



Montgomery County Revenue Authority

Annual Planning Board Briefing 2009

Purpose and Background:

As required by section 7.2.6 of the lease between the Montgomery County Revenue Authority (MCRA) and Maryland-National Capital Park and Planning (M-NCPPC), the tenant shall appear before the Montgomery County Planning Board. The Tenant shall make a presentation of its operation of the Golf System during the preceding calendar year, including (1) significant activities conducted by Tenant in support of its obligations under this Lease, including (i) a schedule of fees charged at each M-NCPPC golf course with a comparison to the market, (ii) number of rounds played at each M-NCPPC golf course, and (iii) community outreach activities and programs to meet its commitments with regard to accessibility, including the participation rates; (2) a summary and representation of its compliance with the terms of this Lease; (3) any updates to the Golf Master Plan; (4) current capital improvement plan; and (5) any other information reasonably requested by Landlord.

On April 15, 2006 the MCRA began operating four golf courses owned and operated by Maryland-National Capital Park and Planning Commission. As such, the Montgomery County Golf system became nine golf courses. Initially, the four golf courses were operated under a Letter of Intent and an Operating Agreement. Then, the parties entered into a long term lease agreement for the operation of the M-NCPPC golf courses in Montgomery County.

Structure of the Report:

This report and accompanying presentation will provide an overview of the key operational items from the previous year. The items covered will satisfy the requirements of paragraph 7.2.6 of the lease, as well as other items that the MCRA may feel are relevant. The report will flow in the same order as the items listed in the lease beginning with operational details and ending with updates on the Golf Master Plan and current capital improvement plan. We are happy to follow up with any additional requests the Landlord may request during the presentation.

Activities in Support of Lease Obligations

Contrary to our report in 2007, in 2008 there were no large investments in equipment. Additionally, there were no large expense savings that were realized as a result of the system merger. However, the MCRA continued to advance its commitment to the environment and to improving course conditions.

Commitment to the Environment

MCRA decided in the early spring to install organic fertilizer silos at eight of its nine facilities. Our Superintendents now have access to a pasteurized poultry litter product that offers tremendous benefits to our soils. This organic product helps rebuild soils with nutrient deficiencies and reduces our dependence on synthetic fertilizers. The environmental benefits of the product include slow nutrient release from natural microbial breakdown, no foliar burn potential after application, and the availability of ten

of the thirteen nutrients required by turf grass for improved plant cell structure and vigor. Achieving a healthier balance of soil nutrition ultimately allows for the reduction of pesticide applications because the grass can withstand the attacks of disease pathogens and insects. A healthier, denser stand of turf is less prone to invasion of weeds and can recuperate from stress caused by traffic, temperature extremes, and other environmental impacts more rapidly.

In order to further demonstrate our commitment to the environment, MCRA has recently partnered with Audubon International at all of its facilities. Little Bennett Golf Course was awarded its status as an Audubon Certified Cooperative Sanctuary years ago, and is one of only twelve golf courses in Maryland to hold this designation. MCRA is now proud to say that our other courses have begun the process towards this achievement.

MCRA is committed to working with Audubon International to improve our environmental footprint in the County. The Audubon Cooperative Sanctuary Program for Golf Courses is an award winning education and certification program that helps golf courses protect our environment and preserve the natural heritage of the game of golf. By helping people enhance the valuable natural areas and wildlife habitats that golf courses provide, improve efficiency, and minimize potentially harmful impacts of golf operations, the program serves as a vital resource for our golf courses.

Course Conditions

Environmental programs initiated last year continued to improve golf course conditions at MCRA facilities. MCRA worked with its soil consultant to balance primary play areas to the proper nutritional levels and minimize required inputs. Regular programs of needle-tine aeration vent our putting greens and provide vital oxygen to the roots without disturbing the putting surface. MCRA began a more aggressive greens rolling program with new equipment designed to make putting surfaces smoother, faster, and more consistent from green to green. MCRA was also vigilant in the use of our water resources by keeping courses as dry as possible without negatively affecting turf quality. Proper water management, central to our plant health initiatives, involves significant oversight and daily or hourly monitoring by golf course management teams.

While 2008 presented its normal challenges, it was also marked by staggering increases in fertilizer prices and fuel. In the midst of a global economic downturn, MCRA maintained its goal to provide great playing surfaces for its customers. MCRA is dedicated to improving its operational efficiency and streamline operations to react to the changing world in which we live, and remains committed to providing great golf courses while being aware of the positive impact we have on our surrounding environment.

Pricing

In 2007 the MCRA adapted a supply and demand pricing structure which did away with the posting of established rates. We implemented a system that monitors tee sheet utilization by 2-hour segments by day of the week. This information allows us to adjust pricing to maximize utilization and the revenue potential of each property. As a result we are able to offer greater discounts during “off-peak” times to golfers than in the past, while still creating more revenue for the property. In 2007 we saw a decrease of .29 per round at the Park and Planning facilities while still increasing the total revenues increased by over 6%. In 2008 the Revenue Authority continued operating under this philosophy and was able to hold the average revenue per round increase to only .03 at the 4 M-NCPPC golf courses.

Rounds Played:

Overall, there were 370,897 rounds played at M-NCPPC and MCRA courses in 2008 versus 382,927 rounds in 2007, which represents a 3.14% decline in total rounds. There were 190,526 rounds in 2008 versus 185,737 rounds in 2007 played at the four M-NCPPC golf courses, which represents a 2.58% increase. There were 180,371 rounds in 2008 versus 197,190 rounds in 2007 played at MCRA courses, which represents an 8.53% drop in rounds. According to Golf Datatech, which provides data for PGA of America and National Golf Course Owners Association, the total rounds nationally for 2008 decreased by 1.8%, regional market of DE, DC, and MD decreased by 4%, and local DC and Baltimore market decreased by 3.8% in 2008. In conclusion, the 3.14 % decrease of rounds played in the entire system was greater than the national average. However, the golf system as a whole was able to maintain a greater percentage of our rounds than the regional and local trends of rounds played. In 2008, the M-NCPPC courses significantly outperformed the national, regional, and local rounds trends by increasing year over year rounds. We believe this is a direct result of the MCRA’s continued improvement of conditions and programming at these facilities. However, the MCRA courses recognized a weaker performance due to the improved operations of the M-NCPPC facilities. In 2009, we are projecting that there will be a slight decrease in the total rounds and that the system will begin to balance and stabilize.

Community Outreach Activities:

In 2008, the Revenue Authority was able to remain committed to its current outreach activities while adding several new and exciting programs.

Customer Appreciation Day

As another way to thank those who support MCRA throughout the year and also to reach out to new golfers, the MCRA hosted its first Customer Appreciation Day. The event was hosted at the Little Bennett Driving Range and included local vendors, equipment demonstrations, free food, fun contests with prizes, and a golf exhibition by a past National Long Drive Champion. Over 150 people participated in the event, which was held the Tuesday prior to the AT&T National Tournament hosted by Tiger Woods at Congressional Country Club.

Family Golf

Family Golf Days were launched at Needwood and Northwest Golf Courses in September 2008. These events offered reduced prices for families playing the nine-hole courses. Shorter tee boxes were established along with larger holes on the greens to add to the enjoyment of the golf experience for those new to the game. Special scorecards were also provided. This program will be expanded in 2009 to offer the Family Golf program throughout the year, along with special events such as family clinics and family outings.

Recreation Department

MCRA again partnered with the Montgomery County Recreation Department in the Summer Fun Centers during the summer of 2008. Golf Pros visited these sites each day of the six-week program to expose kids to golf. The Golf Pros offered instruction and allowed the kids to hit golf balls using soft equipment to simulate the feeling of swinging an actual golf club. Over 1,000 young participants were introduced to golf through this program.

Play Golf America

Eight of the MCRA golf courses participated in several of the Play Golf America events that are sponsored by the PGA of America. These events included Take Your Daughter to the Golf Course Day. The Golf Pros donated their time for clinics, instruction, and a fun atmosphere to expose many of the participants to the game of golf. Over 80 participants enjoyed the day and 135 complimentary rounds of golf were distributed. Another PGA sponsored event, Women's Day in Golf, included free clinics and a day of golf to over 50 participants. Bring Your Kids to the Range Day offered discounts on range balls for kids hitting balls with their parents.

First Tee Montgomery County

Another major commitment to junior golf and to the community is the MCRA's partnership with the First Tee Montgomery program. First Tee provides an opportunity to expose young people, who otherwise might not have an opportunity, to experience the sport of golf along with learning personal life skills that apply to their every day lives. Due to the increased demand of this program, the MCRA added Needwood Golf Course as a third site for the First Tee Program in 2007. Along with Laytonsville and Sligo Creek, these three sites provided weekly First Tee classes taught by the professional staff. In 2008, there were well over 2,000 participants in First Tee sessions. The First Tee mentoring program matches students with volunteers who will help them further develop an understanding of the sport and enhance their skill levels. The MCRA provides a 50 percent discount for the mentors and students. Another significant contribution to First Tee is the donation of Laytonsville Golf Course for a major First Tee fundraising event that provides one of the most significant single revenue generators for First Tee Montgomery on an annual basis.

Junior Golf and School Programs

The MCRA has made a significant commitment to junior golf in the form of clinics, and more recently, camps designed to expose young people to the game of golf. In all, the MCRA had over 4,000 participants in a broad range of camps or clinics last year. The MCRA additionally provides extensive support to the Montgomery County Public Schools golf program. There were 25 public high schools whose members played nearly 5,000 free rounds of golf in practice sessions.

In 2008, MCRA partnered with the Montgomery County Public Schools and the Recreation Department to introduce a new Middle School Golf Program. Four courses established a program in which middle school aged children participated in a six-week long spring and fall program that offered one day a week of instruction and one day a week of spirited on-course competition. Over 40 children participated in the program each session. Two of the participants earned high honors: Karishma Thiagaraj went on to win the Maryland State Golf Association Girls Championship and her sister Khushboo won the under-13 division. This program will be expanded in the spring and will continue to be one of MCG's "grow the game" initiatives throughout the 2009 season.

Finally, based on the program that was conducted as a partnership with Goshen Elementary School and Laytonsville Golf Course, golf has been added as part of the physical education curriculum for all fifth graders in Montgomery County.

MCRA League, Tournament, and Charitable Play

MCRA facilities also provide an opportunity for golfers to participate in league and tournament play, providing both recreation and a bit of friendly competition. The MCRA has continued to grow this segment of golf operations. With over 48 different leagues across eight of its golf courses, leagues and tournaments accounted for over 18,000 rounds of golf in 2008. In 2008, the MCRA held the fifth annual Montgomery County Golf Summer Amateur Tournament at Laytonsville. The MCRA hosted over 200 outings in 2008, with more than 12,000 participants. The MCRA donated rounds of golf to nearly 100 local charities, including schools and church groups, at a value of over \$15,000 in 2008.

In 2008, all nine MCRA golf courses participated in the Second Annual Patriots Golf Day. This was a joint initiative with the PGA of America and the United States Golf Association that raised contributions for the Wounded Warriors. This organization supports families of those who have become disabled or lost their lives in the line of military duty. The MCRA courses collected and matched contributions of all golfers who played that day. The MCRA donated \$1.00 for each green fee that was processed on Saturday, September 1 and collected over \$6,000 for this outstanding cause. Many golfers not only contributed, but also enjoyed a great day of golf. Many of the courses also had decorated military personnel on hand acting as ambassadors for the event.

Montgomery County Golf Tour

A centerpiece of the marketing of Montgomery County Golf (MCG) has been the MCG Tour, which increases exposure to MCG golf courses and builds loyalty to the MCG facilities. Participants in the Tour sign up for a free "Tour Card" and get the card punched at five of the eight courses for a paid 18-hole round. After completing the Tour, the golfer is entitled to a free round of golf at the MCG course of their choice. Over 7,000 tour cards were issued in 2008, and more than 30 percent of cards were completed. All of the golfers who completed the Tour and played their free round of golf then qualify for a year-end golf outing and prize drawing at Little Bennett Golf Course. Over 200 participants attended this event, which included a free round of 18 holes of golf at Little Bennett or Rattlewood Golf Course along with lunch and a raffle of over 75 prizes. The grand prize awarded to one participant was a full year of free golf that can be used at any of the nine MCG golf courses throughout 2009.

Compliance with Lease

The Revenue Authority believes it is and has been in compliance with the details and overall intent of the lease. The above information outlines the operational initiatives that have taken place over the past year to satisfy our lease obligations. Additionally, we have submitted all required reports and continue to move towards creating a financially sustainable golf system.

Golf Master Plan Update

Due to the recent changes in the economy, as well as the recent extraction of Sligo Creek, the MCRA is in the process of reviewing its 2006 Golf Master Plan. In these tough times, it is essential that funds are expended in a diligent manner to ensure facility and system sustainability. It is our intention to finalize the revisions in time to be included in the upcoming CIP submission.

Capital Improvement Plan

During 2008 the Revenue Authority made capital improvements at all four M-NCPPC Golf Courses. The most significant investment was made at Little Bennett Golf Course with the complete renovation of the clubhouse exterior. Numerous other projects have been completed including new signage at all four courses, irrigation upgrades, and a new HVAC system. In total the Revenue Authority invested over \$200,000 at the four M-NCPPC golf courses.

Other Information Requested

At the time of this report there were no additional items requested.

Attachment 1
Year over Year Rounds Comparison Detail

Golf Course System	2007	2008	Variance	% Growth
Total Rounds	382,927	370,897	-12,030	-3.14%
M-NCPPC Golf Courses	2007	2008	Variance	% Growth
Total Rounds	185,737	190,526	4,789	2.58%
MCRA Golf Courses	2007	2008	Variance	% Growth
Total Rounds	197,190	180,371	-16,819	-8.53%
Sligo Creek	2007	2008	Variance	% Growth
Total Rounds	28,815	26,125	-2,690	-9.34%
Little Bennett	2007	2008	Variance	% Growth
Total Rounds	28,086	29,645	1,559	5.55%
Needwood	2007	2008	Variance	% Growth
Total Rounds	67,581	69,937	2,356	3.49%
Northwest	2007	2008	Variance	% Growth
Total Rounds	61,255	64,819	3,564	5.82%
Falls Road	2007	2008	Variance	% Growth
Total Rounds	52,022	42,809	-9,213	-17.71%
Poolesville	2007	2008	Variance	% Growth
Total Rounds	35,159	31,425	-3,734	-10.62%
Laytonsville	2007	2008	Variance	% Growth
Total Rounds	44,675	41,277	-3,398	-7.61%
Hampshire Greens	2007	2008	Variance	% Growth
Total Rounds	30,311	31,851	1,540	5.08%
Rattlewood	2007	2008	Variance	% Growth
Total Rounds	35,023	33,009	-2,014	-5.75%