

Strategic Business Plan: Golf Operations

Naperville Park District

Executive Summary

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Executive Summary

Scope of Responsibility

This strategic plan was prepared through the cooperative efforts of the Naperville Park District Leadership Team, the golf course management and staff, and Golf Convergence, which coordinated the research presented herein and facilitated the creation of this strategic vision, with which all parties concur and all parties endorse.

Vision

The purpose of this business plan is to provide an economic roadmap for the successful financial operation of the Naperville Park District's golf courses.

In 2008, for the first time, the enterprise fund incurred a net loss of \$281,129. Continued losses would require the Park District Board to fund the golf course deficits with funds from the general reserve. This alternative has been deemed to be economically and politically undesirable.

The 2008 net loss coupled with the existing debt obligations could negatively impact the future financial performance of both courses if no improvement initiatives are undertaken. In 2006, the courses issued \$6.3 million in debt: \$1.5 million for restructuring existing debt, and \$4.8 million to provide new investment capital. This debt has encumbered both facilities with bond payments that total \$675,000 in 2009 and increase to \$850,000 in 2019 when the bonds mature.

Unfortunately, the investment of \$4.8 million did not increase the revenue potential of the golf courses, as only the following was achieved:

1. A maintenance asset was created with the installation of an irrigation system at Springbrook.
2. Levels of service were increased with the addition of on-course restroom facilities, detention pond, range expansion, and an expanded parking lot.
3. Staff working conditions were improved, the kitchen was upgraded to Dupage Co. and City of Naperville health codes/requirements, and additional storage space for all food and merchandise was added with the construction of a \$700,000 clubhouse.
4. An investment of \$500,000 was made at Naperbrook for additional storage space for food and merchandise on the main level, additional office space, and relocation of the basement service ramp, which was a service and safety issue.

Subsequent to the issuance of the debt in 2006, a consulting firm was retained to craft a Master Plan for the operation. That plan indicated that additional phase II funding, estimated today at \$4.0 million, would be required. With hindsight, the metaphor that “a bridge was built that only went halfway across the river” is apt.

Thus, the financial performance of the golf operation must be enhanced significantly in order to liquidate the associated bond obligation from cash flow. The prospect of acquiring additional financing to complete the desirable capital improvements in this difficult economic climate is dim.

This plan will demonstrate that with significant changes in the operational philosophy of the golf courses and with precise execution, it is possible that the need to tap the general fund reserves may be avoided.

This report will address the causes of the current imbalance, which cannot continue by statute, and to the extent possible, this report will formulate a successful financial plan that will do the following:

- 1) Create a **strategic mission** for the two golf courses as “bronze level facilities,” with Naperbrook providing a links experience while Springbrook will offer a parkland style golf course. This bronze classification will provide service and course conditions that are balanced to provide appropriate value at the entry level to the game of golf.
- 2) Develop **tactical plans** for technology integration to enhance operational efficiency and marketing initiatives. These will include seamless accounting systems that generate meaningful, accurate, and consistent reports, as well as optimizing human resources by creating financial incentives that reward organizational accomplishments rather than individual accomplishments.
- 3) Provide a comprehensive framework for crisp **operational execution**, including, but not limited to, proper agronomy and turf management practices; appropriate clubhouse, starter, and range services; heightened insights from adroit customer analysis; and attuned advertising, marketing and public relations consistent with the industry’s best management practices.

This report provides many options from which the Park District’s leaders can select. All have the same objective—ensuring the intelligent use of the Park District’s resources to provide the greatest benefit to the largest percentage of its constituency, restoring the golf courses to competitive market conditions while providing a stable financial foundation.

The key to success will be to set very measurable and precise short-term goals that monitor progress and failure with quick response to the trends that evolve. An investment, both financial and in human resources, is recommended to provide the optimum potential for success.

Core Message

The Golf Courses should be able to adequately service the bond payments from internal cash flow.

To achieve that objective, three themes must resonate.

- 1) Cultural focus must evolve from the game of golf to the business of golf by emphasizing effective yield management and proper labor management.
- 2) Accounting systems have to be created to provide the insights to properly manage.
- 3) The schism between the golf management team and the leadership team downtown must be healed. There is such an entrenchment in current policies and a resistance by the golf staff to new creative ideas representing the industry's best practices that there are great concerns regarding the staff's adaptability to succeed in a team-based environment.

Currently, the golf courses are not achieving their financial potential; their performance is in the "middle of the pack" of comparable courses in the Chicago marketplace.

Operating Environment

The Park District is a separate taxing entity. The Park District's budget is \$24 million for the operations and maintenance of more than 130 parks and facilities across 2,500+ acres. An additional \$10.0 million has been budgeted for capital improvements in FY 09. A full time staff of more than 100 employees and 1,100 seasonal employees provide more than 900 recreational, arts, athletic, and environmental programs for people of all ages.

The Strategic Planning Process

The goal for this engagement was simple. Most people are too overwhelmed by data to discover critical details. A vision was crafted that articulately communicates the strengths and weaknesses (internal) and the opportunities and threats (external) for the Naperville Park District golf courses, a vision that can be easily understood by all interested groups.

Thus, the strategic plan was created utilizing the framework of the **Golf Convergence WIN™ Formula**, which is made up of the following steps:

- 1) **Strategic: Geographic Local Market Analysis** - Age, income, ethnicity within 10 miles of the golf courses
- 2) **Strategic: Weather Impact** - Management performance v. weather
- 3) **Tactical: Technology** - An integrated foundation to identify the insights required to manage
- 4) **Tactical: Key Metrics, Financial Modeling, Yield Management** - Comparing financial performance to competitive local golf courses
- 5) **Operational: Facilities and Maintenance** - Equipment and Capital Benchmarks
- 6) **Operational: Customer Franchise Analysis** - Who are the golf course's best customers and how loyal are they?
- 7) **Operational: Customer Surveys** - Barriers, Price Points, Brand Image
- 8) **Operational: Management, Marketing and Operation Review** - The entrance, staffing, organizational structure, merchandising, food and beverage, advertising, marketing, and public relations are evaluated and compared to the industry's best management practices.

This process provides common-sense solutions founded on clearly articulated sound principles framed in a respectful and positive manner. These solutions will result in a golf course that can maximize its revenue, increase its operational efficiency, and enhance its customer service. The result: the investment return on the golf course will dramatically improve.

Strategic Perspective

There are basically four types of golf courses: municipal (including military courses), daily fee, private clubs, and resorts. The operation of municipal golf courses can be either via a "general fund" or an "enterprise fund," also known as a "special fund." The enterprise fund, used by a slight majority of facilities in the United States, is accounted for as a separate economic entity in which profits and losses are separately measured. It is not supported by taxpayer resources.

Each of these golf courses can be further classified on a scale from platinum, gold, silver, bronze, or steel, based on numerous criteria, including: access, price, course conditions, layout, service levels, and amenities.

The vision statement created for the Naperville Park District Golf Course as part of this strategic planning process provides a framework within which all tactical plans and operational decisions can easily be traced to the defined mission of the golf courses.

In developing a vision statement, history, tradition, and governance determine the golf course's operational philosophy, balancing emphasis between the business of golf and the game of golf. The differences in these philosophies are highlighted below:

Organizational Philosophy

Business of Golf	Game of Golf
<ul style="list-style-type: none">• Rate Management• Merchandise• Maintenance• Labor Scheduling	<ul style="list-style-type: none">• Private Lessons• Group Instructions• Clinics• Junior Programs• Tournaments• Outings• Club Fittings



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This strategic plan is heralding an emphasis on the business of golf. It is the perception of those creating this document that over time, Naperville's emphasis has shifted greatly to the game of golf, and prudent business practices have been overlooked and/or abandoned. Thus, the redefinition of the Enterprise Fund's organizational culture (from an emphasis on the game of golf to the business of golf) is advocated.

Why? The geographic local market research undertaken clearly concludes that Naperville is a fertile ground for golf, based on the demographics of age, income and ethnicity. Golf is a sport that attracts and is largely dominated by wealthy middle-aged Caucasians, a profile that closely compares to the residents of Naperville.

Further, according to Pellucid Corporation, demand for golf exceeds supply by 18% locally—a surprising statistic. Many local industry experts believe that demand equals supply.

In spite of this, rounds have been down by 12% during the past five years. While weather may have caused some of the decline, the value delivered for the fees assessed is askew by 25%. While the superficial observer may incorrectly conclude that prices are too high, in reality, value, tee time availability, course conditions, and pace of play are correctable detractors.

An aligned management focus combined with the knowledge that revenues in 2008 decreased by more than \$700,000, can be largely attributed to one-time events, so there is a promising opportunity for a resurgence in 2009 that will generate adequate cash flow to meet bond obligations without subsidy, in spite of the current economic climate.

Tactical Perspective

To provide a competitive and appropriately valued golf experience, all golfers really care about is getting a quality golf experience that's a good value. That value is predicated on a golf course having a firm foundation in three key areas: technology, accounting, and human resources.

This plan brings forth recommendations in each of these areas, including:

- 1) **Technology:** Upgrade in Fall, 2009 to golf management software that provides for a consolidated database to enhance customer service in the redemption of loyalty points. This integrated solution will further facilitate the creation of meaningful management reports.
- 2) **Accounting:** The golf course management system and the Park District's accounting department should have a seamless interface. This interface will save staff labor hours because they won't have to manually recreate and post entries.
- 3) **Human Resources:** There are abundant opportunities to reduce labor costs with the introduction of general managers at each golf course and the adoption of labor budgeting tools. To the credit of the golf course management, changes are already being introduced.

Operational Perspective

The Naperville Park District operates two golf courses:

Course	Par	Length	Rating	Slope
Naperbrook	72	6,677	72.0	127
Springbrook	72	6,896	73.0	130

Agronomy and Architecture

In every golf survey conducted, one of the most consistently important factors rated is the course condition, and the quality of greens is always ranked. Course layout, pace of play, tee time availability, and price are other very important factors a golfer considers when evaluating the value a golf course provides.

As part of this strategic plan, extensive agronomic and architectural reviews were performed for both golf courses.

Naperbrook is considered to be a links course. The golf course conditioning is average to good. The overall balance and variety of the routing is good. A golfer is presented with many different shots and challenges. Removing most if not all of the trees to further enhance the “links” character of the property and golf course would greatly boost the value of the golf course. Changes are advocated to holes: 3, 5, 7, 9, 12, 13, 14, 15, 17, and 18.

Springbrook is a parkland course with mature trees. The setting for the golf course is pleasant and aesthetically pleasing. The look and character of the golf course could be dramatically improved with a bunker and tee renovation. There is no doubt that Springbrook is a “diamond in the rough” waiting to be polished and brought to its full potential. Changes are advocated to holes: 4, 7, 9, 10, 11, 12, 13, 14, 17, and 18.

The investment capital required to restore and reposition these golf courses in the competitive set total \$4.0 million: \$1.5 million allocated to Naperbrook and the balance of the funds to Springbrook.

If the capital were available, which is unlikely, it is recommended that it be allocated as follows:

Priorities: Naperbrook

1. Tree Removal
2. Turf Equipment
3. Practice Range Teeing Ground
4. Irrigation System
5. Dry Storage for Materials

Priorities: Springbrook

1. Drainage
2. Tree Removal
3. Bunker Project
4. Equipment Upgrades
5. Budget and Labor

Golfer Franchise Analysis

In a survey of local golfers, the Park District's golfers were deemed to have a far lower loyalty score than golfers at most of the other local courses, as noted below:

Loyalty Score			
Golf Course			
	Promoters	Detractors	Loyalty Index
Cantigny	57%	7%	50
Mistwood GC	43%	8%	35
Heritage Bluffs	39%	6%	34
Arrowhead	41%	8%	33
Fox Bend	42%	11%	31
Bolingbrook	43%	14%	30
Cog Hill #3	38%	9%	28
Prairie Bluff	33%	8%	26
Tamarack	43%	19%	24
Cog Hill #1	32%	10%	23
Carillon	33%	11%	21
Seven Bridges	38%	17%	21
Broken Arrow	24%	9%	15
Naperbrook	32%	17%	14
Springbrook	32%	19%	13
White Tail Ridge	19%	8%	11
Village Greens	26%	18%	8
Settler's Hill	20%	14%	7
Phillips Park	20%	14%	6
River Bend	18%	19%	(1)

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The standard loyalty score is 26. Why is loyalty important? There is a direct correlation between the number of promoters of a golf course and the associated wallet share.

The loyalty factors identified as being most important to the Naperville residents were value, tee time availability, course conditioning, and pace of play.

The 3 M's of Operational Analysis: Management, Marketing, and Merchandising

An analysis of operations encompasses the following components:

- ◆ Organizational Structure
- ◆ Financial Management
- ◆ Service Recovery Toolkit
- ◆ Labor Scheduling
- ◆ Pro Shop Staffing
- ◆ Starters
- ◆ Player Assistants
- ◆ Cart / Range Attendants
- ◆ Snack Bar and Beverage Carts

In a well managed operation, every operational decision can be traced upwards to the tactical plan and, in turn, to the strategic vision.

The operational and financial review of the Naperville Park District's golf courses reflects significant opportunities that have been made clear by addressing core fundamentals, as noted below:

- ◆ Budgeting practices and labor scheduling at both courses is lax. There are significant opportunities to improve customer service with fewer employees.
- ◆ Merchandising practices are basic.
- ◆ The clubhouses are dysfunctional. The limited food and beverage operation impairs the ability to host the high-end leagues and corporate outings which are the financial backbone of a successful golf operation.
- ◆ The range at Naperbrook is underutilized and could be repositioned, and additional signage should be added at the entrance to resolve the current challenges.
- ◆ The marketing practices through the use of targeted email marketing campaigns could be improved by identifying and retaining core customers.

As this report has been created, many of these recommendations are already being implemented by golf course management, including implementing a very effective email marketing program in April, 2009.

Financial Perspective

The ability to undertake proactive financial management is predicated on having meaningful insights created from timely financial information.

The golf courses use the Fore Reservation golf management system and the Active Network's Class software for registration. The Park District also utilizes an INCODE accounting system. All systems have merit.

However, there is a significant amount of manual entry required to transfer the financial information from the golf courses to the Park District accounting system. On the surface, a comparison of the data from the Fore Reservation system v. the accounting financials produced by the Park District reflects wide variances.

Presented below is a chart highlighting the variance between the golf management software system and the Park District accounting system:

Financial Statements: Revenue

REVENUE ANALYSIS	Naperbrook			Springbrook		
	NPD Accounting	Fore	Variance	NPD Accounting	Fore	Variance
Green Fees	1,054,216	1,006,677	47,539	1,111,373	1,120,140	-8,767
Membership Revenue	33,880	28,000	5,880	27,070	13,880	13,190
Cart Fees	248,667	242,651	6,016	316,339	305,830	10,509
Merchandise	83,489	82,503	986	127,551	127,461	90
Food and Beverage	160,790	172,000	-11,210	152,825	158,723	-5,898
Range	80,407	81,188	-781	145,135	145,135	0
Miscellaneous	37,877	0	37,877	35,153	0	35,153
Other						
Services		53,815	-53,815		79,710	-79,710
Accounting		-17,006	17,006		-58,970	58,970
TOTAL GROSS REVENUE	1,699,326	1,649,828	49,498	1,915,446	1,891,909	23,537

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These variances can be reconciled; however, the golf course staff doesn't fully comprehend the adjustments posted, and that limits their ability to fiscally manage the golf operation.

Further, the utilization of a Golf Administration department precludes the creation of a meaningful financial statement for each individual golf course. While it is not an uncommon practice, it is not a good practice. All revenue and expenses should be allocated to each course as appropriate. This inability to determine the respective net income of each course separately is reflected below:

Income Statement Summary

	Revenues		
	2006	2007	2008
Naperbrook	1,855,421	1,948,021	1,814,075
Springbrook	2,286,440	2,339,047	2,030,844
Golf Administration	324,327	365,590	97,098
Golf Revenues	4,466,188	4,652,659	3,942,016
	Expenditures		
	2006	2007	2008
Naperbrook	1,563,256	1,658,922	1,545,720
Springbrook	1,644,807	1,703,269	1,548,086
Golf Administration	1,248,797	1,220,643	1,129,403
Golf Expenditures	4,456,861	4,582,835	4,223,208
Net Income	9,327	69,824	-281,192

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In looking beyond the internal accounting system weaknesses, what is relevant is that the average municipal golf course generates \$1,013,000 in revenues and \$217,870¹ in earnings before interest, taxes, and amortization. The EBITDA for Naperville's two courses are highlighted below:

	2007	2008
Naperbrook	280,850	160,011
Springbrook	627,529	374,414

Note: \$64,000 and \$70,700 representing central service administrative charges, properly deductible from EBITDA, have not been included to create better conformity to municipal golf course reporting.

While Naperbrook does not exceed the national average, Springbrook does. The consolidated income statement for the golf courses is presented below:

¹ PGA Performance Trak, "Annual Operations Survey," 2007 (conducted in 2008).

Income Statement – Consolidated Analysis

	Revenues		
	2006	2007	2008
Gross Revenue	4,466,188	4,652,659	3,942,016
Cost of Goods Sold	395,190	394,714	348,801
Adjusted Gross Revenue	4,070,998	4,257,945	3,593,215
Golf Course Maintenance	1,235,089	1,322,905	1,172,140
Pro Shop Expense	1,856,039	1,891,215	1,767,732
Food and Beverage	141,511	135,446	118,918
General and Administrative	0	0	0
EBITDA	838,359	908,380	534,425

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Are the Naperville Park District golf courses unique in facing a financial challenge? Many municipal golf operations have reported staggering losses during the past five years. Central service charges, depreciation, and interest expenses from debt services have all contributed to the financial woes of municipal golf courses during that time.

The challenges that Park District golf courses are currently experiencing can be tracked over the past decade in four distinct phases. These phases are detailed below:

- ◆ Phase 1 - Profitable operation
- ◆ Phase 2 - Competitive forces lead to discounting rates, causing revenues to fall
- ◆ Phase 3 - Reduced profits or operating losses create deferral of capital expenditure, resulting in deterioration of course conditions, further adversely impacting rounds and revenue
- ◆ Phase 4 - General fund subsidy, privatization to independent management, sale, or closure of courses is required to relieve the Park District of the draining financial obligation caused by the attempt to provide a recreational service.

The Park District of Naperville is currently midway through Phase 3, as evidenced by the 12.1% decline in rounds (90,964 to 80,406) during the past five years. It should be noted that this decline is identical to national trends. What is difficult to measure, but must be considered, is the potential of the golf courses if they are managed well.

With tee time availability cited in the golfer survey as a significant concern, one wonders if there is a perception within the community that the Naperville courses aren't readily accessible because the season's reserve tee time program members dominate the prime times.

Another concern is the apparent discounting practices employed by the Naperville Park District to generate rounds.

There is an inverse correlation between rounds played and fees charged; the higher the fees, the lower the rounds. The only measurement that really matters is gross revenue. It is a delicate balance to generate the maximum rounds at the right price point. As the chart below strongly suggests, the Naperbrook and Springbrook revenue-per-round purchases were below the median of the competitive rate, indicating that discounting may be prevalent.

CGM Financial Benchmark



	Naperbrook		Springbrook	
	2007	2008	2007	2008
CGM Rate Set	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75
Courses in Rate Set	11	9	11	9
Rounds Played	4 th	3 rd	3 rd	2 nd
Course Utilization	4 th	4 th	2 nd	3 rd
Revenue	5 th	5 th	3 rd	3 rd
Revenue per Round Purchased	6 th	7 th	5 th	6 th

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² Golf Datatech, "Competitive Golf Marketplace Financial Benchmark," December, 2008. Note that upwards of 23 Chicago area golf courses reported at various times throughout 2008. Naperbrook and Springbrook throughout 2008 report high rounds and corresponding revenue, but their utilization per round sold was usually below the median.

Options

The purpose of this business plan is to create a cogent blueprint that, if followed, can provide a profitable golf course operation that provides an enjoyable recreational program for the citizens.

With the strategic, tactical, operational, consumer, and financial perspectives all reflecting the challenge the Park District faces, numerous opinions were received from management, staff, golfers, and well-intended citizens as to the alternatives.

The following options represent the consensus of the input received, along with our research, analysis, and professional judgment based on historical experience with comparable dilemmas.

The Park District can minimize the short-term losses and begin forging a path to profitability by doing the following:

- ◆ Changing the culture and restructuring organizational leadership by focusing on the business of golf v. the game of golf.
- ◆ Implementing enhanced accounting and budgeting policies and procedures that create meaningful financial statements for each golf course.
- ◆ Utilizing enhanced budget and labor management tools and adjusting the work force to appropriate staffing levels with proper duties.
- ◆ Leveraging Information Systems Technology to enhance customer service, providing the intuitive tools to proactively market to a core customer base through the use of a consolidated database.
- ◆ Implementing a revised rate schedule that is dynamic, so that it is competitive for the 2009 golf season. The rate schedule should also provide the flexibility to implement price changes based on forecast demand, emphasizing rate integrity v. discounting. The rate differential between Springbrook and Naperbrook should be \$5. Non-cardholder rates should remain intact.
- ◆ Marketing proactively to emphasize yield management, with a balanced customer-service focus. The adoption of bi-weekly v. monthly email marketing is highly recommended.

- ◆ Investing in enhanced agronomy and turf maintenance, focusing on aeration of each playing surface, tree maintenance, bunker renovation, fairway aeration, over-seeding, pesticide and fertilizer enhancements, and improved maintenance of irrigation systems.
- ◆ Focusing on deferred capital expenditures to improve the facilities and to differentiate between the courses while offering championship golf at both Naperbrook and Springbrook.
- ◆ Aggressive tree trimming and tree removal programs are appropriate for both courses to improve their quality.

Each of these recommendations has been reviewed by the Leadership Team. Changes have already been implemented in many areas. Where capital funds are required, such items are being appropriately scheduled.

Cash Flow Projections – Status Quo

What number would you like to see? Cash flow projections reflect the inherent bias of their creators.

As a strategist, first you have to identify the problem. Second, you have to craft a solution that can be executed. Third, executing any strategic plan is solely reliant on the current management and staff. Expecting them to execute flawlessly is not realistic.

Therefore, should projections be based on the possibility of flawless execution or on a realistic expectation that takes into account the political environment and the internal limitations?

We believe that our fiduciary responsibility is to do both: to craft a financial projection based on the status quo and to further demonstrate the positive incremental financial impact if changes recommended within this plan are adopted.

Therefore, for the status quo, the following assumptions were utilized:

- Rounds will remain flat.
- Rates will be increase 2% per year.
- Expenses will increase 3% per year.

As a result, a break-even operation is projected for the next five years.

Here is the good news. With the adverse weather experienced in 2008 and the capital construction at Springbrook that did not abate until June 30, 2008, it is highly likely that the Naperville Park District courses will return to profitability in 2009.

If the changes outlined in the **Options Section** are fully implemented, the amortization of principal and interest is likely to occur without general fund subsidies.

The cash flow projections reflect a status quo of the current operation, which we believe is the most likely result to be achieved from current management:

Financial Projection

	Revenues				
	2009	2010	2011	2012	2013
Gross Revenue	4,081,517	4,147,703	4,212,956	4,283,998	4,349,432
Cost of Goods Sold	352,547	358,726	362,038	365,350	368,662
Adjusted Gross Revenue	3,728,970	3,788,977	3,850,918	3,918,649	3,980,770
Golf Course Maintenance	1,179,264	1,222,057	1,279,250	1,352,052	1,444,958
Pro Shop Expense	1,513,087	1,624,027	1,723,260	1,852,078	2,025,033
Food and Beverage	114,692	118,710	123,889	130,319	138,353
General and Administrative	0	0	0	0	0
EBITDA	921,927	824,183	724,520	584,200	372,425
Central Service Charge	72,821	77,256	84,419	95,015	110,148
Depreciation	537,362	523,014	504,845	318,726	288,098
Interest	276,640	258,840	236,695	212,255	186,930
Bond Underwriting Fees	1,622	1,721	1,881	2,117	2,454
Total Expenses	888,445	860,831	827,840	628,112	587,630
Net Income	33,482	(36,648)	(103,320)	(43,913)	(215,204)

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Note what appears to be an aberration in the 2012 financial projections. The normal Excel sheet extending year to year looks like an error is embedded in the logic. Actually, numerous assets at Naperbrook become fully depreciated in 2011, creating what looks like an anomaly.

Cash Flow Projections – With Recommended Suggestions

We believe that net income can be positively impacted by the following five factors:

Factor	Impact	Amount
Weather	If normal, playable days at 181 per annum	\$231,000
Economy	Recession abates	50,000
Culture	Business of golf emphasized	150,000
Expense	Labor optimized and reporting improved	162,000
Revenue	Focus on yield not rounds with market rate adjustments and adoption of customer franchise marketing	234,500
Subtotal	Positive benefit of strategic plan	\$692,500
Current Loss	2008 operating loss (rounded)	\$300,000
Net Income Potential		\$392,500

Thus, the Naperville Park District has the potential to generate \$392,500 in net income from the operation of its golf courses.

Conclusion

During the past five years, with the introduction of new technology, the techniques used to attract and serve customers have changed greatly.

Stimulating the resurgence of the golf courses must be based on the following strengths observed:

- ◆ Value
- ◆ Tee Time Availability
- ◆ Course Conditions
- ◆ Golf Course Design and Aesthetics
- ◆ Pace of Play

The Park District's golf course operation has many strengths, and they serve as a firm foundation for future growth.

But the challenges ahead are not trivial. The organizational and management structure is entrenched, the overhead cost structure is largely fixed, the depth and breadth of the labor is weak, and the deferred capital expenditures are significant. However, with the investment of capital and personnel leveraging the investment in technology via proactive marketing, the Park District's golf operation can withstand the current woes plaguing the golf industry.

However, while the underlying assets the Park District owns are valuable, it is our professional opinion that the Park District will experience continued challenges within

its golf operations for the foreseeable future. These challenges may lead to the retention of a third-party golf course management company that has occurred at many municipal golf courses in the Chicago area.

Due to the outstanding bond debt, the Park District will be required to make a number of difficult decisions. The commitment to reinvest will require increased resources and, consequently, increased deficits. One option to consider is to provide a temporary general fund subsidy of up to \$4,000,000. The subsidy would be used to support the startup of the much-needed reinvestment programs. Whether this option is accepted or not, the golf program should remain an enterprise fund program.

During the past few years, and specifically since 9/11, the decision for the allocation of municipal funds has been to provide police and fire with the highest priority, with other municipal services competing for the remaining resources.

While a substantial number of citizens believe that golf, like tennis and swimming pools, should be supported by the taxpayers, and that a profit focus for golf is inappropriate, golf is adequately handled by other entities within the local market at a wide range of price points. If taxpayers subsidize the golf operations, that benefit will be for approximately 14% of the taxpayers. In the current environment, that proposition is not popular.

Strategic Plan: Golf Operations

Naperville Park District

Naperbrook Golf Course

Springbrook Golf Course

May 28, 2009

May 28, 2009



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Global Perspectives

Macroeconomics: The Current Economic Outlook

Golf is a recreational sport that consumes the disposable income of its patrons. Golf competes for the entertainment dollars of its consumers.

The financial prosperity of golf is indirectly correlated to the world economy. To measure the impact of the current economic conditions on the golf industry, in April, 2009, the National Golf Foundation included at its annual symposium a presentation titled, "Golf in a Troubled Economy."³

The speaker, Jeff Schott, Senior Fellow at the Peterson Institute for International Economics, adroitly presented the case that as a society the U.S. is in denial regarding the depth of the economic troubles in which we now find ourselves immersed—the deepest downturn since 1930, with all major world economies suffering except for China and India.

The question debated was whether the recovery would be in a "V" shape (hard down – hard up in a short term) or in an "L" shape (hard down – slow and long recovery). The evidence presented supported the "L" shape recovery. Averaging the predictions of four leading economic research firms (Mussa, OECD, Economist, Wachovia), the GNP is expected to decline in 2009 by 2.9% and increase by only 1.4% in 2010. With this decline in GNP, unemployment is projected to increase from 8.2% in first quarter of 2009 to 10.2% by 2010. It should be noted that GNP growth at 4.0% is deemed to be a stable economy.

The justification for such pessimistic projections was based on the following factors:

- ◆ Concentrated decline in global output/trade
- ◆ Seizing up of credit markets
- ◆ Wealth shock via decline in equities, pension funds, and housing

As a result of the fear introduced into the world economy, personal savings are skyrocketing as consumers restrict their spending. The Bureau of Economic Analysis reported that the savings rate in the U.S. from 2000 to 2008 was only 1.6%. The Bureau also estimates that the U.S. savings rate will increase to 5.0% in 2009.

What are the implications for golf? Rounds in 2009 are likely to fall by 3%, tournament rounds are predicted to go down in 2009 by 3%, tournaments and groups are likely to be challenged, and price degradation across the industry is likely to occur.

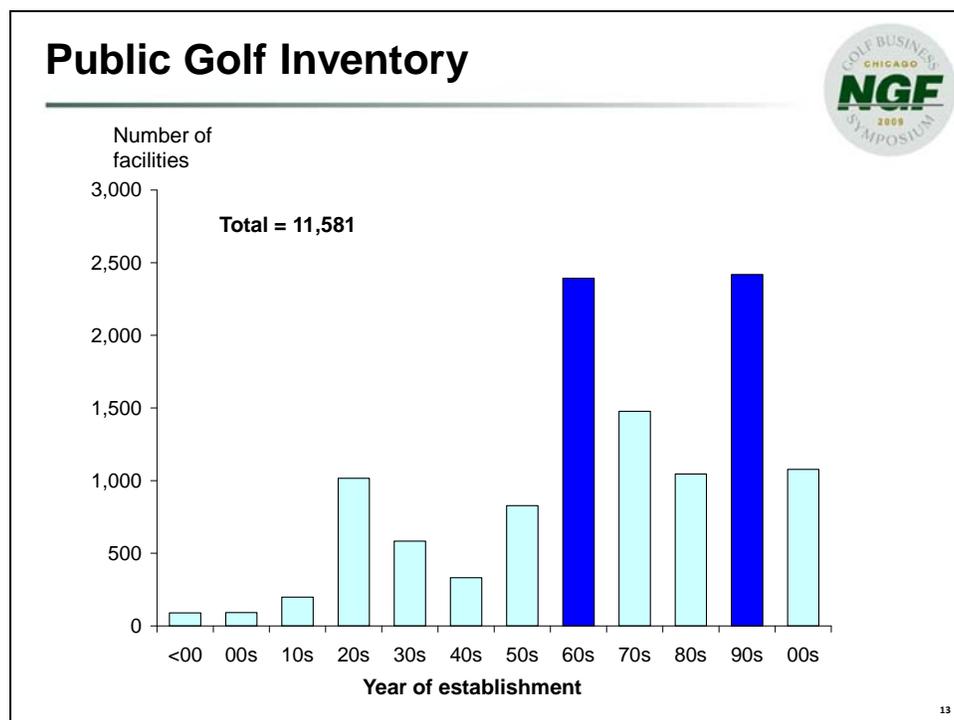
³ Jeff Schott, "Golf in a Troubled Economy," April 22, 2009, Slides 1 – 21.

Macroeconomics: The Current Economic Outlook for Golf

The National Golf Foundation recently completed an extensive study on “The Future of Public Golf in America”⁴ that was presented at the April symposium.

The National Golf Foundation cited that since 1990, the growth in the number of golf courses is up 24% while the number of golfers has only increased 16%. As a result, the number of rounds played at each golf course has fallen from 40,400 in 1990 to 32,640 today.

This imbalance is reflected in the chart below:



The extent and seriousness of the problem was studied by the National Golf Foundation in a survey conducted of 1,100 golf courses in which 15% of the golf courses rated their financial health extremely poor. Of those golf courses, 56% of daily fee golf courses were considering closing and selling, and 26% of municipal golf courses were evaluating the same alternatives. Uniformly, with rounds off and revenue off, losses increased, maintenance standards were deteriorating, capital investments were deferred, and discounting practices were employed to boost rounds. It is projected that from 500 to 1,000 golf courses will close or be sold during the next five years.

⁴ National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009, Slides 1 -43.

The depth of the financial challenges faced by these golf courses is such that on a rating scale of 1 (extremely poor) to 10 (excellent), only 9% rated their financial health as excellent.⁵

The NGF identified that those golf courses at risk⁶ were:

- ◆ 9-hole facilities
- ◆ Lower price points
- ◆ Alternative facilities
- ◆ Those in less populated areas

The National Golf Foundation’s formula for success is clear, and is evidenced in the information below as to what successful golf courses were doing⁷:

The Right Things



	Success (7-10)	At-Risk (0-3)
Customer service emphasis	73%	52%
Have strategic plan	69%	48%
Structured player development	59%	41%
Customer surveys	49%	36%
Promote other revenue centers	43%	26%
Pace of play	43%	24%

26

Maintaining customer databases, engaging in email marketing, and the publication of newsletters are additional traits of successful facilities that have been widely recognized over the years.

The impact of the current economy on golf is likely to be felt. While prior recessions have seen a drop in rounds, because golf is largely a leisure activity of the wealthy, the decline is not as likely to be as severe as it is in other areas. It is the conclusion of the

⁵ National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009, Slide 20.

⁶ National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009, Slide 21.

⁷ National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009, Slide 26.

National Golf Foundation that while every golf facility will feel the impact, existing demand is stable, latent demand exists, and the current climate is good for golfers and bad for facility operators. However, well-managed courses in populated areas are most likely to thrive.⁸

For the Naperville Park District, though the recession will have a negative impact, the golf courses will be largely insulated from the effects of the downturn due to their physical location in a densely populated metropolitan area within a wealthy suburban neighborhood.

The Business of Golf

In theory, business is actually very simple. It is simply balancing supply against demand. By establishing the price that correctly balances the brand promise offered and the value delivered commensurate with the market demand, net income is maximized.

Business can be made very complicated. The permutations of operating a successful golf course exponentially increase quickly when one considers the factors that impact supply (the number of golf courses) or those factors that affect demand (course conditioning, price, weather, service, and customer demographics and preferences).

In a perfect market, customers purchase products that satisfy their needs or desires for prices they determine to be the best value. Golfers purchase a round of golf for the price that creates the social status they seek, for the networking they want to achieve, for convenience to home or business, and for the recreational and leisure experience.

Unfortunately, capitalism is not about perfect markets. Inadequate information, undisciplined decision making, and government intervention can create aggregate failure. The essence of capitalism is for the successful entrepreneur to gain a strategic advantage over competitors within an imperfect market.

Thus, the goal of the course owner should be to blend the following triad:

- 1) Superlative information
- 2) Disciplined decision making
- 3) Crisp execution that creates a successful golf course which operates within the framework of many benchmarks

But to achieve that strategic goal, the first component, superlative information, starts with an understanding of the breadth and depth of the golf industry.

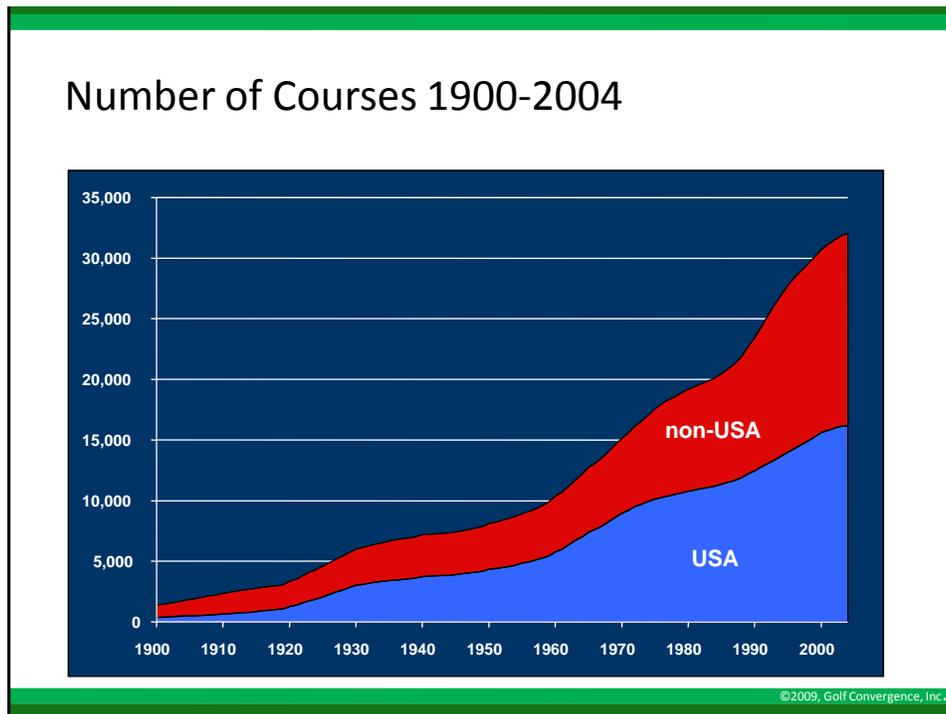
⁸ National Golf Foundation, "The Future of Public Golf in America," April 22, 2009, Slide 38.

An understanding of macroeconomics as it relates to supply and demand and the underlying performance, structure, and behavior of the golf industry creates the essential perspective necessary to craft a strategic plan.

The Worldwide Supply

The game of golf holds an amazing allure. As you read *Golf Magazine*, *Golf Digest*, *Links Magazine*, or *Travel and Leisure*, you see photographs of some amazing golf courses throughout the world. The list of “must play” courses in only Scotland, South Africa, South America, South Vietnam, Spain, Sweden or the States, seems never-ending. Great golf courses are abundant.

While golf started in 1454, the popularity of the game has more than doubled in just the last 40 years. The chart below⁹ shows the growth of the game during the past 100 years:



Since 1990, the supply of golf courses has grown by 22%. Hence, the significant pressures being felt by the Naperville Park District are largely due to forces beyond the Park District’s control.

⁹ Colin Hegarty, Golf Research Group, “Golf 20/20 Presentation,” November, 2005, Slide 11.

The Worldwide Demand

With more than 34,000 golf courses on planet earth, the capacity for the sport exceeds 2,788 billion rounds of golf annually. With a world population at 6,806,668,474 on May 1, 2008, and increasing at a pace of 187 people born every minute, it seems that demand should exceed supply.

As the chart below¹⁰ indicates, the sport of golf can be correlated to the Gross Domestic National Product and the disposable income of its citizens if we look at the number of golfers in various parts of the world.

Continent	Golfers
North America	32,000,000
Europe	7,663,560
Asia	16,174,000
Oceania	1,789,400
Africa	800,850
South America	148,450
Caribbean	44,600
Central America	12,750
Middle East	11,500

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A Closer Look at Actual Demand: Who is the Customer?

The financial health of the business of golf can be measured by many numbers. Three of the most effective are the relationship between the number of golf courses, the number of golfers, and the number of rounds played.

Many factors influence those three components.

In order to compute the number of golfers and the number of rounds, we first need to define "golfer." The National Golf Foundation defines a "golfer" as an individual, age 6 or older, who played at least one round in the past year. "Core golfers" are defined as

¹⁰ Colin Hegarty, Golf Research Group, "Golf 20/20 Presentation," November, 2005, Slide 11.

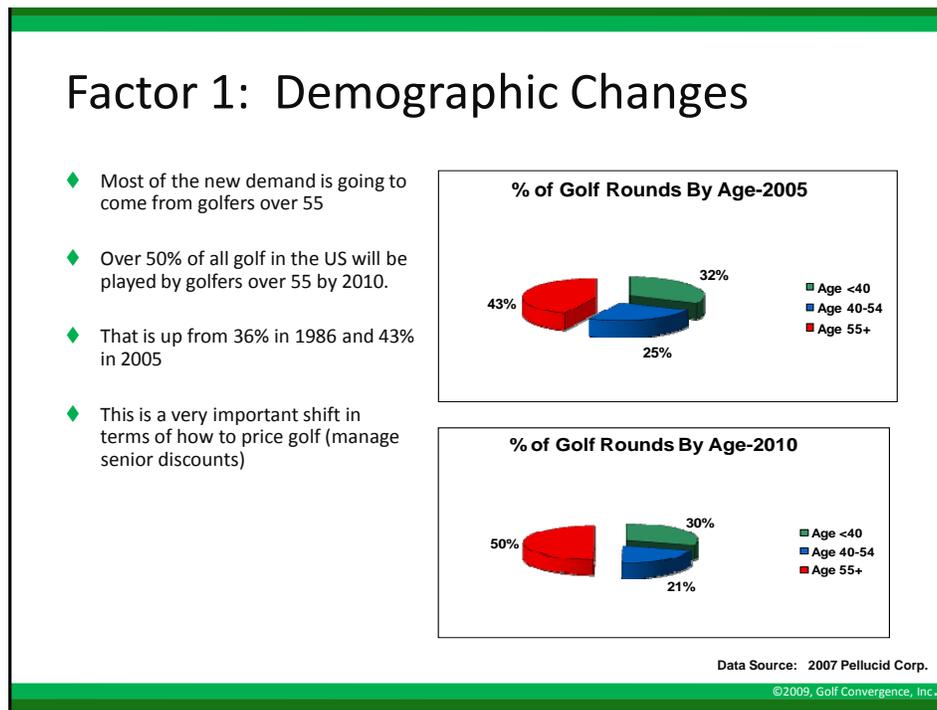
those adults 18 or older who play between eight and 24 rounds per year. The term “avid golfer” is used for those golfers who play more than 24 rounds per year. Other industry research groups use 12 years or older as the benchmark for what constitutes a golfer. Again, our industry’s methods of gathering statistics are not standardized.

Another term that causes much debate is “round.” When you play a “round,” have you played nine or 18 holes? The most common use of the word “round” merely means “a start.” In other words, a golfer teed off on at least one hole.

With the term golfer now defined, a further analysis reveals that the game of golf is all of the following:

- 1) Golf is a game of the aging population.
- 2) Golf is a game of the wealthy.
- 3) Golf’s growth is constrained by the time-crunched nature of our society.

Over 68% of all golf rounds are played by those older than 43 years of age. As has been demonstrated in economic surveys conducted throughout the world, golf thrives in cities where the population is aging. The chart below reflects that trend:



Not only is golf a game whose participants are aging, golf is also a game of the wealthy, and the sport is clearly losing its middle-class appeal, as reflected below:

While the income levels support the play frequency required for the number of courses in Naperville, there is another factor working against the economic viability of the Park

District’s golf courses that is beyond management control—the age of Naperville’s population.

Factor 2: Golf is Expensive

Inc. Group	'00 % Golfers	'00 % HHs	Index	'05 % Golfers	'05 % HHs	Index
Upper Class \$75K+	27%	23%	115	49%	34%	144
Middle Class \$35-\$74.9K	43%	36%	119	35%	35%	100
Working Class <\$35K	30%	41%	73	16%	31%	52

Data Source: 2007 Pellucid Corp.
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This chart reflects that using a baseline index of 100, the upper class constitutes a greater portion of golf’s participants, while the relative frequency of participation by the middle class and working class is decreasing.

The fact that golf is an elitist game is clearly demonstrated with the statistic that indicates that those with incomes of less than \$34,999 play only 3.45 rounds per year while those with incomes greater than \$75,000 play 431% more, or 14.89 rounds per year. Golf is clearly losing its middle-class appeal.

All of this begs the question as to why golf is not more popular among the young, middle, and working classes.

First, the game is difficult to learn, and if you’re not very good at it, it isn’t a lot of fun. Second, the cost to even begin playing is high—clubs, shoes, golf balls. It’s not uncommon to invest at least \$500 to more than \$3,000 to start. Third, a round of golf consumes the better part of a day. Fourth, the attitude present in many male-dominated pro shops creates a harsh and unfriendly environment for many women. Finally, many golf course personnel believe that they are “members” of the club, not “workers” at the club.

While the demand/supply imbalance bodes poorly for golf, such imbalance masks a more subtle and pervading problem that is retarding the growth of the game. That problem is the significant change in the demographics of how our society functions in the United States. Sociologists track seven major categories to determine the nature of a society, some of which are technology (i.e., medicine, computers), social trends (reduced social conformity), and demographics (i.e. baby boomers and Gen X).

Within the seven categories, when three or more become altered significantly, society changes. That is what has occurred during the past seven years. Labeled the “time crunch,” our societal changes include:

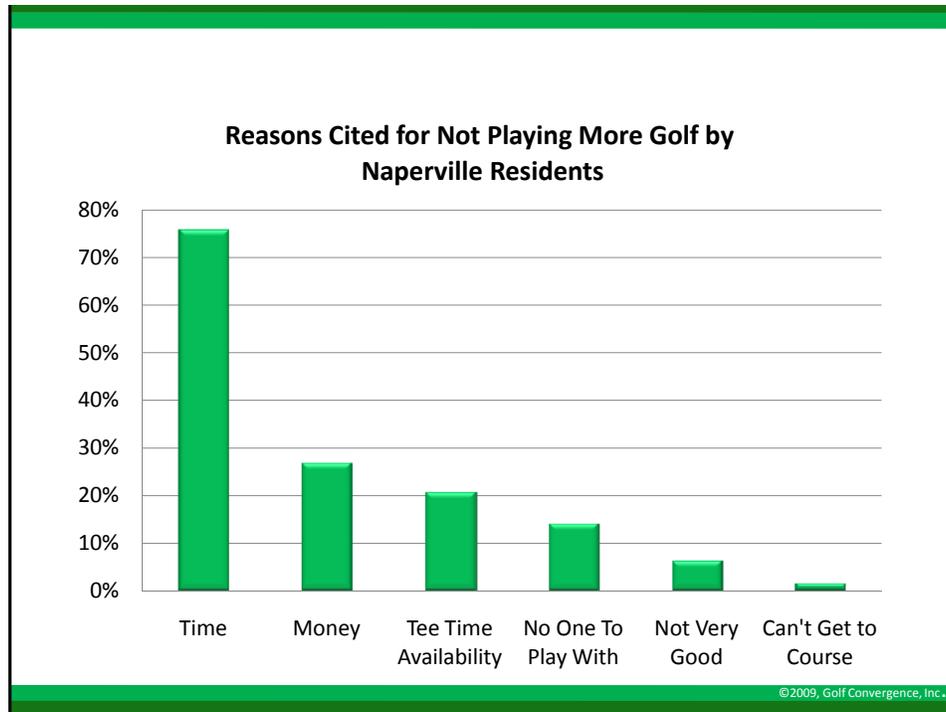
Factor 3: A Time-Crunched Society

1. The **technology trap** of endless improvements: the more empowered technology makes you, the more you are expected to do.
2. The **update mandate**: We must be constantly updating our information: our devices (phones, email), our knowledge (events, educations), our values (tolerance to risk, work, etc.). We have dramatically increased our “work cycles.” Employee productivity is up 24.2 in the past ten years.
3. The **marketplace of endless choices**: (47 car manufacturers, hundreds of models, thousands of choices.) Shopping takes a lot more energy, thought and time.
4. We have become an **experience economy**: Starbucks to see it made, Krispy Kreme to watch it bake, Harley to gather on weekends at events to participate.
5. **Lifestyle integration**: Our key value is that everything must be efficient and we can do it at once, causing the erosion of the barriers between home, work, and commuting.
6. **Child centeredness**: Our focus on wants, needs and desires have transferred from ourselves to our children. There is now a social status attached to the “child first” attitude. Our parents put themselves first. We put our children first.
7. **Conspicuous activation**: Status is now achieved by show off at how busy you are and how many activities you are involved in.

Source: Golf 20/20, DYG, Inc. 2003
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The time crunch, in which 50% of all families are divorced and 80% of existing families have dual wage earners, has completely redefined the concept of leisure.

In a survey conducted for the Naperville Park District, we asked, "What are the primary barriers to playing golf?" The survey response is below:



The factors of supply exceeding demand, golf’s lessening popularity, and changes within our societal framework have created the downward golf spiral Naperville is experiencing.

How does the Park District remove itself from these downward cycles? There are two ways: the demographics for golf could become more favorable, or continued proactive fiscal management with a revised approach could increase the emphasis on the business of golf.

The Naperville Park District

The Naperville Park District manages and provides leisure and recreational activities for people of all ages in Naperville and its neighboring cities. The District was established by referendum in 1966.

As of 2007, the Park District manages more than 2,400 acres (10 km²) of open space, including more than 130 parks and four sports complexes. The Park District also manages two golf courses, Springbrook and Naperbrook. In addition, the Park District is responsible for the Naperville Riverwalk, construction of which began in 1981 and marked the 150th anniversary of the first Joseph Naper's settlement.

The Naperville Park District owns and operates two respectable 18-hole golf courses, a links (Naperbrook) and a parkland course (Springbrook).

At a municipal golf course, various constituencies are served, including the following: Park Board, Management/Staff, Golfers and ultimately, Residents who support the course with their taxes.

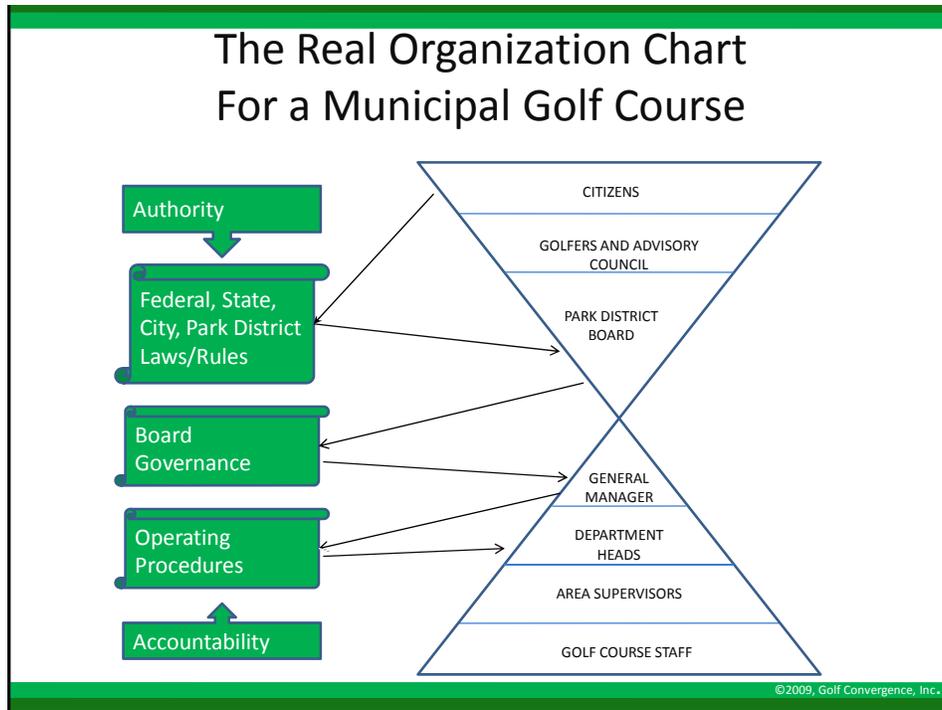
The mission statement of a municipal golf course can range from generating the largest possible return on investment, merely creating a value-based recreational opportunity, or alternatively, catering to the perceived needs of niche groups. Some golf courses also emphasize the value of teaching core values to young golfers.

The national brand image of municipal golf courses often gets a bad rap. Viewed as the entry door to the game, facilities often are downtrodden and degrading. Such is not the case in Naperville where, in the aggregate, management and staff are dedicated, hardworking, and passionate about creating value for their constituency. But decision making based on reliance on Park District boards and lack of resources often impairs their ability to execute.

Both Naperville golf courses rely on the Parks District for accounting, administrative, purchasing, and marketing services. The courses are staffed with a mix of full-time and part-time Park District employees. This mix is necessary to cover the extended hours of operation, particularly in the summer months, without incurring significant overtime costs.

The golf courses operate as an enterprise fund. An enterprise fund can be viewed as an entrepreneurial, self-sustaining economic unit that is not reliant on taxpayer funds but on subsidies from the general fund. As such, an enterprise fund can and should operate independently of governmental influence. For example, the need to provide lower rates to residents, senior, or juniors, or to provide access to a certain type of golfer, should be based on economic and not political influences.

With that written, the real organization chart for a municipal golf course is as follows:



With this understanding of the macroeconomic factors prevalent in our nation, the microeconomic influences affecting the local golf courses, and the current political, economic, and financial environment observed in the Park District, with its inherent strengths and weaknesses, the creation of a strategic plan for the Naperville Park District can be insightfully created through the cooperative efforts of all interested groups.

The Current Operational Foundation

Strategists are often retained because of the following scenarios: 1) when there is a change in management and those who are now accepting accountability seek to benchmark the current operation upon their entrance; 2) the deterioration of the financial condition of the operation is clear to all; and/or 3) when leadership is proactive in seeking to outperform the competition to ensure that the full potential of the golf courses is realized.

In this case, this strategic plan was embraced for all three reasons. The financial reasons that sparked this plan are detailed below:

The Operational X-Ray

Category	Indicator	Amount
Market Supply	Positive	18%
Weather	Negative	5%
Value	Negative	25%
Rounds over past 5 years	Negative	12%
Potential for Rounds Growth from Income/Population	Positive	2.0%

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During the past five years, rounds have fallen 12% - consistent with national averages. However, it is important to view the financial performance of the golf courses not only against industry averages and the potential that might have been achieved.

According to Pellucid Corporation¹¹, “cumulative supply absorption of 18.0 means that the situation has improved dramatically and that equilibrium has tilted in the direction of demand,” offsetting the negative impact of the reduced number of playable days during the past five years¹². It is estimated that Naperville has underperformed its market potential by 25% since 2004. Some Chicago golf experts debate the finding that “demand exceeds supply by 18% in Naperville,” as measured by supply absorption. But even if demand equaled supply, the value equation would still reflect a 7% underperformance by the Naperville golf courses.

¹¹ Pellucid Corporation, “Geographic Local Market Analyzer Report for Naperville Park District,” February, 18, 2009, Page 3.

¹² Pellucid Corporation, “Naperville Weather Charts,” February 18, 2009, slide 1.

The Strategic Plan

A Strategic Plan: The Process

The purpose of this strategic plan is to provide an economic roadmap to achieve the vision of the Park District leadership.

Undertaking this disciplined and structured process creates many benefits. This plan provides an examination of where the golf courses have been, where they are, and where they should be. As a written document, a strategic plan provides a consensus future direction, one that can be measured, and evaluated.

Without a defined strategic vision, effective tactical plans cannot be developed. Without tactical plans, efficient operational execution cannot occur. The result of this lack of strategic planning is that highly predictable chaos ensues.

Most successful golf courses have one thing in common—rigid discipline to adhere to the strategic vision for the club.

The Strategic Planning Pyramid

Strategic planning is a process that filters throughout the entire organization. A strategic plan flows through the organizational veins of the business as reflected below:



In a well managed operation, every operational decision can be traced up to the tactical plan and to the strategic vision.

Functional strategic planning is focused on creating departmental performance goals and objectives that support the operation. Operational strategic planning is aimed at the primary planning issues by creating department-specific strategies for the activities that occur at the golf courses.

Thus, the following elements are analyzed in creating a strategic plan for a golf course.



Service Level Target

In crafting a strategic plan, the selection of the vision and mission of the golf course is determined by many factors, including financial assets, personnel resources, and the market demand for a specific product.

Golf courses and their associated service standards can be classified as follows: “platinum, gold, silver, bronze, and steel,” as reflected in the chart below:

Definition of Market Segments

	Platinum	Gold	Silver	Bronze	Steel
Vision	Rolls Royce	BMW	Volvo	Chevrolet	Hyundai
Examples	Pine Valley, NJ Seminole, FL	Cherry Hills, CO Trump National, LA	TPC Clubs Bandon Dunes, OR	Lakewood, CO Bethpage, NY	Brookhaven, TX City Park, Anywhere
Cost Per Round	\$1,000	\$200 - \$500	\$101 – 199	\$50 - \$199	Under \$50
Access	By Invitation	Waiting List	Available	Seeking	Open Access
Style	Formal	Professional	Relaxed	Very Casual	Loose
Social Status	Generational Wealth	Upper Class	Upper Middle Class	Middle Class	Anyone

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Other factors that determine the appropriate vision statement to be selected include: gender/ethnicity leanings, dress standards, whether carts are required, smoking regulations, tipping and gift policies, and other activities offered.

By definition, a public facility or resort could never achieve platinum status, since that status is defined as “by invitation only”—something that wouldn’t work with a course open to the public. The difference between platinum and gold private clubs is the social standing of their members and not necessarily their net worth: platinum (blue blood), gold (blue mixed with new money).

Why is this relevant for the Naperville Park District? It is important that the service standards be aligned with the value offered to ensure that the return on investment is properly realized.

The 2009 – 2013 Strategic Plan

The centerpiece of a strategic plan is the Vision Statement that guides all decisions regarding the operation of the facility. These statements serve as a lighthouse that provides a frame of reference for the Park District Board, Management, Staff, Golfers and Taxpayers.

In creating a strategic plan and in implementing the recommendations, achieving unanimous consent is near impossible for several reasons. First, change is required. Second, each constituency has a strong proclivity to protect their own vested interests at the expense of group’s best interest. These conflicts are highlighted below:

Constituency	Sensitive Issue
Park District Board	Accountability for fulfilling strategic mission
Park District Leadership Team	Allocation of resources to achieve vision
Golf Management	In directing execution to being directed
Golf Staff	Decreasing staff, salaries or increasing responsibilities and/or work hours
Golfers	Increase in rates or accessibility to golf course
Taxpayers	Increase in taxes and allocation therefore

Thus, the Vision Statement is perhaps the most fundamental of all of elements in strategic planning to achieve as broad a consensus as possible. The Vision Statement is future-oriented and identifies what the club is about—its purpose for being as well as where it is heading. This Statement infuses the club with a defined sense of purpose, direction and destination.

Encompassing the desires of the owner with a direction that is realistic and achievable, this Business Plan recommends that the following Vision Statement for the Naperville Park District be adopted:

The Park District's Vision Statement

We will provide, in a responsible fiscal manner, as a recreational component of our leisure programs, golf consistent with the standards of the leading municipalities with respect to green fees, maintenance and administrative operations in order that we maximize revenue, increase operational efficiency and ensure optimum customer service as prudent stewards of a government owned asset.

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The strength of the Vision Statement, which is about ideals and not the current environment, is that the golf courses know what they represent, and as importantly, what they do not. By defining its vision, the golf course has the ability to align its infrastructure, facilities, and labor resources to match the service ideals envisioned.

Problems often develop when some among a given golf course's population—Park District Board, Management, Staff, Golfers or Taxpayers—do not share this clear understanding of the golf course's vision. The cost of satisfying individual requests that are not consistent with the vision can easily dilute the experience and accelerate the costs of operation.

Thus, a clear understanding and adherence to this Vision Statement must be achieved by a golf course's population to be successful.

For the vision to become reality, there needs to be a connection between the vision and the operation. The vision of a golf course should be so well integrated into operations that even under stressful conditions, management and staff execute their duties in a manner consistent with that vision.

Golf Convergence WIN™ Formula

The execution of a strategic plan depends on the consistent application of principles and practices to produce a meaningful result.

From its years within the golf industry, Golf Convergence has developed an eight-step formula to ensure that the visions created with the interaction of the Park District leadership team and the golf course management staff are comprehensive in scope, crisp in definition, and straightforward in execution, ensuring the Park District's vision becomes reality.

Thus, this strategic plan was created utilizing the framework of the **Golf Convergence WIN™ Formula**, which is made up of the following steps:

- 1) **Strategic: Geographic Local Market Analysis** - Age, income, ethnicity within 10 miles of the golf courses.
- 2) **Strategic: Weather Impact** - Management performance v. weather.
- 3) **Tactical: Technology** – An integrated foundation to create the insights required to manage.
- 4) **Tactical: Key Metrics, Financial Modeling, Yield Management.** Comparing financial performance to competitive local golf courses.
- 5) **Operational: Facilities and Maintenance** - Equipment and Capital Benchmarks
- 6) **Operational: Customer Franchise Analysis.** Who are the golf course's best customers and how loyal are they?
- 7) **Operational: Customer Surveys** - Barriers, Price Points, Brand Image.
- 8) **Operational: Management, Marketing and Operation Review.** The entrance, staffing, organizational structure, merchandising, food and beverage, advertising, marketing, and public relations are evaluated and compared to the industry's best management practices.

This process provides common-sense solutions founded on clearly articulated sound principles. These solutions will result in the golf courses maximizing their revenue, increasing their operational efficiency, and enhancing their customer service. Each of these steps was executed in creating this plan, and the results are documented here. The investment return on the golf course will dramatically improve if the following plan fully executed:

Naperville Park District Strategic Analysis

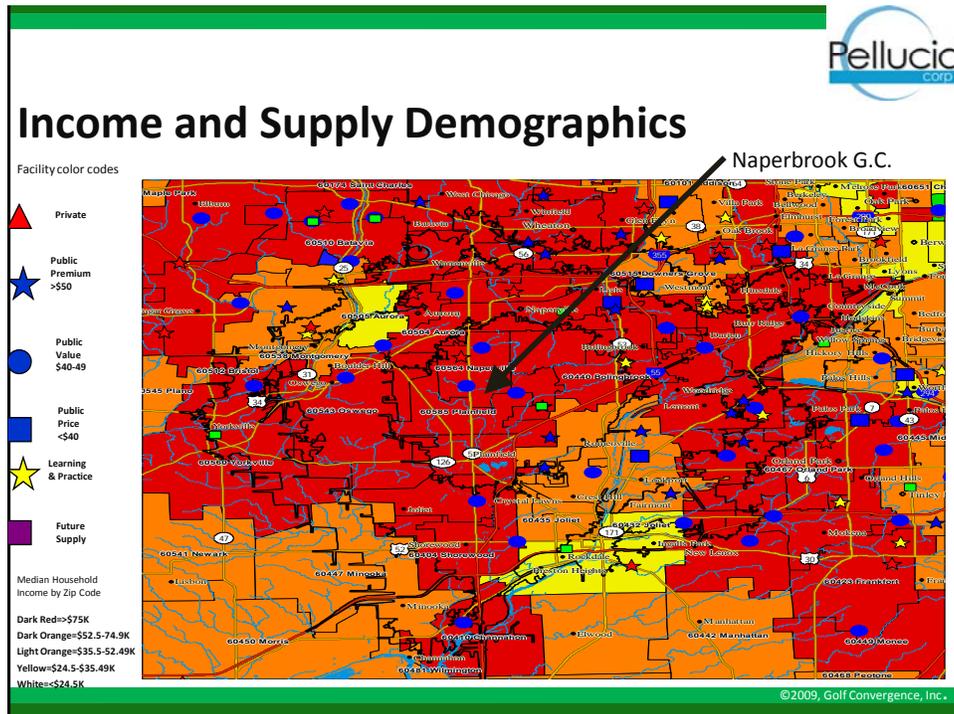
Step 1: Geographic Local Market Analysis

Supply trends are very positive in Naperville

For this business plan, we conducted intensive research of the demographic trends, the local golfer base, supply levels, mix, current supply/demand balance, and the impact of historical supply dilution. We used data extracted from SRC, a licensed facility database, and Pellucid Corporation. This database includes complete U.S. demographics, and it provides a six-dimensional analysis of the golf economy health for each course location.

In determining the competitive forces within Naperville, golf courses that are located within a 15/25/30-minute drive from Naperbrook Golf Course were evaluated. It should be noted that Springbrook is a mere 3.6 miles away.

The competitive map for Naperville, which is presented to determine the market potential of the golf courses, is reflected below:



Note: Data sources for this analysis included: Pellucid licensed annual consumer survey (2007), state-level facts on participation and frequency, Pellucid licensed database of 16,000 US golf facilities (not including stand-alone driving ranges), licensed U.S. Census data, 2000 actual, 2008 estimate and 2013 projections.

When considering price, quality, proximity, and accessibility of the Naperville Park District’s golf courses, golfers have many other viable alternative courses to play. However, proximity from work/home to the golf course is a determining factor in measuring the viability of a golf course and its tendency to prosper. In surveys conducted concurrent with the preparation of this business plan, Naperville golfers confirmed the importance of geographic location to their determination as to where they would play golf. A detailed list of these courses is presented in Appendix B by address, zip code, and classification as to type of course.

Presented below is a summary of the supply/demand factors found within the Naperville market:

		
<h2 style="text-align: center;">Naperville Supply Factors</h2>		
Category	National Average	30 Minute Drive Time Naperville
Public Golfers per 18 holes	2,250	4,460
Market Over /Under Supply	10% oversupply	18% undersupplied
Private/Public supply	27%/73%	17%/83%
Premium/Value golf	45%/55%	50%/50%
Premium >/\$62 for green fees plus cart	18%	33%
Value = \$45 to \$61 for green fees plus cart	32%	39%
Price = < than \$45 for green fees plus cart	17%	3%
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Note: Golf Convergence has reservations regarding the empirical research performed by Pellucid Corporation with respect to the market over/under supply reflecting 18% undersupplied. While we believe that demand is brisk and that the Chicago area is the best market for public golf in America, 18% percent seems high. Our intuitive guess is that demand equals supply.

This chart reflects that the market for golf in Naperville is very healthy.

Population Demographics – Age, Income and Ethnicity Are Very Positive Factors

To understand the potential growth opportunities for golf within a market, a study of the age, income and ethnicity of the population within a 30-minute drive time is essential. Presented below are those statistics for the Naperville Park District:

Age, Income, Ethnicity



	15 Min. Drive	25 Min. Drive	30 Min. Drive
Golfers in local market	31,491	103,232	140,836
How many rounds per year – frequency: national average 21	20.6	20.6	20.6
Participation rate: national average 9%	12.1%	12.2%	12.2%
Rounds Potential by Age	90	96	97
Rounds Potential by Income	129	118	115
Rounds Potential by Ethnicity	101	100	99
Number of Golfers Per 18 Hole Equivalent	176	169	147
Affordability Index	100	91	90
Competition: how many courses by price and type	Total: 8 Price: 0 Value: 3 Premium: 3 Learning: 1 Private: 1	Total: 26 Price: 2 Value: 12 Premium: 7 Learning: 2 Private: 3	Total: 43 Price: 3 Value: 17 Premium: 10 Learning: 6 Private: 7
Annual rounds played by golfers	649,993	2,130,553	2,909,660
Rounds reported by golf courses	261,000	909,552	1,563,392
Golfers playing a lot beyond local market	Yes	Yes	Yes

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The chart reflects that the prospects for a profitable golf operation in Naperville are exceptional based on the age, income, and ethnicity, and that Naperville's prospective golfers far exceed the profile of the average golfer in the United States. The statistics were confirmed in a survey conducted of Naperville Park District and surrounding areas during April 2009. Survey respondents have the following demographic profile:

Who is Naperville's Customer? Male, Older, Very Wealthy, White

Gender Demographics

Gender	Survey Response	National Average	Index
Male	90%	55%	164
Female	10%	45%	22

Age group	Survey Response	National Average	Index
Junior (0-17)	1%	15%	8
Young Adult (18-34)	6%	25%	24
Adult (35-54)	68%	35%	193
Senior (55 and older)	25%	25%	100

Household Income Demographics

Household income (\$s)	Survey Response	National Average	Index
0 - 34,999	1%	5%	26
35,000 - 49,999	3%	10%	30
50,000 - 74,999	9%	25%	36
75,000 - 99,999	18%	35%	50
100,000 - \$249,999	57%	23%	250
\$250,000 or more	12%	2%	595

Race/Ethnicity

Race/Ethnicity	Survey Response	National Average	Index
White, Non-Hispanic	91%	69%	131
African-American	2%	12%	20
Hispanic	2%	13%	14
Asian or Pacific Islander	4%	4%	111
Other	1%	3%	42

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Naperville is very fortunate in that 12.1% of the population plays with a frequency consistent with national indices of 20.6 rounds per year. Nationally, only 9% of the population, ages 6 through 70+, plays golf.

The only item of concern is that within a 30-minute drive of the Park District, there is an ample supply of golf courses to fulfill the 2,909,660 rounds of golf being played annually in that area by golfers. Unfortunately, the local facilities are reporting usage of only 1,563,392. A supply/demand ratio of 53.7% indicates that the local market is barely capturing the majority of rounds played, and that Naperville golfers are playing frequently elsewhere in the region, near second homes, and while on vacation in the warmer winter climates, such as Palm Springs or Phoenix.

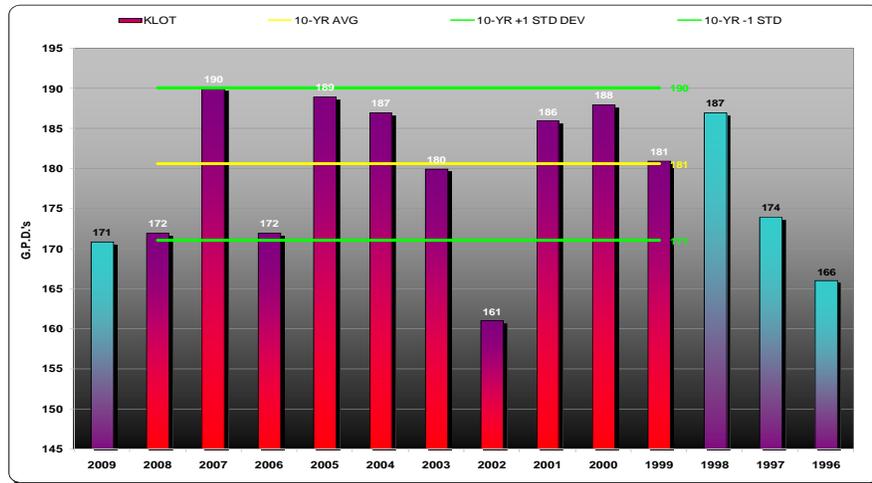
The challenge for the Naperville Park District will be to capture a larger wallet share of its core golfers.

Step 2: Weather Impact Analysis (WIA)

Pellucid/Edgehill Corporation prepared the golf industry's first tool to quantify weather impact on rounds demand, from the total U.S. market down to the individual facility level. Tying each of golf's 16,000 facilities to more than 1,600 local weather stations, the WIA provides key facility measures on weather variance, including Season Days, Golf Playable Hours, Equivalent Golf Playable Days, and Park District Rounds in total, by month and by day of week.

The chart below prepared for the Naperville Park District considers these factors:

Step 2 – Weather: 10 Year # of Playable Days



Note: Golf Playable Days (GPD) calculated using rules for season length, daylight hours, absolute and relative temperatures, precipitation and wind speed specific to subject property

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Golf playable days during the past decade averaged only 172 playable days per year. This is consistent with other northern municipalities such as Minneapolis and Detroit.

The second step in determining whether the utilization of the golf courses is industry-appropriate is to determine course capacity, based on the number of playable days that the golf courses could have achieved. The rounds potential in 2008 fell to 57,909 rounds from a potential capacity of 60,410 rounds in 2007. Considering that Naperville Park District’s actual annual rounds played is near 40,000, the actual course utilization of 70.7% far exceeds the national course utilization rate of 52%. This suggests that prices, presuming value (course conditions, tee time availability, pace of play) is aligned, could be raised.

Once of the reasons for authorization of this strategic plan was the concern that gross revenue fell \$710,143 from 2007 to 2008. As part of this study, we measure the economic impact of the weather and the capital construction that was occurring during 2008 at Springbrook.

We estimate that the decrease in revenue from management-related issues was \$100,919, as reflected below:

Step 2: Impact of Weather: 2007 v. 2008 downturn

	2008	2007	Variance
Gross Revenue	3,942,016	4,652,659	710,643
Playable Days	172	190	18
Revenue Per Playable Day	22,919	24,488	23,703
Lost Revenue Attributable to Weather			426,657
Range			142,054
Food and Beverage			40,013
Net Decrease from Un-identified Factors			100,919

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This bodes well for 2009. Should weather improve, and with the capital construction completed, revenue should significantly increase in 2009 at both Naperville Park District golf courses.

Naperville Park District Tactical Analysis

Step 3: Information Systems Technology

A fundamental test for any business is identifying who its customers are and what they are spending. The ability to analyze your customer database by quintiles, in order to understand which customers were recently acquired and which have defected, is fundamental to any business, especially golf.

We reviewed the use of technology within the Naperville Park District regarding internet use, the integration of tee time reservations with the POS, and the deployment of email-based communication.

Both golf courses utilize Fore Reservations! Fore Reservations is one of the most popular golf management software programs in the United States, with an installed base reported to exceed 1,800 golf courses.

This system has many positive attributes, including the integration of the tee time reservation and POS systems. Integration of these systems provides a repository of meaningful customer information. Other advantages include:

- ◆ Tying golfers' names to customer records
- ◆ Automatic registration of golfers at counter into email program
- ◆ Automatic emails to potential defectors at 30/60/90 days
- ◆ Ease of use
- ◆ A meaningful customer database of 7,767 customer emails has been developed. This is above the national average, even above those courses likely to be successful as measured by the National Golf Foundation.

Unfortunately, we noted the following:

- ◆ Each golf course is using the software differently. As a result, the information produced created little meaningful data by which analysis could be undertaken. G/L accounts are not consistent between years at each course and G/L accounts are not consistent between courses.
- ◆ Twelve of 15 key financial reports by which to properly manage the facility are not contained within the software, as summarized below:

Customer Analysis				
<u>Customer Distribution</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Customer Demographics</u>	<u>Yes</u>	<u>✓</u>	<u>No</u>	
<u>Customer Retention</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Customer Spending By Class</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Customer Spending By Individual</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Postal Code Analysis</u>	<u>Yes</u>	<u>✓</u>	<u>No</u>	
Facility Analysis				
<u>Merchandise Sales By Vendor</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Reservations By Booking Method</u>	<u>Yes</u>	<u>✓</u>	<u>No</u>	
<u>Reservations By Day Of Week</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Revenue Benchmarks</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Revenue Per Available Tee Time</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Revenue Per Department</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Revenue Per Hour</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Round Per Revenue Margins</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>
<u>Utilization</u>	<u>Yes</u>		<u>No</u>	<u>✓</u>

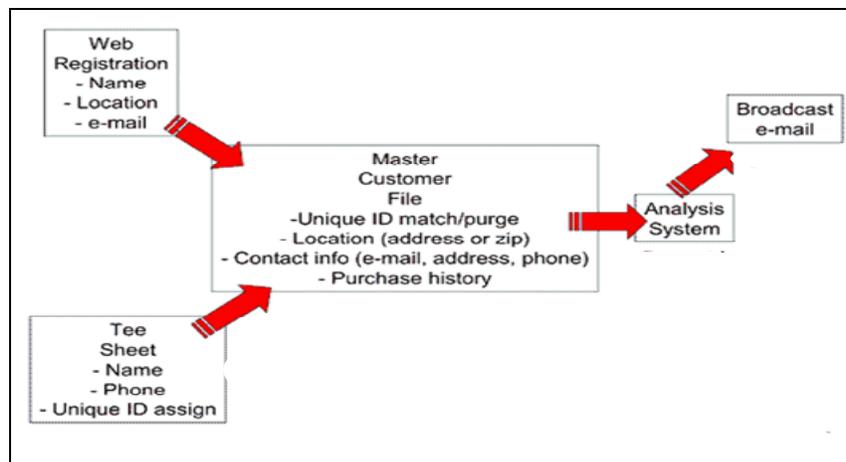
These reports provide the financial benchmarks necessary to maximize the investment return of a golf course. Lacking such information, the adjustment of rates, the efficacy of email programs, and the astute financial management of a golf course is guesswork.

- ◆ The Fore Reservations system does not integrate with the Park District’s system, requiring manual reentry of data.
- ◆ The Department/Class/Group structure utilized is flawed.
- ◆ The golf course databases are not consolidated, so customers are inconvenienced as they redeem loyalty points, and meaningful financial analysis regarding acquired/core/defectors is precluded.
- ◆ The software is not PCI compliant as of the date of this report.
- ◆ The Internet Reservation system displays 100% of available times, thereby allowing competitive golf courses to measure the demand and pricing at the Naperville Park District golf courses to set their own records appropriately.
- ◆ Program fees for lessons, Junior Academies, women’s league, and Tournaments are booked as “Active” at headquarters and are not allocated to correct departments (green fees, carts, etc.)
- ◆ The databases for both courses contain in excess of 800,000 transactions dating back to 2002. This reflects that data archiving is not occurring. As a result, the speed of the system can be impacted.

The formula to profitably operate the courses is simple and consists of the following steps:

- ◆ **Done:** Create a customer database.
- ◆ **Done:** Integrate the Tee-Time Reservation System with POS.
- ◆ **Done:** Issue loyalty cards with an affinity rewards system. You can control the purchasing behavior of your golfers based on incentives (non-peak) provided.
- ◆ **Done:** Communicate with your customers via an opt-in email marketing program.
- ◆ **Opportunity:** Display tee times by best available time or price (maximum two times displayed).
- ◆ **Opportunity:** Center your marketing focus on your Web site.
- ◆ **Opportunity:** Implement a "best rate" guarantee.
- ◆ **Opportunity:** Limit senior rates to those 62 or older. Consider raising the senior age to 62 and grandfathering those individuals currently 60 to 62 years old.
- ◆ **Opportunity:** Develop a consolidated reporting system and monitor the 15 key management reports.

As noted by “done” in the list above, the Naperville Park District is still a long way from ideal in its utilization of technology. The ideal system will have the following components:



The correct deployment of technology will yield the following benefits:

- ◆ Maximize Revenue
 - ✓ Web-based marketing presence for national exposure
 - ✓ Reservation cards sold for premium access
 - ✓ Dynamic yield management

- ◆ Increase Operational Efficiency
 - ✓ Better internal control
 - ✓ Improved reporting
 - ✓ Elimination of repetitive tasks by staff

- ◆ Enhance Customer Service
 - ✓ 24-hour access to tee-time reservations
 - ✓ Email communication of promotions, tournaments, updates
 - ✓ Sell prepaid gift cards online

Step 4: Financial Metrics

Scope

The foundation of a business is its financial statements. For management and staff to be able to plan, execute, and forecast, accurate and meaningful financial information is imperative.

With respect to this strategic plan, the pricing policy, charges for services, current and other revenue-generating opportunities, and the revenue and expense forecasts at each course were reviewed. We then developed a cost-of-service model using Microsoft Excel. This model charted direct, indirect, and overhead allocated costs. It made it possible for us to identify necessary management decisions on pricing of services relative to their ultimate impact on revenue, subsidy levels, and operational effectiveness.

Finally, we reviewed possible capital improvement scenarios within the operational business plan developed for each golf course. A cost-benefit assessment was applied to each scenario, and an operating pro forma was developed for each.

This systematic process for collecting financial and operational data, along with the construction of a predicative financial planning template, will allow the Naperville Park District to effectively monitor the cost of programs, services, and facilities, and to support decision-making regarding user fees and charges.

Findings

We believe one of the best opportunities for enhanced management control is to integrate the golf course management and the Park District accounting systems. Currently the volume of manual data entry and calculation by the golf staff produces errors.

The golf courses use the Fore Reservation golf management system. The Park District utilizes an event registration system (Active Network's Class software) and an INCODE accounting system. All systems have merit.

However, there is a significant amount of manual entry required to transfer the financial information from the golf courses to the Park District accounting system. For example, the precise number of rounds played is unknown. It is fair to state that the actual rounds reported are accurate to within only 5% of what may have actually been played.

On the surface, a comparison of the data from the Fore Reservation system and the accounting financials produced by the Park District reflects wide variances.

Presented below is a chart highlighting the variances between the golf management software system and the Park District accounting system:

Financial Statements: Revenue

REVENUE ANALYSIS	Naperbrook			Springbrook		
	NPD Accounting	Fore	Variance	NPD Accounting	Fore	Variance
Green Fees	1,054,216	1,006,677	47,539	1,111,373	1,120,140	-8,767
Membership Revenue	33,880	28,000	5,880	27,070	13,880	13,190
Cart Fees	248,667	242,651	6,016	316,339	305,830	10,509
Merchandise	83,489	82,503	986	127,551	127,461	90
Food and Beverage	160,790	0	160,790	152,825	158,723	-5,898
Range	195,155	81,188	113,967	260,533	145,135	115,398
Miscellaneous	37,877	0	37,877	35,153	0	35,153
Other						
Services		53,815	-53,815		79,710	-79,710
Accounting		-17,006	17,006		-58,970	58,970
TOTAL GROSS REVENUE	1,814,075	1,477,828	336,246	2,030,844	1,891,908	138,936

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These variances can be reconciled; however, the golf course staff doesn't fully comprehend the adjustments posted, and that limits their ability to fiscally manage the golf operation. The actual rounds played is an elusive number that no one knows for sure. The allocations between the key revenue accounts change depending on who is preparing the financial statements at the golf course, though the control totals are always in alignment.

While it is not an uncommon practice, it is not a good practice. All revenue and expenses should be allocated to each course as appropriate. The inability to determine the respective net income of each course separately is reflected below:

Income Statement Summary

	Revenues		
	2006	2007	2008
Naperbrook	1,855,421	1,948,021	1,814,075
Springbrook	2,286,440	2,339,047	2,030,844
Golf Administration	324,327	365,590	97,098
Golf Revenues	4,466,188	4,652,659	3,942,016
	Expenditures		
	2006	2007	2008
Naperbrook	1,563,256	1,658,922	1,545,720
Springbrook	1,644,807	1,703,269	1,548,086
Golf Administration	1,248,797	1,220,643	1,129,403
Golf Expenditures	4,456,861	4,582,835	4,223,208
Net Income	9,327	69,824	-281,192

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In addition, monthly financial statements are not prepared with all the proper accruals. Finally, capital items are charged to the P&L and ultimately reversed to their proper asset account during the 13th month when the annual financial statements are closed out. Thus, interim financial statements don't identify expenses incurred.

We recommend that the following enhanced accounting and budgeting policies and procedures be implemented:

- ◆ Adopt generally accepted accounting principles with respect to the treatment of capitalized v. operational expenses.
- ◆ Based on the department/class/group structure used, which varies between courses and varies by year, the Golf Department would be well served to “start over” by creating a reporting system for benchmark tracking consistent with industry norms.
- ◆ Create monthly reports for the operational staff highlighting course utilization revenue per available tee time (REVPATT) by five profit centers (green fees, carts, merchandise, food and beverage, and other), and also by core customer spending, customer retention, composition of golfers, and season-pass rate analysis.

- ◆ Present monthly financial statements (budget v. actual) consistent with golf industry standards, for both the pro shop operation and maintenance. We suggest a labor chart similar to the one below be provided to the Team Leadership monthly.

Reporting through	2007	2008	2009 Budget	2009 Actual	2009 Variance
Pro Shop & Admin Exempt					
Pro Shop & Admin Short Term (Seasonal)					
Maintenance Exempt					
Maintenance Short Term (Seasonal)					
Total					

- ◆ Allocate administrative expenses from an omnibus account to the respective courses for which the expenses were incurred. While Naperville’s current practice is adopted by other municipalities, we believe that the actual net operating income of each course is masked by the use of a consolidated account for administrative expenses.
- ◆ Compare the monthly operational information to national benchmarks prepared by Golf Datatech and PGA PerformanceTrak.

Industry Benchmarks

In preparing a financial analysis of the Park District’s golf courses, comparisons to similar mid-range Frost Belt courses provide enlightening information as to the efficiency and operational success of Naperville’s courses.

The sources for industry benchmarks include statistics from the National Golf Foundation and PGA PerformanceTrak. PGA PerformanceTrak, in cooperation with the NGCOA, is the largest source of financial data in the industry. PGA Professionals, employers, and other registered users of PerformanceTrak also provide revenue data for four key performance indicators. More than 2,500 facilities participate in this benchmarking service.

Presented below is a comparative analysis utilizing 2007 financial data which represents the most current available:

Financial Statistics	Naperbrook	Springbrook	PGA Performance Track	
			Median	Top 10%
Gross Revenue	2,130,817	2,521,842	1,013,000	2,922,000
Green Fee/Cart Revenue	1,352,784	1,532,883	720,044	1,754,000
Merchandise	104,103	154,485	100,000	300,000
Instruction	143,751	156,659	9,000	52,503
Range	87,689	207,350	35,000	133,184
All Other Golf Services	260,559	283,734	9,900	80,000
Food and Beverage	181,931	186,732	130,242	540,000
Merchandise Cost of Goods Sold	80,549	131,526	73,333	204,384
Food and Beverage Cost of Goods Sold	73,619	68,361	69,872	210,000
Golf Operations Payroll	418,270	442,466	170,000	485,000
Maintenance Payroll	390,025	380,105	250,000	540,000
EBITDA	248,588	595,267	217,000	1,314,000

Personnel Statistics	Naperbrook	Springbrook	PGA Performance Track	
			Median	Top 10%
Total Full-Time Employees	7	7	9	22
Golf Operations Full Time Employees	3	3	3	8
Maintenance Full-Time Employees	4	4	4	11
Total Short-Term (Seasonal) Employees	77	77	20	18
Golf Operations Short-Term (Seasonal) Employees	61	67	12	30
Maintenance Short Term (Seasonal) Employees	16	10	7	18

Note: the Top 10% represents the “highest” financial statistic in each category.

Financial Statistics	Naperbrook	Springbrook	PGA Performance Track	
			Median	Top 10%
Rounds	38,442	42,946	34,000	66,700
Green Fee/Cart Per Round	35.19	35.69	21.18	N/A
Merchandise Per Round	2.71	3.60	2.94	N/A
Food and Beverage Per Round	4.73	4.35	3.83	N/A

* - Source: PGA PerformanceTrak as of December, 2008. There were 2,263 golf courses reporting, of which 433 were municipal golf courses. Of those, up to 70 municipal golf courses in Illinois reported in part during 2008. A total of 20 facilities provided data for the entire golf season.

** Naperville allocates to an administrative department \$660,100 in charges related to the operation of the golf course that are not allocated to those golf courses for which the charges were incurred. An allocation was attempted for this analysis by the accounting department in May, 2009.

Why use benchmarks? The creation of golf industry benchmarks is in the nascent stage of development. While they might not be accurate, they are probably “fairly stated” in all significant and material respects and provide a frame of reference on which an operation can be reviewed.

To support enhanced consistency with regard to golf financial statements, the District should consider classifying its revenues and expenses using the basic golf definitions created by the PGA, NGCOA and USGA. These five revenue classifications would align the courses’ financial data through generally accepted reporting practices used by the golf industry.

Analysis

Any financial analysis of the Park District’s golf operations is fraught with peril because of challenges addressed regarding the accounting and the information used.

It is our observation that there are some statistics that look greatly askew in the Naperville operation. These include the following:

- 1) It is amazing the Naperbrook grosses more than \$1 million more than the median U.S. golf course but only puts \$31,000 more to the bottom line than the average golf course. Springbrook generates \$1.5 million more in revenue but only puts \$387,000 more to the bottom line in comparison to the median golf course.

Considering the costs of producing each round are largely “fixed,” these figures speak to huge payroll numbers in comparison to other facilities. The interest, depreciation, amortization don’t figure in this calculation.

The shortfall is from pure leakage in golf course operation and administration.

- 2) The revenues generated from instruction clearly underscore the golf department's emphasis on the game of golf and probably on earning personal supplemental income at the expense of the business of golf.
- 3) Payroll looks extremely high in relationship to industry comparisons. There is nominal employee turnover at the golf courses. Full-time employees average 17 years of employment with the Park District. Short-term (seasonal) average 11 years of employment.
- 4) The number of short-term (seasonal) is also really high. Considering the personnel administration and that each of these employees receives free golf privileges, it is felt that the Naperville Park District should aggressively reduce the part-time staff by extending the number of hours per week each employee works. It appears that these individuals need to work only a few hours to qualify for free golf.

The conclusion drawn is that the Naperville Park District is financially underperforming. This conclusion is reached by examining the data generated by Golf Datatech, which compared the 2008 financial performance of 23 municipal golf courses in the Chicago Area.

A telling benchmark comparison surfaces when we compare how each course performed through October, 2008 in relationship to its peers who charge \$51 to \$75 per round. Rounds at these peer courses were up 15% compared to the previous year. But Naperbrook's rounds were up only 1% while Springbrook's were down 8%. With respect to revenue, the comparative courses in the Chicago marketplace averaged an 8% increase in revenue while revenue at Naperbrook and Springbrook fell 6% and 14% respectively.

Presented below is an example of the underperformance of Naperbrook:

Step 4 – CGM Benchmark Naperbrook



Month		December 2008	December 2007	Variance
CGM % Reporting		34 %	37 %	
CGM/Rate Set		\$51 - \$75	\$51 - \$75	
# in CGM/Rate Set		9	11	
Rounds Played	YTD Total:	41,298	40,729	569
vs. Your CGM	<i>Avg:</i>	-	34,973	-
	<i>Variance:</i>	-	16 %	
	<i>Rank:</i>	-	11th of 32	
vs. Your CGM/Rate Set	<i>Avg:</i>	31,910	28,869	3,041
	<i>Variance:</i>	29 %	41 %	
	<i>Rank:</i>	3rd of 9	4th of 11	
Revenue	YTD Total:	\$1,210,639	\$1,290,702	-\$80,063.00
vs. Your CGM	<i>Avg:</i>	-	\$989,315	-
	<i>Variance:</i>	-	30 %	
	<i>Rank:</i>	-	12th of 32	
vs. your CGM/Rate Set	<i>Avg:</i>	\$1,085,277	\$975,837	\$109,440.00
	<i>Variance:</i>	12 %	32 %	
	<i>Rank:</i>	5th of 9	5th of 11	
RevPUR	YTD:	\$29.31	\$31.69	-\$2.38
vs. Your CGM	<i>Avg:</i>	-	\$32	-
	<i>Variance:</i>	-	-1 %	
	<i>Rank:</i>	-	12th of 32	
vs. Your CGM/Rate Set	<i>Avg:</i>	\$34	\$33	\$1.32
	<i>Variance:</i>	-14 %	-3 %	
	<i>Rank:</i>	8th of 9	7th of 11	
RevPATT	YTD:	\$13.66	\$14.60	-\$0.93
vs. Your CGM	<i>Avg:</i>	-	\$13	-
	<i>Variance:</i>	-	13 %	
	<i>Rank:</i>	-	14th of 32	
vs. your CGM/Rate Set	<i>Avg:</i>	\$15	\$13	\$1.74
	<i>Variance:</i>	-10 %	8 %	
	<i>Rank:</i>	7th of 9	6th of 11	
Course Utilization	YTD:	47 %	46 %	1 %
vs. Your CGM	<i>Avg:</i>	-	45 %	-
	<i>Variance:</i>	-	2 %	
	<i>Rank:</i>	-	11th of 32	
vs. Your CGM/Rate Set	<i>Avg:</i>	45 %	42 %	3 %
	<i>Variance:</i>	3 %	10 %	
	<i>Rank:</i>	4th of 9	4th of 11	

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The performance for Springbrook is only marginally better. See Appendix D for the comprehensive reports for both courses.

These reports clearly indicate that during 2008, Naperville's rounds were higher than the competitive set. In turn, revenue was higher than the competitive set, but the revenue received per round was in the middle of the competitive pack, indicating a tendency to discount fees and thereby lower the golf course's effective yield.

The combination of revenue underperformance, high labor expenses, and the compacted margin after being saddled with the recent debt, creates a formula that doesn't bode well should the status quo be maintained.

It is most troublesome that the hurdles the Park District faces are likely to continue to face are the perceived hurdles encountered as this strategic plan was created. Our objective analysis was met with resistance and subjective statements such as "that is our historical practice," or "that is consistent with our competitor's practices," or by repeating subjective statements even after objective evidence was presented. There is a lack of trust that the numbers produced regarding components of the golf operation

can be relied on to be accurate. This is probably because even though net income figures are accurate, the inter-department allocations are not reliable.

Therefore, it is the perception that there is a growing chasm between the downtown leadership team and the golf course management team. Their ability to work together is tenuous.

Accounting Recommendations

- ◆ The golf course management system and the Park District's accounting department should have a seamless interface. This interface will save staff the hours they spend recreating and posting entries manually. There will be many benefits, among them the following:
- ◆ Accurate round reports by number of holes, day of the week, type of player, and rate charged
- ◆ G/L accounts will be consistent between years at each course
- ◆ G/L accounts will be consistent between courses
- ◆ Golf course staff will understand the accounting report; won't have the great variance between the two systems as currently produced
- ◆ Program fees (lessons, Junior Academies, women's league, Tournament), booked into Active Network at headquarters should be properly allocated to correct departments (green fees, carts, etc.)

Naperville Park District Operational Analysis

Step 5: Agronomic and Architectural Review

Background

Turf grass is a living, breathing organism which will not stop growing. Courses face the challenges of proper staffing levels, adequate equipment to maintain prescribed levels of conditioning, and a budget that facilitates turf conditions that will attract daily play throughout the golf calendar year.

These challenges involve disease on the greens, daily turf grass cultural practices, out-of-service equipment (which may include daily equipment adjustments), irrigation leaks/repair, facility operations, tree management, and/or minor golf course construction work.

There are generally two major components of golf courses – design and turf quality. Any judgment regarding design is generally subjective, and very little can be done to change the basic design without major expenditures.

Each golf course has certain common elements that need to be analyzed to maintain the golf course in the condition consistent with the operational objectives of the course owner.

A thorough review of a golf course begins with the maintenance staffing and facilities, with the goal of enhancing overall turf health, maintenance regimens, daily operations, staff training, equipment requirements, tree management, and long-range planning and course improvement proposals.

A golf course can be simply divided into greens, tees and fairway, rough, water features, and sand bunkers, with an emphasis in these areas as follows:

Putting Green, Tees, and Fairway

- ◆ Soil structure
- ◆ Water quality
- ◆ Fertilizer, fungicide, and insecticide program
- ◆ Topdressing methods and sand quality
- ◆ Mowing operations and machine adjustment
- ◆ Putting surface preparation
 - Rolling
 - Mowing
 - Verticutting

- ◆ Aeration method and frequency
- ◆ Irrigation practices
- ◆ Tree maintenance

Sand Bunkers

- ◆ Sand quality and depth
- ◆ Grass edges
- ◆ Method of maintenance
- ◆ Drainage

Costs to maintain a course annually range widely, with labor being a significant component. The cost of capital improvements, based on the natural replacement of course components, is high, and maintaining a proper equipment fleet is expensive.

Maintenance: A Wide Range of Costs

An average 18-hole golf course covers 150 acres, of which only 100 acres are maintained turf grass¹³, and a course includes the following:

		Acreage	%
Turf grass	Rough	51	34.0
	Fairways	30	20.0
	Driving Range/Practice Areas	7	4.7
	Greens	3	1.3
	Tees	3	1.3
	Clubhouse House	3	1.3
	Nurseries	1	.7
	Total	100	63.3
Non-Turf grass	Non-turf grass landscape	24	16.0
	Water	11	7.3
	Building	6	4.0
	Bunkers	4.5	2.9
	Parking Lots	4.5	2.9
		50	33.1

Note: In published report, averages were utilized which don't necessarily summarize to total.

The quality of the playing field can be reduced to a study of the four principal elements: 1) the cost of labor, which is the largest expense, 2) water, fertilizer, chemicals, 3) the constant cycle of capital improvements and the equipment required to maintain the course, and 4) the equipment that is required to maintain the facility.

¹³ GCSAA, "Golf Course Environmental Profile, 2007," Page 12.

The cost of maintaining the various types of golf courses usually housed on about 150 acres of land can vary from \$200,000 to more than \$2.5 million. The National Golf Foundation reported the following total maintenance costs in a report titled, “Operating and Financial Performance Profiles of 18-hole Golf Facilities in the U.S.”¹⁴

Description	Annual Maintenance Costs
Public Mid-Range Frostbelt	\$377,160
Public Mid-Range Sunbelt	540,660
Public Premium Frostbelt	555,460
Public Premium Sunbelt	825,640
Private Mid-Range U.S.	611,240
Private Premium U.S.	1,412,720

Are these annual maintenance numbers accurate? The GCSAA reports that the average annual maintenance costs for U.S. courses, including labor and water, are \$690,206, \$769,426, and \$806,206 for public, municipal and private courses, respectively.¹⁵ How accurate these averages are is an unknown, because accumulating accurate data within the golf industry remains a challenge.

How much of the total cost of maintenance is labor? That’s another unknown. Again, one of the challenges within the golf industry is getting consistent data from multiple sources. There are many ways to classify data by region or by type of facility, but this collection of data must rely on surveys of golf course managers, who are largely unresponsive. Our estimate is that labor costs represent 60% of maintenance expenditures.

Precisely calculating maintenance labor hours provides a golf course manager an opportunity to operate efficiently. That process starts by detailing the tasks that must be performed by the maintenance crew on a daily, monthly, and yearly basis, the hours needed per task, and the total man hours forecast and then required.

The Natural Replacement Cycle

Since a golf course is a living organism that is changing daily, creating a capital budget and providing an annual reserve to replace the vital components of a golf course is prudent.

Unfortunately, as golf courses begin losing money in a competitive market, the first cuts are always made by deferring capital expenditures. While understandable because of

¹⁴ National Golf Foundation, “Operating and Financial Performance Profiles of 18-hole Golf Facilities in the U.S.,” 2006 edition, pages 4, 10, 17, 24

¹⁵ *Golf, Inc.* “Managing to Maintain,” July, 2007, page 36.

the large investment required to maintain the course, these cuts are often made without the continuing recognition that the condition of the golf course remains the number #1 requirement of golfers.

The Golf Course Superintendents Association of America estimates that the amount of capital improvements required as part of a golf course’s natural replacement cycle is \$2,200,086, and that a prudent golf course should create an annual capital improvements allowance of \$97,334.

Presented below are the estimated life spans of the various components of a golf course, as estimated by the GCSAA and the Golf Course Builders Association of America:

Description		Years Minimum	Years Maximum	Estimated Cost to Replace	Annual Capital Reserve
Greens		15	30	657,761	21,925
Bunker Sand		5	7	44,800	6,400
Irrigation System		10	30	114,000	3,800
	Irrigation Control	10	15	121,000	8,067
	PVC Pipe	10	30	309,600	10,320
	Pump Station	15	20	97,790	4,890
Cart Paths	Asphalt	5	10	93,350	9,335
Cart Paths	Concrete	15	30	146,685	4,890
Practice Range Tees		5	10		
Tees		15	20	150,720	7,536
Corrugated Pipe		15	30	398,180	13,273
Bunker Drainage Pipes		5	10	65,000	6,500
Mulch		1	3	1,200	400
Grass		Varies	Varies		
Total Deferred Capital				2,200,086	97,335

Note: The Description and Years Minimum/Maximum provided by Golf Course Builders. Estimated cost to replace and annual capital reserve prepared by Golf Convergence.

Very few golf courses budget on a consistent basis for capital improvements. Most courses incorrectly wait until the capital project is mandated and then often borrow to fund the significant cost.

The effects of the downturn of the economy have been so broad-based that few areas of the golf economy have been left untouched, including capital spending at existing facilities. Notwithstanding the short-term challenges, owners should create and fund a capital reserve for capital improvement projects.

Naperville Architectural Review

Naperbrook is considered to be a links course. The overall balance and variety of the routing is good. A golfer is presented with many different shots and challenges. It is recommended that most (if not all) of the trees be removed to further enhance the “links” character of the property and golf course. There are also many areas where native grasses can be introduced (naturalized areas) to again promote the links feel. To render the course competitive, changes to holes 3, 5, 7, 9, 12, 13, 14, 15, 17, 18 are suggested, as detailed in Appendix E to this Strategic Plan.

The total investment projected for Naperbrook is \$1.5 million, with over 80% of that needed to replace an irrigation system nearing maturity.

Springbrook is a parkland course with mature trees. The setting for the golf course is pleasant and aesthetically pleasing. The look and character of the golf course could be dramatically improved with a bunker and tee renovation. There is no doubt that Springbrook is a “diamond in the rough” waiting to be polished and brought to its full potential. To render the course competitive, changes to 4, 7, 9, 10, 11, 12, 13, 14, 17, and 18 are suggested, as detailed in Appendix E to this strategic plan.

The total investment projected for Springbrook is \$2.5 million. Despite the recent course improvement, significant issues remain that are adversely affecting the revenue potential of the golf course.

Naperville Agronomic Review

The review of the golf courses included a walking tour of all 18 holes of the golf course and its maintenance facility, as well as a review of the following:

- ◆ Equipment supply
- ◆ Manpower requirements
- ◆ Operation budget
- ◆ Short- and long-term agronomic program
 - Aeration of each playing surface
 - Tree maintenance
 - Bunker renovation
 - Fairway aeration
 - Over-seeding
 - Pesticide and fertility requirements
 - Irrigation systems
 - Increased drainage and labor needs

The golf course conditioning at both courses is slightly above average, although it is difficult to assess this due to the course just coming out of dormancy.

Based on golf courses of similar operational quality, staffing, economic environment, and financial resources, the following priorities are recommended for the golf courses:

Priorities: Naperbrook

- ◆ Tree Removal
- ◆ Turf Equipment
- ◆ Practice Range Teeing Ground
- ◆ Irrigation System
- ◆ Dry Storage for Materials

Priorities: Springbrook

- ◆ Drainage
- ◆ Tree Removal
- ◆ Bunker Project
- ◆ Equipment Upgrades
- ◆ Budget and Labor

To render the course competitive, a detailed agronomic report for both courses is presented in Appendix F to this strategic plan.

Step 6: Customer Franchise Analysis (CFA)

Customer Key Benchmarks

Knowing who your customers are, their spending preferences, and their frequency is fundamental to maximizing your net income, increasing your operational efficiency, and enhancing your customer service. This knowledge is the essential foundation for a meaningful marketing program. Without this information, which the Naperville Park District lacks, most golf courses default to discount coupons and compromise their marketing efforts.

Before you can formulate a meaningful marketing plan, you need to identify your customers. A leading golf course management company¹⁶ that serves more than 100 municipal golf courses has identified certain predictable characteristics:

- 1) A golf course, on average, has 8000 distinct customers.
- 2) 10% to 20% of those customers are “initiators” and make the tee time.
- 3) 50% of those customers play the course merely once per year.
- 4) 50% of those who play will not return next year.
- 5) Only 13 will play six or more times.
- 6) How many customers played golf at your course last year?
- 7) A golf course will have a 20% wallet share of core golfers who play 40 rounds per year.
- 8) Customers become at risk of not returning when they haven’t played your course in 90 days.
- 9) The response rate from customers offered a 20% off coupon, a 10% off coupon, or merely receiving acknowledgement that they are missed is nearly the same.

Peter Hill, in his presentation¹⁷, listed in descending order what is important to the golfer:

- 1) The course is a good value for my money.
- 2) The course consistently has great greens.
- 3) I can play a “short 3-6 hole round” in 45-90 minutes.
- 4) They get me started on time.
- 5) I can play the course quickly.
- 6) The golf shop has the right selection of apparel.
- 7) Course employees are friendly, and they know my name.

¹⁶ Peter Hill, Billy Casper Golf Management, “Programming for Profit,” February 4, 2009 presented at NGCOA Multi-Users Conference.

¹⁷ Peter Hill, Billy Casper Golf Management, “Programming for Profit,” February 4, 2009 at NGCOA Multi-Users Conference.

- 8) Tee times are scheduled based on skill level of golfers.
- 9) The clubhouse is welcoming and has nice amenities.

Knowledge of customers, once acquired, is a competitive advantage; it keeps them loyal to your facility, and they are less likely to return to another course. With this information known, individual marketing messages must be highly tailored to the initiators, rather than the core, the acquired, and the defectors, to stimulate a meaningful response.

Customer Loyalty

CFA provides operators with the first tool to win the share-of-golfer battle caused by the current oversupply environment in many markets. The CFA leverages information in the operator’s point-of-sale (POS) or electronic tee sheet system to understand and target key customer groups. The CFA measures customer franchise health, such as the number of unique guests acquired, retained, and lost, as well as the spending level of each group down to the individual customer level.

Unfortunately, this analysis could not be completed for the Naperville Park District because, as was noted, the Fore! Reservations golf management software doesn’t capture meaningful information in a way that can be easily extracted by the golf management team.

As a result, the Park District is lacking all critical metrics needed by a golf course to identify core customers, spending patterns, customer retention, turnover frequency of golfers, zip code distribution, course utilization, revenue per available tee time, and revenue per tee time purchased.

However, by adoption of the National Golf Foundation’s Voice of the Local Golfer Survey techniques, we were able to ascertain those factors that are vital to a golfer at Naperville Park District’s courses.

First, the respondents to the survey were identified as the golfers who play the Naperville golf courses as follows:

Golfer Type – Average	Promoters	Passives	Detractors	Total
Local player/District resident	20.00	31.00	12.00	63.00
Non-resident player	4.00	6.50	3.00	13.50
Rewards card holder	3.00	5.50	1.50	10.00
Links member	0.00	1.00	0.00	1.00
Member of other area club	0.50	1.00	0.00	1.50
League player	2.00	1.50	0.50	4.00
Business/corporate outing golfer	0.00	1.00	0.00	1.00

Through a series of interlinked questions, the National Golf Foundation was able to measure each golfer's loyalty to the Naperville golf courses. With a national average of 26, Naperbrook received a loyalty score of 14 while Springbrook's rating was 13. The key issue was not that the golf course had a lot of detractors, but simply, most of the golfers were passive toward the facilities. These courses do not have as many promoters among their customers as other golf courses do.

Presented below is the loyalty score ranking of golf courses in the Chicago area that are competitive to the Naperville Park District facilities.

Loyalty Score			
	Golf Course		
	Promoters	Detractors	Loyalty Index
Cantigny	57%	7%	50
Mistwood GC	43%	8%	35
Heritage Bluffs	39%	6%	34
Arrowhead	41%	8%	33
Fox Bend	42%	11%	31
Bolingbrook	43%	14%	30
Cog Hill #3	38%	9%	28
Prairie Bluff	33%	8%	26
Tamarack	43%	19%	24
Cog Hill #1	32%	10%	23
Carillon	33%	11%	21
Seven Bridges	38%	17%	21
Broken Arrow	24%	9%	15
Naperbrook	32%	17%	14
Springbrook	32%	19%	13
White Tail Ridge	19%	8%	11
Village Greens	26%	18%	8
Settler's Hill	20%	14%	7
Phillips Park	20%	14%	6
River Bend	18%	19%	(1)

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Naperville's golfers indicated that they frequently play the golf course with the highest loyalty index ranking, even though many are far more expensive.

Why are those loyalty share numbers important? Loyalty correlates to wallet share, and the percentage of wallet share a course receives from the golfer is a highly predictive factor of success. Higher wallet share equals higher revenue equals higher net income. Wallet share represents the percentage of a golfer's money spent at each golf course v. the total amount spent annually by the golfer.

For the Naperville Park District, the golf courses have been able to capture about 39.2% wallet share at Naperbrook and 43.7% wallet share at Springbrook. The national average of wallet share is 34.0%. The lower the green fee, the higher the wallet share percentage a course generates.

It is so much easier to attract a greater wallet share of the customer through building loyalty than it is to attract a new customer to the golf course. Promoters refer five golfers per year to the facility, while strong detractors can provide up to five negative references.

Thus, customer loyalty is highly important to the successful operation of a golf course.

Those factors driving customer loyalty at Naperville are summarized below:

Factor	Loyalty Driver
Overall Value of Course	1
Tee Time Availability	2
Overall Course Conditions	3
Condition of Greens	4
Scenery and Aesthetics of Course	5
Pace of Play	6

Affordability that represents value is the most important criterion that the golf course management should focus on to improve the financial performance of the golf courses. Affordability represents a combination of the other factors listed above. Conditioning, pace of play, tee time availability (time is a great barrier to increased rounds), and the quality of the layout remain significant.

Because of this lack of loyalty, it was also ascertained by the results of the survey that golfers are not willing to invest for vast improvements and that permanent tee times at Naperbrook were discouraged. However, in essence, there are permanent tee times at Naperbrook, as the regular customers call at midnight when the tee times are released for the week in advance to book. To provide greater access to more citizens, the tee time policy should be changed so that tee times are released at 8:00 p.m., seven days in advance.

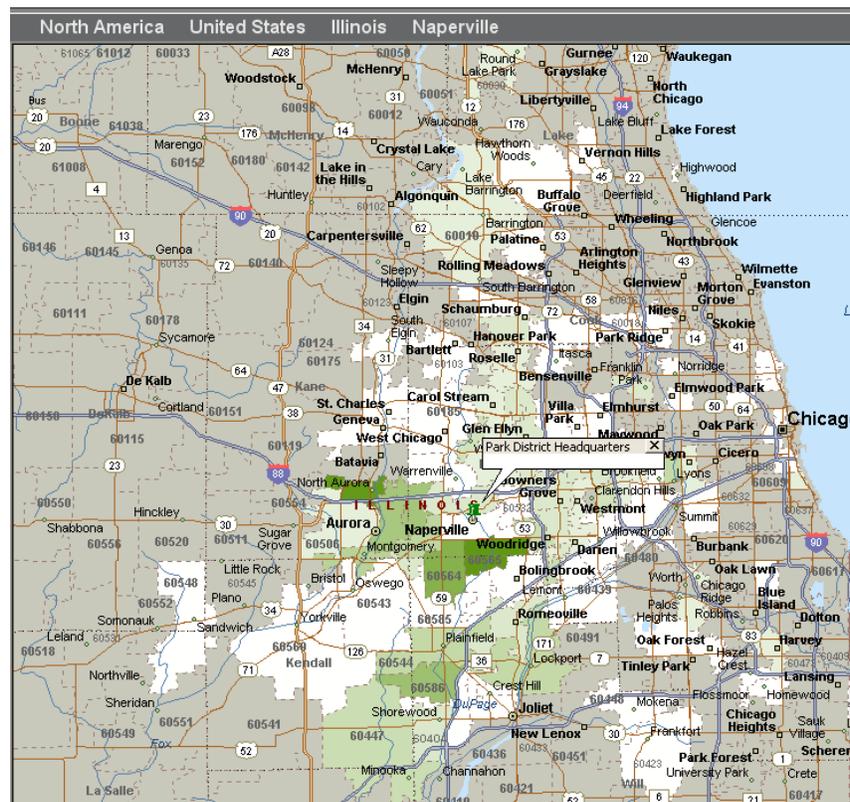
Therefore, the challenge for Naperville is to provide higher value to turn their passive golfers into promoters for the Park District golf courses. It is a concern that both courses are ranked in the bottom third of the loyalty index; this indicates that the potential incremental revenue from promoters is not being realized.

Step 7: Consumer Perspective – Survey Says?

While the Customer Franchise Analysis indicates a golfer's spending patterns by presenting a historical perspective of the operation, obtaining a current perspective by identifying the customers' age, gender, net income, ethnicity, playing frequency, favorite golf courses, and price point barriers also contributes to the formation of a strategic business plan for a golf course. The key point being measured is the variance between what is important to a course's golfers and the level of satisfaction they have received.

For the Naperville Park District, we conducted a survey 7,500 registered customers of the two golf courses, along with golfers reached using a list of approximately 14,000 local golfer emails acquired from a third-party provider.

The survey invitation was sent to both courses twice. In total, the survey remained open for 11 days and yielded 868 completed surveys, providing a 95% confidence factor a margin of error on the results of 5% +/-, which indicates that the results achieved are reasonably accurate. The completion rate for those starting the survey was 90.4%, an acceptable average that suggests the survey was well-constructed. The zip codes of respondents were as follows:



Key: Respondents per zip code ranged from one (white) to 180 (dark green).

Who is the Customer?

The geographic local market analysis performed in Step 1 of the Golf Convergence WIN™ formula indicated that the Naperville golfer was likely to be Caucasian, slightly older, and very wealthy. The survey confirmed that fact, as reflected below:

The results of the question about “what matters in course selection” are listed below:

Who is Your Customer? Male, Older, Very Wealthy, White				
		Survey Response	National Average	Index
Gender	Male	90%	55%	164
Age	Adult (35-54)	68%	35%	193
	Senior (55 and older)	25%	25%	100
Income	Income: 100,000- \$249,999	57%	23%	250
	\$250,000 or more	12%	2%	595
Ethnicity	White, Non-Hispanic	91%	69%	131

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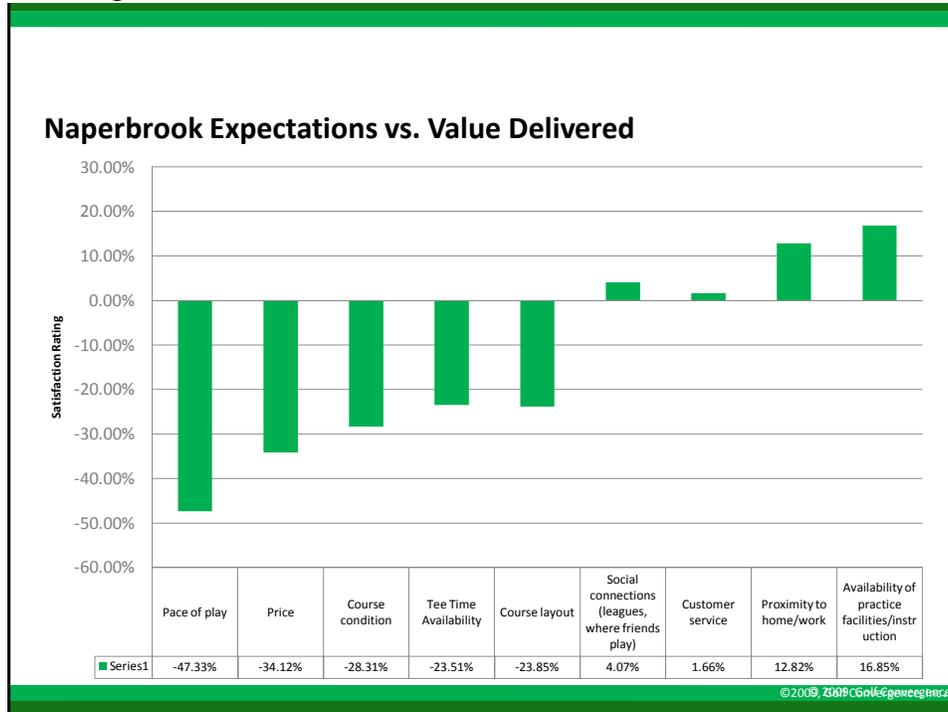
The demographic profile of the Naperville resident is a perfect match for a strong local golf market. It would suggest that if value is created, rates could be higher without significant resistance; the ability to pay is evident.

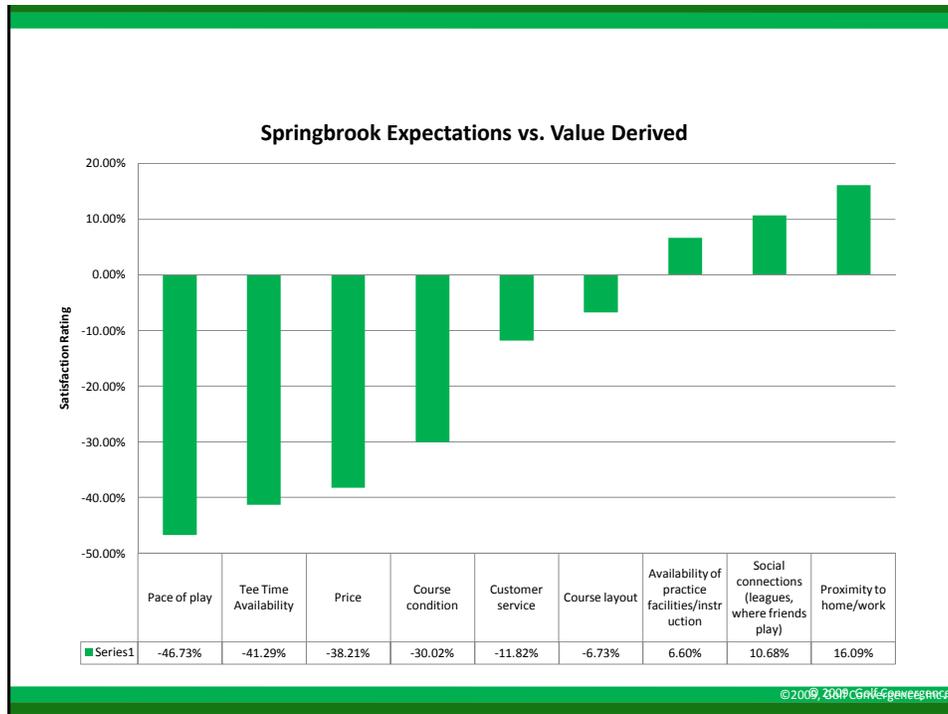
The survey revealed that these golfers play between 19 to 40 rounds on 4 to 7 different courses each year, with most playing 18 holes. Besides Naperbrook and Springbrook, many of these golfers also played Tamarack, Carillon, Fox Bend, Mistwood, and many other local courses. Their preference for a weekend green fee and cart is between \$40 and \$58. Their number one barrier to playing more was “time,” cited by over 75% of respondents. The number-one item with which they were most satisfied was the location of the Naperville golf courses to their home/work.

Confirming the National Golf Foundation study, the expectations of these golfers include affordability, course conditions, fast pace of time, and tee time availability.

The results of the Naperville survey are consistent with other surveys conducted by Golf Convergence and by leading trade organizations such as the Golf Course Superintendents Association of America. Conditioning and value (price/experience delivered) predict success. Since a large part of the "experience" equation is the conditioning of the golf course, this should be no surprise.

In this analysis, their expectations were contrasted to their satisfaction index, highlighting areas of concentration for management which are reflected in the charts below for both golf courses:





Lessons Learned

Considering the fact that the rounds played at the Naperville golf courses exceed the local average by 20%, the Naperville courses are receiving less per round than area golf courses, and the following recommendations emerge.

- 1) The age/income support higher resident (cardholder) prices. Thus, it is suggested that the rates be raised at Springbrook, creating a \$5 differential in value. The increase in rates for juniors and seniors would be proportional.

The rates at Naperbrook would remain constant, providing senior, junior, and 9-hole golfers the opportunity to enjoy affordable golf.

For 2010, consideration should be given to raising the rate for the Springbrook permanent tee times.

- 2) Non-resident prices probably can't be pushed up, based on values available from competitors that currently provide a superior golf experience.
- 3) Nationally, time is the #1 barrier to play. Thus, providing nine early morning 9-hole alternatives, the opportunity for fivesomes, and opening on Monday prior to 8 a.m. would increase the capacity of the golf courses.

- 4) When compared to national statistics, the pace of play is an issue at both golf courses and should be addressed internally via player assistance programs, for it is at the heart of golfers' primary barrier to playing – lack of time.
- 5) Those somewhat unlikely or unlikely to play the golf course cite lack of tee time availability in general, and they are specifically critical of permanent tee times.
- 6) With 5% of total rounds complimentary and 12% of rounds played at a discount averaging 25%, the free golf policy for all Naperville employees should be greatly scaled back to include complimentary play for only the Director of Golf, the Head Golf Professional and the Superintendent.
- 7) Discount programs, including those with third-party providers, should be suspended.
- 8) In 2009, the advance reservation policy for Naperbrook will make it more convenient for a variety of golfers to obtain a weekend tee time.
- 9) The lack of food/beverage is not a significant drawback to the current customer base.

Value is comprised of many components. The Naperville Park District has a genuine opportunity to profit from its golf courses by focusing on enhancing the customer experience.

Step 8: Operational Review

The 3 M's of Operational Analysis: Management, Marketing, and Merchandising

The purpose of this operational assessment is to identify those areas within the golf operation which can be corrected quickly and have a significant impact on maximizing revenue, increasing operational efficiency, and enhancing customer service.

Operations represent the precise and crisp execution of the strategic vision and the tactical plans. Every decision made can be traced upwards to the guiding direction for the golf course.

The service level and the customer experience at a golf course can range widely from platinum (Rolls Royce) to Steel (Bronze). It is important that the operational execution in service be consistent with the course layout and the associated maintenance conditions.

Golf operations can be viewed as an “assembly line” in which the golfer proceeds through 13 “touch points” which combine to identify the customer value experience:

- 1) Advertising
- 2) Reservations
- 3) Directions
- 4) Club Entrance
- 5) Club House
- 6) Golf Shop
- 7) Cart
- 8) Range
- 9) Starter
- 10) Golf Course
- 11) Bathrooms
- 12) Cart Return
- 13) Restaurant

To properly analyze these touch points from an operational perspective, the following components are analyzed:

- ◆ Organizational Culture
- ◆ Labor Scheduling and Reporting of the following departments
 - 1) Pro Shop Staffing
 - 2) Starters
 - 3) Player Assistants
 - 4) Cart / Range Attendants
 - 5) Snack Bar and Beverage Carts
 - 6) Merchandising

Organizational Culture

A central theme created for the strategic vision of the Naperville golf courses was balancing the current emphasis on the game of golf v. the business of golf.

Presented below are the components of each:

Organizational Philosophy

Business of Golf	Game of Golf
<ul style="list-style-type: none"> • Rate Management • Merchandise • Maintenance • Labor Scheduling 	<ul style="list-style-type: none"> • Private Lessons • Group Instructions • Clinics • Junior Programs • Tournaments • Outings • Club Fittings



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Naperville’s emphasis on the game of golf can be validated from a single statistic: \$143,751 and \$156,659 in lesson income at Naperville and Springbrook respectively in contrast to a national median of \$9,000.

The implementation of a customer franchise analysis with bi-weekly communications is a tenet of those who are focused on the business of golf. This practice will improve the yield per round purchased and is advocated for adoption by the Naperville Park District.

Labor Management

Golf is a business that depends on flexible work hours, no overtime pay, the liberal use of comp time, and the ability of a single worker to perform multiple tasks.

Labor management and operations were reviewed at each property.

Each Head Golf Professional (HGP) had the same basic approach to managing labor scheduling, labor monitoring, work task definition, and financial monitoring of labor expenses. The two HGP's share a common interpretation of what minimum staffing and service levels are for their respective properties.

There appears to be a great opportunity to strengthen the financial management with respect to the labor costs and to improve the operational and staffing best practices, thereby reducing the number of labor hours necessary. The current operating environment of Naperville is inconsistent with efficient labor practices within the golf industry.

There are no apparent processes in place to manage labor by season, by day, by department (pro shop, player assistants, cart attendant/range, snack bar and beverage cart) by co-worker, and by hour, based upon rounds volume/demand. The labor budget is spread evenly over 12 months rather than being adjusted for likely labor expense during the core seven months.

This fact reinforces the conclusion that the Director of Golf and the HGP's are *much more focused on the "game of golf"* (teaching, lessons, and excessive service) rather than the *"business of golf"* (financial, staffing and general management, with a focus on providing the appropriate service experience based upon the each course's segmentation in the market). It is clear that many of the current practices are outdated, and there has been a lack of focus on operational efficiency. A detailed analysis of the labor practices is included in Appendix J to this report,

The position of the Head Golf Professionals should be reclassified to General Managers. There should be a separation of duties between managing the golf course v. teaching. Currently, the Head Golf Professionals earn in excess of \$18,000 and \$25,000 from teaching at Naperbrook and Springbrook, respectively. If the salary earned equated to \$75 per hour, they would have allocated over 20% of their time from April to October to duties not directly related to the financial performance of the facilities. This misallocation of resources is further compounded by the requirement to retain additional labor to cover the duties of the Head Golf Professional while teaching.

The opportunities to reduce labor costs, increase operations costs, and reallocate labor dollars to provide improved customer service are significant.

Merchandising

The review of the Naperbrook and Springbrook Golf Shops included an in-depth interview with the head golf professional, a comprehensive financial analysis of the retail business, inventory procurement practices and sales forecasting, and a review of the golf shop space and visual merchandising standards.

These shops have been historically provided as a service rather than as for-profit enterprises. This strategic plan created many individual recommendations that are presented in Appendix K to this report in the following categories:

1. Inventory Budget Process
2. Retail Sales and Profit Goals
3. Retail Pricing
4. Vendor Assortment
5. Store Layout and Visual Presentation

There are significant opportunities to increase the net income of these departments by 20% with the implementation of the proper merchandising procedures.

Operational Recommendations

The operational and financial review of the Naperville Park District's golf courses reflects significant opportunities that have been made clear by addressing core fundamentals, as noted below:

- ◆ Budgeting practices and labor scheduling at both courses is lax. There are significant opportunities to improve customer service with fewer employees.
- ◆ Merchandising practices are basic.
- ◆ The clubhouses are dysfunctional. The limited food and beverage operation impairs the ability to host the high-end leagues and corporate outings which are the financial backbone of a successful golf operation.
- ◆ The range at Naperbrook is underutilized and would benefit from additional signage. In addition, repositioning the direction of the tee may be beneficial in resolving other challenges.
- ◆ The marketing practices through the use of targeted email marketing campaigns could be improved by identifying and retaining core customers. We believe the creation of a unique selling proposition for each golf course to create a market differentiator would be beneficial.

- ◆ Engage in Customer Franchise Analysis, identifying retained customers, defectors, and new acquisitions. Targeted messages to appropriate golfer segments should be automatically created and delivered monthly. As a general rule of thumb, a course should only blast to its entire list of golfers two or three times per month. A survey should be created to identify specific golfer interests, such as last-minute tee times, tournaments, etc. With the golfer database segment, Naperville could engage in very successful email marketing.
- ◆ Each course should provide wireless Internet access, which is rapidly becoming a standard feature at daily fee golf courses.
- ◆ Membership in the National Golf Course Owners Association is highly recommended, and participation in the Association's online Listserv forum is highly encouraged. Membership in the National Golf Foundation is also advocated; the Foundation's monthly newsletter offers broad perspective about industry changes and appropriate responses to those changes.
- ◆ It is also recommended that Naperville continue to participate in Golf Datatech's monthly financial reporting service, upon the expiration of the trial, by subscribing for \$100 per year. This service will provide management the immediate feedback needed as to whether the recommended rate changes are having the desired effect of increasing the effective yield.
- ◆ Finally, Naperville should send a representative to the Golf Institute of Management each January; this week-long educational program for golf managers would be beneficial, especially since training of the staff has mostly been from internal resources.

Privatization: Is Privatization an Option?

Municipal Courses Have a Cost Advantage over Private Operators

Municipal courses have many competitive advantages over private course operations. Understanding these many benefits is essential to the analysis of privatization.

Regardless of the form of business, municipal governments clearly have a competitive advantage in the following ways:

- 1) Profit motivation is not as intense, since many Parks and Recreation activities, such as swimming pools, tennis courts, and soccer fields, are taxpayer-supported, without the expectation of profit. Such is the case with the Naperville Park District.
- 2) Better insulated from downturns in the business cycle, they have the ability to reallocate funds within the general fund or to the special fund when necessary, at least on an interim basis. This is noted because for the past five years, these golf courses have operated with negative cash flow.
- 3) Many municipal golf courses are located near populated Park District centers, often because they were built decades ago; thus, convenience and demand are relatively assured.
- 4) Capital is usually easier to access, because the government guarantee ensures its availability.
- 5) They are not obligated to pay property, income, and often sales and alcohol taxes. These courses also benefit from the economies of scale when they purchase insurance coverage for fire, liability, and health.
- 6) Navigating zoning changes and the permitting process may be easier to achieve.
- 7) Employees are attracted and retained with fringe benefits such as health and life insurance, annual mandated merit increases, and retirement compensation packages.

Certainly, these advantages are impressive. A municipal golf course's annual gross revenue averages \$1,133,333, with an EBIDTA of \$206,000. Considering that the average daily fee course generates \$1,300,000 in revenue with an EBIDTA of \$200,000, the \$172,667 difference in operating costs (\$927,333 for a municipality v. \$1,100,000 for

a daily fee course) is almost solely attributable to the cost advantages accorded a municipality.

Thus, if a municipal golf course is not performing well over a consistent period of time, that responsibility often can be traced to current management.

That generalization can be tempered by the fact that while municipalities have significant advantages, they also have significant disadvantages, including the following:

- 1) A municipal golf course has to overcome the brand image of being a “muni course,” which conveys a very negative image as to the golf experience. The majority of municipal golf courses have existed for at least 40 years, and those years add up to dated buildings, courses in need of agronomic and turf repair, and an antiquated architectural style. The cost to repair this image nearly equals building a new golf course. These Naperville Park District courses have significant deferred capital expenditures.
- 2) The payroll cost structure is higher than that incurred by daily fee courses; fringe benefits and retirement packages are mandated for all Park District employees consistently. With higher labor costs, municipalities are often forced to drastically reduce advertising and marketing to less than the industry standard, which is 3% of gross revenue.
- 3) Labor issues are far stricter. The process of hiring (job postings, interviews, testing, physical exams, etc.) is cumbersome. As for the process of termination, it is nearly impossible. With the exception of drug, alcohol, or theft issues, it would take at least six months to terminate an employee for mere non-performance or tardiness.
- 4) The influence of golfers on elected Park District officials should not be underestimated.

Golfers are taxpayers who elect Park District-officials. Golfers may contact Park District officials attempting to make the case for low-priced season passes, improved conditions, and better service, all under their justification that they are long-standing taxpayers. They will take the position that the volumes of rounds they play, often in excess of 100 annually, render them vital core customers because of their incidental spending for merchandise and food and beverage. Profit is not their objective. They expect financial support from the Park District to maintain their lifestyle.

- 5) As a Park District, the course is constantly expected to provide a wide range of services that are not profitable.

- 6) Procurement of any significant capital outlays is a cumbersome process requiring a lengthy bidding process, and there is no assurance that the best vendor will be selected.
- 7) All of the financial information of a golf course is in the public domain. Governmental entities are required to disclose all information, including wages, work hours, maintenance, and operational expenditures by SKU. This openness to public scrutiny often freezes, and certainly slows, the decision-making process.

When and where is the role and funding of a golf program as part of a comprehensive Parks and Recreation program considered to be?

Because the financial condition of the Naperville golf courses is challenged because of the recent debt obligation, and also because of the 2008 operating losses, the concept of privatization should be explored in the following areas:

- 1) Retention of a management company to oversee operations on a short-term contract.
- 2) Retention of a management company on a long-term lease with responsibility to fund capital expenditures.

When deferred capital expenditures become large, and the courses are no longer competitive in a market that is saturated, the options become fewer and more difficult. Those options may include closing one or more courses and converting the property to other park functions. Another option may be to look to the private sector for management of the courses or of components of the courses.

Terms and Deal Structure

A private management company would likely require the following:

- 1) The resignation of the current management team. Typically, the private operator would want to have to deal with only one person or a very small committee.
- 2) Complete control over all hiring decisions (including which, if any, current staff to retain), pay rates, operating expenditures, ongoing capital expenditures, etc.
- 3) Total control over virtually all aspects of the project, as the financial results of the courses are in need of a significant turnaround.

- 4) The flexibility to convert the operations into a market-rate experience, while improving the conditioning, service levels, and overall operations as justification for the increased prices charged. Generally, golf consumers are willing to trade their hard-earned dollars for an improved experience. An annual green fee increase of \$1.00 per round would be automatic, as well as 4.0% increases in all merchandise and food and beverage pricing.
- 5) All general overhead would be eliminated in exchange for the management company accepting line-item responsibility. This would require that the Park District make changes to its existing staff and cost structure to eliminate these costs from its overall operations, as it would no longer have the ability to “charge” these allocated costs to the golf operations.
- 6) A 20-year lease in exchange for a capital investment of perhaps \$3.0 million.
- 7) Management Company has the unlimited capacity to book tournaments and outings during prime time.
- 8) The Park District, at its own expense, could choose to fund any of the major capital improvements. If such improvements were funded, the Lessee would agree to pay additional annual rent in an amount equal to 4.0% of the amount of the expenditures, starting from the date of the improvements and continuing through the end of the lease term.

In summary, the seminal question becomes, “Will the revenue, expense, service and course condition under professional management be better managed than it is under current staffing?”

Very Attractive Candidate for 3rd-Party Management Companies

Given the current operating results (lengthy list of deferred capital expenditures exceeding \$3.0 million, the recently assumed bond debt, and the lack of flexibility over rates), a private operator would be interested in undertaking a management contract with the Park District subject to the terms and conditions of curing the deferred capital expenditures.

The current economic climate has seen management companies significantly reduce their fees. While \$200,000 was the previous benchmark, management companies are now assuming operational responsibility for an annual fee of \$75,000 plus recoupment of all expenses related to the golf course operation.

Should the Naperville Park District privatize? To the extent that professional management could increase the net income of the facility by an amount \$75,000 greater than is likely to be earned by current management, the switch should be considered.

Recommendations for Implementation

The business plan recommends a broad set of recommendations that, when implemented, will enhance customer value and ensure sufficient cash flow is generated to cover debt service.

Consideration needs to be given to the following issue: Should the Park District provide general fund support for a few years to help the golf program improve its competitive market position? The recommendation made by the Architect (Appendix E) and the Agronomist (Appendix F) would put Naperville in a dominant position in the \$40 to \$58 market segment.

Why is the answer to that question important? Based on a political and organizational environment in which the budget process dictates annual decisions, the flexibility necessary to implement a wide range of new programs is limited. Often when a Park District is faced with budget deficits and realizes that one component (in this case golf operations) requires an additional investment in financial and labor resources, the mantra becomes “a phased approach.”

Thus, our recommendations for 2009 are policy-based, though the importance of capital investment in 2010 cannot be understated. We advocate the implementation of these recommendations effective June 1, 2009, to ensure a fiscally rewarding golf season.

Revenue Enhancements

The management and staff, in coordination with Golf Convergence, formulated the recommendations below; the implementation of these recommendations would generate approximately \$234,500 in incremental revenue.

These recommendations, which have significant benefits beyond the financial value, include the following:

- ◆ Increase potential course capacity to expand tee time availability.
- ◆ Create the opportunity to boost play further at Naperbrook by branding it as “the entry door to the game,” encouraging play by budget-conscious seniors, juniors, and families.
- ◆ Cure the excessively generous rain check policy that was subject to wide discretion.

- ◆ Pare the short-time (seasonal) employment staff through the elimination of the free golf benefit.
- ◆ Curtail the incentive for patrons to book online, since the golfers have not been trained, as evidenced by 75% of golfers now making reservations via this distribution cocktail. These golfers cited using the Web and enrolling in the loyalty program. By engaging in such activity, the discounts received were excessive.

Revenue Enhancements: \$234,500	
Policy	Impact
Monday Morning: open at 6:00 a.m. versus 8:00 a.m. <i>Staff: 5 a.m. 40 rds x \$28 x 2 days x 5 mo. = \$11K Carts = \$3200 x 2</i>	28,000
Fivesomes on Monday – Thursday <i>Staff: 50 days x 5 players x \$28 = 7K Carts 2K x 2 courses</i>	18,000
Raise Resident Rate at Springbrook \$3 <i>Staff: 6,500 reg rds x \$3 = 20K Staff: 9,000 sr rds x \$2 = 18K (less rds...15K) x 2 courses...</i>	15,000
Specials – Internet/Coupon (12% of total play) curtailed on Friday/Saturday/Sundays <i>Staff: 25K 4100 rds x \$6 = \$24,600</i>	25,000
Rain Checks (3 ½% total rounds) restricted to Thor Guard or Superintendent's approval <i>Staff: Reduce RC's by 30% New policy started 3/15/09</i>	25,000
Twilight Hours changed from 3 to 5 and Super-twilight from 5 to 7 <i>Staff: 4 and 6...not 5 and 7. 28 rds x 2 x 60 x \$8 = 15K per course</i>	30,000
Wave Implemented during peak season) <i>Staff: \$28 x 4 wks x 25 rds x 2 courses = \$5,600 carts = \$1,900</i>	7,500
Friday charged at weekend rates at both golf courses <i>Staff: Additional \$2,000 per day x 17 days = \$34K</i>	25,000
Complimentary and Employee golf restricted to Director of Golf, Golf Professionals and Superintendent (5% of total play). Yes – that includes Park District Council retroactively <i>Staff: 50% dis. (comp DOG, HP's, Sup, Ex, Leadership) 4k x \$40K</i>	30,000
Senior Moved from 12 back to 11 <i>Staff: was 10 a.m. Agree to change to 11 a.m.</i>	4,000
<i>Staff: Total Revenues Changes</i>	\$234,500

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Other potential revenue recommendations under consideration include increasing the range hours, changing the mowing pattern in the range to early morning, and providing for the automatic disbursement of balls so patrons can practice when the pro shop is closed. At Naperbrook, where the range does about 50% of Springbrook's volume, signs promoting the range, which is difficult to see from the road, will be placed at the entrance to the club and on the corner between the 3rd and 4th green.

The strategic expense set a focus of ensuring that the annual net income would exceed \$400,000. By doing so, payment of the bond would be assured without subsidy.

Expense Savings Available

To reach the financial target of ensuring that the debt obligation can be satisfied without general fund subsidy, expenses were also closely examined.

The business plan, to be achieved, requires that the following projects be completed as outlined:

Expenses: Finding \$162,000	
Policy	Impact
Reclassify 1 st Assistant from exempt to short-term (seasonal) at Naperbrook & Springbrook Staff: 08 83k total 50% savings in 09 = 42K SB + 50K 1st asst.	90,000
Introduction of loading schedules into Kronos for accurate timekeeping reducing overtime Staff: \$19,100 / 2 = 9K per course	18,000
Reduction of 1 ½ positions at each golf course Staff: 6 shifts = 2 staff \$10,000 per course (Outside & Counter)	20,000
Reduce role of starter introducing PA system on some occasions Staff: Agree...occasional PA system (limited shifts 5K per course)	10,000
Modify work schedules eliminating guaranteed and overtime hours Staff: 2 hrs x 5 emp x 7 days x 4 wk x 5 month x \$8 = \$11,200 x 2	20,000
Reduce maintenance winter staff by 1 changing exempt to short-term (seasonal) Staff: Reduce PT labor in winter	4,000
Total Expense reductions Staff: Total Expense reductions	\$162,000

Further savings are forecast through better labor management of human resources and elimination of the food service staff. There are abundant opportunities to reduce labor costs through the introduction of general managers at each golf course and the adoption of labor budgeting tools, including the following:

- ◆ Managing labor by season, by day, by department (pro shop, player assistants, cart attendant/range, snack bar and beverage cart), by co-worker, and by hour, based upon rounds volume/demand.
- ◆ Using payroll timekeeping systems to eliminate overtime by ensuring correct start and end times for each employee.

By correcting the current outdated practices, financial benefits will accrue.

A heightened focus on operational efficiency will follow as the “business of golf” (financial, staffing and general management) is emphasized, rather than the “game of

golf” (teaching, lessons, and excessive service). This will produce a higher return with a focus on providing the appropriate service experience based upon the market segment occupied by each course.

This strategic plan mandates a change in the corporate culture, emphasizing that value will be created at the bronze level to afford a leisure-based recreational opportunity to the Naperville Park District patrons.

Appendix A
Golf Local Market Analyzer Report
Naperville Park District
Prepared for: Golf Convergence
Date: February 18, 2009

Prepared by:



Jim Koppenhaver
Harvey Silverman

[About Our Data](#)

Demographic data © 2008 by Experian/Applied Geographic Solutions.

Golf Participation and Frequency Data Licensed from National Sporting Goods Association (NSGA)

Golf Facility Data Licensed from National Golf Foundation (NGF)

All analytics (Facility rounds estimates, price segments, opportunity rounds calculations etc.) are property of Pellucid Corp.

Background

Golf Convergence requested a Local Market Analysis for the draw area surrounding Naperbrook and Springbrook Golf Courses in Naperville, IL. Through consultation with the client, the 3 draw areas assigned for the analysis were 15, 25 and 30 minute drive times from the subject property.

For those described draw areas, the Pellucid Golf Local Market Analysis (GLMA) answers 8 primary questions:

1. How many golfers are in your local draw area?
2. What is their average frequency in rounds per year?
3. What is the per capita “play rate” (combines population, participation and frequency measures)?
4. Do HH Income, Pop Age, and Ethnicity skews in your draw area suggest upside rounds potential?
5. What is the supply level and mix by access type and price class in your draw area?
6. How many annual rounds in total and by type of supply are the facilities reporting?
7. How many rounds per 18 holes is your price class reporting?
8. Does your market show a normal “demand curve” (i.e. lower-priced facilities get higher rounds-per-18 holes than higher priced facilities)?

The GLMA uses 3 primary sources:

1. Pellucid licensed annual consumer survey (2007), state-level facts on participation and frequency
2. Pellucid licensed database of over 16,000 US golf facilities (not including stand-alone driving ranges)
3. Licensed US Census data, 2000 actual, 2008 estimate and 2013 projection

Pellucid’s historical consumer research and analysis suggest that, for most locally-served golf facilities, over 85% of customers are found within 30 minutes drive time of the facility. For this analysis we utilized Pellucid’s standard drive time radii of 15, 25, and 30 minutes. At some point in time in the future, and dependent upon the facility’s Point-of-Sale (PoS) systems customer capture capabilities, it might be worthwhile to geocode and plot the customer dispersion across a 12-month period of time to test this hypothesis.

Summary Facts

The basic demographics of the largest draw area for this facility are generally favorable vs. US benchmarks for the 2008 and 2013 periods:

- 5-yr. projected population growth = +2.0%, Favorable
- HH Income, 2008 Median \$83K, Index of 158 vs. US = Favorable
- HH Income, 2008-2013 Comp. Ann. Growth Rate (CAGR) +2.4% = Favorable
- Pop. Age: 2008 Median Age 34.1, Index of 93 vs. US = Unfavorable
- Ethnicity: 2008 level 76% White = Favorable
- Population Density: 1,915 per square mile = Favorable

The golfer base metrics and Rounds Potential Indices (RPI) for the largest draw area for this facility are mixed:

- Participation rate: 12.2% = Favorable (vs. US average of 9%)
- Frequency rate: 20.6 rds/golfer/yr = Neutral (vs. US average of 21)
- Play rate: 2.5 rds/capita/yr = Favorable (vs. US average of 1.9)
- HH-Income factored RPI: 115 = Favorable
- Pop. Age factored RPI: 97 = Neutral
- Ethnicity factored RPI: 99 = Neutral
- Public Golfers per 18 hole equivalent (EHE): 4,460 estimated = Favorable (vs. 2,500 national benchmark)

Supply growth and absorption/dilution for the combined area shows relatively high supply dilution (both in the absolute and relative to the national average of roughly 10% cumulative oversupply since 1990):

- Supply growth from 1990-2000 was large, with 198 holes added, a growth rate of 2.9%/yr. This exceeded the annual population growth (2.5% CAGR) creating a cumulative supply dilution of -4.0%. Not surprisingly, none of this growth was in Public-Price which represents a miniscule portion of the supply. However, we may potentially have both supply dilution and a supply mix imbalance in the short-term.
- Overall supply conditions have improved since 2000, with holes growth slowing to 0%/yr. while population growth has increased to +4.8% CAGR. This creates cumulative supply absorption of 17.8% meaning the situation has improved dramatically and equilibrium has tilted in the direction of demand. This assumes however that population growth is indicative of rounds growth which has not occurred in the Chicago market over the 2001-2008 period.

Considering the primary supply level and mix observation, it appears that the area is heavily weighted to Premium supply in a relatively dense populous and above average income area:

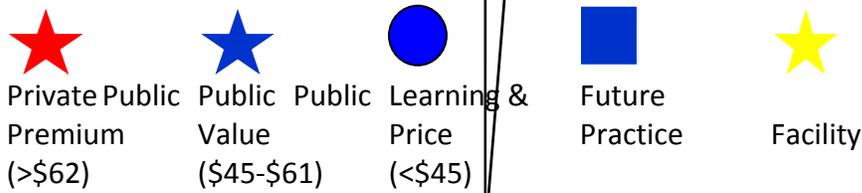
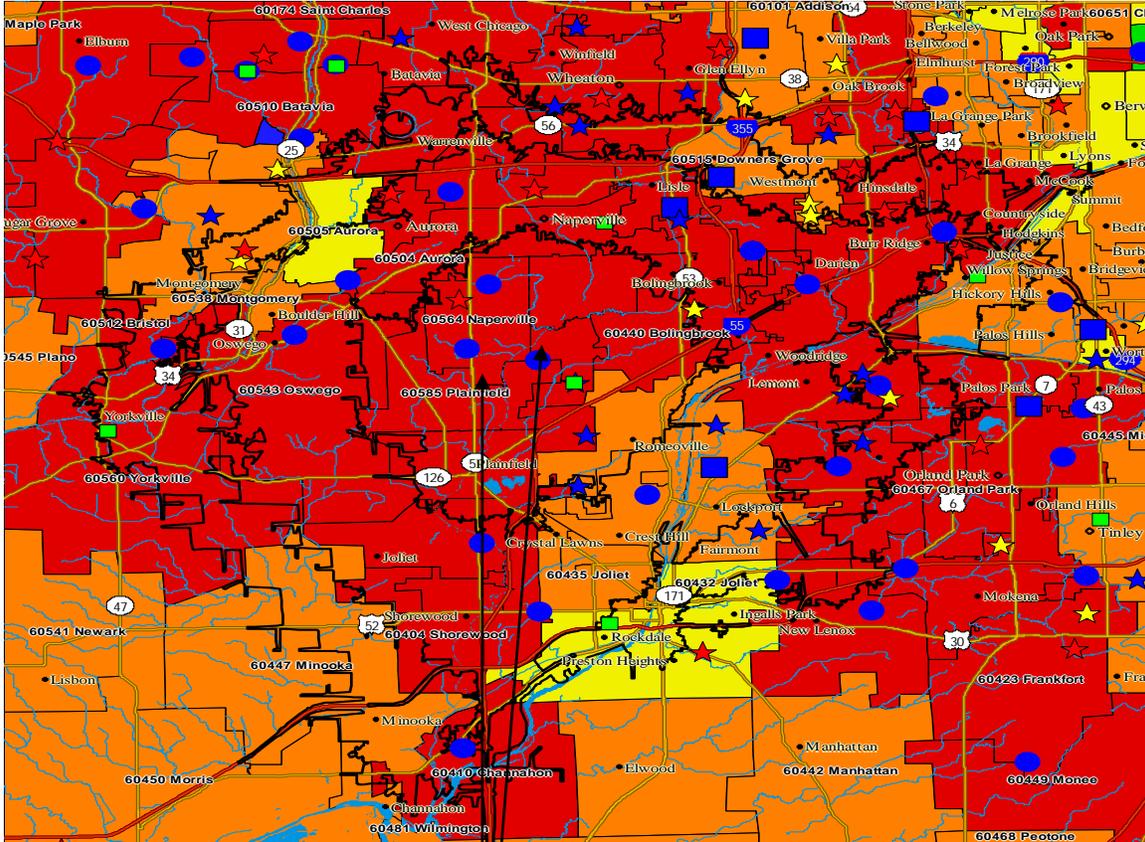
- The Private/Public supply balance is skewed to public golf with 17% of local holes being Private and 83% Public (compared to a national balance of 27%/73%).
- The Value-Added/Value supply balance is equal in this area with 50% of holes being value-added (Private & Public-Premium) vs. 50% being value golf (Public-Value, Public Price, and Learning and Practice), compared to the national average of 45%/55% respectively).
- Within Public, regulation-length golf, the supply balance across consumer value segments (Premium, Value, Price) tilts heavily toward Public-Premium which represents 33% of holes vs. only 18% nationally. Public-Value is 39% of supply vs. 32% nationally, and Public-Price is only 3% of supply vs. 17% nationally.

Rounds demand, velocity (facility-reported average annual rounds per 18-hole equivalent) and greens fee revenue estimates show the following variances vs. benchmarks:

- Rounds demand reported by facilities range from 261K in the 15 minute drive time area to 1.6M at 30 minutes drive time. This compares to the local population golfer-based estimates of 650K (facilities are 60% lower) in the 15 minute area to 2.9M (facilities are 45% lower) at 30 minutes. This suggests that the golf courses in the various draw areas are being served primarily by the local population and that same population is playing a significant amount of their golf outside the confines of this local area.
- The average rounds per 18-hole equivalent (EHE) in this geography are at or below the national average benchmarks for all facility types.
- Looking at the Greens Fee revenue generation results across public facilities, the Public-Premium segment appears to be winning vs. Public-Value (based on higher rounds and higher rate) and Public-Price (based on lower rounds but enough rate premium to offset the velocity deficit).

Detailed Analysis

We start the detailed analysis with a map showing the draw area populated with the existing supply of golf.



Subject Golf Courses

Median household income by ZIP Code:

Red: >\$78K

Orange: \$55K-\$78K

Yellow: \$39.5K-\$54.9K

Green: \$28K-\$39.4K

Blue: <\$28K

The Naperbrook Golf Course is denoted at the center of the map and is classified by Pellucid as a Public-Value facility. Springbrook is also designated as a Public-Value facility and is located just to the northwest of Naperbrook. The three draw areas are outlined by the jagged lines, the closest continuous line being 15 minutes, the intermediate continuous line representing 25 minutes and the outside continuous line representing a 30 minute drive time from the subject location.

Facility classifications are by type (Private in red, Public in blue, Learning & Practice in yellow, Future supply in green) as well as by consumer value groups within Public. In creating the consumer value groups, we start by establishing the Public-Value segment, calculated to be the middle range of highest weekend greens fee specific to the Designated Market Area (or DMA). We then classify Public-Premium as those facilities falling above the mid-range and Public-Price is classified as those facilities falling below the mid-range. The price parameters used for each of the three Public facility classifications is shown in the map legend above.

The thematic coloring is Median Household Income by county with the ranges denoted in the map legend above. The draw areas are dominated by the Red and Orange shadings suggesting the predominance of Median HHI lies above \$55K.

We next look at the current demographics and future projections on the key measures of population growth, Population Density, Median Household Income and distribution, Median Age and distribution and Ethnic composition of the largest draw area (30 minute drive time):

Date: February 16, 2009

Current Geography Selection: 15, 25, 30 minute
drive times: Naperbrook Golf Course*

Your title for this geography: Naperville 15_25_30
DT

Lat: 41.681708 **Long:** -88.161232

County: Will **Pop:** 696,888

Zip: 60490 **Pop:** 16,886

Demographic Detail Summary Report

Population Demographics

	2000 Census	2008 Estimate	2013 Projection	90-00 CAGR	00-08 CAGR	08-13 CAGR
Total Population	909,817	1,150,876	1,295,822	2.5%	4.0%	2.0%
Population Density (Pop/Sq Mi)	1,513.9	1,915.0	2,156.2	2.5%	4.8%	2.4%
Total Households	317,770	384,096	423,607	2.6%	3.9%	2.0%

Population by Gender:

Male	452,099 49.7%	575,398 50.0%	649,656 50.1%
Female	457,719 50.3%	575,479 50.0%	646,166 49.9%

Population by Race/Ethnicity

	2000		2008		2013				
	Census		Estimate		Projection				
White	740,327	81.4%	869,470	75.6%	946,033	73.0%	1.8%	3.3%	1.7%
Black	62,741	6.9%	97,097	8.4%	118,437	9.1%	3.5%	9.1%	4.1%
American Indian or Alaska Native	1,888	0.2%	2,017	0.2%	2,004	0.2%	5.4%	1.3%	-0.1%
Asian or Pacific Islander	44,322	4.9%	78,018	6.8%	98,217	7.6%	7.1%	12.0%	4.7%
Some Other Race	44,277	4.9%	70,191	6.1%	87,008	6.7%	6.0%	9.7%	4.4%
Two or More Races	16,262	1.8%	34,084	3.0%	44,123	3.4%		16.0%	5.3%
Hispanic Ethnicity	108,171	11.9%	194,486	16.9%	249,151	19.2%	7.8%	12.4%	5.1%
Not Hispanic or Latino	801,646	88.1%	956,390	83.1%	1,046,672	80.8%	2.0%	3.6%	1.8%

Population by Age

	2000		2008		2013				
	Census		Estimate		Projection				
0 to 4	73,928	8.1%	89,366	7.8%	91,020	7.0%	2.3%	3.9%	0.4%
5 to 14	146,942	16.2%	168,116	14.6%	184,599	14.2%	2.9%	2.7%	1.9%
15 to 19	63,179	6.9%	82,916	7.2%	90,470	7.0%	2.4%	5.6%	1.8%
20 to 24	52,325	5.8%	79,141	6.9%	92,260	7.1%	0.5%	8.6%	3.1%
25 to 34	138,565	15.2%	170,519	14.8%	182,631	14.1%	0.5%	4.2%	1.4%
35 to 44	160,906	17.7%	175,578	15.3%	181,955	14.0%	2.8%	1.8%	0.7%
45 to 54	124,911	13.7%	167,681	14.6%	189,285	14.6%	5.0%	6.1%	2.5%
55 to 64	69,199	7.6%	114,699	10.0%	148,535	11.5%	3.4%	10.6%	5.3%
65 to 74	41,412	4.6%	56,437	4.9%	81,905	6.3%	1.3%	6.4%	7.7%
75 to 84	28,254	3.1%	32,558	2.8%	38,238	3.0%	4.1%	2.9%	3.3%
85+	10,196	1.1%	13,819	1.2%	14,833	1.1%	5.5%	6.3%	1.4%
Median Age	33.7		34.1		35.4				
Median Age Index vs. US			92.5		93.5				

Households by Income

	2000		2008		2013				
	Census		Estimate		Projection				
\$0 - \$15,000	20,693	6.5%	16,253	4.2%	15,457	3.6%	-2.6%	-4.7%	-1.0%
\$15,000 - \$24,999	22,195	7.0%	19,445	5.1%	16,743	4.0%	-2.1%	-2.6%	-2.9%
\$25,000 - \$34,999	27,595	8.7%	22,849	5.9%	21,354	5.0%	-1.7%	-3.7%	-1.3%
\$35,000 - \$49,999	44,208	13.9%	40,374	10.5%	37,640	8.9%	-1.8%	-1.8%	-1.4%
\$50,000 - \$74,999	72,508	22.8%	70,935	18.5%	70,132	16.6%	1.9%	-0.4%	-0.2%
\$75,000 - \$99,999	51,822	16.3%	64,104	16.7%	66,588	15.7%	7.4%	4.3%	0.8%
\$100,000 - \$149,999	49,298	15.5%	84,220	21.9%	99,915	23.6%	13.4%	11.3%	3.5%
\$150,000 +	29,450	9.3%	65,916	17.2%	95,779	22.6%	15.7%	17.5%	7.8%
Average Hhld Income	\$80,552		\$92,747		\$100,887		4.2%	2.9%	1.7%
Median Hhld Income	\$64,879		\$83,067		\$93,723		3.7%	5.1%	2.4%
Per Capita Income	\$28,134		\$31,577		\$33,541		4.2%	2.3%	1.2%
Median Hhld Income Index vs. US			158.0		160.9				

* Reports requiring summarization use only the largest Radius or Drive Time around each center point to calculate results.

Highlights of the key demographic composition and trends for the draw area are:

- Population growth +2.0% Compound Annual Growth Rate (CAGR) from 2008-2013, this is above the national average (+0.8%) and a favorable factor.
- Population density, this draw area has a population density of 1,915 people per square mile, a favorable factor. Since golf is a proximity-based recreational activity, generally golf thrives in areas with densities between 1,500-2,500 people/sq. mile.
- Median Household Income – Currently roughly \$83K and growing over the next five years at an annual rate of 2.4%. Generally, successful golf local markets have a Median Household Income in excess of \$50K. The Median Household Income for this area produces an index for 2008 of 158 and 161 for 2013, both very favorable for robust support of golf or significant growth in rounds played.
- Median Age – Currently 34 years old and increasing slightly over the next five years. Generally, successful golf local markets have a Median Age in excess of 40 due to higher frequencies as golfers age however, having a healthy number of the high-spending 35-54 age group is also a key component. The Median Age for this area produces an index of 93 (unfavorable) for both the current 2008 period and increasing just slightly in the 2013 projection.
- Ethnicity – The ethnic distribution of the local population is skewed to White at 76%. For the 2013 projection, the ethnicity mix will continue shifting to larger minority populations, a negative factor for this location.

We next quantify the golfer base currently being driven off the local demographics of the draw areas and applying golf Participation and Frequency Rates:

Pellucid Part and Frequency Comparison Report			
	15 Minutes:	25 Minutes:	30 Minutes:
Total Population	260,852	848,799	1,150,876
Total Households	78,783	281,342	384,096
State Participation Rate (% of Tot. Pop)	12.1%	12.2%	12.2%
Estimated Number of Golfers	31,491	103,232	140,836
State Frequency Rate (Rounds per Golfer per Year)	20.6	20.6	20.6
Estimated Play Rate (Rounds per Capita per Year)	2.5	2.5	2.5
Cons. Survey-based Annual Rounds Est.	649,993	2,130,553	2,906,660

Current year data is for the year **2008**, 5 year projected data is for the year **2013**. More

The participation rate applied is 12.2% of the population (at the furthest drive time) playing golf at an average frequency of 20.6 times per year. This drives a consumer-based estimate of rounds by the local population of 2.9M (doesn't count tourist or "commuter" rounds from population outside the combined draw area). Later in the analysis we'll look at what the facilities report for annual rounds and compare against this consumer estimate (note, the facility estimate includes all rounds, regardless of whether the golfers are local, commuters or tourists).

The above analysis assumes that the draw areas are similar to the state in demographics and doesn't factor in local variances in the key variables of Household Income, Age and Ethnicity. The below series of analyses are calculations to incorporate these local nuances.

We'll start with the most important variable, Household Income:

Pellucid Rounds Potential by HH Income Comparison Report

	15 Minutes:	25 Minutes:	30 Minutes:
Total Households	78,783	281,342	384,096
HH Counts - By Income Group			
\$ 0 - \$34,999	6,179	38,132	58,547
\$35,000 - \$74,999	18,792	79,763	111,309
\$75,000 +	53,812	163,448	214,240
All Income Groups	78,783	281,342	384,096
Play Rate (Rds per HH per Year) - By Income Group			
\$ 0 - \$34,999	1.8	1.8	1.8
\$35,000 - \$74,999	6.2	6.2	6.2
\$75,000 +	10.9	10.7	10.8
All Income Groups	9.0	8.2	8.1
Income-weighted Consumer-based Annual Rounds Estimate			
\$ 0 - \$34,999	10,856	66,761	103,216
\$35,000 - \$74,999	116,910	494,342	691,183
\$75,000 +	584,841	1,754,841	2,307,913
All Income Groups	712,607	2,315,943	3,102,312
Rounds Potential Index	129	118	115

Current year data is for the year **2008**, 5 year projected data is for the year **2013**.

After factoring in Household Income skews for the three draw areas relative to the state, the rounds projections produces a range from 713K rounds in the 15 minute drive time to 3.1M at 30 minutes drive time. This produces Rounds Potential Indices of 129, 118, and 115 respectively, a favorable reading for the extremes of the draw area and indicating that HH Income is helpful in the generation for this location.

Turning our attention to the next most important variable, age, the below table produces another rounds estimate based on the distribution of age in the local area:

Pellucid Rounds Potential by Pop Age Comparison Report			
	15 Minutes:	25 Minutes:	30 Minutes:
Total Population	260,852	848,799	1,150,876
Pop Counts - By Age Group			
Age 0 - 34	142,364	440,762	590,057
Age 35 - 54	81,320	254,387	343,259
Age 55 +	37,164	153,619	217,513
All Age Groups	260,849	848,769	1,150,830
Play Rate (Rds per Capita) - By Age Group			
Age 0 - 34	1.1	1.2	1.2
Age 35 - 54	3.4	3.4	3.4
Age 55 +	4.7	4.8	4.8
All Age Groups	2.4	2.5	2.5
Age-weighted Consumer-based Annual Rounds Estimate			
Age 0 - 34	162,234	508,905	686,192
Age 35 - 54	279,467	869,379	1,177,574
Age 55 +	174,769	734,741	1,048,272
All Age Groups	616,469	2,113,024	2,912,038
Rounds Potential Index	90	96	97

After factoring in Age skews for the draw areas relative to the state, the rounds projections produce a range from 616K rounds in the 15 minute drive time to 2.9M annual rounds in the 30 minute drive time. This produces Rounds Potential Indices of 90, 96, and 97 respectively meaning that the age of the population provides a slight headwind to rounds generation.

Finally, we analyze a third critical demographic variable for golf: ethnicity. The below table produces a Rounds Potential Index indicator based on the ethnic distribution in the local area vs. the US ethnic composition (annual rounds estimate cannot be correlated back to the Participation & Frequency estimate because we're creating this number based on variance vs. US not state). The key indicator is the direction (>100 or <100) and magnitude (e.g. 120 vs. 101) of this RPI:

Pellucid Rounds Potential by Ethnicity Comparison Report			
	15 Minutes:	25 Minutes:	30 Minutes:
Total Population	260,852	848,799	1,150,876
Pop Counts - By Ethnic Group			
White, non-Hispanic	166,337	539,905	723,893
Hispanic	34,801	132,570	194,486
Black	22,185	68,916	97,097
Asian	22,758	64,916	77,496
All other	14,772	42,492	57,903
Play Rate (Rds per Capita per Year) - By Ethnic Group			
White, non-Hispanic	2.2	2.2	2.2
Hispanic	0.7	0.7	0.7
Black	0.7	0.7	0.7
Asian	1.6	1.6	1.6
All other	0.4	0.4	0.4
All Ethnic Groups	1.7	1.7	1.7
Ethnic-weighted Consumer-based Annual Rounds Estimate			
White, non-Hispanic	365,941	1,187,792	1,592,566
Hispanic	24,361	92,799	136,140
Black	15,529	48,241	67,968
Asian	36,413	103,866	123,994
All other	5,909	16,997	23,161
Total	448,153	1,449,694	1,943,829
Rounds Potential Index	101	100	99

Factoring in Ethnicity skews for the draw areas relative to the nation produces Rounds Potential Indices of 101 at 15 minutes and 99 at 30 minutes drive time. This suggests that the ethnic distribution of this location is neutral across all three areas and will provide a neither a headwind or tailwind to rounds generation.

Next we move to analyzing the rate and mix of supply growth historically compared to the growth in population. Historically, healthy local golf economies consist of supply growth that is in line or below population growth as a general rule. The table below quantifies the supply growth rate and the absorption (supply growing slower than population, produces a positive number) or dilution (supply growing faster than population, produces a negative number) rate for the largest draw area (30 minute drive time). In the case of negative Cumulative Supply Dilution, one can estimate the absorption period by taking the Dilution Amount and dividing by the current Annual Supply Absorption/Dilution Rate (this number needs to be positive in order to do this calculation, if it's still currently negative then the absorption period, until this trend changes, is infinity):

Pellucid Supply History Summary Comparison Report							
	1980	1990	CAGR	2000	CAGR	2006	CAGR
	Holes	Holes		Holes		Holes	
Private	90	135	4.1%	135	0.0%	135	0.0%
Public Premium	135	162	1.8%	252	4.5%	270	1.4%
Public Value	198	234	1.7%	315	3.0%	315	0.0%
Public Price	18	18	0.0%	27	4.1%	27	0.0%
Learning & Practice	18	45	9.6%	63	3.4%	63	0.0%
Total	459	594	2.6%	792	2.9%	810	0.5%
Pop % Chng-CAGR					2.5%		4.8%
Ann Supp. Absorp/Dilution*					-0.4%		4.4%
Cume Supp. Absorp/Dilution					-4.0%		17.8%

* Reports requiring summarization use only the largest Radius or Drive Time around each center point to calculate results.

The highlight observations on historical supply build for this area are:

- From 1990 to 2000, supply grew by 33% or an annual growth rate of 2.9%.
- During the same period, annual population growth was 2.5% creating a supply excess for the decade of -4.0%.
- Driving that supply growth were increases in Public-Premium and Public-Value
- Since 2000, supply growth is virtually non-existent while population growth has increased meaning that absorption of the previous glut has occurred.
- Supply/demand “equilibrium” has occurred and been surpassed in favor of demand. However, there are currently six facilities comprising 99 holes under development according to our data which will temper this somewhat if all are built as planned.

We now shift from primarily consumer/demographic analysis to analyzing supply and demand trends using the facility database:

Pellucid Supply Demand Comparison Report				
	Nat'l Avg.	15 Minutes:	25 Minutes:	30 Minutes:
# of Facilities by Type				
Total Number of Facilities		8	26	43
Private		1	3	7
Public-Premium		3	7	10
Public-Value		3	12	17
Public-Price		0	2	3
Learning & Practice		1	2	6
% of Facilities by Type				
Private	23%	13%	12%	16%
Public-Premium	15%	38%	27%	23%
Public-Value	31%	38%	46%	40%
Public-Price	21%	0%	8%	7%
Learning & Practice	8%	13%	8%	14%
% of Holes by Facility Type				
Total Number of Holes		153	495	810
Private	27%	18%	13%	17%
Public-Premium	18%	41%	38%	33%
Public-Value	32%	35%	42%	39%
Public-Price	17%	0%	4%	3%
Learning & Practice	6%	6%	4%	8%
% of Annual Rounds by Facility Type				
Total Number of Rounds		260,632	909,552	1,563,392
Private	22%	11%	8%	10%
Public-Premium	17%	37%	30%	30%
Public-Value	34%	41%	49%	42%
Public-Price	19%	0%	7%	7%
Learning & Practice	8%	12%	6%	11%

Annual Avg. Rounds per 18 Holes by Facility Type

All Facilities Average	35,000	30,663	33,075	34,742
Private	28,000	19,290	20,551	21,728
Public-Premium	33,000	27,179	25,888	31,078
Public-Value	38,000	35,235	38,756	37,435
Public-Price	39,000	N/A	31,903	37,344
Learning & Practice	45,000	61,728	56,299	47,747

Military supply not included due to small size and restricted access

Looking first at the supply distribution (% of holes by facility type) across the 30 minute draw area, the following are points of interest:

- The mix of supply, Private vs. Public: There appears to be a slightly less than representative balance between access types with Public golf accounting for 83% of the total holes vs. the national average of 73%.
- The mix of supply, Value-added vs. Value: Another way to look at supply distribution is Value-added (combining Private and Public-Premium) vs. Value golf (all other supply). This area appears to be over-represented in Value-added golf as it contributes 50% of total holes compared to only 45% nationally. This is driven by a larger than average number of Public-Premium holes.
- The mix of supply by value segments within Public: Within public access regulation length facilities, we also see a bias to Public-Value which dominates the Public market with 39% of holes vs. 32% nationally. Public-Price is lacking with just 3% of holes compared to 17% nationally.
- Comparing the golf consumer base concentration to support golf in these draw areas, the table below outlines that the consumer base for public golf is very large. This must be tempered somewhat by the size of the minority populations (African American, Hispanic, Asian) which historically have lower participation and frequency rates. The challenge for local golf facilities is keeping these “locals” playing locally and not migrating to comparable courses outside the draw area.

	Nat'l Avg.	15 Minutes:	25 Minutes:	30 Minutes:
Est. # of Golfers		31,491	103,232	140,836
- Est. # of Priv. Golfers		675	1,575	3,375
- Est. # of Pub. Golfers		30,816	101,657	137,461
# of Public Eighteen Hole Equivs.		7	24	37.5
Est. # of Pub. Golfers per Public EHE	2,500	4,402	4,236	3,666
Golfers/Public EHE Index vs. US		176	169	147

Analyzing the rounds demand estimates produces the following insights relative to standard benchmarks:

- Facility-reported annual rounds estimates range from 261K in the 15 minute area to 1.6M in the 30-minute draw area. This compares to the unweighted population-based estimates of 650K and 2.9M and suggests that the consumer-based estimate is considerably more than what facilities are actually reporting. This suggests that the golfers in the various draw areas are traveling and playing a substantial amount of golf outside of the local area. This may be caused by a lack of desirable, available tee times considering the estimated number of public golfers competing for them.
- In correctly-valued consumer markets, we see a decreasing velocity curve as we move up the price groups (i.e. Public-Price receives higher velocity than Public-Value which, correspondingly, receives higher velocity than Public-Premium). At the 30 minute drive, we see Public-Value reporting higher velocity than both Public-Premium and Price, not surprising considering the dominance of Value facilities in this category.
- In looking at Greens Fee revenue projections for the three types of Public facilities in the largest draw area (below table), it appears that the Public-Value facilities are having the success vs. both Public-Premium (lower velocity at higher prices) and Public-Price (lower velocity at lower pricing). It should be noted however that this is based on rate card calculations and could be skewed if there is significant discounting occurring in the market as we have seen in some situations, particularly among Public-Premiums when trying to generate rounds. The other factor is that this is a revenue comparison and, depending on the spread in facility expenses across value segments (primarily driven by maintenance), the lower-price facilities could be winning the profitability battle.

Est. GF Rev. by Facility Type

- Public Premium
- Public Value
- Public Price

	15 Minutes:	25 Minutes:	30 Minutes:
- Public Premium	\$1,350,796	\$1,775,917	\$1,511,945
- Public Value	\$1,455,206	\$1,478,541	\$1,493,657
- Public Price	N/A	\$591,801	\$862,848

** Estimated Greens Fee Revenue per 18 holes by Facility Type is calculated as Median Weekend GF rate for each price group, factored down to arrive at an average effective rate, multiplied by the average number of rounds for that consumer value segment.

Last, we examine the affordability of golf across the draw areas as it relates to local discretionary household income. Using the 30 minute drivetime, we see that the average discretionary HH Income (gross income less taxes, less average expenses for necessities such as shelter, food, clothing etc.) is just over \$31K annually. At a median golf frequency of 21 rds/yr and a median GF of \$58, the average annual investment in golf would be just under \$1,200. That's 3.8% of the Avg. Ann. Discretionary HH Income

and roughly 10% higher than the national average of just over 3%. What this suggests, at least on paper, is that market median price for public golf is slightly overpriced compared to the national averages of discretionary HH income compared to the average annual golf investment required.

	15 Minutes:	25 Minutes:	30 Minutes:
Avg. HH Inc.	\$108,688	\$94,160	\$92,747
Avg. Disp. HH Inc.	\$ 83,386	\$ 74,674	\$ 73,837
Avg. Non-Discretionary Ann. Expenses	\$ 46,951	\$ 42,749	\$ 42,282
Avg. Ann. Discretionary HH Inc.	\$ 36,435	\$ 31,925	\$ 31,556
Median Draw Area GF	\$ 60	\$ 58	\$ 58
Avg. Ann. Freq. (Rds)	21	21	21
Avg. Ann. GF Investment	\$ 1,236	\$ 1,195	\$ 1,195
GF Investment as % of Avg. Ann. Discr. HH Inc.	3.4%	3.7%	3.8%
Affordability Index vs. US*	100	91	90

* Index > 100 means golf more affordable than nat'l avg, < 100 means less affordable

Below is a listing of both the current and future supply used in the above analysis of supply and demand. Current facilities within the 30-minute drive time are listed in order by proximity to the subject facility. The 2nd table shows .

Golf Courses List Report

Facility Name	State	Street	City	Zip	Pellucid Type	Weekend GF	Total Facility Holes	Dist.*	Dir.*
Naperbrook Golf Course	IL	22204 W Hassert Blvd	Plainfield	60585	Public Value	58.00	18	none	none
Bolingbrook Golf Club	IL	2001 Rodeo Dr	Bolingbrook	60490-3184	Public Premium	98.00	18	1.56	SE
Tamarack Golf Club	IL	24032 Royal Worlington Dr	Naperville	60564-8123	Public Value	59.00	18	2.44	W
The Links at Carillon	IL	21200 S Carillon Dr	Plainfield	60544-2101	Public Premium	68.00	27	3.65	SE
Springbrook Golf Course	IL	2220 83rd Street	Naperville	60564	Public Value	60.00	18	3.72	NW
White Eagle Golf Club	IL	3400 Club Dr	Naperville	60564-5920	Private	110.00	27	3.79	NW
Mistwood Golf Club	IL	1700 Renwick Rd	Romeoville	60446-5256	Public Premium	71.00	18	5.64	S
Boughton Ridge Golf Course	IL	335 E Boughton Rd	Bolingbrook	60440-2001	Learning & Practice	23.00	9	5.72	E
Big Run Golf Course	IL	17211 W 135th St	Lockport	60441-7459	Public Premium	67.00	18	6.62	E
Prairie Bluff Golf Course	IL	19433 Renwick Rd	Lockport	60441-2899	Public Value	57.00	18	6.98	SE
Phillips Park Golf Course	IL	1001 Hill Ave	Aurora	60505-3880	Public Value	49.00	18	7.29	W
Cress Creek Country Club	IL	1215 Royal St George Dr	Naperville	60563-2314	Private	110.00	18	7.49	N

Facility Name	State	Street	City	Zip	Pellucid Type	Weekend GF	Total Facility Holes	Dist.*	Dir.*
Lockport Golf & Recreation Club	IL	15000 High Road	Lockport	60441	Public Price	20.00	9	7.60	SE
Seven Bridges Golf Club	IL	1 Mulligan Dr	Woodridge	60517-1205	Public Premium	99.00	18	7.79	NE
Country Lakes Golf Club	IL	1601 Fairway Dr	Naperville	60563-8700	Public Value	49.00	18	7.91	NW
River Bend Golf Club	IL	5900 Route 53	Lisle	60532-3104	Public Price	33.00	9	8.10	NE
Fox Bend Golf Course	IL	3516 US Highway 34	Oswego	60543-8943	Public Value	59.00	18	8.23	W
Wedgewood Golf Course	IL	5001 Canton Farm Rd	Plainfield	60544	Public Value	50.00	18	8.27	S
Village Greens of Woodridge Golf Cour	IL	1575 75th St	Woodridge	60517-2611	Public Value	57.00	18	8.65	NE
Zigfield Troy Par3	IL	1535 75th St	Woodridge	60517-2611	Learning & Practice	11.00	9	8.67	NE
Stonebridge Country Club	IL	2705 Stonebridge Blvd	Aurora	60502-9420	Private	110.00	18	8.83	NW
Carriage Greens Country Club	IL	8700 Carriage Green Dr	Darien	60561-5313	Public Value	52.00	18	9.65	E
Downers Grove Golf Club	IL	2420 Haddow Ave	Downers Grove	60515-3208	Public Price	43.00	9	10.09	NE

Facility Name	State	Street	City	Zip	Pellucid Type	Weekend GF	Total Facility Holes	Dist.*	Dir.*
Arrowhead Golf Club	IL	26W151 Butterfield Rd	Wheaton	60187-7999	Public Premium	65.00	27	10.34	N
Ruffled Feathers Golf Club	IL	1 Pete Dye Dr	Lemont	60439-7742	Public Premium	100.00	18	10.43	E
Broken Arrow Golf Club	IL	16325 Broken Arrow Dr	Lockport	60441-8829	Public Premium	65.00	36	10.50	SE
Cog Hill Golf & Country Club	IL	12294 Archer Ave	Lemont	60439-6711	Public Premium	135.00	72	10.93	E
Wolf Run Golf Course	IL	1700 Jericho Rd	Aurora	60506-5832	Learning & Practice	30.00	18	10.95	W
Aurora Country Club	IL	1548 Prairie St	Aurora	60506-5383	Private	80.00	18	11.01	W
Inwood Municipal Golf Course	IL	3200 W Jefferson St	Joliet	60431-4736	Public Value	50.00	18	11.03	S
Green Meadows	IL	18W201 W 63rd St	Westmont	60559-2677	Learning & Practice	17.00	9	11.14	NE
Woodbine Golf Course	IL	14240 W 151st St	Homer Glen	60491-5902	Public Value	57.00	18	11.14	E
Twin Lakes Golf Club	IL	400 W 59th St	Westmont	60559-5816	Learning & Practice	13.00	9	11.39	NE
Old Oak Country Club	IL	14200 S Parker Rd	Homer Glen	60491-9693	Public Premium	65.00	18	11.46	E

Facility Name	State	Street	City	Zip	Pellucid Type	Weekend GF	Total Facility Holes	Dist.*	Dir.*
Gleneagles Country Club	IL	13070 McCarthy Rd	Lemont	60439-6191	Public Value	50.00	36	11.50	E
Mid-Iron Club, Inc.	IL	12680 Bell Rd	Lemont	60439-7785	Learning & Practice	21.00	9	11.95	E
Woodruff Golf Course	IL	621 North Gougar Road	Joliet	60432	Public Value	50.00	18	12.56	SE
Blackberry Oaks Golf Course	IL	2245 Kennedy Rd	Bristol	60512-9790	Public Value	57.00	18	12.62	W
Ruth Lake Country Club	IL	6200 S Madison St	Hinsdale	60521-8117	Private	111.00	18	13.33	NE
Flagg Creek Golf Course	IL	6939 Wolf Rd	Countryside	60525-4770	Public Value	45.00	9	14.75	E
Edgewood Valley Country Club	IL	7500 Willow Springs Rd	La Grange	60525-5047	Private	115.00	18	14.98	E
La Grange Country Club	IL	620 S Brainard Ave	La Grange	60525-2743	Private	110.00	18	16.76	NE
Heritage Bluffs Public Golf Course	IL	24355 W Bluff Rd	Channahon	60410-5339	Public Value	61.00	18	17.27	S

* Distance and Direction are only available for Radius and Drivetime Geographies.

Pellucid Future Facilities List Report

Facility Name	State	Street	City	Zip	County	Project Status	Project Class	Course Type	Course Category	Number of Holes	Hole Type
Boingbrook Golf Club	IL	2001 Rodco Dr	Boingbrook	60490-3184	Will	Planning	Addition	Public	Golf	18	Regulation
Naperville Country Club	IL	231670 Chicago Ave	Naperville	60540-6835	DuPage	Construction	Remodel	Private	Golf	18	Regulation
Joliet Golf Course	IL		Joliet	60438		Planning	New	Public	Development	18	Regulation
Westbury Village Golf Club	IL		Yorkville	60560	Kendall	Planning	New	Private	Development	18	Regulation
Whitetail Ridge Golf Course	IL		Yorkville	60560	Kendall	Construction	New	Public	Development	18	Regulation
Heritage Marina Village Golf Course	IL	IL/M. Canal Heritage Corridor	Willow Springs	60480	Cook	Planning	New	Public	Development	9	Regulation

Conclusion & Recommendations

In summary, we have a fairly healthy market with an excess of Public-Value supply. The one major caveat is the decline in rounds demand growth in the Chicago market (unlike the “flat” national picture). The continuing ethnic diversity of the area will also be a future headwind to the health of the golf economy. Because of a lack of Public Price facilities there should be little pressure exerted on Value pricing. However, only one Premium facility exists which likely commands its own market which means it is likely that other Premium facilities are probably discounting to maintain rounds and that will exert pressure on Value facilities (comparable pricing for a premium playing experience). This is in addition to the price pressure of seven competitive Value facilities battling each other, as well as facilities outside the draw area that are attracting local golfers for reasons unable to determine from this analysis. Financial success will likely come from a balance of revenue generation (marketing, pricing and programs) and expense management:

- Cost efficiency – One of the advantages of Value facilities fighting Premium “encroachment” is that they can keep their facility in very playable condition while managing expenses (i.e. hard to cut expenses at a Premium facility that was designed for a certain level of maintenance to keep its “look”). The Premium facilities cannot profitably operate at deep discount levels for extended periods of time so good (not draconian) expense management will keep them on the ropes until they have to price or throw in the towel.
- Efficiently and effectively build customer relationships - In this environment (prevalent in many markets in the US today), it’s a battle for share-of-golfer. Through the facility’s Point-of-Sale (PoS) system, golfers can be tied to transactions and play/spending patterns can be analyzed which drive effective targeted marketing programs (i.e. inviting defectors back, contacting acquireds within 30 days of their first play, recognizing and reward the most valuable customers etc.). Since there’s only a finite number of golfers in play, he who gets the highest share wins and you don’t get the highest share by opening your doors and simply welcoming those who choose to show up.
- Golfer development and demand generation – Given the sluggish rounds picture and lack of golfer growth, programs against either of these should have upside.

Appendix B

Competitive Course Listing

Naperville Park District

Prepared for: Golf Convergence

Date: February 18, 2009

Naperville: Competitors Within 5 Miles

Facility Name	State	Street	City	Zip	Pellucid Type	Weekend GF	Total Facility Holes	Dist.*	Dir.*
Naperbrook Golf Course	IL	22204 W Hassert Blvd	Plainfield	60585	Public Value	58	18	none	none
Bolingbrook Golf Club	IL	2001 Rodeo Dr	Bolingbrook	60490-3184	Public Premium	98	18	1.56	SE
Tamarack Golf Club	IL	24032 Royal Worlington Dr	Naperville	60564-8123	Public Value	59	18	2.44	W
The Links at Carillon	IL	21200 S Carillon Dr	Plainfield	60544-2101	Public Premium	68	27	3.65	SE
Springbrook Golf Course	IL	2220 83rd Street	Naperville	60564	Public Value	60	18	3.72	NW

Naperville: Competitors Within 10 Miles

Facility Name	State	Street	City	Zip	Pellucid Type	Weekend GF	Total Facility Holes	Dist.*	Dir.*
Mistwood Golf Club	IL	1700 Renwick Rd	Romeoville	60446-5256	Public Premium	71	18	5.64	S
Boughton Ridge Golf Course	IL	335 E Boughton Rd	Bolingbrook	60440-2001	Learning & Practice	23	9	5.72	E
Big Run Golf Course	IL	17211 W 135th St	Lockport	60441-7459	Public Premium	67	18	6.62	E
Prairie Bluff Golf Course	IL	19433 Renwick Rd	Lockport	60441-2899	Public Value	57	18	6.98	SE
Phillips Park Golf Course	IL	1001 Hill Ave	Aurora	60505-3880	Public Value	49	18	7.29	W
Lockport Golf & Recreation Club	IL	15000 High Road	Lockport	60441	Public Price	20	9	7.6	SE
Seven Bridges Golf Club	IL	1 Mulligan Dr	Woodridge	60517-1205	Public Premium	99	18	7.79	NE
Country Lakes Golf Club	IL	1601 Fairway Dr	Naperville	60563-8700	Public Value	49	18	7.91	NW
River Bend Golf Club	IL	5900 Route 53	Lisle	60532-3104	Public Price	33	9	8.1	NE
Fox Bend Golf Course	IL	3516 US Highway 34	Oswego	60543-8943	Public Value	59	18	8.23	W
Wedgewood Golf Course	IL	5001 Canton Farm Rd	Plainfield	60544	Public Value	50	18	8.27	S
Village Greens of Woodridge Golf Cour	IL	1575 75th St	Woodridge	60517-2611	Public Value	57	18	8.65	NE
Zigfield Troy Par3	IL	1535 75th St	Woodridge	60517-2611	Learning & Practice	11	9	8.67	NE
Carriage Greens Country Club	IL	8700 Carriage Green Dr	Darien	60561-5313	Public Value	52	18	9.65	E

Naperville Park District: 15 Miles

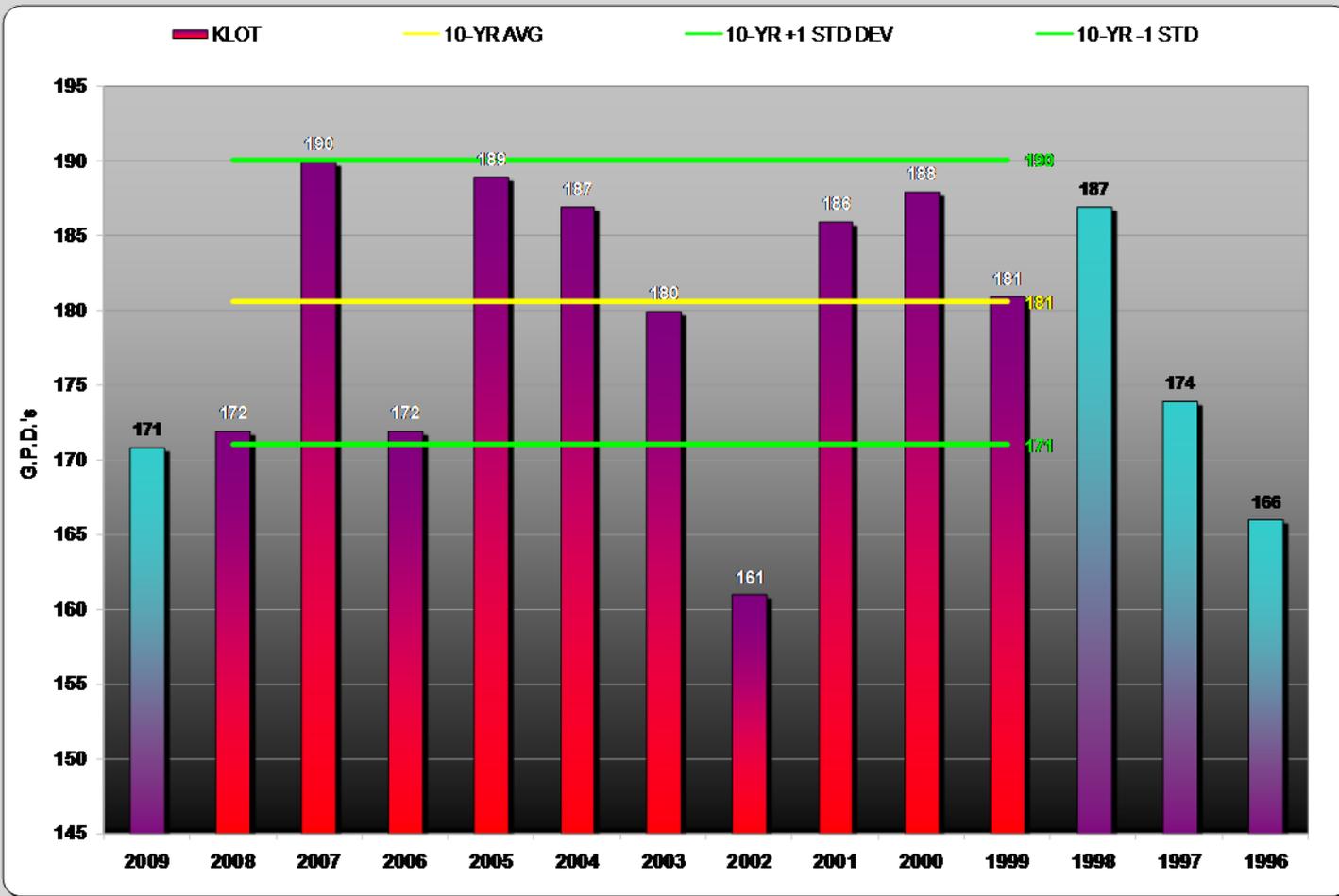
Facility Name	State	Street	City	Zip	Pellucid Type	Weekend GF	Total Facility Holes	Dist.*	Dir.*
Downers Grove Golf Club	IL	2420 Haddow Ave	Downers Grove	60515-3208	Public Price	43	9	10.09	NE
Arrowhead Golf Club	IL	26W151 Butterfield Rd	Wheaton	60187-7999	Public Premium	65	27	10.34	N
Ruffled Feathers Golf Club	IL	1 Pete Dye Dr	Lemont	60439-7742	Public Premium	100	18	10.43	E
Broken Arrow Golf Club	IL	16325 Broken Arrow Dr	Lockport	60441-8829	Public Premium	65	36	10.5	SE
Cog Hill Golf & Country Club	IL	12294 Archer Ave	Lemont	60439-6711	Public Premium	135	72	10.93	E
Wolf Run Golf Course	IL	1700 Jericho Rd	Aurora	60506-5832	Learning & Practice	30	18	10.95	W
Inwood Municipal Golf Course	IL	3200 W Jefferson St	Joliet	60431-4736	Public Value	50	18	11.03	S
Green Meadows	IL	18W201 W 63rd St	Westmont	60559-2677	Learning & Practice	17	9	11.14	NE
Woodbine Golf Course	IL	14240 W 151st St	Homer Glen	60491-5902	Public Value	57	18	11.14	E
Twin Lakes Golf Club	IL	400 W 59th St	Westmont	60559-5816	Learning & Practice	13	9	11.39	NE
Old Oak Country Club	IL	14200 S Parker Rd	Homer Glen	60491-9693	Public Premium	65	18	11.46	E
Gleneagles Country Club	IL	13070 McCarthy Rd	Lemont	60439-6191	Public Value	50	36	11.5	E
Mid-Iron Club, Inc.	IL	12680 Bell Rd	Lemont	60439-7785	Learning & Practice	21	9	11.95	E
Woodruff Golf Course	IL	621 North Gougar Road	Joliet	60432	Public Value	50	18	12.56	SE
Blackberry Oaks Golf Course	IL	2245 Kennedy Rd	Bristol	60512-9790	Public Value	57	18	12.62	W
Flagg Creek Golf Course	IL	6939 Wolf Rd	Countryside	60525-4770	Public Value	45	9	14.75	E
Heritage Bluffs Public Golf Course	IL	24355 W Bluff Rd	Channahon	60410-5339	Public Value	61	18	17.27	S

Appendix C

Pellucid Weather Impact Analysis

Naperville Park District
Prepared for: Golf Convergence
Date: February 18, 2009

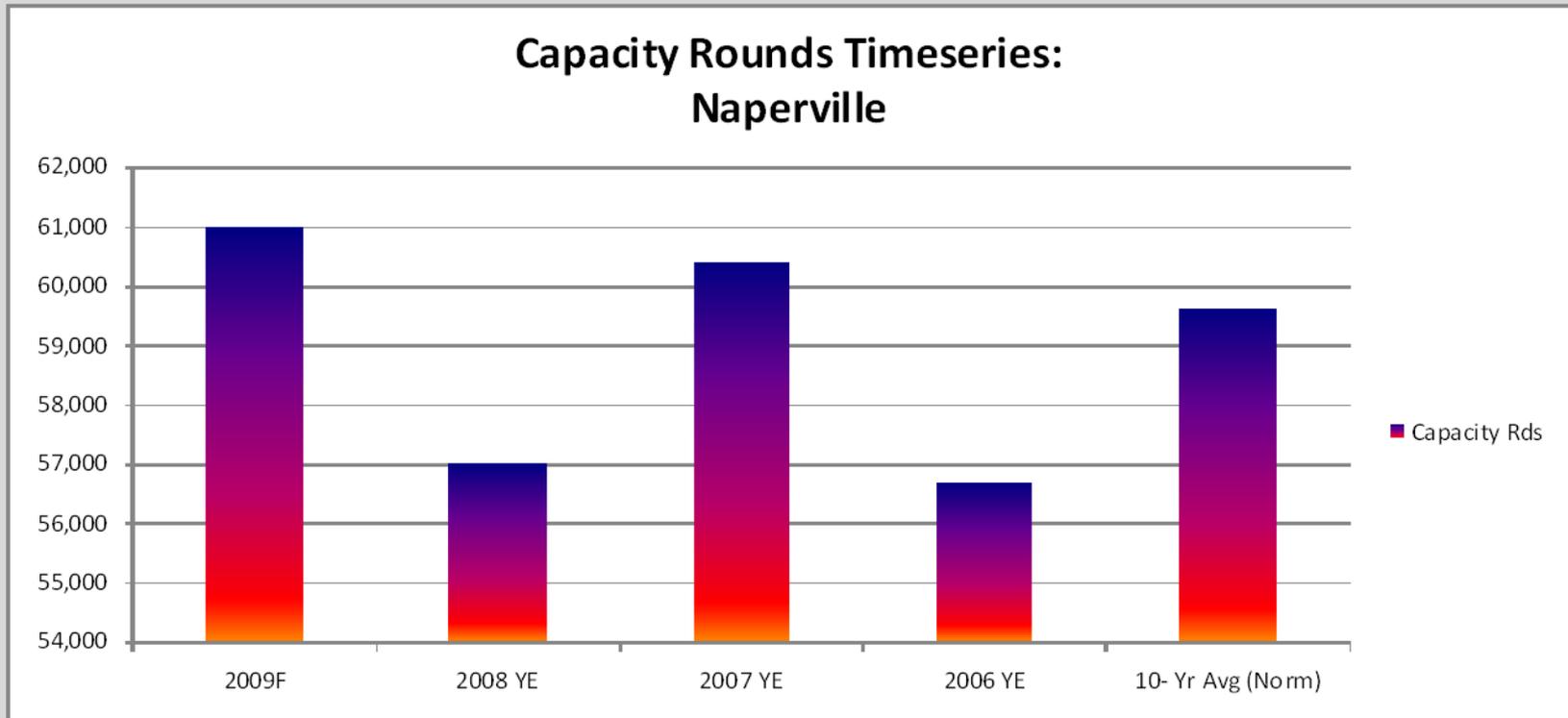
Weather: Below Norm in Recent Years



Note: Golf Playable Days (GPD) calculated using rules for season length, daylight hours, absolute and relative temperatures, precipitation and wind speed specific to subject property

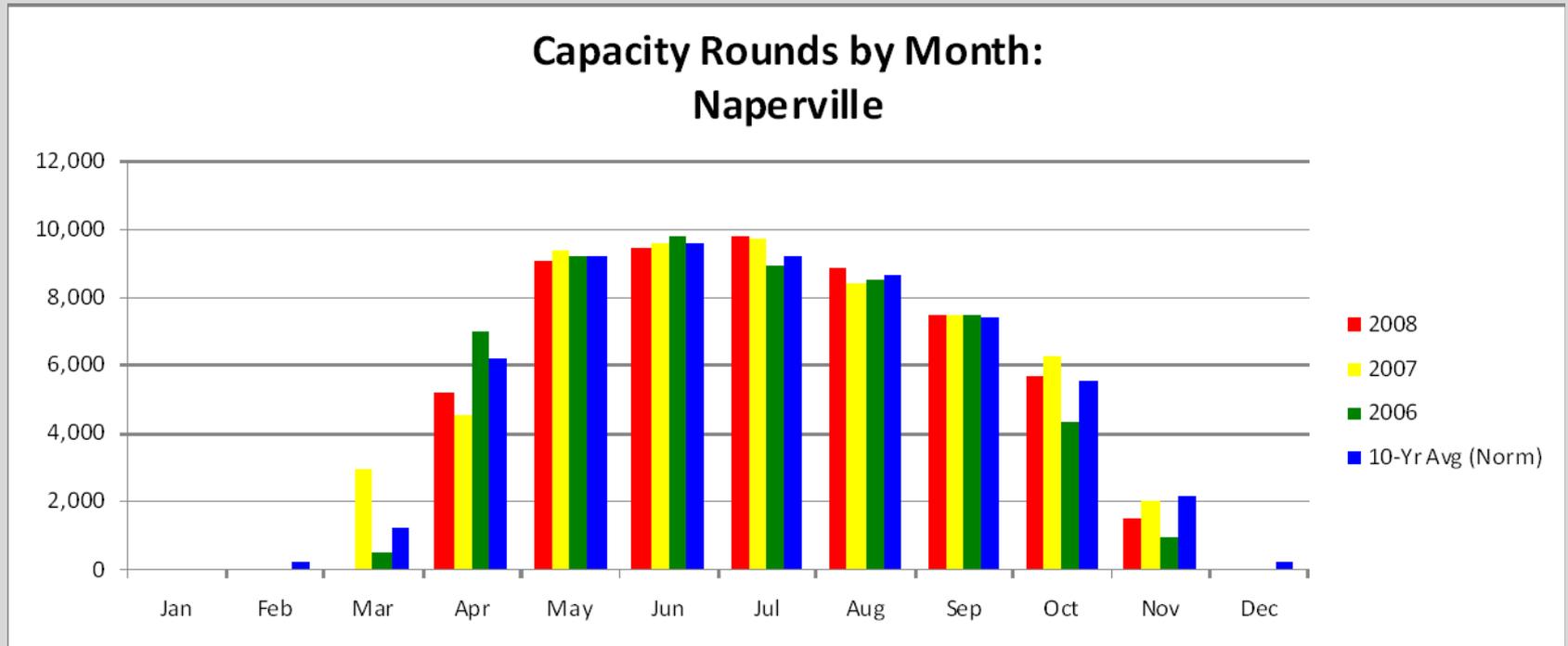
Weather: Positive Impact on Play YTD

Conclusions:



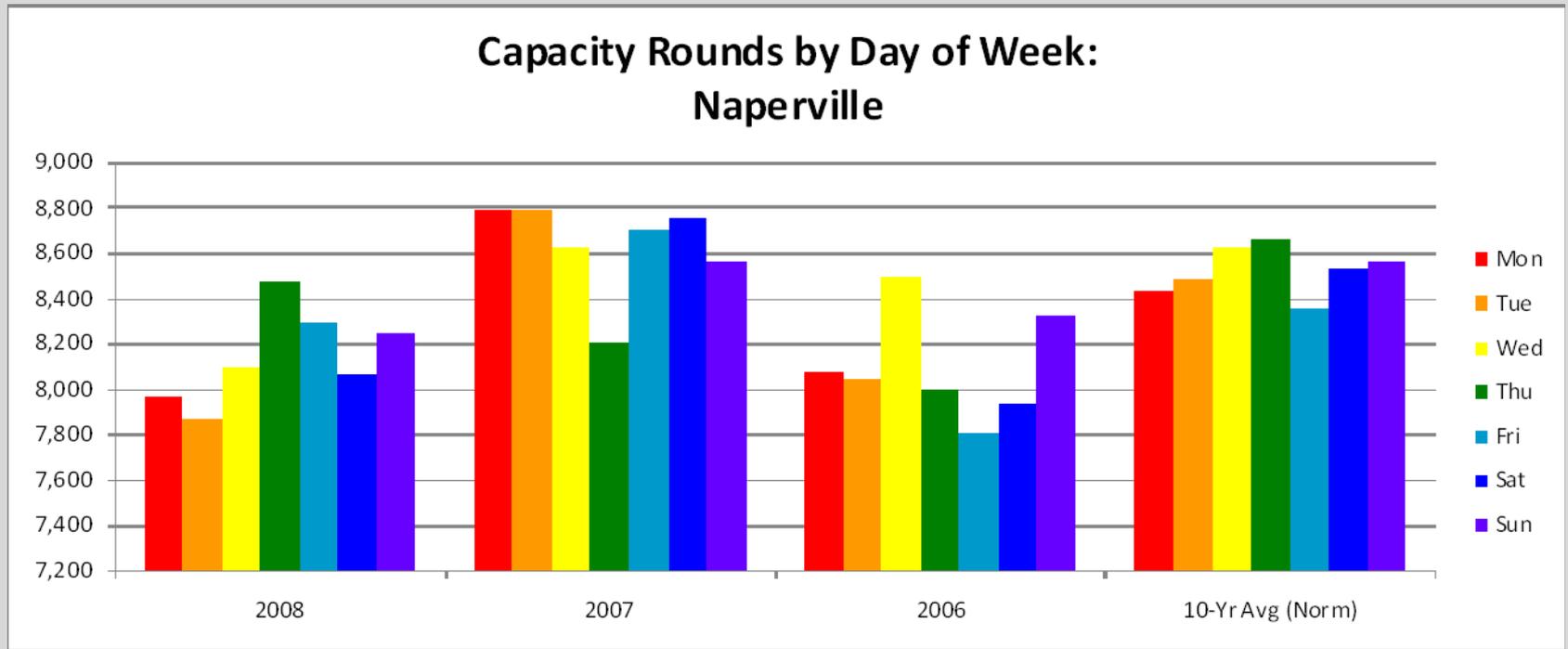
	2009F	2008 YE	2007 YE	2006 YE	10- Yr Avg (Norm)	Curr Per # Chng vs. YA	Curr Per % Chng vs. YA	Curr Per # Chng vs. Norm	Curr Per % Chng vs. Norm
Capacity Rds	60,997	57,009	60,410	56,671	59,639	-3,401	-5.6%	-2,629	-4.4%

Rounds Capacity



Capacity Rds	2008	2007	2006	10-Yr Avg (Norm)
Jan-Mar	0	2,967	522	1,432
Apr-Jun	23,649	23,488	25,933	25,038
Jul-Sep	26,137	25,683	24,972	25,271
Oct-Dec	7,224	8,272	5,244	7,898

Weather: Capacity Rounds by Day of Week



Capacity Rds	2008	2007	2006	10-Yr Avg (Norm)
Mon-Fri	40,698	43,093	40,413	42,549
Sat-Sun	16,311	17,317	16,257	17,090

Appendix D
Competitive Golf Marketplace
Naperville Park District
Prepared for: Golf Convergence
Date: April, 2009

Prepared by:



Competitive Golf Marketplace

CGM Financial Benchmark Reporting System



Report: Monthly Recap (Public & Resort Facilities)
Period: December 2008
CGM: Chicago
Rate Set: \$51 - \$75
Course: Naperbrook Golf Course

CGM Financial benchmark - Monthly Recap (Public & Resort Facilities)						
December 2008						
	Your Facility	vs. Your CGM (*)			vs. Your CGM/Rate Set (**)	
		Average	Variance	Rank	Average	Variance
Number of Rounds Available:	4,650	-	-	-	4,406	6 %
Number of Rounds Played:	0	-	-	-	10	-100 % 3rd of 9
Total Round Revenue	\$0	-	-	-	\$1,903	-100 % 4th of 9
RevPUR:	\$0.00	-	-	-	\$4.94	-100 % 3rd of 9
RevPATT:	\$0.00	-	-	-	\$0.39	-100 % 4th of 9
Course Utilization:	0 %	-	-	-	0 %	-100 % 3rd of 9

* 34 % of CGM members reporting
 ** 9 CGM/Rate Set members reporting

Note: All CGM and CGM/Rate Set data is scaled by your course's number of holes for comparison purposes.

Note: The CGM and CGM/Rate Set statistics will change as CGM members report and/or update their data.

Note: A round is defined as a 'started round or start'.

Note: Available Tee Times are calculated 15 minutes after sunrise until 4 hours prior to sunset according to the individual course tee time interval.

Note: Available Tee Times are calculated 15 minutes after sunrise until 4 hours prior to sunset according to the individual course tee time interval.

Courses in Your CGM/Rate for the Selected Month:

Buffalo Grove Golf Club	Cog Hill Golf & Country Club – Ravines Course
Crane's Landing At Marriott's Lincolnshire Resort	George Dunne National Golf Course
Sportsman's Country Club	Springbrook Golf Course
	Whisper Creek Golf Club

Competitive Golf Marketplace CGM Financial Benchmark Reporting System



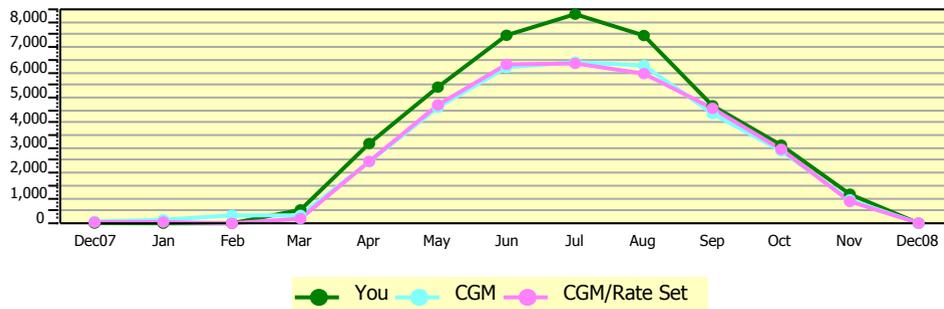
Report: Executive Summary Report (Public & Resort Facilities)
Period: December 2008 - December 2007
CGM: Chicago
Rate Set: \$51 - \$75
Course: Naperbrook Golf Course

Color Legend

Your Course's Monthly Data █
 Your Competitive Golf Marketplace's (CGM) Comparative Data █
 Your CGM/Rate Set's Comparative Data █

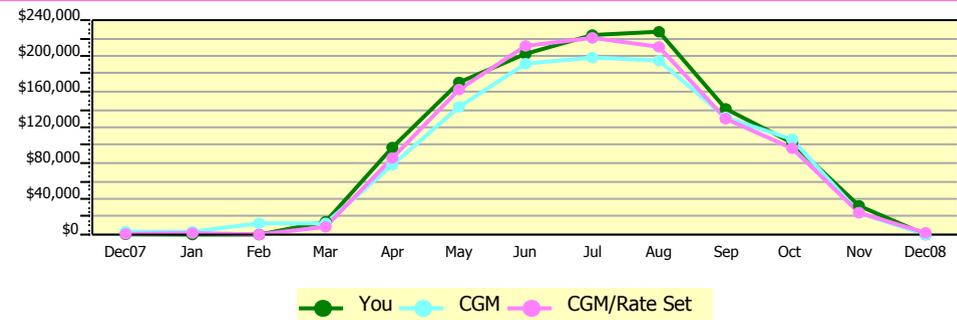
Rounds Played

	December			YTD		
	2008	2007	Change (%)	2008	2007	Change (%)
Your Course	0	8	-	41,298	40,729	569(1%)
Your CGM	Avg -	73	-	-	34,973	-
<i>Your Rank</i>	-	11th of 32		-	11th of 32	
Your CGM/Rate Set	Avg 10	46	-36(-78%)	31,910	28,869	3,041(11%)
<i>Your Rank</i>	3rd of 9	5th of 11		3rd of 9	4th of 11	



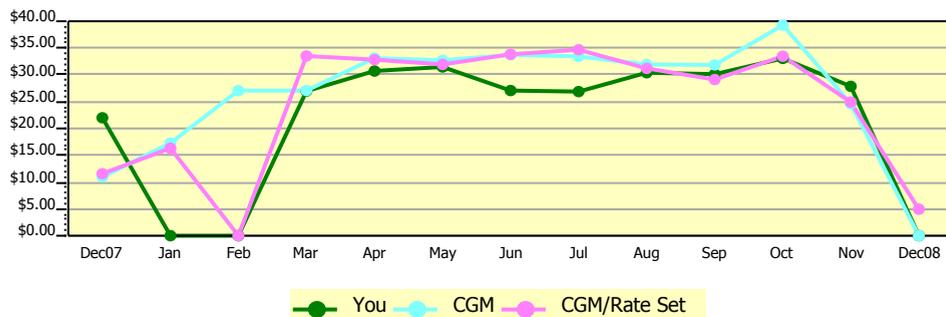
Revenue

	December			YTD		
	2008	2007	Change (%)	2008	2007	Change (%)
Your Course	\$0	\$176	-	\$1,210,639	\$1,290,702	-\$80,063(-6%)
Your CGM	Avg -	\$3,223	-	-	\$989,315	-
<i>Your Rank</i>	-	11th of 32		-	12th of 32	
Your CGM/Rate Set	Avg \$1,903	\$761	\$1,142(150%)	\$1,085,277	\$975,837	\$109,440(11%)
<i>Your Rank</i>	4th of 9	5th of 11		5th of 9	5th of 11	



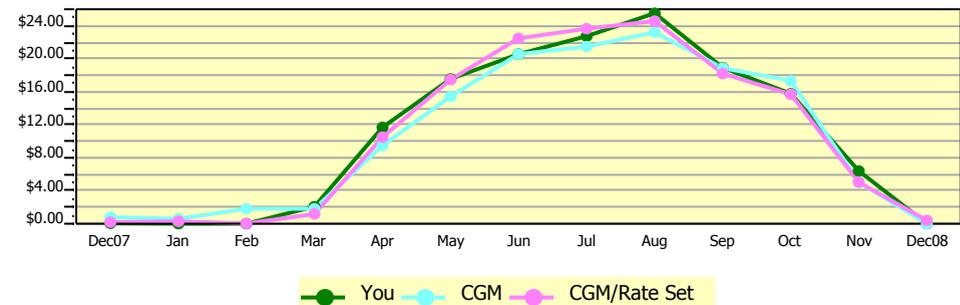
RevPUR (Revenue per Utilized Round)

	December			YTD		
	2008	2007	Change (%)	2008	2007	Change (%)
Your Course	\$0.00	\$22.00	-	\$29.31	\$31.69	-\$2.38(-7%)
Your CGM	Avg -	\$10.95	-	-	\$32.11	-
<i>Your Rank</i>	-	7th of 32		-	12th of 32	
Your CGM/Rate Set	Avg \$4.94	\$11.56	-\$6.61(-57%)	\$34.07	\$32.75	\$1.32(4%)
<i>Your Rank</i>	3rd of 9	2nd of 11		8th of 9	7th of 11	



RevPATT (Revenue per Available Tee Time)

	December			YTD		
	2008	2007	Change (%)	2008	2007	Change (%)
Your Course	\$0.00	\$0.04	-	\$13.66	\$14.60	-\$0.93(-6%)
Your CGM	Avg -	\$0.79	-	-	\$12.92	-
<i>Your Rank</i>	-	11th of 32		-	14th of 32	
Your CGM/Rate Set	Avg \$0.39	\$0.18	\$0.21(118%)	\$15.23	\$13.49	\$1.74(13%)
<i>Your Rank</i>	4th of 9	5th of 11		7th of 9	6th of 11	



Competitive Golf Marketplace CGM Financial Benchmark Reporting System



Report: Year-over-Year YTD Comparison Report (Public & Resort Facilities)
Period: December 2008 - December 2007
CGM: Chicago
Rate Set: \$51 - \$75
Course: Naperbrook Golf Course

Color Legend

Your Course's Monthly Data
 Your Competitive Golf Marketplace's (CGM) Comparative Data
 Your CGM/Rate Set's Comparative Data

Month	December 2008	December 2007	Variance
CGM % Reporting	34 %	37 %	
CGM/Rate Set	\$51 - \$75	\$51 - \$75	
# in CGM/Rate Set	9	11	
Rounds Played YTD Total:	41,298	40,729	569
vs. Your CGM	Avg: - Variance: - Rank: -	34,973 16 % 11th of 32	-
vs. Your CGM/Rate Set	Avg: 31,910 Variance: 29 % Rank: 3rd of 9	28,869 41 % 4th of 11	3,041
Revenue YTD Total:	\$1,210,639	\$1,290,702	\$-80,063.00
vs. Your CGM	Avg: - Variance: - Rank: -	\$989,315 30 % 12th of 32	-
vs. Your CGM/Rate Set	Avg: \$1,085,277 Variance: 12 % Rank: 5th of 9	\$975,837 32 % 5th of 11	\$109,440.00
RevPUR YTD:	\$29.31	\$31.69	\$-2.38
vs. Your CGM	Avg: - Variance: - Rank: -	\$32 -1 % 12th of 32	-
vs. Your CGM/Rate Set	Avg: \$34 Variance: -14 % Rank: 8th of 9	\$33 -3 % 7th of 11	\$1.32
RevPATT YTD:	\$13.66	\$14.60	\$-0.93
vs. Your CGM	Avg: - Variance: - Rank: -	\$13 13 % 14th of 32	-
vs. Your CGM/Rate Set	Avg: \$15 Variance: -10 % Rank: 7th of 9	\$13 8 % 6th of 11	\$1.74
Course Utilization YTD:	47 %	46 %	1 %
vs. Your CGM	Avg: - Variance: - Rank: -	45 % 2 % 11th of 32	-
vs. Your CGM/Rate Set	Avg: 45 % Variance: 3 % Rank: 4th of 9	42 % 10 % 4th of 11	3 %

Note 1: All CGM and CGM/Rate Set data is scaled by your course's number of holes for comparison purposes.

Note 2: The CGM and CGM/Rate Set statistics will change as CGM members report and/or update their data.

Note 3: The CGM statistics are not available until a minimum of 35% of all courses in your CGM report data. The number of courses reporting at this date does not meet that threshold.

Competitive Golf Marketplace CGM Financial Benchmark Reporting System



Report: Rolling YTD Report (Public & Resort Facilities)
Period: December 2008 - January 2008
CGM: Chicago
Rate Set: \$51 - \$75
Course: Naperbrook Golf Course

Color Legend

Your Course's Monthly Data
 Your Competitive Golf Marketplace's (CGM) Comparative Data
 Your CGM/Rate Set's Comparative Data

Month	December 2008	November 2008	October 2008	September 2008	August 2008	July 2008	June 2008	May 2008	April 2008	March 2008	February 2008	January 2008
CGM % Reporting	34 %	48 %	51 %	47 %	48 %	48 %	46 %	48 %	46 %	42 %	31 %	41 %
CGM/Rate Set	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75
# in CGM/Rate Set	9	17	18	17	15	16	16	16	17	15	8	11
Rounds Played YTD Total:	41,298	41,298	40,141	37,037	32,367	24,902	16,589	9,118	3,707	535	0	0
Avg:	-	31,307	27,087	27,794	23,097	18,229	13,171	7,165	2,785	392	-	143
vs. Your CGM	Variance:	32 %	48 %	33 %	40 %	37 %	26 %	27 %	33 %	36 %	-	-100 %
Rank:	-	9th of 43	7th of 49	8th of 43	7th of 45	7th of 43	10th of 42	10th of 43	9th of 41	12th of 38	-	-
vs. your	Avg:	31,910	28,707	27,883	24,957	21,415	16,857	12,891	7,224	2,621	202	39
CGM/Rate	Variance:	29 %	44 %	44 %	48 %	51 %	48 %	29 %	26 %	41 %	165 %	-100 %
Set	Rank:	3rd of 9	3rd of 17	2nd of 18	2nd of 17	1st of 15	1st of 16	4th of 16	4th of 16	3rd of 17	2nd of 15	-
Revenue YTD Total:	\$1,210,639	\$1,210,639	\$1,178,399	\$1,075,742	\$934,989	\$707,959	\$484,536	\$282,175	\$111,875	\$14,424	\$0	\$0
Avg:	-	\$979,577	\$886,259	\$868,398	\$718,747	\$570,572	\$412,958	\$226,868	\$91,228	\$15,263	-	\$3,241
vs. Your CGM	Variance:	-	24 %	33 %	24 %	30 %	24 %	17 %	24 %	23 %	-	-100 %
Rank:	-	17th of 43	18th of 49	17th of 43	17th of 45	15th of 43	15th of 42	13th of 43	11th of 41	14th of 38	-	-
vs. your	Avg:	\$1,085,277	\$980,106	\$954,196	\$843,027	\$763,270	\$596,490	\$446,557	\$253,298	\$93,035	\$9,233	\$1,591
CGM/Rate	Variance:	12 %	24 %	23 %	28 %	19 %	9 %	11 %	20 %	56 %	-100 %	-100 %
Set	Rank:	5th of 9	6th of 17	6th of 18	6th of 17	6th of 15	5th of 16	6th of 16	5th of 16	4th of 17	3rd of 15	-
RevPUR YTD:	\$29.31	\$29.31	\$29.36	\$29.05	\$28.89	\$28.43	\$29.21	\$30.95	\$30.18	\$26.96	\$0.00	\$0.00
Avg:	-	\$33	\$34	\$34	\$34	\$34	\$35	\$34	\$41	\$28	-	\$17
vs. Your CGM	Variance:	-	-11 %	-13 %	-15 %	-14 %	-16 %	-17 %	-9 %	-26 %	-	-100 %
Rank:	-	24th of 43	27th of 49	26th of 43	26th of 45	25th of 43	24th of 42	23rd of 43	24th of 41	20th of 38	-	-
vs. your	Avg:	\$34	\$33	\$34	\$33	\$35	\$34	\$35	\$32	\$33	\$37	\$5
CGM/Rate	Variance:	-14 %	-11 %	-14 %	-13 %	-18 %	-17 %	-16 %	-5 %	-9 %	-26 %	-100 %
Set	Rank:	8th of 9	13th of 17	15th of 18	13th of 17	12th of 15	12th of 16	14th of 16	11th of 16	12th of 17	9th of 15	-
RevPATT YTD:	\$13.66	\$14.42	\$14.93	\$14.85	\$14.39	\$12.62	\$10.47	\$7.75	\$4.19	\$0.78	\$0.00	\$0.00
Avg:	-	\$14	\$15	\$16	\$15	\$14	\$12	\$9	\$5	\$1	-	\$1
vs. Your CGM	Variance:	-	2 %	-1 %	-6 %	-5 %	-12 %	-16 %	-12 %	-22 %	-	-100 %
Rank:	-	23rd of 43	24th of 49	24th of 43	26th of 45	26th of 43	25th of 42	22nd of 43	23rd of 41	16th of 38	-	-
vs. your	Avg:	\$15	\$15	\$17	\$16	\$16	\$16	\$14	\$11	\$7	\$1	\$0
CGM/Rate	Variance:	-10 %	-3 %	-11 %	-9 %	-11 %	-22 %	-25 %	-27 %	-39 %	16 %	-100 %
Set	Rank:	7th of 9	10th of 17	12th of 18	11th of 17	11th of 15	12th of 16	12th of 16	10th of 16	12th of 17	5th of 15	-
Course Utilization YTD:	47 %	49 %	51 %	51 %	50 %	44 %	36 %	25 %	14 %	3 %	0 %	0 %
Avg:	-	44 %	45 %	48 %	47 %	44 %	37 %	27 %	16 %	2 %	-	3 %
vs. Your CGM	Variance:	-	11 %	14 %	7 %	7 %	1 %	-3 %	-7 %	-12 %	21 %	-100 %
Rank:	-	15th of 43	14th of 49	16th of 43	15th of 45	19th of 43	18th of 42	22nd of 43	20th of 41	12th of 38	-	-
vs. your	Avg:	45 %	45 %	50 %	50 %	48 %	41 %	31 %	20 %	1 %	0 %	1 %
CGM/Rate	Variance:	3 %	10 %	2 %	3 %	4 %	-8 %	-12 %	-19 %	-30 %	95 %	-100 %
Set	Rank:	4th of 9	6th of 17	6th of 18	7th of 17	5th of 15	9th of 16	9th of 16	11th of 16	12th of 17	2nd of 15	-

Note 1: All CGM and CGM/Rate Set data is scaled by your course's number of holes for comparison purposes.

Note 2: The CGM and CGM/Rate Set statistics will change as CGM members report and/or update their data.

Note 3: The CGM statistics are not available until a minimum of 35% of all courses in your CGM report data. The number of courses reporting at this date does not meet that threshold.

Competitive Golf Marketplace CGM Financial Benchmark Reporting System



Report: 12-Month Rolling Report (Public & Resort Facilities)
Period: December 2008 - January 2008
CGM: Chicago
Rate Set: \$51 - \$75
Course: Naperbrook Golf Course

Color Legend

Your Course's Monthly Data
 Your Competitive Golf Marketplace's (CGM) Comparative Data
 Your CGM/Rate Set's Comparative Data

Month	December 2008	November 2008	October 2008	September 2008	August 2008	July 2008	June 2008	May 2008	April 2008	March 2008	February 2008	January 2008	12-Month Total
CGM % Reporting	34 %	48 %	51 %	47 %	48 %	48 %	46 %	48 %	46 %	42 %	31 %	41 %	
CGM/Rate Set	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	
# in CGM/Rate Set	9	17	18	17	15	16	16	16	17	15	8	11	
Rounds Played	0	1,157	3,104	4,670	7,465	8,313	7,471	5,411	3,172	535	0	0	-
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	935 24 % 11th of 43	2,880 8 % 13th of 49	4,360 7 % 15th of 43	6,274 19 % 11th of 45	6,403 30 % 7th of 43	6,194 21 % 8th of 42	4,606 17 % 10th of 43	2,444 30 % 7th of 41	314 70 % 10th of 38	- - -	143 -100 % 19th of 37	-
vs. your CGM/ Rate Set	<i>Avg:</i> 10 <i>Vari:</i> -100 % <i>Rank:</i> 3rd of 9	868 33 % 4th of 17	2,943 5 % 5th of 18	4,570 2 % 7th of 17	5,947 26 % 4th of 15	6,355 31 % 1st of 16	6,315 18 % 2nd of 16	4,702 15 % 4th of 16	2,460 29 % 2nd of 17	183 192 % 2nd of 15	0 - 1st of 8	49 -100 % 6th of 11	-
Revenue	\$0	\$32,240	\$102,657	\$140,753	\$227,030	\$223,423	\$202,361	\$170,300	\$97,451	\$14,424	\$0	\$0	-
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	\$24,328 33 % 10th of 43	\$106,598 -4 % 20th of 49	\$131,149 7 % 20th of 43	\$194,800 17 % 19th of 45	\$198,137 13 % 20th of 43	\$191,337 6 % 21st of 42	\$142,733 19 % 16th of 43	\$78,039 25 % 12th of 41	\$12,564 15 % 14th of 38	- - -	\$3,241 -100 % 21st of 37	-
vs. your CGM/ Rate Set	<i>Avg:</i> \$1,903 <i>Vari:</i> -100 % <i>Rank:</i> 4th of 9	\$24,432 32 % 4th of 17	\$96,598 6 % 7th of 18	\$129,706 9 % 7th of 17	\$210,091 8 % 8th of 15	\$220,166 1 % 9th of 16	\$211,217 -4 % 11th of 16	\$162,313 5 % 7th of 16	\$85,690 14 % 5th of 17	\$8,605 68 % 3rd of 15	\$16 -100 % 2nd of 8	\$1,656 -100 % 6th of 11	\$1,152,393
RevPUR	\$0.00	\$27.87	\$33.07	\$30.14	\$30.41	\$26.88	\$27.09	\$31.47	\$30.72	\$26.96	\$0.00	\$0.00	
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	\$25 13 % 17th of 43	\$39 -16 % 16th of 49	\$32 -5 % 18th of 43	\$32 -5 % 22nd of 45	\$33 -20 % 25th of 43	\$34 -20 % 24th of 42	\$33 -4 % 19th of 43	\$33 -7 % 23rd of 41	\$27 0 % 20th of 38	- - -	\$17 -100 % 19th of 37	
vs. your CGM/ Rate Set	<i>Avg:</i> \$5 <i>Vari:</i> -100 % <i>Rank:</i> 3rd of 9	\$25 12 % 8th of 17	\$33 -1 % 6th of 18	\$29 3 % 8th of 17	\$31 -3 % 10th of 15	\$35 -23 % 13th of 16	\$34 -20 % 13th of 16	\$32 -2 % 11th of 16	\$33 -6 % 12th of 17	\$34 -20 % 8th of 15	\$0 - 1st of 8	\$16 -100 % 6th of 11	
RevPATT	\$0.00	\$6.40	\$15.77	\$18.92	\$25.52	\$22.74	\$20.57	\$17.55	\$11.68	\$2.07	\$0.00	\$0.00	
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	\$5 27 % 12th of 43	\$17 -9 % 20th of 49	\$19 0 % 20th of 43	\$23 10 % 17th of 45	\$21 6 % 21st of 43	\$21 0 % 23rd of 42	\$15 14 % 20th of 43	\$9 23 % 12th of 41	\$2 14 % 13th of 38	- - -	\$1 -100 % 21st of 37	
vs. your CGM/ Rate Set	<i>Avg:</i> \$0 <i>Vari:</i> -100 % <i>Rank:</i> 4th of 9	\$5 27 % 5th of 17	\$16 1 % 8th of 18	\$18 4 % 8th of 17	\$25 4 % 7th of 15	\$24 -4 % 10th of 16	\$22 -9 % 12th of 16	\$17 0 % 10th of 16	\$10 11 % 5th of 17	\$1 77 % 3rd of 15	\$0 -100 % 2nd of 8	\$0 -100 % 6th of 11	
Course Utilization	0 %	23 %	48 %	63 %	84 %	85 %	76 %	56 %	38 %	8 %	0 %	0 %	
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	19 % 21 % 11th of 43	46 % 3 % 20th of 49	61 % 3 % 19th of 43	72 % 16 % 10th of 45	67 % 26 % 8th of 43	65 % 17 % 9th of 42	48 % 15 % 14th of 43	29 % 29 % 7th of 41	4 % 77 % 11th of 38	- - -	3 % -100 % 19th of 37	
vs. your CGM/ Rate Set	<i>Avg:</i> 0 % <i>Vari:</i> -100 % <i>Rank:</i> 3rd of 9	18 % 31 % 4th of 17	48 % 0 % 9th of 18	64 % -2 % 8th of 17	69 % 22 % 4th of 15	68 % 24 % 2nd of 16	68 % 12 % 3rd of 16	50 % 10 % 7th of 16	30 % 26 % 2nd of 17	2 % 208 % 2nd of 15	0 % - 1st of 8	1 % -100 % 6th of 11	

Note 1: All CGM and CGM/Rate Set data is scaled by your course's number of holes for comparison purposes.

Note 2: The CGM and CGM/Rate Set statistics will change as CGM members report and/or update their data.

Note 3: The CGM statistics are not available until a minimum of 35% of all courses in your CGM report data. The number of courses reporting at this date does not meet that threshold.

Competitive Golf Marketplace

CGM Financial Benchmark Reporting System



Report: Monthly Recap (Public & Resort Facilities)
Period: December 2008
CGM: Chicago
Rate Set: \$51 - \$75
Course: Springbrook Golf Course

CGM Financial benchmark - Monthly Recap (Public & Resort Facilities)							
December 2008							
	Your Facility	vs. Your CGM (*)			vs. Your CGM/Rate Set (**)		
		Average	Variance	Rank	Average	Variance	Rank
Number of Rounds Available:	4,650	-	-	-	4,406	6 %	
Number of Rounds Played:	18	-	-	-	10	80 %	2nd of 9
Total Round Revenue	\$238	-	-	-	\$1,903	-87 %	3rd of 9
RevPUR:	\$13.22	-	-	-	\$4.94	167 %	2nd of 9
RevPATT:	\$0.05	-	-	-	\$0.39	-87 %	3rd of 9
Course Utilization:	0 %	-	-	-	0 %	103 %	2nd of 9

* 34 % of CGM members reporting
 ** 9 CGM/Rate Set members reporting

Note: All CGM and CGM/Rate Set data is scaled by your course's number of holes for comparison purposes.

Note: The CGM and CGM/Rate Set statistics will change as CGM members report and/or update their data.

Note: A round is defined as a 'started round or start'.

Note: Available Tee Times are calculated 15 minutes after sunrise until 4 hours prior to sunset according to the individual course tee time interval.

Note: Available Tee Times are calculated 15 minutes after sunrise until 4 hours prior to sunset according to the individual course tee time interval.

Courses in Your CGM/Rate for the Selected Month:

Buffalo Grove Golf Club	Cog Hill Golf & Country Club – Ravines Course
Crane's Landing At Marriott's Lincolnshire Resort	George Dunne National Golf Course
Naperbrook Golf Course	Sportsman's Country Club
	Whisper Creek Golf Club

Competitive Golf Marketplace CGM Financial Benchmark Reporting System



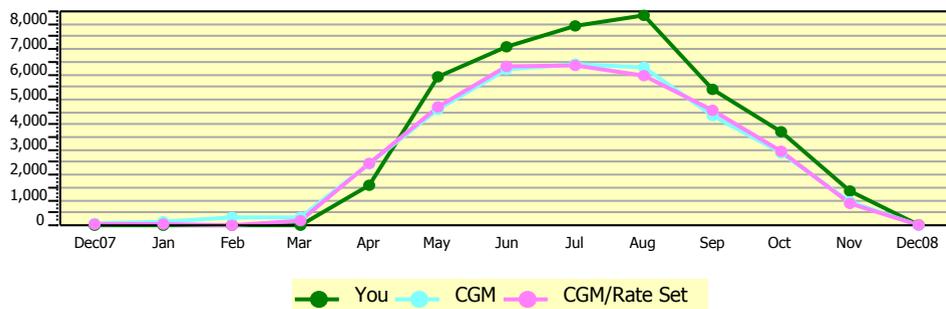
Report: Executive Summary Report (Public & Resort Facilities)
Period: December 2008 - December 2007
CGM: Chicago
Rate Set: \$51 - \$75
Course: Springbrook Golf Course

Color Legend

Your Course's Monthly Data
 Your Competitive Golf Marketplace's (CGM) Comparative Data
 Your CGM/Rate Set's Comparative Data

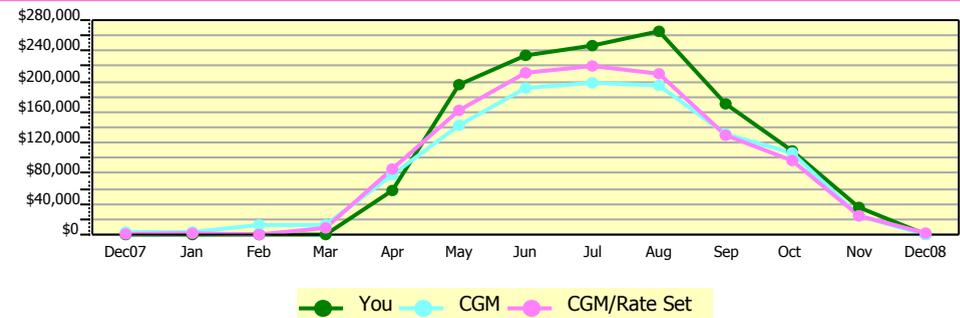
Rounds Played

	December			YTD		
	2008	2007	Change (%)	2008	2007	Change (%)
Your Course	18	0	-	41,354	44,762	-3,408(-8%)
Your CGM	<i>Avg</i> -	73	-	-	34,973	-
<i>Your Rank</i>	-	14th of 32	-	-	9th of 32	-
Your CGM/Rate Set	<i>Avg</i> 10	46	-36(-78%)	31,910	28,869	3,041(11%)
<i>Your Rank</i>	2nd of 9	8th of 11	-	2nd of 9	3rd of 11	-



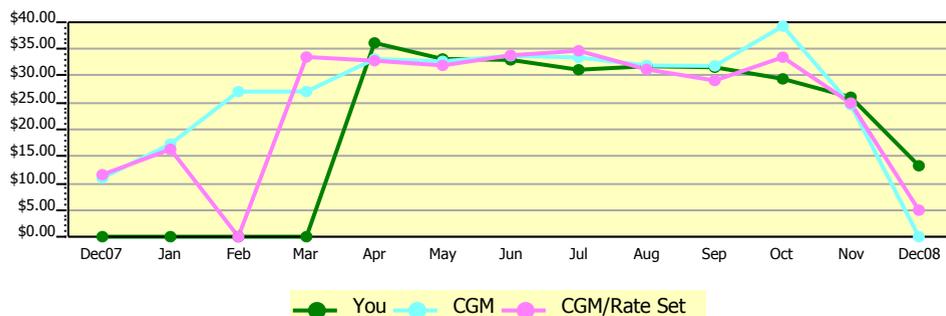
Revenue

	December			YTD		
	2008	2007	Change (%)	2008	2007	Change (%)
Your Course	\$238	\$0	-	\$1,315,352	\$1,519,310	-\$203,958(-13%)
Your CGM	<i>Avg</i> -	\$3,223	-	-	\$989,315	-
<i>Your Rank</i>	-	14th of 32	-	-	8th of 32	-
Your CGM/Rate Set	<i>Avg</i> \$1,903	\$761	\$1,142(150%)	\$1,085,277	\$975,837	\$109,440(11%)
<i>Your Rank</i>	3rd of 9	8th of 11	-	3rd of 9	3rd of 11	-



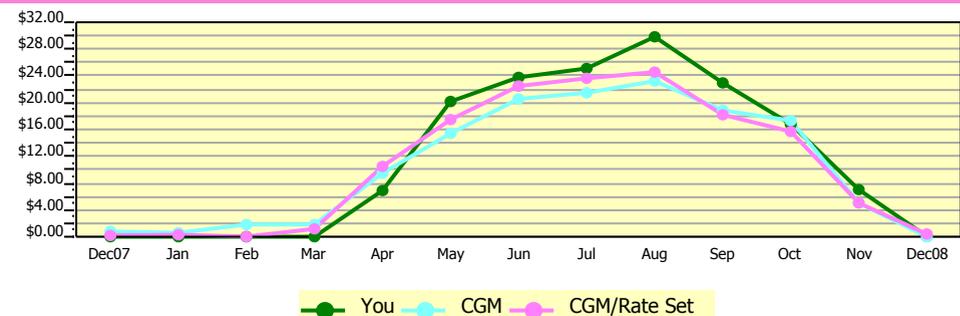
RevPUR (Revenue per Utilized Round)

	December			YTD		
	2008	2007	Change (%)	2008	2007	Change (%)
Your Course	\$13.22	\$0.00	-	\$31.81	\$33.94	-\$2.13(-6%)
Your CGM	<i>Avg</i> -	\$10.95	-	-	\$32.11	-
<i>Your Rank</i>	-	14th of 32	-	-	9th of 32	-
Your CGM/Rate Set	<i>Avg</i> \$4.94	\$11.56	-\$6.61(-57%)	\$34.07	\$32.75	\$1.32(4%)
<i>Your Rank</i>	2nd of 9	8th of 11	-	6th of 9	5th of 11	-



RevPATT (Revenue per Available Tee Time)

	December			YTD		
	2008	2007	Change (%)	2008	2007	Change (%)
Your Course	\$0.05	\$0.00	-	\$14.84	\$17.18	-\$2.34(-14%)
Your CGM	<i>Avg</i> -	\$0.79	-	-	\$12.92	-
<i>Your Rank</i>	-	14th of 32	-	-	9th of 32	-
Your CGM/Rate Set	<i>Avg</i> \$0.39	\$0.18	\$0.21(118%)	\$15.23	\$13.49	\$1.74(13%)
<i>Your Rank</i>	3rd of 9	8th of 11	-	5th of 9	3rd of 11	-



Competitive Golf Marketplace CGM Financial Benchmark Reporting System



Report: Year-over-Year YTD Comparison Report (Public & Resort Facilities)
Period: December 2008 - December 2007
CGM: Chicago
Rate Set: \$51 - \$75
Course: Springbrook Golf Course

Color Legend

Your Course's Monthly Data
 Your Competitive Golf Marketplace's (CGM) Comparative Data
 Your CGM/Rate Set's Comparative Data

Month	December 2008	December 2007	Variance
CGM % Reporting	34 %	37 %	
CGM/Rate Set	\$51 - \$75	\$51 - \$75	
# in CGM/Rate Set	9	11	
Rounds Played YTD Total:	41,354	44,762	-3,408
<i>Avg:</i>	-	34,973	-
vs. Your CGM	<i>Variance:</i>	-	28 %
	<i>Rank:</i>	-	9th of 32
vs. Your CGM/Rate Set	<i>Avg:</i>	31,910	28,869
	<i>Variance:</i>	30 %	55 %
	<i>Rank:</i>	2nd of 9	3rd of 11
Revenue YTD Total:	\$1,315,352	\$1,519,310	-\$203,958.00
<i>Avg:</i>	-	\$989,315	-
vs. Your CGM	<i>Variance:</i>	-	54 %
	<i>Rank:</i>	-	8th of 32
vs. Your CGM/Rate Set	<i>Avg:</i>	\$1,085,277	\$975,837
	<i>Variance:</i>	21 %	56 %
	<i>Rank:</i>	3rd of 9	3rd of 11
RevPUR YTD:	\$31.81	\$33.94	-\$2.13
<i>Avg:</i>	-	\$32	-
vs. Your CGM	<i>Variance:</i>	-	6 %
	<i>Rank:</i>	-	9th of 32
vs. Your CGM/Rate Set	<i>Avg:</i>	\$34	\$33
	<i>Variance:</i>	-7 %	4 %
	<i>Rank:</i>	6th of 9	5th of 11
RevPATT YTD:	\$14.84	\$17.18	-\$2.34
<i>Avg:</i>	-	\$13	-
vs. Your CGM	<i>Variance:</i>	-	33 %
	<i>Rank:</i>	-	9th of 32
vs. Your CGM/Rate Set	<i>Avg:</i>	\$15	\$13
	<i>Variance:</i>	-3 %	27 %
	<i>Rank:</i>	5th of 9	3rd of 11
Course Utilization YTD:	47 %	51 %	-4 %
<i>Avg:</i>	-	45 %	-
vs. Your CGM	<i>Variance:</i>	-	12 %
	<i>Rank:</i>	-	9th of 32
vs. Your CGM/Rate Set	<i>Avg:</i>	45 %	42 %
	<i>Variance:</i>	3 %	20 %
	<i>Rank:</i>	3rd of 9	2nd of 11

Note 1: All CGM and CGM/Rate Set data is scaled by your course's number of holes for comparison purposes.

Note 2: The CGM and CGM/Rate Set statistics will change as CGM members report and/or update their data.

Note 3: The CGM statistics are not available until a minimum of 35% of all courses in your CGM report data. The number of courses reporting at this date does not meet that threshold.

Competitive Golf Marketplace CGM Financial Benchmark Reporting System



Report: Rolling YTD Report (Public & Resort Facilities)
Period: December 2008 - January 2008
CGM: Chicago
Rate Set: \$51 - \$75
Course: Springbrook Golf Course

Color Legend

Your Course's Monthly Data
 Your Competitive Golf Marketplace's (CGM) Comparative Data
 Your CGM/Rate Set's Comparative Data

Month	December 2008	November 2008	October 2008	September 2008	August 2008	July 2008	June 2008	May 2008	April 2008	March 2008	February 2008	January 2008
CGM % Reporting	34 %	48 %	51 %	47 %	48 %	48 %	46 %	48 %	46 %	42 %	31 %	41 %
CGM/Rate Set	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75
# in CGM/Rate Set	9	17	18	17	15	16	16	16	17	15	8	11
Rounds Played YTD Total:	41,354	41,336	39,974	36,259	30,858	22,512	14,588	7,494	1,590	0	0	0
<i>Avg:</i>	-	31,307	27,087	27,794	23,097	18,229	13,171	7,165	2,785	392	-	143
vs. Your CGM	<i>Variance:</i>	32 %	48 %	30 %	34 %	23 %	11 %	5 %	-43 %	-100 %	-	-100 %
<i>Rank:</i>	-	8th of 43	8th of 49	9th of 43	10th of 45	10th of 43	12th of 42	17th of 43	30th of 41	-	-	-
vs. your CGM/Rate Set	<i>Avg:</i>	31,910	28,707	27,883	24,957	21,415	16,857	12,891	7,224	2,621	202	49
<i>Variance:</i>	30 %	44 %	43 %	45 %	44 %	34 %	13 %	4 %	-39 %	-100 %	-100 %	-100 %
<i>Rank:</i>	2nd of 9	2nd of 17	3rd of 18	3rd of 17	4th of 15	4th of 16	5th of 16	7th of 16	15th of 17	-	-	-
Revenue YTD Total:	\$1,315,352	\$1,315,114	\$1,279,669	\$1,170,319	\$999,569	\$734,135	\$487,321	\$253,298	\$57,478	\$0	\$0	\$0
<i>Avg:</i>	-	\$979,577	\$886,259	\$868,398	\$718,747	\$570,572	\$412,958	\$226,868	\$91,228	\$15,263	-	\$3,241
vs. Your CGM	<i>Variance:</i>	34 %	44 %	35 %	39 %	29 %	18 %	12 %	-37 %	-100 %	-	-100 %
<i>Rank:</i>	-	14th of 43	15th of 49	14th of 43	13th of 45	13th of 43	14th of 42	15th of 43	28th of 41	-	-	-
vs. your CGM/Rate Set	<i>Avg:</i>	\$1,085,277	\$980,106	\$954,196	\$843,027	\$763,270	\$596,490	\$446,557	\$253,298	\$93,035	\$9,233	\$1,591
<i>Variance:</i>	21 %	34 %	34 %	39 %	31 %	23 %	9 %	0 %	-38 %	-100 %	-100 %	-100 %
<i>Rank:</i>	3rd of 9	4th of 17	4th of 18	4th of 17	4th of 15	4th of 16	5th of 16	7th of 16	13th of 17	-	-	-
RevPUR YTD:	\$31.81	\$31.82	\$32.01	\$32.28	\$32.39	\$32.61	\$33.41	\$33.80	\$36.15	\$0.00	\$0.00	\$0.00
<i>Avg:</i>	-	\$33	\$34	\$34	\$34	\$34	\$35	\$34	\$41	\$28	-	\$17
vs. Your CGM	<i>Variance:</i>	-4 %	-5 %	-6 %	-3 %	-4 %	-5 %	-1 %	-11 %	-100 %	-	-100 %
<i>Rank:</i>	-	19th of 43	21st of 49	19th of 43	19th of 45	16th of 43	19th of 42	17th of 43	16th of 41	-	-	-
vs. your CGM/Rate Set	<i>Avg:</i>	\$34	\$33	\$34	\$33	\$35	\$34	\$35	\$32	\$33	\$37	\$5
<i>Variance:</i>	-7 %	-3 %	-6 %	-3 %	-8 %	-4 %	-4 %	4 %	9 %	-100 %	-100 %	-100 %
<i>Rank:</i>	6th of 9	10th of 17	10th of 18	10th of 17	10th of 15	8th of 16	10th of 16	8th of 16	7th of 17	-	-	-
RevPATT YTD:	\$14.84	\$15.66	\$16.21	\$16.16	\$15.38	\$13.09	\$10.53	\$6.96	\$2.15	\$0.00	\$0.00	\$0.00
<i>Avg:</i>	-	\$14	\$15	\$16	\$15	\$14	\$12	\$9	\$5	\$1	-	\$1
vs. Your CGM	<i>Variance:</i>	10 %	8 %	3 %	2 %	-9 %	-15 %	-21 %	-60 %	-100 %	-	-100 %
<i>Rank:</i>	-	19th of 43	20th of 49	19th of 43	22nd of 45	25th of 43	24th of 42	28th of 43	31st of 41	-	-	-
vs. your CGM/Rate Set	<i>Avg:</i>	\$15	\$15	\$17	\$16	\$16	\$14	\$11	\$7	\$1	\$0	\$0
<i>Variance:</i>	-3 %	5 %	-3 %	-1 %	-5 %	-19 %	-24 %	-34 %	-68 %	-100 %	-100 %	-100 %
<i>Rank:</i>	5th of 9	8th of 17	10th of 18	8th of 17	9th of 15	11th of 16	11th of 16	13th of 16	15th of 17	-	-	-
Course Utilization YTD:	47 %	49 %	51 %	50 %	47 %	40 %	32 %	21 %	6 %	0 %	0 %	0 %
<i>Avg:</i>	-	44 %	45 %	48 %	47 %	44 %	37 %	27 %	16 %	2 %	-	3 %
vs. Your CGM	<i>Variance:</i>	11 %	13 %	5 %	2 %	-9 %	-14 %	-23 %	-62 %	-100 %	-	-100 %
<i>Rank:</i>	-	14th of 43	15th of 49	18th of 43	19th of 45	22nd of 43	26th of 42	28th of 43	33rd of 41	-	-	-
vs. your CGM/Rate Set	<i>Avg:</i>	45 %	45 %	50 %	50 %	48 %	41 %	31 %	20 %	1 %	0 %	1 %
<i>Variance:</i>	3 %	10 %	2 %	1 %	-1 %	-17 %	-23 %	-33 %	-70 %	-100 %	-100 %	-100 %
<i>Rank:</i>	3rd of 9	5th of 17	7th of 18	9th of 17	8th of 15	12th of 16	13th of 16	13th of 16	16th of 17	-	-	-

Note 1: All CGM and CGM/Rate Set data is scaled by your course's number of holes for comparison purposes.

Note 2: The CGM and CGM/Rate Set statistics will change as CGM members report and/or update their data.

Note 3: The CGM statistics are not available until a minimum of 35% of all courses in your CGM report data. The number of courses reporting at this date does not meet that threshold.

Competitive Golf Marketplace CGM Financial Benchmark Reporting System



Report: 12-Month Rolling Report (Public & Resort Facilities)
Period: December 2008 - January 2008
CGM: Chicago
Rate Set: \$51 - \$75
Course: Springbrook Golf Course

Color Legend

Your Course's Monthly Data
 Your Competitive Golf Marketplace's (CGM) Comparative Data
 Your CGM/Rate Set's Comparative Data

Month	December 2008	November 2008	October 2008	September 2008	August 2008	July 2008	June 2008	May 2008	April 2008	March 2008	February 2008	January 2008	12-Month Total
CGM % Reporting	34 %	48 %	51 %	47 %	48 %	48 %	46 %	48 %	46 %	42 %	31 %	41 %	
CGM/Rate Set	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	\$51 - \$75	
# in CGM/Rate Set	9	17	18	17	15	16	16	16	17	15	8	11	
Rounds Played	18	1,362	3,715	5,401	8,346	7,924	7,094	5,904	1,590	0	0	0	-
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	935 46 % 10th of 43	2,880 29 % 8th of 49	4,360 24 % 8th of 43	6,274 33 % 7th of 45	6,403 24 % 9th of 43	6,194 15 % 9th of 42	4,606 28 % 8th of 43	2,444 -35 % 30th of 41	314 -100 % 29th of 38	- - -	143 -100 % 19th of 37	-
vs. your CGM/ Rate Set	<i>Avg:</i> 10 <i>Vari:</i> 80 % <i>Rank:</i> 2nd of 9	868 57 % 3rd of 17	2,943 26 % 3rd of 18	4,570 18 % 2nd of 17	5,947 40 % 1st of 15	6,355 25 % 2nd of 16	6,315 12 % 3rd of 16	4,702 26 % 2nd of 16	2,460 -35 % 15th of 17	183 -100 % 12th of 15	0 - 1st of 8	49 -100 % 6th of 11	-
Revenue	\$238	\$35,445	\$109,350	\$170,750	\$265,434	\$246,814	\$234,023	\$195,820	\$57,478	\$0	\$0	\$0	-
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	\$24,328 46 % 9th of 43	\$106,598 3 % 17th of 49	\$131,149 30 % 12th of 43	\$194,800 36 % 10th of 45	\$198,137 25 % 14th of 43	\$191,337 22 % 14th of 42	\$142,733 37 % 11th of 43	\$78,039 -26 % 26th of 41	\$12,564 -100 % 31st of 38	- - -	\$3,241 -100 % 21st of 37	-
vs. your CGM/ Rate Set	<i>Avg:</i> \$1,903 <i>Vari:</i> -87 % <i>Rank:</i> 3rd of 9	\$24,432 45 % 3rd of 17	\$96,598 13 % 5th of 18	\$129,706 32 % 3rd of 17	\$210,091 26 % 3rd of 15	\$220,166 12 % 5th of 16	\$211,217 11 % 5th of 16	\$162,313 21 % 4th of 16	\$85,690 -33 % 13th of 17	\$8,605 -100 % 12th of 15	\$16 -100 % 2nd of 8	\$1,656 -100 % 6th of 11	\$1,152,393
RevPUR	\$13.22	\$26.02	\$29.43	\$31.61	\$31.80	\$31.15	\$32.99	\$33.17	\$36.15	\$0.00	\$0.00	\$0.00	
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	\$25 6 % 19th of 43	\$39 -25 % 22nd of 49	\$32 -1 % 16th of 43	\$32 0 % 21st of 45	\$33 -7 % 20th of 43	\$34 -2 % 17th of 42	\$33 1 % 17th of 43	\$33 9 % 15th of 41	\$27 -100 % 29th of 38	- - -	\$17 -100 % 19th of 37	
vs. your CGM/ Rate Set	<i>Avg:</i> \$5 <i>Vari:</i> 167 % <i>Rank:</i> 2nd of 9	\$25 4 % 9th of 17	\$33 -12 % 11th of 18	\$29 9 % 7th of 17	\$31 2 % 9th of 15	\$35 -10 % 11th of 16	\$34 -3 % 9th of 16	\$32 4 % 9th of 16	\$33 10 % 7th of 17	\$34 -100 % 12th of 15	\$0 - 1st of 8	\$16 -100 % 6th of 11	
RevPATT	\$0.05	\$7.03	\$16.80	\$22.95	\$29.83	\$25.12	\$23.78	\$20.18	\$6.89	\$0.00	\$0.00	\$0.00	
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	\$5 40 % 10th of 43	\$17 -3 % 18th of 49	\$19 22 % 13th of 43	\$23 28 % 10th of 45	\$21 17 % 16th of 43	\$21 16 % 13th of 42	\$15 31 % 9th of 43	\$9 -27 % 27th of 41	\$2 -100 % 31st of 38	- - -	\$1 -100 % 21st of 37	
vs. your CGM/ Rate Set	<i>Avg:</i> \$0 <i>Vari:</i> -87 % <i>Rank:</i> 3rd of 9	\$5 40 % 4th of 17	\$16 7 % 6th of 18	\$18 26 % 5th of 17	\$25 21 % 3rd of 15	\$24 6 % 7th of 16	\$22 6 % 5th of 16	\$17 15 % 3rd of 16	\$10 -34 % 14th of 17	\$1 -100 % 12th of 15	\$0 -100 % 2nd of 8	\$0 -100 % 6th of 11	
Course Utilization	0 %	27 %	57 %	73 %	94 %	81 %	72 %	61 %	19 %	0 %	0 %	0 %	
vs. Your CGM	<i>Avg:</i> - <i>Vari:</i> - <i>Rank:</i> -	19 % 43 % 9th of 43	46 % 24 % 10th of 49	61 % 19 % 8th of 43	72 % 30 % 8th of 45	67 % 20 % 9th of 43	65 % 11 % 12th of 42	48 % 26 % 9th of 43	29 % -35 % 32nd of 41	4 % -100 % 29th of 38	- - -	3 % -100 % 19th of 37	
vs. your CGM/ Rate Set	<i>Avg:</i> 0 % <i>Vari:</i> 103 % <i>Rank:</i> 2nd of 9	18 % 54 % 3rd of 17	48 % 20 % 3rd of 18	64 % 13 % 2nd of 17	69 % 36 % 2nd of 15	68 % 18 % 3rd of 16	68 % 7 % 6th of 16	50 % 21 % 3rd of 16	30 % -37 % 16th of 17	2 % -100 % 12th of 15	0 % - 1st of 8	1 % -100 % 6th of 11	

Note 1: All CGM and CGM/Rate Set data is scaled by your course's number of holes for comparison purposes.

Note 2: The CGM and CGM/Rate Set statistics will change as CGM members report and/or update their data.

Note 3: The CGM statistics are not available until a minimum of 35% of all courses in your CGM report data. The number of courses reporting at this date does not meet that threshold.

Appendix E

Architectural Review By Chris Wilczyski On Behalf of Golf Convergence Naperville Park District April 15, 2009

Summary – Naperbrook Golf Course:

Naperbrook is considered to be a links course.

The golf course conditioning is average to good, although it is difficult to assess this due to the course just coming out of dormancy. The overall balance and variety of the routing is good. A golfer is presented with many different shots and challenges.

Recommend removing most if not all of the trees to further enhance the “links” character of the property and golf course. There are also many areas where native grasses can be introduced (naturalized areas) to again promote the links feel.

Entry Experience

Good, but the entrance at the street is not very well marked. The signage sits too far off the road.

Parking Lot/Clubhouse Area

The parking area is functional and spacious. The parking lot could be better screened from the golf course. The clubhouse is simple and appropriate for a public facility. The aesthetics of the area surrounding the clubhouse facility is poor due to the ponds and the unstable/low water elevation.

Practice Facility

The range tee is undersized for the amount of use. Recommend filling in the small pond to the west of the putting green and relocating the putting green to the south end of the area of the old pond. By relocating the putting green and filling the small pond, the practice range tee can be pulled back to the rear of the clubhouse. The tee should be 200 to 250 feet in depth, from back to front. Recommend rotating the entire range facility to the right or northeast so that the range activity is shifted away from hole #9, as well as taking advantage of the open space within the back right corner of the range.

At this time a “true” short game practice facility does not exist. A short game facility consists of a one to two-acre area with greens, bunkers, hollows, and fairway and rough areas to practice all facets of the short game (i.e. chipping, pitching, bunker shots, etc.). An ideal location for a new short game facility would be within the open space between the hole #1 tees, the hole #7 tees, and the hole #9 green. Recommend filling the pond to the right of the hole #1 tees to create a functional ingress and egress route to the short game area from the clubhouse and other practice facility components.

Maintenance Facility

Recommend massing vegetation around the perimeter of the maintenance facility to screen from golfers. Recommend developing a functional turfgrass nursery to the north of the current maintenance building, within the area of the hole #7 tees. The turfgrass nursery can be used for demonstrations and for training for the staff, as well as a test plot for agronomic activities.

Hole-by-Hole Recommendations

Hole #3 - Reconfigure the pond along the inside of the first dogleg so that the back edge of the pond is visible from the tees. Fill the inlet of the pond that protrudes out into the fairway. The landing area can be made wider, thus making the hole more playable.

Holes #5-7 - Consider converting hole #7 to hole #5 and hole #5 to hole #7. Hole #6 would remain as is. The flow of the routing may work better under this configuration.

Hole #5 - Shift tees to the left to create improved angle or line of play.

Hole #7 - Shift the tees to the right, within the open space between the current cart path and hole #6 green (the shifting of the tees creates the space to develop a turfgrass nursery at the maintenance facility). Regrade the entrance into the pond to the left of the green so that the pond is visible from the landing areas. Install a liner in the pond to maintain a consistent water elevation. With the exception of the perimeter vegetation along the roadway, remove all vegetation around the ponds to the front left and back right of the green. Improve the aesthetics of this area.

Hole #8 - Enlarge the teeing space. Remove the turfgrass nursery to the right of the teeing ground. The nursery detracts from the hole and the aesthetics of the area.

Hole #9 - Recommend shifting the dogleg to the right, away from the practice range. Several range balls are hit into the left side of the hole, near the beginning of the fairway.

Hole #12 - Enlarge the teeing space.

Hole #13 - Shift the landing area to the left approximately 50 feet. Eliminate the bunkers along the right side of the landing area. Consider removing the front right greenside bunker to create a bailout area away from the pond. Remove all vegetation around the perimeter of the pond.

Hole #14 - Recommend shifting the first and second landing areas to the right, away from the property boundary. Ideally, the center of the fairway should be about 175 feet from the property line.

Hole #15 - Enlarge the teeing space.

Hole #17 - Reconfigure the pond along the inside of the dogleg so that the back edge of the pond is visible from the tees.

Hole #18 - Recommend removing the front center greenside bunker so that higher handicap golfers can run the ball onto the green. Consider rebunkering the second landing area and green to create strategy and memorability.

SUMMARY – Springbrook Golf Course:

Springbrook is a parkland course with mature trees. The setting for the golf course is pleasant and aesthetically pleasing.

The look and character of the golf course could be dramatically improved with a bunker and tee renovation. There is no doubt that Springbrook is a “diamond in the rough” waiting to be polished and brought to its full potential.

Entry Experience

Good, the entry is visible and easy to see. The arrival to the club is pleasant.

Parking Lot/Clubhouse Area

The parking area is functional and spacious. The parking lot could be better screened from the golf course, specifically holes #10 and #18. The new clubhouse is simple and appropriate for a public facility. The aesthetics of the area surrounding the clubhouse is elegant due to the mature trees and landscaping. A great view of the golf course is afforded from the back and sides of the clubhouse.

Practice Facility

The range tee is undersized for the amount of use. There appears to be no logical area to extend the range tee. Ideally, the tee should be 200-250' in depth, from back to front. Recommend constructing additional target greens within the range, primarily for the shots that are practiced from 60 to 175 yards.

At this time a “true” short-game practice facility does not exist. A short-game facility consists of a one to two-acre area with greens, bunkers, hollows, and fairway and rough areas to practice all facets of the short game (i.e. chipping, pitching, bunker shots, etc.). An ideal location for a new short-game facility would be within the open space between the current putting green and the hole #4 green. One option to maximize this space would be to shift the green at hole #4 down to the creek. A short-game facility in this location versus the area to the west of the maintenance facility becomes much more accessible and functional with regard to the overall flow of the practice facilities and starting hole.

Maintenance Facility

Recommend massing vegetation around the perimeter of the maintenance facility to screen from golfers. Recommend developing a functional turfgrass nursery to the east of the current maintenance building, within the existing open space. The turfgrass

nursery can be used for demonstrations and training for the staff, as well as a test plot for all agronomic activities.

Golf Course

The golf course conditioning is average to good, although it is difficult to assess this due to the course just coming out of dormancy. There are several areas throughout the course where the drainage is very poor. The poor drainage leads to poor turfgrass and playing conditions. Recommend preparing a drainage study and implementing a new drainage system. The overall balance and variety of the routing is above average. A golfer is presented with many different shots and challenges. Some trees should be removed to improve the playability and the overall turfgrass health.

Hole-by-Hole Recommendations

Hole #4 - Recommend shifting the green right, to the edge of the creek. A par three green on the creek would be very memorable and different than any other par 3 on the course. By shifting the green down to the creek, an area to develop a great short game facility can be creating within the open space between the putting green and the old location of #4 green.

Hole #7 - Screen the pump station facility with vegetation.

Hole #9 - The bridge crossing and cart path that runs across the front of the green is unacceptable. The path and bridge destroy the aesthetics of the hole as well as negatively affect the playability of the hole. Recommend creating one bridge crossing within the space between holes #5 and #9. A common bridge could be placed in this area to service both holes. Reroute the cart path so that it does not lie within the limits of the playable area and the approach to the green.

Hole #10 - Recommend screening the maintenance facility with vegetation. Recommend softening the back slope of the new detention pond. The aesthetic of this area is poor. Add a forward tee along the back side of the detention pond, along the high side of the hole. Remove six to eight trees along the left side of the fairway. Extend the fairway to the left, into the area of the removed trees.

Hole #11 - Clear four to six trees to the right of the first landing area. Recommend removing the willow tree to the front of the pond at the green. If feasible, raise the elevation of the water within this pond so that the water is visible from the landing areas.

Hole #12 - Recommend shifting the tee complex to the right to accentuate the dogleg. A very good golf hole!

Hole #13 - There is an opportunity to make this par three more exciting and memorable. The rebunkering and reconfiguration of the green can improve the hole.

Hole #14 - Arguably the hardest hole on the course due to its length and the manner in which the ponds are configured around the green complex. Recommend filling the front two-thirds of the pond to the right of the green. Remove the bunker at the green.

Hole #17 - Shift the path to the front right of the green away from the green to create a broad run-up area.

Hole #18 - Eliminate the fairway bunker along the left side of the landing area. Regrade this area back to the natural topography of the land. Establish fairway turf right up to the edge of the creek, along both sides of the creek.

Appendix F
Agronomy and Maintenance Review
By Tim Moraghan, Aspire Consulting
On Behalf of Golf Convergence
Naperville Park District
April 15, 2009

Summary – Naperbrook Golf Course

The review of the Naperbrook Golf Course included a walking tour of all 18 holes of the golf course and its maintenance facility, and a review of the irrigation system, equipment supply, manpower requirements, operation budget, short-term and long-term agronomic programs, special capital projects, and their implementation.

There are many areas of opportunity considering golf courses of similar operational quality, staffing, economic environment and financial resource including:

- Age of the facility. At the time the golf course was built, the agronomic philosophy toward conditioning levels was based on player expectations that differ substantially from current customer requirements.
- Design and implementation of the irrigation system. The original design was not as site-specific as current technology allows. Therefore, the uneven distribution of water results in conditioning challenges.
- Today's equipment design and technology allows for a wider range of turf quality. Unfortunately, Naperbrook's equipment inventory is somewhat outdated. Golf Course Superintendent Kevin Carlson is attempting to maintain an ongoing program of upgrading and changing out maintenance equipment.
- Playing conditions were evaluated based on location, budget, player ability, and maintenance practices for a facility of this type.
- The short-term and long-term agronomic goals established by the golf course management staff fall within the current trends for proper turf management.
- When economics allow, the long-range capital projects identified by the golf course superintendent are in line with the long-range improvement goals for the facility. Items such as teeing ground renovation, drainage, irrigation system upgrades and increased lake water storage, tree removal, and bunker renovation are forecast.

- Based on the acreage of the property, the major obstacle to improving playing conditions is the size of the labor force. GCSAA figures have determined the average number of grounds staff for a mid-line 18-hole golf course is 17.5 staff. Kevin currently has 8 staff, including himself.

Scope of Work

The department meets conditioning expectations, based on number of staff, equipment, supplies, time allocations, and weather/environmental impacts.

When compared to similar golf course operations, Naperbrook Golf Course's playing facilities rate as follows:

Putting Greens

- Have received the appropriate agronomic cultural and conditioning practices required to produce a quality stand of turf grass for the amount of play, available staff, operating budget, equipment levels, and irrigation system applications. The current stand of PennCross creeping bent grass is acceptable (though an "outdated" species), and the golf course management staff provides B-level playing conditions.
- The sub-surface profile is providing a proper growing medium for a successful rooting system. One drawback is the "grow-in" organic layer established one to 1.5 inches below the turf's surface. The grounds staff is working to reduce this layer to encourage a better growing environment. Methods for an organic reduction were discussed.
- It is suggested that the grounds staff continue bi-weekly sand top dressings for the putting surfaces, and that they extend this procedure into the bent grass approaches to the greens.

Teeing Grounds

- The teeing surfaces should have their sub-surface/surface cultural practices increased to enhance proper playing conditions.
- Surface divoting from excessive rounds should be rectified.
- Proper tee surface square footage is based on this formula: for every 1000 rounds of golf, there should be 100 square feet of surface area to accommodate play.

Fairways

- Fairway conditions and agronomic programs are acceptable for their age and turf type.

Bunkers

- The sand bunkers meet expectations and provide the proper penalty as a hazard to play.
- If renovated, bunkers must have proper drainage installed to provide relief from heavy rain and to reduce post-rain hand maintenance.

What's Important Now – The Golf Convergence “WIN” Formula

The Naperville Park District

1. Irrigation System

- The outdated irrigation system does not apply water correctly, nor does it apply in the appropriate amounts and distribution patterns, which is wasteful and costly. The recommended project would include building a new pumping station, installing new pumps and piping, creating water storage lakes, designing a proper system for this site, installing a weather station, and satellite mapping all components for accurate record keeping.

Priority - A

2. Tree Removal

- Miscellaneous planting and placement of trees impacts agronomic and playing conditions, affecting both staff and golfers.
- The current stand of evergreen trees increase daily labor for cleanup, and they impact pace of play and shot options, affect the overall agronomic health of the turf, and clutter many of the cross course views from hole to hole.
- It is suggested that a complete removal of all evergreen species begin and be implemented as a long-term goal.

Priority – A

3. *Practice Range Teeing Ground*

- Suggestions included within the architectural review. However, the tee should be repositioned to provide shot length, avoid injury to players on #9, and allow for a new practice short game to be included close to the clubhouse.

Priority – A

Turf Equipment

- Current equipment is old and outdated. There should be a thorough review of inventory, assessment of needs and pursuit of a leasing agreement with a major turf equipment supplier. Any piece of equipment with an excess of 5000 operating hours should be phased out and exchanged for new equipment. Older equipment results in rising labor, parts, and fuel costs. Also, when older equipment breaks down during normal operation, golf course work falls behind.

Priority – B+

Dry storage for Materials

- Dry storage bins should be constructed to provide shelter for materials such as top dressing sand and miscellaneous equipment and supplies.

Priority - B

Summary – Springbrook Golf Course

The review of Springbrook Golf Course included a walking tour of all 18 holes of the golf course and its maintenance facility, and a review of the irrigation system, equipment supply, manpower requirements, operation budget, short-term and long-term agronomic programs, special capital projects, and their implementation.

There are many areas of opportunity considering golf courses of similar operational quality, staffing, economic environment and financial resource including:

- Review of the operating budget, including staffing, agronomic programs, and proposed playing condition guidelines for the grounds department. The \$575,550 budget is low when compared to similar operations and the player expectations of turf quality.
- The property's drainage capabilities impact agronomic functions and programs, as well as the amount of play allowed on the golf course. There are numerous fairways (especially within landing zones) and rough grass areas, which, due to the slope of the property, do not drain at the appropriate pace. The three most important components of a quality golf course are drainage, drainage and drainage. The improper removal of water within the turf profile leads to detrimental agronomic conditions and impacts the maintenance budget based on required repairs and curative procedures.
- Sand bunker hazards do not drain sufficiently to allow the golf course to be quickly returned to play following rain. This poor draining situation impacts the labor budget as additional time is spent pumping, repairing, replacing washed sand and re-raking for play to resume. If bunkers are patchworked with new drain lines, there is no adequate area to take water. Therefore a massive drainage project is required to properly move water off the property so play can be resumed without further damage.
- Major turf equipment inventory. Equipment is becoming outdated and will eventually impact turf quality and the time to accomplish designated tasks. Older equipment requires more time each off-season to repair and prepare for the upcoming season. Parts are more difficult to find.
- Special capital improvement projects. There are numerous special projects, such as bunker renovations, which should NOT be undertaken by the grounds staff. The staff, while capable of renovating one or two poorly performing bunkers, has been diverted from necessary daily tasks. Performing these additional tasks has heavily impacted the overtime budget.

- The golf course conditions, while acceptable, reflect the staff trying to accomplish daily turf goals, while also assuming responsibility for long-range and capital projects.
- The GCSAA suggests the average 18-hole golf course is staffed with 17.5 employees. Eight grounds staff at Springbrook provide the corresponding golf course conditions. In spite of the understaffed maintenance department, there is efficiency within the overall operation and its ability to accomplish the daily preparation of the golf course in a timely fashion.
- Administrative office conditions. There is a need to upgrade the management position offices and working area within the maintenance facility. The current working situation at Springbrook Golf Course is cramped.
- Tree population. There is a critical impact to turf health, playing conditions, design, property aesthetics, pace of play, and time required to clean up, repair, and maintain the volume of trees at Springbrook. Much of the tree population is damaged (willows), requires regular attention (newly planted trees), and increases cleanup activity due to the organic litter shed (evergreen species), as well as due to the low growing limbs of the improperly chosen Pin Oaks, which impact rough grass cutting maintenance, clean up of organic matter, and shot options for higher handicapped players. With the irrigation heads providing yardages, the 150-yard spruces should also be removed. There should be a five to 10-year removal plan to provide a golf course that is cleaner and easier to maintain.

Scope of Work

The scope of work compares Springbrook Golf Course to those of similar maintenance and agronomic operations.

In reviewing the daily operating practices to accomplish the required seasonal/routine golf course maintenance and agronomic conditioning, the staff provides a baseline level of playing conditions that meet customer expectations.

Putting Greens

- The sub-surface profile of the putting greens contains a “modified” construction mix of soil below and a four- to six-inch layer of finer sand in the upper profile. There are several issues with this mix which have an agronomic impact on the performance of the soil profile. One of these issues is the fact that the compacted soil layer limits downward movement of the rooting system and water infiltration. The golf course superintendent has indicated there are procedures in place to fracture this deep layer to allow for proper root growth.

The restricting issue is the lack of proper equipment to accomplish this task and the time to incorporate the process of deep solid tine aerification.

- In addition, sand top dressing should continue on a bi-weekly schedule to provide a quality growing environment within the upper profile as time, labor and finances allow. Routine sand top dressing is a staple of finely conditioned golf courses.
- The spacious surface area of the putting greens is to Springbrook's advantage. It allows for the movement of play around the surface and adds to the golf course setup challenge. Though more time is required to accomplish these tasks, it would cost more to reduce their surface area.
- Playing quality is adequate for the budget, equipment, maintenance schedules applied, turf species, weather impact, and play volumes.

Teeing Grounds

- Teeing grounds provide sufficient levels of conditioning for the daily customer. There are numerous teeing ground options.
- There should be an increase in surface cultural practices to enhance agronomic conditions. One such practice should be hollow core cultivation to reduce the organic matter present and allow the introduction of sand top dressing into the organic layer.
- Review the impact of imposing trees into designated lines of play.

Fairways

- Playing quality is acceptable. As stated, there is a need for a thorough drainage project. The wetness within the fairway profile impacts agronomics, pace of play, cart use, and quality playing conditions. Also, the damage to the golf course from traffic on saturated turf will impact the repair budget.

Bunkers

- There is a need for a complete bunker renovation project to enhance playing quality, reduce labor, facilitate drainage, and improve the aesthetic impact to the golf course. The bunker project must be tied into the overall drainage project.

Irrigation and Pumping Station

- The recently installed irrigation system is outstanding and will provide proper water amounts and distribution patterns, resulting in better quality turf and in significant cost savings.

What's Important Now – The Golf Convergence “WIN” Formula

DRAINAGE

- A course-wide drainage project should include bunkers, fairways, roughs, and green surrounds. Currently, the lack of quality water movement impacts all aspects of the golf course operations.
- This drainage project needs to be tied into the bunker renovation. These two projects are integrally linked.

Priority - A+

BUNKER PROJECT

- The design portion will review the architectural aspects of this important project.
- From a maintenance perspective, time, labor and finances are lost due to the constant repair, cleanup, sand replacement, litter removal, and re-raking after a brief rain event.
- This project will also provide the customer with a better quality sand material from which to play.

Priority – B+

EQUIPMENT UPGRADES

- There must be a thorough review of equipment supplies and needs for the daily preparation of the golf course. Currently, the equipment inventory is outdated and in need of modernization. The mechanical staff breaks down, repairs, and re-paints all major equipment pieces, increasing operating costs and logging occasional overtime hours.

Priority – B

BUDGET & LABOR

- There should be a review of staffing levels and overtime. However, overtime may be tied directly to renovation projects such as spot bunker renovation and drainage.
- With limited staff dedicated to certain projects, daily maintenance practices are suffering and resulting in added overtime.
- The conditioning level, as it relates to the \$575,550 operating budget, is appropriate for play.

Priority – C+

TREE REMOVAL

- To enhance agronomics, design, shot options, pace of play, post storm cleanup, and golf course aesthetics, there should be a complete tree review/evaluation and eventual sequenced removal of a substantial percentage of trees over time.
- The primary species targeted for removal are all evergreen/spruce trees and the decaying willow trees, many of which are an injury hazard to play. One example is the large willow which fell into the pond on #16 teeing ground. The tree could have easily fallen onto the tee, resulting in injury.
- Finally, also reduce the number of pin oaks which impact golf course maintenance and player shot options.
- This sequenced tree removal will allow for increased shot options as well as cross course views which have been hidden by the high tree populations.

Priority – B+

Appendix G

Customer Loyalty Survey

By National Golf Foundation
On Behalf of Golf Convergence

Naperbrook Golf Course

April 15, 2009

NGF

Voice-of-Customer Operating Model

Final Report

Prepared for:

Naperville Park District
Naperbrook Golf Course

Prepared by:



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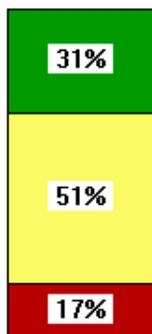
April 2009



Naperbrook Golf Course

Loyalty Index

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



Loyalty Index: 14%
(Promoters minus detractors)

	 Promoters (9-10)	 Passives (7-8)	 Detractors (0-6)	Loyalty Index
Naperbrook Golf Course	31%	51%	17%	14%
Standard Benchmark	42%	42%	16%	26%

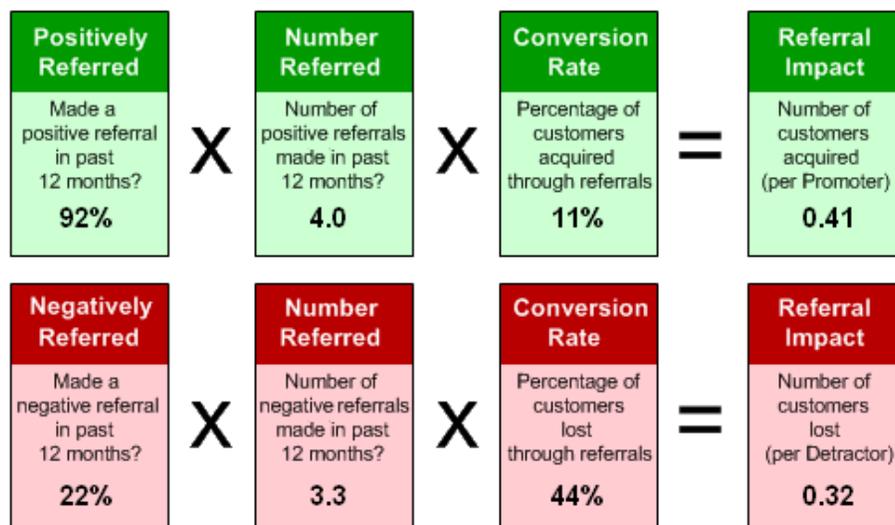
[<< Report Menu](#) [Referral Impact >>](#)



Naperbrook Golf Course

Referral Impact

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



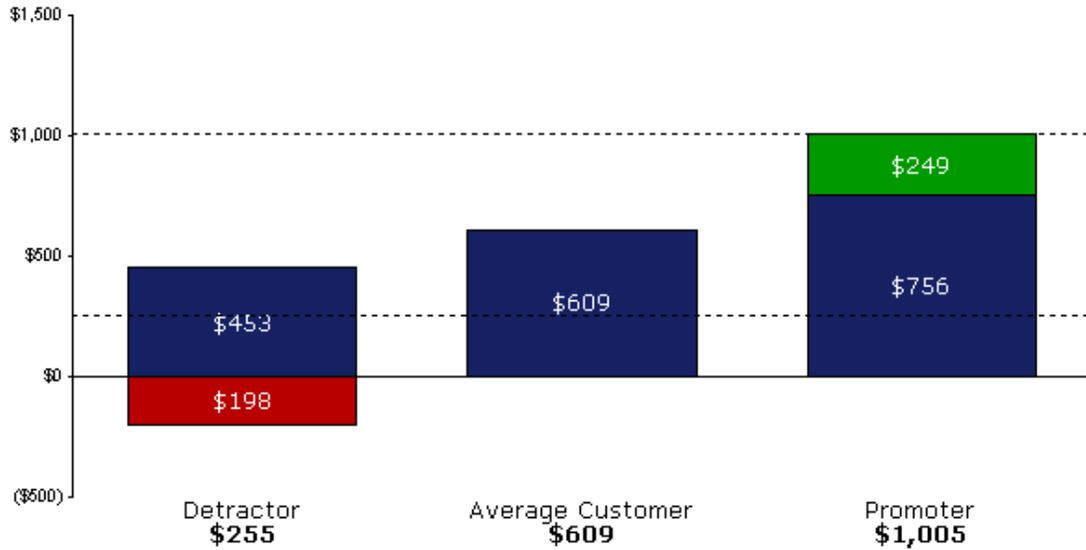
[<< Loyalty Index](#) [Report Menu](#) [Total Customer Worth >>](#)



Naperbrook Golf Course

Total Customer Worth

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



- Estimated Value of Promoter's Positive Word of Mouth
- Estimated Cost of Detractor's Negative Word of Mouth
- Average Rounds Played x Average Rate Paid per Customer

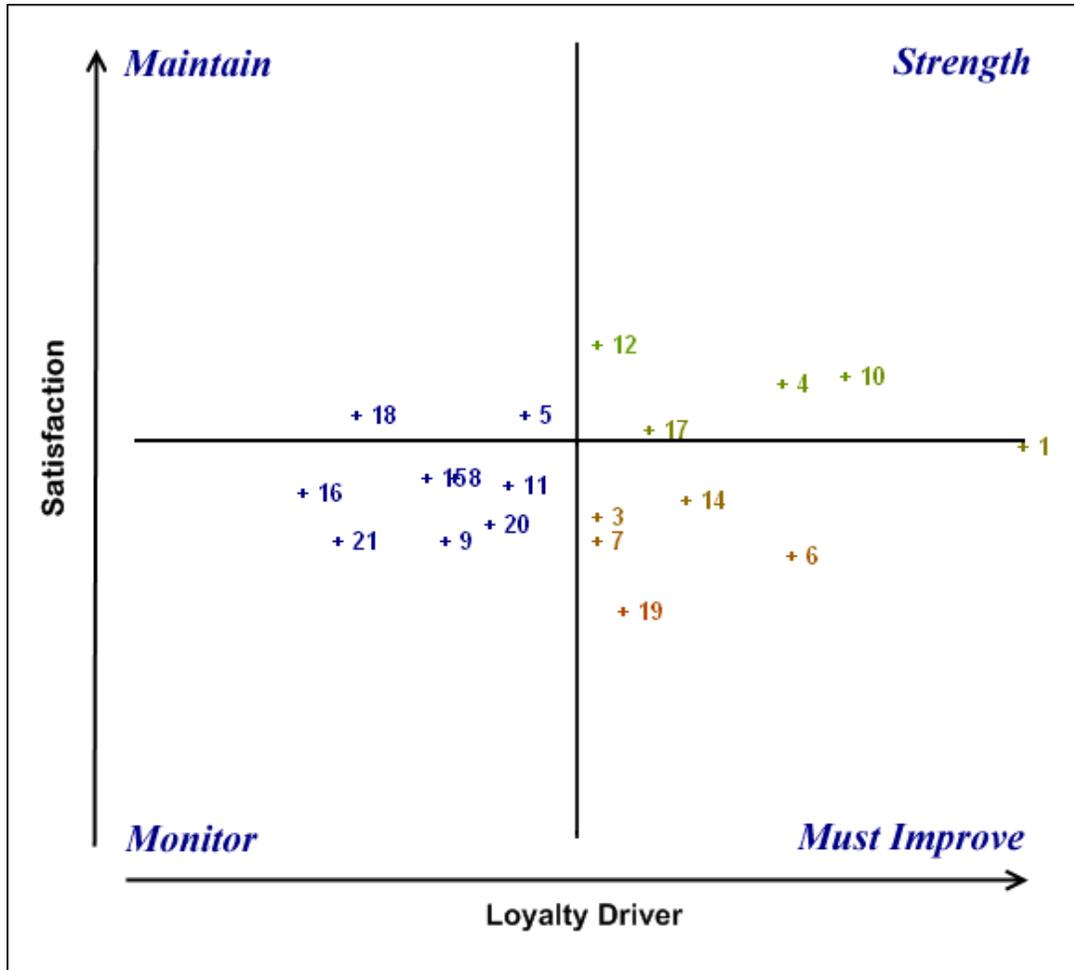
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Naperbrook Golf Course

Loyalty Driver

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



Factor	Average Score (Scale 1-5)	Standard Benchmark Grade	Loyalty Driver
1 Overall Value of Course	3.9	C+	49.4%
3 Tee Time Availability	3.9	C	31.3%
4 Overall Course Conditions	4.0	B-	39.5%
5 Condition of Greens	3.9	B-	28.4%
6 Scenery and Aesthetics of Course	3.8	C	39.7%
7 Pace of Play	3.4	C	31.2%
8 Condition of Golf Cars	3.9	C+	25.1%
9 Amenities (clubhouse, pro shop, locker room)	3.5	C	24.8%

10	Friendliness/Service of Staff	4.2	B	42.1%
11	Food and Beverage Service	3.6	C+	27.6%
12	On-course Services (restrooms, drinking water)	3.7	B	31.5%
14	Affordability	3.7	C+	35.3%
15	Condition of Tees	3.8	C+	24.0%
16	Condition of Bunkers	3.4	C+	18.8%
17	Condition of Fairways	4.0	B-	33.6%
18	Overall Quality of Practice Facility	3.7	B-	21.1%
19	Golf Course Design	3.9	C-	32.3%
20	Overall Quality of Golf Shop	3.6	C	26.9%
21	Overall Quality of Golf Shop Apparel	3.5	C	20.5%
22	Overall Quality of Golf Shop Merchandise	3.6	n/a	25.0%

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Naperbrook Golf Course

Satisfaction

Responses from 3/17/2009 thru 3/31/2009
(338 responses)

Factor	Average Score (Scale 1-5)	Standard Benchmark Grade
10 Friendliness/Service of Staff	4.2	B
4 Overall Course Conditions	4.0	B-
17 Condition of Fairways	4.0	B-
* 19 Golf Course Design	3.9	C-
* 8 Condition of Golf Cars	3.9	C+
* 1 Overall Value of Course	3.9	C+
* 3 Tee Time Availability	3.9	C
5 Condition of Greens	3.9	B-
* 15 Condition of Tees	3.8	C+
6 Scenery and Aesthetics of Course	3.8	C
* 12 On-course Services (restrooms, drinking water)	3.7	B
14 Affordability	3.7	C+
* 18 Overall Quality of Practice Facility	3.7	B-
* 20 Overall Quality of Golf Shop	3.6	C
* 11 Food and Beverage Service	3.6	C+
* 22 Overall Quality of Golf Shop Merchandise	3.6	n/a
* 9 Amenities (clubhouse, pro shop, locker room)	3.5	C
* 21 Overall Quality of Golf Shop Apparel	3.5	C
7 Pace of Play	3.4	C
* 16 Condition of Bunkers	3.4	C+

* factor not included in all responses

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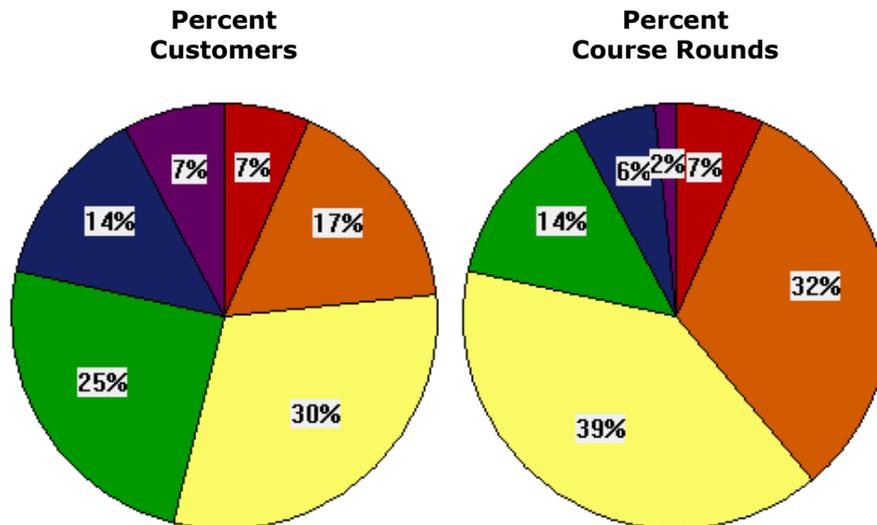
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Naperbrook Golf Course

Wallet Share

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



Wallet Share by Loyalty Index

Wallet Share	Promoters (9-10)	Passives (7-8)	Detractors (0-6)	Loyalty Index	Average Rounds	Percent Customers
100%	36%	50%	14%	23%	9	7%
60% - 100%	39%	53%	9%	30%	18	17%
35% - 60%	39%	50%	11%	28%	12	30%
20% - 35%	25%	55%	19%	6%	5	25%
10% - 20%	26%	47%	28%	-2%	4	14%
< 10%	12%	50%	38%	-27%	2	8%

[<< Verbatim Responses](#) [Report Menu](#) [Wallet Share Chart >>](#)

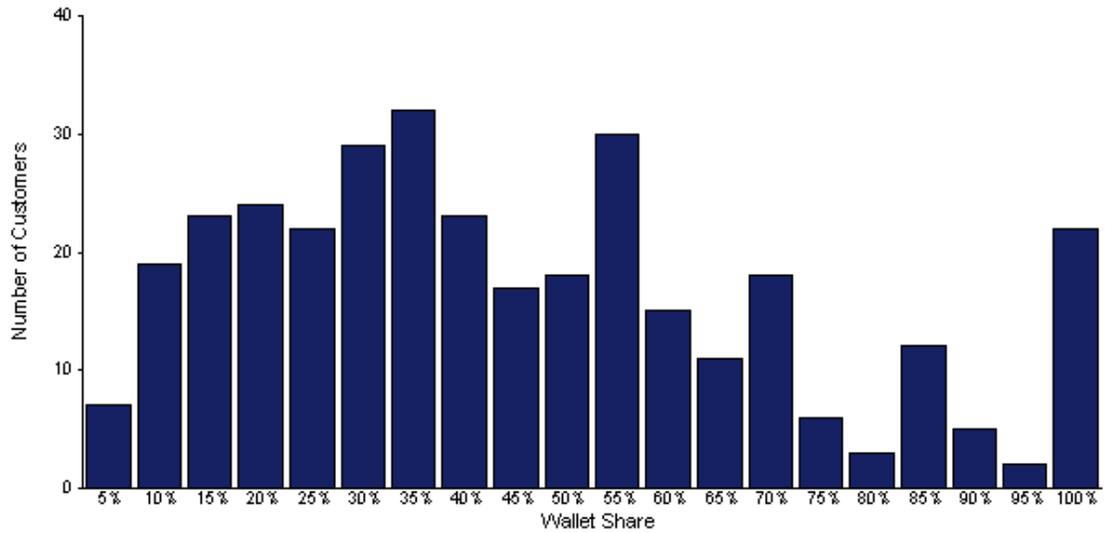


Naperbrook Golf Course

Wallet Share

Responses from 3/17/2009 thru 3/31/2009
(338 responses)

Number of Customers by Wallet Share



[<< Wallet Share](#) [Report Menu](#) [Competition >>](#)



Naperbrook Golf Course

Competition

Responses from 3/17/2009 thru 3/31/2009
(338 responses)

	Percent of Your Customers Playing At	Average Wallet Share
* Naperbrook Golf Course	100.0%	39.5%
Springbrook Golf Course	55.6%	15.7%
Tamarack Golf Club	24.3%	3.2%
Fox Bend Golf Course	21.3%	3.5%
Bolingbrook Golf Club	20.1%	2.5%
The Links at Carillon	18.3%	3.4%
Mistwood Golf Club	16.6%	2.0%
Prairie Bluff Golf Course	15.7%	3.9%
Arrowhead Golf Club	15.1%	1.8%
Phillips Park Golf Course	14.2%	2.5%
Orchard Valley Golf Course	13.9%	1.4%
Cantigny Golf & Tennis Club	13.9%	1.1%
Cog Hill Golf & Country Club	13.0%	2.6%
Seven Bridges Golf Club	10.9%	0.9%
Village Greens of Woodridge Golf Course	9.2%	1.7%
Blackberry Oaks Golf Course	8.6%	1.5%
Boughton Ridge Golf Course	8.0%	1.3%
Heritage Bluffs Public Golf Club	8.0%	0.8%
Big Run Golf Club	7.7%	0.8%
Settler's Hill Golf Course	7.7%	0.7%
River Bend Golf Club	5.9%	0.7%

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* your course

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Naperbrook Golf Course

Customer Origin

Distribution of Customers by Zip Code

Responses from 3/17/2009 thru 3/31/2009

(338 responses)

	Number of Customers	Percentage of Customers
60564	96	28.4%
60565	86	25.4%
60540	55	16.3%
60563	15	4.4%
60585	10	3.0%
60490	10	3.0%
60544	9	2.7%
60503	6	1.8%
60440	5	1.5%
	3	0.9%
60504	3	0.9%
60532	2	0.6%
60491	2	0.6%
60502	2	0.6%
60446	2	0.6%
60462	1	0.3%
60463	1	0.3%
60487	1	0.3%
60441	1	0.3%
30540	1	0.3%
42044	1	0.3%

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Naperbrook Golf Course

Customer Profile

Responses from 3/17/2009 thru 3/31/2009

(338 responses)

	Promoters (9-10)	Passives (7-8)	Detractors (0-6)	Total
Overall	31%	51%	17%	100%
Average Rounds	12.000	9.063	7.190	9.663
Gender				
Male	27%	46%	15%	88%
Female	4%	5%	2%	12%
Age				
Under 30	1%	1%	0%	3%
30-49	10%	22%	9%	41%
50 +	20%	28%	8%	56%
Income				
Under \$25,000	1%	0%	0%	1%
\$25,000 - \$49,999	1%	0%	0%	2%
\$50,000 - \$74,999	2%	1%	1%	4%
\$75,000 - \$99,999	4%	4%	2%	10%
\$100,000 - \$149,999	8%	12%	6%	25%
\$150,000 - \$199,999	6%	11%	2%	18%
\$200,000 - \$249,999	2%	4%	2%	8%
\$250,000 or above	3%	5%	0%	8%
Prefer not to answer	5%	14%	5%	25%
Customer Segments				
Local player/District resident	20%	33%	12%	65%
Non-resident player	5%	8%	3%	16%
Rewards card holder	3%	5%	1%	10%
Links member	0%	1%	0%	1%
Member of other area club	1%	2%	0%	3%
League player	2%	2%	0%	4%
Business/corporate outing golfer	0%	1%	0%	1%



Naperbrook Golf Course

Custom Questions

Responses from 3/17/2009 thru 3/31/2009

<p>Do you host banquets or golf outings in the Chicago area? (Single select, Active)</p> <ul style="list-style-type: none"> • Yes (30 responses) • No (309 responses)
<p>If you answered 'yes' to the previous question, which golf facilities do you choose and why? (Text, Active) (Click here to view the 30 responses)</p>
<p>Would you be willing to pay \$5.00 more per round for vast improvements to the golf facility? (Single select, Active)</p> <ul style="list-style-type: none"> • Yes (129 responses) • No (208 responses)
<p>Are you satisfied with the menu variety at Naperbrook Golf Course? (Single select, Active)</p> <ul style="list-style-type: none"> • Yes (280 responses) • No (51 responses)
<p>If you answered 'no' to the previous question, what improvements would you like to see made to the menu? (Text, Active) (Click here to view the 45 responses)</p>
<p>If Naperbrook Golf Course had a season reserved tee-time program which would provide set tee-times for 22 weeks and would be determined by a lottery process, would you enroll in this program if available? This program would require your group to pre-pay for the entire golfing season two weeks prior to the first scheduled week of play. (Single select, Active)</p> <ul style="list-style-type: none"> • Yes (41 responses) • No (296 responses)

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Appendix G

Customer Loyalty Survey

By National Golf Foundation
On Behalf of Golf Convergence

Naperbrook Golf Course

April 15, 2009

NGF

Voice-of-Customer Operating Model

Final Report

Prepared for:

Naperville Park District
Naperbrook Golf Course

Prepared by:



1150 S. U.S. Highway One, Suite 401
Jupiter, FL 33477
(561) 744-6006

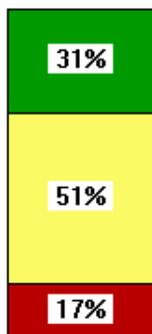
April 2009



Naperbrook Golf Course

Loyalty Index

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



Loyalty Index: 14%
(Promoters minus detractors)

	 Promoters (9-10)	 Passives (7-8)	 Detractors (0-6)	Loyalty Index
Naperbrook Golf Course	31%	51%	17%	14%
Standard Benchmark	42%	42%	16%	26%

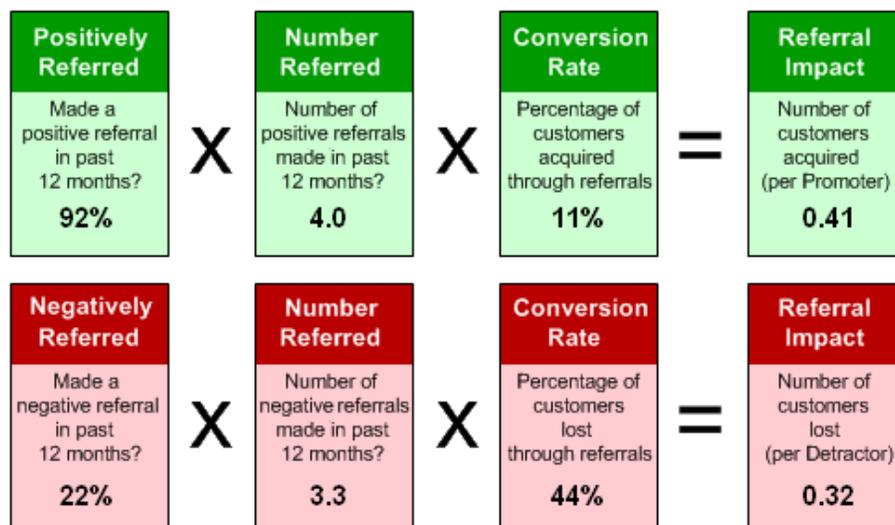
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Naperbrook Golf Course

Referral Impact

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



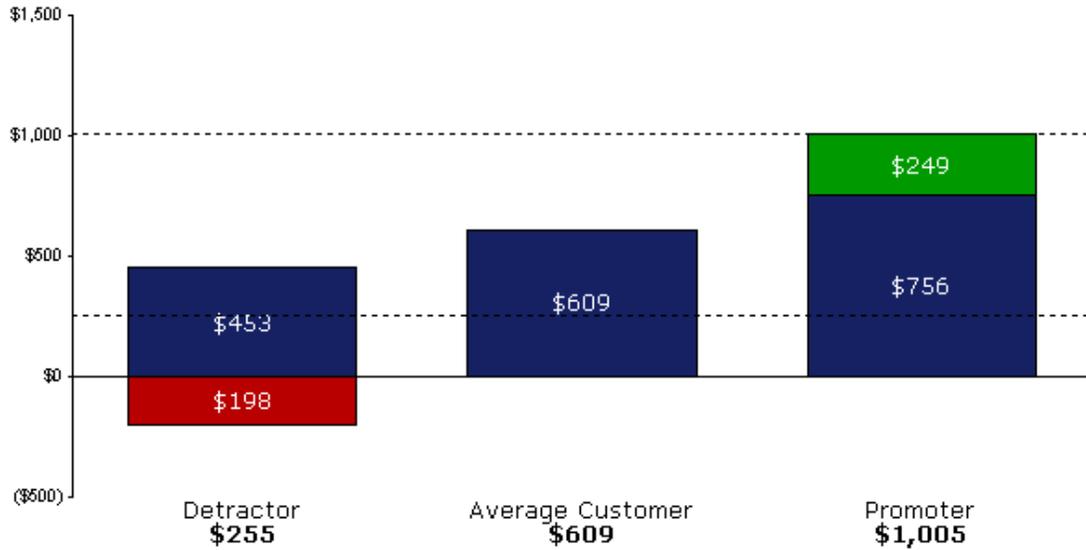
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Naperbrook Golf Course

Total Customer Worth

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



- Estimated Value of Promoter's Positive Word of Mouth
- Estimated Cost of Detractor's Negative Word of Mouth
- Average Rounds Played x Average Rate Paid per Customer

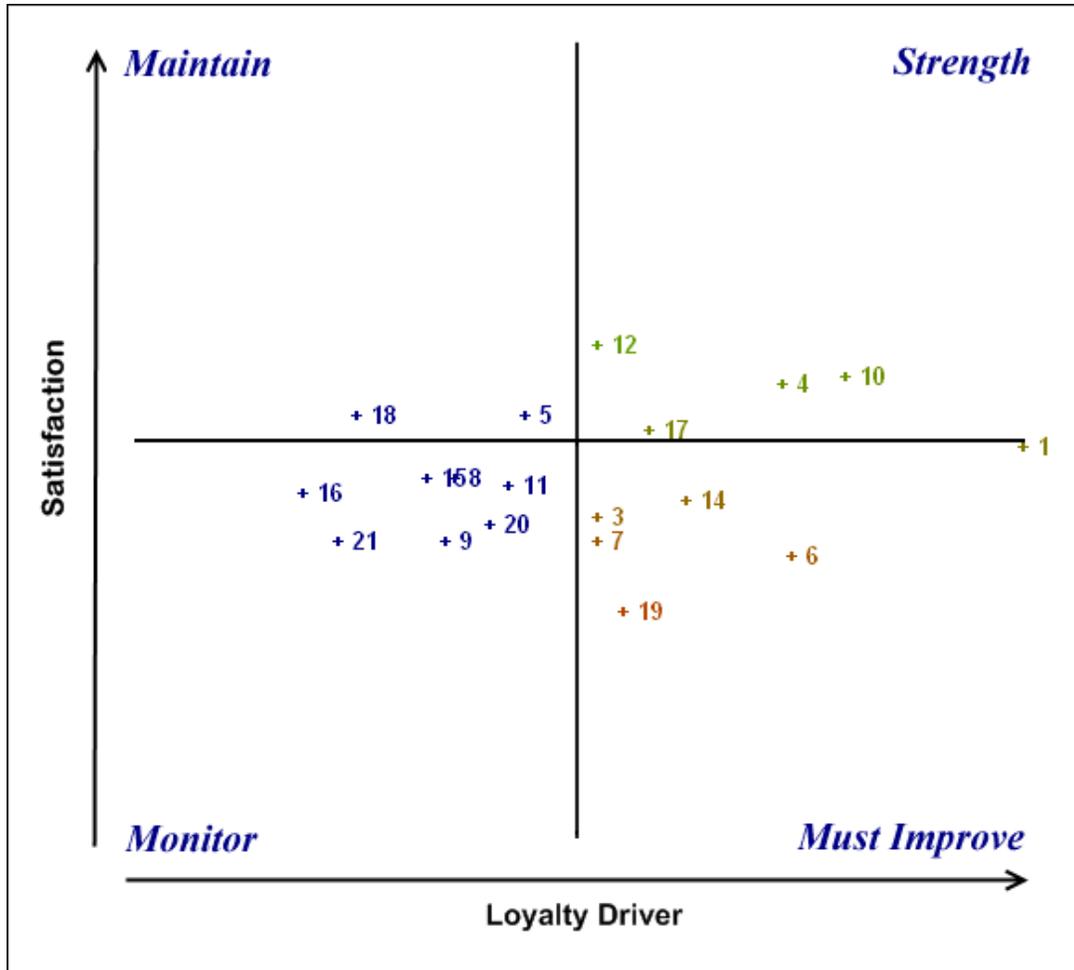
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Naperbrook Golf Course

Loyalty Driver

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



Factor	Average Score (Scale 1-5)	Standard Benchmark Grade	Loyalty Driver
1 Overall Value of Course	3.9	C+	49.4%
3 Tee Time Availability	3.9	C	31.3%
4 Overall Course Conditions	4.0	B-	39.5%
5 Condition of Greens	3.9	B-	28.4%
6 Scenery and Aesthetics of Course	3.8	C	39.7%
7 Pace of Play	3.4	C	31.2%
8 Condition of Golf Cars	3.9	C+	25.1%
9 Amenities (clubhouse, pro shop, locker room)	3.5	C	24.8%

10	Friendliness/Service of Staff	4.2	B	42.1%
11	Food and Beverage Service	3.6	C+	27.6%
12	On-course Services (restrooms, drinking water)	3.7	B	31.5%
14	Affordability	3.7	C+	35.3%
15	Condition of Tees	3.8	C+	24.0%
16	Condition of Bunkers	3.4	C+	18.8%
17	Condition of Fairways	4.0	B-	33.6%
18	Overall Quality of Practice Facility	3.7	B-	21.1%
19	Golf Course Design	3.9	C-	32.3%
20	Overall Quality of Golf Shop	3.6	C	26.9%
21	Overall Quality of Golf Shop Apparel	3.5	C	20.5%
22	Overall Quality of Golf Shop Merchandise	3.6	n/a	25.0%

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Naperbrook Golf Course

Satisfaction

Responses from 3/17/2009 thru 3/31/2009
(338 responses)

Factor	Average Score (Scale 1-5)	Standard Benchmark Grade
10 Friendliness/Service of Staff	4.2	B
4 Overall Course Conditions	4.0	B-
17 Condition of Fairways	4.0	B-
* 19 Golf Course Design	3.9	C-
* 8 Condition of Golf Cars	3.9	C+
* 1 Overall Value of Course	3.9	C+
* 3 Tee Time Availability	3.9	C
5 Condition of Greens	3.9	B-
* 15 Condition of Tees	3.8	C+
6 Scenery and Aesthetics of Course	3.8	C
* 12 On-course Services (restrooms, drinking water)	3.7	B
14 Affordability	3.7	C+
* 18 Overall Quality of Practice Facility	3.7	B-
* 20 Overall Quality of Golf Shop	3.6	C
* 11 Food and Beverage Service	3.6	C+
* 22 Overall Quality of Golf Shop Merchandise	3.6	n/a
* 9 Amenities (clubhouse, pro shop, locker room)	3.5	C
* 21 Overall Quality of Golf Shop Apparel	3.5	C
7 Pace of Play	3.4	C
* 16 Condition of Bunkers	3.4	C+

* factor not included in all responses

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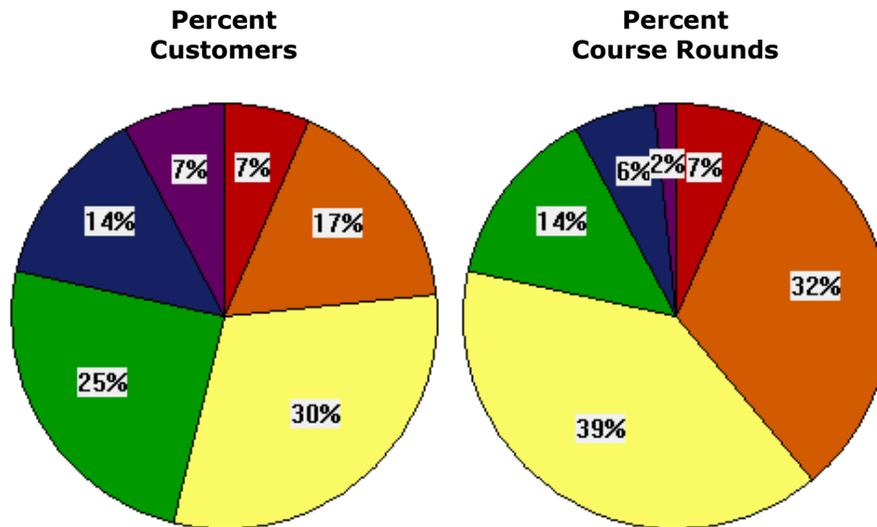
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Naperbrook Golf Course

Wallet Share

Responses from 3/17/2009 thru 3/31/2009
(338 responses)



Wallet Share by Loyalty Index

Wallet Share	Promoters (9-10)	Passives (7-8)	Detractors (0-6)	Loyalty Index	Average Rounds	Percent Customers
100%	36%	50%	14%	23%	9	7%
60% - 100%	39%	53%	9%	30%	18	17%
35% - 60%	39%	50%	11%	28%	12	30%
20% - 35%	25%	55%	19%	6%	5	25%
10% - 20%	26%	47%	28%	-2%	4	14%
< 10%	12%	50%	38%	-27%	2	8%

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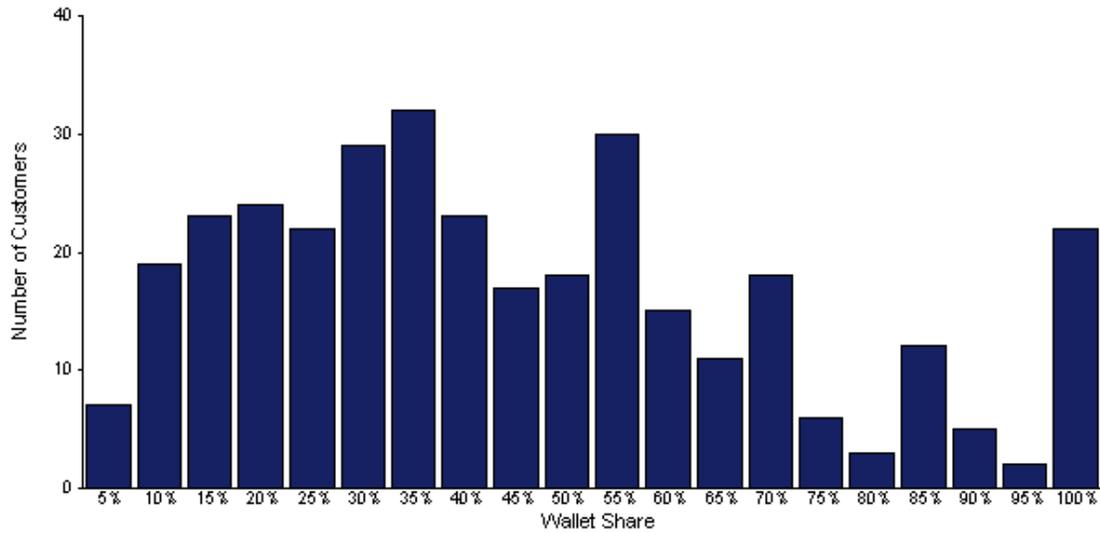


Naperbrook Golf Course

Wallet Share

Responses from 3/17/2009 thru 3/31/2009
(338 responses)

Number of Customers by Wallet Share



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Naperbrook Golf Course

Competition

Responses from 3/17/2009 thru 3/31/2009

(338 responses)

	Percent of Your Customers Playing At	Average Wallet Share
* Naperbrook Golf Course	100.0%	39.5%
Springbrook Golf Course	55.6%	15.7%
Tamarack Golf Club	24.3%	3.2%
Fox Bend Golf Course	21.3%	3.5%
Bolingbrook Golf Club	20.1%	2.5%
The Links at Carillon	18.3%	3.4%
Mistwood Golf Club	16.6%	2.0%
Prairie Bluff Golf Course	15.7%	3.9%
Arrowhead Golf Club	15.1%	1.8%
Phillips Park Golf Course	14.2%	2.5%
Orchard Valley Golf Course	13.9%	1.4%
Cantigny Golf & Tennis Club	13.9%	1.1%
Cog Hill Golf & Country Club	13.0%	2.6%
Seven Bridges Golf Club	10.9%	0.9%
Village Greens of Woodridge Golf Course	9.2%	1.7%
Blackberry Oaks Golf Course	8.6%	1.5%
Boughton Ridge Golf Course	8.0%	1.3%
Heritage Bluffs Public Golf Club	8.0%	0.8%
Big Run Golf Club	7.7%	0.8%
Settler's Hill Golf Course	7.7%	0.7%
River Bend Golf Club	5.9%	0.7%

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Naperbrook Golf Course

Customer Origin

Distribution of Customers by Zip Code

Responses from 3/17/2009 thru 3/31/2009

(338 responses)

	Number of Customers	Percentage of Customers
60564	96	28.4%
60565	86	25.4%
60540	55	16.3%
60563	15	4.4%
60585	10	3.0%
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60544	9	2.7%
60503	6	1.8%
60440	5	1.5%
	3	0.9%
60504	3	0.9%
60532	2	0.6%
60491	2	0.6%
60502	2	0.6%
60446	2	0.6%
60462	1	0.3%
60463	1	0.3%
60487	1	0.3%
60441	1	0.3%
30540	1	0.3%
42044	1	0.3%

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Naperbrook Golf Course

Customer Profile

Responses from 3/17/2009 thru 3/31/2009

(338 responses)

	Promoters (9-10)	Passives (7-8)	Detractors (0-6)	Total
Overall	31%	51%	17%	100%
Average Rounds	12.000	9.063	7.190	9.663
Gender				
Male	27%	46%	15%	88%
Female	4%	5%	2%	12%
Age				
Under 30	1%	1%	0%	3%
30-49	10%	22%	9%	41%
50 +	20%	28%	8%	56%
Income				
Under \$25,000	1%	0%	0%	1%
\$25,000 - \$49,999	1%	0%	0%	2%
\$50,000 - \$74,999	2%	1%	1%	4%
\$75,000 - \$99,999	4%	4%	2%	10%
\$100,000 - \$149,999	8%	12%	6%	25%
\$150,000 - \$199,999	6%	11%	2%	18%
\$200,000 - \$249,999	2%	4%	2%	8%
\$250,000 or above	3%	5%	0%	8%
Prefer not to answer	5%	14%	5%	25%
Customer Segments				
Local player/District resident	20%	33%	12%	65%
Non-resident player	5%	8%	3%	16%
Rewards card holder	3%	5%	1%	10%
Links member	0%	1%	0%	1%
Member of other area club	1%	2%	0%	3%
League player	2%	2%	0%	4%
Business/corporate outing golfer	0%	1%	0%	1%



Naperbrook Golf Course

Custom Questions

Responses from 3/17/2009 thru 3/31/2009

<p>Do you host banquets or golf outings in the Chicago area? (Single select, Active)</p> <ul style="list-style-type: none"> • Yes (30 responses) • No (309 responses)
<p>If you answered 'yes' to the previous question, which golf facilities do you choose and why? (Text, Active) (Click here to view the 30 responses)</p>
<p>Would you be willing to pay \$5.00 more per round for vast improvements to the golf facility? (Single select, Active)</p> <ul style="list-style-type: none"> • Yes (129 responses) • No (208 responses)
<p>Are you satisfied with the menu variety at Naperbrook Golf Course? (Single select, Active)</p> <ul style="list-style-type: none"> • Yes (280 responses) • No (51 responses)
<p>If you answered 'no' to the previous question, what improvements would you like to see made to the menu? (Text, Active) (Click here to view the 45 responses)</p>
<p>If Naperbrook Golf Course had a season reserved tee-time program which would provide set tee-times for 22 weeks and would be determined by a lottery process, would you enroll in this program if available? This program would require your group to pre-pay for the entire golfing season two weeks prior to the first scheduled week of play. (Single select, Active)</p> <ul style="list-style-type: none"> • Yes (41 responses) • No (296 responses)

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Appendix H

Customer Loyalty Survey

By National Golf Foundation
On Behalf of Golf Convergence

Springbrook Golf Course

April 15, 2009

NGF

Voice-of-Customer Operating Model

Final Report

Prepared for:

Naperville Park District
Springbrook Golf Course

Prepared by:



1150 S. U.S. Highway One, Suite 401
Jupiter, FL 33477
(561) 744-6006

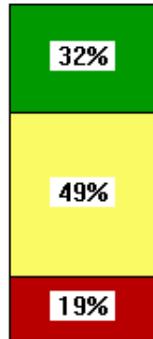
April 2009



Springbrook Golf Course

Loyalty Index

Responses from 3/17/2009 thru 3/31/2009
(320 responses)



Loyalty Index: 13%
(Promoters minus detractors)

	 Promoters (9-10)	 Passives (7-8)	 Detractors (0-6)	Loyalty Index
Springbrook Golf Course	32%	49%	19%	13%
Standard Benchmark	42%	42%	16%	26%

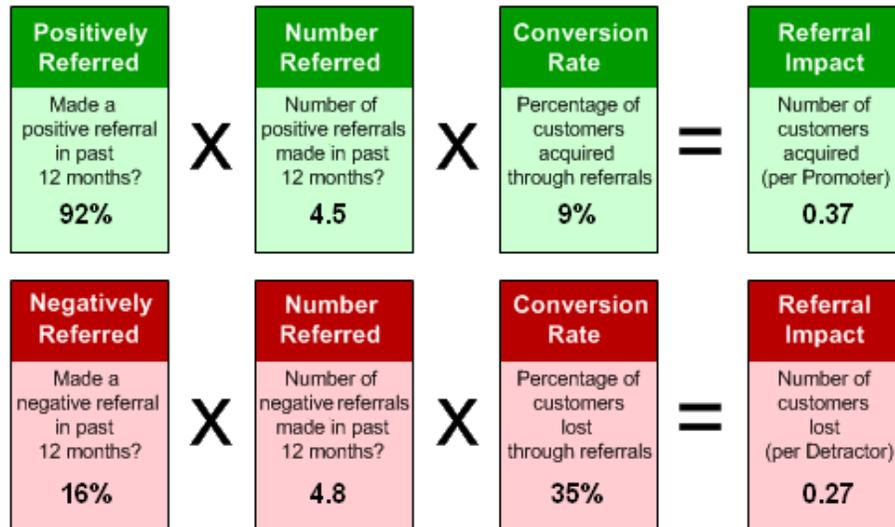
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Springbrook Golf Course

Referral Impact

Responses from 3/17/2009 thru 3/31/2009
(320 responses)



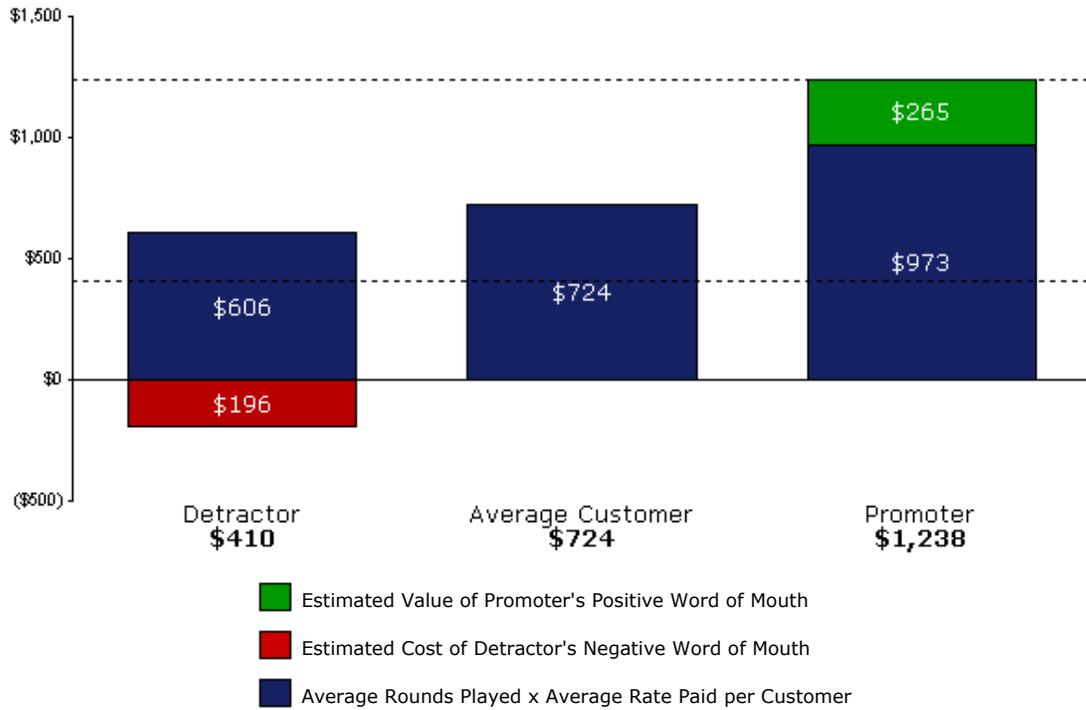
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Springbrook Golf Course

Total Customer Worth

Responses from 3/17/2009 thru 3/31/2009
(320 responses)



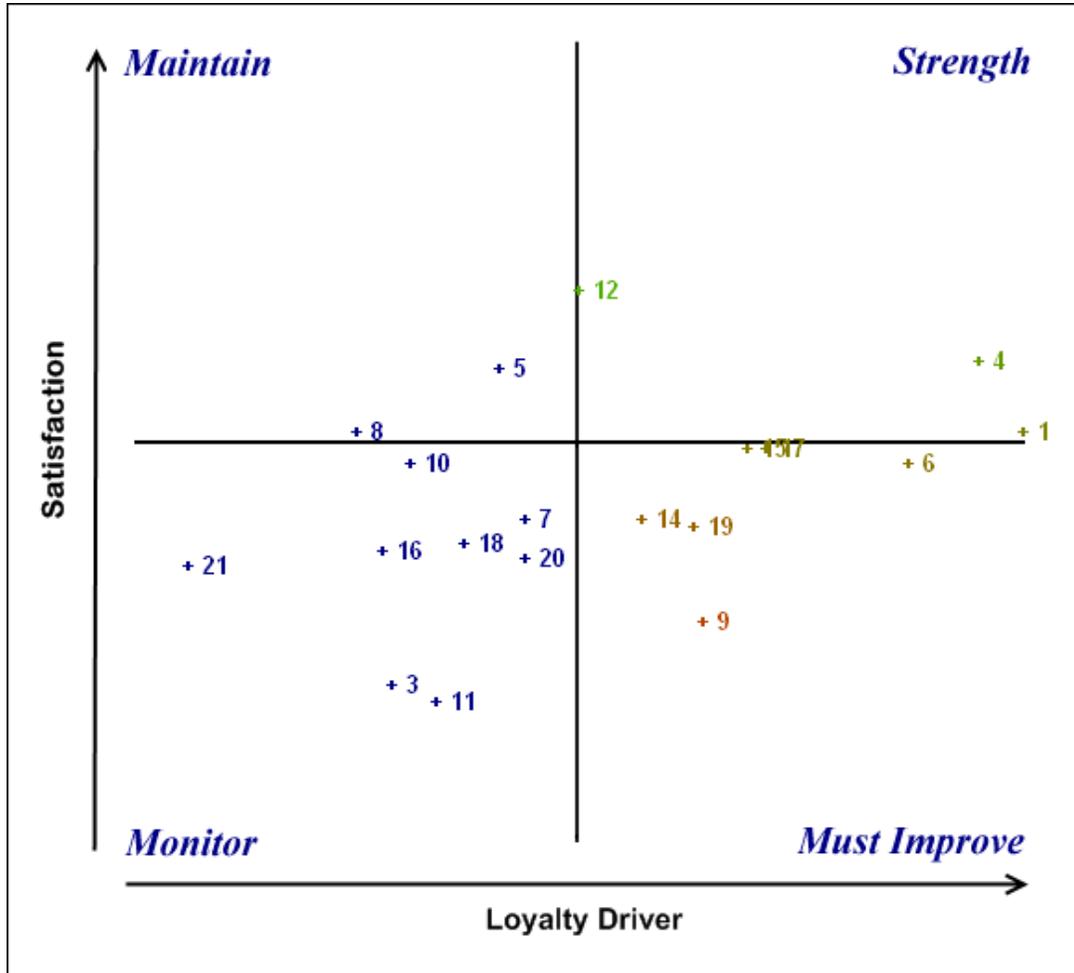
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Springbrook Golf Course

Loyalty Driver

Responses from 3/17/2009 thru 3/31/2009
(320 responses)



Factor	Average Score (Scale 1-5)	Standard Benchmark Grade	Loyalty Driver
1 Overall Value of Course	3.9	B-	56.3%
3 Tee Time Availability	3.6	D+	35.4%
4 Overall Course Conditions	4.0	B	55.1%
5 Condition of Greens	4.0	B	39.1%
6 Scenery and Aesthetics of Course	4.0	C+	52.5%
7 Pace of Play	3.5	C	39.8%
8 Condition of Golf Cars	4.0	B-	34.4%
9 Amenities (clubhouse, pro shop, locker room)	3.4	C-	45.7%

10	Friendliness/Service of Staff	4.1	C+	36.0%
11	Food and Beverage Service	3.3	D+	37.0%
12	On-course Services (restrooms, drinking water)	3.8	B+	41.7%
14	Affordability	3.7	C	43.6%
15	Condition of Tees	3.9	C+	47.3%
16	Condition of Bunkers	3.3	C	35.1%
17	Condition of Fairways	3.9	C+	47.9%
18	Overall Quality of Practice Facility	3.4	C	38.0%
19	Golf Course Design	4.1	C	45.5%
20	Overall Quality of Golf Shop	3.6	C	39.9%
21	Overall Quality of Golf Shop Apparel	3.5	C	28.8%
22	Overall Quality of Golf Shop Merchandise	3.5	n/a	31.6%

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Springbrook Golf Course

Satisfaction

Responses from 3/17/2009 thru 3/31/2009
(320 responses)

Factor	Average Score (Scale 1-5)	Standard Benchmark Grade
10 Friendliness/Service of Staff	4.1	C+
* 19 Golf Course Design	4.1	C
4 Overall Course Conditions	4.0	B
* 8 Condition of Golf Cars	4.0	B-
* 6 Scenery and Aesthetics of Course	4.0	C+
* 5 Condition of Greens	4.0	B
* 17 Condition of Fairways	3.9	C+
15 Condition of Tees	3.9	C+
* 1 Overall Value of Course	3.9	B-
* 12 On-course Services (restrooms, drinking water)	3.8	B+
14 Affordability	3.7	C
* 3 Tee Time Availability	3.6	D+
* 20 Overall Quality of Golf Shop	3.6	C
* 22 Overall Quality of Golf Shop Merchandise	3.5	n/a
* 7 Pace of Play	3.5	C
* 21 Overall Quality of Golf Shop Apparel	3.5	C
* 18 Overall Quality of Practice Facility	3.4	C
* 9 Amenities (clubhouse, pro shop, locker room)	3.4	C-
* 11 Food and Beverage Service	3.3	D+
* 16 Condition of Bunkers	3.3	C

* factor not included in all responses

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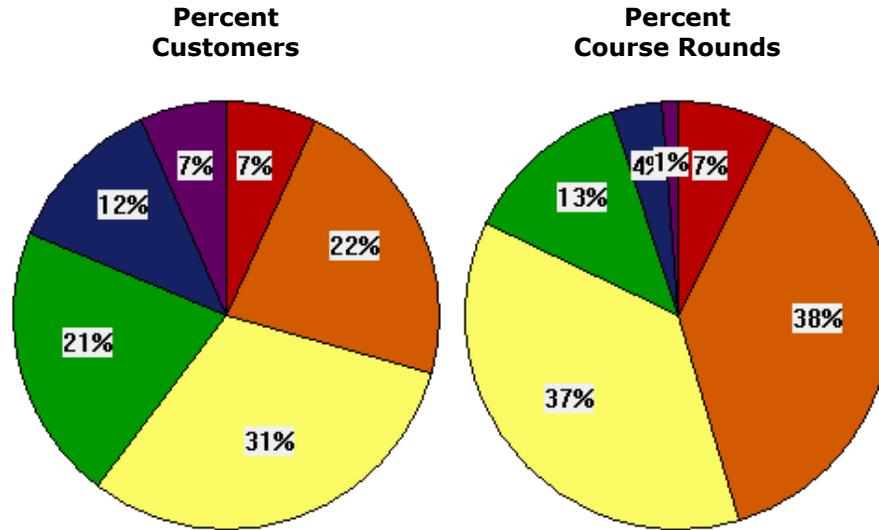
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Springbrook Golf Course

Wallet Share

Responses from 3/17/2009 thru 3/31/2009
(320 responses)



Wallet Share by Loyalty Index

Wallet Share	Promoters (9-10)	Passives (7-8)	Detractors (0-6)	Loyalty Index	Average Rounds	Percent Customers
100%	41%	50%	9%	32%	11	7%
60% - 100%	46%	43%	11%	35%	18	23%
35% - 60%	32%	53%	15%	17%	13	31%
20% - 35%	27%	49%	24%	3%	6	21%
10% - 20%	15%	54%	31%	-15%	3	12%
< 10%	19%	38%	43%	-24%	2	7%

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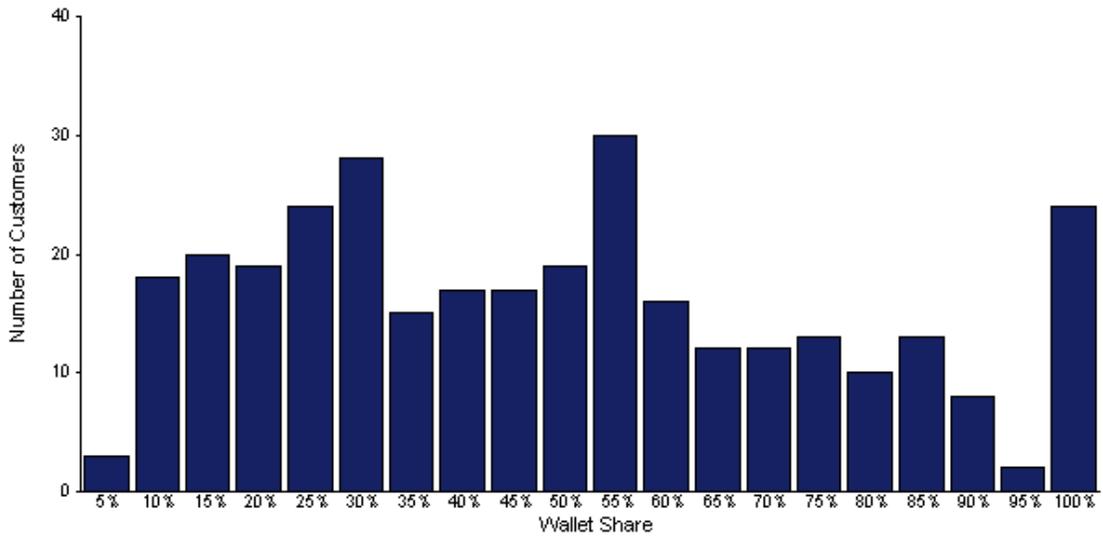


Springbrook Golf Course

Wallet Share

Responses from 3/17/2009 thru 3/31/2009
(320 responses)

Number of Customers by Wallet Share



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Springbrook Golf Course

Competition

Responses from 3/17/2009 thru 3/31/2009
(320 responses)

	Percent of Your Customers Playing At	Average Wallet Share
* Springbrook Golf Course	100.0%	43.7%
Naperbrook Golf Course	54.7%	14.1%
Tamarack Golf Club	20.6%	3.3%
Arrowhead Golf Club	20.0%	2.3%
Fox Bend Golf Course	19.7%	2.8%
Cantigny Golf & Tennis Club	16.3%	1.5%
Bolingbrook Golf Club	15.6%	1.6%
Mistwood Golf Club	15.6%	1.9%
Orchard Valley Golf Course	15.3%	1.6%
Seven Bridges Golf Club	15.3%	2.5%
Phillips Park Golf Course	15.0%	2.4%
Cog Hill Golf & Country Club	11.6%	2.2%
Settler's Hill Golf Course	10.9%	1.2%
The Links at Carillon	8.8%	1.8%
Prairie Bluff Golf Course	8.8%	2.4%
Prairie Landing Golf Club	8.4%	0.7%
River Bend Golf Club	8.1%	0.8%
Big Run Golf Club	7.5%	1.0%
Village Links of Glen Ellyn	7.2%	1.5%
Village Greens of Woodridge Golf Course	6.9%	1.6%
Whitetail Ridge Golf Course	6.9%	1.9%

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* your course

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Springbrook Golf Course

Customer Origin

Distribution of Customers by Zip Code

Responses from 3/17/2009 thru 3/31/2009

(320 responses)

	Number of Customers	Percentage of Customers
60565	96	30.0%
60564	78	24.4%
60540	68	21.3%
60563	24	7.5%
60585	7	2.2%
60502	6	1.9%
60532	4	1.3%
60504	4	1.3%
60503	3	0.9%
60544	2	0.6%
60506	2	0.6%
60516	2	0.6%
60190	2	0.6%
60440	1	0.3%
60451	1	0.3%
60473	1	0.3%
60490	1	0.3%
60491	1	0.3%
	1	0.3%
60025	1	0.3%
60169	1	0.3%
60174	1	0.3%
60178	1	0.3%
60188	1	0.3%
60521	1	0.3%
60525	1	0.3%
60526	1	0.3%
60510	1	0.3%
60515	1	0.3%
60554	1	0.3%
60560	1	0.3%
60543	1	0.3%
60538	1	0.3%
60631	1	0.3%
60656	1	0.3%



Springbrook Golf Course

Customer Profile

Responses from 3/17/2009 thru 3/31/2009

(320 responses)

	Promoters (9-10)	Passives (7-8)	Detractors (0-6)	Total
Overall	32%	49%	19%	100%
Average Rounds	14.745	9.218	9.177	10.972
Gender				
Male	27%	44%	18%	89%
Female	5%	5%	1%	11%
Age				
Under 30	1%	3%	1%	5%
30-49	10%	21%	8%	39%
50 +	21%	25%	10%	56%
Income				
Under \$25,000	0%	1%	0%	1%
\$25,000 - \$49,999	1%	2%	0%	3%
\$50,000 - \$74,999	2%	2%	1%	5%
\$75,000 - \$99,999	3%	7%	3%	13%
\$100,000 - \$149,999	10%	10%	4%	25%
\$150,000 - \$199,999	4%	11%	4%	20%
\$200,000 - \$249,999	3%	4%	2%	8%
\$250,000 or above	3%	4%	2%	9%
Prefer not to answer	6%	8%	2%	16%
Customer Segments				
Local player/District resident	20%	29%	12%	61%
Non-resident player	3%	5%	3%	11%
Rewards card holder	3%	6%	2%	12%
Links member	0%	1%	0%	1%
Member of other area club	0%	0%	0%	1%
League player	2%	1%	1%	4%
Business/corporate outing golfer	0%	1%	0%	1%

Permanent tee-time holder

3%

5%

1%

9%

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Springbrook Golf Course

Custom Questions

Responses from 3/17/2009 thru 3/31/2009

<p>Do you host banquet or golf outings in the Chicago area? (Single select, Active)</p> <ul style="list-style-type: none">• Yes (23 responses)• No (295 responses)
<p>If you answered 'yes' to the previous question, which golf facilities do you choose and why? (Text, Active)</p> <p>(Click here to view the 24 responses)</p>
<p>Would you be willing to pay \$5.00 more per round for vast improvements to the golf facility? (Single select, Active)</p> <ul style="list-style-type: none">• Yes (133 responses)• No (184 responses)
<p>Are you satisfied with the menu variety at Springbrook Golf Course? (Single select, Active)</p> <ul style="list-style-type: none">• Yes (251 responses)• No (64 responses)
<p>If you answered 'no' to the previous question, what improvements would you like to see made to the menu? (Text, Active)</p> <p>(Click here to view the 58 responses)</p>

[<< Customer Profile](#) [Report Menu](#)



Appendix I

Golfer Preferences Survey

Naperville Park District

Prepared for: Golf Convergence

Date: April 15, 2009



Who is the Customer?
The respondents played
Naperbrook or Springbrook
8 times in 2008

Who is Your Customer? - Male, Older, Very Wealthy, White

Gender Demographics

Gender	Survey Response	National Average	Index
Male	90%	55%	164
Female	10%	45%	22
Age group	Survey Response	National Average	Index
Junior (0-17)	1%	15%	8
Young Adult (18-34)	6%	25%	24
Adult (35-54)	68%	35%	193
Senior (55 and older)	25%	25%	100

Household Income Demographics

Household income (\$s)	Survey Response	National Average	Index
0 - 34,999	1%	5%	26
35,000 - 49,999	3%	10%	30
50,000 - 74,999	9%	25%	36
75,000 - 99,999	18%	35%	50
100,000 - \$249,999	57%	23%	250
\$250,000 or more	12%	2%	595

Race/Ethnicity

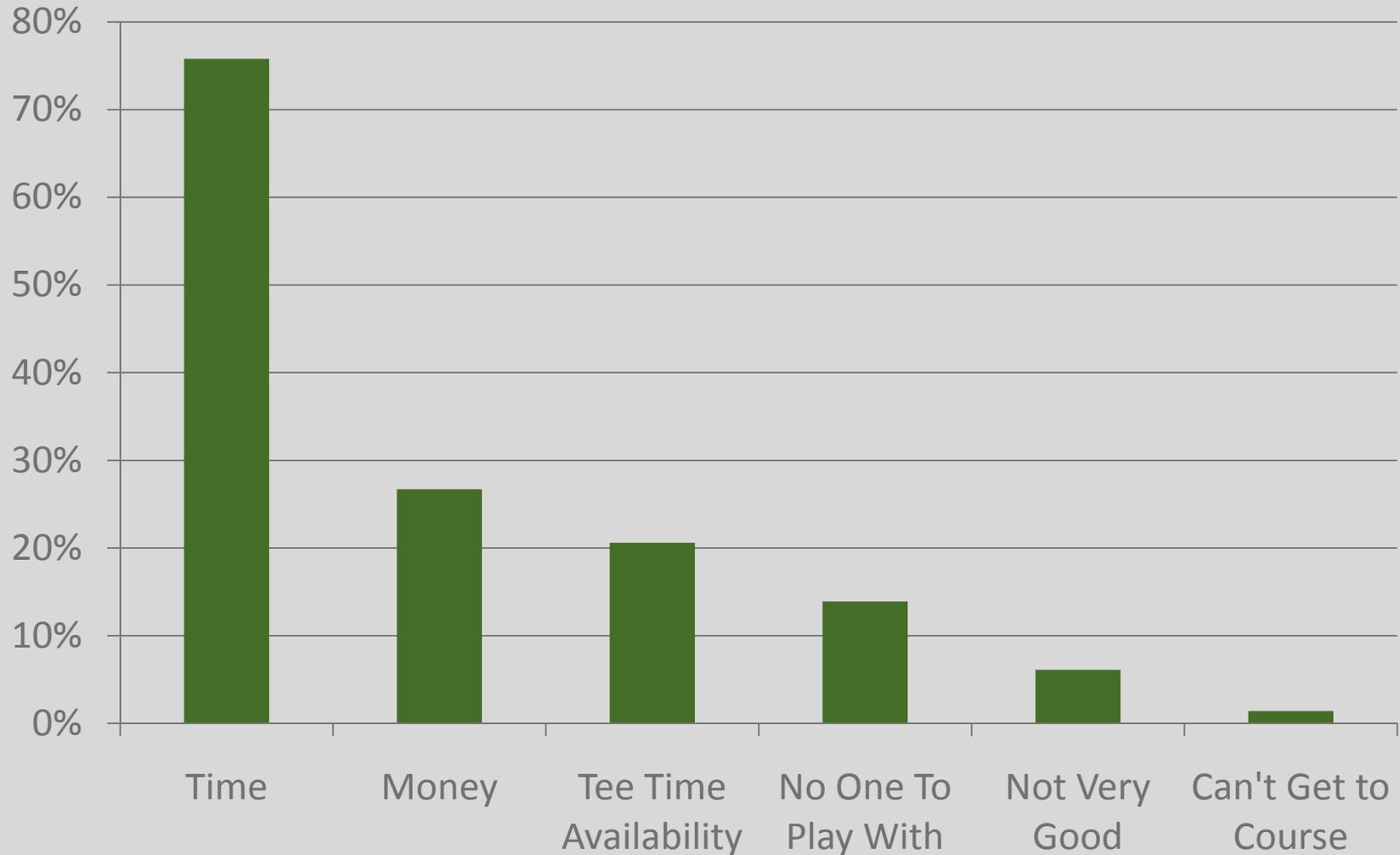
Race/Ethnicity	Survey Response	National Average	Index
White, Non-Hispanic	91%	69%	131
African-American	2%	12%	20
Hispanic	2%	13%	14
Asian or Pacific Islander	4%	4%	111
Other	1%	3%	42

They Live Here...

Proximity

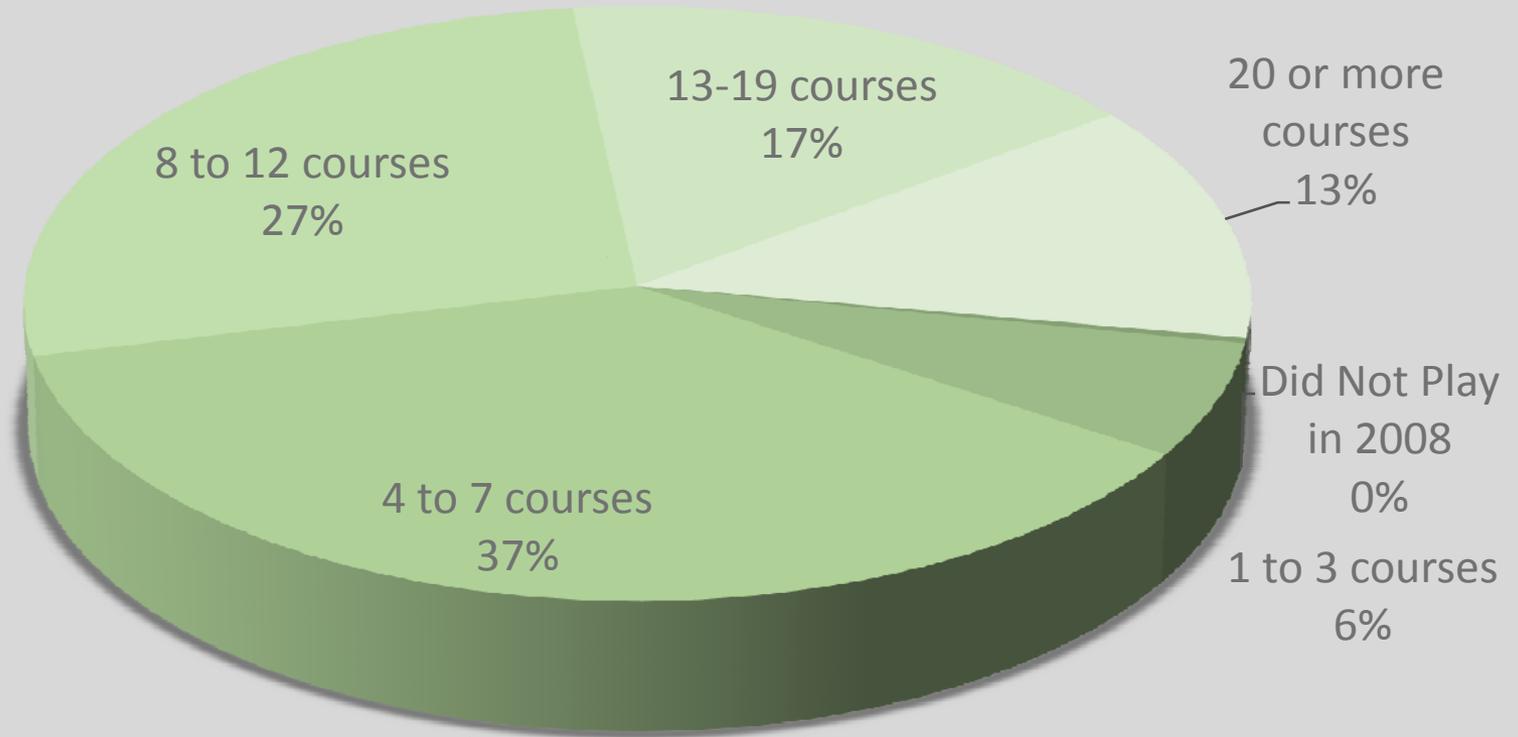
ZIP code	Response Rate
60565	25%
60564	18%
60540	16%
60563	6%
60585	2%
60490	2%
60504	2%
60503	1%
60532	1%
60543	1%
60544	1%
All other	25%

Why Aren't They Playing More? – Lack of Time

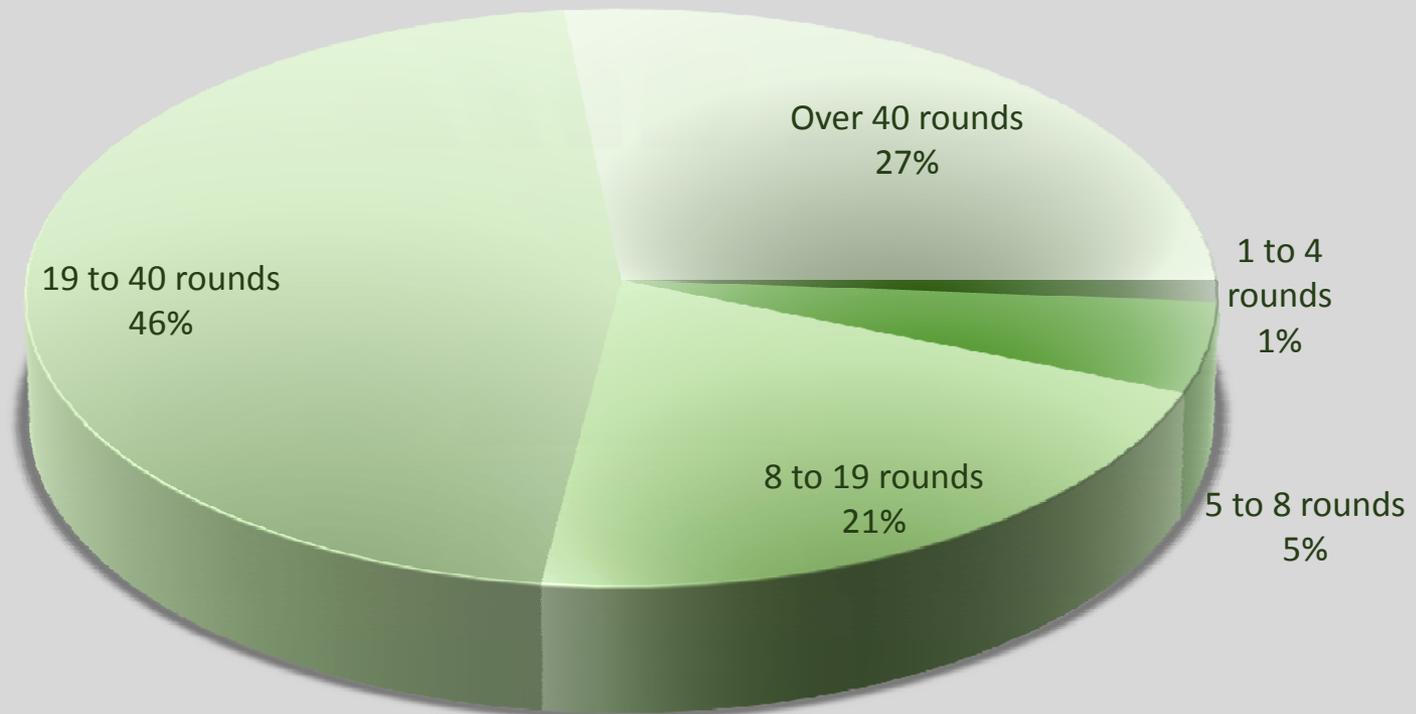


What Are Their Playing Habits?

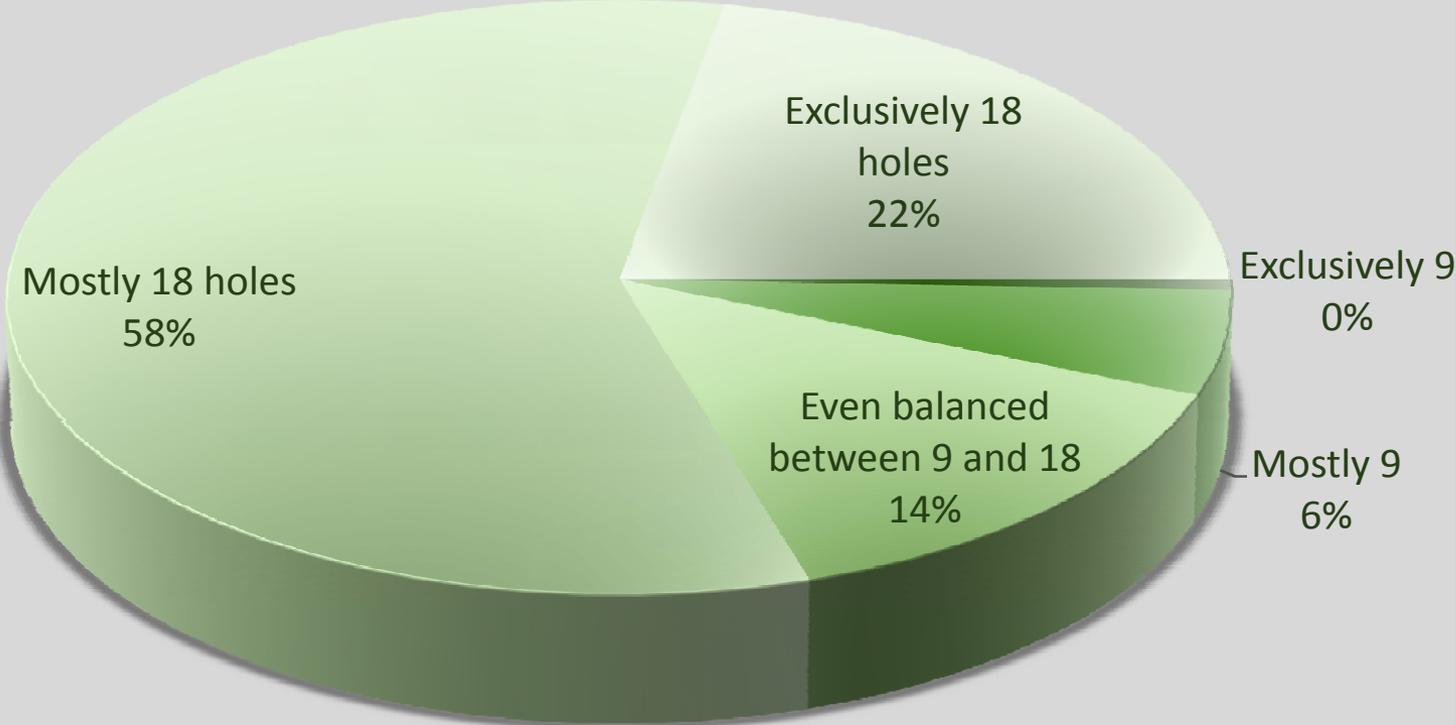
Number of Courses Played in 2008 ? – Play 4 to 7 Courses



Annual Rounds Played Frequency? - 19 to 40 rounds



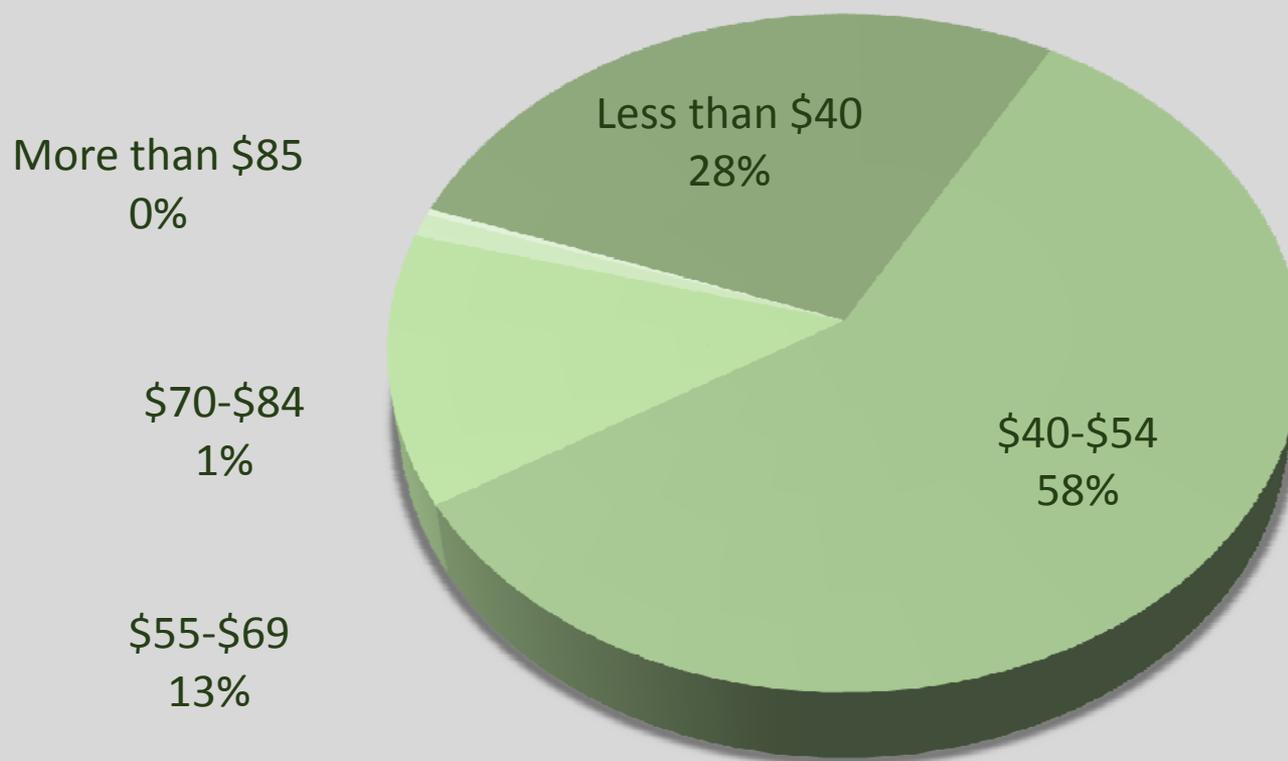
How Many Holes Do You Usually Play? – Mostly 18





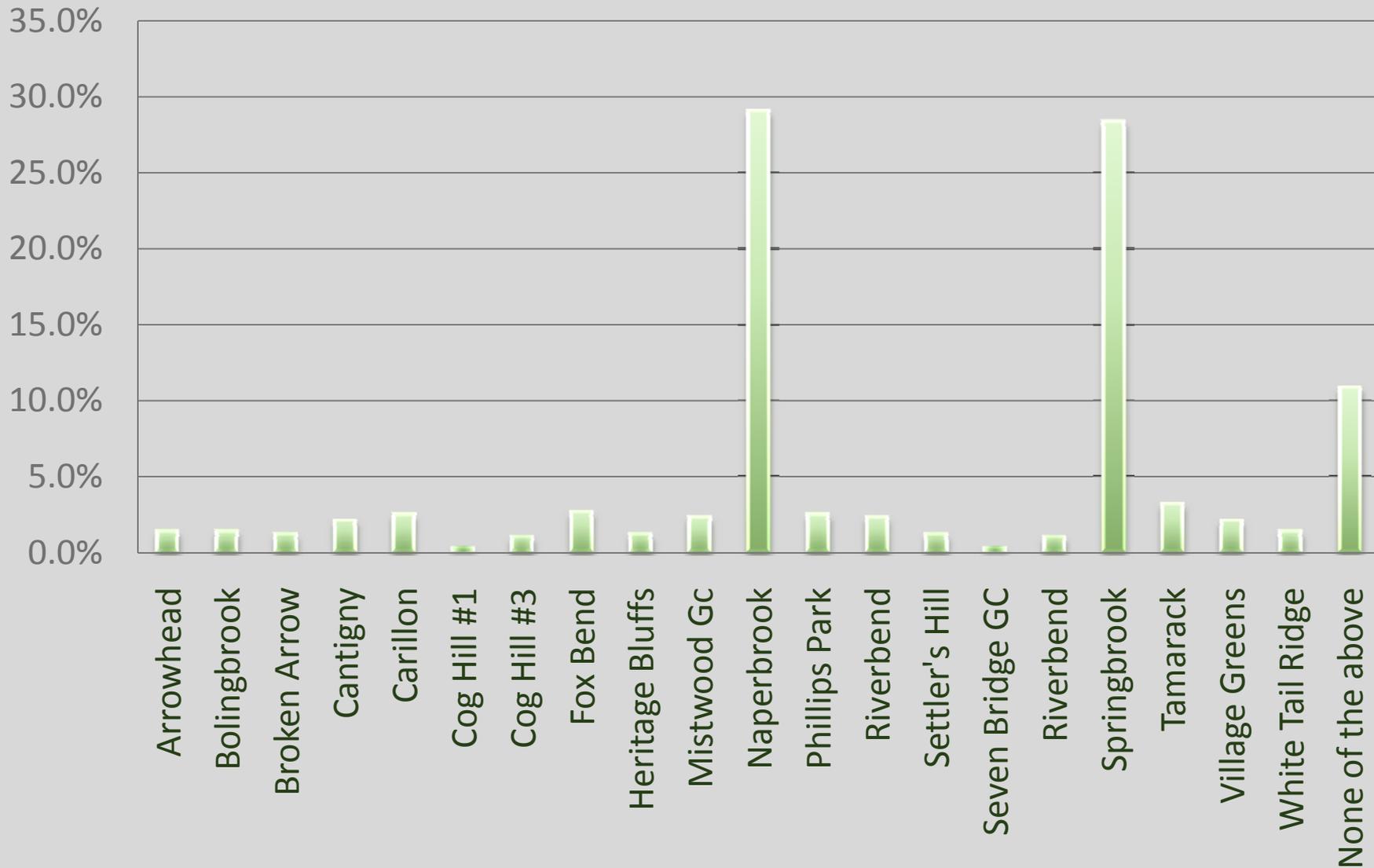
What is Important to Them?

Good value for golf? - \$40 to \$58



Where Do They Play?

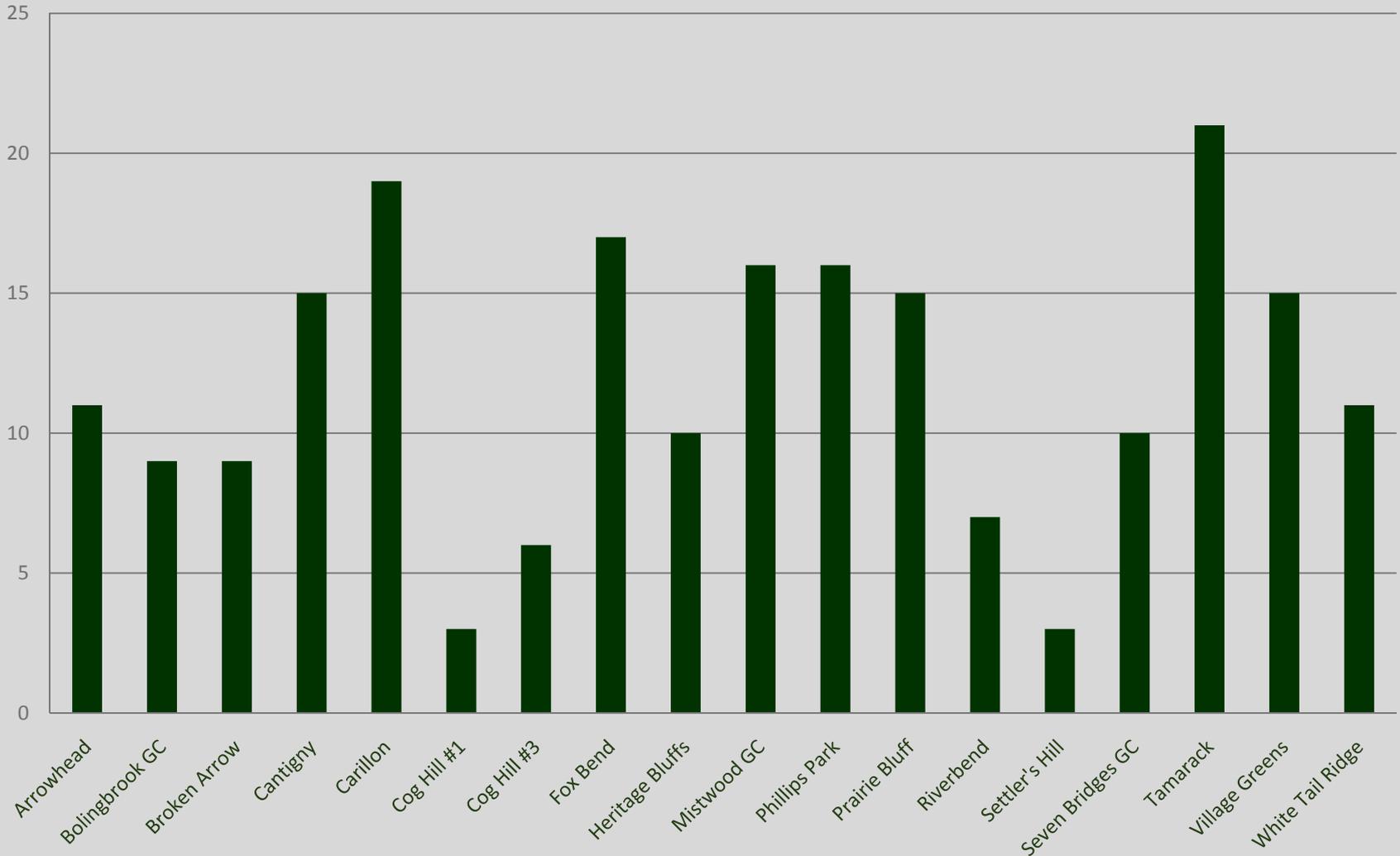
Where Do They Play Often? - Naperbrook/Springbrook



Loyalty Score

Golf Course			
	Promoters	Detractors	Loyalty Index
Cantigny	57%	7%	50
Mistwood GC	43%	8%	35
Heritage Bluffs	39%	6%	34
Arrowhead	41%	8%	33
Fox Bend	42%	11%	31
Bolingbrook	43%	14%	30
Cog Hill #3	38%	9%	28
Prairie Bluff	33%	8%	26
Tamarack	43%	19%	24
Cog Hill #1	32%	10%	23
Carillon	33%	11%	21
Seven Bridges	38%	17%	21
Broken Arrow	24%	9%	15
Naperbrook	32%	17%	15
Springbrook	32%	19%	13
White Tail Ridge	19%	8%	11
Village Greens	26%	18%	8
Settler's Hill	20%	14%	7
Phillips Park	20%	14%	6
River Bend	18%	19%	(1)

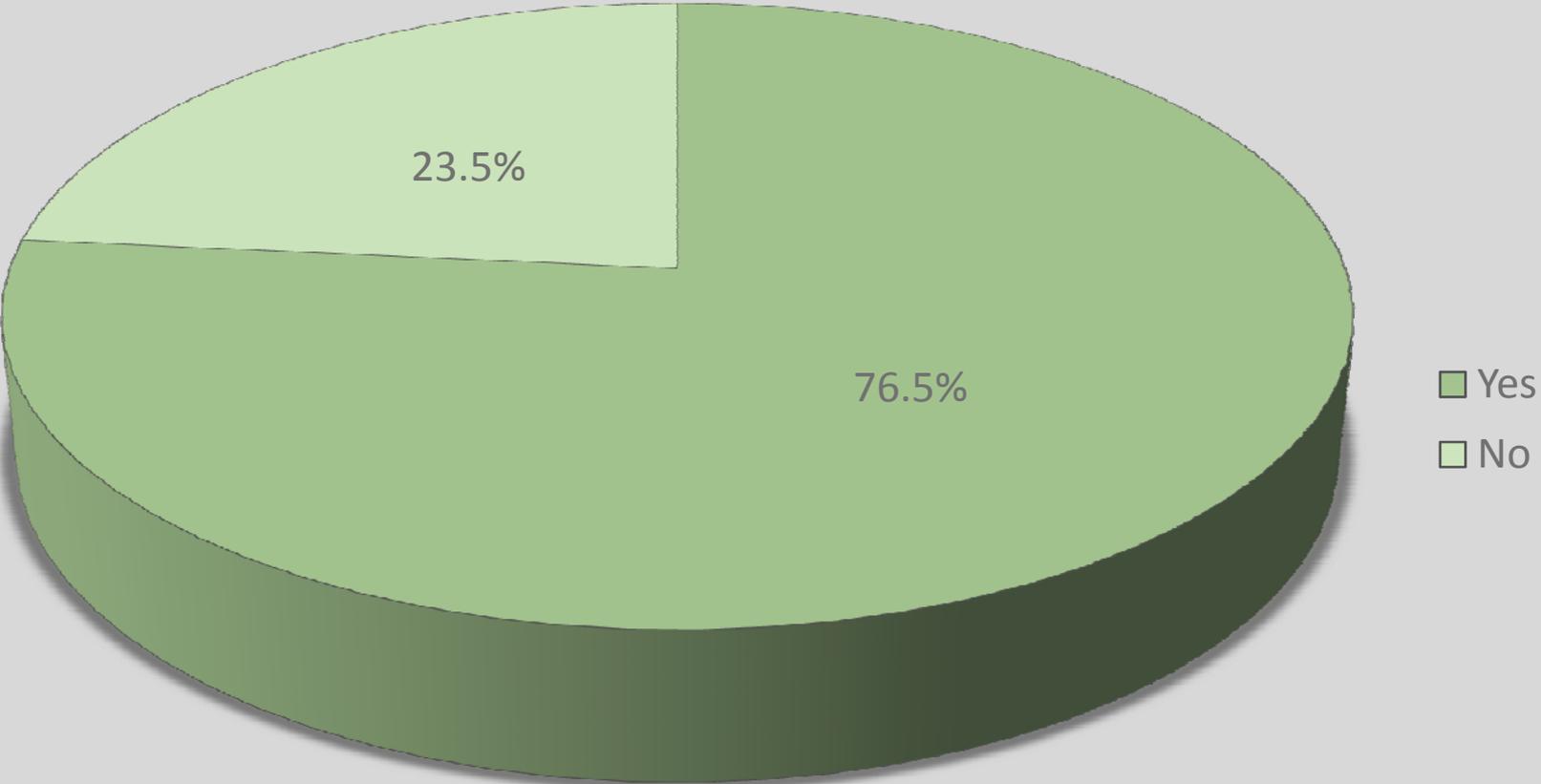
Among Naperville's Direct Competitors, Which Course Do You Play Most Often?



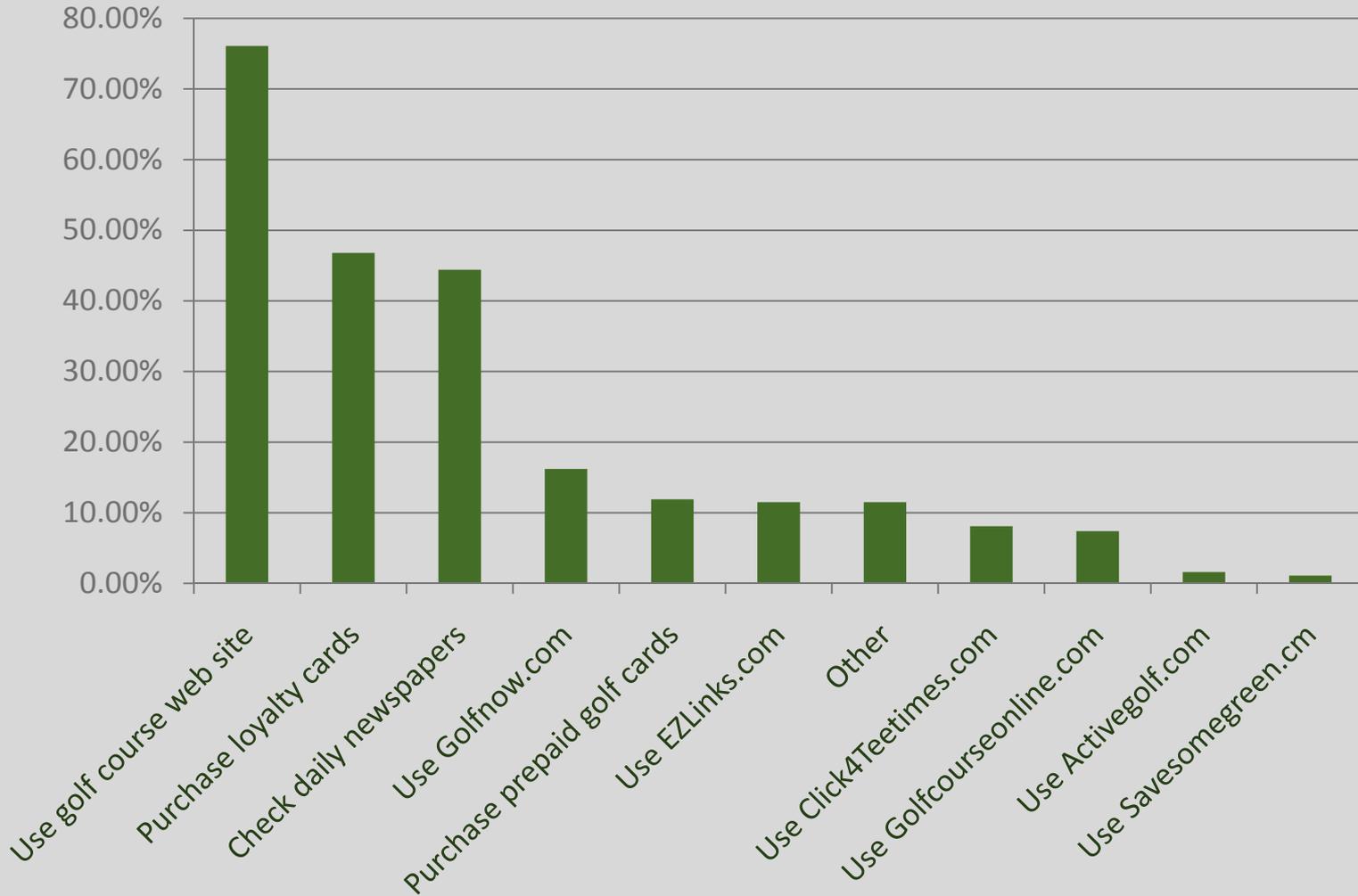


How Do They Make Their Tee Times?

Do You Make Tee Time Reservations on Internet?



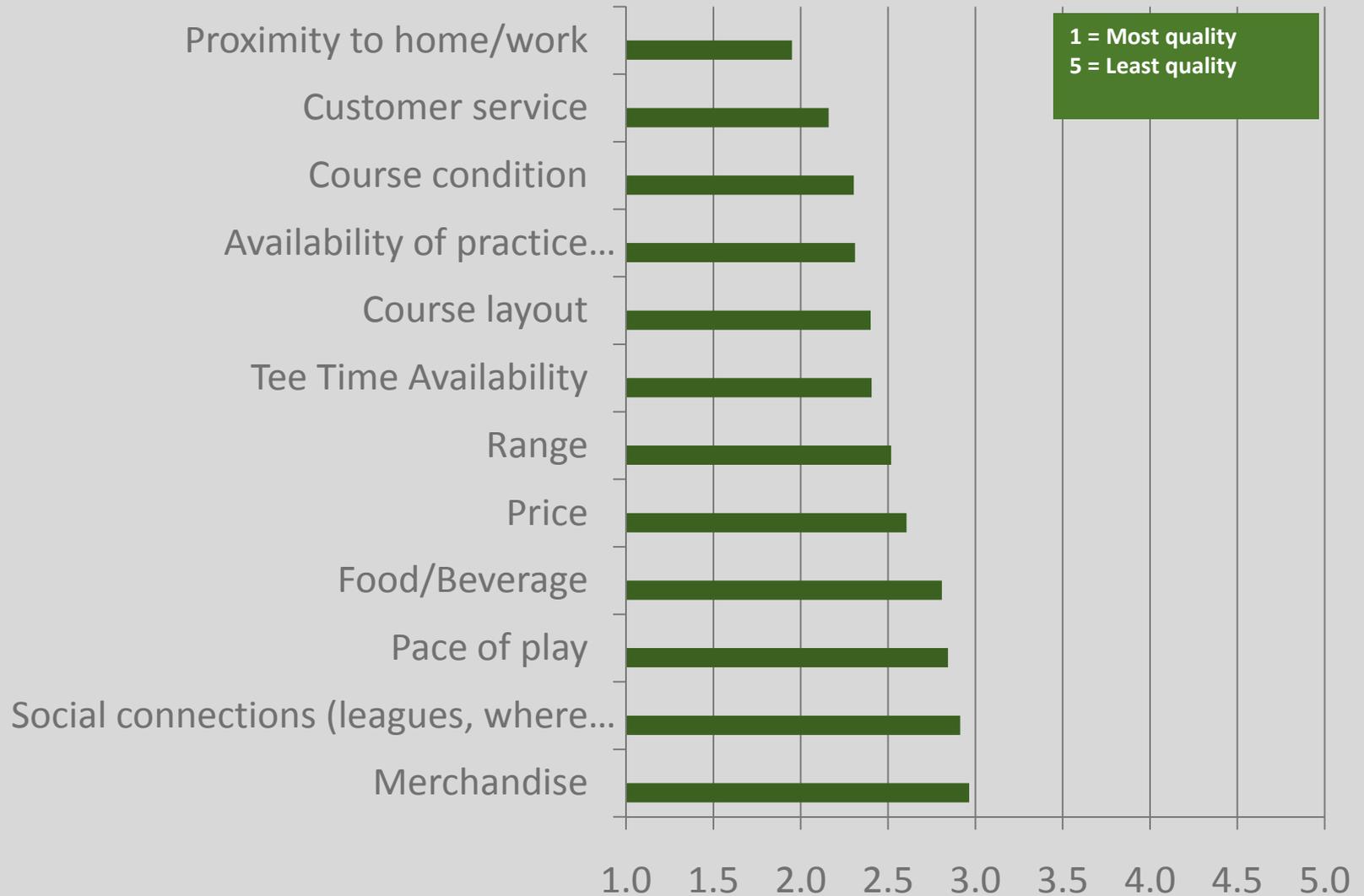
Discount Preferences



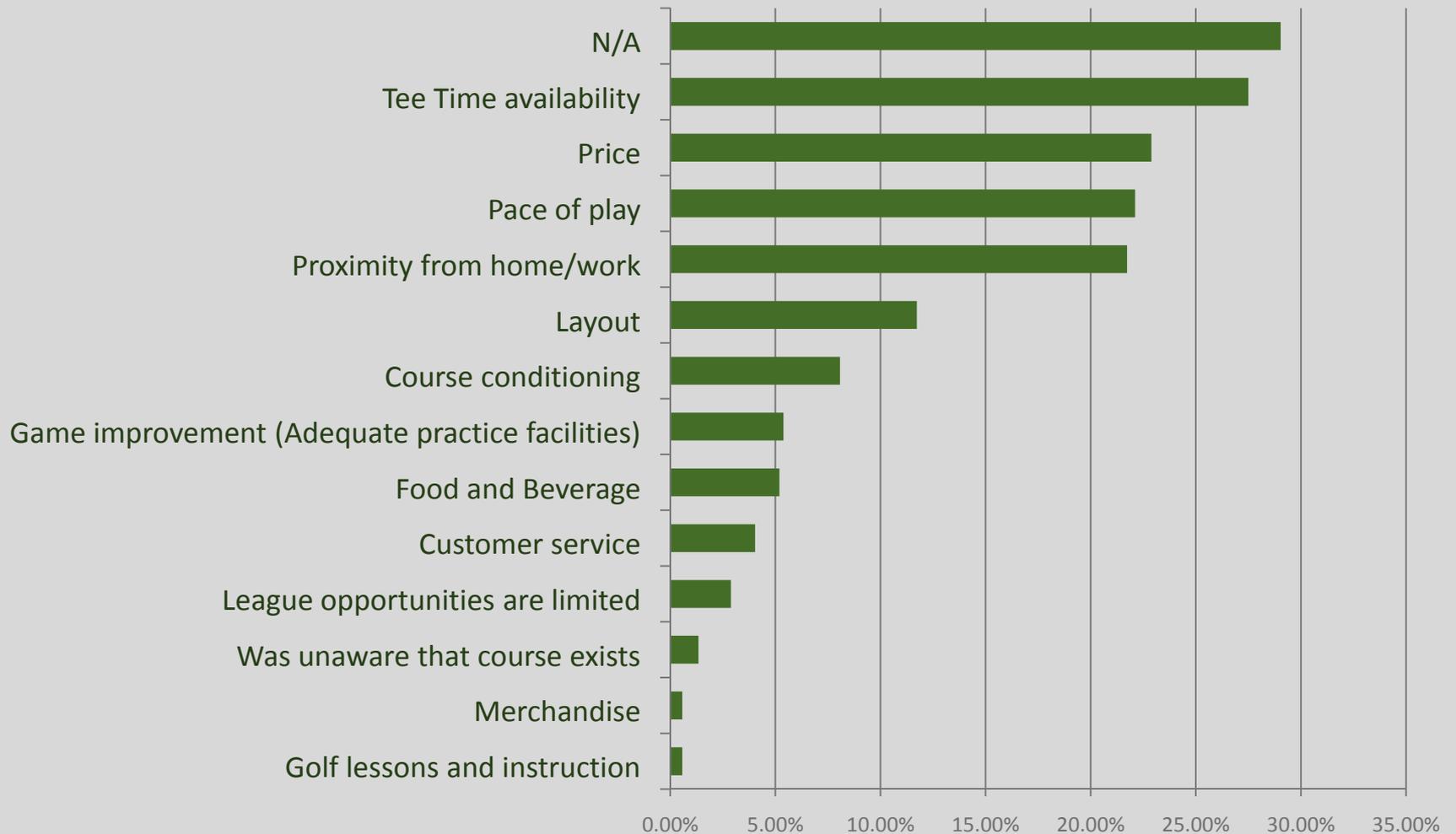


What Do They Think About Naperbrook?

Naperbrook Satisfaction Index



Primary Barriers to Playing Naperbrook



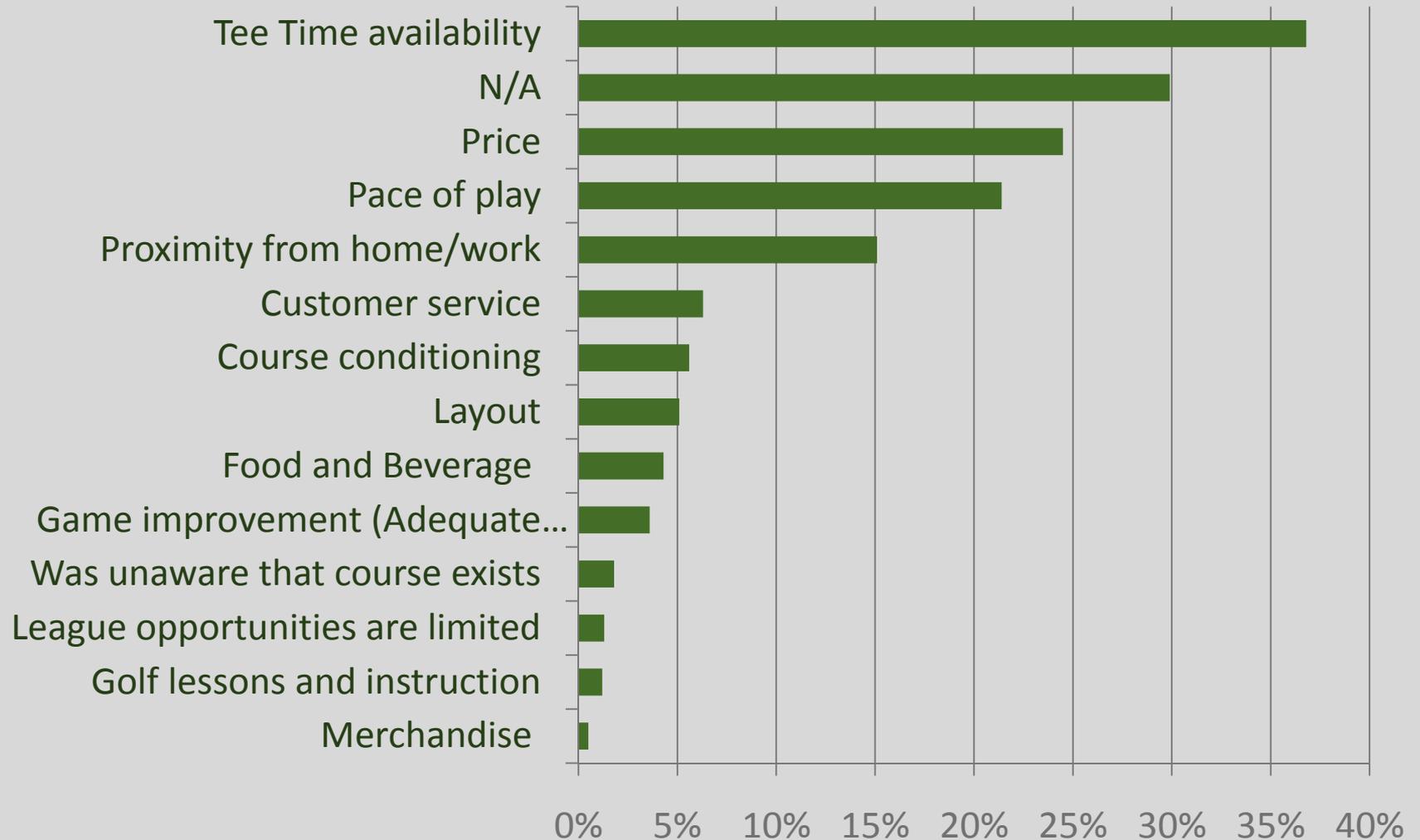


What Do They Think About Springbrook?

Springbrook Quality Index



Primary Barriers to Playing Springbrook



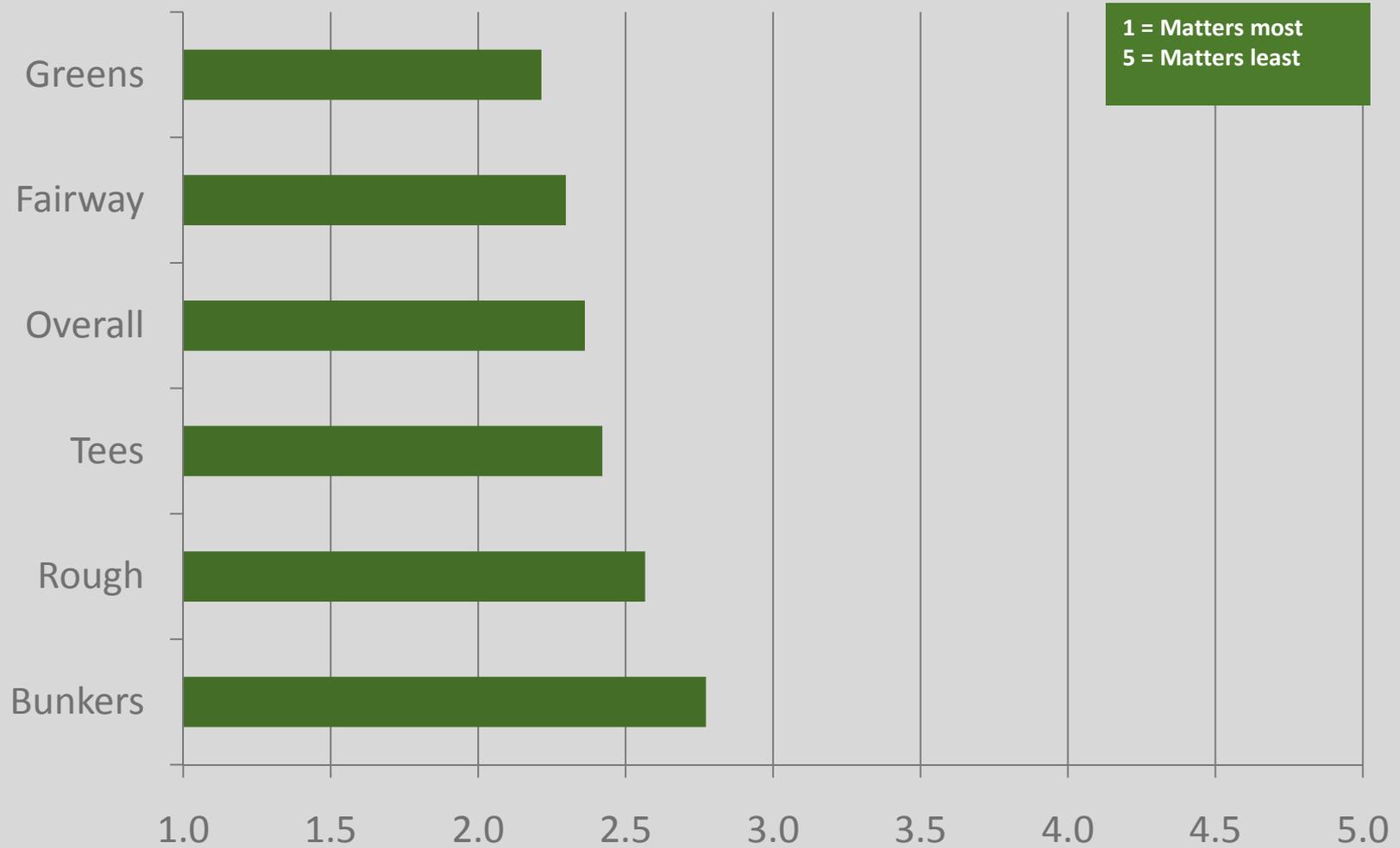


The Delta: Expectations vs. Satisfaction

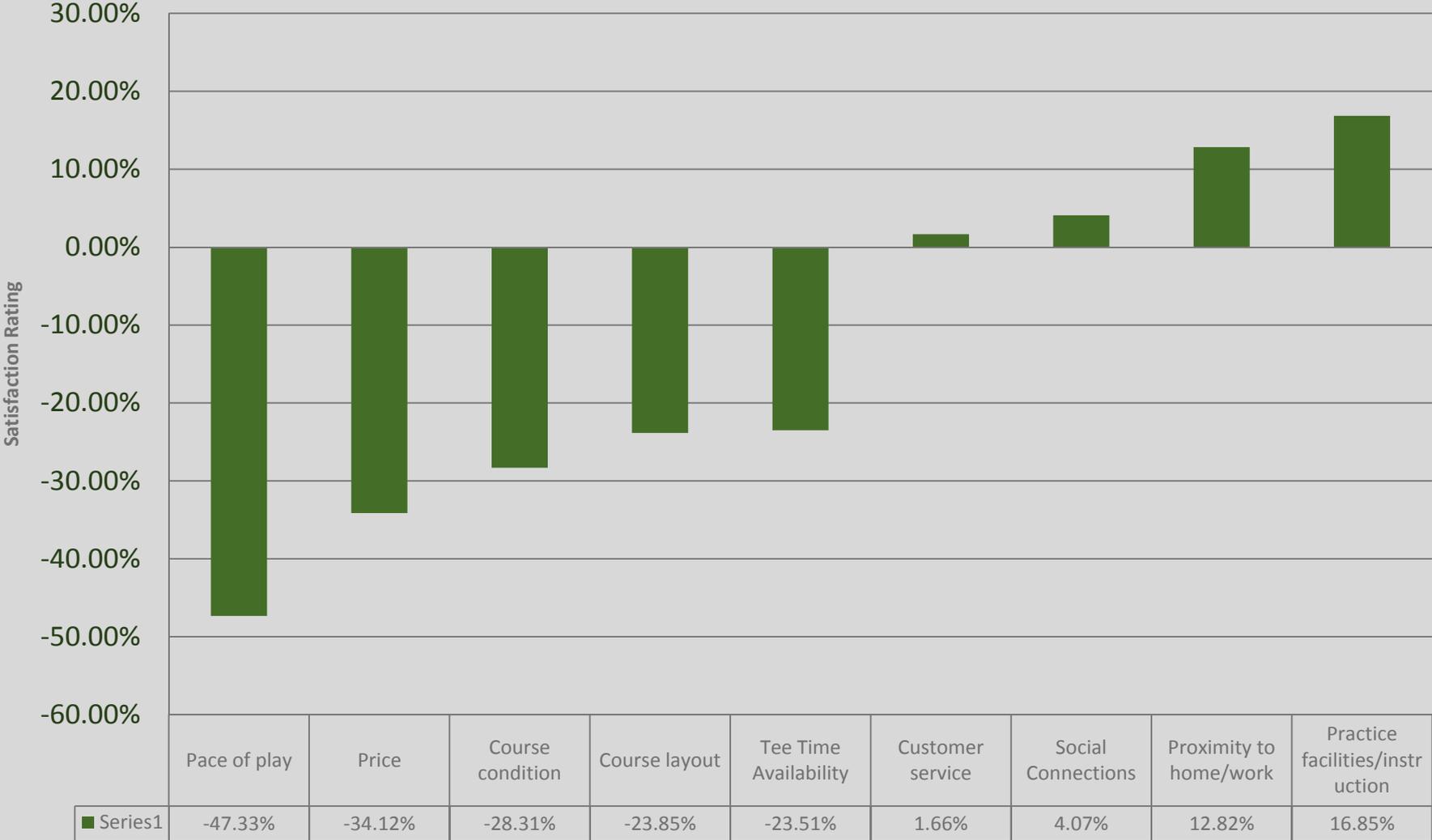
Expectations? – Course Condition



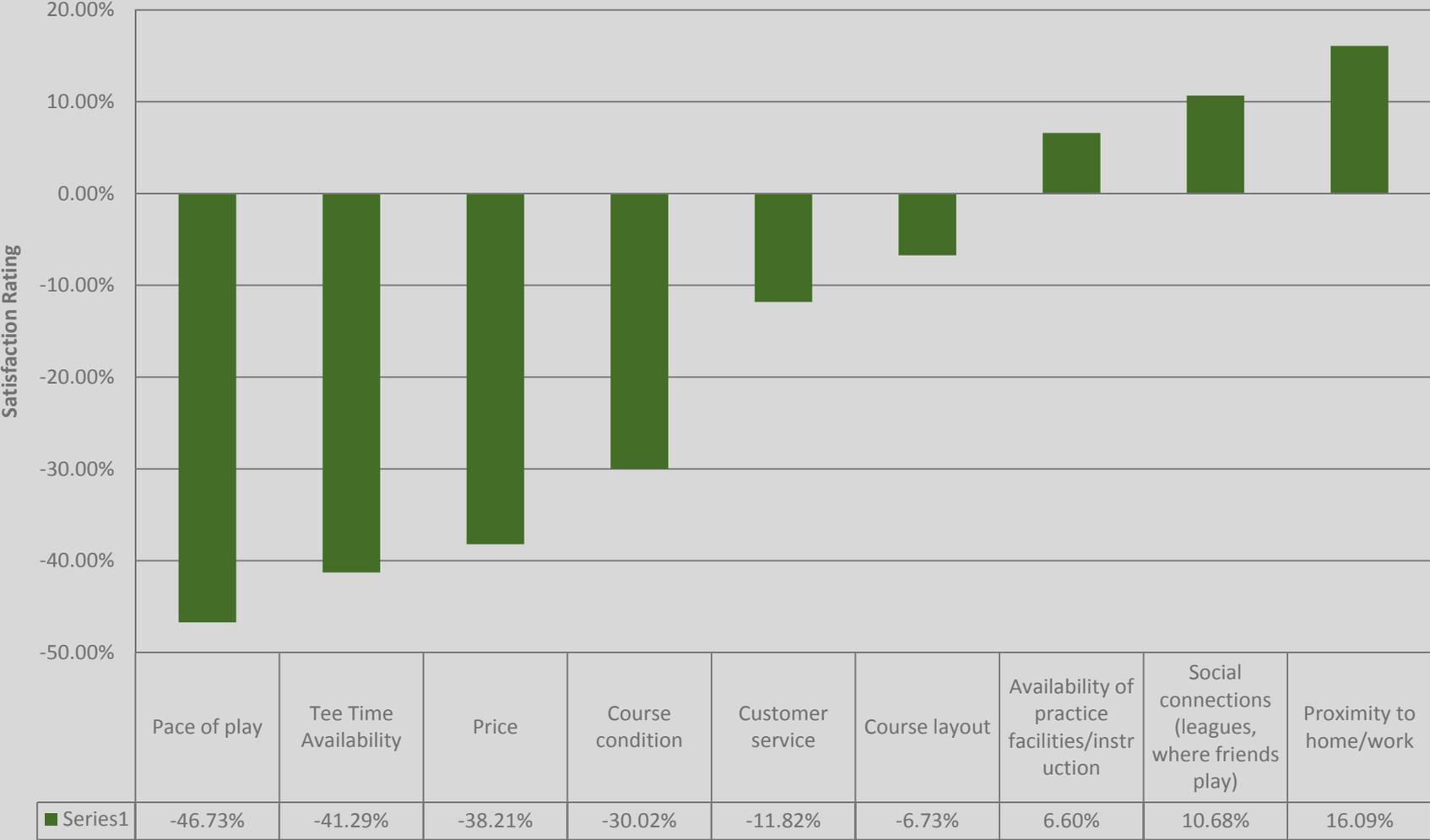
Expectations? - Greens



Naperbrook Expectations vs. Satisfaction



Springbrook Expectations vs. Satisfaction





What Does the Survey Tell Us?

What Does the Survey Tell Us?

- 1) The age/income support higher resident prices
- 2) Time is the #1 Barrier to Play
- 3) Courses are Ranked in Bottom Third on Loyalty Index
- 4) Courses are played because of proximity to home/business
- 5) Pace of Play is an issue at both golf courses
- 6) Those somewhat unlikely or unlikely to play the golf course sight lack of tee time availability and are critical of permanent tee times.
- 7) The lack of food/beverage is not a significant drawback to current customer base.

Appendix J

Labor Management and Operations Review

By Stuart Hayden

On behalf of Golf Convergence

Naperville Park District

April 15, 2009

SUMMARY

Labor management and operations were reviewed at each property. Each Head Golf Professional (HGP) had the same basic approach to managing labor scheduling, labor monitoring, work task definition, and financial monitoring of labor expenses. The two HGP's share a common interpretation of what minimum staffing and service levels are for their respective properties.

Areas of opportunity include improvement financial management of labor costs and the creation of operational and staffing best practices. . There development of processes to manage labor by season, by day, by department (pro shop, player assistants, cart attendant/range, snack bar and beverage cart) by co-worker, or by hour, based upon rounds volume/demand.

Our conclusion is that the Director of Golf and the HGP's are focus is weighted to the "game of golf" (teaching, lessons, and excessive service) rather than the "business of golf" (financial, staffing and general management, with a focus on providing the appropriate service experience based upon each course's segmentation in the market). It is clear that many of the current practices are outdated, and there has been a lack of focus on operational efficiency.

SCOPE OF WORK

The scope of this project included a comprehensive review of labor costs in each department, with the sole exception of the course maintenance department. The specific steps and process for this review included the following for each facility:

1. A review of the following reports and data:
 - a. The hours by labor account report for 2008.
 - b. Time detail (punch in and out) reports by employees for July 2008. This included an analysis of unintentional staffing overlap, which can be attributed to staff punching in early for a shift and departing staff punching out late.

- c. The District's organizational chart to delineate full-time and exempt staff from non-exempt.
 - d. Rounds information for 2008.
 - e. Labor schedules from 2008 were not available but described by each of the HGP's and utilized for this review.
2. In-depth operational discussions were conducted with each HGP to ascertain the service and staffing levels. These discussions included how labor budgets were established and managed, as well as the process for reviewing labor utilization.
 3. A review of the process in place for scheduling labor.
 4. A review of the physical layout of both facilities and the implications on labor requirements.

What's Important Now – The Golf Convergence “WIN” Formula

1. Organizational Structure

Recommendation

The current management structure can be reorganized to achieve savings.

The HGP positions would be changed to that of General Managers. The current Director of Golf should serve the dual role of GM at Springbrook. The job title and responsibilities for the position at Naperbrook should be GM as well. The current salaries are within the appropriate range for the GM positions. However, instead of tying additional income opportunities to teaching, the GM's should be incentivized to drive revenues and minimize expenses through an annual bonus plan. Depending on the total compensation package, the bonus may range from 10% to 20% of current base salary based on net income earned.

The vacant first assistant position at Springbrook should remain vacant, and the same position at Naperbrook could be reclassified to part-time without benefits.

Each facility will require an Assistant General Manager (AGM). The role of the AGM is to be on property when the GM is not scheduled to work. At times, there will be overlap of their schedules, but the objective is to have one of these managers on property as much as possible. Typically, this position is salaried at a cost of approximately \$35K-\$45K per year. **Priority A+**

Justification

HGP's are not a requirement at properties in this segment. Class "A" professionals should be seasonal hourly staff, paid at market rates, to assist with clinics and instruction. The current Director of Golf can leverage his affiliation and access to PGA hiring resources to fill these positions. These staff members can also work in the pro shop. There is currently a Director of Golf overseeing the two facilities and an exempt HGP (HGP) at each property. The HGP's essentially have the role of golf course General Manager (GM), although they do not appear to be focused on the business of golf and are much more focused on the game of golf. This is most likely due to "a teaching and instruction culture."

In general, golf courses do not have exempt HGP's who teach and try to manage operations. That is not to say HGP's cannot fulfill the role of (GM), however if they do so, they should not be allowed to teach and must be held accountable for operating results. In small, seasonal operations such as these, it is necessary for the GM to not only lead and monitor all aspects of course operations but to participate in filling critical daily functions as necessary.

Our review found that additional staffing is necessary because the HGP's participate in providing lessons and have a severe lack of focus on financial management. This is quite understandable, since they can supplement their income through instruction.

Unfortunately, operations and financial management have suffered. Numerous data points that we identified during our visits to support this conclusion.

Furthermore, the AGM will reduce the amount of hourly labor needed during the shoulder and peak seasons by working approximately 16 to 20 hours on the counter. The availability of the AGM's, combined with the GM's, will eliminate the need to ever have three people scheduled to work in the Pro Shop, will enable the elimination of snack bar managers (discussed below), and can assist with managing the merchandise inventory as recommended in the Merchandise Section of this report.

Between the GM and AGM, there should be little need for staffing in the off season. A properly trained AGM can be a valuable resource to the GM in all facets of operations. When considering the cost savings of eliminating the HGP position at Springbrook and the 1st Assistant position at Naperbrook, the savings will pay for an AGM at each facility, and there will still be an approximate savings in excess of \$50K.

2. Financial Management

Recommendation

The budgets for 2009 should be modified to reflect accurate financial objectives by month. It is virtually impossible to manage labor costs without a budget to provide a benchmark for actual labor expenses. Budget and actual reports should then be monitored monthly and staffing adjustments should be made based upon total revenue, rounds, and labor expenses for the previous month. **Priority A**

Justification

Neither HGP demonstrated the most basic knowledge of the course's 2009 budget.

When asked if they developed and utilized their labor budgets by month, with labor expenses budgeted differently in each month based upon seasonality, demand and daylight hours, one responded in the affirmative and the other wasn't quite sure but thought so. When we asked them to print the reports, both found that the annual labor budgets were spread equally across the twelve months. When both were surprised, it begged the question "Didn't you realize this when you reviewed your budget to actual report in January, February or March?" Neither had reviewed their operating budgets in 2009, and we were speaking with them in the second week of April. Revenue and expenses had been incurred at each facility, but there had been no review of the financials.

When we inquired if the Director of Golf had discussed or inquired about financial performance in 2009, each said he had not.

Throughout our findings we are assuming that the GM was available to assist staff around the clubhouse during unexpected, short bursts of customer activity (either in the shop or on the phone) and not encumbered with teaching responsibilities.

There is the possibility to reduce staff at each facility by at least 20%, and possibly more, depending upon how creatively and aggressively management executes the following recommendations.

Unfortunately, it has been our experience that without training and focused leadership, the average GM will not agree with or implement these recommendations. In fact, GM's most often use misdirection, miscommunication, and in some cases sabotage, to illustrate that these recommendations are not possible.

We have implemented these concepts and strategies at hundreds of golf courses, and they are proven best practices. The key is for local management to determine the best way to optimize labor for their given operation based upon these concepts. The art of

labor management is in the details and the nuance. The scope of this review does not provide for a comprehensive labor management plan, but the approach outlined below was discussed in detail with each of the HGP's.

It is also important to realize that there are several possible reasons for overstaffing.

The most likely reason is the lack of a reward system to motivate and incentivize the GM, which is why we have recommended the implementation of a bonus program. In fact, there is currently a disincentive to manage labor closely. Appropriate staffing requires focus and hard work. Schedules need to be modified both weekly and daily based upon demand and weather forecasts, and the staff needs to be trained on specific tasks and held accountable for doing their jobs effectively and efficiently.

Staff that isn't performing must be coached or disciplined and possibly terminated, and then the hiring and training process begins again. There are additional risks to efficient scheduling—there may be an unexpected surge of business, the phones may get busy for a short period of time, customers may have unrealistic expectations that will need to be managed, and ultimately there will be a few customer satisfaction issues.

Therefore, many managers avoid this work and these possible customer satisfaction issues by overstaffing. There is little downside to overstaffing from the managers' perspective and tremendous upside if they can avoid the work and issues associated with proper labor management.

It is imperative that the Park District leadership team understands the perspective of the golf course management team and that both teams are in alignment with achieving the objective of managing labor more efficiently.

The entire management team must recognize that at times it may get busier than planned for, and there may be a delay in answering the phone or responding to a customer inquiry. That is the nature of municipal golf and is consistent with the value equation provided by facilities in this segment.

3. Scheduling

Recommendation

Labor should be scheduled by a specific opening time with specific shift ending times. Closing times should be listed as well. A schedule with specific in and out times is imperative to holding staff accountable for punching in and out on time. This will limit the staff taking advantage of punch rounding and working unauthorized hours.

Priority A

Justification

The HGP at Springbrook provided the labor schedule for the golf shop and OSS for the entire 2009 season. . These schedules are clear indicators of the issues that currently exist with managing labor. There are very few actual times on any of the weekly schedules for the entire year. The words “Open” and “Close” are the extent of the scheduling next to each staff member’s name in the pro shop, with few exceptions. Since the sunrise changes by seven minutes each week, the opening and closing times change as well. A review of the punch detail shows vast inconsistencies on how staff interpret opening. Furthermore, a review of the OSS schedule shows that only three terms are used for the entire year, “Open,” “Close” or 1 p.m.

A review of the punch detail report for the snack bar at Springbrook for July of 2008 found 82 punches where the “in” time schedule was discernable, and in 32 of those cases the staff punched in more than 8 minutes early, earning an additional quarter hour of pay. In the 40 cases where the “out” time was discernable, there were 27 cases where the staff member punched out 15 to 30 minutes late. In total, for this sample there were 122 punches, and in 59 cases additional labor expense was incurred that was not necessary. These were only the cases where we could identify the “in” or “out” time scheduled. In numerous cases there is no way to calculate the costs because there were no specific schedules. Similar examples were prevalent throughout each of the four July punch detail reports reviewed for each course. If these excess labor costs are extrapolated across all departments for the entire year, the costs are significant.

4. Staffing by Department – Pro Shop Staff

Recommendation

The pro shop should open with one staff member (1), not two staff members, 30 minutes before the 1st tee time.

As the tee sheet demand increases, a second staff member (2) may be necessary, maybe at 6:30, 7 or 8 a.m. As demand slows down, the opening staff member (1) should go home. This may be at 10, 11 or 12, depending on the day. Staff member (2) should single-staff the shop until it is busy again. Depending on the time of year and length of schedules, staff member (2) may go home and staff members (3) and (4) should arrive. Depending on demand, staff member 3 should leave between 4 and 6.

There should not be two staff members working into the closing period. There should never be cause for three hourly staff members working in the Pro Shop at the same time. Either the GM or AGM should be on property during periods when a possible burst could occur in the shop and they can jump in as necessary. **Priority A**

Justification

Each department is frequently overstaffed, the shifts are too long, the shifts are not dynamic based upon demand, there is double or triple staffing at times that is unnecessary, and there are shift overlaps due to the early arrival and late departure of staff.

As mentioned earlier, management will most likely disagree with the following and will bring up ladies' day on one morning a week, busy league play some afternoons, or busy weekends as reasons for additional staffing. We agree that those exceptions require staffing consideration but only as an add-on to the proper base level of labor allocated to specific shifts. The review of each department below is based upon normal demand periods and should be adjusted upward for the "exception" periods when not discussed specifically. The utilization of a GM and an AGM are key to this strategy; they can assist during brief bursts of business. It should also be noted that golfers can only tee off in groups of four every eight minutes, so unlike a movie theater, all of the customers do not arrive at once, nor do they all have to be "processed" immediately.

5. Staff by Department: Starters

Recommendation

The number of starters and the length of their shifts can be reduced. **Priority A**

Justification

Starters are dramatically overstaffed at both facilities. The standard municipal golf course manages the 1st tee from the pro shop. At both facilities this is very practical, since the 1st tee is visible from behind the pro shop counter. Information about the course, pairings, and the status of their position on the tee can be communicated at check-in with the pro shop. On busy days, the shop should utilize a public address system to call people to the tee. Starters should not be necessary on most days. In fact, on busy days the customers assist with tee management by telling those in front of them it is time to hit, since they want to advance their position in the queue. On the busiest day, when starters may be necessary, they should work from 30 minutes before the tee sheet gets busy. The shift should last until the tee sheet demand softens, but no later than 3 in the afternoon. Most afternoon leagues will self manage without the need of a starter, and twilight and super-twilight customers do not have an expectation or a need for a starter.

The justification provided for starters is not compelling. Recording cart numbers is a meaningless task. Both HGP's acknowledged that less than five carts are damaged a year, and in almost every case the customer is not pursued for the associated costs.

The collection of cash from customers for a “game” on weekend mornings was another reason given for starters. Starters should not be responsible for the collection of cash at the tee. There are no control mechanisms for this cash and the liability far exceeds any benefit. It is customary for customers to “manage” their own games. The recording of starting times, nine-hole turn times, and finishing times was another reason. Seldom can this information be used to make any changes on the day of play. The player assistants on the course should know if players are out of position, and they can coach players accordingly.

The justification of recording pace of play in order to establish which foursomes qualify for a discount the following year is ill-advised. The vast majority of groups qualify for the discount, and the savings of not issuing a discount to the few offenders is far exceeded by the labor associated with tracking. Furthermore, permanent tee times should not be discounted for playing at the required pace. Penalties should be in place, and are, for those who do not maintain pace, and the PA’s can identify those who are consistent offenders.

6. Staff by Department - Player Assistants

Recommendation

The player assistant (PA) can arrive 2 hours at the first tee time, instead of at opening, which is the current practice. **Priority B**

Justification

There are no golfers on the course to assist until 2 hours after the first tee time. They currently fill and distribute the water jugs on course when they arrive. This task can be completed by the Cart/Range Attendant as described below. The PA shift should end in the afternoon at approximately 4 p.m. and should not continue to be staffed until nightfall as is currently being done. By the end of this shift, the pace of play is set for the day and will not be improved. If there is an on-course issue, someone from the pro shop can go onto the course to address it.

7. Staff by Department Cart / Range Attendants

Recommendation

This staff member should arrive 30 minutes before the 1st scheduled tee time. He or she should stage carts, set the range, and distribute water onto the course. **Priority B**

Justification

This position can usually be single-staffed, especially at Naperbrook, where there is less range business. On busy range days a second person may be required occasionally at Springbrook. This staff member should be instructed about how to pick the range efficiently,. They should not drive every square foot of the range when picking balls. They should drive where the majority of the balls are located, fill the picker quickly, and only spend time picking the perimeter every other day or so, unless there a large volume of balls in that area. Picking the range correctly can reduce labor by as much 10 to 15 hours a week at a busy range and eliminate the need for a second person on many days.

A best practice is to have the cart attendant punch out at dark, as soon as the last carts are returned. The last few carts (the HGP's estimated this number at 10 or less) should be put away unwashed. Assuming it takes five minutes to wash a cart, this can reduce labor by 50 minutes at night, and it will enable the staff member closing the pro shop to depart as well and not waste time waiting on the cart attendant. These 10 carts can then be staged off to the side in the morning and then washed by the opening staff member after he or she has distributed water on the course.

8. Staff by Department - Snack Bar and Beverage Carts

Recommendation

The snack bar manger position can be filled by other based on the reorganization in which labor savings are likely. **Priority B**

Justification

This is a very simplistic snack bar operation. The GM and AGM should manage this function (hiring, scheduling, ordering, and financial management) and should utilize a lead team member in this department to assist with training and accepting deliveries. This will eliminate the use of a \$15 an hour staff member at Springbrook who has worked shifts in excess of eight hours on several occasions in the sample labor information. Savings here are further justification for an AGM. Furthermore, these savings will help offset the costs associated with increasing the labor over prior year to support the drive up window at Springbrook. The savings at Naperbrook will enable the course to provide a second person during busy weekend periods, which are currently single staffed. In both cases, costs will be reduced and service levels will be increased.

The beverage cart should be scheduled based upon demand, but in general it should operate from two and a half hours after the first tee time. This schedule enables the first group to pass through the 9-hole turn, visit the snack bar and then be visited by the beverage cart on hole 12 or 13. The beverage cart should be available until 4 p.m., or as

late as 6 p.m., depending on the sales history for particular days. Golfers who check into the shop near the end of the beverage cart shift should be notified that the cart is coming in at the scheduled time and they may want to visit the snack bar before going out on the course or at the turn. Sales are generally light late in the day, and sales from the beverage cart are not typically incremental since the snack bar is open and customers will make purchases there. This is a very acceptable service standard and will reduce current labor hours

9. Customer Service

Recommendation

A recovery toolkit should be implemented by developing the coupons and tracking log. Train staff on how to empathize with upset customers and how to utilize the service recovery toolkit. **Priority B**

Justification

The occasional customer service issues that arise should be responded to proactively. An example of the correct response is the use of a "Service Recovery Toolkit," which is a set of predetermined tools that can be offered to a customer to soothe any service issues. Buckets of balls, lunch, or a free cart rental, are examples of recovery tools. These coupons should be kept in the cash register, and if one is distributed, it should be logged with the information about who gave it out and why. The GM should review this log to identify service issue trends so that changes can be made to avoid future issues.

IN CONCLUSION

The opportunities to reduce labor costs, increase operational efficiencies, and reallocate labor dollars to provide improved customer service are significant. The most glaring barrier to implementation of these concepts is the lack of experience of the current management team. Since their primary experience has been accumulated by working at these two facilities, they have not been exposed to the best practices for operating high-volume municipal golf facilities.

Labor should be managed closely and scheduled based upon demand. Cross utilization of staff and scheduling every shift for every person for a particular day, with "in" and "out" times based upon course activity, will greatly reduce labor costs

To be successful the management team needs to think “outside the box” and be willing to try new approaches to delivering the golf experience. It will require hard work, a focus on scheduling, labor monitoring, and clear communication with the guests about the changes that are being implemented. This is a public asset and there is certainly a movement across the nation to limit waste and utilize tax dollars effectively. We don’t think there could be a better time to make the changes recommended in this report. They will ensure the financial viability of these precious municipal assets and provide the constituents of Naperville and the surrounding areas with enjoyment for years to come.

Appendix K

Merchandise Report By Lisa Langas On behalf of Golf Convergence Naperville Parks District April 15, 2009

Summary – Naperbrook and Springbrook Golf Course

The review of the Naperbrook and Springbrook Golf Shops included an in-depth interview with the head golf professional, a comprehensive financial analysis of the retail business, inventory procurement practices and sales forecasting, and a review of the golf shop space and visual merchandising standards.

The following analysis was undertaken and findings noted:

- **Inventory Budgeting Process.** The current process forecasts inventory needs based upon past purchases and receives 100% of these purchases, except for golf balls, prior to opening for the season. Some adjustments were made for 2009 season, anticipating less retail sales and thus reduced budgeted purchases.
- **Retail Sales and Profit Goals.** Current policy is to operate on an 80% cost of sales and 20% profit margin. There did not seem to be a clear methodology as to how this cost and profit split was determined, other than based upon history. The 2008 retail sales were well below industry average, while profitability was higher.
- **Retail pricing and markdowns.** There is no system in place to establish correct initial markup for all categories of merchandise, other than to utilize manufacturers' suggested retail pricing and competitors' pricing. Retail pricing is critical in a golf shop of this type to motivate customers to purchase at an original retail price to maximize gross profit by not having to take too many markdowns.
- **Sales strategies and staff.** There is no current process in place to monitor monthly retail sales. This limits the ability to determine what is selling above expectation and what is selling below expectation, and thus be able to proactively plan markdowns to increase sales and/or cancel merchandise on order. Staff is not communicated with in terms of sales goals, inventory to be focused on via promotions, nor is staff encouraged to be on the floor straightening and engaging customers as they come in the door.

- Vendor assortment and quantity. Vendor assortment needs to be reflective of customer demographics in terms of retail price, style, fit, and quality. Vendor choices are being made on personal preference of professional staff, i.e. equipment staff programs rather than customer demographics. Additionally, quantities purchased need to be based upon monthly sales goals and varied depending upon the month received. Store layout and visual merchandising standards. The physical space is fine in size but needs to be utilized better to flow customers through the merchandise to the counter. Fixtures are not consistent and do not allow for best presentation of different types of merchandise to motivate customers to look at and purchase. There are no display mannequins, signage, or visual accessories to round out the presentation and create a comfortable shopping environment.

Scope of Work

Both golf shops do not meet expectations, nor do they meet industry standards for the areas reviewed above.

When compared to similar golf shop operations, Naperbrook and Springbrook golf shops rate as follows:

Inventory Budget Process

- There is no method in place to determine the correct amount of inventory needed at a total store/department/category level in relation to the retail sales at each level. This budgeting process is fundamental to a sound retail business.
- All inventory is received at the beginning of the season, which negatively affects cash flow, ability to react to sales trends, and the ability to continue to motivate customers to buy new fresh goods during the season.

Retail Sales and Profit Goals

- Per an Association of Golf Merchandisers Survey, the average Midwest public golf shop is realizing retail sales of \$230,945, a 65% cost of sales, and a 35% profit margin. See attached spreadsheets for each course's performance compared to industry averages.
- Both stores are under retail sales opportunity for facility type and regional location while overstocked to retail sales performance? thus realizing very slow turnover rates.

- Naperbrook is doing well in terms of profit, much better than planned. However Springbrook's low profits are far below industry averages.

Retail Pricing

- In an effort to increase retail sales, a program has been put in place to allow customers to buy into a program in which they can purchase inventory at cost plus 25%. This is much too high of a discount for such a buy in and will result in flat sales due to the discount and lower profitability in the long term.
- Retail pricing needs to be determined based upon the profit goals of the golf shop, and inventory purchased should allow for a full initial markup in all categories, resulting in a retail price point comfortable to the customer.

Vendor Assortment

- No vendor analysis is being performed monthly or seasonally to ensure correct assortment for the customer and consistent sell through of inventory.
- Pre-books are not done on a monthly basis, which helps to increase the shelf life of inventory, fill in assortment to continue to sell at original retail price, and limits the ability to cancel if a vendor's products are under performing.

Store layout and visual presentation

- Need to invest into new fixtures, mannequins, and display accessories. Outdated presentation is greatly impacting customers' view of merchandise and thus their comfort level of purchasing.
- Merchandise needs to be rotated weekly and major displays changed bi-monthly.
- Be sure housekeeping is done daily, light bulbs are changed, counter is clear, fixtures are dusted, and clothing/merchandise is straightened.

What's Important Now – The Golf Convergence “WIN” Formula

Open-to-Buy Program

- Need to implement a comprehensive financial program which allows this retail business to properly forecast and track monthly retail sales, inventory purchasing budget, inventory levels, and profitability.
- Additionally establish correct retail pricing and vendor assortment to support retail sales goals.
- For the 2009 season, it is critical to use this program to meet a retail sales projection, to get inventory that is currently in stock selling now, and to utilize a markdown program that can identify inventory that is under performing.

Priority - A

Staff Training and Communication

- Set the expectation of staff to proactively sell inventory and communicate daily/weekly/monthly sales goals.
- Initiate a program to motivate staff to achieve goals and set up a reward program for them.
- Provide to staff knowledge, training, and information about products being purchased for customer base so staff can communicate to customers.

Priority – A

Visual Presentation

- Invest immediately in mannequins and display accessories to convey product usage and functionality.
- Develop a lifestyle display program utilizing cross-merchandising techniques, signage about features and benefits of products, leading customers to product categories easily.

Priority - A

Fixtures

- Work with a competent fixture company (I would suggest Tom Hoch Designs) to replace current fixtures. This can be done in phases, which allows you to realign the current space to better fit customers' tastes.
- Do not simply buy fixtures from a catalogue; this will only create a new unfocused landscape in the golf shop.

Priority – B