



City of Rockville

MEMORANDUM

September 17, 2010

TO: Scott Ullery, City Manager

FROM: Burt Hall, Director of Recreation and Parks *Burt Hall*

SUBJECT: RedGate Golf Course - Consulting Services from National Golf Foundation

The National Golf Foundation, a non-profit that is considered the U.S. expert on the golf business, provides a wide range of consulting services to golf course owners and developers. I just spoke with Richard Singer, NGF Director of Consulting Services regarding an operational review for RedGate. A full review would examine all of the important operational factors, including:

- Profit centers (greens fees, carts, driving range, food & beverage, instruction, pro shop)
- Clubhouse operations
- Maintenance and agronomy practices
- Fee structures
- Membership/marketing plans
- Capital improvement needs
- Financial statements
- Management contracts
- Lease/concession agreements
- General operational procedures
- Management structures and alternatives

Mr. Singer is available as early as mid-October. He would spend about four days in Rockville, examining the golf course operations, meeting with City staff from RedGate, Recreation and Parks, Finance/Budget, City Managers Office; and with the Mayor and Council and the Golf Advisory Committee. NGF would provide a full, written report with observations, analysis and recommendations. The cost for this study would be in the range of \$15-20,000.

The NGF written report would be delivered in four to six weeks and would provide an analysis and understanding of the local/regional golf business environment and market in which RedGate operates, identify factors the City can (and cannot) control; lay out options and recommendations for all of the above operational parameters, all with the goal of identifying plans and strategies to maximize the potential for the success of the golf course going forward. Mr. Singer reports the NGF has been able to significantly improve the situation with a large number of public golf courses with difficulties similar to RedGate. He emphasized that RedGate is far from alone in the challenges it faces. He does not make any promises that NGF can instantly turn RedGate into a profitable facility, but is confident that significant improvements can be identified.

Attachment (from the NGF website):

KEEPING GOLF BUSINESSES AHEAD OF THE GAME SINCE 1936**NGFC**

Facility Consulting

Voice of Customer Surveys

Custom Golf Market Research

Database Services

Insurance Information Clearing House

Advisory Services

Due Diligence Consulting for Existing Golf Facilities

OPERATIONAL REVIEW

NGF Consulting provides complete operational reviews for existing golf facilities, business/operating model, and to assist in the preparation of a workable business plan. Operational reviews may include, but are not limited to, analysis of the following:

- Individual profit centers (Food & Beverage, Pro Shop, Driving Range, Carts)
- Clubhouse operations
- Maintenance practices
- Agronomic review
- Fee structures
- Membership/marketing plan
- Capital improvement needs
- Financial statements
- Management contracts
- Lease/concession agreements
- General operational procedures
- Management structures and alternatives

An operational review provides the client with an in-depth analysis of the facility as a strategic overview to improve your facility.

VOICE OF CUSTOMER OPERATING MODEL (VOCOM)

The NGF Voice of Customer Operating Model (VOCOM) allows facility operators time reporting of the results. Armed with a better knowledge of who your customer is, you can take immediate action to improve operations. The VOCOM questionnaire is designed to help you identify your competitors, evaluate the level of customer satisfaction with your facility, identify areas for improvement in operation and maintenance of the golf course, and record open-ended customer comments. **Learn more about VOCOM or view a sample VOCOM report.**

Upon completion of the survey, many VOCOM clients find that they require a number of actionable plans. This is where NGF Consulting's **VOCOM Review** comes in. We analyze the results and they interact to produce common, or recurring, themes. The review will include a detailed analysis focused on fine-tuning the facility's marketing plan. Our analysis will provide you with recommendations that emphasize the strengths and correct the weaknesses revealed by the survey.

Golf Facility Business & Marketing Plan Development - Proper planning is integral to the success of any business. NGF Consulting will help you prepare a complete marketing and/or business plan. We will review existing plans to determine whether they are appropriate for your particular business. NGF Consulting will help you clearly communicate your business vision to any potential investors. We will identify the subject business, identification of target markets, marketing strategies, and projections of future financial performance.

OUTSOURCE PLANNING AND EVALUATION ASSISTANCE

With today's difficult golf economy, NGF Consulting is increasingly called upon to assist clients with Request for Qualifications (RFQ) and/or Request for Proposals (RFP) related to outsourcing. NGF Consulting always tailors its scope of work to the client's needs, but services typically include: conducting a site visit to establish its current physical condition, and reviewing the present operating records. We provide a background for potential bidders to understand the current business environment. Assistance could include:

- Preparation of a draft RFQ and/or RFP
- Providing samples and templates of RFPs/RFQs
- Identification of appropriate language for contract terms related to quality
- Aid in determining equitable compensation for services
- Identification of subject background information and financial data that should be required of bidders
- Identification of respondent background information and financial data that should be required of bidders
- Identification of appropriate capital investment that should be required of bidders
- Identification of competent bidders and assistance in distribution of the RFI
- Support in making appropriate comparisons between responses

CONTRACT COMPLIANCE ASSISTANCE

The NGF team may also be retained on a continuing basis to serve as an independent inspector of contract compliance inspections conducted at regular intervals

Call NGF at (888) 275-4643 for assistance.

Due Diligence Consulting for Proposed Golf Facilities

INITIAL MARKET INVESTIGATION - GOLF FACILITY DEVELOPMENT

An initial market investigation for golf facility development is a general overview of the market that is analyzed by NGF Consulting within the context of the golf market's current and future positioning of the client's product offering. An initial opinion is then offered at the end of the investigation to provide the client a "quick look" at some of the general implications of a next step in the development of a feasibility study that includes full documentation and financial projections. If an initial market investigation would be conducted to project the cash flows for the proposed project, thus providing a more detailed initial market investigation warrants this further analysis, fees already incurred

MARKET FEASIBILITY STUDY - GOLF FACILITY DEVELOPMENT

Prior to beginning the development of a golf project, understanding the potential market is the greatest opportunity for success. Feasibility studies have become a critical component in the development of a golf project. A fine-tune the proposed product offering and to identify potential opportunities and risks. An unbiased and impartial feasibility study is essential when attempting to secure financing for a golf project. NGF has completed hundreds of unbiased golf facility feasibility studies for both municipalities and private entities. A range of facility types, including stand-alone daily fee golf courses, residential and commercial driving ranges. While the study parameters will be slightly different, the following studies include:

- Identification of the target market(s) for the proposed project
- Assessment and documentation of the target market(s)
- Documentation of historical performance of competing facilities
- Trend analysis of market rounds played and price points
- Identification of potentially competitive facilities that are in planning or under construction
- Recommendation of the most appropriate operating and fee structure
- Estimation of the expense needed to construct and operate the facility
- Projected market share
- Projection of the facility's net cash flows
- Identification of the project's supportable level of capital investment

INDEPENDENT FEASIBILITY STUDY REVIEW

If a feasibility study is completed by another firm and a second opinion is desired and provide a statement as to the general credibility of the overall document, or information that has been attributed to the National Golf Foundation is accurate.

Call NGF at (888) 275-4643 for assistance.

Services in Support of Golf Facility Transactions

DUE DILIGENCE REVIEW - ACQUISITION/REFINANCING

In today's golf market, the acquisition of existing facilities requires careful planning and its market area. NGF Consulting has worked extensively with various lenders and opportunities, for both acquisitions and refinancing. The present and future results can be determined only with a thorough understanding of the due diligence elements. The focus on general feasibility study issues such as golf market supply/demand and

- The physical condition of the existing course
- Historical cash flows and operational structure
- Anticipated changes in the facility's operation
- Competition in the marketplace

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Valuation/Appraisal Services

GOLF FACILITY APPRAISAL

NGF Consulting can provide two levels of valuation services:

- (1) A "Consultant's Estimate of Value" - Provides the NGF opinion of value for the subject facility, our knowledge of actual transactions of comparable golf facilities and market potential.
- (2) A certified appraisal of value. NGF Consulting will utilize the services of a certified appraiser. Appraisals generated in our custom market and financial analyses to provide a separate appraisal. Appraisals will be a full narrative report including the stated estimate of value.

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Economic Impact Studies

As a complement to our market demand and feasibility study services, an ecor client to understand and clearly quantify the expected economic impact deriv development project. Long-term investments such as golf facilities often requ decision to approve a golf facility is in part based on its ability to strengthen t impact that the proposed golf facility can have on the local economy is param

In addition to measuring the economic impact expected from the developmen economic analyses that are much broader in scope. For some clients we have i state's economy. These studies include a detailed analysis of the following me

- Construction - wages, benefits, materials, supplies
- Employment
- Output - gross sales revenues
- Wages - payroll and benefits to employees
- Value-added - compensation of employees, plus business taxes and property
- State and Local Taxes - on income, sales, and property
- Multiplier Effect - chain reaction that ensues when initial contributions for income pass through the economy
- Golf's Impact on Real Estate Values
- Visitor Impacts - golf-related tourism

Market Data Services

GolFacts was designed for use by golf market researchers, appraisers, brokers developers and other knowledgeable users. Filled with essential golf market d can significantly reduce the time required to conduct various due diligence ef presents an initial overview of the basic characteristics of a specified golf mar "first look" is intended to help our golf-knowledgeable clients identify relevant about the market, especially those pertaining to the local golf facility supply a population that is available to support it. The report also offers comparisons t nation as a whole.

GolFacts provides a cost-effective foundation for conducting more advanced s (street address, crossroads, center of town, or zip code) from which we will g households, average rounds demanded per household, actual number of golf fi support them. Because this product presents a snapshot of the existing and pr individuals or companies that are in the business of buying or selling golf cour:

The GolFacts report can be purchased with up to three markets per location, by state.

A GolFacts Report includes:

- Proprietary NGF golf supply and demand indices for both golfers and rounds
- Expansive population demographics, including current population estimates
- Estimates of the number of golfing households and rounds played at the Destination
- Rankings of subject DMA on the measures of golf participation rates, number of existing golf facilities by type

Order a GolFacts Report

Request a Free GolFacts Report Sample

GolFacts Plus

A GolFacts Plus Report includes all GolFacts Report components as well as:

- Key findings by an NGF Consultant
- Analysis of new course development activity over the past five- and 10-year periods
- Complete golf facility supply listings, including courses in planning and under construction
- Complete listing of golf ranges and golf specialty retail stores
- Detailed rounds and golfer density maps
- Proprietary golf development matrix

Order a GolFacts Plus Report

Request a Free GolFacts Plus Report Sample

ADDITIONAL GOLF DECISION SUPPORT SYSTEMS ARE AVAILABLE, CALL 800-447-4663

Expert Witness Services

NGF Consulting's Richard Singer is frequently called upon as an "expert witness" on www.experts.com, where he is a registered member. "An expert is an authority in a particular field with a certain amount of experience. When engaged, they may evaluate the facts, render a supportable opinion, and develop a strategy. If hired as an expert witness, their opinion is often rendered as sworn testimony in court proceedings regarding economic damages to a golf course caused by another's actions."

Borrower & Lender Financial Services

NGF Consulting provides financial analysis and planning to both borrowers and

- Property Asset management/Lender REO Advisory Services
- Loan Portfolio Analysis
- Disposition Strategy

For more information on these and other golf industry financial services, please call (561) 354-1650.



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