



Project Report

**Operational Audit of the
Blythe Municipal Golf Course
Blythe, California**

Prepared for

The City of Blythe

Submitted by

**Economics Research Associates, an AECOM
company (ERA)**

May 2009

ERA Project No. 18249

Table of Contents

I. Introduction.....	1
II. Summary of Findings	2
Existing Facilities	2
Historical Performance	2
Golf Market Overview	4
Maintenance	5
Market Opportunities/Revenue Enhancement	6
Capital Improvements	7
Financial Projections.....	7
Operating Options.....	9
III. Facility Description.....	10
Golf Course	10
Clubhouse	12
Maintenance Facility	12
Cart Storage	12
Irrigation.....	12
Access	13
IV. Historical Performance	16
Current Operating Structure	16
Annual Play	16
Greens Fee Revenue	18
Other Revenue	19
Operating Budget.....	19
Golfer Interviews.....	23
V. Golf Course Maintenance.....	25
VI. Golf Market Overview	27
Market Area Characteristics	27
National Trends	28
Colorado River Regional Market.....	30
Future Golf Demand and Supply	35
VII. Market Opportunities/Revenue Enhancement	38
Increased Play	38
Increased Revenue per Round.....	39
VIII. Capital Improvements	41
IX. Financial Projections.....	42
Operating Budget.....	42
Projected Revenue	43
Projected Revenue	43
Projected Net Income	45
X. Golf Course Operating Options.....	47
Introduction	47
Golf Facility Leases	47
Golf Management Agreements.....	48
Hybrid Agreements	49
Operating Options Strengths and Weaknesses	49

General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of Economics Research Associates, an AECOM company (ERA) and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of May 2009 and Economics Research Associates has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner without first obtaining the prior written consent of Economics Research Associates. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of Economics Research Associates. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of Economics Research Associates. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from Economics Research Associates.

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

I. Introduction

The City of Blythe owns the Blythe Municipal Golf Course, an 18-hole regulation length public access golf course providing recreation to year-round and seasonal residents, and visitors to the Palo Verde Valley. The City's course is the only golf course in the Blythe region. Presently, the golf course is maintained by the City, with golf operations provided by a private contractor under an operating/concession agreement, and the restaurant leased to a private operator.

The golf course is an important component of the overall visitor infrastructure which attracts seasonal residents and visitors to the area. The golf course historically has generated sufficient revenues to fund most of the operating expenses and administrative costs. However, like most other public golf courses across the country, the golf course performance has been adversely impacted in recent years by overbuilding the supply of courses, a slight decline in golf demand, and a very weak economy.

The City is striving to achieve an economic breakeven point on operations at the City's course. In response to this primary objective, the City retained Economics Research Associates, an AECOM Company (ERA), to evaluate the golf course in an effort to enhance revenues and/or provide services more cost effectively.

The following report presents the results of ERA's evaluation. Principal tasks performed during this assignment include:

- Inspection of the facility and interviews with the existing concessionaires.
- Review of operating and financial data.
- Overview analysis of the local and regional public golf market.
- Interviews with current golf patrons.
- Analysis of demographic and visitor characteristics and trends.
- Discussions with management companies and other golf professionals familiar with the region.
- Comparative analysis of operating options for the course.

Following this introduction, a summary of key findings is presented in Section II. Documentation and analysis of these findings are contained in subsequent sections of the report.

II. Summary of Findings

The following presents a summary of findings regarding a series of issues related to golf operations at Blythe Municipal Golf Course. Analysis and documentation of these findings are contained in subsequent sections of the report.

Existing Facilities

- The golf course has a well designed routing plan with no apparent major deficiencies.
- The layout and topography provide interest and diversity in the golf course. The mature tree cover and outstanding panoramic views from the mesa are attractive features which distinguish the golf course.
- The clubhouse, while clearly dated and limited in size and facility amenities, is generally functional in serving golfer needs.
- Other support facilities (cart storage and maintenance yard) are aged and of poor quality, although serviceable, at least in the short term.
- The golf course irrigation system, the heart of the golf course, is near the end of its useful life and will need replacement/increased repairs in the near term.
- The quality of the water extracted from the agricultural irrigation canals used on the six holes below the mesa is very good, but the groundwater used for irrigating the 12 holes on the mesa is high in nitrates and harsh on the golf course turf.
- In general, the condition of the golf course has noticeably declined over the past five to ten years and by all measures is well below a satisfactory level at this time.

Historical Performance

- Annual play at Blythe Muni has steadily declined from about 37,000 rounds in the peak years of 1999-2000 to about 30,000 rounds in 2008. FY2009 play will be slightly lower than FY2008.
- Due to climate and seasonal resident occupancy patterns, play is very seasonal, with nearly 50 percent of annual play occurring in the peak months of January-March. The decline in play over the 2000-2008 period has been slightly more acute in non-peak months.
- The total annual play at Blythe Muni currently is split nearly evenly between annual members and daily fee players (including punch cards), and this distribution is fairly consistent by season. Over the years, daily fee play has declined more than annual member play:

	1999 Rounds			2008 Rounds		
	Annual Member	Daily Fee	Total	Annual Member	Daily Fee	Total
Peak (Jan.-March)	7,171	10,603	17,774	6,612	7,523	14,135
Shoulder	6,249	5,852	12,101	6,015	5,004	11,019
Off	<u>3,020</u>	<u>4,164</u>	<u>7,184</u>	<u>2,122</u>	<u>2,734</u>	<u>4,856</u>
Total	16,440	20,619	37,059	14,749	15,261	30,010

- Golfers can purchase an annual membership pass, or pay daily greens fees:

	18 Holes	9 Holes
Daily Greens Fees		
Peak Season	\$36	\$18
Off Season	\$15	\$10
Annual Membership	\$1,200	---

There are substantial discounts (nearly 50%) offered through multi-play “punch” cards.

- Greens fees and membership revenue are by far the largest source of City golf revenue. The disparity between the average greens fee for member play and daily fee play has sharply widened over the past eight years:

	Rounds		Gross Revenue (\$000)		Revenue per Round	
	2000	2008	2000	2008	2000	2008
Greens Fees						
Daily Fee	---	---	\$158.9	\$147.0	---	---
Punch Cards	---	---	<u>55.2</u>	<u>181.9</u>	---	---
Subtotal	20,619	15,261	\$214.1	\$328.9	\$10.38	\$21.55
Memberships	<u>16,440</u>	<u>14,749</u>	<u>164.2</u>	<u>203.0</u>	<u>9.99</u>	<u>13.76</u>
Total	37,059	30,010	\$378.4	\$531.9	\$10.21	\$17.72

- Under the current operating structure, the City maintains the golf course and manages the overall facility, with golf operations conducted by a pro shop concessionaire and the food and beverage leased to a third party operator. The pro shop concessionaire is paid a \$15,000 annual fee for services provided, and retains 85 percent of cart/range revenue and 90 percent of merchandise sales revenue (agreement amendments have modified concession fees slightly since FY2008, with concessionaire retaining 85 percent of range and pull cart revenue, 82.5 percent of cart rentals/trail fees, and 100 percent of membership sales).

- Total annual revenue and the City's share for FY2008 are summarized as follows:

Department	Gross Revenue (\$000)	
	Total	City Share
Membership Fees	\$203.0	\$203.0
Greens Fees	<u>328.9</u>	<u>328.9</u>
Subtotal	\$531.9	\$531.9
Cart Fees – Daily	\$118.8	\$ 18.6
Trail Fees	24.0	3.8
Merchandise	79.2	7.9
Food and Beverage – Net Rent	<u>2.0</u>	<u>2.0</u>
	\$770.1	\$566.3

- The FY2008 City net operating income is reported as follows (based on budgeted expenses):

	Annual Amount (\$000)
Gross Revenue	\$566
Operating Expenses	
Payroll and Benefits	\$665
Contract Services	19
Utilities	62
Maintenance/Operating Services & Supplies	250
Administrative/Management	<u>---</u>
Total	\$997
Net Operating Income (Loss)	(\$431)

Since actual expenses have been reduced from budget levels, the actual loss was approximately \$350,000.

Golf Market Overview

- Virtually every golf market in the country has experienced considerable softening over recent years. Most golf markets peaked in late 1999-2000, steadily declining since 2002. Blythe's performance is consistent with this trend.
- The soft market conditions are the result of several factors including extraordinary overbuilding of the supply of courses, a decline in the propensity to, and frequency of, play, and the impact of a weak economy.
- Most markets softened considerably between 2002 and 2005, with gradual modest recovery experienced in 2006 and 2007. Deteriorating conditions in the economy since 2007 have at least interrupted the recovery.

- Over the mid- to long-term, the golf markets should benefit from limited additions to the supply of courses, the aging of baby boomers as propensity and frequency of play increase with age, and a stabilized economy.
- Most analysts forecast growth in play over the next 10 to 20 years at 1 to 2 percent per year. Even at the higher end of the range, and with limited additions to the supply, it will take 10 to 20 years to absorb the excess golf course capacity in most markets.
- The market segment which has shown relative strength in recent years is the mid- and upper-mid market oriented daily fee courses. At courses in this segment, a quality experience at a relatively affordable fee is offered.
- The Blythe Municipal market is effectively isolated as there are no other 18-hole regulation length golf courses within 40 miles of the City.
- There are 11 public access regulation length golf courses located in the Colorado River Corridor, of which three have been developed within the past 10 years. Because of their distance, Blythe Muni has not been significantly affected by this inventory expansion.
- Recognizing that every golf course has its own unique operating environment, Blythe Muni's performance is at the low end of the range of regional entry- and mid-level course performance:

Course	Annual Play		Average 2008 Greens/Cart Revenue/Round ¹
	2000	2008	
Blythe Muni – Blythe	37,000	30,000	\$22.45
Rivers Edge – Needles	40,000	34,000	23.67
Desert Lakes – Bullhead	38,000	30,000	25.00
Emerald Canyon – Parker	50,000	45,000	32.60
Desert Hills – Yuma	65,000	55,000	25.91

¹Includes greens fees, annual member fees, cart rentals, and trail fees.

- While the decline in play at Blythe Muni compares with most other courses, the factors underlying the decline are different. Rather than increased competition, Blythe Muni has been affected by reduced seasonal resident population and the affects of a weak economy on golf expenditures.

Maintenance

- The City maintains the golf course. For FY2008, maintenance staff, including the course lead supervisor and mechanic, consisted of 6.75 budgeted positions (excludes administrative superintendent). This has been reduced to about 4.0 in FY2009.

- As noted, the condition of the golf course has deteriorated in recent years due to understaffing, poor irrigation water quality, substandard maintenance equipment, irrigation system limitations, and funding restraints for supplies. There is limited over-seeding during the winter months at present, which has significantly affected the visual appearance of the course.
- Maintenance staffing and budgets at comparative courses is as follows:

Course	Maintenance Staff	Annual Maintenance Budget¹
Blythe Muni (FY2008)*	6.75	\$694,000
Desert Hills*	8.00	590,000
Desert Lakes	5.50	410,000
Emerald Canyon*	11.00	720,000
Mesa del Sol	6.50	500,000
River's Edge	6.20	500,000

¹Excludes utilities.

*Public maintenance.

Market Opportunities/Revenue Enhancement

- Most of the play at Blythe Muni derives from local seasonal residents and year-round (typically seniors) residents. Reportedly, very little play derives from outside the local Blythe area.
- Quartzsite, located 20 miles east of Blythe, has an extraordinary seasonal resident population and visitor volume. While there are no official numbers, the peak seasonal population (January-March) in and around Quartzsite total appears to be in the range of 200,000, with much lower volume before January and after April.
- Quartzsite golfers have limited golf options – Sunset Links in Salome (basic 18-hole executive course); Emerald Canyon in Parker (18-hole regulation length – too difficult for many golfers); and Blythe Muni. The Quartzsite market has not been promoted or cultivated to any meaningful degree.
- With some effort, capturing 5,000 to 7,000 rounds from Quartzsite (30-40 rounds per day) during the shoulder/peak season is readily attainable. There is sufficient capacity at Blythe Muni to accommodate this level of play without significantly displacing existing golfers.
- The average revenue per round at Blythe Muni generated by annual members is too low relative to daily fee rates. Annual members are playing, on average, nearly 90 rounds per year at about \$13 per round. It would be appropriate to reduce the annual fee, but charge a daily fee during the peak season. For example, reducing the annual fee from \$1,200 to \$500,

and assessing a greens fee of, say, \$10 per round during the peak season would be equitable and somewhat constrain overuse by annual members of the course in the peak season.

Capital Improvements

- Over the near- to mid-term, the golf course will need capital reinvestment in order to improve the golf experience and maintain the viability of the operation.
- A general scale of the cost of needed improvements is outlined as follows:

Component	Estimated Cost (\$000)
Irrigation System	\$1,500
Cart Path Completion	150
Tees	50
Greens	---
Lakes	50
Bunkers	90
Range	50
Clubhouse	25
Total	\$2,015

- In addition, construction of improvements to allow irrigation water drawn from irrigation canals on the valley floor to be pumped to the mesa are estimated at \$150,000. As well, an upgrade of maintenance equipment is required. An allowance of \$150,000 to \$250,000 would be required.
- In the near term, priority should be placed on improving course conditions through intensified maintenance practices rather than capital improvements. Selective upgrade of maintenance equipment, conversion to canal water for irrigation on the mesa, and cosmetic clubhouse improvements should be considered.

Financial Projections

- Significant additional revenues (increased fees) or greater play levels cannot be expected without improving the golf course condition and golfer experience.
- Increasing play by 5,000 to 7,000 rounds per year through promotion of the Quartzsite market appears achievable. Not only would support from this market add play, it would help firm the greens fees structure during the peak and shoulder seasons. The added play would contribute \$150,000 to \$200,000 annually (\$30 per round).

- Privatization of the maintenance function would reduce costs from 2008 budget levels by about \$150,000 annually, while allowing staff levels to be maintained at satisfactory levels, maintenance equipment upgraded and maintenance resources increased.
- A realistic operating budget for the golf course is outlined as follows:

Expense	Annual Amount (\$000)	
	City Maintenance	Private Contract
Course Maintenance	\$ 750	\$ 550
Golf Operations	150*	150*
Clubhouse Undistributed	25	25
General and Administrative	125	125
City Overhead	75	75
Cap. Improvement Replacement Reserve	75	75
Total	\$1,200	\$1,000

*Estimated cost of golf operations currently provided by concessionaire.

- Current gross revenue (after deducting cost of sales on merchandise) totals about \$725,000 annually. Thus, with current revenues, nearly \$500,000 in additional revenue is required under the City maintenance option and \$300,000 under private contract maintenance to achieve breakeven on operations, including a modest \$75,000 annual capital improvement replacement reserve.
- Under a management agreement operating structure, with added revenues, as discussed above, annual target net operating income is estimated as follows, assuming private contract maintenance:

	Annual Amount (\$000)	
	Current	Target
Annual Rounds	30,000	36,000
Gross Revenue		
Greens Fees – Daily	\$ 329	\$ 525
Greens Fees – Members	---	130
Annual Passes	203	100
Cart Fees/Trail Fees	143	180
Range	14	16
Merchandise	79	90
Food and Beverage – Net/Other	2	2
Total	\$ 770	\$1,043
Cost of Sales - Merchandise	59	68
Gross Operating Profit	\$ 711	\$ 975
Less: Operating Expenses	1,150 ¹	1,000
Net Operating Income	(\$ 439)	(\$ 25)

¹Includes City FY2008 budgeted expenses plus \$150,000 estimated golf operations.

Operating Options

- The current operating structure is comprised of City overall management and course maintenance, with golf operations provided by the concessionaire and the food and beverage operation leased to a third party. The problem with this structure is that, while the concessionaire and City share the same objectives, the concessionaire is not fully motivated (nor rewarded) to increase greens fees, the single largest revenue source, and the City is not positioned to market the course and provide appropriate overall management.
- Ideally, appointing one party/entity to oversee and coordinate all functions of the operation (maintenance, operator, food and beverage, management) is desirable. This ensures consistency in services, common objectives, and full accountability.
- There are three basic, and numerous permutations, of these operating models:
 - Self-operation
 - Facility lease
 - Management agreement

The current agreement is a common hybrid where the City manages and maintains the course, with a concessionaire for golf operations and a third party food and beverage lease.

- There are advantages and disadvantages of each operating option. Self-operation is not a viable option given the City's stated objectives and fiscal condition.
- The concept of a facility lease is appealing to the extent that private capital may be attracted, financial benefits of private operation captured, and financial risk shifted away from the City. These types of agreements have become increasingly less prevalent in the golf market, and the economics of such an agreement with regard to Blythe limit the marketability of this option. A participating relationship between the City and a master lessee, however, probably can be structured, but may require at least some City financial exposure.
- A management agreement provides substantial benefits in terms of quality control and private sector operating experience. However, this structure does not mitigate the City's financial risk and the size of the operation does not justify the cost of retaining an established management company. Structuring an overall management agreement with the current concessionaire or other golf professional is a consideration.
- For golf courses like Blythe Muni, regardless of the operating structure, it is imperative to enlist volunteers for golf operations functions. The volunteers would provide services on a part-time basis in exchange for golf privileges.
- It also may be appropriate to establish a relationship with Palo Verde Valley College whereby a golf management and/or agronomy curriculum is created utilizing the golf course as a part of the educational training.

III. Facility Description

The Blythe Municipal Golf Course complex is a daily fee facility developed in 1968 as part of the Mesa Bluffs planned resort community. The complex consists of the following components (an aerial photo is presented in Figure III-1):

- 18-hole, par 73 regulation length golf course.
- 5,500-square-foot clubhouse, comprised of the pro shop, snack bar, restaurant/banquet room, and common areas.
- 1.4-acre maintenance yard, with approximately 1,800 square feet of building.
- 20-tee-station practice range (no lights).
- 2,500-square-foot power cart covered storage area.

The golf course is located near the intersection of Defrain Boulevard and W. Wells Road, approximately four miles northwest of central Blythe. The Mesa Bluffs community is a 356-acre project planned for up to as many as 1,440 units at full buildout. Presently, there are about 360 units developed, including recreational vehicle sites.

Golf Course

The golf course was designed by well-known golf architect William Bell, Jr., with the first nine opening in 1968 and the second nine in 1973. The course is designed with returning nines, with a combination of single and parallel holes. The golf course envelope consists of two major land elements – about 75 acres are located on the Mesa bluff, about 200 feet above the valley floor, and about 55 acres are located on the valley floor below the east edge of the bluff.

The course is a par-73. The front nine is par 37, with two par-3, four par-4, and three par-5 holes. The back nine is par-36, with two par-3, five par-4, and two par-5 holes. The distance, slope, and par rating from each of the three tees is as follows:

Tee	Distance (yards)	Rating	Slope
Blue	6,866	72.4	121
White	6,447	70.4	117
Red	5,684	72.9*	120*

*Women's rating and slope.



Figure III-1
AERIAL PHOTO

The golf course has a modest degree of mature tree cover, two lakes, and a series of strategically placed bunkers.

Clubhouse

The clubhouse is a single-level 5,500-square-foot structure built in 1968. The distribution of space is approximately as follows:

	Floor Area (sq.ft.)
Pro Shop	1,200
Coaches Corner Bar/Grill	1,500
Kitchen	800
Dining/Banquet Room	1,200
Storage, Common Area, Other	800
Total	5,500

Maintenance Facility

The maintenance yard is located off of W. Wells Road, adjacent to the #11 fairway. The yard is about 1.4 acres, with several small structures totaling about 1,800 square feet.

Cart Storage

A fleet of about 55 gas-powered golf carts is stored under a covered (open sides) 2,500-square-foot structure located 50 yards northeast of the clubhouse. The structure is equipped with electrical charging units, but gas carts are provided.

A small 1,000-square-foot enclosed metal butler-type building is available for mechanical work on the carts. While the golf cart fleet, with 55 carts, is small, there are 100 private carts which are stored off-site, and used through a trail fee agreement.

Irrigation

The source of irrigation for the lower portion of the golf course (holes #2 through #7) is Colorado River water pumped from the agriculture irrigation canal adjacent to the #5 hole. The surface water is pumped directly from the canal into the course irrigation system. The quality of the water is reportedly of sufficient quality for the course turf grasses. The source of irrigation for the portion of the golf course on the Mesa (holes #1, #8 through #18) is groundwater extracted from a well located near the #17 hole. The water is stored in a reservoir located in front of #16 green from which it is pumped into the irrigation system. The quality of this water is substandard, with excessive

concentrations of nitrates which results in the disproportionate use of chemicals on the course and poor turf conditions.

Annual consumption totals about 600 acre-feet, 200 acre-feet from the canal and 400 acre-feet from groundwater.

Access

East-west regional access to the golf course is provided by Interstate 10, located about four miles directly south of the course, with interchanges at Neighbours Boulevard and Lovekin Boulevard (see Figure III-2). I-10 is one of the major U.S. east-west interstate transportation corridors, and connects Los Angeles on the west with Phoenix, and other easterly points on the east. North-south regional access is provided by U.S. Highway 95. From I-10, local access to the golf course is north on Defrain Boulevard, a north-south two-lane highway, four miles, then northwest on W. Wells Road about one-quarter mile to the clubhouse. From U.S. Highway 95, access is westbound on Fourth or Sixth Avenue about three miles to Defrain Boulevard, then a short distance to W. Wells Road and the clubhouse (see Figure III-3).

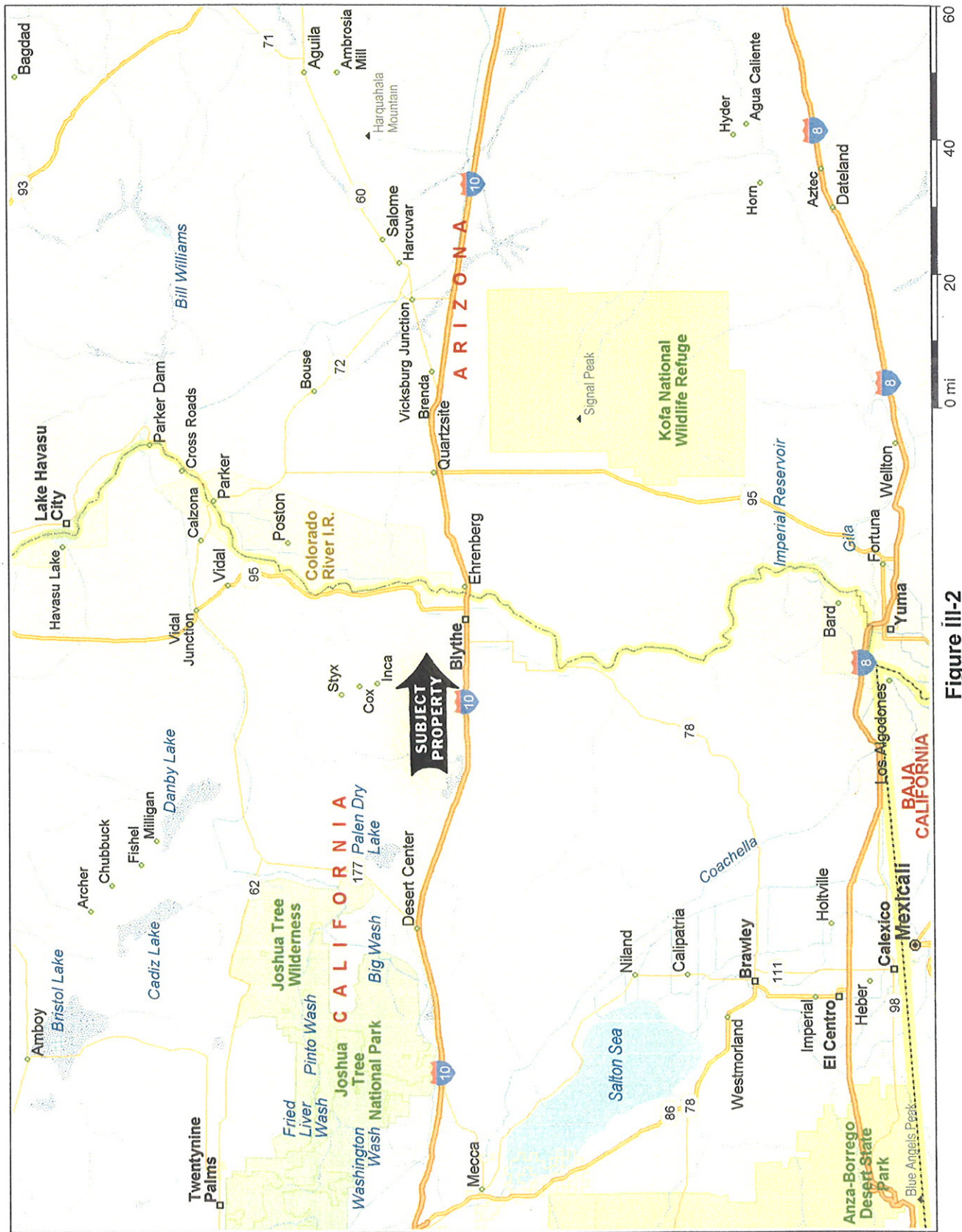


Figure III-2
REGIONAL ACCESS

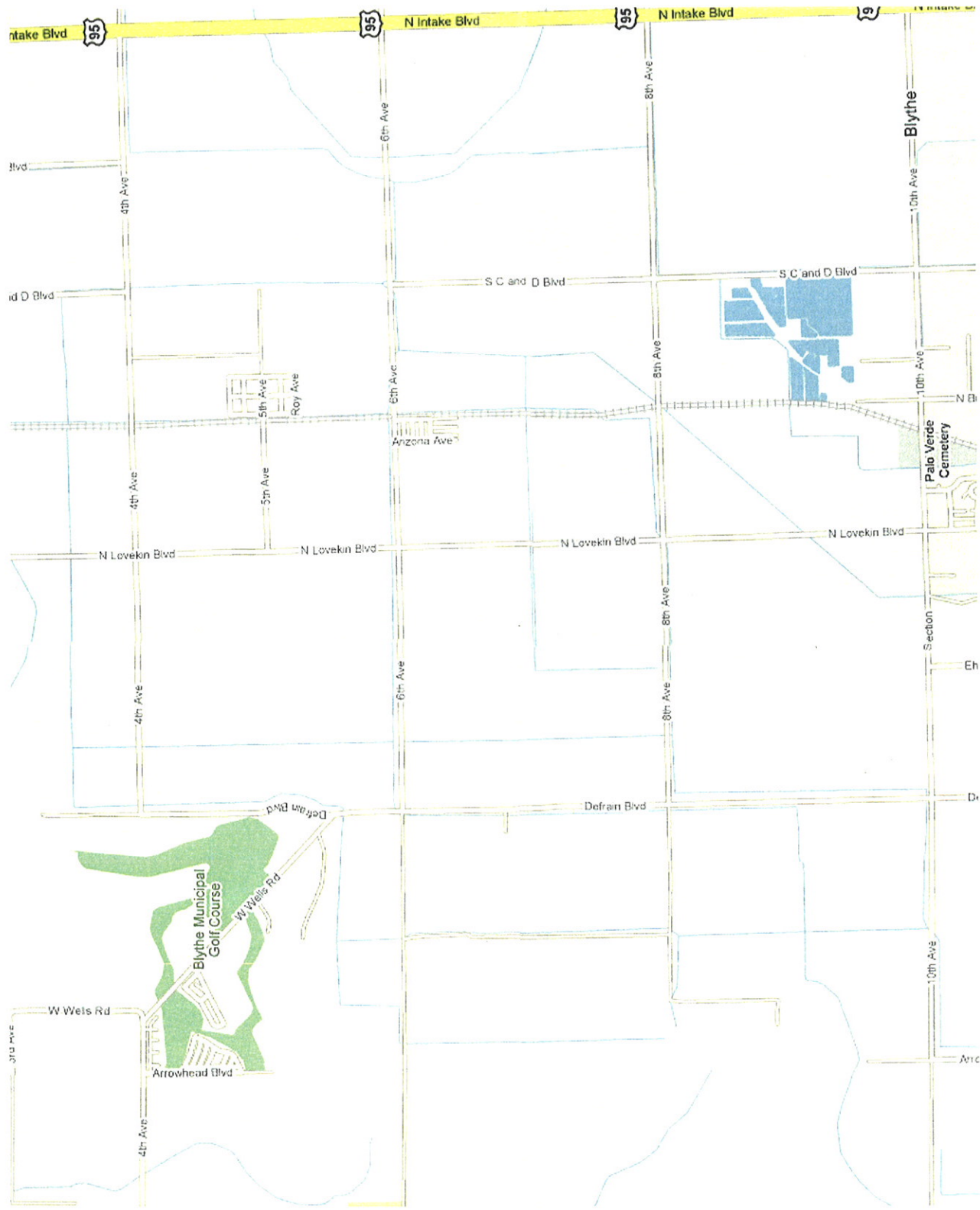


Figure III-3
LOCAL ACCESS

IV. Historical Performance

Blythe Muni opened in 1968 and has a long operating history. Performance peaked in the late 1990s and has steadily declined over the past 10 years. Thus, a review of historical operations over the 1999-2008 period provides valuable perspective regarding operating performance.

Current Operating Structure

Blythe Municipal Golf Course is owned, managed, and maintained by the City, with golf operations provided by a private concessionaire and the food and beverage function provided by a third party independent contractor.

The concessionaire is William Getchell, a PGA Golf Professional operating under a five-year agreement which expires June 30, 2009. The concessionaire remits a share of gross revenue to the City:

Department	Percent of Gross Revenue	
	Original	Amended
Merchandise/Club Rental	10.0%	0.0%
Driving Range/Pull Carts	15.0%	15.0%
Cart Rental/Trail Fees	15.0%	17.5%

The City, in turn, pays the concessionaire \$1,233 monthly for services rendered (starting, reservations, greens fees collection, other).

The snack bar (Coaches' Corner) and restaurant (approximately 2,500 square feet) are currently leased to Francisco and Valentina Tejeda for a one-year term expiring August 15, 2009. The lease calls for annual rent of \$1,800, triple-net, and requires the snack bar operate a minimum of 50 weeks per year and the restaurant two days per week, five months per year.

Annual Play

Annual play from all sources is reported as follows:

Fiscal Year	Rounds
1999	37,059
2000	36,991
2001	35,250
2002	36,427
2003	36,666
2004	34,148
2005	32,388
2006	31,855
2007	32,124
2008	30,010
2009	29,500*
Average	33,850

*Annual estimate. Based on 8 months actual results.

Monthly play in FY2008 is compared with the average monthly play over the 1993-2003 period:

Month	Average Monthly Play	
	Average 1993-2003	2008
July	1,581 (4.3%)	1,004 (3.4%)
August	1,472 (4.0%)	869 (2.9%)
September	1,480 (4.1%)	895 (3.0%)
October	999 (2.7%)	775 (2.6%)
November	3,652 (10.0%)	3,615 (12.0%)
December	3,598 (9.9%)	3,329 (11.1%)
January	5,641 (15.5%)	4,424 (16.3%)
February	6,020 (16.5%)	4,894 (16.3%)
March	5,253 (14.4%)	4,817 (16.1%)
April	2,851 (7.8%)	2,438 (8.1%)
May	2,201 (6.0%)	1,637 (5.4%)
June	1,732 (4.8%)	1,313 (4.4%)
Total	36,479 (100.0%)	30,010 (100.0%)

Golf play derives from two primary sources – annual members and daily fee players. Annual members remit an annual payment which allows unlimited golf privileges throughout the year. Cart fees are paid in addition. Daily fee players are charged the posted greens fees, or have the option to purchase multi-play “punch” cards which offer substantial discounts off posted rates.

Season	Annual Rounds					
	1999			2008		
	Annual Members	Daily Fee	Total	Annual Members	Daily Fee	Total
Peak (Jan.-Mar.)	7,171	10,603	17,774	6,612	7,523	14,135
Shoulder	6,249	5,852	12,101	6,019	5,004	11,019
Off	<u>3,020</u>	<u>4,164</u>	<u>7,184</u>	<u>2,122</u>	<u>2,734</u>	<u>4,856</u>
Total	16,440	20,619	37,059	14,749	15,261	30,010

Currently, about one-half of the play is attributed to annual members and one-half to daily fee play. Of the daily fee play, approximately two-thirds is through the punch card program.

The distribution between 9-hole and 18-hole play has remained relatively unchanged over the past 10 years.

Season	1999			2008		
	9-Hole	18-Hole	Total	9-Hole	18-Hole	Total
Peak (Jan.-Mar.)	3,282	14,492	17,774	1,838	12,297	14,135
Shoulder	2,612	9,489	12,101	2,233	8,786	11,019
Off	<u>2,457</u>	<u>4,730</u>	<u>7,184</u>	<u>1,760</u>	<u>3,096</u>	<u>4,856</u>
Total	8,350	28,709	37,059	5,831	24,189	30,010

Greens Fee Revenue

The posted greens fees are as follows:

	Season	Summer
Daily Fee		
18-Hole	\$36	\$15
9-Hole	18	10
Punch Cards*		
50 Rounds*	\$475 (\$ 9.50/ 9-hole round)	
20 Rounds*	\$275 (\$13.75/ 9-hole round)	
Annual Membership	\$1,200	
Cart Fee	\$24/cart	\$20/cart

*9-hole rounds.

In 2000, greens fees during the season were \$20 and cart fees were \$20 per cart.

Annual greens fees generated through annual memberships and daily fee play are shown annually for the FY2000-FY2008 period in Table IV-1. Up until 2007, a monthly card was available as well as an annual card.

With the discontinuation of the monthly pass, most of those golfers switched to the punch card program. Presently, there are about 170 annual members who play on average about 87 rounds per year (average of \$13.80 per round). About 500 punch cards are sold annually.

Other Revenue

The golf course operations concessionaire generates revenues from driving range fees, golf cart rental, the annual trail fee for private cart use, merchandise sales, and other miscellaneous sources. According to the agreement, the concessionaire remits 15 percent of gross revenue from the range and pull carts, 17.5 percent from power carts and the trail fee, and 10 percent from merchandise to the City as a concession fee. A recent amendment increased the share on the range to 17.5 percent and allowed the concessionaire to retain 100 percent of merchandise sales.

Total gross revenue, along with the City's share, are shown for the 2000-2008 period in Table IV-2. There are 55 gas-powered golf carts owned by the concessionaire.

Food and beverage revenue derives from the snack bar (Coaches' Corner), the restaurant, and an on-course beverage cart used during tournaments. The snack bar has been operating daily and the restaurant has been operating between five and seven nights per week (dinner only) over the past year, with some special event/banquet business. While revenue is not reported, current activity is expected to yield between \$100,000 and \$150,000 in annual gross revenue, about one-half attributed to golfers and one-half to non-golfers (restaurant).

Operating Budget

The golf course operating budgets for FY2007, FY2008, and FY2009 are summarized in Table IV-3. The budget has been segmented into general classifications which allow comparison with industry standard accounts. The budget does not include concessionaire expenses related to pro shop operations, driving range services, golf carts, and other general and administrative expenses. These expenses are estimated in the range of \$150,000 annually.

While the adopted budget for FY2009 is indicated at \$1,024,000, due to position reductions and other expense saving measures, the actual expenditures are projected at about \$100,000 below this level. As much of this decrease is attributed to reductions in maintenance positions, it is not clear whether this budget level is sustainable.

**Table IV-1 – Blythe Muni Golf Course Greens Fees Revenue
FY2000-FY2008 (\$000)**

Fiscal Year	Memberships		Punch Cards	Greens Fees			Total
	Monthly	Annual		18 Holes	9 Holes	Total	
2000	\$24.8	\$139.4	\$ 55.2	\$115.7	\$43.2	\$158.9	\$378.4
2001	35.2	155.1	62.9	120.6	50.9	171.5	424.7
2002	28.8	156.9	75.1	112.1	77.4	189.5	450.3
2003	34.5	170.4	81.8	110.7	49.9	170.6	457.2
2004	37.4	176.9	77.9	102.8	59.9	162.4	454.9
2005	34.9	169.8	79.6	131.2	38.4	169.6	453.9
2006	33.2	189.2	95.0	129.2	43.1	172.3	489.7
2007	17.5	208.3	124.5	122.7	45.2	167.9	518.2
2008	---	203.0	147.0	140.4	41.5	181.9	531.9

**Table IV-2 – Blythe Muni Golf Course Annual Concession Gross Revenue
FY2000-FY2008 (\$000)**

Fiscal Year	Gross Revenue				City Share		
	Range	Carts	Trail Fees	Merchandise	Carts/ Range	Merchandise	Total
2000	\$ 8.0	\$137.0	\$25.3	\$ 73.6	\$25.5	\$ 7.4	\$32.9
2001	8.8	147.0	25.3	68.0	27.2	6.8	34.0
2002	10.9	166.4	30.4	77.2 + 50	31.2	12.7	43.9
2003	8.7	144.5	30.2	68.9	27.5	10.0	37.5
2004	9.8	129.9	41.1	57.7	26.7	5.8	32.5
2005	13.2	124.5	29.2	67.7	26.1	6.8	32.9
2006	13.5	126.2	33.4	109.3	27.2	10.9	38.1
2007	14.2	123.0	30.0	87.6	26.2	8.8	35.0
2008	14.2	118.8	24.0	79.2	24.5	7.9	32.4

Table IV-3 – Blythe Muni Golf Course City Budget (\$000)

	Actual FY2007	Budget FY2008	Approved FY2009
Golf Course Maintenance			
Payroll and Benefits (including mechanic)	\$ 484	\$ 487	\$ 521
Services and Supplies (excluding cart)	126	137	119
Utilities	55	49	48
Maintenance Equipment Expenses	<u>51</u>	<u>65</u>	<u>54</u>
Subtotal	\$ 716	\$ 738	\$ 742
Undistributed/Building Maintenance	\$ 35	\$ 24	\$ 23
General and Administrative			
Payroll and Benefits	\$ 129	\$ 134	\$ 79
Administrative Support	86	89	89
Management Fee	15	16	16
Other	<u>30</u>	<u>32</u>	<u>31</u>
Subtotal	\$ 260	\$ 271	\$ 215
Cart Path/Other Capital Improvements	\$ 8	\$ 48	\$ 44
Other			
Depreciation	---	---	---
Interest	<u>\$ 37</u>	<u>---</u>	<u>---</u>
Total Budget	\$1,055	\$1,081	\$1,024

Golfer Interviews

In the interest of gaining important insights regarding the golf course, a series of individual interviews was conducted with regular golfers at Blythe Muni, several of which serve on an ad hoc golf course advisory committee. The individual golfers expressed views on a range of issues including, but not limited to, golf course maintenance conditions, golf operations services, greens fees/annual pass pricing, reservations and general policies, golf course management, volunteer worker programs, and other topics.

Overall, there was general consensus and uniform observations on most of the issues discussed, although there are variations in the priority and ranking of perceived problems and opportunities at the course. The following discussion represents a synthesis of the observations, responses, comments, and suggestions of those interviewed.

- The basic golf course layout and design is well regarded, offering sufficient interest, challenge, safety, and diversity.
- Golf course maintenance conditions have steadily deteriorated over the past five to ten years, with an acceleration of the problem over the past three years. The deteriorating conditions have, in large part, contributed to the decline in play as many locals elect to travel greater distance to alternative courses.
- The poor course condition is the result of a deficiency of resources and perceived absence of sufficient on-site management of the maintenance function. There are suspicions that some of the golf course supplies are diverted to other City facilities.
- The level of golf operations services is satisfactory given the limited authority and resources available to the concessionaire. While most local golfers acknowledge that a higher level of service could be provided, course conditions are by far the highest priority for golfers.
- Most golfers understand the challenges faced by the food and beverage operation. There appears to be satisfaction with the golfer food and beverage (Coaches' Corner). Golfers do not have much interest in the restaurant operation, recognizing it as a desirable, but not essential, service within the community.
- Golf course pricing (greens fees, annual passes) is of paramount importance to golfers. There is no question that this is a very price sensitive golf market. The sharp increase in annual fees – from \$750 to \$1,200 – over the past three years is viewed as excessive, particularly while course conditions have continued to deteriorate. Most of those interviewed believe the increase in fees has priced many local golfers out of the market.

- There are mixed views with regard to the elimination of monthly passes. Some regard this as unresponsive to the needs of seasonal residents, while others believe the monthly passes encouraged excessive play during the peak season at an unfairly low price per round.
- Most golfers believe that the golf course expenses should be fully funded by golfer revenues, and that the City should not subsidize the course. However, golfers do not believe that the golf course accounting accurately reflects the cost of operations and that the course is managed, maintained, and operated efficiently. Golfers uniformly believe that the current rate structure should generate revenues sufficient to cover operating expenses.
- There are perceptions on the part of some that there are no financial and accounting controls in place with the handling of revenues and expenditures. The absence of a point-of-sale (POS) system, and uniformity in receipts issued contributes to this perception.
- There is concern that transfer of the golf course operation to an outside entity would result in increased fees and new policies not favorable to local golfers.
- The use of volunteers (in exchange for golf privileges) at the golf course is strongly endorsed by golfers, and there appears to be interest and availability of candidates.
- Most believe that permanent residents should be “offered” preferential pricing.
- There is skepticism regarding the City's budgeting for the golf course, particularly for overhead services and functions. The concern also is that budgeted golf course resources are diverted to other City programs.

V. Golf Course Maintenance

The City of Blythe is responsible for maintenance of the golf course. The approved 2008/2009 budget for the maintenance function, excluding the administrative superintendent (.5 position) and administrative support (.25 position), is based on the following staffing:

Position	Staffing
Maintenance Supervisor	1.00
Mechanic	1.00
Irrigation Technician	1.00
Landscape	<u>3.75</u>
Total	6.75

The approved maintenance budget is as follows:

	Annual Amount (\$000)	
	FY2007	FY2008
Payroll and Benefits	\$483	\$521
Services and Supplies	128	119
Utilities	55	48
Maintenance Equipment	<u>51</u>	<u>54</u>
Total	\$717	\$742

The annual maintenance budgets and maintenance staffing levels for the entry level and mid-market regulation length 18-hole courses located in the Colorado River Corridor are presented in Table V-1. The courses which are maintained by municipal employees are noted.

The staffing levels at Blythe Muni are at the low end of the range, while the annual budget is near the top end of the range. When water and utilities are excluded, the variance between Blythe Muni and other courses widens:

	Annual Budget (\$000)	
	Total	Excluding Utilities
<i>Municipal Maintained</i>		
Blythe Muni	\$742	\$694
Desert Hills	690	590
Emerald Canyon	760	720
Rivers Edge	535	500
<i>Private Maintained</i>		
Desert Lakes	\$525	\$410
Mesa del Sol	600	500

Table V-1 – Comparative Golf Course Maintenance Staffing and Budgets

	Blythe Muni*	Desert Hills Yuma*	Desert Lakes Bullhead City	Emerald Canyon Parker*	Mesa del Sol Yuma	River's Edge Needles*
Maintenance Budget (\$000)						
Payroll and Benefits	\$521	\$420	\$250	\$475	\$300	\$320
Services and Supplies	119	100	110	195	150	180
Water and Utilities	48	100	115	40	100	35
Maintenance Equipment Lease/Replacement	<u>54</u>	<u>70</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>---</u>
Reserve						
Total	\$742	\$690	\$525	\$760	\$600	\$535
Staffing (FTE)						
Superintendent/Supervisor	1.00	1.00	1.00	1.00	1.00	0.70
Mechanic	1.00	1.00	0.50	1.00	0.50	0.50
Landscape Crew	<u>4.75</u>	<u>6.00</u>	<u>4.00</u>	<u>9.00</u>	<u>5.00</u>	<u>5.00</u>
Total	6.75	8.00	5.50	11.00	6.50	6.20

*Municipal maintenance.

VI. Golf Market Overview

The following presents a review of market area characteristics and an overview of the regional golf market.

Market Area Characteristics

Blythe

Blythe Muni derives support from year-round residents, seasonal residents, and area visitors. The primary market area for the course is the City of Blythe with permanent resident population of about 14,000 (excludes institutionalized population).

The area is attractive to seasonal residents who generally arrive in late fall and depart in mid-March to mid-April. Although seasonal population numbers are not available, estimates are in the range of about 15,000. The majority of the seasonal residents stay at RV parks (mostly rental) while some rent various types of residential dwellings. The Mesa Bluffs residential area is characterized as follows:

Product	Units	Percent Year-Round
Mesa Bluffs – Mobile Homes	100	90%
Rancho Ventana RV	200	5%
Condominiums	40	90%
Single-Family	17	100%
Total/Average	357	43%

A substantial percentage (35%) of total golf rounds at Blythe Muni are generated by Mesa Bluffs residents.

Quartzsite

The town of Quartzsite, Arizona, is located about 20 miles directly east of Blythe at the junction of Interstate 10 and U.S. Highway 95. The town has a small permanent population of about 3,400. However, Quartzsite and the surrounding Bureau of Land Management area house an extraordinary number of seasonal residents. Again, although no official numbers are available, estimates by Town and Chamber of Commerce sources, based primarily on retail sales data, indicate that the seasonal population during four to five months peak season of the year total 200,000 to 300,000.

Visitors to Quartzsite tend to stay in recreational vehicle (RV) parks in Quartzsite and on Bureau of Land Management property. While warmer weather and recreational opportunities are part of the reason for the influx of winter residents, Quartzsite is also internationally renowned for its annual rock,

gem, and mineral shows, which attract between one and two million visitors annually, in addition to seasonal residents. Beginning in November and December, more than 2,000 vendors from all over the country come for the season to sell their products in nine major gem shows held between November and March. The largest event is the Quartzsite Pow Wow Gem and Mineral Show, which is currently in its 43rd year.

Quartzsite does not have a golf course. Residents and visitors have three options:

1. Blythe Muni – an 18-hole regulation length course 20 mile west in Blythe
2. Emerald Canyon – an 18-hole regulation length course in Parker 40 miles north
3. Sunset Links – an 18-hole executive length course in Salome 35 miles east

Secondary market areas for Blythe Muni include Parker (55 miles north), Lake Havasu (90 miles north), and Yuma (105 miles south). Due to the distance, these secondary markets offer limited support.

National Trends

Nationwide, golf play increased steadily between the mid-1980s and 2000. As shown below, during this period, the total number of annual rounds played nationally increased at an average rate of 2.4 percent per year. Golf balls sold, perhaps the best indicator of play, increased at a similar rate (2.5% per year). This unprecedented growth in golf play was due to a number of factors including an increase in the number of golfers, the increasing importance of golf-oriented real estate, expansion of the golf tourism industry, and one of the longest economic expansions in the nation's history.

**Indicators of National Golf Demand
1985-2008**

Year	Rounds (millions)	Number of Golfers (millions)	Participation Rate	Golf Ball Sales (millions of dozens)
1985	365	17.5	10.2	36.0
1990	400	27.8	13.5	42.0
1995	420	25.0	11.6	46.0
2000	518	26.7	11.7	52.2
2001	518	28.0	11.9	50.0
2002	502	29.5	12.2	46.7
2003	495	30.4	12.4	43.4
2004	499	n.a.	n.a.	n.a.
2005	489	28.0	11.2	43.6
2006	493	27.9	11.0	44.0 ¹
2007	490	27.5 ¹	11.0 ¹	43.5 ¹
2008	482	27.0 ¹	10.9 ¹	43.0 ¹

Average Annual Growth Rate				
Period	Rounds	Number of Golfers	Participation Rate	Golf Ball Sales
1985-1990	1.8%	9.7%	---	3.1%
1990-1995	1.0	(2.1)	---	1.8
1995-2000	3.6	1.3	---	2.6
2000-2002	(1.6)	5.1	---	(5.4)
2002-2008	(0.7)	(1.5)	---	(1.4)

¹ Estimated by ERA based on "soft goods" sales recorded by Data Tech.

Source: National Golf Foundation.

Between 2001 and 2004, however, golf play (demand) declined. The National Golf Foundation reports that over the 2001-2004 period, annual rounds declined by 7 percent. The golf participation rate (percentage of the population over age 12 playing golf at least once per year), after rising steadily through 1997, has generally plateaued or declined slightly, and average rounds played per golfer has fallen off. It appears that the golf market bottomed out in 2004, with modest gains posted between 2005 and 2007, before declining somewhat again in 2008 and the first part of 2009.

The increase in golf demand and the popularity of golf-related housing development during the 1990s stimulated extraordinary expansion of the national golf course inventory, primarily between 1995 and 2002, as summarized below:

Year	Number of Golf Courses ¹ – U.S.		
	Average Annual Courses Added	Total Golf Courses	Average Annual Percent Increase
1990	---	11,105.0	---
2002	305	14,772.0	2.96%
2006	120	14,968.0 ²	0.80
2007	113	14,960.0 ²	(0.10)
2008	90	14,930.0 ²	(0.20)

¹18-hole equivalents.

²Includes courses added, less courses closed.

Source: National Golf Foundation and Economics Research Associates.

Thus, over the full 1990-2008 period, the inventory of golf courses in the United States increased by 35 percent, while the U.S. population registered only a 16 percent gain, and golf demand (play) increased only 25 percent, over this same period. Since 2002, the number of new courses added to the inventory has declined sharply, and the rate at which courses have closed has accelerated. In 2006 through 2008, for example, the number of courses closed exceeded new course openings, which have been in the 90- to 120-course per year range, by 20 to 30 per year. Due in large part to the slowing expansion of new supply over the past three years, golf market conditions in most markets have stabilized, but not recovered substantially from the market trough of 2003-2004.

Colorado River Regional Market

Inventory

There are 11 regulation length public access facilities (12 golf courses) located in the Colorado River Corridor, of which three have opened within the past 10 years.

Golf Course – Location	No. of Holes	Year Opened	Distance from Blythe	Orientation
Blythe Muni – Blythe	18	1968	---	Lower-mid
Emerald Canyon – Parker	18	1989	30	Mid-market
London Bridge – Havasu City	36	1969	50	Mid-market
The Refuge – Lake Havasu	18	2003	52	Upper mid-market
Rivers Edge – Needles	18	1961	65	Lower-mid
Desert Hills – Yuma	18	1973	105	Lower-mid
Mesa del Sol – Yuma	18	1978	105	Mid-market
Desert Lakes – Bullhead	18	1989	75	Entry
Mojave Resort – Laughlin	18	1997	66	High-end
El Rio – Laughlin	18	2005	64	High-end
Laughlin Ranch – Laughlin	18	2004	75	High-end

Characteristics of public access regulation length golf courses located in the Colorado River Corridor extending from Yuma on the south to Lake Mojave (Laughlin/Bullhead City) on the north are presented in Table VI-1.

A number of observations are offered:

- Blythe Muni has limited direct competition as there are no are regulation length 18-hole courses within 40 miles. Emerald Canyon in Parker is the closest competitive course. The Lake Havasu, Needles, Bullhead City/Laughlin, and Yuma markets, while larger than Blythe, also have many more golf options. The 9-hole regulation length course at Lake Tamarak in Desert Center is not a competitive option for Blythe golfers.
- Generally, the golf inventory is split between entry and lower mid-market municipal courses (Blythe, Rivers Edge, Desert Lakes, Desert Hills) and higher end daily fee facilities. Emerald Canyon in Parker and Mesa del Sol in Yuma provide a higher quality golf experience at a moderate fee structure.
- Annual play has declined at all courses from peak levels recorded in 2000:

Course	Annual Rounds	
	2000	2008
Blythe Muni	37,000	30,000
Rivers Edge	40,000	34,000
Desert Lakes	37,000	30,000
Mesa del Sol	58,000	50,000
Desert Hills	65,000	55,000
Emerald Canyon	49,000	45,000
London Bridge (36 holes)	65,000	55,000
Mojave Resort	38,000	32,000
The Refuge	---	18,000
Laughlin Ranch	---	20,000
El Rio	---	16,000

- Play for FY2009 is down from FY2008, particularly at the higher fee courses. Play at Emerald Canyon, for example, will be down 10 percent, or over 4,000 rounds.
- Annual gross revenue for Blythe Muni and selected other competitive courses for FY2008 are shown in Table VI-2. Blythe Muni and Rivers Edge have a similar operating profile.
- Golf courses in the Colorado River Corridor, like other desert-oriented destination areas, is characterized by severe golf demand seasonality. Demand during the peak season is very strong with play during the January-April period supply-constrained. During the off-season, when the climate is not conducive to tourism or seasonal residency, demand is relatively weak and the numerous courses in the region compete vigorously for limited golf play.

Table VI-1 – Characteristics of Selected Golf Courses in the Region

Course Location	Blythe Muni Blythe	Desert Lakes Bullhead City	Mesa del Sol Yuma	Desert Hills Yuma	Rivers Edge Needles
Course Type	Municipal	Daily Fee	Daily Fee	Municipal	Municipal
Year Opened	1968	1989	1978	1973	1961
Architect	William Bell	Bob Baldock	Arnold Palmer	---	Rainville
Number of Holes	18	18	18	18	18
Length (back/middle tees)	6,866/6,447	6,589/6,267	6,707/6,299	6,490/6,147	6,506/6,189
Par	73	72	72	72	71
Rating	72.4/70.4	70.5/69.1	72.6	70.7/69.3	71.4/70.1
Slope	121/117	119/115	124	127/123	117/112
Annual Membership					
Number of Members	180	200	20	---	130
Annual Fee	\$1,200	\$1,300 + \$3/rd.	\$2,900	---	\$1,000/1,925 ^{1,2}
Greens Fees					
Peak Season					
Weekday	\$36	\$75	\$46	\$35	\$37/32 ³
Weekend	\$36	\$85	\$46	\$35	\$37/32 ³
Shoulder					
Weekday	\$36	\$60	\$35	\$25	\$32/26.25 ³
Weekend	\$36	\$65	\$35	\$25	\$32/26.25 ³
Off Season					
Weekday	\$15		\$21	\$14	\$15.50/12.25 ³
Weekend	\$15		\$21	\$14	\$15.50/12.25 ³
Cart Fee (per person)	\$12	Included	Included	\$13	\$13/person
Percent Using Carts	50%	100%	75%	60%	80%
Facilities					
Practice Range	Yes – 20 tees	Yes	Yes – 20 tees	Yes	Yes
Clubhouse (sq.ft.)	5,500	6,000			5,000
Annual Rounds	29,500	30,000	50,000	55,000	40,000

Table VI-1 (continued)

Course Location	The Refuge Lake Havasu City, AZ	London Bridge Lake Havasu City, AZ	Mojave Resort Laughlin, NV	Emerald Cyn. Parker, AZ	Laughlin Ranch Bullhead City, AZ	El Rio Mohave Valley, AZ
Course Type	Semiprivate	Daily Fee	Daily Fee	Municipal	Semiprivate	Semiprivate
Year Opened	11/2003	1969	1997	1989	2004	2005
Architect	Arnold Palmer	L. Hughes	Schmidt-Curley	Bill Phillips	Druzisky	Matt Dye
Number of Holes	18	36	18	18	18	18
Length (back/middle tees)	7,036/6,513	6,613/6,140 ⁴	6,939/6,435	6,657/5,898	7,155	7,115/6,609
Par	72	71/71 ⁴	72	72	72	72
Rating	72.7/70.1	70.8/68.9 ⁴	73.2/70.9	72.0/68.1	73.9	72.9/70.6
Slope	131/125	125/118 ⁴	126/122	131/120	132	123/117
Annual Membership						
Number of Members	50	---	---	---	n.a.	0
Annual Fee	\$5,000	---	---	---	\$3,800/6,500	\$2,100/3,900/6,500 ⁵
Greens Fees						
Peak Season						
Weekday	\$80/70 ⁶	\$75/65 ⁴	\$ 99/74 ⁷	\$55	\$125/95/75 ⁸	\$120/64
Weekend	\$80/70 ⁶	\$75/65 ⁴	\$109/74 ⁷	\$55	\$125/95/75 ⁸	\$120/64
Shoulder						
Weekday	\$60/50 ⁶	\$55/35	\$74-89/55-74 ⁷	\$38	\$80-100/55-75	\$90-100/49-59
Weekend	\$60/50 ⁶	\$55/35	\$84-99/55-74 ⁷	\$38	\$80-100/55-75	\$90-100/49-59
Off Season						
Weekday	\$40	\$45/25	\$54 ⁷	\$25/15	\$70/40	\$80/39 ⁹
Weekend	\$40	\$45/25	\$64 ⁷	\$35/18	\$70/40	\$80/49 ⁹
Cart Fee (per person)	Included	Included	Included	Included	Included	Included
Percent Using Carts	100%	90%	100%	100%	100%	100%
Facilities						
Practice Range	Yes	Yes	Yes	Yes	Yes	Yes
Clubhouse (sq.ft.)	14,000			2,000	35,000	14,000
Annual Rounds	18,000	56,000	32,000	45,000	20,000	16,000

¹Individual/family. ²Season discount pass also available -- \$500 + \$5/round played. ³Regular/senior. ⁴West/east. ⁵Individual/couple/family. ⁶Before/after 12:30 p.m.
⁷Average casino rate = \$15 discount. ⁸Regular/twilight/super twilight. ⁹Public/hotel and senior rate.

Table VI-2 – Annual Gross Revenue – Selected Regional Golf Courses (FY2008)

	Blythe Muni Blythe	Rivers Edge	Desert Lakes Bullhead City	Emerald Canyon Parker	Desert Hills Yuma
Annual Rounds	30,000	34,000	30,000	45,000	55,000
Gross Revenue					
Greens/Passes	\$431,900	\$575,000	} \$750,000 }	\$1,467,000	\$1,075,000
Carts	142,800	230,000	}		350,000
Range	14,200	18,000	20,000	25,000	55,000
Merchandise	79,200	80,000	75,000	96,000	220,000
Food and Beverage	---	---	---	182,000	545,000
Other	---	13,000	---	---	---
Total	\$768,100	\$916,000	\$845,000	\$1,770,000	\$2,245,000
Revenue per Round					
Greens	\$17.72	\$16.91	} \$25.50 }	\$32.60	\$19.55
Carts	4.76	6.76	}		6.36
Range	.47	.53	.67	.55	1.00
Merchandise	2.64	2.35	2.50	2.13	4.00
Food and Beverage	---	---	---	4.04	9.90
Other	---	.38	---	---	---
Total	\$25.59	\$26.94	\$28.16	\$39.33	\$40.81

- Significantly, during the winter peak season, golf capacity is limited by minimum daylight hours, while the greatest capacity exists during the summer period when demand is weakest. Consequently, greens fees are high during the peak season and very low during the off-season. Typically, 50 percent of annual play and 60 to 65 percent of revenue is generated during the peak four months of the year. This severe peaking characteristic results in a situation where the upside financial opportunity is limited since realistic target play levels typically are in the range of 40,000 to 45,000 rounds annually and, at the same time, there is a floor since a certain income level is nearly guaranteed because of the strong demand condition which exists during the peak season.
- At most of the courses surveyed in the region, between two-thirds and three-fourths of total play is attributed to seasonal residents and visitors, with the balance generated by local year-round residents.
- There is modest variation in weekday versus weekend play levels, particularly during the peak season of the year. Only a few courses charge higher fees on weekends and for those which do, the differential is very small.
- Numerous specials and other discounts have increased in importance in recent years. Increasingly, frequent player clubs and other loyalty programs have been offered which feature discounted greens fees, and many courses provide more services (e.g., include food and beverage) for the same greens fees.
- Most of the golf courses in the region offer an annual membership, monthly play cards, or other frequent play discounts, and many offer local resident discounts. Table VI-3 contains the fee structure for representative discount programs offered at many of the courses.
- Many of the golf courses offer internet tee times.
- In addition to more traditional discounts, there are numerous other programs structured to stimulate play in slow periods, such as weekday only play or non-peak season play. All golf courses in the region offer off-season discounts.

Future Golf Demand and Supply

Future mid-and long-term growth in regional golf demand will be influenced by permanent and seasonal residential population growth, visitor volumes, propensities and frequency of play, greens fees pricing structure, and the health of the economy. Depending on these variables and other factors, most models predict annualized growth between 1 and 2 percent over the mid- to long-term.

Table VI-3 – Representative Discount Greens Fees Programs

Course	Posted Greens Fees¹	Punch Card per 18-Hole Round		Annual Membership²	Monthly Seasonal³
		10-20 Play	25-50 Play		
Blythe Muni	\$36.00	\$27.50	\$19.00	\$13.76 (\$1,200/yr.)	---
Desert Hills	\$35.00	\$32.00	---	---	\$21.30 (\$320/yr.)
Rivers Edge	\$37.00	\$27.75 ⁴	---	\$13.45 (\$1,170/yr.)	\$15.92 (\$535/yr. + \$6/rd.)
Emerald Canyon	\$55.00	\$39.75	---	---	---
Desert Lakes	\$60.00	\$46.67 ⁵	---	\$14.93 (\$1,300/yr.)	---
Mesa del Sol	\$46.00	\$43.30	\$36.80 ⁶	\$33.33 (\$2,900/yr.) ⁷	\$14.50 (\$870/yr.)

¹Excluding cart.²Based on 87 rounds per year.³Based on 15 rounds per month, or 60 rounds per year.⁴Requires \$60 annual fee.⁵Rewards program.⁶Requires \$106 annual fee.⁷Includes cart.

In terms of future golf course supply, it is unlikely that any additional courses in the Colorado River Corridor will be developed in the foreseeable term, and highly unlikely that there will be any new courses in the Blythe region. There are two long-range developments with a golf course component. The 12,000-acre Laughlin Ranch is proposed to have a total of four golf courses. Pravada, by Rhodes Homes, is a new master-planned community situated on nearly 6,000 acres in northwest Arizona's Golden Valley, near Kingman. Mass grading has begun on the community and golf course, but was halted in April 2007 while water rights proceedings are continuing. The timing of the Pravada and future Laughlin Ranch golf course development are not known and are considered somewhat speculative at this time.

Over the years, there have been proposals to add a golf course in the Quartzsite area. While land may be made available, there is no funding for development of a golf course, and it is not likely that any project will move forward.

VII. Market Opportunities/Revenue Enhancement

In order for Blythe Muni to remain viable and operate at or above-breakeven, additional revenue will be required (discussed further in Section IX). While there may be several ways to marginally increase revenue (like advertising, trail fee modifications), the only significant source of revenue increase is greens fees/annual passes. There are two basic means of generating additional greens fees revenue – (1) increased play; and (2) higher greens fees per round from existing players).

Increased Play

The first method is more readily achievable as there is excess capacity at the course even during the peak season, and there appear to be strong market opportunities available, coupled with the fact that there is no direct golf competitors serving this market.

Most of the play at Blythe Muni derives from local seasonal residents and year-round (typically seniors) residents. Reportedly, very little play derives from outside the local Blythe area. The Town of Quartzsite, located 20 miles east of Blythe, has an extraordinary seasonal resident population and visitor volume. While there are no official numbers, the peak seasonal population (January-March) in and around Quartzsite total appears to be in the range of at least 200,000, with much lower volume before January and April-May.

Quartzsite golfers have limited golf options – Sunset Links in Salome (basic 18-hole executive course); Emerald Canyon in Parker (18-hole regulation length – too difficult for many golfers); and Blythe Muni. The Quartzsite market has not been promoted or cultivated to any meaningful degree. Interviews with Chamber of Commerce and town representatives confirmed the need for a golf product to service the Quartzsite area. There has been a series of efforts over the years to develop a golf course in Quartzsite, but with no success. The Chamber, in particular, is very interested in developing opportunities to promote golf, and expressed interest in coordinating efforts to promote Blythe Muni.

With some effort, capturing 5,000 to 6,000 rounds from Quartzsite (30-40 rounds per day) during the shoulder/peak season is readily attainable. There is sufficient capacity at Blythe Muni to accommodate this level of play without significantly displacing existing golfers.

In addition to broadening the market, Blythe Muni also needs to recapture some of the locally generated play which occurs on courses in Parker, Yuma, Indio, and other more distant markets. This will require improving the golf experience at Blythe Muni, much of which is related to

substantially upgrading the golf course condition. Similarly, penetrating the Quartzsite market will require marked improvement in the golf product at Blythe Muni.

Increased Revenue per Round

There is little question that the local golf market is extremely price-sensitive. Affordable golf is a key factor in attracting seasonal residents and visitors to Blythe, and the permanent resident population demographics influence pricing levels. Thus, any increases in fees must be carefully considered, and improving the golf course condition is a pre-condition for any fee modifications.

The current posted greens fee structure (\$36 peak season 18-hole rate) is at a market level, or perhaps above the market given the current condition of the golf course. Thus, it is not possible to increase revenue through an increase in the daily fee rate structure.

As noted earlier, there is severe seasonality in the Blythe regional market, and the peak months have limited daylight hours. Assuming that demand will increase for limited tee times through improved course conditions and targeted promotion, it may be necessary and appropriate to place restrictions on tee sheet access for discount golf during the peak season.

Some guidelines and/or modifications to the fee structure which should be considered include:

- Increase the frequent play (punch card) fee to yield a discount off posted greens fees to about 35 percent. Thus, for a 20 18-hole round play card, a fee of about \$470 would be reasonable (\$23.50 per round versus \$36). Alternatively, a \$200 annual fee, with a 50 percent discount off the regular daily fee rate could be offered.
- Reduce the annual pass from the current \$1,200 fee to \$500, and charge \$10 per round during the peak season (no charge during the off-season).
- Offer a modest discount for couples purchasing annual memberships.
- Create an affordable annual pass program which restricts use to certain times of the day during the peak season.
- Introduce twilight and super twilight rates as appropriate.
- Offer promotions by adding services (range use, food and beverage, cart, other) within existing posed rate structure at selected slow times.

These measures are intended to add about \$3 per round, on average, to greens fees/annual pass play for existing play, raising the average from \$17.72 currently to \$20 to \$21 per round. For daily fee players, the average greens fees would increase from about \$21.50 to \$24-\$25 per round.

VIII. Capital Improvements

Blythe Muni golf course conditions have steadily deteriorated over the past ten years, the result of several factors including reductions in maintenance resources (personnel and services/supplies), poor groundwater quality on the mesa holes, and deferred capital reinvestment.

In the short-term, increasing maintenance resources is the most cost-effective means of improving course conditions. The quality of irrigation water apparently can be addressed by drawing water from the agricultural irrigation canals on the valley floor. This would require a distribution system and pumping capability to transport the water to the golf course holding reservoir on the mesa.

Over the near- to mid-term, the golf course will need capital reinvestment in order to improve the golf experience and maintain the viability of the operation. Although a thorough capital improvement analysis has not been conducted, the following presents a general scale of the cost of needed improvements:

Component	Estimated Cost (\$000)
Irrigation System	\$1,500
Cart Path Completion	150
Tees	50
Greens	---
Lakes	50
Bunkers	90
Range	50
Clubhouse	25
Total	\$2,015

In addition, construction of improvements to allow irrigation water drawn from irrigation canals on the valley floor to be pumped to the mesa are estimated at \$150,000. As well, an upgrade of maintenance equipment is required. An allowance of \$150,000 to \$250,000 would be required.

Including the valley floor-to-mesa irrigation infrastructure, the magnitude of capital needs totals about \$2.2 million. Amortization of all of the needs would require about \$200,000 annually, beyond the financial capability of the golf course. The irrigation system accounts for 70 percent of the cost and despite the importance of the systems, full replacement necessarily will be deferred. Other improvements, however, should be scheduled, with priority given to maintenance equipment upgrades and the agriculture canal irrigation water distribution system, as these will directly benefit golf course maintenance conditions.

IX. Financial Projections

The City of Blythe has a number of objectives relative to its golf complex including providing a quality golf course experience at a relatively affordable fee, and achieving a self-sustaining golf operation from a financial perspective. A self-sustaining operation is defined as one where revenues are sufficient to fund operating expenses and a reasonable level of ongoing capital improvement replacement requirements.

Operating Budget

The annual budget for an improved, viable golf operation at Blythe is estimated as follows:

Expense	Current FY2009 Budget (\$000)	Required Annual Amount (\$000)	
		City Maintenance	Private Contract Maintenance
Course Maintenance	\$ 742	\$ 750	\$ 550
Golf Operations	150*	150*	150
Clubhouse Undistributed	15	25	25
General and Administrative	110	125	125
City Overhead	89	75	75
Cap. Improvement Replacement Reserve	<u>52</u>	<u>75</u>	<u>75</u>
Total	\$1,158	\$1,200	\$1,000

*Estimated concessionaire expense – not included in City budget.

The current FY2009 City budget for the golf course is \$1,024,000. For comparison analysis purposes, the professional fee (\$15,000) is deducted and an estimate of golf services (\$150,000) added to arrive at the \$1,158,000 current budget. As noted earlier, some reductions in FY2009 expenditures have been implemented, which are not reflected in the current budget estimate. Moreover, the budget does not include cost of sales related to merchandise.

The required budget is shown both with City maintenance and private contract maintenance. The level of maintenance resources (staffing and services/supplies) is considered comparable under the two alternatives.

Current gross revenue, less cost of sales on merchandise, totals about \$725,000 annually. Thus, with current revenues, nearly \$500,000 in additional revenue is required under the City maintenance option and \$300,000 under private contract maintenance to achieve breakeven on operations, including a modest \$75,000 annual capital improvement replacement reserve.

Privatization of the maintenance function would reduce costs from current budget levels while maintaining budgeted staff levels, allowing equipment upgrades and increasing maintenance resources.

Projected Revenue

Significant additional revenues (increased fees or greater play levels) cannot be expected without improving the golf course condition and golfer experience.

Increasing play by 5,000 to 7,000 rounds per year through promotion of the Quartzsite market appears achievable. Not only would support from this market add play, it would help firm the greens fees structure during the peak and shoulder seasons. The added play would contribute \$150,000 to \$200,000 in additional gross revenue annually.

	Increased Revenue (6,000 rds.)
Greens Fees (@ \$25 average)	\$150,000
Cart Fees (50% utilization; \$12 fee)	36,000
Range (@ \$.50)	3,000
Merchandise/Other – Net (@ \$.60)	<u>3,600</u>
Total	<u>\$192,600</u>

Projected Revenue

Target annual revenue for the golf course, expressed in constant 2009 dollars, is based on the following factors and assumptions:

	Rounds	
	Current	Target
Annual Play		
Daily Fee	15,260	21,000
Annual Pass		
Peak Season	2,600	13,000
Off Season	2,150	2,000
Subtotal	14,750	15,000
Total	30,000	36,000
	Current	Target
Greens Fees		
Daily Fee (21,000 rds. @ \$25)	\$329,000	\$525,000
Annual Pass (13,000 peak rds. @ \$10)	---	130,000
Total	\$329,000	\$655,000
Annual Passes		
Current (170 members @ \$1,200)	\$203,000	
Target (200 members @ \$500)	100,000	
	Current	Target
Cart Fees		
Trail Fees	\$ 24,000	\$ 24,000
Cart Fees (36,000 rds. @ \$4.35)	118,800	156,000
Total	\$142,800	\$180,000
Other Revenue (target)		
Range – 36,000 rds. @ \$.45	\$16,200	
Merchandise (36,000 rds. @ \$2.50)	\$90,000	
Food and Beverage – Rent – NNN	\$ 1,800	

Assuming contract maintenance, the operating budget (including golf operations currently provided by the concessionaire) is based on the following factors and estimates:

	Annual Amount (\$000)
Course Maintenance	
Payroll and Benefits	\$ 300
Services and Supplies	150
Utilities	50
Equipment Replacement Reserve	50
Subtotal	\$ 550
Golf Operations	
Payroll and Benefits	\$ 90
Cart Lease/Reserve	30
Cart Maintenance/Operations	20
Range/Other Supplies	10
Subtotal	\$ 150
Clubhouse Undistributed	\$ 25
General and Administrative	
Course Manager	\$ 75
Services and Supplies	50
Subtotal	\$ 125
City Overhead	\$ 75
Capital Improvements Replacement Reserve	75
Total	\$1,000

Projected Net Income

With added revenues, as discussed above, and assuming private contract maintenance, annual operating income is estimated below. The current and target net operating income are estimated under a management agreement operating structure whereby all revenues and expenses accrue to the City, as well as under the current hybrid operating structure.

	Annual Amount (\$000)			
	Management Agreement		Current Operating Structure	
	Current	Target	Current	Target
Annual Rounds	30,000	36,000	30,000	36,000
Gross Revenue				
Greens Fees – Daily	\$ 329	\$ 525	\$ 329	\$ 525
Greens Fees – Members	---	130	---	130
Annual Passes	203	100	203	100
Cart Fees/Trail Fees	143	180	24	31
Range	14	16	2	2
Merchandise	79	90	8	8
Food and Beverage – Net/Other	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	\$ 770	\$1,043	\$ 568	\$ 798
Cost of Sales	<u>59</u>	<u>68</u>	<u>---</u>	<u>---</u>
Gross Operating Profit	\$ 711	\$ 975	\$ 568	\$ 798
Less: Operating Expenses	<u>1,158</u>	<u>1,000</u>	<u>1,024</u>	<u>850</u>
Net Operating Income	(\$ 431)	(\$ 25)	(\$ 456)	(\$ 52)

It is not clear that an increase in play from 30,000 to 36,000 rounds is achievable under the current operating structure.

X. Golf Course Operating Options

Introduction

The following section presents a description and information regarding various forms of golf course management and operations available to public agencies. There are three basic, and numerous permutations, of these operating models:

- Self-operation
- Facility lease
- Management agreement

The current agreement is a common hybrid where the City manages and maintains the course, with a concessionaire for golf operations and a third party food and beverage lease.

There are advantages and disadvantages of each operating option. Self-operation is not a viable option given the City's stated objectives and fiscal condition.

Golf Facility Leases

Under this option, the golf course is leased to a private golf course operator who provides course maintenance, golf operations, and overall facility management services. The food and beverage operation may be included under the golf course facility lease or provided under a separate lease to a dedicated food and beverage operator. The operator's lease payments typically are based on a minimum rental payment versus a percentage of golf and food and beverage departmental gross revenue. The term of the lease is negotiable, although the length generally is related to operator capital improvement levels and rental payment terms. The length of the term generally ranges from 15 to 30 years, or more. Under a typical facility lease, the lessee receives 100 percent of the revenue and is obligated to fund required front-end capital improvements, operating expenses, a reserve for ongoing capital improvements, and lease payments to the public agency. As such, the financial risk is largely borne by the lessee. There are numerous golf courses in California owned by public agencies and leased to private operators.

In strong metropolitan markets, leases calling for \$1 to \$2 million in capital investment, and lease payments equal to 25 to 30 percent of golf (greens, carts, and range) revenue, 5 percent of merchandise, and 8 percent of food and beverage sales are expected. A reasonable rule-of-thumb for facility leases is that lessee payments are structured such that about two-thirds of net operating income is paid to the lessor (City) and one-third retained by the lessee.

However, in the case of Blythe, where breakeven operation is a challenge, a lessee would not be expected to fund any lease payments, and an operating subsidy may be required to attract a qualified lessee. A lease would be structured providing for some rent to be paid if predetermined upside performance levels are achieved.

Golf Management Agreements

This option relates to a fee-for-service agreement with a Director of Golf, General Manager or an outside management company. Golf and food and beverage functions may be combined or separated, but the structure is the same. All functions would be under the authority of the contract golf director, General Manager or management firm. Under a typical management agreement, the facility owner (City) receives all revenues and is responsible for funding all capital improvements, operating expenses, and reserves for ongoing capital reinvestment. The owner (City) pays the operator a fee for management of the facility. Compensation typically consists of a base fee, plus performance incentives. While there are many ways of structuring incentive agreements, it is generally more effective to key them off gross revenue above established threshold levels (not net operating income), with incentive payments equaling anywhere from 25 to 100 percent of the base fee.

Under a traditional management agreement, all of the on-site expenses, including all staffing, are funded through the golf course budget. In addition, a management fee is paid for off-site services which typically include the following:

- Personnel/Human Resources
- Training
- Payroll and Benefit Administration
- Management Reporting and Accounting Systems
- Internal Audits
- Budgeting Support
- Marketing Support
- Agronomical Support

Depending on the scope of the services provided and scale of operation, management fees generally range from about \$75,000 to over \$200,000 per year, often in the \$120,000 to \$150,000 range. The annual fee generally represents about 4 percent of gross revenue, but may be a much higher percentage for low revenue courses.

The Blythe Muni operation is not large enough to justify an outside professional management company. However, the basic concept of a single manager (most likely one individual) responsible for all of the operations at the golf course still applies. In effect, the manager would be an agent for

the City. All functions at the golf course – maintenance, golf operations, food and beverage, and overall general administration – would be the responsibility of the manager, who would report directly to the City.

Hybrid Agreements

There are numerous combinations or permutations of the facility lease and management agreement options, and often such hybrids involve City-provided golf course maintenance. The most common hybrid is retention of a golf operations concessionaire, with City maintenance, which is the current operating structure at Blythe Muni. Under these agreements, the maintenance is typically provided by City Parks and Recreation staff, and golf operations – pro shop merchandise, cart rentals, driving range, instruction – are provided by the concessionaire. Food and beverage operations may be provided by the golf operations concessionaire, but more often are the responsibility of a separate concessionaire. The responsibilities of the concessionaire and the structure of the golf operations concession agreement vary considerably. In most cases, the concessionaire is responsible for the tee time reservation system, greens fees collections, and starting functions, as well as the carts, merchandise, driving range, and lessons.

Concessionaires normally pay rent to the City based on a percentage of gross revenue (percentage varies by revenue category). Sometimes, the rent categories are adjusted downward to reflect the concessionaire responsibility for reservation, greens fees collections, and starting, but in other cases a separate fee is paid to the concessionaire by the City for these services. In these cases, the City receives rent from the concessionaire, and also pays the concessionaire a fee for services. Again, this form is currently in place at Blythe Muni.

Operating Options Strengths and Weaknesses

The strengths and weaknesses of the basic options are outlined in Table X-1 along with a hybrid structure (assumes pro shop operations concession with private contract maintenance). Each option offers advantages and disadvantages relative to economic performance, city control, maintenance and influence on policy-making, more responsiveness of the operator, and efficiencies relating to one operating quality, required city involvement, and other factors.

The turnkey facility lease often yields a reasonable financial return to the city and requires the least city involvement, but maintenance and golf operations service levels may be below those desired by the City. As well, the city typically relinquishes at least some control over golf practices and policies, much of which may be due to contract “gray” areas. A major advantage of the turnkey operation is

Table X-1 – Strengths and Weaknesses of Golf Course Operating Options

Facility Lease	Management Agreement	Hybrid Agreement ^{1/}
STRENGTHS		
<ul style="list-style-type: none"> Provides strong financial return to city. Minimizes financial risk. Minimizes political influence with less direct involvement of City with setting fees, policies, and practices. Offers potential benefits in golf management expertise and specialized maintenance support services. May provide private capital investment in facilities. 	<ul style="list-style-type: none"> Provides strong financial return to city. Provides high level of city control. Greater potential quality assurance. Opportunity to provide shorter term contracts. Potentially more compatible with multiple operator options. 	<ul style="list-style-type: none"> Provides opportunity to retain specialists in golf operations, food and beverage, and maintenance operations. Depending on structure of agreements, may provide: <ul style="list-style-type: none"> Strong financial return to City. Reasonable level of City control over rates, policies, and practices. Downside financial risk protection.
WEAKNESSES		
<ul style="list-style-type: none"> Minimum operational and quality control. May involve long-term commitment. Minimizes financial upside. 	<ul style="list-style-type: none"> Requires more city involvement than facility lease option. Minimizes private capital investment in facilities. Entails greatest level of city financial risk. 	<ul style="list-style-type: none"> Increases likelihood of conflicts among concessionaires. Reduces opportunity to attract private capital due to reduced lessee control. Increases City monitoring requirements.

^{1/} Example: Golf pro shop concessionaire with private contract maintenance.

Source: Economics Research Associates.

that normally substantial capital funds can be attracted from the private sector for course improvements, with the amount directly related to the length of the lease term. In the case of Blythe, however, the operating economics are not sufficient to secure private capital or pay rent, and may require an operating subsidy from the City.

A fee-for-service management agreement offers many advantages such as maintaining greater authority managing the facility. Since the city would receive all revenues and expenses under this option, the financial return to the city may exceed that of a turnkey facility lease, but carries with it additional financial exposure. At present, service contracts are more prevalent in the private sector (management of daily fee golf courses). However, there is an emerging trend toward this option primarily as a result of cities seeking to maintain greater control without giving up the benefits of private sector management and operation. The scale of Blythe Muni operations most likely precludes retention of a professional golf management firm. An individual director of golf would be more suitable.

Most of the hybrid models have evolved over time rather than as the result of targeting a specific structure. Many cities preferred to retain the maintenance function within their parks and recreation department, but desired the specialization of golf professionals in operations. Often these agreements were modified to better incentivize the concessionaire or for the City to gain more control. Hybrid models offer some advantages – primarily the ability to contract with specialists in each segment of the operation (i.e., maintenance, golf operations, food and beverage). However, the disadvantages of such agreements are numerous. Under the hybrid model, it is difficult to attract private capital, City control of operations is reduced, the potential for conflicts between concessionaires is increased, and required City monitoring efforts are increased. As well, in the case of Blythe Muni, the City would need to play a greater management role than presently occurring.