



APPROVAL OF AN AGREEMENT WITH TOUCHSTONE GOLF, LLC FOR MANAGEMENT OF BENNETT VALLEY GOLF COURSE ENTERPRISE

City Council
June 7, 2022

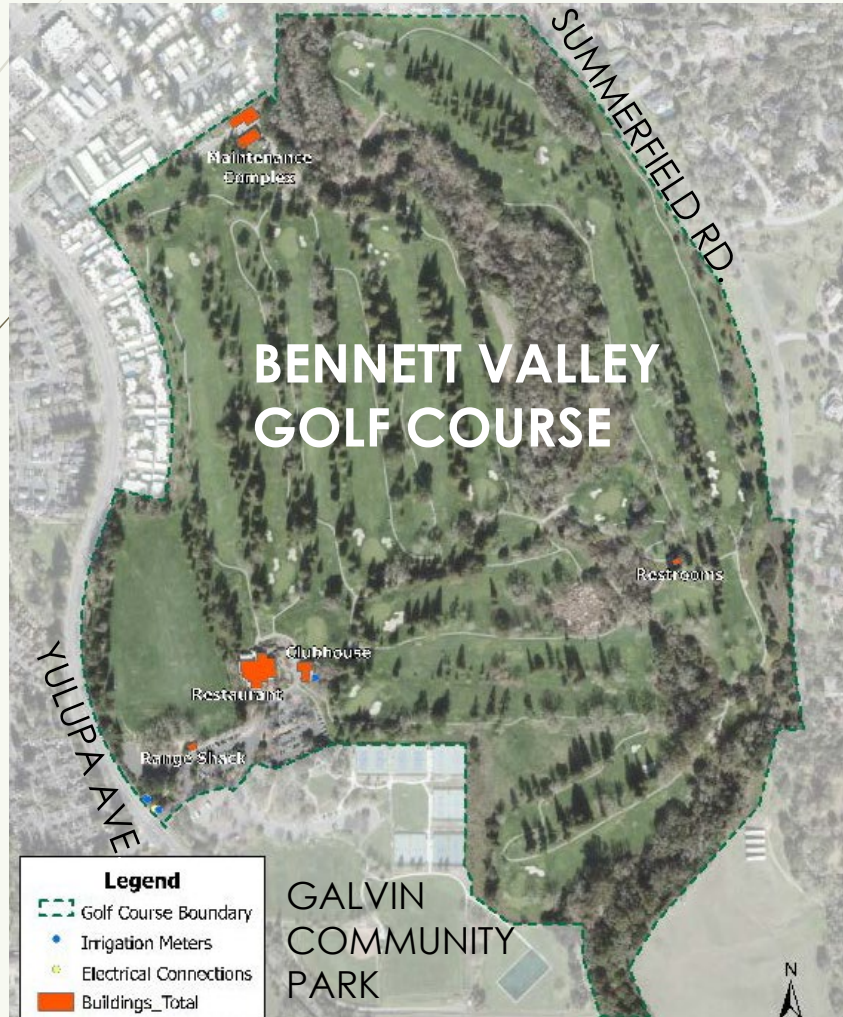
Jason Nutt, Assistant City Manager
Jen Santos, Parks Deputy Director



BENNETT VALLEY GOLF COURSE TEAM

- CITY COUNCIL BVGC AD HOC COMMITTEE
- SAVE THE BENNETT VALLEY GOLF COURSE GROUP
- NATIONAL GOLF FOUNDATION
- CITY ATTORNEYS' OFFICE, FINANCE DEPARTMENT,
TRANSPORTATION AND PUBLIC WORKS

BENNETT VALLEY GOLF COURSE



BACKGROUND

- Golf Course:
 - 18-hole, Par 72, 6,500-yard
 - Unlit driving range
 - Major Capital Investments needed
- Restaurant/Event Center
 - Commercial kitchen sized to serve restaurant and events simultaneously
 - Minor to moderate Capital improvements needed

BACKGROUND

- 2004
 - Bonds and loan from Park Development Zones
 - Modernize restaurant/event center and construct new Pro Shop
- 2005-2007
 - Construction complete
 - Management and Operations Agreement with Bennett Valley Golf Shop Inc.
 - Lease Agreement with Sports Restaurant of Bennett Valley LLC

BACKGROUND

- Sports Restaurant of Bennet Valley LLC
 - Restrictions related to Covid Pandemic
 - Requested and granted early termination of lease agreement in December 2020
 - Restaurant not in use
- Bennett Valley Golf Shop, Inc.
 - Management and Operations agreement expires June 30, 2022
 - Bennett Valley Golf Shop not seeking renewal

ANALYSIS

- February 2, 2021
 - City Council presentation with real estate option and similar options for using the golf course to fund capital investments
 - Citizens formed the Save the Bennett Valley Golf Course group
- BVGC Ad Hoc Committee
 - Established by Mayor Rogers on March 2, 2021
 - April 13, Ad Hoc recommend comprehensive analysis of future BVGC operations without real estate options

ANALYSIS

- August 17, 2021
 - City Council approve RFP to solicit for BVGC evaluation for future operations
- November 4, 2021
 - National Golf Foundation (NGF) approved on November 4, 2021
 - NGF recommend single operator for golf and restaurant/event center

REQUEST FOR PROPOSALS

- February 15, 2022
 - City Council approve RFP to solicit for a single operator to manage the operations and maintenance of BVGC
 - Receive comprehensive presentation from NGF for operations, maintenance and capital needs
- March 24, 2022
 - Five proposals received
 - BVGC proposal Review Committee recommends highest ranked firm, Touchstone Golf LLC



TOUCHSTONE PROPOSAL

- Key Elements from the Proposal:
 - Approve the three year with option to extend up to two-years Agreement with Touchstone Golf
 - Implement Transition Plan
 - Implement support services
 - Golf Tee times available within 3-5 days of current golf operators expired agreement
 - Provide professional management services for operations and maintenance
 - Reopen restaurant, bar, and event center
 - Professional and fully integrated marketing and outreach

FISCAL ANALYSIS

- Touchstone Fees
 - Base Management Fee: \$8,000 per month (\$96,000 annually)
 - Incentive (20% of net revenue goals): +/- \$20,000 in year one and +/- \$50,000 in year three
- Projected Revenue
 - Year 1: +/- \$3.4 million and Year 3: +/- \$4.6 million
 - City receives all revenue to fund all expenditures
 - Touchstone manages on behalf of City

FISCAL ANALYSIS

- Existing Annual and Total Debt Service
 - Annual Bonds +/- \$ 395,261
 - Total Bonds +/- \$3,525,210 (10 years)
 - Annual Park Development Loans +/- \$ 63,244
 - Total Park Development Loans +/- \$569,200 (10 years)
- Projected Annual Expenditures
 - Year 1: +/- \$2.9 million and Year 3: +/- \$3.8 million

BVGC BUDGET ANALYSIS

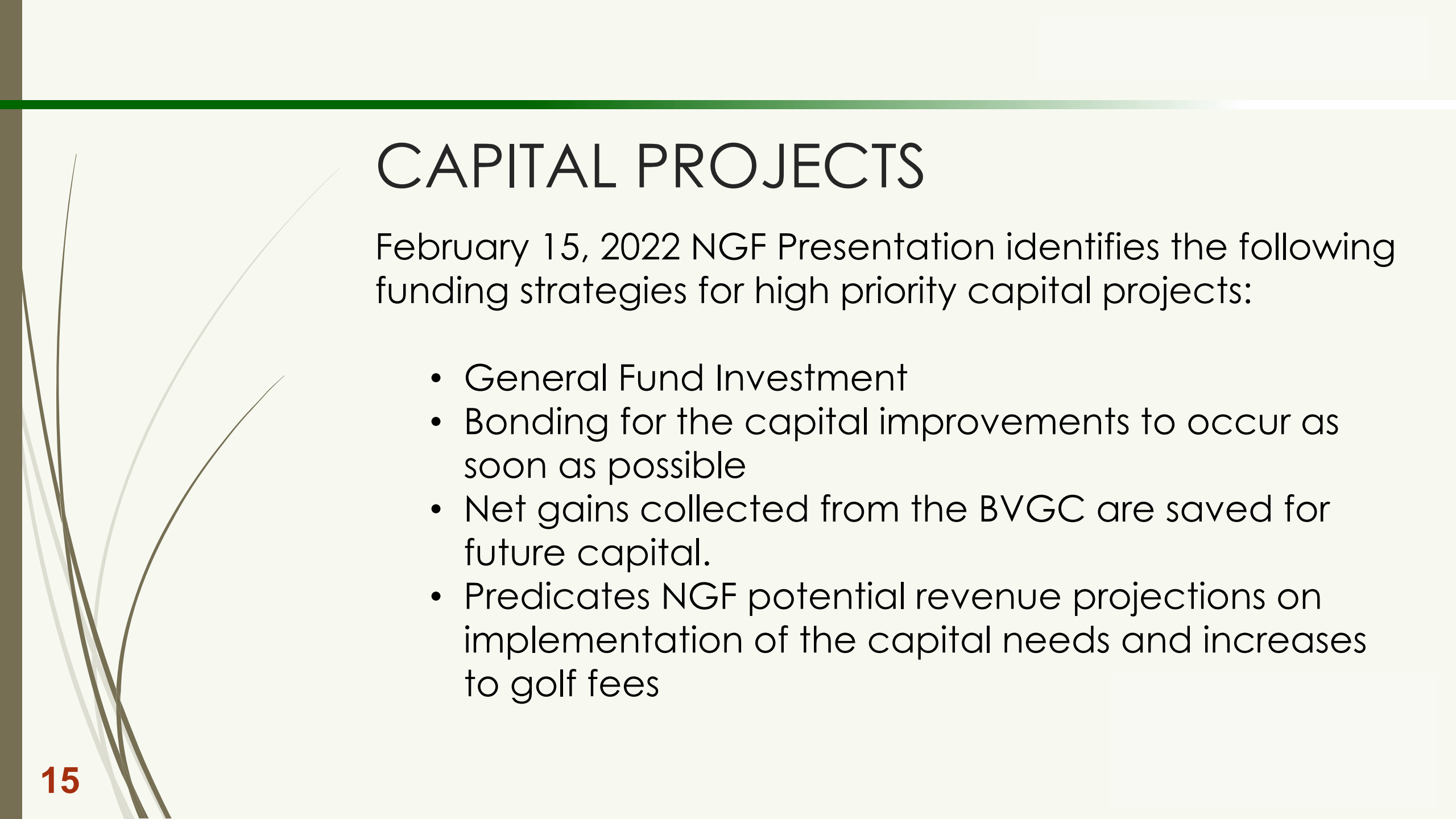
\$537,031 Projected FY 22/23 Available Budget

- (\$234,682) – projected year 1 losses from Touchstone
- (\$681,574) – Reserve requirement per Council Policy
- (\$317,000) – Additional golf course expenses
- \$345,000 – BVGC Capital Fund transfer to operations
- \$351,225 – General Fund Transfer to reserves

= Balanced budget, year 1

CAPITAL PROJECTS

- Touchstone anticipates minor to moderate capital projects in year 1
- Touchstone committed \$50,000 towards front entry landscape improvements for immediate positive impact
- NGF Presentation on February 15, 2022
 - Identifies high priority capital projects
 - Recommends two phase approach to implement capital projects
 - Estimates high priority capital needs at +/- \$ 6.8 million



CAPITAL PROJECTS

February 15, 2022 NGF Presentation identifies the following funding strategies for high priority capital projects:

- General Fund Investment
- Bonding for the capital improvements to occur as soon as possible
- Net gains collected from the BVGC are saved for future capital.
- Predicates NGF potential revenue projections on implementation of the capital needs and increases to golf fees



CAPITAL PROJECTS/NEXT STEPS

Touchstone has capabilities to manage capital projects and has mentioned cost saving alternatives to complete closure of the golf course during capital projects

Staff will provide comprehensive review of all funding strategies, including but not limited to increase in BVGC fees

Staff will return to Council prior to the Mid-Year Budget Cycle in a study session to review strategies proposed by Touchstone and NGF for funding high priority capital needs

OPERATIONS SCHEDULE

- Kick off meeting 1-3 days following Council approval
- Implement transition plan 2 weeks following Council approval
- Establish Touchstone's check list which contains over 100 action items with deadlines
- First day of golf operation minimum of three days following June 30, 2022
- First day of restaurant operation minimum of 15 days following June 30, 2022

RECOMMENDATION

It is recommended by the Transportation and Public Works Department that the Council, by resolution:

- 1) approve the Agreement with Touchstone Golf LLC., to manage the Bennett Valley Golf Course (BVGC) Enterprise; and
- 2) authorize increased appropriations in the BVGC Operations Fund in the amount of \$345,000 to fund the transition plan capital costs from the Agreement, with the source of the funds from the BVGC Capital Fund; and

RECOMMENDATION

(Continued)

3) authorize increased appropriations in the BVGC Operations Fund in the amount of \$351,225 for the creation of sufficient projected reserves with the source of the funds from the General Fund; and 4) authorize the Chief Financial Officer to appropriate all operator fees and operating and maintenance expenditures from BVGC revenue to Touchstone Golf LLC., as described in the Agreement; and 5) authorize city assumption of the responsibility for the golf cart contract with the current golf operator.



QUESTIONS?