



Revisiting The Bandon Impact

Photo: Wood Sabold



**Lundquist
College of Business**

A White Paper Summarizing the Economic Impacts of
Bandon Dunes Golf Resort on the South Coast of Oregon

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Background

This report was prepared at the request of Bandon Dunes Golf Resort by Paul Swangard and Dennis Howard, both affiliated with the Warsaw Sports Marketing Center at the University of Oregon's Lundquist College of Business.

The project builds on an original study conducted by the authors in 2010 involving the review of financial data provided by the resort, relevant data acquired from both public and private sources, as well as a series of in-person and phone interviews with relevant stakeholders.

Every reasonable effort has been made to ensure the data contained in this report are accurate as of the date of this study. The information was collected and compiled between July and October 2015.

Introduction

When we arrived on the Southern Oregon Coast in 2009 to begin our first study of Bandon Dunes Golf Resort (BDGR) it didn't take long to realize the economic impact story was a bit complicated. What had emerged out of the gorse in a little over a decade was a world-class golf resort few (if any) would have imagined possible. Tens of thousands of visitors annually were making a pilgrimage to the region to spend millions of dollars that would eventually flow into the local economy through taxes, payroll, vendor services and tourism.

Still there was a perception BDGR was not making the kind of impact originally promised. Much of the visitor traffic (and resulting spending) was on resort property making the impact much less visible in local hotels, restaurants and businesses. To make the case for BDGR's positive economic contributions, it required broadening the scope of the study to identify other ways the resort was strengthening the economic and social health of the region. As we began to learn about the BDGR's various community grant and scholarship programs, environmental stewardship initiatives and collaborative economic development efforts, it was easier to make the case BDGR was emerging as a key catalyst and good business citizen for the South Coast.

Building off the 2010 study, we now revisit many of the key financial metrics to try and make the case again. We review the direct and indirect economic benefits that are derived from BDGR's operation along with its extensive portfolio of philanthropic initiatives. Through interviews with key stakeholders we attempt to understand how BDGR's existence and ongoing operations are contributing to the region's economic identity; an identity that appears more linked to BDGR than ever before.

Business Growth

By all standard business metrics, Bandon Dunes Golf Resort (BDGR) has enjoyed steady growth over the past five years. Adding two courses to the portfolio in 2010 (Old MacDonald) and 2012 (Bandon Preserve), and the addition of new golf amenities (notably the Punchbowl putting course in 2014) has only helped to cement the facility as one of the leading destination golf resorts in the United States. That was reinforced in the latest Golf Digest rankings of Top 100 Public Golf Courses in the United States where all four of BDGR's regulation courses (Bandon Dunes, Pacific Dunes, Bandon Trails and Old MacDonald) were ranked in the top 15.¹

As Figure 1 shows, with the new courses now online, total rounds of golf are up 64% overall since 2010 with the original three courses (Bandon Dunes, Pacific Dunes and Bandon Trails) up 19%. This growth comes at a time when overall golfing

¹ Golf Digest - <http://www.golfdigest.com/gallery/americas-100-greatest-public-courses-ranking>

participation in the United States has declined four of the last 5 years.² BDGR has weathered those industry trends by increasing its golfing capacity and benefitting from media coverage and word-of-mouth communication firmly positioning it as a world-class golfing mecca. As Boston Globe writer Michael Whitmer suggested earlier this year, "...it has separated itself from every worthy challenger to become the best golf destination in the United States."³

	2009	2010	2011	2012	2013	2014
Bandon Dunes	32923	33231	35385	36630	38040	37738
Pacific Dunes	32184	33229	34946	35687	37096	37368
Bandon Trails	20124	20192	22211	23311	21123	25998
Old Macdonald	4198	20519	31567	30322	29668	28654
Bandon Preserve				12879	18838	17129
Total Rounds Played	89,429	107,171	124,109	138,829	144,765	146,887

Figure 1 – source: Bandon Dunes Golf Resort

The steady increase of golf rounds has brought about another positive shift to BDGR’s business; visitors are staying longer. Since 2009, the average length of stay of a BDGR guest has increased from 2.4 days to 2.94 days. The trend also reflects the changing geographic make-up of BDGR’s customer base. Analysis of the visitor data indicates higher rates of visitor growth from non-Oregon residents. (See Figure 2). While in-state residents continue to flock to BDGR to fill tee sheets across the calendar, particularly in off-peak months, the resort continues to evolve into a key driver of out-of-area visitor spending year round. By the end of 2014, BDGR guests were spending nearly \$54 million annually at the resort on golf (146,887 rounds), accommodation (47,209 room nights) and other products and services; an average of \$561 per golfer per day. By attracting dollars that likely would have NEVER been spent in the region, we can begin to make a case for how BDGR ultimately impacts the local economy.

Top States By Spending		
2009	2014	% Increase
1. California	1. California	73%
2. Oregon	2. Oregon	34%
3. Washington	3. Washington	52%
4. Texas	4. Texas	139%
5. Illinois	5. Illinois	116%

Figure 2 – source: Bandon Dunes Golf Resort

² National Golf Foundation - <http://www.ngf.org/pages/rounds-played-annual>

³ <https://www.bostonglobe.com/lifestyle/travel/2015/08/15/dunes-buddies/lPwAJmfOW0V92CaXkonDxL/story.html>

Economic Boost

The Bandon Dunes Golf Resort (BDGR) impacts Coos County in three primary ways: 1) job creation, 2) direct and induced tax support and 3) through spending on locally supplied goods and services.

Job Creation

Since the initial study in 2010, BDGR has remained a key source of employment for residents in Coos County. Over the past six years, payroll (including benefits) has increased by more than 60% from \$10,413,892 in 2010 to \$16,708,632 in 2015. BDGR has now surpassed more than \$150,000,000 in cumulative payroll expenses since opening in 1999.

What becomes clear after reviewing the payroll data is how BDGR has evolved into a more reliable and regional employer over time. BDGR had added 145 jobs since 2010, but in doing so, has also begun to shift more of its employee base to full-time status with part-time positions now accounting for less than 20% of the overall headcount. The shift has also resulted in an increase both in the number (258) and percentage of staff (51.5%) receiving employee benefits.

Those employees are now taking home an average compensation package of \$33,351 per year that is 5% higher than the average wage in Coos County according to the State of Oregon's 2014 Employment and Payroll Report⁴. Those wages and taxes now ripple through the region's economy as BDGR's employee base returns home to spend in communities like Bandon, Coos Bay/North Bend, Coquille, Myrtle Point, Langlois and Gold Beach.

Top Coos County Employers 2015 250+ Employees
Bandon Dunes Golf Resort
Bay Area Hospital
North Bend School District
North Bend Medical Center
Roseburg Forest Products
Southwestern Oregon Community College
South Coast Education Services
The Mill Casino
Walmart Supercenter

Figure 3 - Source: South Coast Development Council

⁴ <https://www.qualityinfo.org/ed-ewind/?at=1&t1=0~4104000011~50~5~0000~00~00000~2014~00>

Direct and Induced Tax Support

In 2015, BDGR paid \$741,145.79 in property taxes to local taxing authorities. As Figure 4 shows, BDGR is now the highest taxpayer in the county paying 57% more than the second largest taxpayer (PacifiCorp). Significant expansion of the resort has resulted in BDGR's overall tax burden increasing by almost 43% in the past six years and now accounts for 1.2% of the overall property tax revenue generated by the county.

Top Coos County Property Taxpayers			
	2015	2009	% change
1. Bandon Dunes Golf Resort	\$741,145.79	\$518,886.70	42.83%
2. PacifiCorp	\$472,202.55	\$396,939.59	18.96%
3. Charter Communications	\$450,150.43	\$419,098.88	7.41%
4. Weyerhaeuser Company	\$435,326.33	\$473,566.65	-8.07%
5. Roseburg Forest Products	\$354,364.24	\$439,890.31	-19.44%

Figure 4 – Source: Coos County Assessor's Office

It is well documented that Coos County does not impose a Transient Occupancy Tax (TOT or Room Tax) covering the unincorporated areas of the county that includes BDGR. While that eliminates what is typically a key source of tax revenue for local districts BDGR guests currently pay a 1% statewide lodging tax adding another \$160,000+ in tax revenue each year. While a new 10% Coos County TOT was voted down in the November 2015 election, BDGR remains the single largest taxpayer in the county.

Spending and Benefits on Local Vendors

The economic engine of BDGR is nowhere near self-sufficient. As was discussed at length in the 2010 report, BDGR has shown a long-term commitment to supporting local vendors for a broad range of goods and services to sustain the facility's operation. In 2014, BDGR spent \$7,824,559 on goods and services with local vendors (this amount excludes any accounts of expense less than \$10K). This is a 74% increase since the original study. The partnerships with these businesses provide a stable and key source of ongoing revenue and in some cases are allowing businesses to succeed in a market that wouldn't be viable without the existence of BDGR. In addition to a broad array of South Coast vendors, BDGR also sources from other regions of the state ensuring it's spending and the resulting impact stays as close to home as possible.

Key Regional Vendors		
Utilities	Services	Golf
Coos Curry Electric Goddard Energy Ron's Oil Company	Sprague Pest Oregon Satellite Squeeky Clean Raindance Laundry	MacKenzie Golf Bag Seamus Golf BNT Promo Connoisseurs Golf Transportation Fairway Shuttle
Agronomy	Food and Beverage	Repair and Maintenance
Barenbrug Ferguson Enterprises Coastal Paper and Supply	Childers Meat Pacific Seafood Day Ship Supply Rayjen Coffee	Western Equipment and Supply Coquille Truck and Supply RMT Equipment

Figure 5 - Source: Bandon Dunes Golf Resort

Community Benefit

Through job creation and tax contributions alone, BDGR emerges as a key champion of the South Coast's current and future economic growth. With that long-term vision in mind, BDGR has also engaged in what appears to be an authentic and mission-driven effort to support the region well beyond job and tax growth through a series of comprehensive community engagement initiatives.

Oregon Community Fund

Central to BDGR's annual philanthropic giving are grants made through the Oregon Community Foundation (OCF). Figure 6 outlines both the amount and scope of the annual giving which has remained consistent since the initial report in 2010. The distributions also reflect BDGR's support of all of OCF's key initiatives around children and families, civic engagement, arts and culture, economic vitality and education.

Oregon Community Foundation Grants		
Year	Total	# of Org
2009	\$408,000	52
2010	\$406,500	52
2011	\$397,025	59
2012	\$311,916	43
2013	\$413,233	41
2014	\$410,500	53

Figure 6 - source: Bandon Dunes Golf Resort

Focus on Education

One of the pillars of civic engagement for BDGR has been a commitment to youth and education. When Bandon High School Principal Sabrina Belletti wanted to build out a wireless Internet capability to enhance student learning this fall, BDGR stepped up with a \$20,000 one-time donation. “They are a key source of support for a broad range of school initiatives,” remarked Belletti. “That includes athletics, academics and, of course, the scholarships.”

Through the Marsha Felton and Mike and Lindy Keiser Scholarship programs at Bandon High School, up to 20 students receive \$1000 or \$2000 (renewable up to four years) scholarships in what is the largest scholarship program at the school. Bandon High School Academic Advisor Erin Robertson says the scholarships have become “a fundamental component” in helping students aspire to post-secondary education. She adds, “Some of these student truly never thought they would be able to afford to go somewhere after high school.”

In addition to the scholarships directed at Bandon High School, BDGR has been a major driver in the success of the Evans Scholarship Program in the region. The program, which provides four-year scholarships including tuition and room and board, requires a student to have experience as a golf caddie while maintaining a strong academic record. Enabling dozens of students to pursue the application through its own caddie program, BDGR has enabled 42 students from multiple Coos County communities to successfully qualify to become Evans Scholars.

Evans Scholar Case Study – Nina Pelayo

Growing up in the Philippines, Nina Pelayo could have never imagined a Scotland-inspired golf resort on the coast of Southern Oregon would help fulfill her dreams of attending a four-year university on a full ride scholarship. But now the sophomore at the University of Oregon is the second member of the Pelayo Family to earn a coveted Evans Scholarship. The Western Golf Association funded program requires applicants to spend at least two years as a golf caddy while in high school while demonstrating both strong academic credentials and a financial need to attend college.

“There’s no way I would have been able to afford this experience at the University of Oregon,” admits Pelayo, whose family moved to Bandon eight years ago from the Philippines. “And there’s no way I’d be an Evans Scholar from Bandon if it wasn’t for Bandon Dunes Golf Resort.”

After watching her brother Ian use the caddy experience at BDGR to earn his way to Oregon State on an Evans Scholarship in 2011, Nina took on the challenge of joining the caddy program overcoming her self-admitted shyness and intimidation of being a young female caddy on a course where golfers have a high expectation of caddy quality.

“I came out of my shell out on that course,” reflected Pelayo. “Thanks to the BDGR staff I was well trained and ready to overcome any challenge. My confidence and determination grew with each bag I carried.”

That determination was needed after Nina was unsuccessful in her first try at earning an Evans Scholarship. She applied for, and received, several smaller scholarships allowing her to attend a local community college her freshman year. She then successfully re-applied and earned an Evans Scholarship in 2015 allowing her to transfer to the University of Oregon where she continues on an educational path she hopes will lead to a career in alternative medicine.

In-Kind Donations

In addition to its monetary donations through OCF, BDGR has maintained a consistent in-kind donations program for local and regional charities and non-profit organizations. On average, about \$200,000 worth of green fees, room nights and resort credits are distributed annually to organizations to assist in their own fundraising efforts. While not a direct financial investment, these donations bolster the philanthropic efforts of dozens of entities generating hundreds of thousands of dollars for community-based groups.

Wild Rivers Coast Alliance

Perhaps the most significant change in BDGR’s philanthropic “story” since 2010 is the launching of the Wild Rivers Coast Alliance (WRCA) in 2011. The organization builds on BDGR’s significant impact on the South Coast by creating a separate entity with a vision “to support a thriving Oregon Coast” by:

- Strengthening economic stability, community assets, and the environment by supporting working landscapes and seascapes
- Driving economic development and ecological enhancement by fostering local, sustainable businesses and non-profit organizations
- Driving greater resources to the region, forge partnership, and strengthen capacity to help local organizations better accomplish their goals

The twist to the WRCA story is the source of funding. BDGR elected to earmark all profits from its par-3 course, Bandon Preserve, to fund grants to projects and organizations that fulfill WRCA’s mission. In 2015 those grants will approach \$625,000 pushing overall grants to almost \$2.2 million since the course opened in 2012. In addition BDGR has funded the Wild River Center, a learning and convening center dedicated to the support of WRCA’s activities. BDGR also funds the staffing and expenses of WRCA.

According to WRCA Executive Director Jim Seeley, the four years of grants are having appreciable impacts on the local communities. “It was Mike Keiser’s vision to support the region’s triple bottom line. WRCA’s focus on conservation, community

and economy is now beginning to bear fruit.” WRCA’s 2014 Annual Report showcased some of the tangible results:

- \$2,605,220 – Amount grantees received from 14 additional funding opportunities WRCA helped identify to support working landscape efforts
- 29 – Stream miles restored and enhanced by projects supported by WRCA
- 2,029 – Acres of working South Coast landscapes supported by WRCA
- 173 – Landowners that grantees have worked with to help them pursue funding for working landscapes and restoration projects during the period of their WRCA grants
- 24 – Jobs directly supported by WRCA grants
- \$752,674 – Amount raised by grantee organizations as matching funds from WRCA grants in addition to funds raised for working landscapes

As an organization, WRCA has emerged as a key facilitator for collaborative economic development initiatives particularly in the tourism sector. Last month’s dedication of a 60-mile Oregon Scenic Bikeway in Curry County is a prime example with WRCA staff providing key leadership and support functions in getting state approval for the designation which delivers new (and non-golf) tourism opportunities for the South Coast.⁵ It also serves as another example of BDGR extending its impact beyond Coos County, all in what appears to be an authentic effort to champion sustainable growth in the region.

Additional Indirect Contributions

Southwest Oregon Regional Airport

The 2010 report outlined the significant acceleration in capital construction projects at Southwest Oregon Regional Airport in North Bend due in part to the passenger growth generated by BDGR. A Coos County Airport District commissioned study in 2013 noted “the growth of Bandon Dunes Golf Resort alone is an indicator of continued growth in the Air Trade Area and very likely a key reason for the growth in passenger activity between 1990 and 2008.”⁶ BDGR customer traffic has helped maintain consistent air service between the South Coast and San Francisco and in 2015 the resort pledged more than \$900,000 to help support a new seasonal commercial route to Denver⁷. While increased visitor traffic to BDGR certainly drives the financial investment, the entire region stands to benefit from expanded traveller access to and from the South Coast.

⁵ http://theworldlink.com/bandon/news/scenic-bikeway-dedicated-in-port-orford/article_04b583b9-7ce5-52ce-b217-b5214a9c863f.html

⁶

http://cooscountyairportdistrict.com/files/uploads/2015/06/OTH_Chapter_3_Aviation_Forecast.pdf

⁷ http://theworldlink.com/news/local/business/south-coast-commercial-air-service-rises-to-new-heights/article_25d7357e-f50c-54d9-9f8a-0725f1698a80.html

Golf

BDGR's emergence as a world-class golf destination has had spillover affects both locally and regionally. Interviews with golf course operators and pros around the region noted the resort does provide incremental traffic to their facilities and the existence of BDGR helps grow the overall reputation of the state as a golf destination. In the case of Eugene Country Club it is a significant increase in out-of-town guest fee revenue at \$250 per round. For Bandon Crossings owner Rex Smith the impact is more specific. "We wouldn't exist without Bandon Dunes Golf Resort," notes Smith. "The extra golf rounds we generate from BDGR helps subsidize a course locals wouldn't get to enjoy absent that traffic."

Local Business Impact

The piece of BDGR's potential economic impact that remains somewhat elusive is the amount of spillover spending in local communities by resort guests. Follow up interviews with business owners originally contacted in the 2010 study suggest while they see steady customer traffic from the resort (especially in the busy summer season) they recognize "the golfers are here to play golf". Still, all interviewees agreed the mere existence of the resort has been "good for business" creating interest for the region as a travel destination providing clear benefits to restaurants, hotels, rental agencies and other businesses in the tourism trade.

Brand Bandon

Even harder to quantify but a clear benefit to the South Coast is the visibility that has been generated by BDGR over the last 15 years. Not just confined to golf media outlets, coverage of the resort as a business and as a travel destination in a broad array of media channels creates awareness of Bandon that would have never existed otherwise. As a business that attracts guests by leveraging the South Coast's scenic beauty, BDGR might as well be considered the region's number one promotional agency through its six-figure annual marketing spend. Additionally, BDGR's investments through the WRCA are a secondary effort to convert that awareness into more visitor traffic by developing more tourism infrastructure.

Conclusion

As was the case in 2010, our thorough review of the operations of the Bandon Dunes Golf Resort leads us to a conclusion that there is substantial and positive economic impact to the region and it continues to grow over time. As one of the region's largest employers, BDGR payroll sits at \$16.7 million for mostly year-round, full-time positions with average wages and benefits exceeding private employers in the county. Now Coos County's largest property tax payer, BDGR paid \$740,000 last year to support public services. Growth in BDGR's overall operation has increased opportunities for local vendors who provided \$7.8 million in goods and services last year. When factoring in the additional cash and in-kind investments through the

Oregon Community Foundation and the Wild Rivers Coast Alliance of more than \$1 million, Bandon Dunes injects more than \$26 million into the local economy on an annual basis.

This is before accounting for any ripple affect for those dollars being re-spent and the incremental jobs sustained through that spending. Using standards provided in a study on Oregon Tourism earlier this year, and only using the amount spent by guests on property, guest spending at BDGR last year would have sustained 660 jobs and generated \$1,749,000 in state and local taxes⁸, figures that confirm job creation and tax revenues increases are not just limited to the resort. Given that additional spending occurs off-property, it is evident BDGR generates considerable economic benefits for the entire South Coast region.

The 2010 report suggested BDGR serves as a key catalyst in the region's ambitions to strengthen its tourism economy to offset reductions in the forestry and fishing industries. With a world recognized brand generating awareness for the region, BDGR, through its early corporate efforts and now through the Wild Rivers Coast Alliance, has spearheaded initiatives to expand tourism initiatives while seeking to preserve native lands and habitat. The result? Since 1999 when the resort first opened, tourism spending in Coos County has increased by more than 78% to \$253.2 million in 2014.⁹ While in no way fully responsible for this sustained period of growth, BDGR is clearly taking a leadership role in building out this industry sector.

As BDGR continues to contribute to the economic engine of the South Coast through its own business activities many people interviewed for this study point to the company's level of community engagement as a sign of its long-term commitment to the region. What some critics saw as a tool for outside interests to "buy" community support, BDGR's consistent and comprehensive grant, scholarship and in-kind donations programs instead provide compelling evidence of a corporate culture of social responsibility. As Connie Stopher, Executive Director of the South Coast Development Council suggests, "Bandon Dunes Golf Resort is what makes us special." Five years removed from our first look, we remain impressed by what makes it special as an economic and philanthropic centerpiece of a South Coast in the midst of revitalization.

⁸ http://www.deanrunyan.com/doc_library/ORImp.pdf

⁹ http://www.deanrunyan.com/doc_library/ORImp.pdf