

CITY COUNCIL REGULAR SESSION

Ordinance 1) authorizing execution of an agreement with Premier Golf Centers, LLC for the management of the clubhouses and driving ranges at Bellevue and Crossroads Golf Courses for an initial five-year term with an option to renew for an additional four-year term in an amount not to exceed \$26,000,000 plus all applicable taxes; 2) amending Ordinance No. 6698, adopted November 21, 2022, to amend the 2023-2024 budget to increase the General Capital Investment Program (CIP) Fund appropriation by \$50,000 with funds contributed by Premier Golf Centers, LLC; and 3) amending the 2023-2029 CIP Plan to increase the budget for the Enterprise Facility Improvements (CIP Plan No. P-R-02) by \$50,000 for capital improvements at the Bellevue and Crossroads Golf Courses.

Michael Shiosaki, Director, 452-5377

Brad Bennett, Parks & Community Services Manager, 452-2813

Tom Robinson, Golf Course Superintendent, 452-2850

Parks & Community Services

EXECUTIVE SUMMARY

This Ordinance authorizes the Parks & Community Services Department to execute an agreement with Premier Golf Centers, LLC ("Premier Golf Centers") for the management of the clubhouse and driving ranges at Bellevue and Crossroads Golf Courses for an initial five-year term with an option to renew for an additional four-year term. In addition, the Ordinance increases the 2023-2024 General CIP Fund by \$50,000 from contribution from Premier Golf Centers to allow initiation of Parks & Community Services capital project at the Bellevue and Crossroads Golf Courses.

RECOMMENDATION

Move to adopt Ordinance No. 6699

BACKGROUND/ANALYSIS

Over the past 16 years, Premier Golf Centers has successfully managed the clubhouse and driving range operations at Bellevue Golf Course. In 2015, Premier Golf Centers began managing golf operations at Crossroads Golf Course. Premier Golf Centers has successfully met the standards of the City of Bellevue, as well as our customers, in a cost effective and profitable manner.

With this contract, the City will maintain the efficient operation of the Bellevue Golf Course and Crossroads Golf Course while allowing Bellevue Parks & Community Services to remain responsible for funding capital improvements at the courses, facility maintenance, and for setting key policies and procedures including pricing, customer service, and contract standards. The City's vision and goals remain the same with emphasis in specific areas:

- To offer the public a private club experience at a public course price;
- To offer programs to get people into the game, particularly youth;
- To be accessible and affordable to all golfers; and
- To support the men's and women's golfing clubs.

The Bellevue and Crossroads Golf Course operate as part of the Parks Enterprise Fund, with an established fiscal policy of meeting the full cost recovery needs of the courses. The courses have met these goals the past 16 years with a similar management agreement.

The City of Bellevue issued a Request for Proposal No. 22013 for Bellevue Golf Course and Crossroads Golf Course clubhouse and driving range management. Consistent with contracting policies, the City conducted an open and fair competitive process to ensure that the golf contract provides the greatest attainable levels of quality and value. Three proposals were received and reviewed by a panel. Based on the evaluation of the proposals against the evaluation criteria, the selection panel recommended Premier Golf Centers as the preferred vendor for developing a contract for Council approval.

POLICY & FISCAL IMPACTS

Policy Impact

Bellevue City Code 4.28 provides for the fair and equitable treatment of all persons involved in the purchasing process. Council approval is required to award the bid where the cost exceeds \$90,000.

The Parks Enterprise Fund policy requires Bellevue Golf Course and Crossroads Golf Course to operate on a full cost recovery basis, with user fees set to recover the operating and capital needs of the courses.

City of Bellevue Comprehensive Plan: Parks, Recreation & Open Space

- PA-9. Actively seek funding from a variety of sources to help implement a park acquisition and development program.
- PA-15. Encourage the development of facilities for special purpose recreation.
- PA-34. Evaluate existing parks and facilities, and renovate, where appropriate, to maximize efficient maintenance and operating practices, improve safety and accessibility for all users, and to reduce, where feasible, the impacts on adjacent properties.

Fiscal Impact

The City will pay Premier Golf Centers a monthly management fee, reimbursement for operating expenses, and an annual incentive pay based on performance. The management fee is fixed at \$9,000 per month in 2023 and adjusted annually by 3 percent starting in January 2024. Expenses related to the operation of the golf courses will be reimbursed monthly. For 2023, the estimated annual operating expenses is \$1,900,000 with a projected annual growth of 10 percent. Premier Golf Centers has the opportunity to earn a 5 percent annual growth incentive if they exceed the applicable Total Net Revenue for the year. For 2023 the base level Total Net Revenue is established at \$3,900,000 and annually adjusted by 3 percent starting in January 2024. Based on current performance, Premier Golf Centers could receive \$50,000 beginning in 2023. This incentive pay aligns the City's and Premier Golf Centers' interests in growing golf and packaging products which include golf, golf cart rentals, food, and range specials, and encourages the operator to increase service levels at the courses.

Initial Term

Year	Management Fee	Incentive Pay*	Reimbursables*	Annual Total*
2023	\$ 108,000	\$ 50,000	\$ 1,900,000	\$ 2,058,000
2024	\$ 111,240	\$ 55,000	\$ 2,090,000	\$ 2,256,240
2025	\$ 114,577	\$ 60,000	\$ 2,299,000	\$ 2,473,577
2026	\$ 118,015	\$ 65,000	\$ 2,528,900	\$ 2,711,915
2027	\$ 121,555	\$ 70,000	\$ 2,781,790	\$ 2,973,345
Subtotal	\$ 573,387	\$ 300,000*	\$ 11,599,690*	\$ 12,473,077*

Renewal Term

Year	Management Fee	Incentive Pay*	Reimbursables*	Annual Total*
2028	\$ 125,202	\$ 75,000	\$ 2,920,880	\$ 3,121,081
2029	\$ 128,958	\$ 80,000	\$ 3,066,923	\$ 3,275,881
2030	\$ 132,826	\$ 85,000	\$ 3,220,270	\$ 3,438,096
2031	\$ 136,811	\$ 90,000	\$ 3,381,283	\$ 3,608,094
Subtotal	\$ 523,797	\$ 330,000*	\$ 12,589,356*	\$ 13,443,153*

Grand Total \$ 1,097,183 \$ 630,000* \$ 24,189,046* \$ 25,916,229*

*Estimated numbers based on projections

Initial Term funding is included in the 2023-2024 Adopted Budget. Future funding for 2025, 2026 and 2027 will be requested as part of the City's regular budget process.

This action will also increase the 2023-2024 General CIP Fund appropriation by \$50,000 and concurrently increase the 2023-2029 budget for Enterprise Facility Improvements (CIP Plan No. P-R-02) by \$50,000 for capital improvement projects at the Bellevue and Crossroads Golf Courses. This increase will be funded by contributions received from Premier Golf Centers pursuant to the agreement.

OPTIONS

1. Adopt the Ordinance 1) authorizing execution of an agreement with Premier Golf Centers, LLC for the management of the clubhouses and driving ranges at Bellevue and Crossroads Golf Courses for an initial five-year term with an option to renew for an additional four-year term in an amount not to exceed \$26,000,000 plus all applicable taxes; 2) amending Ordinance No. 6698, adopted November 21, 2022, to amend the 2023-2024 budget to increase the General Capital Investment Program (CIP) Fund appropriation by \$50,000 with funds contributed by Premier Golf Centers, LLC; and 3) amending the 2023-2029 CIP Plan to increase the budget for the Enterprise Facility Improvements (CIP Plan No. P-R-02) by \$50,000 for capital improvements at the Bellevue and Crossroads Golf Courses.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

A. CIP Plan No. P-R-02.
Proposed Ordinance No. 6699

AVAILABLE IN COUNCIL LIBRARY

Premier Golf Centers, LLC contract