



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: May 24, 2016

DATE: May 10, 2016

TO: Board of County Commissioners

FROM: Dave Solaro, Arch., P.E., Director
Community Services Department, 328-2040, dsolaro@washoecounty.us

THROUGH: Kevin Schiller, Assistant County Manager

SUBJECT: Discussion on and possible action on operation, maintenance, and management of Washoe Golf Course and possible direction on options including, but not limited to: extension of existing agreement up to the allowable 6 month period; preparation of a Request for Proposals/Request for Qualifications for future full golf course operations, maintenance and management; negotiation of an agreement for the full operation and maintenance of Washoe Golf Course with operators of local publicly-owned golf courses; negotiation of a new contract with Bell-Men Golf, Inc. for full operation, maintenance, and management of Washoe County Golf Course ; or otherwise direct staff on how to proceed with Washoe Golf Course. (Commission District 1.)

SUMMARY

Washoe Golf Course, a year-round municipal golf course owned by Washoe County and located at 2601 S. Arlington Drive, is Reno's oldest golf course founded shortly after the great depression and built in the early 1930s. Washoe Golf Course encompasses 162 acres of mature landscaping with an 18 hole regulation length golf course, extensive practice facilities, putting green, driving range, chipping area, pro shop, and clubhouse with restaurant.

Washoe Golf Course has been operated by Bell-Man Golf Inc., under various professional services agreements since 1982. The Community Services Department currently provides maintenance staff responsible for maintaining the course, and as the owner of Washoe Golf Course, retains responsibility for capital improvement projects, major maintenance items such as roof repair, HVAC, and street to building sewer, gas and water lines.

The current license agreement has an end date of June 30, 2016 and staff is proposing several options for the continued operation of the golf course to the Board of County Commissioners (Board).

Strategic Objective supported by this item: Stewardship of Our Community.

PREVIOUS ACTION

March 26, 2013 – The Board approved Amendment #2 to the Agreement for License and Professional Management Services at Washoe Golf Course with Bell-Men Golf Inc., retroactive to July 1, 2012 and approved a waiver of unpaid late fees in the approximate amount of \$20,000 through March 31, 2013.

March 27, 2012 – The Board approved Amendment #1 to the Agreement for License and Professional Management Services at Washoe Golf Course with Bell-Men Golf Inc., to allow for annual renewal of the Performance Bond.

December 13, 2011 – The Board approved an Agreement for License and Professional Management Services at Washoe Golf Course with Bell-Men Golf Inc. for professional services including food and beverage services at Washoe Golf Course for a four and one half (4 1/2) year period commencing on January 1, 2012 through June 30, 2016 with one (1) additional five (5) year renewal option.

August 23, 2011 - The Board approved Option # 1 and directed renewal of the contract for Golf Professional Services with Bell-Men Golf Inc. and/or Odette's for food and beverage services and retained all County golf maintenance staff as status quo.

May 10, 2011 – The Board amended an agreement for license and professional management services at Sierra Sage Golf Course with Cal-Mazz Golf Management, LLC through June 30, 2021.

BACKGROUND

Bell-Men Golf, Inc. (licensee) has been providing professional golf services at the Washoe Golf Course for approximately 35 years. In keeping with unpredictable economic times and the volatile golf industry, the Board desired to manage both County owned golf courses (Washoe and Sierra Sage) through management agreements. In 2011, the contractual arrangement with Bell-Men Golf, Inc. was modified to a more inclusive type of operating contract which consolidated pro-shop, driving range and food and beverage services, allowing for innovative opportunities to increase revenues and enhance coordination of services. The license agreement modified the method of operations and provided a compensation schedule with fixed payments from licensee to Washoe County.

Currently all revenues generated from golf services at Washoe Golf Course are earned by the licensee, who is then responsible to make payments per a negotiated compensation schedule to the County. Golf Course services are accounted for by Washoe County in an Enterprise Fund, and there is no general fund support.

The negotiated compensation schedule is intended to recover Washoe County operating expenses for the Washoe Golf Course, including maintenance and administrative costs and an equipment replacement reserve. During the license period it has been difficult for the licensee to keep up with the payments in the negotiated compensation schedule. The licensee is currently behind in payments to Washoe County in an amount over \$600,000 not including accrued late fees. Due to the inability of the licensee to make the payments as outlined in the compensation schedule, staff cannot recommend to the Board that the

license be renewed for a five year period as initially contemplated while negotiating the original four and a half year license.

It is the desire of Washoe County staff that both Washoe County golf courses operate in a similar fashion, with a full service operation, maintenance, and management arrangement. As provided to the Board on December 13, 2011 it is also the desire of staff that licenses for Washoe County golf courses be aligned for the potential combining of both courses under one license agreement in 2021. For that reason it is requested by staff that moving forward any action has an expiration date of June 30, 2021 to coincide with the expiration of the license agreement for the Sierra Sage Golf Course.

Staff has been working through the process of determining the best path forward given the difficulties presented by the current licensee not being current on payments, our obligations for maintenance including staff employment security, and the overarching need to continue operation of the oldest golf course in our community. This work has resulted in many potential options for recommendation to the Board.

Option - Extend the existing agreement up to the allowable six month period.

This option extends the current terms of the license without negotiation of terms. This will also require that Washoe County staff continue the maintenance of the course for the six month period.

Option - Prepare a Request for Proposals/Request for Qualifications for full golf course operations, maintenance and management, and propose a license agreement to the Board of County Commissioners for the period of January 1, 2017 through June 30, 2021 with the successful proposer.

This option solicits proposals/qualifications for full operations, maintenance, and management of the course for a term of four and one half years. It is anticipated that the solicitation can occur in June of 2016 with time to negotiate with the successful proposer and have a license agreement for the Board's consideration by October 2016.

Option - Allow the current license agreement to expire June 30, 2016, negotiate an agreement for the full operation and maintenance of Washoe Golf Course with operators of publicly-owned golf courses to assure continued operation of the course in 2016.

This option will require staff to find an interested third party management vendor to negotiate a license to operate the course for a five year period. The agreement will need to be negotiated and brought back to the Board at the June 28th meeting which does not allow for any time contingency due to any unforeseen issues that may arise.

Option - Request staff negotiate a new contract with Bell-Men Golf, Inc. for full operation, maintenance and management of Washoe Golf Course for the period of July 1, 2016 through June 30, 2021.

This option would require that staff negotiate a license agreement with Bell-Men Golf, Inc. for the full operation, maintenance, and management of the course for a five year period.

This option will give staff flexibility to re-structure an agreement that will also capture money currently owed to Washoe County from Bell-Men Golf, Inc. The new terms should include provisions similar to the license agreement for full management of the Sierra Sage Golf Course, and should require that Bell-Men Golf, Inc. holds Washoe County as the first payee in order to guarantee that payments are made to the enterprise fund prior to any other creditors.

Option - Direct staff on how to proceed with an option not contemplated within this discussion and direct staff to bring back to the June 28, 2016 Board meeting the work product based on the discussion.

This option will allow the Board to provide direction to staff combining parts of these options as determined in a public hearing or identifying an option not contemplated by staff. Staff will prepare the required documents and actions for the Board at the June 28th Board meeting to allow for continued operation of the golf course.

FISCAL IMPACT

Washoe County remains the owner of the golf course and therefore has certain landowner responsibilities relative to major maintenance items, such as repair of roof, HVAC and street to building sewer, gas and water lines.

Based on the variety of possible options, staff has created some fiscal impact scenarios for use by the Board in this discussion.

Option : A six month extension of the current contract, with no other modifications, would include the following flat rate schedule of payments, which duplicate the exact payments due for the same time period in 2015. This schedule does not take into consideration repayment of current outstanding payments in excess of \$600,000 plus accrued late fees. Washoe County will continue to provide maintenance services. Discussions would continue during this period for collection of outstanding payments.

July 2016 (payment due 8-20-16)	\$126,034
August 2016 (payment due 9-20-16)	\$126,034
September 2016 (payment due 10-20-16)	\$108,029
October 2016 (payment due 11-20-16)	\$81,022
November 2016 (payment due 12-20-16)	\$54,014
December 2016 (payment due 1-20-17)	\$0
Total 6 month payment schedule	\$495,133

Option: The terms of compensation with a third party vendor for full operation, maintenance, and management of Washoe Golf Course for any timeframe is to be determined, and if this option is chosen would be presented when staff returns to the Board.

Washoe County will cease to maintain Washoe Golf Course on June 30, 2016. Any new contract resulting from this process would be for full operation, maintenance and management and include a negotiated compensation schedule.

Option: A new five year contract would be structured with Bell-Men Golf for full operation, maintenance, and management. Washoe County would cease to maintain the Washoe Golf Course. License fees will be based on an annual percent of gross green fees, similar to Sierra Sage as follows, plus a provision for amortized repayment of all outstanding amounts due from the previous contract including late fees as indicated below.

	Percent of gross revenue-Green fees	Estimated Revenue	Past due amounts-Annual estimated amortized payment over 5 years
July 1, 2016 to June 30, 2017	10%	\$71,000	\$210,000
July 1, 2017 to June 30, 2018	11%	\$81,000	\$210,000
July 1, 2018 to June 30, 2019	12%	\$91,000	\$210,000
July 1, 2019 to June 30, 2020	13%	\$100,000	\$210,000
July 1, 2020 to June 30, 2021	14%	\$110,000	\$210,000
Total		\$453,000	\$1,050,000

Option: It is to be determined what the impact for full operation, maintenance and management of Washoe Golf Course could be given the direction by the Board. The fiscal impact will be determined and presented when staff returns to the Board on June 28th.

RECOMMENDATION

It is recommended the Board of County Commissioners Discuss on and possibly act on operation, maintenance, and management of Washoe Golf Course and possible direction on options including, but not limited to: extension of existing agreement up to the allowable 6 month period; preparation of a Request for Proposals/Request for Qualifications for future full golf course operations, maintenance and management; negotiation of an agreement for the full operation and maintenance of Washoe Golf Course with operators of local publicly-owned golf courses; negotiation of a new contract with Bell-Men Golf, Inc. for full operation, maintenance, and management of Washoe County Golf Course ; or otherwise direct staff on how to proceed with Washoe Golf Course.

POSSIBLE MOTION

Should the Board agree with staff’s recommendation, a possible motion would be: “Move to discuss on and possibly act on operation, maintenance, and management of Washoe Golf Course and possible direction on options including, but not limited to: extension of existing agreement up to the allowable 6 month period; preparation of a Request for Proposals/Request for Qualifications for future full golf course operations, maintenance and management; negotiation of an agreement for the full operation and maintenance of Washoe Golf Course with operators of local publicly-owned golf courses; negotiation of a new contract with Bell-Men Golf, Inc. for full operation, maintenance, and management of Washoe County Golf Course ; or otherwise direct staff on how to proceed with Washoe Golf Course.”



Washoe Golf Course

Discussion on and possible action on operation, maintenance, and management of the Washoe Golf Course:

Facts to consider:

- Current Washoe Golf License is for a period of January 1, 2012 through June 30, 2016.
- Current license has an option to renew/renegotiate for an additional 5 years.
- Current license has an option to extend under the same terms for 6 months.
- Current license is for operation and management of golf professional services and food and beverage components.
- Washoe County performs all golf course maintenance.
- Current licensee has been operating the course under various agreements since 1982.



Washoe Golf Course

Discussion on and possible action on operation, maintenance, and management of the Washoe Golf Course:

Actions by Staff to date:

- December 2015, notified existing licensee that due to being behind on payments staff could not recommend a contract extension to the Board.
- Staff engaged a third party to develop a Request for Proposals (RFP) and business plan for full operation, maintenance, and management of Washoe Golf Course, with an option to include Sierra Sage Golf Course.
- The operator at Sierra Sage Golf Course submitted a proposal prior to staff advertising the RFP.
- Staff negotiated a license agreement with Cal Mazz Golf for full operation, maintenance, and management of Washoe Golf Course to be brought before the Board for possible action.
- Prior to bringing the proposal forward to the Board, staff received notification from the existing licensee requesting consideration.



Washoe Golf Course

Discussion on and possible action on operation, maintenance, and management of the Washoe Golf Course:

Additional facts specific to the current Washoe Golf Course license agreement for consideration:

- The Board reduced the payment schedule in 2013 retroactive to July 1, 2012 at the request of the licensee.
- The Board waived unpaid late fees of approximately \$20,000 at the same time.
- Current licensee is behind on payments to Washoe County per the terms of the amended license agreement. (approximately \$600,000)
- Current licensee, due to being behind on payments, has accumulated late fees. (approximately \$400,000)



Washoe Golf Course

Seeking Direction from the Board of County Commissioners:

Staff recommendations for overall golf management:

- At some point in the future, both County owned courses should be managed by one licensee.
- Management of both courses should be consistent.
 - Full operation, maintenance, and management of all aspects of golf.
- Capital improvements for both courses need to be developed and a funding plan implemented.



Washoe Golf Course

Seeking Direction from the Board of County Commissioners:

Possible options include:

- Extension of existing agreement up to 6 months as allowed by the current license.
- Prepare a Request for Proposals/Request for Qualifications for future full golf course operations, maintenance, and management.
- Negotiate an agreement for the full operation, maintenance, and management of Washoe Golf Course with operators of local publicly-owned golf courses.
- Negotiate a new contract with Bell-Men Golf, Inc. for full operation, maintenance, and management of Washoe Golf Course.
- Otherwise direct staff on how to proceed with Washoe Golf Course.



Community Services Department

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QUESTIONS?