



INDIAN WELLS GOLF RESORT

2015 – 2016 Proposed Operating Budget/Strategic Plan

May 21, 2015



Groundwork & infrastructure for future years

Food & Beverage

- Enhancement of Dining Room patio to accommodate increase in large party dining demand
- Define and enhance Pavilion surrounding areas (outdoor lighting, landscape)
- Enhance and increase amounts of banquet serving materials to be able to accommodate multiple large functions at any given time
- Small scale redesign of kitchen utensils to better utilize the space given (i.e. replacement of grilles, ovens etc..)



Groundwork & infrastructure for future years

Golf

- Refine and optimize dynamic pricing model
- Incentivize net rate partners that meet revenue goals
- Refine our revenue management data analysis to further identify spending habits based on market trends
- Strengthen existing club created events (IW Pro-am, Desert Two-Ball) and investigate possible additions to the schedule



Strategies 2015/2016

Food & Beverage

- Target marketing for wedding/large party dining – revamp of website and SEO/SEM
- Partnering with regional and local DMC's
- Continue building to drive the capture of high profile events which yield a higher ADR and profit in Banquets
- Drive large party dining and dining room covers to attract high quality \$\$ spend. Large parties focus on utilizing less labor and locking in a higher ADR, thus increasing profitability
- Budget calls out a higher COG during summer and shoulder months with specials and promotions, to maintain current cover base
- Utilize Café to capture breakfast business, and quick grab and go for lunch. Utilize the BBQ grille during higher traffic days to attract more to Café from golfers
- Continue momentum to further grow holiday dining, making VUE the “place to go” for holidays and special events/brunch



Strategies 2015/2016

Golf

- Build stay and play package revenue with shoulder and off peak specials
- Attend consumer golf shows in current and emerging markets to drive demand for group/leisure play
- Revise Players Card program to attract and add mid-week players
- Aggressively market and price off-peak times (i.e. afternoon, cold weather, BNP Paribas, music festivals, etc.)



Expense overview

Expenses

- Overall cost of goods declined slightly to 18.8% of total revenues from 18.9% in 2014-15 and is up slightly at 18.1% from 2013-14.
- As a % of revenue, 2015-16 budgeted Payroll is down 0.6% vs. 2014-15 forecast. The increase in actual dollars includes minimum wage increases, COLA increases, backfilling of staff and an incentive plan for departmental managers.

Operational Expenses

- As a % of revenue, operating expenses are flat to prior year
- Electricity/Water and Channel maintenance offset costs are based on 2014-15 forecasted actuals plus approximately a 3% increase
- \$102,000 increase for lease of Golf Course Maintenance equipment



IWGR channel maintenance costs and city water usage for non-golf areas

Supply of water and electricity for non-golf areas:

Total acreage irrigated turf and landscape areas = 283

Total non-golf (El Dorado/Hwy 111) acreage = 27.5

Total Whitewater channel acreage = 21.7

Total annual 2014-15 IWGR water/electricity costs = \$514,916

Per acre calculation = $\$514,916 / 283 = \$1,819$

Non-golf calculation = $\$1,819 \times 27.5 \text{ acres} = \$50,036$

Whitewater channel calculation = $\$1,819 \times 21.7 \text{ acres} = \$39,483$

Whitewater channel maintenance (Seed/Fertilizer/Labor/etc.) =
\$36,900



2015 – 2016 Budget Overview

Rounds & ADR

ROUNDS	2015 – 2016	2014-15 (EST)	Var.	Var. %	2013 – 2014
18 HOLE	7,932	7,431	501	6.7%	6,074
TOURNAMENT	19,487	18,964	523	2.8%	16,346
RESORT GUEST	7,478	6,698	780	11.6%	7,529
AFTERNOON	8,795	7,227	1,568	21.7	6,991
OTHER	38,154	39,082	-928	-2.3%	44,693
TOTAL ROUNDS	81,846	79,402	2,444	3.0%	81,633

AVG.DAILY RATE					
18 HOLE	121.74	125.68	-3.94	-0.7%	125.00
TOURNAMENT	100.42	97.87	2.56	2.6%	95.67
RESORT GUEST	120.34	114.91	5.43	4.7%	117.65
AFTERNOON	62.52	57.83	4.69	8.1%	66.27
OTHER	54.66	54.39	.27	.5%	53.77
TOTAL A.D.R.	78.90	77.05	1.85	2.4%	74.42



2015 – 2016 Budget Overview

COVERS & ADR

COVERS	2015 – 2016	2014-15 (EST)	Var.	Var. %	2013 – 2014
VUE GRILLE & BAR	114,800	120,098	-5,298	-4.4%	117,818
BEV CART (RDS)	81,846	79,778	2,068	2.5%	81,633
CAFÉ	37,525	36,792	733	1.9%	36,405
BANQUETS	26,550	24,492	2,058	8.4%	17,717
TOTAL COVERS	260,721	261,160	-439	-0.2%	253,573

AVG.DAILY RATE					
VUE GRILLE & BAR	26.52	24.07	2.45	10.2%	25.88
BEV CART (RDS)	5.70	5.72	-0.02	-.03%	5.63
CAFÉ	8.82	8.48	.34	4.0%	9.15
BANQUETS	50.89	48.09	2.80	5.8%	43.01
TOTAL A.D.R.	21.13	19.61	1.52	7.7%	18.77



2015 – 2016 Budget Overview

REVENUES	2015 – 2016	2014-15 (EST)	Var.	Var. %	2013 – 2014
GOLF FEES	6,457,837	6,090,674	367,163	6.0%	6,075,348
MERCHANDISE	1,412,372	1,344,848	67,524	5.0%	1,285,305
FOOD & BEVG	5,481,051	5,009,647	471,404	9.4%	4,759,457
OTHER INCOME	534,842	772,554	-237,712	-3.0%	320,620
TOTAL REVENUE	13,886,109	13,217,723	668,386	5.0%	12,440,730

COST OF SALES					
MERCHANDISE	724,076	710,754	13,322	4.1%	676,356
AS % REVENUE	51.3%	52.4%	-1.1%	0.2%	52.62%
FOOD & BEVG	1,761,597	1,680,530	81,067	4.8%	1,473,354
AS % REVENUE	32.1%	33.5%	-1.4%	-4.0%	30.9%
GOLF	122,498	111,995	10,503	8.5%	142,090
TOTAL COGS	2,608,171	2,503,279	104,892	4.1%	2,291,800
AS % REVENUE	18.7%	18.9%	-0.2	-1.9%	18.4%



2015 – 2016 Budget Overview

	2015 – 2016	2014-15 (EST)	Var.	Var. %	2013 – 2014
GROSS MARGIN	11,277,938	10,714,444	563,494	5.2%	10,148,930
TOTAL OPS EXPS	11,495,363	10,942,310	553,053	5.0%	10,483,031
AS % REVENUE	82.8%	82.8%	0.0%	0.0%	84.6%
NET OPER INCOME	-217,425	-227,866	10,441	4.6%	-342,980



Capital 2015 - 2016

- **Total C.I.P. request- 2015 - 2016-\$1.1M**
- **Pavilion- Total bookings to date-\$1.4M**
 - Total estimated Pavilion profitability- 40%=\$560K
 - Pavilion lighting- \$26K
- **Furniture/fixtures-tables for front patio dining-\$52K**
 - Increased large party revenue- \$75K YOY
 - Labor savings based on not having to move them each time. 2 hours load out and 2 hours load in for 4 people. Estimated savings of \$10K per year



Capital 2015/2016

- **VUE Signage- \$8K**
 - Prevention of loss of covers and revenue from golfers as guests are unaware there is even a restaurant upstairs due to lack of signage in lobby.
- **Chafing dish investment-\$26K**
 - Reduction of rentals \$12K
 - Increased revenue for Banquets as we will be able to now host multiple parties holding events where buffets are used
- **Turf reduction- \$200K**
 - \$60K return from CVWD
 - Water savings-8.5 million gallons= \$4K annually
 - Savings of seed and fertilizer-\$3.5K annually
 - Electric savings- \$2K annually



Capital 2015/2016

- The items listed below have reached or exceeded their useful life and need to be replaced:
- **Food & Beverage Kitchen Equipment**(ovens, refrigerator)- \$79K
- **Furniture/Fixtures**- \$272K (lobby, golf patio, banquet chairs)
- **Golf Maintenance**- \$579K- (pump station, rain guns, turf reduction)
- **HVAC, Pumps/Motors, Roof, Electrical, Communications**- \$129K



Thank you.
Questions & Answers