

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: JILL SCOTT, REAL ESTATE MANAGER  
REAL ESTATE SERVICES  
JEN SANTOS, DEPUTY DIRECTOR  
TRANSPORTATION AND PUBLIC WORKS  
SUBJECT: BENNETT VALLEY GOLF COURSE COMPLEX STUDY SESSION  
  
AGENDA ACTION: STUDY SESSION

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RECOMMENDATION

It is recommended by the Transportation and Public Works Department and Real Estate Services that the Council hold a Study Session to receive information, ask questions, discuss and provide feedback and direction to staff regarding the future of the Bennett Valley Golf Course Complex.

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EXECUTIVE SUMMARY

The City owns 175 acres in Bennett Valley currently operated as an 18 - hole public golf course, clubhouse/restaurant, pro shop, driving range and park. The restaurant is currently vacant, and the golf operator contract is nearing its end. Both the building and golf course need major upgrades & maintenance with 10 years and \$4.5 million of bond debt service remaining on the facility. Staff and Real Estate Consultant CBRE have prepared a range of potential options for the future of the complex and are seeking Council feedback and direction to either 1) Stay with the adjusted status quo option and issue a RFP for a single operator for golf and restaurant or 2) Consider a redevelopment/reimaging of the land and retain a consultant to prepare a highest and best use study.

BACKGROUND

The City owns approximately 175 acres of land located at 3328 Bennett Valley Road, surrounded on three sides by housing developments. The land is currently used as a Golf Course Complex and Park (Galvin Park). Features of the site include:

- 18 whole public golf course
- driving range
- golf pro shop building

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- clubhouse/restaurant building (including basement parking for golf carts)
- parking lot
- tennis courts (11 adult and 4 child courts)
- fly fishing casting pool
- outdoor sports fields
- open park and picnic area
- dog park

The City secured a bond to finance improvements on the property in 2005. Currently the City has 10 years remaining on the \$4.5 million of bond debt. The golf course is leased to an operator whose contract ends in July 2022. The Restaurant was leased to a separate operator, and in December 2020 the City Council (at the request of the operator) agreed to early termination of the restaurant lease. The revenue generated from these two operations pays the bond debt service.

The Clubhouse/restaurant has deferred maintenance and upgrade items (approximately \$220,000) that will need to be addressed before securing a long-term tenant, and in the next few years the golf course will need substantial capital improvement including costly irrigation and drainage upgrades.

With the restaurant vacant and the golf operator contract near end, Staff and Real Estate Consultant CBRE have collectively worked to analyze the entire complex and put together potential options for the future of the golf course complex for Council's consideration and direction.

### PRIOR CITY COUNCIL REVIEW

N/A

### ANALYSIS

This analysis offers preliminary considerations and observations regarding the potential use or reuse of the Bennett Valley Golf Course Complex and take into consideration the City's need for little to no investment in the reuse, as well as revenue for capital improvement. The options presented can vary in terms of either partial (i.e., downsize the golf ) or repurpose/redevelop the entire golf site. There are a number of variables such as community need/input, traffic management, compatibility with surrounding land uses, noise and outdoor lighting factors (to mention a few) that impact the overall viability and acceptance of these potential options and would need significant additional analysis before moving forward. Additionally, while other permutations of the summarized options are possible, the following options are presented as a starting focus and scope for consideration:

- I. Golf Focus –Retain full golf or modified golf related use.
- II. Outdoor Sports & Recreation Focus – Materially upgrade and expand the sports and recreation use such as for baseball, softball, soccer, etc. The fields

- would be used to host local youth baseball / softball & soccer practices, games, and tournaments. This would allow tournaments to be played in the local area, alleviating some travel for families and bringing revenue into the area (use of hotels, restaurants etc.).
- III. Mixed Use –Would offer various forms of golf, sports and/or recreation uses mixed with residential and/or commercial (it's anticipated that any reuse / redevelopment for these more intense uses would be subject to a long-term ground lease or fee sale of a portion).

Overall, the golf operations are somewhat profitable, however, because of the two separate agreements (golf and restaurant), the age and condition of the course, and the overall terms of the lease, the net earnings coverage to bond ratio is not optimal. Hence, reuse or repurpose/redevelopment of all or a portion of the golf club would likely improve the debt position and related annual costs, while potentially increasing the sports and recreation opportunities for the community (i.e., baseball, soccer, etc.), generate revenue, and allow for a much-needed housing component.

Golf Industry Trends show more than a decade of decline in golf participation; closures have outpaced openings 10 to 1 according to National Golf Foundation reports. Many golf courses around the United States are completely or partially being repurposed/reimagined into residential or industrial areas including municipally owned facilities such as the City of Santa Clara. Santa Clara recently shut down its long running golf course that needed to be subsidized by the City, to make way for a \$9.2M mixed-use, revenue-generating development, on 240 acres. Based on the number of golf rounds sold at the Bennett Valley Golf Course, it is clear that there is demand in Santa Rosa and why CBRE has put forth options that retain at least some golf component.

The following options are provided for discussion and to demonstrate what may be possible:

Potential Golf Focus Options:

1. Status Quo (with a slight adjustment): Negotiate a new lease (single operator) for both golf and restaurant/event facility
  - Could potentially cover bond payments and over time help fund some deferred maintenance but unlikely to fund any major capital improvements such as irrigation and drainage, HVAC and others, requiring capital from the General Fund over the next several years. Could also be difficult to find a quality operator due to the lack of funding available for improvements.
2. Repurpose a portion of the golf facility to increase revenue and help cover necessary capital improvement projects
  - Long Term lease or fee sale most of the driving range land for development of a multiple dwelling residential project.
3. Repurpose/Redesign Golf Facility to increase revenue
  - Redesign golf course to a shorter course, 6-hole, 9-hole, or 12-hole.

- Relocate existing short driving range and expand to full size, high volume, lighted range with practice facilities.
- Funding this option would come from a long-term lease or fee sale of most of the current driving range land for development of a multiple dwelling residential project.

Potential Sports & Recreation Complex Focus:

- Redesign golf course to a shorter course, 6-hole, 9-hole or 12-hole to provide needed acreage.
- Depending on number of baseball / softball fields (diamonds) and soccer fields (rectangles) the needed acreage can vary from 30 to 80 acres. Challenges regarding the specific location and drainage matters will also need to be analyzed.
- Integrate with Galvin Community Park.
- Possibly relocate and/or remove fly fishing casting pool.
- Possibly remove a few of the tennis courts depending on acreage needs.
- Possible ways to fund this option could include demo of the existing clubhouse/restaurant and use the pad for future commercial use or restaurant (ground lease). As noted in the golf focus options, assume a long-term lease for most of the driving range land for development of a multiple dwelling residential project.

Potential Mixed-Use Focus:

Redesign golf course to a shorter course (6-hole, 9-hole) that retains a golf aspect while also allowing for the maximum possible acreage for development of residential use and potential commercial use (possible commercial ground lease where existing clubhouse sits). Housing areas could be either long term ground lease or fee simple sale.

- Possible residential development along the west side of Summerfield Road (holes 2, 3, 4, 5 and/or 6).
- Golf-Limited holes 6 or 9 (par 3 course) to minimize acreage but consider full-size high-volume driving range.
- Sports & Recreation Complex - Depending on golf option under this mixed-use scenario and available land for development, the number of baseball / softball fields (diamonds) and soccer fields (rectangles) could vary.
- Integrate with Galvin Community Park.
- Possibly relocate and/or remove fly fishing casting pool.
- Possibly remove a few of the tennis courts depending on acreage needs.

With the exception of the status quo option, phase 1 (the next step) would require a highest and best use (feasibility) analysis, which would take approximately 90 days and cost approximately \$150,000.

Staff is seeking feedback from Council on redevelopment/reimaging interest and direction from Council on 1) stay with the status quo option or 2) retain a highest and

best use analysis of the complex for a potential redevelopment. If Council prefers option 2, staff would return to Council for approval of a Consultant contract and appropriation of funds for the analysis.

FISCAL IMPACT

This study session has no fiscal impact on the general fund.

ENVIRONMENTAL IMPACT

This study session is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15378 in that there is no possibility that this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

N/A

NOTIFICATION

N/A

ATTACHMENTS

N/A

CONTACT

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