

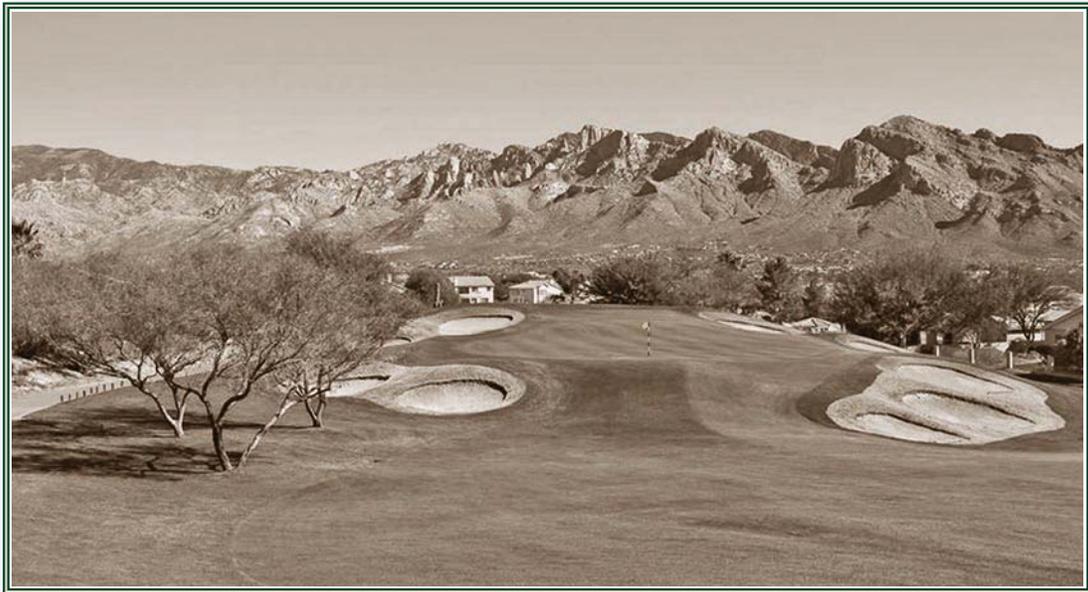
EL CONQUISTADOR GOLF & TENNIS
ASSESSMENT & RECOMMENDATIONS

for the

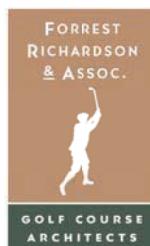
TOWN OF ORO VALLEY
GOLF PROGRAM

Prepared for

The Town of Oro Valley, Arizona



Prepare by



Introduction and Executive Summary

PURPOSE

WLB Group, Inc. along with the National Golf Foundation Consulting, Inc. (“NGF”) and Forrest Richardson & Associates (“FRA”) were retained by the Town of Oro Valley, Arizona (“Town”) to assist in evaluating the operational and economic performance of the Town’s public-access golf system. This three-course, 45-hole golf system is known collectively as the “El Conquistador Golf & Tennis” (“El Conquistador G&T” or “ECGT”), and includes the Cañada and Conquistador 18-hole golf courses, plus a separate 9-hole Pusch Ridge Golf Course. The Town is seeking to have a strategic review of the golf facilities, along with the adjacent community center, and evaluate the long-term potential and review options to enhance economic performance. The following report details findings and recommendations on the ECGT, with analysis of the physical and economic condition of the facility and the market environment within which it operates. The NGF has provided a set of recommendations to the Town that will improve overall operations and economics of the golf facility under the assumption that the property will continue to operate as a golf course.

BACKGROUND

The Town owns and operates a 45-hole golf facility located on two separate sites in Oro Valley. The facility includes a main 36-hole campus at El Conquistador Golf & Tennis, and a separate 9-hole course located approximately 3.0 miles away at the El Conquistador resort. The courses are all located within Oro Valley and are fully integrated within master-planned communities with considerable home frontage on the golf courses. The golf facility is part of the Town of Oro Valley community offering, and includes a considerable amenity footprint with services ranging from tennis, swimming and fitness in addition to golf. The ECGT is operated by the Town via contract with Troon Golf Management (“Troon”), a nationally recognized golf management entity that was in place to manage ECGT under its previous owner, and has considerable experience in managing high quality golf facilities nationwide, including other clubs in the Tucson market area.

As a whole, the El Conquistador G&T and Pusch Ridge golf facilities combined to produce total top-line revenue of just over \$2.9 million in 2016, the vast majority of which comes from golf fees, member dues and F&B sales. The on-site operating expenses at the facility totaled around \$5.2 million (including cost of sales), resulting in a roughly **(\$2.3 million)** loss on operations (excluding other necessary costs such as capital upgrades and new investment in infrastructure). The current financial condition is worse than most public sector golf operations in the U.S, where 67% of municipal golf course operations are able to cover on-site expenses, but not able to cover both on-site expenses and capital improvement costs (only about 33% can cover both).

The Town’s golf facility has declined in performance for a number of reasons, some of which are not controllable by the Town or Troon. Factors such as the recent recession, the declining interest in golf, growth in the number of competing golf courses and even ECGT conditions have all contributed to the recent decline. One key aspect that the NGF has reviewed is the sheer size of this facility, 45 holes, at a time when golf demand is on the decline and the cost to maintain premium conditions is on the rise. The NGF has also documented a divided customer base for this facility, with long-tenured golf members, many of whom live in the adjacent residential community, and a more transient, daily fee golfer seeking high quality at an affordable rate. The review and recommendations contained in this report from NGF are designed to help the Town understand what actions it can take to help maximize the performance of the facility, in light of market realities and facility limitations.

NGF REVIEW – 2017

In 2017, WLB Group, Inc. along with the NGF and FRA were retained by the Town of Oro Valley to assist with evaluating the golf club, and to make recommendations to help ensure the long-term viability of the facility. This includes a thorough review of ECGT on an ‘as-is’ basis, as well as an examination of the facility’s capital needs and effects of deferred maintenance. It is expected that the results of this NGF study will be used by the Town as a guide for the future of golf, and to help prepare a more formal strategic plan that may include a reduction in the size of the facility (number of holes) and/or a change in operation and maintenance. The review includes an evaluation of the system as it is presently operated and assumes continued operation as a golf facility. The Town can always consider outright closure of the golf courses, although this would create a separate set of issues and pitfalls to be reviewed, and are not analyzed in this report.

The findings and recommendations presented by NGF in this report are based on NGF and FRA experience, knowledge of golf industry best practices, and a review of the El Conquistador G&T facility. WLB provided base mapping and general land planning input on behalf of the team. NGF and FRA completed tours, meetings with key personnel and stakeholder groups, and collected insights and opinions during the Spring of 2017.

NGF/FRA activities completed to date include meetings with Town staff, golf course staff, staff at other area golf courses and two public meetings to solicit community input. The WLB/NGF/FRA team also completed a comprehensive tour of the facility and all its components, and complete interviews of the on-site manager and golf superintendent.

The key components and issues of this report include:

- Overall condition and operating efficiencies of El Conquistador G&T and Pusch Ridge.
- A review of golf industry standards and norms of operation.
- Status of the broader Oro Valley / southeast Arizona market area, with focus on external issues that can affect public golf operations, including the balance between demand and supply.
- A comprehensive review of the subject ECGT and Pusch Ridge’s present physical condition and capital needs.
- An estimate of the cost of upgrades that may be needed at ECGT and Pusch Ridge.
- Benchmarking El Conquistador G&T golf operations with industry standards and norms.
- Provide recommendations on the appropriate mix of facilities in relation to facility size, number of holes, amenities offered, quality of services and pricing.
- Review of economic projections under a variety of configurations and number of holes, ultimately leading to a NGF/FRA recommendation for ECGT’s optimal configuration.

The NGF consulting engagement was managed by Richard B. Singer, Senior Director of Consulting Services, with assistance from Forrest Richardson, ASGCA, Golf Course Architect; Ed Getherall, Director of Consulting Services; and Jodi Reilly, Consulting Administrator. In addition to meetings with Town officials and golf course personnel, the NGF consultants collected materials to aid in understanding the local market area, weather data, other regional municipal golf operations, and golf operations in general. NGF also collects considerable information and data on the golf industry as a regular part of our organization’s work, and much of this information and data is presented throughout this report.

SUMMARY OF KEY FINDINGS

Town of Oro Valley is operating a popular golf facility with a mix of amenities that is marketable in the local area. However, this facility has a history of operation as a semi-private club with a mix of members and daily fee play, and even though it is owned by the Town and intended to be a community public facility, it still has a perception in the market as a private club. The operating and service profile in place at the facility is also more commensurate with a private club, where service to members is first and foremost, with daily fee customers having a much lower focus. This is also shown in the economics of the club, where members account for more than 50% of the revenue, but also contribute to a much higher operating expense.

This executive summary provides an “at-a-glance” summarization of the NGF review, detailing the main findings and NGF recommendations for the Town golf facility. Additional details and support data can be found in the full body of our report and its appendix.

Key Findings on El Conquistador Golf & Tennis

El Conquistador G&T is well located in Oro Valley, but has limited appeal for customers beyond the local Oro Valley area. With an offering of multiple golf courses, ECGT can provide service to a wide range of golf customers, but the club is having difficulty filling up all 45 holes of golf. The adjacent community center and recreation facilities add greatly to the appeal of the club and its economic potential. The 9-hole Pusch Ridge GC is generating a very low level of activity and revenue, and is declining in condition. Other findings from NGF’s review of ECGT:

1. The overall condition of the facility is good, reflecting well on the Town’s contracted operator (Troon). NGF has estimated a total of \$5.1 million in required repairs over the next few years, in addition to the \$6.0 million estimated by the Town for clubhouse and community center improvements. This investment also includes upwards of \$170,000+/- in annual recurring items.
2. The NGF does not believe the facility is being mismanaged in any way, and uncontrollable factors (economy, competition, etc.) are more impactful to this operation than its management. Transitioning from a private golf club located inside a residential community with homes on the golf courses to a Town-owned community public golf course is always a challenge and will take time to fully implement. Of particular concern to NGF is:
 - a. The golf course facility that is spread out over a wide area with multiple tracts of property all separated by residences and roadways adds to the cost of maintenance and operations.
 - b. The ECGT clubhouse is aging with space allocation problems, plus ADA-related deficiencies that must be addressed in any renovation.
 - c. The total of 45 holes is a lot of golf to maintain and manage effectively. The Town will likely find that some reduction in golf holes at ECGT could lead to the facility becoming more manageable and more appealing to golfers.
3. The uncertainty surrounding the future of ECGT is impacting the facility’s ability to market effectively. The ECGT would benefit from improvements to its technology and marketing, with enhanced focus on daily fee golfers, tournaments and outings.
4. The playing fees and concession prices at ECGT are generally appropriate for the market and the overall quality of the facility offering. However, the pricing program for daily fee golf at ECGT is somewhat confusing for the average golfers and may impact demand at certain times of the year, day of week or time of day.

5. ECGT produces strong ancillary revenue in merchandise and F&B. The strong F&B revenue is somewhat mitigated by a very high F&B operating expense leading to an almost **(\$260,000)** loss on the Overlook. The revenue from the Overlook is higher than standard, showing the support from non-golf business and banquets helping to enhance revenue above and beyond the service of golfers.
6. The total on-site Town operating loss was about **(\$2.2 million)** in 2016, before depreciation or capital improvements. This loss is off-set by the City's program of dedicating a portion of Town sales tax to the golf operation, totaling just over \$2.0 million in 2016. While losses on operations are common in municipal golf, the depth of this loss is less common. **In 2016, the loss on operations in the Town's golf system exceeded the revenue produced by a dedicated ½-cent sales tax.**
7. The operating metrics for ECGT are generally lower than industry norms, with the NGF review showing lower rounds activity, higher average revenue per round and much higher total operating expenses. The higher expenses are mostly a result of a very high utilities expense showing the challenges in this operation.
8. The NGF and FRA hosted an open meeting with interested ECGT members and Oro Valley residents. The feedback from these groups showed very little tolerance for change and lack of concern for the troubled facility economics. However, NGF/FRA does expect that changes to ECGT would be accepted by both groups if completed properly and with effective communication to affected parties.

Key Findings on Market and External Factors

The NGF market analysis shows that golf is an important component in the greater Tucson and Oro Valley offering. While there is strong demonstrated demand for golf in the local market, there are also a lot of golf courses available to service the demand. As such, the NGF has a reasonable expectation that while the market will provide support for continued operation of a public golf facility in Oro Valley, the full complement of 45 holes may be too much to sustain in an economically efficient way. Other key findings from NGF's market analysis include:

- The overriding trends in the golf industry are not favorable for facility operators. The total number of golfers has declined and the number of golf courses had expanded in previous decades, leading to a decline in per-course rounds and income. NGF has also documented rapid inflation in expenses to operate golf facilities in this market, especially related to the cost of water for irrigation.
- The Oro Valley and greater Tucson area economy is driven by many traditional industries, but also has a strong and thriving tourist economy. There were an estimated 4.0 million visitors to Tucson in 2016, which NGF estimates could include 300,000+ golfers demanding daily fee golf. Generating golf from these visitors will be key to sustaining golf operations at ECGT and providing adequate facilities a key factor in their attraction, as local resident demand may not be enough to sustain operations.
- The overall demand/supply balance for golf in the greater Tucson market is very unfavorable to golf courses. There are far fewer permanent households and resident golfers available to support each 18 holes of golf in the market, and as a result the golf courses in this area tend to host fewer rounds than average. The most active golf course in this market area is the City of Tucson's Randolph GC hosting close to 37,000 rounds per 18 holes, compared to ECGT hosting fewer than 21,000 rounds per 18 on the El Cañada and Conquistador courses.

- Other competitive golf courses in the market area have felt reduced demand and increasing competition. The City of Tucson's public golf courses are down 25% in rounds and 19% in revenue since 2008, and other public golf courses report similar reductions. There is a short peak season in the fall and spring during which demand is strongest and the highest fees can be charged.
- The golf courses in the local competitive market are operating within a varied range, with the subject ECGT in the upper middle range for public golf courses and on the very lower range for private memberships. ECGT is most competitive in its membership offering, in that the facility is priced closer to the pre-paid green fee arrangements at public courses but has an amenity offering more in line with local private clubs (golf, tennis, pool, fitness, etc.).

NGF RECOMMENDATIONS

The NGF has prepared a comprehensive list of recommendations designed to help improve the ECGT and make the facility more efficient and profitable. The recommendations contained in this review include: (1) considerations on operating structure of the system; (2) changes and/or improvements that could be made to the physical plant so as to best match demand and supply; and (3) specific ideas for improving the operation, growing the game and thus rounds and revenues. The NGF recommendations are summarized here, with full detail on specific action steps detailed in the body of this report.

Basic Oversight and Structure

The Town of Oro Valley has chosen to operate its golf facility through a fee-for-service management agreement with Troon Golf, and direct oversight by the Parks and Recreation Director and Town Manager. It has been assumed by NGF that this form of operation is in place for several reasons, including the desire to retain professional management and to fulfill contractual obligations related to the Town acquisition of the golf courses. As another form of operation could be considered by the Town, NGF prepared a review of alternative options that are available to public sector agencies. However, upon review of the pros and cons of each option, the NGF recommends that the Town continue with its existing management agreement with Troon, but also seek to attract a separate (possibly Troon under separate agreement) operator for the F&B / Overlook operation as the best option for the short and intermediate term as golf club improvements are contemplated and enacted.

Physical Improvement Recommendations

In recommending upgrades to the physical plant at El Conquistador G&T, NGF has divided our suggestions into three options related to the ultimate number of holes at ECGT, plus a fourth consideration on Pusch Ridge that could be viewed separately from the other ECGT options. The data presented in this analysis suggests strongly that 45 holes of golf may not be market supportable for the long term at this location. As such, the NGF/FRA team has prepared analysis of what the ECGT facility and economics would look like considering an improved 36 holes (Option A), 27 holes (Option B) and only 18 holes at ECGT (Option C). An alternative program for continuing golf at Pusch Ridge GC was also reviewed by the NGF/FRA team.

A full analysis of each option was presented in the body of this consulting report, including a detailed review of all proposed changes, site plan renderings and cost to complete estimates (all presented in **Appendix C** of this report) and summarized in the table below:

El Conquistador Golf & Tennis Summary of Renovation Options				
Option	No. of Golf Holes	Total Investment	Potential Acreage for Alternate Use	Expected Savings
Option A	36	\$5,115,775	21.2	20%
Option B	27	\$4,639,115	32.0*	35%
Option C	18	\$4,200,795	83.2*	45%
Pusch Ridge	12	\$3,013,120	14.9	70%

*Includes only Town owned property and does not include additional HOA-owned parcels.

Pusch Ridge Considerations

The 9-hole golf course at Pusch Ridge presents unique challenges to the Town of Oro Valley. This facility is clearly challenged economically, with very low activity and revenue due to a variety of factors including difficult layout, lack of walkability, declining maintenance and generally low interest for stand-alone 9-hole golf among golfers. Still, despite the challenge, the overall loss on Pusch Ridge was estimated at \$175,000 in 2016 with a reduced operation, a small fraction of the over \$2.1 million loss on overall Town golf operations.

There are several courses of action that the Town can consider for the future of Pusch Ridge, including outright closure, which is always an option but has pitfalls (more below). This consulting team was tasked with evaluating options for continued operation as a golf course and developed a concept that can improve the economics of Pusch Ridge GC. The consulting team's idea was to create a 12-hole par-3 golf course to be called the "Dirty Dozen" that reduces the maintained turf to only 11.9 acres and frees up about 15 acres for potential repurposing. The cost to complete this concept would be \$3.1 million, but financing options can be explored as well as responsible repurposing of the newly available property.

The NGF review of the economics of the proposed new "Dirty Dozen" shows that even with a minimal operation and modest rounds activity (7,500), the new 12-hole course could cover all its expenses. If the Town and Troon were to significantly enhance the marketing and promotion of the facility, and gain full buy-in from the adjacent resort (possibly through pre-purchase of rounds), the "Dirty Dozen" course could add as much as \$112,000 in profit to the golf system.

Basic Operational Recommendations

Additional recommendations regarding basic operations that apply regardless of "big picture" changes that may occur are provided and detailed in the NGF report. Key suggestions include:

- **Enhancing Technology:** The Town must continue to maximize its use of technology in areas such as POS, email, databases, financial reporting and, of course, its website.
- **Enhance Marketing:** This recommendation is widespread and covers many items, but could be postponed until physical improvements are complete. Ultimately, the future success of ECGT will be the ability to attract daily fee golfers and tournaments/outings.
- **Attracting Less-Traditional Segments:** The NGF has documented the changing demographics and the fact that the Tucson has large populations that do not have strong tradition in golf. The NGF has offered ideas for helping ECGT bring new segments into golf, focusing on younger adults (18-35), minorities and women.

ALTERNATE USE CONSIDERATIONS

The consulting team has completed this review under the assumption of continued operation of some golf by the Town of Oro Valley at one or both of ECGT and Pusch Ridge. It is always an option for public-sector owners of golf facilities to close or reduce golf courses and consider alternate uses of golf course property. As such, the consulting team has completed a preliminary review of basic options to be considered by the Town, including:

1. Outright closure of one or both Town golf facilities.
2. Repurposing portions of golf course property that may become available due to proposed changes in size and space of golf facilities.

The analysis completed by the consulting team and presented in this report outlined several options for the Town to consider, but a few key findings were clear:

- Outright closure, although perhaps the most economically beneficial decision, is not necessarily a “cheap” option, as there are costs to prepare the property appropriately and there may be additional contemporaneous impacts that have to be considered (property values, tax base, resort relations, etc.). Further study is recommended.
- There are parcels being removed from golf in the consulting team program, including up to 32± acres at ECGT (27 hole option) and 15 acres at Pusch Ridge GC. These parcels could be used as naturalized space, passive recreation, intense recreation or repurposing/development. The consulting team notes that all but the last concept (development) will result in additional cost to the Town, while some form of responsible repurposing could lead to new revenues for the Town.
- Any new revenue accrued to the Town from responsible development could be used to fund the renovation and upgrade program proposed for ECGT and Pusch Ridge.

FINANCIAL OVERVIEW SUMMARY

As part of this NGF study effort, the consultants have prepared an economic evaluation to show the potential economic performance of the El Conquistador G&T under certain scenarios of facility size and operational performance, and considering specific assumptions identified in this report. The NGF projections have been prepared under four separate scenarios of ECGT operation, along with a separate estimate for Pusch Ridge. The four ECGT scenarios considered include: (1) Continue “as-is” with no major changes but only repairs and minor improvements; (2) completion of a golf course renovation resulting in the retention of 36 holes (Option A); (3) a renovation resulting in 27 holes (Option B); and (4) a renovation resulting in 18 holes at ECGT (Option C).

Summary Discussion – NGF Projections

The results of the NGF financial projection analysis show that all of the options analyzed by NGF/FRA will improve the economic position of ECGT, largely through reduced maintenance expenses (fewer maintained acres) and shifting the F&B operation to a third-party vendor. Still, even with NGF recommendations and the modest growth of rounds and revenues, we still expect ECGT to see challenges in the next few years. Continued operation with rounds at or near current levels (under 50,000 total) will not lead to profitability for ECGT, and severe losses will continue, but become more manageable for the Town under any of the renovation options presented.

The analysis also shows that the 27-hole option (Option B) at ECGT will most likely result in the strongest net performance for the Town. This is due to the 27-hole option allowing ECGT to retain a strong share of members and still service a comparable amount of daily fee play to what is serviced today. The 27-hole design provides flexibility to still allow for certain “member blocks” to be accommodated and even a select timing of shotgun starts. The 36-hole option is still providing too much golf and higher maintenance costs, while the 18-hole option will likely chase away all but the most die-hard resident members with private carts, thus resulting in revenue that is much lower than the savings in maintenance expense. The NGF/FRA team also notes that the 27-hole option provides the Town with some flexibility if the golf market were to recover or if the operator is successful in growing activity, the capacity is still there to accommodate the increase.

Other findings from financial projections:

- If ECGT is to continue “as-is,” without facility enhancement, there will not be any driver to reduce expenses or produce increased rounds or revenue. The result will be even larger losses on operations in the coming years as expense inflation out-paces revenue increases. Losses on operations could grow as large as **(\$2.2 million)**, even if rounds increase to over 54,300 after five years (9.3% increase in rounds).
- If the ECGT is renovated to reduce maintained acreage, provide a new and modern irrigation system, and a modernized clubhouse, the facility would see improvement in economic performance regardless of the number of holes. If the concept of a new, third-party vendor to operate and absorb the risk in the F&B operation is included in the facility changes, the economic performance should improve with immediate elimination of the large loss on F&B operations.
- While continued operation of Pusch Ridge is problematic for the Town, the NGF/FRA plan shows that a new dynamic change to the facility could help significantly reduce the maintenance on that golf course. With only 11.5 acres to maintain and irrigate, the new Pusch Ridge (“Dirty Dozen”) will be able to achieve profitability with as little as 7,500± rounds annually, assuming an operating concept comparable to today.
- If the club is upgraded and reduced to 27 holes, the NGF projects better economic performance, but still a loss on operations. The net income will improve because the revenue drivers derived from enhanced facilities noted above would still be present, but the total golf maintenance expense for a “premium” facility with only 27 holes of golf would help close the gap on operations. Combined with the Town’s approximately \$2.0 million sales tax earmark, the NGF projects as much as \$1.0 million± per year could be available for other capital projects. The capacity is so high on a 36-hole operation, that ECGT is not likely to experience capacity issues on 27 holes, except for the four or five busiest days of the year.

Summary Matrix of NGF/FRA Projections

The table below provides a summary of the analysis of three renovation options along with a base scenario assuming ECGT continues “as-is.” The information provided includes the total investment for ECGT required under each option (excluding Pusch Ridge) and an estimate of total land acreage that could become available for alternate (non-golf) use. This information, combined with the projected rounds, revenue and expenses estimated by NGF in this analysis, provides the Town with a clear insight into the economic implications of each option. Moving forward, it is likely that the Town’s ultimate use of the newly available acreage will be the key to the success of any of these options, particularly if the land can be used to provide a source of capital to the Town for use in capital projects at ECGT and Pusch Ridge. The summary table is presented below:

EI Conquistador Golf & Tennis Review of Scenarios – Year 5				
	Base	Option A	Option B	Option C
Initial Investment	\$0	\$5,115,775	\$4,639,115	\$4,200,795
New Acreage Made Available	0.0	21.2	32.0*	83.2*
Summary in Year 5				
Total ECGT Rounds	50,300	50,300	40,600	32,400
Pusch Ridge Rounds	4,000	7,500	7,500	7,500
Total Facility Revenue	\$3,407,200	\$2,827,200	\$2,430,300	\$1,828,400
Total COS	\$635,300	\$380,200	\$330,900	\$252,400
Net F&B Revenue	(\$267,500)	73,400	73,400	73,400
Total Operating Expense	\$4,852,700	\$3,738,800	\$3,006,000	\$2,753,000
Total Labor Expense	\$2,304,300	\$1,614,400	\$1,234,900	\$1,096,900
Total Utilities Exp.	1,402,000	1,087,400	883,100	761,600
Net Income	(\$2,080,800)	(\$1,291,800)	(\$906,600)	(\$1,177,000)
Management Fee	\$144,000	\$144,000	\$144,000	\$144,000
Net Before Other	(\$2,224,800)	(\$1,435,800)	(\$1,050,600)	(\$1,321,000)
Sales Tax	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Net Net	(\$224,800)	\$564,200	\$949,400	\$679,000
*Includes only Town owned property and does not include additional HOA-owned parcels.				

SUMMARY CONCLUSION

The Town of Oro Valley has been operating the popular 45-hole El Conquistador facility for only two full years. This facility is aging and has seen declines in activity and is now operating at a deficit, up to **(\$2.1 million+)**. The loss on operations is a result of several influences, some of which are not controllable by the town or Troon Golf. Factors such as a recent recession, increasing competition, declining physical condition and declining interest in golf have contributed to the loss on operations. The last factor is particularly important as the Town must now consider the optimal mix of amenities and golf course sizes, and whether 45 holes of golf remain supportable by the Town of Oro Valley.

The ECGT facility has several amenities with potential for strong appeal to a wide variety of golf and club consumers. However, this facility has a history of operation as a semi-private club and even though it is owned by the Town and intended to be a community public facility, it still has a perception in the market as a “private” club. The local golf market has changed dramatically in the last decade and as we look to the future of golf in Oro Valley, there is genuine concern that the full 45-hole allotment may not be a good match for the current state of golf demand. The cost to properly maintain a complement of 45 holes of golf is large and growing. The NGF review in 2017 shows that the cost to maintain the ECGT is much higher than any standard, mostly a result of high utilities expense that is caused, in part, by an antiquated irrigation system. **Given this and the change in demand, the NGF sees a 27-hole golf facility at ECGT and a modified par-3 golf course (possibly 12 holes) at Pusch Ridge as a much better option for Oro Valley to provide a more sustainable golf facility for the longer term going forward.**

ECGT has a mix of customers, with long-tenured golf members, many of whom live in the adjacent residential community, and a more transient, daily fee golfer seeking high quality at an affordable rate. The direct feedback gained from frequent club users and local Oro Valley residents as part of this study effort shows that any change to this facility is going to be controversial. However, NGF/FRA does expect that changes to the facility will be accepted by the community, provided the changes are not too severe, still allow for an active club membership and do not result in intense development in narrow hole-corridors. The changes recommended by the consultants in a 27-hole operation at ECGT (Option B) along with a new “Dirty Dozen” concept at Pusch Ridge, should provide a more economically sustainable golf operation that should receive strong public support.

Given the above-noted findings, it is clear that the Town will not be able to continue the operation “as-is,” and changes will be required. In summary, the most important and actionable recommendations made by NGF are listed below, noted in priority order:

1. Improve the physical condition of the ECGT, including clubhouse enhancements.
2. Take action to reduce the amount of irrigated turf on all golf courses.
3. Upgrade the irrigation system to include new controls and in-ground piping.
4. Reduce to 27 holes at ECGT, with three 9-hole courses of equal quality and appeal.
5. Lease out (or concession) the F&B operation at ECGT to a third party.
6. Implement the plan to renovate Pusch Ridge into a “Dirty Dozen” concept as proposed by NGF/FRA.
7. Enhance marketing (mostly through improved technology) and embrace and implement new activities that appeal to less traditional golfer segments, especially female golfers.