

INDIAN WELLS CITY COUNCIL

April 6, 2023



To: City Council
From: City Manager Department
Prepared by: Christopher Freeland, City Manager
Subject: **2023 Indian Wells Golf Resort Strategic Planning Session**

RECOMMENDED ACTION:

Council **REVIEWS** and **APPROVES** the 2023 Indian Wells Golf Resort Strategic Planning Goals.

BACKGROUND:

Strategic planning determines where an organization is going over the next year or more, how it is going to get there, and how it will know if it got there or not. This is the City's "Game Plan." The focus of a strategic plan is to outline the goals of the City Council for the Indian Wells Golf Resort (IWGR) over some time (one, three, or five-year are common). Goals-based planning starts with focusing on the organization's vision and values, selecting projects and programs to meet and achieve the goals, analyzing the resources needed and available, and finally, who will do what and by when.

Specifically, goal setting by the City Council has the following benefits:

- Formally adopted City Council Goals provide staff official direction to plan and organize resources to ensure their completion.
- The strategic plan is used to identify funding priorities for inclusion in the City's/IWGR budget.
- A better understanding by citizens and staff of the City Council's plans as a single governing body for the future of the IWGR.
- Goals are established to meet the changing needs of the facility.
- City staff and management company (Troon) are more focused and effective in addressing City Council priorities.
- City staff and Troon are more accountable to the City Council for achieving these goals.

In addition, Goals should also reflect how they support and further the IWGR's Mission Statement.

Indian Wells Golf Resort's Mission Statement:

To create extraordinary resident and guest experience by delivering superior service, amenities, and facility conditions. Our commitment to the quality of our product, coupled with our operating results, will allow us to enhance the brand of Indian Wells Golf Resort and provide a financially sustainable future for the City of Indian Wells.

For the past couple of years, the recovery of the IWGR has been focused on various projects and programs that improve the overall long-term financial stability and customer experience of the golf resort. Some of these priorities included improving the golf and dining experiences for all guests to the IWGR, addressing deferred maintenance, expanding banquet business, introducing new entertainment options to compliment Shots in the Night (e.g., Top Tracer), improving staffing levels lost during the pandemic, expand partnerships with other stakeholders (e.g., hotel partners), and complete an overall strategic asset plan to help shape the future of the IWGR.

In June 2022, the City Council formed an Ad-Hoc Committee of Mayor Donna Griffith and Mayor Pro Tem Greg Sanders to help facilitate the strategic plan's completion and address various needs at the IWGR. At the February 16, 2023, City Council meeting, the Ad-Hoc Committee updated their actions over the last several months, presented the final Stone Creek IWGR Strategic Asset Plan, and provided guidance for additional topics discussed at the Golf Resort Strategic Planning Session.

DISCUSSION:

On March 23, 2023, the City Council held the IWGR Strategic Planning Session to identify goals and objectives for the IWGR in the coming year or longer. In addition, the City Council reviewed IWGR finances and capital needs, the 2023 Strategic Asset Plan (Stone Creek Report), operations of the various departments, a discussion on the management agreement, the future of the Vue restaurant, new marketing strategies, and opportunities to provide new amenities to enhance the overall golf and visitor experience.

IWGR Financial Update

The City's Finance Department assists the Golf Resort's operator with developing the annual Golf Operations and Capital Budget consistent with the City Council's strategic goals. Finance provides financial analysis as requested by the City Manager and provides monthly comparative financial data to the City Council. At the Strategic Planning Session, Council received a presentation on the IWGR's financial performance, including month and year-to-date data comparisons to the prior year's adopted budget; a review of benchmarks used to understand financial and operational performance; and ten years of actual financial performance between Fiscal Year 2012-13 and Fiscal Year 2021-22, with forecasted numbers for Fiscal Year 2022-23.

The financial performance of the golf resort has improved significantly in the last two years. Previously, Council set a goal for the golf resort to be profitable before capital and prior to amenity subsidy. The IWGR has met this goal for the past two years, and Council discussed changes to this goal and other financial strategies for the coming year.

IWGR Financial Goals

- IWGR be profitable before amenity subsidy and after capital and maintenance expenses.
- IWGR management to develop strategies to increase customers and check averages in all operations (e.g., Vue restaurant, banquets, golf, etc.).
- IWGR management to identify opportunities to improve efficiency and operations to be more cost-effective while maintaining quality.
- Consider golf resort operating profits and energy savings from the new solar project to fund future capital needs. This goal will be discussed further during the upcoming Fiscal Year 2023-25 budget review.
- Refine the allocation of payroll in food and beverage operations.

IWGR Strategic Asset Plan

During the 2020 City Council Strategic Planning Session, Council directed Staff to develop a comprehensive Strategic Asset Plan for the IWGR. The purpose of the Strategic Asset Plan is to shape the future development and operations of the IWGR with support from community stakeholders.

On May 20, 2021, the City Council selected Stone Creek Partners to develop the Strategic Asset Plan, conduct multiple community engagement sessions, meet with the City's strategic partners, and engage with residents one-on-one. The final Golf Resort Strategic Asset Plan was completed in February 2023.

The Strategic Asset Plan is intended to become a long-range and annual reference document to guide the asset management of the IWGR. As such, this Plan is expected to be updated over time to respond to continuing stakeholders' input and evolving business conditions.

Many of the items in the Strategic Asset Plan were discussed during the IWGR Strategic Planning Session, including a reconceptualization of the Vue restaurant (e.g., concept and location); modifications to the Player's Course; re-activation of the Fairway Grill; golf suites; and banquet kitchen and pavilion upgrades.

The Strategic Planning Session included a presentation by IWGR Player's Course Architect, John Fought. The Renaissance Esmerelda has approached the City expressing an interest in expanding their hotel amenities (e.g., lazy river, adult pool area, cabanas, etc.) and additional hotel rooms onto Hole 18 of the Player's Course. Mr. Fought's presentation illustrated a potential re-design of Holes 17 and 18 of the Player's Course, should the City wish to consider Renaissance Esmerelda's request.

IWGR Strategic Asset Plan Goals

- Authorize staff to develop more information on the possible upgrade to the Fairway Grill, banquet kitchen, and energy efficiency remodel of the pavilion, and Golf Suites at the driving range.
- The Council expressed interest to Negotiate with Renaissance Esmerelda on the possible sale of Hole 18 to offset the costs to redesign and relocate Holes 17 and 18 of the Player's Course.
- Each Council will provide opinions and/or thoughts to the City Manager as it relates to the possible sale of hole 17 and 18.

IWGR Operations and Strategies for 2023

Troon serves as the IWGR contracted management company, with the daily operations of the facility overseen by the General Manager. Troon employs all employees of the IWGR. The IWGR is separated into various Departments and Divisions, similar to the City of Indian Wells. These individual Departments and Divisions (e.g., Pro shop, banquets, golf, Vue Restaurant, Shots in the Night) are overseen by various directors and managers (e.g., Director of Golf, Director of Agronomy, Food & Beverage Director).

As part of the overall development of strategies for 2023, each department and division provided a verbal update on their operations and strategy suggestions for the City Council's consideration. Reports were provided in agronomy (golf course maintenance); marketing, golf operations, including pro shop and golf academy; food and beverage, including banquets, food truck, and Shots in the Night; and discussion on the reconceptualization of the Vue restaurant.

IWGR Operations and Strategies for 2023 Goals

- Identify opportunities to improve efficiencies in operations that generate savings for the IWGR while maintaining a first-class golf resort.
- Develop a comprehensive marketing strategy that promotes the IWGR as a golf and special events destination for visitors, including local and drive markets.
 - Improve advertising by adding Top Tracer to Shots in the Night and the Academy.
- Expand partnerships with local hotels to increase customers at the IWGR for golf, dining, and special events.

- Focus efforts to drive more rounds of golf and increase banquets at the IWGR. These are the top two profit centers for the golf resort.
- Examine possible rebranding of the Vue restaurant's concept and menu, including a celebrity chef concept that targets all customers (e.g., golfers, residents, hotel guests, and local drive market).

IWGR Golf Resort Management Agreement

Since 2009, Troon has served as the management company of the IWGR through a management agreement between the City and Troon. Over the years, the agreement has been amended to memorialize changes in the operations of the IWGR, extension of terms and conditions, and more. In addition, the City and Troon entered into a Restaurant Lease Agreement for Troon to manage the Food & Beverage operations of the IWGR. Copies of the 2009 Management Agreement, the five amendments, and the Restaurant Lease Agreement can be found on the city's website <https://portal.laserfiche.com/Portal/Welcome.aspx?repo=r-25fa4076>. The current management agreement is set to expire on June 1, 2024.

IWGR Golf Resort Management Agreement Goals for 2023

- As the agreement is set to expire in June, the Council authorized the City Manager to negotiate a new management agreement with Troon, with input from Council on policy decisions that need to be reflected into a new contract. If the City Manager is unsuccessful in negotiating a new contract, the City will give Troon notice and begin the RFP process..
- New agreement negotiations to include policies to develop standards and expectations. It was the consensus of the Council to provide the City Manager with suggestion and/or feedback to develop negotiation strategies. If the City Manager and Troon are unable to come to terms on a new agreement before June 30th, staff is to notify Troon of the City's intent to conduct an RFP process for management services of the IWGR.

A copy of the March 23, 2023, IWGR Strategic Planning Session staff report, additional attachments, and the various PowerPoint presentations can be found under the Indian Wells Golf Resort Projects section of the Projects in the City page of the City's website. www.cityofindianwells.org/city-hall/departments/economic-development/city-projects