

INDIAN WELLS CITY COUNCIL

February 16, 2023



To: City Council
From: Indian Wells Golf Report
Prepared by: Kevin McCarthy, City Finance Director
Chris Freeland, City Manager
Subject: **City Council Golf Resort Ad-Hoc Committee Update**

RECOMMENDED ACTION:

Council **RECEIVES** and **FILES** the City Council Golf Resort Ad-Hoc Committee Update.

SUMMARY:

On June 2, 2022, the City Council approved the formation of the Indian Wells Golf Resort Ad-Hoc Committee of then-Mayor Pro-Tem Donna Griffith and Councilmember Greg Sanders to assist in the development of the final Indian Wells Golf Resort (IWGR) Strategic Plan report and to address various needs of the IWGR and report back to the City Council. Below is a summary of the Ad-Hoc Committee's actions over the last few months. Additional information will be presented at the IWGR Strategic Planning Session scheduled for March 23, 2023.

1. City Council liaison with Stone Creek on completing the Golf Resort Strategic Asset Plan.

During the 2020 City Council Strategic Planning Session, Council directed Staff to develop a comprehensive Strategic Asset Plan for the Indian Wells Golf Resort (IWGR). The purpose of the Strategic Asset Plan is to shape the future development and operations of the Indian Wells Golf Resort 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 engagement process included community meetings with:

- Indian Wells residents, including resident golfers and those residents who do not play golf.
- Indian Wells resort hotels and their guests.
- City Council members interviewed individually.
- The IWGR Golf Resort Advisory Committee interviewed individually.

- Visit Greater Palm Springs.

A draft Golf Resort Strategic Asset Plan was disseminated to the public on May 19, 2022, containing numerous projects and programs presented by stakeholders during the community engagement process. The draft Golf Resort Strategic Asset Plan has since been revised to reflect existing restrictions on completing some initially recommended projects. For example, the existing easement agreement with the Hyatt Regency and Renaissance hotels restricts the use of the facility for golf-related purposes.

In addition, the former Redevelopment Agency bonds only allow significant changes to the original uses of those bonds once the bonds are repaid (e.g., removal of an 18-hole course for an executive course). In addition, the Coachella Valley Water District restricts permanent buildings along the Whitewater Channel without armoring the channel from erosion.

Attached is the Stone Creek Partners completed Golf Resort's Strategic Asset Plan. The research included in this report was primarily collected during 2021. Operating and financial results for Golf Resort have been reviewed through October 2022.

The Strategic Asset Plan is intended to become a long-range and annual reference document to guide the asset management of the Indian Wells Golf Resort. As such, this Plan is expected to be updated over time to respond to continuing Stakeholders' input and evolving business conditions. Highlights of the report include: a summary of the report can be found on pages 5-15, Stone Creek views of the facility's mission are on pages 16-17, and discussion on possible facility enhancements are on pages 38-62.

Ad-Hoc Committee to also examine some of the recommended facility enhancements in 2023, including reconceptualization of the Vue restaurant; modifications to the Player's Course; re-activation of the Fairway Grill; identify opportunities to address parking deficiencies; upgrades to the pavilion; banquet kitchen and pavilion upgrades; and improved circulation around the pavilion and 1st Tee of each course.

The Golf Resort Advisory Committee met with Stone Creek Partners on February 6, 2023.

2. Review the existing Golf Course Management Agreement and provide recommendations.

The Ad-Hoc Committee has begun reviewing the existing golf resort management agreement to develop recommendations in a successor management agreement that includes: an incentivized partnership between the City and operator where the operator is compensated based on the financial success of the facility, management

of operations based upon approved benchmark standards (e.g., cost of sales, rounds of golf, percentage of payroll costs, etc.); customer survey results; and overall success of the facility. Contract revisions will also examine opportunities to seek capital investment from golf resort operator.

3. Revisit the computation of the Resident Amenity Fee.

Ad-Hoc Committee presented the City Auditor's recommended adjustment to the calculation of the Resident Amenity Fee on the City's financials to be more objective and equitable. This does not impact the amount residents pay for their rounds of golf. This was completed in 2022, and no additional changes are being discussed.

4. Recommend indirect labor cost allocation plan in Food & Beverage operations.

Finance Committee will be discussing labor cost allocation changes at their upcoming February 21st meeting. The intent is to better account for the actual cost of operating the various Food & Beverage operations, especially in the Vue, beverage cart, and food truck.

5. Revisit the presentation of the monthly financial statements.

Finance Department has provided revised monthly financial statements that better monitors the financial and operational activities of the IWGR. Additional changes to reflect new benchmarking are being developed.

6. Discussion with Golf Resort Advisory Committee on desired changes to improve the golf experience.

With the completion of the Stone Creek report, staff and golf operator to work with the Golf Advisory and Ad-Hoc Committees in 2023 to address improvements to the golf experience.

7. Provide guidance to improve the Golf Resort Campus's signage, including replacing the street monument sign along Highway 111.

Golf Resort Campus signage improvements will be discussed during the Fiscal Year 2023-2024 Budget process. In addition, signage along Highway 111 was presented as a goal to be completed in 2023 during the City Council Strategic Planning Session held on February 1, 2023.

8. Assist with Stakeholder relationships (e.g., hotel partners).

Stone Creek report has identified this as an essential aspect of the overall success of the IWGR. Therefore, it will be the subject of discussions in 2023, especially if the City is to invest in repeating Winterfest.

9. Provide regular progress updates to the City Council.

Ad-Hoc Committee will provide its next update at the March 23, 2023, IWGR Strategic Planning Session.

To assist in the various objectives, the Golf Resort Ad-Hoc Committee visited Troon's corporate offices and met with senior executive staff to learn about their operations and the level of support they provide the Indian Wells Golf Resort. Another visit was made to the Fairmount Princess in Scottsdale, which served as the model for the City's recent Winterfest Celebration designed to increase tourism to Indian Wells' hotels and golf resort properties.

The Golf Ad-Hoc Committee also visited Arrowood Golf Course in Oceanside to view how they incorporated the Top Tracer technology into their driving range. This served as the inspiration for the inclusion of Top Tracer in the Indian Wells Golf Resort.

FISCAL IMPACT

This staff report is informational only; there is no fiscal impact.

CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA")

This action has been reviewed per the authority and criteria contained in the California Environmental Quality Act (CEQA), the State and local CEQA Guidelines, and the City's environmental regulations. The City, acting as the Lead Agency, determined that the ordinance is not subject to CEQA pursuant to Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) of the State CEQA Guidelines, because it will not result in a direct or reasonably foreseeable indirect physical change to the environment as there is no possibility that the action would result in a significant environmental impact, and because it does not constitute a "project" as defined in Section 15378 of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3.

ATTACHMENT:

1. Indian Wells Golf Resort Strategic Asset Plan