

# Operations Review and Business Plan for the Rolling Hills Golf Course in Bremerton, WA



Prepared For:

**Kitsap County Parks & Recreation Department**  
**Rolling Hills Golf Course**  
614 Division Street  
Port Orchard, WA 98366

Prepared By:

**NGF** CONSULTING  
NATIONAL GOLF FOUNDATION

501 N. Highway A1a  
Jupiter, FL 33477  
(561) 744-6006

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# General Limiting Conditions

This report is based on information collected from direct NGF research completed for Kitsap County Parks (“County”) in 2024. 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”) 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 Kitsap County Parks or Rolling Hills Golf Course, LLC.

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 Rolling Hills GC. 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 Kitsap County, Washington (“Kitsap County Parks” or “County”) to review the operation and facility condition of the County’s Rolling Hills Golf Course (“Rolling Hills GC” or “RHGC”). The County required a strategic review of the golf facility considering its ongoing lease operating structure and the possible retirement of the primary leaseholder and a potential termination of the existing lease in 2027. Rolling Hills is presently operated under an older lease with an independent lessee who has been responsible for the maintenance and operation of the facility for many years. In our review of this situation, the NGF found the basic terms of the original lease to be outdated, especially as it relates to the condition of the property and its ongoing maintenance and capital investment. We also have observed that the current operator’s generally simplistic approach to facility management seems to be hindering the facility’s ability to make the best use of financial resources at a time when accumulated deferred maintenance and aging infrastructure requires greater attention.

Rolling Hills GC is an appealing golf facility that consists of a potentially very nice 18-hole regulation-length golf course, driving range and older two-story clubhouse that presents both condition and logistical challenges. The golf property dates to its original construction in 1972, and much of the original infrastructure is still in place and well past its expected useful life. The County is now considering the longer-term future of the facility to meet community expectations and improve economic performance, thus addressing aging infrastructure and other property challenges will become a County priority. The lease may terminate in 2027, providing an opportunity for Kitsap County to develop a different operating structure and package of amenities at RHGC and make new investments to bring this popular golf course closer in line to the most immediate public golf competition in this part of the Kitsap / west Puget Sound region.

Rolling Hills GC and Putters Grill combined to produce total top-line revenue of about \$2.05 million in 2022 and 2023, an amount that reflects dramatic growth due largely to the impact of Covid-19 (revenue was \$1.6 million in 2019). On average, RHGC is generating \$74.12 in golf facility revenue per round (excludes gambling sales), which is much higher than the \$43.90 total U.S. average revenue per round standard (2022). We note that RHGC revenue includes a significant boost from Putters Grill, which generated over \$971,000 in revenue in 2022, much of which was derived from non-golf patrons. With operating expenses totaling more than \$2.1 million, it appears that RHGC is operating very close to “break-even,” which can be misleading in that very little is re-invested in the property. As a best business practice, it is customary for operational profit to be retained at the golf facility and utilized as a “reserve” to help improve the property and remain competitive.

In our review of Rolling Hills GC, the NGF found a good-quality public golf course that appeared to be well-managed, but with condition and infrastructure issues that will have to be addressed soon. We observed that this golf facility is limited when compared to competing public courses in this local market due to its limited clubhouse space, shorter golf course and aging infrastructure. Going forward, the key issue for the County in the RHGC operation is how to transition the facility and maximize new investment in the property to enhance amenities and expand the property’s market reach, but which is unlikely to be undertaken given the current operational structure.

## SUMMARY OF ROLLING HILLS GOLF COURSE

Rolling Hills GC is an important public golf facility in a true suburban setting with nice features and appealing playability, but with facilities that would benefit greatly from upgrades and modernization. The recent lack of growth in golf activity and revenue, combined with the lease structure in place, has led to a modest maintenance budget / standard and a decline in new capital investment that has resulted in less-than-ideal conditions in 2024. While other golf courses in the area have experienced a recent surge in activity and revenue, RHGC has not seen this improvement, which has deprived the facility of new investment to address physical shortcomings as described in this report. A summary of NGF key findings on the RHGC facility and operation include:

- Rolling Hills GC has a convenient location in the heart of an active growth corridor in Kitsap County between Bremerton and Silverdale, immediately proximate to State Highways 303 and 3, providing easy access from a wide geographic area. As this facility will benefit greatly from non-local visitors, the course location is an advantage for attracting non-local patrons.
- Rolling Hills includes a single 18-hole golf course on only 105 acres of property (120 acres is standard for an 18-hole course). As a result, the facility offers a golf course that is shorter in length to play, and the site has capacity limitations that are not likely to be overcome. The clubhouse is an older two-story structure with a mix of add-ons all completed before 1980. The building's organization and use of space are not ideal, and the building's age has added other system and aesthetic deficiencies. This building has the potential to provide a proper support function for a modern public golf course, but this will require considerable investment to improve and modernize the building to match a 21<sup>st</sup> century golf facility support program.
- The golf course playing area at Rolling Hills GC appeared to be in good condition with only a few areas of concern. The course has aging infrastructure and several basic challenges, but these are not uncommon for a golf course from this era. The key areas of the golf course that need attention include the irrigation system, greens, tees, and management of large trees. For the clubhouse, the County will have to address several key system deficiencies that were identified in the County's building inspection report (July 2024), which include building integrity, failing systems, safety issues and ADA compliance issues. In addition, the County should address space allocation and configuration of the clubhouse to take better advantage of the space that is available. In all, the County may find that modifying and repairing this clubhouse will be cost-prohibitive, and that a full building replacement may be a more efficient way of achieving the desired improvement and modernization.
- In all, the NGF identified some \$6.2 to \$7.7 million in capital projects for high priority items such as new irrigation, clubhouse enhancement, greens renovation, tee enhancement, tree maintenance and other upgrades. Much of this investment is tied to two main projects – new irrigation and building improvements – which total between \$4.7 to \$5.8 million of the estimated total. In addition to capital investment, NGF identified upgrades to the day-to-day maintenance of the property, mostly related to expansion of staff dedicated to property maintenance. The capital investments and ongoing maintenance improvements recommended by NGF assume that the business plan going forward involves a high-quality golf facility that is a match of value to the price being charged.

- RHGC is operated and maintained by a modest staff with a higher reliance of part-time / seasonal employees than is standard in public golf. The primary leaseholder is acting as the property supervisor and head golf professional, managing both the business and golf operational aspects of the facility. The result is a heavy reliance on a small staff to stay ahead of maintenance challenges on a property with inherent deficiencies as noted, often resulting in key maintenance and service tasks going uncompleted.
- Playing fees for golf and concessions are appropriate at RHGC, and clearly place the facility in the middle range for public golf in this market. The data suggests that RHGC may be too aggressive in discounting, as the actual realized green fee revenue per round was \$32.96 in 2023, or 50% of the peak green + cart fee (\$65.00). 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 **RHGC is having to engage in discounting to attract its volume of rounds activity** in 2023.
- Total rounds activity at RHGC was between 21,000 and 25,000 rounds between 2019 and 2023, well below the highs of 35-40,000 rounds RHGC generated in the late 1990s and early 2000s and well below other local market competitors. Many golf facilities nationwide and in the greater Seattle-Tacoma region have experienced a surge in rounds activity in the aftermath of the Covid pandemic and the increased popularity of golf. However, this increase in rounds has not occurred at RHGC suggesting that something specific about this property is lagging in its overall appeal.
- The lessee at Rolling Hills GC is able to operate at close to “break-even” when covering all on-site operating requirements in 2023. We noted how this status can be deceiving as the property is not getting the full maintenance attention it needs to be at its best, but we also note that the expenses include a \$100,000 lease payment to the County (plus state tax). It seems that the money going to cover the lease is taking funds away from course maintenance and this is reflected in course conditions. The performance does show that with growth in golf activity and a more traditional operating structure, there is likely enough revenue to cover the appropriate maintenance requirements, but probably not enough to cover the large-scale capital investment that is needed at this property.

## EXTERNAL ENVIRONMENT

The NGF market analysis shows that while golf is not a major part of the defining character of the Kitsap County market, the Bremerton area has a demographic profile consistent with strong golf demand and additional factors that enhance golf activity like pockets of higher income residents and easy access to nearby roadways. Our research shows that the demand estimate is supported by strong activity at area golf courses, which is sustained even when outside forces like poor weather or a bad economy are factored. As such, the NGF has a reasonable expectation that while the market will provide support for the continued operation of Rolling Hills GC, such strong support is not guaranteed, and the property will require improvement. Other key findings from NGF’s analysis of the Rolling Hills GC market include:

- From a macro standpoint, the fears of golf as a “dying sport” in 2019 have not emerged, and demand for golf has strengthened greatly during and since the Covid pandemic (2020-2024). However, golf is changing, and the demand preferences documented by NGF show a younger demographic seeking new ways to consume golf that are less time consuming, and shorter-length golf courses like Rolling Hills have the potential to grow in popularity, provided the facility quality is good and all associated amenities are modern and in good working condition.

- The local Kitsap County market is large enough to support several golf facilities and the area includes several key institutional, residential and commercial elements that draws workers, consumers and travelers to the region, ultimately helping to support golf facility operations. Naval Base Kitsap is a complex naval installation with multiple missions and locations in Kitsap County and is the most important economic driver of the area, employing some 30,000+ personnel. Rolling Hills is the most convenient and affordable public golf course in the Bremerton area, giving it a strong position to capture some of this navy base golf market.
- Kitsap County has experienced significant growth in population over the last 30+ years, with much of this growth occurring in the defined “Urban Growth Area” between Bremerton and Silverdale and including RHGC. The County’s Comprehensive Plan expects this population to grow by another 71,000+ by 2044. The implication for the continued operation of Rolling Hills GC is that the facility will have an increasing number of golfers residing in proximity in the years and decades to come, potentially leading to increased golf activity, provided property amenities and conditions are maintained properly.
- The overall balance between golf demand and supply is slightly lower than the NGF threshold for economic success, as RHGC has about 2,910 golfers per 18 holes within 10 miles compared to the 4,000 NGF standard. As a result, it is expected that the local golf market will remain competitive for the foreseeable future. Any improvement in economic performance at area golf courses is going to have to come from a wider reach of customers attracted to golf properties with enhanced facilities and a broader array of golf practice facilities and clubhouse options to “stand out from the crowd.”
- The most important local competition for Rolling Hills GC includes other public golf facilities at higher and lower prices, but mostly with superior facilities and modern golf features. Given RHGC’s location, it appears to NGF that RHGC will have to offer a higher level of quality to improve rounds activity to a level closer to its immediate competition, all of which host a higher volume of rounds activity than RHGC. Data collected by NGF for this review shows that RHGC has a more localized market with lower-income patrons compared to the other public golf facilities in this area. Better conditioned golf facilities like Gold Mountain, McCormick Woods, Trophy Lake and White Horse are drawing higher-income golfers from a much wider geographic area who have demonstrated a willingness to spend more for a round of golf.
- It appears to NGF that RHGC, with enhancements, would be well positioned in comparison to its most immediate competition, and ultimately support stronger activity, even at a higher rate for golf playing fees.
- Finally, all golf facilities face a couple of other factors beyond their control that will impact performance. This includes the high fixed expense structure that is growing more rapidly than revenues, unexpected challenges like weather and the economy, and the challenge of attracting younger, less traditional segments to the facility.

## NGF RECOMMENDATIONS

As part of our review for Kitsap County Parks, the NGF team prepared a schedule of specific recommendations to be considered for the continued operation of Rolling Hills GC. These recommendations have been organized into: (1) basic oversight and structure; (2) physical enhancements; and (3) other operational insights.

### Basic Oversight, Structure and Staffing

Rolling Hills GC is presently operated via lease with potential completion as soon as 2027 (or possibly 2032) that NGF has documented is not favorable for the continued health of the golf course property. As the County moves closer to potential end of the current lease, there are several other operational structures that the County should consider. To help improve the understanding among County officials, NGF provided a summary of several alternatives that Kitsap County Parks can consider for golf operations, including some form of self-operation, concession agreements, a management contract and a possible new lease with modern terms that include large-scale deferred maintenance correction and capital enhancement.

**The NGF team recommends that Kitsap County Parks take control of Rolling Hills GC at the end of the lease in 2027 (or sooner if possible) and directly run the facility through a defined fee-for-service management agreement.** The County should seek to hire a professional golf management company on a short-term (5 years) management agreement that will include golf operations, maintenance, and F&B services. Under this structure the County will be retaining professional golf operations services that should lead to success and generation of strong rounds and revenue performance.

### Specific Physical Recommendations

The NGF recommendations for enhancing the physical plant of Rolling Hills GC consider specific improvements that need to be made to address aging infrastructure and declining conditions, especially as it relates to the RHGC clubhouse. Changes to the property can also include potential new investments to enhance the overall facility offering and help improve revenue. The NGF vision for the future of Rolling Hills GC considers the most ideal physical condition of the facility so as to maximize the potential economic performance.

### Completion of Capital Investment Considerations

The specific capital projects identified by the NGF team were documented previously in this report, and are summarized by necessity and investment in the table below:

<b>Rolling Hills Golf Course Summary of Capital Upgrades by Type</b>			
	<b>Items</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Highest Priority Items	Irrigation, clubhouse enhancement, new greens, tee improvements, tree trimming and thinning	\$5,170,000	\$6,300,000
Lower Priority Investments	Bunkers, patio, maintenance facility upgrade, new equipment	1,010,000	1,421,000
<b>Grand Total of Capital Projects</b>		<b>\$6,180,000</b>	<b>\$7,721,000</b>

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 Kitsap County Parks, and the County should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; Ac = Acre

## Basic Operational Recommendations

In addition to the management and improvement recommendations, NGF offers other ideas to help the County improve the bottom-line performance of the golf course in the body of this report. The most significant of these relate to the adoption of best maintenance practices and the enhancement of marketing using modern technologies (website, email, social media, etc.). Other operating recommendations include enhancing customer service and maintaining a strong and modern F&B service profile. It is hoped that review of these recommendations can provide the County with a basic framework for the continued operation of its golf facility.

## FINANCIAL ANALYSIS

NGF has assisted Kitsap County Parks in preparing an analysis to show what the potential economic performance of Rolling Hills GC could be over the next few years considering the direct operation of the facility by the County, possibly at the conclusion of the current lease. This analysis was prepared 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 a future five-year period based on our review of the market, site and projected RHGC operation. We have completed this estimate of future economic performance considering the direct and indirect impact of improvements, while also projecting this performance based on current (2024) inputs, even though the County may begin operation of RHGC until 2027. This projection was provided to show what the basic economic structure would look like under County leadership given current market conditions and existing RHGC amenities.

### Projection Results

The results of the economic projections for Rolling Hills GC show that the facility can improve its economic position with some property improvements, most notably reducing lease requirements and using the funds to enhance maintenance and service. With improved conditions, it is expected that RHGC will see increases in rounds, fees, and clubhouse sales, although additional expenses to provide these services are also expected. The new structure recommended by NGF will change the economics of RHGC, most notably in the operation of Putters and the elimination of pull-tab revenue from the facility’s top line. But most importantly, the \$100,000+ in lease expenses is replaced by a \$100,000+/- management fee, with additional staff and improved maintenance and annual capital at 4% of total facility revenue. The net result will be an opportunity to increase operating revenue to a level that can cover all new staff and ongoing capital improvements. However, given the high cost of modernizing the facility and replacing aging infrastructure, the net performance of RHGC is **unlikely to be sufficient to cover the capitalization cost and/or any annual debt service / bond repayment if it is tied to the RHGC enhancement.**

The projections prepared by NGF for this report represent a conservative view of the golf facility based on actual performance of RHGC and comparable golf operations. We note that the total F&B revenue projection is based on generally conservative inputs and may be much less than what is actually earned at Putters in 2023 (even without pull-tab revenue). This review clearly shows that a much higher level of facility gross revenue is possible at RHGC with improvements, although the higher revenue projected by NGF also comes with a higher level of operating expense. The real benefit from the changes proposed for RHGC will come from the ability to use additional funds to improve the property, leading to improved green fee, cart fee and range revenue. The NGF has chosen to present this future projection in a conservative fashion so as to provide a base level of projection for decision-making purposes and for comparison to possible future performance and in consideration of operating changes that are expected upon the end of the current lease in 2027.

## Support for Projections

- A large base of residents and visitors with demographics favorable for golf and a high interest in year-round outdoor activity.
- Potentially strong and diversified local economy, with traditionally low unemployment.
- Accessible site with easy access to local roadway infrastructure.
- Proposed property enhancements that will add attraction to RHGC and help increase sales.

## Potential Threats / Mitigating Factors Relative to Projections

While growth in rounds and revenue is expected at RHGC 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.
- Limited time availability for golf due to long commute times
- Rapid inflation of golf course maintenance expenses

## SUMMARY STATEMENT

Kitsap County owns the 18-hole Rolling Hills Golf Course, a 50+-year-old golf facility presently operated via lease that is nearing completion, allowing the County to address deferred maintenance and aging infrastructure. In our review, NGF has found that Rolling Hills GC has an interesting and playable golf course, with an overall package of amenities that are not in ideal condition in 2024, nor is the facility structured in a way that allows for efficient improvement of the facility. The golf course and clubhouse condition observed in 2024 is due to a mix of aging infrastructure and a lease operation structure that did not provide for ongoing capital investment. As we move into 2024 and beyond, the County will need to begin planning for the expiration of the current lease and the creation of a new program for the facility's operation that allows the golf course to benefit from a recent surge in golf interest and activity. Going forward, Kitsap County will have to make some decisions about what it is willing to do to secure RHGC as a functioning amenity for the community, including the possible investment needed to modernize the facility, most notably the clubhouse building, improve aging systems (irrigation, maintenance facilities), and a possible change in the operating structure.

The current circumstance provides an opportunity for the County to “re-set” Rolling Hills GC and find the new facility operating profile that will help preserve the physical integrity of RHGC and possibly even expand its appeal to a wider segment of golfers. The completion of several on-course improvements along with enhancement of maintenance staff and practices would open a new level of quality that is consistent with success in public golf and a strong fit for Kitsap County. Enhancing or replacing the outdated clubhouse could also open possibilities to expand the facility offering and make the property more appealing to a wider audience of potential customers, including non-golfers. Adopting a plan to bring the RHGC operation closer to County leadership will allow for maximum use of revenue earned on site to be reinvested into the property, rather than to pay for lease obligations. These are the most important adjustments that are needed to sustain the golf course and enhance marketability in this competitive golf environment.

In summary, Rolling Hills GC is an outstanding amenity for the community and is ready for the “next stage” in its evolution with a new operating structure, correction of physical deficiencies and enhanced upkeep to serve the needs of the modern golf consumer. The upgrades identified by NGF in this report address the most significant deficiencies in this property and allow the County to offer a new level of quality in its municipal golf facility. RHGC offers a challenging golf course that is well-located and popular with golfers of all skill levels. The County’s golf property has lagged its most immediate competition and modernization of this facility will improve competitiveness, ultimately leading to improved revenue that can be used to sustain course quality long term. In review of this public golf facility, the NGF has identified four important actions that the County can take right now to prepare for the future and improve Rolling Hills GC performance:

1. Commit to modernization of both the golf course and clubhouse, addressing key infrastructure such as irrigation, greens, tree care and maintenance facilities, plus clubhouse repairs or replacement.
2. Begin planning for the expiration of the current lease and the future business structure of RHGC operations to provide clear guidance for potential future operators.
3. Increase focus on new player development and beginner programs, especially with juniors and young adults.
4. Make modest adjustments in pricing in 2024 and 2025 (already underway), while planning for more substantial increases in golf fees when property enhancements are completed. Then implement a program to adjust fees annually based on inflation.

# Subject Facility Review – Rolling Hills Golf Course

The subject property is the Rolling Hills Golf Course (“Rolling Hills GC” or “RHGC”), an 18-hole public golf facility that is owned by Kitsap County (“County”) and operated via lease with The Rolling Hills Golf Course, LLC (“Lessee”) with the most recent amendment dated March 2011 and runs through October 2027. The facility consists of one 18-hole regulation-length golf course, clubhouse, driving range and maintenance facility dating to an original construction in 1972. The lessee is responsible for all course maintenance, operations, and capital improvements, leaving little direct operational involvement from Kitsap County. The pending retirement of the primary leaseholder, coupled with the pending termination of the existing lease in 2027 has led the County to take a closer look at the RHGC operation in 2024.

Rolling Hills GC includes a mix of amenities that is common in public golf, and generally correlates well with economic success. The facility offers a full 18-hole golf layout but has a par of 70 and total playing length under 6,000 yards. This shorter golf course (but still qualified as “regulation-length”) has strong appeal to many less-skilled golf players and is still challenging enough to attract more serious golfers. As the facility is now over 50 years of age, much of the original infrastructure is still in place and well past its expected useful life and will have to be addressed to sustain the property into the future. This is especially true for the clubhouse, which includes several deficiencies or potential code violations as identified by a County inspection in 2024. The RHGC facility includes several key elements that are needed to generate revenue and sustain operations, including a strong and loyal core of local golfers and a good location in the heart of the County’s “Urban Growth Corridor” between Bremerton and Silverdale.

Rolling Hills GC and Putters Grill combined to produce total top-line revenue of about \$2.05 million in 2022 and 2023, an amount that reflects dramatic growth due largely to the impact of Covid-19 (revenue was \$1.6 million in 2019). With combined operating expenses totaling more than \$2.1 million, it appears that Rolling Hills GC is operating at a level close to “break-even,” considering the impact of the \$112,840 annual lease & tax payment to the County. The overall net income performance of RHGC may be misleading in that while the facility is generally covering its ongoing day-to-day expense requirements, the facility is not funding needed capital improvements to infrastructure or setting aside funds to address future replacement or unforeseen capital needs. This current financial condition is comparable to most public-sector golf operations in the U.S. where only about 33% of municipal courses can cover all on-site expenses and additional items such as debt service, capital and depreciation without any subsidy from the governing agency.

In our review of Rolling Hills GC, the NGF found a good-quality public golf course that appeared to be well-managed, but with condition and infrastructure issues that will have to be addressed in the near future. We observed that this golf facility is limited when compared to competing public courses in this local market due to its limited clubhouse space, shorter golf course and aging infrastructure. Going forward, the key issue for the County in the RHGC operation is how to transition the facility and maximize new investment in the property to enhance amenities and expand the property’s market reach, but which is unlikely to be undertaken given the current operational structure.

## ROLLING HILLS GOLF COURSE FACILITY OVERVIEW

Rolling Hills GC is an important public golf facility with a location in a quaint, suburban/rural section of the growing area of Kitsap County along Highway 303 between Bremerton and Silverdale, immediately adjacent to the Illahee Preserve. This golf facility has remained popular among a select group of local golfers who find the layout appealing and the affordable price a good match. As growth in activity and revenue is needed at the facility to match increasing expenses, the County will have to consider some changes in facility composition to attract a wider audience of customers, in light of other County priorities, the market realities at this location and a new County-run operating structure.

### Location, Access and Surrounding Elements

Rolling Hills GC has a convenient location in the heart of the corridor of Kitsap County between Bremerton and Silverdale, immediately proximate to State Highways 303 and 3. The golf facility is located with an entrance along NE McWilliams Rd., about ½ mile from the intersection with Highway 303, about 2.8 miles north of the Warren Av. Bridge and 4.8 miles south of the interchange with Highway 3 in Silverdale. Highway 303 is the premier active auto thoroughfare through this part of Kitsap County, hosting 35,000 autos per day (AADT) at the intersection with McWilliams Rd. less than ½ mile from the golf course entrance (Washington State Dept. of Transportation). Other key locations close to RHGC include that show the volume of local traffic include Highway 303 at the Warren Av. Bridge (43,000 AADT) and Highway 3 at Chico across Dyes Inlet (61,000 AADT). The RHGC location is easily accessible from several key roadways in the area, which is ideal for a public golf course.

Overall, the immediate area surrounding Rolling Hills GC includes the roadways as noted, plus a mix of residential and open preserve areas in and around Illahee Preserve on the peninsula between the Dyes and Port Orchard Inlets. The implication for the golf course is that Rolling Hills GC is proximate to several key elements that are expected to provide support to the golf course for the foreseeable future, and the course is convenient enough for the enhanced attraction of non-local golfers using the area's roadways that are needed to provide activity and economic support.

### Site Positives

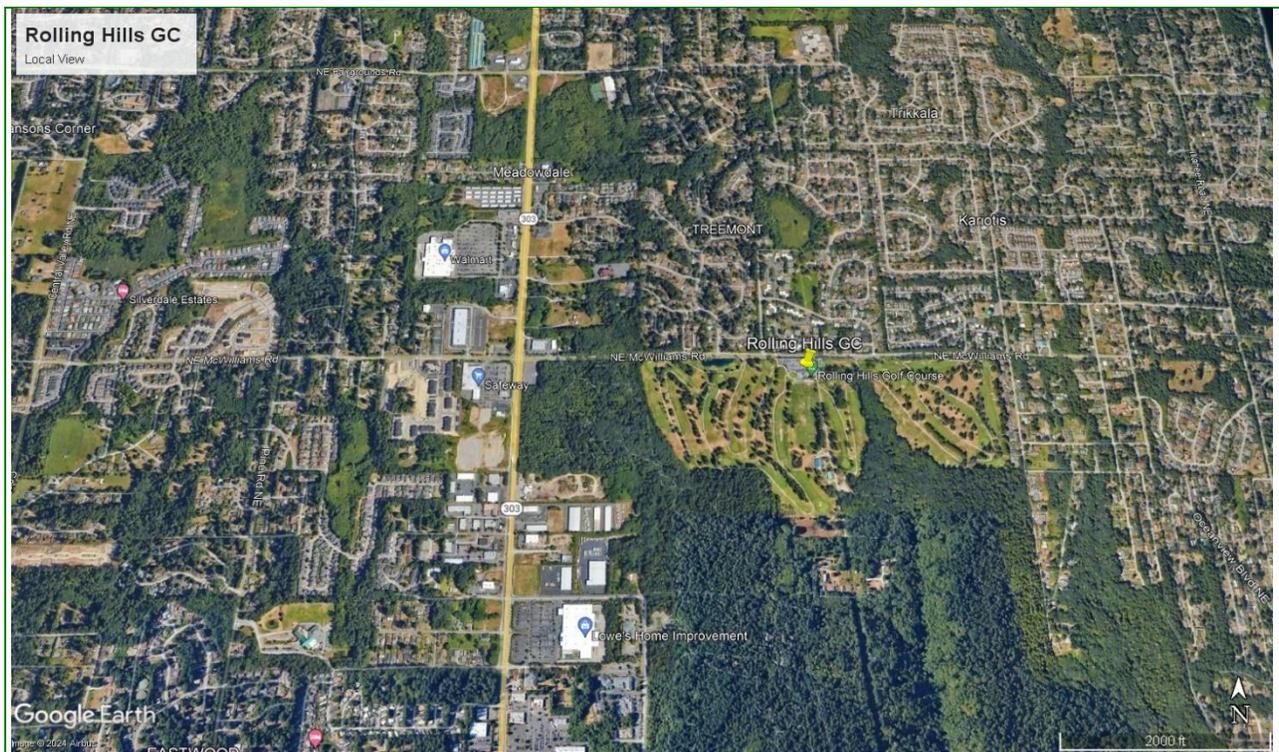
- **Location:** The major roadway (Highway 303) that provides primary north-south access through the Bremerton-Silverdale corridor is immediately proximate to RHGC, making the facility convenient for golfers to access from a wide geographic area. As this facility will benefit greatly from non-local visitors, the course location is an advantage for attracting non-local patrons.
- **Site Setting and Topography:** The site has outstanding natural features, trees and topography, 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 105+/- acres of property, the Rolling Hills property is well organized and has an efficient layout. All the key golf elements (course, clubhouse, parking) are near each other, and the course routing starts and ends near the clubhouse for each 9-hole course. The creek on property adds to the overall aesthetics but also divides the property into sections that will always require a functioning bridge for cart and maintenance equipment crossing onto the section with holes #3-#8.

## Aerial View – Rolling Hills GC



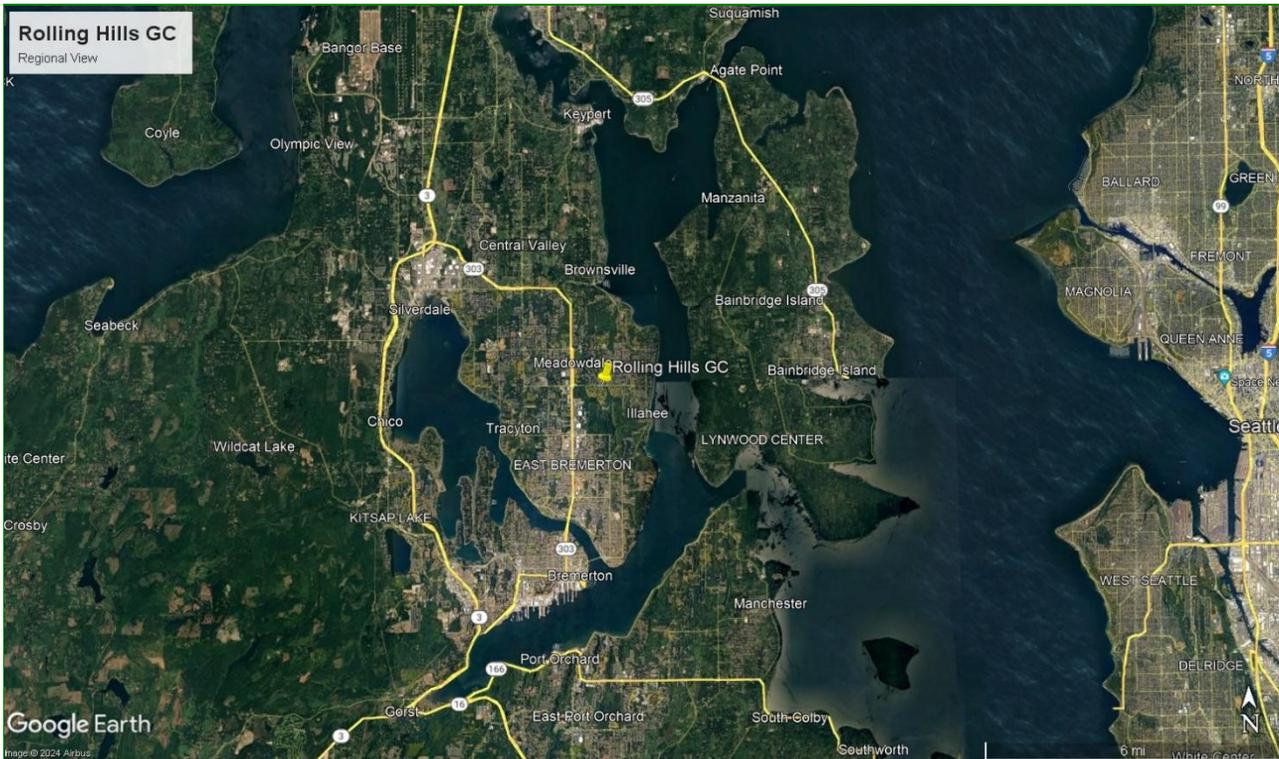
Google Earth image showing RHGC with its divided layout in two distinct sections and the Illahee Preserve that surrounds it. This type of setting is popular with golfers who appreciate the natural surroundings and complete lack of any development immediately adjacent to the course.

## Local View – Rolling Hills GC



Google Earth image showing the local view RHGC and its location close to Highway 303 and the key intersection with NE McWilliams Rd. The area surrounding RHGC includes a mix of residential and commercial elements that provide support for the facility.

## Regional View – Rolling Hills GC



Google Earth image showing a broader regional view of RHGC and its location across Puget Sound from Seattle and in proximity to key western communities like Port Orchard, Bremerton, Silverdale, Kingston, and Port Gamble that are all accessible via local roadway and ferry system.

## ROLLING HILLS GOLF COURSE SUMMARY OF FACILITIES

Rolling Hills GC is a public golf course located in a parkland setting with an appealing layout and environment, along with a aging two-story clubhouse and other key support components (parking, cart storage, maintenance, etc.). As of June 2024, the Rolling Hills GC facility includes the following key components:

- An 18-hole regulation-length golf course with a par of 70 and up to 5,936+ yards and all commonly associated amenities (challenging greens, multiple tee boxes, tree-lined fairways, cart paths, etc.).
- A two-story clubhouse with an 8,900 square foot (sf) “footprint” with separate sections for pro shop, bar, restaurant, small kitchen, restrooms, and offices.
- Practice amenities that include a driving range with 24 fixed (turf) hitting stations, including 12 open air and 12 under a covering. The range is 280+/- yards in length with a back end close to the maintenance compound that is frequently hit by range balls. There is also a practice putting green, small practice chipping area and practice bunker.
- A 1.5-acre maintenance compound with two maintenance buildings (+/- 8,000sf total) for storing equipment and housing maintenance staff. There is also a 1,550sf residence building in this compound that currently houses the head superintendent.
- Two structures for storing carts, including a 1,450sf covered shed and 2,160sf cart storage building.
- An entrance and parking area of about 1.4 acres that includes defined parking for up to 189 autos plus small spaces surrounding the clubhouse.

## 18-Hole Regulation Golf Course

Rolling Hills Golf Course includes an 18-hole golf course that was designed by Donald A. Hogan, a lesser-known golf architect with no other notable designs on record. The golf course was constructed and opened for public play in 1972. The course is situated on 105 acres that is divided into two separate parcels, with a western parcel that is 72 acres and hosts the clubhouse, parking, driving range and 12 golf holes, and an eastern parcel that is 33 acres and includes six golf holes. This separation of property does not create any real challenges to the golf operation, but a bridge is required to cross a creek that divides the parcels. The 105-acre total is a little small for an 18-hole golf course (120 acres is a standard minimum), resulting in a shorter golf course with some narrow holes and tighter spacing.

The Rolling Hills GC golf course is built on a rolling site with a mix of older original trees that were present before the golf course was constructed and a significant number of trees that were planted during construction. The result is a unique golf course layout that features some interesting topography and several holes with narrow tree-lined fairways and small greens. The course is shorter in playing length than a “standard” par-72 course (RHGC is par 70 for men and par 71 for women), and as such is popular with golfers who appreciate the opportunity to use shorter clubs in the play of golf on this course. Rolling Hills GC includes all the basic design elements that can appeal to a wide variety of golfer skill levels. Other NGF observations:

- The Rolling Hills GC scorecard shows a maximum distance of 5,936 yards, which is short for a championship course but very popular with the average golfer and is a significant factor in the popularity of this course. The course has only two tee box positions, White and Red, which is low for a modern golf course that typically has at least four tee positions. The White tee shows a USGA slope rating of 124, which represents that the back-tee golf course is more difficult than the ‘standard’ slope of 117, but not too extreme with slope over 130 or even 135 like many of the nearby competitors. The forward (Red) tee offers a 5,486-yard course with slope ratings of 115 for men and 123 for ladies.
- The most forward tee on the course (commonly associated as the “ladies” tee) is 5,486 yards, which is about 19% 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. If a new Red tee course is added at 4,600 yards, the current Red tee could become a “green” tee course that is ideal for senior players or higher-skilled ladies, thus providing a third tee position for the facility (more in capital investment recommendations).
- The golf course at Rolling Hills has design features that make it playable for all golfers (such as shorter par 4 holes, tree-lined holes and interesting shapes, etc.). The course has only 23 bunkers, but the primary challenge of this course is several holes with narrow corridors that are lined by dense trees. This adds greatly to the scenic and challenge appeal of the golf course, but also to the difficulty for less-skilled players. This layout includes fairways that are very close together, although interaction between golfers on parallel holes is not common due to trees and separation spacing. The distance between fairways at Rolling Hills Golf Course is around 215+/- feet (200 to 250 feet is standard), so hole separation is adequate and enhanced by the trees.

- 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 lacks appropriate on-course services, with no rain shelters and no fixed restroom facilities (only port-a-potties on the front and back 9 holes). Modern golf courses with high appeal tend to include some form of on-course restroom facilities on each of the front and back nines for golfer comfort.
- The basic layout and logistics of Rolling Hills 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.

The NGF finds this golf course has the physical elements to be economically successful, including a flexible golf layout that can appeal to all skill levels, including beginners. A program of high-quality maintenance to provide outstanding conditions (including some down time for applications) should be part of the operating program to ensure the good-quality remains in place. This golf course condition places the RHGC facility in the lower range of public golf courses in the western Sound market area, providing services that are a match to the lower fees being charged (more in market analysis section).

### Rolling Hills GC Clubhouse

Rolling Hills GC has an older clubhouse that is a mix of an original 1960's building and add-ons from the late 70s. The building has a 8,900sf 'footprint,' with two levels and adequate space for a public golf facility clubhouse program. However, the building's organization and use of space are not ideal, and the building's age has added other system and aesthetic deficiencies. The two-story structure has a lot of unused space, especially on the second level where the space is highly compartmentalized and inefficient, but currently used for staff offices. This building has the potential to provide a proper support function for a modern public golf course, but this will require considerable investment to improve and modernize the building to match a 21<sup>st</sup> century golf facility support program (more in condition review later in this report). The clubhouse facility includes the following basic features:

Ground Level	
<b>Pro Shop</b>	Retail area that includes the main check-in counter.
<b>Club Repair / Storage</b>	Space for repair work and storage of pro shop merchandise
<b>Middle Tournament Room</b>	Mostly unused space between the pro shop and grill area that is open and currently used for after tournament gathering and scoring
<b>Putters Restaurant &amp; Lounge</b>	Main restaurant area with full bar and seating for up to 80+/- patrons.
<b>Outdoor Patio</b>	Additional space at the rear of the clubhouse with a wood deck and seating for about 25-30 patrons with the only shade provided by individual table umbrellas.
<b>Full-Service Kitchen</b>	Kitchen for both daily F&B service and small luncheons/banquets.
<b>M &amp; W Restrooms</b>	Four total restrooms on the ground floor in Putters and the pro shop (2 each). The Putters restrooms are closed during slower periods. The pro shop restroom area includes two small locker rooms lockers for rent.

Upper Level	
<b>Club Office</b>	Office for the golf professional staff and assistants.
<b>Conference Room(s)</b>	The upper level includes a small and larger open space that can be used for conference or meeting rooms, with the larger room currently used for storage. The spaces have low ceilings and limited windows making for a closed and dark appearance.
<b>Restrooms</b>	There are additional restrooms upstairs that are only available to staff and closed to the public.

The above-noted clubhouse program includes the elements that are commonly associated with successful public golf courses, with all key services in place and easily accessible. However, we note the separation of elements at RHGC and the age and condition of the facilities and infrastructure (more below). We note that key components that can help expand non-golf revenue are not present at Rolling Hills GC such as an expanded space for larger banquets and parties. RHGC does have a bar area for gathering after golf and outdoor seating for F&B service, although the space is small and sunshade covering is limited. Public golf facilities with these elements tend to support a higher level of ancillary revenue than the standard public golf facility.

### Driving Range / Practice Amenities

Rolling Hills GC has extensive practice amenities that appear to be popular and heavily utilized. RHGC has a large practice putting green immediately proximate to the clubhouse. The driving range is large enough to support 25 players (stations), including 12 that are under shade cover (very popular with golfers). The range has the length to support at least 280-yard golf shots. Shots hit longer than 280 yards are still accommodated, although the collection of range balls may fall within a collection pond or the maintenance area making ball collection more challenging. We also note that the range faces due south, which is directly into the prevailing wind, lessening the comfort of range patrons on bad weather days. Range balls are acquired in the pro shop and there is no automated ball dispenser that has become more popular at modern golf facilities.

There is also a small practice chipping area that uses a former 9<sup>th</sup>-hole green that was moved due to golf balls impacting on the roadway and surrounding property. This area includes a practice chipping space and practice bunker. 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 RHGC 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.

### ROLLING HILLS GC – CONDITION OF FACILITIES

The golf course playing area at Rolling Hills GC appeared to be in good condition with only a few areas of concern. The course has aging infrastructure and several basic challenges, but these are not uncommon for a golf course of this age. 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. 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.

Based on this consultant’s review in June 2024, the NGF has made observations on facility conditions along with input from Rolling Hills 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 RHGC for the coming years. The primary areas of NGF review for the County include the following elements:

## Review of Golf Course Components

The initial observation from the NGF is that the golf course playing area at Rolling Hills GC is in good overall physical condition but would benefit from upgrades to address declining systems that could negatively impact conditions in future years. The golf course would also benefit from some subtle changes to enhance features like greens, tees and the tree cover. This golf course is being maintained by a staff of 10 employees (3 full-time and 7 part-time) for a total of about 270+/- 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 \$66 (with cart). Specific golf course components were reviewed as follows:

- **Greens:** The existing greens average around 4,500+/- 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. RHGC greens offer a smooth roll for golfers, but there is a mix of turf types that could become more problematic for maintenance over time. 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 are original to the 1972 construction and have been sanded or top dressed over the years. While the current structure and conditions are acceptable for the current clientele, the County should assume that a more extensive upgrade with subsurface and drainage enhancements will be required if a more tournament-level quality is desired as these greens are well past their expected useful life (see [Appendix A](#)).





Images of selected RHGC greens showing good conditions with very few concerns observed in 2024, despite age and mix of turf. This is an indication of strong maintenance practices and continued staff attention to detail.

- **Tees:** 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). 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 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 in fairways.



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

- **Trees:** The high volume of trees on the property present several challenges, including: (1) excess shade restricting turf health; (2) growing roots that impact turf, irrigation lines and cart paths; and (3) narrow the golf course making it more difficult to play. As such, both the removal and the trimming of trees on the property must be a high priority for this maintenance team and the County should explore options for removal of some trees that have the worst impact. A long-range tree maintenance, removal and replacement plan is recommended if one is not already in place.



Images of selected locations on Rolling Hills GC showing the impact of trees with extensive root intrusion (L) and ongoing turf damage from roots and trees blocking sunlight (R).

- Hole Corridors:** One of the three issues related to dense trees at RHGC is the narrowing of hole corridors adding to the difficulty of the golf course. Without proper trimming and some tree removal, this problem will only get worse and could lead to some holes (or portions of holes) becoming unplayable. We also note that with narrow hole corridors and many areas of parallel holes, some retention of trees will be necessary to maintain separation and protection for golfers. As such, proper maintenance, trimming and strategic removal of trees is a key to promoting overall turf health and maintaining strong playability at RHGC.



Images of selected golf holes at Rolling Hills GC showing the narrow corridors lined by trees.

- Hole #9 Challenges:** The 9<sup>th</sup> hole at RHGC is a short par-3 that has been adjusted to address concerns related to golf balls leaving the property and impacting cars on NE McWilliams RD and the homes on the north side of the roadway. To address the impact, RHGC added a new 9<sup>th</sup> green further south, away from the road. The result of this move has been the creation of a new 9<sup>th</sup> hole green complex with the narrowest hole-corridor on the property, which is probably too narrow for appropriate golf enjoyment. The County will likely have to address this situation with changes to the 9<sup>th</sup> hole and/or removal and trimming of some trees that block the green from the tee.



Images of the 9<sup>th</sup> hole looking west from the tee box. The pictures show just how narrow the hole corridor has become, almost to the point of being unplayable for most golfers and this should be addressed by the current operator or the County.

- **Bunkers:** There are 23 bunkers on the RHGC golf course. They appear to be mostly good with no rocks or debris in the sand, although the edges have been worn down. Staff reports the bunkers do not drain well after heavy rain. 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 RHGC showing a mix of conditions and sizes. The pictures lower left and lower right show some of the “flash” edges that require extra maintenance and manpower to maintain properly. There should be at least two (2) bunker rakes in each bunker for customer convenience to smooth the bunkers after each golfer use.

- Cart Paths and Bridges:** Cart paths are a key feature for RHGC due to the wet climate and the need to get golfers out on the course, even after (or during) rainy periods. Having a full and smooth cart path system will allow the course to be open and prevent the damage done by carts when the course is wet using a “cart path only” requirement that is common in golf. RHGC has a unique cart path system for this area, using a gravel base rather than a paved surface. This has helped the facility provide good cart paths as many other area courses have paved paths that are bumped or buckling from underlying tree roots, making for a very uncomfortable ride. This is not the case at RHGC, and golfers seem to appreciate the smooth gravel cart paths. There are three bridges on the course that are used by both golfers and maintenance staff. These are critical to reach all areas of the course and thus must be maintained.



Images showing an example of the gravel cart path system (L) that provides a smooth surface and encourages golfers to keep the power carts on the path, thus protecting the golf course. The main bridge over the creek (R) connects the two main parcels at RHGC and is a key infrastructure component to maintaining this golf course.

- Practice Amenities:** As noted, Rolling Hills GC has extensive practice amenities with a popular driving range that includes a shade covering. The other practice areas also seem to garner a lot of use and must be included in the regular maintenance schedule.



Images of the practice amenities at Rolling Hills GC.

- Water Features / Ponds:** 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.



Images of ponds on RHGC showing good conditions and aesthetic appeal.

- On-Course Services:** RHGC has limited on-course services with only port-a-potties for restrooms and outside vending machines. Improvement to these services should be addressed in any long-term capital plan for the property.



Images of on-course services at RHGC in 2024.

## Irrigation System

A golf course irrigation system has two primary components: (1) Above ground components such as controllers, switch boxes, irrigation heads and pump stations; and (2) Below ground components that are primarily piping. The RHGC irrigation system has below-ground components that exceed 50 years in age, well past the expected useful life which is especially significant given the materials used in golf course irrigation in 1972. Staff reports having to repair line breaks on a regular basis, and this takes staff time away from other more important tasks. The pumps that supply water to the system appear large enough to do the job but do not have a variable frequency drive (VFD) to allow for pressure regulation, so the pumps have to be on all the way, even for limited site irrigation.

The biggest issue with the RHGC irrigation system is the original design that is still in place after 50+ years (beyond the expected useful life – [Appendix A](#)). This system uses antiquated piping that fits together with 50-year-old glue, and older heads that are difficult to replace. The resulting limits on pressure lead to brown areas of golf holes in the summer or during drier periods (as reported by staff). Modern golf facilities are almost always developed with double-row irrigation to provide full coverage of the entire golf course and are equipped with modern computer controls and VFD to allow for site specific watering when needed, without having to use the whole system. This is important for golf course maintenance but also helps to reduce water use to save for storage and help keep the irrigation pond on site full.

It is assumed that any alteration and/or modernization of RHGC will include an irrigation replacement with updated below-ground and above-ground components.

## On-Course Services

RHGC has no fixed on-course services, using only 'port-a-potties' for on-course restroom service. An on-course comfort station or restroom facility is important and should be maintained to high standards, which is expected by golfers at good-quality golf courses. The County should install proper services on the golf course and require proper maintenance of these services and assume that new investment to improve these facilities will be required at RHGC.

## Review of Clubhouse Condition

The RHGC clubhouse dates to its original construction before 1970 and several add-ons, all completed before 1980. While the building is functioning to provide golfer support service, the condition is not ideal, and the use of space does not seem efficient to maximize the revenue potential. The County completed an extensive physical inspection of the building in July 2024. This inspection identified several concerns about building conditions and documented several inadequate operating systems. Further, the NGF has identified logistical and space allocation issues with the RHGC clubhouse that are key to its future and the future of the golf property. The County inspection report included many details of deficiencies with pictures to support the findings, and a summary of the four key issues identified are highlighted below:

1. **Building Integrity Concerns** – Damage to thermal seals, key joints, screens, soffits, roof leaks and other areas of decay.
2. **System Concerns** – Inadequacy of, or servicing required to address, HVAC systems and exposed electrical components (outlets, boxes or wires) components.
3. **Safety Issues** – Findings of Asbestos, stairwell decay, and other damage.
4. **Compliance Issues** – Much of the building is not compliant with the Americans with Disabilities Act (ADA), including inaccessible restrooms and lack of designated handicap parking.

In addition to these challenges, there are also size and configuration issues with this service building that should be addressed to maximize this public golf facility operation. The building itself is antiquated and needs to be improved. NGF has observed:

1. **Inefficient use of Space** – The basic design is not efficient. The lower level has unused space between the pro shop and grill, and the outside dining patio is small and uncovered.
2. **Kitchen** – is small thus limiting the potential menu. Plus, both dry and cold storage is limited and/or appeared damaged.
3. **Second Floor** – The upstairs areas are used for staff offices and meeting areas and are not in public use. The spaces are compartmentalized and feature low ceilings and inadequate natural light (poor windows), thereby limiting potential public for revenue enhancement.



Images showing examples of space utilization in the RHGC clubhouse, including the upstairs conference room with low ceiling and poor lighting (upper L), compartmentalized upstairs space (upper R) and other areas of space not in use at Putters (lower L & R).

The result is a clubhouse that needs enhancement, either through repair and renovation to address the above-noted issues, or full replacement. We note that public golf courses nationwide are finding enhanced revenue derived from modern clubhouse amenities that include welcome spaces, efficient design, enhanced service portals and attractive outside dining options.

## Maintenance Facility, Equipment and Cart Storage

The maintenance facility at RHGC 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 well organized, clean and able to service the golf course equipment in an efficient manner. However, as with the clubhouse, the inspection commissioned by the County also noted system and condition deficiencies in all three buildings that are in place to service the golf course and store power carts. It is expected that any plan to upgrade the RHGC will have to include some enhancement to the buildings that support golf course maintenance and cart storage. Having comfortable spaces with modern features will also help the County recruit and retain golf course maintenance personnel, which NGF has identified as a challenge for all golf facilities in this market area.

The equipment used to maintain RHGC appeared in good working order, but several pieces are old and have a high number of hours of use. The fleet is a mix of units owned by the county and some newer pieces purchased by the operator in 2022 and 2023. The high-use leased pieces are relatively new and operating well. Other mowers, carts, tractors, and specialty equipment have been purchased over the years and are still in working order but do have a high number of hours and may need replacement. The carts in use at RHGC are stored in two storage locations, an open fenced area with roof close to the clubhouse and the separate cart barn. The space is barely large enough to adequately store the 60 carts in use at the facility, and it may be problematic if the cart fleet is ever expanded (72 carts is standard for an 18-hole course).

## CONSIDERATIONS TO IMPROVE ROLLING HILLS GC CONDITION

To maintain the highest quality golf facility conditions, Rolling Hills GC would benefit from upgrades to basic infrastructure and some improvements to facility features. Outlined below are the capital investments and ongoing operational / maintenance considerations that can be undertaken at RHGC to improve the physical condition of the property and help keep this facility functioning properly and improve the facility's competitiveness in the marketplace.

### Rolling Hills GC Capital Investment Considerations

The most important areas of capital investments recommended for Rolling Hills GC over the next few years are listed below in priority order. 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 to allow Rolling Hills GC to achieve its full potential, without a full re-build of the golf course:

1. **Irrigation System** – The system is 50+ years old, inefficient, and should be improved both below-ground and above-ground with a modern system. Improvement should include a new pump facility to provide a more efficient intake of water.
2. **Clubhouse Enhancement** - This project would include completion of all needed repairs identified in the County's 2024 inspection report, plus other improvements to restrooms, fixtures, furnishings, and kitchen equipment, and possibly some reconfiguration to allow for other gathering or entertainment uses in the clubhouse.
3. **Greens Renovation** – The County should replace existing greens with new greens to USGA specifications, replacing both the surfaces and sub-surfaces. This will extend the lifecycle and performance of greens and allow for marketing as the 'best in the area.'

4. **Tee Improvements** – Improvement of tee boxes include soil enhancements, leveling, alignment and re-grassing. Existing tee boxes should be improved, and new boxes added for enhanced appeal to a wider variety of golfers.
5. **Trees** – 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.
6. **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 a few each year or as a single major project.
7. **Patio Expansion** – The rear patio could be expanded and improved to provide an ideal outdoor dining venue with views out on to the golf course. This is consistent with the changing demand profile and golf and has been successful at other public golf locations.
8. **Maintenance Facility** – Upgrades will address deficiencies noted in the County inspection report and improve maintenance efficiency, organization & capacity for storing equipment.
9. **Maintenance Equipment** – replace aging pieces with over 3,000 hours.

In conclusion, Rolling Hills GC has an opportunity to shine as one of the best public courses in the West Puget Sound area. However, the golf course continues to decline as key systems are not properly maintained or replaced. There is much to be done, but with proper planning, phasing, and budgeting with qualified professionals, Rolling Hills GC continues to improve and benefit the County as an invaluable source of healthy outdoor recreation accessible to everyone. The capital investments recommended by NGF for RHGC are listed in priority order below:

<b>Rolling Hills GC Recommended Investments – by Type</b>			
<b>High Priority Capital Investments</b>	<b>Inputs</b>	<b>Low Estimate</b>	<b>High Estimate</b>
New Irrigation System	Lump Sum	\$1,500,000	\$1,750,000
Clubhouse Enhancement	12,400sf @ \$200-\$250/sf	2,480,000	3,100,000
Greens Renovation	19 USGA Greens (90,000sf) at \$10-\$12/ sf	900,000	1,080,000
Tee Improvements	15,000sf @ \$6-\$8.00/sf	90,000	120,000
Tree Trimming, Thinning & Removal	Lump Sum	200,000	250,000
Bunker Renovation	\$10-\$12,000 per bunker for 23 bunkers	230,000	276,000
Patio Expansion	Lump Sum	150,000	200,000
Maint. Facility Upgrade	10,600sf (3 Bldgs.) @ \$50-\$75/sf	530,000	795,000
New Equipment (over 4 years)	Lump Sum	100,000	150,000
<b>Grand Total of Capital Projects</b>		<b>\$6,180,000</b>	<b>\$7,721,000</b>
<small>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 Rolling Hills GC, and the County should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; Ac = Acre</small>			

## Rolling Hills GC – Key Lessee Improvements (2020-2023)

During the lease term, the current operator has put investment back into the property, with several projects identified to NGF during 2019-2022. The lease in place specifies maintenance of the premises in “sound condition and state of repair” which includes all buildings, systems, golf course and property. Although no specific dollar amount is specified in the lease, details of several systems and structures are listed, including items that are specifically mentioned in the County’s 2024 structural inspection report. As reported by the operator, the list below details capital investments made to RHGC since 2020 that total \$84,200. For this discussion, NGF notes that the total investment in RHGC capital projects reported by the lessee in 2020-2023 amounted to about 1.9% of total revenue over the period, far short of the 3.0%-5.0% of revenue recommended by NGF. The capital investments reported by RHGC for 2020-2023 are listed below:

Identified Improvements 2020-2023	Lessee Cost Estimate
New restaurant carpeting	\$6,500
Deck repair & re-staining (over 4 years)	2,400
Replace deck furniture	2,000
Parking repairs and striping	600
Clubhouse painting	1,000
New driving range partition panels	1,000
Driving range painting	1,000
New driving range yardage signs	800
New security system	1,700
Landscape revision	2,200
<b>Total</b>	<b>\$19,200</b>
<b>Maintenance Equipment Added</b>	
New spray rig (2022)	\$50,000
Greens roller (bought used - 2023)	7,000
Bunker rake (bought used - 2023)	3,000
Small fairway mower (bought used - 2023)	5,000
<b>Total Maintenance Equipment</b>	<b>\$65,000</b>
<b>Grand Total of RHGC Lessee Investment (2020-2023)</b>	<b>\$84,200</b>

## Rolling Hills GC Ongoing Maintenance Considerations

Suggestions for improving day-to-day course conditions must take in consideration the available labor man hours and the materials that can be utilized within the current approved budget. Utilizing the 3 full-time man hours and the 7 part-time personnel is the only available time to operate a course that is open 7 days a week and is 105 acres. Adding staff to cover an additional 75 to 100 hours per week would allow RHGC to address other day-to-day practices and periodic applications / projects that should be undertaken to augment golf maintenance at RHGC. These tasks are key to properly maintaining an appealing golf course facility and meeting customer expectations, and include greens aerification twice per year, mowing tees and fixing divots five time per week, aerifying fairways at least twice per year, and bunker edging at least twice per week.

## REVIEW OF GOLF OPERATIONS - ROLLING HILLS GC

The Rolling Hills GC is a public-access golf facility owned by Kitsap County Parks and operated via lease to The Rolling Hills Golf Course, LLC, a private operator. This lease is a straightforward property lease with a current term that began in 2011 and runs through 2027, or possibly 2032 if the last renewal options is executed. A summary of key terms and provisions of the lease is noted below:

### Premises Lease

The current lease in place dates to February 2011 and specifies the Rolling Hills GC property, the golf course, all buildings and trade names used to define the premises. Key terms that define this lease in place include:

1. **Term** – The initial term is for five (5) years ending in 2017. Two additional 5-year renewals have been executed and run through 2027, with a third 5-year renewal possible to run through 2032.
2. **Rent and Reserve Payments** – The base rent for the property is \$200,000 (amendment reduced to \$100,000) per year plus an additional excise tax due to the State of Washington. In addition, the lessee will pay an additional \$10,000 per year (years 6-10) and \$20,000 per year (years 11-20).
3. **Use of Premises** – The lease allows the operation of a golf course, restaurant, banquet room and golf pro shop. A sub-lease to a separate operator is allowed so long as the sub-lessee maintains required licenses and adheres to the conditions of the lease.
4. **Utilities and Taxes** – Lessee pays all charges for gas, electricity, telephone, sewer, water, and/or any other utility required on the premise. All taxes and licenses due to operate the premises are borne by the lessee.
5. **Maintenance Standards** – Lease specifies that premises shall be in “sound condition and state of repair.” Specific maintenance standards in the lease include roof cleaning and repair, exterior washing/painting, systems (electric, plumbing, etc.) in good condition, “attractive” landscaping, parking lot surface and no allowance for waste or damage on property.
6. **Operating Standards** – Standards for operation require “substantially the same as currently exist” and in accordance with generally accepted industry standards for similar golf facilities. The lessee is required to maintain adequate reserves to cover all operating expenses.

These basic terms are consistent with industry standards in leases of municipal golf facilities nationwide. One exception of note is that this lease does not include a defined dollar amount or specified percentage of revenue that is required for ongoing capital improvement. As noted earlier, a golf course is a “living and breathing” asset and requires ongoing capital investment to maintain the maintenance and operating standards required in the lease, and most leases of this type will include a defined capital improvement requirement by the lessee.

### Kitsap County Parks Responsibilities

Rolling Hills GC is owned by Kitsap County Parks and operated via lease as noted above. Even though the golf facility is expected to be economically self-sufficient and produce enough revenue to not adversely impact other County operations, Kitsap County still has some direct oversight and financial responsibilities in this golf facility, including direct administration. 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.

### Public Purpose of Rolling Hills GC

As a municipal golf facility under the umbrella of Kitsap County Parks, the RHGC operation has a defined “public purpose,” which includes provisions for equal access to all facilities, and provides various benefits to the community that supports a public purpose of the Rolling Hills GC, including:

- Opportunity for extensive junior golf programming that could include expansion of junior summer camps, a defined junior green fee discount, and other junior golf activities.
- Rolling Hills GC hosts several important regional events and tournaments that attract visitors to the County, including charity tournaments, other regional tournaments and at least 10 separate 30-player golf events each year.
- Rolling Hills GC is open and available for charitable groups to host events at the facility to raise money for various charities.
- The presence of the Rolling Hills GC enhances the overall quality of life and adds significantly to the property value of homes in Kitsap County, ultimately helping to support the region’s property tax base.

### On-Site Management and Staffing of Rolling Hills GC

Documentation provided by Rolling Hills Ent. shows a total facility labor expense of \$820,316 in 2022, or 46% of total operating expenses. The NGF standard is 55-60% for labor in a public golf operation. All staff at Rolling Hills GC is employed directly by RHGC, LLC, with a total of six (6) salaried full-time positions and an additional 39± part-time positions, spread out through three primary departments. In general, full-time (FT) positions within the Rolling Hills GC include salary and benefits (insurance, holidays, vacation, etc.), with some other positions staffed with full-time seasonal positions (FTS = full-time -hourly during golf season w/over 1,000 hours) and/or part-time/seasonal (PT) hourly labor with each position working under 1,000 hours per year. The staffing required to successfully operate RHGC includes key on-site management positions and support positions in each department.

The staffing required to successfully operate RHGC includes key on-site management positions and support positions in golf operations, golf course maintenance, food & beverage and administration. This structure provides the RHGC the greatest chance to provide hands-on control so as to maximize implementation of program elements that are required to succeed in golf. A summary of all staff positions and full-time equivalent (FTE) estimates at RHGC are summarized below:

<b>Rolling Hills Golf Course Total Facility Staffing – 2024</b>		
<b>Golf Course Maintenance</b>	<b>Golf &amp; Range Operations</b>	<b>F&amp;B/Clubhouse Operations</b>
1 Golf Superintendent (FT)	1 Facility GM (FT)	1 F&B Manager (FT)
2 Golf Maintenance Worker (FT)	1 Office Manager (FT)	3 Line Cooks (PT)
1 Irrigation Spec (FTS)	1 Golf Shop Attendant (FT)	7 Bartenders / Servers (PT)
2 Golf Maintenance Worker (FTS)	2 Janitor/Landscape (FTH)	4 Dishwasher / Busser (PT)
1 Mechanic (PT)	1 Asst. Office Mgr. (PT)	
3 Maintenance Laborers (PT)	9 Golf Shop Attendants (PT)	
	4 Range & Cart Attendants (PT)	
	2 Beverage Cart Servers (PT)	

<b>Total 7.25 FTEs</b>	<b>Total 12.5 FTEs</b>	<b>Total 8.0 FTEs</b>
<small>Full-Time Equivalent (FTE) calculation:  FT = Full-time w/benefits; FTS = full-time -hourly during golf season (over 1,000 hours 0.75 FTE); PT = limited part-time positions (under 1,000 hours 0.5 FTE).</small>		

### Comparison to National Standards

Compared to national public golf standards, the NGF team finds this facility has an appropriate roster of staff in both operations and maintenance. However, it appears that Rolling Hills GC has a slightly smaller full-time staff and larger part-time staff than the averages calculated by NGF for public golf courses nationwide. 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, the least of which is budget considerations. Personnel costs typically represent the largest single expense item in a golf operation, as is the case for Rolling Hills GC, although this property has lease payment requirements that can constrain funds available for additional staff. The NGF data on public golf operations in 2022 show averages for full-time staffing at 18-hole public golf courses nationwide (table below).

<b>Rolling Hills Golf Course Total Facility Identified Staffing – 2024</b>			
Facility	Operations Staff (FT / PT) *	Maintenance Staff (FT / PT)	Total Staff (FT / PT)
<b>Rolling Hills GC (18H)</b>	<b>3.0 / 32.0</b>	<b>3.0 / 7.0</b>	<b>6.0 / 39.0</b>
<b>Industry “Standards” (per 18 holes)</b>			
Total U.S. Average (per 18 Holes)	4.0 / 16.0	4.0 / 9.0	8.0 / 25.0
<small>* The national standard for operations staff includes administration and F&amp;B.</small>			

### Review of Technology, Website and Marketing

#### POS System

Rolling Hills GC is currently using the *Club for Profit* system for its Point-of-Sale (POS) and tee-time reservation system. *Club for Profit* is a well-known provider of POS systems for golf facilities and the system includes all the key elements that NGF typically recommends for successful public golf courses (tee sheet management, ability to include gift card purchasing and loyalty programs, dynamic pricing options, a marketing suite and other features). The NGF sees the POS system as an essential component for a successful golf operation, and a good public golf POS should allow golf course managers to integrate the system to its website to allow online purchases, offer online tee-times, reliable credit card processing and customer tracking. The system can also create ongoing marketing and communications to a set of email addresses that are collected by the system, or RHGC directly.

#### Rolling Hills GC Website

In 2024 and the foreseeable future, the Internet is the most significant tool in golf marketing. Golfers, especially when traveling, use the web to find places to play. **As such, the Internet is now the most important element in golf facility marketing.** NGF studies show that upwards of 90% of all golfers will view web content on a regular basis. The web has several key advantages over other forms of advertising, such as low cost, wide reach and unlimited information.

The website for RHGC is located at [www.rollinghills-golfcourse.com](http://www.rollinghills-golfcourse.com), and is easy to find for first time users. The site includes several of the basic information components that are common on websites at successful public golf courses, such as current rates, course description, pictures and directions, but lacks an essential feature that allows visitors to book tee times directly online while

on the site. NGF has identified the most important features of a golf facility website should include the items noted above, but also include more information about F&B service, information on lessons and beginner programs and the ability to purchase gift cards online.

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.

### **Search Engine Optimization**

The most effective websites are those that can be found easily, and Rolling Hills GC could use some upgrade. With its strong name match to the facility, the Rolling Hills GC site is found easily in a narrow local search based on “Bremerton” but is much more difficult to find in the broader context of “Seattle golf,” indicating some tags could be added to the course website landing page. Search Engine Optimization (SEO) is the process of maximizing the number of visitors to a particular website by ensuring that the site appears high on the list of results returned by a search engine. The process is optimized by providing important HTML clues (page headings / detailed descriptions) that help search engines (and users) determine relevancy to search clues.

### **E-mail Communications**

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, except for word-of-mouth and free advertising, is the most cost-effective advertising possible. At present, RHGC is not directly maintaining a database of customers, nor is the facility collecting emails from golfers who have reserved times. Email communication is an effective and cost-effective way 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).

### **Social Media**

Social networking is the fastest growing marketing tool in golf, and golf staff is trying to better promote Rolling Hills GC on social media platforms like *Facebook*. This is best to use as a method to communicate “what’s going on” type of messages (who won a tournament, who had a hole-in-one, etc.), in an attempt to build loyalty and repeat activity. YouTube is the second most utilized search engine on the internet and Rolling Hills GC can develop a presence with informational videos of the facilities and golf courses, as well as league, tournament and instructional activities.

### **Technology Summary and Recommendations**

The review of the POS and other technology systems in place at Rolling Hills GC illustrates the growing recognition of staff that a strong emphasis needs to be placed on technology. There may be additional services that the management team at RHGC can tap into using technology, and these will be especially important if/when the property is enhanced. In our review, NGF found that Rolling Hills GC is active in some of the NGF identified areas of technology, but more is needed to maximize the impact on facility revenue. Some recommendations from NGF:

- **E-mail** – collecting emails and maintaining an email database should be a top priority of RHGC operators so that email marketing can be optimally implemented and a strong network to keep up the awareness of Rolling Hills GC, especially if a new master plan of improvements is adopted.

- **Website** – In an effort to fully enhance the marketing of Rolling Hills GC, key words like “Seattle,” “Olympic Peninsula” and “Greater Seattle-Tacoma” should be part of the search engine optimization strategy for the golf website.

### Golf Playing Fees and Memberships

The primary source of revenue to the Rolling Hills is from green and cart fees, plus other ancillary revenue. The fees for daily golf play for the most recent (2023) and upcoming (2024) golf season appear in the table below. The maximum golf playing fee includes a prime 18-hole green fee and ½ cart fee and totaled \$65 for the 2024 peak summer season.

#### Daily Green and Other Fees

The table below shows the summer rates at Rolling Hills for 2024. The basic pricing convention at Rolling Hills is consistent with other public golf courses in this market, with standard fees for both weekday and weekends in summer with afternoon discounts (after 1:00 or 5:00 PM), and other discounts for juniors and seniors and active-duty military. In all, the RHGC golf fee conventions are standard for the industry and the market area (more in Competitive section).

<b>Rolling Hills Golf Course Green, Cart and Pass Rates</b>		
<b>Weekday Green Fees</b>	<b>18-Hole</b>	<b>9-Hole</b>
Regular Fee	\$42.00	\$30.00
Active-Duty Military / or Twilight (after 1:00)	\$33.00	
Super Twilight (after 5:00)	\$28.00	\$22.00
<b>Weekend Green Fees</b>		
Regular Fee	\$46.00	\$33.00
Twilight (after 1:00)	\$37.00	
Super Twilight (after 5:00)	\$28.00	\$22.00
<b>10-Round Passes</b>		
Regular Fee	\$360.00	\$285.00
Junior/Senior or Active Military Pass	\$295.00	
<b>Membership (Unlimited Green Fee)*</b>		
Single Annual*	\$2,184.00	
Single Active Military Annual*	\$1,518.00	
Couple Annual*	\$3,385.00	
Couple Senior or Active Military Annual*	\$2,380.00	
<b>Cart Fees (per Rider)</b>		
18 Holes	\$19.00	
18-H Senior	\$17.50	
9 Holes	\$13.00	
<b>Other Fees</b>		
Range Balls (Med. / Jumbo)	\$8.75 / \$14.00	
*RHGC also offers quarterly memberships from \$252 (winter) up to \$1,193 for a couple in summer.		

#### Rolling Hills Golf Fee Summary

- The NGF uses a metric of total average realized golf revenue per round (ARGRPR) to assist in showing the health of golf revenue and how much discounting is needed to attract activity. The ARGRPR was \$32.96 at RHGC in 2023, or about 50% of the peak

green + cart fee (\$65.00). 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 **RHGC is having to engage in discounting to attract its volume of rounds activity** in 2023.

- The market review (presented later in this report) shows that Rolling Hills GC is in the lower segment for public golf in this market, comparable to Gold Mountain-Cascades, Horseshoe Lake, Port Ludlow and Madrona Links, but much lower than White Horse, McCormick Woods, Trophy Lake and Golf Mountain-Olympic. As we explore in our competitive analysis, the RHGC fees may have room to increase, especially if quality is enhanced. There appears to be a gap in peak weekend green + Cart fees higher than \$65 but lower than \$74.

### Rolling Hills GC Memberships

Rolling Hills GC offers golfers an option to pre-pay for golf through the issuance of annual golf fees or memberships. These memberships come in several types, divided between individual, couples or senior categories. A summary of the membership roster in 2023 is shown below:

<b>Rolling Hills Golf Course Total Memberships by Type (2023)</b>	
<b>Memberships</b>	<b>2023</b>
Individual	40
Couple	3
Individual Senior	82
Senior Couple	15
<b>Grand Total Membership</b>	<b>140</b>

The total number of passes has been steady in the last few years, but some reduction was reported in 2024. These pre-paid green fee arrangements are common at public golf courses nationwide and in this local market and offer frequent golfers an opportunity to lower their average cost per round while providing significant up-front revenue to the facility. However, as we see below, the program is allowing for significant discount for a large portion of the activity at Rolling Hills GC in 2023:

<b>Rolling Hills Golf Course Membership Analysis (2023)</b>	
<b>Total Number of Members</b>	<b>140</b>
Total Membership Revenue	\$71,321
Average Revenue per Member	\$509.44
Total Member Rounds	4,577
Avg. Rounds per Member	32.7
<b>Avg. Rev. per Member Round</b>	<b>\$15.58</b>
Source: Rolling Hills GC, LLC.	

### Member – Daily Fee Golf Balance

At present, total rounds played at Rolling Hills GC are divided between daily fee players who pay a unique fee for a single round of golf, and golf members who pay an annual fee for unlimited golf during the year. Traditionally, passholders play about 20% of total rounds at RHGC and 80% of rounds come from daily fee players. However, this mix has been declining in recent years from 22% in 2019 to about 18% in 2023. On a per round basis, members paid around \$15.58 per round

for green fees (2023) compared to an average of \$27.40 for daily fee players. This represents a discount of about 43% for members compared to the 25% to 35% discount that is the target for public courses operating with memberships (also known as semi-private).

One key to enhancing revenue at Rolling Hills GC is to increase the inventory of tee times that can be sold to the public at a premium price. If these memberships are to continue, RHGC will have to manage this inventory appropriately by being creative in tee time allocation to appease members while still attracting the daily fee golfers who pay a higher rate. In all, the facility will have to take advantage of the 18-hole layout to maximize non-member participation and maximize the number of higher-paying daily fee customers it can accommodate.

## **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. Rolling Hills has an extensive F&B operation that includes several offerings for regular service to golfers and non-golfers and is functioning as a popular local restaurant under the “Putters” brand.

The basic food and beverage service provided at Putters includes the main grill service in the clubhouse that provides full level of service with an extensive menu. The service concept is common at public golf courses, with the option of walk-up / take-away, or full wait staff, form of service that is preferred by public golf customers. The grill seating area includes space that can accommodate up to about 100 patrons, with any volume exceeding this requiring use of outdoor spaces. The basic set up at the facility provides basic support for golfers at Rolling Hills GC but is limited in support that may be derived from the attraction of golf events and tournaments, potentially impacting golf revenue.

Putters is open daily with hours that exceed the golf course, as there are times (especially in the evening) when the grill area is open, and golfers are not present on the golf course. Putters offers a full menu of appetizers (from \$8 to \$13), salads (\$15-\$16), sandwiches/wraps (\$13-\$16), breakfast items (\$8-\$15) and a full assortment of hamburgers (\$12-\$16). There is both bottle and fountain soda, and several options for draft beer and full alcohol in the bar. Putters is also active in the sale of pull-tabs (lottery-style gaming), adding to the appeal of the facility and enhancing total traffic.

## **Total Revenue Estimates**

Data collected from RHGC operators show Putters Grill earning over \$971,000 in total gross revenue in 2022, with over \$322,000 coming from the sale of pull-tabs (33%). This revenue equates to \$27.61 per round of golf for F&B services in Putters. The Covid-19 pandemic clearly had an impact in this area of the business in 2020, as total revenue fell to around \$557,000 in 2020, with recovery to around \$787,000 in 2021. The typical 18-hole public golf course will generate \$6.75 per round in food and beverage revenue (from NGF US study - 2022). The industry standard for direct cost of sales at golf course F & B operations is around 40%, which is comparable to the actual cost of sales at PPGC of 38% - 39% in 2021-2023 (excluding pull-tabs).

## **Golf Cart Operations**

Rolling Hills GC operates a fleet of 60 gasoline-powered EZ-GO golf carts, which are stored under cover in two separate locations – about 20 in the covered shed outside the pro shop and the other 40 in the enclosed cart barn. 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 if the fleet was to be expanded. The carts are part of a segmented lease with 12 carts under an existing lease and 48 carts added

in a new 2024 lease. The combined total of cart leases was \$47,165 in 2022, or about \$3,930 per month. The total cost is consistent with NGF's expected standard of about \$1,200 per cart per year, regardless of lease or purchase. The number of carts seems low for an 18-hole golf course (72 is standard), but when considering the shorter-length golf course and the high volume of walking rounds (played without renting a cart), the fleet has proved to be adequate for most days at Rolling Hills. Staff reports that carts are turned over multiple times on the busiest days, and that extra carts are required for supporting the largest golf tournaments.

Having newer carts in good condition is a high priority for public golf courses. Having cleaner carts in good condition with modern features will reflect positively on the facility and encourage more rounds. The carts at Rolling Hills GC include some key features that are consistent with higher-end golf such as windshields and rain covering for golf bags, but RHGC carts do not have divot fill containers. The fleet is gasoline powered, which is not preferred by golfers who indicate in surveys a preference for the cleaner and quieter electric-powered carts. However, to provide electric carts, there must be adequate storage and battery charging facilities, which are not present at RHGC.

### **Rolling Hills GC Driving Range Operation**

For many public golf courses, the driving range can be a significant source of revenue if it includes good quality turf (use mats occasionally), good golf balls, convenient accessibility (kiosk with automated range ball dispensing) adequate size (275 yards+ of length) and a covering to protect from the sun and/or rain. The RHGC range has most these characteristics, but with range ball sales in the clubhouse and a small tee area that can accommodate only 24 golfers at a time. Over the past three years, the Rolling Hills range has seen considerable growth in driving range revenue, growing from around \$56,300 in 2019 to \$110,000 in 2020, \$180,000 in 2022 and a whopping \$208,000 in 2023. The 2023 revenue equates to \$7.79 per round, which is higher than the industry standard of \$2.00 per round (2022 data – likely higher for 2023). As the range is one of the highest margin revenue centers in a golf operation, any growth in this area will lead to improvements in facility net revenue. Key recommendations to increase range revenue at RHGC include adding an automated range ball dispenser system and possibly even adding some form of ball-tracking technology to allow golfers to use for golf practice or entertainment – and of course for an additional fee. Other ideas like playing some light music (after hours), making concessions more convenient to the range, and promoting organized activities (range games) have worked to enhance range ball sales at public courses nationwide. These ideas, coupled with other activities to increase rounds activity, should greatly enhance range revenue.

### **Merchandise Operations**

NGF Consulting sees good performance in the pro shop operation at RHGC, with has a comparatively large amount of floorspace that could be better utilized. Merchandise sales at RHGC have been strong and consistent through much of the last five years, with sales falling between \$120,000 and \$140,000 in each of the last five years. Total merchandise sales averaged \$5.27 per round of golf in 2022, higher than the industry standard of \$3.14 for on-course pro shop sales at public golf courses (2022 data). The U.S. average for direct cost of merchandise sold was 70% in 2022, compared to 72.3% reported by RHGC.

Pro shop merchandise at RHGC 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. We note the absence of any hard goods sales (clubs and equipment), which fits a trend in the industry as on-course golf shops have moved away from selling golf clubs due to high carrying costs and consumer choices at big-box retailers and the internet. The items that tend to sell best at facilities

like the RHGC are the obvious impulse items as noted above, but also logoed merchandise like shirts and outerwear, with multiple sizes and should include a ladies' line.

## **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 Rolling Hills GC having an active league and tournament calendar. Traditionally, large golf events tend to stimulate activity and generate more rounds than at courses that do not have an active event calendar, but many golf facilities are finding that discounting to attract a large tournament booking only takes tee times away from higher-paying daily fee customers, especially if the tournament does not fulfill its full roster reservation. Given the lower activity recorded at RHGC, an active tournament and golf event calendar is a must to sustain rounds and revenue for the future.

### **Leagues and Tournaments**

Rolling Hills GC is active in hosting organized leagues that play regularly, with at least one league on each of the seven days of the week. These leagues serve as an important revenue supplement to standard daily fee play. RHGC hosts two men's leagues (Sat, Sun & Wed.) with over 200 members, a ladies' league (Tues.) with 30 members, Elks league (Mon.), Keyport league (Thu.), and a couple's league on Fridays. These leagues help to introduce new players and stimulate activity, and NGF estimates that leagues still represent a significant portion of activity and are helping to supplement weekday rounds.

Data provided by Rolling Hills shows an active tournament calendar throughout the golf season with 10 separate "major" events that hosted a total of nearly 650 rounds (65 per event) in 2023. The largest of these events included the Washington State Junior event (120 players), Kevin E Memorial (80 players) and the FMA event in September with 80 players. Most events typically seek out 18-hole courses that have large F&B capacity and covered areas to gather after play is completed, and RHGC can offer adequate space with some re-programming of the clubhouse. Successful public golf courses should have at least 5% to 10% of total rounds generated from outings and tournaments, compared to 2.5% for RHGC in 2023.

### **Lessons and New Player Development**

We note that player development will be one of the critical elements to the long-term viability of Rolling Hills GC, and this should remain a point of emphasis for RHGC and the County. At present, there is only one PGA professional on staff, and this individual is operating as both the facility General Manager and head of instruction. 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 at Rolling Hills GC. RHGC should become more active in junior golf programming, hosting an active PGA Junior League and offering the site for a new *First Tee* program for Kitsap County. 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.

## ROLLING HILLS GC RECENT OPERATIONAL PERFORMANCE

RHGC earns revenue from green and cart fees, with some additional income derived from ancillary sales (merchandise, driving range, F&B, Putters, etc.). The expense needed to operate the facility is derived primarily from these revenues, with any profit accruing to the facility leaseholder. 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 RHGC for 2020-2022, with some limited data for 2023. In summary, it appears that RHGC is performing with activity that is much lower than standard, but with revenue and expense that is much higher than comparable facilities in the U.S. Despite the higher expenses, it still appears that lessee expenditures are probably not sufficient to cover all the materials and labor required for proper maintenance and oversight. NGF has observed a strong improvement in revenue since 2021, showing the facility has potential to earn a higher level of income than it is at present. The review below covers rounds, revenues, and expenses for each year at RHGC from 2019-2022, with some limited information on performance in 2023 (last completed full year). RHGC reported to NGF that data from 2023 was not available due to the loss of key accounting staff in 2023, which had not been resolved as of June 2024.

### Rounds Played at Rolling Hills Golf Course

The table below shows total rounds since 2019. The review shows a modest increase in activity at Rolling Hills GC after 2020, despite higher increases observed at other area courses and in the total U.S. since 2020. The more than 25,100 rounds hosted in 2023 was the most in any single year since before 2011, but still well below the highs of 35-40,000 rounds generated in the late 1990s and early 2000s at RHGC. As we move into 2024 and beyond, generating new Activity to take advantage of the increasing demand for golf will become a key challenge for RHGC.

In comparison, the total U.S. experienced a significant increase in rounds played of 13.9% for calendar year 2020, the largest increase in more than a decade. In Washington, the increase was much smaller with rounds up 3.6% but the state “caught up” to the national increase with a 16.6% 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 Washington down -5.5% compared to 2021. In 2023 the industry saw a rebound with the total U.S. up 4.2% and Washington up 6.1%. **The total U.S. standard for rounds played (“starts”) at an 18-hole golf course is at 34,012 for 2022.** A summary of total paid rounds by year at Rolling Hills GC since 2019 is shown in the table below:

Rolling Hills Golf Course Total Rounds Played by Type (2019 – 2023)						
	2019	2020	2021	2022	2023	% of Total
Annual Member	5,295	4,063	4,793	4,617	4,577	19.9%
9-Hole Green Fee	4,466	4,246	5,305	5,731	5,601	21.7%
18-Hole Green Fee	3,053	3,444	3,257	3,462	3,781	14.5%
Military	273	298	401	536	484	1.7%
Smart Cards	3,772	2,517	2,631	2,099	2,150	11.3%
Specials / Twilight	4,967	5,383	5,727	5,137	6,706	23.9%
Senior/Junior	1,245	1,983	1,642	1,565	1,841	7.1%
<b>Total Rounds</b>	<b>23,071</b>	<b>21,934</b>	<b>23,756</b>	<b>23,147</b>	<b>25,140</b>	<b>100.0%</b>
Annual Change %		-4.9%	8.3%	-2.6%	8.6%	

Source: RHGC, Inc.

## Recent Revenue Performance at Rolling Hills Golf Course

The table below shows the total revenue broken out by source since 2019. For comparison, the NGF estimated the ‘average’ revenue for an 18-hole public golf course was about \$1.5 million in 2022, including all ancillary sources (F&B, merchandise, lessons, etc.), which Rolling Hills GC has exceeded, although much of the additional revenue can be attributed to Putters and gambling revenue. As shown, Rolling Hills GC has seen a significant boost in the last few years since the pandemic. We note this level of revenue is being achieved despite the clubhouse condition concerns noted earlier, showing that higher revenue is possible at this location.

<b>Rolling Hills Golf Course Total Golf Operations Revenue by Source (2019 – 2023)</b>					
<b>Golf Revenue</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Daily Green Fees	\$400,918	\$448,792	\$485,626	\$493,248	\$563,443
Power Carts	135,075	149,364	161,884	167,015	193,781
Merchandise Sales	121,523	139,797	134,524	122,022	176,229
Range Balls	56,332	110,084	159,046	180,336	208,746
Memberships	57,214	60,389	53,253	71,321	<i>Data not provided</i>
Lessons	18,515	27,865	31,124	2,785	
Shop Snacks & Bev Cart	21,781	23,948	27,504	30,203	
Club Rentals & Pull Carts	4,559	1,409	4,993	4,640	
Other	7,213	6,986	100,931	4,966	
<b>Total Golf Revenue</b>	<b>\$823,130</b>	<b>\$968,634</b>	<b>\$1,158,885</b>	<b>\$1,076,536</b>	
<b>Putters Grill Revenue</b>					
Gambling Sales	\$295,807	\$154,660	\$251,573	\$332,785	<i>Data not Provided</i>
Food	262,959	199,605	282,894	351,120	
Banquet	9,873	1,129	8,558	11,564	
Liquor	256,177	195,497	244,189	276,332	
Misc.	11,121	6,198	165	125	
<b>Total Revenue</b>	<b>\$835,937</b>	<b>\$557,089</b>	<b>\$787,379</b>	<b>\$971,926</b>	
<b>Total Revenue</b>	<b>\$1,659,067</b>	<b>\$1,525,723</b>	<b>\$1,946,264</b>	<b>\$2,048,462</b>	<b>\$1,163,432</b>
Annual Change		-8.0%	27.6%	5.3%	

Source: RHGC, Inc. *Italics = base golf revenue only for 2023. \*2020 includes periodic closure for Covid-19.*

### Average Revenue Analysis

The total facility-wide average revenue per round was \$88.50 in 2022, of which only \$31.61 was derived from golf playing fees (green + pass + cart fees), \$14.38 from pull-tab sales, \$27.61 from F&B and the remaining \$14.90 derived from ancillary sources like driving range and pro shop sales. The NGF average for public golf courses in the U.S. (calculated in 2023) was \$43.90 for total revenue per round, with \$31.91 from golf playing fees (green, cart, membership), plus an additional \$6.75 for F&B, \$3.14 for merchandise and \$2.10 for other (range, instruction, etc.). In summary, RHGC is close to the average in golf fee revenue but is earning much higher ancillary revenue per round, derived mostly from the Putters restaurant operation and the inclusion of liquor and pull-tab (gambling) sales. The actual 2023 average revenue per round compared to 2022 standards shown below:

Year	RHGC in 2022	U.S. Average (2022)*	Difference – RHGC vs. U.S. Avg.
<b>Paid Rounds</b>	<b>23,147</b>	<b>34,012 (per 18-H)</b>	<b>-10,865</b>
Green + Cart + Passes	\$31.61	\$31.91	-\$0.30
Golf Shop Merchandise	\$5.27	\$3.14	+\$2.13
Food & Beverage**	\$28.91**	\$6.75	+\$22.16
Driving Range	\$7.79	\$2.00	+\$5.79
Other (lessons & other rentals)	\$0.54	\$0.10	+\$0.44
<b>Total</b>	<b>\$74.12**</b>	<b>\$43.90</b>	<b>+\$30.22**</b>

\*From NGF's Golf in the U.S. Economic Impact Study (2023). \*\*F&B income at RHGC includes both Putters and golf shop snacks, but excludes pull-tab sales. NDA – Not directly applicable comparison.

## Rolling Hills GC Expenses

The table below shows total on-site operating expenses by major line-item since 2019. The overall expenses to operate RHGC are higher than national standards for public golf courses, due mostly to the inclusion of the large Putters operation. For comparison, the NGF standard for total operating expenses is \$1.5 million per 18 holes. In all, this expense summary suggests a very lean operation at RHGC and is likely contributing to the maintenance conditions documented earlier.

<b>Rolling Hills Golf Course Total Combined Operating Expense by Source (2019 – 2022)</b>				
<b>Expenses</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>	<b>2022</b>
<b>Cost of Sales (COS)</b>				
Shop Snacks & Bev Cart	10,224	10,756	12,292	13,947
Merchandise	86,823	103,818	92,881	88,278
Putters	234,692	156,682	199,605	248,252
<b>Total COS</b>	<b>\$331,739</b>	<b>\$271,256</b>	<b>\$304,778</b>	<b>\$350,477</b>
<b>Operating Expenses</b>				
All Wages	\$562,116	\$570,021	\$646,427	\$731,472
Payroll Expense	63,370	64,018	75,345	88,844
Putters Admin	48,838	34,793	52,154	70,346
Golf Cart Lease	45,984	48,862	48,247	47,165
Repairs, Maint. & Supplies	85,876	138,146	143,388	197,009
Office & General	36,538	41,432	43,591	27,032
Other Supplies	14,424	8,075	34,084	26,091
Credit Card / Bank Fees	33,735	35,935	40,260	48,286
Utilities	65,061	62,861	71,207	74,921
Insurance Expense	62,580	66,799	60,237	58,756
Gambling Payouts	219,571	105,463	175,492	239,944
County Lease	100,000	100,000	100,000	100,000
County Lease Tax	12,840	12,840	12,840	12,840
Management Bonus	2,801	1,711	3,305	578
Business Exp + Other	47,082	42,997	64,029	58,401
<b>Total Facility Expense</b>	<b>\$1,400,816</b>	<b>\$1,333,953</b>	<b>\$1,570,606</b>	<b>\$1,781,685</b>
<b>Total Combined Operating Expense</b>	<b>\$1,732,555</b>	<b>\$1,605,209</b>	<b>\$1,875,384</b>	<b>\$2,132,162</b>
Annual Change		-7.4%	16.8%	13.7%

Source: RHGC, Inc. \*2020 includes periodic closure for Covid-19.

## Summary Financial Performance (2019-2022)

In the table below, the NGF provides a review of the Rolling Hills GC operation from a business perspective. We note that some of the organization may not match various RHGC or County Parks accounting, but the line items have been re-organized by NGF to show a more business-oriented standpoint. Our review shows that Rolling Hills GC is operating at a level very close to “break-even,” which can be misleading in that very little is re-invested in the RHGC property. As a best business practice, it is usual and customary for any operational profit that is earned on-site should be retained at the golf facility and utilized as a “reserve” to help improve the property and address items to ensure RHGC retains a high standard of maintenance so as to remain competitive.

<b>Rolling Hills Golf Course Summary of Performance (2019 – 2022)</b>				
<b>Revenue</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>	<b>2022</b>
Total Golf Fee Revenue	\$535,993	\$598,156	\$647,510	\$660,263
Ancillary Golf Revenue	287,137	370,478	511,375	416,273
Putters Revenue	835,937	557,089	787,379	971,926
<b>Total Facility Revenue</b>	<b>\$1,659,067</b>	<b>\$1,525,723</b>	<b>\$1,946,264</b>	<b>\$2,048,462</b>
Less Cost of Sales: (COS)				
<b>Total COS</b>	<b>\$331,739</b>	<b>\$271,256</b>	<b>\$304,778</b>	<b>\$350,477</b>
<b>Gross Margin</b>	<b>\$1,327,328</b>	<b>\$1,254,467</b>	<b>\$1,641,486</b>	<b>\$1,697,985</b>
<b>Total Facility Expense</b>				
Total Labor Expense	\$625,486	\$634,039	\$721,772	\$820,316
Total Non-Labor Expense	775,330	699,914	848,834	961,369
<b>Total</b>	<b>\$1,400,816</b>	<b>\$1,333,953</b>	<b>\$1,570,606</b>	<b>\$1,781,685</b>
<b>Operating Income (Loss)</b>	<b>(\$73,488)</b>	<b>(\$79,486)</b>	<b>\$70,880</b>	<b>(\$83,700)</b>

Source: RHGC, Inc. \*2020 includes periodic closure for Covid-19.

# External Factors Affecting Rolling Hills GC

NGF has provided a summary of important external factors that have the potential to affect the continued operation of the Rolling Hills GC under its current configuration with 18 regulation golf holes, modest clubhouse and driving range. The summary includes a review of the local demographic profile and trends, economic factors, golf industry trends, and golf demand and supply measures in the local Kitsap County market. We also provide an analysis of other golf courses in the area that compete with RHGC for market share. To conclude this section, we will summarize these factors and how they relate to the continued operation of the RHGC.

## MARKET OVERVIEW

Rolling Hills GC has a unique location in the heart of the corridor of Kitsap County between Bremerton and Silverdale, immediately proximate to State Highways 303 and 3. The golf facility is located with an entrance along NE McWilliams Rd., about ½ mile from the intersection with Highway 303 and about 2.8 miles from the Warren Av. Bridge and downtown. The course is easy to find for auto traffic in the local area with few turns required and a well-marked entrance on McWilliams Rd.

### Demographic Analysis – Local Permanent Residents

The demographic factors affecting the demand for public-access golf in this market show that the Bremerton area has a demographic profile that correlates to stronger-than-average golf demand, with additional factors that enhance golf activity like pockets of higher income residents and easy access to nearby roadways. 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-, 10- and 15-mile radial markets around RHGC, all of Kitsap County and the U.S.

Market Data Comparisons 2023					
Rolling Hills GC	5-Mile Radius	10-Mile Radius	15-Mile Radius	Kitsap County	Total U.S.
Population 2023 Estimated	116,071	233,621	859,650	279,157	335,052,630
Population 2028 Projected	117,534	242,016	921,251	287,898	348,764,821
Med. HH Income (2023)	\$97,710	\$104,814	\$127,619	\$96,741	\$80,504
Median Age (2023)	40.4	41.2	37.8	39.5	38.7

Source: NGF Consulting, Tactician Corporation, Applied Geographic Solutions.

- The 10-mile primary trade area around Rolling Hills GC shows a modest population, with about 242,000 residents as of 2023. The area has had about 17% growth since 2010 (compared to 13% for the U.S.), and new growth through 2028 is not projected to be significant.
- Median Age in the local 10-mile market around RHGC is slightly older than Kitsap County and the State, indicative of a higher proportion of older age residents. In general, the propensity to play golf with greater frequency increases with age, making relatively older markets like Bremerton more attractive to golf facility operators, all other factors being equal.

- Median Household Incomes in the local market areas around Rolling Hills are lower than the broader Puget Sound region, but higher than the State and nation. In general, higher income residents are more likely to participate in golf, and they play more frequently than lower income residents. The incomes in Bremerton would suggest a much more limited tolerance for higher golf playing fees among the local population.
- An estimated 48% of households in RHGC’s 10-mile trade area have incomes over \$100,000 annually, significantly higher than the national figure of 32%. About 17% show income exceeding \$200,000, also much higher the U.S. benchmark of 9.3%. This income profile of residents close to RHGC supports the higher golf demand estimates.

Higher Income Households	5-Mile Ring		10-Mile Ring		Kitsap County	
	No.	Pct.	No.	Pct.	No.	Pct.
No. of Households over \$100,000 Income	20,726	44.9%	43,865	47.9%	52,938	48.2%
No. of Households over \$200,000 Income	6,940	15.0%	15,576	17.0%	17,601	16.0%

### Key Economic and Climate Factors

Kitsap County is in western Washington and connected to the eastern shore of Puget Sound by several Washington State Ferries routes. Its county seat is Port Orchard, and the largest city is Bremerton. Kitsap County comprises the Bremerton–Silverdale–Port Orchard, WA Metropolitan Statistical Area, which is also included in the Seattle–Tacoma, WA Combined Statistical Area. The County had a population of 275,611 (2020 census).

This represents a large enough market area to support several golf facilities and the area includes several key institutional, residential and commercial elements that draws workers, consumers and travelers to the region, ultimately helping to support golf facility operations. Below, the NGF provides observations on the key economic drivers of the area and the potential impact on golf activity at Rolling Hills GC:

- **Climate:** As with any outdoor recreation, golf demand is impacted by weather. NGF data estimates that almost all golf is played with temperatures between 50- and 90-degrees Fahrenheit. Understanding local weather patterns helps determine the number of golf playable days. Golf can be a year-round activity in western Washington, but cold winter weather and long periods of rain can impact demand. Climate data collected by NGF shows an estimated 149 days with at least some precipitation, clearly impacting the potential for golf activity. Still, NGF has observed demand for golf even during periods of mild precipitation, helping to support golf facility activity. In addition, the shorter length of day in the winter months can impact late afternoon (after work) activity.
- **Naval Base Kitsap (NBK):** NBK is a complex naval installation with multiple missions and locations in Kitsap County and is the most important economic driver of the area economy. Puget Sound Naval Shipyard (PSNS) is a shipyard covering 179 acres on Puget Sound in Bremerton and **employs about 14,000 people**. The Puget Sound Naval Shipyard (PSNS) provides support for both surface ships and submarines and has a **workforce of about 15,600** active-duty personnel. The 2018 economic impact assessment of NBK indicated \$1.9 billion in area economic output, 45,000+ jobs and \$129 million in state and local taxes. The employed personnel and visitors from these installations form a strong core of the local area economy and are a key customer group for golf facilities in the area

- **Other Industries:** The key industries in Kitsap County include Defense, Maritime, Advanced Manufacturing, Healthcare, Tourism, and Technology. The healthcare sector in Kitsap County includes a wide range of facilities, services and specialty practices with a large employment footprint. The technology sector in Kitsap County is mostly defense-related and has a large employment base working to deploy cutting-edge defense technology like underwater drones. The County reports that Kitsap’s Bremerton-Silverdale metro area has the second-highest level of patent generation in the United States. Kitsap County also has abundant natural beauty, miles of shoreline and many acres of forest lands, all leading to the attraction of numerous tourists and visitors. These sectors all produce economic contribution, lead to strong ongoing employment and fit the industry profile for strong golf demand to enhance activity at all County golf facilities.
- **Growth Pattern:** Kitsap County has experienced significant growth in population over the last 30+ years, increasing from around 189,731 in 1990 to just under 280,000 in 2023 (47.6% increase). Much of this growth has occurred in a defined “Urban Growth Area” of Kitsap County between Highway 3 and Port Orchard/Sinclair Inlet from Bremerton up to Silverdale. The County master plan expects this population to grow by another 71,000+ by 2044. The implication for the continued operation of Rolling Hills GC is that the facility will have an increasing number of golfers residing in proximity in the years and decades to come, potentially leading to increased golf activity, provided property amenities and conditions are maintained properly.
- **Local Transportation:** The automobile transportation infrastructure in Kitsap County is sufficient to support public golf operations at RHGC. As activity is primarily supported by auto transport, convenient access to major roadways is important and RHGC is accessible to key arterials in the area, notably Highway 303 and Highway 3 providing access to the local Bremerton region. While the State and County have invested in improvements to roadways in and around Bremerton, much of the new transportation infrastructure is focused on mass-transit as area roadways reach capacity. The County should be mindful of key mass transit hubs (bus stops, rail stations) and their locations relative to RHGC to maximize potential use of these systems by golf customers.
- **Airport:** Seattle-Tacoma International Airport (SEA) is located about 20 miles southeast (via ferry) or 55 miles via surface roads (16 & I-5), and served over 45 million passengers in 2022. The Kitsap area is home to two other general aviation airports, including the Bremerton National Airport (11 miles from RHGC) and the Tacoma Narrows Airport (25 miles). Neither airport is active in commercial airline traffic and host upwards of 97% general aviation.

## 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	Kitsap County	U.S.
<b>Golfers and Rounds</b>				
Number of Golfing Households	7,917	15,830	18,895	19,261,276
Number of Golfers	10,668	21,825	26,239	26,564,550
Rounds Potential (resident golfers)	164,836	341,008	411,192	403,815,462
Average Rounds Played per 18 Holes	65,934	45,468	39,161	30,615
<b>Golf Indices*</b>				
Golf Participation Index	116	118	119	100
Golf Rounds Activity Index	118	121	122	100

US = 100; Source: Tactician, Inc. and NGF Consulting.

- The local Bremerton market area has demographic characteristics that correlate with higher-than-average participation in golf, which is reflected in golf participation index for the 10-mile market that is 18% higher than the U.S. benchmark (Index = 118). Additionally, the rounds-played-per-golfer index is also higher than the total U.S. in this market despite the shorter golf season, indicating a strong resilience among the local golfer population.
- The NGF estimates about 10,600 golfers reside within five miles and about 21,800 within 10 miles of Rolling Hills. These golfers have the potential to demand up to 164,800+/- rounds (5 miles) and 341,000+/- rounds (10 miles), respectively, each year. NGF estimates that resident golfers in the Bremerton area could demand upwards of 66,900+/- per 18 holes annually, much higher than other areas of Washington and more than twice the national average of about 30,600 rounds per 18 holes.

### Corporate / Organizational / Tourist Market Demand

As we saw earlier in this section, the local area is home to several large employers, with additional large employment centers within 10 to 15 miles of Rolling Hills GC. These employment centers could be potential customers for organized activities such as outings and leagues, as well as for corporate meetings (breakfasts, etc.) and banquets. Earlier we noted the popularity of Kitsap County as a visitor destination, potentially contributing to golf course activity in the region. Though Rolling Hills would likely capture a small proportion of these visiting golf rounds, it is nonetheless important for any operator of RHGC to maintain a strong marketing presence, as a thousand additional visitor rounds could make a big difference in the bottom line.

### Local Golf Supply

NGF observations regarding key golf supply measures for the Rolling Hills GC market area:

- There are seven total golf facilities (5 public and 2 private) in RHGC's primary 10-mile trade area, and 10 total facilities (8 public, 2 private) in Kitsap County. The proportion of public courses (80%) in the County is slightly higher than 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 Kitsap County has a golf facility supply that is comparable to the total U.S. (Index=105). The data show there are about 5% **more** households available (favorable) to support each 18 holes of golf compared to the national benchmark. This ratio is reflective of a growing County population with few golf courses and supports the potential for strong performance at Rolling Hills GC.

- Golf is generally more expensive in Kitsap County when compared to the total U.S. NGF has identified that four of the eight public golf courses in the County are in the NGF-defined 'premium' price segment (over \$80 peak fee w/cart), while there are two each in the 'standard' (between \$40 - \$80 – includes RHGC) and 'value' (under \$40) segments.
- The NGF Golf Facility Database indicates no new golf facilities either in planning or under construction in Kitsap County in 2024. While there is land available for new golf development, the associative surrounding development options are limited in the County given the defined growth management plan.

## 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 Kitsap County suggests a ‘competitive’ market for golf, with generally strong demand and modest supply-demand ratios for the County.

### 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 2,910 golfers per 18-hole course in the RHGC market.** However, while the basic ratio of golfers to golf courses is not favorable in the Rolling Hills GC market, the analysis does not consider the willingness to travel that often accompanies golf markets in metro areas like greater Seattle, where commuters are used to long commute times and more tolerant of lengthy travel for recreation.

### Market Area Strengths

- Kitsap County is a growing suburban county with residential density and significant institutional and commercial elements in proximity to the subject Rolling Hills GC.
- The local area immediately proximate to Rolling Hills GC includes three key elements for potential market success – residential neighborhoods, large commercial centers and proximity to major automobile thoroughfares.
- The high concentration of higher-income households close to Rolling Hills GC enhances demand.

### Market Area Weaknesses

- While estimates and ratios all show favorable demand – supply balance, Rolling Hills may have a more “out of the way” location for visiting golfers and potential customers less familiar with the area and local directions. As such, appropriate directional signage will always be important to maximize activity at Rolling Hills GC.
- While proximity to large institutions creates opportunity to attract golfers and other patrons, the limited time availability of Navy personnel and other commuters has clearly reduced demand for traditional 18-hole golf in this area.

## NATIONAL GOLF INDUSTRY – KEY TRENDS AND DATA

Despite significant negative press, the golf industry is clearly not in trouble but is showing signs of change as a new and younger generation becomes more active in golf. As shown in the NGF's Graffis Report "Leaderboard," ([Appendix C](#)) all measures researched by NGF in early 2024 show significant increases in golf activity in 2023 compared to 2022 and 2019. Total golf participation is up 32% since 2019 and off-course participation (driving range, golf entertainment, simulators, putting courses, etc.) is up 41% in the last four years. The strongest key measure to support the participation statistics is the sale of golf balls, and actual wholesale shipment data for golf balls shows a 5% increase in 2023 over 2022 and a 37% increase over 2019. From this data, it is clear that golf received a strong, though perhaps temporary, boost in demand from the Covid-19 crisis.

Ultimately, total spending on golf and club memberships 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. As we begin to consider the potential effects of a new younger generation coming into the game, we note that golf activity has increased in the U.S. at off-course golf facilities, golf entertainment locations and at shorter-length golf courses in the 2020-2023 period. This is further supported by strong driving range revenue at Rolling Hills GC in 2023.

### Key Trends in Golf Demand and Supply

Golf participation is one of the core measures of golf's vitality and since spring 2020, golf has received a strong boost in interest and demand resulting from the Covid-19 pandemic and golf's popularity as an outdoor activity that is conducive to social distancing. Other basic findings from NGF's ongoing study of the national U.S. golf market:

- **Rounds Played 2020-2023** – NGF estimates that total golf rounds played in 2020 finished up by 13.9% (about 60 million rounds) over 2019, with Washington up by 3.6%, despite Covid-related shutdowns for much of March and April. For 2021, Washington "caught up" to the national increase with a 16.6% 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 Washington down -5.5% compared to 2021. In 2023 the industry saw a rebound with the total U.S. up 4.2% and Washington up 6.1%. **The total U.S. standard for rounds played ("starts") at an 18-hole golf course is at 34,012 for 2022.** Early indications for 2024 are that rounds took a hit in January, falling over -16% for the U.S. and -41% for Washington, as very bad weather for golf led to declines. (source: Golf Datatech – see [Appendix D](#)).
- **Golf Course Closures** - The number of course closures outweighed new openings for 14 consecutive years during the ongoing balancing of supply and demand but showing stabilization in 2023. According to NGF data, there were 89.8 18HEQ closures in 2023 – the fewest in more than a decade with a peak of 279.5 closures in 2019. The demand for land to use for residential and commercial development is influencing the supply correction in golf. However, this has not been an issue in the local area as NGF has no course closure records for Kitsap County.
- **Investment in Facilities** - Investment in major renovation projects has replaced new construction as the source of golf development activity. A 2023 NGF study with more than 1,200 responding facilities indicated total investment of more than \$9 billion over the prior 5 years. Clearly, golf facilities are using new revenues generated in the recent golf boom to improve and expand existing facilities. This is evident in the greater Puget Sound market with considerable new investment in golf facilities either just completed, underway or in planning at several area competing golf courses.

- **Increasing Diversity** - A closer look at on-course golf participants in 2023 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 representation.
  - Non-White golfers are up 9% to 5.6M – Up 32% since 2018. This segment now represents 22% of all on-course golfers – also a new high in representation.
- **Beginners** - The number of beginners rose to 3.4 million in 2023, surpassing the record of 3.2 million set in 2022 and representing an annual increase of about 1 million since 2014. 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, 2020 saw the most significant gain for youth golfers (+24%) since 1997. We estimate that 3.5 million Juniors played golf on a course in 2023, 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.
- **Changing Preferences** – Total off-course participation was higher than on-course participation in 2023 showing a clear expansion of preferences for fulfilling golf demand. The mix of facility types and services that are growing includes all forms of golf entertainment (TopGolf, PopStroke, Drive Shack, etc.), as well as indoor simulators, arcade golf games and online golf gaming. These changing preferences are particularly acute in younger age segments (under 30) and have implications for new facility investment and expansion of existing golf facilities and the overall facility offering.
- **Other Items** – Other trends impacting the golf market include increasing moves toward remote work structures that appear to be lasting and leads to more employees able to participate in golf during the week or evenings, the limited development of any new golf courses helping to maintain a healthy supply/demand balance, and shortages of workers adding to the challenge of operating and maintaining golf facilities.

## National Golf Industry Overview Summary – Potential Implications for RHGC

Golf facilities – both nationally and in Washington – are largely in a healthy place in 2024, with many public golf courses experiencing strong rounds 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 Rolling Hills GC.

It is difficult to conclude how the national trends discussed above will affect any particular golf course, as we cannot definitively predict which, if any, of these trends will continue. On balance, however, we believe that a continuation in the growth of beginning golfers, increased interest in “alternate” forms of golf among other younger prospects and the successful activation of the large cohort of “latent demand” should have a positive effect on golf facilities like Rolling Hills GC, which includes a shorter length golf course and covered driving range.

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 operators largely center around rapidly rising input costs – especially labor. As long as pricing power remains in place, golf facilities should be able to at least mitigate increasing expenses and maintain operating margins.

## LOCAL COMPETITIVE GOLF MARKET

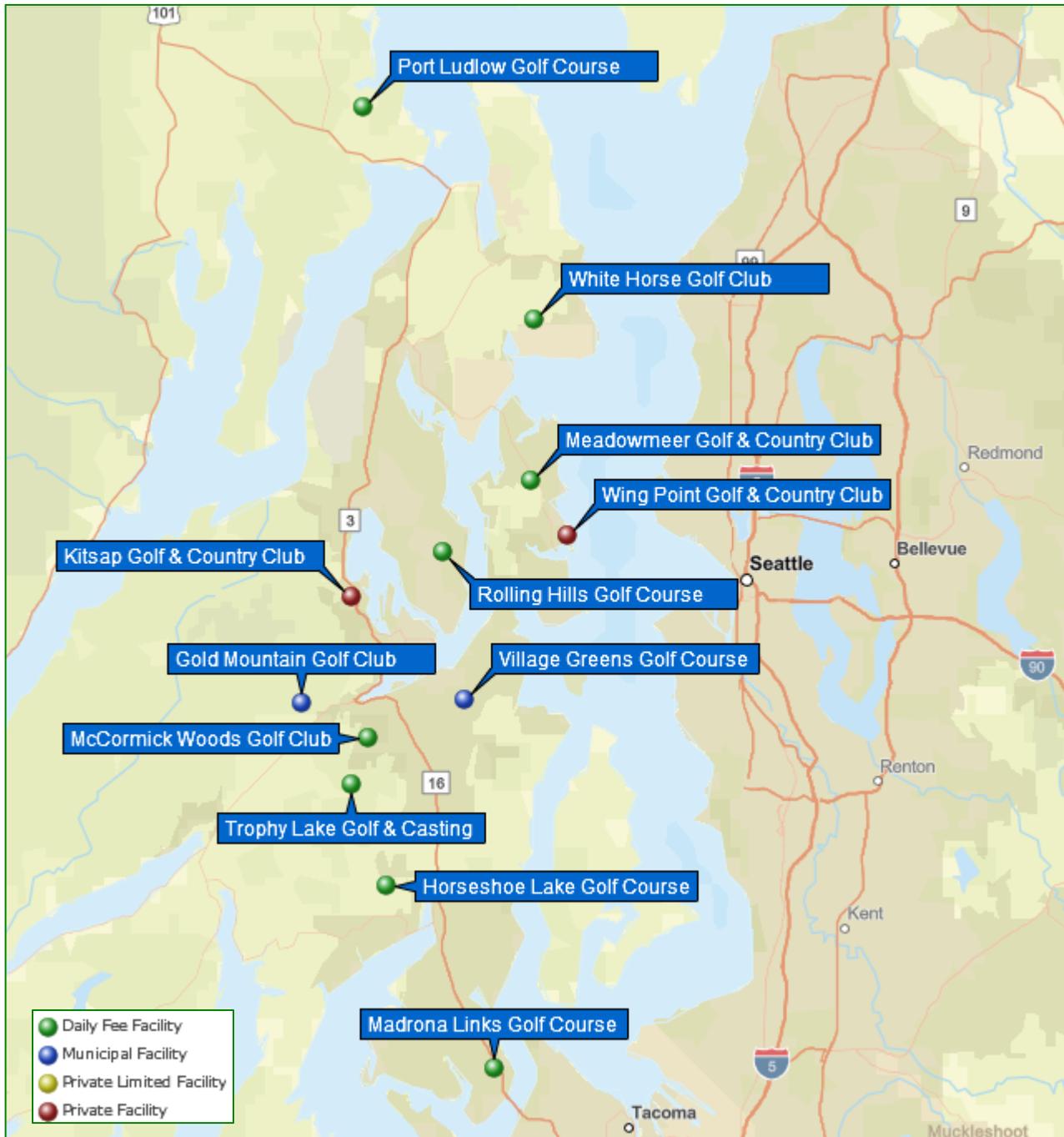
NGF has reviewed the public golf market in the local area, with particular emphasis on the current market position of Rolling Hills GC, and the potential for maintaining and/or building additional market share in the future. Given its location, current condition and pricing, the competitive set for Rolling Hills includes a wide variety of facilities with a mix of golf amenities generally within a 15-mile radius from the Rolling Hills GC site. On the following pages, we list summary and operating information for these facilities identified as the most important competition to RHGC.

Primary Public Golf Competitors	Other Regional Golf Facilities of Note
Gold Mountain Golf Club (36-h) McCormick Woods Golf Club White Horse Golf Club Trophy Lake Golf & Casting Club Horseshoe lake Golf Course Port Ludlow Golf Club Madrona Links Golf Course	Village Greens Golf Course (9-h) Meadowmeer Golf & Country Club (9h) Kitsap Golf & Country Club (Private) Wing Point Golf & Country Club (Private)

This list was not meant to be totally exhaustive or account for all the potential public golf competition to Rolling Hills GC, but rather to offer a frame of reference in evaluating actual performance of the subject courses as compared to other potentially competitive golf facilities. The map on the following page shows the locations of the various public courses selected as the key competitors. Following the map, we provide summary operating information for these key competitors, as well as key pricing & fee information in comparison to Rolling Hills GC.

## Competitive Public Access Golf Facilities Map

The map below shows the relative locations of golf facilities identified as competition to Rolling Hills GC.



## Summary Information

A summary of the nine primary competitors, four other local facilities and the subject Rolling Hills GC is shown in the table below:

Facility Summary Information – Rolling Hills GC Competitive Set									
Golf Facility	Location	Type	Year Open	Back Tee Par / Slope	Front Tee/ Back Tee	Location Relative to RHGC*	Amenities	Approx. Clubhouse Size	Recent/Planned Lg. Capital Projects
Rolling Hills Golf Course	Bremerton	DF/MU-18H	1972	70 / 124	5,486 / 5,936	--	CH, FDR, PS, CE, SB, FR, OP	8,900sf (2-story)	TBD
Gold Mountain GC	Bremerton	MU-36H	1971	C - 72 / 134 O- 72 / 148	C - 5,287 / 6,429 O-5,274 / 7,158	9.1 Miles	FCH, OP, FR, PS, OP, FDR	16,000sf + Pav. 3,800sf	Cascade course redesign / new maint. Eq.
McCormick Woods	Port Orchard	DF-18H	1986	73 / 136	5,270 / 7,056	8.9 Miles	FCH, LBQ, FR, PS, OP, DR	16,000sf + PS 2,300sf	None reported
White Horse GC	Kingston	DF-18H	2007	72 / 141	5,010 / 7,093	11.0 Miles	FCH, CE, FDR, PS, EP, SB, FR, OP, GA, LBQ	17,000sf	None reported
Horseshoe Lake GC	Port Orchard	DF-18H	1992	71 / 128	4,851 / 5,951	14.9 Miles	SB, CH, PS, DR	5,400sf	Clubhouse renovation
Trophy Lake G&CC	Port Orchard	DF-18H	1999	72 / 140	5,342 / 7,206	11.0 Miles	CH, SB, PS, OP, FDR	9,200sf + Pav. 3,800sf	None reported
Port Ludlow GC	Port Ludlow	DF-18H	1975	72 / 143	5,086 / 6,861	19.9 Miles		4,800sf	None Reported
Madrona Links GC	Gig Harbor	DF/MU-18H	1977	71 / 122	4,737 / 5,608	23.2 Miles	CH, SB, DR, FR, CE, PS	5,300sf	TBD
Other Regional Golf Facilities of Note									
Village Greens GC	Port Orchard	MU-18-P3	1958	58 / 83	3,255	6.6 miles	CH, FDR, SB, GA	2,000sf+range	Only minor repairs reported
Meadowmeer G&CC	Bainbridge Isl.	DF-9	1972	35 / N-A	2,824	5.0 miles	CH, PS, SIM, DR	3,600sf	None Reported
Kitsap G&CC	Bremerton	PR-18H	1924	71 / 145	5,521 / 6,364	4.5 miles	RQ, SW, FCH, LBQ, DR, FR, PS, FC, OP	15,500sf+Pool	N/A
Wing Point G&CC	Bainbridge Isl.	PR-18H	1903	72 / 124	4,699 / 6,093	5.5 miles	RQ, SW, FCH, LBQ, DR, FR, PS, FC, OP	10,900sf + other Bldgs.	N/A
<p>*Air miles from subject site - actual driving distances will likely be greater. TBD=status currently under review. N/A = information not available.            Type: DF – Daily Fee; MU – Municipal; PR – Private; P3 – par-3 course.            Amenity code: FCH=full-service clubhouse (w/banquet space); CH = small or temporary clubhouse; CE=clubhouse events/theme nights; FTR= driving range structure w/technology; FDR = full driving range; DR = small range; SC = short course; SIM = indoor simulators; PS = pro shop; EP=event pavilion; SB=snack bar; FR=full restaurant; OP=outdoor patio; GA=golf academy; LBQ=large banquet space; FC = fitness center; RQ = racquet sports; SW = swimming pool.</p>									

## Market Area Daily Fee and Membership Information

Found below is information regarding the fee structure of the identified key competitors to Rolling Hills GC, including both daily fees and the various membership / season pass options available at these facilities. These fees represent peak season fees for the summer-fall of 2024.

Summary Peak Season Green Fees - Rolling Hills Golf Course and Other Area Public Golf Courses							
Facility	Walking 18H Rates (WD/WE)	Riding 18H Rates (WD/WE)	Twilight 18H Walking (WD/WE)	Cart Fee per Rider (18H)	Other Discounts	Range Bucket (Sm / Lg)	Annual Membership Individual/Family
Rolling Hills GC	\$42 / \$46	\$61 / \$65	\$33 / \$37	\$19.00	TL, JUN, SEN, MI, PC	\$8.75 / \$14.00 <sup>1</sup>	Single = \$2,143 / Couple = \$3,315 Sr. Single = \$1,484 / Sr. Couple = \$2,335 Active Military = \$1,484
Gold Mountain GC	C-\$38.50 / \$49.50 O-\$49.50 / \$60.50	C-\$58.50 / \$69.50 O-\$69.50 / \$80.50	C-\$24 / \$28.50 O-\$26 / \$34	\$20 / \$13 <sup>2</sup>	JUN, SEN, MI, DY, MP	\$6 / \$10 / \$14 <sup>1</sup>	Full - \$2,700 / w-cart = \$3,540. Ea. Add'l family = \$960. Jr. = \$468. WD only = \$2,220 / w cart = \$3,060. Range = \$720
McCormick Woods	\$55 / \$48	\$73.50 / \$66.50	\$32 / \$30	\$18.50	JUN, SEN, PC, MP, DY, MI	\$5 / \$10	w/cart = \$3,240 / std.= \$2,400 family add \$1,500 ea. Addl family member
White Horse GC	\$62.00 / \$79.00	\$82 / \$99	\$35 / \$38	\$20.00	JUN, SEN, TL, MI	\$8 / \$13 <sup>1</sup>	5-Day: Single - \$2,198/Fam - \$3003 7-Day: Single - \$3,053/Fam - \$40140 Military Single = \$2,027 Senior: Single - \$1,674 / Fam \$2,534
Horseshoe Lake GC	\$46 / \$49	\$64 / \$67	N/A	\$18.00	TL, JUN, SEN, MI	N/A	N/A
Trophy Lake G&CC	\$74 / \$94 <sup>3</sup>	\$74 / \$94 <sup>3</sup>	\$40 / \$44 / \$55 <sup>3</sup>	Cart Included	JUN, SEN, MI, DY, MP	\$8 / \$15	7-Day Unlimited = \$3,036 / WD Only = \$2,400 (ea. Addl. Family member = \$1,128)
Port Ludlow GC	\$62 / \$78 <sup>3</sup>	\$62 / \$78 <sup>3</sup>	\$30 / \$35 / \$40 <sup>3</sup>	Cart Included	SEN, MI	\$8 / \$15	Unlim: Single = \$4,020 / Cpl = \$6,240 Non-Res: Single = \$3,480 / Cpl = \$5,280
Madrona Links GC	\$40 / \$45	\$60 / \$65	\$34 / \$38	\$20.00	TL, JUN, SEN	\$5 per token	No Annual Membership
Village Greens GC	\$28.00	\$43.00	\$20.00	\$15.00	JUN, SEN, MI, MP, PC	\$8 / \$11 <sup>1</sup>	Monthly Pass: Single = \$128/mo./ Couple = \$225/mo. / Family = \$280/mo. Cart and range plans available
Meadowmeer G&CC	\$36 / \$50	\$40 / \$46	\$30.00	\$18.00	JUN, SEN, MI	N/A	N/A
Area Private Club Information							
	Premier Membership Rate			Other Notes			
Kitsap G&CC	\$2,300 Initiation \$6,481 per year – full unlimited membership + F&B minimum			There are several other less expensive membership options with limited use or age discounts			
Wing Point G&CC	Initiation fee required / commensurate w membership \$8,000 per year – full unlimited membership + F&B minimum			There are several other less expensive membership options with limited use or age discounts			
1- Also offers a range card with value program discounts. 2- 2 <sup>nd</sup> rate is cart discounted for twilight. 3 – Cart included and always required. WD=Mon-Fri.; WE = Sat-Sun + Holidays. Discount Code: RES= resident discount; TL = twilight discount; JUN = junior; SEN = senior; CL=clergy; MI=military; DY=dynamic pricing options; MP-monthly pass; PC-punch cards. N/A = not applicable							

### Local Golf Facility – *Placer AI*/Cellphone Data

Below, NGF presents additional information on key local area golf facilities in the Kitsap County area from data/information obtained through *Placer AI* review of aggregate cellphone tracking. This includes total facility visits, unique visitors, basic demographics, customer origin and other favorite locations as of June 2024.

#### Summary 2024 Information Detail – Local Competitive Golf Facilities

Facility	<i>Placer AI</i> – Total Facility Visits / Unique Visitors	Pct. Change Total Visits (1yr./2yrs.)	Med. HH Income of Visitors	Pct of Visitors w/ College or Advanced Degree	<i>Placer AI Cellphone</i> – Top 5 Origin Zip Codes / % of Total Visits From Top-5	<i>Placer AI Cellphone</i> – Favorite other Locations
Rolling Hills GC	61,700 / 16,100	-6.6% / +12.9%	\$81,198	28.6%	98311, 98370, 98310, 98312, 98383 / <b>82.4%</b>	Kitsap Mall, Trails @ Silverdale, Silverdale Plaza, Costco (Silverdale), Seattle-Tacoma Airport, Walmart (Bremerton)
Gold Mountain GC	103,300 / 37,400	+7.0% / +1.5%	\$105,795	50.5%	98312, 98311, 98367, 98366, 98370 / <b>34.8%</b>	Seattle-Tacoma Airport, Kitsap Mall, Tacoma Mall, Trails @ Silverdale, Courtesy Vehicle Is.1, Westfield Southcenter (Seattle)
McCormick Woods GC	54,000 / 23,200	-4.0% / -13.0%	\$104,026	48.4%	98367, 98366, 98312, 98335, 98329 / <b>57.8%</b>	
White Horse GC	60,200 / 21,100	-5.9% / -3.5%	\$120,548	61.9%	98370, 98110, 98346, 98342, 98392 / <b>59.9%</b>	Seattle-Tacoma Airport, College Marketplace (Poulsbo), Kitsap Mall, Trails @ Silverdale, No Idle Zone (Edmonds), Walmart (Poulsbo), Richard F. Anway Park (Edmonds)
Horseshoe Lake GC	20,300 / 7,600	-18.9% / -7.4%	\$100,327	41.7%	98329, 98332, 98335, 98367, 98366 / <b>58.7%</b>	
Trophy Lake G&CC	42,600 / 16,800	+31.7% / +19.1%	\$117,585	52.3%	98366, 98367, 98359, 98329, 98332 / <b>44.6%</b>	Seattle-Tacoma Airport, Dry Fly Café (Port Orchard), Tacoma Mall, Shops at Harbor Hill (Gig Harbor), Gold Mountain GC, Courtesy Vehicle Island 1, Uptown Gig Harbor
<b>Other Local Golf Facilities</b>						
Village Greens GC	16,000/4,600	+20.1% / +7.1%	\$83,668	26.6%	98366, 98367, 98359, 98310, 98312 / <b>82.4%</b>	Bethel Place/Bethel Junction, Kitsap Mall, Walmart (Port Orchard), Town Square (Port Orchard), Fred Meyer (Port Orchard), Shops at Harbor Hill (Gig Harbor)
Kitsap G & CC	60,700/13,500	+11.5% / +4.1%	\$83,893	28.6%	98312, 98311, 98370, 98383, 98366 / <b>76.3%</b>	Kitsap Mall, Trails @ Silverdale, Seattle-Tacoma Airport, Silverdale Plaza, Target (Silverdale), College Marketplace (Poulsbo) Towne Center (Silverdale)
Source: <i>Placer ai</i> (July 2024). N/A – Information not available    DNA – Does not apply						

## Key Findings – Competitive Golf Market

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

- Kitsap County shows signs of an active golf market and Rolling Hills has clearly lagged behind with lower activity than its competitors. The golf facility inventory in the local market is a mix of older and newer properties, with the newer facilities generating higher activity and higher fees, showing there is opportunity for Rolling Hills if it were to be enhanced to a level more comparable to facilities like Gold Mountain or McCormick Woods or superior to Horseshoe Lake.
- The primary competition to Rolling Hills Park GC is the Cascades course at Gold Mountain, McCormick Woods GC and Horseshoe Lake GC. These facilities are all charging \$65 to \$67 for a premium 18-hole green fee with cart. The premier public facilities in this market include Trophy Lake (\$94), White Horse GC (\$99) the Olympic course at Gold Mountain (\$81) and even Port Ludlow GC at (\$78). Gold Mountain is a municipal course owned by the City of Bremerton and represents great value with two courses with internal price segmentation between the Cascades and Olympic courses.
- Data collected by NGF for this review show that the customers at RHGC have lower median household incomes than any of the identified competitors (including Village Greens), and that over 82% of the patrons to RHGC come from just five local zip codes. Better conditioned golf facilities like Gold Mountain, McCormick Woods, Trophy Lake and White Horse are drawing higher-income golfers from a much wider geographic area who have demonstrated a willingness to spend more for a round of golf.
- 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 2021-2024. Total rounds activity among golf courses in this market tends to be between 30,000 and 40,000 rounds per 18-hole course annually, although the subject RHGC has been at or under 25,000 rounds for several years, clearly under-performing the market. A summary of rounds estimated for 2023 by key competitors:

Facility	2023 Rounds
Rolling Hills GC	25,140
Gold Mountain (36-h)	91,970
McCormick Woods GC	37,000*
White Horse GC	42,000*
Horseshoe lake GC	No Estimate
Trophy Lake GC	36,000*

\*NGF estimate based on Placer AI cellphone data.

- There has been (or is expected to be) some new investment in public golf courses in this local market, as three of the 10 identified facilities confirm recent or planned investment, and several others indicating new investment is under consideration. Most of these enhancements involve improvements to the golf course playing area and/or clubhouse facilities. NGF assumes that newly enhanced facilities can generate a higher level of total revenue than Rolling Hills GC due to contemporary golf features, enhanced clubhouses, and modern practice facilities. New investment in RHGC appears warranted to keep up with the local public golf competition.

- NGF has observed that golf playing fees in this market include various forms of discounts for day of week, time of day, juniors, military, seniors and various packages (punch cards, passes, etc.). Considering all the discounts, even some higher quality public golf courses in this market will see green + cart fees fall below \$30 (especially in winter).
- Pre-paid green fee arrangements (memberships or passes) are common in this market, as most facilities offer a season pass or card system, or both. The lowest priced unlimited annual membership for a single was \$2,143 at RHGC, with several premium courses over \$3,000, and a peak at \$4,000 at Port Ludlow GC. Facilities offering memberships had many forms of discounts for seniors, military and/or cart included passes.

# Recommendations for Kitsap County Parks and Rolling Hills GC

Based on our evaluation of Rolling Hills GC and the local market, NGF has formulated a set of recommendations to help the County think through a possible long-term future for Rolling Hills GC. 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 this golf facility. NGF has prepared a schedule of specific recommendations to be considered by the County, organized into: (1) basic oversight and structure; (2) physical enhancements; and (3) other operational insights.

## BASIC OVERSIGHT AND STRUCTURE

The Rolling Hills GC is presently operated via lease with potential completion as soon as 2027 (or possibly 2032). In the world of public agency (municipal) golf, there are several other structures of operation that the County can consider as it moves closer to the end of the current lease structure. In an effort to help improve the understanding among County officials, NGF has provided a summary of alternatives that Kitsap County Parks can consider for golf operations along with our recommendation for the future operation of RHGC.

### Structure Considerations

The NGF has completed this review assuming the County's desire that RHGC continue to operate with all facilities, services, and amenities open and available to the public at an affordable rate. The current lease structure has added a layer between the County leadership and the golf course operations, but the structure allowed the County to avoid a large financial commitment to the property, although this may be contributing to the condition concerns documented in this report.

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 most direct County involvement to the least direct County involvement:

1. **Self-Operation.** This structure would involve Kitsap County Parks taking direct control of all aspects of the golf facility operation and maintenance, with all staff employed directly by the County. This structure is still the most common form of operation in municipal golf and provides for the highest level of direct control for maximum benefit to the community. As all staff assigned to operate and maintain the golf course are County employees, a key challenge in this option is mostly economic, as the County is ultimately responsible for the economic risk on the golf operation. As we examine other options, we see that municipalities still maintain significant economic risk, even when some of these alternate "privatization" options are implemented (more below), and this is likely a primary reason why the majority of public sector golf courses remain self-operated.

2. **Concession Agreements:** These are similar to lease agreements and can come in several types or combinations. The advantage is shifting some risk and payroll to a private entity, but the majority of 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** is a common structure in this market area and involves hiring a separate operator for the F&B service, either through a 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.** The concept of a management agreement is for the County to hire a private management entity to operate all aspects of Rolling Hills GC in exchange for a fixed management fee, typically around 4-6% 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. Some advantages to this strategy are a shifting of labor expenses from a public to a private structure, and the expected benefit of professional management, including access to national purchasing and marketing programs. The potential disadvantages are some loss of County control, the fixed fee for service (regardless of yearly variations in performance), and the continued responsibility of the County for all expenses, capital investment and shortfalls in revenue. This structure is in place at several area municipal golf courses including the Gold Mountain Golf Club facility in Bremerton, one of the leading public golf facilities in this local market.
4. **Hybrid Contract.** A hybrid contract combines some of the advantages of a lease with those of a management contract. The most common difference from the management contract is that a variable management fee is included, allowing the operator and County to share in the risk of the operation. Advantages are similar to the management contract with a shifting of payroll, adding expertise, but reducing some County control to allow the hybrid operator a chance to earn higher revenue.
5. **Operating Lease(s).** The only true “privatization” option would be for the County to continue operating via lease, but with modifications and restrictions for a new lessee that would be selected via competitive bid. The lease can be established to include certain requirements, including a fixed fee to the County regardless of performance, as well as defined maintenance and condition standards and/or restrictions on fees that can be charged to patrons. The ideal advantage of this option is the continuation of total privatization of the golf operation and full shifting of risk away from Kitsap County Parks. The disadvantage is that the operator has control of decisions related to operating expenses to meet lease requirements, which may put the physical integrity of RHGC at risk (as at present). One common reason a public agency will enter into this form of agreement is to fund large-scale capital improvements, which are needed at RHGC.

### Most Viable Considerations

NGF has identified that the most viable options for the County to consider in operating Rolling Hills would be to take direct control of the facility and hire a fee-for-service management company (Option 3 above), or continue with a lease structure but with a new agreement that would be competitively bid, include clear maintenance standards and require initial capital investment to address issues identified in this report. The NGF sees self-operation by the County as challenging, given the higher expense structure and lack of expertise within the County office. As a result, the most viable option for Rolling Hills GC is to consider one of these two options, perhaps with a separate F&B concession. In short, the best options available to Kitsap County Parks would be:

- **Full-Service management Agreement.** The County can hire a professional company to manage the RHGC operation and maintenance in exchange for a defined golf contract fee. It is expected that the County would engage in a competitive bid (formal proposal process - RFP) to find the right management partner, preferably one with experience and knowledge of the local market and challenges in maintaining golf facilities in this climate. The County should expect to compensate a qualified vendor at an annual rate of about 4%-6% of total revenue, or about \$80,000 to \$120,000 per year.
- **Comprehensive Golf Property Lease.** An outright lease of Rolling Hills GC may not fit with the County's objectives. However, NGF notes that if the County opts to pursue a lease agreement for Rolling Hills, it should be pursued ***only*** if the new lease partner will bring capital to the agreement and complete some (or all) of the upgrades identified by NGF and are not addressed under the current lease. The NGF concludes that a successful lease option is ultimately going to be dependent on the County's ability to find a private-sector partner interested in this type of lease and willing to make a large up-front capital commitment.

### NGF Recommendation

**The NGF team recommends that Kitsap County Parks take control of Rolling Hills GC at the end of the lease in 2027 (or sooner if possible) and directly run the facility through a defined fee-for-service management agreement.** The County should seek to hire a professional golf management company on a short-term (5 years) management agreement that will include golf operations, maintenance, and F&B services. Under this structure the County will be retaining professional golf operations services that should lead to success and generation of strong rounds and revenue performance. In short, the County should take direct control of the Rolling Hills GC operation and only enter into a new lease if the new lessee will provide needed capital to complete property upgrades that are needed at Rolling Hills GC.

## SPECIFIC PHYSICAL RECOMMENDATIONS

The NGF recommendations for enhancing the physical plant of Rolling Hills GC consider specific improvements that need to be made to address aging infrastructure and declining conditions, especially as it relates to the RHGC clubhouse. Changes to the property can also include potential new investments to enhance the overall facility offering and help improve revenue. The NGF vision for the future of Rolling Hills GC considers the most ideal physical condition of the facility so as to maximize the potential economic performance.

### Completion of Capital Investment Considerations

The specific capital projects identified by the NGF team were documented previously in this report, and are summarized by necessity and investment in the table below:

<b>Rolling Hills Golf Course Summary of Capital Upgrades by Type</b>			
	<b>Items</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Highest Priority Items	Irrigation, clubhouse enhancement, new greens, tee improvements, tree trimming and thinning	\$5,170,000	\$6,300,000
Lower Priority Investments	Bunkers, patio, maintenance facility upgrade, new equipment	1,010,000	1,421,000
<b>Grand Total of Capital Projects</b>		<b>\$6,180,000</b>	<b>\$7,721,000</b>

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 Kitsap County Parks, and the County should engage appropriate research to cost out specific projects. cy= Cubic Yard; lf = linear feet; sf= Square Feet; Ac = Acre

## OPERATIONAL RECOMMENDATIONS

In addition to the larger oversight and physical recommendations, NGF Consulting offers the following ideas to help the County with some adjustments that can be made to help improve the long-term economic position of Rolling Hills GC. The most significant of these relate to the adoption of improved maintenance practices and the expansion of modern technologies and marketing. It is understood that RHGC is operating in a competitive market with many golf courses trying to maximize rounds and revenue.

In this review, NGF will not address details in the day-to-day operation of Rolling Hills GC. Rather, the NGF team has provided a broad overview of key issues in the operation comprising: (1) best practices in maintenance; (2) marketing and technology; (3) enhancing customer service; and (4) ideas for maintaining a strong and popular F&B venue. It is hoped that review of NGF recommendations on these topics can provide the County a basic framework for the continued operation of its golf facility.

### Adoption of Best Maintenance Practices

NGF presented suggested changes for improving day-to-day course conditions earlier in this report. In order to meet this standard of maintenance RHGC will need to add at least two more maintenance positions (FTS) in the peak summer season. It is also assumed that the maintenance schedule will include the appropriate applications and aerations throughout the year, with dates communicated clearly to customers. Many facilities in this market area will offer a special discounted rate for the first few days after a major aeration (2x per year).

## **Enhance Marketing and Technology**

Few things can positively affect rounds and revenue performance more than marketing. A marketing emphasis is critical to creating awareness and attracting the large volume of transient visitors who may be visiting the area's attractions or military installations. The NGF observed a modest program to market Rolling Hills GC, primarily through the activities of its lessee. Efforts to enhance golf activity at Rolling Hills GC should include both advertising and personal activities in direct selling.

Going forward, NGF recommends marketing Rolling Hills by: (1) maintaining or building loyalty and "wallet share" from existing regular-play golfers; (2) improving the messaging and reach to attract greater participation from golfers visiting Kitsap County and other western Sound communities; and (3) developing a new outreach strategy to attract new players through group outings, leagues and more extensive tournament programming for off-peak periods when utilization is low. Strategies include enhanced marketing via the Internet (including some online specials) and direct selling.

## **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 2024 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 Rolling Hills GC is active in most of the NGF identified areas to improve technology, but more can be done by golf staff to enhance these initiatives, especially in email communications and social media.

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 for RHGC operators 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 website can be set up to collect email addresses for those seeking information while on the Rolling Hills website using contests and other offers that require customers to provide a valid email.

## **Enhanced Customer Service**

Strong customer service can be a key differentiator in building customer loyalty. High level service at a golf course starts with the most senior employee all the way down to frontline staff and begins the moment the golfer sets foot on the property 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.

## **Food and Beverage Recommendations**

Most food and beverage operations at public golf courses that are economically successful are those that offer simple, quick, and inexpensive service that is convenient to the round of golf. At Rolling Hills GC, NGF observed a food and beverage operation with a focus on higher quality and service to non-golf patrons. As such, there are opportunities to entice golfers to spend more on food & beverage at RHGC. Examples of industry best practices with respect to providing F&B service at golf courses include consistent hours of operation for the bar/grill area (coinciding with the times golfers are on the course), feature grab and go items (premade sandwiches, bottle drinks, snacks, etc.) so that golfers do not have to wait before or midway through their rounds and improving the condition and comfort of the outside dining area.

# Rolling Hills GC – Projected Future Performance w/Kitsap County Parks Operation

NGF has assisted Kitsap County Parks in preparing an analysis to show what the potential economic performance of Rolling Hills GC could be over the next few years considering potential County operation of the facility, possibly at the conclusion of the current lease. 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 a future five-year period based on our review of the market, site and projected RHGC operation. We have completed this estimate of future economic performance considering the direct and indirect impact of improvements, while also projecting this performance based on current (2024) inputs, even though actual County operation of RHGC may not occur until 2027. This projection was provided to show what the basic economic structure would look like under County leadership given current market conditions and existing RHGC amenities.

## SUMMARY OF ASSUMPTIONS FOR ROLLING HILLS GC PROJECTIONS

NGF has prepared a projection based on expected performance in a “normal” environment and the implementation of changes that include direct County oversight and the hiring of a professional golf management company on a fee-for-service basis. 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 July 2024 for a golf facility that is currently operating on an “as-is” basis within 2024 and a lease that runs through at least 2027. As such, all financial estimates are presented from a 2024 perspective using a generic “Year1-Year5” identifier. A summary of NGF assumptions is detailed below.

- The overall economic condition remains stable, without any sizable increase or decrease in the suburban Bremerton / Silverdale 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.
- RHGC will continue to operate with its existing mix of amenities and revenue centers, with golf activity derived from daily fee customers, plus additional revenue from clubhouse and ancillary sources. Some enhancement to features is assumed to achieve the estimated future performance projections.
- RHGC will operate with service and conditions as described, placing the facility in the middle range of public golf courses in the West Puget Sound area.
- Kitsap County will discontinue sales of state lottery pull-tabs at RHGC.
- RHGC will operate under direct supervision of Kitsap County Parks with golf operations, golf maintenance and F&B service all provided by an independent third-party golf management company under contract with the County. All staff and on-site responsibility is borne by the new contractor, reporting directly to Kitsap County Parks. For this projection, NGF has assumed full County oversight of all elements, including F&B.

## ESTIMATED PERFORMANCE – ROLLING HILLS GC (YEAR 1 - YEAR 5)

NGF has prepared a cash flow model for the Rolling Hills GC operation for the next five years considering the changes noted above. The primary assumption that drives NGF projections is that RHGC will adopt the changes recommended and provide outstanding facilities in the best physical condition possible (within the existing clubhouse), a high level of customer service to both golfers and non-golf clubhouse patrons, and a commitment to efficient operations with enhanced marketing. A summary of NGF revenue and expense assumptions is detailed below.

### Projected Revenue Assumptions – Rolling Hills GC

A summary of key assumptions that drive the revenue estimates for RHGC the first five years after the County assumes direct operational control are detailed below. We note that the Year 1 projection is an early estimate of performance in 2024, which is already underway. Other assumptions that drive the projections are noted below:

- NGF has assumed a basic inflation factor of 3.0% for general expenses, 4.0% for all labor 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 five-year projection assumes the trends established in recent performance are continued, followed by growth in activity after some golf course improvements in Year 2 & 3, and the associated new emphasis on growing rounds activity, especially from tournaments. The projected activity by type for Year 1-5:

Status	As-Is	Improvements Ongoing		All Enhancements Complete	
	Year 1*	Year 2	Year 3	Year 4	Year 5
<b>Rolling Hills GC</b>					
Premium 18-Hole	8,000	10,000	10,000	11,000	11,000
Discount / Twilight	11,000	14,000	14,000	15,000	15,000
Double Discount / Super TL / 9-H	8,000	8,000	8,000	9,000	9,000
Junior Golf	1,000	1,000	1,000	1,000	1,000
Tournament Rounds	1,000	1,000	1,000	2,000	3,000
<b>Total Paid Rounds</b>	<b>29,000</b>	<b>34,000</b>	<b>34,000</b>	<b>38,000</b>	<b>39,000</b>

\*Year 1 estimate intended to represent actual 2024.

- NGF has prepared financial projections based on blended average green + cart fees for the various categories of rounds derived from green fee pricing presented earlier. The projection assumes the same basic pricing structure of 2024 in Years 1-3, followed by 10% increases in average fees beginning in Year 4. These average rates are then applied to estimated rounds for each year 1-5:

Status	As-Is	Improvements Ongoing		All Enhancements Complete	
	Year 1*	Year 2	Year 3	Year 4	Year 5
<b>Blended Average Fees</b>					
Premium 18-Hole	\$40.00	\$40.80	\$41.62	\$45.00	\$45.90
Discount / Twilight	\$28.00	\$28.56	\$29.13	\$30.00	\$30.60
Double Discount / Super TL / 9-H	\$20.00	\$20.40	\$20.81	\$22.00	\$22.44
Junior Golf	\$8.00	\$8.16	\$8.32	\$8.50	\$8.67
Tournament Rounds	\$35.00	\$35.70	\$36.41	\$38.00	\$38.76
Avg Cart rate	\$9.25	\$9.44	\$9.62	\$10.00	\$10.20

- 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 2021-23, with supplemental estimates for F&B gross revenue based on industry standards (adjusted from the actual Putters operation in 2024 – excludes pull-tab sales). Range revenue is adjusted in Year 4 to reflect some enhancements to this service. The projection for F&B revenue assumes a standard public golf facility F&B operation with service included in the new management contract:

Status	As-Is	Improvements Ongoing			All Enhancements Complete	
	Year 1*	Year 2	Year 3	Year 4	Year 5	
Average per Round						
Avg Range Rev	\$5.75	\$5.87	\$5.98	\$6.10	\$6.22	
Avg Pro Shop	\$4.50	\$4.59	\$4.68	\$4.78	\$4.87	
Avg Grill Revenue	\$12.00	\$12.24	\$12.48	\$12.73	\$12.99	
Avg other rentals	\$0.25	\$0.26	\$0.26	\$0.27	\$0.27	
Avg other	\$0.10	\$0.10	\$0.10	\$0.11	\$0.11	

### Projected Expense Assumptions – Rolling Hills GC

Operating expense projections are based on expectations for the continued operation of Rolling Hills GC under a new program of contract management for all facets of the facility. Other changes include additional staff in golf maintenance (either full or part-time), new staff for the pro shop operation and a property management fee. The estimates also assume full County control of the asset, but with no additional County expense or staffing above what is needed on site at Rolling Hills GC.

- Total personnel expenses have two new components for NGF projections: (1) new positions that will be needed to properly maintain the golf course and practice amenities; and (2) wages for new positions that will be needed to properly service the facility. Total labor expenses (including benefits) are increased to \$910,000 in the Year 1 projection, an increase of about 11% over the \$820,300 total labor budget reported by RHGC in 2023. New positions that are expected to be added to the facility and total labor expense beginning in Year 1 of this projection:
  - A new Assistant Golf Professional (assumed to be full-time w/benefits)
  - Two new golf maintenance positions (assumed to be full-time seasonal – with 1,600 total hours per year @ \$18 - \$21/hr.)
  - At least two (2) new part-time counter staff for the pro shop (1,000 total hours per year @ \$15-\$18/hr.)
- Expenses for marketing, advertising, and promotions increased to \$25,000 in Year 1.
- Cost of credit card fees are estimated at the historic rate of 1.8% of total gross sales.
- Operating expenses do not include new capital projects. These capital items are listed as a separate expense item at a variable rate of 4% of revenue beginning in Year 4.
- In keeping with the conservative posture taken for this future projection, NGF 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 2.5% of all expenses, excluding cost of goods sold.

### Estimated Future Performance – Rolling Hills GC (Year 1 - Year 5)

Using the above-noted assumptions, a cash flow model for RHGC 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.

<b>Projected Revenue Analysis – Rolling Hills Golf Course W/ Facility Changes (Year 1 - Year 5)</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Property Status</b>	<b>As-Is</b>	<b>Improvements Ongoing</b>		<b>All Enhancements Complete</b>	
Total Green Fees	\$831,000	\$1,014,900	\$1,035,200	\$1,227,500	\$1,290,800
Cart Income	268,300	320,800	327,200	380,000	397,800
Pro Shop Sales	130,500	156,100	159,200	181,500	190,000
Driving Range	166,800	199,400	203,400	231,900	242,700
Putters Revenue	348,000	416,200	424,500	483,900	506,600
Club Rentals / Pull Carts	7,300	8,700	8,800	10,100	10,600
Other	2,900	3,500	3,500	4,000	4,200
<b>Total Revenue</b>	<b>\$1,754,800</b>	<b>\$2,119,600</b>	<b>\$2,161,800</b>	<b>\$2,518,900</b>	<b>\$2,642,700</b>
<b>Avg. Revenue per Round</b>	<b>\$60.51</b>	<b>\$62.34</b>	<b>\$63.58</b>	<b>\$66.29</b>	<b>\$67.76</b>
Less Cost of Sales: (COS)					
Total Food & Beverage	\$156,600	\$187,300	\$191,000	\$217,800	\$228,000
Pro Shop Merchandise	\$97,900	\$117,100	\$119,400	\$136,100	\$142,500
<b>Total COS</b>	<b>\$254,500</b>	<b>\$304,400</b>	<b>\$310,400</b>	<b>\$353,900</b>	<b>\$370,500</b>
<b>Gross Margin</b>	<b>\$1,500,300</b>	<b>\$1,815,200</b>	<b>\$1,851,400</b>	<b>\$2,165,000</b>	<b>\$2,272,200</b>

**Projected Expense Analysis – Rolling Hills Golf Course  
W/ Facility Changes (Year 1 - Year 5)**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Property Status</b>	<b>As-Is</b>	<b>Improvements Ongoing</b>		<b>All Enhancements Complete</b>	
<b>Golf Shop Expenses</b>					
Salaries & Wages	\$280,000	\$291,200	\$302,800	\$314,900	\$327,500
Office & General	28,000	28,800	29,700	30,600	31,500
Utilities	12,500	12,900	13,300	13,700	14,100
Insurance	42,000	43,300	44,600	45,900	47,300
Cart Lease	48,000	49,400	50,900	52,400	54,000
Credit Card Fees	25,300	30,700	31,300	36,600	38,400
Marketing & Communications	25,000	25,800	26,600	27,400	28,200
Other	10,000	10,300	10,600	10,900	11,200
Management Fee	87,700	106,000	108,100	125,900	132,100
<b>Total Golf Shop Expenses</b>	<b>\$558,500</b>	<b>\$598,400</b>	<b>\$617,900</b>	<b>\$658,300</b>	<b>\$684,300</b>
<b>Putters Expenses</b>					
Salaries, Wages & Payroll Exp.	\$330,000	\$343,200	\$356,900	\$371,200	\$386,000
Supplies	20,000	20,600	21,200	21,800	22,500
Utilities	20,000	20,600	21,200	21,800	22,500
Repairs & Maint.	10,000	10,300	10,600	10,900	11,200
Credit Card Fees	12,000	12,400	12,800	13,200	13,600
Other	5,000	5,200	5,400	5,600	5,800
<b>Total Putters Expenses</b>	<b>\$397,000</b>	<b>\$412,300</b>	<b>\$428,100</b>	<b>\$444,500</b>	<b>\$461,600</b>
<b>Golf Course Maintenance</b>					
Salaries, Wages & Payroll Exp.	\$300,000	\$312,000	\$324,500	\$337,500	\$351,000
Repairs, Maint. & Supplies	275,000	283,300	291,800	300,600	309,600
Supplies, Fertilizer & Chemicals	100,000	103,000	106,100	109,300	112,600
Utilities	37,500	38,600	39,800	41,000	42,200
Equipment Lease	25,000	25,800	26,600	27,400	28,200
Other	20,000	20,600	21,200	21,800	22,500
<b>Total GC Maintenance</b>	<b>\$757,500</b>	<b>\$783,300</b>	<b>\$810,000</b>	<b>\$837,600</b>	<b>\$866,100</b>
<b>Total Expenses</b>	<b>\$1,713,000</b>	<b>\$1,794,000</b>	<b>\$1,856,000</b>	<b>\$1,940,400</b>	<b>\$2,012,000</b>
<b>Operating Income</b>	<b>(\$212,700)</b>	<b>\$21,200</b>	<b>(\$4,600)</b>	<b>\$224,600</b>	<b>\$260,200</b>
<b>Other Expense</b>					
Capital Improvement (4% of Rev.)	\$0	\$0	\$0	\$125,900	\$132,100
Reserve / Contingency (2.5% of Exp.)	42,800	44,900	46,400	48,500	50,300
<b>Total Other Expenses</b>	<b>\$42,800</b>	<b>\$44,900</b>	<b>\$46,400</b>	<b>\$174,400</b>	<b>\$182,400</b>
<b>Net Income after Other Items (Loss)</b>	<b>(\$255,500)</b>	<b>(\$23,700)</b>	<b>(\$51,000)</b>	<b>\$50,200</b>	<b>\$77,800</b>

## SUMMARY AND RESULTS COMPARISON – RHGC (YEAR 1 - YEAR 5)

The results of the economic projections for Rolling Hills GC show that the facility can improve its economic position with the changes that are under consideration, most notably reducing lease requirements and using the funds to enhance maintenance and service. With improved conditions, it is expected that RHGC will see increases in rounds, fees, and clubhouse sales, although additional expenses to provide these services are also expected. The new structure recommended by NGF will change the economics of RHGC, most notably in the operation of Putters and the elimination of pull-tab revenue from the facility's top line. But most importantly, the \$100,000+ in lease expenses is replaced by a \$100,000+/- management fee, with additional staff and improved maintenance and annual capital at 4% of total facility revenue. The net result will be an opportunity to increase operating revenue to a level that can cover all new staff and ongoing capital improvements. However, given the high cost of modernizing the facility and replacing aging infrastructure, the net performance of RHGC is **unlikely to be sufficient to cover the capitalization cost and/or any annual debt service / bond repayment if it is tied to the RHGC enhancement.**

The above projections from NGF represent a conservative view of the golf facility based on actual performance of the subject RHGC and comparable golf operations. We note that the total F&B revenue projection is based on generally conservative inputs and may be much less than what is actually earned at Putters in 2023 (even without pull-tab revenue). This review clearly shows that a much higher level of facility gross revenue is possible at RHGC with improvements, although the higher revenue projected by NGF also comes with a higher level of operating expense. The real benefit from the changes proposed for RHGC will come from the ability to use additional funds to improve the property, leading to improved green fee, cart fee and range revenue. The NGF has chosen to present this future projection in a conservative fashion so as to provide a base level of projection for decision-making purposes and for comparison to possible future performance and in consideration of operating changes that are expected upon the end of the current lease in 2027, and possibly sooner.

### Support for Projections and Potential Mitigating Factors

#### Support for Projections

- A large base of residents and visitors with demographics favorable for golf and a high interest in year-round outdoor activity.
- Potentially strong and diversified local economy, with traditionally low unemployment.
- Accessible site with easy access to local roadway infrastructure.
- Proposed property enhancements that will add attraction to RHGC and help increase sales.

#### Potential Threats / Mitigating Factors Relative to Projections

While there is evidence to support strong activity and revenue performance at RHGC, there are mitigating factors that could reduce revenue and/or increase expenses. These include:

- **Regional economic recession** – previous recessions have impacted the performance of public golf courses, especially with larger-than-expected increases in expenses.
- **Golf maintenance expenses** – The cost to maintain golf courses is dependent on 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.

- **A return to decline in golf participation** – prior to 2020, trends showed declines in golf participation, especially among the younger generation. Limited time availability for golf due to ongoing work commitments (especially for Navy personnel), long commute times in parts of the Puget Sound region and other family responsibilities may work to reduce the non-local demand base that is required to sustain golf at this location.

## **LIMITING CONDITIONS**

The income estimates presented in this 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 RHGC facilities, most notably a more comprehensive maintenance program and modernization of aging infrastructure. The NGF is confident that growth in activity and revenue can be achieved at Rolling Hills GC after the proposed facility and operational improvements. 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 Rolling Hills GC anticipate strong market demand through the next decade of operation.

# Summary Statement

Kitsap County owns the 18-hole Rolling Hills Golf Course, a 50+-year-old golf facility presently operated via lease that is nearing completion, allowing the County to address deferred maintenance and aging infrastructure. In our review, NGF has found that Rolling Hills GC has an interesting and playable golf course, with an overall package of amenities that are not in ideal condition in 2024, nor is the facility structured in a way that allows for efficient improvement of the facility. The golf course and clubhouse condition observed in 2024 is due to a mix of aging infrastructure and a lease operation structure that did not provide for ongoing capital investment. As we move into 2024 and beyond, the County will need to begin planning for the expiration of the current lease and the creation of a new program for the facility's operation that allows the golf course to benefit from a recent surge in golf interest and activity. Going forward, Kitsap County will have to make some decisions about what it is willing to do to secure RHGC as a functioning amenity for the community, including the possible investment needed to modernize the facility, most notably the clubhouse building, improve aging systems (irrigation, maintenance facilities), and a possible change in the operating structure.

The current circumstance provides an opportunity for the County to “re-set” Rolling Hills GC and find the new facility operating profile that will help preserve the physical integrity of RHGC and possibly even expand its appeal to a wider segment of golfers. The completion of several on-course improvements along with enhancement of maintenance staff and practices would open a new level of quality that is consistent with success in public golf and a strong fit for Kitsap County. Enhancing or replacing the outdated clubhouse could also open possibilities to expand the facility offering and make the property more appealing to a wider audience of potential customers, including non-golfers. Adopting a plan to bring the RHGC operation closer to County leadership will allow for maximum use of revenue earned on site to be reinvested into the property, rather than to pay for lease obligations. These are the most important adjustments that are needed to sustain the golf course and enhance marketability in this competitive golf environment.

In summary, Rolling Hills GC is an outstanding amenity for the community and is ready for the “next stage” in its evolution with a new operating structure, correction of physical deficiencies and enhanced upkeep to serve the needs of the modern golf consumer. The upgrades identified by NGF in this report address the most significant deficiencies in this property and allow the County to offer a new level of quality in its municipal golf facility. RHGC offers a challenging golf course that is well-located and popular with golfers of all skill levels. The County's golf property has lagged its most immediate competition and modernization of this facility will improve competitiveness, ultimately leading to improved revenue that can be used to sustain course quality long term. In review of this public golf facility, the NGF has identified four important actions that the County can take right now to prepare for the future and improve Rolling Hills GC performance:

1. Commit to modernization of both the golf course and clubhouse, addressing key infrastructure such as irrigation, greens, tree care and maintenance facilities, plus clubhouse repairs or replacement.
2. Begin planning for the expiration of the current lease and the future business structure of RHGC operations to provide clear guidance for potential future operators.
3. Increase focus on new player development and beginner programs, especially with juniors and young adults.
4. Make modest adjustments in pricing in 2024 and 2025 (already underway), while planning for more substantial increases in golf fees when property enhancements are completed.

# Appendices

**A: Golf Course Life Cycle**

**B: Local Demographic, Golf Demand and Golf Supply**

**C: 2024 Leaderboard / The Graffis Report**

**D: Data National Rounds Played Report**

## 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
<i>Irrigation Control System</i>	10 – 15 years
<i>Pump Station</i>	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](http://www.ASGCA.org)

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

## APPENDIX B – LOCAL DEMOGRAPHIC, DEMAND AND SUPPLY DATA

Rolling Hills Golf Course	5-Miles	10-Miles	15-Miles	Kitsap County	U.S.
<b>Summary Demographics</b>					
Population 2000 Census	99,307	194,061	650,057	231,969	281,398,967
Population 2010 Census	103,146	206,340	705,911	251,133	308,745,560
<b>CAGR 2000-2010</b>	<b>0.38%</b>	<b>0.62%</b>	<b>0.83%</b>	<b>0.80%</b>	<b>0.93%</b>
Population 2022	116,071	233,621	859,650	279,157	335,052,630
<b>CAGR 2010-2022</b>	<b>0.99%</b>	<b>1.04%</b>	<b>1.66%</b>	<b>0.89%</b>	<b>0.63%</b>
Population 2027 Projected	117,534	242,016	921,251	287,898	348,764,821
<b>CAGR 2022-2027</b>	<b>0.25%</b>	<b>0.71%</b>	<b>1.39%</b>	<b>0.62%</b>	<b>0.81%</b>
Median HH Income (2022)	\$97,710	\$104,814	\$127,619	\$96,741	\$80,504
Median Age (2022)	40.4	41.2	37.8	39.5	38.7
<b>Ethnicity</b>					
White	71.2%	74.2%	65.9%	75.9%	62.3%
African American	4.1%	3.4%	5.5%	3.0%	13.7%
Asian	7.8%	6.4%	15.3%	5.7%	7.0%
All Other	15.9%	15.2%	12.7%	14.6%	16.7%
<b>Hispanic Population</b>					
Hispanic	9.8%	9.3%	9.2%	9.0%	18.7%
Not Hispanic	90.2%	90.7%	90.8%	91.0%	81.3%
<b>CAGR = Compound Annual Growth Rate</b>					
Rolling Hills Golf Course	5-Miles	10-Miles	15-Miles	Kitsap County	U.S.
<b>Golf Demand Indicators</b>					
Total Households	46,196	91,525	403,469	109,932	130,100,000
Number of Golfing Households	7,917	15,830	77,178	18,895	19,261,276
Seasonal Golfing Households	754	1,657	6,358	2,636	2,380,931
Current Demand/Interested Non-Golfers	7,676	15,210	71,459	17,738	22,439,823
Golfer Participation Rate	9.70%	9.80%	10.80%	9.90%	8.40%
Number of Golfers	10,668	21,825	88,983	26,239	26,564,550
Number of Projected Golfers	10,781	22,563	94,747	26,997	27,748,980
Projected Annual Growth Rate	0.20%	0.70%	1.30%	0.60%	0.90%
Rounds Potential (resident golfers)	164,836	341,008	1,326,729	411,192	403,819,462
Estimated Course Rounds (in-market supply)	102,057	260,520	590,804	370,770	403,819,462
<b>Demand Indices</b>					
Golfer Participation Rate	116	118	131	119	100
Seasonal Golfing Households	89	99	86	131	100
Latent Demand/Interested Non-Golfers	99	97	124	95	100
Rounds Potential per capita (resident golfers)	118	121	128	122	100
Est. Course Rounds per capita (in-market supply)	73	93	57	110	100

<b>Rolling Hills Golf Course</b>	<b>5-Miles</b>	<b>10-Miles</b>	<b>15-Miles</b>	<b>Kitsap County</b>	<b>U.S.</b>
<b>Golf Supply</b>					
<b><i>Golf Facilities</i></b>					
Total	3	7	15	10	13,966
Public	2	5	12	8	10,257
Public: Daily Fee	2	3	6	6	7,672
Public: Municipal	0	2	6	2	2,585
Private	1	2	3	2	3,709
<b><i>Public Golf Facilities by Price Point</i></b>					
Premium (>\$80)	0	2	4	4	1,692
Standard (\$50-\$80)	2	2	4	2	2,970
Value (<\$50)	0	1	4	2	5,596
<b><i>Golf Holes</i></b>					
Total	45	135	270	189	237,421
Public	27	99	216	153	169,025
Public: Daily Fee	27	45	99	99	126,130
Public: Municipal	0	54	117	54	42,895
Private	18	36	54	36	68,396
Non-Regulation (Executive & Par-3)	0	18	45	18	18,763
<b><i>Net Change*</i></b>					
Net Change in Holes past 5 years	0	0	0	0	-6128
Percentage Total Holes Past 5 Yrs	0.0%	0.0%	0.0%	0.0%	-2.6%
Net Change in Holes past 10 Years	0	9	9	9	-22436
Percentage Total Holes Past 10 Yrs	0.0%	6.7%	3.3%	4.8%	-9.5%

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

<b>Rolling Hills Golf Course</b>	<b>5-Miles</b>	<b>10-Miles</b>	<b>15-Miles</b>	<b>Kitsap County</b>	<b>U.S.</b>
<b>Supply-Demand Ratios</b>					
<i><b>Population per 18 Holes</b></i>					
Total	46,428	31,149	57,310	26,586	25,402
Public	77,381	42,477	71,637	32,842	35,681
Public: Daily Fee	77,381	93,448	156,300	50,756	47,815
Public: Municipal	0	77,874	132,254	93,052	140,598
Private	116,071	116,811	286,550	139,579	88,177
Premium (>\$80)	0	77,874	171,930	55,831	166,619
Standard (\$50-\$80)	77,381	155,747	214,912	186,105	105,578
Value (<\$50)	0	233,621	286,550	139,579	79,644
<i><b>Golfers per 18 Holes</b></i>					
Total	4,267	2,910	5,932	2,499	2,014
Public	7,112	3,968	7,415	3,087	2,829
Public: Daily Fee	7,112	8,730	16,179	4,771	3,791
Public: Municipal	0	7,275	13,690	8,746	11,147
Private	10,668	10,912	29,661	13,120	6,991
Premium (>\$80)	0	7,275	17,797	5,248	13,210
Standard (\$50-\$80)	7,112	14,550	22,246	17,493	8,371
Value (<\$50)	0	21,825	29,661	13,120	6,315
<i><b>Population Indices (National 100)</b></i>					
Total	183	123	226	105	100
Public	217	119	201	92	100
Private	132	132	325	158	100
Premium (>\$80)	0	47	103	34	100
Standard (\$50-\$80)	73	148	204	176	100
Value (<\$50)	0	293	360	175	100
<i><b>Golfers Indices (National = 100)</b></i>					
Total	212	144	295	124	100
Public	251	140	262	109	100
Private	153	156	424	188	100
Premium (>\$80)	0	55	135	40	100
Standard (\$50-\$80)	85	174	266	209	100
Value (<\$50)	0	346	470	208	100
<i><b>Rounds per 18 Holes</b></i>					
Rounds Potential (resident golfers)	65,934	45,468	88,449	39,161	30,615
Estimated Course Rounds (in-market supply)	40,823	34,736	39,387	35,311	30,615

## APPENDIX C – THE GRAFFIS REPORT – 2024 LEADERBOARD

2024 Leaderboard		NGF NATIONAL GOLF FOUNDATION		
The Graffis Report			# New high mark	
Golf Industry 2023 – Key U.S. Statistics				
		vs. '22	vs. '19	
<b>Total Reach</b>	<b>123M<sup>#</sup></b>	▲3%	▲13%	The total number of Americans (age 6+) who played, watched, read about and/or followed golf is up 30% since 2016 (95M)
<b>Total Participation</b>	<b>45.0M<sup>#</sup></b>	▲9%	▲32%	The total number of golf participants (on- and off-course included), has increased 53% in less than 10 years, up from about 30M total in 2014
<b>Total Off-Course</b>	<b>32.9M<sup>#</sup></b>	▲18%	▲41%	Off-course participation has eclipsed on-course in each of the past two years, and more than doubled since 2014 (14.3M)
<b>Total On-Course</b>	<b>26.6M</b>	▲4%	▲14%	2023 marked the sixth straight year that on-course participation has increased, with a net Y.O.Y. gain of 1M being the largest single-year jump since 2001
<b>Beginners</b>	<b>3.4M<sup>#</sup></b>	▲3%	▲3%	The number of first-time on-course players reached another high – the fourth straight year of at least 3M newcomers (after averaging 2.6M from 2016 to 2019)
<b>Youth (ages 6-17 )</b>	<b>3.5M</b>	▲4%	▲40%	There were more on-course youth golfers in 2023 than any year since 2006; this segment has experienced the largest gains of any age group since 2019 (+40%)
<b>Young Adult (ages 18-34)</b>	<b>6.3M</b>	▲2%	▲4%	The number of young adults playing "green grass" golf has increased for the third consecutive year, and is at its highest point since 2015
<b>Middle-Aged (ages 35-64)</b>	<b>11.4M</b>	▲1%	▲2%	From an age perspective, golf's on-course growth has come primary at the "bookends," although the "middle-aged" cohort has incremented as well
<b>Senior (ages 65+)</b>	<b>5.4M</b>	▲15%	▲17%	The oldest age cohort saw its first meaningful on-course participation increase in the post-Covid era – a net gain of almost 700K golfers
<b>Female</b>	<b>7.0M</b>	▲9%	▲25%	Four straight years of gains have yielded a 1.4M participation increase since 2019; females comprise 26% of all on-course golfers – another record high
<b>People of Color</b>	<b>6.1M</b>	▲8%	▲27%	People of color (+1.4M since 2019) now represent 23% of all "green grass" golfers – a new high mark in racial and ethnic representativeness
<b>Latent Demand</b>	<b>22.4M<sup>#</sup></b>	▲8%	▲45%	The number of Americans who didn't play on-course golf in the past year but are "very interested" increased by almost 1.5M and reached another new high mark
<b>Rounds Played</b>	<b>531M<sup>*</sup></b>	▲4%	▲20%	2023 established a new high for annual rounds, surpassing the previous record set in 2021. It was the fourth straight year of 500M+ rounds played in the U.S.
<b>Golf Course Supply (18HEQ)<sup>†</sup></b>	<b>15,961</b>	◀▶	▼3%	Closures have outnumbered new openings for a 17th straight year, but the correction continues to slow, with less than a 1% Y.O.Y. decline in supply
<b>Openings (18HEQ)<sup>†</sup></b>	<b>23.1</b>	▲118%	▲157%	There had been fewer than 20 new courses (in 18-hole equivalents) each year for the past dozen years, after averaging 177 per year in the dozen years before that
<b>Closings (18HEQ)<sup>†</sup></b>	<b>89.8</b>	▼15%	▼67%	The fewest closings in more than a decade, down from a high of 279.5 in 2019; the majority continue to be value-oriented, public facilities in competitive markets
<b>Public Cost to Play</b>	<b>\$43<sup>‡</sup></b>	▲5%	▲18%	The average published playing fee at 18-hole public courses has increased 18% since 2019, when the average cost was \$36.50 (accounting for discounts)
<b>Ball Unit Sales</b>	<b>+5%</b>	▲5%	▲37%	Wholesale shipments of golf balls (dozens) outpaced 2022 and remain 37% ahead of 2019; dollars were up 10% (not inflation adjusted)
<b>Club Unit Sales</b>	<b>-2%</b>	▼2%	▲16%	Wholesale shipments of golf clubs (units) fell just shy of 2022, yet remain ahead of 2019 by double-digits (16%); dollars were up 1% (not inflation adjusted)

\* Source: Golf DataTech (National Golf Foundation data support and analysis)  
<sup>†</sup> For course supply, openings and closings, NGF tallies the number of total holes and divides by 18; totals not divisible by 0.5 suggest one or more opening(s) and/or closing(s) in an increment other than 9 or 18 holes  
<sup>‡</sup> "Average estimated playing fee" is calculated by accounting for differences between peak rates and "realized rates" (total fee revenues divided by total rounds played) created by discounting (time of day, senior rate, etc.)

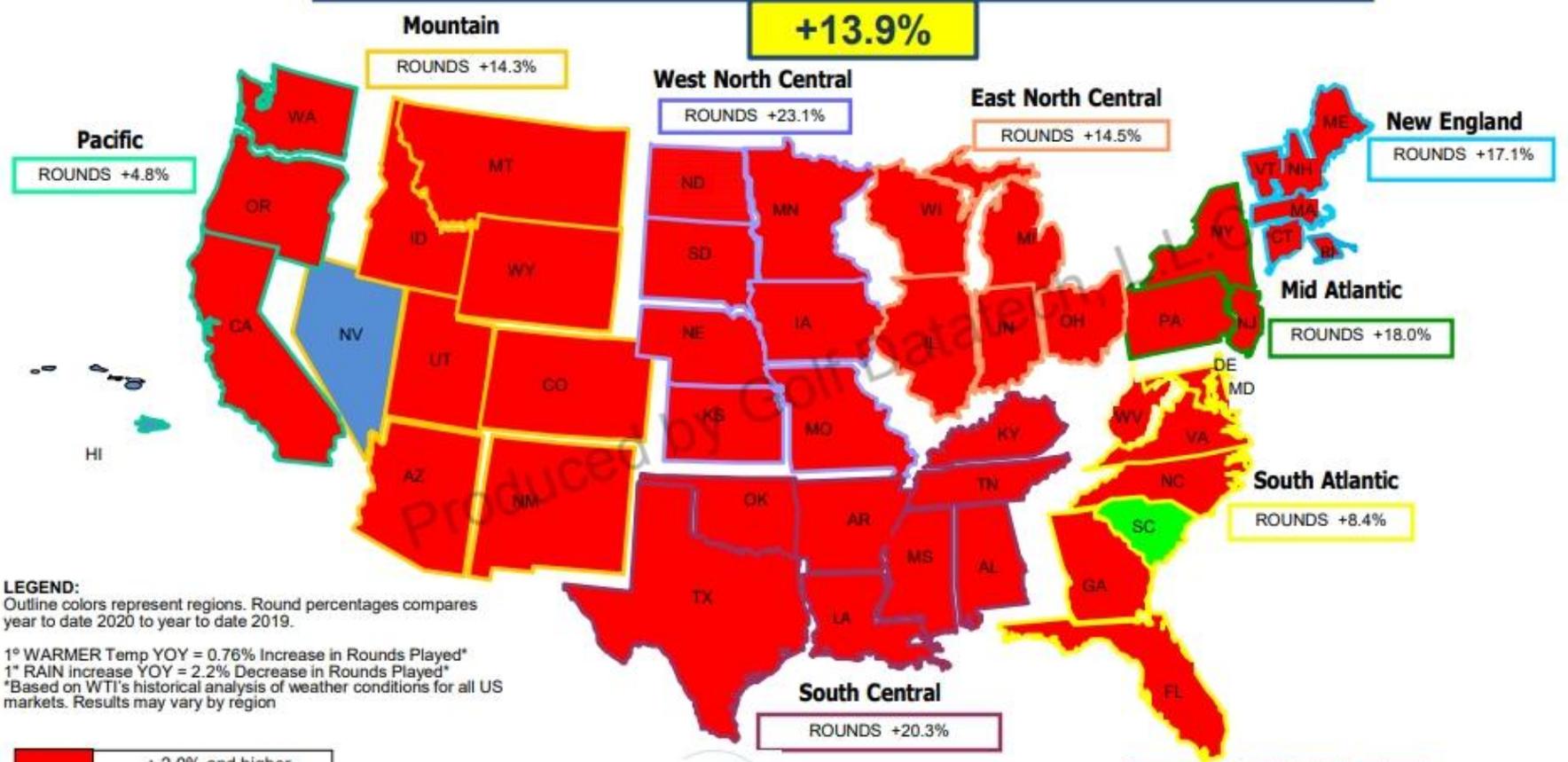
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  member@ngf.org   
  www.ngf.org

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APPENDIX D – NATIONAL ROUNDS PLAYED REPORT



US 2020 vs. 2019 YTD THROUGH DECEMBER



**LEGEND:**  
 Outline colors represent regions. Round percentages compares year to date 2020 to year to date 2019.  
 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 US markets. Results may vary by region

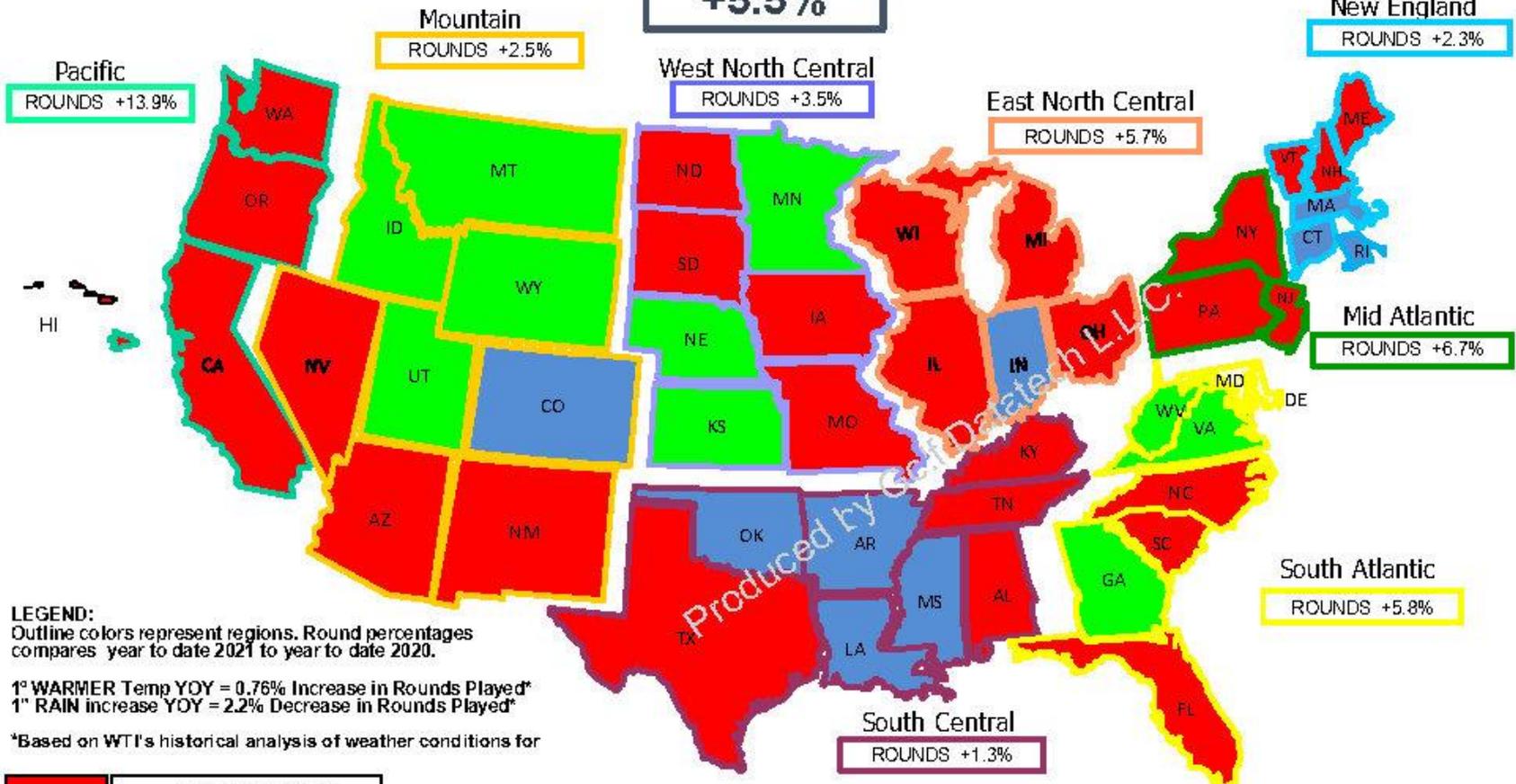
	+ 2.0% and higher
	between -1.9% and + 1.9%
	- 2.0% and lower





## 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\*

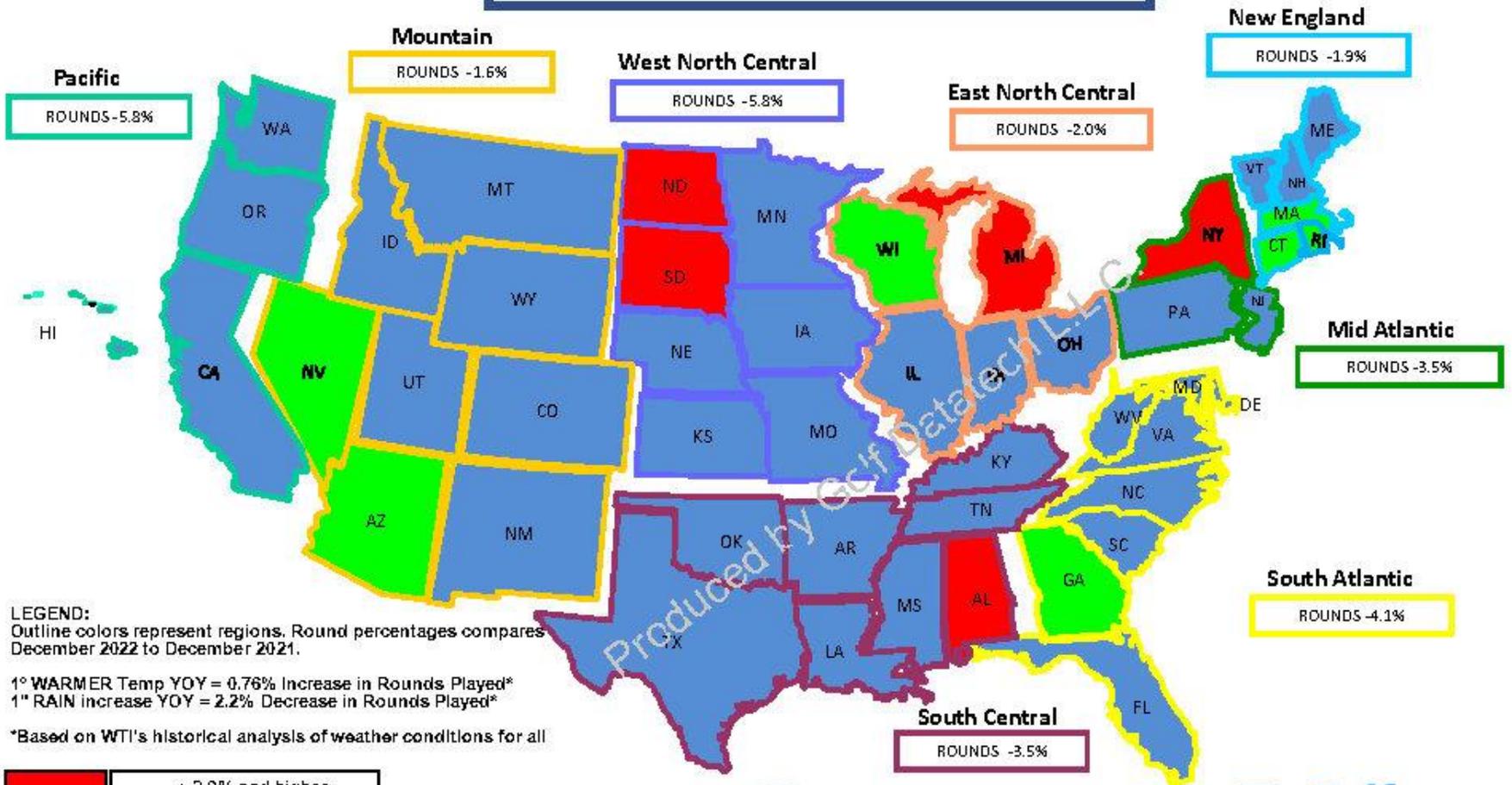
\*Based on WTI's historical analysis of weather conditions for

	+2.0% and higher
	between -1.9% and +1.9%
	-2.0% and lower
	Off Season

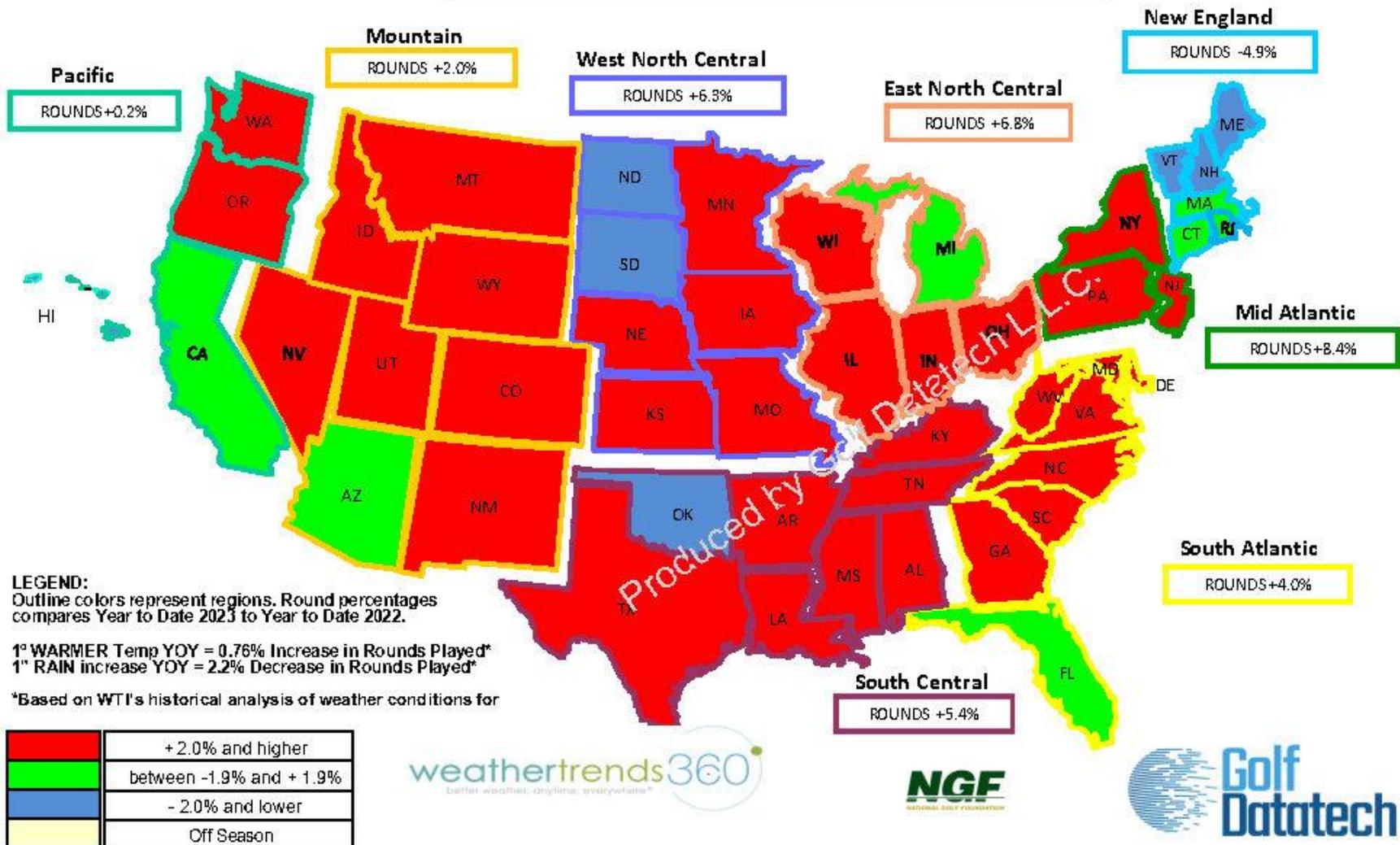


*March 2020 began lockdowns, quarantines, and travel restrictions throughout much of the United States. The result of these quarantines affected the amount of golf played throughout the country. The data comparing 2021 rounds to 2020 should be considered with caution. Many shops/courses were closed in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

**US 2022 vs. 2021 YTD THROUGH DECEMBER**  
-3.7%

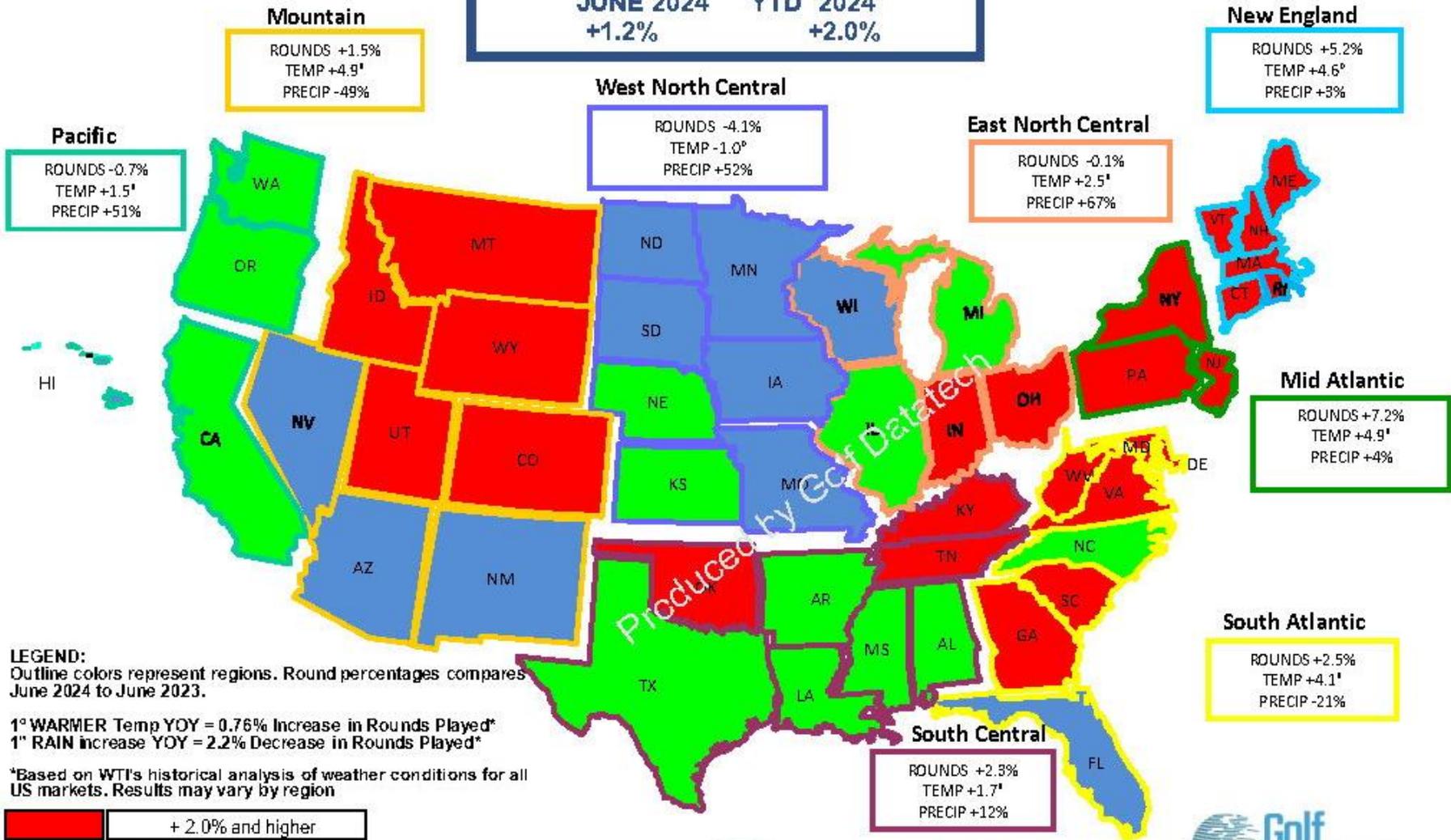


**US 2023 vs. 2022 YTD through December +4.2%**



# National Rounds Played Report

**JUNE 2024    YTD 2024**  
**+1.2%            +2.0%**



**LEGEND:**  
Outline colors represent regions. Round percentages compares June 2024 to June 2023.

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 US markets. Results may vary by region

	+ 2.0% and higher
	between -1.9% and + 1.9%
	- 2.0% and lower
	Off Season



# National Rounds Played Report

## June 2024

	JUN	YTD
<b>PACIFIC</b>	-0.7%	4.5%
CA	-0.1%	5.7%
Los Angeles	2.4%	8.7%
Orange County	0.7%	6.6%
Palm Springs	-6.1%	-1.7%
Sacramento	-4.9%	8.6%
San Diego	3.5%	7.0%
San Francisco/Oakland	0.6%	3.8%
HI	-8.5%	-5.0%
OR	0.5%	6.7%
Portland	-3.8%	2.2%
WA	-1.9%	0.5%
Seattle	-3.3%	-0.2%
<b>MOUNTAIN</b>	1.5%	7.4%
AZ	-8.7%	-0.6%
Phoenix	-9.1%	0.1%
CO	15.0%	10.8%
Denver	15.7%	10.2%
ID, WY, MT, UT	2.1%	18.8%
NM	-9.6%	9.9%
NV	-11.1%	-0.9%
Las Vegas	-9.8%	0.1%
<b>WEST NORTH CENTRAL</b>	-4.1%	4.5%
KS, NE	0.5%	5.0%
ND, SD	-7.7%	-2.5%
MN	-8.8%	5.5%
Minneapolis/St. Paul	-9.0%	5.3%
IA, MO	-2.0%	5.5%
St. Louis	0.7%	6.0%
Kansas City	6.7%	11.8%

	JUN	YTD
<b>UNITED STATES</b>	1.2%	2.0%
Public Access	1.2%	2.1%
Private	1.0%	1.9%

	JUN	YTD
<b>EAST NORTH CENTRAL</b>	-0.1%	5.5%
IL	-1.5%	5.3%
Chicago	-2.2%	4.0%
IN	3.5%	9.6%
MI	-0.4%	4.8%
Detroit	-5.5%	-1.3%
OH	2.7%	5.5%
Cincinnati	-2.1%	-6.4%
Cleveland	7.9%	14.7%
WI	-4.1%	4.0%

	JUN	YTD
<b>SOUTH CENTRAL</b>	2.3%	-0.3%
AL	-0.6%	-4.1%
AR, LA, MS	0.5%	3.6%
OK	4.7%	1.3%
KY, TN	4.9%	1.9%
TX	1.2%	-2.5%
Dallas/Ft. Worth	-0.2%	-9.5%
Houston	2.9%	-0.5%
San Antonio	4.4%	4.8%

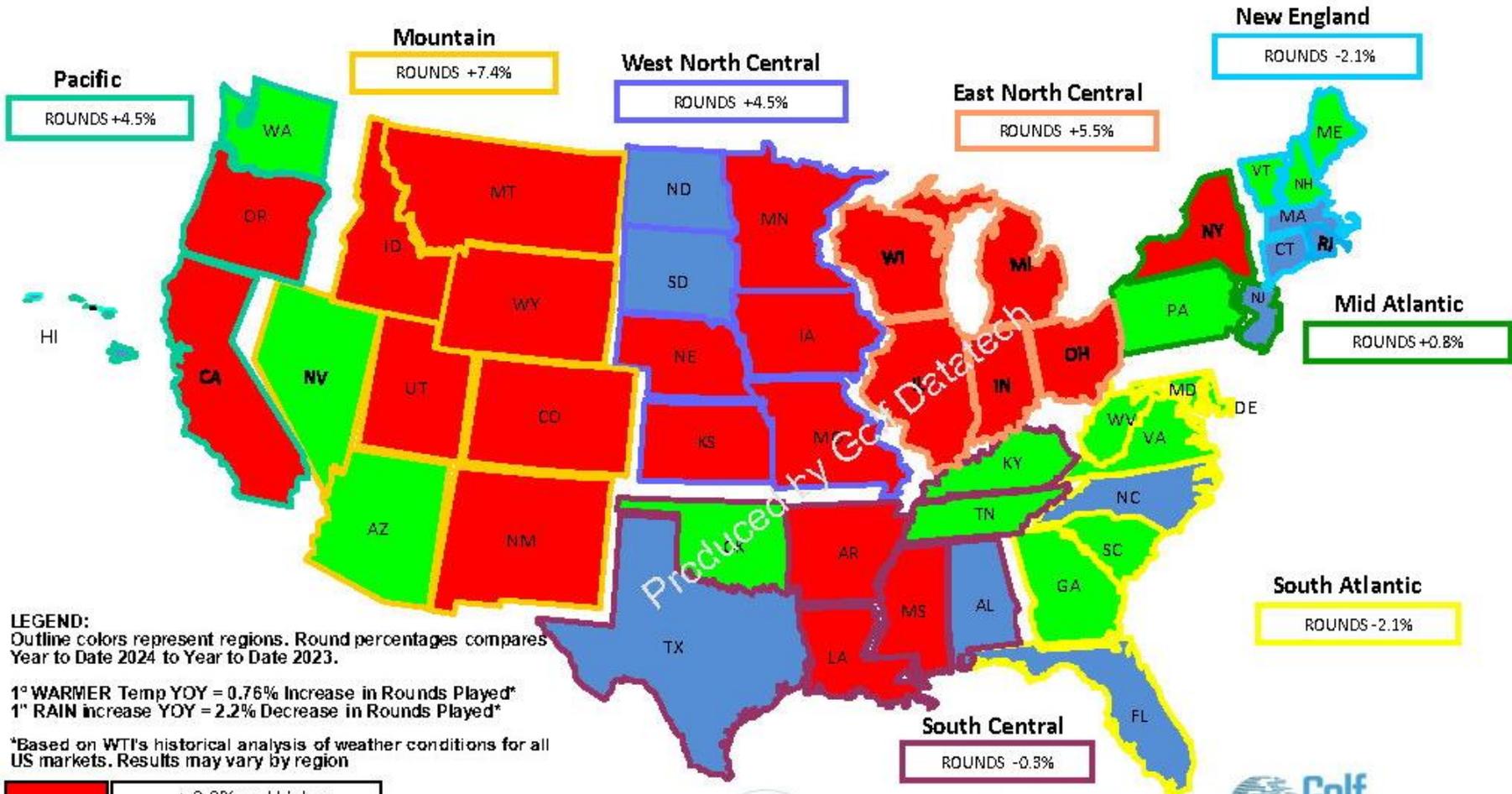
	JUN	YTD
<b>SOUTH ATLANTIC</b>	2.5%	-2.1%
DE, DC, MD	10.3%	-1.1%
Washington/Baltimore	9.9%	-1.6%
FL	-3.9%	-3.6%
Jacksonville	9.0%	0.2%
Orlando	4.4%	-4.3%
Tampa	-2.3%	0.3%
Palm Beach	-11.5%	1.3%
Naples/Ft. Myers	-18.5%	-8.9%
Miami/Ft. Lauderdale	4.9%	3.6%
GA	6.2%	1.1%
Atlanta	9.2%	2.1%
NC	1.4%	-2.2%
Greensboro/Raleigh	7.5%	-0.5%
SC	2.9%	-0.1%
Charleston	-1.4%	1.7%
Hilton Head	11.0%	4.7%
Myrtle Beach	0.2%	-2.1%
VA, WV	7.5%	-1.3%
<b>MID ATLANTIC</b>	7.2%	0.8%
NJ	3.1%	-4.0%
NY	10.6%	2.5%
New York City	10.6%	0.3%
PA	5.1%	1.3%
Philadelphia	3.4%	0.7%
Pittsburgh	1.1%	2.5%
<b>NEW ENGLAND</b>	5.2%	-2.1%
CT, MA, RI	6.1%	-3.0%
Boston	5.9%	-4.7%
ME, NH, VT	2.4%	0.9%

The percentages represent the differences in number of rounds played comparing June 2024 to June 2023.

For more information contact Golf Datatech [golfroundsplayed@golf-datatech.com](mailto:golfroundsplayed@golf-datatech.com)

# National Rounds Played Report

**US 2024 vs. 2023 YTD through June +2.0%**



**LEGEND:**  
Outline colors represent regions. Round percentages compares Year to Date 2024 to Year to Date 2023.

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 US markets. Results may vary by region

	+ 2.0% and higher
	between -1.9% and + 1.9%
	- 2.0% and lower
	Off Season

