CITY HALL
411 SW 9th STREET
REDMOND, OR 97756
541.923.7710
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info@redmondoregon.gov
redmondoregon.gov

CITY COUNCIL

September 5, 2023
Civic Rooms 207/208 • 411 SW 9th Street

COUNCIL MEMBERS

Ed Fitch
Mayor

Cat Zwicker
Council President

Tobias Colvin
Councilor

Clifford Evelyn
Councilor

John Nielsen
Councilor

Kathryn Osborne
Councilor

Shannon Wedding
Councilor

SEPTEMBER 5, 2023	SPECIAL MEETING AGENDA	6:00 PM

I. CALL TO ORDER / ESTABLISH A QUORUM

II. PROCLAMATIONS

A. 22nd Anniversary of September 11, 2001

III. PRESENTATIONS & DISCUSSIONS

A. Joint Workshop with the Juniper Golf Committee

B. Support for Redmond Fire Levy

IV. ADJOURN

City of Redmond
PROCLAMATION

A proclamation designating September 11, 2023, as a citywide period of honor and support for the victims and families on the

22nd ANNIVERSARY OF SEPTEMBER 11, 2001

WHEREAS, America is a country peopled by freedom-loving people of every race, creed, national origin, and religion; and

WHEREAS, Americans everywhere place a high value on life, liberty, and the pursuit of happiness; and

WHEREAS, those values are set forth and guaranteed within the Declaration of Independence and the United States Constitution; and

WHEREAS, September 11, 2023, is the 22nd anniversary of the day that America was viciously and cowardly attacked by terrorists who share none of the values represented by America and cherished by Americans; and

WHEREAS, those terrorists attempted to disrupt, destroy, and forever change our democratic form of government and our way of life; and

WHEREAS, as a result of that cowardly attack thousands of innocent, unarmed Americans lost their lives; and

WHEREAS, Americans and freedom loving peoples everywhere condemned this attack on freedom, democracy, and life itself; and

WHEREAS, the American spirit of perseverance and the American values of life, liberty, and the pursuit of happiness will triumph over the hatred and evil that prompted this attack.

NOW, THEREFORE BE IT RESOLVED THAT the City Council of the City of Redmond, Oregon, hereby proclaims September 11, 2023, to be a citywide period of honor and support for the victims and their families on the 22nd anniversary of September 11, 2001, in the City of Redmond.

APPROVED by the City Council and **SIGNED** by the Council President this 5th day of September 2023.

The City of Redmond, Oregon

____
Ed Fitch, Mayor

ATTEST:

____
Kelly Morse, City Recorder

CITY OF REDMOND

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STAFF REPORT

DATE: September 5, 2023
TO: City Council
THROUGH: Keith Witcosky, City Manager
Jason Neff, Deputy City Manager/Chief Financial Officer
FROM: Maria Ramirez, Parks Planner and Project Manager
SUBJECT: Joint Workshop with the Juniper Golf Committee

Report in Brief:
The purpose of this worksession is to provide an opportunity for the City Council and the Juniper Golf Committee (Golf Committee) to discuss the operations of Juniper Golf Course (Juniper).

Background:
The topics to be discussed include:1) a history and overview of Juniper including the era since CourseCo. began managing the facility in 2011; 2) recent and upcoming infrastructure projects; and 3) prospective capital investments.

Before addressing topics 2 and 3, the history of Juniper and the history of the management contract is an important baseline to understand:

Construction - 2005:
In the early 2000's, an increase in leasing fees on Airport-owned land led to the construction and development of the current Juniper location. The $6.7 million construction was financed with a municipal bond and construction loan backed by the Full Faith and Credit (FF&C) of the City General Fund. The 174-acre golf course development began operating in 2005. It included an 18-hole championship golf course, driving range, putting greens, a professional golf shop, an 80 guest restaurant, and a 20 guest banquet room.

Transition to Professional Management - 2010/2011:
In 2010, the City contracted with National Golf Federation Consulting Inc. to complete a comprehensive review of the golf course operations and provide recommendations to improve operations and economic performance. The study identified five operational structures including executing a full-service management contract with a third party vendor, self-operate by the City, self-operate with a concession agreement, self-operate with a maintenance agreement, or a private lease for the facility.

The City elected to issue a Request for Proposal for third party management of the course. Eight firms were interviewed. CourseCo. was selected and entered into a five-year contract beginning in 2011. Concurrently, City Council created the Golf Committee to monitor the contract and advise the Council on issues pertaining to operation and management.

In 2016, the original five-year contract with CourseCo. was extended for an additional three years.

In 2019, at the direction of City Council, the City undertook a thorough examination of CourseCo's operational and financial performance before considering any further extensions. This included hiring an independent third-party golf consultant and teaming them with a five-member negotiating team (which included a City Councilor).

The multi-month negotiation resulted in the current version of the operating contract which expires June 30, 2025.

Key conclusions from the negotiating team included 1) Juniper was performing well for a municipal course; (2) confirmation of the assumption that expecting a municipal golf course to generate resources to meaningfully cover the debt service associated with initial construction is not reasonable; (3) CourseCo. is willing to invest in capital improvements (4) a purely incentive-based contract is restricted by tax law until 2033 (when tax exempt debt is retired);

(5) the marketing program should be reviewed to better understand promotional efforts; (6) CourseCo's management fee was reasonable and aligned with similar facilities; (7) an event pavilion should be considered for capital investment as it could generate revenue and may bring benefit to the facility. Such a venue would likely require the City to be a financial partner and more due diligence is needed to understand the scope of the project (a market study in 2020 was postponed due to the pandemic).

Financial Obligations associated with Initial Construction and Ongoing Operations:
FF&C bonds associated with the construction of the facility have been refinanced several times (most recently in 2022). Each refinance retained the maturity date, but lowered the interest rate. These debt obligations will mature in Fiscal Year (FY) 2025/26 (3 years) (17% of the debt) and in FY 2032/33 (10 years) (83% of the debt). Current annual debt service is about $386,000.

Historically, the City General Fund has provided support to cover nearly all the debt service and many of Juniper's infrastructure projects. However, from FY 19/20 through FY 22/23 positive operating net cash flows have allowed the Golf Fund to establish a 60-day operating contingency (i.e. a buffer for adverse golf weather) and address capital equipment and infrastructure maintenance projects and reduce General Fund support. Over this time period, net positive cash flows have been nearly $700,000.

Genesis of the Joint Meeting
On June 13, 2023, the Mayor requested the Golf Committee be prepared to discuss the subjects below at a late summer worksession with City Council:

- Priority planning for capital improvement and capital maintenance
- The future of the driving range
- Top Tracer technology
- The future of the restaurant

Discussion:
Worksession Topics:

Topic #1 – History of Juniper and CourseCo. Management

Topic #2 - Infrastructure Maintenance Projects:
Continuing the assumption the General Fund will pay a majority of the debt service, Juniper's financials are forecasted to maintain a positive net cash flow of $200,000 - $250,000 per year. These funds are prioritized in full to infrastructure maintenance and equipment needs over the next five years (detailed below). These funds are essential in protecting and maintaining Juniper's assets. Potential risks to cash flow include a downturn in the economy, rising expenses in operations, fire season conditions, and winter weather impacts.

FY 24/25 - 28/29 planned capital maintenance:

Project	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Irrigation Improvements	$50,000	$50,000	$50,000	$50,000	
Bunker Renovation	$100,000	$100,000	$100,000	$100,000	
HVAC Improvements		$60,000			
Tee-Leveling Improvements				$15,000	$15,000
Clubhouse Roof Replacement				$50,000	
#2 Green Rebuild					$150,000
Equipment Purchases	$135,000	$96,000	$70,000	$48,000	$85,000
Total	$285,000	$306,000	$220,000	$263,000	$250,000

Topic #3 – Prospective Capital Investments:
Over the last 12 years, CourseCo. and the Golf Committee have approved an annual plan which includes the budget, programming, a marketing plan including a Strengths, Weakness, Opportunities, and Threats (SWOT) analysis, and an infrastructure maintenance plan. In addition, the Committee initiated two different feasibility studies that evaluated opportunities to grow the non-golf business through events and food and beverage (F&B). Between the annual plan and the two feasibility studies, there has been significant analysis in investments which target non-golf revenue-driving business.

As demand and revenues steadily rise, recent discussions have re-evaluated pre-2020 economics and profitability. Previous to revenue increases, the Golf Committee had been cautious about considering investments in amenities and other potential revenue streams. With the sustained growth in the golf industry and the financial performance at Juniper, the committee is beginning to examine the benefits and risks of potential improvements to the restaurant/food and beverage (F&B) as well as the driving range.

The committee proposed the below items for discussion:

1. Designated Events Venue:

The two primary revenue drivers in F&B at the facility are day-to-day sales at the restaurant and private events. The restaurant services 65 people per day and accounts for 65% of F&B sales. Juniper hosts 120 events annually, ranging from small service club meetings (currently 66% of the total events) to tournaments and weddings of up to 100 guests. Tournaments and events account for 35% of F&B sales. For larger events of 60-100 guests, Juniper closes the restaurant to all golfers.

According to the 2022 Events Feasibility Study (Events Study), a designated event venue at Juniper could be competitive in the Bend-Redmond special events market for events ranging from 100-200 guests in size. Events of this size account for 65-70% of the market in the Bend-Redmond area. The analysis provided in the Events Study outlines two options for a dedicated special event center scaled to accommodate 200 guests and keep the restaurant open for golfers. The first option examined a free-standing permanent tent-type structure that is fully climatized with the potential to operate year-round (estimated construction costs of $1.5M). The second option examined the potential expansion of the existing clubhouse to create a larger indoor space with a secondary purpose of increasing cart storage (estimated construction cost $3.2M).

- Option 1 (freestanding special event center): The stable year yield (annual incremental net operating income divided by capital investment) is calculated at 11.1 percent. The rate of return of incremental annual net operating income (EBITDA) on capital costs under this option generally satisfies minimum return on investment standards.
- Option 2 (expanded clubhouse): The incremental return on investment is calculated at 6.0 percent, about one-half of the yield for Option 1. Option 2 economics are well below the typical minimum return on investment standards, indicating the capital improvement costs are not supported by the net income generation.

2. Driving Range Improvement:
To accommodate current demand and grow an additional revenue base on the driving range, the range needs to be updated and expanded. In the FY 23/24 budget, City Council allocated $158,000 of tourism funds to Juniper for capital projects. One option for use of these resources is an emerging amenity called Top Tracer technology. Top Tracer is currently used at Top Golf. It incorporates high-speed cameras, coupled with computer algorithms, to provide instantaneous ball tracking information to guests. There are several investment levels for Top Tracer. They can be as low as $100,000 (which includes installation of Top Tracer technology with no additional improvement in the range) and up to $1.5M (which includes expanded tees, temperature controlled covered bays, in-bay television monitors, casual seating, and food and beverage options).

To fully understand the economic impact of implementing Top Tracer at Juniper, more analysis is needed.

To construct either option, the City would need to borrow funding under the City's FF&C and service the debt through an annual contribution. If this route is pursued, staff would recommend the Council consider dedicating a portion of the excess transient lodging tax. Once the facility is producing consistent positive net cash flow, resources from the facility's revenue could take the place of the tourism dollars.

Fiscal Impact:
Considerations and areas of Council/ Committee input for the Worksession:

- Contract status with CourseCo.
- Views and perspectives on the list of capital investment considerations
- What other capital investments should be considered for enhancing existing operations
- What capital investments should be considered as additive amenities
- What other analysis is needed to make these and other decisions related to both the management contract as well as operational investments and assumptions
- What resources is the Council willing to consider to fund improvements at Juniper.**

*** For example: With net positive cash flows committed to infrastructure maintenance and equipment costs, would the Council be willing to dedicate $150,000 (this is the assumed debt service on a $1.5M investment amortized over 15 years) of tourism funding annually to support investment projects such as a designated events venue or expansion of driving range with Top Tracer implementation. The current estimate of total annual tourism funding is about $500,000, meaning a commitment of $150,000 to a Juniper investment would be about 30% of available (over and above the annual tourism contract which the City oversees).*

Alternative Courses of Action:
To be determined.

Recommendation / Suggested Motion:
No motion requested.

CITY OF REDMOND

Office of the Mayor

411 SW 9th St
Redmond OR 97756

Via e-mail only

TO: Juniper Golf Course Committee
FROM: Ed Fitch
RE: Contract compliance and planning

On Friday, June 9, myself, Councilor Colvin, City staff and members of the Golf Committee met with CourseCo. regarding the current state of operations at Juniper Golf Course. The meeting was intended to review where we are at in relation to the requirements in the management contract and where we should go in the future.

As a next step, the City Golf Committee will meet in either late June or July to discuss these items, particularly how to advance some immediate action items for this golf year, including:

1. Providing some level of shading to the clubhouse deck so it can be better utilized in the late afternoon and early evening
2. Cleaning the carpet and painting the interior of the clubhouse
3. Hiring a golf professional
4. Implementing a junior golf program
5. Improving the playing conditions of the driving range and par 3 tees
6. Removing and replacing old and cracked balls on the driving range

These are actions need to occur per the existing contract. It is quite a bit in addition to running the daily operations, but I believe it is achievable.

Other subjects to review at the next Golf Committee meeting are:
1. The future of the restaurant – what should it be? What makes economic sense? Etc.
2. Should we look at a snack bar/seating area by the driving range?
3. Should we look at some Top Tracer capability at the driving range and what impact will that have on existing use of the range?
4. What should be our priorities and expenditure of monies for capital improvements and/or repairs and remodeling?

Thank you.

Edward Fitch
Mayor, City of Redmond, Oregon
cc: CourseCo., Maria Ramirez, Keith Witcosky, City Council

GOLF COMMITTEE
JOINT COUNCIL

SEPTEMBER 5, 2023

WORKSESSION OVERVIEW

- COURSE BACKGROUND
- CAPITAL PROJECTS
- OPPORTUNITIES/ DISCUSSION
- NEXT STEPS

SLIDE / 2

THE PROPERTY

~174 ACRES

GENESIS OF THE GOLF COURSE

FORMER LOCATION: AIRPORT OWNED LAND
BUILT: 2005
COST: $6.7M

LAND STRUCTURE

USE AGREEMENT WITH BUR. OF LAND MANAGEMENT: PATENT REQUIRES RECREATIONAL ONLY

FINANCIAL OBLIGATIONS/STATUS

DEBT SERVICE: $386,000
MATURITY DATE: 2033

SLIDE / 3

COURSECO CONTRACT

2010 · 2011 · 2016 · 2020 · 2023 · 2025

AUG. 2010 – JAN. 2011

2010 NGF STUDY
- 3RD PARTY OPERATOR

2010 RFP
- COURSECO AWARD

JAN. 2011 – COURSE MANAGEMENT

GOLF COMMITTEE CREATED
- MONITOR CONTRACT W/ COURSECO
- REVIEW/APPROVE BUDGET AND PLAN
- REVIEW/APPROVE COURSE FEE STRUCTURE
- PERFORM ADDITIONAL DUTIES DIRECTED FROM CITY COUNCIL

JAN. 2016

CONTRACT EXTENSION
- REDUCE THE CITY'S RISK
- ENGAGE COMMUNITY
- ENCOURAGE ROI IMPROVEMENT

FEBRUARY 2019

OPERATIONS STUDY
- ANALYZE COURSECO OPERATIONS
- DEVELOP 2020-2025 TERMS

JANUARY 2020

CURRENT CONTRACT TERMS
- PROVIDE $100K INVESTMENT
- COMPLETE EVENTS FEASIBILITY STUDY
- COMPLETE ANNUAL PLAN
- PROVIDE GOLF PROGRAMS

JUNE 9, 2023

COMMITTEE ASSIGNMENT
- FUTURE OF THE COURSE
- FUTURE OF THE RESTAURANT

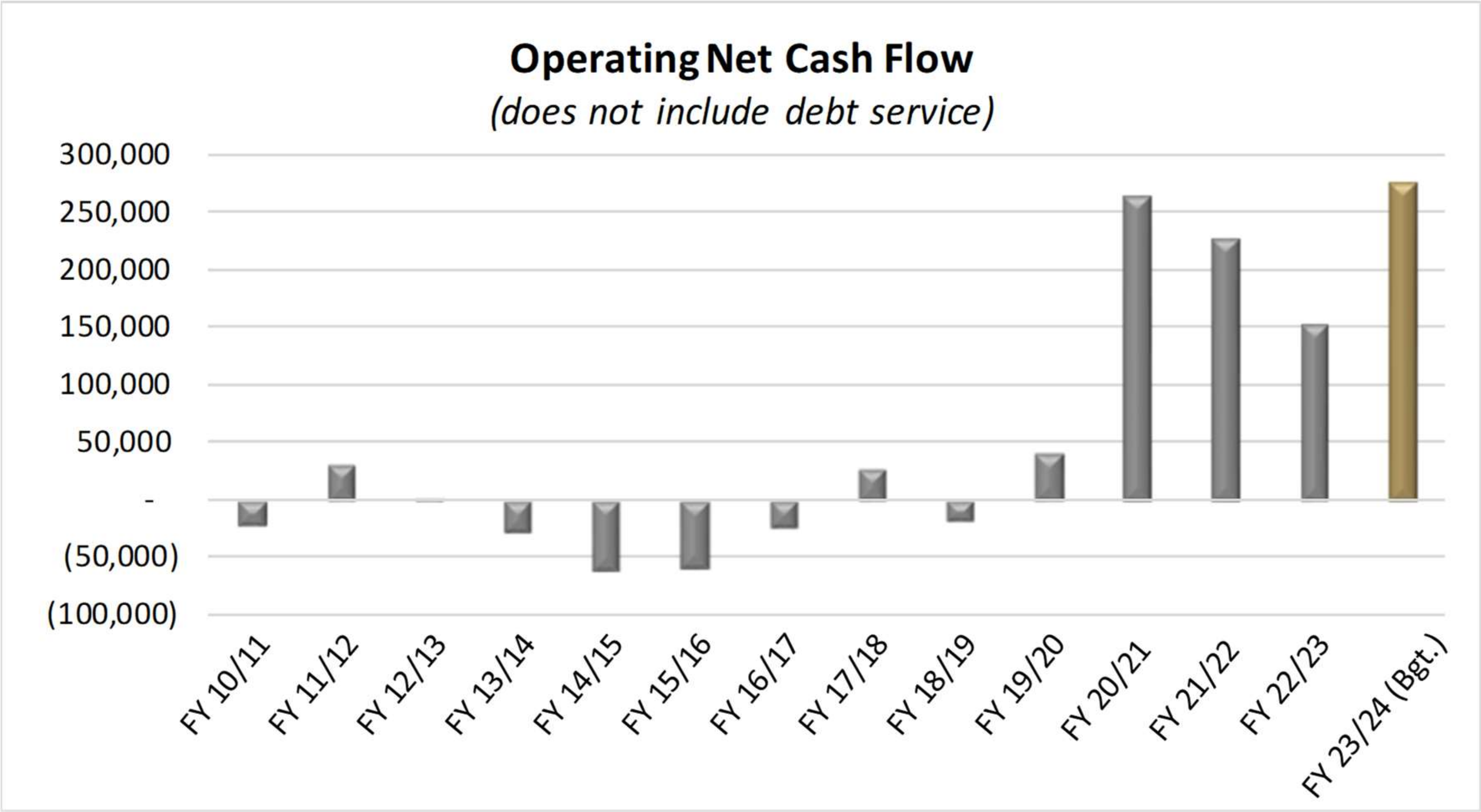
SEPT. 5, 2023

JOINT COUNCIL MEETING
- FINANCIAL STATUS
- OPPORTUNITIES FOR INVESTMENT

JUNE 30, 2025

CONTRACT EXPIRATION

HISTORICAL OPERATING CASH FLOW



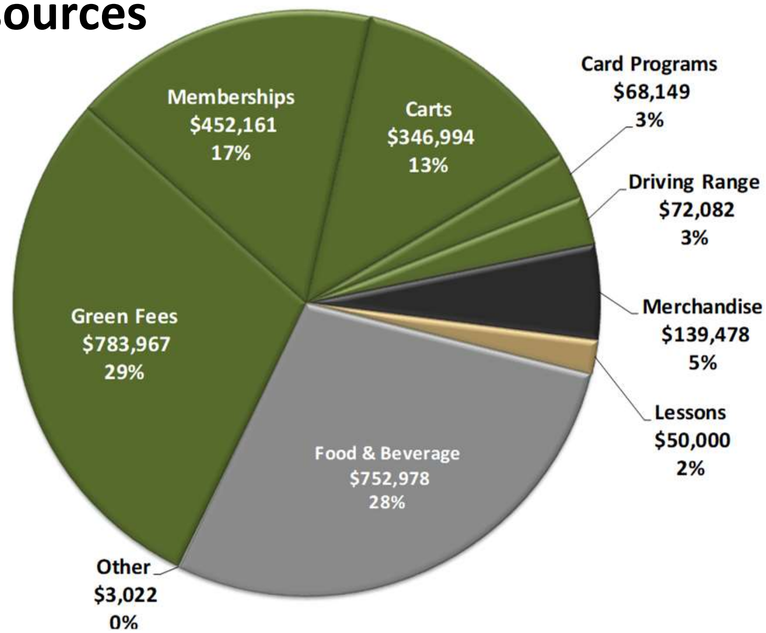
GOLF REVENUE & EXPENDITURES

Operating Budget = $2.4 million

Non-City FTEs = 11+ seasonal

18 Hole Golf Course
Practice Facilities
Golf Shop
Food & Beverage
Special Events

Resources



EXPENDITURES

BUDGET ($S IN MILLIONS)	22/23	23/24	CHG ($)	CHG (%)
MATERIALS & SERVICES	$2.2	$2.5	$0.2	+11%
CAPITAL OUTLAY	$0.4	$0.3	($0.1)	-34%
DEBT SERVICE	$0.4	$0.4	($0.0)	-1%

RESOURCES VS. CAPITAL (NEXT 5 YEARS)

RESOURCES:

$1.0 - $1.25 MILLION

$0.2M-$0.25M/year in Positive Net Cash

CAPITAL:

$ 369K EQUIPMENT PURCHASE

15%

$860K CAPITAL PROJECTS

85%

$1.3 MILLION TOTAL

FACILITY GROWTH AND EXPANSION

DISCUSSION TOPICS

- WHAT IS THE BALANCE FOR PRIORITIZING CAPITAL AND IMPROVEMENT?
  - CAPITAL INVESTMENTS FOR EXISTING OPERATIONS
  - CAPITAL INVESTMENTS IN NEW AMENITIES
- WHAT IS THE FUTURE OF THE RESTAURANT?
- WHAT IS THE FUTURE OF THE DRIVING RANGE?
- SHOULD WE INVEST IN TOP TRACER

KEY ELEMENTS

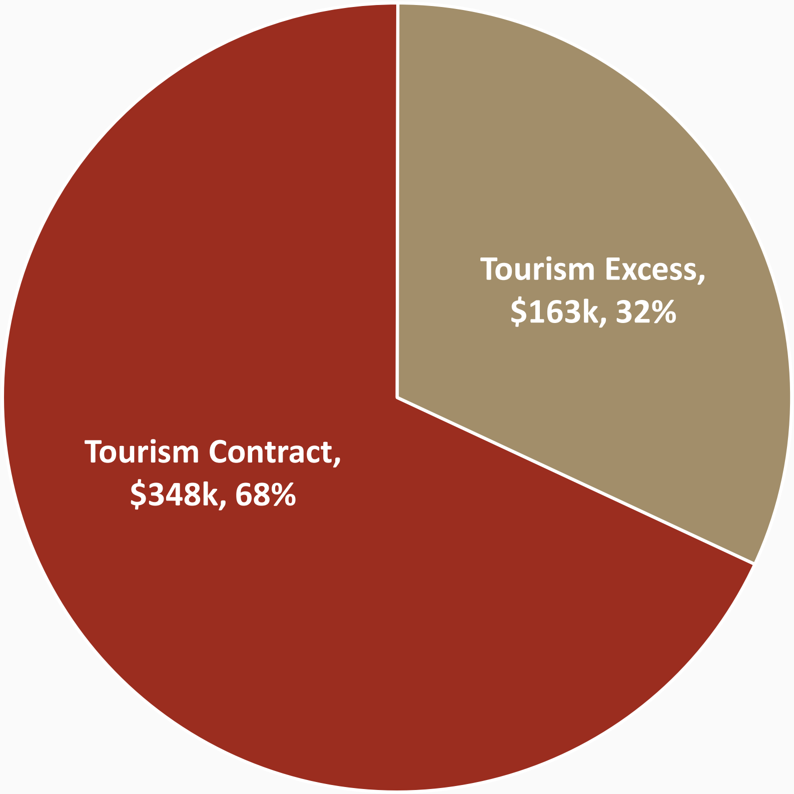
- UTILIZE EXCESS TRANSIENT LODGING TAX RESOURCES
- EXPAND SERVICES FOR NON-GOLF BUSINESS
- TARGET RETURN ON INVESTMENT ENDEAVORS

TWO CONSIDERATIONS

- DESIGNATED EVENTS PAVILION/ OR OTHER FOOD AND BEVERAGE ENHANCEMENTS
- DRIVING RANGE EXPANSION

FUNDING EXAMPLES

Tourism Funding ($512k in FY 22/23)



$150K = $1.5M DEBT CAPACITY / POTENTIAL INVESTMENT


DISCUSSION
REDMOND
EST. 1910
OREGON