999	72 / 131	6,815 / 5,048	7 mi NE
Laytonsville Golf Course	Laytonsville	18H MU	1973	71 / 123	66,390 / 4,943	7 mi N
Little Bennett Golf Course	Clarksburg	18H MU	1994	72 / 137	6,706 / 4,921	15.5 mi NW
Needwood Golf Course	Derwood	27H MU	1972	70 / 113	6,254 / 5,112	2 mi N
Northwest Golf Course	Silver Spring	27H MU	1964	72 / 122	7,376 / 5,211	5 mi NE
Poolesville Golf Club	Poolesville	18H MU	1960	71 / 126	6,831 / 5,421	17 mi W
Rattlewood Golf Course	Mount Airy	18H MU	1995	72 / 129	6,501 / 5,092	17.5 mi NW

Summary Fee Information – MCRA Golf Facilities

The table below shows summary peak season fee information (prime morning rates unless otherwise noted) for the courses listed above. Though the MCRA does not publish rack rates, the rates were below were provided by MCRA to NGF for this study.

Summary Peak Season Green Fees - RedGate Golf Course and MCRA Courses

	18-Hole Weekday Morning Walk	18-Hole Weekday Morning Ride	18-Hole Weekend Morning Walk	18-Hole Weekend Morning Ride	18-Hole Weekday Senior[1]	18-Hole Weekend Senior
RedGate Golf Course	$39.00[2]	$54.00[2]	$47.00[2]	$62.00[2]	$35.00[3]	N/A
Falls Road Golf Course	$35.00	$45.00	$58.00	$68.00	$34.95	N/A
Hampshire Greens Golf Course	N/A	$51.00	N/A	$69.00	$34.95	N/A
Laytonsville Golf Course	$34.95[4]	$39.95[4]	$49.00	$59.00	$29.95	N/A
Little Bennett Golf Course	N/A	$34.95	N/A	$64.00	$34.95	N/A
Needwood Golf Course	$32.00	$42.00	$50.00	$60.00	$29.95	N/A
Northwest Golf Course	$37.00	$47.00	$57.00	$67.00	$24.95	N/A
Poolesville Golf Club	$29.95[4]	$34.95[4]	$41.00	$51.00	$29.95	N/A
Rattlewood Golf Course	$34.95[4]	$39.95[4]	$49.00	$59.00	$29.95	N/A

1 All Senior rates include cart
2 Resident rates are $1 less
3 Senior rate 60 and older is $30 including cart
4 "Member For A Day Promotion" - Rates included continental breakfast, lunch and free replays
N/A – Rate not available

MCRA – Recent Rounds Played History

The Montgomery County Revenue Authority golf system comprises nine golf facilities, including the nine-hole Sligo Creek. Recent rounds played information for these facilities is summarized in the table below (rounds played for RedGate also illustrated for comparison purposes).

Montgomery County Revenue Authority Rounds Played (FY 2006 – FY 2010)					
Golf Course	**2006 Rounds Played**	**2007 Rounds Played**	**2008 Rounds Played**	**2009 Rounds Played**	**2010 Rounds Played**
RedGate Golf Course	*36,068*	*39,538*	*41,116*	*36,571*	*33,479*
Falls Road Golf Course	50,511	52,041	49,559	42,428	48,753
Hampshire Greens GC	30,488	30,350	32,048	31,105	31,576
Laytonsville Golf Course	44,240	42,884	44,959	38,303	38,579
Little Bennett Golf Course	7,455*	25,394	30,328	30,856	30,542
Needwood Golf Course	16,467*	61,919	71,238	65,854	58,497
Northwest Golf Course	16,563*	59,634	63,988	65,401	64,809
Poolesville Golf Club	29,596	34,485	34,739	29,581	29,313
Rattlewood Golf Course	31,994	35,469	32,934	32,552	33,981
Sligo Creek Golf Course	5,930*	25,591	29,906	25,659	28,151
MCRA Totals	**233,244**	**367,767**	**389,699**	**361,739**	**364,201**
Note: Figures provided by Montgomery County Revenue Authority *Totals reflect partial year; MCRA took over lease on this facility in 2006.					

Significant Findings – Competitive Golf Market

Below are some of NGF Consulting's key findings regarding the competitive public access golf market that RedGate Golf Course operates in:

- As noted, several of the MCRA golf courses comprise the primary competitors to RedGate Golf Course. Based on the golfer survey results, the chief *secondary* competitor to RedGate appears to be Blue Mash Golf Course in Gaithersburg, which is a much newer golf course at a higher price point. Other facilities drawing nominal "wallet share" from RedGate customers included P.B. Dye Golf Club and Whiskey Creek Golf Club, both in Ijamsville, Worthington Manor Golf Club in Urbana, and low-end Cross Creek Golf Course in Beltsville.
- The MCRA courses present a significant obstacle to RedGate's attempts to increase market share. The MCRA has shown the ability and a willingness to sink significant capital into improving their facilities, including two full facility renovations – the Falls and Laytonsville - in the early 2000s. The MCRA facilities, in general, also have very strong support amenities, including the new lighted range at the Falls and the covered, heated range at Northwest. MCRA reportedly plans to continue to invest in

the improvement of its golf courses. It is NGF Consulting's opinion that RedGate's primary competitors now offer superior products to RedGate based on NGF visits in 2008 and 2010, interviews with RedGate golfers (including RAC members) and review of golfer survey results for both RedGate and MCRA facilities.

- Aside from the improved quality of their golf facilities, MCRA presents other competitive problems for RedGate in that the system essentially functions as a conglomerate, with attendant efficiencies in terms of marketing, purchasing, staffing, and management. Also, while Rockville deals with the skyrocketing cost of labor at RedGate, MCRA has non-union employees but is able to buy into Montgomery County's benefits.
- While it is difficult to compare RedGate's fee structure due to MCRA's "stealth" pricing strategy (MCRA indicates that there are essentially no published "rack" rates and pricing is very fluid) and sophisticated internal yield management system, it is NGF Consulting's opinion that the MCRA golf courses competing with RedGate currently offer a better golfing value than the Rockville course.
- NGF believes it is also likely that ongoing negative publicity regarding the potential closure of RedGate has contributed to a perception problem in the market that has made it even more difficult for RedGate to compete with the MCRA facilities.
- All of the MCRA golf courses offer frequent play memberships, reduced golf program memberships and a loyalty program that rewards complimentary golf and discounted merchandise based on a points system. These points may then be redeemed for green and/or cart fees at any Montgomery County Golf facility.

- Average rounds played per 18-hole equivalent, excluding the 9-hole Sligo Creek, were 37,339 for the MCRA golf courses in FY 2010. Falls Road, at 48,753 rounds, was the most active on a per 18-hole basis, while the 27-hole Northwest GC was the most active overall at nearly 65,000 rounds. Other observations regarding rounds played trends:

RedGate experienced a 4% increase in rounds played from FY 2007 to FY 2008, but an 11% decline between FY '08 and FY '09. The corresponding numbers for the MCRA system over these two time periods were a 6% increase followed by a 7.2% decrease.

RedGate's play declined by 8.5% between FY 2009 and FY 2010, while MCRA's total play increased by 0.7%. However, excluding Sligo Creek, the rounds for the MCRA's other eight facilities differed, remarkably, by only 30 total rounds from FY '09 to FY '10. Six facilities – Hampshire Greens, Laytonsville, Little Bennett, Northwest, Poolesville, and Rattlewood – saw virtually no change during those two years, while Falls Road experienced a 14.9% increase and Needwood an 11.2% decrease.

- As was the case with nearly every golf market across the U.S., the greater Washington DC area experienced a significant drop-off in rounds played between the middle and late 1990s and about 2005, largely due to a significant increase in golf course supply in this regional market. The drop-off in per-course activity levels in this and other markets is also attributed to economic conditions, a fall in discretionary income, and a significant drop-off in corporate travel and overall spending.

- Though technically a year-round market (both RedGate and the MCRA courses stay open year-round, weather permitting), the vast majority of rounds played in the Montgomery County area occur between April and October.

Summary of Management Structure Alternatives

The NGF Consulting recommendation for the future operation of the RedGate GC will be based on our understanding of the recent economic performance of the facility and the City's objectives with respect to decreasing, and ultimately eliminating, annual subsidy from the General Fund. The following section summarizes the options available to the City of Rockville by presenting descriptions of the most typical management structure options for public sector golf operations, as well as advantages and disadvantages of each option. Before presenting the recommended management arrangement for the City's golf course, NGF Consulting has presented four basic options the City of Rockville could consider for golf facility operations.

MANAGEMENT OPTIONS

These options, which are presented in order of most direct City involvement to the least City involvement, include:

1. **Self Operation.** Under this scenario, the City would continue to operate the facilities under direct control of the City Manager and the Director of Recreation and Parks through an on-site Head Golf Professional who is a City employee (similar to present system at RedGate).

2. **Concession Agreements.** Similar to a lease agreements, but usually involve granting a license to operate a portion of a facility rather than the right to occupy the premises. These can come in several types or combinations:

   a) **Self Operate Maintenance and Golf Operations, and Contract for Food / Beverage Services** involves direct City control of maintenance and management while contracting food / beverage operations. RedGate GC currently operates under a variation of this scenario, with the Golf Professional, who is a City employee, responsible for merchandise, food & beverage, and driving range (including lessons and club repair) concessions.

   b) **Multiple Concessions** would involve creating multiple contract agreements for separate entities for each facet of the golf operation (pro shop, food / beverage **and** maintenance).

3. **Full-Service Management Contract.** Hire a management company to operate all aspects of the City's golf facility.

4. **Operating Lease(s).** Lease the facility to a private operator in exchange for an annual (or monthly / quarterly) lease payment to the City. The lease could be established to include certain lessee requirements, including capital investment in facility improvements. Maintenance standards and compliance policies would be included, and some restrictions regarding setting of green fees could be included.

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

Option 1: Self-Operation by City

Self-operation gives the City the greatest control over golf operations. The City of Rockville would continue to have control over all employees, course maintenance, policies and procedures, hours of operation, fee schedules, and operating and capital budgets. All revenues would be available to pay for operating and maintaining the facilities. This option is essentially the 'status quo' at RedGate, with the exception of the concessions owned by the Head Professional (snack bar, range, pro shop). Under a full self-operation scenario, the City could move these concessions under direct City control as well.

Advantages of Self-Operation

- Simplest option
- Direct City control of the assets
- All revenues belong to the City
- All workers are City employees

Disadvantages of Self-Operation

- Golf operation may experience fiscal loss and require subsidies from other departments (i.e., taxpayer support).
- Revenues may not cover rapidly increasing costs (particularly labor), especially when golf market is in decline.
- City may lack necessary expertise in managing golf facilities, especially in food and beverage area.
- When revenues and/or operating/capital reserves are down, needed improvements may not be funded (or would at least be deferred).

Discussion

Under this option, the City will have to be prepared to fund all operating deficits and needed improvements out of the General Fund. The inability to fund capital improvements, and rapidly increasing operating expenses (especially labor and benefits), could ultimately result in a less attractive product to golfers, leading to rounds and revenue decreases.

Option 2: Concession Agreements

This form of agreement is similar to a lease agreement. However, a concession agreement usually involves granting a license to operate a portion of a facility rather than the right to occupy the premises. The most common concessions in the municipal golf industry are for the pro shop and food and beverage areas. Pro Shop concessions may include a proportion of revenues from carts, merchandise, lessons, and driving range. In this case, the City receives all green fees, plus an agreed upon percentage of the other revenue centers. The municipality typically is responsible for the maintenance. Concession agreements typically are used to replace the salary of a head professional who would earn a living from concession earnings.

Concession agreements are usually granted for properties in "as is" condition and seldom require the concessionaire to make major physical improvements to the facility.

Another area of separate concessions is in maintenance-only contracts. In this case, the pro shop and food & beverage operations would operate under one or more separate concession agreements (or be self-operated by the City), but the City would privatize the maintenance function. This model has become more common in certain areas of the country where labor costs for maintenance are increasing too rapidly to keep under control.

Advantages of Concession Agreements

- With a pro shop concession, the municipality would be removed from the day-to-day operation in exchange for green fees and a pre-determined percentage of other gross receipts.
- Concession agreements provide more control than an operating lease, but less than a management contract.
- Fixed-fee outsourced maintenance contracts with reputable companies will usually result in savings on labor expenses, especially when taking on public sector courses that were self-maintained.
- Maintenance contracts relieve the municipality from a number of accounting functions such as accounts payable for maintenance vendors, vendor sourcing, and other responsibilities.

Disadvantages of Concession Agreements

- Concession agreements do not provide guaranteed revenue to the municipality and the City will still be responsible for facilities maintenance (operating risk remains with the City).
- The City would be responsible for all major capital improvements.
- There are likely to be fewer highly qualified national management firms interested in a short-term concession agreement.
- It is unlikely that the City will find one vendor for this type of agreement and thus may end up with separate contracts for various functions at RedGate GC (i.e. F&B, pro shop, maintenance, lessons).
- In the case of multiple concessions (pro shop, food & beverage, maintenance), a lack of cohesion may result. For instance, if there are two separate entities for golf course operations and the F&B revenue center, there can at times be competing interests related to issues such as parking, golfers being served adequately, and tournament facilitation.
- In the case of privatized maintenance, adherence to maintenance standards can be hard to enforce if the contract is not comprehensive, or if it does not address contingencies and extraordinary events.
- The maintenance contract may not be helpful to public agencies already operating on reduced maintenance budgets that are utilizing and cost saving techniques.

General Discussion

RedGate GC is currently operating under a hybrid concessionaire structure, as the Head Golf Professional, who is a salaried City employee, also rents the pro shop for a fixed fee and receives 90% of driving range and food & beverage revenues. Considerations for Rockville include making these revenue centers a true concession or concessions (where current Head Pro would no longer salaried employee) or, conversely, taking back these revenue centers and having a salary be the Head Pro's only compensation. The ultimate decision would be based on what the upside potential is in the merchandise, driving range, and food & beverage revenue centers, and whether this upside justifies the added expense of full City self-operation. Later in this report, NGF Consulting will present a scenario that includes the City collecting all revenues and incurring all expenses.

Golf course maintenance, including associated labor, is almost universally the largest single line expense item on a golf course's operating budget. This is especially true in public sector golf operations, when employee wage and benefit costs are often significantly higher than in the private sector. As we will see, the labor budget at RedGate GC is far above the 'norm'; thus it is certainly prudent of the City to at least consider privatizing the maintenance function as one of its options in reducing the expense structure of the golf course.

Option 3: Full Service Management Contract

The primary goal of a management contract / agreement is to provide a golf facility with experienced, professional managers who are responsible for the daily operations, thus relieving the owner (City) of this task. In a typical management contract, the municipality hires a firm that is charged with all management responsibility. The municipality funds all capital improvements, and the management firm hires all employees. Because employees work for the management firm and not the City, payroll costs, and thus total operating expenses, are likely to be less (often by a significant margin).

NGF experience with municipalities indicates that annual management fees paid to the larger nationally known management companies typically fall in the range of $80,000 to $120,000 (perhaps with additional performance based incentives) for a course in RedGate GC's total revenue range. Compensation depends on a number of variables, such as total revenues and whether or not maintenance and/or F&B operations are included.

Advantages of Management Contracts

- Typically lower operating costs (especially with respect to labor/benefits) than under City self-operation. Administrative charges from the City would also be lower.
- A reputable management company typically has experience and expertise in golf facility operations, maintenance, marketing and merchandising that a municipality might not have.
- The City is removed from day-to-day operation in exchange for a payment of a pre-determined management fee (perhaps plus a percentage of gross revenues or some other formula) that is equitable to both parties. In addition, net revenues (if any) are retained by the City.
- There may be purchasing efficiencies in the pro shop as well as the maintenance area, especially with larger companies.

Disadvantages of Management Contracts

- Though this option offers the City more control than with an operating lease, it offers less control than self-operation.
- Unlike a lease, management contracts usually do not provide a guaranteed income for the owner (the City), but rather a guaranteed income for the management entity; operating risk remains with the City.
- The City would still be responsible for capital improvements, whereas in a lease agreement the lessee would likely be responsible for some or even all (if a long-term contract) capital improvements over the term of the lease.
- The City would still need staff to devote some time to oversight of the golf operation and to ensure that the management company is complying with contract terms.

Discussion

This is an option that is typically considered by a municipality as a reaction to rapidly rising operating costs, especially with respect to labor, or ineffective management under self-operation. Under this option, operating risk remains with the municipality and *if* there are no significant cost savings or revenue gains associated with hiring a management company (as compared to continued self-operation), the municipality is effectively just adding another line-item expense – the management fee - to its bottom line. In the case of RedGate GC, NGF Consulting was told by the City's Finance Director that hiring a management company, though adding a management fee to the expense structure, should immediately reduce the Administrative / overhead charges that the General Fund charges the Golf Enterprise Fund, which is projected to be over $335,000 in 2012, to a minimal amount.

Option 4: Operating Lease

The primary goals of an operating lease are to relieve the municipality of all operating concerns, to ensure a minimum rent payment to the municipality (or at least eliminate the losses), and to improve and/or protect the asset. An operating lease is similar to a management contract in that the lessee, like the management firm, hires and fires all employees and is responsible for the day-to-day operation of the facility. The difference between the two is that the full economic risk of the operation is shifted from the municipality to the private management firm, in exchange for the opportunity to earn higher revenues and profits than the municipality was able to generate. The lessee would be committed to pay the municipality a fixed rent, pay all operating expenses, supply equipment, and typically provide some capital for investment in the golf facility.

In exchange for incurring all operating expenses and at least sharing capital upkeep, the private lessee would receive most (if not all) of the revenue and pay the municipality either a flat payment (flat lease) or a percentage of revenue (percentage lease), or both, which has a base rate plus percentage share after a meeting a certain revenue target.

Advantages to Leasing

- **Burden of Risk.** Leasing the facility to a private entity shifts the burden of operational risk to the lessee. This includes the risk associated with rapidly rising labor and other expenses, as well as potential continued downturns in rounds played and revenues. Barring a breach of the contract, the City could have a guaranteed net revenue stream. The only expenses remaining with the City will be those associated with administering the contract, oversight, and compliance.

- **Elimination of Overhead.** If leased to a third party, the enterprise fund operation would no longer be required and thus administrative overhead would be eliminated.

- **Simplicity.** The City would be relieved of the day-to-day responsibility in maintaining and operating these facilities. (As with all management options, the City should still have a person who has golf course expertise monitoring the operation and enforcing contract compliance).

- **Capital Improvements.** Depending on the relative attractiveness of the business opportunity to the private entity, the lease terms could require (or at least incentivize) the lessee to make, or at least contribute significantly to, needed capital improvements.

Disadvantages to Leasing

- **Control.** This lease option offers municipalities the least amount of control over the golf course operation, especially with regard to:

Pricing. Unless specified in the lease, the lessee may seek free rein over golf fees, likely making the golf courses more expensive to the general public. If the lease has restrictions on raising fees, the lease option becomes less appealing to the private companies that may be bidding for the lease award.

Quality. Unless the contract is carefully executed, the City would have little ability to regulate the quality of the operation, as long as the lease terms are met. And even if they are not met, the legal and practical cost to "force" conformity with the lease can be expensive.

- **Profit Motive.** This is closely tied to the control issue. If not carefully executed, a lease arrangement may directly conflict with the objective of providing an affordable, enjoyable recreation activity for residents, as private interests (maximizing profit) can often be in opposition to public interests (providing a community service).

- **Labor Issues.** The lease could lead to public sector maintenance employees losing their positions at the golf course, or at least facing reductions in pay and/or benefits. However, given the localized expertise employed at RedGate GC, NGF believes it is likely that most, if not all, of the full-time golf maintenance employees would be retained by a prudent private operator, or the City can mandate this in the RFP.

- **Revenue Constraint.** As would be expected when one party shares a disproportionately low share of the risk, the City would receive less of the upside revenue potential than it would with a management contract. This is likely to be an issue only when the operator is very successful at growing revenues or creating new revenue centers (and generally only when a golf market is on the upswing).

- **Long Term.** Leases are typically for a long term, especially if capital improvements are included in the lease terms. This makes it difficult to get out of the lease, should the municipality become displeased with the lessee's operation of the facility.

- **Down Market.** The lessee may be forced to cut maintenance expenses and/or raise fees if revenues do not meet expectations. Unexpected golf market downturns often lead to the lessee seeking to renegotiate terms.

Discussion

While leasing of public sector golf facilities was popular in previous decades, its popularity waned in the 1990s as golf revenues were increasing and public agencies began to see what they thought were large sums in golf revenue going to an outside vendor and not being reinvested in the facility or going as profit to the municipality. Since the turn of the 21st century, and especially in the last several years, leases once again became more attractive as a means for municipalities struggling with their golf operations to shift operating risk to a private entity, and in some cases to fund needed capital improvements.

Although the appeal of turning everything over to an outside agency may have a lot of merit, especially in terms of transferring operational risk, we should note that leases have become less attractive to private vendors in the face of decreasing cash flows at municipal golf courses. In most cases, large national management companies would prefer receiving a management fee while leaving the risk of operating losses and capital improvements with the municipality.

Sale or Closure of the Golf Course

NGF Consulting was hired to help the City of Rockville identify the most viable option for the continued operations of the City's golf course. As such, analyzing the potential benefits of closing the golf course altogether, or repurposing the land, is beyond the scope of this study. For the City to consider any option other than continuing to operate RedGate GC, it would obviously have to do much further study, identifying both its goals with respect to offering affordable golf to its residents, and the actual expenses, revenues, and various other costs and benefits that would be eliminated with the closure of the golf course. The NGF team feels that there is a longer progression of changes that would have to take place before closing the golf course should be seriously considered, and the City has not yet exhausted all these options.

Conclusions

NGF Consulting has presented a discussion of the various alternatives available to the City of Rockville for future operations of RedGate GC. The direction the City goes in will depend on a number of factors, including the relative merit of some of the advantages and disadvantages associated with each option. Other factors that contribute to the method by which municipalities manage their golf operations include, but are not limited to:

- Level of control of the golf course asset that the City desires.
- The City's risk tolerance in relation to level of potential subsidy required from the General Fund.
- The City's cost of public labor, including benefits; NGFC experience with municipal operations reviews shows that a municipality would typically save anywhere from 25% to 50% on maintenance labor costs with a private contractor (variables include number of full-time workers, benefit package, union status, etc.).
- Potential financing covenants / stipulations (e.g., some forms of financing may preclude leasing the entire property out).
- Level of "in-house" expertise and personnel in terms of operations and maintenance personnel; willingness of private vendor to retain current key employees.

Marketing and Business Plan Considerations

Should the City of Rockville make a commitment to continue operating RedGate Golf Course, the City of Rockville will have to adhere to a defined plan to upgrade, market and promote the facility. In this section of our report, NGF will identify the key elements of a marketing plan that should help to improve rounds and revenues at RedGate. Several of the elements included in this plan are already being addressed by RedGate staff in 2010, while others are items to be added to the marketing mix of the facility. The NGF again notes the difficult market environment within which the facility operates and that no plan can guarantee results. The NGF also suggests that a significant part of any promotional plan will be for the City to simply cease any communications that in any way imply RedGate will be closing. Public golf course operations in competitive markets typically have marketing budgets of approximately 1% to 2% of total gross revenue for the facility (including F&B). For RedGate GC, this would equate to $28,000 to $45,000 in expected annual marketing expenses over the next five years of Rockville operation.

PRODUCT

Key issues related to the product quality and key business drivers that apply to any golf facility are outlined below:

Value – If a facility charges more for rounds of golf than the perceived value of those rounds, golfers will seek out other choices, especially in the day of ubiquitous discounting of fees. This may be an especially salient issue for RedGate due to the improvement of the MCRA golf courses, which has coincided with deteriorating conditions at RedGate.

Consistent Course Conditioning – The old adage is that golfers are willing to forgive almost anything if a golf course has consistently good conditions (especially greens). NGF Consulting has found this to be largely true, and our hundreds of thousands of golfer surveys have borne this out. This is also true in the case of RedGate where golfers surveyed in 2010 indicated growing concern about the overall conditioning of the RedGate golf course.

Customer Service – Good customer service is extremely important to generating repeat play, gaining positive word-of-mouth, and building customer loyalty and market share. Golfers that have a poor round do not want it compounded by feeling unappreciated. The golfer survey conducted in Rockville in 2010 show RedGate earning higher-than-average marks for customer service.

Aesthetic Quality – As much as golf is a game, it also represents an escape from the urban jungle and everyday worries. To that extent, it is important for a golf course to be pleasing to the eye, and as secluded as possible – attributes that RedGate largely enjoys.

Flow – It is important that there be, to the extent possible, a seamless transition from: entrance → parking lot → bag drop → check-in cart → food & beverage → first tee.

Location – Earlier we noted the generally favorable location and accessibility of RedGate GC, which is able to draw from a dense urban/suburban core of resident golfers, and is close to several large employers and national lodging properties.

Accessibility – As noted previously in this report, the RedGate GC site relatively strongly on this factor, though golfers living in eastern parts of Montgomery County must rely largely on surface streets to reach RedGate (should be improved with completion of Inter-County Connector).

Pace of Play – Many factors affect pace of play, beginning with golf course layout and design. Building a strong starter/marshal program is essential; they must be well trained and be given the proper authority to make sure golfers play the right tees and play at the right pace. (GPS systems on carts can also help, as can drive-up food windows at the turn).

Quality Driving Range – Preferably with natural turf hitting and landing areas, new quality balls each year, and target greens at varying distances. The driving range at RedGate suffers from limitations related to its location and the lack of available space for expansion.

Drainage – News of poor drainage at a golf course quickly spreads, and affects both demand and capacity, especially after heavy rain events. RedGate has an advantage in this area as the RedGate golf course drains well and can have golfers return to the course quickly after rain.

Food & Beverage Service – For a municipal facility, quality food at an affordable price is very important. In the case of the RedGate Golf Course, the golfer survey undertaken as part of this study indicates that this area has need for improvement.

On-Course Services – The golf course must have sufficient restrooms and water availability on course, as well as beverage carts (at least on the busiest days). This is another area where RedGate rated poorly on the customer survey.

Well-Stocked Pro Shop – Though not a high end daily fee course, the upgraded municipal facility should have a good supply of hard and, especially, soft goods. This is another area where RedGate rated poorly on the customer survey, although uncertainty with the future of the pro concession has a lot to do with deficiencies in this area.

Strong Lesson Program – A good teaching program, which RedGate has, is important for building traffic and cultivating future customers. Strong teaching programs aimed at cultivating latent golf demand among women have rightly received more emphasis in recent years and are essential to maximizing play a public facility.

Quality Golf Experience – Contingent on offering a strong combination of the factors and business drivers noted above.

MARKETING PLAN

A marketing emphasis is critical to creating awareness, correcting any misperceptions in the market (e.g., RedGate will soon be closing), and increasing daily fee and tournament play. Strategies may include advertising to create a brand image (e.g., centered around themes such as RedGate's history, Tournament Players Club, "where locals come to play") and maintain awareness, developing a public relations campaign, and increasing utilization of web, print, and yield management strategies.

An effective and comprehensive marketing plan must incorporate research, planning, strategy, market identification, budget, advertising, timetable, and follow-up. Advertising should be tracked adequately to gauge its effectiveness; first-time customers, to the extent that they can be identified, should be surveyed as to how their experience was and why they decided to try

RedGate GC. Offering a discount for return play to a foursome of first-time customers (to extent that they can be identified as such) as they exit the 18th green is also a solid investment for the future.

Efforts to enhance golf activity at RedGate GC should include (in order of importance): (1) Website; (2) E-mail programs; (3) Golf school / lesson programs; (4) Member clubs; (5) Printed promotions / advertisements and (6) improved signage. While some of these activities were ongoing in prior years, it is clear that these efforts, particularly web and e-mail, could be enhanced in the coming years of operations.

The marketing plan that at RedGate GC should be revised annually and address:

- Market conditions
- Competition – including pricing and any changes in policies, facilities, or apparent market strategy.
- Target markets
- Overall Strategy / Implementation strategy
- Media sources, Budget, Specials / Promotions
- Customer feedback, research and Follow-up
- Measurement (a mechanism to gauge the effectiveness of the marketing plan).

Key Components

Customer Service – Quality customer service is the best marketing tool, as it is easier to retain current customers than it is to create new ones. This is especially critical for a municipal facility as the image it projects reflects back on the municipality. The old axiom - a person having a poor experience will tell ten friends about it – is largely true, making proper training of personnel essential. A golf club cannot give a customer a reason not to return – there are simply too many other choices out there. Periodic customer surveys are an excellent way to measure the pulse of the facility's patrons. **At present this is a clear strength at RedGate GC.**

Advertising – An important part of any successful business plan is advertising. Relying on word-of-mouth or your known presence in the community is not the basis on which to promote a business. Obviously, free publicity will be limited so paid newspaper and radio advertising will be an important component of the marketing plan. The primary goals/themes will be stimulating trial of the golf course and making sure potential patrons know how to find the facility.

Rack Brochure – A quality, professionally done rack brochure for the golf course needs to be developed and distributed to area visitor centers, hotels, tourist attractions with information racks, restaurants with tourist racks, Chambers of Commerce, etc. NGF research (NGF publication *The U.S. Golf Travel Market*) reveals that 44% of all golfers play golf when they travel. The brochure should, at a minimum:

- Have four-color pictures.
- Be designed to fit on the tourist racks seen at various visitor centers.
- Have the word "GOLF" written on the top 1 ½" so that it is clearly visible in a rack.
- Have facility descriptions (features, amenities, etc.)
- Have a map and directions.
- NOT have pricing, as pricing changes too frequently.

E-mail – E-mail databases are essential in today's golf market place, as a means of staying in touch with the club's customer base. The City should create and then aggressively market to an e-mail database. E-mail marketing, with the exception of word-of-mouth and free advertising, is the most cost-effective advertising possible. In today's market, it is essential to have and use an e-mail database. E-mails can be captured from customers via a sign-up sheet at the pro shop, with a notice that people on the e-mail list will receive notice of special promotions. The facility's website should help RedGate GC build upon its existing database.

Website and Internet – The Internet is having a larger and larger impact on golf as time goes on. Golfers, especially when traveling, are using the web more and more to find places to play. The web has several key advantages over other forms of advertising:

- **Cost:** A website is relatively inexpensive to setup and maintain.
- **Reach:** As the name "world wide web" indicates, the Internet is international in scope. Today, almost every household that contains a golfer will have access to the Internet.
- **Information:** The amount of information that can be put on the Web is virtually unlimited. At the very least, clear directions and contact information can be used to dramatically increase impact.

Of course, for a Website to be effective, people have to be able to find it. It has to be designed such that today's Web search engines will find it based on key terms people are likely to use. NGF Consulting is encouraged that the RedGate GC Director of Golf and Head Golf Professional have taken positive steps with the creation of the new dedicated website for RedGate GC, but much more needs to be done to this site.

It is essential that the Website be kept current for rates, hours, etc. The best sites are the ones that are constantly being updated with new promotions and news items, so that customers get in the habit of checking them regularly. The Website (or page) should continue to include:

- Pictures and Verbal descriptions of the facility
- A full scorecard
- Map/directions to the course
- E-mail signup: There should be a way to sign up for the e-mail program.
- Information about group and individual lessons
- Current rates and operating hours
- Amenities
- A calendar or news of promotions and upcoming events

Branding – RedGate should strive to differentiate itself from MCRA courses. Strategies may include advertising to create a brand image (e.g., centered around themes such as RedGate's history, Tournament Players Club, "where locals come to play").

Outings/Tournaments

The NGF review of data showed that the RedGate GC has numerous large golf outings/tournaments and has an active tournament program (RedGate TPC). NGF Consulting believes that direct selling of tournaments/ outings is essential to building play levels and revenues at the facility. Advertising and public relations are certainly useful, but direct selling

and networking are essential to expanding the reach and drawing more large events. The addition of a tournament pavilion and enhancements in the food and beverage area could help with this cause. Sales tactics should include:

- Cold calling to hotels and other organizations
- Networking via chambers of commerce, businesses, and clubs
- Business to business direct marketing
- Direct mail and E-mail campaigns
- Producing a print sales kit and brochure
- Newspaper ads and public relations
- Familiarization tours and events for local, media, and organizations

Of course, the second critical element to positioning the club as the place to hold events is following through by providing a good experience. More so than daily fee play, large tournaments and outings are very much about entertainment and camaraderie, rather than golf. These events are generally at the highest green fee and expose many golfers to the club for the first time. By providing a top flight experience, annual events can often be re-booked immediately after an outing, thus reducing uncertainty.

Player Development

NGF Consulting has been told of a strong player development and lesson program at RedGate GC. We note that continued player development will be one of the critical elements to the long-term viability of RedGate GC, and this should continue to be a point of emphasis at the facility. Direct selling, advertising, and public relations are key to any successful attempts at building market share at RedGate. However, one of the critical elements to the long-term viability of the club is player development, including a strong Junior Program. Also, because of today's difficult climate for golf operations, tapping latent demand among groups that traditionally have shown relatively low golf participation – such as women and minorities – is more important than ever.

Increased Women's Participation

Recently, PGA Magazine dedicated an issue to women and golf. Of the many conclusions drawn in the series of articles, two that were unanimous were that when women play golf they like to involve their families, and that women view the social aspect of the game as very important. As a result, beginning women golfers will feel more comfortable when they can bring a friend or family member to golf-related events, such as free golf lessons and clinics, networking receptions, golf rules and etiquette seminars, and on-course playing opportunities and instruction. Offering a social time before or after women's golf leagues is a great way to attract women to your facility. These types of events may also be more successful if current female customers of your golf course are involved in their planning and execution.

There are common characteristics that female-friendly golf facilities exhibit, such as:

- On-course restrooms (cleaned daily) at least every six holes on the golf course.
- Ball washers on the forward tees.
- Golf instruction that takes a consistent approach to all players regardless of gender.
- Promotion of Ladies clubs
- Women-only demo days.

Plan Execution

The marketing plan should be considered a guideline, but there should be enough flexibility to make adjustments as the market dictates. Management must be motivated and dedicated to building market share and customer loyalty, and act as a driving force behind the implementation of the marketing plan. On-site management must be willing to do direct selling to local hotels, corporations, and other organizations, in order to build relationships and stimulate trial.

Fee Recommendations

Analyzing green fee structures can be a difficult exercise without having detailed records about play patterns by time of day and day of week, preferably across two or more consecutive years so that changes in demand can be analyzed in the context of fee increases or decreases. That being said, given our analysis of the current competitive golf market dynamic, as well as other factors such as the demographic profile of Rockville, the high cost of living in this market, and the uncertain regional economy, NGF Consulting believes that RedGate GC is generally priced appropriately, given its value proposition.

However, while it is difficult to compare RedGate's fee structure to that of its competitive set due to MCRA's "stealth" pricing strategy (NGF is told that there are essentially no published "rack" rates and that pricing is very fluid) and sophisticated internal yield management system, it is NGF Consulting's opinion that the MCRA golf courses that comprise RedGate's primary competitive set currently offer a better golfing value than the Rockville course.

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

- Any fee changes to be considered for the short term (ahead of any physical improvements to the course) should be in the direction of offering more discounted fees in the form of Golfnow tee times, other yield management specials (e.g., specials to fill unused tee times one to two days out) or group discounts for outings, rather than substantive changes to rack rates. The ultimate objective of this strategy would be to trade some average rate for volume, especially during off peak demand times, such as mid week and early afternoon.
- Increase the utilization of promotional specials (e.g., packaged with breakfast or lunch, or a pro shop credit) to stimulate play during traditional slow periods.
- Management should continually monitor market conditions and adjust fees as the market dictates. This is especially necessary at RedGate due to the MCRA's pricing strategy. The City should grant more flexibility to management to adjust fees quickly in reaction to market realities.
- Simplify the fee structure at RedGate. While the City seems inclined to retain a nominal $1 discount for residents, NGF Consulting believes that several rate categories can be eliminated / combined with others without substantively harming any constituents. For instance, eliminating senior and junior resident discounts (essentially double discounts), and 9-hole resident discounts would simplify the fee structure somewhat.

Pace of Play Recommendations

The NGF survey suggested that pace of play could be a concern for golfers at RedGate Golf Course. Below are some recommendations for improving (quickening) pace of play. The first step is to develop a systematic way of tracking pace of play. This is best done by utilizing a starter that will record the start time of every group; thus, records can be established to determine what the pace of play really is. If the pace is over four and half hours, it is a problem.

It is the opinion of NGF Consulting that a primary contributor to slow pace at RedGate is the condition of the golf course and some of the difficult areas and blind shots at RedGate GC. A difficult golf course creates numerous problems that slow down pace, including frequent periods of golfers looking for lost golf balls. There are a number of other strategies that can be employed to improve the pace-of-play including:

- **Pin Placement:** Pin placements should not be too punitive, such as on a steep slope. This not only contributes to a slower pace of play (more putts), but also will increase player dissatisfaction due to higher than normal scoring. Maintenance staff needs to be trained on how and where to locate the pins.
- **Appropriate Tee:** Golfers new to a course are often unsure as to which tee to use, and staff should be trained to help golfers identify the most appropriate tee.
- **Paid Marshals / Rangers:** NGF believes that City should consider employing part-time paid marshals (who are not associated with frequent golfers at the facility) and training the marshals to move players along appropriately.
- **Pace of Play Policy:** The facility's pace-of-play policy should be explained and golfers encouraged to keep up with the group in front of them. This creates an expectation with the golfer and can be done in a manner that is professional and inoffensive.

FOOD AND BEVERAGE SERVICE RECOMMENDATIONS / OPPORTUNITIES

As documented by NGF Consulting in this report, RedGate is presently operating a modest, though fairly typical, municipal food and beverage operation that contributes little revenue to the City because of the concession arrangement and relatively low gross sales. Additionally, the golfer survey indicated that customer perceptions of the F&B operation are largely unfavorable. Potential enhancements to the food & beverage service at RedGate include:

- **Enhanced Service to Golfers.** Results of the survey show some dissatisfaction with the food and beverage service at RedGate GC. This may be a function of both food quality and service. NGF recommendations for increasing food and beverage sales among the existing base of golfers include focusing on after-golf socialization and the consumption of alcohol. There also appears to be an opportunity for more on-course service (especially beer) the City of Rockville should consider expanding the beverage cart service at the Rockville GC. The average for beverage carts at public golf courses is approximately $1.00 to $2.00 per round, indicating a possible $100,000 revenue source for the facility.

- **Enhanced Outing / Tournament Business.** The NGF sees opportunity to make RedGate much more attractive to golf outing / tournament organizers with the addition of an event pavilion. A pavilion may also enable the City to attract some banquet and event business in both the social (weddings, gatherings, reunions, etc.) and corporate (events, meetings, luncheons, etc.) segments of the market. A key to building a successful banquet business is direct selling, with in-house efforts by employees of the golf course to increase banquet and meeting business. A golf course hosts hundreds, if not thousands, of unique customers each month, many of whom may not be aware that the facility offers meetings and banquets.

RedGate Municipal Golf Course Financial Projections

As part of this study effort, NGF Consulting has prepared an analysis to show what the potential economic performance of RedGate Municipal Golf Course could be considering the recommendations made in this report, particularly the consideration of retaining a professional golf management company to operate the facility for the City of Rockville. In this section, the facility's economic potential is evaluated with estimates of performance based on a set of assumptions that may or may not become reality. We feel that the cash flow models presented below represent the best effort to create a "fair estimate of performance" for this facility based on our complete review of the operation.

The projections have been divided into four potential scenarios of operation: (1) "As Is" scenario assumes the facility continues on its present course with the same basic operating structure; (2) "As-Is" with Enhancements scenario that assumes the City can improve its rounds and revenue performance at RedGate, take direct control of concessions and otherwise maintain the same operation and expense performance; (3) Management Company Operation with "As-Is" revenue performance scenario assumes the City hires a professional management company and the present level of revenue is maintained; and (4) Management Company Operation with Enhanced Revenue performance scenario assumes the City hires a professional management company that produces an enhanced level of revenue at RedGate.

REDGATE MUNICIPAL GC – "AS-IS" PROJECTIONS

NGF Consulting has created a cash flow model for the continued operation of RedGate Municipal Golf Course assuming a continuation of revenue performance similar to recent experience, coupled with City-projected expenses for the next five years. The tables show the projected cash flows for the full operation through FY2015, or the next five years that NGF Consulting can project with confidence. Each category of revenue has been listed separately, and an estimate of the projected average revenue per round has been provided. Base assumptions in preparing financial performance estimates include:

- The RedGate Municipal Golf Course facility will retain its present operating structure including the pro shop, snack bar and driving range concession through FY2015.
- RedGate GC can produce total rounds played closer to its five-year average of 37,500 rounds per year. The same general mix of play is assumed, although a higher proportion of "discount" rounds are assumed to reflect greater reliance on discount cards, season passes and *GolfNow* sales.
- The average green/cart fee revenue per round is maintained through the remainder of FY2011, with a 3% annual increase expected through 2015.
- The facility can maintain 3.0% growth in average revenues per round across all other categories through 2015.
- The NGF recommended highest priority capital items (totals $204,000) are completed over two years in FY2011 and FY2012, with the tournament pavilion completed first.

- All expenses remain 'as-is' with historical annual increases – 4% growth in personnel expense, 1% in contract services, 3% in commodities and capital outlay fixed at $96,000 per year.

Inputs

Utilizing the above assumptions and activity/revenue estimates, NGF Consulting has prepared a preliminary sketch pro forma for the next five years of operation. The inputs for the pro forma are summarized in the following table:

RedGate Municipal Golf Course – 'As-Is' Scenario
Basic Activity and Average fee / Revenue Inputs

	FY2011	FY2012	FY2013	FY2014	FY2015
Total Rounds	35,000	37,500	37,500	37,500	37,500
Average Fees					
Golf Course Fees	$23.50	$24.21	$24.93	$25.68	$26.45
Cart Rentals	$6.35	$6.54	$6.73	$6.93	$7.14
Driving Range*	$0.06	$0.06	$0.06	$0.07	$0.07
Concessions / Other*	$0.38	$0.39	$0.40	$0.41	$0.42
Pro Shop Rental*	$0.08	$0.09	$0.09	$0.09	$0.10

*Net to City

Pro Forma Estimate 2011 – 2015

Utilizing the above assumptions and activity/revenue estimates, NGF Consulting has prepared a pro forma for the next five years of operation beginning in FY2011 (already underway). The tables show that if operations continue as is, RedGate will not be able to earn revenue sufficient to cover basic expenses, and the operating deficit on the property will fall between $285,000 and $350,000 per year. When the additional overhead expenses (overhead, interest, depreciation) are added, the cumulative loss on the RedGate operation will exceed $3.0 million by 2015. The 5-year cash flow pro forma is presented on the following page, including the full "below the line" expenses based on City projections for administrative overhead that is expected to increase to more than $335,000 by FY2012.

RedGate Municipal Golf Course – 'As-Is' Scenario Projected Revenue and Expense Analysis					
Revenues/Sources	**Projected FY11**	**Projected 2012**	**Projected 2013**	**Projected 2014**	**Projected 2015**
Golf Course Fees	$822,500	$907,688	$934,918	$962,966	$991,855
Cart Rentals	222,087	245,089	252,441	260,014	267,815
Driving Range Fee	2,134	2,355	2,426	2,499	2,574
Concessions (incl. lessons)	13,192	14,558	14,995	15,445	15,908
Pro Shop Rental	2,790	2,790	2,790	2,790	2,790
Total Revenues / Sources	**$1,062,703**	**$1,172,479**	**$1,207,570**	**$1,243,713**	**$1,280,941**
Expenses					
Personnel	$873,200	$908,128	$944,453	$982,231	$1,021,520
Contract Services	157,700	159,277	160,870	162,478	164,103
Commodities	288,400	297,052	305,964	315,142	324,597
Capital Outlay	96,000	96,000	96,000	96,000	96,000
Total Operating Expenses	**$1,415,300**	**$1,460,457**	**$1,507,286**	**$1,555,852**	**$1,606,220**
Net GC Operating Income	**($352,597)**	**($287,978)**	**($299,716)**	**($312,139)**	**($325,279)**
Administrative Charge	$165,750	$334,800	$338,148	$341,529	$344,945
Debt Service	$10,900	$10,162	$9,418	$8,674	$7,930
Recc. Capital Projects	$90,000	$114,000	$100,000	$100,000	$100,000
Net Facility Income	**($619,247)**	**($746,940)**	**($747,282)**	**($762,342)**	**($778,154)**
Working Capital, Ending*	**$0**	**($746,940)**	**($1,494,222)**	**($2,256,564)**	**($3,034,718)**

*Assumes $0 balance at the end of FY2011 due to City Council action in September 2010.

REDGATE MUNICIPAL GC – ENHANCED FACILITY PROJECTIONS

NGF Consulting has created a second cash flow model assuming several changes in the RedGate operation, but retaining the basic City-run operational structure. This scenario is presented by NGF to represent a "best case" scenario of revenues and expenses within a City-run operational structure. The key assumptions that drive this projection include enhancements to the RedGate property (turf improvements, on-course facilities, etc.), the addition of a tournament pavilion (open by the beginning of FY2012) and the assumption of direct City control of all concessions (range, snack bar and pro shop) at RedGate GC. Other assumptions in preparing financial performance estimates include:

- RedGate GC can produce total rounds played in excess of 40,000 by FY 2012, growing to 43,000 by FY2015. The same general mix of play is assumed, although a higher proportion of "discount" rounds are assumed, to reflect greater reliance on discount cards, season passes and *GolfNow* sales. NGF Consulting estimates that tournament rounds would rise from the current ±1,100 annually to about 3,000.

- The average green/cart fee revenue per round is reduced by 10% in FY2011, and then increased by 3% each year through 2015. This reflects an NGF recommendation to lower the average rate to stimulate greater rounds activity.
- RedGate would then perform with industry averages for revenues and expenses on concession items. NGF projects $5.00 per round on the snack bar, $2.50 per round in the pro shop, $0.65 per round in lessons and $1.00 per round on the driving range. Growth in these items is projected at 3% per year through 2015. Increases in per-round food & beverage sales are partly due to the assumed addition of the pavilion. Direct cost of sales is assumed at 60% for the snack bar, 75% for pro shop.
- RedGate expenses are assumed to be generally similar to the "As-Is" scenario with increases in personnel ($67,000 increase) and commodities ($20,000 increase) to reflect additional expenses associated with City take-over of concessions, including additional salary for the Head professional and other new staff.
- The NGF recommended highest priority capital items (totals $204,000) are completed over two years in FY2011 and FY2012, with the tournament pavilion completed first.
- All other expenses remain 'as-is' with historical annual increases – 4% growth in personnel expense, 1% in contract services, 3% in commodities and capital outlay fixed at $96,000 per year.

Inputs

Utilizing the above assumptions and activity/revenue estimates, NGF Consulting has prepared a preliminary sketch pro forma for the next five years of operation. The inputs for the pro forma are summarized in the following table:

RedGate Municipal Golf Course – "Enhanced" Scenario
Basic Activity and Average fee / Revenue Inputs

	FY2011	FY2012	FY2013	FY2014	FY2015
Total Rounds	36,500	40,000	41,000	42,000	43,000
Average Fees					
Golf Course Fees	$22.50	$23.18	$23.87	$24.59	$25.32
Cart Rentals	$6.35	$6.54	$6.73	$6.93	$7.14
Driving Range Fee	$1.00	$1.03	$1.06	$1.09	$1.13
Lessons	$0.65	$0.67	$0.69	$0.71	$0.73
Concessions / Other	$5.00	$5.15	$5.30	$5.46	$5.63
Pro Shop Rental	$2.50	$2.58	$2.65	$2.73	$2.81

Pro Forma Estimate 2011 – 2015

Utilizing the above assumptions and activity/revenue estimates, NGF Consulting has prepared a pro forma for the next five years of operation beginning in FY2011 (already underway). The tables show that even with an enhanced scenario in place, the RedGate GC will still not be able to earn enough revenue to cover basic expenses, although the loss on operations would be reduced considerably from the "As-Is" scenario. When the additional overhead expenses (overhead, interest, depreciation) are added, the cumulative loss on the RedGate operation will still reach in excess of $2.49 million by 2015. The 5-year cash flow pro forma is presented on the following page, including the full "below the line" expenses based on City projections for administrative overhead that is expected to increase to over $335,000 by FY2012.

RedGate Municipal Golf Course – 'Enhanced Facility' Scenario Projected Revenue and Expense Analysis					
	New Tourn. Pavilion	on-course restrooms+ cart paths			
Revenues/Sources	**Projected FY11**	**Projected 2012**	**Projected 2013**	**Projected 2014**	**Projected 2015**
Golf Course Fees	$821,250	$927,000	$978,680	$1,032,627	$1,088,930
Cart Rentals	231,605	261,428	276,002	291,216	307,094
Driving Range Fee	36,500	41,200	43,497	45,895	48,397
Lessons	23,725	26,780	28,273	29,831	31,458
Concessions / Other	182,500	206,000	217,485	229,473	241,984
Pro Shop Rental	91,250	103,000	108,742	114,736	120,992
Total Revenues / Sources	**$1,386,830**	**$1,565,408**	**$1,652,679**	**$1,743,778**	**$1,838,856**
Cost of Sales					
Food & Beverage (60%)	$109,500	$123,600	$130,491	$137,684	$145,191
Lessons (80%)	$18,980	$21,424	$22,618	$23,865	$25,166
Pro Shop (75%)	$68,438	$77,250	$81,557	$86,052	$90,744
Total COS	**$196,918**	**$222,274**	**$234,666**	**$247,601**	**$261,101**
Gross Margin	**$1,189,912**	**$1,343,134**	**$1,418,013**	**$1,496,177**	**$1,577,754**
Expenses					
Personnel	$940,000	$977,600	$1,016,704	$1,057,372	$1,099,667
Contract Services	157,700	159,277	160,870	162,478	164,103
Commodities	308,400	317,652	327,182	336,997	347,107
Capital Outlay	90,000	114,000	96,000	96,000	96,000
Total Operating Expenses	**$1,496,100**	**$1,568,529**	**$1,600,755**	**$1,652,848**	**$1,706,877**
Net GC Operating Income	**($306,188)**	**($225,395)**	**($182,742)**	**($156,670)**	**($129,123)**
Administrative Charge	$165,750	$334,800	$338,148	$341,529	$344,945
Debt Service	$10,900	$10,162	$9,418	$8,674	$7,930
Recc. Capital Projects	$90,000	$114,000	$100,000	$100,000	$100,000
Net Facility Income	**($572,838)**	**($684,357)**	**($630,308)**	**($606,874)**	**($581,998)**
Working Capital, Ending*	**$0**	**($684,357)**	**($1,314,665)**	**($1,921,539)**	**($2,503,537)**

*Assumes $0 balance at the end of FY2011 due to City Council action in September 2010.

REDGATE MUNICIPAL GC – MANAGEMENT COMPANY WITH "AS-IS" REVENUE PROJECTIONS

The third scenario presented by NGF Consulting involves a significant change in the operation of RedGate GC, and includes the retention of a professional management company to operate

and maintain the RedGate GC in exchange for a fee paid by the City of Rockville. It is assumed that this structure would be created after an RFP process with the best qualified candidate being retained by the City beginning in FY2012. Under a traditional model of management company (outsource) structure, all of the direct expenses on the operation would be borne by the City of Rockville, although the structure of the operation would fall under a more "private sector" model with expenses, particularly personnel expenses, falling within the private structure. In this scenario, NGF has shown what this management company structure would look like assuming "As-Is" revenue performance. Other assumptions in preparing financial performance estimates include:

- RedGate GC can produce total rounds played closer to its five-year average of 37,500 rounds per year. The same general mix of play is assumed.
- The average green/cart fee revenue per round is maintained through the remainder of FY2011, with a 3% annual increase expected through 2015.
- The facility can maintain 3.0% growth in average revenues per round across all other categories through 2015.
- All expenses fall under a management company model and are based on NGF data collected from various management companies with operations at similar northeastern U.S. municipal golf operations in the last few years. An expense inflation factor of 3% per year is assumed based on historical performance. A management fee of $120,000 per year is assumed, based on actual experience at similar facilities nationwide. City overhead is reduced to $60,000 per year, as it is assumed that most overhead expenses to operate the facility will be included as part of the management company's budget.

Inputs

Utilizing the above assumptions and activity/revenue estimates, NGF Consulting has prepared a preliminary sketch pro forma for the next five years of operation. The inputs for the pro forma are summarized in the following table:

RedGate Municipal Golf Course – "Base" Management Company Scenario Basic Activity and Average fee / Revenue Inputs					
	As-Is	**New Management Co. in Place**			
	FY2011	**FY2012**	**FY2013**	**FY2014**	**FY2015**
Total Rounds	35,000	37,500	37,500	37,500	37,500
Average Fees					
Golf Course Fees	$23.50	$24.21	$24.93	$25.68	$26.45
Cart Rentals	$6.35	$6.54	$6.73	$6.93	$7.14
Driving Range Fee	$0.06	$0.41	$0.42	$0.44	$0.45
Concessions / Other	$0.38	$3.61	$3.71	$3.82	$3.94
Pro Shop Rental	$0.08	$2.58	$2.65	$2.73	$2.81

Pro Forma Estimate 2011 – 2015

Utilizing the above assumptions, we can see that the use of a management company structure at RedGate would immediately result in lower expenses and thus an improvement in economic performance. NGF is projecting that with the incorporation of a management company structure beginning in FY2012, the City will immediately see positive income on operations. Given this

performance, coupled with the reductions in city overhead expenses, the RedGate Golf Fund would improve performance considerably, although the fund would still have a negative balance of more than $960,000 by the end of 2015.

RedGate Municipal Golf Course – 'Base' Management Company
Projected Revenue and Expense Analysis

	As-Is	New Management Co. in Place			
Revenues/Sources	**Projected FY11**	**Projected 2012**	**Projected 2013**	**Projected 2014**	**Projected 2015**
Golf Course Fees	$822,500	$907,688	$934,918	$962,966	$991,855
Cart Rentals	$222,087	245,089	252,441	260,014	267,815
Driving Range Fee	$2,134	15,450	15,914	16,391	16,883
Concessions (incl. lessons)	$13,192	135,188	139,243	143,420	147,723
Pro Shop Rental	$2,790	96,563	99,459	102,443	105,516
Total Revenues / Sources	**$1,062,703**	**$1,399,976**	**$1,441,975**	**$1,485,235**	**$1,529,792**
Cost of Sales					
Food & Beverage (60%)	$0	$81,113	$83,546	$86,052	$88,634
Pro Shop (75%)	$0	$72,422	$74,595	$76,832	$79,137
Total COS	**$0**	**$153,534**	**$158,140**	**$162,885**	**$167,771**
Gross Margin	**$1,062,703**	**$1,246,442**	**$1,283,835**	**$1,322,350**	**$1,362,020**
Expenses					
Personnel	$873,200	$645,000	$664,350	$684,281	$704,809
Contract Services	$157,700	70,000	72,100	74,263	76,491
Commodities	$288,400	298,000	306,940	316,148	325,633
Capital Outlay	$96,000	96,000	96,000	96,000	96,000
Administrative Expense	0	200,000	206,000	212,180	218,545
Insurance, etc.	0	26,000	26,780	27,583	28,411
Other	0	15,000	15,450	15,914	16,391
Total Operating Expenses	**$1,415,300**	**$1,350,000**	**$1,387,620**	**$1,426,369**	**$1,466,280**
Net GC Operating Income	**($352,597)**	**$49,976**	**$54,355**	**$58,866**	**$63,512**
Management Fee		$120,000	$120,000	$120,000	$120,000
Administrative Charge	$165,750	$60,000	$60,000	$60,000	$60,000
Debt Service	$10,900	$10,162	$9,418	$8,674	$7,930
Recc. Capital Projects	$90,000	$114,000	$100,000	$100,000	$100,000
Net Facility Income	**($619,247)**	**($254,186)**	**($235,063)**	**($229,808)**	**($224,418)**
Working Capital, Ending*	**$0**	**($254,186)**	**($489,249)**	**($719,057)**	**($943,475)**

*Assumes $0 balance at the end of FY2011 due to City Council action in September 2010.

REDGATE MUNICIPAL GC – MANAGEMENT COMPANY WITH "ENHANCED" REVENUE PROJECTIONS

The fourth scenario presented by NGF Consulting combines the best results for both revenues and expenses, with a management company operation combined with enhancements in revenue generation. First, NGF assumes that the City will complete an RFP process to hire a qualified full-service management company beginning in FY2012. Second, NGF assumes that the "best case" of revenues presented earlier will come to fruition under a management company scenario. The key assumptions that drive this projection include enhancements to the RedGate property (turf improvements, on-course facilities, etc.), the addition of a tournament pavilion (open by the beginning of FY2012) and the assumption of increases in rounds and average revenues per round. In this scenario, NGF has shown what a management company structure would look like assuming enhanced revenue performance. Other assumptions in preparing financial performance estimates include:

- RedGate GC can produce total rounds played in excess of 40,000 by FY 2012, growing to 43,000 by FY2015. The same general mix of play is assumed, although a higher level of tournaments and outings will be hosted due to the presence of the pavilion. NGF Consulting estimates that tournament rounds would rise from the current level of about 1,100 annually to about 3,000.
- The average green/cart fee revenue per round is maintained through the remainder of FY2011, with a 3% annual increase expected through 2015.
- RedGate would then perform with industry averages for revenues and expenses on concession items. NGF projects $5.00 per round on the snack bar, $2.50 per round in the pro shop and $1.00 per round on the driving range. Growth in these items is projected at 3% per year through 2015. Increases in per-round food & beverage sales are partly due to the assumed addition of the pavilion. Direct cost of sales is assumed at 60% for the snack bar and 75% for pro shop.
- An expense inflation factor of 3% per year is assumed based on historical performance. A management fee of $120,000 per year is assumed, based on actual experience at similar facilities nationwide. City overhead is reduced to $60,000 per year, as it is assumed that most overhead expenses to operate the facility will be included as part of the management company's budget.

Inputs

Utilizing the above assumptions and activity/revenue estimates, NGF Consulting has prepared a preliminary sketch pro forma for the next five years of operation. The inputs for the pro forma are summarized in the following table:

RedGate Municipal Golf Course – "Enhanced" Management Company Scenario Basic Activity and Average fee / Revenue Inputs					
	As-Is	**New Management Co. in Place**			
	FY2011	**FY2012**	**FY2013**	**FY2014**	**FY2015**
Total Rounds	35,000	40,000	41,000	42,000	43,000
Average Fees					
Golf Course Fees	$23.50	$24.21	$24.93	$25.68	$26.45
Cart Rentals	$6.35	$6.54	$6.73	$6.93	$7.14
Driving Range Fee	$0.06	$1.03	$1.06	$1.09	$1.13
Concessions / Other	$0.38	$5.15	$5.30	$5.46	$5.63
Pro Shop Rental	$0.08	$2.58	$2.65	$2.73	$2.81

Pro Forma Estimate 2011 – 2015

Utilizing the above assumptions, we can see that the use of a management company structure at RedGate, coupled with enhanced revenue performance, would substantially improve the bottom-line for the City of Rockville. Considering the assumptions made for this projection are realized, the RedGate GC would be able to earn revenue to cover both direct expenses on the operations, AND cover overhead expenses such as management fee, interest and depreciation. The result is a near elimination of the RedGate GC Fund deficit and a positive fund balance by the end of FY2015.

RedGate Municipal Golf Course – 'Enhanced' Management Company
Projected Revenue and Expense Analysis

	As-Is + Tourn. Pavilion	New Management Co. in Place			
Revenues/Sources	**Projected FY11**	**Projected 2012**	**Projected 2013**	**Projected 2014**	**Projected 2015**
Golf Course Fees	$822,500	$968,200	$1,022,177	$1,078,522	$1,137,327
Cart Rentals	$222,087	261,428	276,002	291,216	307,094
Driving Range	$2,134	41,200	43,497	45,895	48,397
Lessons	$0	$26,780	$28,273	$29,831	$31,458
Concessions / Other	$13,192	206,000	217,485	229,473	241,984
Pro Shop	$2,790	103,000	108,742	114,736	120,992
Total Revenues / Sources	**$1,062,703**	**$1,606,608**	**$1,696,176**	**$1,789,673**	**$1,887,252**
Cost of Sales					
Food & Beverage (60%)	$0	$123,600	$130,491	$137,684	$145,191
Lessons (80%)	$0	$21,424	$22,618	$23,865	$25,166
Pro Shop (75%)	$0	$77,250	$81,557	$86,052	$90,744
Total COS	**$0**	**$222,274**	**$234,666**	**$247,601**	**$261,101**
Gross Margin	**$1,062,703**	**$1,384,334**	**$1,461,510**	**$1,542,072**	**$1,626,151**
Expenses					
Personnel	$873,200	$645,000	$664,350	$684,281	$704,809
Contract Services	$157,700	70,000	72,100	74,263	76,491
Commodities	$288,400	298,000	306,940	316,148	325,633
Capital Outlay	$90,000	114,000	96,000	96,000	96,000
Administrative Expense	$0	200,000	206,000	212,180	218,545
Insurance, etc.	$0	26,000	26,780	27,583	28,411
Other	$0	15,000	15,450	15,914	16,391
Total Operating Expenses	**$1,409,300**	**$1,368,000**	**$1,387,620**	**$1,426,369**	**$1,466,280**
Net GC Operating Income	**($346,597)**	**$238,608**	**$308,556**	**$363,304**	**$420,973**
Management Fee	$0	$120,000	$120,000	$120,000	$120,000
Administrative Charge	$165,750	$60,000	$60,000	$60,000	$60,000
Debt Service	$10,900	$10,162	$9,418	$8,674	$7,930
Recc. Capital Projects	$90,000	$114,000	$100,000	$100,000	$100,000
Net Facility Income	**($613,247)**	**($65,554)**	**$19,138**	**$74,630**	**$133,043**
Working Capital, Ending*	**$0**	**($65,554)**	**($46,416)**	**$28,214**	**$161,257**

*Assumes $0 balance at the end of FY2011 due to City Council action in September 2010.

JUSTIFICATIONS FOR ENHANCED REVENUE PROJECTIONS

NGF Consulting believes the "enhanced revenue" financial projections created for RedGate Municipal Golf Course, under the assumptions noted above, are achievable considering basic primary improvements to the facility are completed, including the addition of a new tournament pavilion. We base this assertion on the potential high quality of the facility after the recommended changes, and the available capacity to grow rounds and return the facility to rounds totals approaching those achieved two years ago (2008).

NGF Consulting believes the financial projections created for RedGate Municipal Golf Course, under the assumption of recommended changes being enacted, are achievable for the following reasons:

- Potential high quality of RedGate Municipal Golf Course after improvements.
- RedGate Municipal Golf Course is operating at rounds levels that are lower than actual capacity, and the facility has achieved rounds played levels close to what NGF Consulting is projecting as recently as 2008.
- Increased marketing emphasis to emphasize improvements made at the facility will result in a change in the perception of RedGate Municipal Golf Course in the marketplace.
- Ability to regain market share as "lost" golfers return; stemming some of the outflow of rounds from Rockville to other Montgomery County area golf courses.
- More proactive direct selling of larger tournaments and events; better golf experience to offer large group events.
- Improved food & beverage operation and facilities, which will also enhance tournaments.
- Potential for regional economic recovery, resulting in increased discretionary income.

FINANCIAL PROJECTIONS SUMMARY

The results of the NGF Consulting financial analysis of RedGate Municipal Golf Course show that even if the performance of RedGate is improved and rounds are increased to more than 43,000 annually, the facility will still not be able to generate enough revenue to cover all direct expenses and City overhead. Thus the City of Rockville should anticipate that deficits in the RedGate GC Fund balance would continue into the foreseeable future.

The results also show that the facility could benefit from the introduction of a professional management company operating RedGate via contractual agreement with the City of Rockville that allows for a “private sector” expense structure and full operation of all concessions. Under this operational model, reduced expenses on the operation and reduced City overhead (management company performs those functions currently being done by City) will help to lower the deficits on the operation and even produce a positive Fund balance on the operation in a few years. However, these projections are based on the assumption that some improvement is made to RedGate so that the facility can compete on more equal footing with the key competitive MCRA courses that have been improved considerably in recent years.

The NGF projections assume a total capital outlay of around $500,000, spread out over five years, to complete the primary improvements recommended by NGF in 2010 (included in pro forma estimate). We note that some of this capital expenditure does not have increased revenue attached to it, but will be required to maintain present levels of rounds and fee performance.

Our analysis and financial projections lead us to the following key conclusions for continued operations at RedGate Municipal Golf Course:

1. The continued operation of RedGate Municipal Golf Course on an ‘as-is’ basis, without facility improvements or reductions in expenses, will likely result in ever-increasing fiscal deficits and City bailouts of the RedGate GC Fund. If RedGate continues to be operated under its current structure, but improves its revenue to a “best case” level of performance, the fiscal situation would improve but not enough to cover all direct expenses and City overhead. Also, the City would have to fund not only the operating deficits (and ultimately once again have to erase the accumulated negative fund balance), but would be left without a funding mechanism for needed facility improvements.

2. The only way to secure fiscal stability within the RedGate Fund is to simultaneously reduce expenses AND grow revenues. Based on the NGF review of this operation, it appears that the most efficacious way to achieve this goal is to outsource the golf operation, with present key management and maintenance personnel retained (if possible), via contract to a qualified management company capable of managing the facility at a much lower rate than the City of Rockville. Under this form of operation, NGF Consulting believes that the RedGate operation should be able to increase rounds and revenues and generate a positive fund balance within a few years.

In summary, the NGF Consulting cash flow model for the RedGate Municipal Golf Course, assuming a private management company and basic primary facility upgrades, shows the improved golf facility generating significantly improved revenue performance and expense reductions that should help the City replenish the RedGate GC Enterprise Fund over the longer term (2015). However, even with an improved financial scenario, RedGate Municipal Golf Course may still have to operate with Fund deficits for at least the next two or three fiscal years.

Other Benefits of Municipal Golf

NGF Consulting has long noted and advocated the many benefits that a golf facility brings to a community. Among them:

- Provides a healthy recreational outlet for its residents
- Provides an outlet for charitable donations
- Provides an outlet for at-risk youth
- Enhances the overall quality of life in the City
- Reflects well on the image/brand of the City
- Creates golf-related jobs and income to the community through purchases, wages, and taxes

Additionally, a golf facility can elevate the quality of life, improve the business climate, and induce tourist traffic.

Other Economic Benefits

Aside from the direct net cash flows resulting from daily operations, there are two main direct economic impacts from a golf course (**the first, construction impacts, applies only to major renovation or new course construction**):

- Construction impacts (job creation, direct and indirect spending, sales tax revenue)
- Operations impacts (job creation, direct and indirect spending, sales tax revenue)

Operations Impacts

The four primary economic impacts likely to result from the operation of a municipal golf course are shown below. These are “standard” impacts observed by NGF and may or may not apply directly to the City of Rockville. :

- Job creation
- Sales tax revenue generation from purchases at the clubhouse (direct on-site spending)
- Direct spending by visitors at off-site establishments such as gas stations, grocery stores, restaurants, and hotels
- The multiplier effect of indirect and induced spending throughout the local economy

In addition to off-site spending from visiting golfers, and the corresponding multiplier effect, other difficult to quantify economic benefits likely to result from the continued operation of RedGate GC are enhanced land values in the local area.

Charitable Impacts

Golf courses have proven to be an especially great venue for raising money for local charities. The RedGate GC has been active in this area hosting numerous events with considerable charitable impact. The NGF has estimated that a public golf facility that is active in hosting

charity golf events would have an average impact of as much as $100,000 raised for charity each year through charity tournaments held at the facility.

At-Risk Youth

In addition to offering organized junior golf programs and discounts for local high schools, many municipalities, including Rockville, offer highly discounted, or even free, programs for lower-income and/or at-risk youth. Though there may be no short-term financial benefit in doing this, the intangible benefits are obvious, as programs such as this have proven to help troubled kids by providing them with a healthy outlet that can become a lifelong interest or even passion. Golf has proven to be a diversion for lower-income and/or at-risk youth, as it has the potential to help troubled kids by providing them with a healthy outlet that can become a lifelong interest or even passion. Finally, there is likely to be long-term financial benefit to the City, as players are being cultivated as potential future customers.

Junior Programs

One example of a formally organized youth golf program is The First Tee, whose main goal is to offer a venue for introducing people - primarily children - to the game of golf in an affordable, non-intimidating setting. The First Tee states as its mission: "*To impact the lives of young people by providing learning facilities and educational programs that promote character-development and life-enhancing values through the game of golf*."

The First Tee has several different types of programs. Depending on the type of affiliate, a First Tee program might consist of two curricula designed primarily for 8- to 18-year-olds - one focused on golf, the other on life skills. To make progress, participants must show proficiency in both golf and life. The Golf Curriculum starts by teaching participants the fundamentals of the game. As players become more skilled, they have the opportunity to progress into competitive, tournament play with their mentors as constant guides. The Life Skills Curriculum is used to further enhance and instill the inherent values of the game of golf, and show participants how these values transfer into other aspects of their lives. Students are taught about core values such as responsibility, trust, how to set goals, the importance of maintaining a positive attitude, and the importance of showing respect for others. These lessons for life are taught through a variety of golf-related exercises designed with the primary goal of having fun.

Minority Golf Participation

In 2003, the National Golf Foundation conducted a research study as part of *Golf 20/20's* Diversity Task Force, which is developing strategies for player development programs and other initiatives focused on women and minorities. The study found that the golf participation rate among minority population was lower than the overall U.S. golf participation rate of 12.6%.

The implications for RedGate and continuing golf operations is that it is imperative that the City initiate player development programs aimed at stimulating latent golf demand among all groups. The most significant minority group actively participating in golf at RedGate is from the Asian-American immigrant community. RedGate staff estimate that close to 1/3 of all play is by this group. Many of these are first-generation immigrants.

To lure youths to the game, the fun and entertainment aspects of the game should be stressed, and one way to make the game fun is through events and tournaments. Free or nominal-cost programs should be initiated for lower-income children and juniors, hopefully subsidized by private donors.

Appendices

A – Golf Course Life-Cycle

B – Golf Enterprise Fund Administrative Charges

C – Public Golf Operational Norms

D – Golfer Survey Program

E – Strategic Perspective on the Future of Golf

APPENDIX A - GOLF COURSE LIFE CYCLE CHART

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
Irrigation Control System	*10 – 15 years*	Corrugated Metal Pipes	15 – 30 years
PVC Pipe (under pressure)	*10 – 30 years*	Bunker Drainage Pipes (3)	5 – 10 years
Pump Station	*15 – 20 years*	Mulch	1 – 3 years
Cart Paths – asphalt (2)	5 – 10 years (or longer)	Grass (4)	Varies

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

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

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 - GOLF ENTERPRISE FUND ADMINISTRATIVE CHARGES

NGF Consulting has gone through a cross sampling of operations reviews that we've performed for municipalities with Golf Enterprise Funds over the last five years or so in attempt to identify some pattern with respect to the magnitude of Administrative/Overhead charges assigned by the General Fund to the Golf Enterprise Fund in these municipalities. (**Please refer to the spreadsheet on the following page**). Below are some summary observations based on this review:

- Administrative/Overhead "charge backs" from the General Fund to the Enterprise Fund vary greatly by municipality, and there appears to be much randomness in terms of their magnitude. Administrative/Overhead charges were often based on municipality-wide cost allocation studies done by consultants, as is the case in Rockville.
- There is no benchmarked "appropriate" level of these charges, and the charge backs often did not seem to correlate to the level of support given to the Enterprise Fund by the General Fund. However, based on NGFC's extensive experience with municipal and daily fee profit & loss statements, as well as input from large national golf course management companies, a reasonable estimate for actual administrative expense related to items such as accounting, legal, etc. for a municipal golf course at RedGate's revenue level is about $150,000 to $200,000.
- In the face of operating deficits being magnified by Admin/Overhead charges from the General Fund, reduced staffing and deferred maintenance are typical and capital improvements typically go by the wayside.
- In most cases NGF has observed in which the Enterprise Fund was operating under a deficit, had little realistic chance to make an operations profit, and had a negative accumulated Fund Balance, the annual charges from the General Fund were reduced or temporarily eliminated by the municipality.
- Some municipalities continue to charge the Enterprise Fund each year for items such as "PILOT" (Payment in Lieu of Taxes), Administrative Overhead, other allocated expenses, etc. despite annual operating deficits and the Golf Fund "owing" the General Fund money in the form of a large accumulated negative Fund Balance that would likely never be repaid. In these circumstances, there is often a transfer from the General Fund to the Enterprise Fund to make up for the overall operations shortfall. In the case of large accumulated negative Enterprise Fund balances (sometimes millions of dollars) resulting from several years of losses, a one-time transfer to erase the deficit, as was recently the case in Rockville, is not uncommon.
- For some municipalities, recognizing that the Golf Fund will not be able to cover normal operating expenses let alone a large admin/overhead charge from the General Fund, these charges are kept to a minimum and reflect to the extent possible only those actual variable expenses directly attributable to the Golf Fund.

One of NGF Consulting's primary roles in these municipal engagements, aside from helping the municipality find ways to increase rounds and net revenues, is to educate City/Town/County Councils on the devastating affects that continued operating deficits (exacerbated or even caused by the charges from the GF) have on needed golf course maintenance and capital improvements. These continuing deferrals can ultimately lead a golf facility/system into the "death spiral".

Sampling of Administrative / Overhead "Charge Backs" from General Fund to Golf Enterprise Fund				
Municipality	**# Golf Facilities**	**Total Gross System Revenues**	**Total Charges from General Fund to Golf Enterprise Fund**	**Total Charges per Golf Course**
Town of Brookline, MA	1	$1,184,860	$179,064	$179,064
City of Omaha, NE	7	$3,000,000	$250,000	$35,714
Town of Sandwich, MA	1	$1,150,507	$15,000	$15,000
City of San Mateo, CA	1	$2,800,000	$580,000	$580,000
City of Great Falls, MT	2	$1,035,000	$148,000	$74,000
City of Mountain View, CA	1	$3,370,409	$500,000	$500,000
City of Livermore, CA	2	$3,100,000	$300,000	$150,000
City of Houston, TX	7	$4,443,409	$162,078	$23,154
Nassau County, NY	5	$6,786,746	$553,944	$110,789

*From Cross-Sampling of Recent NGF Consulting Municipal Operations Reviews

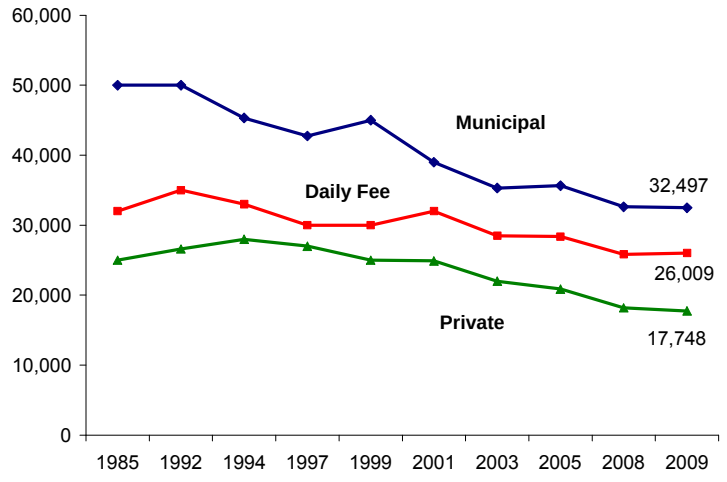
APPENDIX C – GOLF FACILITY OPERATIONAL NORMS

For comparison purposes to RedGate Golf Course, we present a review of selected NGF data collected from various surveys conducted in the last five years. This include data from the aggregate of all golf courses in the U.S. (by category), as well as data from selected sub-categories of golf facilities including mid-range (middle fee) public golf facilities in the year-round operating climate (defined as "Sun-Belt"). These data are detailed in the National Golf Foundation publication, *Operating & Financial Performance Profiles of 18-hole Golf Facilities in the U.S.* These figures were included and used for this effort as they represent "reasonable estimates" for comparison to the GSP golf courses. In addition, NGF Consulting has added estimates from the 2009 *"Future of Public Golf in America"* study completed in 2009 and presented at the annual NGF Golf Business Symposium.

Public Golf Facility Rounds Expectations

NGF research indicates that the average number of rounds played per 18-hole golf course has been declining in the last 25 years. The totals now stand at an average of 32,497 rounds for municipal golf courses (includes Cities, States, Counties, Towns, etc.), 26,009 for all daily fee (privately-owned, open to the public), and 17,748 for private (member only) clubs. We note these figures all represent significant declines since 1985, with acceleration of decline since 2001.

Rounds Played
Median 18-hole

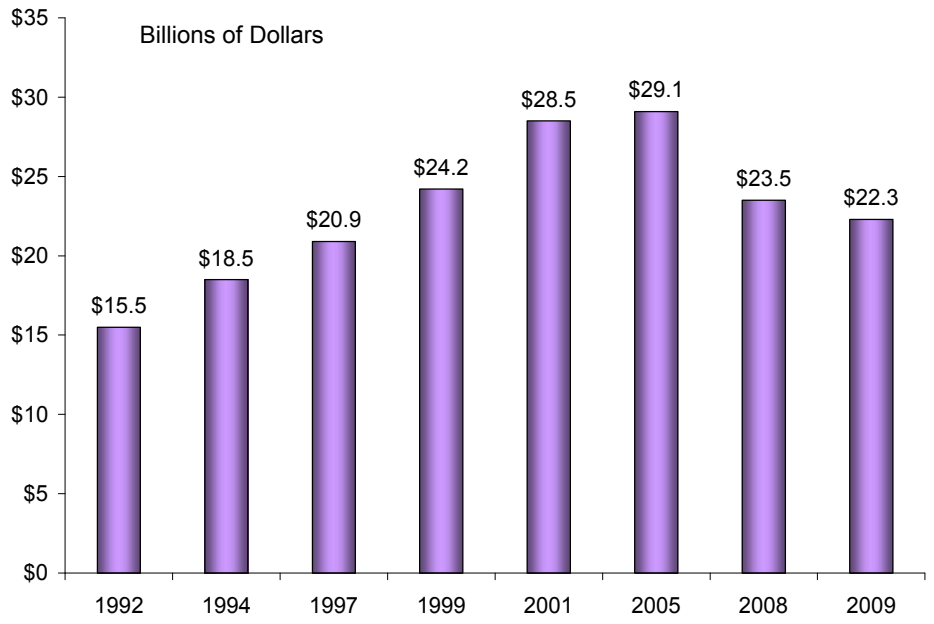


Public Golf Facility Revenue Expectations

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

Total U.S. Golf Facility Revenue

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



Average Revenue per Golf Facility

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

Facility-Level Revenues
Average Total Revenues
18-hole - $millions

	2008	2009	% change
Daily Fee	$1.6	$1.5	-6.1%
Municipal	$1.3	$1.3	-2.1%
Private	$3.6	$3.4	-4.7%

Source: National Golf Foundation and Golf Datatech

Further detail on public golf facility operations in the United States has been collected by NGF over the years, a summary of which is presented below for 2005 and 2009. The NGF consultants feel that this represents the best measure of comparison to performance at RedGate GC and is used for this purpose throughout this report.

Public Mid-range Average Revenues			
	2005	***2009****	**% change**
Green fees, cart fees and member/passholder revenue	$679,280	*$624,900*	-8.0%
All other golf revenue	$76,930	*$75,000*	-2.5%
F&B revenue (incl. banquets)	$214,400	*$182,200*	-15.0%
Merchandise revenue	$80,080	*$75,300*	-6.0%
All other operating revenue	$37,560	*$36,400*	-3.1%
Total Revenue	**$1,088,250**	***$993,800***	**-8.7%**

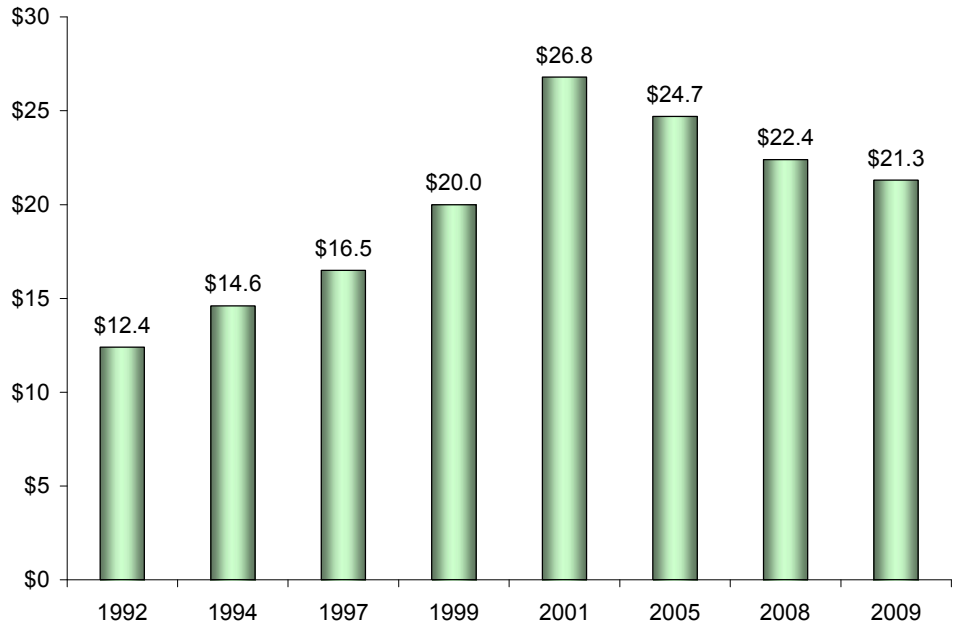
Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2006 edition, National Golf Foundation, and *"Future of Public Golf in America"* study – 2010.
**Estimated totals derived from sample research in 2009*.

Public Golf Facility Expense Expectations

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

Total U.S. Golf Facility Expenses

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



Average Expense per Golf Facility

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

Facility-Level Expenses
Average Total Expenses
18-hole - $millions

	2008	2009	% change
Daily Fee	$1.4	$1.3	-5.8%
Municipal	$1.1	$1.1	-1.2%
Private	$3.4	$3.2	-5.4%

Source: National Golf Foundation and Golf Datatech

Further detail on public golf facility operational expenses in the United States from 2005 and 2009 are displayed below. The NGF consultants feel that this represents the best measure of comparison to performance at RedGate GC and is used for this purpose throughout this report.

Public Mid-range Average Expenses

	2005	*2009**	% change
Total maintenance costs	$377,160	*$414,900*	10.0%
Golf car fleet costs	$31,120	*$30,500*	-2.0%
COGS F&B	$86,360	*$76,200*	-11.8%
COGS merchandise	$56,450	*$44,600*	-21.0%
Other expenses	$315,280	*$365,700*	16.0%
Total Expenses	**$866,360**	***931,900***	**7.6%**

Notes:
"Total maintenance costs" includes payroll, supplies, and equipment.
"Other expenses" is a large category because it includes all non-maintenance payroll and all other operating expenses.
Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2006 edition, National Golf Foundation, and *"Future of Public Golf in America"* study – 2010.
*Estimated totals derived from sample research in 2009.

Public Golf Facility Average Revenue and Expense per Round

NGF research indicates that middle-fee public golf courses in the U.S. average $32.06 in total facility revenue per round of golf. Of this figure, $22.58 (70.4%) is derived from "golf" sources (green, cart, pass fees and driving range), with the remaining $9.48 (29.6%) per round derived from "ancillary" (mostly merchandise, food + beverage) sources. Overall, this figure has declined by about 1.5% between 2005 and 2009, wit the largest decline (8.3%) coming from food and beverage revenue.

Public Mid-range U.S. Average Revenue Per Round			
	2005	**2009**	**% change**
Total Revenue	$32.54	$32.06	-1.5%
Golf Revenue	$22.60	$22.58	-0.1%
F&B revenue (incl. banquets)	$6.41	$5.88	-8.3%
Merchandise revenue	$2.40	$2.43	1.3%
All other operating revenue	$1.12	$1.17	4.5%

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2006 edition, National Golf Foundation, and *"Future of Public Golf in America"* study – 2010

Middle-fee public golf courses in the U.S. average $30.06 in total facility expenses per round of golf. Of this figure, $13.38 (44.5%) is derived from golf course maintenance, with the remaining $16.68 (55.5%) per round derived from all other expenses. Overall, this figure has increased by about 16% between 2005 and 2009, wit the largest increase (18.6%) coming from golf course maintenance expenses.

Public Mid-range U.S. Average Expense Per Round			
	2005	**2009**	**% change**
Total maintenance costs	$11.28	$13.38	18.6%
Golf car fleet costs	$0.93	$0.98	5.4%
Total COGS	$4.27	$3.90	8.7%
Other expenses	$9.43	$11.80	25.1%
Total Facility Expense	**$25.91**	**$30.06**	**16.0%**

Source: *Operating & Financial Performance Profiles of 18-Hole Golf Facilities in the U.S.*, 2006 edition, National Golf Foundation, and *"Future of Public Golf in America"* study – 2010

APPENDIX D – GOLFER SURVEY PROGRAM

Survey Instrument

Found on next 2 pages

RedGate Golf Course Customer Satisfaction Survey

The City of Rockville has engaged the National Golf Foundation to do an in-depth study on RedGate Golf Course. An important part of the study is getting input from golfers who have played there. To thank you for your time and feedback, you will receive four greens fees for the price of three when you turn in a completed survey to the clubhouse.

1. How many rounds did you play at RedGate Golf Course in the past 12 months? _____ **rounds**

2. List the three other courses you play most often in this area, if any, and tell us how many rounds you've played at each in the past 12 months.

A. _____ _____ **rounds**

B. _____ _____ **rounds**

C. _____ _____ **rounds**

3. What is your overall satisfaction with RedGate Golf Course?

Very dissatisfied — **Very satisfied**

1 2 3 4 5 6 7 8 9 10

4. To what extent has RedGate Golf Course met your expectations?

Falls short of your expectations — **Exceeds your expectations**

1 2 3 4 5 6 7 8 9 10

5. How well did RedGate Golf Course compare with the ideal golf course?

Not very close to the Ideal — **Very close to the Ideal**

1 2 3 4 5 6 7 8 9 10

6. In a year from now how likely are you to be a customer of RedGate Golf Course?

Not at all likely to be a customer — **Extremely likely to be a customer**

1 2 3 4 5 6 7 8 9 10

7. Please rate how likely you would be to RECOMMEND RedGate Golf Course to a friend or colleague?

Not At All Likely — **Extremely Likely**

0 1 2 3 4 5 6 7 8 9 10

8. Did you play at RedGate Golf Course primarily on the basis of a referral from a friend or colleague? ❑ **Yes** ❑ **No**

9. How many friends or colleagues, if any, did you positively refer to RedGate Golf Course in the last 12 months? _____ **friends/colleagues**

10. How many friends or colleagues, if any, did you advise against playing at RedGate Golf Course in the last 12 months? _____ **friends/colleagues**

	Very Dissatisfied	Somewhat Dissatisfied	Neither Satisfied Nor Dissatisfied	Somewhat Satisfied	Very Satisfied	Don't Know/Can't Rate
Overall Value of Course	1	2	3	4	5	❑
Convenience of Course Location	1	2	3	4	5	❑
Tee-time Availability	1	2	3	4	5	❑
Overall Course Conditions	1	2	3	4	5	❑
Condition of Greens	1	2	3	4	5	❑
Scenery and Aesthetics of Course	1	2	3	4	5	❑
Pace of Play	1	2	3	4	5	❑
Condition of Golf Cars	1	2	3	4	5	❑
Amenities (clubhouse, pro shop, locker room)	1	2	3	4	5	❑
Friendliness/Service of Staff	1	2	3	4	5	❑
Food and Beverage Service	1	2	3	4	5	❑
On-course Services (restrooms, drinking water)	1	2	3	4	5	❑
Overall Experience	1	2	3	4	5	❑
Affordability	1	2	3	4	5	❑
Condition of Tees	1	2	3	4	5	❑
Condition of Bunkers	1	2	3	4	5	❑
Condition of Fairways	1	2	3	4	5	❑
Overall Quality of Practice Facility	1	2	3	4	5	❑
Golf Course Design	1	2	3	4	5	❑
Overall Quality of Golf Shop	1	2	3	4	5	❑
Overall Quality of Golf Shop Apparel	1	2	3	4	5	❑
Overall Quality of Golf Shop Merchandise	1	2	3	4	5	❑

12. What do you like most about RedGate Golf Course? (PLEASE BE AS SPECIFIC AS POSSIBLE)

13. ZIP code of primary residence: _____

14. Gender: ☐ **Male** ☐ **Female**

15. Age (Please specify): _____

16. Annual household income (optional)

- ☐ **Prefer not to answer**
- ☐ **Under $25,000**
- ☐ **$25,000-$49,999**
- ☐ **$50,000-$74,999**
- ☐ **$75,000-$99,999**
- ☐ **$100,000-$149,999**
- ☐ **$150,000-$199,999**
- ☐ **$200,000-$249,999**
- ☐ **$250,000 or more**

17. Which of the following best describes you? ("X" one box only).

- ☐ **Resident Passholder**
- ☐ **Non-resident Passholder**
- ☐ **City of Rockville Resident**
- ☐ **City of Rockville Non-Resident**
- ☐ **Member of Tournament Players Club**
- ☐ **Multi-play Cardholder**

18. What suggestions, if any, would you offer to improve the overall golfing experience at RedGate Golf Course?

19. Do you know any friends / colleagues / co-workers / former playing partners who have stopped golfing at RedGate due to poor playing conditions?

- ☐ **Yes**
- ☐ **No**

20. What one golf course alteration/improvement would be most likely to increase your frequency of play at RedGate GC?

21. Would your frequency of play at RedGate increase if the course was less difficult, all other factors being equal?

- ☐ **Yes**
- ☐ **No**

22. Have you heard any publicity / rumors in the last 12 months indicating that the City of Rockville may close RedGate GC in the near future?

- ☐ **Yes**
- ☐ **No**

23. If you answered "yes" to previous question, has this news made you less likely to choose RedGate when deciding on where to play, or to purchase multi-play card or season pass?

- ☐ **Yes**
- ☐ **No**

24. What would induce you to play more frequently at RedGate GC? (choose one)

- ☐ **Better course conditions**
- ☐ **Better customer service**
- ☐ **Robust schedule of tournaments**
- ☐ **Nothing – I prefer to play several area courses.**

25. Why do you not play RedGate GC more frequently (choose one)?

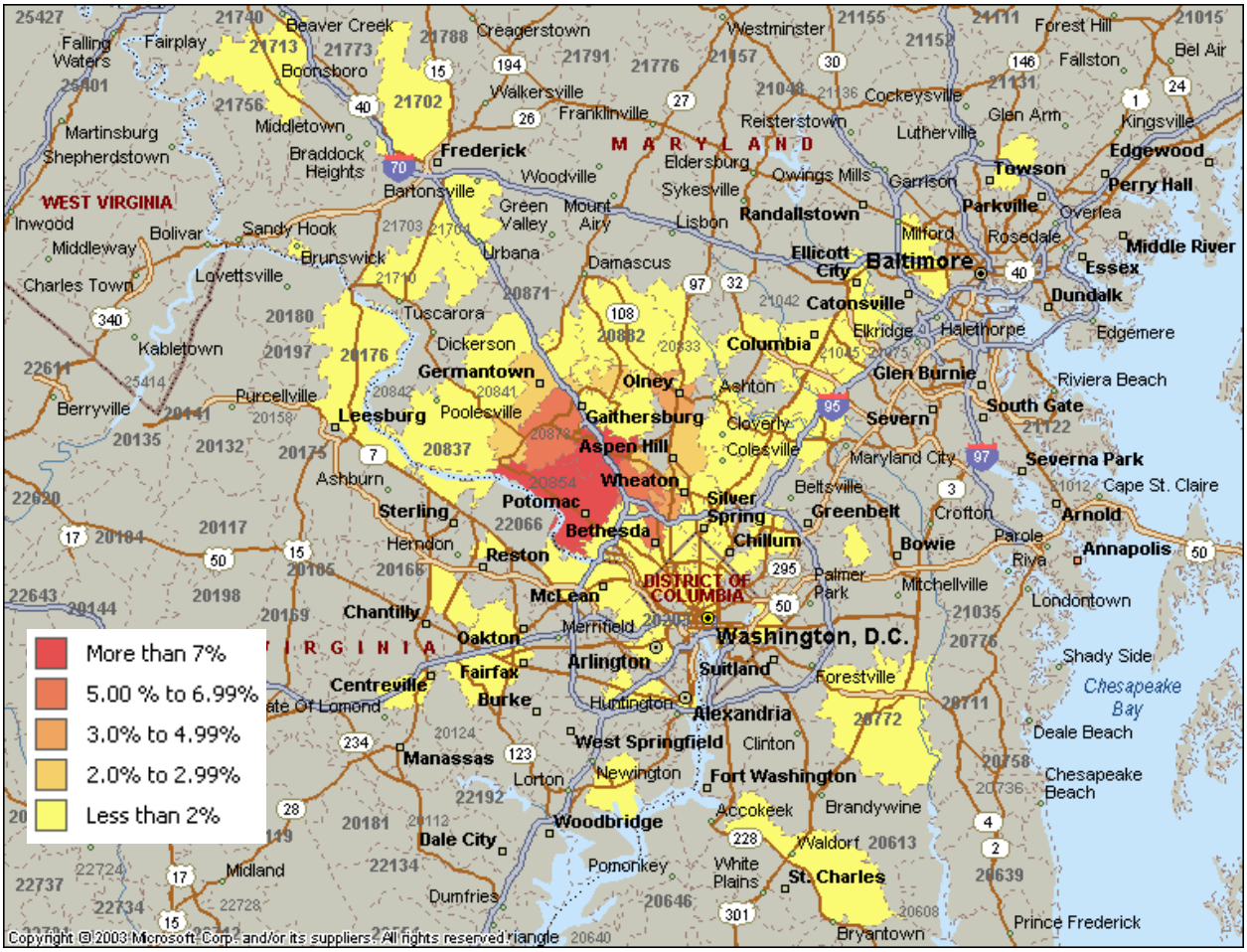
- ☐ **Golf course is too difficult**
- ☐ **Distance of RedGate GC from my home**
- ☐ **Poor course maintenance condition**
- ☐ **Green fees too high**
- ☐ **Poor customer service**
- ☐ **Playing less due to economy**

Please enter your contact information:

Name		**Address**	
Phone		**E-Mail**	

Customer Origin Map

Percentage by Zip Code



Verbatim Comments

In each section, the first comment is in response to the question: “What do you like most about RedGate Golf Course?” The second comment answers: “What suggestions, if any, would you offer to improve the overall golfing experience at RedGate Golf Course?”

What Promoters have to say about your course:

Proximity to my home Price point Familiarity with the course Relationship w the staff and players Relaxed atmosphere Local civic pride of having a Rockville owned and operated golf course World class tournament program

Switch the nines. Make current back nine the front nine Improve the range and practice facilities dramatically (I would be happy to provide more detail if you want to contact me directly) Considerable improvement to outside operations staffing and interaction with customers Shuttle service to range and back Dramatically change/intensify course maintenance to make course more playable and a faster round for average players (again much more detail needed and I am willing to provide) Marketing program needs review and modification. Consistent marketing and intensified viral marketing. More community based events and visibility for the course Make all customers feel special not just the Regulars. Serious scrubbing of the budgets and determination of inefficiencies that can be eliminated and determine better use of resources Increased focus on course maintenance and materials used in doing so. Improvement to sand traps from a playability and consistency standpoint Consistency to green structures regarding condition and green speeds Clearing out and maintaining all wooded areas on and adjacent to the course Review of pricing policies Better merchandising practices The urgency and professionalism needed to succeed Develop buy in from the local golf community to create a more polished and positive product

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I like the tournements, the friendly staff, and the quality designed holes

Chnage the food quality, stock up the proshop, redesign hole # 11, fill in the water area on 16. Handicap players 18 and above cannot play the hole.

---

convenience

Look at the course from a foot traffic pt of view. the walk from #2 to #3 is not the best

---

challenging, beautiful, very well maintained

make all golfers feel welcome, improve snack bar service/ attitude, stress importance for all golfers to be responsible for maintaining the course, i.e. ball marks--divots. advertise more upbeat golfing experience. lower greens fees prices at non-peak times.

Level of golf challenge, quality and responsiveness of staff, course layout, fairway conditions, greens level of difficulty and challenge

better maintenance of greens and sand traps, improved snack bar, use of rangers who speed up play

---

I like the staff and RTPC the most.

Maintenance of the greens and tee boxes - fully recognizing the challenges with them. Cut the trees that are the cause!

I love that the course is so convenient. I can decide at the spur of the moment to play 9 or 18 holes. Doesn't take a lot of time to get there and play is relatively fast.

The driving range is too far from the clubhouse. I've never used the driving range once - rather I drive past it to Olney. The city is missing out on revenue.

The staff is the friendliest around, and very accommodating. The course is always in excellent condition.

Better sand traps. Organize leagues for seniors and after school jrs. Open at 7 during Summer.

Convenient, inexpensive, beautiful fairways, challenging

I'm not sure I would make any changes.

Great staff, well run, interesting layout, tournament schedule

Conditioning is good overall, but several holes are spotty

Location, price, condition of the greens

Get a dog to reduce the number of geese on certain holes

Layout and challenge. I am a new golfer and I was challenged and enjoyed the round at the same time. I like the price also.

I don't have any recommendations now, but as I play more course I will definitely provide feedback.

Staff, cost, Conditions, practice facilities

Video of your lessons with the instructors, add another practice green, keep the quality conditions

---

the condition of the course, the management team and the challanging holes

rebuild and modernize the snack bar

It is not EASY. You have to want to play some challenging golf to play there.

Being able to make tee times on-line

Nearby

Less expensive

Quality of conditions.

Put a bust of Brooks Gerardi at the end of the driving range so we have a target to shoot at.

The layout.

Improving greens conditions and tee boxes

The elevated tees and the length of the course provide a significant challenge and breathtaking views. Additionally, the greens are very well maintained.

Tee boxes can become a bit raggedy after consecutive play.

It is a challenging and nice course. The people who work and play there are friendly and it has a great community.

none

RedGate is a well maintained and well run course. It is challenging,visually appealing and compares to most private courses.

i will continue running it as is.

---

layout, staff, tournaments

redo bunkers, repave cartpaths

Challenging

More uniform rough and firmer sand esp in fairway bunkers

The layout is very good. The course is designed to require you to play every club in your bag. That's fun. And the course is very well maintained throughout the year. The staff people are great. Friendly and helpful. Makes you want to come back and play again. Finally, the golf pro, Marty Johnson, is great to work with.

The club house needs to be upgraded. The club houses at Falls Road and Laytonsville were upgraded in recent years, and doing so totally changed the experience at those courses. I'd bet those upgrades attracted many more golfers to those facilities.

Price and good fairways and greens

none

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challenging, easy to get to, and good rates after 2pm.

better greens.

Extremely well run, excellent course that offers diverse holes with interesting shots, yet still affordable... In essence, it's a high level course at reasonable prices.

I might improve the driving range or install some sort of chip/putt training hole.

Layout and well maintained.

Improving sand traps - having all with quality sand

I like the design, the elevations, the setting

I think that RedGate needs to promote itself more, become more competitive with local course(like specilas etc), staff is not so friendly (not everyone , of course. The club house could be more inviting.

I like the quality and maintenace of the course, the difficulty of the course and the twilight prices of the course.

The course is challenging and maybe that is what keeps customers away (for example I had a friend who left after 9 because he was tired of having such a terrible game) so maybe you lower the prices on peek tee times to gain more business. Also, if you want to maintain prices you may want to consider Golf Carts with GPS.

The course is usually in great shape and plays well.

Some of the greens need a little work. Additionally, some of the tee boxes could be improved (more grass and make them more flat/even).

It's challenging and always in great condition.

At this point none

The course is very well maintained compared to other Montgomery County Public golf courses

Keep up the good job

The layout, the greens are maintained well and the Staff is awesome!

Without taking the price per round up any, I think redgate does a great job. I think always the pace of play can be improved.

It is a very fun course to play. The elevation changes are challenging and it is beautifully maintained.

Convenient location and fun/fair playing course layout that is generally well maintained

Find and implement permanent solution to fix chronic ly bad green condition on hole #11 (I think that's the one)

Very well maintained. I also liked the design

Can't think of any

staff, layout, greens

redo bunkers, improve pace of play

Challenge. Variety. Course conditions. Price.

Better flags. Small improvement that can really change the feel of the course. Gives it a much classier feel. Improve green on number 11 . Add grass tees to range and add practice bunker.

Overall nice course that is a bit challenging with the elevation changes.

Can't really think of anything. Just continue to keep the course in good shape.

It is an interesting and challenging course that has been consistently improved over the years. It offers a stern, but fair test of golf prowess. It is quite scenic and gives a person a good workout if you choose to walk the course. I think the practice facility is now one of the better ones in the county since it has a practice bunker. Marty Johnson is a real asset as the teaching pro. I am impressed with his knowledge and approach to teaching.

I would consider sponsoring skills competitions at the driving range and on the practice green and give out prizes for the winners in each category.

Proximity to my home (under 2 miles), availability of tee times, professionalism of staff, care of course, range of lengths/challenges of holes.

Paved path to driving range; GPS in carts or iPhone app for GPS/tee times/check-ins/etc.

The course is well maintained, challenging, but not unfair. The par 3 #2 is a fantastic hole; I look forward to it every time I play.

There are a couple of par 5s--#4 on the front and #16 on the back--that are way too hard. I'd make the pond protecting the fairway on #4 smaller so that it can be cleared off the tee. #16 needs to be flattened out a little bit. The hills in the fairway make at least two of the shots blind.

friendly, professional staff

improve bunkers - sand

How well the course is kept. Love the elevation of the course.And the water play

The food in the snack bar. And the sand traps

Challenging, but not too much so. Course is always in good shape

Have someone monitor play more often to make sure the pace of play is maintained.

Price, layout, fast greens

greens (maintenance issues?), water for fairways

The variety of hole layouts and the elevation changes.

I think the place is great as it is.

Good location and course is in good condition. Like the layout and get a lot of exercise to play a round by walking.

During the summer couse should be open earlier during the weekday.

---

convenient, not expensive, good clubhouse

none

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* The starters have a good control over keeping tee times on track. *Challenging par 5s

* The 11th hole always seem damaged. Poor fairwats grass and very bad green.

Friendly staff. Close proximity. Great condition.

Change 16. Make 11 an island (or 3/4) green par 3. Sign at #9 tee with snack bar menu & number for golfers w/cell phones.

Scenery, low cost, friendly staff.

Club house could use an upgrade.

I like the degree of difficulty of the course. It is not too easy and not too difficult. The course is challenging and playable at the same time

I would make changes to holes 7 and 16. They need to be made a little more playable.

Challenging, but not overly long. Close to my home. Easy to make tee times, Play moves at a good pace, Conditions have improved (work on the 11th and 16th holes in particular). Reasonably priced. Friendly staff. It's a fun course to play.

Improvements to the driving range -- length, tee boxes (maybe even grass tee boxes). Add practice chipping green. Relocate sand practice so it's usable with a practice green and away from the driving range.

Variety of holes and challenges. Not a cookie cutter course. The cost to seniors.

Mark the location of the lake on 18 so it can be seen from a distance. Continue to shorten and cut back some roughs.

The undulating fairways

Nothing

It's all about challenging, up hills, down hills, tight fair way, fast green and long par 4 specially #8 and #9.

Have you ever go fishing? when the park police show up, they will ask for FISHING LICENSE so you know what you doing when you out there fishing. Same golfer needed Golfing License! so they know what they doing on the golf course when they out there golfing! Sound stupid? For me i don't think so,

why? If every golf courses come up with this Golf License Idea thing that's meant income for the golf course. Like, fee for taking golf skills test, fee for making a license, more.... event the golf pro will have more teaching job! well think about this and I would say most of people will agreed with this idea but it will take time time to process. Thanks for reading this :)

YOU WILL PROBABLY USE EVERY CLUB IN YOUR BAG.

THERE IS SO MUCH MONEY TO BE MADE JUST DRIVING THE BEER CART AROUND OR HAVE A GRILL SET UP AT #7 TO KEEP THINGS RUNNING.I CAN'T BELIEVE YOU CAN'T GET PEOPLE TO DO THIS EVERY MINUTE THE COURSE IS OPEN.

---

tournament

improve the green

---

conditions

none

---

18 holes, affordable.

cut and trim grass, get rid of animal feces on the fairway or green.

Challanging and well maintained. Good twilight rates

Nicer snack area

Conditions are very good for the most part. Course is challenging but not too difficult. The price is very reasonable.

Promote the snack bar/grille. Member for a day type deals. Other special pricing. Special deals in the pro shop. Improve driving range with new balls and mats. Special pricing for range.

Praicve and accessibility

Sunday play is quite slow

Location

Club house facility

Good challenging public course, well maintained.

none

Location

Keep the pace of play

---

convenient location, friendly staff, reasonable rates, course usually in decent shape

Blow up 11th hole - worst redesign of a hole ever! Fairway is horrible. Better range balls, possibly have practice range improved and managed so that it was open at night. Improve tee boxes

---

I like the layout of the course, which requires many different types of shots, and the Tournament Players Club which provides 20 or more tournaments during the year. A unique feature that no other course in the area provides.

I'm happy with the way it is.

Challenging nature of the layout, ease of making tee times, availability of tee times, RTPC Tournamanet Club, Friendliness of the Staff.

I would improve the quality and consistency (year long) of the greens and bunkers. I would thin some of the trees on the perimeter of the course. I would improve the quality of food options in the grill room. Provide locker facilities or club storage.

It has personality, make you think about your game, but without being insanely difficult

Improve the greens, a perennial problem in this area.

---

located close to my home

Can't think of any. It's a very nice course and the only course I've played in the past 2-3 years.

It has a lot of character, not your typical straight back and forth holes, and challenging.

None

Well kept, reasonably priced, challenging

none

Close to my home. Excellent condition. Challenging without being overpowering.

Improve the cart paths on the hills! Dry out practice sandtrap. Add a flatter section to the practice green.

---

the course requires a golfer to use all the clubs in the bag. if you can score well at RedGate, you can score well anywhere

i personally hate #16. I'd make that more playable.

The course is very well maintained and in much better shape than any other public course I play while also offering affordable rates.

I would have personnel manning a bag drop and cleaning clubs for golfers at the end of the round, A slight upgrade to the snack bar would also help.

Challenging, Always well maintained

Figure out a way to make the current restaurant area more inviting maybe have it have a big window that overlooks one of the greens. I've not had a chance to use the new Driving Range but it looks like its a great improvement

---

Proximity to my home, although every other course I patronize is close as well. Redgate compared to other courses is picturesque and seems to have more space between tee boxes. Your food is pretty good as well, best of all your course is where I broke 100 for the first time. Because of this there will always be a spot in my heart for Redgate.

GPS equipped golf carts. I'm sure this would/could increase your patronage. It would also be nice to have the lesson area / driving range closer to the parking lot. GPS equipped carts by far would be my recommended improvement.

The staff, and the layout of the course.

Can't think of any.

It is close to my home and relatively inexpensive

Perhaps having someone come around with food/drink and also someone to monitor the pacing.

---

this course has character

none

Challenging. Some hard holes, some easier holes.

Keeping the golfers moving at a decent pace. I play during the week and expect it to be faster than on weekends.

---

i lived in Rockville years ago (now in Baltimore) and played RedGate often, not so much now. For me, I love playing RedGate for the memories. I know the course well and always enjoy getting back to play a round or two. Like Most - it's a fun, easy to walk, course.

the clubhouse...it's just not a fun place to hang post round. I'd consider blowing it up and building a new one from scratch. Make it larger more welcoming to accommodate golfers at the 19th hole. Also create a space to host golf outings...maybe an outdoor pavilion.

The staff, the variety of shots, the design

Redo all bunkers, improve tee boxes, improve areas around greens

---

I can't quite put my finger on it. Their is a friendly, small town feeling to the course that is totally lacking at Needwood and Laytonsville. I like the course layout, the location, the buildings, the staff and it's very affordable.

Can't think of any at the moment. I love that place.

Greens, pace of play. Some of the best rolling, in terms of consistency and speed, greens I have played on a municipal course. I liked the active course marshaling.

Driving range - grass tees, better targets. On course, mark every sprinkler head.

Beautiful course, challenging lay out, great greens

Make the tee boxes nicer, they often are aimed at the wrong direction it seems. I'd make the yardage markers more pronounced too, they are often difficult to locate. .

---

challenging and well maintained

improve sand bunkers

The friendly staff; The greens; The challenging holes

Put sand in the traps. Spruce up the tee box areas. Access to the driving range from the building parking lot near to the driving range and a range ball dispenser.

COURSE DESIGN,GOOD SHAPE OVERALL

GREENS

Location - close to home in Rockville; staff - friendly and cooperative; variety of holes - use all the clubs in your bag; cost; tournament program

more use of marshalls to maintain pace of play; more encouragement of players to maintain course - rake traps; replace divots and fix ball marks on greens.

Friendly staff. Fairways are in good shape. Challenging layout.

Improve the tee time scheduling. Most courses are going to reserving tee times in advance online.

---

good challenging course

Price is out of line with comparable course (I liked the play four rounds get one free offer redgate had for several years, but stopped them last year). I play league play and poolsville has a good deal of after 5PM $20 to ride nine.

---

well maintained and challenging greens, friendly staff (including someone who chased me to the parking lot with the wallet I left behind), affordable, fantastic teaching golf pro

Increase golf lesson accessibility as the pro is consistently booked. Update/remodel the clubhouse

---

Friendly and helpful staff, well maintained course that can be challenging to all levels.

None

The way course has been mantain over the years.

1.Food, drink and green fee and/or annual pass should be related. 2.Lenth Par 3 NO. 6.

---

nice course, well maintained greens and fairways

add a little more bunkers & water to make course a bit more difficult

---

consistent quality of fairways, tees and greens.

better sand trap management, change Hole 9 to a par 5 and extend tees. Institute slow play policy to force players to move to next tee if they don't meet time limits set.

---

conditions

none

---

the challange

don,t know

---

overall condition excellent, greens challenging, pace adequate

improve (lengthen) driving range to permit practice with woods

---

Difficulty of Par 5s.

Improved grass at tee boxes, and more frequent beverage cart service.

Wide open fairways.

Cut the rough more often.

---

the course is in good condition and the prices are reasonable.

Actually, I think it runs pretty well.

Arthur is a extremely friendly and courteous professional. Also, the cost of the course is excellent in relation to the quality of the course. I live in GA, however when I am here I love to go out an play the course in the afternoons, even if I play somewhere else in the morning.

I would like to see the folks on the green of number 1 before the group behind tees off. This will eliminate the pain of waiting on the rest of the course. I would also change the layout of holes9, 11 and hole 16. Hole 11- move the tee up and create a par 3, hole 9 - move the tee back to where hole 11 tee was and create a par 5 and hole 16 – create a bigger pond with a bigger landing area beyond the pond with the elevated tee. I think this will eliminate all the backups on the course.

---

location

needs to be better marshalled. Was not in very good shape.

The hill-y holes are very challenging.

Some healthier choices and maybe some Korean food choices at the snack bar.

Convenient location close to the city

Offer more atractive senior rate discount package,including free lunch (sandwich, soda, etc.) similar to some of the Montgomery County golf courses.

The course challenges you, however doesn't beat you to death

Better control of the speed of play

Its a very competitive course with length and undulations with accurate drive is a must!

Better green condition would be nice.

I would improve the driving range and the shop. I would find better sponsor and would bring known golfers to play in turnaments. The key is to have a facility that provides all the golfers needs. More importantly, the grass should be perfectly taken care of. Golfers paid for all these services.

none

The topography.

Brighten apperence and faster greens.

The course is challenging but playable for a player like me (22 handicap) and it was in great condition. It's a bargain.

The tee timme reservation system is a bit confusing about whether certain tee times are limited to seniors etc

---

I love the difference in terrain and the different challenges each hole provided. I had been wanting to play Redgate for a long time and finally got to this summer. Next time I'll know how to play it.

New club house for sure.

Location.

Beverage carts on the course and more bathroom facilities

Conditions and the Character elevation changes etc.

None

Location and green fees

The greens

Variety of holes, hilliness, playability

Greens don't seem to be as smooth as they used to be, sand in the traps is inconsistent -- some are just dirt.

It is always a challenge. It never plays the same way twice. You have to think about every shot or you can be in more trouble than you care for

Better practice facility; improve driving range, add bunker/chipping green, make practice green closer to holes on course. I would make #16 a more friendly par 5 for the higher handicap and women. Would make #9 a par 5 and change #11 into a par 3. Improve the snack bar.

The course is a unique layout with lots of character and is one of my favorite courses in this price range in the DC area. No two holes are alike, very few parallel fairways, lots of hills and a number of doglegs...not your everyday design. 16 is a gimmick hole but every other hole is a solid.

It would be interesting to see the course as top-flight with respect to maintenance, top of the line fairways, greens, bunkers and high-quality greens-keeping. I wouldn't change the design at all except make 16 a bit more playable while also more challenging.

---

course condition and the location

None

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challenging variety of holes

Fix number 16 to make it more reasonable to play

---

challenging, well conditioned for an inexpensive muni.

range and practice facility improvements

Greens are in excellent condition and the price is right

None other than more senior discounts

It's one of the few courses in the area that have the challenging wavy slopes combined with tough green. I like it a lot.

---

friendly staff, good greens, variety of holes

protect parking lot from holes 1 and 7

The staff is knowledgeable and friendly and helpful

Make sure all traps are consistent with the amount of sand in them.

Easy to get on and online tee times

Recommended shots for average and long bitters.

Its location is perfect, the pricing is acceptable, nice greens, perfect practice green, well maintened fairways.

the 19th hole could be more frienlier with longer opening hours.

It's challenging but not too difficult. The price is very favorable. It's a good value for the money.

None that I can think of.

It is a challenging course that is very convenient to my home. Although it is challenging there are holes you can score on.

I do not like the mats at the driving range. Also, the pace of play can lag sometimes.

Redgate has a great staff. The Pros (Marty and Kieron are excellent). In addition, the course is very well maintained.

Upgrade the bunker sand. Make the course friendlier and more accessible to families and younger players.

Greens close to home/work price

change 16, make it a par four

Make driving range more convenient. More work to make the cart paths safer at steep points and in rain. More food options.

Course conditions Layout Staff

Can't think of anything

Redgate is a great golf course! I like the challenge the course presents because of the variety of holes. I need to use every club in my bag. They've got long holes, short holes, and strategic ball placement holes. I like the ponds, the wildlife - especially the geese on the course, and the practice areas. The staff is courteous and friendly.

I'd have regular patrol by the course marshal or starter to maintain a faster pace of play. Sometimes the rounds take longer than average.

---

price - location - staff

better care of greens

---

location and price

better maintenance, drink cart

The variety and challenge of holes.

Course conditions and pace of of play need to be improved.

It is one of the most challenging public courses in southern montgomery county

Make people play faster, because there were a lot of foursomes back-ups and we had to wait significant time between holes and shots

---

It is well maintained for a municipal golf course.

I would improve the putting greens. Some greens were burnt out during the hot summer, especially #11 and #15. Install a ball machine at the driving range so that if you want to hit more balls, you could easily get more balls without walking to the pro shop which is somewhat a long walk back and forth.

The greens were in great condition.

Cart service frequently.

Value, location, accessibility

Very challenging, but fair. Value

Practice facility.

Conditions. Cost. Friendly atmosphere. Course layout. Early bird weekend 9-hole.

I think the facility is well run and can't think of any improvements.

The way the course is kept

Reduce the price of the food

---

nicely maintained for a public course.

What Passives have to say about your course:

Was a little bit challenging & enjoyed the low price

Better pro shop & nicer fairways

Convenient location and reasonably maintained green

Make greens like they used to be - fast and preditable

Degree of diffcult.

Include minum food & drink with green fee.

---

easy to walk except a couple steep holes. friendly staff. good layout. easy to get on.

upgrade practive facility to make it really great. short game, sand, etc.

Typically, played late afternoon/evenings without making tee time. I liked being able to show up, grab a tee time, and to get started fairly quickly.

Allow carts off path on #5. Reduce the price, as still more expensive than Poolesville.

It's in Rockville so it's close by where I live.

T time booking. On the weekend, it's really crowded so it's hard to get through 18 holes in reasonable hours.

It is a Challanging Golf Course

Free breakfast to golfers

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green condition

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varied design, generally good drainage and conditions

bit more attention to greens during diffucult weather

---

the staff and people Ihave met through the tournaments, etc. /the teaching pro is a great guy and has helped me to enjoy the game more.

1. improve condition of tee boxes and bunkers

Mix of layout, Forest, open fairways, Water hazzards

Improve Club house bar/food.

I like the challenge of the different types of holes.

Improve the driving range, flatten the tee boxes, and include stake markers on the fairways for blind shots.

The RTPC and the camraderie that it creates

1) Move the pond that is now left of 11 to the front of 12. Leave the hole as a short Par 4. 2) Get grass on the 16th tee!!! 3) Cut down a few of the trees that ar left of 3 and right of 4.

---

the setting, parks and trees

keep up pace of play

Conveniently located within proximity to Washington, DC Good and friendly service Competitive rates(including discounted rates on GolfNow.com) Course in good condition (Greens are excellent) Playable, yet challenging course layout

Increased marketing in the DC metro to increase profile and visibility in the golf community.

Interesting course design, typically good conditions, affordable rates for each time of day, easy to book tee times online

Improved driving range (more spaces, better mats, grass area, etc) and practice area, marshalls on the course to keep up pace of play, more visible yardage markers on course, lower cart fee to $10

The layout of the course is great with varieties of undulations. Very competitive course and need strategy.

Better green conditions.

I find the holes to be generally interesting and in some cases truly challenging.

Course conditioning is always an issue but, give the resources, Redgate isn't bad.

Convenient location and reasonable prices. Course generally in pretty good condition

Course marshalls to control speed of play. Improve condition of practice hitting area.

Friendly service; challenging layout

Price and location

Replace mats on driving range, fix damaged greens.

The greens are usually in good shape. The layout is interesting with an excellent variety of holes. Good scenery.

Nothing comes to mind.

Open, easy access, well maintained

Better maintenance of the greens

The well maintained grounds. The friendly staff. The diversity.

Provide a course guide with yardage distances to principal spots, sand traps, water,,,. There are quite a few blind shots on the course. Without a lot of rounds, it's hard to select clubs and determine direction.

The course is usually in nice shape

perhaps lower the cost a little. Maybe make it a bit longer

Green and fairway in good condition. The difficulty of this golf course is average, not too hard, and close to where I live (as a Rockville resident)

The green fee is too expensive comparing to other public course in this area. I think $40 a round (without cart) will attract more people to come.

---

location and ease of getting a T time

marshal on the course to move players along. A forward T box on the 16th

---

The lay out and the beauty of the course The friendliness of the staff and their ability to reach out in your best intersts

More attention to condition of fairways and conditions around the putting area. Richer seeding of putting area

---

layout and conditions of greens

better sand and greens

It is a fair and challenging golf course.

Not sure.

Military discount is wonderful, and I love the layout of the course...it's very scenic, challenging with the hills, and well maintained.

Offer more food options, healthier options....and more restrooms on the course.

Convenient location, reasonable rates

Frequent player program

Accessibility, general condition

Greens condition

It is a challenging course and I like the overall layout

Keep the greens in better shape...some were very rough...

---

location

lower rates

Challenging course

improve the greens.

It was an easier course to play which made me feel better about my game.

The driving range isn't so appealing.

Friendly, casual atmosphere.

Speed up play.

Close to home

Keep the price low.

Well maintained, nicely laid out, challenging

I've only played once, so I can't really say

The course very challenge and the green are so difficult due to there are not on level.

The sand bunkers to be improved.

I can walk anytime.It is a challanging course with diverse holes.So it is not boring.

The sand traps are terrible. They need to be redone. Marshals are needed not only to speed up play, but to help ensure that ball marks are fixed, traps raked, divots replaced.

Course is challenging and usually in good shape. Pace of play is good, but I normally play early in the morning.

Upgrade the club house and golf shop.

Location: I live 5 minutes away. Layout: Challenging but somehow likable.

Make greens more consistent. Flatten fairway at 11 and rethink layup option at 16.

The variety of holes.

Screen the driving range. Improve the surrounds of the greens. Tidy up the boundaries of the course. Improve signage. Put a ranger out on the course to improve the pace of play.

---

a good challenge on all par 5

surface of the green on 15th hole par 3

I like the overall layout, with certain challenging holes

Upgrade the clubhouse to provide the feel of a quality club. That was recently completed at Falls Road and it has made that course appear better than it is. The RedGate course is a much better layout.

The challenge

Extend the driving range

It's difficulty.

None

Very challenging layout, pretty good maintenance.

Faster pace of play.

interesting and ususual golf holes

none that i can think of

the challenges of the holes.

create path for motorized carts to driving range

I think it has an over looked charm.

Put a fence up at the 17th hole.

close proximity and somewhat challenging

Blowing up hole 16

location, challenging, very friendly staff

fix hole number 11 green , everything else is great

price, layout.

I like fast greens, level tee boxes and firm fairways so I would concentrate on those.

The fairness in rates.

Spacing out tee times further. Reducing rates for montgomery county residents in addition to rockville city residents. I would also use marshalls more to help speed up the pace of play.

I liked that it was affordable and playable by players of a variety of skill levels

Greens could have been a little nicer

challenging layout

maintain/mow rough areas

I like the lay out of the course, particularly the back 9

It's kind of short and could use some more challenging approaches

Location, location! Close to where I live and work.

I liked the course, and it was my first time playing there. Everything had just been aerated, so it wasn't the best introduction, but I can see where it is a nice course. Hear some complaints regarding driving range - irons only, not real accessible, not a strong point. I would like to go there and hit balls at lunch, except I've been told it's not worth my time to do that.

Nice course, good location, good price

The quality of the greens and fairways.

More time between tee offs. The new pond on #11 is ugly. It needs to be landscaped.

I played it very well that day.

RTPC

it has a good layout and is well kept

lower the prices

Great layout.

Maintaing the greens better.

Decent course conditions and relatively easy to get a tee-time on the weekend.

None

Course Design

Improve in maintenances on the course.

It is a challenging and well maintained municipal course.

I would speed up the rate of play. It can be a bit slow at times.

Soome Red Boxes are too long.

Needed more maintenance.

Interesting course and twilight price is reasonable.

The course is too slow. I would play more often if my average round wasn't 5.5 hours plus. You should really consider having the Rangers force slow groups to skip holes or space out the Tee-Times a little more. The slow play prevents me from playing there more often. Sand traps also could use better sand, sand is currently thick as mud on some holes.

PB. D

The course is challenging and well maintained. This year was the first time I played the course adn really liked the landscaping. I haven't played it enough to know the course, so that presented an extra challenge.

From a facillities poiint of view, the course is fine. However, it seems to be a locals course, that even when the course is filled, the regulars want to push people along. An incident that happened on my first visit was a regular who kept pressing my group while we were waiting for the group ahead of us. The guy behind us called the clubhouse and the group ahead of us was forced to skip a hole. That was totally uncalled for.

i like the loacation of the course and the fact you can walk up as a single and be fitted in to an available slot.

I would improve the greens, the green vary from hole to hole. The leaves!!!! too many leaves laying around, bad course maintainance!!!

Location, not too crowded

Location & proximity to home...

need to be able to hit balls off the grass in the practice area

Challenging layout with some tough holes that require shotmaking

better maintenance of the course (better care of fairways and improve tee boxes)

For a municipal course it is a very good course. It's challenging with many elevation changes. Generally it is in good condition.

Goose droppings on the 18th green are annoying. The course tends to get burned out in mid-summer.

the challenge of the course.

too slow on weekends, I'd try to enforce a quicker rate of play.

Proximity to home

Greens Fees are a bit high IMO for a municipal course.

Layout and terrain Challenging Course condition usually good

Club house is poor, not inviting at all

I find it to be a fair golf course for average golfer but enough of a challeng not to be boring.

I find a few of the greens have a tendency to become hard and very dried out.

Very challenging

It is a very challenging course

Pace of play and modernize the club house

local and some very interesting shots

BLOW UP 16

I love the skill shots that must take place and how its not a wide open course.

The fairways could be in a little nicer shape.

Convenient, generally good conditions, reasonable greens fees, offers nice variety of shots

grass tees on the driving range

layout and proximity to home

course condition

Location

Better conditioned greens.

It is in a great location. It is challenging.

Pace of Play!! There must be a ranger keeping groups moving.

Green speeds are consistent.

I would increase the green speeds; Offer more varieties of beers in the clubhouse; Cleanup the holes on the course that appear to be suffering from bad agronomy; Discount the rate as the course doess not support the rate charged.

Location and price

Have a better bar area

It's a fairly challenging track which is nice. I really like the staff which I have known for years.

Changes have been made over the course of the last few years. I think those changes have been good. I feel that the county run courses are in a bit better shape than Redgate. It's a historic course and deserves better treatment from the City and the County than what it's been given.

Long holes, well maintained. Not too busy.

Good

N/A

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good condition for a county course. pace of play is usually faster than other county courses. relatively inexpensive compared to other courses.

more personnel on the course keeping the pace of play fast. while redgate plays a bit faster than some other county courses, having someone out there to speed people through would be beneficial

---

Challenge

Na

I think its a nice layout, in pretty good shape most of the time. The pace of play is usually pretty good (4.5 hr range). Anything more than that is unbearable.

I would try to extend some of the holes. I would not change #9 into a par5, and #11 into a par 3. Also the fairway on #12 can be a disaster if it gets dry.

Its not flat,It has a chalange of its own.

Improve the paths between the greens and tees

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i like the layout of the course. i live 1 mile away. all the people that work there are great. the weekday senior prices are terrific.

i think a couple of the greens need imprivement. i think they need a couple marshals on the course to speed up play. at least on the weekends.

Conveinent with fast play at a reasonable price. Course is generally in good shape

Can't think of any.

Close to my home Mature trees

run more discounts and deals for foresomes. I play with a group of friends. We're always looking for a good deal on golf.

Location, and has some interesting holes

Improve condition of course and clubhouse

Location

GPS in carts Free bucket of range balls with each round

Make tee times for small groups (2 or 3) foursomes easier to set up.

interesting - makes you think and use all clubs usually not crowded

lenghen a couple of the par 3s

close to home

fix the very difficult #16, very frustrating hole

A challenging but fair test for a 10 handicap. For a municipal golf course, it has a semi-private layout.

I would improve two holes: Number 9 should be set up as a par 5 and Number 11 a par 3. This would increase the place of play and could attract more rounds. I would also revamp the driving range to make it a short game practice area.

1. Challenging 2. Personnel are friendly

1. Get a new course superintendant 2. Get rid of the current snack bar management and get (a) better food offerings and (b) lower prices than what is there now which is astronomical for what you get. 3.Have a new pricing structure for Passholders: (a) get rid of the 6 and 10 month Passes and have one 9-month Pass from April 1 thru Dec. 31; and (b) give the Seniors a break on that 9-month Pass that they do not get at present, like the NO. Va Courses give to Seniors.

Winter play is well managed

Food service would be improved

The challenge course.

The tee areas and information on each of it.

cost

greens

location to home

larger lounge

The conditions are always fair, and a test of skill.

Improve the pace of play and make the greens more consistent.

Very reasonable in price.

Greens tend vary greatly by hole. Some have been in great condition and others in terrible condition. The best thing for the course would be in fix the greens.

Price; friendliness of staff; hills are challenging.

SLOW PLAY - there are real bottlenecks on the course.

I like the location, i think the price is fair and it's usually in pretty good shape. You also allow the carts off the cart paths most of the time...that's a huge plus!

Given the topography, it's a tough course to improve. However, I think #15 is a very plain hole that could use some help...maybe with better bunkering. Most people hate 16 but I'm not sure what you can really do with it. 12 is a difficult driving hole for most shorter hitters...maybe the tees can be move up a bit. I think 9 is too long for a par 4 and too short for a par 5...maybe moving up the tees there would be helpful. 18 is better than before with the pond but most players can't reach it in 2 shots...especially with the pond.

Interesting layout; reasonably close to my house; reasonable greens fees

Pace of play can be too slow; need marshals to keep things moving. The 16th hole is sort of ridiculous; can it be modified?

Cheaper than others

Better manicured fairways

Shotmakers course

Faster better greens

close to home

What Detractors have to say about your course:

Course Design and the location

Course maintenance

pretty course (mostly) front nine location special pricing opportunities very friendly staff

Allow golfers to call in for food orders to be ready at the turn Need to advertise more - we don't live in Rockville so we tend to play Montgomery County courses because we forget Redgate is there

The elevation changes

better customer attitude for the staff

Staff is very friendly. Course is easy to get onto in afternoon.

Re-design holes 11 and 16 and improve practice areas. Marshall pace of play on weekends.

location

time between starts, monitoring, greens.

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course design, value

allow longer irons and drivers on the driving range

The course is a nice track that is maintained well.

Increase speed of play! Use your marshals. Don't have club championships, which take longer that a casual round, on weekends in prime season.

It's ok to play but fairway and green are not ideal condtion to play.

I would improve the condition of fairway.

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challenging, significant elevation difference, good length, well maintained for the price

GPS on carts, course martial to keep up pace for slow groups

Hole design, challenging greens, changes in elevations

Driving range could be improved

Close to my home

Re-model Holes # 4 & 16

It's challenging, close to home, relatively easy to get a tee time

Speed up the slow play, improve some of the hard pan areas, and a couple of the greens

---

Course design

Free warm-up balls for customers. Create a development program for players to access the driving range for a low montlhy payment, including 1 class per month with an instructor and discounted course fees, this will increase the customer base and trigger a culture of loyalty with the club, increasing revenues at the same time.

Location

---

close to home

on course marshall to patrol slow play. green fees are too expensive for a muni, i can play upscale tracks 10 miles away for the same price.

Challenging course to play, well kept.

Improve the club house

Good condition, good location, good staff

better management of pace of play. Course is very tight and quite short, but not much that can be done about that

---

challenging course!!

better fair way conditions.

Well conditioned; nice blend of holes; decent price.

Blow up 16.

IT IS WELL MAINTAINED AND THE STAFF IS ATTENTIVE AND PROFESSIONAL

I WOULD SPRUCE UP THE FACILITIES

close by; interesting; well kept

lower price for weekday seniors; higher price for all non-seniors - (lots of well-to-do's play here, women's groups, etc etc and they wud mostly all stil play here if price for them were raised.

close to home

fix the 150 yd makers

challenging, played early summer.. greens were fast, liked the variety of holes

can't think of anything major

Up and down hill with more challenging

none

Reasonable price and interesting course

none

- the course is challenging - very close to my home - very well managed compared to the price

- improve some of greens which are in a bad shape.

Convenient location, fun layout, friendly staff, good conditions (most of the time)

Speed up play on weekends! Keep groups playing at a 4 1/2 hour pace. Bring back frequent player cards Bigger discounts for Rockville residents

Shut gun on the winter

It was my home course

need to improve green condition. some tee box and cart path need to improve.

convienent location, good winter rates,

better summer rates or specials

i would suggest that green management is required.

the green

having teetime a little far aprt to reduce back up. Keep teetime about 10 minutes apart.

I play it more than Needwood because it is a little more challenging.

1) take some slope out of #7 green. 2) move up gold tess on #8. 3) change #8 back to a par 5.

The difficulty elevation, drops 3 shot par 5s

Clear Yardage markers, Greens better in shape

Very challenging course.

Fewer geese, more user-friendly practice range.

Interesting terrain

Allowing carts on fairways would speed up pace of play

---

the competition that takes place there of some special event held by the club. The Course lay out is amazing and keep you intrigue and focus shots after shots it is a unique facility in that aspect.

i will direct my attention to a customer services focus, improvent some of the old tradition at the Club. Customer is number 1 and do not need to go see an starter to get a tee time the pro-shop should control that. Employee parking gets priority at this facility not the customer. Some of the Staff should be send to a training of how to treat a customer not a golfer. The people in the Staff shall be trained to offer the customer a helping hand when ever a customer is in the premises. The condition of the Golf Course could improve. The clossing period shall not be string to schedule of staff it should be customise to services the customer, been there a couple of time in the late afternoon and the horn was sound to come in we are closing the gate.

It has a little of everything water, elevation, drops good bunkers.

Better greens,yardage markers,fairway's some Tee boxes

Fun, semi-challenging course layout; also, the greens were in great shape.

Enforcing course rules, especially regarding speed of play--which would require more vigilant course marshals and starters (at the turn); my round was incredibly slow.

Good layout, usually well-maintained, good greens.

Separate tee times by another 2 minutes to allow less waiting between shots.

Convienent course to play, always in fairly good condition, usually not hard to get a tee time.

I would make the practice facility much more professional and inviting. I would look at improving the playability of some of the holes, particularly #4, # 7, and #16. I would also improve the cart paths and club house and add additional features like a real resturaunt and pro shop.

It is close to my home, the greens are easy to read, fairways are in fairly good shape

get more marshals out there to get the pace of play moving faster,

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Price. Location.

Course condition.

I played as I was just starting back to playing after many years away from golf. Found the course in good condition and people I played with pleasant.

The physical set up as you enter to sign in is small and not welcoming, and I was not aware of other space for lunch, etc. The staff seemed indifferent. RedGate only place where I find the web site more welcoming than the reality. Better Price packaging for frequent player seniors will help in my case.

Good Customer service, except food

Good customer service

The course is relatively well kept, and it features some challenging holes based on the topography.

The course is not well laid out for walking in heat. If you wish to increase walkers in summer, or at least to cater to them more, I would provide additional water stations or provide more frequent drink cart service, or as many courses are doing, a snack bar of some sort on the back 9.

Course was reasonably well taken care of.

It is very convenient to my house; staff are friendly

I haven't played but once this year, but a few of the holes just seemed a bit run down.

I like the the course layout and the blind shots.

Do something to prevent the backup on hole # 2. Speed the play overall

Usually in pretty decent shape; not too difficult to get a tee time

Blow up the two par 5s and start over. I hate both of those holes.

Convenient location, challenging course, reasonable prices, online tee times,

Not sure

location

course conditions

the reception from the people I know who work there

I would concentrate on maintaining a challenging pace to the greens, more than it's hillyness the fast greens once gave this course it's character. I would like to see the snack bar/ restaurant area better utilized like it once was were golfers wanted to congregate. Change hole number 11 to a par three and build a green between the catch pond and the bunkers below the existing green to bring the water into play. Make 9 a par five again.

Close proximity to my residence

Too many to list, but: geese manure needs to go; greens should be better maintained; pro shop employees could be a bit more pleasant; snack bar either should close down or be outsourced; carts are very dirty; PACE OF THE GAME GETS STUPID ON WEEKENDS; use starters who know GOLF first then CUSTOMER SERVICE second.

rates & accessibility

fairway condition & pace of play

The price.

Spruce up the greens.

Location/convinience

Fairway improvements

The hills of the course.

Create a real practice facility -- you have all the pieces.

The level of maintenance was outstanding.

I would add/clear larger landing areas in the fairways

Proximity to home - close golf course

Price is too high and maintain course conditions better. I remember a few tee boxes being covered in weeds.

Convenience.

Improve the greens.

It's in good condition.

More time in between tee times.

Course has potential, interesting holes, accessible location...greens fees are fair

Bring it back to life...tee boxes and greens need some TLC. Rough and fairways have too many weeds. Needs to keep pace with the other public courses that have mostly been redone/improved

---

good location, overall course condition

Overall condition of the golf course, including green and fairway

---

close to my home

The course conditions are very average ---greens are slow--littlew improvements are seen from year to year

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Close to home.

I would blow up hole 16.

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layout, price, availability

improve tee boxes, fairways, general conditioning

Greens

Better carts

It is very challenging

I would upgrade the quality and speed of the greens. Lower the price.

It is easy to walk on and play 9 holes in the afternoon because you are not busy

1) allow tee time reservations in advance for 18 & 9 holes 2) more & better yardage markers - you need stakes for people to see and stop wasting time looking for markers in the grass that are difficult to find 3) Yardage to hazards, especially water, from the forward tees - again, it is a timer saver so we don't have to stand there and calculate and so people don't make mistakes on the yardage and end up in the hazard 4)

Let carts on #5 - for heavens sake that is the reason for getting a cart, the hill is insane 5) Rework #7 so you don't have to land in the left rough next to the clubhouse to avoid rolling to the bottom of the chasm on the far right 6) I like a challenge and Redgate is one but too many of your holes are just a gimmick not a challenge

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Convenience to Rockville

1. Better driving/practice range, 2. Better practice balls at driving range, 3. Marshall to keep slow groups moving to avoid slow play, 4. Beverage cart during summer/weekends, 5. Need some landscaping on most holes & tees, 6. Improve fairway hole #11,

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Greens fees and upkeep of course are very good.

Rangers need to do their jobs and keep up pace. Both times I played the pace was six hours and I had to walk off course unfinished.

The A team, and tournament program is the only reason I play Red Gate. If these program's where dropped ... I wouldn't play Red Gate at all

I would replace the head Pro, and head greens keeper. The golf course is in very bad shape ... the head Pro, and greens keeper don't seam to care, and they are never at the course. Red Gate would be one of the very best golf course's in the area if it was in as good as shape as the other course's right down the steet.

It wasn't as difficult as the U.S. Open., barely.

I would appreciate one, just one flat lie in a fairway. Perhaps less than 18 blind tee shots/blind second shots would be a good idea as well.

APPENDIX E – NGF'S STRATEGIC PERSPECTIVE ON THE FUTURE OF PUBLIC GOLF

Below we have summarized some excerpts from the NGF's recent publication, *A Strategic Perspective on the Future of Golf*. Many of these issues are germane to any municipality involved in the golf business.

Golf Participation

- While some things have been done to stimulate demand – there are more player development programs now than at any time in history, including Play Golf America, The First Tee, Link Up 2 Golf, Junior Links.com and the Executive Women's Golf Association - the number of frequent golfers and rounds played has leveled off over the past several years.

- Golf has evolved over the decades, taking it from being a sport played mostly by wealthy men to one enjoyed by a diverse cross-section of society. Participation in the game has increased across all age groups over the past 20 years, and is particularly impressive in the younger age groups, an indication that golf has become more of a family activity, which bodes well for the future.

- As in any sport, or industry for that matter, a relatively small percentage of people drive the business. In golf we call these best customers "Core golfers" and we define them as people age 18 or older who play eight or more rounds per year. Core golfers are responsible for the majority of golf activity – 91% of all rounds played and 87% of all golf-related spending. The number of Core golfers has stabilized at between 12 and 13 million players.

- In addition to adult golfers, there are also other golf participants, including children ages 5-11 (2.8 million) and juniors ages 12-17 (3.3 million). While these participants have a relatively small economic impact on the industry, they represent potential for "upgrading" to higher commitment levels.

Demand vs. Supply

- In recent years, there have been more golf course closures, on net, than openings.

- While business is very competitive, there are actually more golfers per course today than 20 years ago. The reason we are still seeing a very competitive environment is that today there is a lower percentage of Core golfers. In the early 1990s, the percentage of golfers that were Core was about 50%; today it is about 45%.

- The net effect of the growth in supply and demand over the next 20 years is that rounds per course should rise again.

Future Perspectives

- In the past, population growth has been very good for the game and business of golf. However, future population growth will be in demographic groups that are *not* favorable for golf. That is because the largest growth will come in the Hispanic and African-American populations which, according to NGF research, have participation rates that are about one-third that of whites.

- The Hispanic population is projected to increase by 24 million people, or 62%, over the next 20 years, but their golf participation rate is only about 5.0%. White non-Hispanics have the highest participation rate, but the lowest population growth rate. Put another way, about 70% of the projected population growth will come from non-traditional golfing populations.

- Minority participation rates are not negligible, however. At about a 5% participation rate, adding 34 million Hispanics and African-Americans to the population over the next 20 years would eventually result in about 1.7 million new golfers. One unusual outcome of the projected changing ethnic mix is that, while the number of golfers will continue to grow over the next 20 years, participation rates will actually fall.

- Most of this growth in rounds will be attributable to the aging of the baby boomers. Golfers tend to play more rounds as they age, and we are about to witness the largest number of golfers in the older age groups at any time in history. About nine million boomers are golfers and they are about to move into the higher play frequency and golf spending years. This effect will take some years to be noticed – the oldest baby boomers just turned 60 in 2006, so they haven't begun retiring in large numbers.

Potential Future

- The preceding Future Perspective examined the "unmanaged outcome" – what should happen by itself without outside intervention. Increased frequency (primarily from the baby boomers) will be the driver of the unmanaged outcome. Increased participation rates will be the driver of the managed outcome.

- Given their relatively low participation rates, primary growth targets for participation rate increases should be females, Hispanics and African-Americans. Given the large projected population growth in Hispanics and African-Americans, even small increases in participation rates would have an exponential effect.

- Likewise, if we can close the gap between female participation (6%) and male participation (20%), the effect would be substantial.