

# INDIAN WELLS CITY COUNCIL

## April 2, 2024



**To:** City Council  
**From:** City Manager Department  
**Prepared by:** Christopher Freeland, City Manager  
**Subject:** **Discussion on Possible Redesign of the Players Course at the Indian Wells Golf Resort**

### RECOMMENDED ACTIONS:

Council **REVIEWS, DISCUSSES,** and provides **DIRECTION** on the redesign of the Players Course at the Indian Wells Golf Resort.

### BACKGROUND:

This staff report provides the City Council and the community with a comprehensive update on the possible redesign of the Players Course at the Indian Wells Golf Resort. In addition, Staff is seeking the City Council's direction on the next steps in the possible redesign process.

The Indian Wells Golf Resort (IWGR) is home to two 18-hole golf courses; the Clive Clark-designed Celebrity Course (opened in November 2006) and the John Fought-designed Players Course (opened in November 2007). Commonly known as "Beauty and the Beast" in golf magazines, the Celebrity and Players courses have received numerous accolades as being a premier golf destination and as one of the best municipal golf courses one can play.

For the last several years, the City of Indian Wells and Troon, have held multiple public community discussions (e.g., strategic planning sessions, Indian Wells Golf Advisory Committee meetings, and golf resort master plan outreach) to discuss the goals and objectives of a potential redesign, including:

- Address needed rehabilitation. The Players Course is 17 years old and will likely need significant rehabilitation in the next couple of years. Already, there have been issues with the current irrigation system, bunkers need to be redone, and tees and greens need to be renovated.

- Protect Golf Course Economics

- Remain a top golf destination. Reinvesting in the course through rehabilitation or renovation is important to maintaining the IWGR market share in a highly competitive golf market. PGA West and Desert Willow are undergoing similar upgrades.
- Address Parking Deficiency. Tommy Bahama resort may expand to the vacant lot east of their existing hotel. This vacant lot is utilized by the IWGR and hotel partners for overflow parking for special events. If developed, the IWGR will have a significant parking problem that may negatively impact the IWGR ability to provide sufficient parking for the new restaurant and special events, which impacts the facility's revenue generation potential. Hole #18 can be repurposed to provide more convenient parking that is being lost to the Tommy Bahama expansion. In addition, Troon has held preliminary meetings on other possible golf related and revenue generating activities for Hole #18.
- Preserve the pavilion area for special events. A redesign provides an opportunity to enhance the pavilion area, improve guest safety, and create a wider buffer between special event attendees and golfers. This is important as the pavilion is a significant revenue generator (\$2.4 million in gross revenue equal to 13% of all golf resort revenue) of the golf resort that hosts numerous weddings and other large celebrations. The pavilion is one of the premier special event locations in the Coachella Valley.

- Improve Golf Course Economics.

- Revenues (e.g., greens fees, food and beverage, and merchandise) are expected to increase. Troon estimates that a remodel course could increase revenues by 8 percent in the first year (creating a new baseline for golf fee charged), with revenues projected to increase by 5 percent the following year. A redesign also presents the opportunity to reduce maintenance costs of the course (e.g., bunkers, water usage, etc.). There is also potential for increased transient occupancy tax revenues associated with a redesigned course.
- The course does not provide a returning nine holes. This is important for those players who want to purchase food and drink at the mid-point of their golf round (important to the city too for economic reasons), provides for better tournament management, and allows greater ease for those players wanting to only play nine holes.

- Improve Fire Safety. For years, the City has sought a solution to provide better fire access to the pavilion. Preliminary designs had fire access through the channel, but with the strong possibility of a storm preventing access, a fire access road along the Players Course is more desired. The Council had previously allocated \$1 million for this purpose.
- Improve Golfer Experience
  - Elimination of the low-flow golf cart path between Hole #16 and Hole #17. This becomes problematic during and after significant rain events that affect the pace of play and the overall golfer experience. It is not uncommon that the path is not accessible for days, forcing players to travel back to the clubhouse across the main facility bridge to then drive all the way back to Hole #17. This can add 15 minutes or more to the pace of play. In addition, there are unexpected costs to maintain and repair this path or to add staffing directing golfers to Hole #17 when the path is washed out.
    - City has recently been notified by our insurance company that claims for cleanup of the channel will be honored, but the deductible will increase from \$10,000 per incident to \$250,000 per incident. Each incident averages about \$400,000 in damages. City averages one event a year.
  - Reduction and adjustment of sand traps to make them more player-friendly, improve the pace of play, and reduce maintenance time and cost.
  - Expand the short-game practice area. This includes areas to practice putting, chipping, and bunker play.
  - Provide an opportunity to reduce common areas between holes that are more difficult to maintain and unsightly. These areas tend to have more overgrowth than other areas of the course, which obstructs sightlines, impacts the perceived quality of the course, and diminishes the golfer's experience. Note: Some of these areas have been designated out of bounds due to the perceived presence of Native American artifacts.
  - Movement, replacement, and addition of trees on the course to improve sightlines, provide markers for golfers to aim toward, and promote the health of greens (e.g., better sunlight).
- A redesign could improve City's opportunity to bring back major tournaments. IWGR is hosting the 2024 EPSON Championship in September/October. In discussions with representatives from the LPGA, they have indicated an interest

in utilizing the IWGR for a future event. During those discussions, they prefer courses that have a returning nine holes, to better facilitate their tournament. There is also the potential to host a Senior PGA event.

- Coachella Valley Water District has indicated that the supply of Colorado River water that is utilized to irrigate golf courses and other areas of the community may be reduced in coming years. Reduction in irrigated areas of the golf course and a more efficient irrigation system may help to address this concern.
- Original course designer John Fought always envisioned his course to have all 18 holes north of the channel. At the time he was commissioned to design the Players Course, he was told to provide Holes #17 and #18 adjacent to the Renaissance Esmerelda so they may have views from their hotel rooms of the golf course.

When the Indian Wells Golf Resort was originally built, the purpose was to provide a premier golf facility to promote tourism in Indian Wells, with the focus of that benefit for the Renaissance Esmerelda (Renaissance) and Hyatt Regency (Hyatt).

According to the American Society of Golf Course Architects (ASGCA), they have seen golf courses undertake rehabilitation/remodeling for a variety of factors: overcome economic problems, correct maintenance problems, improve aesthetics, adjust design problems, and restore historical value. More specific reasons from the ASGCA include:

- A desire to rebuild greens
- Correcting poor turf conditions and inadequate drainage
- Addition, reworking or eliminating bunkers
- Replacement or expansion of the irrigation system
- A need to make the course more (or less) difficult
- Adding tees to allow for more (or less) length
- A need to improve safety considerations
- A need to increase the pace of play
- Adapting the course to a particular golfer type
- Restoring historical integrity
- Improving aesthetics
- Desire to attract regional or national tournaments
- Improving value and staying competitive

### Golf Course Rehabilitation

The American Society of Golf Course Architects (ASGCA), with assistance from the United States Golf Association (USGA) Green Section, the Golf Course Builders Association of America (GCBA), and the Golf Course Superintendents Association of America (GCSAA), analyzed the life expectancy of various components of golf courses and prepared a

document of their findings entitled *Golf Course Items Expected Life Cycle*. A copy of that document is attached (Attachment #1). In that document the life expectancy of most golf course components is less than 20 years.

Various Troon Golf professionals, including Ron Despain (Senior Vice President of Golf Course Development), Jeff Poling (Vice President of Golf Course Development), and Brian Hampson (Vice President, Science & Agronomy), have worked closely with IWGR Director of Agronomy Nick Leitner in evaluating the IWGR course conditions. Troon has noticed the Players Course is experiencing increased maintenance needs due to the age and wear-and-tear of the course. In addition, the desert conditions place a greater strain on irrigation systems and golf course maintenance technology has improved over the past 20 years. As such, Troon recommends that the Players Course undergo a complete rehabilitation to the Players Course in the next couple of years.

- Renovation of Greens:  
Over time, the thatch layer increases and impedes the movement of irrigation water from the green surface to the roots. In addition, new grass varieties are being applied that are more resistant to contamination (e.g., grass from the fairway or weeds). Greens also get smaller over the years from repair work and migration of fairway grass.
- Tee Box Renovation:  
The tee tops are settling and uneven due to years of divot repair and topdressing. Tees also get smaller over the years from repair work and migration of fairway grass. Tee boxes need to be laser leveled and new grass applied.
- Bunkers:  
Bunker infrastructure needs to be renovated. Modifications to the slope of bunker faces, repair (and where needed replacement) of the bunker drainage, installation of a state-of-the-art bunker lining system, and the installation of new bunker sand. It has been suggested that perhaps higher quality of sand should be part of a rehabilitation/redesign. The bunker renovation will provide a significantly improved golf experience with bunkers that function as originally intended. In addition, the bunker lining system will significantly reduce the amount of labor resources needed to restore the bunkers to playable conditions after significant rainfall events.

Incorporating alterations to reduce the size and number of bunkers on the Players Course can also be done with this renovation. This will allow for easier maintenance of bunkers, especially those that have been historically maintained by hand. (Note: A few years ago, a storm damaged several bunkers at the IWGR. Those bunkers were repaired but not renovated).

- Irrigation System:

While the USGA study indicates that the average golf course irrigation system will last anywhere from 10 to 30 years. In the extreme heat of the desert and the need to operate the irrigation system all 12 months of a year, irrigation systems in the desert will typically be on the shorter end of the lifespan range, especially those that utilize non-potable water. In addition, there has been significant improvement in the quality of materials and efficiency of irrigation control system and irrigation heads that render the existing irrigation system antiquated and inefficient. A new, state-of-the-art irrigation system will provide more efficient water applications and energy savings. In addition, the Players Course is currently experiencing an increase in irrigation repair work orders from the deteriorating system.

According to Troon, the current Players Course is due for rehabilitation based on the age of the course and the desert conditions that have affected the course. This rehabilitation is likely to occur in 2026 at an estimated cost of \$4.5 million. It is important to note that this process would require the course to be shut down for rehabilitation from Spring through Summer.

## **DISCUSSION:**

At the March 23, 2023, Annual Golf Resort Strategic Planning Session, the community met to discuss various operations and programs at the IWGR and to establish goals, objectives, and priorities for the IWGR over the next year or longer. This included a review of the 2023 Strategic Asset Plan (Stone Creek Report). A component of the community outreach for the plan included discussions on making changes to the golf courses. For the Players Course, public input focused on improving the golfer's experience and making it more playable. For example, redesigning the first two holes to be less challenging to begin a round can reduce player frustration if they post a high score, while improving the pace of play. Community input also included a desire to reduce the number and size area of bunkers, reroute the course for a returning nine, and reduce landscape density where it impacts playability.

Players Course Hole # 18 of the IWGR is owned in fee by Renaissance, but it is subject to a perpetual easement (easement) benefiting the City of Indian Wells. In 1985, this perpetual easement was granted to the City (Redevelopment Agency) as a result of an agreement between the RDA, Renaissance, and Hyatt to develop the IWGR. Hole #18 is about 10 acres of a larger 25-acre parcel of land, which includes the IWGR clubhouse, driving range, and parking lot. Attachment #2 is an aerial of the property in question. Hole #17 of the Players Course is owned in fee by the City.

Over the years, the Renaissance had formal and informal discussions with the City in purchasing the easement back from the City of Hole #18 to facilitate a possible expansion of the existing hotel operations. In May 2022, the Renaissance submitted a letter of interest to the City to negotiate the acquisition of the easement of Hole #18. As part of the City's due diligence, a preliminary re-design of the Players Course was needed to

confirm that a course redesign was feasible, assess the impact on the course's playability, and provide construction cost estimates.

The original course designer, John Fought, was asked to complete this study, because of his intimate knowledge of the course, excellent relationship with Troon, and feedback from residents who were concerned about deviating from a well-liked John Fought designed course. The City did not have to pay the \$40,000 for this study. It was paid for by the hotel partners.

In March 2023, John Fought presented his preliminary redesign of the Players Course to the resident members of the Golf Advisory Committee. The feedback on the preliminary design was very favorable, with the resident members endorsing this redesign. John Fought unveiled the preliminary redesign to the community at the March 23, 2023, Annual Golf Resort Strategic Planning Session. A copy of the Fought preliminary redesign is attached (Attachment #3). The residents and other stakeholders in attendance provided positive feedback on the redesign. The City Council authorized the City Manager to continue negotiations with Renaissance on the sale of the easement of Hole #18. However, those negotiations proved to be unsuccessful and ended in November 2023. Even with negotiations ending with Renaissance, the City has continued to evaluate the redesign of the Players Course for the reasons outlined above.

### Golf Course Designers

In addition to the John Fought design, the City, through Troon, conducted a targeted outreach to several respected golf course designers, as part of the City's due diligence, to gauge interest and potential costs for a golf course redesign.

- Some designers declined due to prior commitments or other reasons (such as unable to fit it in within their current playing obligations): Gil Hanse Design, Coore & Crenshaw, Rory McIlroy, and TGR Design (Tiger Woods).
- Initially, Justin Thomas expressed some interest, but those discussions have not progressed. Tripp Davis & Associates also expressed some interest and visited the property. However, Tripp Davis & Associates have declined to submit a proposal, as they support John Fought and his interest in rehabilitating his course.
- Designers who did not respond: Renaissance Golf Design (Tom Doak) and Andrew Green.
- Designers who have submitted a proposal: John Fought, Rees Jones, and Pascuzzo & Pate.

### *John Fought Proposal*

John Fought submitted the attached proposal (Attachment #4) for the remodeling of the Players Course. Information on his company and experience is also attached (Attachment #5). As part of his proposal, John Fought submitted the following Cost Estimate from design to overseeing construction.

- Pre-Construction and Construction Management Costs
  - Master Plan/Conceptual Design \$40,000 (Completed)
  - Construction Drawings \$180,000
  - Contractor Selection/Bid Process \$20,000
  - Construction Observation \$240,000
  - Irrigation Engineering \$93,000
  - Testing & Survey Work \$5,500
  - Reimbursable Expenses (Not to Exceed) \$19,000
  - Total \$597,500

It is important to note that this proposal is all inclusive and no additional design or engineering costs (e.g., irrigation design) are expected.

Currently, John Fought estimates the remodel to be approximately \$8 million dollars. In discussions with John Fought, staff increased the current contingency by an additional \$732,000, placing the total estimated project cost at \$8.7 million, depending on when construction moves forward.

If selected, Troon anticipates the course would be closed for approximately 8 months (March 2025 to October 2025). Estimated net operating income loss from the closure of \$880,000 (\$745,000 from course closure and up to \$135,000 from pavilion closure)<sup>1</sup>.

The John Fought design can be instituted more quickly than other designers, as he has already completed the conceptual design work. John Fought can complete the course redesign construction and bidding documents within 90 days of executing a contract for the redesign.

### *Pascuzzo & Pate Proposal*

Pascuzzo & Pate has submitted the attached proposal (Attachment #6) for the remodeling of the Players Course. Information on the company and its experience is also attached (Attachment #7). As part of its proposal, Pascuzzo and Pate have submitted the following Cost Estimate from design to overseeing construction.

- Pre-Construction Costs
  - Master Plan/Conceptual Design \$95,000

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<sup>1</sup> This assumes no events in the Pavilion from March to October. Possible to have events after construction is completed and closure is for grass to grow in.



○ Construction Drawings	\$242,500
○ Contractor Selection/Bid Process	\$28,000
○ Construction Observation	\$194,500
○ Reimbursable Expenses (Not to Exceed)	<u>\$40,000</u>
Total	\$600,000

It is important to note that this proposal does not include: Preparation of a topographic map; engineering, surveying, or irrigation design; waterfalls, stream, or fountain design; material testing or lab work; or any service not specifically listed in their proposal.

Currently, Pascuzzo & Pate estimates the remodel to be between \$8 and \$12 million dollars, excluding irrigation. Pascuzzo & Pate's base fee is typically 7% of the estimated construction costs (\$560,000), not including additional reimbursable expenses. According to Troon, total estimated project cost of \$11 to \$15 million with the additional irrigation costs added in.

If Pascuzzo & Pate is selected, Troon anticipates the course would be closed for approximately 12 months. Estimated net operating income loss of \$2.4 million.

Rees Jones Proposal

Rees Jones submitted the attached proposal (Attachment #8) for the remodeling of the Players Course. Information on his company and experience is also included. In addition, Rees Jones provided a preliminary routing concept for the Players Course (Attachment #9). As part of its proposal, Rees Jones has submitted the following Cost Estimate from design to overseeing construction.

• Pre-Construction Costs	
○ Master Plan/Conceptual Design	\$45,000
○ Construction Drawings, Bid Process, Construction Observation	<u>\$350,000-\$485,000<sup>2</sup></u>
Total	\$395,000-\$530,000

It is important to note that this proposal does not include all reimbursable expenses.

Rees Jones did not provide an estimated cost for the remodel of the Players Course. Troon estimates the cost of the Rees Jones concept is between \$11 to 13 million. If selected, Troon anticipates the course would be closed for approximately 8 months (March 2025 to October 2025). Estimated net operating income loss from the closure of \$880,000 (\$745,000 from course closure and up to \$135,000 from pavilion closure)<sup>3</sup>.

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<sup>2</sup> Typical design fees that will fluctuate depending on the details of the project.

<sup>3</sup> This assumes no events in the Pavilion from March to October. Possible to have events after construction is completed and closure is for grass to grow in.

## **City Committee Reviews**

On March 22, 2023, resident members of the Golf Resort Advisory Committee previously met with John Fought on the potential redesign of the Players Course. At the conclusion of that meeting, the resident Committee members supported his redesign of the Players Course.

At the January 10, 2024, Finance Committee meeting, the Committee reviewed a comprehensive Sources and Trends analysis to fund various city projects, including the Players Course redesign. The Finance Director shared with the Committee that there are sufficient funds available to meet this project's financial needs and have still maintain healthy fund balances for several other city priorities (e.g., whitewater channel armoring, re-imagining of the Vue, traffic improvement projects, etc.).

At the March 26, 2024, Golf Resort Advisory Committee meeting, the Committee was provided an update on the Players Course redesign, including the proposals from Rees Jones and Pascuzzo & Pate. At the conclusion of the meeting, the Committee unanimously approved a recommendation to the City Council to move forward on the redesign of the Players Course.

### **FISCAL IMPACT:**

Based on the current conditions of the course, the City is likely to spend approximately \$5.0 million in the next couple of years to rehabilitate the current course. Staff and Troon both agree that the redesign is a better use of the \$5.0 million, and when combined with the other funding sources, potentially provide sufficient financing to cover the anticipated redesign costs based on the designer selected.

Staff have also identified additional funding sources to assist in paying for the redesigning of the Players Course.

- Fire Access Road (Fire Fund) \$1.5 million<sup>4</sup>
  - Potential Sale of Hole #17 \$3.5 million
- Total \$5 million

Staff is aware that this project will require consultation with local Native American tribes, as this land was previously determined to have Native American artifacts. As such, staff are aware of additional costs not reflected in any of the redesign estimates.

According to Troon, it is difficult to firm up construction costs for any of the project, until a detailed design and competitive bidding is completed. A key factor in the cost will depend on the golf course designer and routing option selected. In addition, the net

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<sup>4</sup> A few years ago, the City Council appropriated \$1 million for the fire road improvement. Preliminary cost estimate has increased to approximately \$1.5 million to add a fire road from the Maintenance Yard to the Pavilion.

operating income loss from a closure is expected to range from \$880,000 to \$2.4 million depending on the designer selected.

It is important to note that construction costs have increased by approximately 8 percent annually over the past several years.

In addition, Troon expects an 8 percent increase in golf fees on the Players Course, once the project is completed. Projected revenue increase of \$700,000 in year one.

Based on the three proposals submitted, the all-in cost for the redesign and construction of the Players Course is estimated at:

- John Fought \$8.7 million
- Rees Jones \$11 to \$13 million
- Pascuzzo & Pate \$11 to \$15 million

These estimates include prevailing wage requirements.

**NEXT STEPS:**

With the completion of this comprehensive update on the possible redesign of the Players Course, Staff is seeking the City Council's direction on the next steps in the possible redesign process.

If the Council wishes to continue the redesign of the Players Course, staff recommends the Council select a golf course designer to complete all construction and bidding documents, so that the City can bid out the project.

Before any commitment to construct a redesigned course, Staff recommends the City Council move forward with the completion of construction drawings and bid documents for the course redesign. Upon completion of the design and bidding process, Staff will be able to have concrete construction costs for the City Council to consider at a later date. At that time, the City Council can decide to move forward with the reconstruction of the Players Course. This process will give staff the opportunity to identify other funding sources and potential design savings.

In addition to the selection of a designer and associated redesign costs, Staff is seeking \$100,000 for ancillary work associated with the development of a site plan to improve the area around the pavilion event space and the necessary CEQA analysis of the proposed redesign.

## **OPTIONS:**

The City Council may approve the selection of a golf course designer and authorize the pre-construction redesign work and related funding. Specifically, the Council has the following options:

1. Select one of the identified golf course designers to complete the construction and bidding documents for a redesign of the Players Course;
2. Select one of the new golf course designers to complete a preliminary concept plan, similar to the one prepared by John Fought, based on the cost proposal provided by the individual designers;
3. Decide not to move forward with the redesign and direct Staff to complete the course rehabilitation and fire access road in the next couple of years. Estimated cost of \$6.5 million.
4. Decide not to move forward with the Players Course at this time; or
5. Provide alternative direction.

## **ATTACHMENTS:**

1. Attachment #1-Golf Course Items Expected Life Cycle
2. Attachment #2-Aerial of 25-acre property subject to easement
3. Attachment #3-John Fought preliminary redesign of Players Course
4. Attachment #4-John Fought Design Proposal
5. Attachment #5-John Fought Brochure
6. Attachment #6-Pascuzo & Pate Design Proposal
7. Attachment #7-Pascuzo & Pate Brochure
8. Attachment #8-Rees Jones Design Proposal
9. Attachment #9-Rees Jones Preliminary Routing Concept