

CITY OF LOS ANGELES
DEPARTMENT OF RECREATION AND PARKS

March 23, 2011

TO: BOARD OF RECREATION AND PARK COMMISSIONERS
FROM: 
JON KIRK MUKRI
General Manager

SUBJECT: ~~GOLF DIVISION~~ - HISTORICAL REVENUE FOR CONCESSIONS

The Department of Recreation and Parks (RAP) currently has 49 concession contracts which in Fiscal Year (FY) 2009-10 generated over \$6 million in revenue RAP (Attachment A).

Golf Rent To City

In FY 2009-10, the golf concessions generated over \$2.6 million. As of July 1, 2010, one hundred percent of the revenue from the golf concessions is distributed to the RAP Golf Division account for the operation and maintenance of the RAP golf program.

On January 1, 2011, the RAP Golf Division assumed the electric golf cart operation. The rent portion from the electric golf cart rental operation (approximately \$1.3 million per year) is no longer considered as a concession.

Non-Golf Rent to City

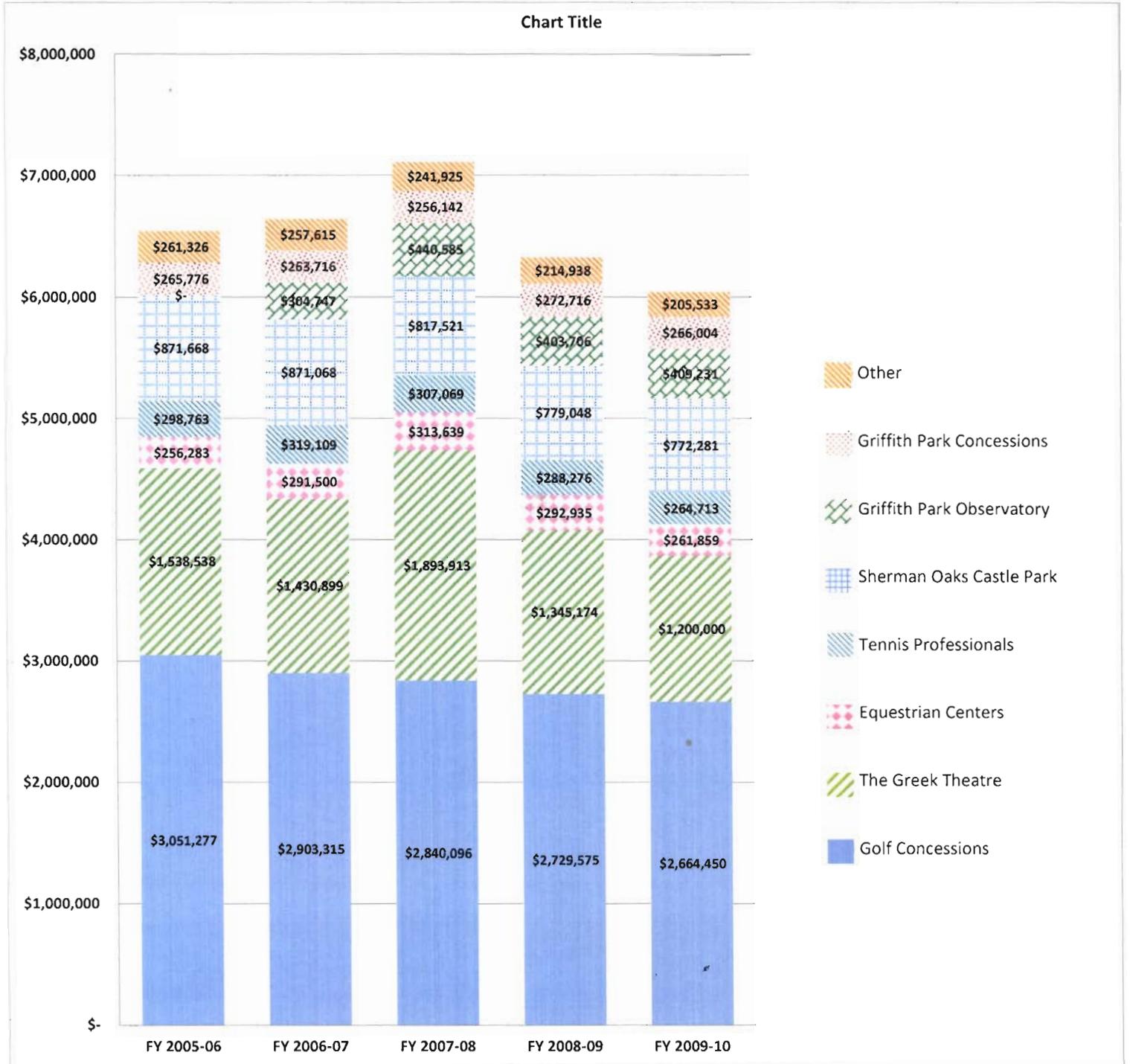
Ninety-Percent (90%) of the Rent from the Non-Golf Concessions is distributed to RAP's General Fund. Ten-Percent (10%) of the Rent from the Non-Golf Concessions is distributed to the Concession Improvement Account.

In order to project revenues for budget preparation purposes, RAP uses historical information as a basis for revenue projections.

This report was prepared by Robert N. Morales, Senior Management Analyst II, Finance Division.

DEPARTMENT OF RECREATION AND PARKS
CONCESSION REVENUE (RENT)
FY 2005-06 THROUGH FY 2009-10

Source of Funds	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Golf Concessions	\$ 3,051,277	\$ 2,903,315	\$ 2,840,096	\$ 2,729,575	\$ 2,664,450
The Greek Theatre	\$ 1,538,538	\$ 1,430,899	\$ 1,893,913	\$ 1,345,174	\$ 1,200,000
Equestrian Centers	\$ 256,283	\$ 291,500	\$ 313,639	\$ 292,935	\$ 261,859
Tennis Professionals	\$ 298,763	\$ 319,109	\$ 307,069	\$ 288,276	\$ 264,713
Sherman Oaks Castle Park	\$ 871,668	\$ 871,068	\$ 817,521	\$ 779,048	\$ 772,281
Griffith Park Observatory	\$ -	\$ 304,747	\$ 440,585	\$ 403,706	\$ 409,231
Griffith Park Concessions	\$ 265,776	\$ 263,716	\$ 256,142	\$ 272,716	\$ 266,004
Other	\$ 261,326	\$ 257,615	\$ 241,925	\$ 214,938	\$ 205,533
Total	\$ 6,543,631	\$ 6,641,969	\$ 7,110,890	\$ 6,326,368	\$ 6,044,071



CITY OF LOS ANGELES
DEPARTMENT OF RECREATION AND PARKS

March 23, 2011

TO: BOARD OF RECREATION AND PARK COMMISSIONERS

FROM


JON KIRK MUKRI
General Manager

SUBJECT: GOLF DIVISION – GOLF GREENS FEES STUDY

On May 17, 2010, the Board approved the establishment of the Department of Recreation and Parks (RAP) Golf Division Special Fund which included an increase in golf greens fees at the seven 18-hole golf courses (Board Report No. 10-128). The golf greens fees increase became effective on July 1, 2010.

During the period of July 2010 through January 2011, revenue from golf greens fees decreased by \$232,721 (2.09%) and rounds of golf decreased by 72,151 (12.93%) compared to the same period a year before (Attachment A).

The Golf Industry

The golf industry has declined significantly since the golf boom of the 1990s. According to the National Golf Foundation, the number of new courses opened in 2009 is the lowest in 20 years.

There is strong competition for the decreasing number of golfers amongst the 1,140 municipal, public, and private golf courses in California. In the greater Los Angeles area, approximately 80 golf courses are within close proximity of each other (Attachment B); approximately 56 of those 80 golf courses have golf greens fees priced at \$50.00 or less; including 19 County of Los Angeles golf courses and 12 City of Los Angeles golf courses(Attachment C).

Golf Greens Fees Analysis

In order to determine the competitiveness of the current RAP golf greens fees, staff retained the services of a consultant with significant experience in the golf industry, Pro Forma Advisors, LLC (PFA).

A report prepared by PFA and submitted to RAP (Attachment D) found:

- a. High-end daily greens fees golf courses have generally experienced declines in play averaging about 15% to 20% from 2007 levels;
- b. The decline in golf play at RAP golf courses is attributed to a “plateauing” of golf participation, a reduction in the average annual rounds played per golfer, golfer’s smaller discretionary recreation/entertainment spending budget, and increased price competition from privately owned public access daily fee golf courses;

- c. For the period of July 2010 through September 2010, the County of Los Angeles 18-hole golf courses experienced a 3%-4% decrease in rounds of golf from the same period one year earlier; while the RAP 18-hole golf courses saw a 14.6% decrease during the same period;
- d. The impact of the July 1, 2010, RAP golf greens fees increases is influenced by the specific characteristics of each course and the competitive market environment in which each course operates:

Rancho Park Golf Course

The golf greens fees increased for weekdays and weekends appear to be readily sustainable. Rancho Park is a premium golf course which is in good condition, located in a very strong golf market, and has limited direct competition.

Griffith Park Golf Complex (Wilson/Harding)

Griffith Park offers an opportunity to differentiate golf greens fees between the two regulation length courses. Wilson is the preferred course because of its length and design and can support a higher greens fees structure than the Harding course. Pasadena's Brookside course is the key competitor for Griffith Park (Greens fees for Brookside ranged from \$21 on the weekdays to \$75 on the weekends).

Sepulveda Golf Complex (Encino/Balboa)

Hansen Dam Golf Course

Woodley Lakes Golf Course

Due to their location and the quality of the golf courses, these golf courses are the most vulnerable to competition. In addition to the County's Knollwood golf course, there are numerous options including Simi Hills (Simi Valley), Rustic Canyon (Moorpark), Tierra Rejada (Moorpark), Los Robles (Thousand Oaks), Camarillo Springs (Camarillo), and Sterling Hills (Camarillo).

The PFA report summarizes by stating, "In general, the July 1, 2010 greens fees increases have affected play volumes significantly, resulting in a revenue neutral situation, particularly at all courses other than at Rancho Park. Play at Hansen Dam, Sepulveda, Woodley Lakes, and Griffith Park-Harding, because of substantial competition and golfer options, may see continued deterioration of play levels in the mid-term, with resulting greens fees revenue remaining unchanged or possibly declining. Play volume at Rancho Park and Griffith Park-Wilson may also decline somewhat, but overall greens fees revenue should remain well above previous levels."

This report was prepared by Robert N. Morales, Senior Management Analyst II, Finance Division.

DEPARTMENT OF RECREATION AND PARKS
GOLF DIVISION
REVENUE (Greens Fees) AND ROUNDS OF GOLF BY FACILITY
JULY 1, 2010 THROUGH JANUARY 31, 2011

<u>REVENUE</u>				
Facility	FY 2009-10	FY 2010-11	Difference	% Change in Revenue
Wilson/Harding	\$ 2,634,745	\$ 2,594,083	\$ (40,662)	-1.54%
Encino/Balboa	2,009,741	1,996,978	\$ (12,763)	-0.64%
Rancho Park 18	1,512,723	1,682,163	\$ 169,441	11.20%
Hansen Dam	1,099,336	1,039,678	\$ (59,658)	-5.43%
Woodley Lakes	1,031,947	985,676	\$ (46,271)	-4.48%
Harbor Park	1,018,284	922,429	\$ (95,855)	-9.41%
Penmar	800,479	748,129	\$ (52,350)	-6.54%
Roosevelt	652,793	601,187	\$ (51,605)	-7.91%
Rancho Park 9	210,224	185,837	\$ (24,387)	-11.60%
Los Feliz	140,464	125,714	\$ (14,750)	-10.50%
Holmby Park	11,201	7,341	\$ (3,860)	-34.46%
Total	\$ 11,121,936	\$ 10,889,215	\$ (232,721)	-2.09%

<u>ROUNDS</u>				
Facility	YTD Rounds	YTD Rounds	Difference	% Change in Monthly Revenue
Wilson/Harding	103,707	83,496	\$ (20,211)	-19.49%
Encino/Balboa	84,625	74,093	\$ (10,532)	-12.45%
Rancho Park 18	61,119	56,112	\$ (5,007)	-8.19%
Hansen Dam	46,591	37,461	\$ (9,130)	-19.60%
Woodley Lakes	42,987	35,793	\$ (7,194)	-16.74%
Harbor Park	59,199	53,899	\$ (5,300)	-8.95%
Penmar	55,438	51,085	\$ (4,353)	-7.85%
Roosevelt	45,666	41,744	\$ (3,922)	-8.59%
Rancho Park 9	29,980	27,290	\$ (2,690)	-8.97%
Los Feliz	25,171	22,675	\$ (2,496)	-9.92%
Holmby Park	3,681	2,365	\$ (1,316)	-35.75%
Total	558,164	486,013	\$ (72,151)	-12.93%

ATTACHMENT B

DEPARTMENT OF RECREATION AND PARKS OVERVIEW OF SOUTHERN CALIFORNIA GOLF COURSES LOS ANGELES COUNTY AREA

Southern California Golf Courses - Greenskeeper.org Free Online Golf Community - Windows Internet Explorer
 http://www.greenskeeper.org/southern_california/golf_courses/

File Edit View Favorites Tools Help
 Southern California Golf Courses - Greenskeeper.org

127 Free Replays + Lunch + 50% Off Rentals

Golf Course Location Links/Maps

- Los Angeles County
- San Bernardino County
- Riverside County
- Orange County
- San Diego County
- Ventura/Santa Barbara County
- Palm Springs Area

More Regional Links

- » Golf Courses
- » Book Tee Times
- » Reviews (24,574)
- » Specials (33)
- » Events

Los Angeles County

Los Angeles County

- Major Maintenance/Renovation
 - Minor Maintenance/Before Major Maintenance/Recovering well from Major Maintenance
 - No Maintenance
 \$ Average Weekend Peak Rates (\$ = \$50 or less, \$ = \$50 to \$100...; ranges increment by \$50)
 - Photos | - Scorecard | R S - Rates or Specials

Featured Golf Course

Palm Springs Classic Club

EXPERIENCE TROON GOLF®

NEW CLUBS Start Menu

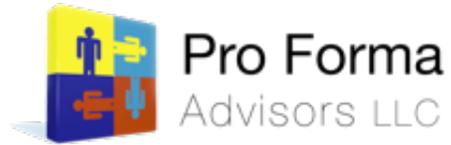
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 City of Los A...

**DEPARTMENT OF RECREATION AND PARKS
GOLF COURSES WITHIN THE COUNTY OF LOS ANGELES AREA**

	Name	Course Type	Location	Cost
1	Alhambra Golf Course	18 Hole	Alhambra	\$50 or less
2	Alondra Park Golf Course (County of Los Angeles)	18 Hole	Lawndale	\$50 or less
3	Alondra Park Golf Course (County of Los Angeles)	18 Hole / 3 Par	Lawndale	\$50 or less
4	Altadena Golf Course (County of Los Angeles)	9 Hole	Altadena	\$50 or less
5	Arcadia Golf Course	18 Hole	Arcadia	\$50 or less
6	Azusa Greens Country Club	18 Hole	Azusa	\$50 or less
7	Balboa Golf Course (City of Los Angeles)	18 Hole	Encino	\$50 or less
8	Bixby Village Golf Course	9 Hole	Long Beach	\$50 or less
9	Catalina Island Golf Course	9 Hole	Avalon	\$50 or less
10	Chester Washington Golf Course (County of Los Angeles)	18 Hole	Los Angeles	\$50 or less
10	De Bell Golf Course	18 Hole	Burbank	\$50 or less
11	Desert Aire Golf Course	9 Hole	Palmdale	\$50 or less
12	Diamond Bar Golf Club (County of Los Angeles)	18 Hole	Diamond Bar	\$50 or less
13	Dominguez Hills Golf Course	18 Hole / Par 3	Carson	\$50 or less
14	Eaton Canyon Golf Course (County of Los Angeles)	9 Hole	Pasadena	\$50 or less
15	El Cariso Golf Course (County of Los Angeles)	18 Hole Exec	Sylmar	\$50 or less
16	El Dorado Park Golf Course	18 Hole	Long Beach	\$50 or less
17	Encino Golf Course (City of Los Angeles)	18 Hole	Encino	\$50 or less
18	Hansen Dam Golf Course (City of Los Angeles)	18 Hole	Pacoima	\$50 or less
19	Harbor Park Golf Course (City of Los Angeles)	9 Hole	Wilmingon	\$50 or less
20	Harding Golf Course (City of Los Angeles)	18 Hole	Los Angeles	\$50 or less
21	Knollwood Country Club (County of Los Angeles)	18 Hole	Granada Hills	\$50 or less
22	La Mirada Golf Course (County of Los Angeles)	18 Hole	La Mirada	\$50 or less
23	Lake Elizabeth Golf Course	18 Hole	Elizabeth	\$50 or less
24	Lake Lindero Country Club	9 Hole	Agoura Hills	\$50 or less
25	Lakes at El Segundo Golf Course	9 Hole	El Segundo	\$50 or less
26	Lakewood Country Club (County of Los Angeles)	18 Hole	Lakewood	\$50 or less
27	Los Amigos Country Club (County of Los Angeles)	18 Hole	Downey	\$50 or less
28	Los Angeles Royal Vista Golf Course	18 Hole	Walnut	\$50 or less
29	Los Feliz Golf Course (City of Los Angeles)	9 Hole / 3 Par	Los Angeles	\$50 or less
30	Los Verdes Golf Club (County of Los Angeles)	18 Hole	Rancho Palos Verdes	\$50 or less
31	Maggie Hathaway Golf Course (County of Los Angeles)	9 Hole / 3 Par	Los Angeles	\$50 or less
32	Marshall Canyon Golf Course (County of Los Angeles)	18 Hole	La Verne	\$50 or less
33	Montebello Country Club	18 Hole	Montebello	\$50 or less
34	Mountain Meadows Golf Course (County of Los Angeles)	18 Hole	Pomona	\$50 or less
35	Penmar Golf Course (City of Los Angeles)	9 Hole	Venice	\$50 or less

**DEPARTMENT OF RECREATION AND PARKS
GOLF COURSES WITHIN THE COUNTY OF LOS ANGELES AREA**

	Name	Course Type	Location	Cost
36	Pico Rivera Golf Course	9 Hole Exec	Pico Rivera	\$50 or less
37	Rancho Duarte Golf Course	9 Hole	Duarte	\$50 or less
38	Rancho Park Golf Course (City of Los Angeles)	18 Hole	Los Angeles	\$50 or less
39	Rancho Park Golf Course (City of Los Angeles)	9 Hole / 3 Par	Los Angeles	\$50 or less
40	Rancho Sierra Golf Course	9 Hole	Lancaster	\$50 or less
41	Rancho Vista Golf Course	18 Hole	Palmdale	\$50 or less
42	Recreation Park Golf Course	18 Hole	Long Beach	\$50 or less
43	Rio Hondo Country Club	18 Hole	Downey	\$50 or less
44	Roosevelt Golf Course (City of Los Angeles)	9 Hole	Los Angeles	\$50 or less
45	San Dimas Canyon Golf Course	18 Hole	San Dimas	\$50 or less
46	Santa Anita Golf Course (County of Los Angeles)	18 Hole	Arcadia	\$50 or less
47	Scholl Canyon Golf Club	18 Hole	Glendale	\$50 or less
48	Verdugo Hills Golf Course	18 Hole	Tujunga	\$50 or less
49	Victoria Golf Course (County of Los Angeles)	18 Hole	Carson	\$50 or less
50	Vista Valencia Golf Course	9 Hole	Valencia	\$50 or less
51	Westchester Golf Course	18 Hole	Los Angeles	\$50 or less
52	Westlake Golf Course	18 Hole	Westlake Village	\$50 or less
53	Whittier Narrows Golf Course (County of Los Angeles)	18 Hole	Rosemead	\$50 or less
54	Whittier Narrows Golf Course (County of Los Angeles)	9 Hole	Rosemead	\$50 or less
55	Wilson Golf Course (City of Los Angeles)	18 Hole	Van Nuys	\$50 or less
56	Woodley Lakes Golf Course (City of Los Angeles)	18 Hole	Van Nuys	\$50 or less
57	Brookside Golf Course (No. 1)	18 Hole	Pasadena	\$50 to \$100
58	Brookside Golf Course (No. 2)	18 Hole	Pasadena	\$50 to \$100
59	Industry Hills Golf Club (Eisenhower)	18 Hole	City of Industry	\$50 to \$100
60	Industry Hills Golf Club (Zaharias)	18 Hole	City of Industry	\$50 to \$100
61	Robinson Ranch Golf Club (Mountain)	18 Hole	Santa Clarita	\$50 to \$100
62	Robinson Ranch Golf Club (Valley)	18 Hole	Santa Clarita	\$50 to \$100
63	Skylinks Golf Course	18 Hole	Long Beach	\$50 to \$100
64	Angeles National Golf Club	18 Hole	Sunland	\$100-\$150
65	Malibu Country Club	18 Hole	Malibu	\$100-\$150
66	Trump National Golf Club	18 Hole	Rancho Palos Verdes	\$200 or more



Analysis of Golf Course Greens Fees City of Los Angeles Municipal Courses Los Angeles, California

Prepared for: City of Los Angeles Department of Recreation and Parks

Prepared by: Pro Forma Advisors, LLC

October 2010

PFAID: 10-115

Version: 1.1

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Introduction

The City of Los Angeles, through the Department of Recreation and Parks Golf Division, manages, operates, and maintains a municipal golf system which is comprised of ten golf facilities:

- ▶ Rancho Park
 - 18-hole regulation
 - 9-hole par-3
- ▶ Griffith Park
 - 18-hole regulation (Wilson)
 - 18-hole regulation (Harding)
- ▶ Sepulveda
 - 18-hole regulation (Encino)
 - 18-hole regulation (Balboa)
- ▶ Woodley Lakes (18-hole regulation)
- ▶ Hansen Dam (18-hole regulation)
- ▶ Harbor Park (9-hole regulation)
- ▶ Penmar (9-hole executive)
- ▶ Roosevelt (9-hole executive)
- ▶ Los Feliz (9-hole par-3)
- ▶ Tregnan Junior Golf Academy

The following memorandum report presents analysis and preliminary findings with regard to the greens fees structure at the City's municipal golf courses. The scope of work encompassed a series of tasks including documentation of historical and current greens fees at competitive facilities, investigation of proposed greens fees increases at competitive facilities, an analysis of the effect of greens fees increases on gross revenue, and a brief review of potential alternative revenue enhancement practices. The analysis examines the system generally, as well as each of the individual City municipal golf courses.

The analysis focuses on greens fees assessed at municipal courses, but also considers daily fee (privately owned and operated) public access golf courses in the region as these courses have become increasingly competitive with municipal golf courses in a soft golf market environment.

Greens fees at the City's municipal golf courses increased on July 1, 2010. As such, the present analysis compares the FY2009-FY2010 greens fees with the new FY2010-FY2011 structure, and examines the supportability of the new structure and potential impact of the increases on overall golf course gross revenue and market share.

Golf course greens fees revenue is the product of the greens fees rate and utilization (rounds of play). As well, ancillary golf course revenue (cart rental, practice range, merchandise, food and beverage, instruction)

are dependent on play volume. As such, it is important to fully consider the impact of increasing greens fees on play levels. There are numerous factors which influence supportable greens fees levels, and most of these factors vary by golf course. While this analysis examines some of these factors, a complete analysis of the specific characteristics of each City course and play patterns has not been conducted.

General Limiting Conditions

Certain information included in this report contains forward-looking estimates, projections and/or statements. Pro Forma Advisors LLC has based these projections, estimates and/or statements on expected future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

No warranty or representation is made by Pro Forma Advisors that any of the projected values or results contained in this study will actually be achieved.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, Pro Forma Advisors accepts no liability in relation to the estimates provided herein.

In the production of this report, Pro Forma Advisors has served solely in the capacity of consultant and Pro Forma Advisors has not rendered any "expert" opinions and does not hold itself out as an "expert" (as the term "expert" is defined in Section 11 of the Securities Act of 1933).

This report is not to be used in conjunction with any public or private offering of securities, and may not be relied upon without the express written consent of Pro Forma Advisors.

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

Current City Golf Course Performance

The FY2009-FY2010 and FY2010-FY2011 greens fees structure at the City's regulation length golf courses is summarized as follows:

City of Los Angeles Regulation Length Golf Course Greens Fees						
	FY2009-FY2010			FY2010-FY2011*		
Type of Round	Mon-Thurs	Friday	Weekend	Mon-Thurs	Friday	Weekend
18-Hole Rounds						
Resident Standard	\$26.00	\$30.00	\$34.00	\$33.00/\$30.00	\$37.00/\$34.00	\$43.00/\$40.00
Non-Resident Standard	31.00	35.00	39.00	38.00/35.00	42.00/39.00	48.00/45.00
Resident Senior	17.00	20.00	---	20.00/19.00	23.00/22.00	---
Non-Resident Senior	22.00	25.00	---	25.00/24.00	28.00/27.00	---
Twilight/9-Hole						
Resident Standard	\$16.00	\$18.50	\$21.00	20.00/19.00	22.00/21.00	25.00/24.00
Non-Resident Standard	19.00	21.50	24.00	23.00/22.00	25.00/24.00	28.00/27.00
Resident Senior	10.00	12.00	---	13.00/12.00	15.00/14.00	---
Non-Resident Senior	13.00	15.00	---	16.00/15.00	18.00/17.00	---
Super Twilight						
Resident Standard	\$10.00	\$10.75	\$11.50	13.00/12.00	14.00/13.00	15.00/14.00
Non-Resident Standard	13.00	13.75	14.50	16.00/15.00	17.00/16.00	18.00/17.00
*Rancho Park and Griffith Park Wilson courses/all other courses.						

Generally, on July 1, 2010, the 18-hole regulation length golf course greens fees at Rancho Park and Griffith Park Wilson, both considered to be premium municipal golf courses, were increased approximately 25% both for residents and non-residents, while fees at the other City courses were increased approximately 15% both for residents and non-residents. At the same time, the City also instituted a mid-day rate which is effective several hours prior to the start of twilight rates. The mid-day rates are set between the regular and twilight rates.

Lifeline rates are available to eligible senior and junior golfers. Seniors are defined as individuals 65 year of age, and juniors as under age 18. The greens fees are exclusive of electric golf carts which are available at \$24.00 per cart (2 players), or for \$16.00 for a single rider.

The current greens fees structure at the less-than-regulation length and 9-hole Los Angeles City golf courses is summarized as follows (note that the current greens fees for these courses remained unchanged from the FY2009-FY2010 level):

City of Los Angeles Executive, Par-3, & 9-Hole Golf Course Greens Fees			
Type of Round	Mon-Thurs	Friday	Weekend
Harbor Park (9-hole regulation)			
Standard 9-hole	\$16.00	\$18.50	\$21.00
Senior 9-hole	10.00	12.00	---
Twilight	8.50	10.25	12.00
Penmar/Roosevelt (9-hole exec)			
Standard 9-hole Resident	14.50	16.75	19.00
Standard 9-hole Non-Resident	17.50	19.75	22.00
Senior 9-hole Resident	9.00	11.00	---
Senior 9-hole Non-Resident	12.00	14.00	---
Twilight Resident	8.50	10.25	14.00
Twilight Non-Resident	10.50	12.25	14.00
Rancho Nine (9-hole par-3)			
Standard 9-hole	7.00	7.50	8.00
Senior 9-hole	5.00	5.50	---
Los Feliz (9-hole par-3)			
Standard 9-hole	5.50	6.25	7.00
Senior 9-hole	4.00	4.75	---

Annual play at the City's golf courses for the period FY2008 through FY2010 is presented in Exhibit 1.

Exhibit 1: City of Los Angeles Annual Play by Course--FY2008-FY2010 (thousands of rounds)			
Golf Course	FY2008	FY2009	FY2010
Regulation Length Courses			
Sepulveda (36 holes)	166.9	152.5	148.3
Hansen Dam	82.9	82.4	81.5
Rancho Park	113.9	110.0	103.9
Griffith Park (36 holes)	197.6	188.8	178.3
Woodley Lakes	<u>87.7</u>	<u>79.9</u>	<u>76.8</u>
Subtotal Regulation Length	649.0	613.6	588.8
Nine-Hole Courses			
Harbor Park (9 holes)	119.7	97.1	102.2
Holmby (9 holes)	8.0	8.3	6.4
Los Feliz (9 holes)	53.3	44.9	42.5
Penmar (9 holes)	107.1	97.9	94.8
Rancho Park (9 holes)	54.5	47.9	50.7
Roosevelt (9 holes)	<u>98.8</u>	<u>83.6</u>	<u>78.5</u>
Subtotal-9-hole courses	441.4	379.7	375.1
Total	1,090.4	993.3	963.9

For each regulation length golf course, FY2010 play (11 months) is distributed between City of Los Angeles residents and non-residents in Exhibit 2 (note that residency is not indicated for some classifications of play). The percentage distribution is shown in Exhibit 3.

Exhibit 2: City of Los Angeles Annual Play By Type of Round--FY2010 (11 months) (thousands of rounds)						
Type of Round	Sepulveda	Hansen	Rancho	Griffith	Woodley	Total
Weekday						
18-Hole Regulation						
Non-resident	4.8	4.7	7.5	10.0	2.2	29.2
Resident	26.6	13.3	16.4	43.3	15.1	114.7
18-Hole Senior						
Non-resident	2.8	2.2	2.1	3.3	1.1	11.5
Resident	14.7	6.1	10.4	14.8	7.4	53.4
Twilight/Super Twi-/9-Hole						
Non-resident	1.7	1.9	3.0	2.7	0.9	10.2
Resident	25.1	12.2	12.6	20.4	12.1	82.4
Juniors	<u>4.2</u>	<u>1.7</u>	<u>2.2</u>	<u>3.9</u>	<u>2.1</u>	<u>14.1</u>
Subtotal-Weekday	79.9	42.2	54.1	98.5	40.9	315.6
Weekend						
18-Hole Regulation						
Non-resident	5.2	4.2	6.1	7.2	2.7	25.4
Resident	28.1	13.1	15.2	34.0	15.2	105.6
Twilight/Super Twi-/9-Hole						
Non-resident	0.8	1.5	1.4	1.6	0.4	5.7
Resident	<u>13.4</u>	<u>8.1</u>	<u>6.8</u>	<u>10.1</u>	<u>6.9</u>	<u>45.3</u>
Subtotal-Weekend	47.5	27.1	29.4	52.9	25.1	182.0
Tournament	4.8	2.6	9.8	8.4	2.7	28.3
18-Hole Regulation	<u>2.6</u>	<u>2.4</u>	<u>1.6</u>	<u>2.5</u>	<u>1.1</u>	<u>10.2</u>
Total	134.8	74.3	94.9	162.3	69.8	536.1

Exhibit 3: City of Los Angeles FY2010 Play Distribution--Residents Vs. Non-Residents (percentage distribution)						
Type of Round	Sepulveda	Hansen	Rancho	Griffith	Woodley	Total
Weekday						
Non-Resident	12.2%	21.8%	24.2%	16.9%	11.0%	16.9%
Resident	<u>87.8%</u>	<u>78.2%</u>	<u>75.8%</u>	<u>83.1%</u>	<u>89.0%</u>	<u>83.1%</u>
Subtotal-Weekday	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Weekend						
Non-Resident	12.6%	20.8%	25.3%	16.7%	12.1%	17.1%
Resident	<u>87.4%</u>	<u>79.2%</u>	<u>74.7%</u>	<u>83.3%</u>	<u>87.9%</u>	<u>82.9%</u>
Subtotal-Weekend	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total						
Non-Resident	12.4%	21.4%	24.6%	16.9%	11.4%	17.0%
Resident	<u>87.6%</u>	<u>78.6%</u>	<u>75.4%</u>	<u>83.1%</u>	<u>88.6%</u>	<u>83.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Regional Golf Market Environment

Between 1970 and the early 2000-period, golf demand in Southern California increased steadily, with strong growth occurring in the mid- to late-1990s time period. At the same time, there was relatively limited expansion of the inventory of golf facilities. In the early 1990s, Southern California's municipal golf courses and limited number of daily fee golf courses were performing exceptionally well, with municipal golf course play exceeding 100,000 rounds at most courses and play on daily fee courses in the range of 60,000-80,000 annual rounds.

In response to increasing demand and a static supply situation, in addition to an extremely robust housing market where golf courses often served at the key amenity, a number of golf courses were developed. The total number of public golf courses opened in Southern California since 1995 is summarized in Exhibit 4.

Exhibit 4: Number of Southern California Public Golf Courses Opened by Year							
	Los Angeles	Orange	Empire ¹	Ventura	San Diego	Kern	Total
Up to 1995	40.5	21.0	44.5	12.5	33.0	7.0	158.5
1996	0.0	2.0	1.0	0.0	0.0	0.0	3.0
1997	0.0	1.0	1.0	0.0	0.0	0.0	2.0
1998	0.0	0.0	1.0	0.0	1.0	0.0	2.0
1999	1.0	2.5	2.0	2.0	2.0	1.0	10.5
2000	4.0	0.0	5.0	1.0	1.0	0.0	11.0
2001	0.0	3.0	1.0	1.0	1.0	0.0	6.0
2002	0.0	0.0	1.0	2.0	0.0	0.0	3.0
2003	1.0	0.0	1.0	0.0	0.5	0.0	2.5
2004	1.0	1.0	0.0	0.5	0.0	0.0	2.5
2005	0.0	0.0	0.0	0.5	1.0	0.0	1.5
2006	0.0	(0.5)	0.0	0.0	0.0	0.0	(0.5)
2007	0.0	(1.0)	1.0	0.0	1.0	0.0	1.0
2008	0.0	0.0	2.0	0.5	0.0	0.0	2.5
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	47.5	29.0	60.5	20.0	40.5	8.0	205.5
<u>Change in Inventory (1996-2009)</u>							
Number	7.0	8.0	16.0	7.5	7.5	1.0	47.0
Percent	17%	38%	36%	60%	23%	14%	30%
1/ Excludes Coachella Valley.							

As shown, these additions represent a net 30 percent increase in the Southern California public golf course inventory, with the Los Angeles County public golf course supply expanding by 17%, over this period. No new golf courses entered the Southern California golf market in 2009, and none are expected in 2010 or in the foreseeable term.

As a result of the significant increase in inventory over a relatively short period of time, coupled with a sluggish economy in 2002 and 2003, and reduction in the number of golf rounds played, the Southern California public golf market experienced a slowdown between 2002 and 2005, particularly in the upper-mid

and high-end segments. Annual play on most entry level and mid-market public access golf courses in the region declined an average of about 10 to 15 percent between 2002 and 2005, with some daily fee courses experiencing reductions of 15 to 25 percent. This resulted in many high-end courses lowering their rates in an attempt to stimulate play. The rate reductions at the high-end courses, in turn, impacted mid-market daily fee and the higher quality municipal golf courses. As the economy improved, and the supply remained unchanged, play on most public courses in the 2006-2007 period, adjusted for unusual weather variations, was relatively flat.

Play at public golf courses in the region for 2008 and 2009 varied according to market positioning. High-end daily fee courses have generally experienced declines in play averaging about 15 to 20 percent from 2007 levels. Municipal golf courses, and entry level and mid-market daily fee golf courses experienced nominal (5 to 10 percent) reductions in play since 2007. Recent economic conditions have exacerbated the decline in play both from individuals and golf outings.

A comparison of average annual play during peak market conditions (1998-2003) and the current soft golf market period (2008-2010) for City and County of Los Angeles municipal golf courses demonstrates golf play trends, as shown in Exhibit 5. Note that the 2004-2007 period play levels, although not shown, represented a period of modest initial decline from the peak years, which worsened during the 2008-2010 period.

The decline in golf play at City golf courses is attributed to a number of factors including a plateauing of golf participation, a reduction in the average annual rounds played per golfer, golfer's smaller discretionary recreation/entertainment spending budget, and increased price competition from privately owned public access daily fee golf courses.

Exhibit 5: Historical Play at Los Angeles City and County Municipal Courses			
Golf Course	Average Annual Rounds		% Change 1998-2010
	1998-2003	2008-2010	
Regulation Length Courses			
City of Los Angeles			
Hansen Dam	101,600	82,800	(18.5%)
Sepulveda (36 holes)	187,100	156,500	(16.4)
Griffith Park (36 holes)	212,500	189,500	(10.8)
Woodley Lakes	102,100	81,900	(19.8)
Rancho Park	<u>117,700</u>	<u>110,000</u>	<u>(6.5)</u>
Total-City of Los Angeles	721,000	620,500	(13.9%)
County of Los Angeles Regulation Length			
Average-12 courses	110,200	100,500	(8.8%)
Executive/Nine Hole/Par 3			
City of Los Angeles			
Harbor Park	120,500	106,900	(11.3%)
Los Feliz	51,400	47,100	(8.4)
Penmar	100,600	100,500	(0.1)
Rancho-9-hole	67,200	51,100	(24.0)
Roosevelt	<u>100,500</u>	<u>84,700</u>	<u>(15.7)</u>
Total-City of Los Angeles	440,200	390,300	(11.3%)
County of Los Angeles Executive/Par-3			
Average-5 courses	65,800	53,000	(19.5%)

Municipal Golf Course Greens Fees

A summary of “posted” greens fees at all Southern California municipally owned golf courses is presented in Exhibit 6. The exhibit includes regular, senior, and twilight rates for “residents” and “non-residents”. There typically are numerous other greens fees categories which are not shown in the exhibit including “early bird”, back-nine morning, super-twilight, mid-day, and junior play. Several golf courses mandate golf cart use with the greens fees including the cart. In these cases, the greens fees shown have been adjusted to “walking” rate equivalents by deducting \$14- \$15 from 18-hole play and \$9-\$10 from twilight play rates.

The exhibit shows current greens fees on weekdays and weekends. Since demand is typically greater on Friday, many courses, including the City of Los Angeles, have introduced a “Friday” rate in recent years which is either between the weekday and weekend rate, or at the weekend rate. In other instances, a discounted rate is offered on Mondays or Tuesdays, generally the slowest play days of the week. Moreover, most courses now offer a “super-twilight” rate, which generally applies to the 2-hour period before sunset. Twilight rates generally commence 4- to 5-hours prior to sunset, and many, including the City of Los Angeles, have introduced a mid-day rate for starting times several hours prior to twilight start.

In most instances, the definition of resident is residency in the jurisdiction (city, special district, or county). However, in the following tables, the rates charged members of frequent player/loyalty clubs also are classified under resident rates. Generally, a modest annual fee is required to be eligible for discounted greens fees.

Senior rates are offered at nearly every golf course, but are generally restricted to weekday play only. The definition of a “senior” varies widely among golf courses, ranging from age 50 to 65. Both the City and County of Los Angeles define a senior as age 65, but many municipal golf courses have senior eligibility starting at age 60 or 62.

The exhibit shows City of Los Angeles greens fees for FY2009-2010, which apply to all regulation length golf courses in the system, and FY2010-2011 which differentiate fees for designated “premium” courses (Rancho Park and Griffith Park Wilson) and all other regulation length golf courses.

It is important to emphasize that the rates shown in the exhibit are “posted” rates. The practice of offering discount specials, particularly via internet marketing has become more common, even at municipal courses, particularly during non-peak periods of the week. Estimates by professional operators suggest that approximately 10% of rounds at municipal courses, and 20-25% of rounds at daily fee golf courses, are played at below posted greens fees.

Exhibit 6: Comparative Greens Fees--Southern California Municipal Golf Courses												
Golf Course/ Muni System	Weekday								Weekend			
	18-Hole Play				Twilight Play				18-Hole Play		Twilight Play	
	Res/Member		Non-Resident		Res/Member		Non-Resident		Res/ Memb	Non- Res	Res/ Memb	Non- Res
	Reg	SR	Reg	SR	Reg	SR	Reg	SR				
City of Los Angeles												
FY2010 (all)	\$26.00	\$17.00	\$31.00	\$22.00	\$16.00	\$10.00	\$19.00	\$13.00	\$34.00	\$39.00	\$21.00	\$24.00
FY2011-Premium	33.00	20.00	38.00	25.00	20.00	13.00	23.00	16.00	43.00	48.00	25.00	28.00
FY2011-All Other	30.00	19.00	35.00	24.00	19.00	12.00	22.00	15.00	40.00	45.00	24.00	27.00
County of L.A	25.00	12.75	25.00	12.75	17.00	11.50	17.00	11.50	33.00	33.00	22.00	22.00
Industry Hills-Ike	60.00	45.00	90.00	65.00	50.00	--	70.00	---	75.00	130.00	60.00	70.00
Industry Hills-Zah	55.00	37.00	75.00	55.00	45.00	---	60.00	---	70.00	115.00	55.00	60.00
Brookside-Nay	26.00	22.00	31.00	22.00	16.00	---	22.00	---	35.00	45.00	23.00	31.00
Brookside-Koiner	28.00	26.00	38.00	26.00	18.00	---	25.00	---	40.00	60.00	26.00	34.00
Alhambra	19.00	13.00	25.00	13.00	15.00	12.00	17.00	12.00	25.00	30.00	16.00	18.00
Skylinks	33.00	17.00	42.00	---	25.00	10.00	29.00	---	43.00	56.00	30.00	35.00
El Dorado	29.00	16.00	37.00	---	19.00	10.00	25.00	---	35.00	48.00	23.00	27.00
Rec Park	26.00	14.00	33.00	---	17.00	10.00	20.00	---	32.00	44.00	20.00	24.00
De Bell	21.00	13.00	29.00	18.00	14.00	10.00	19.00	12.00	26.00	34.00	16.00	21.00
San Dimas Cyn	30.00	17.00	30.00	17.00	22.00	---	22.00	---	49.00	49.00	27.00	27.00
Montebello	19.00	12.00	31.00	21.00	13.00	---	20.00	---	24.00	41.00	15.00	28.00
Olivas Links	32.00	25.00	40/44	25.00	25.00	---	28.00	---	41.00	48/57	27.00	31.00
Buenaventura	28.00	22.00	32/35	22.00	22.00	---	22.00	---	34.00	42/43	23.00	23.00
Victoria Lakes	32.00	23.00	37.00	27.00	24.00	---	26.00	---	45.00	50.00	29.00	31.00
Vineyards	26.00	17.00	31.00	21.00	19.00	---	20.00	---	39.00	44.00	23.00	25.00
Soule Park	31.00	21.00	31.00	21.00	17.00	---	17.00	--	48.00	48.00	25.00	25.00
Rustic Canyon	39.00	25.00	39.00	25.00	24.00	---	24.00	---	63.00	63.00	36.00	36.00
Simji Hills	28.00	16.00	30.00	18.00	20.00	---	22.00	---	39.00	41.00	25.00	27.00
Anaheim Hills	28.00	22.00	34.00	22.00	19.00	---	22.00	---	42.00	52.00	23.00	30.00
Dad Miller-Anaheim	24.00	17.00	27.00	17.00	17.00	---	18.50	---	32.00	39.00	20.00	23.00
Meadowlark	30.00	20.00	30.00	20.00	16.00	---	16.00	---	41.00	41.00	19.00	19.00
Costa Mesa-Lagos	31.00	13.00	31.00	---	20.00	---	20.00	---	43.00	43.00	28.00	28.00
Green River	32.00	25.00	32.00	25.00	17.00	---	17.00	---	40.00	40.00	26.00	26.00
Mile Sq.-Classic	34.00	---	34.00	---	21.00	---	21.00	---	48.00	48.00	28.00	28.00
Mile Sq.-Players	38.00	22.00	38.00	22.00	22.00	---	22.00	---	48.00	48.00	28.00	28.00

Exhibit 6: Comparative Greens Fees--Southern California Municipal Golf Courses												
Golf Course/ Muni System	Weekday								Weekend			
	18-Hole Play				Twilight Play				18-Hole Play		Twilight Play	
	Res/Member		Non-Resident		Res/Member		Non-Resident		Res/ Memb	Non- Res	Res/ Memb	Non- Res
	Reg	SR	Reg	SR	Reg	SR	Reg	SR				
Black Gold	52.00	28.00	72.00	37.00	45.00	---	45.00	---	72.00	100.00	65.00	65.00
El Prado	22.00	---	22.00	---	18.00	---	18.00	---	40.00	40.00	28.00	28.00
Willowwick	25.00	---	25.00	---	18.00	---	18.00	---	37.00	37.00	24.00	24.00
General Old	27.00	22.00	27.00	22.00	19.00	---	19.00	---	37.00	37.00	21.00	21.00
Shandin Hills	28.00	18.00	28.00	18.00	21.00	---	21.00	---	38.00	38.00	31.00	31.00
Whispering Lakes	16.00	12.00	19.00	12.00	8.00	---	11.00	---	19.00	23.00	11.00	15.00
Oceanside	26.00	15.00	29.00	27.00	15.00	---	18.00	---	29.00	38.00	18.00	21.00
Coronado	30.00	---	30.00	---	15.00	---	15.00	---	35.00	35.00	15.00	15.00
Carlsbad Crossing	45.00	29.00	60/75	34.00	30.00	---	35.00	---	65.00	80/95	55.00	55.00
Encinitas Ranch	58.00	---	61/81	---	45.00	---	45.00	---	75.00	78/103	60.00	60.00
Santa Barbara	30.00	25.00	40.00	40.00	20.00	---	26.00	---	34.00	50.00	22.00	30.00
Torrey Pines-South	58.00	---	174.00	---	35.00	---	104.00	---	73.00	218.00	44.00	131.00
Torrey Pines-North	38.00	27.00	95.00	---	23.00	---	57.00	---	48.00	119.00	29.00	71.00
Balboa Park	30.00	21.00	38.00	---	18.00	---	23.00	---	38.00	48.00	23.00	29.00
Chula Vista	23.00	11.00	38.00	---	13.00	---	16.00	---	29.00	38.00	16.00	19.00

For the 42 Southern California regulation length municipal golf courses, the statistical average, median and 75th percentile is calculated for each of the various types of rounds, as shown in Exhibit 7. The “core courses” average is calculated by eliminating the 3-4 highest and 3-4 lowest observations, and thus represents a more illustrative metric. The median greens fees among the 42 municipal courses and the 75th percentile greens fees also is indicated. Again, the rates are quoted exclusive of golf cart.

Exhibit 7: Southern California Regulation Length Municipal Golf Course Greens Fees FY2010-2011							
	City of Los Angeles			Southern California			
Type of Play	FY2011-All Courses	FY2011- Premium	FY2011- All Other	Average		Median	75th Percentile
				All Courses	Core Courses		
# of Courses	7	2	5	53	42	21	11
Weekday							
18-hole resident/ member	\$30.00	\$33.00	\$28.00	\$31.86	\$30.32	\$30.00	\$34.00
18-hole senior resident/member	19.00	20.00	19.00	20.49	19.69	21.00	25.00
18-hole non- resident	35.00	38.00	33.00	41.45	35.76	32.00	38.00
18-hole non-resident senior	24.00	25.00	24.00	25.06	23.00	22.00	26.00
Twilight resident	19.00	20.00	19.00	21.74	19.94	19.00	23.00
Twilight resident senior	12.00	13.00	12.00	10.50	10.50	10.00	11.50
Twilight non- resident	22.00	23.00	22.00	26.94	23.01	22.00	25.00
Twilight non- resident senior	15.00	16.00	15.00	12.12	12.12	12.00	12.00
Weekend							
18-hole resident/ member	40.00	43.00	37.00	\$42.69	\$41.35	\$39.00	\$48.00

Exhibit 7: Southern California Regulation Length Municipal Golf Course Greens Fees FY2010-2011							
	City of Los Angeles			Southern California			
	FY2011-All Courses	FY2011- Premium	FY2011- All Other	Average		Median	75th Percentile
Type of Play				All Courses	Core Courses		
# of Courses	7	2	5	53	42	21	11
18-hole non-resident	45.00	48.00	42.00	55.95	47.16	45.00	52.00
Twilight resident/member	24.00	25.00	24.00	28.00	25.85	24.00	29.00
Twilight non-resident	27.00	28.00	27.00	33.71	29.76	28.00	31.00

Posted greens fees for selected municipal golf courses in Southern California over the 1990-2010 period are presented in Exhibit 8. In 1990, City of Los Angeles greens fees were the lowest among the Southern California municipal courses shown. Since 1990, greens fees have been increased for City of Los Angeles courses at a higher rate than most other regional courses resulting in more parity among the courses shown. The greens fees shown for the City of Los Angeles for 2010 reflect the increases initiated on July 1, 2010.

Exhibit 8: Historical Greens Fees at Regional Municipal Golf Courses---1990-2010												
	1990		1994		1998		2002		2006		2010	
	WD	WE	WD	WE	WD	WE	WD	WE	WD	WE	WD	WE
City of LA-Premium	\$9.00	\$13.50	\$15.00	\$19.50	\$17.50	\$23.00	\$21.00	\$27.00	\$24.00	\$31.00	\$33/38	\$43/48
City of LA-All Other	9.00	13.50	15.00	19.50	17.50	\$23.00	21.00	27.00	24.00	31.00	30/35	40/45
County of LA	10.00	14.00	17.00	21.00	20.00	25.00	21.00	27.00	22.00	29.00	25.00	33.00
Brookside-Nay	15.00	19.00	25.00	30.00	30.00	40.00	32.00	42.00	35.00	45.00	26/31	35/45
Brookside-Koiner	20.00	25.00	25.00	30.00	30.00	40.00	32.00	42.00	35.00	45.00	28/38	40/60
Skylinks	11.50	15.00	15.50	19.00	18.50	22.50	22.00	27.00	42.50	51.00	33/42	43/56
El Dorado	11.50	15.00	15.50	19.00	18.50	22.50	22.00	27.00	34.50	41.50	29/37	35/48
Rec Park	11.50	15.00	15.50	19.00	18.50	22.50	22.00	27.00	27.25	32.75	26/33	32/44
Anaheim Hills	13.00	16.00	16.00	22.00	21.00	27.00	30.0	40.00	38/44	49/59	29/35	43/53
Dad Millier	13.00	16.00	16.00	22.00	19.00	25.00	23.00	32.00	21/24	29/36	24/27	32/39
Meadowlark	13.00	19.00	17.00	22.00	24.00	33.00	26.00	36.00	27.00	38.00	30.00	41.00
Los Lagos	14.00	18.00	16.00	20.00	19/23	26.00	27/29	39.00	27.00	39.00	31.00	43.00
San Dimas Cyn	12.00	18.00	16.00	23.00	21.00	29.00	25.00	35.00	27.00	44.00	30.00	49.00
Los Robles	9.00	12.00	12.00	15.00	16.00	20.00	20.00	27.00	27.00	39.00	28/37	35/46
Simi Hills	12.00	18.00	16.00	23.00	22.00	32.00	25.00	35.00	26/28	37/39	28/30	39/41
River Ridge	13.00	18.00	17.00	22.00	17.00	22.00	22.00	32.00	24/28	36/42	26/31	39/44
Soule Park	15.00	19.00	18.00	22.00	21.00	26.00	26.00	37.00	28.00	44.00	31.00	48.00
Olivas Links	13.00	17.00	16.00	21.00	18.00	23.00	18.00	29.00	20.00	32.00	32/44	41/57
Buenaventura	12.00	15.00	15.00	19.00	16.00	20.00	18.00	25.00	20.00	28.00	28/35	34/43
Santa Barbara	15.00	16.00	18.00	20.00	18.00	22.00	22.00	26.00	28.00	36.00	30/40	40/54

The average annual rate of increase for the 1990-2002, 2002-2010, and overall 1990-2010 periods are calculated as follows:

	Average Annual Increase					
	1990-2002		2002-2010		1990-2010	
	City of LA	All Courses	City of LA	All Courses	City of LA	All Courses
Weekday--Resident	7.32%	5.38%	4.56%	2.16%	6.20%	4.08%
-- Non -Resident	7.32	5.38	6.59	4.32	7.03	4.96
Weekend--Resident	5.95	5.59	5.04	2.33	5.58	4.28
-- Non -Resident	5.95	5.59	6.59	4.64	6.20	5.21

While historically municipal golf course greens fees have been below market levels, the increase in rates over the past 10-15 years has moved current rates to, or close to, supportable market rates. The increase in City of Los Angeles golf course greens is compared with the increase in other forms of recreation and the overall cost of living, as shown below:

	Average Annual Increase 1990-2010
City of Los Angeles Golf Courses	
Weekday	
Residents	6.20%
Non-Residents	7.03%
Weekends	
Residents	5.58%
Non-Residents	6.20%
Cost of Living Index	2.4%
Movie Theatre Ticket Prices	2.9%
Theme Park Admission Prices	5.6%

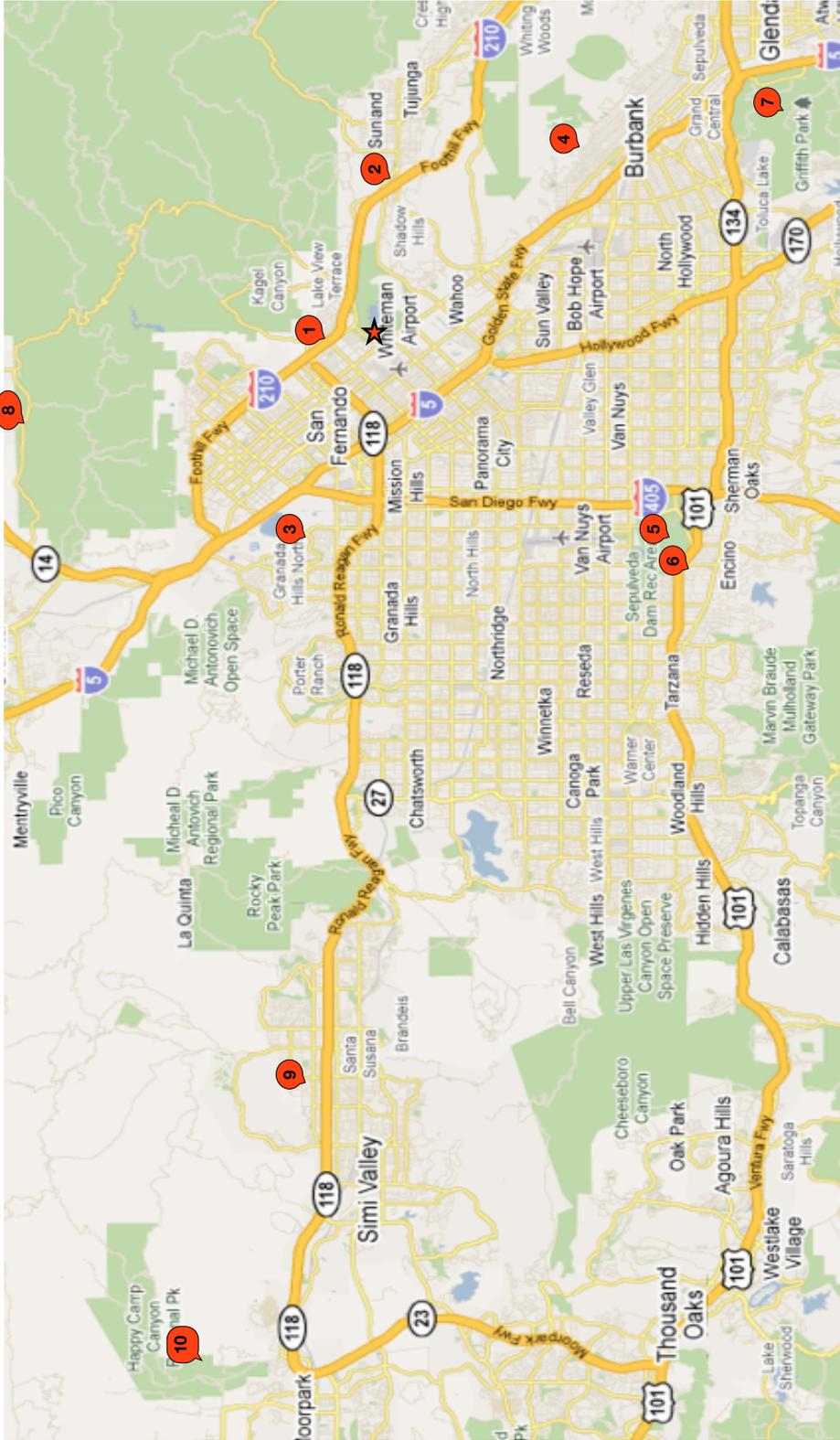
Competitive Set

For each of the City of Los Angeles golf courses, a “competitive set” of golf courses has been created. In effect, the competitive set is intended to represent the principal competition for the specific course under consideration, although clearly the courses have varying degrees of comparability. The group of courses is established based on geographic proximity, market positioning, and public access golf course options in the region. The driving distance from the subject course is indicated, along with the course length from the back tees, a subjective indication of the relative quality of the golf facility, and greens fees for the basic types of rounds (note that resident and non-resident greens fees are indicated).

The competitive set for the regulation length City courses is presented in Exhibits 9-12. The same competitive set is defined for the Sepulveda and Woodley Lakes golf complexes. The competitive set for the less-than-regulation length and 9-hole City courses is presented in Exhibits 13-17.

Hansen Dam

Exhibit 9: Hansen Dam Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non-resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Hansen Dam--FY2010	--	6,745	3	\$26/31	\$17/22	\$34/39	\$16/19	\$21/24
*	Hansen Dam--FY2011	--	6,745	3	30/35	19/24	40/45	19/22	24/27
1	El Cariso (exec 18)	2	4,493	3	21.00	10.50	27.00	15.00	17.00
2	Angeles National 1/	3	7,141	5	94.00	50.00	134.00	79.00	109.00
3	Knollwood	7	6,366	3	25.00	12.50	33.00	15.25	21.75
4	De Bell Muni-18	8	5,633	2	21/29	13/18	26/34	10/12	16/21
5	Woodley (FY2010)	8	6,805	3	\$26/31	\$17/22	\$34/39	\$16/19	\$21/24
6	Sepulveda (FY2010)	9	6,609	3	\$26/31	\$17/22	\$34/39	\$16/19	\$21/24
7	Griffith Park (FY2010)	16	6,942	4	\$26/31	\$17/22	\$34/39	\$16/19	\$21/24
8	Robinson Ranch 1/	22	6,903	5	72.00	43.00	102.00	49.00	59.00
9	Simi Hills	22	6,509	3	30.00	18.00	41.00	22.00	27.00
10	Rustic Canyon	26	6,988	4	39.00	25.00	63.00	24.00	36.00
1/ Rates have been adjusted downward to reflect walking rate equivalent.									



Hansen Dam Competitive Set

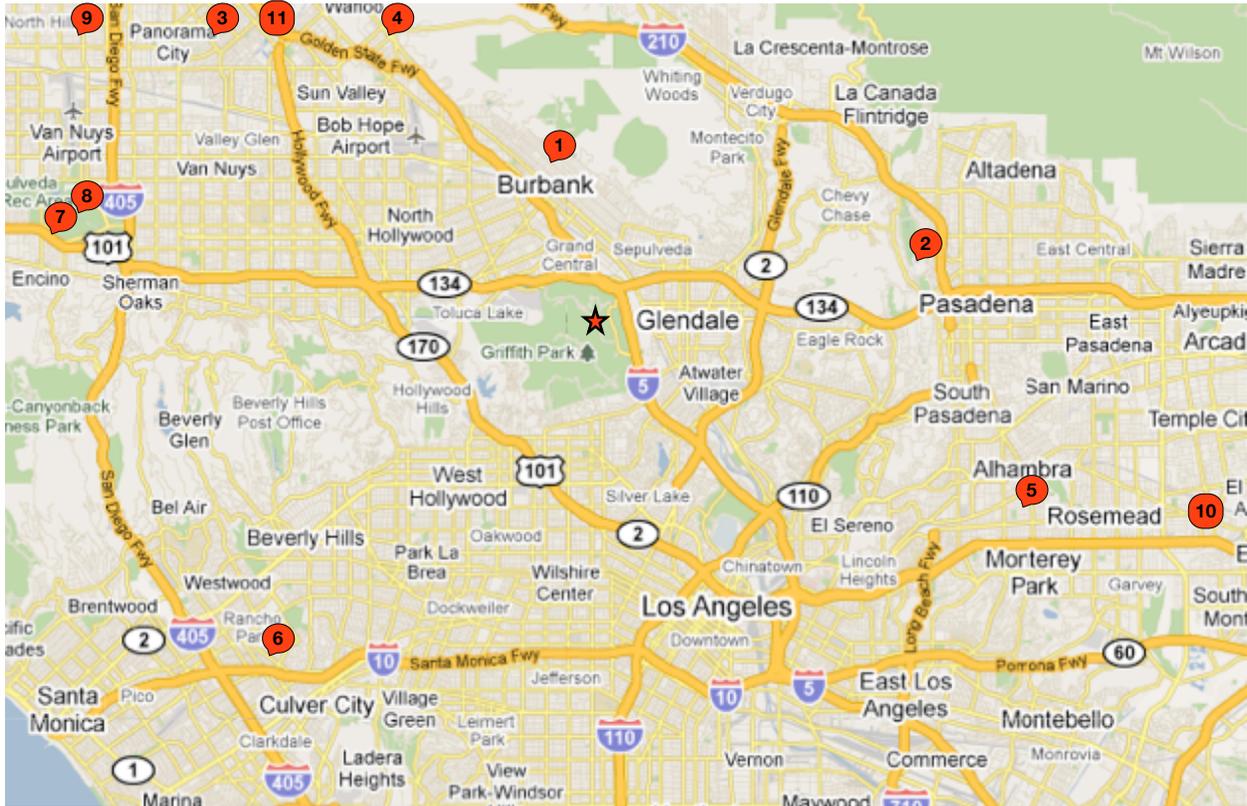
- * Hansen Dam
- 1. El Cariso
- 2. Angeles National
- 3. Knollwood
- 4. De Belle Muni
- 5. Woodley Lakes
- 6. Sepulveda
- 7. Griffith Park
- 8. Robinson Ranch
- 9. Simi Hills
- 10. Rustic Canyon

Woodley Lakes/Sepulveda

Exhibit 10: Woodley Lakes/Sepulveda Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non-resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Woodley-FY2010	---	6,805	3	\$26/31	\$17/22	\$34/39	\$16/19	\$21/24
*	Woodley-FY2011	---	6,805	3	30/35	19/24	40/45	19/22	24/27
**	Sepulveda-FY2010	---	6,609	3	26/31	\$17/22	\$34/39	\$16/19	21/24
**	Sepulveda-FY2011	---	6,609	3	30/35	19/24	40/45	19/22	25/27
1	De Bell Muni	7	5,633	2	21/29	13/18	26/34	10/12	16/21
2	Knollwood	8	6,366	3	25.00	12.50	33.00	15.25	21.75
3	Hansen Dam(FY10)	9	6,366	3	25.00	12.50	33.00	15.25	21.75
4	Angeles National 1/	11	7,141	5	94.00	50.00	134.00	79.00	109.00
5	Rancho Park (FY10)	12	6,635	4	26/31	17/22	34/39	16/19	21/24
6	Griffith Park (FY10)	14	6,942	4	26/31	17/22	34/39	16/19	21/24
7	Westlake	22	5,053	3	29.00	21.00	39.00	19.00	25.00
8	Los Robles	27	6,274	4	27/37	19/26	35/46	19/24	23/29
9	Simi Hills	20	6,509	3	30.00	18.00	41.00	22.00	27.00
10	Rustic Canyon	28	6,988	4	39.00	25.00	63.00	24.00	36.00
11	Camarillo Springs	30	6,921	3	30.00	20.00	44.00	25.00	35.00
1/ Rates have been adjusted downward to reflect walking rate equivalent.									

Griffith Park

Exhibit 11: Griffith Park Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non-resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Griffith Park-FY2010	---	6,942	4	\$26/31	\$17/22	\$34/39	\$16/19	\$21/24
*	Griffith Park-FY2011 (Wilson Course)	---	6,942	4	33/38	20/25	43/48	20/23	25/28
*	Griffith Park-FY2011 (Harding Course)	---	6,536	3	30/35	19/24	40/45	19/22	24/27
1	De Belle Muni	5	5,633	2	21/29	13/18	26/34	10/12	16/21
2	Brookside-Nay	10	6,046	3	26/31	22.00	35/45	16/22	23/31
2	Brookside-Koiner	10	7,037	4	28/38	26.00	40/60	18/25	26/34
3	Hansen Dam (FY10)	12	6,366	3	25.00	12.50	33.00	15.25	21.75
4	Angeles National 1/	12	7,141	5	94.00	50.00	134.00	79.00	109.00
5	Alhambra	12	5,214	2	25.00	13.00	30.00	17.00	18.00
6	Rancho Park (FY10)	12	6,635	4	26/31	17/22	34/39	16/19	21/24
7	Sepulveda (FY10)	14	6,609	3	\$26/31	\$17/22	\$34/39	\$16/19	21/24
8	Woodley (FY2010)	14	6,942	3	26/31	17/22	34/39	16/19	21/24
9	Knollwood	16	6,635	3	26/31	17/22	34/39	16/19	21/24
10	Industry Hills-Ike1/	23	6,778	4	60/90	45/65	75/130	50/70	60/70
10	Industry Hills-Zah1/	23	6,124	4	55/75	37/55	70/115	45/60	55/60
11	Robinson Ranch 1/	32	6,903	5	72.00	43.00	102.00	49.00	59.00
1/ Rates have been adjusted downward to reflect walking rate equivalent.									

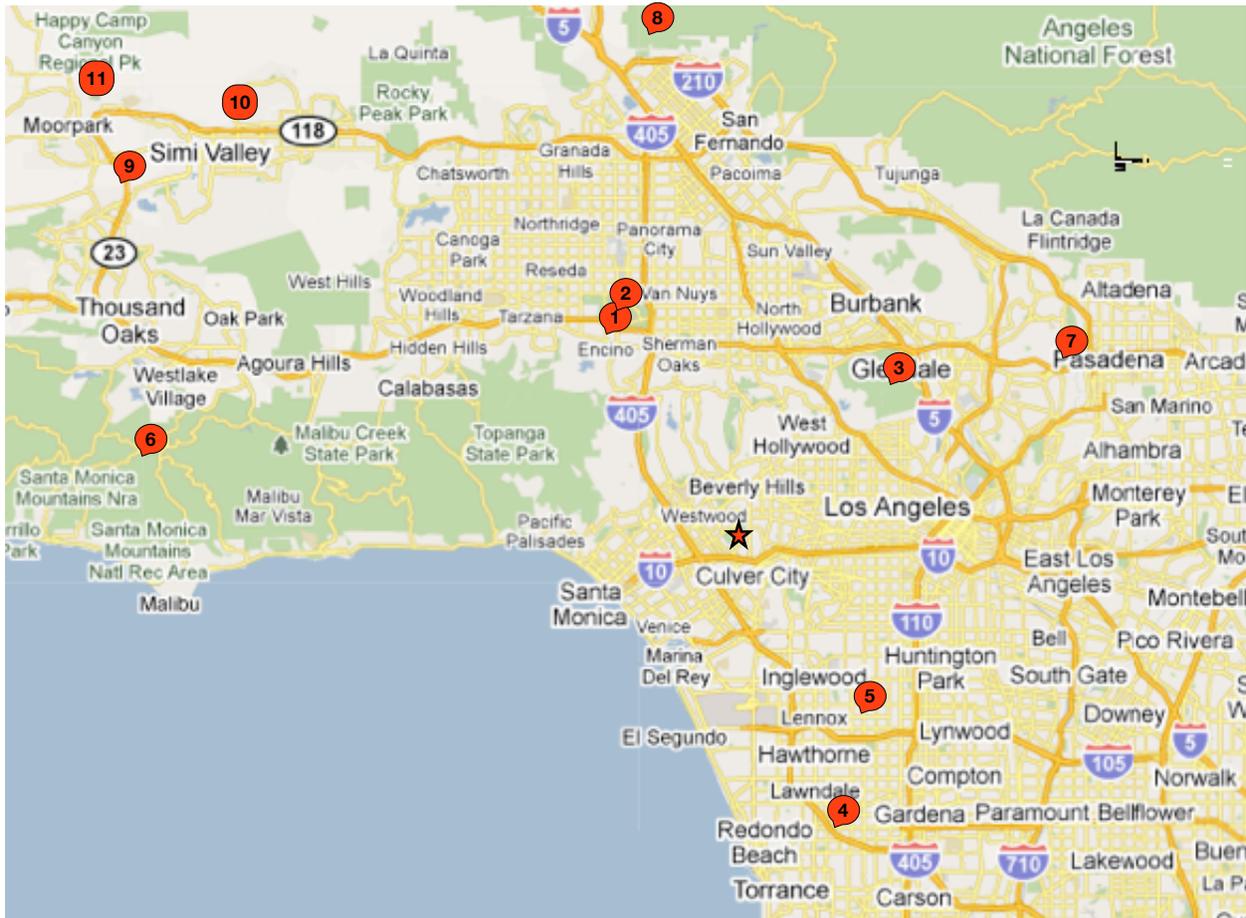


Griffith Park Competitive Set

- * Griffith Park
- 1. DeBelle
- 2. Brookside
- 3. Hansen Dam
- 4. Angeles National
- 5. Alhambra
- 6. Rancho Park
- 7. Sepulveda
- 8. Woodley Lakes
- 9. Knollwood
- 10. Industry Hills
- 11. Robinson Ranch

Rancho Park

Exhibit 12: Rancho Park Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non-resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Rancho Park FY2010)	---	6,635	4	\$26/31	\$17/22	\$34/39	\$16/19	\$21/24
*	Rancho Park FY2011)	---	6,635	4	33/38	20/25	43/48	20/23	25/28
1	Sepulveda (FY2010)	12	6,609	3	\$26/31	\$17/22	\$34/39	\$16/19	21/24
2	Woodley (FY2010)	12	6,942	3	26/31	17/22	34/39	16/19	21/24
3	Griffith Park (FY2010)	12	6,942	4	26/31	17/22	34/39	16/19	21/24
4	Alondra Park	12	6,450	3	26/31	17/22	34/39	16/19	21/24
5	Chester Washington	12	6,321	3	26/31	17/22	34/39	16/19	21/24
6	Malibu CC 1/	18	6,631	4	60.00	45.00	85.00	45.00	55.00
7	Brookside-Nay	18	6,046	3	26/31	22.00	35/45	16/22	23/31
7	Brookside-Koiner	18	7,037	4	28/38	26.00	40/60	18/25	26/34
8	Robinson Ranch 1/	24	6,903	5	72.00	43.00	102.00	49.00	59.00
9	Tijerra Rejada 1/	26	7,015	4	34/60	50.00	75.00	40.00	50.00
10	Lost Canyons-Sky 1/	26	7,285	5	60.00	40.00	84.00	50.00	70.00
10	Lost Canyons-Shadow	26	7,005	5	55.00	40.00	70.00	40.00	60.00
11	Rustic Canyon	30	6,988	4	39.00	25.00	63.00	24.00	36.00
1/ Rates have been adjusted downward to reflect walking rate equivalent.									



Rancho Park Competitive Set

- * Rancho Park
- 1. Sepulveda
- 2. Woodley Lakes
- 3. Griffith Park
- 4. Alondra Park
- 5. Chester Washington
- 6. Malibu Country Club
- 7. Brookside
- 8. Robinson Ranch
- 9. Tijera Rejada
- 10. Lost Canyons
- 11. Rustic Canyon

Penmar

Exhibit 13: Penmar Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non -resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Penmar	---	2,496	3	\$14.50/17.50	\$9/12	\$19/22	\$8.50/10.50	\$12/14
1	Rancho Park-9	4	992	2	7.00	5.00	8.00	---	---
2	Westchester	5	3,470	2	22.00	15.00	28.00	16.00	20.00
3	Lakes at El Segundo	9	1,600	3	8/11	6/8	10/13	---	---
4	Marriott Muni	10	1,220	3	17.00	10/12	19.00	---	---
5	Studio City	14	975	2	9.00	7.00	10.00	---	---
6	Alondra-Par 3	14	2,356	2	12.00	7.00	14.50	10.25	11.25
7	Dominguez Hills	16	2,083	2	11/14	11	12/16	---	---

Harbor Park

Exhibit 14: Harbor Park Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non-resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Harbor Park	---	3,155	3	16.00	10.00	21.00	8.50	12.00
1	Dominguez	5	2,083	2	11/14	11	12/16	---	---
2	Victoria	6	6,804	3	26/31	17/22	34/39	16/19	21/24
3	Alondra-18 regulation	9	6,450	3	26/31	17/22	34/39	16/19	21/24
4	Rec Park	9	6,405	3	26/33	14.00	32/44	17/20	20/24
5	Los Verdes	9	6,617	3	26/31	17/22	34/39	16/19	21/24
6	Chester Washington	12	6,321	3	26/31	17/22	34/39	16/19	21/24
7	Lakes at El Segundo	14	1,600	3	8/11	6/8	10/13	---	---
8	Westchester	18	3,470	2	22.00	15.00	28.00	16.00	20.00

Rancho Park 9-Hole

Exhibit 15: Rancho Park-9-Hole Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non-resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Rancho Park-9	---	992	2	\$7.00	\$5.00	\$8.00	---	---
1	Penmar	4	2,496	3	14.50/17.50	9/12	19/22	8.50/10.50	12/14
2	Westchester	9	3,470	2	22.00	15.00	28.00	16.00	20.00
3	Lakes at El Segundo	12	1,600	3	8/11	6/8	10/13	---	---
4	Studio City	12	975	1	9.00	7.00	10.00	---	---
5	Marriott Muni	13	1,220	3	17.00	10/12	19.00	---	---
6	Alondra Park-Par 3	14	2,356	2	12.00	7.00	14.50	10.25	11.25

Roosevelt

Exhibit 16: Roosevelt Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non-resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Roosevelt	---	2,478	2	\$14.50/17.50	9/12	\$19/22	\$8.50	\$12.00
1	Los Feliz	2	1,043	1	5.50	4.00	7.00	---	---
2	DeBelle-Par 3	9	725	2	4.00	2.50	6.00	---	---
3	Scholl Canyon	11	3,039	3	15.00	9.50	22.00	11.00	13.00
4	Studio City	13	975	2	9.00	7.00	10.00	---	---
5	Verdugo Hills	13	1,970	2	14.00	12.00	16.00	---	---
6	Arroyo Seco	13	2,223	2	14.00	10.00	15.00	---	---

Los Feliz

Exhibit 17: Los Feliz Competitive Set Greens Fees-2010									
Map Key	Golf Course	Distance (miles)	Length (yards)	Relative Quality	Greens Fees (resident/non-resident)				
					18-Hole-Regular			Twilight	
					WD	WD-Senior	WE	WD	WE
*	Los Feliz	---	1,043	1	\$5.50	\$4.00	\$7.00	---	---
1	Roosevelt	2	2,478	2	14.50/17.50	9/12	19/22	8.50	12.00
2	DeBelle- Par 3	8	725	2	4.00	2.50	6.00	---	---
3	Scholl Canyon	10	3,039	3	15.00	9.50	22.00	11.00	13.00
4	Studio City	12	975	1	9.00	7.00	10.00	---	---
5	Verdugo Hills	12	1,970	2	14.00	12.00	16.00	---	---
6	Arroyo Seco	12	2,223	2	14.00	10.00	15.00	---	---

Proposed Southern California Muni Greens Fees Increases

Several major municipal golf course system representatives were interviewed regarding their intentions to increase greens fees over the next 6-12 months. It should be emphasized that the responses are unofficial as formal changes, if any, have not been adopted.

With 12 regulation length golf courses, the County of Los Angeles is the largest and most influential provider of municipal golf in Southern California. The County's policies are particularly important to the extent that many of their courses are direct competitors to the City's courses. Historically, City and County greens fees have been nearly identical. The County is considering very modest greens fees increases of about \$1 on weekdays and \$2-\$3 on weekends. The current greens fees of \$26 weekdays and \$34 weekends for residents and \$31 weekdays and \$39 weekends for non-residents have been in effect since January 2008. The new rates, if adopted, would go into effect in January 2011.

The City of Long Beach has three regulation length 18-hole golf courses, an executive length 18-hole course, and a 9-hole executive length golf course. Each of the courses has its own greens fees structure. The City typically modifies greens fees in October, with the last increase effective October 19, 2009. At this time, there are no plans to change greens fees in October 2010.

The City of Oxnard has two municipal golf courses--The Vineyards and Victoria Lakes--which are part of the River Ridge golf complex. Greens fees are modified every January. No changes were made in January 2010, and plans are to hold greens fees steady or selectively increase some fees \$1 in January 2011.

The City of Ventura also has two municipal golf courses--Buenaventura and Olivas Links. Both courses recently underwent major improvement programs and greens fees were adjusted upwards in 2009 and 2010 to reflect the course improvements. The last increases of \$2-\$4 were implemented in May 2010, attributable to the course improvements. There are no plans for increasing greens fees with the next 6-12 months.

City of Los Angeles Greens Fees Revenue

General Considerations

There are numerous factors which will influence the effectiveness of an increase in greens fees on greens fees and total revenue, and the importance of such factors varies by course.

- ▶ The Southern California public golf market remains very soft, a result of overbuilding during the mid- to late-1990s, a plateauing of golf demand and, more recently, a weak economy. There has been a number of golf course failures in recent years, and nearly every municipality in the state is challenged by declining golf course revenue streams.
- ▶ Those golf municipal course systems which have resisted significant cutbacks in maintenance and service levels have fared much better than those which have addressed budget shortfalls primarily through expense reductions.
- ▶ Annual play on the City's regulation length courses has declined about 14% over the past 10 years. The decline in play on the City's non-regulation length and 9-hole courses has been slightly less at about 11% over this same period.
- ▶ Over recent years, posted weekday and weekend greens fees at most Southern California municipal and daily fee golf courses have increased at a very modest rate, reflecting the weakness in the golf market. While non-resident rates at municipal golf courses have been increased at a disproportionately higher rate, non-resident play at most courses represents a relatively minor source of overall play.
- ▶ Numerous specials and other discounts have increased in importance in recent years, primarily related to weekday play. Increasingly, frequent player club programs have been introduced (typically requiring a nominal annual fee of less than \$200) which provide greens fees discounts. In effect, these are loyalty programs. Greens fees discounts generally range from 10 to 20 percent off posted rates. Discounts of 10 to 15 percent applied to merchandise and food and beverage sales also are offered.
- ▶ As a result of the heavy discounting from posted rates, the average greens fees per round at most courses has increased very modestly over the past 5-6 years.
- ▶ Evidence of the significant discounting (loyalty clubs, promotional specials, expansion of twilight tee time periods, and the like) is provided by comparing the average greens fees per round with the posted greens fees rate over time. Up until recent years, the average greens fees at most courses typically approximated the 18-hole weekday regular posted greens fees rate. Now, the average at many municipal and most daily fee courses is about 80% of the posted 18-hole standard weekday greens fees rate.
- ▶ Weekend play levels remain moderately strong. However, there is fierce competition for golf play during weekdays.

- ▶ There are very limited opportunities to develop additional golf in the region, and no new golf projects are likely to be developed in Southern California in the foreseeable term.
- ▶ Cart fees at most municipal courses currently are in the range of \$12-\$15 per player, with most in the \$14-\$15 range. The City's cart fee of \$24 (\$12 per player) is at the low end of the range.
- ▶ Los Angeles County has 12 regulation length golf courses and 5 less-than-regulation length or 9-hole courses. For each of the City's courses, the County offers several directly competitive golf options for both residents and non-residents.

Revenue Enhancement Methods

There are many revenue enhancement policies and practices which have been introduced at golf courses over the years, with varying degrees of success. The City of Los Angeles has recently initiated a number of these policies/practices. A list of these programs include:

- ▶ Non-resident rates
- ▶ Advanced tee time fee
- ▶ Differential pricing by golf course
- ▶ Senior play restrictions
- ▶ Designation of Fridays as separate rate class
- ▶ Yield management (differential pricing by day of week, hour of day)
- ▶ No-show fees
- ▶ Super-twilight rates
- ▶ Pre-twilight specials
- ▶ Five-somes
- ▶ Tournament fees
- ▶ Mandatory cart use during peak play times

Non-resident Rates--charging higher fees for non-residents may increase revenue depending on the mix of resident/non-resident play, the fees charged, and overall market competitive conditions. Non-resident rates were introduced at the City's courses about two years ago, resulting in a shift of play more toward residents. As non-resident rates currently are at, or above, market levels, further increases most likely will result in a reduction in play and possibly revenue.

Advanced Tee Time Fee--imposing an additional fee for the privilege of reserving a tee time in advance of the general public would generate some additional revenue. In effect, such a policy selectively increases greens fees during peak periods at courses in high demand. Generally this service is offered at courses where visiting golfers need to be assured of tee times in advance of making other travel commitments, but clearly provides an opportunity for resident golfers who are willing to pay higher fees to secure prime tee

times. Consideration often is given to “blocking” tee times for higher paying non-residents during peak times. The cost of administering the program must be weighed against the additional revenue benefit.

Differentiated Tee Times by Course--charging higher fees at the more desirable courses than other City courses would increase revenues. Given the current fee structure, market conditions, and characteristics of the City courses, higher fees at Rancho Park and the Wilson courses, in particular, would likely be sustained without negatively impacting play volumes. It is likely that some play at the course where higher fees are charged will shift to the lower priced courses, leaving overall pay minimally affected. This practice has been increasingly employed at multi-course municipal systems in recent years.

Restricted Senior Play--at most golf courses, including the City courses, senior discount play is limited to Monday-Friday. Curtailing senior play during prime morning times during the week would free-up some tee times for full fare golfers. Some senior play would be lost, although some would be shifted to non-prime periods. Allowing senior play on a stand-by basis during peak periods also may be effective.

Friday Rates--with the advent of a 4-day work week, combined with stronger demand for golf on Fridays, many courses have included Friday as a weekend day, or charged a Friday rate between weekday and weekend fees. The City introduced a Friday rate two years ago, which appears to have been effective in increasing greens fees revenue.

Yield Management--the practice of yield management calls for differential pricing at a course by day of week and by hour of the day. Like airline fares, the objective is to maximize revenue through a range of pricing options. Weekday-weekend rates, and twilight and super-twilight play represent forms of yield management. This concept does not appear to be useful at the City courses where the general fee structure is relatively low and play levels already are high. Further, the experience at most course which have initiated an aggressive yield management pricing structure suggests a redistribution of play without significant revenue increases.

No-Show Fees--although the City does not impose a fee for no-show, the City's present no-show policy which potentially removes golfer access to the reservation system appears to be effective. Collection of fees for no-shows is virtually impossible (credit card companies will not honor a credit card deposit without an authorized signature).

Five-Somes--the benefit of allowing five-somes must be weighted against resulting slower play. The net impact of allowing five-somes is slightly positive with respect to revenue growth. While Los Angeles County municipal courses allow five-somes, comparison of rounds and revenues at the City courses with County courses suggests five-some do not materially increase play levels.

Tournament Fees--The City imposes a tournament fee for large tournaments, and also requires cart usage and purchases of retail merchandise. Extending the fee to smaller tournaments would generate some additional revenue, and certainly would be justified during prime tee time periods.

Mandatory Carts--the practice of mandating cart usage during peak periods is employed at many daily fee golf courses, but rarely used at municipal courses. Since the city has a cart rental concession the benefit to the city of mandating carts would have limited impact.

Super-Twilight Rates--super twilight rates are effectively a yield management technique. Applied to starting times 2-3 hours prior to sunset, provides a differentiated product which is appealing to a segment of the golfing population. The City introduced a super-twilight rate several years ago which has been modestly effective.

Pre-Twilight Specials--the period prior to the start of twilight typically is slow as golfers elect to wait a short period to benefit by the twilight discounts. This pre-twilight period has been effectively used by some courses to provide discount golf to specific groups such as seniors or juniors, or frequent player loyalty club members. By so doing, there is limited play or revenue loss from golfers postponing their tee time.

Impact of FY2011 City of Los Angeles Greens Fees Increases

On July 1, 2010, the City of Los Angeles increased greens fees sharply on their regulation length golf courses, and initiated a differentiated greens fees structure for their two "premium" courses--Rancho Park and Griffith Park's Wilson course. On average, 18-hole regular greens fees were increased about 25% for the two premium courses, and about 15% for all other regulation length 18-hole courses. The increases were fairly uniform for weekdays and weekends, and for residents and non-residents. The percentage increase in discounted fees (senior play, twilight, super-twilight, and junior play) was less than for the regular play rates.

The impact of the greens fees increase on play levels and revenues for the initial three-month period (July-September) following the increase is measured below (note that FY2010 is defined as period from July 1, 2009 through September 30, 2009; FY2011 is defined as period from July 1, 2010 through September 30, 2010):

Course	Average Revenue Per Round		FY2011 Vs. FY2010	
	Average Fee FY2011	Change FY2011 Vs. FY2010	Rounds	Greens Fees Revenue
Wilson/Harding	\$30.81	+23.9%	-21.0%	-1.4%
Encino/Balboa	25.98	+13.4%	-10.0%	+2.0%
Rancho Park	29.33	+23.0%	-10.5%	+10.1%
Hansen Dam	27.00	+19.6%	-17.3%	-1.0%
Woodley Lakes	26.66	+15.8%	-12.9%	+1.1%
Total/Average	\$28.29	+19.5%	-14.6%	+1.9%

For the July-September 2010 period, annual play and revenue for the County of Los Angeles' 12 regulation length 18-hole golf courses decreased an average of 3-4% from the same period 2009 (the County has not increased their greens fees in 2010). Overall, annual play at the City's seven 18-hole regulation length courses (five facilities) declined 14.6 % for the July-September 2010 period compared to the same period 2009, while greens fees revenue increased 1.9%. Excluding Rancho Park, which experienced an increase of 10.1 % in revenue despite a 10.5% decrease in rounds, play declined 14.9%, with greens fees revenue remaining effectively unchanged from the year earlier period. Thus, the July 1, 2010 greens fees increases, other than at Rancho Park, have been effectively revenue neutral. However, the decrease in play most likely resulted in reduced concessionaire revenue (carts, range, merchandise, food & beverage) and concession rent.

The impact of greens fees increases at City of Los Angeles courses is influenced by the specific characteristics of each course and the competitive market environment in which each course operates.

Hansen Dam/Woodley Lakes/Sepulveda--Due to their location and the quality of the golf courses, these City golf courses are the most vulnerable to value-golf competition, particularly from courses to the west. In addition to the County's Knollwood golf course, there are numerous golf course options to the west providing quality golf courses at relatively reasonable rates, including Simi Hills, Rustic Canyon, Tierra Rejada, Los Robles, Camarillo Springs, Sterling Hills, and the Oxnard and Ventura municipal courses. Regular 18-hole greens fees were increased \$4 for residents and non-residents on weekdays and \$6 for residents and non-

residents on weekends, substantially more than the \$1-\$2 weekday and \$1-\$3 increase in weekend resident rates justified by market conditions. As well, the previous non-resident rates appeared to be at or above market levels, and thus the increase do not appear justifiable.

Griffith Park--Griffith Park offers an opportunity to differentiate greens fees among the two regulation length courses. The Wilson course because of its length and design is the preferred course and can support a higher greens fees structure, particularly if the golf experience can be improved, than the Harding course, which is somewhat less popular. Pasadena's Brookside courses represent key competitors for Griffith Park courses. Harding regular 18-hole greens fees were increased on July 1, 2010 by \$4 for residents and non-residents on weekdays and \$6 for residents and non-residents on weekends, substantially more than the \$1-\$2 weekday and \$1-\$3 weekend resident rate increases justified by market conditions. The Wilson course regular 18-hole greens fees were increased \$7 for residents and non-residents on weekdays and \$9 for residents and non-residents on weekends, somewhat more than the \$4-\$5 on weekdays, and \$5-\$10 on weekends justified by market conditions. The previous non-resident rates on both the Harding and Wilson course appear to be at or above market, and thus the increases do not appear justifiable.

Rancho Park--Rancho Park is a premium golf course which is in good condition, is located in a very strong golf market, and has limited direct competition. It is clearly the most desirable among the City's courses, and is one of the most desirable golf courses in Southern California. Pace of play has always been a problem at Rancho Park. Rancho Park regular 18-hole greens fees were increased \$7 for residents and non-residents on weekdays and \$9 for residents and non-residents on weekends. The previous greens fees at Rancho Park were below market levels, with the ability to increase resident and non-resident greens fees substantially. The resident and non-resident greens fees increases imposed on July 1, 2010 for both weekdays and weekends appear to be readily sustainable.

Other Courses--The greens fees structure at Harbor Park, Penmar, Roosevelt, Los Feliz, and Rancho Par-3 courses currently is slightly above the comparable Los Angeles County golf courses. These courses can sustain only modest increases in fees.

In general, the July 1, 2010 greens fees increases have affected play volumes significantly, resulting in a revenue neutral situation, particularly at all courses other than at Rancho Park. Play at Hansen Dam, Sepulveda, Woodley Lakes, and Griffith Park-Harding, because of substantial competition and golfer options, may see continued deterioration of play levels in the mid-term, with resulting greens fees revenue remaining unchanged or possibly declining. Play volume at Rancho Park and Griffith Park-Wilson may also decline somewhat more, but overall greens fees revenue should remain well above previous levels.