

TOURISM ECONOMICS

Economic Impact of the Coachella Valley Golf Industry

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A study prepared for:



Presented by:



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Thank you to the 30 area facilities that participated in the survey and provided the raw data to complete the study that focuses on the major role that golf plays in the Coachella Valley.

In addition, thank you to Dean Miller (President, Hi-Lo Desert GCSA) for serving as the liaison to Tourism Economics and assisting with numerous aspects of this report; Jeff Jensen (GCSAA Southwest Field Representative), Craig Kessler (Director, Governmental Affairs, SCGA), Stu Rowland (Past President, Hi-Lo Desert GCSA) and Pat Truchan (Board Member, Hi-Lo Desert GCSA) for providing comments on drafts of this report.



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1 Executive Summary

Golf facilities play a major role in the recreation and entertainment industry of California's Coachella Valley while serving as a major draw for tourism to the region. Home to approximately 123 golf courses, the Coachella Valley represents roughly 13.9% of California's golf industry¹ and stands as a prime tourism destination within the state. Combined, these courses generated an estimated \$476 million in gross revenue in 2014 and directly employed over 8,000 workers locally. The mix of public, private, and resort facilities throughout the Coachella Valley represents an integral part of the regional economy as a year-round activity for both residents and visitors, and the impact spreads far beyond the golf industry itself.

Tourism Economics, an Oxford Economics Company, was retained to estimate the benefits of the golf industry to the Coachella Valley. Research was conducted by Tourism Economics to determine the volume of golf-stays² by locals and visitors at facilities within the region and their associated expenditures to build up a model of the industry's impact on the regional economy. Surveys were distributed to golf facilities and resorts throughout the region to collect detailed financial and operating data.

From the survey results, golf facilities within the Coachella Valley generated 1.8 million golf-stays in 2014, generating approximately \$745.6 million in golf-related spending both on-site at public, private, and resort golf courses as well as off-site at establishments throughout the region. About half of all golf-stays (and associated spending) are by second home owners, illustrating the importance of golf to the real estate sector and seasonal visitor market. Overnight visitors represent 16% of all golf-stays but 40% of golf-related spending due to a higher average spending per stay, as shown in figure E.1.

¹ Based on SCGA and NCGA shared methodology for determining the number of golf courses in the State of California

² "Golf-stays" are defined as a Coachella Valley resident or non-resident traveling to a destination within the Coachella Valley and playing golf while at this destination or partaking in a golf-related activity, such as a professional or amateur golf tournament or charitable golf event. This includes both overnight and day stays. This figure includes trips to Coachella Valley golf resort destinations, golf outings while on vacation or business travel, as well as trips by Coachella Valley residents to visit golf courses within the region. This definition is consistent with "golf-stays" as defined for the purpose of "The California Golf Economy: Economic and Environmental Impact Report" prepared by SRI International in agreement with Golf 20/20 in 2013 for the California Alliance for Golf, but also includes local golf visits.

Figure E.1: Distribution of golf-stays in Coachella Valley, spending per golf-stay, and total golf-related spending, by visitor type (2014)

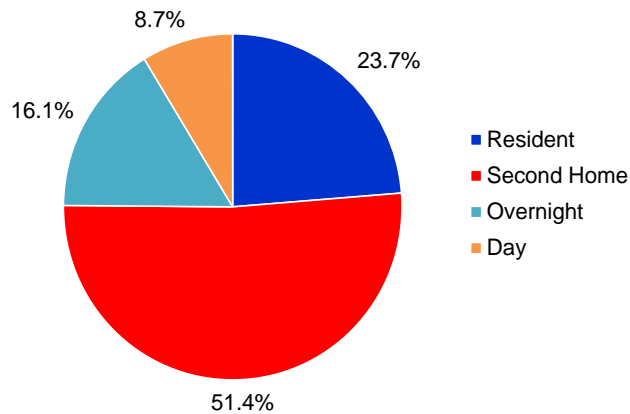
Projected Coachella Valley Golf-Stays & Golf-Related Spending, 2014					
Visitor Type	Resident	Second Home	Overnight	Day	Total ¹
Golf-stays	430,150	931,508	292,515	158,114	1,812,286
Spend per golf-stay	\$67.22	\$432.45	\$1,014.60	\$108.22	\$411.44
Golf-related spending	\$28,916,164	\$402,831,585	\$296,785,335	\$17,111,724	\$745,644,808

Source: TourismEconomics

1: Total "Spend per golf-stay" represents average weighted by visitor type share of total projected golf-stays

Distribution of Coachella Valley Golf-Stays

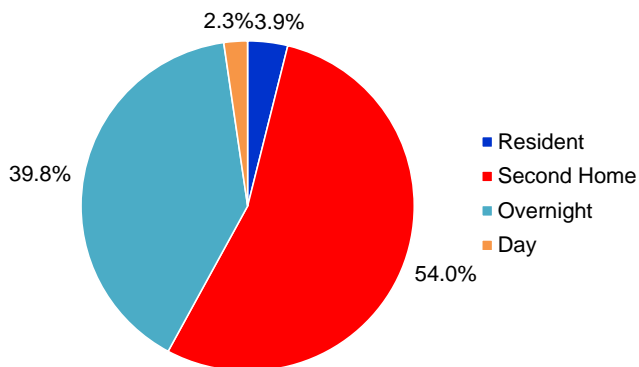
Share of total Coachella Valley golf-stays by visitor type, 2014



Source: Tourism Economics

Distribution of Coachella Valley Golf-Related Spending

Share of total Coachella Valley golf-related spending by visitor type, 2014



Source: Tourism Economics

Additionally, two professional golf tournaments – the Humana Challenge (now the CareerBuilder Challenge) and ANA Inspiration (previously the Kraft Nabisco Championship) – held at courses within the Coachella Valley generated over \$7.2 million in organizational and media expenditures. As shown in Figure E.2, total direct expenditures attributable to the golf industry in the Coachella Valley approached an estimated \$752.9 in 2014. Of the estimated \$745.6 million in golf-related spending, approximately \$480.6 million is spent on-site at golf facilities while the remaining \$265.1 million is spent off-site at other establishments in the Coachella Valley. One striking conclusion of this analysis is that for every dollar spent on-site at a golf facility, another \$0.55 is spent in other parts of the local economy by golf-related visitors.

Figure E.2: Direct expenditures attributable to the Coachella Valley golf industry (2014)

Coachella Valley Golf Industry Direct Expenditures, 2014	
Expenditure Description	Amount
Golf-Related Local & Visitor On-Site Expenditures	\$480,586,338
Golf-Related Local & Visitor Off-Site Expenditures	\$265,058,469
Golf Tournament Organizational & Media Expenditures	\$7,233,635
Total Direct Expenditures	\$752,878,443

Source: Tourism Economics

The total economic impacts (direct, indirect, and induced) attributable to the Coachella Valley golf industry neared \$1.1 billion in 2014, as shown in Figure E.3. This figure includes \$128.7 million in indirect business sales and \$191.1 million in induced business sales. Approximately \$413.3 million in total labor income impacts (direct, indirect, and induced) were generated by the golf industry, supporting over 14,000 jobs in the Coachella Valley.

Figure E.3: Summary Coachella Valley economic impacts attributable to the golf industry (2014)

Coachella Valley Economic Impacts of the Golf Industry, 2014				
Description	Direct	Indirect	Induced	Total
Business Sales (US\$ Millions)	752.9	128.7	191.1	1,072.6
Labor Income (US\$ Millions)	311.6	41.0	60.7	413.3
Employment	11,452	1,089	1,550	14,091

Source: Tourism Economics

The regional economic impacts described above also generated sizeable fiscal (tax) impacts at the local, state, and federal levels, as shown in Figure E.4. The Coachella Valley golf industry generated an estimated \$83.3 million in state and local taxes, including \$31.8 million in sales tax revenues and \$28.1 million in property tax revenues. Further, an estimated \$90.5 million in federal taxes were also produced.

Figure E.4: Summary fiscal (tax) impacts attributable to the Coachella Valley golf industry(2014)

Coachella Valley Golf-Generated Taxes, 2014 (US\$ Millions)	
Tax Type	Total
State & Local Taxes Subtotal	<u>83.3</u>
Sales	31.8
Property Taxes	28.1
Social Insurance Taxes	2.4
Corporate	3.0
Other taxes and fees	18.0
Federal Taxes Subtotal	<u>90.5</u>
Corporate	11.0
Indirect Business	8.0
Personal Income	27.7
Social Security	43.8
Total	173.7

Source: Tourism Economics

2 Introduction

The Coachella Valley is home to approximately 123 golf courses, which generated an estimated \$476 million in combined gross revenue in 2014 and directly employed over 8,000 workers³ on-site at their facilities. These courses are situated at a mix of public, private, and resort golf facilities throughout the Coachella Valley. Golf facilities represent an integral part of the regional economy as a year-round activity for both residents and visitors, and their impacts spread far beyond the golf industry.

Golf's economic impact includes the ancillary spending of players and spectators who visit the region to engage in the sport which benefits hotels, restaurants, shops, real estate, and other sectors of the economy. In addition, golf courses purchase goods and services from local suppliers, and the incomes of golf course employees are spent largely in the local economy. These indirect impacts add to the significance of the golf industry. Further, capital investments support the construction and equipment sales industries, while tournaments generate sponsorships, media coverage, and hospitality events which benefit the local economy.

In 2013, an economic impact report prepared by SRI International in agreement with Golf 20/20 for the California Alliance for Golf⁴ found that the California golf industry generated \$6.3 billion of direct economic activity in 2011, with additional indirect and induced effects raising the industry's total impact to \$13.1 billion. Similarly, this study sets out to determine the current total impact of golf on the Coachella Valley region from a survey of golf facilities in the Coachella Valley, employing a regional Input-Output (I-O) model based in IMPLAN to estimate the direct impacts of golf-related spending as well as the indirect (supply chain) and induced (spent incomes) effects as these dollars flow through the local economy. The additional benefits from golf tournaments held in the Coachella Valley are also explored in some detail.

² This employment figure excludes estimated direct employees off-site at other establishments in the Coachella Valley and those associated with the Humana Challenge and ANA Inspiration tournaments not already included in the on-site sum, as discussed in the Executive Summary and Section 6.

³ SRI International, Golf 20/20 (2013), *The California Golf Economy: Economic and Environmental Impact Report*, California, 1.

3 Industry Research

3.1 Golf Facility Survey

In order to better understand the Coachella Valley golf industry, as well as the distribution and spending of local residents and out-of-towners visiting golf facilities in the region, Tourism Economics conducted a survey of these facilities regarding their operations in 2014.

The main goals of the study were as follows:

- Quantify golf facility revenue by area of business (e.g. course operations, on-course purchases, etc.)
- Quantify golf facility expenses by area of business (e.g. payroll, capital investment, maintenance and supplies, property taxes)
- Identify ties between golf facilities and associated residential communities
- Estimate the proportion of golf-related visitors from out-of-town versus local residents or second-home owners who engage in golf
- Estimate volumes of golf-stays and golf-related spending at golf facilities and resort hotels within the region

The measures of spending by visitors at golf facilities include green fees, membership dues and player cards, cart fees, range fees, lessons, schools, camps, and equipment rentals, as well as on-course sales of merchandise and food and beverages. Measures of golf-related spending at resort hotels include all aspects of hotel revenue attributable to golf and golf events.

Tourism Economics surveyed 90 golf facilities in the Coachella Valley in the first quarter of 2015, and received 30 responses, representing over 41% of the local golf industry by estimated gross revenue in 2014. Of the responding properties, 67.7% were private golf courses, 9.7% were public golf courses, and 22.6% were resort golf courses. Of the 90 properties surveyed, 53.3% were private golf courses, 33.3% were public golf courses, and 13.4% were resort golf courses. Golf operations and golf-related spending as reported by survey respondents were then projected by facility type and size in order to estimate totals for the golf industry in the Coachella Valley. The projected results of the survey were checked against government (Census) statistics to ensure reasonableness.

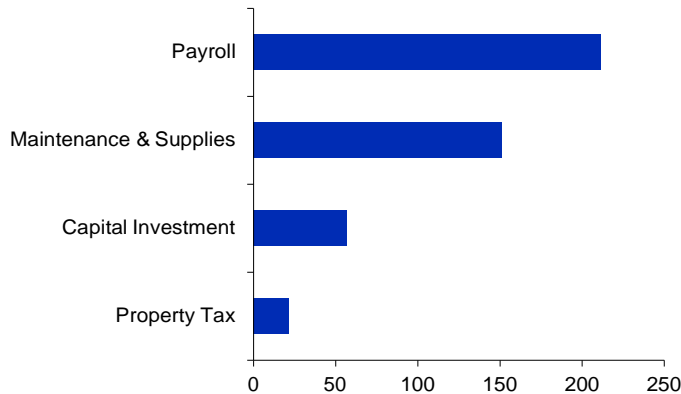
3.2 Golf Facility Operations

In 2014, total projected golf facility expenditures in the Coachella Valley tallied \$441.3 million at courses and resorts in the region, as shown in Figure 3.1. Golf facilities in the Coachella Valley spent \$211.6 million in payroll expenses, accounting for 48% of their total operating expenses. An additional \$151.million was spent on maintenance and supply purchases, such as equipment repair, irrigation repair, fertilizer, chemicals, sand, uniforms, utilities, etc. Capital investments made by golf facilities in the region totaled an estimated \$56.7 million in 2014, including new course construction, renovation of existing facilities, and improvements to infrastructure and irrigation systems. An additional \$21.6 million in property tax expenses was estimated for the industry.

Figure 3.1: Coachella Valley golf facility expenditures, by area of business (2014)

Projected Coachella Valley Golf Facility Expenditures

Total expenditure by area of business, 2014, \$ millions



Source: Tourism Economics

In terms of total expenditures, facilities categorized as private golf courses represented close to 57% of the golf industry in the Coachella Valley in 2014, with a projected \$250.3 million in payroll, maintenance and supplies, capital investment, and property tax expenses. Resort golf course facilities accounted for another 23% of industry expenditures, at roughly \$101.7 million. And facilities categorized as public golf courses made up the remaining 20%, with a projected \$89.3 million in total expenses.

Figure 3.2: Coachella Valley golf industry expenditures, by facility type (2014)

Projected Coachella Valley Golf Facility Expenditures, 2014					
Facility Type	Payroll	Maintenance & Supplies	Capital Investment	Property Tax	Total Expenses
Private Golf Course	\$141,932,077	\$75,278,347	\$25,801,445	\$7,274,609	\$250,286,478
Resort Golf Course	\$32,736,853	\$36,762,272	\$21,825,517	\$10,370,795	\$101,695,437
Public Golf Course	\$36,974,667	\$39,372,667	\$9,034,989	\$3,934,070	\$89,316,393
Total	\$211,643,597	\$151,413,286	\$56,661,952	\$21,579,475	\$441,298,308

Source: Tourism Economics

3.3 Residential Community Ties

Of the 30 responding golf facilities, 20 of them reported ties with residential communities and their homeowners associations (HOAs), all of which were either private golf courses or resort golf courses. Combined, HOA facilities associated with these 20 facilities contributed an estimated \$37 million to the gross revenue of their affiliated golf courses and resorts in 2014. Assuming the same ratio (about two-thirds) of total private golf courses and resort golf courses in the region maintaining some financial relationship with their affiliated residential communities, and applying the average HOA contribution per facility adjusted for course size, total projected HOA contributions to golf facilities in the Coachella Valley were estimated at \$57.1 million in 2014, as shown in Figure 3.3.

Figure 3.3: Coachella Valley HOA contributions to golf facilities in the region, by facility type (2014)

Projected Coachella Valley HOA Contributions, 2014	
Facility Type	HOA Contributions
Private Golf Course	\$45,251,087
Resort Golf Course	\$11,888,980
Total	\$57,140,067

Source: TourismEconomics

4 Economic Impacts Defined

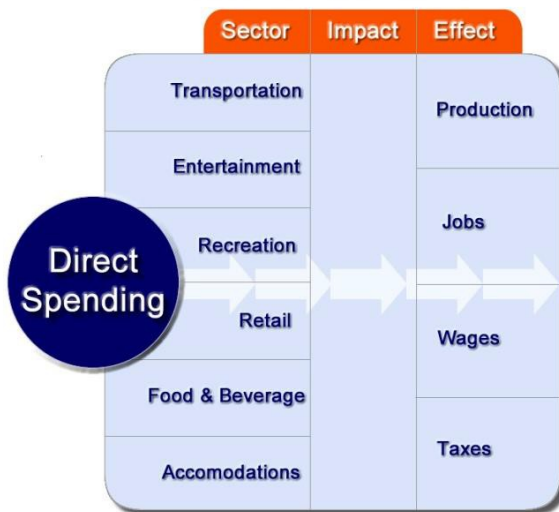
The Coachella Valley golf industry drives a substantial amount of economic activity in the region from spending by golf courses on general operations and capital investments, as well as both local residents and tourists engaging in the sport of golf. In addition to generating revenue from greens fees, golf club memberships, and on-course merchandise and food and beverage sales, golfers and golf enthusiasts spend money across various economic sectors in the region, including accommodations, restaurants, retail, and transportation. This spending generates additional economic activity as it ripples through regional economy. For the sake of this exercise, the Coachella Valley was defined as the part of the region that lies within Riverside County, since the 90 golf facilities surveyed were all located therein. Thus, the results of the impact analysis may understate the full economic impact of the golf industry in the Coachella Valley region.

Economic impact analysis measures the total effects of a change or contribution within a regional economy. This initial change or contribution is considered the direct effect. The direct effect of the Coachella Valley golf industry is measured by the following components:

- Spending by golf-related visitors at public, private, and resort golf facilities
- Ancillary spending of golf-related visitors at other establishments
- The incremental spending of event organizers and sponsors at golf events

The economic impacts of revenue generated by the golf industry as well as by golf-related visitors' spending at local establishments was estimated using a regional Input-Output (I-O) model based on IMPLAN (www.implan.com) models. IMPLAN is recognized as an industry standard in local-level I-O models. An I-O model represents a profile of an economy by measuring the relationships among industries and consumers. For example, an I-O model tracks the flow of a visitor's restaurant expenditures to wages, profits, capital, taxes and suppliers. The supplier chain is also traced to food wholesalers, to farmers, and so on. In this way, the I-O model allows for the measurement of the direct and indirect sales generated by a restaurant meal. The model also calculates the induced impacts of tourism. These induced impacts represent benefits to the economy as employees of tourism sectors spend their wages in the local economy, generating additional output, jobs, taxes, and wages. Figure 4.1 provides an illustration of how spending flows through an economic impact model.

Figure 4.1: Illustration of Economic Impact Model Flow



IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

The modeling process begins with aligning the expenditure measurements with the related sectors in the model (e.g. sports & recreation, restaurants, retail, and entertainment). The model is then run to simulate the flow of these expenditures through the economy. In this process, the inter-relationships between consumers and industries generate each level of impact for each economic indicator (sales, wages, employment, etc.).

5 Golf-Related Expenditures

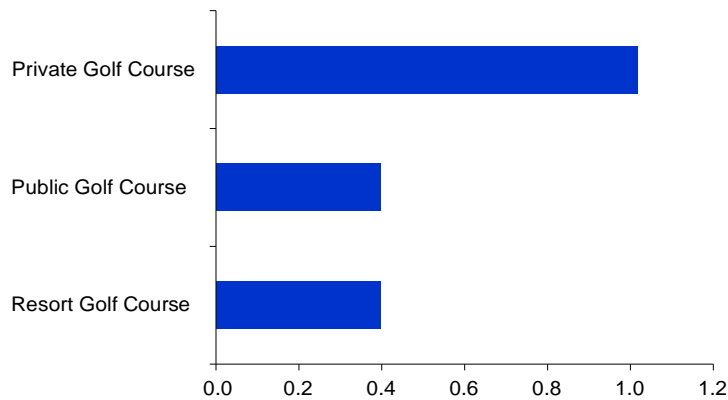
5.1 Golf-Related Spending by Locals & Visitors

Based on data provided by the Tourism Economics survey, Coachella Valley golf facilities hosted 1.8 million golf-stays in 2014 (Figure 5.1). Of those, more than 1 million were hosted by private golf course facilities. The remaining golf-stays were almost evenly split between public and resort golf course facilities.

Figure 5.1: Golf-stays in the Coachella Valley, by facility type (2014)

Projected Golf-Stays in the Coachella Valley

Total golf-stays by facility type, 2014, millions



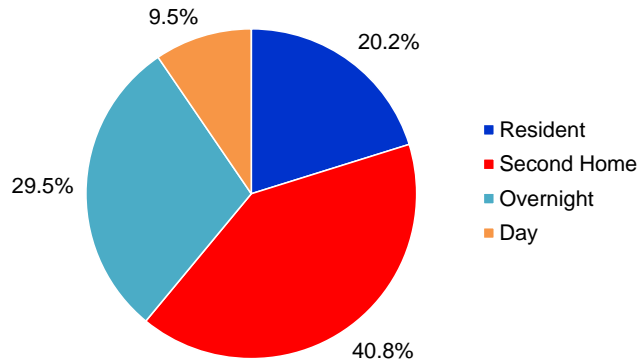
Source: Tourism Economics

On average, roughly 24% of total golf-stays in 2014 were by year-round Coachella Valley residents, while 51% were by owners of second homes in the region. Another 16% of golf-stays were by out-of-town visitors spending at least one night in accommodations within the Coachella Valley, and the remaining 9% were by day visitors to the region. The golf-stay distributions by facility type are depicted below in Figure 5.2.

Figure 5.2: Distribution of golf-stays in the Coachella Valley, by facility type (2014)

Coachella Valley Golf-Stays at Resort Courses

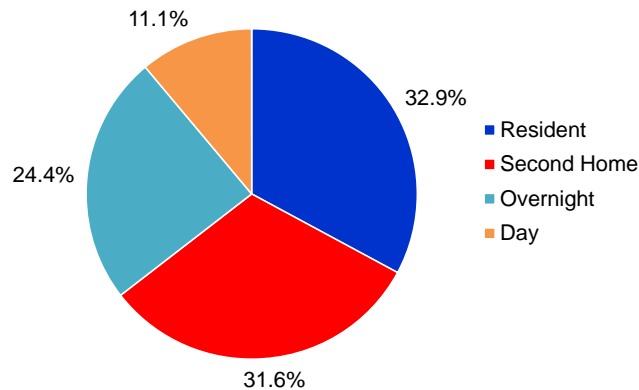
Share of total golf-stays at golf resorts by visitor type, 2014



Source: Tourism Economics

Coachella Valley Golf-Stays at Public Courses

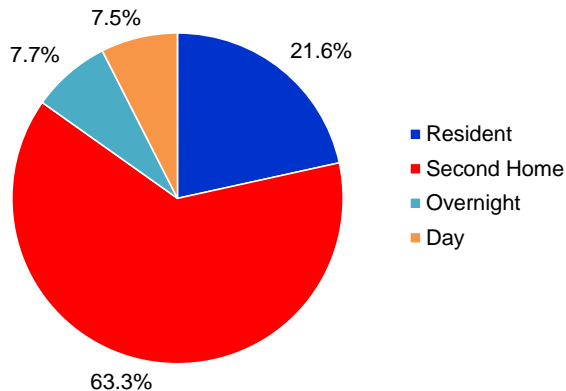
Share of total golf-stays at public courses by visitor type, 2014



Source: Tourism Economics

Coachella Valley Golf-Stays at Private Courses

Share of total golf-stays at private courses by visitor type, 2014



Source: Tourism Economics

The average travel spending per person per golf-stay for overnight and day visitors to California reported in the SRI International and Golf 20/20 study⁵ of \$825.02 per overnight visitor and \$87.51 per day visitor were used to estimate the average golf-related spending per golf-stay for visitors to the Coachella Valley (Figure 5.3). The estimated Coachella Valley spending averages per golf-stay⁶ are higher at \$1,014.60 per overnight visitor and \$108.22 per day visitor, because they include spending on green fees, membership dues and player cards, cart fees, range fees, etc. which are absent from the statewide averages in the previous study.

The average per golf-stay spending by second home owners of \$432.45 was estimated by discounting the overnight visitor average by the resort hotel share of total golf-related spending at resort golf courses on a per golf-stay basis. This assumes that second home owners spend similarly to overnight visitors to the Coachella Valley after subtracting expenditures on paid accommodations. Finally, the Coachella Valley resident average spending per golf-stay of \$67.22 was estimated by discounting the day visitor average by the ratio of the second home owner average to the overnight average. This assumes that residents spend similarly to day visitors to the Coachella Valley but with a lower propensity for ancillary spending. Applying the average spending per golf-stay to the projected number of golf-stays by visitor type yields a total estimated local and visitor golf-related spending of \$745.6 million in 2014, as shown in Figure 5.3. Based on the per golf-stay spending estimates and projected golf-stay counts by visitor type, overnight visitors accounted for \$296.8 million in golf-related spending in the Coachella Valley, while day visitors spent an estimated \$17.1 million. Resident golf-related spending was projected at \$28.9 million, and second home owners contributed an additional \$402.8 million in golf-related spending in the region.

⁵ SRI International, Golf 20/20 (2013), *The California Golf Economy: Economic and Environmental Impact Report*, California, 39-40.

⁶ "Golf-stay" as defined in this study is on a per-person basis, justifying the use of the per person per golf-stay spending averages from the SRI International and Golf 20/20 report.

Figure 5.3: Distribution of golf-stays in Coachella Valley, spending per golf-stay, and total golf-related spending, by visitor type (2014)

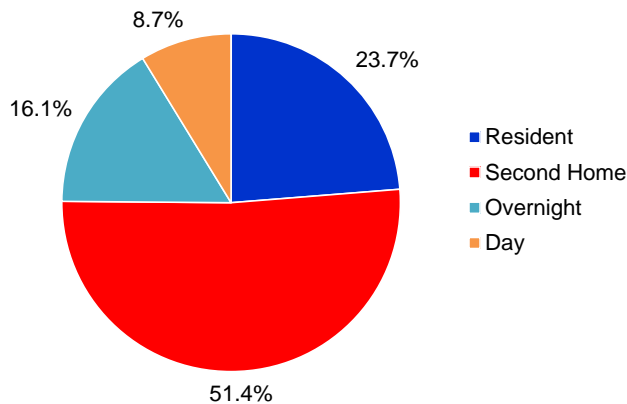
Projected Coachella Valley Golf-Stays & Golf-Related Spending, 2014					
Visitor Type	Resident	Second Home	Overnight	Day	Total ¹
Golf-stays	430,150	931,508	292,515	158,114	1,812,286
Spend per golf-stay	\$67.22	\$432.45	\$1,014.60	\$108.22	\$411.44
Golf-related spending	\$28,916,164	\$402,831,585	\$296,785,335	\$17,111,724	\$745,644,808

Source: TourismEconomics

1: Total "Spend per golf-stay" represents average weighted by visitor type share of total projected golf-stays

Distribution of Coachella Valley Golf-Stays

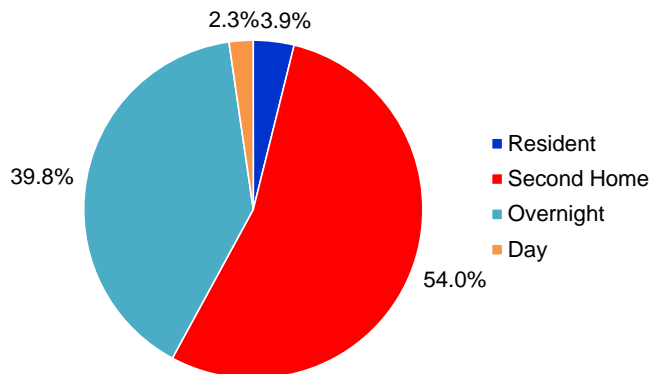
Share of total Coachella Valley golf-stays by visitor type, 2014



Source: Tourism Economics

Distribution of Coachella Valley Golf-Related Spending

Share of total Coachella Valley golf-related spending by visitor type, 2014



Source: Tourism Economics

Of the total projected golf-related spending of \$745.6 million, the golf industry survey analysis indicates that residents, second home owners, and visitors to the Coachella Valley spent an estimated \$480.6 million on-site at golf facilities and associated resort hotels in 2014. After accounting for on-site spending by locals and visitors at golf facilities and associated hotels, the remaining \$265 million in total golf-related spending is presumed to be spent off-site at establishments within the Coachella Valley region. Previous Tourism Economics research on the economic impact of visitors to Palm Springs⁷ was utilized to estimate the distribution of off-site visitor spending related to golf in the Coachella Valley.

Whereas the Palm Springs analysis looked at the economic impact of all tourism in the region, this study is focused on tourists as well as locals engaging in the sport of golf, raising their proportion of recreation spending relative to other spending categories (15.3% versus 45.2%), such as food and beverage (23.5% versus 13.8%) and retail purchases (22.7% versus 7.9%). Further, a higher concentration of residents and second home owners in the mix of golf-stays in Coachella Valley versus total visits to Palm Springs lowers the proportion of lodging (20.9% versus 15%) and increases that of imputed rent⁸ from second homes (4.8% versus 5.9%) relative to other spending categories. Air transport (1.8% versus 1.7%) and other means of transportation (11% versus 10.5%) in the Coachella Valley by locals and visitors account for the remainder of golf-related spending – roughly the same shares as in Palm Springs. The breakout of estimated golf-related spending both on-site and off-site is depicted in Figure 5.4. What is striking about this summary of spending is that the golf industry generates considerable spending at off-site establishments as well. For every dollar spent on-site at a golf facility, another \$0.55 is spent in other parts of the local economy by golf-related visitors.

⁷ Tourism Economics (2012), *The Economic Impact of Tourism in Palm Springs Desert Resort Communities*, California.

⁸ “Imputed rent is calculated as the number of owner-occupied units, times the average rent of equivalent tenant-occupied units, in several property value tiers, using Census data. The goal of imputation, in general, is to keep the accounts invariant when the same goods are produced/consumed in different ways. The same shelter is provided by a house whether the house is owned by the occupant or by someone else. Imputed rent may seem more natural if one imagines the extreme case of a society where everyone raises their own food and builds their own houses; without imputation the GDP would be zero.”

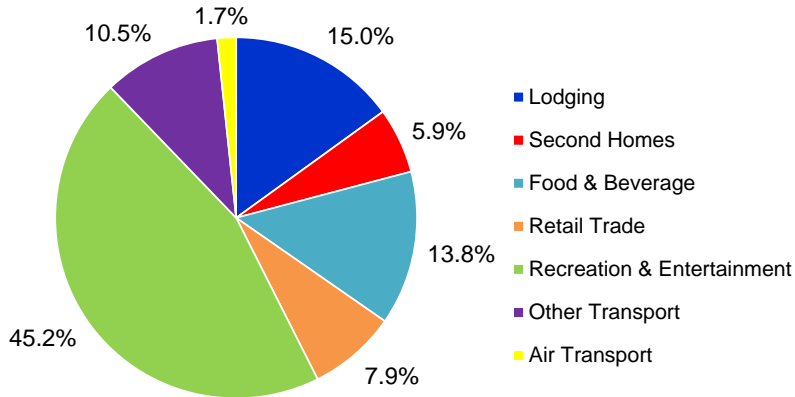
Fickett, James W. (2013), *NIPA imputed rent (Online)*, ClearOnMoney, available:
http://www.clearonmoney.com/dw/doku.php?id=public:nipa_imputed_rent

Figure 5.4: Coachella Valley golf-related spending by locals and visitors, by spending category (2014)

Projected Coachella Valley Golf-Related Spending, 2014			
Spending Category	On-Site	Off-Site	Total
Lodging	\$39,018,227	\$72,993,113	\$112,011,340
Second Homes		\$43,678,851	\$43,678,851
Food & Beverage	\$66,356,931	\$36,597,933	\$102,954,864
Retail Trade	\$37,929,188	\$20,919,139	\$58,848,328
Recreation & Entertainment	\$337,281,991		\$337,281,991
Other Transport		\$78,341,803	\$78,341,803
Air Transport		\$12,527,631	\$12,527,631
Total	\$480,586,338	\$265,058,469	\$745,644,808

Distribution of Coachella Valley Golf-Related Spending

Share of total Coachella Valley golf-related spending by category, 2014



Source: Tourism Economics

5.2 Golf Tournament Spending

Golf tournaments held at courses within the Coachella Valley inject additional spending into the regional economy through event organization and media activities. The two primary professional golf tournaments analyzed for this study were the Humana Challenge (now the CareerBuilder Challenge) and ANA Inspiration (previously the Kraft Nabisco Championship) events. The 2014 Humana Challenge took place in January across three courses in the Coachella Valley: the Arnold Palmer and Jack Nicklaus private courses at PGA West, as well as La Quinta Country Club. The event featured 156 participants and received an estimated 85,000 spectators. The 2014 ANA Inspiration tournament took place in April at the Dinah Shore Tournament Course of Mission Hills Country Club, featuring 111 participants and attended by more than 55,000 spectators.

A sample of six tournaments⁹ was analyzed in order to form a basis for estimating the total spending by event organizers for the 2014 ANA Inspiration tournament, while spending figures for the Humana Challenge were reported directly. Of these six tournaments, most received around 100,000 spectators, and the average organizer spending (excluding the prize purse) per event per spectator was around \$42 without accounting for event size¹⁰. Applying this average to the number of spectators at the 2014 ANA Inspiration tournament produced an estimated total organizer expenditure of \$2.3 million, while the Humana Challenge produced \$4.1 million in total organizer expenditure.

Media spending figures were found for two recent tournaments: the 2007 Toshiba Classic and the 2012 Waste Management Phoenix Open, providing the basis for the media activities expenditure estimate for the 2014 ANA Inspiration tournament. The reported 2007 Toshiba Classic media spending total was \$250,000, while the reported 2012 Waste Management Phoenix Open media spending total was \$600,000. Weighting the two events by event size produced an estimated \$350,000 in average media spending per event. This average was applied to the 2014 ANA Inspiration tournament, while the total for the Humana Challenge was reported at \$450,000 for a combined estimate of \$800,000 in media spending.

Summing these values, the total estimated tournament spending on event organizer and media activities of the 2014 Humana Challenge and ANA Inspiration is \$7.2 million (Figure 5.5). Spending by golfers and spectators in attendance at these events is already accounted for in the golf-related spending estimates of Section 5.1 due to their inclusion in the total estimated golf-stays concept and are, therefore, excluded from the total tournament spending estimates to avoid double-counting. The purses of the two tournaments are also excluded from total tournament spending, as they are paid out to participants and do not reflect newly generated spending within the Coachella Valley region.

Figure 5.5: Coachella Valley golf tournament organizer and media spending (2014)

Estimated Coachella Valley Professional Golf Tournament Spending, 2014						
Tournament Name	Participants	Spectators	Purse Size	Organizer (Non-Purse)	Media	Total (Non-Purse)
Humana Challenge	156	85,000	\$5,700,000	\$4,100,000	\$450,000	\$4,550,000
ANA Inspiration	111	55,000	\$2,500,000	\$2,333,635	\$350,000	\$2,683,635
Total	267	140,000	\$8,200,000	\$6,433,635	\$800,000	\$7,233,635

Source: Tourism Economics

⁹ Tournaments included in event organizer spending analysis: Toshiba Classic Champions Tour Golf Tournament (2007), PGA Tour Championship (2007), 3M Championship Golf Tournament (2010), Waste Management Phoenix Open (2012), Travelers Championship (2012), RBC Heritage (2014)

¹⁰ There was no significant correlation between average organizer spending per event per spectator and event size, so the \$42 average across the six tournaments represents a simple mean without weighting by event size.

6 Economic Impacts of the Coachella Valley Golf Industry

As outlined in previous sections, the main direct expenditures attributable to the golf industry in the Coachella Valley in 2014 include golf-related local and visitor spending on-site (\$480.6 million) and off-site (\$265.1 million) and tournament spending on organizational and media activities (\$7.2 million). Taken together, total direct expenditures attributable to the Coachella Valley golf industry tally \$752.9 million, as shown in Figure 6.1.

Figure 6.1: Direct expenditures attributable to the Coachella Valley golf industry (2014)

Coachella Valley Golf Industry Direct Expenditures, 2014	
Expenditure Description	Amount
Golf-Related Local & Visitor On-Site Expenditures	\$480,586,338
Golf-Related Local & Visitor Off-Site Expenditures	\$265,058,469
Golf Tournament Organizational & Media Expenditures	\$7,233,635
Total Direct Expenditures	\$752,878,443

Source: Tourism Economics

6.1 Economic Impacts

Direct expenditures attributable to the Coachella Valley golf industry in 2014 of \$752.9 million generated \$128.7 million in indirect business sales and \$191.1 million in induced business sales, resulting in a total economic impact of \$1.1 billion in the region. The total impact of \$1.1 billion included \$413.3 million in labor income, supporting more than 14,000 jobs throughout the Coachella Valley, as shown in Figure 6.2.

Figure 6.2: Summary Coachella Valley economic impacts attributable to the golf industry (2014)

Coachella Valley Economic Impacts of the Golf Industry, 2014				
Description	Direct	Indirect	Induced	Total
Business Sales (US\$ Millions)	752.9	128.7	191.1	1,072.6
Labor Income (US\$ Millions)	311.6	41.0	60.7	413.3
Employment	11,452	1,089	1,550	14,091

Source: Tourism Economics

The total impacts of the golf industry are far-reaching, as a number of industries throughout the Coachella Valley benefit from direct and indirect/induced economic activity. As shown in Figure 6.3, recreation and entertainment, lodging, and food and beverage are the top three impacted industries, with \$349.5 million, \$112.3 million, and \$125.7 billion in total business sales, respectively.

Figure 6.3: Total Coachella Valley sales (direct, indirect, induced) attributable to the golf industry, by industry (2014)

Business Sales Impacts (US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	2.0	0.9	3.0
Construction and Utilities	-	9.5	3.8	13.3
Manufacturing	-	6.9	3.7	10.6
Wholesale Trade	-	4.0	7.3	11.3
Air Transport	12.5	0.1	0.1	12.7
Other Transport	78.3	4.2	2.8	85.3
Retail Trade	58.8	1.0	21.7	81.5
Gasoline Stations	-	0.0	1.2	1.2
Communications	-	9.0	5.6	14.7
Finance, Insurance and Real Estate	43.7	33.2	65.6	142.5
Business Services	0.8	39.4	51.5	91.7
Education and Health Care	-	0.7	31.5	32.2
Recreation and Entertainment	343.7	2.5	3.3	349.5
Lodging	112.0	0.2	0.1	112.3
Food & Beverage	103.0	5.2	17.6	125.7
Personal Services	-	5.3	10.6	15.8
Government	-	5.6	4.0	9.5
Total	752.9	128.7	191.1	1,072.6

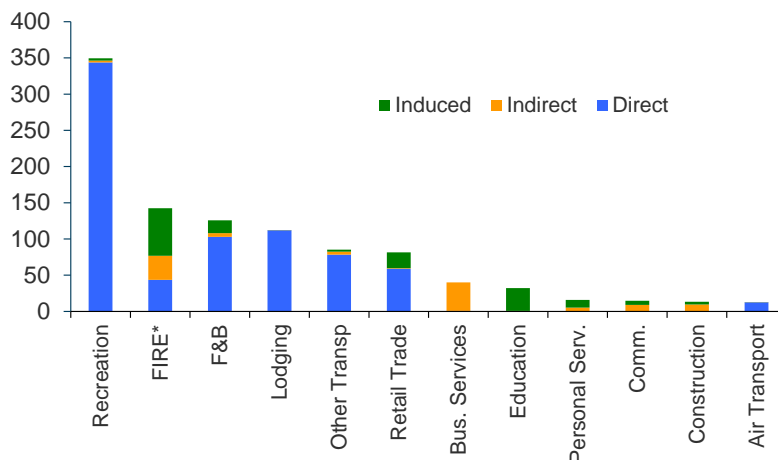
Source: Tourism Economics

* Direct sales include cost of goods sold for retail sectors

Figure 6.4: Total Coachella Valley sales (direct, indirect, induced) attributable to the golf industry, by industry (2014)

Sales by Industry

\$ million



Source: Tourism Economics

*FIRE = Finance, Insurance, and Real Estate

6.2 Fiscal (Tax) Impacts

The Coachella Valley golf industry also generates considerable tax revenues as dollars cycle through the local and state economies. Total state and local tax impacts attributable to the Coachella Valley golf industry in 2014 reached \$83.3 million, including \$31.8 million in sales tax revenue and \$28.1 million in property tax revenue, as shown in Figure 6.5. In addition to these state and local tax revenues, the Coachella Valley golf industry generated (directly and indirectly) \$90.5 million in total federal taxes in 2014.

Figure 6.5: Summary fiscal (tax) impacts attributable to the Coachella Valley golf industry (2014)

Coachella Valley Golf-Generated Taxes, 2014 (US\$ Millions)	
Tax Type	Total
State & Local Taxes Subtotal	<u>83.3</u>
Sales	31.8
Property Taxes	28.1
Social Insurance Taxes	2.4
Corporate	3.0
Other taxes and fees	18.0
Federal Taxes Subtotal	<u>90.5</u>
Corporate	11.0
Indirect Business	8.0
Personal Income	27.7
Social Security	43.8
Total	173.7

Source: Tourism Economics

7 Conclusion

The golf industry of the Coachella Valley is of great significance to the regional economy as a year-round recreational and entertainment outlet for locals and visitors and a generator of economic activity across multiple industries within the region. In 2014, public, private, and resort golf courses in the Coachella Valley hosted 1.8 million golf-stays by local residents and owners of second homes, as well as day and overnight visitors from out-of-town. Together, these visitors generated \$745.6 million in golf-related expenditures on-site at golf facilities and off-site throughout the local economy. Two professional golf tournaments – the Humana Challenge and ANA Inspiration – held at courses within the Coachella Valley in 2014 produced additional organizational and media expenditures of \$7.2 million. In sum, the golf industry produced \$752.9 in direct expenditures in the Coachella Valley in 2014 with additional impacts (indirect and induced) throughout the region.

In 2014, the golf industry generated the following total economic impacts in the Coachella Valley region:

- Nearly \$1.1 billion in total business sales
- \$413.3 million in labor income
- More than 14,000 jobs

The regional economic impacts outlined above also generated significant fiscal (tax) impacts at the local, state, and federal levels. In 2014, the Coachella Valley golf industry directly and indirectly generated approximately \$83.3 million in local and state taxes and \$90.5 million in federal taxes.

Appendix: Coachella Valley Golf Facility Survey

Coachella Valley Golf Impact Survey

Respondent Information

Name of Golf Facility:

Address:

Name of Respondent:

Email:

Phone:

The following survey gathers important information on golf facilities and related resort hotels and residential communities. The survey is organized in three parts.

- I. Golf facility
- II. Resort hotel
- III. Residential community

Please complete the applicable sections as outlined below:

- All survey respondents will complete Section I on golf facilities.
- If your development includes a golf facility and resort hotel, complete Sections I & II.
- If your development includes a golf facility and is affiliated with a residential community, complete Sections I & III.
- If your development includes a golf facility and resort hotel and is affiliated with a residential community, complete Sections I, II, & III.

If you have questions or would like to provide clarifying information about a response, please contact Tourism Economics:

Tourism Economics Coachella Valley Golf Impact Survey Contact: Anthony Antonik

Email: aantonik@oxfordeconomics.com

Telephone: 610-995-9600

NOTES:

¹ “Golf-stays and local golf visits” are defined as a Coachella Valley resident or non-resident traveling to a destination within the Coachella Valley and playing golf while at this destination or partaking in a golf-related activity, such as a professional or amateur golf tournament or charitable golf event. This includes both overnight and day stays. This figure includes trips to Coachella Valley golf resort destinations, golf outings while on vacation or business travel, as well as trips by Coachella Valley residents to visit golf courses within the region. This definition is consistent with “golf-stays” as defined for the purpose of “The California Golf Economy: Economic and Environmental Impact Report” prepared by SRI International in 2013 for the California Alliance for Golf, but also includes local golf visits.

² “Golf facility operations” revenues refer to those generated from the following sources: green fees; membership dues and player cards; cart fees; range fees; lessons, schools, and camps; and equipment rentals.

³ “On-course” sales refer to those made at pro shops or food and beverage establishments affiliated with the golf facility.

⁴ “Capital investments” refer to expenditures on the following categories: new course construction; renovation of existing facilities; and infrastructure improvements (including irrigation). Routine maintenance and equipment purchases are not considered capital investments.

⁵ “General course and clubhouse maintenance” refers to expenses related to routine maintenance and equipment purchases. Examples include equipment repair, irrigation repair, fertilizer, chemicals, sand, uniforms, supplies, utilities, etc.

Overview information

1. Briefly describe the overall development covered by this response (including affiliated golf facilities, resort hotels, and residential communities) in the space provided.

2. Is the golf facility affiliated with a resort hotel?

- A. Yes
- B. No

3. Is the golf facility affiliated with a residential community?

- A. Yes
- B. No

I. Golf Facility

4. What is the size of the golf facility?

- A. 9 holes
- B. 18 holes
- C. 27 holes
- D. 36 holes
- E. 45+ holes

5. Which of the following best describes the golf facility?

- A. Private Course
- B. Public Course
- C. Golf Resort

6. What was the estimated total number of golf-stays and local visits¹ at the golf facility in 2014? In answering this question, please apply the definition of “golf-stays and local visits” provided in the Notes section.

7. What estimated percentage of the total number of golf-stays and local visits in 2014 were accounted for by each of the following categories of guests?

- A. Year-round residents of Coachella Valley
- B. Second home residents of Coachella Valley
- C. Overnight visitors (guests of an affiliated hotel, or other Coachella Valley accommodations)
- D. Day visitors (i.e. non-residents who travel to the region and depart the same day)

8. What was the dollar amount of gross annual revenue generated at the golf facility in 2014? (Include revenue received as a contribution from the affiliated HOA or resort hotel.)

9. What percentage of the 2014 gross annual revenue was generated from each of the following categories? In answering this question, please apply the definitions of “golf facility operations” and “on-course” provided in the Notes section.

- A. Golf facility operations²
- B. On-course³ merchandise sales
- C. On-course food and beverages
- D. Other revenue sources (excluding HOA or resort hotel sources)

10. What was the employment of the golf facility in 2014? (Exclude those primarily employed at the resort hotel or HOA facilities, if any.)

- A. Full-time employees (year round average)
- B. Part-time employees (year round average)
- C. Seasonal employees (peak season average)

11. What was the total annual payroll of the golf facility in 2014? (Include benefits and employer-paid payroll taxes.)

12. What was the dollar amount of capital investments⁴ made at the golf facility in 2014? In answering this question, please apply the definition of “capital investments” provided in the Notes section. (Exclude those made at the resort hotel or HOA facilities, if any.)

13. What was the dollar amount of other expenses related to general course and clubhouse maintenance⁵ at the golf facility in 2014? In answering this question, please apply the definition of “general course and clubhouse maintenance” provided in the Notes section. (Exclude those purchases at the resort hotel or HOA facilities, if any.)

14. What was the dollar amount of local property taxes assessed on the golf facility in 2014? (If the golf facility is part of a mixed-use development, please estimate the approximate share of total property taxes that relate to the golf course, excluding the resort hotel portion and HOA/residential portion.)

II. Resort Hotel

15. How many hotel rooms and other transient rental units were present at the resort hotel on average in 2014?

16. What was the dollar amount of the gross annual revenue generated at the resort hotel in 2014? (Exclude revenue generated by the golf facility and HOA.)

17. What estimated percentage of resort hotel gross annual revenue in 2014 was golf-related? (Estimate the revenues generated from hotel room rentals, food and beverage purchases, and other spending by golfers and those accompanying golfers, as well as attendees of golf tournaments or charitable events.)

18. What was the employment of the resort hotel in 2014? (Exclude those primarily employed at the golf facility or HOA facilities.)

- A. Full-time employees (year round average)
- B. Part-time employees (year round average)
- C. Seasonal employees (peak season average)

19. What was the total annual payroll of the resort hotel in 2014? (Include benefits and employer-paid payroll taxes.)

20. What was the dollar amount of local property taxes assessed on the resort hotel in 2014? (Estimate the approximate share of total property taxes that relate to the resort hotel, in other words excluding the golf facility portion and HOA/residential portion.)

III. Residential Community (HOA)

21. How many residential units are located within the residential community?
22. What was the dollar amount of gross annual HOA operating revenue generated by the residential community in 2014? (Exclude revenue of the golf facility, such as course membership dues.)
23. What was the dollar amount of HOA operating revenue allocated to the affiliated golf facility (e.g. as a revenue contribution)?
24. What was the employment of the HOA/management company in 2014? (Exclude those primarily employed at the golf facility or resort hotel. Examples of HOA employees would be development managers, administrators, maintenance staff, etc.)
- A. Full-time employees (year round average)
 - B. Part-time employees (year round average)
 - C. Seasonal employees (peak season average)
25. What was the total annual payroll of the HOA/management company in 2014? (Include benefits and employer-paid payroll taxes.)
26. What was the dollar amount of total local property tax assessed on the residential community in 2014? (Include the amount of local property taxes due for 2014 for the residential community in aggregate, including the property taxes due on private homes that are located in the community, even if the property taxes are paid directly by property owners, as well as property taxes due on any property that is part of the community but held by the HOA, real estate development company, or other owner, excluding taxes assessed on golf facilities or resort hotels.

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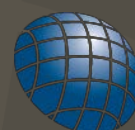
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