

**Request for Expression of Interest
for
Sioux Falls Municipal Golf Course Operations and Maintenance**

RFEI No. 17-0043



1. INTRODUCTION:

The City's current management contract expires on December 31, 2017. The City has prepared this RFEI to gain information on the prospective elements of a golf course operating lease or 'hybrid' management contract (combination of base fee-for-service + performance-based), and gauge the interest of outside entities to manage the City's three municipal golf courses.

The information collected through this RFEI may be used by the City to develop future solicitation(s) to seek a firm to manage the golf course operations. After receipt of responses to this RFEI, meetings may be scheduled by the City to review/discuss the information received.

Interested firms should respond to this RFEI by May 18, 2017. Questions regarding the RFEI should be directed to:

Matthew Newman, Business Analyst
City of Sioux Falls
mnewman@siouxfalls.org
605-978-6881

2. BACKGROUND INFORMATION:

The City of Sioux Falls municipal golf system is comprised of the newly renovated 27-hole Elmwood Golf Course, 18-hole Prairie Green Golf Course, and 9-hole executive length Kuehn Park Golf Course. Facility summaries follow:

Elmwood Golf Course

The historic Elmwood Golf Course was designed by Lawrence Packard and first opened in 1960. Prior to 1960 there were various versions of Elmwood Golf Course dating back to the 1920's. Beginning in September 2013 and ending in October 2016, all 27 holes, as well as the 5-hole Par 3 course and driving range, underwent a \$5 million renovation. Everything from tee to green is new and conforms to most USGA specifications for golf course construction. The Elmwood Golf Course renovation plan is included herein as Attachment D.

Elmwood Golf Course is located at 2604 West Russell Street and is easily accessible. It is located in close proximity to I-29/I-90 and the Sioux Falls Regional Airport.

A Holiday Inn & Suites Hotel with an adjoining Crooked Pint Ale House are currently under construction on the Elmwood Golf Course property. These are exciting additions that will make it the third hotel which is nearby or adjacent to the golf course. Elmwood is ideally located across the street from the Denny Sanford PREMIER Center, Sioux Falls Convention Center, Sioux Falls Arena, Howard Wood Track and Football Stadium, and the Sioux Falls Stadium. Just a mile away is the Sanford Sports Complex which houses the Scheels Ice Plex, the Huether Family Match Pointe, the Sanford Pentagon, and the Sanford Fieldhouse. These all are key elements of the Sports and Entertainment District of Sioux Falls.



OWNER/DEVELOPER: ELMWOOD HOSPITALITY, LLC

PROJECT NAME: HOLIDAY INN & SUITES

RESTAURANT: CROOKED PINT ALE HOUSE

BANQUET ROOM: 3,200 SF

Elmwood's North 9 and West 9 courses, which make up the 18-hole championship course, are widely regarded as one of the best public courses in the state of South Dakota. It has hosted numerous state championships, USGA qualifiers, and The Dakotas Tour professional events.

Virtual Tour—Elmwood Golf Course

<https://dakotagolf.com/course/elmwood/tour/>

Prairie Green Golf Course

The Prairie Green Golf Course was constructed in 1992 and opened in 1995 to a design by Dick Nugent, ASGCA. It is currently the highest rated public course in the region. Prairie Green Golf Course's 18-hole layout is located in the southern part of Sioux Falls at 600 East 69th Street. A new clubhouse was constructed at Prairie Green in 2013.

Virtual Tour—Prairie Green Golf Course

<https://dakotagolf.com/course/prairie-green/tour/>





Kuehn Park Golf Course

Kuehn Park Golf Course is a 9-hole executive golf course located at 2901 South Kuehn Park Road in the southwest section of Sioux Falls. Kuehn Park Golf Course traces its roots to a 1975 design by Don Herfort, ASGCA. The course has a traditional parkland design with mature trees and has undergone renovations since its original construction. The Prairie Green Club House was relocated to Kuehn Park Golf Course and renovated in 2013.

Current State:

Attached for your reference is additional information designed to help interested parties ascertain the scope of current operations.

- Attachment A: Recent Operating Performance
- Attachment B: Fee Schedule and Membership Fee & Information
- Attachment C: Capital Improvement Needs
- Attachment D: Elmwood Golf Course Renovation Plan

3. GOALS:

The City desires to continue to provide high-quality and well-maintained public golf facilities with competitive fees and a customer service level commensurate with the best public access golf courses in the region. The City has identified the following goals:

- Provide the citizens of Sioux Falls with a great and affordable customer experience.
- Achieve revenue growth for all City of Sioux Falls golf courses through increased rounds played and the enhancement of ancillary revenue opportunities.
- Eliminate or reduce future City general fund support for golf course operations.
- Ensure that the golf course assets (both existing and new) are properly maintained.
- Contain expenditure growth by incentivizing efficient golf course management.
- Contribute toward high priority capital improvements and maintenance needs.
- Work with the City to develop a comprehensive master plan and capital improvement plan.
- Develop highly effective customer communication and marketing initiatives, including co-operative marketing with the Sioux Falls Convention Center and area lodging properties—including the new Holiday Inn & Suites and Crooked Pint Ale House located at Elmwood Golf Course.
- Consider enhancing the City's golf program by adding a fitness or other athletic or outdoor amenity/benefit to the current season pass program.
- Evaluate and implement leagues, tournaments, outings, and other types of organized play and programming while maintaining good public access to the courses.
- Provide a guaranteed annual payment to the City for operation of the subject golf courses (*operating lease option*).

4. INFORMATION REQUESTED:

Interested parties should submit a letter or email expressing interest which succinctly tells the City who you are, your interest managing the City's golf courses, types of contractual arrangements appropriate to the City's goals, and your ideas for maximizing the potential for the City's golf programs.

Submissions should be received no later than 2 p.m., Thursday, May 18, 2017. An electronic submission should be sent to Matthew Newman at mnewman@siouxfalls.org. Hard copy submissions should be marked **GOLF COURSE RFEI**, by City of Sioux Falls Finance, Attention: Matthew Newman, 224 West Ninth Street, P.O. Box 7402, Sioux Falls, SD 57117-7402. The City reserves the right to request additional information.

This is a Request for Expression of Interest (RFEI) only and does not constitute a commitment, implied or otherwise, that the City of Sioux Falls will initiate a procurement action in this matter. Further, the City of Sioux Falls will not be responsible for any cost incurred by responders in furnishing any information. Responders to this RFEI are not required to adhere to rigid guidelines or formats and are encouraged to offer creative solutions.

5. CONFIDENTIAL INFORMATION:

All correspondence with the City including responses to this RFEI will become the exclusive property of the City and may be public records subject to disclosure under South Dakota Codified Laws (SDCL). The City will not disclose any part of any proposal before it announces a recommendation for selection on the grounds that there is a substantial public interest in not disclosing proposals during the evaluation process and doing so would impair present or pending contract awards. The successful Offeror's proposal and contract are deemed public records and shall be available to the public upon request. In addition, the City shall maintain a Register of Proposals for this RFEI, which shall contain the names of the companies who submitted a proposal and the name of the company who was selected. If you believe that there are portion(s) of your proposal which are exempt from disclosure under South Dakota law, you must mark it as such and state the specific provision of South Dakota law which provides the exemption as well as the factual basis for claiming the exemption. For example, if you submit information you believe to be trade secrets or otherwise exempt from the public records law, you must plainly mark the information as "Trade Secret" "Confidential," or "Proprietary" and refer to the appropriate section of SDCL Chapter 1-27, Public Records and Files, which provides the exemption as well as the factual basis for claiming the exemption.

Although South Dakota law recognizes that certain information is exempt from disclosure, the City of Sioux Falls may not be in a position to establish that the information that an Offeror submits is exempt. If the City receives a request to disclose any information that has been marked "Confidential," "Trade Secret," or "Proprietary," the City will provide the Offeror who submitted the information reasonable notice of such request to give the Offeror the opportunity to seek a protective order, appeal, or other appropriate remedy.

ATTACHMENT A

Recent Operating Performance

Sioux Falls Golf Total Rounds Played by Facility (2011–2016)									
Year	2011	2012	2013*	2014**	2015***	2016	Total	2011–2016 Avg.	% of Total
Elmwood 18	41,343	47,125	37,028	35,532	32,017	32,267	225,312	(4 year avg.) 37,552 13,130	35.9%
Elmwood East 9	19,608	20,098	12,289	-	526	-	52,521		9.8%
Kuehn Park	21,322	23,962	20,645	22,693	22,752	19,468	130,842		20.7%
Prairie Green	34,622	39,055	35,054	35,027	37,335	33,899	214,992		33.6%
Total (Starts)	116,895	130,240	105,016	93,252	92,630	85,364	623,667	103,945	100%
% Change		10.2%	-24.0%	-11.2%	-0.67%	-7.84%		-6.70%	

Source: City of Sioux Falls
 * 2013: Major ice storm closed courses for most of April. East 9 closed September 1 for renovations.
 ** 2014: West/North only until Oct. 1. North 9 closed Oct. 1 and 18-hole play maintained on West and newly renovated East.
 *** 2015: West/East only until Sept. 1. West 9 closed Sept. 1 and 18-hole play maintained on East and newly renovated North.

Sioux Fall System Total Rounds by Type							
Rounds by Type	2011	2012	2013	2014	2015	2016	2011–2016 Avg.
Daily Paid rounds	57,073	64,876	48,854	43,915	42,473	38,418	49,268
Season Pass rounds	40,363	45,595	39,744	37,178	39,020	38,585	40,081
Punch Card rounds	19,459	19,769	16,418	12,159	11,137	8,631	14,596
Total Rounds	116,895	130,240	105,016	93,252	92,630	85,634	103,945
Total Rounds % by Type							
Daily Paid rounds	48.8%	49.8%	46.5%	47.1%	45.9%	44.9%	
Season Pass rounds	34.5%	35.0%	37.8%	39.9%	42.1%	45.1%	
Punch Card rounds	16.6%	15.2%	15.6%	13.0%	12.0%	10.1%	

**Sioux Falls Golf Course System
Summary of Performance (2011–2016)**

	2011	2012	2013	2014	2015	2016
Rounds	116,895	130,240	105,016	93,252	92,630	85,634
Revenue						
Green Fees	\$838,514	\$975,864	\$779,195	\$720,206	\$711,939	\$672,640
Season Passes	319,866	344,177	360,531	297,592	279,791	272,056
Punch Pass Green Fees	293,322	307,440	273,631	203,346	186,307	152,147
Cart Fees	601,831	699,045	582,501	534,785	545,520	552,182
Food & Beverage	379,597	433,574	377,170	339,842	325,191	321,592
Merchandise & Lessons	165,586	189,891	167,626	183,498	173,114	163,746
Driving Range	150,186	173,204	147,241	134,124	148,757	161,546
Misc./Other	27,236	26,917	23,478	24,080	41,275	38,001
Total Revenue	\$2,776,139	\$3,150,113	\$2,711,375	\$2,437,473	\$2,410,492	\$2,333,910
Total Rev/Round	\$23.75	\$24.19	\$25.82	\$26.14	\$26.02	\$27.25
Direct Cost of Sales (COS)	\$254,255	\$284,818	\$249,633	\$257,702	\$244,346	\$225,632
Gross Margin	\$2,521,884	\$2,865,295	\$2,461,742	\$2,179,771	\$2,166,146	\$2,108,278
Operating Expenses						
Clubhouse/Office Golf Car Expense	\$127,960	\$139,709	\$144,583	\$140,756	\$151,981	\$152,357
Clubhouse/Office Equipment Leases	190,740	171,897	156,601	135,629	145,000	97,362
Clubhouse/Office Salaries	600,366	685,747	643,451	653,801	659,439	689,513
Clubhouse/Office Other	349,434	355,728	416,344	379,389	314,708	306,576
Repair & Maintenance	65,220	87,836	72,200	91,392	118,361	116,186
Maintenance Materials	131,127	152,086	133,345	160,445	208,766	197,030
Maintenance Salaries	501,108	560,466	527,557	584,607	615,362	615,082
Maintenance Other	108,760	125,669	123,443	142,594	152,621	160,184
Total Operating Expenses	\$2,074,716	\$2,279,138	\$2,217,522	\$2,288,613	\$2,366,239	\$2,334,290
Operating Income (Loss)	\$447,168	\$586,157	\$244,219	(\$108,842)	(\$220,164)	(\$226,012)

Note: Payroll Taxes and benefits are split 50/50 between Clubhouse/Office and Maintenance.
Renovation Services are not included in the expenses.

ATTACHMENT B

Fee Schedule

Green Fees and Cart Fees

2017 Fees	<i>Elmwood</i>		<i>Kuehn Park</i>		<i>Prairie Green</i>	
	Green Fee Only	Green Fee +1/2 cart	Green Fee Only	Green Fee +1/2 cart	Green Fee Only	Green Fee +1/2 cart
9 Holes	\$18.00*	\$29.50	\$14.00**	\$23.50**	\$21.00	\$32.50
18 Holes	\$29.00*	\$47.00	\$20.00**	\$35.00**	\$34.00	\$52.00
Weekend 9	\$22.00*	\$33.50	\$15.00**	\$25.00**	\$24.00	\$35.50
Weekend 18	\$33.00*	\$51.00	\$20.00	\$35.00	\$37.00	\$65.00
Twilight 18	\$22.00*	\$33.50	N/A	N/A	\$24.00	\$42.00

For Spring and Fall rates, reduce each 9-hole green fee by \$1.50 and each 18-hole green fee by \$3. Spring/Fall rates are before Memorial Day weekend and after labor Day weekend.

*Elmwood & Prairie: 9-hole rates & Twilight 18-hole rates increased \$0.50 from 2016 and 18-hole rates increased \$1 from 2016. Cart fees remained the same.

**Kuehn: 9-hole rates increased \$1 from 2016 and weekend 9-hole rates decreased \$.50 from 2016 rates. 9-hole cart fees increased \$.50 and 18-hole cart fees decreased \$.50 from 2016 rates.

Punch Card Pass Fees		
	Cost	Discount %
\$1,000 Punch Pass (credit)	\$800	20%
\$800 Punch Pass (credit)	660	17.5%
\$600 Punch Pass (credit)	510	15%
\$400 Punch Pass (credit)	350	12.5%
\$200 Punch Pass (credit)	180	10%
No increases in punch card pass fees in 2017		

Driving Range Rates	
Bucket Rates	
1 Token	\$5.00
2 Tokens	8.00
3 Tokens	10.00

Membership Fees & Information

Driving Range Membership Rates	
Adult Pass	\$90
Family Range Pass	125
Junior Range Pass	45
No range fee increases in 2017	

Unrestricted Season Pass Fees				
	Elmwood	Kuehn	Prairie	All City
Adult	\$750	\$400	\$900	\$1,050
Family	1,160	500	1,385	1,610
Senior Individual (65+)	600	400	720	840
Senior Couple	925	500	1,107.50	1,290
Young Adult+ (25–29)	505	350	597.20	690
Young Adult+ Family (25–29)	755	450	902.50	1,050
Young Adult (19–24)				325
No increases in season pass fees in 2017				

Restricted Season Pass Fees				
	Elmwood	Kuehn	Prairie	All City
Adult	\$525	\$300	\$612.50	\$700
Senior Individual (65+)	420	N/A	490	560
Young Adult+ (25–29)	342.50	250	403.75	465
Youth				200
No increases in season pass fees in 2017				

ATTACHMENT C

Capital Improvement Needs

In addition to facility-specific improvements listed below, continued removal of ash trees and their replacement is likely to continue by the City of Sioux Falls Forestry Division on all of the golf courses. Permanent restrooms are also desirable amenities subject to feasible sanitary sewer connections.

Elmwood Park Golf Course

Beginning in September 2013 and ending in October 2016, all 27 holes of Elmwood Golf Course, as well as the 5-hole Par 3 course and driving range, underwent a \$5 million renovation. Most everything from tee to green is brand-new. Remaining capital improvement needs include:

- Parking Lot and Entrance—replacement is scheduled for 2018 through Park and Recreation’s fund for parking lot improvements.
- New entrance signs through the City capital program.
- Clubhouse and cart storage buildings (likely longer term).

Prairie Green Golf Course

- Concrete cart paths to replace existing asphalt paths.
- Irrigation System—South pump station and water supply and individual head control.
- Maintenance Building(s)—Currently undersized and need to be brought up to current building codes.

Kuehn Park Golf Course

- Tee and fairway conversion to newer cultivars of low-mow bluegrasses, such as exist at Prairie Green and Elmwood Park Golf Courses.
- Site furnishings and amenities.

ATTACHMENT D

Elmwood Golf Course Renovation Plan



Dakota Golf Management, Inc.
2004 West Russell Street
Sioux Falls, SD 57104
(605) 367-7082

HERFORD & NORBY
GOLF COURSE
ARCHITECTS
100 East Second Street, Suite 200
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PROPOSED SCORECARDS

West 9						
HOLE	TY	PROPOSED	CHAMPIONSHIP	REGULAR	FORWARD	8.50
1	4	400	382	357	352	247
2	5	549	524	500	492	362
3	4	413	391	361	357	232
4	3	187	185	154	135	114
5	4	406	400	394	328	282
6	5	512	488	452	451	359
7	4	462	431	394	347	279
8	3	172	158	152	112	98
9	4	404	384	355	324	271
Total	33	3,341	3,043	2,963	2,538	2,258

North 9						
HOLE	TY	PROPOSED	CHAMPIONSHIP	REGULAR	FORWARD	8.50
10	3	530	484	454	418	377
11	4	474	441	393	343	300
12	3	207	192	176	165	141
13	4	490	479	394	296	268
14	4	480	457	370	318	259
15	3	218	187	174	134	107
16	4	430	394	348	289	272
17	4	442	418	388	334	277
18	3	331	328	288	242	214
Total	34	3,446	3,216	2,919	2,329	2,076
Total	77	6,787	6,259	6,172	5,381	4,814

East 9						
HOLE	TY	PROPOSED	CHAMPIONSHIP	REGULAR	FORWARD	8.50
1	5	544	511	496	476	424
2	4	414	384	380	344	314
3	4	391	385	373	352	326
4	5	529	498	482	454	411
5	3	141	137	126	113	91
6	4	411	376	358	330	282
7	4	417	388	374	349	306
8	3	181	171	151	118	101
9	4	392	366	352	295	264
Total	31	3,422	3,000	2,867	2,633	2,313

- Phase 1 (East Nine) September 2013-2014: 18-hole play maintained on West and North Courses
- Phase 2 (North Nine) September 2014-2015: 18-hole play maintained on West Course and newly renovated East Course
- Phase 3 (West Nine) September 2015-2016: 18-hole play maintained on newly renovated East & West Courses

November 5, 2015



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