Exhibit A

Operations Review and Business Plan
for the
Larchmont Golf Course in
Missoula, MT

Prepared For:

Missoula County
Lands and Communities
Missoula, MT

Prepared By:

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General Limiting Conditions

This report is based on information collected from direct NGF research completed for Missoula County (“County”) in 2023. The assessment is based on conditions at the time of the analysis (e.g., economic and market conditions) and significant changes in those conditions may affect the relevance of the business plan. National Golf Foundation Consulting, Inc. (“NGF” or “NGF Consulting”) has not undertaken any update of its research effort since such date. Because future events and circumstances, many of which cannot be predicted as of the date of this plan, may affect the estimates contained therein, no warranty or representation is made by NGF Consulting that any of the projected values or results contained in this study will actually be achieved.

Although we believe that the expectations in this report are reasonable, any or all of the estimates contained herein could prove to be incorrect. To the extent possible, the NGF has attempted to verify and confirm all estimates and assumptions used in this analysis. However, some assumptions may not materialize as a result of known or unknown risks and/or unanticipated events. Consequently, actual results achieved by any golf facility during the period covered by NGF projections may vary from our estimates, and these variations may be material. As such, the National Golf Foundation accepts no liability in relation to the estimates provided herein.

To protect you and other clients, and to assure that the research results of NGF Consulting's work will continue to be accepted as objective and impartial by the business community, it is understood that our fee for the undertaking of this project is in no way dependent upon the specific conclusions reached or the nature of the advice given by us in our report to the Missoula County.

Every reasonable effort has been exerted in order that the data contained in the written report reflects the most accurate and timely information possible and is believed to be reliable. However, no responsibility will be assumed for inaccuracies in reporting by the client, client's agents, or any other data source used in preparing the report.

The client agrees that the report is not to be used in conjunction with any public or private offering of debt or equity securities or to otherwise induce investment without the prior written consent of NGF Consulting, which may be conditioned upon client agreeing to pay an additional fee in an amount to be reasonably determined by NGF Consulting.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Executive Summary

The following is a summary of key findings made by National Golf Foundation in its study of the Larchmont Golf Course. The supporting text and tables are found in the body of the attached report. Some items are repeated from the full report.

INTRODUCTION AND PURPOSE

National Golf Foundation Consulting, Inc. ("NGF") was retained by Missoula County, Montana ("County") to review the operation and facility condition of the County's Larchmont Golf Course ("Larchmont GC" or "LGC"). The County required a strategic review of the golf facility as part of its ongoing plan to transition the golf course away from its long-tenured contracted golf professional, who is nearing retirement, and maintain the facility for future generations. The following report details findings on Larchmont GC, with analysis of the physical and economic condition of the facility and the market environment within which it operates. Based on these findings, NGF has provided a set of recommendations to the County that we believe will help the County complete the transition to new on-site management while sustaining the service profile and economic performance of the popular golf facility.

Larchmont GC is an appealing golf facility that consists of one 18-hole championship golf course, driving range, extensive golf practice amenities, maintenance facility and clubhouse. The golf course dates to 1982 when it was developed by the County as a recreational amenity for residents of Missoula. Larchmont GC is a County-owned public-access golf facility that is self-operated by the County, except for a separate contract to provide pro shop / golf operations services. The full operation is under two separate County Enterprise Funds - Golf Enterprise and the Caddy Shack (F&B) Enterprise Funds. Larchmont GC includes a single 18-hole golf course and associated amenities that were in outstanding physical condition during the NGF visit in summer 2023. This is indicative of a facility that is well-managed and being maintained properly, with appropriate day-to-day upkeep and ongoing capital improvement.

Missoula County generated a total of $1.2 million in top-line revenue from green, cart and pass fees at Larchmont GC in 2022, an amount that represented a recent peak in performance. In addition, the pro shop contractor (Summit Golf) generated $138,900 in pro shop sales and Caddy Shack added just over $202,600 in F&B sales at the property. This presents a combined total of $1.54 million in total facility revenue in 2022. Expenses required to operate LGC are divided between Summit Golf expenses (borne by the Contractor) and the County's direct expenses in golf and Caddy Shack funds, and total about $1.1 million, meaning Larchmont GC was able to cover all operating requirements and generated an operating income of about $450,000 in 2022 (before other County expenses, depreciation, and debt service). This current financial condition is superior to most municipal golf operations in the U.S, where only about 33% can cover ***both*** on-site expenses and other indirect costs such as depreciation and other internal charges.

SUMMARY OF LARCHMONT GOLF COURSE

Larchmont GC is a good quality golf facility with a mix of amenities that is consistent with successful public golf courses. The facility is well-run and has experienced a recent boom in activity and revenue that has helped improve its economics. The facility is located in an active section of Missoula, proximate to several key components that form the hub of activity in this area, including the convergence of major roadways (S. Reserve St., I-90), the University of Montana, and the Missoula Airport. NGF key findings on the LGC facility and operation include:

- Larchmont GC is in outstanding physical condition, reflecting its management. The high-quality upkeep results in almost no deferred maintenance and urgent capital needs that would require large-scale County investment. The facility is also designed with ideal logistics, with key elements (parking, clubhouse, practice, 1st, 9th, 10th, 18th holes) located in an ideal way to support a high volume of activity.
- The golf course has great visual and competitive appeal and has elements to challenge the best players, yet is still easy enough for intermediates and beginners. At over 7,000 yards from its longest tee and nearly 5,600 yards from its forward tee, LGC is a long golf course and may even be too long from that most forward tee. NGF also observed that the trees on site have protruding roots that come into play in several areas on the course creating a hazard for golfers, golf carts and maintenance equipment. LGC also has an outstanding mix of practice amenities to add to its overall appeal.
- The LGC clubhouse appears to be in good condition with no major problems or in need of any urgent repairs but has a few space and organizational limitations that could be upgraded (small cart garage / no internal access to Caddy Shack). The F&B service is consistent with successful public golf courses and has a strong appeal with outstanding covered outdoor dining that has become very popular with golfers, especially since the Covid pandemic.
- The NGF identified some $822,000 to $1.14 million in capital projects for high priority items such as new irrigation towers, tee & bunker enhancements, maintenance building upgrades and enhanced tree maintenance. In addition, NGF identified about $1.0 to $1.3 million other items that the County should consider for the longer term, but are less urgent in 2023 (greens, clubhouse, cart storage).
- The County operates LGC with a mix of County maintenance, administration, and F&B, combined with a contract for pro shop services. The pro shop contract includes overall administration of the facility, meaning a private contractor is essentially "managing" County employees. There is a pending change in the operation of Larchmont GC with the retirement of the pro shop contractor on December 31, 2023. As such, the County will need a new system of operation in place and ready to go by January 1, 2024.
- The Larchmont GC staff is generally small, with a heavy reliance on part-time employees. Compared to national standards, LGC is under-staffed in both total employees and in its mix of full-time / part-time employees.
- Larchmont GC is not currently using any modern POS system for record keeping and/or tee-time reservations, using an older "paper and pencil" system. The NGF review shows that the system provides accurate records, but the County would benefit from the adoption of a modern POS system like the one in place for the Caddy Shack operation.
- Playing fees for golf may be too low at Larchmont GC, especially the season pass at $655 per year for unlimited golf. This cost equates to about 17+/- rounds per year compared to the regional standard of 20-25 rounds per year for a season pass. NGF review of data shows that the actual realized golf fee revenue (green + cart + pass) per round was $24.60 in 2022, or 42% of the peak green + cart fee ($58.00). NGF has found that successful public golf courses tend to operate with actual realized average golf revenue per round of about 65% of the highest green fee, **indicating more rounds played at discounted rates at LGC than the standard**.

EXTERNAL ENVIRONMENT

The NGF market analysis shows that there is strong demonstrated demand for golf in the area, as outdoor recreation is a big part of the defining character of Missoula County. As such, NGF has a reasonable expectation that this market will continue to provide support for the operation of Larchmont GC and is especially supportive of this facility as an affordable 18-hole public-access golf course. Other key findings from NGF's analysis of the Missoula market include:

- The demographic profile of permanent residents in this market is consistent with strong golf participation, and the local economy also has elements that correspond to durable golf demand. There are an estimated 4.6 million visitors coming to Missoula each year and there are large employers in immediate proximity to Larchmont GC. These elements include golfers that add dramatically to the demand for golf in the Missoula market. Further, with its location proximate to a major crossroads of auto transportation in the area, Larchmont GC is in a strong position to capture some of the large tourist and corporate golf market.
- From a macro standpoint, while some trends continue to create headwinds for golf operators, overall golf participation in the U.S. is growing and golf is far from "dead." While demand for golf has strengthened greatly during and since the Covid pandemic (2020-2023), NGF research shows that golf was gaining some momentum in 2019 and the sport is growing in areas of less traditional participants. The key challenge for golf operators like Larchmont GC is to sustain the momentum from 2020-2023 into the coming years.
- The overall balance between golf demand and supply is unfavorable for golf courses in the local Larchmont GC market. The NGF has documented that this local market area has only 1,831 resident golfers for each 18 holes, far fewer than the 4,000 golfers per 18 holes target. As a result, it is expected that the local golf market will be competitive for attracting golfers and thus proper pricing is important. Larchmont GC is in a strong position compared to its most local competition as several key public golf course competitors are 9-hole courses and the only other 18-hole course is at a much higher price point than Larchmont. Even greater improvement in economic performance at local area golf courses will come from better penetration into the visitor and/or corporate golf market, with increased sales of daily fee rounds to tourists and local employment centers.
- The most important local competition for Larchmont GC includes other public golf facilities, several of which are 9-hole facilities with lower-quality golf courses. However, we do note that some of the 9-hole courses in this market (Highlands and Linda Vista) include larger clubhouses with banquet facilities that are not available at Larchmont or Canyon River. Given LGC's full 18-hole configuration and higher quality, it appears to NGF that LGC is well positioned in comparison to its most immediate competition like Canyon River GC and King Ranch GC.
- Larchmont GC represents the clear market leader for affordable 18-hole public golf and is hosting the highest activity in Missoula. The only other public 18-hole golf course in Missoula (King Ranch is in Frenchtown) is Canyon River, a newer premium golf course wholly within a new master-planned housing development. Canyon River is charging a daily rate that is considerably higher than Larchmont ($94) and a season pass rate that is more than twice the rate ($1,495) of Larchmont GC. The mix of competition for public golf in Missoula suggests that there is opportunity to increase fees at Larchmont GC for 2024, especially the $655 base season pass rate.

NGF RECOMMENDATIONS

As part of our review for the Missoula County, the NGF team prepared a schedule of specific recommendations to be considered for Larchmont GC. These recommendations have been organized into: (1) basic oversight, structure and staffing; (2) physical enhancements; and (3) revenue enhancement opportunities.

Basic Oversight, Structure and Staffing

Missoula County is operating Larchmont GC with a mix of enterprise funds and concession structures. In the Golf Enterprise, the County provides golf course maintenance while all pro shop services are provided via contract with Summit Golf. In the Caddy Shack Enterprise, the County provides all services and employees with some oversight by Summit Golf via contract. This structure has allowed the County to keep a level of direct control of operations and appears to have been a good fit to match goals and performance.

In considering alternatives, the NGF has presented ideas to the County to help facilitate a transition given the pending conclusion of the Summit Golf agreement in December 2023 and the expected retirement of the long-tenured Summit Golf facility manager. NGF has identified that the most viable options for the County to consider for LGC operations are to continue “as-is” with County maintenance and a new contracted pro shop vendor, or for the County to undertake a full self-operation of LGC. The NGF sees full-service management, hybrid, or lease contracts as unnecessary in Missoula due to the effective operation, strong rounds and revenue performance, good condition of the property and lack of large-scale capital needs.

One consideration for Missoula County is how to structure a golf lesson program if the County were to assume full control of the golf operation. One consideration is for the County to contract with an independent PGA teaching professional to direct its instruction program beginning in 2024. Though every golf facility situation is different, the primary advantage of hiring an independent PGA teaching professional is it will allow the facility to offer expert instruction while also freeing up the Manager and/or Head Golf Professional to concentrate on other duties, including managing the pro shop, coordinating staff, promoting merchandise, actively managing the tee sheet, greeting customers, marketing / direct selling, and facilitating tournaments and outings.

Basic Operational Recommendations

In addition to the oversight and physical recommendations, NGF provided a set of other minor adjustments we believe will help the County improve the performance of its golf course. The most significant of these relate to the expansion of modern technologies and marketing, including the addition of a modern point-of-sale (POS) system for the entire operation. NGF has provided recommendations on a broad range of issues, including: (1) marketing and technology; (2) pricing; (3) increasing participation from less-traditional segments; and (4) the consideration of new concepts to help improve year-round revenue such as winter activities (indoor golf simulators) and enhanced marketing of the Caddy Shack to non-golfers.

Recommended Fee / Pricing Changes

Based on our review of Larchmont GC fees and the competitive market environment, NGF has provided a schedule of fee recommendations that include an increase in season pass pricing that results in a “break-even” multiple closer to the industry standard of 20+/- rounds per year (full table in the body of this report). NGF recommends changes only in season pass fees for 2024 (not daily green fees), but we note the importance of adopting an ongoing annual fee adjustment to allow the facility to keep up with inflation and rising expenses.

Specific Physical Recommendations

NGF identified both high-priority and low-priority capital investments to help improve Larchmont GC. The NGF vision for the future of Larchmont GC considers the most ideal physical condition of the facility to maximize the potential economic performance. The specific capital projects identified by the NGF team were documented previously in this report, and are segregated according to need and investment level in the table below:

Larchmont Golf Course
Summary of Capital Upgrades by Type

	Items	Low Estimate	High Estimate
High Priority Items	Irrigation controls, tees, bunkers, trees, roots, maintenance building	$822,000	$1,145,000
Lower Priority Investments	Greens, clubhouse enhancement, cart storage expansion	1,001,000	1,302,000
Grand Total of Capital Projects		**$1,823,000**	**$2,447,000**

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

FINANCIAL ANALYSIS

NGF has prepared an analysis to show what the potential economic performance of Larchmont GC could be over the next few years in consideration of expected changes in the golf course operation (pro shop concession changes) and other enhancements that could be implemented, most notably upgrades to service and the F&B offering. This analysis was prepared based on a set of assumptions that may or may not become reality but are presented as a "fair estimate" of performance for this golf facility over the next five years. We completed this estimate of future economic performance under the assumption that Missoula County oversees the entire LGC operation directly beginning in 2024, fully eliminating the Summit Golf Management agreement and employing all pro shop staff to manage the operation.

Projection Results

The results of the economic projections for Larchmont GC show that when all elements of the operation are combined, Larchmont GC can generate upwards of $1.56 million in total revenue in 2024, and possibly as high as $1.8 million by 2026. This level of revenue is enough to cover all expense obligations at the facility, even if some increases in staff size and pay are implemented. With the changes in fees proposed by NGF implemented, it is expected that LGC will see increases in all areas of revenue, even if the number of passes sold and the number of rounds decline slightly. When considering all other expenses associated with this operation, the County is expected to see between $150,000 and $290,000 in net income that can be available to fund needed capital improvements and new maintenance equipment.

The projections from NGF represent a conservative view of the golf facility based on actual performance of the subject LGC and comparable golf operations. We note that the revenue projection is based on generally conservative inputs as well as input from current operations for both golf and Caddy Shack. This review clearly shows that a much higher level of facility gross revenue is possible at LGC with improvements, and that revenue would begin to accrue directly to the County in 2024 with the change from pro shop contract to self-operation. The real benefit from improvements and changes proposed for LGC will come from the ability to increase golf fees, leading to improved revenue, which NGF has projected to increase by about $234,000 by 2026. The NGF has chosen to present this future projection in a conservative fashion to provide a base level of projection for decision-making purposes and for comparison to possible future performance and in consideration of possible changes to pro shop operations and contracting.

Support for Projections

The key justifications for the projections of future economic performance of LGC are based on understanding of the demand drivers for the golf facility, most notably:

- Growing resident and visitor population
- Strong and diversified local economy, with traditionally low unemployment
- A potentially high volume of seasonal travelers to supplement demand
- Site accessibility
- The added appeal of proposed property enhancements.

Potential Threats / Mitigating Factors Relative to Projections

While growth in rounds and revenue is expected at LGC in the next five years, there are mitigating factors that could negatively affect the facility, including:

- Regional economic recession
- A return to decline in golf participation – prior to 2020, trends showed declines in golf participation, especially among the younger generation.
- Rapid inflation of golf course maintenance expenses

SUMMARY STATEMENT

Missoula County continues to own and operate the 18-hole Larchmont Golf Course, a well-run golf facility that is coming to a key transition point in its history – the retirement of its long-tenured golf professional and facility manager. In our review, NGF has found that Larchmont GC is in outstanding physical condition and includes features and amenities that stand out in this Missoula market and correlate with success in public golf. As we move into 2024, transition from the pro shop concession structure that has been in place since its opening 40+ years ago and changing to a County-run golf operation will present challenges to Missoula County. Going forward, Missoula County will have to make some decisions about what it is willing to do to secure LGC as a functioning amenity for the community, including a new pro shop operational structure, increased staff and wages for staff, increased pricing for golfers, and new capital investment to modernize the facility and address some minor condition issues (trees, bunkers, tees, etc.).

The current circumstance provides an opportunity for the County to “re-set” Larchmont GC and find the new facility operating profile that will help expand the appeal of this property to a wider segment of golfers. Completion of a handful of on-course improvements and possible clubhouse enhancement would open up a new level of quality the County can promote that is consistent with success in public golf. In addition, other changes in operation to bring in the pro shop concession, adjust the robust golf lesson program, improve technology and marketing will lead to an improved customer experience that can be communicated to the local population and lead to enhanced revenue. These are the most important adjustments that are needed to sustain the County golf course and enhance marketability in this competitive golf environment.

In summary, Larchmont GC is an outstanding amenity for the community and the County must commit to a more comprehensive approach to the operation, including some increase in staff wages and more reliance on full-time, rather than part-time, employees. The upgrades proposed by NGF will address the most significant capital requirements at LGC and allow the County to begin planning for other investments that are likely to be needed in the next 5-7 years, such as new greens and clubhouse improvements that can expand capacities and enhance quality. Larchmont GC offers a challenging golf course that is well-located and popular with golfers of all skill levels. The 18-hole golf facility, all appurtenant amenities and variable pricing gives the County an opportunity to offer "something for everyone" within its own golf course. In review of this golf course, the NGF has identified five important actions that the County can take right now to prepare for the changes coming in 2024 and improve Larchmont GC performance:

1. Begin a plan to implement a full transition from pro shop concession to full County operation of all elements at LGC (may involve new staff and increased wages).
2. Commit to completing the needed capital projects over the next five years and begin planning for other investments like clubhouse upgrade and/or greens replacement.
3. Enhance the technology that supports operations (POS, website, etc.), and use these platforms to enhance the marketing and promotion to less frequent users.
4. Increase focus on new player development and beginner programs, especially with juniors and young adults using a contracted teaching golf professional.
5. Increase the price of the basic season pass to reflect a "break-even" point of at least 20 rounds at the full 18-hole rate (at least $750 per season for the full pass), and then implement a program to adjust fees annually based on inflation.

Subject Facility Review – Larchmont Golf Course

The subject property is the Larchmont Golf Course ("Larchmont GC" or "LGC"), an 18-hole public golf facility that is owned and operated Missoula County ("County") through two separate enterprise funds (golf and grill), with a sperate contract agreement for pro shop services. The facility consists of one 18-hole championship golf course, driving range, maintenance facility and clubhouse. The golf course dates to an original construction by the County in 1982 and has been in consistent operation for more than 40 years. The County then added a new clubhouse building in 1993 to replace an older facility that had been in place since the facility opening.

Larchmont GC includes a mix of amenities that is common in public golf, and generally correlates well with economic success. The facility is mostly in good condition, although some improvements in key infrastructure (maintenance building, maintenance equipment, irrigation controls) are needed. The LGC facility includes several key elements to generate revenue, including a strong and loyal core of local golfers, a robust food & beverage service, and an excellent location close to key area roadways and a large regional park.

Larchmont GC produced total top-line revenue of about $1.55 million in 2022, divided between three separate entities – the County Golf Enterprise ($1.21 million), County F&B enterprise ($202,600) and the pro shop concession ($138,900). This amount is about 50% higher than the $1.03 million recorded by the facility in 2018, reflecting dramatic recent growth due largely to the impact of Covid-19. With all combined operating expenses and cost of goods sold totaling more than $1.26 million, Larchmont GC can cover all operating requirements without any subsidy from Missoula County. However, the NGF review of Larchmont GC shows that much of this reflects low expenses, especially in the cost of on-site labor (more later in this report). The current financial condition is superior to most municipal golf operations in the U.S, where about 67% are able to cover on-site expenses, but only about 33% are able to cover both on-site expenses and other indirect costs such as capital, depreciation and internal charges.

In our review of Larchmont GC, the NGF found a good-quality public golf course with a unique offering of an affordable 18-hole public golf course proximate to the Missoula population center. The facility is in good condition with outstanding support amenities that appear to be well managed and providing affordable recreation to the community. The staff in place at the facility appears to be comparatively small, but functioning properly, although the facility is in a leadership transition at the time of the NGF review. Going forward, the key issue for the County in the LGC operation is how to transition the facility to a new management structure given the pending retirement of its long-tenured golf professional (facility manager), while still maintaining its strong recent performance.

LARCHMONT GOLF COURSE FACILITY OVERVIEW

Larchmont GC is an important public golf facility with an important history and a location in the heart of economic activity in Missoula County. Since its development by the County in the early 1980s, LGC has remained popular among a select group of local golfers who find the parkland public golf course appealing, and the affordable price a good match. The clubhouse addition in 1993 added a new dimension to the property and expanded its appeal and top-line revenue potential. As growth in activity and revenue is needed at the facility to match increasing expenses, the County has weighed possible investment to enhance LGC to attract a wider contingent of both golfers and no-golfers, while still maintaining product quality considering other County priorities and the market realities at this location.

Location, Access and Surrounding Elements

The golf course is in an active section of Missoula, proximate to the confluence of several major roadways in the area and the large Southgate shopping district that is the hub of business activity in this area. Larchmont GC is proximate to the S. Reserve Street intersection with U.S. Highway 93 (US-93), that is the primary north-south auto thoroughfare through the western Missoula market, hosting approximately 30,000 average annual daily traffic (AADT) between the US-93 (Brooks St.) intersection and Interstate I-90 four miles to the north. This roadway is very busy at most times of the day and hosts a high volume of visitor traffic driving through the area on the way to points further north like Kalispell, Flathead Lake and Glacier National Park. Larchmont GC has more than ½-mile of direct and visible frontage on S. Reserve St. (holes #12 and #6) for the high volume of traffic to see. Closer to the facility entrance, Ft. Missoula Rd hosts over 3,300 AADT just north of the site (and at the entrance), and over 2,300 AADT on Post Siding Rd just south of LGC (between LGC and Missoula CC).

Overall, the immediate area surrounding Larchmont GC includes the roadways as noted, plus a mix of residential and commercial areas in and around this part of Southwest Missoula. The facility is in immediate proximity to the Ft. Missoula Regional Park (less than .4 miles) and is about 3.8 miles from downtown Missoula and the University of Montana (along US-93), and about 5.5 miles from Missoula International Airport. The implication for the golf course is that Larchmont GC is proximate to several key elements that are expected to provide support to the golf course and clubhouse, and the facility is convenient enough for the enhanced attraction of out-of-area visitors that will be needed to provide golf activity and added economic support.

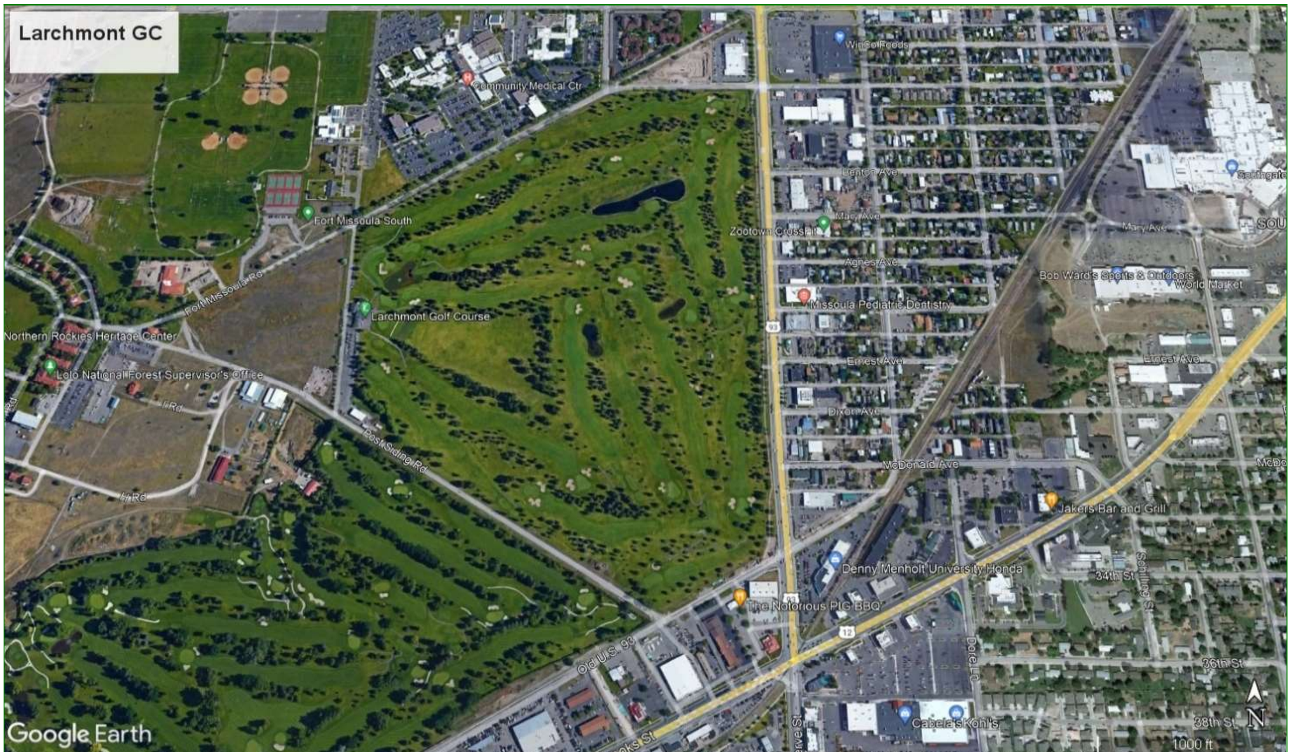
Site Positives

- **Location and Ease of Access:** The major roadways that provide access in and around Missoula are immediately proximate to LGC, making the facility convenient for golfers to access from a wide geographic area using S. Reserve St. As this facility will benefit greatly from non-local visitors, the course location is a major advantage for attracting non-local patrons.
- **Site Setting and Greenspace:** The site has outstanding natural features, trees waterways and greenspace, which leads to positive feedback from golfers and provides a high degree of inherent potential for golf improvement.
- **Logistical Layout and Facility Organization:** With about 150+/- acres of property, the overall size of Larchmont is adequate for the existing golf course size, and the property is well organized and efficient. All of the key golf elements (course, clubhouse, parking) are in close proximity to each other for maximum efficiency.

Site Negative

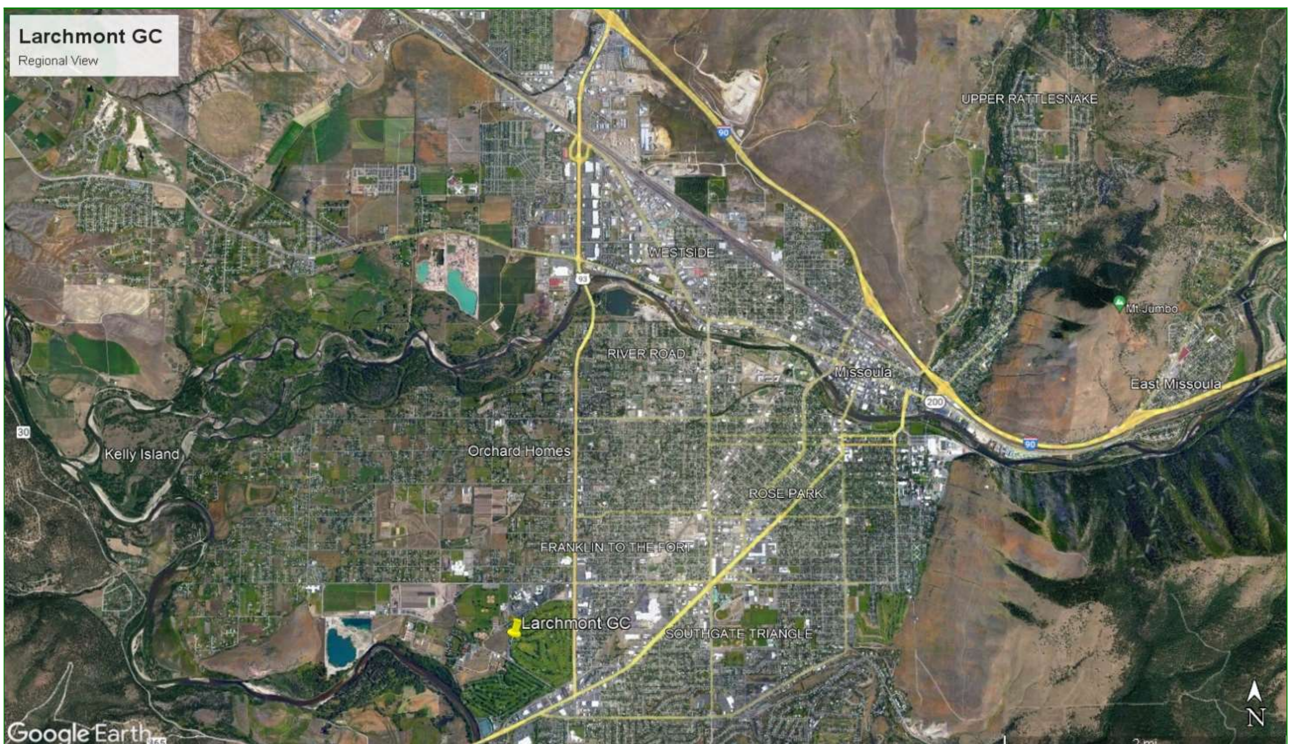
- **Side Road Entrance:** The entrance to LGC is via Ft. Missoula Rd. at a major intersection with S. Reserve St. with no traffic light (unprotected turn from golfers coming north on S. Reserve St.).
- **Tight Fit of Elements:** While 150+/- acres is sufficient to host an 18-hole regulation golf course, the elements all fit tightly into the space leaving little room to expand or modify elements, such as the driving range, practice amenities or the clubhouse.

Aerial View – Larchmont GC



Google Earth image showing LGC and direct surrounding elements, showing proximity to the Missoula CC and location with direct frontage on S. Reserve St close to the intersection with U.S. Highway 93 and the Southgate shopping mall.

Regional View – Larchmont GC



Google Earth image showing a broader regional view of LGC and its location within the Missoula metro area and proximity to major roadways, most notably the long stretch of S. Reserve St. that serves the western side of Missoula all the way to the I-90 interchange 4.0 miles north.

LARCHMONT GOLF COURSE SUMMARY OF FACILITIES

Larchmont GC is a public golf course located in a parkland setting with appealing vegetation and the appropriate support amenities (clubhouse, cart storage, maintenance, etc.). As of August 2023, the Larchmont GC facility includes the following key components:

- An 18-hole golf course with all commonly associated modern amenities (high-quality greens, multiple tee boxes, cart paths, on-course services, etc.).
- Extensive practice amenities including two large practice greens, a practice chipping area (with practice bunker) and a 20-25-station driving range with 275-yards of length (to trees at east end) and 34 yards of tee depth. There is also a small lesson area at the east end of the range.
- Full-service 7,700sf clubhouse that includes a pro shop, restaurant area, restrooms, cart storage (limited), offices and a large outdoor covered patio.
- A 1.0-acre maintenance compound with 3,900sf maintenance building for storing maintenance equipment and housing maintenance staff.
- Additional acreage for parking lot and unused open space.

Championship 18-Hole Golf Course

Larchmont Golf Course includes a single 18-hole golf course that was opened in 1982 designed by Richard Watson, a lesser-known golf architect from Nebraska who designed several golf courses throughout the Midwest in the 1960s – 1980s. The course is situated on 151 acres and is bordered by roadways on all sides. While the property is large enough to properly sustain an 18-hole championship golf course, the design is fixed within the boundary leaving very little room for any kind of course expansion or practice facility expansion. The Larchmont GC is built on a flat site with some man-made topography to add interest and assist with course drainage. The course features an open layout with wide hole corridors, a few large trees, some water features, and smaller greens. The course is a true "championship" design, with over 7,000 yards in length from its longest tee ("the Tips") and a standard par of 72. Despite this championship character, the course is designed in such a way to still have broad appeal to less-skilled players using one the four other tee positions, and as such is a great learning/starter course and can be ideal for beginning players. Larchmont GC includes all the basic design elements that can appeal to a wide variety of golfer skill levels. Other NGF observations:

- The turfgrass at Larchmont GC consists mainly of Kentucky Bluegrass with Poa-Bent greens and Rye in the roughs. There has been a continued and growing clover intrusion that staff are working hard to control. A heavy mix of clover is not ideal for a golf course as the clovers tend to cover golf balls and make it harder for golfers to find balls in the rough (can lead to slower play).
- The Larchmont GC scorecard shows a maximum distance of 7,093 yards and this is a significant factor in the popularity of this course. This longest course (the Tips) shows a USGA slope rating of 125, which represents that the golf course is slightly harder than the 'standard' slope of 117. The forward course (Red) is 5,580 yards and also has a slope of 125 for lady players. In all, these numbers suggest that this golf course is harder than standard to play, and that less-skilled players may find the course difficult to play if playing from the wrong set of tees.

- The most forward tee on the course (commonly associated as the “ladies” tee) is 5,580 yards, which is about 21% longer than the NGF-recommended distance of under 4,600 total yards in length for a Red tee course. This current Red tee placement makes the course longer and more difficult for less-skilled players, and NGF suggests that the County consider adding a new (shorter) Red tee to help the facility improve rounds and revenue from that segment. Larchmont staff has been active in adding new forward tees with proper tee boxes to help shorten the Red Tee course and this should continue until there is a Red Tee course at under 5,000 total yards (4,600 yards is ideal). After the addition, the current Red Tee course could become a “Green” tee course that is ideal for senior players or higher-skilled ladies.
- Larchmont GC has design features that make it playable for all golfers (such as short par 4’s, tree-lined holes and numerous bunkers, etc.). The course has 29 bunkers and some of these are very large, adding to the challenge for both golfers and the maintenance staff. A primary challenge on the course is several areas of narrow, tree-lined, hole-corridors adding to the scenic and challenging appeal of the golf course. These trees can also add challenge for both golfers and maintenance staff with excessive tree roots pushing to the surface in several areas of the course (more below). There is some water in play on the course with only a few holes impacted by ponds on site and the new creek added in 2023 along hole #16.
- This golf course is highly marketable in this area given its attractive and challenging layout and scenery, although this must include a high-level maintenance standard. The golf course provides enough challenging and unique features to add to its overall appeal and provides a unique golf experience proposition that can be marketed by the County through photos on the website and in print advertising and brochures, etc.
- The course also includes some on-course services, including shelters and two fixed restroom facilities (one each on the front and back 9 holes). There is also a port-a-potty on the course to provide an additional restroom in a location farthest from the clubhouse.
- The basic layout and logistics of Larchmont GC are ideal for a public golf course. The clubhouse is located close to parking and the driving range, plus the #1 tee, #9 green, #10 tee and #18 green are all close to the clubhouse, plus golfers must pass the clubhouse (and F&B service) on route from #9 green to #10 tee – ideal for stimulating spending on snacks and drinks at the halfway point of a golf round.

Overall, it is expected that this golf course will continue to be attractive to golfers of all skill levels, and is capable of hosting high-level golf competitions and still have appeal for beginners and less-skilled players. A program of high-quality maintenance that will provide outstanding conditions (including some down time for applications) is also assumed. This golf course condition places the LGC facility in the middle range of public golf courses in the Missoula market area, providing services that are a strong match to the fees being charged (more in market analysis section).

Larchmont GC Clubhouse

The Larchmont GC clubhouse was added in 1993 and includes approximately 7,700 sf. of space in two main sections. The building is in very good condition, is easily accessible for customers and shows well with a good outside appearance and multiple points of entry for patrons. However, the logistics of the clubhouse are limited in that there is no direct indoor access between the pro shop and Caddy Shack grill (except through the kitchen for staff only). As such, patrons must go outside from the pro shop to access the grill and restrooms. The clubhouse program comprises:

Pro Shop	Retail area that includes the main check-in counter.
Rear Patio and Turn Window	Basic walk-up F&B service area for golfers with outdoor patio seating. Offers basic service and full menu.
Caddy Shack Bistro	Main restaurant area with full bar and seating for up to 80+/- patrons.
Outdoor Patio	Additional space at the rear of the clubhouse for seating up to 60+/- plus open bar-b-q grills for outdoor service on busy days.
Full-Service Kitchen	Kitchen for both daily F&B service and small luncheons/banquets.
M & W Rest Rooms	Two restrooms in the outdoor area between the pro shop and grill.
Cart Storage	Indoor storage for up to 32 carts (less than in inventory) that does not include any charging facilities for electric carts
Locker Room	The basement level includes a small locker room with 36 lockers available for patrons to rent and store clubs and other items.
Club Office	Office for the golf professional staff and assistants.

The above-noted clubhouse program includes the elements that are commonly associated with successful public golf courses, with all key elements in place and easily accessible. We note that key elements that can help expand non-golf revenue are present at Larchmont GC, including both indoor and outdoor seating for F&B service (with appropriate sunshade covering). Public golf facilities with these elements tend to support a higher level of ancillary revenue than facilities with less to offer and in smaller spaces.

Practice Amenities

Larchmont GC has extensive practice amenities that appear to be popular and heavily utilized. LGC has two separate practice putting greens immediately proximate to the clubhouse. The driving range is large enough to support 25 players (stations) and has a length to support at least 275-yard golf shots. Shots hit longer than 275 yards are still accommodated, although the collection of range balls may fall within a wooded area with multiple trees making ball collection more challenging. The range tee has about 34 yards of depth (front to back), thus allowing the tee positions to be moved to help preserve turf. Range balls are acquired via an automated ball dispenser that uses tokens that are purchased in the pro shop.

There is also a 1.5-acre golf practice area that includes a practice target green, the second putting green and a practice bunker, all within a small, fenced area for extensive short-game practice. Each of these elements is located proximate to the clubhouse and first hole and are offered for use at no additional charge. The practice facilities at LGC are clearly an area where this facility has advantages over its competition, and helps to enhance the appeal for programs, lessons and other golf practice.

LARCHMONT GC – CONDITION OF FACILITIES

The golf course playing area at Larchmont GC appeared to be in very good condition with only a few minor areas of concern. The business plan going forward assumes that high quality is maintained so the overall facility has a match of value between the facility quality and the price being charged. The NGF review of key infrastructure challenges and capital investment considerations for LGC (with input from LGC staff) is documented below:

Property Condition Report

This NGF consulting engagement included a basic site review by the NGF consultant (not a trained agronomist or architect) for the purpose of documenting the relative quality of the golf property and highlight areas of needed improvement that are obvious to the untrained eye. A more thorough review by a qualified golf superintendent and/or agronomist is recommended if the County seeks a more thorough inspection of the golf course property.

Based on this consultant's review in July 2023, the NGF has made observations on facility conditions along with input from Larchmont GC staff. This review was provided to help the County understand the basic challenges of operating and maintaining a "living and breathing" asset, and to provide our estimate of ongoing maintenance and capital requirements for LGC for the coming years. The primary areas of NGF review for the County include the following elements:

Golf Course Playing Area

The initial observation from the NGF is that Larchmont GC is in outstanding physical condition despite the large volume of play the course is hosting in the last three years of operation (over 42,000 rounds each year since 2020). This high activity in a short golf season can add stress to a golf course that is being maintained by a staff of only eight (5 full-time and 3 part-time) employees for a total of about 300+/- hours per week. A course of this size and style would usually utilize between 400-to-500-man hours per week to maintain the quality level desired by the County, and to appropriately match the listed green fee rate of $58 (with cart). Specific golf course components were reviewed as follows:

- **Greens:** The existing greens average around 4,000+/- square feet (sf) in size, which is small for a regulation golf course. The smaller size also adds to the maintenance requirement as there are fewer hole location possibilities on smaller greens and thus higher local foot traffic. The greens are designed with a gentle slope from back to front, with subtle breaks that can be difficult when the greens are cut short (increase green speeds). The greens include a mix of design, location and quality, with some strategic settings that include movement and challenging pin locations (ideal for a public course).

  The greens are not USGA greens, but rather soil-based, push-up greens that have been sanded or top dressed over the years. A Poa Annua / Bent mix is the predominant turfgrass on the putting surfaces and appeared to be healthy. While the current structure and conditions will support the quality desired, the County should assume that a more extensive upgrade with subsurface and drainage enhancements will be required at some point in the next 10-15 years (see **Appendix A**).

Images of selected LGC greens showing good conditions with very few concerns observed in 2023 – this is assumed to be indicative of strong maintenance practices and continued staff attention to detail.

- **General Turf & Maintenance Practices (Fairways, Roughs and Green Fringes/Approaches):** Having the "lie" of the ball supported by turf is critical to golfer satisfaction, and it appears as if the mowing heights and cut widths complimented the course and its target market. As noted, the turfgrass consists mainly of Kentucky Bluegrass and Ryegrass. The turfgrass conditions throughout the course seem to be healthy, although conditions under various stands of trees can be sparse. LGC staff is reporting a growing issue with clover overtaking other turf and staff is engaged in an ongoing program to eradicate the clover.

Images of selected areas showing healthy turfgrass conditions that are favored by golfers. Although these photos do show a mix of turf types, the course type and clientele support the conditions and quality lie, as opposed to uniform appearance.

- **Tee Conditions:** The existing tees are well located, but not sufficient in size, especially on par-3 holes. This leads to areas of excess wear and tear and poor tee conditions. Enlarging the overall tee space on most of the holes would be a dramatic improvement for the course. Utilizing some golf staff to fill divots and remove broken tees during peak usage would create a nicer look. At the very least, performing these tasks on all the par-3 holes would be noticeable to golfers (additional golf maintenance staff may be needed to complete this task).

Images of selected tees on holes at LGC showing overuse conditions that requiring additional space to move tee positions away from areas that get overused, especially on par-3 holes.

- New Tee Additions: NGF noted that the shortest tee position on this golf course (Red tees) are too long for most lady golfers and a new, shorter tee position should be added. It appears that the staff at LGC share this concern and some action has been taken in recent years to add new tee positions. It is recommended by NGF that new tee positions be added with appropriate build-up and mounding, as opposed to just changing the mow pattern and placing markers. The new tee boxes at LGC are conforming to this recommendation.

	
Images of new tee boxes added by staff at Larchmont GC in recent years to try and add a new shorter course tee position.	

- **Bunkers:** There are 22 green-side bunkers and 7 fairway bunkers on the LGC golf course. In general, they are well maintained, with sharp edges and good quality sand. Most serve a purpose as a greenside bunker, adding more challenge to the play of golf (approach shot). They are well located and provide strategy to the holes, although some of the bunkers are large and thus add challenge to the course for golfers and maintenance staff. As high-quality sand bunkers are a key feature of a top-end golf course, and they have the shortest expected lifespan (**Appendix A**), some capital requirement to improve the sand, linings and edges of bunkers should be assumed.

	
Images of bunkers at LGC showing generally good quality and large size. While these bunkers are in good condition, the County should plan for continued upgrades and replacement of sand and liners to reflect the shorter expected useful life of bunkers.	

- **Cart Paths / Bridge:** The cart paths at Larchmont GC are in generally good condition with only a few spots of deterioration that can be addressed through ongoing maintenance and patching. The only cart bridge on the golf is a small area to cross the new creek added to the 16th hole that does not require much to cross. It is expected that while the small bridge structure is currently in good condition, the County should consider the eventual repair or replacement of the bridge surface.

Images showing an area of damaged cart path near the clubhouse that should be repaired (L) and the small bridge over the new creek on hole #16.

- **Hole Corridors / Trees:** The hole corridors at Larchmont GC are generally wide, and often lined by trees to provide separation for parallel golf holes. As such, the continued health and trimming of trees on property are a high priority for this superintendent and maintenance team. LGC has a budget for tree maintenance (pruning, removal, replacement), and it shows in the appearance as trees look well maintained and healthy throughout the course. NGF did observe several locations where tree roots could be a problem for golfers and maintenance staff. A long-range tree maintenance, removal and replacement plan is recommended if one is not already in place.

Images of selected golf holes at LGC showing tree roots that have grown to the surface, thus impacting turf and both cart and maintenance equipment use. Golfers also prefer to not have to deal with tree roots during play for both scoring and safety reasons.

- **Water Features / Lake Banks:** The banks along the ponds on the course appear to be well taken care of and the water storage is adequate. Staff appear to be staying on top of managing the water edges and keeping the grass mowed to provide a clear edge. The new creek added on hole #16 in 2023 adds a new dimension to the course and helps frame the long par-5 hole along its left side leading to the pond that defends the green. It is still too early to know the full impact on maintenance equipment and cart traffic, but early indications are that the addition has been welcomed as a positive by both golfers and staff.

Images of a pond edge on LGC and the new creek on hole #16.

Irrigation System

The Larchmont irrigation system was upgraded via new installation in 2011 that cost an estimated $2.0 million and is the source of existing facility debt. The system is well within its expected useful life of 40+ years (see **Appendix A**), and so it is not expected that large-scale irrigation repair or replacement will be required at LGC in the next 20-25+ years. In general, the turf looked healthy with respect to irrigation coverage, meaning that the system is working adequately to sustain good playing conditions.

The water source for irrigation of LGC is irrigation wells on property, requiring two 100 horsepower (hp) pumps to draw irrigation water into the system. Over time, the County may find that upgrades and repairs to the well pumps will be needed from time-to-time, but staff reports that both main pumps are functioning properly, although a smaller 15hp jockey pump does need repair or upgrade. The only new investment that staff is requesting is an upgrade to the older control boxes on the golf course (there are 29 such boxes) and a modernization of the software that controls the system allowing for remote access to the irrigation controls.

Maintenance Facility and Equipment

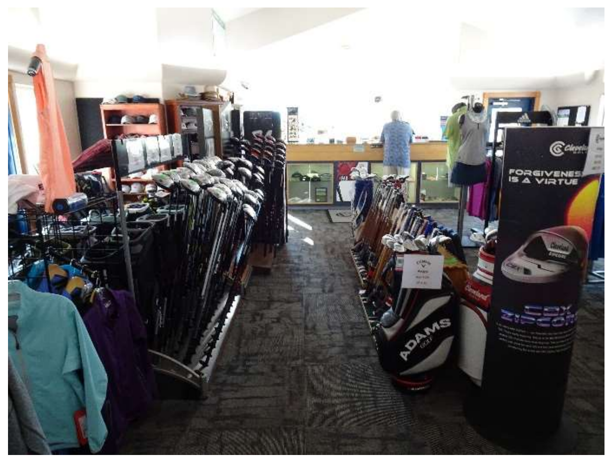
The maintenance facility at LGC includes a defined compound and a main building to house equipment and staff, however this space is small and as a result some of the golf maintenance equipment is required to be stored outdoors. The space was extremely well organized, clean and able to service equipment in an efficient manner. The location of the maintenance facility is also ideal, near the clubhouse and all elements of the golf course.

In general, the condition of the equipment was excellent due to good preventive maintenance, care by the staff and attention to detail by the equipment technician. The equipment is currently a mix of older pieces owned by the County, and a newer John Deere lease that staff hopes is renewed. Usually, equipment starts to show a diminished value between 3000-3500 hours, and almost all of the older County-owned equipment is over this threshold, while the newer leased components are well below the threshold.

Clubhouse

The clubhouse facility at LGC appears to be in good condition with no major problems or in need of any urgent repairs. Upgrades to consider include basic “facelift” items such as improved flooring, treatments, paint, furnishings, and finishes. The County also should consider having a roof inspection completed to be sure there are no leaks. Public golf courses nationwide are finding enhanced revenue derived from expanded clubhouse amenities with enhanced bar and outside dining options. Of course, the Covid-19 pandemic affected revenue generation, but facilities with enhanced outdoor dining options tended to fare much better in servicing the F&B needs of golfers, and this was the case at Larchmont GC which has high quality outdoor dining spaces in place.

The only consideration for clubhouse changes may be to consider re-organization of space and/or expanding the space dedicated to cart storage and adding electric chargers to accommodate electric carts. At present, Larchmont GC utilizes much of its interior space for the pro shop and retail sales of apparel, shoes, and equipment. If the County were to consider expanding its winter offering and add some form of indoor golf entertainment (golf simulators), some re-allocation of space would be required and is possible given the large area currently being used for retail (pro shop is approximately 1,500sf.



Images showing the large floorspace associated with the pro shop at Larchmont GC and the nice outdoor dining spaces with adequate covering that are already in place at the facility.

Larchmont GC Capital Investment Considerations

In order to maintain the highest quality golf facility conditions, Larchmont GC would benefit from some upgrades to basic infrastructure (irrigation controls, maintenance facility) and some improvements to facility features (tees, bunkers, tree roots). Outlined below are the items, listed in priority order, that are recommended capital expenditures that will help keep this facility functioning properly and improve the facility's competitiveness in the marketplace. We note that the dollar costs estimated by NGF are intended to be rough "ballpark" estimates and that more comprehensive cost bids should be obtained before undertaking completion. At a minimum, the following items need to be addressed:

- **Irrigation Controls** – There are 29 irrigation towers on the course that should be upgraded with more modern software to allow for better remote control.
- **Tee Improvements** – the tee boxes are small, especially on par-3 holes and should be expanded to provide more tee surface and longer rotation periods. Improvement of tee boxes include soil enhancements, leveling, alignment and re-grassing. In addition, NGF recommends a program of adding new forward tee positions on all 18 holes to allow for a forward tee course that is close to 4,600 yards in length.
- **Bunkers**– several bunkers need improved edges, new sand and/or new lining. Improved bunkers create a better golf experience with more visual appeal and engaging strategy. This can be completed with a few each year, rather than as a single major project.
- **Trees/Roots** – The property would be greatly enhanced by instituting a comprehensive tree care program, implemented over time to address protruding roots and removal of dead and/or dying trees. This program can create more awareness and improve safety.
- **Maintenance Facility** – Upgrades will improve maintenance efficiency, organization and capacity for storing equipment.

In addition to the above-listed basic facility fixes and improvements, additional projects could also be completed to allow Larchmont GC to achieve its full potential. These projects would require substantial more investment that would help lead the golf course into the future, and include:

- **Greens Renovation** - leverages and extends lifecycle and performance as the best in the area.
- **Clubhouse Enhancement -** This project would include completion of basic improvements to restrooms, fixtures, furnishings and equipment, and possibly some reconfiguration to allow for other golf entertainment uses in the clubhouse (e.g. golf simulators).
- **Cart Storage Expansion** – Expanding cart storage so that all the facility carts can be stored in one single location that would be equipped with electric chargers to allow for electric powered carts at Larchmont GC.

In conclusion, Larchmont GC has an opportunity to shine as one of the best public courses in the Missoula area, but some additional capital investment will be required. Larchmont GC continues to improve and benefit Missoula County as an invaluable source of healthy outdoor recreation accessible to everyone. The capital investments recommended by NGF for Larchmont GC are listed in priority order below:

Larchmont GC Recommended Upgrades – by Type			
High Priority Capital Investments	**Inputs**	**Low Estimate**	**High Estimate**
New Irrigation Controls	29 on-course irrigation towers at $3,000 - $6,000 / per control tower	$87,000	$174,000
Tee Improvements	25,000sf @ $6-$8.00/sf	150,000	200,000
Bunker Renovation	29 bunkers @ $10-$12,000 per bunker over 4 years	290,000	348,000
Tree Trimming / Root Thinning	Lump Sum	100,000	150,000
Maintenance Building Upgrade	3,900sf @ $50-$70/sf	195,000	273,000
Grand Total of High Priority Projects		**$822,000**	**$1,145,000**
Lower Priority Capital Investments	**Inputs**	**Low Estimate**	**High Estimate**
Greens Renovation	19 USGA Greens (76,000sf) at $7-$7.75 / sf	$532,000	$589,000
Clubhouse Enhancement	7,700sf @ $20-$40/sf	154,000	308,000
Cart Storage Expansion	3,000sf @ $80-$100/sf + 75 cart chargers @ $1,000 - $1,400 per charger.	315,000	405,000
Grand Total of Low Priority Projects		**$1,001,000**	**$1,302,000**
Grand Total of Capital Projects		**$1,823,000**	**$2,447,000**
All figures are NGF Consulting estimates based on similar projects completed in the region in the last 3 years that have been provided to allow for preliminary planning. These amounts may or may not reflect actual costs for Missoula County, and the County should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; Ac = Acre			

REVIEW OF GOLF OPERATIONS - LARCHMONT GC

Larchmont GC is a County-owned public-access golf facility that is self-operated by the County, except for a separate contract to provide pro shop / golf operations services. The full operation is under two separate County Enterprise Funds (Golf and Caddy Shack), with the operation divided into three separate parts:

1. **Golf Enterprise Fund** - Includes facility maintenance and administrative oversight of the facility.
2. **Caddy Shack Enterprise Fund -** Includes operation of the Caddy Shack F&B service, including all direct costs and labor.
3. **Summit Golf Management, LLC Professional Services Agreement** – Agreement to provide pro shop services and includes staff to oversee the golf operation and merchandise for the pro shop and all lesson programs.

The County has expressed a clear desire to continue to operate the LGC in such a way that the facility and all amenities will be “open and available to the public” at an affordable rate. In the following section, NGF reviews the structure, staffing, technology, marketing, fees, carts, merchandising, food & beverage service, player development programs and other organized activities associated with the operation of Larchmont GC. Larchmont GC is currently organized with the two enterprise funds as a part of the County’s Lands and Communities Department, with oversight by a Chief Lands and Communities Officer. There is a pending change in the operation of Larchmont GC as the current pro shop contractor (Summit Golf management, LLC) is planning to retire at the end of the current contract term that is completed December 31, 2023. As such, the County will need to have a new system of operation in place and ready to go by January 1, 2024.

Summit Golf Management Professional Services Agreement

Missoula County has chosen to operate Larchmont GC with a separate professional services agreement for pro shop and golf operation services. This form of operation is comparable to what has traditionally been referred to in the golf industry as a “Pro Concession,” allowing a private contractor to oversee a County operation earning revenue to support the staff that is needed to properly manage a golf facility business operation. A professional services agreement between the County and Summit Golf Management, LLC (“Contractor”) is in place with basic terms as noted below. The current agreement is dated March 2021 and runs through the end of 2023 (three-year agreement). The current agreement is an extension of a previous agreement with Summit Golf that dates to January of 2017, although golf staff reports that Summit Golf has been in place since the original opening of the facility in 1982. Later in this report, the NGF team will address operational issues related to this professional services agreement and how it can impact management and oversight of this facility for 2024 and beyond.

Key Provisions

Key details and provisions of the contract are summarized below.

- **Term:** January 1, 2017 – December 31, 2023 (County and Contractor agree to work on a transition beginning 9/1/2023).
- **Operations:** Contractor is responsible for operating the Larchmont Golf Course in accordance with specific standards as established in the agreement. This includes:
  - Opening for the golf season and maintaining consistent hours of operation.
  - Operating, managing, and supervising the pro shop (all sales and inventory management) to meet customer demands.
  - Employing and supervising adequate staff for the satisfactory operation of the golf course pro shop at Contractor expense (includes regular cleaning).
  - Enforcement of all County use rules for play and operation of the golf course, including regulating play and conduct of players and proper collection of all golf playing fees (green, carts, passes, etc.).
  - Collect and deposit all fees set by the County (Contractor is allowed to negotiate special fees for tournaments and other special events subject to limits established by the County and Golf Board).
  - Providing lessons and instruction in golf.
  - Contractor must provide a budget of revenue and expense once per year (no later than November 30) and make all records available to the County for inspection and/or audit.
  - Supervise the maintenance of the golf course (provided by County employees) in accordance with accepted standards and practices.
  - Oversee the management of food and beverage operations (provided by County employees)
  - Ensure that any maintenance or construction work at Larchmont be done by a licensed contractor and subject to County and Golf Board approval.
  - Contractor must maintain appropriate general liability insurance with $1.0 million/$2.0 million limits.

- **Contractor Compensation:** Fulfilment of these services entitles the Contractor to:
  - A fixed payment to the Contractor of $36,000 per year over a 12-month period.
  - 12.5% of gross revenue from all green fees, season passes, punch card passes, golf cart fees, driving range and pull cart fees.
  - 100% of gross revenue derived from lessons, club rentals, club repair and lake balls retrieved from golf course ponds.
  - 100% of all proceeds generated from sales in the golf professional shop.
- **Accurate Record Keeping:** Contractor must keep true and accurate accounts, records, books and dates with breakdown among gross receipts per categories. Copies of cash register receipts must be kept for all sales and services performed.

Missoula County Responsibilities

Larchmont GC is owned by Missoula County and operated through two separate County enterprise funds. While the golf facility is expected to be economically self-sufficient and produce enough revenue to not adversely impact other County operations, the County still has some direct oversight and financial responsibilities in this golf facility. These include direct administration and oversight, as well as economic contribution in the form of facility operating subsidies if they are ever needed. Missoula County provides additional support to the golf facility operation through general administrative oversight and basic services (accounting, payroll, legal, maintenance and fleet services) for which the golf course pays the County $2,000 per year (Board Secretary Service). The County is also involved in developing long-range planning for the golf facility and must approve any operator initiatives to alter physical spaces or change basic fees and charges. Missoula County is involved in marketing the golf course and other Missoula County amenities to visitors and the public at large.

Public Purpose of Larchmont GC

As a true municipal golf facility under the umbrella of Missoula County, the LGC operation has a clear “public purpose,” which includes provisions for equal access to club facilities, extensive recreation-based programming and a strong junior/youth orientation. The LGC is active in providing various benefits to the Missoula community that supports a public purpose of the Larchmont GC, including:

- Extensive junior golf programming including junior camps each summer, a defined junior green fee discount, and other junior golf activities.
- The course is home to Missoula scholastic teams and school golf teams (boys and girls) can use the facility at reduced rates, plus LGC also allows schools to have full use of the golf course for matches and team practice.
- Larchmont GC hosts several important regional events and tournaments that attract visitors to Missoula, including large tournaments for charitable groups to use the facility to raise money for various charities.
- The presence of the Larchmont GC enhances the overall quality of life in Missoula, and the course adds significantly to the property value of homes in Missoula, ultimately helping to support the County’s property tax base.

County Revenue Set-Asides

Although Larchmont GC is operated as a County Enterprise Fund, there is money paid from the Golf Enterprise to the County as a "transfer out" to support the golf and Caddy Shack funds. The County reports that golf pays a set-aside of 10% of revenue and Caddy Shack pays 3% of revenue to the County as a support mechanism for the County. It was reported to NGF that this set-aside is not for any specific service provided to the enterprise funds, but rather as a way for the County to capture profits in the golf enterprise funds.

On-Site Management and Staffing of Larchmont GC

NGF has reviewed the staffing and budget for the Larchmont GC operation for each year from 2018 through 2022. Documentation provided by the County shows a total labor expense of about $301,500 for golf and another $60,000 for Caddy Shack for a total County labor budget of $361,500 in 2022, up from $319,400 in 2018 (13.2% increase). This total labor budget amounts to 50.0% of total County expenses, lower than the industry 'standard' that is closer to 55-60%. We note that total County labor costs do not include pro shop staff, which is borne separately by the contract golf professional. The Missoula County facility staffing is divided into two primary divisions of service – golf course maintenance and Caddy Shack operations.

The staff at Larchmont GC includes a mix of full-time (FT) positions that include salary and benefits (insurance, holidays, vacation, etc.), full-time-hourly (FTH) positions that are full-time in the golf season (March-November) and do not include benefits, and part-time/seasonal (PT) hourly labor. The staffing for Larchmont GC as of August 1, 2023:

Larchmont Golf Course Total Facility Staffing (2023)		
Golf Ops. (Currently Staffed by Summit Golf via Agreement)	**Golf Course Maintenance (Currently Staffed by County Employees)**	**Caddy Shack Ops. (Currently Staffed by County Employees)**
Director of Golf (FT)	Golf Course Superintendent (FT)	Caddy Shack Manager (FTH)
Head Golf Professional (FTH)	Golf Administration (FTH)	Sr. Cooks & Servers (4-PT @ 425 hrs./yr.)
Counter Staff (3 – PT)	1st Asst. Superintendent (FT)	Jr. Cooks & Servers (5-PT @ 300 hrs./yr.)
Cart Attendants (4 – PT)	Mechanic (FT)	
	Sr. Maint. (3 – PT @ 1,200 hours/yr.) + Jr. Maint. Workers (3 – PT @ 700 hours/yr.)	
	Janitor / Gardener (PT @ 900 hours/yr.)	
	Rangers (2-PT @ 350 hours/yr.) + Range Att. (4-PT @ 350 hours/yr.)	
Total Staff Charged to LGC = 5.25 FTE	**Total Staff Charged to LGC = 10.25 FTE**	**Total Staff Charged to LGC = 5.25 FTE**
FT = Full-time w/benefits; FTH = full-time hourly (0.75 FTE) works FT during golf season; PT = limited part-time positions (0.5 FTE).		

Comparison to National Standards

The NGF data shows the Larchmont GC to be operated with a staff that is larger than the national average for a public golf course in a count of "bodies," but with a mix more heavily dominated by FTH or PT positions. While there are no industry standards that can be referenced to determine the **appropriate** staffing levels for a golf operation, the **industry averages** are presented below. The size of the staff needed for a particular golf operation depends on several factors, including budget considerations. Personnel costs typically represent the largest single expense item in a golf operation, as is the case for Larchmont GC. The NGF data on public golf operations in 2022 show averages for full-time staffing at 18-hole public golf courses nationwide (table below). The NGF has combined the County staff positions with those reported by Summit Golf to provide a full roster estimate for proper comparison.

Larchmont Golf Course Total Facility Identified Staffing – 2023			
Facility	**Operations Staff (FT / PT) ***	**Maintenance Staff (FT / PT)**	**Total Staff (FT / PT)**
Larchmont GC (18H)**	**1.0 / 24.0**	**3.0 / 8.0**	**4.0 / 32.0**
Total U.S. Average (per 18 Holes)	4.0 / 12.0	4.0 / 9.0	8.0 / 21.0
* The national standard for operations staff includes administration and F&B. **Staff totals for Larchmont include staff employed by Summit Golf management via contract with the County. Rangers and range attendants are included in operations staff.			

Review of Record Keeping, Technology and Website

Larchmont GC is not currently using any modern Point-of-Sale (POS) system for record keeping and/or tee-time reservations. Rather, this facility has opted to continue with an older, “paper and pencil” system of record keeping and tee time reservations. NGF observations and reports from staff suggest strongly that the system is providing accurate records, but it is clearly a labor-intensive system for both golf shop staff (taking tee time reservations) and office staff (organizing records through use of *Quickbooks*). The NGF sees the POS system as an essential component for a successful golf operation, and the County will likely find that adoption of a modern system will help streamline the operation and be more efficient for staff (NOTE: the Caddy Shack F&B system is using its own separate POS system in 2023).

Modern golf POS systems typically include all the key elements that NGF recommends for successful public golf courses, including integrated tee sheet management, ability to sell tee times directly online, gift card purchasing, loyalty programs, dynamic pricing options, a marketing suite and other features. A good public golf POS should allow golf course managers to integrate the system to its website to allow reliable credit card processing and customer tracking. There are many vendors that offer golf POS systems for purchase, lease or barter arrangements, with most falling around $10,000 to $15,000 per year in total cost to the facility (County should obtain actual bids from vendors to get accurate cost proposal if a new POS is desired).

Larchmont GC Website

It is clear that in 2022 and the foreseeable future, the Internet is the most significant tool in golf marketing. Golfers, especially when traveling, are using the web to find places to play. **As such, the Internet is now the most important element in golf facility marketing**. The web has several key advantages over other forms of advertising, such as low cost, wide reach and unlimited information. The website for LGC is located at www.Larchmontgolfcourse.com, and is easy to find for first time users. The site is limited but includes the most basic information that is common on websites at successful public golf courses, such as current rates and basic facility information. NGF has identified the most important features of a golf facility website should include (some are already included in the Larchmont GC site):

- Clear access to all fees and charges, including upcoming season (or off-season) rates.
- Lots of pictures of the scenic beauty of Larchmont, but also of golfers having a great time.
- A Map with directions (be sure the current Google Map location is accurate for GPS).
- A portal for golfers to sign up for the email program to stay in touch with the club.
- The ability to purchase gift cards online.
- Full information about golf programming, how to join golfing clubs and a calendar of events.
- Information about F&B service and potential banquet options and venues.

It is essential that the website be kept current for rates, hours, etc. The best sites are the ones that are constantly being updated, so that customers get in the habit of checking them. Maintaining the golf course website should be an ongoing task, most likely included in the activities of the senior staff member most responsible for marketing the facility.

E-mail / Newsletter

E-mail databases are essential in today's golf marketplace, as a means of staying in touch with the golfer customer base via active newsletter. E-mail marketing, apart from word-of-mouth and free advertising, is the most cost-effective advertising possible. At present, LGC is not directly maintaining a large database of customers, but modernization of the facility technology platform will help improve this area of operation. Successful public golf courses use these systems for communications to advertise events and specials, and golf staff should be active in keeping communications open with customers, although not so frequently it becomes a nuisance (1-2x per month is considered standard and 1x per week is max).

Golf Courses Marketing

Traditionally, NGF recommends marketing budgets for golf courses of at least 1% of total revenue, or roughly $12,000 for LGC based on 2022 performance. In markets that rely heavily on visitor / non-local participation (like Missoula), reaching this 1% threshold becomes even more important. Review of data shows the County spent around $5,000+/- on marketing LGC in each of the last four years. Going forward, the key marketing initiatives that should be part of the program for LGC include the items more common in modern (2023) golf marketing, like the electronic methods that typically have much lower cost than more traditional print and media ads. This would make the budget requirement less important than the effectiveness of electronic and website methods. The County is currently focusing its marketing efforts on its website, email, selected print media, and enhancing its presence on social media platforms.

Golf Playing Fees

The primary source of revenue to the County from golf is greens, cart and season pass fees, plus other ancillary revenue. The fees for daily golf play for the current (2023) golf season appear in the tables on the following pages. The maximum golf playing fee includes a prime 18-hole green fee and ½ cart fee, and totals $58 for the 2023 peak summer season ($62 if a single rider).

Daily Green and Other Fees

The table below shows the fee rates at Larchmont for 2023. These fees represent no change from 2022 after the County implemented a fee increase in early 2022. Typically, the County will increase fees every three years indicating the next increase is scheduled for 2025. **NGF believes the County would be better served by adjusting fees annually to keep up with inflation** (more later in this report). The basic pricing convention at Larchmont is consistent with other public golf courses in this market, with standard fees for both weekday and weekends in summer with adult, couple, senior, Senior couple, and junior season passes, as well as annual cart plans and trail fees. In all, the Missoula golf fee conventions are standard for the industry and the market area (more in Competitive section).

Larchmont Golf Course Green, Cart and Pass Rates		
Daily Green Fees (Summer 2023)	**9-Holes**	**18-Holes**
Every Day	$24.00	$38.00
Junior (<17)	$15.00	$25.00
18-Hole Punch Card (10 rounds)	$320.00	

Cart Fees		
Per Cart	$20.00	$40.00
Single Rider	$14.00	$28.00
Cart Punch Cards (20 punches / 10 punches)	$320.00	$170.00
Cart Pass / Cart Couple	$550.00	$970.00
Season Passes		
Adult / Couple	$655 / $995	
Senior / Couple	$590 / $900	
Junior (<17) / W Parent Pass	$200 / $150	
Young Adult	$495	
Punch Cards (20 rounds / 10 rounds)	$380 / $200	
Range Fees		
Range Bucket	$5.00	
20 Bucket Bulk	$80.00	
Range Season Pass (unlimited)	$325.00	
Trail Fees		
Season Trail Pass	$510	
Trail Punch Cards (20 punches / 10 punches)	$180 / $100	
Daily (9h / 18h)	$12.00 / $24.00	

Missoula Golf Fee Summary

Preserving affordable golf fees is an understandable element of public policy for some municipalities, including Missoula County. However, keeping pace with the rising "cost of production" - especially in today's hyper-inflationary environment – is often the difference between self-sustainability and requiring general subsidy (i.e., taxpayer support). NGF surveys show that most public golf courses have increased fees over the last couple of years as both demand and inflation surged, and more and more golf courses found they had "pricing power" during certain peak demand times. The NGF notes the following summary of findings related to pricing at Larchmont GC:

- The basic structure of pricing at Larchmont GC is generally consistent with local market norms, as most public courses in this market are offering one single rate for weekdays and weekends, with limited discounts for late afternoons (twilight) and seniors. All but one of the local competitors (Linda Vista) is offering a season pass that allows golfers to pay one annual fee for an unlimited number of golf rounds (more later in competitive section).
- Missoula County has adopted a program of rate increases every two-three years, with the last increase adopted in January 2022 and is expected to remain in place until January 2025. This includes all golf fees associated with LGC, including green, cart, punch card and season pass rates.
- The golf fee structure includes very little variance in daily green fee rates for time of year or time of day, as almost all discounting at LGC is through packaging (punch cards or season passes). Daily fee golfers can play 18 holes at LGC for as little as $25 for a junior walking round, all the way to $58 for an 18-hole round with cart, and almost everything in between. Successful public golf courses usually provide more choices to consumers (weekday, twilight, super twilight) that offer a "something for everyone" structure that adds choice to consumers.

- The level of discounting appears to be too deep for Larchmont GC, indicating there is more discounting needed to maintain activity than the industry standard. The actual realized golf fee revenue (green, carts, passes, cards) per round was $24.60 in 2022, an amount that was 42.4% of the peak green + cart fee at LGC in 2022 ($58). NGF has found that successful public golf courses tend to operate with actual realized average green + cart fee revenue per round of about 65% of the highest rack green fee, **indicating more rounds played at discounted rates at LGC than the standard**.
- The market review (presented later in this report) suggests that Larchmont GC is priced in the lower range of public golf in the market, comparable to the three of the four primary competitors. As we explore in our competitive analysis, the LGC fees may have room to increase given the wide gap in fees compared to the highest-priced course and market leader (Canyon River GC - peak fee with cart = $94). LGC's peak fee of $58 is very close to the fees of other competitors with clearly inferior golf courses like King Ranch ($55), Highlands (9-hole course at $53 for 18 holes), and University of Montana (9-hole course at $56 for 18 holes).
- The fees for basic unlimited season pass at LGC is $655 in 2023, or an amount that is a multiple of about 17 rounds at $38 per round. Successful public golf courses in short-season markets typically will price an unlimited pass at closer to a 25-round multiple, which would equal around $950 for Larchmont GC. In comparison to competitors, we see the same dynamic as observed with daily green fees - the LGC fees may have room to increase given the wide gap compared to Canyon River (basic unlimited pass = $1,495). LGC's $655 pass rate is closer to the fees of other competitors with clearly inferior golf courses like King Ranch ($625), Highlands (9-hole course at $550), and University of Montana (9-hole course at $540).

Review of Food & Beverage Operations

A high-quality Food & Beverage (F&B) operation correlates well with success in public golf. Traditionally, golf course F&B services do not produce strong net revenue, but rather provide a service to golfers to help enhance golf fee revenue. Larchmont GC has an extensive F&B operation that includes several offerings for regular service to golfers and non-golfers, although the facility attracts very little non-golf use at present. The County has established this service as a separate enterprise fund, providing the Caddy Shack operation its own separate accounting mechanism. Below, we discuss the service that is provided and how this impacts the County's economic interest in golf revenue.

Caddy Shack

The basic food and beverage service provided at Larchmont GC includes the main grill service under the brand Caddy Shack. This grill provides a level of service that is comparable to the typical public golf course, with primary focus on the walk-up / take-away option for service that is preferred by public golf customers. This service is open for breakfast, lunch and dinner with a full menu and beer/wine alcohol service. The grill seating area includes space for about 80+/- patrons indoors, with additional seating outdoors on a patio at the rear of the clubhouse. This patio is fully covered and includes tables with seating for an additional 50-60 patrons.

The restaurant offers a wide variety of food and beverage fare, with burgers and sandwiches from $7 to $11.25, appetizers & specialties from $3.25 to $7, and breakfast with sides as low as $4.25. Beverages include fountain pop ($2.25-$3.75), bottle pop ($2.00), sport drink bottles ($3.00) and beers from $3.00 to $5.50. The set up at the facility provides basic support for service to golfers and non-golfers and is welcoming for non-golfing patrons as a local snack shack for others in the area (offices or parks). Given the lack of commercial elements in immediate proximity to LGC, there continues to be an opportunity to expand the reach of Caddy Shack with some enhancement to marketing. This concept has worked well at other public golf courses, and has grown in popularity since 2020 and the rise in demand for outdoor F&B service with tables and covered spaces, originally inspired during the Covid pandemic.

Tournament and Events Operation

LGC includes primary indoor space capable of hosting up to 85+/- patrons in the Caddy Shack area, plus the covered outdoor space. This type of flexible space at golf facilities is growing in popularity and has the potential to add greatly to facility revenue. There appears to be some demand for the space as it is needed to host large golf events, as well as other non-golf parties that may be accommodated from time-to-time. The County has created a sperate Caddy Shack menu for golf tournaments and outings that includes breakfast items ($2.50 to $6.00), sandwiches ($7.00 to $11.00) and a cheeseburger dinner special at $11.50. Beverages are sold using a ticket system with each ticket covering two drinks at $2.50 per ticket.

Outside F&B Operations (Beverage Cart)

Beverage cart operations at public golf courses can produce modest revenue if run properly with well-trained servers. This service is not expected to contribute profit to a golf facility, but rather is viewed as a benefit to golfers leading to more golf rounds. Most golf clubs earn less than $1.00 per round of golf on the beverage cart, with a total cost of sales at 40%. Sales can be improved by offering credit-card processing directly on the beverage cart through a remote system linked to the Caddy Shack POS. Larchmont GC provides limited beverage cart service on busy days and during tournaments. Offering this service is often a challenge as it is not a strong profit center but is providing a service to golfers that helps the course sell additional green and cart fees.

Total Revenue Estimates

Data presented from the County show total gross Caddy Shack revenue peaking at over $202,600 in 2022, much higher than the $130,000 to $140,000+/- the service was generating just before the Covid Pandemic in 2020. This level of County revenue equates to $4.51 per round in 2022, up from the $3.46 earned per round in 2019. The typical 18-hole public golf course will earn about $5.65 per round in basic food, showing that the Caddy Shack operation is performing with total gross revenue that is a little lower than expected industry standards. However, this is still a positive for the facility as the County’s interest in stronger F&B service is to help improve green and cart fee revenue that is the key in this type of public golf course operation.

Golf Cart Operations

The Missoula County operates a fleet of 72 gas-powered Yamaha golf carts, some of which are stored in a garage attached to the clubhouse (32 carts), with the rest stored outdoors under a cover in the maintenance yard. up to 33 indoors). The size of this storage space is too small to contain the fleet as it exists, and there is no room to adequately store additional carts anywhere in the clubhouse. The carts are owned by the County, and part of a rotation system of acquisition that creates a mixed fleet of older and newer carts.

Having newer carts in good condition is a high priority for most public golf courses. Having cleaner carts in good working condition with modern features will reflect positively on the golf facility and encourage additional rounds demand. The carts at Larchmont GC include some key features that are consistent with higher-end golf such as windshields, phone chargers, rain covering for golf bags and divot fill containers. The fleet is gasoline powered, which is not the preference of golfers as most players indicate in surveys a preference for the cleaner and quitter electric-powered carts. However, in order to provide electric carts there must be adequate storage and battery charging facilities, which are not present at Larchmont GC.

Merchandise Operations

NGF Consulting sees a strong performance in the merchandising operation at LGC that is consistent with a recent boom in sales at on-course retailers nationally. Pro shop sales at LGC belong to Summit Golf as per contract but may become part of the County's operation beginning in 2024. As Summit Golf was paying sales commissions to staff for merchandise sales, the County will have to consider this change in staff compensation upon County takeover in 2024. Total gross sales from the pro shop were reported at $138,905 in 2022, or $3.09 per round of golf played at the course. The industry standard for on-course pro shop sales $2.48 per round, with a direct cost of merchandise sold "standard" of 70% (LGC reported 79.8% cost of sales in 2022). However, as the total margin on merchandise is only around 25-30%, the net income will never be significant in merchandise sales. Rather, this is a service to golfers to make the round more enjoyable and help bring them back for more.

Pro shop merchandise at LGC has traditionally included a wide variety of items, including the key golf "impulse" items such as balls, gloves, shoes, hats, towels, and other small counter items, plus Summit Golf has maintained a strong service in providing hard goods and golf equipment (sets of clubs, drivers, utility, wedges, putters, etc.). This mix of merchandise contributes to the higher-than-standard cost of goods sold and is less consistent with modern trends in public golf. Going forward, LGC should focus on having an extensive apparel offering along with the golf impulse items to make up a strong proportion of actual sales. The items that tend to sell best at facilities like the LGC are the obvious impulse items as noted above, but also logoed merchandise like shirts and outerwear. LGC moving away from large investment in hard goods would be consistent with the trend NGF has documented in on-course retailing not wanting to compete with "big-box" retailers or the internet.

Golf Programming and New Player Development

One of the keys to successful public golf facility operations is the continued promotion and hosting of organized activities and programs, such as leagues, outings, tournaments, and player development. These activities are important to maximize rounds activity at public golf courses and NGF observations show Larchmont GC being very active in promoting a strong calendar of events. These events tend to stimulate activity and encourage repeat play, generating more rounds per golfer than at courses that do not have an active event calendar. At present, Summit Golf Management is coordinating all league and tournament activity and the County will have to plan for a transition of this beginning in 2024.

Larchmont GC is very active in hosting organized leagues that play regularly on various days during the week in golf season. These leagues serve as an important revenue supplement to standard daily fee play. Staff reports several active leagues at Larchmont in the late afternoons, with NGF counting 8 separate league rosters in Larchmont GC records. Total rounds from leagues are not directly counted by the course, but NGF estimates that leagues represent a significant portion of activity. This represents a key source of late afternoon weekday rounds and perhaps this is a market that can grow in the future. LGC has a modest schedule of tournaments and events, with 17 scheduled events in 2023, including the large Montana Open (September 8-10), Montana State Seniors (August 1-3), and the Men's Association Club Championship (July 15-16).

Junior Golf

Larchmont GC is a leader in this area for the promotion of junior golf. LGC hosts a large junior golf program in the summer that includes five weeks of junior camps, PGA Junior League and the hosting of three high school golf teams (flat fee for schools to have four times per week + 1/2-price on driving range).

Lessons and New Player Development

We note that player development will be one of the critical elements to the long-term viability of Larchmont GC, and this should remain a point of emphasis for the County. The NGF has documented that a key to success at a public golf course is player development, especially a strong Junior Program, and it is important that these initiatives are continued into the future at Larchmont GC, even if the County takes direct control of the operation.

At present, Summit Golf is employing PGA golf professionals that manage the lesson program in exchange for direct income provided by these lessons. Player development activity at LGC is conducted by PGA pros on staff, including the Head Golf Professional who is in line to potentially become the facility manager in 2024. Under the current structure, staff is allowed to earn extra income through lessons, and LGC has had great success with Golf Schools and programs. Player development programs at golf courses are important for generating interest in golf and creating future customers, thus total revenue derived from the programs is much less important. As such, the County may want to consider some form of private concession to provide lessons so as to conform with County policies and provide this service even if the County has direct oversight of golf operations at Larchmont beginning in 2024 (more in recommendations).

Other Operational Observations

Other issues related to the operation of Larchmont GC that should be considered by Missoula County that could have direct impact on activity and revenue at LGC:

- **Customer Service** - Strong customer service can be a key differentiator in building customer loyalty. High level service at a golf course begins the moment the golfer sets foot on the property, beginning with a friendly welcome (especially for faces that staff may not have seen before). NGF generally recommends strategies such as staff training and establishment of customer service standards & measurable metrics – monitored through periodic customer surveys and occasional secret shoppers - to make sure that the standards are being consistently met or exceeded.
- **Club Rentals and Other Services** – Larchmont GC currently has multiple sets of rental clubs by different makers to offer patrons needing this equipment (with separate fees for better equipment). In an effort to expand service to help accommodate less frequent golfers, LGC should always have sets of high-quality rental club sets and communicate this fact to potential customers. The club has an appropriate mix of better-quality rental sets and lower quality “loaner” clubs for use on the by beginners and find space to store such equipment. The key revenue sources for the County are green and cart fees, and rental sets help the facility to sell more rounds. The rental sets themselves are not typically a strong direct profit center.
- **Locker Rentals** – Larchmont GC has 36 lockers available for rent to golf patrons at $70 per year. These lockers are large enough to store golf clubs and other equipment and provide a nice service that is valued by golfers, especially season pass holders who play frequently. This concept has grown in popularity at public golf courses and can be a nice supplemental service to help entice greater activity and greater spending at LGC.

LARCHMONT GC RECENT OPERATIONAL PERFORMANCE

Larchmont GC earns revenue from several sources, with the County collecting all golf playing fees (greens, carts, passes), driving range, other rentals and F&B, while the contracted golf professional collects all golf shop merchandise sales and a percentage of other County revenue. It is assumed that all expenses required to sustain the Larchmont GC operation are supported primarily by these revenues. Direct expenses to operate the facility are borne jointly by Missoula

County and Summit Golf (golf pro concession). As is typical in public golf, much of the total expense is fixed and must be borne regardless of how many rounds are played. The following paragraphs summarize the activity, revenue, and expenses for LGC for the last five full years of operation (2018-2022).

In summary, it appears that LGC is now performing with activity, revenue and expenses that are above industry standards. NGF has observed a profit in the operation driven largely by high activity and a strong average revenue per round. When combined, the County and Summit Golf totaled over $1.55 million in revenue, or around $34.59 per round of golf. Both entities (Summit Golf and Missoula County) reported revenues exceeded expenses in 2022 providing excess funding for future capital projects or service enhancement. The review below covers rounds, revenues and expenses for each year at LGC from 2018-2022.

Rounds Played at Larchmont Golf Course

The table below shows total rounds since 2018. The review shows a recent trend of rapid increase from 2018 through 2022, to a level close to the golf professional's estimate of "realistic capacity" at Larchmont GC (45,000 rounds). Like many golf facilities in the U.S., Larchmont GC saw some increase in rounds activity due to Covid-19 restrictions and the availability of golf as one of the few "safe" activities for people to undertake. The nearly 46,000+ rounds hosted in 2021 was the most in any single year since before 2011. As we move into 2023 and beyond, retaining this influx of new golfers will become a key challenge for LGC. The rounds totals also show the importance of season passes on this facility's activity, as over 62% of all activity comes from passes over the last five+ years. Making sure to charge the appropriate rate for season passes becomes even more important in a facility like this with such high activity from pre-paid green fee arrangements.

In comparison, the total U.S. experienced a significant increase in rounds played of 13.9% for calendar year 2020, with Montana up by 20.4%, despite Covid-related shutdowns in some parts of the country in March and April of 2020 (Larchmont did not close). For 2021, Montana continued to improve with a modest 1.9% increase in rounds (compared to 5.6% increase in the U.S.). In 2022, there was some decline with the total U.S. down -3.7% and Montana down -2.2% compared to 2021. Early indications are that rounds are back up again in 2023 (through June) in the total U.S. (up 5.5%), but down about 3.7% in Montana. **The total U.S. standard for rounds played ("starts") at an 18-hole golf course is at 31,527 for 2021.** A summary of total rounds by year at Larchmont GC since 2018 is shown in the table below:

Larchmont Golf Course
Total Rounds Played (2018 – 2023)

	2018	2019	2020	2021	2022	2023*
Punch Cards	2,671	2,514	2,944	2,798	2,717	1,352
Passes	24,533	21,278	25,087	29,150	27,420	12,992
18-Hole GF	3,271	3,552	4,303	4,452	4,762	2,064
9-Hole GF	6,194	5,976	8,486	8,269	8,574	3,777
Additional 9	524	553	979	757	833	265
Special GF	471	400	390	498	620	0
Total Facility Rounds	**37,664**	**34,273**	**42,189**	**45,924**	**44,926**	**20,450**
Annual Change		-9.0%	23.1%	8.9%	-2.2%	

Source: Missoula County *Through June 2023.

Recent Revenue Performance at Larchmont Golf Course

Total revenue earned at Larchmont GC is divided between three separate entities, the two County Enterprise Funds (Golf and Caddy Shack) and the golf professional concession (Summit Golf). The revenue derived from each of these entities is summarized in the section below:

Summary of Missoula County Revenue at Larchmont GC (2018-2022)

The table below shows the total County revenue broken out by source since 2018. For comparison, the NGF has identified through past research that the 'average" revenue for an 18-hole municipal golf course was about $1.2 million in 2021, including all ancillary sources (F&B, merchandise, lessons, etc.). As shown, Larchmont GC exceeded this standard in 2022 from primary golf revenue alone. This strong level of revenue performance is reflective of the higher-than-average rounds activity noted above, and comparable average golf revenue earned per round (more in section that follows the tables below). We note that total revenue at LGC has had large increases each year since 2020:

Larchmont Golf Course
Total Golf Operations Revenue by Source (2018 – 2022)

Revenue	2018	2019	2020	2021	2022	Avg. 2018-22
Cart Income	$158,622	$150,463	$185,884	$240,347	$276,988	$202,461
Hand Carts	4,351	4,748	5,051	5,698	6,170	5,204
Trail Fees	2,969	3,695	4,775	5,539	5,494	4,494
Green Fees - 9	141,713	136,502	196,239	189,235	214,987	175,735
Green Fees - 18	120,760	124,427	152,742	158,740	188,822	149,098
Lockers	1,890	1,825	1,990	1,830	1,925	1,892
Punch Cards	50,852	50,563	58,187	52,923	60,540	54,613
Driving Range	53,726	51,396	59,979	81,047	94,016	68,033
Season Passes	272,325	259,750	256,120	342,770	363,656	298,924
Total Revenue	**$807,208**	**$783,369**	**$920,967**	**$1,078,129**	**$1,212,598**	**$960,454**
Annual Change		-3.0%	17.6%	17.1%	12.5%	
Total Rev/Rnd	**$21.43**	**$22.86**	**$21.83**	**$23.48**	**$26.99**	**$25.56**

Source: Missoula County.

Summary of Missoula County Revenue at Caddy Shack F&B (2018-2022)

Larchmont GC added an additional $202,612 in revenue from the Caddy Shack operation at the facility, the highest revenue totals any staff can remember in the last 20+ years. This strong revenue performance is mostly reflective of higher-than-average rounds activity, as total average revenue earned per round is lower than the national standard ($5.65). We note significant increases in this revenue in 2021 and 2022:

Caddy Shack at Larchmont Golf Course
Total Golf Operations Revenue by Source (2018 – 2022)

Revenue	2018	2019	2020	2021	2022	Avg. 2018-22
Beer & Wine	$74,436	$78,725	$93,310	$108,433	$122,736	$95,528
Candy	8,980	8,478	6,215	9,325	11,724	8,944
Food	30,756	32,637	24,946	34,086	44,353	33,356
Pop	16,416	15,514	19,412	22,606	23,002	19,390
Tobacco & Other	(329)	775	735	266	797	449
Total Revenue	**$130,259**	**$136,129**	**$144,618**	**$174,716**	**$202,612**	**$157,667**

Annual Change		4.5%	6.2%	20.8%	16.0%	
Less: Cost of Sales	$57,481	$59,305	$59,367	$74,314	$83,552	$66,804
Gross Margin	**$72,778**	**$76,824**	**$85,251**	**$100,402**	**$119,060**	**$90,863**
Total Rev/Rnd	$3.46	$3.97	$3.43	$3.80	$4.51	$4.20
Source: Missoula County.						

Summary of Summit Golf (Pro Shop Concession) Revenue at Larchmont GC (2022)

The table below shows the pro shop concession revenue for 2022 (last full year of operation), including both direct sales and management fees (includes collected commissions. The direct revenue derived from golf patrons includes $3.09 in merchandise sales per round, which is higher than the national standard of $2.75 (more below):

Summit Golf at Larchmont Golf Course Total Golf Operations Revenue by Source (2022)	
Revenue Source	**2022**
Summit 12.5% Commission	$150,370
Summit Management Fee	36,000
Golf Shop Merchandise	
Bags	$2,484
Balls	32,584
Equipment	45,843
Gloves	8,694
Shoes	9,761
Soft Goods	21,109
Unredeemed Gift Certif.	2,938
Club Rental + Other	15,492
Total Golf Shop Revenue	**$138,905**
Average Shop Revenue/Round	**$3.09**
Less Cost of Sales: (COS)	
Merchandise	$110,835
Net Income (Incl. Commiss. & Mgt. Fee)	**$214,440**
Source: Summit Golf.	

Average Revenue Analysis

The total facility-wide average revenue per round was $34.59 in 2022, of which $24.60 was derived from golf playing fees (green + cart fees) and the remaining $9.99 derived from ancillary sources like merchandise sales, driving range and the F&B concession. The NGF average for public golf courses in the U.S. (calculated in 2021) was $40.45 for total revenue per round, with $30.00 from golf playing fees (green, cart, membership), plus an additional $5.65 for F&B, $2.75 for merchandise and $2.05 for other (range, instruction, etc.). In general, LGC is earning lower revenue per round, reflecting the affordable nature of the facility, the presence of low-priced season passes and the nature of the local Missoula economy. The actual 2022 average revenue per round compared to standards shown below:

Year	LGC in 2022	Generally Accepted U.S. Average
Paid Rounds	**44,926**	**31,500 (per 18-H)**
Green + Cart + Passes	$24.60	$30.00
Golf Shop Merchandise	$3.09	$2.75
Food & Beverage	$4.51	$5.65
Driving Range	$2.09	$2.00
Other (lessons & other rentals)	$0.30	$0.05
Total	**$34.59**	**$40.45**

Larchmont GC Expenses

Expenses required to operate Larchmont GC are divided between Summit Golf contractor expenses (borne by the Contractor) and the County's direct expenses in golf and Caddy Shack funds. A summary of each segment is provided below:

Summary of Summit Golf (Pro Shop Concession) Expenses at Larchmont GC (2022)

The table below shows the pro shop concession expense for 2022 (last full year of operation). The largest expense item is for personnel expense, including the owner's "net draw," which is included in the labor cost that represents about 70.6% of total expenses (excluding cost of goods sold):

Summit Golf at Larchmont Golf Course
Total Golf Operations Expense by Source (2022)

Expense Source	2022
Salaries & Wages	$66,796
Owner Net Draw	39,100
Loan Expense	8,700
Insurance	1,700
Miscellaneous	2,778
Telephone, Travel & Seminars	4,902
Taxes	21,770
Other	4,192
Total Summitt Golf Expenses	**$149,938**

Source: Summit Golf.

Summary of County Expenses at Larchmont GC (2022)

The table below shows total on-site operating expenses by major line-item for both the golf and Caddy Shack Enterprise Funds since 2018. The table includes only the direct County expenses in the operation, excluding expenses borne by the pro shop concessionaire (presented later). The overall expenses to operate LGC are lower than the national standard for public golf courses (the NGF standard for total operating expenses is $1.2 million per 18 holes, with 55% for labor and 58% for golf course maintenance, including labor). Direct expenses for personnel are typically the largest for golf facility operations, as is the case with Larchmont GC. Total labor costs for Larchmont GC are averaging around 50% the last four years, slightly lower than the industry standard of 55%, but excluding key pro shop labor currently borne by Summit Golf.

Larchmont Golf Course Total Golf + Caddy Shack Expenses by Category (2018 – 2022)							
Expenses	**2018**	**2019**	**2020**	**2021**	**2022**	**Avg. 2018-22**	**Pct. Of Total**
Golf Shop							
Salaries & Wages	$271,448	$306,556	$277,838	$277,458	$301,484	$286,957	46.7%
Supplies	48,393	57,007	47,345	50,959	52,277	51,196	8.3%
Utilities	74,357	66,422	69,805	76,885	87,748	75,043	12.2%
Repairs & Maint.	23,120	23,450	21,401	20,282	19,919	21,634	3.5%
Credit Card Fees	14,918	14,000	17,212	20,793	18,591	17,103	2.8%
Summit Commision	93,045	89,883	105,221	123,985	150,370	112,501	18.3%
Summit MGt. Fee	36,000	36,000	36,000	36,000	36,000	36,000	5.9%
Adv., Print + Postage	9,757	7,093	3,461	2,649	3,893	5,371	0.9%
Equipment Rental	2,708	2,740	1,970	2,577	2,797	2,558	0.4%
Other	5,392	5,893	4,970	6,634	5,246	5,627	0.9%
Total County Expenses	**$579,138**	**$609,044**	**$585,223**	**$618,222**	**$678,325**	**$613,990**	**100.0%**
Caddy Shack							
Salaries & Wages	$47,930	$57,435	$58,177	$56,268	$59,860	$55,934	77.1%
Supplies	3,864	4,447	4,280	5,172	4,104	4,373	6.0%
Utilities	5,140	6,178	5,622	6,169	7,623	6,146	8.5%
Repairs & Maint.	1,479	1,050	587	2,698	1,664	1,496	2.1%
Credit Card Fees	1,504	1,645	3,051	2,647	4,584	2,686	3.7%
Other	2,197	1,749	1,859	1,761	2,134	1,940	2.7%
Total Caddy Shack Expenses	**$62,114**	**$72,504**	**$73,576**	**$74,715**	**$79,969**	**$72,576**	**100.0%**
Total Facility Expenses	**$641,252**	**$681,548**	**$658,799**	**$692,937**	**$758,294**	**$686,566**	**100.0%**
Source: Missoula County.							

Summary Financial Performance (2018-2022)

In the table below, the NGF provides a review of the Larchmont GC operation from a business perspective with the three elements (Golf, Grill & Summit Golf) combined into one single operational entity. We have provided this look to help the County understand how the Larchmont operation may look if combined under one single County operating structure. In reviewing all revenues and expenses, the overall net performance of Larchmont GC shows the operation to be profitable under its current configuration, but NGF notes the small staff profile and lower-than-market wages that drive profitability. Going forward under a unified operation, the County will likely find that labor costs will be higher and thus increased revenue will be necessary to sustain the operation (more about golf playing fees later in this report).

Larchmont Golf Course
Combined Summary of Performance (2022)

Revenue Source	2022
County Golf Revenue	$1,212,598
County Caddy Shack Revenue	202,612
Summit Pro Shop Revenue	138,905
Total Facility Revenue	**$1,554,115**
Less: Direct Cost of Sales	
F&B	$83,552
Pro Shop Merchandise	110,835
Total COGS	**$194,387**
Gross Margin	**$1,359,728**
Total Facility Expense	
Total County Golf Expense	$678,325
Caddy Shack Expense	79,969
Golf Shop Expenses	149,938
Total Combined Facility Expense	**$908,232**
Operating Income	**$451,496**
Other Income	
Misc.	$0
Interest Earned	10,272
Sale of Fixed Assets	1,300
Total Other Income	**$11,572**
Other Expense	
Capital Improvement	$1,538
Debt Service	22,000
Board Secretary	2,000
Depreciation	134,271
Total Other Expenses	**$159,809**
Net Profit (Loss)	**$303,259**
Source: Missoula County and Summit Golf.	

SUMMARY – LARCHMONT GOLF COURSE

Larchmont GC is a good quality golf facility with a mix of amenities that is consistent with economically successful public golf courses. The facility is well-run and has experienced a recent boom in activity and revenue that has helped improve its economics. The facility is located in an active section of Missoula, proximate to several key components that form the hub of activity in this area, including the convergence of major roadways (S. Reserve St., I-90), the University of Montana and the Missoula Airport. NGF key findings on the LGC facility and operation include:

- Larchmont Golf Course includes a single 18-hole golf course and associated amenities that were in outstanding physical condition during the NGF visit in summer 2023. This is indicative of a facility that is well-managed and being maintained properly, with appropriate day-to-day upkeep and ongoing capital improvement. The high-quality upkeep results in almost no deferred maintenance and urgent capital needs that would require large-scale County investment. The facility is also designed with ideal logistics, with key elements (parking, clubhouse, practice, 1st hole, 9th hole, 10th hole, 18th hole) located in an ideal way to support a high volume of activity.
- The golf course has great appeal both visually and as a challenging golf course. The design appeals to all skill levels, with elements to challenge the best players and yet is still easy enough for intermediates and beginners. At over 7,000 yards from its longest tee and nearly 5,600 yards from its forward tee, LGC is a long golf course and may even be too long from that most forward tee. NGF also observed that the trees on site have protruding roots that come into play in several areas on the course creating a hazard for golfers, golf carts and maintenance equipment. LGC also has an outstanding mix of practice amenities to appeal to all levels of golfer skill.
- The clubhouse facility at LGC appears to be in good condition with no major problems or in need of any urgent repairs but has a few space and organizational limitations that could be upgraded. The adjacent cart garage is small and there is no internal access from the pro shop to the Caddy Shack service area. Larchmont GC has the Caddy Shack F&B operation that includes a level of service that is common at public golf courses and focusses primarily on snack-bar-style service. The strongest area of appeal with this clubhouse is the outstanding covered outdoor dining space that has become very popular with golfers, especially since the Covid pandemic.
- The NGF identified some $822,000 to $1.14 million in capital projects for high priority items such as new irrigation towers, tee & bunker enhancements, maintenance building upgrades and enhanced tree maintenance. NGF identified about $1.0 to $1.3 million in additional items that the County should consider for the longer term, but are less urgent in 2023 (greens, clubhouse, cart storage). The capital investments recommended by NGF assume that the business plan going forward assumes that high quality is maintained so the overall facility has a match of value between the facility quality and the price being charged.
- The County has chosen to operate its golf facility with a mix of County maintenance, administration, and F&B, combined with a contract for pro shop services (Summit Golf Management, LLC). The pro shop contract includes overall administration of the facility meaning a private contractor is essentially “managing” County employees. There is a pending change in the operation of Larchmont GC as the current pro shop contractor is planning to retire at the end of the current contract term that is completed December 31, 2023. As such, the County will need to have a new system of operation in place and ready to go by January 1, 2024.

- The staff needed to operate and maintain Larchmont GC are predominantly part-time, with only two full-time (year-round) County employees and one full-time pro-shop employee. All other staff is either full-time in the golf season or part-time, meaning the golf facility is relying on the return of trained staff each year to properly maintain and operate the facility. Compared to national standards, LGC is under-staffed in both total employees and in its mix of full-time / part-time employees.
- Larchmont GC is not currently using any modern POS system for record keeping and/or tee-time reservations, and is using an older, “paper and pencil” system of record keeping and reservations. The NGF review shows that the system provides accurate records, but it is clearly labor-intensive, and the County would almost certainly benefit from the adoption of a modern POS system similar to the one in place for the Caddy Shack operation.
- Playing fees for golf may be too low at Larchmont GC, especially in the pre-paid green fee (season pass) offering. At a cost to golfers of $655 per year, the pass equates to about 17+/- rounds per year compared to the national standard for season passes in seasonal golf markets that is closer to 20-25 rounds per year. NGF review of data shows that the actual realized golf fee revenue (green + cart + pass) per round was $24.60 in 2022, or 42% of the peak green + cart fee ($58.00). NGF has found that successful public golf courses tend to operate with actual realized average golf revenue per round of about 65% of the highest green fee, **indicating more rounds played at discounted rates at LGC than the standard**.
- The golf fee structure includes very little variance in daily green fee rates for time of year or time of day, as almost all discounting at LGC is through packaging (punch cards or season passes). Daily fee golfers can play 18 holes at LGC for as little as $25 for a junior walking round, all the way to $58 for an 18-hole round with cart, and almost everything in between. Successful public golf courses usually provide more choices to consumers (weekday, twilight, super twilight) that offer a “something for everyone” structure that adds choice to consumers.
- Total rounds activity at LGC has increased from 2018 through 2022 to a level close to the golf professional’s estimate of “realistic capacity” at Larchmont GC (45,000 rounds). The nearly 46,000+ rounds hosted in 2021 was the most in any single year since before 2011. The rounds total also shows the importance of season passes, as over 62% of all activity comes from passes over the last five+ years. Making sure to charge the appropriate rate for season passes becomes even more important in a facility like this with such high activity from pre-paid green fee arrangements.

- Missoula County generated a total of $1.2 million in top-line revenue from green, cart and pass fees at Larchmont GC in 2022, an amount that represented a recent peak in performance. In addition, Summit Golf generated $138,900 in pro shop sales and Caddy Shack added just over $202,600 in F&B sales at the property. This presents a combined total of $1.54 million in total facility revenue in 2022, **or a total of $35.59 per round in 2022 compared to a national standard of $40.45 per round**.
- Expenses required to operate Larchmont GC are divided between Summit Golf contractor expenses (borne by the Contractor) and the County's direct expenses in golf and Caddy Shack funds. Missoula County showed total operating expenses of about $840,800 (including cost of sales), while Summit Golf required just under $260,800 (including cost of sales) to operate the pro shop. This results in a combined facility expense of about $1.1 million, meaning Larchmont GC was able to cover all operating requirements in 2022 and generated an operating income of about $450,000 in 2022. When reviewing the Larchmont GC financials in this manner, the overall net performance of the course was profitable before the impact of other County charges, depreciation and debt service. This current financial condition is superior to most municipal golf operations in the U.S, where only about 33% are able to cover ***both*** on-site expenses and other indirect costs such as depreciation and other internal charges.

Larchmont Golf Course
Combined Summary of Performance (2022)

Revenue Source	2022
Total Facility Revenue	$1,554,115
Less: Direct Cost of Sales	$194,387
Gross Margin	**$1,359,728**
Total Combined Facility Expense	$908,232
Operating Income	**$451,496**
Net Other Items	($148,237)
Net Profit (Loss)	**$303,259**

Source: Missoula County and Summit Golf.

External Factors Affecting the Operation of Larchmont GC

NGF has provided a summary of important external factors that have the potential to affect the Larchmont Golf Course operation. The summary includes a review of the local demographic profile and trends, economic factors, golf industry trends, and golf demand and supply measures and metrics in the Missoula County market. We also provide an analysis of other golf courses in the area that compete with LGC for market share. To conclude this section, we will summarize these various factors and how they relate to the continued operation of the LGC.

MARKET OVERVIEW

Larchmont GC has a favorable location, south and southwest of the heart of Missoula's commercial activity and residential neighborhoods. The golf facility is located near the junction of US Highways 12 and 93, just west of downtown Missoula and east of the Bitterroot River. The University District lies a little further to the east, while Interstate 90 is about 2 miles northeast of the club. Larchmont GC is in a mostly low-density residential portion of the region, but proximate to major roadways as noted.

Demographic Analysis – Local Permanent Residents

The local demographic and economic factors affecting the demand for public-access golf in this market show that the Missoula region has a demographic profile that correlates to strong golf demand, supplemented by a large contingent of annual visitors. The table in **Appendix B** summarizes key demographic measures of population, income and other trends that relate to golf participation. The table below provides a summary of key demographic measures for 5- and 10-mile radial markets around LGC, Missoula County, the State of Montana, and the U.S.

Market Data Comparisons 2022

Larchmont GC	5-Mile Radius	10-Mile Radius	Missoula County	Montana	Total U.S.
Population 2022 Estimated	82,047	101,839	120,868	1,119,357	333,609,568
Population 2027 Projected	85,304	106,459	126,820	1,163,951	342,845,536
Med. HH Income (2022)	$68,219	$72,054	$68,254	$66,869	$70,666
Median Age (2022)	34.2	35.1	35.7	39.1	37.9

Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions. * **Golf Participation and Rounds Index:** Estimated number of golfing households / average rounds played in a particular geography compared to the national average golfing household (US index = 100).

- The 10-mile primary trade area around Larchmont GC shows a moderate permanent population, with about 102,000 residents as of 2022. The projected population growth rates for the 10-mile radial and Missoula County overall are 63% and 76% higher, respectively, than the national growth rate over the next five years.
- Median Ages in the local submarkets range from 34.2 years to 35.9 years, considerably lower than both the State (39.1) and national 37.9) medians, indicative of the influx of younger families to Missoula. In general, the propensity to play golf with greater frequency increases with age, making relatively older markets more attractive to golf facility operators, all other factors being equal.

- The Median Household Incomes in the local market areas range from modestly lower to modestly higher than the national median of $70,666. The 5-mile market and Missoula County have incomes about 3.5% lower than the U.S., while the primary 10-mile trade area around Larchmont GC shows a median income 2% higher than the nation. All the local markets exhibit incomes moderately higher than the State of Montana median of $66,869. In general, higher income residents are more likely to participate in golf, and they play more frequently than lower income residents.
- An estimated 31.7% of households in LGC's primary trade area have incomes over $100,000 annually, virtually matching the national figure of 32%. About 9.6% show income exceeding $200,000, slightly higher than the U.S. benchmark of 9.3%. Higher income households obviously show more tolerance for green fee increases.

Higher Income Households	**5-Mile Ring**		**10-Mile Ring**		**Missoula County**	
	No.	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
No. of Households over $100,000 Income	10,911	29.8%	14,140	31.7%	17,183	32.8%
No. of Households over $200,000 Income	3,117	8.5%	4,274	9.6%	5,146	9.8%

Key Climate and Economic Factors

Sources: Missoula County; various online.

Missoula County covers approximately 2,600 square miles in the western part of Montana. Five large valleys and two major rivers wind through the mountainous region. Missoula County has more than 122,000 residents, making it the third most populous county in Montana. The county seat is Missoula, which has a population of about 77,000.

Missoula is the hub of its Bureau of Economic Analysis (BEA) economic area, which includes Flathead, Lake, Lincoln, Mineral, Missoula, Ravalli, and Sanders counties. Key business sectors for the area include health care, retail shopping, transportation, financial services, government and social services, education, events, arts, and culture. Health care is one of Missoula's fastest growing industries, with St. Patrick Hospital western Montana's only level-II trauma center) and the Community Medical Center another major employer. Unemployment is very low, with the jobless rate for Missoula County sitting at only 2.6% as of June 2023. About 55% of employment in Missoula is made up of the service and retail sectors. Export industries are concentrated in heavy and civil engineering, construction, beverage production, technical services, truck transportation, and forestry-, logging-, and wood-related industries. Tourism is also a robust industry in Missoula County, with about 4.6 million out-of-state visitors annually.

Below, the NGF provides observations on key area economic drivers that have the potential to impact demand for golf at Larchmont Golf Course.

Climate

As with any outdoor recreation, golf demand is impacted by weather. NGF data estimates that almost all golf is played with temperatures between 50º and 90º Fahrenheit. Understanding local weather patterns helps determine the number of golf playable days. Missoula is lucky to have four distinct seasons and a much more temperate climate than the rest of the state, making it an ideal destination in both the summer and the winter. Missoula has a humid continental climate with cold and moderately snowy winters, hot and dry summers, and short, crisp springs and autumns. Winters are usually milder than much of the rest of the state due to Missoula's location west of the Rockies, allowing it to receive mild, moist Pacific air and fewer bad cold snaps.

Golf is essentially an 8-month activity in Missoula, with Larchmont GC generally opening in mid-March and continuing through to about mid-November. The following table presents a summary of monthly weather data for the Missoula area based on 50-year recorded trends:

Climatological Data Missoula, MT						
Month	**Temperatures**			**Precipitation Inches**	**Avg. Number of Days with Precipitation**	**Average Length of Day (Hours)**
	Average	**High**	**Low**			
Annual	**45**	**57**	**34**	**17**	**133**	**12.8**
January	25	33	18	1.4	14	9.6
February	31	39	22	1.0	11	10.9
March	38	48	27	1.2	13	12.5
April	45	57	33	1.4	11	14.2
May	53	65	40	2.3	13	15.7
June	60	73	46.3	2.4	13	16.5
July	67	84	46	1.2	8	16
August	66	83	50	1.2	7	14.7
September	57	71	42	1.3	8	13
October	45	57	33	1.1	9	11.3
November	33	41	25	1.2	12	9.9
December	25	32	18	1.4	14	9.2

Source: Weatherbase.com, East Missoula, MT
Note: Temperatures rounded

Missoula Area Economic Factors

Sources: Missoula County; City of Missoula; Destination Missoula; Missoula Economic Partnership; various online.

Key NGF findings on the Missoula area economy that relate to the operation of LGC include:

- In its 2022 Annual Report, the Missoula Economic Partnership (MEP) noted some of the accomplishments achieved through the 2016 strategic plan. Notable among these was creating 3,200+ jobs from 2016 to 2021, including great success in Manufacturing, Biosciences, and High Value Tech, where the job growth in those sectors during that time was 24%, 14%, and 33%, respectively. Average earnings across these three sectors grew by 21%, 18%, and 56%, respectively. Additionally, one of MEP's goals was to generate $300 million in new capital investment, and $1.3 billion was achieved.
- The University of Montana (UM) is a public research university that is a flagship institution of the Montana University System and its second largest campus. UM reported 10,000+ undergraduate and graduate students for the spring 2023 semester. It is classified among "R1: Doctoral Universities – Very high research activity" as of 2022. Since opening in 1895, the University of Montana has had a major impact on the development of Missoula's economy. In addition to the economic impacts derived from serving the student body, the university provides the area with an educated workforce and is the area's largest employer with an active calendar of school-sponsored sports and cultural events that generate visitors, resulting in millions of dollars in impact each year. The university also houses Missoula's only business incubator, the Montana Technology Enterprise Center, along with several start-up businesses.

- The largest employers in Missoula include:
    - University of Montana (2,928 employees)
    - St. Patrick Hospital (1,313)
    - Missoula County Public Schools (1,228)
    - Montana Rail Link (1,056)
    - Community Medical Center (942)
- Tourism is a leading industry in Montana. About 12.5 million people visit the state each year, creating $3.7 billion in overall economic impact, supporting nearly 60,000 jobs, and generating $230 million in state and local taxes.
    - Missoula hosts about 4.6 million people annually, resulting in $307 million in overall economic impact, supporting about 3,600 jobs, and generating $18 million in taxes. Missoula's tourism industry held up well through the pandemic. For example, in 2018 and 2019, Missoula's annual average hotel occupancy was at 64%, and in 2022, it was at 61% (during the summer, occupancy can be between 84% and 88%).
    - Of the revenue brought in by the state's 8% accommodation tax, about 4% goes to promote state tourism, including a share that Destination Missoula receives to promote tourism at the local level and to support tourism-related businesses and projects. To reach expanded target markets, Destination Missoula this year has advertised in Seattle Magazine, Outside Magazine and Good Housekeeping.
- Transportation:
    - Interstate 90 runs east–west along the northern edge of Missoula at the base of the North Hills, with all but a small portion of the city located south of the highway. Completed in 1965, I-90 has four city exits and makes connections with U.S. Route 93, U.S. Route 12, and Montana Highway 200. U.S.12 crosses Missoula southwest to northeast. U.S. 93 serves as a major economic corridor for western Montana, connecting Missoula with the Bitterroot Valley communities to the south and Flathead Lake, Kalispell, and Glacier National Park to the north. Montana Highway 200, the longest state highway in the U.S., enters Missoula from the east and provides access along the Blackfoot River and a direct route to Great Falls.
    - Six airlines service the Missoula Montana Airport: Alaska/Horizon, Allegiant, American, Delta, Frontier and United. There are direct flights to 16 major markets, including Atlanta, Chicago, Dallas, Denver, Los Angeles, Minneapolis, Phoenix, Portland, San Francisco, and Seattle). MSO continues to experience significant growth in passenger statistics. In 2019, a record-breaking year, MSO served nearly 908,000 passengers. MSO has embarked on a major expansion program, including increased parking spaces, new taxiways and ramps, advanced lighting and navigation systems, and a new terminal roadway. In 1998, the Airway Boulevard interchange was completed, providing a direct link from I-90 to the airport. Current or planned projects include a multi-phase terminal expansion, an advanced new air traffic control tower, new passenger loading bridges, and a new parallel runway.

GOLF MARKET SUPPLY AND DEMAND INDICATORS

Estimated Local Market Demand

The table below details basic golf market data indicating the strength of the local golf demand compared to national benchmarks (additional support data in **Appendix B**).

Summary of Market Indicators	5-Mile Radius	10-Mile Radius	Missoula County	U.S.
Golfers and Rounds				
Number of Golfing Households	6,633	8,042	9,259	18,505,952
Number of Golfers	8,176	10,072	11,730	25,551,350
Rounds Potential (resident golfers)	115,727	144,559	171,052	434,080,100
Average Rounds Played per 18 Holes	28,785	29,041	26,162	29,423
Golf Indices*				
Golf Participation Index	130	129	127	100
Golf Rounds Activity Index	121	122	122	112
US = 100; Source: Tactician, Inc. and NGF Consulting.				

- Missoula County has demographic characteristics that correlate with higher-than-average participation in golf. This is reflected in golf participation indices ranging from 27% to 30% higher than the U.S. benchmark. Additionally, rounds played per golfer indexes about 22% higher than the national standard.
- The NGF estimates about 8,200 golfers reside within five miles and about 10,100 within 10 miles of Larchmont GC. These golfers have the potential to demand as many as 116,000+/- rounds (5 miles) and 145,000+/- rounds (10 miles), respectively, each year. NGF estimates that resident golfers in Missoula County could demand upwards of 171,000 rounds of golf annually.
- Based on self-reported and NGF-modeled rounds played figures, golf courses in both the 5- and 10-mile radial markets are averaging about 29,000 annual rounds of golf, very close to the national average. The average for all of Missoula County is moderately lower, at just over 26,000 rounds, as a couple of facilities come into play that are located further from the City of Missoula.

Corporate / Organizational Market Demand

As we saw earlier in this section, the local area is home to several large employers, such as the University of Montana, Montana Rail Link, and two hospitals. These employment centers, along with other smaller businesses, civic organizations, churches, etc., are potential customers for organized activities such as outings and leagues, as well as for meetings (breakfasts, etc.) and banquets. These types of activities are an important supplement to daily fee rounds for public golf courses.

Visitor Golf Demand

Earlier we noted about 4.5 million annual visitors to Missoula County, some of whom contribute to golf course activity in the region (about one-third of golfers play when traveling). NGF research shows that Missoula County golf courses are capturing more “rounds on the ground” than would be predicted by the NGF Demand Model, meaning the County is a net-importer of golf rounds. It is important for the County to maintain a strong marketing presence with lodging properties and to seek out package deals, cross-marketing opportunities (e.g., with outfitters, etc.), etc. to ensure Larchmont GC captures a “fair share” of visitor rounds of golf – something that could make a meaningful difference in the bottom line.

Local Golf Supply

NGF observations regarding key golf supply measures for the Missoula County market:

- There are 7 total golf facilities (5 public and 2 private) in LGC's primary 10-mile trade area, and 9 total facilities (7 public, 2 private) in Missoula County. The proportion of public courses (78%) in the County is moderately higher than in the total U.S. where 74.6% of all golf courses are open and available to the public.
- Ratio analysis based on national benchmarks suggests that Missoula County is moderately over-supplied with public golf courses. There are 21% *fewer* golfers available to support each 18 holes of public golf compared to the national benchmark. However, the denser 10-mile primary trade area shows a more favorable ratio, with 6% *more* golfers per 18 holes of public golf than the overall U.S.
- Golf is affordable in Missoula County, with only one public golf facility at an NGF-defined 'premium' price point (>$80 peak riding fee), three at 'standard' ($50-$80), including LGC, and three at 'value' (<$50 peak riding fee).
- The NGF Golf Facility Database indicates no new golf facilities either in planning or under construction in Missoula County.

Golf Course Market Supply / Demand Summary

Using the basic measures of golf demand and supply, we note four possible combinations for any given market area: (1) favorable demand and favorable supply ("potential growth market"); (2) favorable demand and unfavorable supply ("competitive"); (3) unfavorable demand and favorable supply ("inactive"); and (4) unfavorable demand and unfavorable supply ("saturated"). The review of data for Missoula suggests a competitive market for golf, with generally strong demand measures and neutral supply-demand ratios that will improve with population growth, barring any further golf course development.

Golfers per 18 holes

NGF has also evaluated the relative strength of the market with a comparison to a national "threshold" of golfers per golf course within 10 miles of a facility. In its 2009 publication "*The Future of Public Golf in America,*" NGF hypothesized that the best predictor of a public golf course's success was the number of golfers per 18 holes within a 10-mile radius, with **4,000** identified as the key number for projected financial stability. **The NGF has estimated that there are only about 1,831 golfers per 18-hole course in the LGC market.** However, this does not account for the supplemental demand from the high volume of tourists to the county.

Market Area Strengths

- Missoula County is a fast-growing area with an improving and evolving economy, including a robust visitor base that can supplement golf demand from residents.
- The local area immediately proximate to Larchmont GC includes three key elements for potential market success – residential neighborhoods, commercial centers, and proximity to major automobile thoroughfares.

Market Area Weaknesses

- The high concentration of more modest-income households close to Larchmont GC creates competition for members and daily fee players – this can be a price-sensitive market.

- Ratio analysis based on national benchmarks suggests that Missoula County, overall, is moderately over-supplied with public golf courses. There are 21% *fewer* golfers available to support each 18 holes of public golf compared to the national benchmark.
- The NGF has estimated that there are about 1,831 golfers per 18 holes of golf within 10 miles of LGC, far short of the **4,000** identified through NGF research as a key number for projected financial stability of a any individual golf facility.

NATIONAL GOLF INDUSTRY OVERVIEW

Below NGF provides a summary of important national trends for the golf industry that may have direct or indirect effect on the operations of facilities such as Larchmont Golf Course.

Prior to the pandemic year of 2020, the golf industry was healthy and was continuing a macro trend toward stabilization in terms of participation and demand. Total spending on golf will always be vulnerable to outside forces such as the economy, but the game remains popular and is fortunate to have a deep well of interested prospects. Chief challenges include retention of new beginning golfers and ***getting more non-golfers who express interest in playing ('latent demand') to give golf a try and converting more beginners into committed participants*****.**

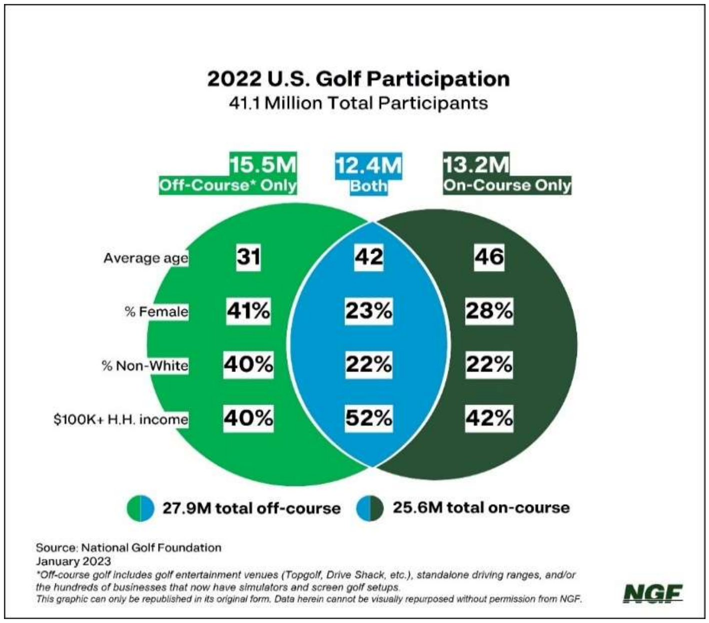
Since spring 2020, golf has received a strong boost in interest and demand resulting from the Covid-19 pandemic (more below). This was due to many factors, not the least of which is the fact that golf is an outdoor activity that is conducive to social distancing.

Key Trends in Demand

Participation - Golf participation is one of the core measures of golf's vitality. The national golfer number (people age 6+ that had played at least one round of golf the prior 12 months) showed net attrition between 2012 and 2017 but has generally been on the rise over the last half decade plus, increasing from 23.8 million people in 2017 to 25.1 million in 2021. When both on-course and off-course participation are considered, 37.5 million Americans age 6+ played golf in 2021.

Traditional, on-course participation was up again in 2022, with a net increase of 500,000 golfers to 25.6 million in total. While there's been a net gain of 1.3 million on-course golfers over the past three years, 2022 marked the fifth straight year overall of green grass participation increases. That hadn't happened in two decades.

Gains away from the golf course are more significant, with a 13% year-over-year jump compared to the 2% rise in on-course participation. As anticipated, total off-course engagement (27.9 million) has for the first time eclipsed those who play on the course. Overall, golf's U.S. consumer base is now a record 41.1 million, with three distinct participant groups (see graphic).



Rounds Played 2020-2023 – Nationally, 2020 rounds played (year-over-year) finished up by 13.9% (about 60 million rounds) over 2019, with the ID-WY-MT-UT subregion up by 20.4%. For 2021, national rounds were up by another 5.5%, while the ID-WY-MT-UT subregion saw an increase of 1.9%. National rounds declined by 3.7% in 2022, though part of that was due to unfavorable weather. The subregion saw a more modest decrease of 2.2%. Through July 2023, national rounds are up by 5.0% YOY, despite terrible early year weather in some key golf markets such as Los Angeles and the San Francisco Bay Area. ID-WY-MT-UT rounds are down by 3.1% for the first seven months of the year (**Appendix C**).

Baby Boomer Effect and Generation G (the "Golf Generation") – As Baby Boomers age and retire over the next 15 years or so, we expect to see a measurable increase in total rounds played in the U.S. Boomers - born between 1946 and 1964 - are currently 58 to 77 years old. About 6 million of them are golfers; that's approximately 1/4 of all golfers, and they currently play about 1/3 of all rounds. While not technically a generation, the 46-65 age cohort is the most vital group for the golf industry, accounting for the most golfers, rounds and spend in the industry – more than $9 billion in total annually. Generation G includes younger Boomers and older members of Gen X.

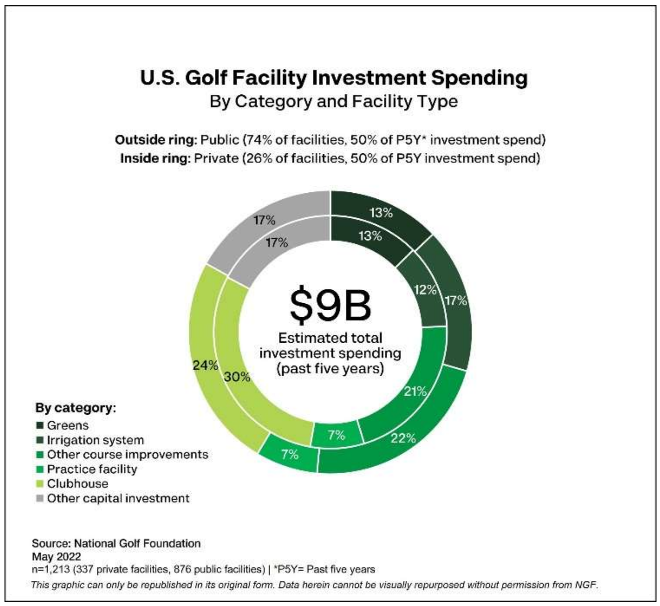
Golf Course Supply

The number of course closures has outweighed new openings for 14 consecutive years during the ongoing balancing of supply and demand. According to NGF data, since the market correction in golf course supply began in 2006, there has been a 10% cumulative reduction of U.S. golf courses in terms of 18-hole equivalents (18HEQ). In 2019 there were 279.5 permanent closures, about 40% higher than the level experienced in the prior two years. (For perspective, golf supply grew by 44% from 1986-2005). The rate of permanent closures slowed over the last two years, despite the pandemic, with 193 18HEQ shutting their doors in 2020 and 130.5 in 2021, down 53% from its peak two years ago, prior to the pandemic. In 2022, there were 105.5 18HEQ closures – the fewest in more than a decade. The demand for land to develop residential and commercial real estate is influencing the supply correction in golf. Closures tend to be more value-oriented, public facilities in the best-supplied areas: Florida, Texas, Ohio, California, and New York had the most closures in 2019 and all rank among the top six states with the most golf courses.

Other Measures of Health

Other metrics to consider when measuring the health and trajectory of golf include:

Investment in Facilities: Investment in major renovation projects has replaced new construction as the largest source of U.S. golf course development activity. A recent NGF study with more than 1,200 responding facilities indicated total investment of more than $9 billion over the prior 5 years. In terms of *new construction*, NGF is currently tracking 61 new courses (or additions) that are under construction, and another 51 that are in planning across the U.S. The former represents an increase of 74% compared to the three-year pre-pandemic average.



Increasing Diversity: A closer look at on-course participants (golfers) in 2022 shows a continuing trend towards diversification – spurred in some respect by the heightened interest and engagement being generated by off-course forms of golf. Overall, the number of non-White golfers has increased by about 1 million since 2017, while the number of women golfers grew by more than 400,000 over that time:

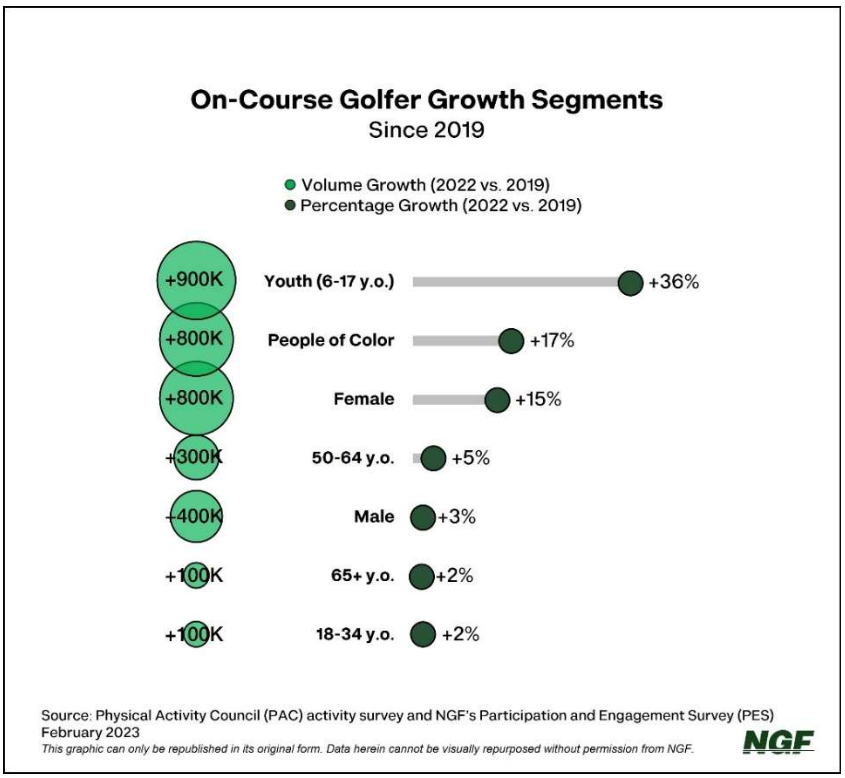
- Females are up 4% to 6.4M – Has risen three straight years, with net gains of 800K (+14% since 2019). Women now comprise 25% of all on course golfers – a new high mark in representativeness.
- Non-White golfers are up 9% to 5.6M – Up 32% since 2018 (+1.4M) This segment now represents 22% of all on-course golfers – also a new high mark in representativeness.

Beginners: The number of beginners rose to 3.3 million in 2022, surpassing the record of 3.2 million set in 2021 and representing an annual increase of about 1 million since 2014. The last two years have set records and exceeded the year 2000, when Tiger Woods was in his prime and drawing newcomers to the game in unprecedented numbers. Nearly 37% of beginning golfers are women, and the percentage of non-Caucasian beginners is significantly higher than the percentage of non-Caucasians in the total golf population.

Juniors: According to NGF's Graffis Report: "In addition to the largest-ever recorded increase in beginners (+23%), 2020 saw the most significant gain for youth golfers (+24%) since 1997." 3.4 million Juniors played golf on a course in 2022, an increase of nearly 10% over prior year. The population of junior golfers is more diverse than the overall participation base: females comprise 34% of junior golfers, compared to 24% of all golfers, while non-Caucasians are 28% of junior golfers and 20% of all golfers.

Young Adults: the category of young adults (18 to 34-year-olds) is among the sport's biggest customer age segments, with 6.1 million on-course participants and another 4.8 million off-course participants. Ongoing NGF survey research indicates that interest in playing among non-golfing young adults is high, with more than 5 million saying they are "very interested" in taking up the game. The fun and entertainment aspects of golf – especially when consumable in relatively short time windows - are particularly salient to this cohort.

Off-Course Participation: Driven primarily by the popularity and growth of Topgolf, a non-traditional form of golf entertainment, there were an estimated 23 million off-course participants (only those activities that involve hitting a ball with a golf club) in 2019, up by 2 million from 2017. In 2020, the number grew to 24.3 million, nearly half of whom did not play on a golf course.



The net gain of almost 1 million juniors (ages 6-17) is the most significant of any on-course participation segment. At just over 3.4 million in total, the youth golfer pool is now at its highest level since 2006, just prior to the Great Recession. Juniors account for about 13% of the on-course golfer population. That representation is even greater at off-course venues: more than one quarter of off-course golf participants are under the age of 18. As impactful as the various junior golf organizations continue to be in the industry, when it comes to introductions – and swinging a golf club in a fun, non-intimidating environment – it's hard to downplay the important role places like Topgolf are clearly having in spurring interest and encouraging more on-course trials among the youth ranks.

Latent Demand: Overall interest in playing golf remains very high. NGF survey research indicates that the number of non-golfers who say they are "very interested" in taking up golf – which had doubled between 2014 and 2018 (CAGR of ±15%), has continued to steadily rise to about 17 million in 2022. The biggest cohort when it comes to latent demand is juniors. Whether it's golf programs in schools, high energy golf entertainment venues, likeable young pros or golf being perceived as "cool" again, it's notable that another 5 million+ kids – non-golfers – say they're very interested in playing on a course.

National Golf Industry Overview Summary – Potential Implications for LGC

Golf facilities – both nationally and in the Missoula County market – are largely in a healthy place in 2023, with quality public golf courses continuing to experience strong rounds activity and pricing power. Continued growth in beginning golfers, increasing player diversity, surging "off-course" participation, and the presence of a large cohort of non-golfers that have expressed strong interest in playing golf ("latent demand") all bode well for the near-term future of facilities such as Larchmont GC. Popular and successful onboarding programs such as PGA of America's Get Golf Ready and NGF's "Welcome2Golf" should continue to cultivate new golfers.

While demand for golf remains strong, the Covid "dividend" may wane at some point, so operators must be vigilant to keep golfers – especially those that are relatively new to the game - engaged. Aside from the possibility of decreasing demand, headwinds for golf course operators largely center around rapidly rising input costs – especially labor. This can be especially acute for facilities with public labor profile that includes generous benefits. As long as pricing power remains in place, quality golf facilities should be able to at least mitigate increasing expenses and maintain operating margins.

LOCAL COMPETITIVE GOLF MARKET

National Golf Foundation Consulting has reviewed the public golf market in the greater Missoula area, with particular emphasis on the current market position of Larchmont GC, and the potential for maintaining and/or building additional market share in the future. On the following pages, we list operating information for a group of selected competitive public golf facilities within approximately a 25-mile radius from the Larchmont GC site.

Primary Local Competitors	Missoula Area Private Clubs
Canyon River Golf Club	Missoula Country Club
The Highlands Golf Club (9h)	The Ranch Club
Linda Vista Golf & Event Ctr. (9h)	
King Ranch Golf Course	
University of Montana Golf Course (9h)	

This list includes two local private clubs that are likely not direct competitors to Larchmont GC but are included given the proximity and small number of golf facilities in this market thus limiting consumer choices. The map on the following page shows the locations of the various golf facilities in the Missoula market in relation to Larchmont GC. Following the map, we provide summary operating information for the key public golf facility competitors (pricing, activity, amenities, etc.), as well some information on the private club offering in the Missoula market.

Competitive Public Access Golf Facilities Map

The map below shows the relative locations of golf facilities in the greater Missoula market area.

Summary Information

The following tables provide summary information for the Larchmont Golf Course and primary public golf facility competitors (and two local private clubs) in the Missoula area.

Missoula County Primary Golf Facilities – Summary Information						
Facility	**Location**	**Type**	**Year Open**	**Par/Slope**	**Front Tee / Back Tee**	**Location Relative to LGC***
Larchmont Golf Course	Missoula	18H MU-JG	1982	72 / 125	5,580 / 7,093	-
Canyon River Golf Club	Missoula	18H DF-RD	2006	72 / 146	5,363 / 6,966	7.6 miles
King Ranch Golf Course	Frenchtown	18H DF-RD	1992	72 / NA	5,453 / 6,321	15.9 miles
The Highlands Golf Club	Missoula	9H DF-RD	1954	35 / NA	2,605 / 2,900	2.8 miles
Linda Vista Golf Course	Missoula	9H DF-JG	1994	29 / NA	1,156 / 1,831	1.8 miles
University of Montana Golf Course	Missoula	9H UN-JG	1928	35 / 109	2,771 / 2,943	3.2 miles
Missoula Area Private Clubs						
Missoula Country Club	Missoula	18H PR-JG	1916			0.7 miles
The Ranch Club	Missoula	18H PR-RD	2003			5.1 miles
*Air miles from subject site - actual driving distances will likely be greater. Type: DF – Daily Fee; MU – Municipal; MI = Military; PR = private; JG = just golf; RD = real estate development; H = no. of holes; Reg. = Regulation-length; Exec = Executive-length; Par-3 = all holes par-3's.						

Market Area Rounds and Fee Information

Found below is information regarding the fee structure at the identified key competitors to Larchmont GC, including both daily fees and the various membership / season pass options available at these facilities. These fees are current as of August 2023.

Summary Peak Season Green Fees - Larchmont Golf Course and Other Area Public Golf Courses

Facility	Prime 18H Rate WD/WE	Prime 9H Rate WD/WE	18H Cart Fee (per Player / Single Rider)	9H Cart Fee (per Player / Single Rider)	Peak 18-Hole Green + Cart Fee	Range Bucket (Sm / Lg)	Membership Adult/Couple/Sr./Jr.
Larchmont Golf Course	**$38 / $38**	**$24 / $24**	**$20 / $28**	**$10 / $14**	**$58.00[1]**	**$5.00**	**$655 / $995 / $590 / $200[1]**
Canyon River GC	$69.00[2]	$41.00[2]	$25.00	$14.00	$94.00	$4.00	$1,495 / $2,195 / $1,245 / $250[2]
King Ranch GC	$35.00	$22.00	$20.00	$10.00	$55.00	N/A	$625 / $1,000 / $550 / $200[3]
The Highlands GC	$32 / $36[4]	$18 / $20	$17 / $26	$10 / $14	$53.00[4]	N/A	$550 / $850 / $475 / $150[4]
Linda Vista GC	$30.00	$17.00	$15	$8.50	$45.00	$5.50 / $$9.75	Punch Cards only
Univ. of Montana GC	$28 / $34[5]	$16 / $19[5]	$22.00	$11.00	$56.00	$4 / $5 / $6	$540 / $810 / N-A / $175[5]

1-Peak fee w/cart = $62 if a single rider. Senior couple pass = $900. Larchmont also offers a multi-play punch card at about 15% discount.
2 – Canyon River residents get to play at twilight rates ($62 for 18 / $37 for 9). Senior couple pass = $1,745. Canyon River also offers a multi-play punch card at about 15% discount.
3-Senior couple = $825. King ranch also offers a WD-only pass at $425.
4-Highlands offers a UM Student rate of $15 (9h) and $25 (18h) WD ONLY. Peak rate = $62 if single rider. Junior pass is WD only. Senior couple = $750.
5- UM Students can play at $14 (9h) and $24 (18h) 7 days per week. UM student passes = $325 (single) / $500 (couple).
WD=Mon-Fri.; WE = Sat-Sun + Holidays

Key Findings – Competitive Golf Market

A summary of general findings regarding the competitive market for LGC:

- Missoula has had a very active golf market and Larchmont GC represents an important part of the public golf landscape. The area market includes a mix of older facilities dating back as far as 1916 (Missoula CC), with several new facilities developed as part of a growing golf + residential product offering that has been added to this market in the last 10-15 years Canyon River 2006 / The Ranch 2003).
- The primary competition to Larchmont GC is Canyon River GC and King Ranch GC, the only other public 18-hole golf courses in the local market. These two facilities are a mix between a much more expensive local option (Canyon River) and a comparably-priced option more than 20 miles away (King Ranch). Other options for the public golf consumer include only 9-hole regulation facilities (Highlands GC and U. Montana GC) and the 9-hole par-3 course at Linda Vista. As an interesting note, the 9-hole courses at Highlands and Linda Vista have the largest clubhouses with the only golf facilities in the area that have an active banquet calendar.
- As was the case in most markets nationally, local golf operators reported a general decline in rounds activity after an early 2000s peak, with severe drops in 2006, 2010 and 2013, followed by some recovery in 2015-2019 and very strong recovery in 2021-2023. Total rounds activity among golf courses in this market tends to be around 35,000+/- rounds annually, with the subject LGC reaching almost 46,000 in 2021 and 45,000 in 2022. A summary of rounds estimated for 2022 by key competitors (obtained via direct contact):

Facility	Estimated 2022 Total Rounds
Larchmont GC	45,000
Canyon River GC	36,000
King Ranch GC	34,000
Highlands GC (9h)	28,000
Univ. of Montana GC (9h)	22,000
Linda Vista GC	18,000

- All but one of the public facilities in this market (except Linda Vista) allow golfers to use their own privately-owned cart on the golf course in exchange for an annual "Trail fee." These fees range from a low of $50 at Univ. of Montana course up to $510 at Larchmont. Key competitors King Ranch ($510) and Canyon River ($250) have a lower-priced trail fee.
- Green fees among the competitive set tended to fall within a tight range with all but one competitor charging between $30 and $38 for a walking 18-hole round in prime time. Only Canyon River GC had higher rates, and these are well beyond the local public golfing norm ($62 - $69), reaching $94 with cart. We also note that in this green fee market, competitors are offering various forms of discounts for day of week, time of day, juniors and seniors. Considering all the various discounts, even some higher quality public golf courses in this market will see green + cart fees fall below $20 (including Larchmont GC).
- Pre-paid green fee arrangements (memberships or passes) are common in this market, as most all facilities offer some form of season pass or punch card system, or both. The lowest priced unlimited annual membership for a single was $540 at Univ. Montana GC (public rate), with the premium at over $1,495 at Canyon River. With its base season pass rate at $655 in 2023, Larchmont GC is less than one-half the rate of Canyon River, indicating opportunity to increase fees at Larchmont GC.

EXTERNAL FACTORS SUMMARY

The NGF market analysis shows that there is strong demonstrated demand for golf in the area, as outdoor recreation is a big part of the defining character of Missoula County. As such, NGF has a reasonable expectation that this market will continue to provide support for the operation of Larchmont GC and is especially supportive of this facility as an affordable 18-hole public-access golf course. Other key findings from NGF's analysis of the Missoula market include:

- The demographic profile of permanent residents in this market is consistent with strong golf demand, and the local economy also has elements that correspond to durable golf demand. There are an estimated 4.6 million visitors coming to Missoula each year and there are large employers in immediate proximity to Larchmont GC. These elements include golfers that add dramatically to the demand for golf in the Missoula market. Further, with its location proximate to a major crossroads of auto transportation in the area, Larchmont GC is in a strong position to capture some of the large tourist and corporate golf market.
- From a macro standpoint, while some trends continue to create headwinds for golf operators, overall golf participation in the U.S. is growing and golf is far from "dead." While demand for golf has strengthened greatly during and since the Covid pandemic (2020-2023), NGF research shows that golf was gaining some momentum in 2019 and the sport is growing in areas of less traditional participants. The key challenge for golf operators like Larchmont GC is to sustain the momentum from 2020-2023 into the coming years.
- The overall balance between golf demand and supply ***<u>is unfavorable</u>*** for golf courses in the local Larchmont GC market. The NGF has documented that this local market area has only 1,831 resident golfers for each 18 holes, far fewer than the 4,000 golfers per 18 holes target. As a result, it is expected that the local golf market will be competitive for attracting golfers and thus proper pricing is important. Larchmont GC is in a strong position compared to its most local competition as several key public golf course competitors are 9-hole courses and the only other 18-hole course is at a much higher price point than Larchmont. Even greater improvement in economic performance at local area golf courses will come from better penetration into the visitor and/or corporate golf market, with increased sales of daily fee rounds to tourists and local employment centers.
- The most important local competition for Larchmont GC includes other public golf facilities, several of which are 9-hole facilities with lower-quality golf courses. However, we do note that some of the 9-hole courses in this market (Highlands and Linda Vista) include larger clubhouses with banquet facilities that are not available at Larchmont or Canyon River. Given LGC's full 18-hole configuration and higher quality, it appears to NGF that LGC is well positioned in comparison to its most immediate competition like Canyon River GC and King Ranch GC.
- Larchmont GC represents the clear market leader for affordable 18-hole public golf and is hosting the highest activity in Missoula. The only other public 18-hole golf course in Missoula (King Ranch is in Frenchtown) is Canyon River, a newer premium golf course wholly within a new master-planned housing development. Canyon River is charging a daily rate that is nearly twice the rate at Larchmont ($94) and more than twice the season pass rate ($1,495) than Larchmont GC. The mix of competition for public golf in Missoula suggests that there is opportunity to increase fees at Larchmont GC for 2024, especially the $655 base season pass rate.

NGF Recommendations for the Missoula County and Larchmont Golf Course

Based on our evaluation of Larchmont GC and the local market, NGF has formulated a set of recommendations to help the County program the future of the golf facility. The objective of NGF recommendations is to provide the County with a strategic vision for the future of golf and maintain the appropriate physical plant and service that will elevate the patron experience, maximize the economic performance, and provide the possibility of long-term sustainability of Larchmont GC. NGF Consulting has prepared a schedule of specific recommendations to be considered by the County. These recommendations have been organized into: (1) basic oversight, structure and staffing; (2) physical enhancements; and (3) revenue enhancement opportunities.

BASIC OVERSIGHT, STRUCTURE AND STAFFING

Missoula County is operating Larchmont GC with a mix of enterprise funds and concession structures. In the Golf Enterprise, the County provides golf course maintenance and all pro shop services are provided via contract with Summit Golf. In the Caddy Shack Enterprise, the County provides all services and employees with some oversight by Summit Golf via contract. This structure has allowed the County to keep a level of direct control of operations and appears to have been a good fit to match goals and performance.

In considering alternatives, the NGF has presented ideas to the County to help facilitate a transition given the pending conclusion of the Summit Golf agreement in December 2023 and the expected retirement of the long-tenured Summit Golf facility manager. To help improve the understanding among County officials, NGF has provided a summary of alternatives the County can consider for golf operations along with our recommendation for the future operation of LGC.

Structure Considerations

The NGF has completed this review assuming a County desire to continue to operate Larchmont GC with all facilities, services and amenities open and available to the public at an affordable rate, especially to Missoula residents. In our experience, there is no ideal operating scenario that fits all situations, and each public entity must arrive at its own unique approach to operation and maintenance. The most common management options are shown below (these are not intended to be exhaustive, as there are hybrids and variations thereof), presented in order from <u>most</u> direct County involvement to the <u>least</u> direct County involvement:

1. **Self-Operation.** In this form of management, the municipality is in direct control of the golf operation, and all golf course staff are public employees, with on-site management reporting to a County staff member such as the Director of Parks & Recreation or Director of Public Works. (A common variation of this structure is self-operation with the exception of private food & beverage concession). The municipality earns all revenues and is responsible for all expenses and capital improvements. The **primary advantage** is that the municipality has control of the day-to-day operation of the golf course for maximum benefit to the community. Also, there is no obligation to pay an annual management fee. The chief potential **disadvantages / challenges** include:

- The potential lack of expertise in overseeing and operating a golf course.
- The labor procurement process can be cumbersome and time-consuming for some public agencies.
- The municipality retains all risk associated with low revenue and / or high expense.
- The cost of labor (including benefits) is typically higher in the public sector, often by a considerable amount.
- There will be less of a “buffer” between golf course patrons and the municipality (in contrast to having a private operator on site).

2. **Concession Agreements**: These are like lease agreements and can come in several types or combinations, including the pro shop concession arrangement currently in place at Larchmont GC. The advantage is shifting some risk and payroll to a private entity, but most of the economic risk is still maintained by the County. The key areas of operation include Pro Shop, maintenance and/or F&B, and involve the County contracting for one, some, or all of these services. One subset of this concept includes multiple concessions, a system in which the County creates multiple contract agreements with separate entities for each facet of the operation. The most common concession agreements for public golf include:

   a) **Contract for Food / Beverage Services** involves hiring a separate operator for the F&B service, either through fixed fee or percentage compensation to the operator. Some of these longer-term concession contracts will include some investment in facilities and/or equipment by the operator.

   b) **Contract for Maintenance Services** involves contracting with a private entity to provide golf course maintenance services in exchange for a pre-determined fee.

   c) **Multiple Concessions** involves creating multiple agreements for separate entities for each facet of the golf operation (pro shop, F&B, and maintenance).

3. **Full-Service Management Contract – Fixed Fee.** The concept of a management agreement is for the County to hire a private management entity to operate all aspects of Larchmont GC in exchange for a management fee, typically around 4-5% of total revenue. The County is still earning all revenues, is responsible for all expenses (salaries, maintenance, liabilities, capital) and pays a management fee to an operator. NGF has found, through many years of working with municipal clients, that in most cases the cost of the annual management fee is exceeded by incremental net revenues. This is due to **advantages** such as operations expertise, savings on labor costs, access to regional / national marketing and purchasing programs, procurement advantages, etc. On the expense side, savings can be considerable with respect to the labor budget, though the degree is variable depending on market and local labor laws.

   The potential **disadvantages** include some loss of control over day-to-day operations; lack of a performance-based financial incentive for the operator under a fixed-fee arrangement (we note that public employees may not have financial incentive in the operation either, beyond job retention); and, the obligation of the fixed management fee, regardless of yearly variations in performance.

4. **Full-Service Management Contract - Fixed Fee + Variable (i.e., "Hybrid").** A hybrid contract combines some of the advantages of a lease with those of a management contract. Increasingly, NGF has been observing management agreements in which total compensation to the contractor comprises both a fixed fee component and an additional incentive-based, or variable, component (most typically gross revenue-based) that allows the operator and municipality to share in the risk of the operation. The basic structure of the management agreement is the same – the municipality earns all revenues, is responsible for all expenses, and pays a management fee. <u>However, the principal potential advantage of this "hybrid" scenario is financially incentivizing the operator with respect to the revenue performance of the golf facility</u>. The variable part of the compensation may also be tied to meeting other performance standards, such as those related to customer service, etc.

5. **Operating Lease(s).** The only true "privatization" option would be for the County to lease the operation to a private operator in exchange for a defined lease payment that is set between the parties. NGF experience tells us that for these agreements to be sustainable through good years and bad, they must be win-win arrangements in which the operator has a chance to recoup investment in the golf course, equipment, and structures, *and* make a yearly profit.

   The ideal advantage of this option is the prospect of total privatization of the golf operation and full shifting of risk away from the Missoula County. The disadvantage is that the operator has control of decisions related to making reductions in operating expenses to meet lease requirements, that may put the physical integrity of County's golf course at risk. One common reason a County will enter into this form of agreement is to fund large-scale capital improvements – which are not necessary at Larchmont GC.

NGF Commentary

NGF has identified that the most viable options for the County to consider for Larchmont GC operations are to continue "as-is" with County maintenance and a new contracted pro shop vendor, or for the County to consider some form of full self-operation. The NGF sees full-service management, hybrid, or lease contracts as unnecessary in Missoula due to the effective operation, strong rounds and revenue performance, good condition of the property and lack of large-scale capital needs.

While about 45% of municipal golf courses in the U.S. are self-operated, NGF's Golf Facility Database (every facility updated annually), supplemented by extensive periodic survey research of municipal golf facilities, shows that the percentage of municipal golf facilities managed by third-party vendors (excluding full-facility leases) steadily increased from less than 15% in 2010 to about 25% in 2020. While there is no "one size fits all" solution to choosing a management structure, the optimal management structure for municipal golf assets depends on several considerations unique to the individual municipality, including:

- Public policy – some municipalities fundamentally value having public employees run publicly-owned facilities.
- The incremental labor costs associated with self-operating its golf facilities.
- If converting from a public to a private structure, would existing public employees be offered jobs elsewhere or have the option of becoming employees of the private management / maintenance company?

Lesson Concession Consideration

One consideration for Missoula County is how to structure a golf lesson program if the County were to assume full control of the Larchmont GC operation. One consideration offered by NGF is for the County to hire an independent PGA teaching professional to direct its instruction program beginning in 2024. NGF's experience is that the standard compensation for a PGA Class A Professional is 90% of lesson and program revenues to the teaching professional (sometimes lower if a PGA Apprentice). We have also seen where the contractor keeps 100% of revenues, especially in the case of low-volume facilities.

Responsibilities for an independent teaching professional would vary based on the potential size of the lesson program at Larchmont GC. Duties would generally be limited to lessons and programs, and include individual and group lessons, and the County could require a minimum number of clinics, junior programming, etc. The contract could also be structured to include protocols regarding scheduling, lesson fees, collection of money, etc., as well as coordinating the scheduling of lesson schedules with the golf shop staff to ensure that there are no conflicts with tournament requirements on the driving range and teaching areas.

Though every golf facility situation is different, from NGF's experience the primary advantages of hiring an independent PGA teaching professional is allowing the facility to offer expert instruction that can cultivate new customers, while also saving money on salary & benefits. Additionally, this structure frees up the Manager and/or Head Golf Professional to concentrate on other duties, including managing the pro shop, coordinating staff, promoting merchandise, actively managing the tee sheet, greeting customers, marketing / direct selling, and facilitating tournaments and outings. The primary disadvantage is that most of the revenue goes to the contractor, which is only a negative if the facility has a high-volume instruction program.

OPERATIONAL RECOMMENDATIONS

In addition to the larger oversight recommendations, NGF offers the following ideas to help the County with some minor adjustments that can help improve its bottom-line performance of the golf course. The most significant of these relate to the expansion of modern technologies and marketing, including the addition of a modern point-of-sale (POS) system for the entire operation. It is understood that while Larchmont GC is operating in a competitive market with a few other golf courses trying to maximize rounds and revenue, the County's facility is in a unique position as the only affordable 18-hole public golf course in Missoula.

In this review, NGF will not address details in the day-to-day operation of Larchmont GC. Rather, the NGF team has provided a broad overview of key issues in the operation comprising: (1) marketing and technology; (2) pricing; (3) increasing participation from less-traditional segments; and (4) the consideration of new concepts to help improve year-round revenue such as winter activities (indoor golf simulators) and enhanced marketing of the Caddy Shack to non-golfers

Enhance Marketing

Few things can positively affect rounds and revenue performance more than marketing. An emphasis on marketing is critical to creating awareness and attracting some of the transient visitors who travel to the Missoula area often passing through on the way to attractions and locations further north of Missoula. The NGF observed a modest program to market Larchmont GC, and any effort to enhance golf activity at Larchmont GC should include elements such as new advertising, personal activities in direct selling and an enhancement to the technology platforms that can drive new golf activity (website, email, social media, etc.).

Direct Selling and Advertising

Activities related to direct selling that should be part of the County golf course marketing include:

- **Tournaments and Outings** – It is assumed the Golf Manager and other golf staff will directly market to tournament and outing prospects. NGF recognizes that there are limitations in clubhouse size at Larchmont, but this facility has strong appeal as an 18-hole golf facility that can accommodate large tournaments and outings.
- **Print / Brochure -** Printed ads can still be effective in golf, and the County should create new printed fold-out pieces with specific focus for golf. The golf fold-out piece would be printed with the word "Golf" in the upper 1/3 of the front page – to stand out in racks. This piece should be distributed and placed in as many area visitor's centers, hotels, and tourist attractions with information racks as is reasonable.
- **Signage -** The signage for Larchmont GC should be improved as is allowable by local guidelines. This is especially important for Larchmont given its location and the need to attract non-local play. The course would improve its performance with new directional signs at key intersections along S. Reserve St. and especially at the entrance intersection at Dearborn Av. All signage for the golf course must make it clear that the golf facility and all amenities are County-owned and "open and available to the public."
- **Hotel and Lodging Strategy** – Senior golf and Missoula County staff should actively work to promote awareness of Larchmont GC to the hotel / lodging market in and around the Missoula airport and the Highway 93 / I-90 interchange that is proximate to Larchmont GC. This may require direct outreach to lodging properties, and the County could consider a program to have select hotels on account for direct billing to allow these properties to sell golf directly to guests. Any increased activity from this segment could feed additional players to LGC.
- **Local Parks and Employment Center Strategy** – As noted, Larchmont GC is located immediately proximate to large centers of employment (airport, U. of Montana, medical center) and Ft. Missoula Regional Park. Employees and visitors to these centers can form a core of customers for both golf and Caddy Shack, and the County can do more to actively promote Larchmont GC to these segments.

Better Employment of Technology

Technology is one of the most important tools available to a golf course management team, and its deployment is critical in golf operations in 2023 and beyond. Technology defines and guides the marketing strategy, helps to generate exposure and provides tools to manage a customer database, create loyalty and boost revenue. In our review, NGF found that Larchmont GC is far behind in most of the NGF identified areas to improve technology, and more should be done upon County take-over of pro shop operations to enhance these initiatives, especially in email communications and website improvement.

POS System

Larchmont GC should add a modern POS system to the pro shop to match the Caddy Shack operation. A modern POS designed for public golf courses will include various support and marketing services that could be utilized at LGC, including new services like accepting online tee times, accepting credit cards for online payment, the sale of gift cards and even implementing a loyalty program. The NGF can't emphasize enough how essential these modules and POS abilities are to running a successful public golf business.

Other Technology Enhancements

E-mail – E-mail databases are essential as a means of staying in touch with the golf customer base in today's golf market. E-mail marketing is now the most cost-effective advertising possible. Creating and augmenting the database should be a top priority of the County so that email marketing can be optimally implemented. A key goal for the future should be to capture the email address for ALL golfers, especially those who only use the facility once or twice each year. The County can also collect email addresses for those seeking information while on the website using contests and other offers that require customers to provide a valid email.

Website and Social Media – While the website for Larchmont GC did include some of NGF's recommended features, there is clearly much more the County can include on this site to help sell the experience at the golf course and Caddy Shack. Any efforts the County can make to improve the look and feel of the golf website and present a more attractive image of the facility and all amenities and services that are offered. Social media is the fastest growing marketing tool in golf and LGC golf staff should become more active with Facebook and Twitter, for use in communicating "what's going on" type of messages (who won a contest, who had a hole-in-one, etc.). This tends to help build loyalty and repeat activity. YouTube is the second most utilized search engine on the internet and Larchmont GC could develop a presence, including informational videos of the facility, as well as league activities, tournaments, & instruction.

Recommended Fee / Pricing Changes

Based on our review of Larchmont Golf Course fees and the competitive market environment, the NGF makes recommendations regarding golf course pricing. The only changes we recommend are to season pass pricing leading to an increase, so the "break-even" multiple is closer to the industry standard of 25+/- rounds per year. The table below documents the proposed season pass pricing change recommendations from NGF for 2024 (NOTE: all other pricing is assumed to remain at 2023 levels):

Proposed Larchmont GC Season Pass Fees in 2024

Pass Type	Current Fee (2023)	Proposed New Rate (2024)
Adult Pass	$655.00	$750.00
(add Spouse)	$340.00	$350.00
Seniors (60+)	$590.00	$640.00
(add Spouse)	$310.00	$310.00
Junior (17 or under)	$200.00	$200.00
Young Adult (18-27)	$495.00	$550.00
(add Spouse)	N/A	$225.00
Limited Pass (WD Only)	$525.00	$600.00
(add Spouse)	$275.00	$325.00
Range Season Pass	$325.00	$350.00
Season Trail Pass	$510.00	$550.00

Recommendations for Increased Beginner Participation

We note that new player development will be one of the critical elements to the long-term viability of Larchmont GC, and this should be a point of emphasis at the facility. LGC has a robust lesson program under Summit Golf, but all proceeds were paid to golf professionals and this will not be allowed under a full County operation. Assuming Missoula County can find an adequate golf instruction partner to implement a lesson concession as described above, a robust golf instruction program can continue uninterrupted at Larchmont GC. The NGF has documented that a critical element to the long-term viability of public golf courses is player development, especially a strong Junior Program, and it is important that these initiatives are continued.

Also, because of today's difficult climate for golf operations, tapping latent demand among groups that traditionally have shown relatively low golf participation – such as women and minorities – is more important than ever. PGA data shows every new golfer developed could be worth as much as $400 per year (10 rounds at $40), and the common successful player development program produces at least 200 new golfers per facility. The County should continue its commitment to junior and other golf programming identified earlier. Larchmont is a clear leader in its programming for the area, which is a great strength for the facility.

PHYSICAL IMPROVEMENTS AND REVENUE ENHANCEMENT OPPORTUNITIES

Additional recommendations and consideration for the County in the future operation of Larchmont GC include the completion of identified physical enhancement and the consideration of new concepts to help improve year-round revenue at LGC such as winter activities (indoor golf simulators) and enhanced marketing of the Caddy Shack operation to non-golfers and other users of nearby recreation activities, including winter activities. Each of these is addressed in the section that follows:

Completion of Capital Investment Considerations

NGF identified both high-priority and low-priority capital investments to help improve Larchmont GC. The NGF vision for the future of Larchmont GC considers the most ideal physical condition of the facility to maximize the potential economic performance. The specific capital projects identified by the NGF team were documented previously in this report, and are segregated according to need and investment level in the table below:

Larchmont Golf Course
Summary of Capital Upgrades by Type

	Items	Low Estimate	High Estimate
High Priority Items	Irrigation controls, tees, bunkers, trees, roots, maintenance building	$822,000	$1,145,000
Lower Priority Investments	Greens, clubhouse enhancement, cart storage expansion	1,001,000	1,302,000
Grand Total of Capital Projects		**$1,823,000**	**$2,447,000**

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

Revenue Enhancement Consideration – Indoor Golf Simulators

Missoula County wishes to increase off-season revenues at Larchmont GC. Below we provide two case study summaries of NGF clients that have successfully developed new revenue centers, with a focus on clubhouse operations and golf simulators. Clubhouse improvements and simulators can generate important incremental net revenue for golf facilities, including those in northern climates that might otherwise be completely closed during the winter months. Of course, upfront capital costs are an important part of the overall ROI analysis that includes incremental operating expenses, such as labor and electricity.

Bill Roberts Golf Course – City of Helena, MT

The NGF conducted a review of clubhouse operations for the City of Helena, MT in 2016 to consider the feasibility of renovating and/or expanding the clubhouse at Bill Roberts GC (BRGC). At the time, the City faced an expenditure of more than $130,000 on ADA-related improvements to its separate clubhouse and pro shop buildings. Additional investment was needed for new roofs and other deficiencies, providing an opportunity to explore the re-imagination of BRGC's clubhouse with the goal of enhancing year-round revenue generation and engaging more segments of the Helena community.

The existing clubhouse and pro shop buildings were not conducive to increasing merchandise and food & beverage revenues and made Bill Roberts non-competitive for golf outings and other events. The golf course and City staff envisioned a multi-use destination facility that would expand operations from seven months to year-round and have broad appeal for multiple user groups. NGF created financial models that showed incremental, stabilized net revenues sufficient to justify a building expenditure of about $2.5 million, based on City financing terms. The City Commission subsequently approved a 20-year, $2.1 million bank loan for the project.

The remodeled clubhouse opened in phases in the spring and fall of 2018. The final building program included an expanded pro shop, the 120-person Muni's Sports Grille, a separate quiet dining area that seats about 24, corporate meeting room, three Full Swing simulators, four gaming machines, state-of-the-art televisions, and a fireplace. The new clubhouse enjoyed strong success almost immediately, although it took a year or more for the expanded F&B operation to be profitable.

BRGC Simulators – Between 2010 and the NGF review in 2016, the PGA Head Golf Pro installed a simulator in the tight confines of the pro shop building during the winter season. The simulator enjoyed growing demand at a time when the facility would normally have been completely closed. League play accounted for about 95% of recreational use, but the simulator also facilitated lessons, club-fittings, and open play. The overall utilization rate of the simulator was about 85%, generating direct revenue of about $20,000, but also resulting in increased merchandise, lesson, and beverage revenues, while adding only minimally to staffing costs.

After the clubhouse renovation, the City installed the three Full Swing simulators at a cost of around $55,000 to $60,000 each. The former manager of the property (now at a different facility in Montana) reported to NGF that the simulators generated about $180,000 in gross revenue in the first 12 months of operation. In addition to very high utilization of the simulators, he noted that there was also a "big uptick in club sales and club fitting." Programming has included over 100 teams for the winter simulator league, multiple fantasy football leagues, and a beginner 3-person scramble simulator league positioned as a "relaxed pace, fun and simple format" intended to onboard new players in a low-stress setting.

Boone Links Golf Course – Boone County, KY

Boone Links Golf Course in Boone County, KY (another NGF consulting client) added two HD Golf brand simulators to its clubhouse in 2019 and “results have been great”. The simulators, which cost about $40,000 apiece, have been reliable revenue generators, exceeding expectations, including $73,000 in revenue last fiscal year, not including incremental ancillary revenues, such as food & beverage and pro shop sales.

BLGC runs a Fall league that starts in mid-October and runs through mid-December and a Winter league that runs January through mid-March. The league is capped at 64 two-man teams (128 players per week). Players can play their weekly league round anytime during the week and the software tracks their scoring information. At the end of the regular season, management uses their records to create seeding and then do playoffs with the 64 teams bracketed, similar to the NCAA basketball tournament.

The HD Golf Simulators are considered “state of the art” and feature courses such as Bethpage Black, Pebble Beach, St. Andrews, Kiawah Island, PGA National, and Cape Kidnappers, as well as several new courses. Each simulator lounge has its own pub table with built-in cooler for beverages and an HD TV that features many sports channels.

Revenue Enhancement Consideration – Enhanced Caddy Shack Operations

Food and beverage service at Larchmont GC is adequate for supporting golfers and should have some appeal for other non-golf patrons in the area, most notably users of the Ft. Missoula Regional Park and others affiliated in and around the Community Medical Center. Food and beverage concessions are common at municipal golf courses and can be run efficiently, even for municipalities that have no expertise in managing food & beverage operations. While each situation is different and there are many variables involved (e.g., whether facility capital investment is expected), a ‘typical’ food and beverage concession should provide a return of at least 10% of gross revenue back to the municipality, indicating that any increase in gross revenue can help improve the overall facility net income.

NGF Commentary and Recommendation

Food and Beverage service at a public golf course is not necessarily intended to be a profit center, but rather to support the primary business of selling green and cart fees. Most successful food and beverage operations at public golf courses offer simple, quick, and inexpensive service that is convenient to the round of golf. NGF experience has shown that public golfers – especially at value-oriented golf courses such as LGC - are generally satisfied if they can sit down with friends or playing partners and get a sandwich, hot dog, or hamburger, along with a beverage of choice. Many operators across the country indicate that the recent pandemic has changed some consumer attitudes about golf course F&B service, most notably in an increased importance of comfortable outdoor seating with shade from the hot summer sun (such as in place at LGC).

Below, NGF offers high-level examples of industry best practices with respect to food and beverage service at public golf courses:

- Employ a dedicated salesperson (at least part-time and partially commission-based) to solicit meetings, banquets and other events from the community.
- Have consistent hours of operation. If the golf course is open – the F&B service should be open with an exact match in hours. If a full breakfast is not feasible, make sure coffee, juice, Danish, etc. is available for early morning golfers.
- Feature grab and go items, such as fresh premade sandwiches, as well as hot dogs, etc.
- Have on-course service (beverage cart), at least during peak demand periods. Though often operated at a loss, golfers have an expectation of this service at quality golf courses.
- Run an outdoor barbecue grill, especially during busier times like summer weekends, with items such as hamburgers, hot dogs, and grilled chicken at the ready. This can also improve the pace of golfers making the turn.
- Create and promote themed events; common examples NGF has seen include Sunday Brunch, 50-cent Wing Night; Monday Night Football/college football Saturday/NFL Sunday events; Taco Tuesday; and Trivia Night with buffet menu.

Larchmont GC – Projected Financial Performance (2024-2028)

NGF has prepared an analysis to show what the potential economic performance of Larchmont GC could be over the next few years in consideration of expected changes in the golf course operation and other enhancements that could be implemented, most notably upgrades to service and the F&B offering. In this section, we provide estimates of performance based on a set of assumptions that may or may not become reality but represent a "fair estimate" of performance for this golf facility over the next five years based on our review of the market, site and projected LGC operation. We have completed this estimate of future economic performance under the assumption that Missoula County oversees the entire LGC operation directly beginning in 2024, full eliminating the Summit Golf Management agreement and employing all pro shop staff to manage the operation.

SUMMARY OF ASSUMPTIONS FOR LARCHMONT GC PROJECTIONS

NGF has prepared a projection based on expected performance in a "normal" environment and the implementation of full County operation. In preparing our estimates, the NGF has made several assumptions for input variables and external market conditions. We recognize that this estimate is prepared in August 2023 for a golf facility that is currently operating with a contract pro shop through the end of 2023, with a new structure set to begin in January 2024. We recognize that this estimate is prepared in 2023, so all financial estimates are presented in 2023 dollars. A summary of NGF assumptions is detailed below.

Basic Assumptions

- The overall economic condition remains stable, without any sizable increase or decrease in the Missoula area economy, employment, or visitation. Additionally, there are no significant setbacks relative to health status or pandemics like Covid-19.
- The recent surge in golf interest documented by NGF in this report is sustained, but with more modest growth
- LGC will continue to operate with its full mix of amenities and revenue centers, with golf activity derived from daily fee golf customers and season passes plus additional revenue from clubhouse and ancillary sources.
- LGC will operate with service and conditions as described, placing the facility in the upper-middle range of public golf courses in the Missoula metro market.
- LGC will operate under direct supervision of Missoula County with all staff and on-site responsibility from County administration.

ESTIMATED PERFORMANCE – LARCHMONT GC (2024-2028)

NGF has prepared a cash flow model for the Larchmont GC operation for the next five years assuming continued operation through 2028, which includes some modest changes to staffing and some new facility investment. The primary assumption that drives NGF projections is that Larchmont GC will provide outstanding facilities in the best physical condition possible, a high level of customer service to both golf and non-golf patrons, and a commitment to efficient operations with enhanced marketing. A summary of NGF revenue and expense assumptions is detailed below.

Key Revenue Assumptions – Larchmont GC (2024-2028)

A summary of key assumptions that drive the revenue estimates for LGC through 2028 are detailed below. We note that the 2024 projection is based on actual performance in 2023, which is already underway for LGC. Other assumptions that drive the projections are noted below:

- NGF has assumed a basic inflation factor of 3.0% for general expenses and 2.0% for all revenue inputs. This assumption reflects the reality of expenses growing faster than revenue in the public golf industry.
- The projection for 2024 assumes the trends established in recent performance are continued, but with some decline in the number of season passes sold at the new recommended higher rate. NGF has estimated total average rounds per season pass at 35 and punch cards at 10. The projected activity by type through 2028:

Year	2024	2025	2026	2027	2028
No. of Season Passes	700	725	750	750	750
No. of Punch Cards	250	260	270	275	275
Golf Rounds					
Season Pass Rounds	24,500	25,375	26,250	26,250	26,250
Punch Card Rounds	2,500	2,600	2,700	2,750	2,750
18-Hole DF	5,000	5,000	5,000	5,000	5,000
9-Hole DF	8,500	8,500	8,500	8,500	8,500
Other Rounds	1,500	1,500	1,500	1,500	1,500
Tournament Rounds	0	1,500	2,000	2,500	2,500
Total Golf Rounds	**42,000**	**44,475**	**45,950**	**46,500**	**46,500**
Cart Rounds (60% cart rounds)	25,200	26,685	27,570	27,900	27,900

- NGF has prepared financial projections based on blended average pass, card, green & cart fees for the various categories of rounds derived from green fee pricing presented earlier. These average rates are then applied to corresponding rounds for the next 5 years:

Blended Average Fees	2024	2025	2026	2027	2028
Avg Season Pass Fee	$525.00	$535.50	$546.21	$557.13	$568.28
Avg Punch Card Fee	$200.00	$204.00	$208.08	$212.24	$216.49
Avg. 18-Hole DF	$38.00	$38.76	$39.54	$40.33	$41.13
Avg. 9-Hole DF	$24.00	$24.48	$24.97	$25.47	$25.98
Other Rounds	$12.00	$12.24	$12.48	$12.73	$12.99
Tournament Rounds	$30.00	$30.60	$31.21	$31.84	$32.47
Avg Cart Fee	$12.00	$12.24	$12.48	$12.73	$12.99

- Average revenue for additional ancillary items such as food, beverage, merchandise, driving range and other miscellaneous items have also been projected on a per-round basis using estimates derived from actual performance in 2022-23. Key performance estimates have been created as follows:

Average Revenue per Round	2024	2025	2026	2027	2028
Avg Range Rev	$2.15	$2.19	$2.24	$2.28	$2.33
Avg Pro Shop	$3.00	$3.06	$3.12	$3.18	$3.25
Avg Grill / F&B Service (Gross Revenue)	$4.75	$4.85	$4.94	$5.04	$5.14
Avg other	$0.30	$0.31	$0.31	$0.32	$0.32

Projected Expense Assumptions – Larchmont GC (2024-2028)

NGF Consulting has prepared estimates of expenses for the 18-hole Larchmont Golf Course based on the staffing and hours presented earlier, combined with pay rates as documented in the County's 2023 Larchmont Annual Report and in consideration of proposed pay increases. The estimates also assume full County operation without any form of pro shop concession agreement.

Golf Course Maintenance Expenses

Golf course maintenance expenses have been estimated to be $655,000 in 2024, growing at 3.0% per year to just over $737,200 by 2028. Overall, fixed golf course maintenance expenses are expected to conform to the following general schedule prepared by NGF in 2023:

Estimated Golf Course Maintenance Expense Larchmont Golf Course (18-H)	
Salaries & Wages	
Full-Time Employees	
Course Superintendent	$70,000
1 Asst. Superintendent @ $40,000	40,000
1 Mechanic @ $40,000	40,000
Benefits & Taxes @ 33%	50,000
Part-Time Labor	
4 Sr. Maint Workers (4,800 hrs. @ $20/hr.)	96,000
4 Jr. Maint Workers (2,800 hrs. @ $15/hr.)	42,000
2 Janitor/Gardener (1,800 hrs. @ $15/hr.	27,000
Total Salaries & Wages	**$365,000**
Supplies (Chemicals & Fertilizer)	$80,000
Supplies (Seed, Sod & Sand, Top-Dress, etc.)	40,000
Repairs & Maintenance	40,000
Equipment Rental	10,000
Utilities	100,000
Other	20,000
Total Course Maintenance Expense	**$655,000**

Pro Shop and Administrative Expenses

Pro Shop and administrative expenses have been estimated to be $246,000 for 2024, growing at 3.0% per year to about $277,000 by 2028. These expenses have been estimated based on the County's absorption of services and labor previously provided by Summit Golf via contract, and assume the County will continue to provide the same basic service profile as golfers have come to expect at LGC:

Estimated Pro Shop & Administrative Expense Larchmont Golf Course (18-H)	
Salaries & Wages	
Full-Time Employees	
Facility Manager	$40,000
Office / Finance Asst. Mgr.	35,000
Benefits & Taxes @ 33%	25,000
Part-Time Labor	
Head Professional (1,600 hrs. @ $20/hr.)	32,000
7 Cart + Counter Staff (5,000 hours @ $12/hr.)	60,000
Total Salaries & Wages	**$192,000**
Supplies, Utilities, Repairs, etc.	14,000
Advertising & Promotion	10,000
Credit Card Fees	20,000
Other / Insurance	10,000
Total Administrative & General Expense	**$246,000**

F&B Operations Expenses

Expenses to operate the Caddy Shack operation have been estimated to be $94,000 in 2024 with 3.0% annual inflation to about $106,000 in 2028:

Estimated F&B Operations Expense Larchmont Golf Course (18-H)	
Salaries & Wages	
Part-Time Labor	
Caddy Shack Manager (1,600 hrs. @ $17.50/hr.)	$28,000
4 Sr. Cooks & Servers (2,000 hours @ $12/hr.*)	24,000
5 Jr. Cooks & Servers (1,500 hours @ $10/hr.*)	15,000
Total Salaries & Wages	**$67,000**
Supplies, Utilities, Repairs, etc.	$19,000
Credit Card Fees	5,000
Other	3,000
Total Golf / F&B Operations Expense	**$94,000**
*Positions can earn additional income through lessons fees and/or gratuities.	

Other Expenses / Details

Additional expenses associated with the operation of LGC include items such as direct cost of items sold (COS), capital improvement, Board Secretary, depreciation and reserves / contingencies. The NGF has based our estimates in these areas on commonly accepted golf industry standards observed at public golf facilities of this type.

- Cost of pro shop merchandise (COS) is assumed at 75% of total merchandise sales.
- Cost of food and beverage items (COS) is assumed at 42.5% of total F&B sales.
- In keeping with the conservative posture taken for this feasibility study, NGF Consulting has assumed an operations reserve contingency expense to account for any possible unforeseen expenses, and / or cover any key capital upgrades. This contingency has been estimated to be five percent (5%) percent of all expenses, excluding cost of goods sold and depreciation.

Estimated Future Performance – Larchmont GC (2024-2028)

Using the above-noted assumptions, a cash flow model for LGC for the next five years is presented in the table below. Each category of revenue and expense has been listed separately, and all figures have been rounded to the nearest $100 for simplicity.

Projected Cash Flow Analysis – Larchmont Golf Course
Revenue and Expense Projection (2024-2028)

Revenue	**2024**	**2025**	**2026**	**2027**	**2028**
Total Green Fees	$412,000	$466,100	$491,100	$516,800	$527,100
Season Passes	367,500	388,200	409,700	417,900	426,200
Cart Income	302,400	326,600	344,200	355,300	362,400
Punch Cards	50,000	53,000	56,200	58,400	59,500
Driving Range	90,300	97,500	102,800	106,100	108,200
Caddy Shack	199,500	215,500	227,100	234,400	239,100
Pro Shop Sales	126,000	136,100	143,400	148,000	151,000
Other (hand carts, trail fees, tobacco, etc.)	12,600	13,600	14,300	14,800	15,100
Total Revenue	**$1,560,300**	**$1,696,600**	**$1,788,800**	**$1,851,700**	**$1,888,600**
Avg. Revenue per Round	$37.15	$38.15	$38.93	$39.82	$40.62
Less Cost of Sales: (COS)					
Caddy Shack	$84,800	$91,600	$96,500	$99,600	$101,600
Pro Shop Merchandise	$94,500	$102,100	$107,600	$111,000	$113,300
Total COS	**$179,300**	**$193,700**	**$204,100**	**$210,600**	**$214,900**
Gross Margin	**$1,381,000**	**$1,502,900**	**$1,584,700**	**$1,641,100**	**$1,673,700**
Facility Expenses					
Pro Shop + Admin. Expenses					
Salaries & Wages	$192,000	$197,800	$203,700	$209,800	$216,100
All Other Expenses	54,000	55,700	57,400	59,100	60,900
Total Pro Shop Expenses	**$246,000**	**$253,500**	**$261,100**	**$268,900**	**$277,000**
Golf Course Maintenance					
Salaries & Wages	$365,000	$376,000	$387,300	$398,900	$410,900
All Other Expenses	290,000	298,700	307,600	316,800	326,300
Total GC Maintenance	**$655,000**	**$674,700**	**$694,900**	**$715,700**	**$737,200**
Caddy Shack Expenses					
Salaries & Wages	$67,000	$69,000	$71,100	$73,200	$75,400
All Other Expenses	27,000	27,800	28,600	29,600	30,600
Total Caddy Shack Expenses	**$94,000**	**$96,800**	**$99,700**	**$102,800**	**$106,000**
Total Facility Expenses	**$995,000**	**$1,025,000**	**$1,055,700**	**$1,087,400**	**$1,120,200**
Operating Income	**$386,000**	**$477,900**	**$529,000**	**$553,700**	**$553,500**
Other Items					
Other Income (interest, assets, misc.)	$18,000	$18,300	$18,600	$18,900	$19,300
Other Expenses:					
Deprec., Board, Capital	$180,600	$186,000	$191,400	$197,100	$202,900
Reserve / Contingency (5% of Exp.)	49,800	51,300	52,800	54,400	56,000
Debt Service	22,000	22,000	22,000	22,000	22,000
Net Income after Other Items (Loss)	**$151,600**	**$236,900**	**$281,400**	**$299,100**	**$291,900**

SUMMARY AND RESULTS COMPARISON – LARCHMONT GC (2024-2028)

The results of the economic projections for Larchmont GC show that when all elements of the operation are combined, Larchmont GC can generate upwards of $1.56 million in total revenue in 2024 and possibly as high as $1.8 million by 2026. This level of revenue is enough to cover all expense obligations at the facility, even if some increases in staff size and pay are implemented. With the changes in fees proposed by NGF implemented, it is expected that LGC will see increases in all areas of revenue, even if the number of passes sold and the number of rounds decline slightly. When considering all other expenses associated with this operation, the County is expected to see between $150,000 and $290,000 in net income that can be available to fund needed capital improvements and new maintenance equipment.

The above projections from NGF represent a conservative view of the golf facility based on actual performance of the subject LGC and comparable golf operations. We note that the revenue projection is based on generally conservative inputs as well as input from current operations for both golf and Caddy Shack. This review clearly shows that a much higher level of facility gross revenue is possible at LGC with improvements, and that revenue would begin to accrue directly to the County in 2024 with the change from pro shop contract to self-operation. The real benefit from improvements and changes proposed for LGC will come from the ability to increase golf fees, leading to improved revenue, which NGF has projected to increase by about $234,000 by 2026. The NGF has chosen to present this future projection in a conservative fashion to provide a base level of projection for decision-making purposes and for comparison to possible future performance and in consideration of possible changes to pro shop operations and changes to contracting.

Support for Projections and Potential Mitigating Factors

Support for Projections

- A growing Missoula County resident base with demographics favorable for golf.
- Potentially strong and diversified local economy, with traditionally low unemployment.
- A potentially high volume of regional visitors to supplement demand.
- Accessible site with improving local roadway infrastructure.

Potential Threats / Mitigating Factors Relative to Projections

While there appears to be considerable evidence to support continued strong activity and revenue performance at LGC, there are mitigating factors that could reduce revenue and/or increase expenses at the golf course. These include:

- Regional economic recession – previous recessions have impacted the performance of public golf courses. This could be particularly acute for the County in 2024 as changes in operating structure could lead to larger-than-expected increases in expenses.
- A return to decline in golf participation – prior to 2020, trends showed declines in golf participation, especially among the younger generation.
- Golf maintenance expenses – The cost to maintain golf courses is dependent on many variables that cannot be controlled by the County. Items such as fuel, chemicals, other utilities, labor and other maintenance expenses have shown high inflation in recent years, which could negatively impact the operation.

LIMITING CONDITIONS

The income estimates presented in this operations report have been prepared based on existing and projected market conditions, the quality of the subject facility and the intended segment of the golf market toward which it is oriented. Particular focus was paid to the actual performance of area public golf courses, and the potential impact of enacting various improvements to LGC facilities, most notably a change in pro shop operating structure. The NGF is confident that growth in revenue can be achieved at Larchmont GC after the proposed operational and fee changes. From a practical standpoint, those managing the facility will need to respond to variable market conditions as well as unforeseen maintenance needs. NGF is confident that the facility will be able to continue to achieve results as presented in our analysis beyond the next five years of operation.

When projecting a realistic market share, it is important to realize that the total number of rounds to be played on a golf course in any given year may be lower than the market opportunity appears to suggest. NGF believes it is important to project the future performance of the County's golf facility in such a way as to help the County make financial decisions based on realistic expectations. It is obviously possible that either more or fewer golf rounds can be sold. We note that our projections for future performance of Larchmont GC anticipate strong market demand through the next decade of operation.

Summary Statement

Missoula County continues to own and operate the 18-hole Larchmont Golf Course, a well-run golf facility that is coming to a key transition point in its history – the retirement of its long-tenured golf professional and facility manager. In our review, NGF has found that Larchmont GC is in outstanding physical condition and includes features and amenities that stand out in this Missoula market and correlate with success in public golf. As we move into 2024, transition from the pro shop concession structure that has been in place since its opening 40+ years ago and changing to a County-run golf operation will present challenges to Missoula County. Going forward, Missoula County will have to make some decisions about what it is willing to do to secure LGC as a functioning amenity for the community, including a new pro shop operational structure, increased staff and wages for staff, increased pricing for golfers, and new capital investment to modernize the facility and address some minor condition issues (trees, bunkers, tees, etc.).

The current circumstance provides an opportunity for the County to "re-set" Larchmont GC and find the new facility operating profile that will help expand the appeal of this property to a wider segment of golfers. Completion of a handful of on-course improvements and possible clubhouse enhancement would open up a new level of quality the County can promote that is consistent with success in public golf. In addition, other changes in operation to bring in the pro shop concession, adjust the robust golf lesson program, improve technology and marketing will lead to an improved customer experience that can be communicated to the local population and lead to enhanced revenue. These are the most important adjustments that are needed to sustain the County golf course and enhance marketability in this competitive golf environment.

In summary, Larchmont GC is an outstanding amenity for the community and the County must commit to a more comprehensive approach to the operation, including some increase in staff wages and more reliance on full-time, rather than part-time, employees. The upgrades proposed by NGF will address the most significant capital requirements at LGC and allow the County to begin planning for other investments that are likely to be needed in the next 5-7 years, such as new greens and clubhouse improvements that can expand capacities and enhance quality. Larchmont GC offers a challenging golf course that is well-located and popular with golfers of all skill levels. The 18-hole golf facility, all appurtenant amenities and variable pricing gives the County an opportunity to offer "something for everyone" within its own golf course. In review of this golf course, the NGF has identified five important actions that the County can take right now to prepare for the changes coming in 2024 and improve Larchmont GC performance:

1. Begin a plan to implement a full transition from pro shop concession to full County operation of all elements at LGC (may involve new staff and increased wages).
2. Commit to completing the needed capital projects over the next five years and begin planning for other investments like clubhouse upgrade and/or greens replacement.
3. Enhance the technology that supports operations (POS, website, etc.), and use these platforms to enhance the marketing and promotion to less frequent users.
4. Increase focus on new player development and beginner programs, especially with juniors and young adults using a contracted teaching golf professional.
5. Increase the price of the basic season pass to reflect a "break-even" point of at least 20 rounds at the full 18-hole rate (at least $750 per season for the full pass), and then implement a program to adjust fees annually based on inflation.

Appendices

Appendix A: Golf Course Life Cycle

Appendix B: Local Demographic, Demand and Supply Data

Appendix C: National Rounds Played Reports

APPENDIX A – GOLF COURSE LIFE CYCLE

GOLF COURSE ITEMS
EXPECTED LIFE CYCLE

HOW LONG SHOULD PARTS OF THE GOLF COURSE LAST?

No two golf courses are alike except for one thing: deferring replacement of key items can lead to greater expense in the future, as well as a drop in conditioning and player enjoyment. The following information represents a realistic timeline for each item's longevity.

Component life spans can vary depending upon location of the golf course, quality of materials, original installation and past maintenance practices. The American Society of Golf Course Architects (ASGCA) encourages golf course leaders to work with an ASGCA member, superintendents and others to assess their course's components.

ITEM	YEARS
Greens (1)	15 – 30 years
Bunker Sand	5 – 7 years
Irrigation System	10 – 30 years
Irrigation Control System	*10 – 15 years*
Pump Station	*15 – 20 years*
Cart Paths – asphalt (2)	5 – 10 years (or longer)
Cart Paths – concrete	15 – 30 years (or longer)
Practice Range Tees	5 – 10 years
Tees	15 – 20 years
Corrugated Metal Pipes	15 – 30 years
Bunker Drainage Pipes (3)	5 – 10 years
Mulch	1 – 3 years
Grass (4)	Varies

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

ASGCA thanks those at the USGA Green Section, Golf Course Builders Association of America, Golf Course Superintendents Association of America and various suppliers for their assistance in compiling this information.

The materials presented on this chart have been reviewed by the following Allied Associations of Golf:

For more information, contact ASGCA at (262) 786-5960 or visit www.ASGCA.org

DATA COMPILED BY ASGCA, 125 NORTH EXECUTIVE DRIVE, SUITE 302, BROOKFIELD, WI 53005

APPENDIX B – LOCAL DEMOGRAPHIC, DEMAND AND SUPPLY DATA

Larchmont Golf Course	5-miles	10-Miles	15-Miles	Missoula County	State of Montana	U.S.
Summary Demographics						
Population 2000 Census	64,654	79,451	86,294	95,803	902,200	281,398,967
Population 2010 Census	73,970	91,308	98,984	109,299	989,416	308,745,560
CAGR 2000-2010	1.36%	1.40%	1.38%	1.33%	0.93%	0.93%
Population 2022	82,047	101,839	110,332	120,868	1,119,357	333,609,568
CAGR 2010-2022	0.87%	0.91%	0.91%	0.84%	1.03%	0.65%
Population 2027 Projected	85,304	106,459	115,424	126,820	1,163,951	342,845,536
CAGR 2022-2027	0.78%	0.89%	0.91%	0.97%	0.78%	0.55%
Median HH Income (2022)	$68,219	$72,054	$73,432	$68,254	$66,869	$70,666
Median Age (2022)	34.2	35.1	35.7	35.9	39.1	37.9
Ethnicity						
White	86.8%	87.5%	87.8%	88.1%	85.9%	62.5%
African American	1.2%	1.0%	0.9%	0.9%	1.2%	13.7%
Asian	4.1%	3.6%	3.5%	3.3%	1.7%	6.9%
All Other	7.8%	7.8%	7.6%	7.6%	11.2%	16.8%
Hispanic Population						
Hispanic	4.9%	4.6%	4.6%	4.4%	5.0%	18.4%
Not Hispanic	95.1%	95.4%	95.4%	95.6%	95.0%	81.6%

CAGR = Compound Annual Growth Rate

Larchmont Golf Course	5-miles	10-Miles	15-Miles	Missoula County	State of Montana	U.S.
Golf Demand Indicators						
Total Households	36,704	44,740	48,046	52,515	467,946	127,994,353
Number of Golfing Households	6,633	8,042	8,593	9,259	72,114	18,505,952
Seasonal Golfing Households	49	67	81	201	3,886	471,648
Current Demand/Interested Non-Golfers	5,274	6,339	6,759	7,223	56,832	20,751,417
Golfer Participation Rate	10.50%	10.40%	10.30%	10.20%	8.80%	8.10%
Number of Golfers	8,176	10,072	10,852	11,730	93,519	25,551,350
Number of Projected Golfers	8,501	10,515	11,334	12,288	97,648	26,252,196
Projected Annual Growth Rate	0.80%	0.90%	0.90%	1.00%	0.90%	0.50%
Rounds Potential (resident golfers)	115,727	144,559	156,788	171,052	1,429,177	387,542,767
Estimated Course Rounds (in-market supply)	129,534	159,725	159,725	196,217	1,633,856	387,542,486
Demand Indices						
Golfer Participation Rate	130	129	128	127	109	100
Seasonal Golfing Households	36	41	46	104	226	100
Latent Demand/Interested Non-Golfers	103	100	98	96	82	100
Rounds Potential per capita (resident golfers)	121	122	122	122	110	100
Est. Course Rounds per capita (in-market supply)	136	135	125	140	126	100

Larchmont Golf Course	**5-miles**	**10-Miles**	**15-Miles**	**Missoula County**	**State of Montana**	**U.S.**
Golf Supply						
Golf Facilities						
Total	6	7	7	9	101	13,946
Public	4	5	5	7	82	10,268
Public: Daily Fee	3	4	4	6	67	7,707
Public: Municipal	1	1	1	1	15	2,561
Private	2	2	2	2	19	3,678
Public Golf Facilities by Price Point						
Premium (>$80)	0	1	1	1	14	1958
Standard ($50-$80)	1	1	1	3	21	4212
Value (<$50)	3	3	3	3	47	4098
Golf Holes						
Total	81	99	99	135	1494	237084
Public	45	63	63	99	1170	169339
Public: Daily Fee	27	45	45	81	936	126835
Public: Municipal	18	18	18	18	234	42504
Private	36	36	36	36	324	67745
Non-Regulation (Executive & Par-3)	9	9	9	9	135	18753
Net Change*						
Net Change in Holes past 5 years	-36	-36	-36	-36	-261	-10731
Percentage Total Holes Past 5 Yrs	-44.4%	-36.4%	-36.4%	-26.7%	-17.5%	-4.5%
Net Change in Holes past 10 Years	0	9	9	9	63	-25077
Percentage Total Holes Past 10 Yrs	0.0%	9.1%	9.1%	6.7%	4.2%	-10.6%

*Numbers may include courses under construction and temporarily closed at the end of the year.

Larchmont Golf Course	5-miles	10-Miles	15-Miles	Missoula County	State of Montana	U.S.
Supply-Demand Ratios						
Population per 18 Holes						
Total	18,233	18,516	20,060	16,116	13,486	25,328
Public	32,819	29,097	31,523	21,976	17,221	35,461
Public: Daily Fee	54,698	40,735	44,133	26,860	21,526	47,345
Public: Municipal	82,047	101,839	110,332	120,868	86,104	141,280
Private	41,023	50,919	55,166	60,434	62,187	88,641
Premium (>$80)	0	101,839	110,332	120,868	67,840	144,978
Standard ($50-$80)	82,047	101,839	110,332	40,289	48,668	76,346
Value (<$50)	54,698	67,892	73,555	80,579	43,896	121,894
Golfers per 18 Holes						
Total	1,817	1,831	1,973	1,564	1,127	1,940
Public	3,270	2,878	3,100	2,133	1,439	2,716
Public: Daily Fee	5,451	4,029	4,341	2,607	1,798	3,626
Public: Municipal	8,176	10,072	10,852	11,730	7,194	10,821
Private	4,088	5,036	5,426	5,865	5,196	6,789
Premium (>$80)	0	10,072	10,852	11,730	5,668	11,104
Standard ($50-$80)	8,176	10,072	10,852	3,910	4,066	5,847
Value (<$50)	5,451	6,715	7,234	7,820	3,667	9,336
Population Indices (National 100)						
Total	72	73	79	64	53	100
Public	93	82	89	62	49	100
Private	46	57	62	68	70	100
Premium (>$80)	0	70	76	83	47	100
Standard ($50-$80)	107	133	145	53	64	100
Value (<$50)	45	56	60	66	36	100
Golfers Indices (National = 100)						
Total	94	94	102	81	58	100
Public	120	106	114	79	53	100
Private	60	74	80	86	77	100
Premium (>$80)	0	91	98	106	51	100
Standard ($50-$80)	140	172	186	67	70	100
Value (<$50)	58	72	77	84	39	100
Rounds per 18 Holes						
Rounds Potential (resident golfers)	25,717	26,283	28,507	22,807	17,219	29,423
Estimated Course Rounds (in-market supply)	28,785	29,041	29,041	26,162	19,685	29,423

APPENDIX C – NATIONAL ROUNDS PLAYED REPORTS

Year End 2021

Golf Datatech L.L.C.

National Golf Rounds Played Report

December 2021

	DEC.	YTD
UNITED STATES	1.9%	5.5%
Public Access	1.9%	6.7%
Private	2.0%	1.1%

	DEC.	YTD
PACIFIC	-21.1%	13.9%
CA	-17.7%	13.6%
Los Angeles	*	*
Orange County	*	*
Palm Springs	*	*
Sacramento	*	*
San Diego	*	*
San Francisco/Oakland	*	*
HI	-10.3%	25.9%
OR	-41.2%	6.3%
Portland	*	*
WA	-42.8%	16.6%
Seattle	*	*
MOUNTAIN	-2.9%	2.5%
AZ	-3.9%	3.2%
Phoenix	*	*
CO	139.4%	-2.1%
Denver	*	*
ID, WY, MT, UT	-59.1%	1.9%
NM	23.2%	4.3%
NV	-16.9%	14.0%
Las Vegas	*	*
WEST NORTH CENTRAL	22.2%	3.5%
KS, NE	14.2%	-1.2%
ND,SD	-34.9%	4.4%
MN	-84.6%	0.3%
Minneapolis/St.Paul	*	*
IA, MO	35.7%	9.1%
St Louis	*	*
Kansas City	*	*

	DEC.	YTD
EAST NORTH CENTRAL	9.6%	5.7%
IL	-7.3%	5.1%
Chicago	*	*
IN	5.5%	-8.6%
MI	-2.6%	9.9%
Detroit	*	*
OH	32.0%	6.0%
Cincinnati	*	*
Cleveland	*	*
WI	48.8%	12.6%
SOUTH CENTRAL	4.3%	1.3%
AL	8.2%	8.9%
AR, LA, MS	14.8%	-3.6%
OK	22.9%	-16.6%
KY, TN	0.2%	3.4%
TX	9.7%	4.2%
Dallas/Ft. Worth	*	*
Houston	*	*
San Antonio	*	*

	DEC.	YTD
SOUTH ATLANTIC	13.0%	5.8%
DE, DC, MD	34.6%	1.3%
Washington/Baltimore	*	*
FL	8.2%	6.0%
Jacksonville	*	*
Orlando	*	*
Tampa	*	*
Palm Beach	*	*
Naples/Ft Myers	*	*
Miami/Ft.Lauderdale	*	*
GA	-4.4%	-0.4%
Atlanta	*	*
NC	14.0%	12.9%
Greensboro/Raleigh	*	*
SC	32.9%	13.6%
Charleston	*	*
Hilton Head	*	*
Myrtle Beach	*	*
VA, WV	31.4%	-1.7%
MID ATLANTIC	30.9%	6.7%
NJ	41.0%	8.2%
NY	-5.1%	3.5%
New York City	*	*
PA	61.1%	9.3%
Philadelphia	*	*
Pittsburgh	*	*
NEW ENGLAND	-0.9%	2.3%
CT, MA, RI	3.5%	-2.6%
Boston	*	*
ME, NH, VT	*	15.6%

The percentages represent the differences in number of rounds played comparing December 2021 to December 2020.

For more information contact Golf Datatech golfroundsplayed@golf-datatech.com

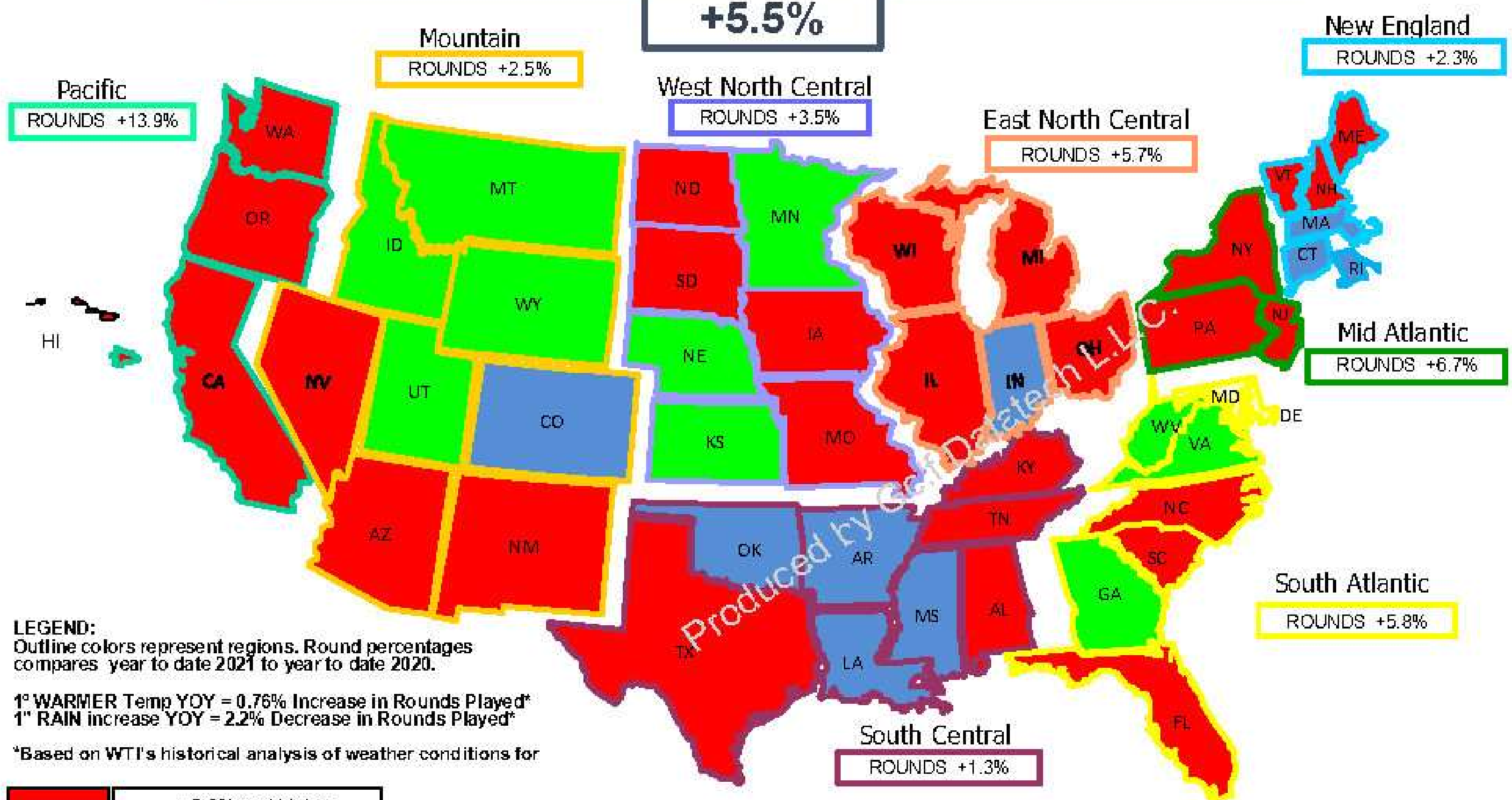
March 2020 began lockdowns, quarantines, and travel restrictions throughout much of the United States. The result of these quarantines affected the amount of golf played throughout the country. The data comparing 2021 rounds to 2020 should be considered with caution. Many shops/courses were closed in March-May of 2020, the level of granular data we normally provide is not available.

National Golf Rounds Played Report

Page 3 of 3

US 2021 vs. 2020 YTD THROUGH DECEMBER

+5.5%



LEGEND:
Outline colors represent regions. Round percentages compares year to date 2021 to year to date 2020.

1° WARMER Temp YOY = 0.76% Increase in Rounds Played*
1" RAIN increase YOY = 2.2% Decrease in Rounds Played*

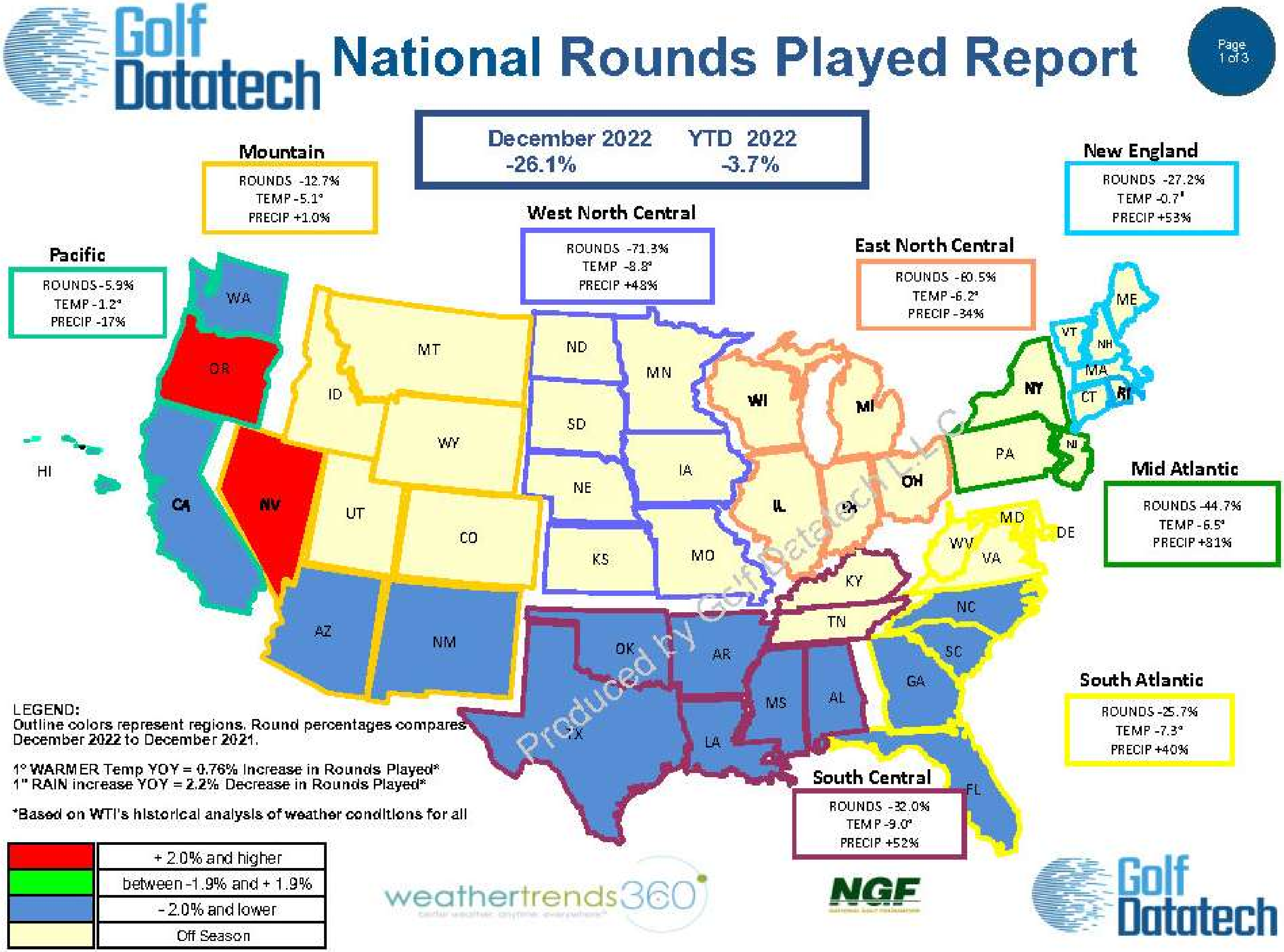
*Based on WTI's historical analysis of weather conditions for

(red)	+2.0% and higher
(green)	between -1.9% and +1.9%
(blue)	- 2.0% and lower
(light yellow)	Off Season

weathertrends360 NGF Golf Datatech L.L.C.

March 2020 began lockdowns, quarantines, and travel restrictions throughout much of the United States. The result of these quarantines affected the amount of golf played throughout the country. The data comparing 2021 rounds to 2020 should be considered with caution. Many shops/courses were closed in March-May of 2020, the level of granular data we normally provide is not available.

Year End 2022



Golf Datatech National Rounds Played Report

December 2022

	DEC	YTD
UNITED STATES	-26.1%	-3.7%
Public Access	-24.4%	-3.3%
Private	-30.8%	-5.1%

	DEC	YTD
PACIFIC	**-5.9%**	**-5.8%**
CA	-4.1%	-4.2%
Los Angeles	9.5%	-5.0%
Orange County	8.0%	4.6%
Palm Springs	3.0%	7.9%
Sacramento	-29.0%	-9.9%
San Diego	5.7%	-3.9%
San Francisco/Oakland	-8.7%	-7.9%
HI	-5.8%	-8.6%
OR	3.7%	-4.0%
Portland	9.5%	-9.8%
WA	-33.3%	-12.2%
Seattle	-31.0%	-10.9%
MOUNTAIN	**-12.7%**	**-1.6%**
AZ	-3.3%	1.2%
Phoenix	-2.7%	4.3%
CO	-47.5%	-4.1%
Denver	-49.1%	-4.3%
ID, WY, MT, UT	-68.3%	-2.2%
NM	-21.1%	-9.2%
NV	5.9%	0.3%
Las Vegas	2.8%	-0.6%
WEST NORTH CENTRAL	**-71.3%**	**-5.8%**
KS, NE	-68.2%	-7.9%
ND, SD	-68.4%	2.9%
MN	-98.8%	-5.6%
Minneapolis/St.Paul	*	-5.6%
IA, MO	-73.0%	-7.2%
St Louis	-74.8%	-1.7%
Kansas City	-69.1%	-16.8%

	DEC	YTD
EAST NORTH CENTRAL	**-60.5%**	**-2.0%**
IL	-63.3%	-4.8%
Chicago	-56.4%	-5.2%
IN	-69.0%	-2.9%
MI	-68.7%	7.2%
Detroit	-36.9%	0.4%
OH	-53.3%	-8.8%
Cincinnati	-70.3%	-7.8%
Cleveland	-46.3%	-1.5%
WI	-41.9%	0.9%
SOUTH CENTRAL	**32.0%**	**-3.5%**
AL	-22.1%	9.5%
AR, LA, MS	-39.2%	-3.6%
OK	-44.3%	-4.2%
KY, TN	-44.5%	-2.0%
TX	-26.0%	-6.2%
Dallas/Ft. Worth	-34.3%	-4.2%
Houston	-25.5%	-12.3%
San Antonio	-18.7%	-2.6%

	DEC	YTD
SOUTH ATLANTIC	**-25.7%**	**-4.1%**
DE, DC, MD	-47.4%	-7.4%
Washington/Baltimore	-60.7%	-8.8%
FL	-11.7%	-2.6%
Jacksonville	-11.0%	-0.9%
Orlando	-15.7%	-11.2%
Tampa	-21.0%	-5.3%
Palm Beach	-1.9%	-6.1%
Naples/Ft Myers	-13.7%	-2.9%
Miami/Ft.Lauderdale	-13.8%	-4.3%
GA	-25.5%	0.9%
Atlanta	-28.9%	1.5%
NC	-30.6%	-5.5%
Greensboro/Raleigh	-37.7%	-4.0%
SC	-21.8%	-2.3%
Charleston	-12.2%	-1.4%
Hilton Head	-27.2%	-9.3%
Myrtle Beach	-18.1%	7.0%
VA, WV	-67.6%	-11.5%
MID ATLANTIC	**-44.7%**	**-3.5%**
NJ	-45.9%	-6.9%
NY	-31.1%	2.5%
New York City	-47.0%	-7.3%
PA	-52.3%	-7.9%
Philadelphia	-44.9%	-5.1%
Pittsburgh	-67.2%	-14.0%
NEW ENGLAND	**-27.2%**	**-1.9%**
CT, MA, RI	-27.2%	-0.6%
Boston	-33.4%	-4.8%
ME, NH, VT	*	-4.8%

The percentages represent the differences in number of rounds played comparing December 2022 to December 2021.
For more information contact Golf Datatech golfroundsplayed@golf-datatech.com

National Rounds Played Report

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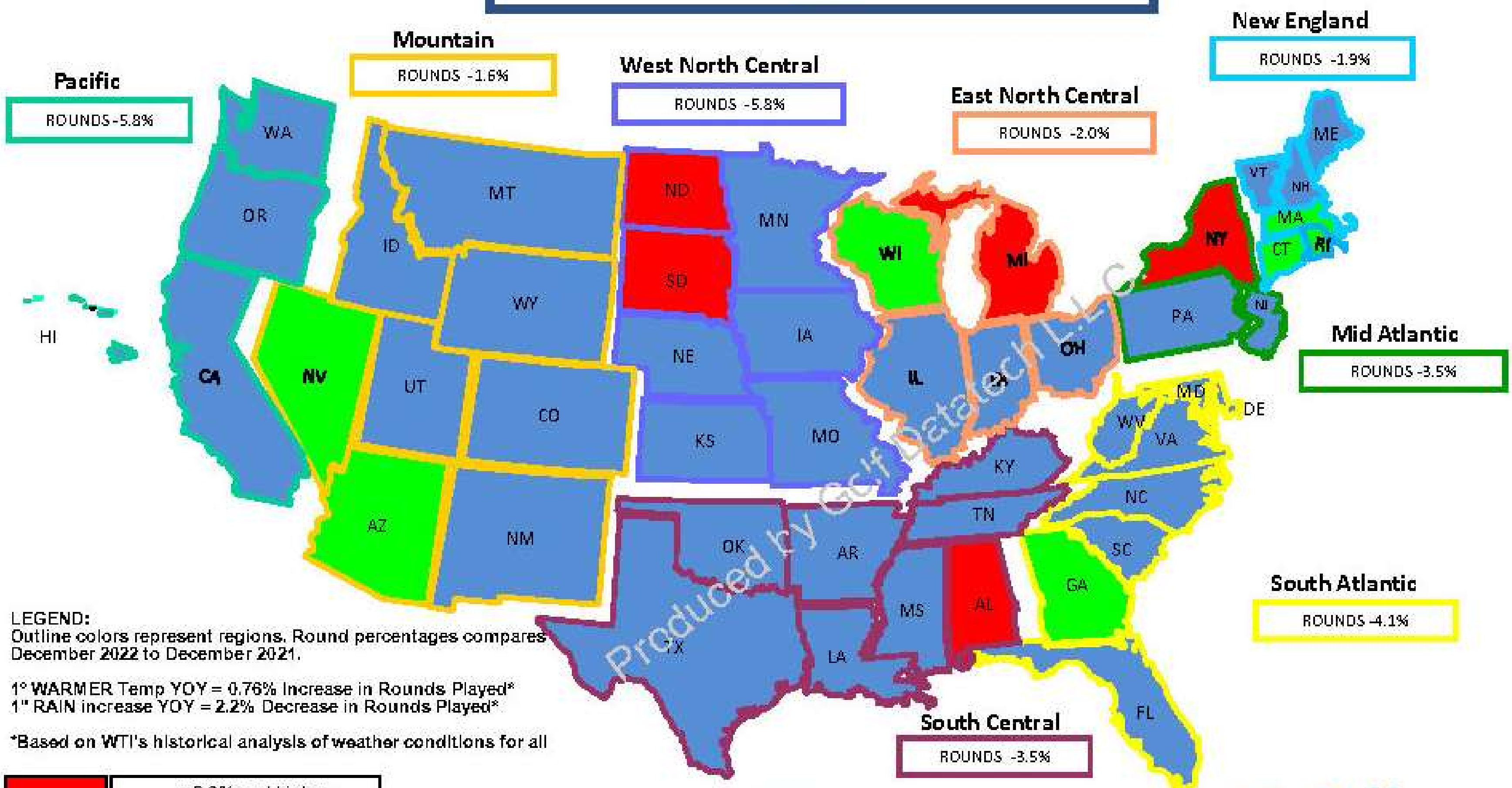
US 2022 vs. 2021 YTD THROUGH DECEMBER
-3.7%



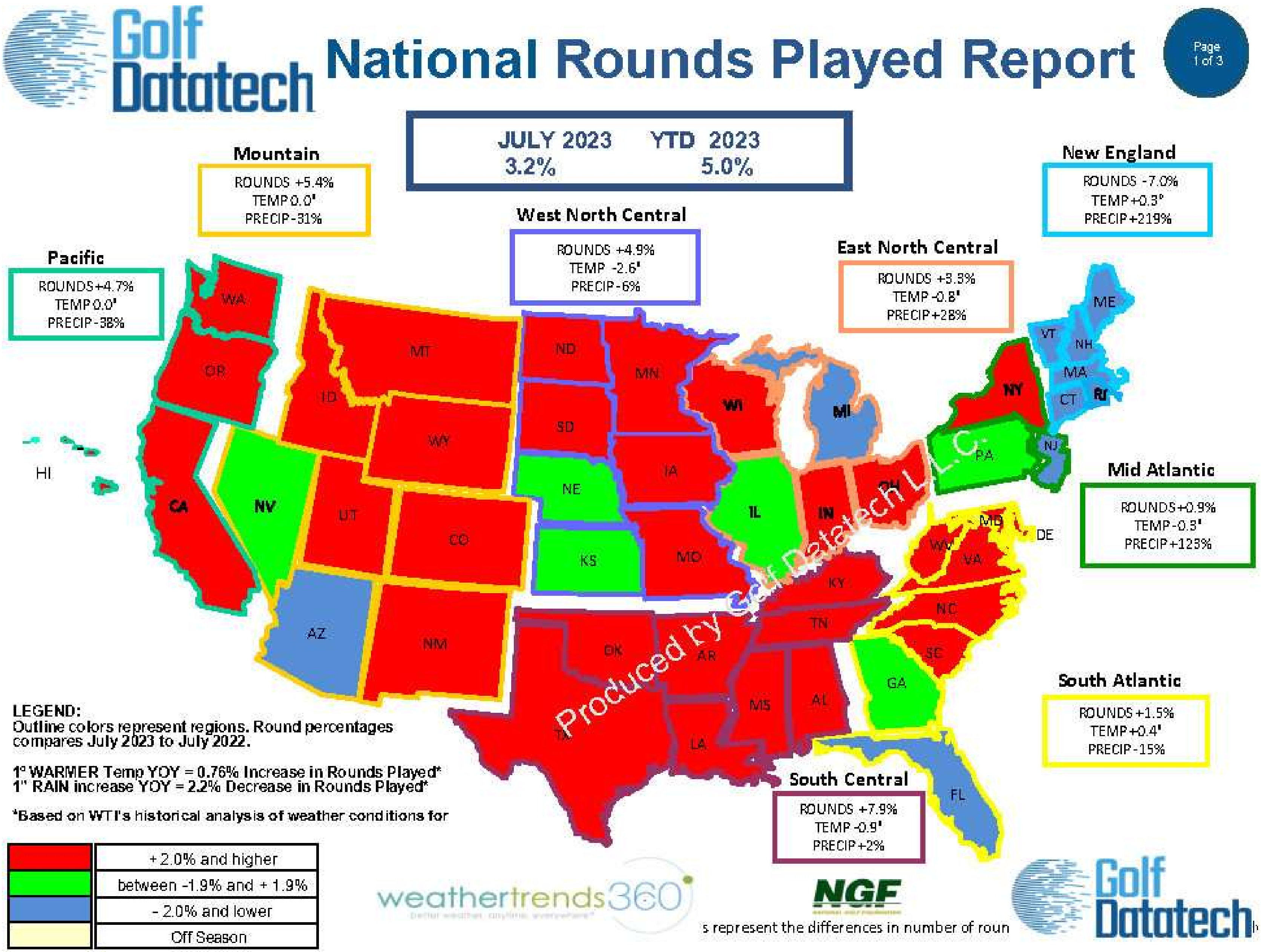
LEGEND:
Outline colors represent regions. Round percentages compares December 2022 to December 2021.

1° WARMER Temp YOY = 0.76% Increase in Rounds Played*
1" RAIN increase YOY = 2.2% Decrease in Rounds Played*

*Based on WTI's historical analysis of weather conditions for all

(red)	+ 2.0% and higher
(green)	between -1.9% and + 1.9%
(blue)	- 2.0% and lower
(pale yellow)	Off Season

July 2023


Golf Datatech
National Rounds Played Report
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JULY 2023 3.2%
YTD 2023 5.0%
Mountain
ROUNDS +5.4%
TEMP 0.0°
PRECIP -31%
West North Central
ROUNDS +4.9%
TEMP -2.6°
PRECIP -6%
East North Central
ROUNDS +3.3%
TEMP -0.8°
PRECIP +28%
New England
ROUNDS -7.0%
TEMP +0.3°
PRECIP +219%
Pacific
ROUNDS +4.7%
TEMP 0.0°
PRECIP -38%
Mid Atlantic
ROUNDS +0.9%
TEMP -0.3°
PRECIP +123%
South Atlantic
ROUNDS +1.5%
TEMP +0.4°
PRECIP -15%
South Central
ROUNDS +7.9%
TEMP -0.9°
PRECIP +2%
WA
OR
CA
NV
ID
MT
WY
UT
CO
AZ
NM
ND
SD
NE
KS
MN
IA
MO
WI
IL
MI
IN
OH
KY
TN
OK
TX
AR
LA
MS
AL
GA
FL
SC
NC
VA
WV
MD
DE
PA
NJ
NY
VT
NH
ME
MA
CT
RI
HI
Produced by Golf Datatech L.L.C.
LEGEND:
Outline colors represent regions. Round percentages compares July 2023 to July 2022.
1° WARMER Temp YOY = 0.76% Increase in Rounds Played*
1" RAIN increase YOY = 2.2% Decrease in Rounds Played*
*Based on WTI's historical analysis of weather conditions for
+2.0% and higher
between -1.9% and + 1.9%
- 2.0% and lower
Off Season
weathertrends360
NGF
s represent the differences in number of roun
Golf Datatech

Golf Datatech

National Rounds Played Report

July 2023

	JUL	YTD
PACIFIC	**4.7%**	**-2.3%**
CA	**2.0%**	**-6.0%**
Los Angeles	2.1%	-4.8%
Orange County	1.3%	-2.6%
Palm Springs	-6.1%	-3.3%
Sacramento	-3.5%	-9.8%
San Diego	11.2%	1.3%
San Francisco/Oakland	1.2%	-10.0%
HI	**5.7%**	**-0.3%**
OR	**8.3%**	**3.6%**
Portland	5.3%	2.4%
WA	**9.9%**	**9.1%**
Seattle	8.7%	8.1%
MOUNTAIN	**5.4%**	**-1.3%**
AZ	**-8.1%**	**-3.9%**
Phoenix	-9.9%	-4.1%
CO	**3.7%**	**3.2%**
Denver	1.0%	2.9%
ID, WY, MT, UT	**10.8%**	**-3.1%**
NM	**11.8%**	**16.5%**
NV	**0.2%**	**0.7%**
Las Vegas	-1.8%	2.5%
WEST NORTH CENTRAL	**4.9%**	**10.9%**
KS, NE	**0.4%**	**14.2%**
ND,SD	**5.4%**	**-2.2%**
MN	**4.3%**	**10.8%**
Minneapolis/St.Paul	1.7%	5.7%
IA, MO	**8.6%**	**13.4%**
St Louis	12.8%	15.9%
Kansas City	6.8%	15.8%

	JUL	YTD
UNITED STATES	**3.2%**	**5.0%**
Public Access	**4.3%**	**5.5%**
Private	**-1.3%**	**2.9%**
EAST NORTH CENTRAL	**3.3%**	**10.6%**
IL	**0.5%**	**16.0%**
Chicago	0.6%	16.2%
IN	**6.3%**	**9.4%**
MI	**-2.5%**	**3.1%**
Detroit	-4.2%	5.6%
OH	**7.6%**	**14.5%**
Cincinnati	9.9%	13.0%
Cleveland	1.7%	10.0%
WI	**3.1%**	**10.7%**
SOUTH CENTRAL	**7.9%**	**6.7%**
AL	**7.2%**	**11.9%**
AR, LA, MS	**16.7%**	**16.7%**
OK	**8.2%**	**0.7%**
KY, TN	**9.5%**	**5.9%**
TX	**3.3%**	**3.7%**
Dallas/Ft. Worth	-1.1%	2.5%
Houston	3.3%	-0.6%
San Antonio	1.8%	-4.6%

	JUL	YTD
SOUTH ATLANTIC	**1.5%**	**3.9%**
DE, DC, MD	**6.6%**	**14.4%**
Washington/Baltimore	4.5%	14.2%
FL	**-5.0%**	**-0.7%**
Jacksonville	-5.5%	3.8%
Orlando	-1.6%	-3.8%
Tampa	-2.0%	1.2%
Palm Beach	-13.8%	-4.0%
Naples/Ft Myers	-7.5%	5.1%
Miami/Ft.Lauderdale	1.2%	2.7%
GA	**1.4%**	**6.2%**
Atlanta	3.6%	3.4%
NC	**4.7%**	**4.9%**
Greensboro/Raleigh	4.1%	4.1%
SC	**6.4%**	**4.6%**
Charleston	5.1%	13.5%
Hilton Head	8.9%	5.7%
Myrtle Beach	7.9%	4.7%
VA, WV	**4.0%**	**12.4%**
MID ATLANTIC	**0.9%**	**11.8%**
NJ	**-2.1%**	**6.9%**
NY	**2.0%**	**14.4%**
New York City	3.3%	15.6%
PA	**1.0%**	**11.3%**
Philadelphia	1.1%	11.4%
Pittsburgh	-3.8%	10.4%
NEW ENGLAND	**-7.0%**	**-6.4%**
CT, MA, RI	**-5.9%**	**0.7%**
Boston	-9.2%	-1.4%
ME, NH, VT	**-11.3%**	**-25.5%**

The percentages represent the differences in number of rounds played comparing July 2023 to July 2022.
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National Rounds Played Report

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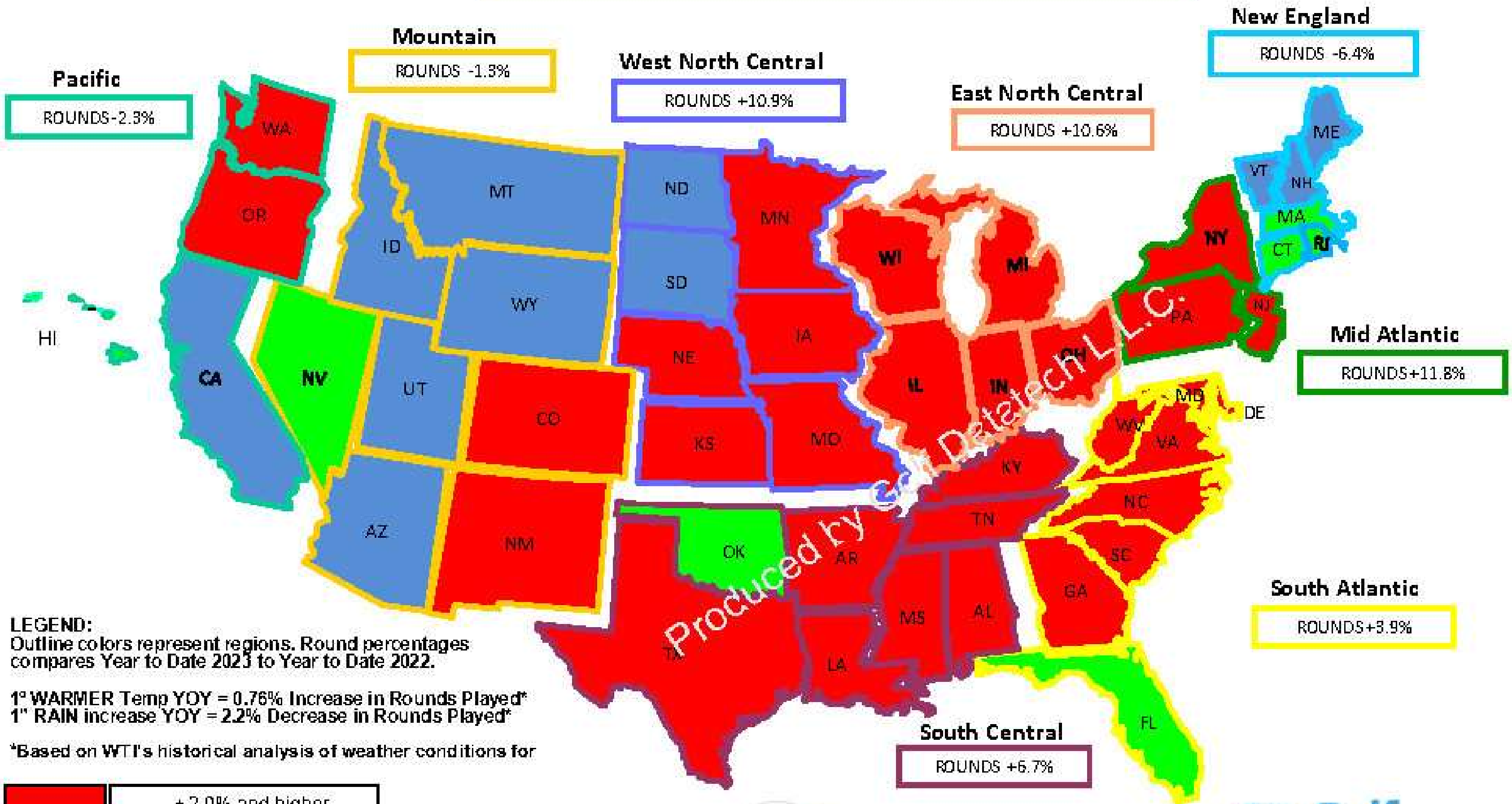
US 2023 vs. 2022 YTD through JULY 5.0%



LEGEND:
Outline colors represent regions. Round percentages compares Year to Date 2023 to Year to Date 2022.

1° WARMER Temp YOY = 0.76% Increase in Rounds Played*
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	between -1.9% and + 1.9%
	- 2.0% and lower
	Off Season

weathertrends360

NGF

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