



BENNETT VALLEY
GOLF COURSE

BENNETT VALLEY GOLF CLUB & SITE

SUMMARY POTENTIAL USES /
REUSES OF THE FACILITY /
SITE

PRELIMINARY
CONSIDERATIONS &
OBSERVATIONS

Presented by:

Doug Main

Executive Vice President
CBRE | Valuation & Advisory
Services

T: +1 404 812 5007

E: doug.main@cbre.com

Brian Hutcherson

Western Regional Manager
CBRE | Public Institutions &
Education Solutions

T: +1 858 546 2639

E: brian.Hutcherson@cbre.com

CBRE



INTRODUCTION

The Bennett Valley Golf Course Site (BVGC) is approximately 175 acres of land to include, golf course, park, restaurant and sports facility. Currently, the Restaurant is vacant, and the entire site has deferred maintenance and upgrade needs.

At the departure of Legends Restaurant and the golf course contract near end, Staff took this opportunity to analyze the entire complex. We identified that a reimagining and modernization of this complex could potentially benefit all.

Staff and CBRE will walk thru some potential possibilities with Council today. These are a small sampling of possibilities meant to show examples and for discussion purposes only. If Council chooses to proceed with a full highest and best use analysis, it will help inform Council of the best uses.



GOLF ENTERPRISE HISTORY / OVERVIEW

- Golf Enterprise began in 1984
- **2005:** Restaurant building constructed and updated Pro Shop
 - \$6,372,886 total borrowed to fund construction
 - \$460,000 average minimum annual debt payment
- **2008:** Enterprise providing enough revenue to cover debt and reserves
- **2014/15:** \$940,965 in General Funds moved to Enterprise
 - (\$469,165 in 2014 and again in 2015 in the amount of \$471,800 by Resolution 28472)
- **2016/17:** Enterprise revenue in steady decline
- **2017:** Tubbs/Nuns Fire – Golf/restaurant closed temporarily
- **2018:** Camp/Paradise Fire smoke - Golf closed temporarily
- **2019:** Historic rain/ Kincade Fire smoke- Golf/restaurant use significantly reduced
- **2020:** Covid 19 Pandemic – Golf/restaurant closed for 48 days
 - Restaurant permanently closed Winter 2020
- **2021/22:** Enterprise revenue less than debt
- \$4.5 million total remaining construction debt to be paid off in January 2031
- Deferred maintenance and capital infrastructure repairs needed



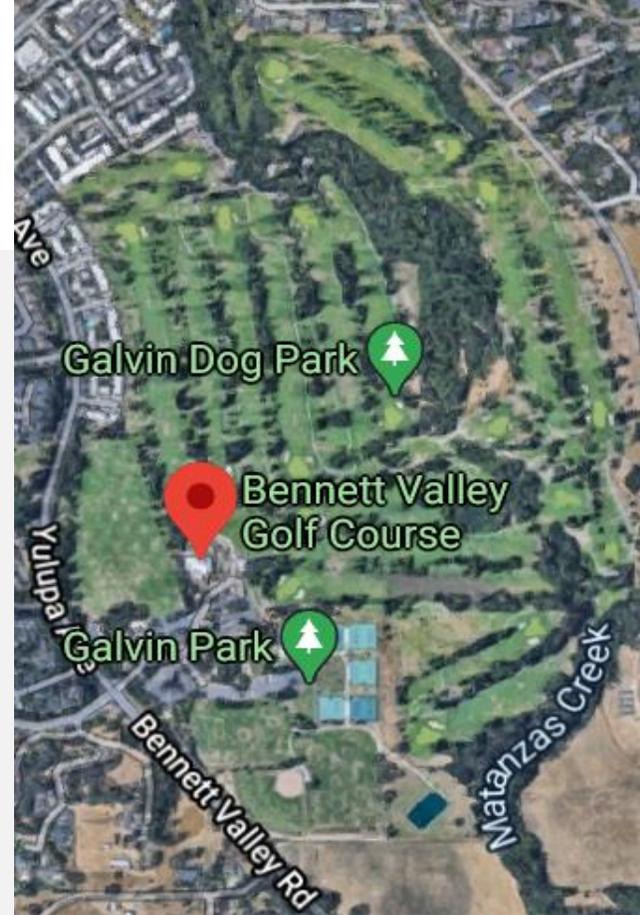
BVGC OVERVIEW

Preliminary considerations and observations regarding the potential use or reuse of BVGC:

- Partial (i.e., downsizing of the golf)
- Full repurpose of the golf site
- Traffic impacts
- Surrounding land use
- Overall viability and financial feasibility

Major Upgrades Required:

- The irrigation system is dated- cost of new irrigation system could exceed \$2,000,000
- Clubhouse has items of deferred maintenance (i.e., dry rot, HVAC, etc.) and requires various repairs that would likely exceed \$200,000.
- Flood control issues exist at the course that materially impact rounds and playability. The cost to cure would likely be material.





BVGC OVERVIEW (Continued)



BENNETT VALLEY
GOLF COURSE
Legends Sports Grill | Events



- Affordable and moderately profitable operation
- After bond payment - break even to net loss operation
- Club operation is unlikely to improve materially given market conditions:
 - Unlikely Increase in green fees
 - Increasing annual maintenance and repair cost associated with an aged irrigation system, clubhouse, and other improvements.
 - Capital improvements and how will they be funded.
- Two separate agreements (Golf and F&B), the overall terms of the lease and depending on the capital improvement requirements near and long-term, the net earnings coverage to bond ratio is not optimal. Hence, reuse or repurpose of all or a portion of the golf club could be cost neutral or could improve the debt position and related annual costs, while potentially increasing the sports and recreation opportunities at the facility (i.e., baseball, soccer, etc.).



BVGC DRIVING RANGE



BENNETT VALLEY
GOLF COURSE
Legends Sports Grill | Events



- Existing range is short by current standards
- Reuse scenario would be to sell the fee simple (or via long term lease) of majority of the range land for residential development
- Relocating and expanding the range to full size, which is generally one of the more profitable features, assuming the golf facility is removed, or materially reduced (i.e., 9-hole, etc.).
- Reduced course would allow for larger range and practice facility
- Possible addition could be lights (ground) for the range to be used at night, which would materially increase its utilization and revenue potential

CBRE



GOLF INDUSTRY TRENDS

- Golf Industry Trends show more than a decade of decline in golf participation, closures have outpaced openings 10 to 1
- National Golf Foundation (NGF), golf participation in 2020 is up 11% over 2019
- October marked the fifth straight month that play has been up year-over-year in every state in the continental U.S.
- Increased play translates to roughly 39 million more rounds nationwide than a year ago
- Industry unsure if the increase in participation related to Covid-19 in 2020, will continue or be sustainable.
- With golf participation up 11% over 2019, more courses will proceed to partial or full redevelopment
- Sharp increase in labor costs due to the scheduled escalations in the California minimum wages will have an effect on operations and performance
- Hundreds of former golf courses are now being turned into residential areas, industrial spaces, parks, and detention ponds



BENNETT VALLEY
GOLF COURSE
Legends Sports Grill | Events



SAMPLING OF GOLF COURSE REIMAGINING



IMAGE COURTESY OF THE SAN DIEGO UNION-TRIBUNE



IMAGE COURTESY OF THE ARCHITECT'S NEWSPAPER



IMAGE COURTESY OF LOS ANGELES COUNTY

San Diego City Council Unanimously Approves Riverwalk Redevelopment - San Diego, CA

San Diego City Council approved developer Hines' planned \$3 billion, multiphase redevelopment of the Riverwalk golf course in Mission Valley, expected to bring long-sought after residential, office, retail, transit and civic elements to a fast-growing neighborhood in the city's geographic center.

Santa Clara Golf Course Redeveloped - Santa Clara, CA

Over the last decade, the City of Santa Clara said golf participation numbers have declined. Their solution for the under-utilized space is to build a bold new 9.2 million square-foot mixed-use site in its place. "The city has been subsidizing the golf course and now we're going to turn a subsidy into a revenue generator," Santa Clara Mayor Lisa Gillmor said. The city of Santa Clara will shut down its long running golf course to make way for a massive mixed-use development. The project will redevelop the Santa Clara 240-acre golf course, built on a former landfill, into a mixed-use development, which includes plans for a neighborhood-style streetscape with public square and a 30-acre park. The first phase is poised to open in 2023.

Victoria Municipal Golf Course Redevelopment – Carson, CA

The Victoria Golf Course in the City of Carson is on track to be transformed into a state-of-the-art community hub for recreation, community gathering, and economic development. A lease with Plenitude Holdings, LLC for "The Creek at Dominguez Hills" on the southern 94 acres of the site was signed. The Creek at Dominguez Hills includes over half a million square feet of commercial and privately-operated recreational uses, including an enhanced driving range, a seven-acre traditional golf practice facility, a multi-use sports facility, a sky diving facility, an outdoor adventure park, and a 6.6-acre public park.



GOLF FOCUS



Option 1 - Status Quo: Negotiate a new lease for both the golf facility & restaurant / event facility to one operator

- Could help fund a modest portion of the deferred maintenance and needed upgrades.
- Likely to experience net earnings decline without material increase in green fees to cover increasing cost and needed improvements.
- Unlikely to help with funding of needed major capital improvements like upgrading the irrigation system, irrigation water retention capacity, HVAC, drainage, and other.

Option 2 - Repurpose Existing Driving Range

- Fee Simple Sale / Long Term lease of the existing short length driving range land for development of a multiple dwelling residential project.
- Provides funds but doesn't solve the capital improvement needs and limited earnings potential of the golf club, without implementing a material increase in green fees.
- Or relocate existing short driving range and expand to full size, high volume, lighted range with practice facilities. Fee Simple Sale / Long Term lease of the existing short length driving range.

Option 3 - Repurpose / Redesign 18-Hole Golf Facility to Increase Revenue

- Redesign golf course to a shorter course 6-hole, 9-hole or 12-hole to reduce operating cost and increase the surplus of land available for potential redevelopment.

OUTDOOR SPORTS & RECREATION FOCUS



BENNETT VALLEY
GOLF COURSE
Legends Sports Grill | Events

Sports & Recreation Complex (Baseball / Soccer)

- 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 accounted for.
- Integrate with Galvin Community Park.
- Possibly reorganize the tennis courts depending on acreage needs.

Possible ways to help potentially fund this option include; demolishing the existing clubhouse / restaurant and use that pad for future commercial use like developing a restaurant / event center (revenue generating ground lease). As noted in the Golf Focus slide, assume a long-term lease for most of the driving range land for development of a multiple dwelling residential project.



CBRE

MIXED USE FOCUS



Mixed Use Residential & Commercial with Recreation & Park Uses

- Redesign golf course to a shorter course (6-hole, 9-hole) in order to maximize acreage for residential development use (i.e., existing driving range and/or portions of Galvin Community Park along Bennett Valley Road) and commercial use (possible commercial ground lease where existing clubhouse sits).
- Alternatively, consider eliminating the existing 18-hole golf course or materially reducing the course (9- or 6-hole par 3) to maximize acreage for development, but develop a large lighted full service driving range with practice facility serving the local and regional market.
- Possible residential development along the west side of Summerfield Road (possibly holes 2, 3, 4, 5 and/or 6).
- Focus Recreation:
 - **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 reorganize some of the tennis courts depending on acreage needs.



Potential Use Recap

CBRE has discussed a small assortment of potential uses for this 175 acre City asset.

To recap some potential revenue generating options that could benefit the Public and City;

- Much needed housing component- a mix of low income, workforce and market rate.
- Sports complex- to allow for local regional youth and adult tournaments and less traveling for families
- Hotel/restaurant/event center combo – revenue generation, could include other commercial uses, much needed hotel space and event location.
- More efficient, modernized golf facility (lighted driving range or 6-9 hole course)

There are many more potential options that can be furthered analyzed in a highest and best use analysis.

DIRECTION /PATH FORWARD



Staff is seeking Council direction on how to best proceed

1. Continue the course and remain “Status Quo”
 - Issue an RFP for a new restaurant/event coordinator
 - Consider single operator (golf and restaurant) RFP for the future

1. Hire a consultant to perform a highest and best use (feasibility) analysis taking approximately 90 days at a cost estimate of \$150,000
 - Coordinate food solutions (food trucks or other scenario) during the interim
 - Staff would return to council for contract appropriations and approvals



THANK YOU



BENNETT VALLEY
GOLF COURSE

QUESTIONS?

© Copyright 2021 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE's Global Chief Economist.

CBRE