PORT ORANGE CITY COUNCIL WORKSHOP

Council Chambers

Tuesday, November 28, 2017 @ 6:30 PM

REVISED AGENDA

Pursuant to Section 3.06 of the Charter of the City of Port Orange, the Mayor has called a **Workshop** of the City Council to be held for the following purposes:

OPENING

1. Pledge of Allegiance
2. Silent Invocation
3. Roll Call

DISCUSSION ITEMS

4. Golf Course Restaurant Model
5. River District City Property Options

ADJOURNMENT

ANY PERSON WHO DECIDES TO APPEAL ANY DECISION MADE BY THE CITY COUNCIL WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSE HE OR SHE MAY NEED TO ENSURE AT HIS OR HER OWN EXPENSE FOR THE TAKING AND PREPARATION OF A VERBATIM RECORD OF ALL TESTIMONY AND EVIDENCE OF THE PROCEEDINGS UPON WHICH THE APPEAL IS TO BE BASED.

NOTE: IF YOU ARE A PERSON WITH A DISABILITY WHO NEEDS AN ACCOMMODATION IN ORDER TO PARTICIPATE IN THIS PROCEEDING, YOU ARE ENTITLED, AT NO COST TO YOU, TO THE PROVISION OF CERTAIN ASSISTANCE. PLEASE CONTACT THE CITY CLERK FOR THE CITY OF PORT ORANGE, 1000 CITY CENTER CIRCLE, PORT ORANGE, FLORIDA 32129, TELEPHONE NUMBER 386-506-5563, CITYCLERK@PORT-ORANGE.ORG, AS FAR IN ADVANCE AS POSSIBLE, BUT PREFERABLY WITHIN 2 WORKING DAYS OF YOUR RECEIPT OF THIS NOTICE OR 5 DAYS PRIOR TO THE MEETING DATE. IF YOU ARE HEARING OR VOICE IMPAIRED, CONTACT THE RELAY OPERATOR AT 7-1-1 or 1-800-8771.

UPON REQUEST BY A QUALIFIED INDIVIDUAL WITH A DISABILITY, THIS DOCUMENT WILL BE MADE AVAILABLE IN AN ALTERNATE FORMAT. IF YOU NEED TO REQUEST THIS DOCUMENT IN AN ALTERNATE FORMAT, PLEASE CONTACT THE CITY CLERK WHOSE CONTACT INFORMATION IS PROVIDED ABOVE.

ANY INVOCATION THAT IS OFFERED BEFORE THE OFFICIAL START OF THE CITY COUNCIL MEETING SHALL BE THE VOLUNTARY OFFERING OF A PRIVATE PERSON, TO AND FOR THE BENEFIT OF THE CITY COUNCIL. THE VIEWS OR BELIEFS EXPRESSED BY THE INVOCATION SPEAKER HAVE NOT BEEN PREVIOUSLY REVIEWED OR APPROVED BY THE CITY COUNCIL OR THE CITY STAFF, AND THE CITY IS NOT ALLOWED BY LAW TO ENDORSE THE RELIGIOUS BELIEFS OR VIEWS OF THIS, OR ANY OTHER SPEAKER. PERSONS IN ATTENDANCE AT THE CITY COUNCIL MEETING ARE INVITED TO STAND DURING THE OPENING INVOCATION AND PLEDGE OF ALLEGIANCE. HOWEVER, SUCH INVITATION SHALL NOT BE CONSTRUED AS A DEMAND, ORDER, OR ANY OTHER TYPE OF COMMAND. NO PERSON IN ATTENDANCE AT THE MEETING SHALL BE REQUIRED TO PARTICIPATE IN ANY OPENING INVOCATION THAT IS OFFERED. A PERSON MAY EXIT THE CITY COUNCIL CHAMBERS AND RETURN UPON COMPLETION OF THE OPENING INVOCATION IF A PERSON DOES NOT WISH TO PARTICIPATE IN OR WITNESS THE OPENING INVOCATION.

CITY COUNCIL AGENDA ITEM

REQUESTED COUNCIL MEETING DATE 11/28/2017

Consent item: No

SUBJECT: (4) Golf Course Restaurant Model

DEPARTMENT: City Manager

GOAL: 3 - Quality of Life

RECOMMENDED MOTION:

SUMMARY:

In February 2015, City staff published are best practice analysis on golf course operations. One section of this analysis included recommendations on golf course restaurants operations. The recommendation at that time was to outsource restaurant operations independent of Kemper Sports and charge rent to the restaurant operator.

The City moved in this direction and the result was a net gain of $81,365 during the 22 months of operation in which the restaurant was leased. However, eventually the restaurant could not make enough to make ends meet and closed in August 2017. Staff has recently gone out for bid for another restaurateur, but we would also like to make some recommendations on the new model.

These recommendations are included in the attached memo, but in short are:

- Continue to monitor food and beverage operations.
- Minimize restaurant operation interruptions during busy season and plan for changes beginning in April or May if the City proceeds with changes.
- Consider leasing the restaurant at a cheaper rate than before.
- Allow Kemper to manage the restaurant contract once in place. This will help

- Reduce staff workload
- Increase communication between restaurant and Kemper
- Increase onsite/continuous oversite of restaurant

Project No.: Funding Account No.:

ATTACHMENTS:

1.	Restaurant Management Memo	Restaurant Management Memo.pdf
2.	Golf Course Analysis 2015	Report.pdf

Robin Fenwick — Created/Initiated - 10/11/2017
Alan Rosen — Approved - 11/06/2017
Jake Johansson — Approved - 11/07/2017
Robin Fenwick — Final Approval - 11/07/2017

Staff Report

To:	City Council
From:	Assistant City Manager Alan Rosen
Subject:	Golf Course Restaurant Operations
Date:	November 28, 2017

Executive Summary:

In a study completed by staff in February 2015, seven municipal golf courses were surveyed. We found two different restaurant management models. The model of leasing the restaurant space to a restauranteur was deemed more financially successful.

Based on this information, the City changed its model from Kemper employees managing the restaurant to leasing the restaurant and banquet room to a restaurateur. Financially, the result was a success as the City netted money consistently for the first time since 2013. The table below shows the net difference.

Restaurant Model	Net Revenue
Managed by Kemper	($19,631)[1]
Leased to Restauranteur	$81,365[2]
Difference	$100,996

[1] 22 Months of operations from July 2013 – April 2015

[2] 22 Months of operations from November 2015 – August 2017. This net includes the rent obtained, the reduction in management fee from Kemper, and the cleaning fee the City paid when the lessee left.

While the City made money on the new model, this trial was ultimately unsuccessful as the lessee left after they could not make ends meet. After the restaurant closed, the City agreed to allow Kemper to manage the restaurant again on a short-term basis while the City put the lease out for bid again. In the meantime, staff has discussed ideas that could make the next incarnation of the restaurant more successful, even if it doesn't net the city more money. The ideas are included below.

Allow Kemper to Manage Restaurant Until Slow Season

Even if the City goes out to bid for another restaurateur, it will be February before the new manager is ready to begin service. This would occur in the middle of the high season and if there are growing pains in changing restaurant management, it could impact service levels and golf.

Many golfers see food and beverage as a bonus before or after rounds. If our operations are impacted during the busy season, golfers are likely to go elsewhere further reducing revenue during our peek time. Therefore, it may make sense to postpone any changes until May or June. In addition, this will give staff sufficient time to collect data on the financial impact of the current food and beverage operations. The current operations have not been going on long enough to determine the outcome of its current incarnation.

Lease the Food and Beverage Operations to Restauranteur

As written above, this model was the most financially successful for the City in recent years. However, the cost to the lessee was eventually too great for them to be successful. Staff analyzed the rent paid by other lessees of local golf course restaurants and found that the rent charged by the City of Port Orange (through a competitively bid process) was significantly higher than the other two models in our study.

Municipal Golf Restaurant	Restaurant Capacity	Monthly Rent[1]	Rent per Capacity per Month
Port Orange	89	$2,250	$25.28
Daytona Beach	140	$1,500	$10.71
New Smyrna Beach	150	$800	$5.33

[1] *These amounts do not include additional charges for utilities or taxes that are included in each lease agreement.*

In a recent conversation with the Daytona Beach Golf Course manager, the City indicated that they had endured a very similar failure with the restaurant as the City of Port Orange in the recent past. Their prior lessee was only paying $1,000 per month in rent. In addition, the City had provided several months rent free until the restaurant could get on its feet, but even with that boost, the restaurant still did not survive. Their current tenants opened their doors at the beginning of November 2017 and it is still too early to tell whether it will be a success. However, they are receiving no break in rent and are paying $500 more per month then the tenant that recently failed.

If the City does lease the restaurant again, it should anticipate bids for rent being lower the previous agreement. Conversely, the City could set the rental rate and base responses to RFPs on the service provided for the price.

Another consideration when leasing out the restaurant again is to see if any interested parties wanted to renovate the restaurant area at their own expense in return for free rent until the cost of the renovations are "paid off."

Hybrid Lease Model

One of the difficulties of managing a restaurant contractor and a golf operations manager is that the two services rely on each other for success, but City staff does not have the time or resources to work with both as closely as needed. In addition, since the City was managing the restaurant contract and Kemper was not, it was impossible for Kemper to provide communication and direction that would have been beneficial for the restaurant operations. Examples include cleanliness, communication on special events, use of air conditioner and basic maintenance of the restaurant and kitchen.

Since Kemper is on site all the time, they notice issues that could be easily fixed, but since Kemper must go through the City to help manage the restauranteur, solutions are slower. One solution may be to implement a hybrid restaurant management model.

In this hybrid, either the City or Kemper would lease the restaurant to a professional restauranteur and Kemper would manage the contract. This would allow Kemper more control of onsite management of the restaurant to ensure the facilities are being well maintained and service is up to par. This model has some benefits including:

- Limited financial risk as the city receives rent (through Kemper) and is not impacted by slow business.
- Allows Kemper to manage the restaurant contract directly relieving pressure on Parks and Recreation staff.
- City can still maintain overall control through current contract with Kemper
- Increases cooperation and communication between Food and Beverage operations and golf course operations
- Keeps restaurant management by professional restauranteurs and not golf course managers.

Recommendation

- Continue to monitor food and beverage operations.
- Minimize restaurant operation interruptions during busy season and plan for changes beginning in April or May if the City proceeds with changes.
- Consider leasing the restaurant at a cheaper rate than before.
- Allow Kemper to manage the restaurant contract once in place. This will help
    - Reduce staff workload
    - Increase communication between restaurant and Kemper
    - Increase onsite/continuous oversite of restaurant

Municipal Golf Course Management Best Practices

February 27, 2015

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Tables

Figures

Executive Summary

The purpose of this study is to compare Port Orange's golf course contract and management against other municipal courses within Volusia County and around the State of Florida. The goal of the analysis is to identify changes to the City's current management structure that might enhance the management and operations of the Cypress Head golf course.

This report is separated into the following subject areas and sections

1. Executive Summary,
2. Methodology,
3. Management Comparison, and
4. Financial Comparisons

In short, the City of Port Orange should revisit the current contract with Kemper Sports. There are some opportunities for improvement of the current contract that will help clarify roles and responsibilities of both the City and the contractor. In addition, the City should consider conducting a cost-benefit analysis before the end of the current contract in order to determine if it would be more efficient to manage the golf course with in-house personnel. We have provided a summary of recommendations in Attachment A at the end of this document.

Methodology

Staff employed a number of tools in obtaining information and producing recommendations. Data gathering and analytical tools included:

- Document Review
    - Staff reviewed golf management contracts, budgets, Consolidated Annual Financial Reports (CAFR), and other related documents.
- Interviews
    - Staff interviewed city managers, golf contract managers, finance staff and golf management companies in order to obtain a deeper understanding of the issues for each peer.
- Financial Analysis
    - Staff reviewed the most recent financial information to determine the financial viability of each city's golf operation.
- Peer Comparison
    - Staff compared peer cities provided by the City manager for comparative purposes. These peer cities include:
        - Belle Glade (SugarCane Golf Club)
        - Delray Beach (Lakeview and Municipal Golf Clubs)
        - New Smyrna Beach (Municipal Golf Course), and
        - Ormond Beach (River Bend Golf Course)

This study did not include a fee study and therefore there is no fee comparison included.

Management Comparison

This section identifies the differences between Port Orange and peer cities in relation to managing golf courses. The data points we have compared and identified in this section include:

(1) Overall management structure and golf course amenities,
(2) Management functions and financial construct,
(3) Ownership and maintenance of equipment and facilities,
(4) Length and termination of contracts, and
(5) Alcoholic beverage license responsibilities.

General Contract and Financial Management Comparisons

All cities in the study employ a management company to operate their golf course, except for New Smyrna Beach, which only outsources its onsite restaurant. Table 1 below identifies the contract structure and amenities for each city.

Table 1. Golf Course Management Structures and Amenities for Port Orange and Peers

City	Contract or In-House	Contractor	Amenities
Port Orange	Contract	Kemper Sports	18 holes (6,832 yard course); Restaurant; Foot Golf; Driving Range; Pro Shop
Belle Glade	Contract	Golf Operations Link of Florida	18 Holes (6,500 yard course); Driving Range; Pro Shop; Restaurant
Delray Beach	Contract	BJCE, Inc.	2, 18 hole courses (9,890 yards total); Restaurant, Putting Surface; Driving Range; Pro Shop
New Smyrna Beach[1]	In-House and Contract	Tiano's Restaurant	18 Holes (6,200 yard course); Pro Shop; Driving Range; Restaurant
Ormond Beach	Contract	River Bend Management Group	18 Holes (6,821 yard course); Restaurant; Driving Range; Pro Shop

[1] New Smyrna Beach manages the golf course with in-house staff, however the City contracts out the operations of the restaurant.

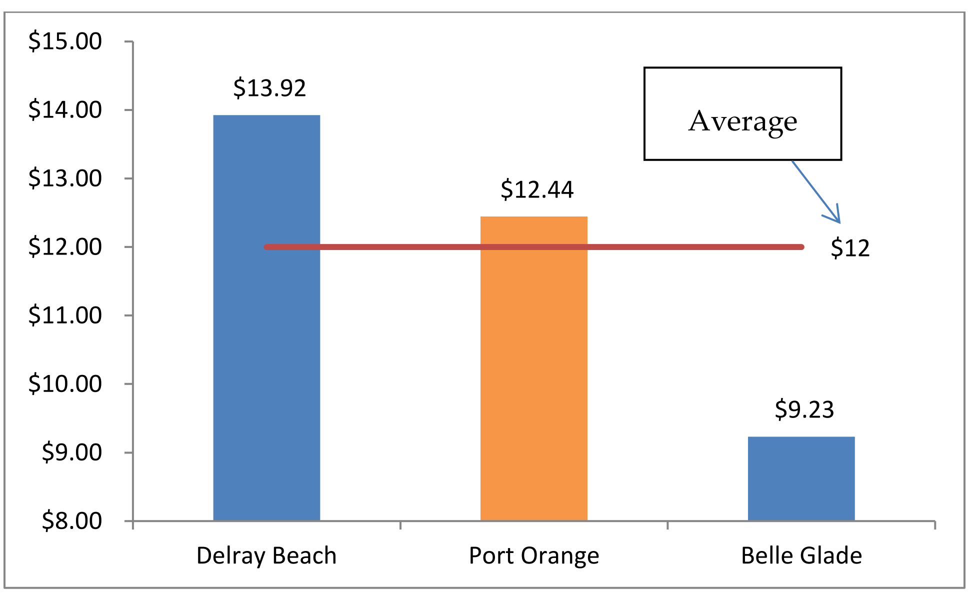
It is interesting to note that of the peers, Port Orange is the only city to offer 9-holes of foot golf (golf played with a soccer ball and a 28-inch pin). While most cities contract out golf management services, the structure of each contract is slightly different. Tables 2 through 4 discuss these differences.

Table 2. Comparison of Financial Structures for Golf Management Contracts

City	Functions Contracted	Contract Cost	Financial Setup
Port Orange	Golf operations and maintenance; Food and Beverage	City pays $85,000/Year	All revenues and expenses flow through City funds
Belle Glade	Golf operations and maintenance; Snack bar	City pays up to $60,000/Year	All revenue and expenses remain with contractor
Delray Beach	Golf operations and maintenance; Food and Beverage	City pays $137,700/Year	All revenues and expenses flow through City funds
New Smyrna Beach	In-House (except for restaurant)	Tiano's pays city $800 per month plus utilities for the privilege of running the restaurant	Golf Course Department Enterprise Fund
Ormond Beach	Golf operations and maintenance; Food and Beverage	Contractor pays City $84,644 to lease golf course	Revenue from lease goes to Airport fund due to golf course location on airport property

Of the cities that pay for golf course management (Port Orange, Belle Glade and Delray Beach), the City of Port Orange pays the slightly above the average amount among the three for golf course management. Staff arrived at this average by normalizing costs into annual cost per yard managed. Figure 1 illustrates these costs.

Figure 1. Annual Contract Cost Per Golf Course Yard



Each of the three cities that pay for golf course management includes similar responsibilities and amenities; however only Port Orange includes a foot golf course. While Belle Glade pays the least for golf course management, that City's staff indicates that the golf course would not be viable without significant private donations of equipment and services in addition to the $60,000 paid by the City.

Ormond Beach has the most beneficial golf management contract. The City leases their golf course to a management company based on the assessed value of the land (current annual payments to the City are $84,644). The City's contract establishes similar guidelines for operations of the golf course as the other cities included in this study. The contract manager in Ormond Beach indicates that this arrangement has been beneficial and there have been no significant issues with the golf course or the management company.

Both the City's contract manager and the management company indicated that this management structure is a holdover from the previous owners of the golf course who thought it would be a viable model. However, since the downturn in the economy and the over-building of golf courses in Florida, management companies would be wary of entering into contracts that do not limit their liability for loss.

Restaurant Operations

Port Orange was interested in comparing food and beverage operations at other golf courses. Table 3 shows a comparison of restaurant operations between Port Orange and peer cities.

Table 3. Comparison of Food and Beverage Operations Between Port Orange and Peer Cities

City	Restaurant Manager	Restaurant Facility	Restaurant Capacity	Banquet Capacity	Net Annual Revenue
Port Orange	Contracted along with Golf Operations	Open: 11-6 most days Menu: mostly bar fare	89	178	($13,986.66)[2]
Belle Glade	Contracted along with Golf Operations	Only snack bar	None	None	N/A
Daytona Beach[1]	Individual contract for restaurant operations	Open: 6:30 am – 8 pm Menu: American for breakfast and lunch; Italian for dinner	140	Uses restaurant as banquet space if needed	$12,000
Delray Beach – Municipal Golf Club	Contracted along with golf course operations.	Open: 7am-9pm (summer) Only lunch food Menu: sandwiches, burgers, drinks, salads	40	250	($28,312)[3]
Delray Beach – Lakeview Golf Course	Contracted along with golf course operations.	Only snack bar	None	None	N/A
New Smyrna Beach	Individual contract for restaurant operations	Tiano's Restaurant: Open: 10-9, Lunch and Dinner Menu: Italian	150	No banquet facilities but people can rent out restaurant	$9,600 (plus utilities)[4]
Ormond Beach	Contracted with Golf Operations	Open: 10-4 most days. Menu: Menu mostly bar food, sandwiches and drinks	25	75	N/A

[1] Daytona Beach's information is based on a contract that their Council will vote on March 4th, 2015.
[2] Net loss is based on FY 2014 trial balance and includes estimated overhead costs
N/A indicates costs/revenues associated with restaurant is not individually identified by contractor or City.
[3] Loss includes approximately 37.5% overhead associated with the restaurant and banquet operation. Lakeview Golf Course's snack bar showed modest net revenue in FY 2010-11, but overhead is not included in that number.
[4] Tiano's (the manager of the golf course restaurant) pays the City $800 per month for the lease in addition to utilities associated with restaurant operations.

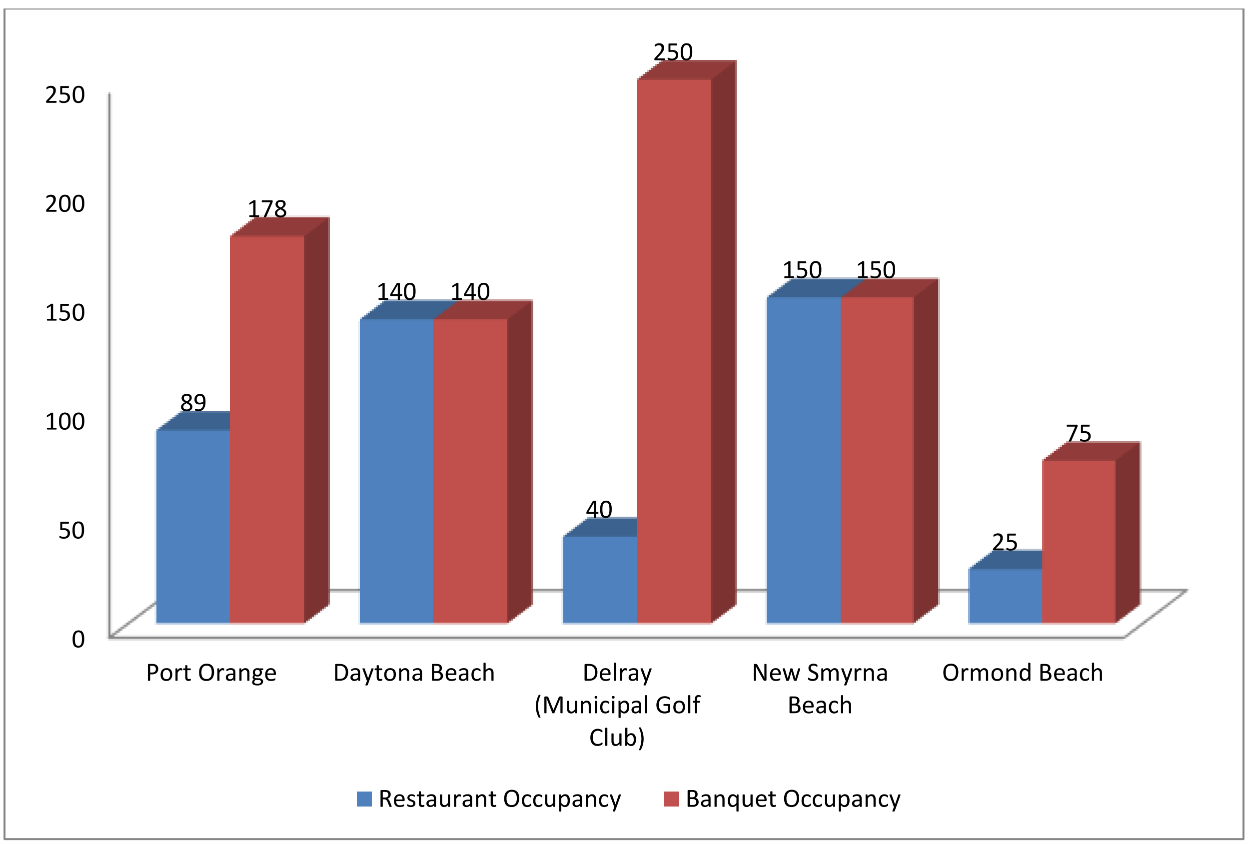
For this comparison, staff added Daytona Beach to the peer group in order to obtain more information on Volusia County municipal golf course restaurant operations. As Table 3 indicates, all golf courses we reviewed have some sort of food and beverage operations. Five out of the seven courses analyzed included full service restaurants and banquet facilities. In some cases banquet facilities were not separate rooms distinct from the on-site restaurant, but rather flex-space adjoining the restaurant.

Based on the information in Table 3, it may be more beneficial to outsource restaurant operations separately from the golf course management contract. While the overall revenues from leases are not significant, having an expert restaurateur manage a food and beverage operation may provide an increase in customer satisfaction and therefore bring more golfers and patrons into the clubhouse.

Recommendation 1. Outsource restaurant operations independently of golf course operations as part of a contract renegotiation or when the current contract expires.

Figure 2 provides a comparison of restaurant and banquet facility sizes.

Figure 2. Comparison of Restaurant and Banquet Facility Occupancy



Note: Daytona Beach's restaurant has flex space, which doubles as a banquet hall. The occupancy of the entire food and beverage area is 140 people. New Smyrna Beach has a restaurant that people can rent out for functions, but there is no separate banquet facility. The occupancy of the entire restaurant is 150 people.

Based on the information provided in Figure 2, Port Orange has the second largest banquet space among the peers we analyzed. The average restaurant occupancy in our study was 89 people, which is exactly where Port Orange fell within the range.

Maintenance and Ownership Comparisons

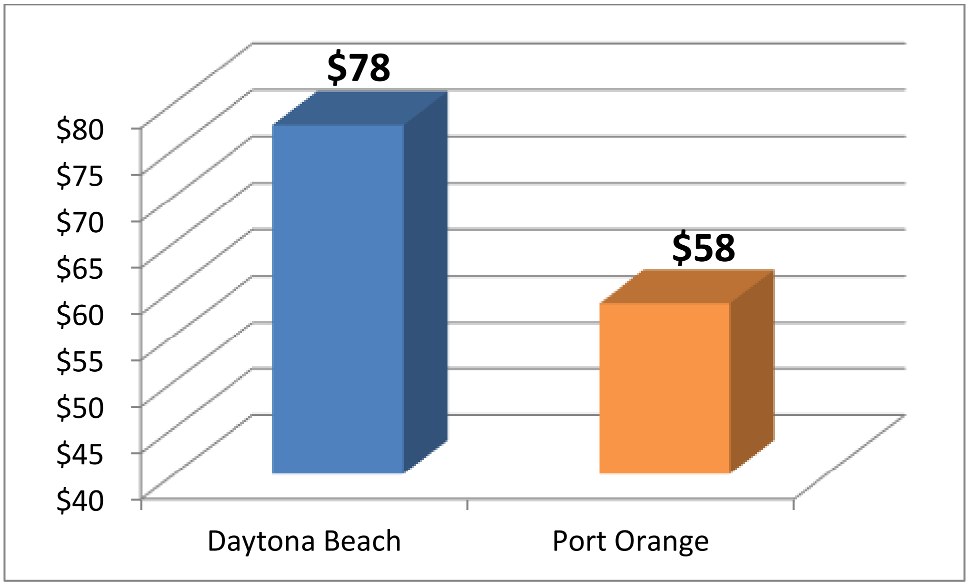
Staff found that the golf management contracts were similar in regards to maintenance responsibility and ownership of land, buildings, equipment, fixtures and other items. Contractors are generally responsible for maintaining everything related to golf course operations. However, even if contractors spend their own money updating the course or facilities, those permanent improvements become property of the cities. While this is also the case in Belle Glade, the City did agree to pay the contractor for some major repairs they felt were critical for course operations.

The City of Port Orange is on the precipice of contributing significant capital dollars to upgrades at its golf course. However, these dollars are considered loans that will be paid back to the City over time.

Another maintenance construct is one in which a city runs the golf course with internal personnel, but contracts out only the maintenance function of the golf course. Daytona Beach currently uses this model and has been happy with the results. The City's current contract is with ValleyCrest Golf Course Maintenance, Inc. The City currently pays the contractor $975,000 per year to maintain the golf course, which includes 12,567 yards of fairway, driving range, cart paths and other associated maintenance.

The City of Port Orange uses its golf management contract with Kemper Sports to maintain the golf course. Staff estimates that Port Orange maintenance costs are $399,333 per year to maintain 6,832 yards of fairway, a driving range, putting area, cart paths, a foot golf course and related areas. Figure 3 illustrates standard comparison of annual cost of maintenance per fairway yard.

Figure 3. Annual Cost of Maintenance Per Fairway Yard



Based on the information in Figure 3, it would not be logical to pursue a different construct in which maintenance is contracted separately from golf course operations.

Recommendation 2. Do not contract golf course maintenance separately from golf course operations.

Contract Length and Termination

Staff reviewed golf course management contracts in order to compare the length of contracts and termination provisions. Table 4 indicates the result of this analysis.

Table 4. Contract Length and Termination Provision Comparison

City	Contract Length	Termination Clause
Port Orange	5 year term (with option for 1 additional 5 year term)	(1) City can terminate contract if: a. Contractor does not correct a "default" within 30 days (if the city properly notified contractor of "default"). b. Contractor is unable to cure breach within 120 days c. Contractor breaches contract more than 12 times during any fiscal year d. Contractor commits a breach under Section 15, paragraph D of the contract (mainly ownership changes or financial trouble such as bankruptcy).
Belle Glade	5 year term	12 months written notice
Delray Beach	4 year term (with option for additional 4 years)	90 days written notice
New Smyrna Beach[1]	5 years (option for 2 additional 5 year terms)	3 days written notice if contractor is not in compliance.
Ormond Beach[2]	50 Year ground lease	City can terminate with a letter and no prior notice

[1] This agreement is only for the restaurant located on the golf course. The golf course is managed in-house.
[2] This termination clause is due to the fact that the FAA could nullify the lease at any time due to the golf course location on airport property.

Three of the five cities that staff reviewed had a term of five years, with Delray Beach having a term of four years. Ormond Beach had a 50 year ground lease, but this is due to the differing construct of their contract.

While the length of each contract is somewhat similar, there were no similarities in the termination clauses. For the contracts that were most similar to Port Orange, the lengths of termination ranged from 90 days written notice to 365 days written notice.

Port Orange's termination clause includes a number of different termination lengths under different scenarios. This is confusing to the reader and should be simplified to include a length of time after written notice.

Recommendation 3. Renegotiate the contract to simplify the termination clause that provides one time period with written notice.

Alcohol Licenses

Table 5 indicates the structure and ownership of alcohol beverage licenses at City golf courses.

Table 5. Alcohol Licenses

City	Alcohol License Structure
Port Orange	"The contractor, with reasonable assistance of City and the Club for licensing, shall manage the sales of alcoholic beverages, consistent with the laws of the State of Florida."
Belle Glade	Contractor's responsibility to obtain alcoholic beverage permits at its own expense. "The CITY shall have no obligation to obtain said licenses and/or permits."
Delray Beach	• City responsible for: o Paying costs, fees and expenditures associated with maintaining alcoholic beverage licenses o The cost of the transfer of the alcoholic beverage licenses back to the city upon termination of agreement o Remitting sales taxes relating to sale of alcoholic beverages • Contractor responsible for: o Transferring the license back to the City upon termination of contract o Ensuring that all laws are followed relating to the use of the alcoholic beverage license
New Smyrna Beach	Contractor's responsibility to acquire and pay for license
Ormond Beach	No mention of alcoholic beverage license in contract, but it is owned and managed by the contractor.

Both Belle Glade and New Smyrna Beach have clear language about alcoholic beverage licenses. Both cities delegate both the cost and responsibilities to the contractor. While Delray Beach's contract is somewhat clear on the responsibilities, they are split between the contractor and the City. Port Orange's contract language is relatively vague, leaving the lines of responsibility open to interpretation. It would be clearer to task the contractor with the entire responsibility of the alcoholic beverage license including the transfer of the license back to the city upon termination of the contract.

Recommendation 4. Renegotiate the contract to clarify alcoholic beverage licenses responsibilities.

Financial Comparisons

Staff analyzed each city's operating revenues and expenses related to municipal golf courses to determine if a specific contract construct was more beneficial than any other. Table 6 shows the actual and projected operating revenues and expenses for each course in this study for the last three years. Staff used financial information from budget books (see Exhibits 1 through 4) or contracts for the information in Table 6.

Table 6. 3-Year History of Municipal Golf Operating Revenues and Expenses

	FY 2012-13 Actual	FY 2013-14 Estimated	FY 2014-15 Budget
Belle Glade			
Operating Revenue	0	0	0
Operating Expenses	60,000	60,000	51,834
Net Operating Revenue	**(60,000)**	**(60,000)**	**(51,834)**
Delray - Municipal Golf Course	**FY 2012-13 Actual**	**FY 2013-14 Estimated**	**FY 2014-15 Budget**
Operating Revenue	2,912,709	2,940,900	2,983,860
Operating Expenses	2,988,531	2,906,752	2,944,130
Net Operating Revenue	**(75,822)**	**34,148**	**39,730**
Delray - Lakeview Golf Club	**FY 2012-13 Actual**	**FY 2013-14 Estimated**	**FY 2014-15 Budget**
Operating Revenue	612,753	724,950	659,300
Operating Expenses	574,909	591,447	568,790
Net Operating Revenue	**37,844**	**133,503**	**90,510**
New Smyrna Beach	**FY 2012-13 Actual**	**FY 2013-14 Estimated**	**FY 2014-15 Budget**
Operating Revenue	1,234,295	1,208,070	1,258,668
Operating Expenses	1,108,771	1,142,969	1,207,318
Net Operating Revenue	**125,524**	**65,101**	**51,350**
Ormond Beach	**FY 2012-13 Actual**	**FY 2013-14 Estimated**	**FY 2014-15 Budget**
Operating Revenue	84,645	84,645	84,645
Operating Expenses	0	0	0
Net Operating Revenue	**84,645**	**84,645**	**84,645**
Port Orange	**FY 2012-13 Actual**	**FY 2013-14 Projected**	**FY 2014-15 Budget**
Operating Revenue	1,589,896	1,754,521	1,097,447
Operating Expenses	1,424,067	1,525,425	1,575,716
Net Operating Revenue[1]	**165,829**	**229,096**	**(478,269)**

Note: The information in Table 6 does not include: debt service, capital costs, other non-operating costs, or non-operating revenues.

[1] Operating revenues for Port Orange are expected to decrease significantly in FY 2014-15 due to the temporary closure of the course for major reconstruction.

Based on the information in Table 6, only Belle Glade's golf course management construct has a consistent negative effect on net operating costs. As described previously, Belle Glade pays the management company an amount not to exceed $60,000 annually and allows the contractor to keep all excess revenue and/or be responsible for all excess expenditures.

Table 6 also shows that Port Orange will have a negative operating balance in FY 2014-15. This is due to the closure of the course for renovation. Due to this forecasted deficit, the Golf Course Fund will borrow approximately $500,000 from the City's revolving loan fund, which will be paid off in future years. The City expects this renovation will help increase the number of rounds played and revenue in the coming years.

While contracting golf course management and allowing revenues and expenditures to flow through cities seems financially viable (in terms of operating costs), New Smyrna Beach operates their golf course in-house and has also been moderately financially successful. Therefore, it may be worth Port Orange's time to analyze whether managing the course in-house would be beneficial in the future.

Recommendation 5. Perform a cost-benefit analysis of managing the golf course in-house before the next contract renewal date.

While staff was not able to gather performance metrics for all courses, most course managers indicated that there has been a significant decline in rounds played since the Great Recession and that the level of play has not recovered. These managers feel the number of rounds will not increase due to the glut of courses in Florida, and it will only increase after a significant number of courses close their doors. This possibility raises the question of whether a City should support a golf course through this period (that may last another 10 years) or whether it should reevaluate the best use of the land.

Attachment A – List of Recommendations

Recommendation 1. **Outsource restaurant operations independently of golf course operations as part of a contract renegotiation or when the current contract expires.**

Recommendation 2. **Do not contract golf course maintenance separately from golf course operations.**

Recommendation 3. **Renegotiate the contract to simplify the termination clause that provides one time period with written notice.**

Recommendation 4. **Renegotiate the contract to clarify alcoholic beverage licenses responsibilities.**

Recommendation 5. **Perform a cost-benefit analysis of managing the golf course in-house before the next contract renewal date.**

Exhibit 1 – City of Belle Glade Golf Course 2015 Budget

CITY OF BELLE GLADE - ANNUAL BUDGET
DEPARTMENTAL DETAIL

FUND	01	GENERAL
FUNCTION	572	CULTURE/RECREATION
DEPT	4530	MUNICIPAL GOLF COURSE

OBJECT NUMBER	ACCOUNT DESCRIPTION	ACTUAL EXPENSES FY 2012-13	CURRENT BUDGET FY 2013-14	ESTIMATED BUDGET FY 2013-14	PROPOSED BUDGET FY 2014-15	ADOPTED BUDGET FY 2014-15
	OPERATING EXPENSES					
3401	CONTRACTUAL SERVICES	$ -	$ -	$ -	$ 35,000	$ 35,000
4100	COMMUNICATIONS SERVICES	-	-	-	-	-
4300	UTILITIES	-	-	-	-	-
4500	INSURANCE	-	-	-	16,834	16,834
4610	REPAIR & MTN - BUILDING	-	-	-	-	-
4915	OTHER CHARGES - ASSESSMENTS	-	-	-	-	-
	TOTAL OPERATING EXPENSES	$ -	$ -	$ -	$ 51,834	$ 51,834
	CAPITAL EXPENSES					
6400	MACHINERY & EQUIPMENT	$ -	$ -	$ -	$ -	$ -
	TOTAL CAPITAL EXPENSES	$ -	$ -	$ -	$ -	$ -
	TOTAL EXPENSES	$ -	$ -	$ -	$ 51,834	$ 51,834

Exhibit 2 – Delray Beach Golf Course 2015 Budget

City of Delray Beach, Florida
2014-15 Annual Budget

Municipal Golf Course

Revenues	2012 Actual	2013 Actual	2014 Revised	2015 Budget
Prior Year Revenue	$0	$0	$339,442	$436,110
Intergovernmental Revenue	2,116	1,664	1,750	1,750
Charges for Services	2,807,593	2,855,946	2,882,390	2,924,730
Miscellaneous Revenue	52,228	55,099	56,760	57,380
Total Revenues	**$2,861,937**	**$2,912,709**	**$3,280,342**	**$3,419,970**

Expenditures by Type	2012 Actual	2013 Actual	2014 Revised	2015 Budget
Operating Expenses	$2,841,611	$2,988,531	$2,906,752	$2,944,130
Capital Outlay	0	0	67,600	172,000
Non-Operating Expenses	33,000	18,000	19,000	18,000
Debt Service	90,642	72,238	410,490	409,340
Total Expenditures	**$2,965,253**	**$3,078,769**	**$3,403,842**	**$3,543,470**
Per Capita	$48.75	$50.07	$55.08	$56.51

Expenditures by Program	2012 Actual	2013 Actual	2014 Revised	2015 Budget
Administration	$443,263	$468,507	$516,422	$510,640
Pro Shop	402,636	387,264	428,630	431,370
Course Maintenance	718,977	655,460	771,130	766,880
Restaurant	1,018,566	1,177,982	1,160,570	1,160,240
Capital Outlay	3,520	54,229	97,600	247,000
Miscellaneous	378,291	335,327	429,490	427,340
Total Expenditures	**$2,965,253**	**$3,078,769**	**$3,403,842**	**$3,543,470**

City of Delray Beach, Florida
2014-15 Annual Budget

Lakeview Golf Course

Revenues	2012 Actual	2013 Actual	2014 Revised	2015 Budget
Prior Year Revenue	$0	$0	$96,132	$149,110
Intergovernmental Revenue	529	416	500	500
Charges for Services	655,175	610,313	719,450	653,800
Miscellaneous Revenue	4,914	2,024	5,000	5,000
Total Revenues	**$660,618**	**$612,753**	**$821,082**	**$808,410**

Expenditures by Type	2012 Actual	2013 Actual	2014 Revised	2015 Budget
Operating Expenses	$573,144	$574,909	$591,447	$568,790
Capital Outlay	0	0	31,435	40,000
Non-Operating Expenses	15,000	5,000	6,000	5,000
Debt Service	41,753	30,485	192,200	194,620
Total Expenditures	**$629,897**	**$610,394**	**$821,082**	**$808,410**
Per Capita	$10.35	$9.93	$13.29	$12.89

Expenditures by Program	2012 Actual	2013 Actual	2014 Revised	2015 Budget
Administration	$101,082	$103,515	$112,290	$110,030
Pro Shop	186,406	189,739	198,630	185,120
Course Maintenance	217,043	214,949	247,012	247,740
Restaurant	27,493	23,908	29,950	25,900
Capital Outlay	0	0	35,000	40,000
Miscellaneous	97,873	78,283	198,200	199,620
Total Expenditures	**$629,897**	**$610,394**	**$821,082**	**$808,410**

Exhibit 3 – New Smyrna Beach 2015 Golf Course Budget

City of New Smyrna Beach, Florida
PROPRIETARY FUND

GOLF COURSE (401)

OPERATING BUDGET COMPARISON

GOLF COURSE REVENUE SUMMARY	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ESTIMATED	2014-2015 ADOPTED	% Change from 2013-14
Charges for Services	$ 1,185,250	$ 1,225,260	$ 1,208,070	$ 1,258,668	4.19%
Miscellaneous Revenues/Other	7,204	9,035	7,161	11,100	55.01%
Appropriated Fund Balance	-	-	-	-	N/A
Total Golf Course Revenue	$ 1,192,454	$ 1,234,295	$ 1,215,231	$ 1,269,768	4.49%

GOLF COURSE DEPARTMENT BUDGET	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ESTIMATED	2014-2015 ADOPTED	% Change from 2013-14
Administration	$ 295,274	$ 282,465	$ 300,540	$ 645,612	114.82%
Maintenance	517,175	533,776	610,785	624,156	2.19%
Pro Shop	286,722	297,908	289,162	-	N/A
Total Budget	$ 1,099,172	$ 1,114,149	$ 1,200,488	$ 1,269,768	5.77%

GOLF COURSE DEPARTMENT STAFFING FTEs	2011-2012 BUDGET	2012-2013 BUDGET	2013-2014 BUDGET	2014-2015 BUDGET	Change from 2013-14
Administration	2.00	2.00	2.00	9.50	7.50
Maintenance	7.00	8.00	8.00	8.00	0.00
Pro Shop	6.50	7.00	7.50	-	-7.50
Total Staffing	15.50	17.00	17.50	17.50	0.00

GOLF COURSE ADMINISTRATION (401.57203)

GOLF COURSE ADMINISTRATION BUDGET DESCRIPTION	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ESTIMATED	2014-2015 ADOPTED	% Change from 2013-14
Personal Services	$ 149,926	$ 138,342	$ 150,689	$ 316,120	109.78%
Operating Expenses	138,642	142,501	135,333	317,142	134.34%
Capital Outlay	4,530	-	13,016	12,350	-5.12%
Debt Service	2,176	1,623	1,501	-	N/A
Total Budget	$ 295,274	$ 282,465	$ 300,540	$ 645,612	114.82%

GOLF COURSE ADMINISTRATION STAFFING - FTEs	PAY GRADE	2011-2012 BUDGET	2012-2013 BUDGET	2013-2014 BUDGET	2014-2015 BUDGET	Change from 2013-14
Golf Course Manager	34B	1.00	1.00	1.00	1.00	0.00
Administrative Specialist II	10B	1.00	1.00	1.00	1.00	0.00
Lead Pro Shop Attendant	10J	0.00	0.00	0.00	1.00	1.00
Golf Starter/Ranger II	10K	0.00	0.00	0.00	1.00	1.00
P/T Lead Cart Ranger	08K	0.00	0.00	0.00	0.50	0.50
P/T Pro Shop Attendant	05F	0.00	0.00	0.00	1.50	1.50
P/T Starter/Ranger	05B	0.00	0.00	0.00	1.00	1.00
P/T Cart/Ranger	05A	0.00	0.00	0.00	2.00	2.00
On Call Golf Course Attendant	01D	0.00	0.00	0.00	0.50	0.50
Total Staffing		2.00	2.00	2.00	9.50	7.50

**Golf Course Pro Shop is now combined within the Golf Course Administration Budget*

City of New Smyrna Beach, Florida
PROPRIETARY FUND

GOLF COURSE (401)

OPERATING BUDGET COMPARISON (Continued)

GOLF COURSE MAINTENANCE (401.57204)

GOLF COURSE MAINTENANCE BUDGET DESCRIPTION	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ESTIMATED	2014-2015 ADOPTED	% Change from 2013-14
Personal Services	$ 347,315	$ 363,308	$ 364,886	$ 371,097	1.70%
Operating Expenses	165,689	166,713	202,899	202,959	0.03%
Capital Outlay	4,171	3,755	43,000	50,100	16.51%
Debt Service	-	-	-	-	N/A
Total Budget	$ 517,175	$ 533,776	$ 610,785	$ 624,156	2.19%

GOLF COURSE MAINTENANCE STAFFING - FTEs	PAY GRADE	2011-2012 BUDGET	2012-2013 BUDGET	2013-2014 BUDGET	2014-2015 BUDGET	Change from 2013-14
Golf Course Maintenance Supv.	01D	1.00	1.00	1.00	1.00	0.00
Irrigation Specialist	20A	1.00	1.00	1.00	1.00	0.00
Equipment Operator I	11C	4.00	4.00	4.00	4.00	0.00
Utility Worker	08A	1.00	2.00	2.00	2.00	0.00
Total Staffing		7.00	8.00	8.00	8.00	0.00

GOLF COURSE PRO SHOP (401.57205)

GOLF COURSE PRO SHOP BUDGET DESCRIPTION	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ESTIMATED	2014-2015 ADOPTED	% Change from 2013-14
Personal Services	$ 138,144	$ 142,731	$ 142,754	$ -	N/A
Operating Expenses	148,578	155,176	146,408	-	N/A
Capital Outlay	-	-	-	-	N/A
Debt Service	-	-	-	-	N/A
Total Budget	$ 286,722	$ 297,908	$ 289,162	$ -	N/A

GOLF COURSE PRO SHOP STAFFING - FTEs	PAY GRADE	2011-2012 BUDGET	2012-2013 BUDGET	2013-2014 BUDGET	2014-2015 BUDGET	Change from 2013-14
Lead Pro Shop Attendant	10J	1.00	1.00	1.00	0.00	-1.00
Golf Starter/Ranger II	10K	1.00	1.00	1.00	0.00	-1.00
P/T Lead Cart Ranger	08K	0.50	0.50	0.50	0.00	-0.50
P/T Pro Shop Attendant	05F	1.50	1.50	1.50	0.00	-1.50
P/T Starter/Ranger	05B	1.00	1.00	1.00	0.00	-1.00
P/T Cart/Ranger	05A	1.50	1.50	2.00	0.00	-2.00
On Call Golf Course Attendant	01D	0.00	0.50	0.50	0.00	-0.50
Total Staffing		6.50	7.00	7.50	0.00	(7.50)

**Golf Course Pro Shop is now combined within the Golf Course Administration Budget*

Exhibit 4 – Cypress Head 2015 Budget

GOLF COURSE

Cypress Head Golf Course opened in 1992. Day-to-day management of the golf course is the responsibility of an outside management firm, with the City Council retaining ultimate rate and budgetary authority.

REVENUE SUMMARY

Revenues	Actual FY 12	Actual FY 13	Projected FY 14	Proposed FY 15
Charges for Services	$ 1,627,550	$ 1,590,709	$ 1,754,471	$ 1,097,397
Interest Earnings	29	(865)	50	50
Miscellaneous Revenues	6,020	52	-	-
Transfers from Other Funds	-	-	-	513,000
Other Financing Sources	-	-	(738)	-
Total Revenues	$ 1,633,599	$ 1,589,896	$ 1,753,783	$ 1,610,447

EXPENDITURE SUMMARY

Expenditures	Actual FY 12	Actual FY 13	Projected FY 14	Proposed FY 15
Personal Services	$ -	$ -	$ -	$ -
Operating Expenditures	1,441,054	1,424,067	1,525,425	1,575,716
Capital Outlay	-	-	-	-
Non-Operating Expenditures	104,474	116,966	6,540	6,540
Transfers	45,619	42,969	221,818	28,191
Contingency	-	-	-	-
Total Expenditures	$ 1,591,147	$ 1,584,002	$ 1,753,783	$ 1,610,447

CITY COUNCIL AGENDA ITEM

REQUESTED COUNCIL MEETING DATE **11/28/2017**

Consent item: No

SUBJECT: (5) River District City Property Options

DEPARTMENT: City Manager

GOAL:

RECOMMENDED MOTION:

SUMMARY:

Staff would like to discuss options for obtaining property and possible ideas for what the next phase of the River district may look like. The spreadsheet on the second attachment has not been recently updated. Staff will double check ownerships before the workshop to verify previous owners are still valid.

Project No.: Funding Account No.:

ATTACHMENTS:

1.	Riverwalk overview	RIver District graphic.pptx
2.	River District ownership	RIVERWALK_OWNERS_11_16_09_8.pdf

Robin Fenwick — Created/Initiated - 11/22/2017
Jake Johansson — Approved - 11/23/2017
Robin Fenwick — Final Approval - 11/23/2017

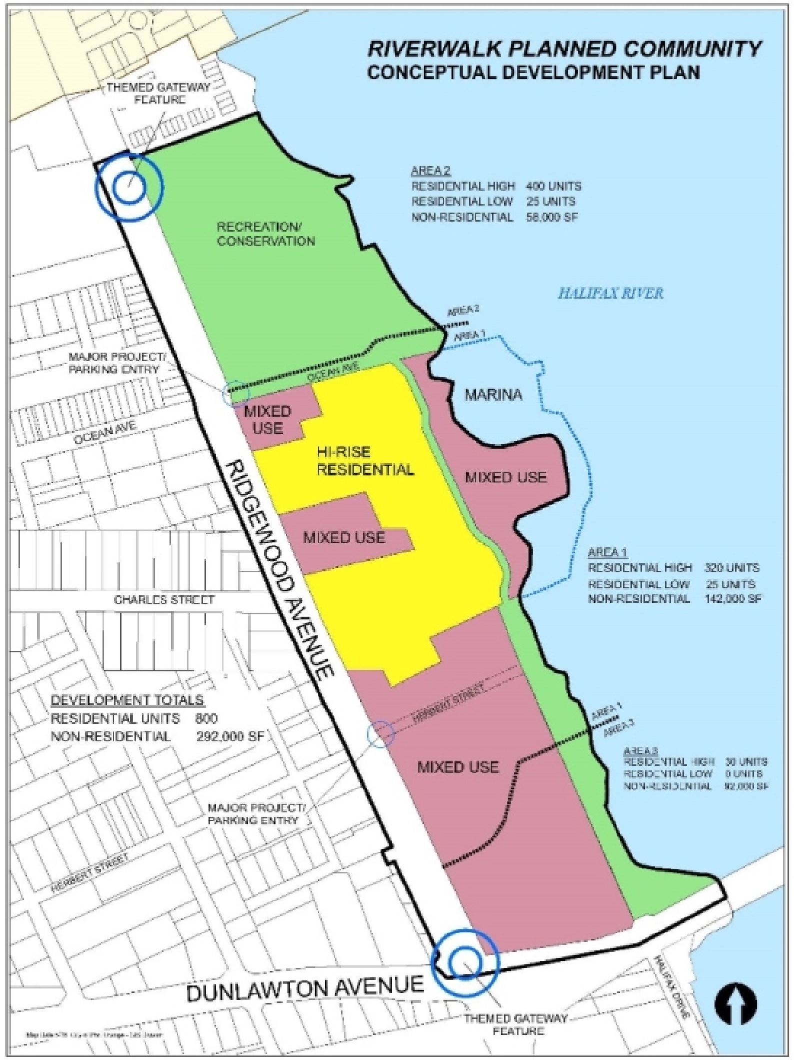
Project Area

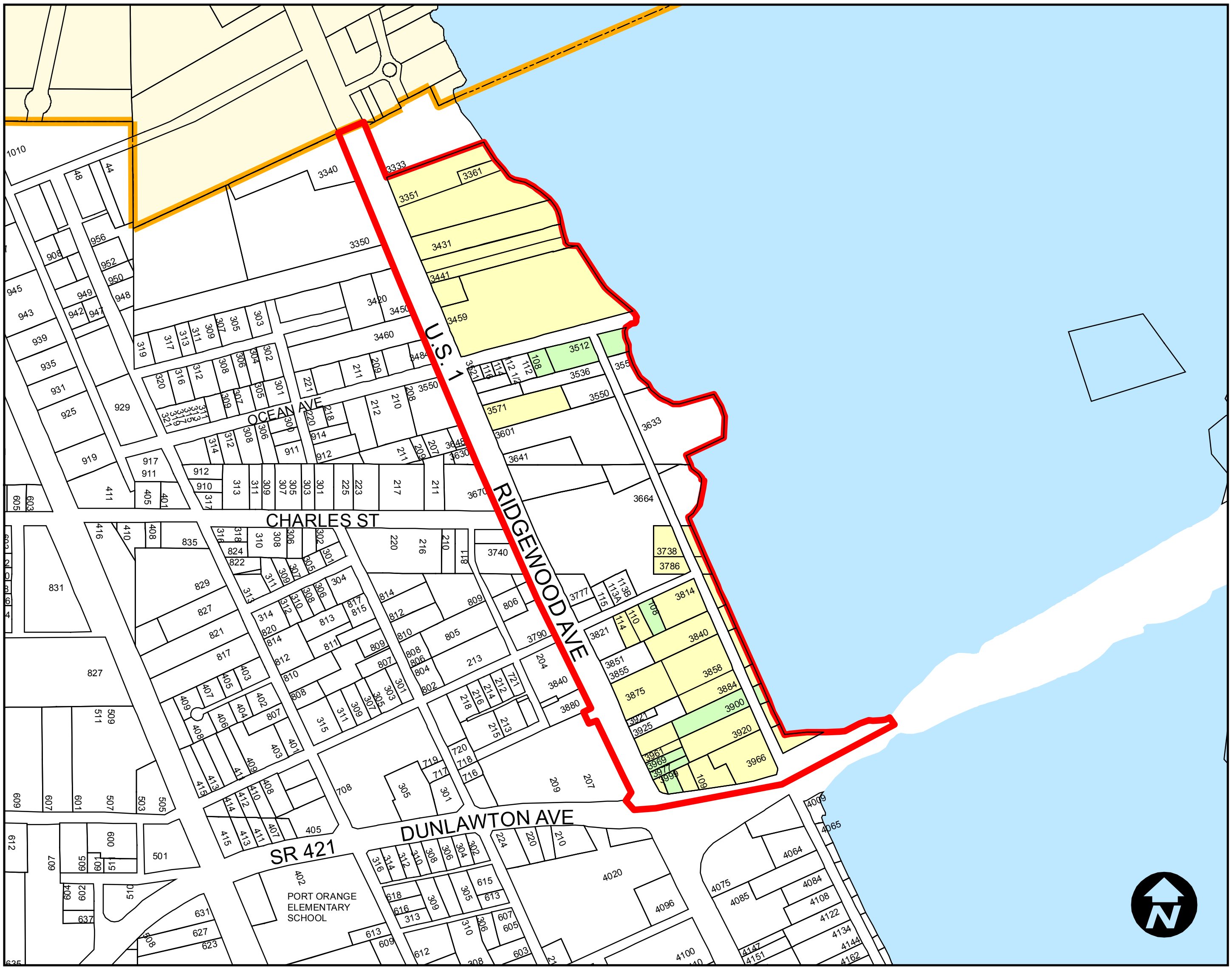
CRA Plan Change

Move “Project Type” Zoning

Current

Proposal





RIVERWALK OWNERS

PARCEL ID	OWNER	ADDRESS
533409000020	CITY OF PORT ORANGE	3351 RIDGEWOOD AV PORT ORANGE
630311020011	COMMUNITY REDEVELOPMENT AGENCY	DUNLAWTON AV PORT ORANGE
630311020012	PORT ORANGE RIVER WALK LLP	DUNLAWTON AV PORT ORANGE
630311020013	COMMUNITY REDEVELOPMENT AGENCY	DUNLAWTON AV PORT ORANGE
630311020014	PORT ORANGE RIVER WALK LLP	3979 S RIDGEWOOD AV DAYTONA BEACH
630311020020	COMMUNITY REDEVELOPMENT AGENCY	3920 HALIFAX DR PORT ORANGE
630311030020	MONTGOMERY JAMES E & HELENE W	3777 RIDGEWOOD AV PORT ORANGE
630310020030	COMMUNITY REDEVELOPMENT AGENCY	3571 RIDGEWOOD AV PORT ORANGE
630310020040	HALIFAX RIVER PARTNERS LLC	3601 RIDGEWOOD AV PORT ORANGE
630310020041	HALIFAX RIVER PARTNERS LLC	3633 HALIFAX DR DAYTONA BEACH
630300000070	CITY OF PORT ORANGE	RIDGEWOOD AV PORT ORANGE
630304000010	PORT ORANGE RIVER WALK LLP	3512 HALIFAX DR PORT ORANGE
630304000030	PORT ORANGE RIVER WALK LLP	108 OCEAN AV DAYTONA BEACH
630304000040	WISNIEWSKI JOSEPH & ANNE M	112 OCEAN AV PORT ORANGE
630304000050	WISNIEWSKI JOSEPH & ANNE M	114 OCEAN AV PORT ORANGE
630304000051	WISNIEWSKI JOSEPH & ANNE W	116 OCEAN AV PORT ORANGE
630304000052	WALLER DAVID W & CHERYL ALICE	3521 RIDGEWOOD AV DAYTONA BEACH
630304000060	WALLER DAVID W & CHERYL ALICE	RIDGEWOOD AV PORT ORANGE
630310010011	CITY OF PORT ORANGE	3441 RIDGEWOOD AV PORT ORANGE
630310010020	CITY OF PORT ORANGE	3459 RIDGEWOOD AV PORT ORANGE
630310020020	HALIFAX RIVER PARTNERS LLC	3536 HALIFAX DR PORT ORANGE
630310010021	CITY OF PORT ORANGE	3459 RIDGEWOOD AV PORT ORANGE
630310020021	WALLER DAVID W & CHERYL ALICE	RIDGEWOOD AV PORT ORANGE
630310020023	HALIFAX RIVER PARTNERS LLC	3550 HALIFAX DR PORT ORANGE

PARCEL ID	OWNER	ADDRESS
630310020024	HALIFAX RIVER PARTNERS LLC	3557 HALIFAX DR DAYTONA BEACH
630310020050	QUARTIER LINDA TRUSTEE &	3641 RIDGEWOOD AV DAYTONA BEACH
630311020010	COMMUNITY REDEVELOPMENT AGENCY	3966 HALIFAX DR PORT ORANGE
630311030010	MONTGOMERY JAMES E & HELENE W	3777 HERBERT ST DAYTONA BEACH
630316000010	HALIFAX RIVER PARTNERS LLC	3664 HALIFAX DR PORT ORANGE
630316000011	HALIFAX RIVER PARTNERS LLC	HALIFAX DR PORT ORANGE
630316000014	RIVER WALK MOBILE HOME PARK OF	RIDGEWOOD AV PORT ORANGE
630316000030	CITY OF PORT ORANGE	373 HALIFAX DR PORT ORANGE
630311020022	PORT ORANGE RIVER WALK LLP	3969 RIDGEWOOD AV PORT ORANGE
630311020030	CITY OF PORT ORANGE	RIDGEWOOD AV PORT ORANGE
630311020031	PORT ORANGE RIVER WALK LLC	3900 HALIFAX DR DAYTONA BEACH
630311020040	CITY OF PORT ORANGE	3884 HALIFAX DR PORT ORANGE
630311030040	SHANNON DOLORES	115 HERBERT ST PORT ORANGE
630311020041	WINTERS WILLIAM C & SHARON K	3925 RIDGEWOOD AV PORT ORANGE
630311020042	HEOTZLER RALPH & TAMMY	3921 RIDGEWOOD AV DAYTONA BEACH
630311020050	CITY OF PORT ORANGE	RIDGEWOOD AV PORT ORANGE
630311030050	SHERIDAN JOAN	113 HERBERT ST PORT ORANGE
630311020052	CITY OF PORT ORANGE	3858 HALIFAX DR PORT ORANGE
630311020060	ROAT ROBERT & JEAN	3855 RIDGEWOOD AV DAYTONA BEACH
630311020061	COMMUNITY REDEVELOPMENT AGENCY	3840 HALIFAX DR PORT ORANGE
630311020070	CITY OF PORT ORANGE	3814 HALIFAX DR PORT ORANGE
630311020071	PORT ORANGE RIVER WALK LLP	108 HERBERT ST PORT ORANGE
630311020072	CITY OF PORT ORANGE	110 HERBERT ST PORT ORANGE
630311020074	DB REAL ESTATE ASSETS I LLC	3821 RIDGEWOOD AV DAYTONA BEACH
630311020090	COMMUNITY REDEVELOPMENT AGENCY	3999 RIDGEWOOD AV PORT ORANGE

City/CRA Owned
~ 17.24 Acres

Master Developer Owned
~ 1.86Acres

Project Boundary

1 inch equals 500 feet

0 500 1,000 1,500 2,000 Feet

Map Date: November 16, 2009

CITY OF PORT ORANGE 1867 FLORIDA