



Legislation Text

File #: 19-1028, **Version:** 1

STRATEGIC PRIORITY: Quality of Life
AGENDA DATE: September 11, 2019
COUNCIL DISTRICT(S): 1
DEPARTMENT: Park & Recreation Department
EXECUTIVE: Willis C. Winters

SUBJECT

Authorize Supplemental Agreement No. 3 to the golf professional concession contract with James R. Henderson to allow for compensation during the closing and renovations of Stevens Park Golf Course located at 1005 North Montclair Avenue - Not to exceed \$170,462.00 - Financing: Golf Maintenance Multi-Year Fund

BACKGROUND

Stevens Park Golf Course located at 1005 North Montclair Avenue is one of six full-service golf courses owned by the City of Dallas. The Park and Recreation Department (PKR) utilizes a public/private partnership to manage and operate the City's golf courses which operate year-round. The pro shop operations at Stevens Park Golf Course are managed by certified golf professional James R. Henderson, through a contract with the City. The golf professional is also responsible for managing, operating, staffing, programming, and marketing the facility at his own expense. Programming includes tournaments, leagues, lessons, merchandising, and concessions. PKR personnel maintains the grounds of Stevens Park Golf Course. Stevens Park Golf Course averages 48,000 rounds of golf annually while producing over \$1.1 million annual revenue (general fund and multi-year fund).

On or about April 29, 2019, Stevens Park Golf Course experienced kill-off of turf on the greens. PKR staff investigated, and it was determined that an incorrect application of a chemical resulted in the damage to the greens. It was decided between the golf professional and PKR staff to close the course and grow in new greens and complete other projects during this time; specifically, drainage improvements, rebuild tee boxes at the first tee, lay new sod around cart paths and other areas, and complete forestry work around the course. A delay in acting could have adversely affected the public's perception of the course and negatively impacted future operations. The golf course closed on May 5, 2019 and reopened to the public on July 22, 2019 with both the City Council and the Park and Recreation Board being notified, by way of letter, of this action on May 6, 2019.

City of Dallas golf course facility and grounds operations are managed through city forces and the business operations are managed by private contractors who are Professional Golfers Association Golf Professionals. This public/private contractual partnership maximizes the revenue potential and return on investment for both the operator and the City of Dallas. Under the contract, each party has the right to terminate for convenience. In the past, during the term of the contract, the City has had a public purpose reason to close the course facility and grounds operations and as a result caused an interruption to the golf pro's operations.

Due to the difficulty to replace the golf pro if the City or the golf pro were to terminate the contract due to the City's elected closure, PKR has historically initiated a Supplemental Agreement to retain the golf pro, avoid undue delay and interruption to public's use of the golf course, and overall provide for a seamless reopening of the golf course. In consideration of the golf pro's waiver of the golf pro's right to terminate due to the closure and the golf pro's waiver, release, and relinquishment of any rights to additional compensation or any other remedies as a result of the City's closure, the City has agreed to compensate the golf pro for: (i) professional services; (ii) the fixed costs incurred during the closure; and (iii) for efforts taken to regenerate the customer base upon reopening the course. This process has been used during three previous renovations - Stevens Park Golf Course (2010), Luna Vista Golf Course (2012) and Cedar Crest Golf Course (2015).

The May 5, 2019 through July 22, 2019 closure of the Stevens Park Golf Course necessitates a Supplemental Agreement to the golf professional concession contract with James R. Henderson, previously approved by City Council on June 11, 2008, by Resolution No. 08-1654, during which time the golf pro had no opportunity to generate revenue from the facilities but continued to have financial responsibility for many aspects of the operation. In consideration of Mr. Henderson's waiver of his right to terminate due to the closure; additional waiver, release, and relinquishment of any rights to additional compensation or any other remedies as a result of the City's closure, and other consideration set forth in the Supplemental Agreement, the City, through PKR, recommends compensating Mr. Henderson for: (i) professional services; (ii) the fixed costs incurred during the closure; and (iii) for efforts taken to regenerate the customer base upon reopening of the course. During the term of the Supplement, Mr. Henderson provided, and/or will continue to provide, the following services: the marketing plan for the course re-opening, provided professional input during the grow-in by monitoring the greens, and supplied labor to lay sod and complete other tasks during the shutdown.

Specifically, the City, through PKR, proposes to compensate James R. Henderson in a lump sum amount not to exceed \$170,462.00. The City, through PKR, proposes to compensate Mr. Henderson for professional services compensation in an amount not to exceed \$89,014.00 during the period of closure for his professional oversight during construction. Substantiated and validated expenses of approximately \$31,318.00 were incurred by Mr. Henderson, against which he had no opportunity to generate revenue. During the period the course was closed, expenses such as telephone lines, liquor license, insurance, pest control, and golf shop security system continued. The costs for staff to close and re-open the pro shop and café and losses for merchandise liquidation were also considered for compensation. During the three months after reopening of the course, the City will assume all utility costs for the golf course, pro shop, and cart barn in an amount not to exceed \$8,591.00. During the five months after reopening, the City will forego revenue sharing commissions based on other pro shop revenue in an amount not to exceed \$41,539.00. The closure impacted the public's perception of the golf course and by allocating additional funds to Mr. Henderson, he will have the opportunity to create new golf programs, invest in staff, rebuild the customer base, and create additional opportunities to generate interest in Stevens Park Golf Course.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 11, 2008, City Council authorized five concession contracts for one hundred twenty-six months, or ten and one-half years, each, with one sixty-month extension option each for Golf Pro Shop Management with Bob Smith at Tenison Park Golf Courses, Mickey Ray Piersall at L. B. Houston Golf Course, Ira McGraw at Cedar Crest Golf Course, James R. Henderson at Stevens Park Golf Course, and Tony Martinez at Grover C. Keeton Park Golf Course by Resolution No. 08-1654.

On November 10, 2010, City Council authorized an amendment to the golf professional concession contract with James R. Henderson to define roles, responsibilities, compensation and reimbursement for personal services performed and costs incurred during the premises closure including, but not limited to security, insurance, staffing to close and re-open the restaurant and pro shop and increased unemployment taxes as a result of the closure of Stevens Park Golf Course for renovation by Resolution No. 10-2871.

On September 20, 2018, the Park and Recreation Board authorized the sixty-month extension option to five concession contracts for Golf Pro Shop Managers as well as authorize performance indicators and require financial statements submitted by the Concessionaire to be in accordance with general accepted accounting principles.

Information about this item was provided to the Quality of Life, Arts and Culture Committee on December 10, 2018.

On December 12, 2018, City Council authorized the sixty-month extension option to five concession contracts for Golf Pro Shop Managers with Bob Smith at Tenison Park Golf Courses, Mickey Ray Piersall at Luna Vista Golf Course, IAMJ Enterprises, Inc. at Cedar Crest Golf Course, James R. Henderson at Stevens Park Golf Course, and Tony Martinez at Grover C. Keeton Park Golf Course by Resolution No. 18-1827.

On August 15, 2019, the Park and Recreation Board authorized Supplemental Agreement No. 3 to the golf professional concession contract with James R. Henderson to allow for compensation during the closing and renovations of Stevens Park Golf Course located at 1005 North Montclair Avenue.

FISCAL INFORMATION

Golf Maintenance Multi-Year Fund - \$170,462.00

MAP

Attached