

INDIAN WELLS CITY COUNCIL

January 15, 2026



To: City Council
From: Finance Department
Prepared by: Kevin McCarthy, Finance Director
Subject: **Analysis of the Troon Access Loyalty Program and Request for Amendment to the Troon Management Agreement**

RECOMMENDED ACTIONS:

Council **APPROVES** the attached Amendment to the Troon Management Agreement authorizing participation in the Troon Access Program; and

FINDS the project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15378.

BACKGROUND:

Troon has formally requested an amendment to the City's existing Troon Management Agreement to authorize implementation of the newly launched Troon Access loyalty and subscription program at the City's golf facility.

Troon Golf has announced the launch of Troon Access, a consolidated loyalty and subscription program designed to replace its previous rewards and discount offerings. Troon Access is intended to serve as a modernized, technology-driven platform that leverages dynamic pricing, online booking features, and customer loyalty incentives to increase rounds played and strengthen golfer engagement across Troon-managed and Troon-affiliated facilities nationwide.

Because the City's golf operations rely on Troon for management support, understanding the program's structure, operational components, and financial implications is essential before determining whether participation aligns with City goals and revenue expectations.

Program Structure

Troon Access combines loyalty point accumulation with optional subscription-based discounts:

- **Loyalty Points:** Golfers earn points for every dollar spent on tee times at participating facilities and can redeem those points online for future rounds.

- Subscription Tiers: Optional paid tiers—Access and Access+—provide discounted tee times and short-term booking benefits designed to generate additional rounds and encourage repeat play.

The program's overarching objective is to drive incremental revenue by filling underutilized tee-time inventory, enhancing customer retention, and expanding Troon's national marketing reach.

Funding and Reimbursement Model

Based on information provided to staff, the program is funded through a contribution model associated with point-earning rounds:

- Participating in courses contribute 5% of the greens fee for each qualifying round played under the loyalty program.
- When a golfer redeems points for a free round, Troon reimburses the participating course at 90% of the Best Available Rate (BAR) for that tee time.

The contribution pool is used by Troon to fund these reimbursements, creating a structure similar to hotel-industry loyalty systems in which earned points generate a future redemption value.

Potential Benefits

Participation in Troon Access may provide several advantages to the City's golf facility:

- Increased exposure through Troon's national brand and marketing channels
- Potential growth in rounds played, particularly during off-peak periods
- Enhanced digital booking tools and customer engagement capabilities
- Incremental growth in ancillary sales (food and beverage, merchandise, cart rentals)
- Alignment with widely adopted hotel and resort loyalty models that encourage repeat business

Potential Risks and Considerations

Staff also note several areas requiring further evaluation:

- **Yield Management:** Discounted rounds may reduce the average rate per round if not adequately controlled relative to peak demand periods.
- **Inventory Controls:** Participation may require setting limits on available redemption tee times to avoid displacement of higher-yield customers.
- **Operational Complexity:** Additional administrative and reporting requirements may emerge with the reconciliation of loyalty rounds, contribution payments, and reimbursements.

OPTIONS:

To support deliberation on the City's potential participation in the Troon Access program, staff has outlined the following options for City Council consideration:

1. **Approve Participation in the Troon Access Program:** Authorize the Mayor to execute the Amendment to proceed with participation in the Troon Access loyalty program as presented, subject to verification of final contract terms with Troon and implementation of appropriate operational controls.
2. **Deny Participation in the Troon Access Program:** Decline participation at this time.
3. **Provide Alternative Direction:** Provide guidance to staff on modifications, conditions, or additional information needed before making a final decision. Staff will return with a revised analysis or recommendations consistent with Council direction.

FISCAL IMPACT:

The Troon Access program represents the golf industry's first fully integrated, points-based loyalty platform and is modeled after premier hospitality programs such as Hilton Honors and Marriott Bonvoy. Its structure reflects established best practices in demand generation, customer retention, and revenue optimization—principles long proven in the hospitality and travel sectors.

Under the program, the Indian Wells Golf Resort will remit a 5% contribution fee on qualifying rounds where loyalty points are issued. Because the majority of Troon Access participants at the Resort are Indian Wells residents, this contribution is applied to the lowest daily play rate, thereby significantly reducing the program's effective cost. In the prior year, the Resort recorded 19,235 qualifying resident rounds. Applying a conservative Average Daily Rate (ADR) of \$41, the associated 5% contribution equates to approximately \$2 per round, or \$38,470 in total annual program contributions.

Industry data and cross-sector benchmarking indicate that participation in a well-structured loyalty ecosystem typically generates 15% to 25% incremental demand. For the Indian Wells Golf Resort, this uplift is expected to occur through increased redeemed rounds, new golfer acquisition, and higher play frequency among existing customers. The resulting expansion of the customer base and improved retention contribute directly to long-term revenue stability and operational resilience.

Troon's dynamic pricing methodology further enhances the program's financial impact. By adjusting rates in response to real-time demand levels, the Resort can effectively convert increased utilization into incremental revenue, optimizing yield and maximizing average revenue per round as occupancy rises.

A significant financial benefit of Troon Access is the reimbursement of redeemed rounds. Last year, the Resort recorded 281 redemptions. Applying a conservative ADR of \$186—representing approximately 90% of prevailing rack rates—the City would have realized \$52,266 in reimbursed revenue. With the elimination of several redemption restrictions and the introduction of online booking capabilities, both redemption volume and associated reimbursements are expected to increase materially in future fiscal periods.

Based on these conservative prior-year assumptions, the Golf Resort would have achieved an estimated net benefit of approximately \$13,800. If the program is approved, staff will track actual participation, contributions, reimbursements, and yield impacts to calculate the realized net financial outcome for each operational year.

In summary, the Troon Access program enhances customer engagement and leverages proven loyalty economics. It provides a clear and measurable pathway to sustainable revenue growth through targeted demand stimulation and disciplined yield management.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

The action is not a project within the meaning of Section 15378 of the State of California Environmental Quality Act ("CEQA") Guidelines, because it has no potential for resulting in physical change in the environment, directly or indirectly; and that the action is nonetheless exempt from the requirements of CEQA in that the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. (15061(b)(3).)

ATTACHMENTS:

1. Troon Amendment to the Management Agreement