

# INDIAN WELLS CITY COUNCIL

## October 24, 2024



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

### RECOMMENDED ACTIONS:

Council **AUTHORIZES** the supplemental appropriation of \$12,000,000 to Troon to complete the redesign of the Player's Course; and

**AUTHORIZES** the supplemental appropriation of \$1,500,000 to Troon to complete a Fire Access Road, utilizing County Structural Fire Tax Credits; and

**AUTHORIZES** the City Attorney to prepare an addendum to the Troon Management Agreement permitting Troon to serve as project manager for this capital improvement project; and

**ADOPTS** Resolution approving an Addendum to the City's General Plan Final Environmental Impact Report per Section 15164(a) of the California Environmental Quality Act (CEQA) Guidelines and directing staff to file the Notice of Determination.

### BACKGROUND:

At the April 2, 2024, Golf Resort Strategic Planning Session, the City Council selected John Fought, the original designer of the Players Course, to complete the construction and bidding documents for its redesign, and to seek construction bids. Troon worked closely with City staff and Troon to review bid documents before going out to bid.

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 a premier golf destination and as one of the best municipal golf courses.

The Player's Course is 17 years old and is in need of 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. 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.

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 complete rehabilitation to the Players Course in the next couple of years. Over time, greens can become uneven, impacting ball roll, while tee boxes may experience compaction, inhibiting proper turf growth. Sand traps may lose their shape and drainage, rendering them unplayable. These issues not only detract from the overall golfing experience but also reduce the course's appeal to players.

In a competitive market such as the Coachella Valley, players expect well-maintained courses that provide both challenge and enjoyment. Rehabilitating these areas will improve playability, attract more golfers, and keep the course competitive with newer and better-maintained facilities.

For the last several years, the City of Indian Wells and Troon 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:

- Addresses needed rehabilitation (e.g., irrigation system, bunkers, leveling of tee boxes, and reconstruction of greens).
  - The course has been subject to deferred maintenance in past years.
- Address parking deficiency.
- Protect golf course economics.
  - Remain a top golf destination and maintain the IWGR market share in a highly competitive golf market.
  - The golf resort's main competitors (e.g., Desert Willow and PGA West) have undergone similar course improvements.
  - Preserve and enhance the pavilion area for special events.
- Improve golf course economics.
  - Revenues (e.g., greens fees, food and beverage, and merchandise) are expected to increase.
  - Provide returning nine holes for food and beverage revenue opportunities and attract major tournaments (e.g. LPGA event).

- Improve public safety with the addition of a fire access road to the pavilion.
  - The pavilion was added after the golf courses were installed. With the success of the pavilion to host large gatherings, the City, Troon, and Fire Department all support improving fire and emergency medical services access to the pavilion.
  - Improving public safety access to the Pavilion has been a longstanding priority for the Council. Currently, there is no convenient route for emergency vehicles to safely reach the pavilion in case of a medical emergency or fire. The existing bridge does not meet the load capacity for emergency vehicles. For the last several years, the City has analyzed ways to get emergency vehicles to the pavilion (e.g., new bridge, travel through the Whitewater Channel, new road off Fred Waring). Staff has met with the Fire Marshall who supports a Fire Access Road to the pavilion from Fred Waring. This will improve response times to the pavilion in case of an emergency.
- Improve golfer experience.
  - Elimination of the low-flow golf cart path between Hole #16 and Hole #17.
  - 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.

### **City Committee Reviews**

Resident members of the Golf Resort Advisory Committee met with John Fought about the potential redesign of the Players Course. On March 22, 2023, they expressed support for the redesign.

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 sufficient funds are available to meet this project's financial needs and 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 updated 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 redesigning the Players Course.

On October 15, 2024, the City Council held a study session on the potential redesign of the Players Course. Information on the project was shared with the community, and a

dialogue on the merits of the project, an explanation of the difference between the preliminary project cost estimates and bid costs was explained, and public input was received. Council continued discussions on this project until October 24, 2024.

## **DISCUSSION:**

Per the City Council's direction, City staff, Troon, and John Fought completed the construction drawings and bid documents to redesign the Players Course. The City conducted an initial bid process, resulting in only one bid being received. After consulting with Troon on the City's bid process, it was determined to rebid the project with Troon conducting the bid process. They believe certain golf course construction companies may have been hesitant to contract with the City rather than a golf management company, plus Troon has contacts in the industry that they could encourage to submit construction bids.

Troon publicly solicited bids on September 9, 2024, and held a pre-bid meeting with interested contractors on September 17, 2024. Bidding closed on September 27, 2024, with Troon receiving three bids: Landscapes Unlimited at \$12.15 million, Heritage Links at \$12.4 million, and Sperber Landscape Companies at \$16.9 million. All three bids are attached (Attachment #6–#8). Troon reviewed the bids and has determined that Landscapes Unlimited is the preferred vendor at \$12.15 million.

In addition to the construction bids, additional funds are needed to complete the project. While much of the costs for amenities are built into the bids (e.g., improved landscaping, new trees, upgraded sand in bunkers, grading to enhance player views), unexpected costs or additional funds are needed for other improvements or services related to the project. Therefore, staff is requesting an additional \$1.3 million, which includes \$700,000 as contingency, \$350,000 in additional project fees (e.g., project management and engineering), \$100,000 for tribal monitoring<sup>1</sup>, and \$150,000 for improvements outside the scope of the project (e.g., improved landscaping around the pavilion area, course clock, etc.). Troon and the City do not intend to utilize the entire \$1.3 million; however, staff is requesting these funds be authorized as needed for the project, subject to approval by Troon and the City Manager. The total construction cost is \$13.5 million.

### **Preliminary Cost Estimates Compared to Final Bids:**

This construction bid for the final plan is higher than the original estimate based on the preliminary plan. Once the detailed final plans were developed (e.g., grading and irrigation), estimated quantities for earthwork and disturbed turf increased from the original estimate of 25 acres to an area of 42 acres. This additional work was incorporated into the final design to provide a greater separation between holes and reduce the

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<sup>1</sup> The Indian Wells Golf Resort is the location of a former Cahuilla Indian village. As such, there is the possibility of Native American artifacts on the property. City has been working closely with the Aqua Caliente Band of Cahuilla Indians, who will provide tribal monitoring during construction of the project.

compactness of the course. These improvements are also designed to improve safety on the course. In addition, the number of greens requiring complete reconstruction increased from 8 to 9.

This increase in disturbed turf affects all renovation quantities, including a significant rise in irrigation system replacement needs. Upon closer inspection, it was also discovered that many irrigation valves were leaking or malfunctioning, necessitating their replacement. Other cost increases are due to inflation and overhead. Construction is subject to prevailing wages since this is a project to improve a city facility. As costs increased for the project, prevailing wage requirements made the increases even more significant than if not subject to prevailing wage. The estimated changes to the project cost (in the table below) are a result of the expanded work as discussed above:

<b>Project Cost Changes from the Preliminary Estimate</b>	
<b>*Bonding</b>	77,000
<b>Cart Path</b>	200,000
<b>Demolition</b>	37,000
<b>Drainage</b>	351,000
<b>*Erosion Control</b>	150,000
<b>Features</b>	300,000
<b>Finishing</b>	575,000
<b>Grassing</b>	207,000
<b>Irrigation</b>	1,400,000
<b>Mobilization</b>	300,000
<b>Shaping</b>	1,205,000
<b>Total</b>	<u>4,802,000</u>

**\* Additional cost mandated by the City**

While some increase in costs above the preliminary design was expected, the additional scope of work and associated costs were not. However, the City’s strategy to fund the remodel of the Players Course, if approved by the City Council, does not change and can fully fund these additional costs.

If approved, construction on the redesign would begin in early March 2025 with an opening date in November 2025. Project would include the relocation of Holes 17 and 18 to the northside of the Whitewater Channel, rehabilitation of all greens and tee boxes, replacement of irrigation system, new cart paths and fire access road, landscape improvements, and rerouting of the entire Players Course per John Fought’s design. Attached are renderings of the work area (Attachment No. 2) and overall redesign (Attachment No. 3).

In addition, the project scope includes enhancements to the area on the north side of the bridge between the golf courses and around the pavilion area. This will include a short-game practice area, new putting greens, and improvements around the pavilion and Fairway Grill.

Troon and the City Attorney also want to add an addendum to the existing City–Troon management agreement to clearly authorize Troon to server as project manager for large-scale capital projects approved by the City Council. If authorized, the City Attorney will develop an addendum to the existing City-Troon management agreement for approval at a subsequent Council meeting.

Staff is seeking Council approval to secure a contractor and order the necessary equipment by October 20, 2024, in order to meet the March to November 2025 timeline. A decision after this date would likely delay the project until 2026, requiring new bidding to be completed. Based on rising construction costs, the City would estimate an additional \$1.0 million to wait until 2026.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):**

This project has been reviewed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State and local CEQA Guidelines, and the environmental regulations of the City. The City, acting as Lead Agency, has determined the project is properly analyzed with an Addendum to the City of Indian Wells General Plan Final Environmental Impact Report (SCH No. 94092037)(General Plan FEIR).

On February 1, 1996, the City Council adopted the 1996 Update to the City of Indian Wells General Plan, inclusive of the associated Land Use Map (Figure IIA-3). At the same time, the City Council certified by Resolution No. 96-9 the General Plan FEIR in compliance the CEQA Guidelines. The Addendum (Attachment #4) to the General Plan FEIR demonstrates that, pursuant to the standards contained in CEQA Guidelines section 15162, the City does not need to prepare a supplemental EIR, as the General Plan FEIR fully analyzed the potential impacts associated with the proposed redesign of the Players Course at the Indian Wells Golf Resort and the mitigation measures called for by the FEIR adequately address the potential impacts of the proposed project. The City has determined that none of the conditions calling for preparation of a Subsequent EIR have occurred, thus, preparation of an Addendum is the appropriate CEQA documentation for the project.

### **FISCAL IMPACT:**

The recommended fiscal strategy primarily focuses on addressing critical rehabilitation needs while preserving the integrity of the General Fund. This approach avoids utilizing either the General Fund’s current cash reserves or the ongoing \$3.5 million annual surplus.

The optimal strategy leverages external financing sources, specifically through the sale of land to developers and the application of County structural fire tax credits. This approach aims to minimize direct taxpayer burden. Additionally, rather than drawing on the General Fund for the City's financial obligations, this strategy proposes using external sources to cover the City's portion of loan repayments associated with the former Redevelopment Agency.

In addition, the City Council authorized a General Fund Reserve Policy at its last City Council meeting that requires a 50% General Fund cash reserve of the City's operating budget. This project is consistent with this new fiscal policy (Attachment #5).

### **Fire Access Road:**

Funding for the fire access road is not a General Fund expenditure. Instead, the City will use Riverside County's Structural Fire Tax Credit to pay for the expenditure. The County's Structural Fire Tax Credit is a form of County property tax paid allocated for Fire Related Services or Capital Improvements within Indian Wells. The City's Fire Fund has reserved \$1.5 million in Structural Fire Tax Credit should the Council decide to move forward with the fire access road. There are sufficient funds in the Fire Tax Credit account to pay for the fire access road and maintain a healthy reserve for future projects.

This section outlines three potential options and funding strategies for the Council's consideration:

- **Option #1 - Do Nothing:**

The Council might consider this strategy if it believes that future construction costs will be less than they are today and that the ongoing maintenance issues experienced by guests (greens, tees, irrigation, and bunkers) have not had a noticeable impact or loss of market share.

The Do-Nothing strategy still has a cost. While maintenance and repair costs will continue to rise, the real burden is the economic future of the Golf Resort as other golf courses in its competitive market have completed renovations of their own. While the City can delay the rehabilitation to a future date, it is not a long-term strategy.

- **Option #2-Rehabilitate the Player's Golf Course (only):**

Based on the bids received, Troon estimates the cost to rehabilitate the Players Course to be approximately \$6.3 million, which the City's General Fund would fund using Successor Agency loan repayments described below.

Option #2-Rehabilitate the Player's Golf Course	
<b>Project Title</b>	
Rehabilitation	
Costs	6,300,000
<b>Total</b>	<b>6,300,000</b>
<b>Project Funding by Source</b>	
General Fund	6,300,000
<b>Total</b>	<b>6,300,000</b>

- **Option #3-Rehabilitate the Player's Golf Course and Install a Fire Access Road:**

Based on the bids received, Troon estimates the cost to rehabilitate the Players Course with the addition of the fire access road to be approximately \$7.8 million, with \$6.3 million in General Fund Successor Agency loan repayments and \$1.5 million in County Fire Tax Credits.

Option #3-Rehabilitate the Player's Golf Course and Install a Fire Access Road	
<b>Project Title</b>	
Rehabilitation	
Costs	6,300,000
Fire Access Road	1,500,000
<b>Total</b>	<b>7,800,000</b>
<b>Project Funding by Source</b>	
General Fund	6,300,000
Fire Fund	1,500,000
<b>Total</b>	<b>7,800,000</b>

- **Option #4-Remodel the Player's Golf Course and Install a Fire Access Road: (Recommended Option)**

Based on the bids received, the City will spend \$12.0 million to remodel the golf course as proposed, which includes a contingency as outlined above. In addition, the Fire Access Road is \$1.5 million with a contingency. Relocating Holes 17 and 18 to the north side of the Channel will generate an estimated \$4.3 million in land



sales from outside revenues, which will be introduced as new funding sources for the project.

<b>Option #4-Remodel the Player’s Golf Course and Install a Fire Access Road</b>		
<b>Project Title</b>		
Remodel Costs		12,000,000
Fire Access Road		1,500,000
<b>Total</b>		<b>13,500,000</b>
<b>Project Funding by Source</b>		
General Fund		7,700,000
Land Sales		4,300,000
Fire Fund		1,500,000
<b>Total</b>		<b>13,500,000</b>

### **General Fund Long-Term Cash Flow**

At the October 15, 2024 Council Meeting, the Council inquired about the long-term fiscal impact on the General Fund’s cash flows. The cash flow presented below is based on the FY 2024-25 budget adopted in May 2024, updated to reflect the General Fund cash balance as of July 1, 2024.

The cash flow is included in (Attachment #10). As shown below and attached, the ten-year cash flow anticipates over \$3 million/year in operational budget surplus. The projected surplus accounts for historical average increases in all operations of the City funded by the General Fund, especially public safety that makes up the single expenditure of the General Fund budget. The projected surplus is in addition to depositing the Council-directed \$2.0 million annual contribution into the City’s Capital Reserve Funds for community-wide infrastructure projects.

Based on this surplus analysis, the City’s General Fund reserves cash flow is projected to increase by \$38,100,000 over the next 10 years to \$54,929,603.

Additionally, Successor Agency loan payments of \$11.6 million to the General Fund have been removed to provide a clearer view of the ongoing annual surplus, accounting for all revenue and expenditure adjustments. These funds received from the Successor Agency loans have not been pledged by the City Council to any specific project or fund (e.g., CIP) at this time.

City of Indian Wells  
Long-Term Cash Flows

	1	2	3	4	5	6	7	8	9	10	
	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	TOTAL
<b>Beginning Balance</b>	<b>24,978,520</b>	<b>28,193,698</b>	<b>31,401,802</b>	<b>34,589,981</b>	<b>37,743,924</b>	<b>40,847,736</b>	<b>43,883,800</b>	<b>46,832,636</b>	<b>49,672,740</b>	<b>52,380,419</b>	
Total Revenues	25,255,840	26,118,170	27,010,979	27,935,370	28,892,486	29,883,513	30,909,681	31,972,263	33,072,582	34,212,007	419,165,774
		3.41%	3.42%	3.42%	3.43%	3.43%	3.43%	3.44%	3.44%	3.45%	
Total Expenses	22,040,662	22,910,066	23,822,800	24,781,427	25,788,675	26,847,449	27,960,845	29,132,158	30,364,903	31,662,823	381,058,227
		3.94%	3.98%	4.02%	4.06%	4.11%	4.15%	4.19%	4.23%	4.27%	
<b>Total Surplus</b>	<b>3,215,178</b>	<b>3,208,104</b>	<b>3,188,179</b>	<b>3,153,943</b>	<b>3,103,811</b>	<b>3,036,064</b>	<b>2,948,836</b>	<b>2,840,105</b>	<b>2,707,678</b>	<b>2,549,185</b>	<b>38,107,547</b>
<b>Ending Balance</b>	<b>28,193,698</b>	<b>31,401,802</b>	<b>34,589,981</b>	<b>37,743,924</b>	<b>40,847,736</b>	<b>43,883,800</b>	<b>46,832,636</b>	<b>49,672,740</b>	<b>52,380,419</b>	<b>54,929,603</b>	

### Recommendation to fund the City's Share:

To further lessen the impact on the City's General Fund, staff recommends against using existing General Fund cash reserves or a future portion of the General Fund's ongoing annual surplus to fund the Golf Resort remodel/rehabilitation.

Instead, it is recommended that the Council consider using a portion of the remaining \$11.6 million in loan repayments the Successor Agency owes to the City. The City paid these loans to the former redevelopment agency to improve the golf resort.

These loans are being paid back to the City through a County of Riverside property tax rebate, not from any City source. Staff recommends setting aside loan repayments in the Capital Improvement Fund for this expense, as follows:

Loan Repayments Reserved in the Capital Improvement Fund		
Fiscal Year	City's Share Player's Rehabilitation	City's Share Player's Remodel
2025	2,480,000	2,480,000
2026	3,000,000	3,000,000
2027	820,000	2,220,000
<b>Total</b>	<b>6,300,000</b>	<b>7,700,000</b>

Loan Payments are received at the beginning of each fiscal year as follows:

- July 2024: \$2,480,000
- July 2025: \$3,000,000
- July 2026: \$820,000 or \$2,220,000

The Successor Agency will serve as the primary funding source for the rehabilitation or remodel. However, due to timing considerations, the General Fund will need to provide temporary gap financing from November 2025 to July 2026, covering \$820,000 for the rehabilitation and \$2,220,000 for the remodel. This financing will bridge the period until

the FY 2026-27 Successor Agency loan payment is received in July 2026, at which time the General Fund's gap financing will be fully repaid.

It is also important to note that the level of gap funding is likely to be considerably less than projected. The Golf Result is projecting an operational surplus of \$700,000. This or any additional surplus generated by the Golf Resort could be utilized to further reduce the need for any gap financing, as well as any project cost savings or additional land sales.

### **Financial Impact of Player's Course Closure on Indian Wells Golf Resort**

The closure of the Player's Course will have a measurable and unavoidable financial impact on the Indian Wells Golf Resort. The Finance Committee and the City Council thoroughly reviewed this matter during the formulation of the fiscal year 2024-25 budget.

As detailed below, the key metrics of the closure were factored into the fiscal year 2024-25 budget adopted by the City Council. Despite the closure of the Player's Course, Troon consistently met or exceeded all critical performance metrics established in the Council's Goals and Deliverables.

The financial impact is driven by two primary factors: (1) the closure of the Player's Course from March 1, 2025, to November 1, 2025, and (2) an anticipated loss of 22,400 rounds of golf. Importantly, no assumptions were made regarding transferring lost rounds to the Celebrity Course, ensuring a conservative and realistic financial projection.

The loss of 22,400 rounds will directly reduce revenues across five key profit centers: (1) Golf, (2) Merchandise, (3) Beverage Cart, (4) Tournaments, and (5) Banquets. The projected top-line revenue loss is \$3.75 million during the closure period.

However, this loss will be significantly offset by cost reductions. The Resort anticipates a \$0.8 million reduction in the cost of sales, which correlates with the decline in customer volume. Additionally, operating expenses are expected to decrease by \$2.0 million as maintenance staff assigned to the Player's Course and operational costs associated with the Player's Course—such as utilities, seed, fertilizer, and equipment—are re-assigned into the construction budget.

In summary, the net financial impact of the Player's Course closure, accounting for the loss of 22,400 rounds, will result in an estimated operational shortfall of \$0.95 million. These figures have been rigorously calculated and represent a comprehensive projection of the closure's financial consequences. This estimated loss has been accounted for in the Fiscal Year 2024-2025 Golf Resort Budget. No additional funds for this project are being requested to cover the closure.

<b>Golf Resort Impacts Due to the Player's Golf Course Closure</b>	
<b>Key Metrics</b>	
<b>Closure Dates:</b>	March 1, 2025, through November 1, 2025
<b>Loss of Golf Rounds:</b>	22,400
<b>Financials</b>	
<b>Loss of Top-Line Revenue</b>	3,776,776
<b>Cost of Sales Savings</b>	802,611
<b>Operating Cost Savings</b>	2,020,877
<b>Net Operating (Loss)</b>	953,288

Attached is a detailed financial analysis by Troon and the City of Indian Wells on the impact of closing the golf resort from March 1, 2025, to November 1, 2025 (Attachment No. 9). The analysis includes projected revenue losses from golf operations and related profit centers during the closure, offset by reductions in operational costs (e.g., personnel, utilities, materials, equipment). These cost reductions have already been factored into the current year's IWGR operational budget, which anticipates a surplus of \$700,000, adopted by the Council and are not included in the capital project budget.

## **ATTACHMENTS:**

1. Attachment No. 1 – Golf Course Items Expected Life Cycle
2. Attachment No. 2 – Work Area Rendering
3. Attachment No. 3 - Players Course Redesign Rendering
4. Attachment No. 4 – Resolution Adopting an Addendum to the General Plan
5. Attachment No. 5 – City of Indian Wells General Fund Reserve Policy
6. Attachment No. 6 – Construction Bid from Heritage Links
7. Attachment No. 7 – Construction Bid from Landscapes Unlimited
8. Attachment No. 8 – Construction Bid from Sperber Landscape
9. Attachment No. 9 – Detailed Financial Analysis of closure costs
10. Attachment No. 10 – General Fund Long-Term Cash Flow