



CITY OF INDIAN WELLS
**INDIAN WELLS GOLF RESORT
REPORT**

2002-2011 RENOVATION PROJECT



Indian Wells Golf Resort: Southern California's leading golf destination

Since the City's original golf facility opened in 1986, Indian Wells has offered an unparalleled golf experience for players from amateurs to pros to presidents. In 2005, the City embarked on an extensive renovation project of the Indian Wells Golf Resort (formerly the Golf Resort at Indian Wells) designed to:

- Ensure that the Golf Resort stays competitive with other golf facilities in the Coachella Valley.
- Ensure that the Golf Resort stays up to par to the upgrades and enhancements underway or completed at the four Indian Wells hotel properties.
- Rebuild an aging infrastructure.
- Reinvest in the community to provide long-term tourism revenue and secure the City's financial vitality.

Clive Clark's Celebrity Course opened to rave reviews in November of 2006, served as the site of the 25th Anniversary LG Skins Game in 2007, and again in 2008. Playability, diversity, and challenge are among the highlights of this desert masterpiece, which features breathtaking mountain views, stunning water features, and an unparalleled golf outing for players of every level.

John Fought's Players Course opened to great acclaim in November of 2007. A brilliant contrast to the Celebrity Course, the Players Course features dynamic bunkering and generous fairway corridors – a fascinating combination to challenge all types of players. Fought also created the IW Putting Course, a lighted, 9-hole, natural grass putting course.



The Golf Resort's new Desert Modern clubhouse (formerly called the IW Club) officially opened to the public in August 2008. Shortly thereafter, Golf Inc. magazine honored the venue with its prestigious Clubhouse of the Year award. The clubhouse offers an array of upscale amenities including fine and casual dining at VUE Grille & Bar, a spacious golf and retail shop, Callaway Performance Center, IW Café with complimentary Wi-Fi, and flexible event space. In January of 2014, the Golf Resort unveiled the Pavilion, a premier 5,700-square-foot banquet structure designed for large group events.

Today, the City-owned Indian Wells Golf Resort, managed by Troon Golf, LLC, is Southern California's premier golf destination. Among its many accolades, the Indian Wells Golf Resort holds the distinction of being the only 36-hole public golf facility with both courses on Golfweek's Top 20 "Best Courses You Can Play" in California.



Indian Wells Golf Resort Renovation

This report quantifies the cost of renovating the Indian Wells Golf Resort beginning with the demolition of the previous facility in fiscal year 2003/04 through the final completion of the new facility in fiscal year 2010/11. In all, the City and Redevelopment Agency assembled \$97,591,250 to completely remodel the Indian Wells Golf Resort. A detailed discussion of the funding sources used to renovate the Golf Resort is a part of this report.



This analysis encompasses construction of two new golf courses, a new grill station, and a new clubhouse. To ensure this valuation report considers all financial impacts, the analysis includes the “grow-in” and “start-up” costs necessary to begin regular operations, the Indian Wells Lane project, purchase of new golf maintenance equipment, expanded parking next to the Hyatt parking garage, Highway 111 and

Fred Waring Drive sound wall projects, installation of the new putting course, and any other improvements to the facility through fiscal year 2010/11. Also included is the cost of vacant land purchased by the City in 2002, which was later utilized during the Golf Resort remodel.

Assembling the Funds

Between fiscal years 2003/04 and 2010/11, the City and Redevelopment Agency assembled \$97,591,250 for construction of the Indian Wells Golf Resort and associated appurtenances.

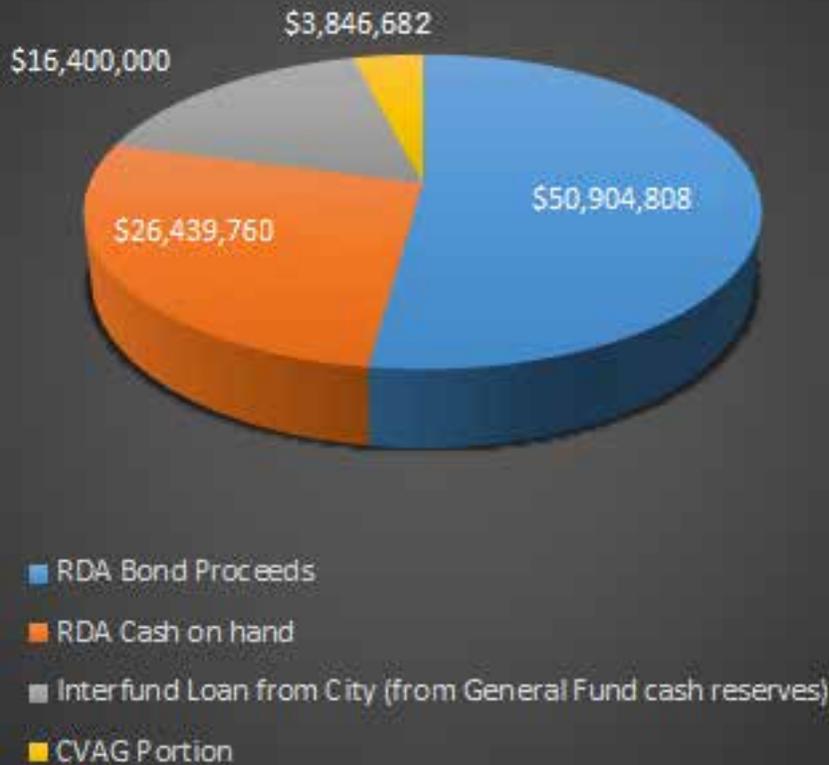
Golf Resort Funding Sources

RDA Bond Proceeds	50,904,808
RDA Cash on hand	26,439,760
Interfund Loan from City (from General Fund cash reserves)	16,400,000
CVAG Portion	3,846,682

Total Funding Sources 97,591,250



Golf Resort Funding Sources



Funding Source: Redevelopment Agency

The majority of the funding, \$77,344,568, came from the former Indian Wells Redevelopment Agency (RDA). The former RDA provided \$26,439,760 from cash reserves held by the Agency. The main funding source of the cash reserves was surplus tax increment revenue.

The remainder of redevelopment funding, \$50,904,808, came from proceeds of three different series of bonds issued by the RDA. The Agency used \$12,308,904 in Series 2003 A bonds, \$38,548,181 in Series 2006 A bonds, and \$47,723 in Series 2010 A bonds.

**Funding Source:
Coachella Valley Association of Governments (CVAG)**

CVAG oversees the use of regional transportation funds for roadway improvements. The Highway 111 and Fred Waring Drive sound walls provided benefit to the Golf Resort, and the funding/costs have been included in this report. CVAG’s funding share for the cost of the sound walls was \$3,846,682.

**Funding Source:
General Fund or Loan**

The remaining \$16,400,000 in funds used to complete the project was a loan to the former Redevelopment Agency from cash reserves in the City’s General Fund. The loan will be repaid to the City through the state mandated program.



The Successor Agency which is managing the winding down of the Agency. To ensure the \$16,400,000 loan would be repaid to the City the Successor Agency sought and received the necessary approvals by the California State Department of Finance (DOF), on the Successor Agency’s Recognized Obligation Payment Schedule (ROPS). The anticipated full repayment of the \$16.4 million loan is approximately in 20+ years.

Indian Wells Golf Resort Construction Costs

Construction of the \$97,591,250 Indian Wells Golf Resort Project was divided up into four categories.

- 1 Primary Construction
- 2 Finish Costs
- 3 Sound Walls
- 4 Property Acquisition

The first category includes:

- o Celebrity Golf Course
- o Players Golf Course
- o Fairway Grill
- o Comfort Stations
- o Engineering and Design



A detail of the costs is outlined below:

Indian Wells Golf Resort Construction

Clubhouse includes teardown and temporary clubhouse	36,638,324
Celebrity Golf Course	12,185,876
Players Golf Course and Putting Course	11,533,086
Engineering Services, Construction Support, Conceptual Design Clubhouse, Landscape and Golf Course Architect, Construction	5,603,375
Clubhouse Furniture	3,123,623
Fairway Grill and Golf Course Comfort Stations	2,367,574
Master Planning and Development	1,560,318
Roundabout Tunnel Shrub/Flowers	22,018
Total Indian Wells Golf Resort	73,034,194



The second category includes

- Finish Costs
- Fixtures and Equipment
- Computerized irrigation system for both golf courses
- Lights on the putting course
- Turf on tee boxes, approaches and landings
- Improvements to Indian Wells Lane and water fountains at entrance to Indian Wells Golf Resort
- New way-finding signage as added
- Parking was expanded in front of the Hyatt parking garage

The detail of all start-up and grow-in costs is outlined below:

Special Projects—Start Up Operations and Grow-in Golf Course

Turf Installation Labor, Putting Course Lights	
Irrigation Computer Systems for Golf Course	
Play Standard Preparation	5,217,601
Restaurant/Kitchen China Flatware & Equipment, Clubhouse A/V and Security, New Turf Maint. Equipment, Way-Finding Signage	4,976,852
Indian Wells Lane and Fountains	2,574,392
IW Event Parking in front of Hyatt	200,387
Summer Agronomy Project	73,963
Total Special Projects	13,043,195



The third category includes:

- Installation of the sound walls abutting the Golf Resort. The sound walls were originally a part of the Highway 111 and Fred Waring roadway projects; however, because they benefit the Golf Resort these costs were included in this report. The total cost for both sound wall projects is \$6,013,861.

Fred Waring Drive Sound Wall along Indian Wells Golf Resort

CVAG Portion	1,981,041
RDA Portion	868,877
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Total Fred Waring Sound Wall along Indian Wells Golf Resort	2,849,918

Highway 111 Sound Wall along Indian Wells Golf Resort

CVAG Portion	1,865,641
RDA Portion	1,298,302
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Total Highway 111 Sound Wall along Indian Wells Golf Resort	3,163,943

The fourth category includes:

- In 2002, the former Redevelopment Agency acquired the property east of and adjacent to Indian Wells City Hall for \$5,500,000 from the owners of the Hyatt. During the design of the Celebrity Course that property was utilized for five holes, essentially golf holes #12 through #16. Since this was vacant land, the cost was added to the total cost of development.

Acquisition of Land for Celebrity Golf Course (part of the back nine)

Purchase from Hyatt in 2002	5,500,000
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Total Acquisition of Land for Celebrity Golf Course	5,500,000
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City Staff considers this to be a comprehensive report of the costs associated in and around the Indian Wells Golf Resort based upon audited City and Agency records.

