ATTACHMENT #3

Indian Wells Golf Resort
City's Operating 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. No Resident Golf Amenity Fee
    b. F&B and Merchandise Amenity Fee – included in the respective Revenue lines

3. No Allocated payroll.

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.
    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. Capital Budgeting:
    a. Capital budget is limited to the replacement of existing equipment.
    b. The City Council approves all other capital improvements.