Indian Wells Golf Resort
Fiscal Year 2023-24 Budget
Implementation Goals and deliverables

1. Profitability
    a. Golf Resorts should be operated profitably before the Golf Amenity Subsidy and after capital expenditures.

2. General Fund Amenity Subsidy
    a. Specific to the budget and monthly financial statements, the Amenity Subsidy shall be displayed as follows:
        i. Golf Amenity subsidy – below the Net Income Line
        ii. F&B and Merchandise – included in the Revenue line

3. Allocated payroll.
    a. No allocated payroll based on revenue.
    b. Each profit center shall be based on the staff working in the profit center. In Troon's terminology, this is known as direct payroll.
    c. The Consolidated summaries in Golf and F&B and the Consolidated Financial Report shall contain all payroll costs required to operate the programs.
    d. Remove allocated payroll lines from the budget and the monthly financial statements.
        i. Direct payroll only.

4. Projected Net Operating Income by Department
    a. As a Goal, the Budget should project Net Income as a % of Revenue as follows:
        i. Golf, including golf maintenance: 25% to 30%
        ii. Merchandise: 27% to 33%
        iii. VUE: 8% to 12%
            1. Cost of sales goals around 30%
            2. Labor goals around 50%
        iv. Beverage Carts: 38% to 42%
        v. Banquets: 30% to 35%
        vi. Food Truck & SITN: 30% to 35%
        vii. These expectations exclude costs associated with building maintenance and G&A and are calculated to maintain profitability before the golf amenity subsidy and after capital.

5. Operating strategies incorporated into the new budget.
    a. Operate as a profitable business every year.
        i. This could include limiting operating times and services during unprofitable periods.

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        ii. Identify opportunities to reduce operating losses during the first half of the fiscal year.
        iii. Develop a worst-case scenario budget for the period June through September.
    b. Evaluate COS and labor controls consistent with brand standards and revenue expectations.
    c. Develop strategies to implement efficiencies to decrease G&A and building maintenance and golf maintenance costs. The savings goal is 5%.

6. <u>Capital Budgeting:</u>
    a. Capital budget is limited to the replacement of existing equipment.
    b. The City Council approves all other capital improvements.
        i. An initial ROI analysis with preliminary figures will be included for each new capital project for Council consideration as deemed appropriate.
        ii. If Council provides investigative approval, the ROI analysis will be restated as design and construction figures are confirmed.

7. <u>Development of the New Concepts, the Business Plan, and the Marketing Plan</u>
    a. These plans, at a minimum, should include strategies to capture the following:
        i. Protect the Brand – we need to attract the right kind of new rounds and covers. Maintain the golf rate.
        ii. Expand summer and shoulder seasons.
        iii. Drive additional golf rounds in summer and shoulder seasons.
        iv. Increase VUE covers annually.
            1. Increase resident covers by 10%
            2. Increase golfer use by 30%.
            3. Develop a VUE resident campaign.
            4. Establish a local marketing campaign to encourage and attract new hotel guests, business lunches, and locals to support VUE.
        v. Commit up to 1% of gross revenue to develop a local marketing plan budget.

    b. <u>New VUE concept</u>
        i. Work with Council to establish a new VUE identity.