COUNCIL COMMUNICATION

CITY OF DES MOINES CITY MANAGER'S OFFICE	Number:	**25-471**	Meeting:	**December 22, 2025**
	Agenda Item:	**25**	Roll Call:	**25-1688**
	Submitted by:	**Benjamin R. Page, Parks and Recreation Director**		

AGENDA HEADING:

Approval of Management Agreement for A. H. Blank, Bright Grandview, and Waveland Municipal Golf Courses with C Corporation, and approving an exception to the procurement ordinance competitive procurement process for good cause.

SYNOPSIS:

Recommend approval of the Management Agreement for A. H. Blank, Bright Grandview, and Waveland Municipal Golf Courses (Golf Courses) with C Corporation (Jeffrey J. Chiodo, President) (C Corp). This agreement replaces the two (2) existing agreements and their amendments and provides for C Corp's continuation of management services for the Golf Courses pursuant to the terms set forth in the new agreement. Additionally, recommend approval of an exception to the procurement ordinance competitive procurement process for good cause due to the successful existing relationship with C Corp and the new terms favorable to the City outlined in more detail below.

FISCAL IMPACT:

Amount: An average annual contribution (revenue) of $1,193,333 estimated each year during the 15-year Initial Term of the Agreement, including all financial components: revenue sharing, water payment, capital improvement fund allocation, and revenue deductions. The average annual contribution will be lower to begin and increase over time as the water payment obligation increases.

Funding Source: Fiscal Year (FY) 2026-2027 Operating Budget, Golf Contracted Operations, E201 PK001201, Page 187

ADDITIONAL INFORMATION:

- On July 10, 2006, by Roll Call No. 06-1385, the City entered into a management agreement with C Corp for A.H. Blank Golf Course. The initial term of this agreement was from July 1, 2006 to January 15, 2019, and includes up to four (4) four (4)-year renewal terms. This agreement is in its second of four (4) automatic four (4)-year renewals, with two (2) renewal periods available and the potential fourth renewal ending on January 15, 2035.

- On December 22, 2008, by Roll Call No. 08-2220, C Corp successfully completed a competitive request for proposal process for the rights to manage both Bright Grandview and Waveland Golf Courses. The initial term of the resulting Bright Grandview and Waveland Golf Course management

agreement was from January 15, 2010 to January 15, 2019, and includes up to two (2) four (4)-year renewal terms. This agreement is in its second of two (2) automatic four (4)-year renewals with this final period ending on January 15, 2027.

- This proposed Agreement would replace the two (2) current Agreements described above. The proposed Agreement initial 15-year term begins January 1, 2026 to December 31, 2040, and includes two (2) potential five (5)-year renewal terms. Should the second renewal term reach the end, this Agreement would expire on December 31, 2050.

- The agreement may terminate if these cannot be accomplished or remedied: Any negotiations regarding a renewal term are not complete at least 12 months in advance of the end of the current term; City or C Corp provide written notice that it does not desire to enter into a renewal term prior to 18 months in advance of the end of the current term; C Corp's performance significantly declines; they fail to provide agreed to programs or services without good cause; C Corp becomes insolvent or declared bankrupt; or financial obligations such as agreed to capital improvements are not completed.

- C Corp will provide its Annual Golf Contract Evaluation Report by February each year, which will include financial performance and Course use for the year and in comparison to prior years; analysis of the year's performance including significant operations and maintenance accomplishments and advancements; achievements related to customer service, growth in engaging target audiences and new patrons, and introductions of new services and events; and plans for future years. C Corp will present the report to the Golf Advisory Committee and the Parks and Recreation Board, and the Parks and Recreation Director will submit the report to the City Manager.

    - Environmental stewardship is one pillar of services C Corp outlines in their Business Plan Summary (Exhibit B in the agreement). Related advancements will be highlighted in the Annual Golf Contract Evaluation Report. In Exhibit B, C Corp expresses their commitment to sustainable operations being woven into daily operations including reducing chemical usage, implementing eco-friendly mowing practices, expanding responsible water-management strategies already in place with improved irrigation technologies, drought resistant turf and native plantings, drainage improvements, protecting natural resources (water, soil, and vegetation), clean energy integration, and environmental education provided for guests and youth via additional programming.

- Revenue Sharing

    - The current A.H. Bank Golf Course agreement includes annual revenue sharing of $100,000 plus 10% of revenues, net of tax, exceeding baseline of $1,000,000. The current Bright Grandview and Waveland Golf Courses agreement includes for Bright Grandview a percentage not to exceed 10% of revenues, net of tax, based on an index factor of revenues compared to revenues of Blank Golf Course, and for Waveland 15% of revenues, net of tax.

    - The proposed agreement simplifies this to 11% of revenues, net of tax, except for merchandise and 3% of merchandise sales at all three (3) Courses and includes that an additional $1 per paid green fee will be paid to the City for allocation to the capital improvement fund dedicated to support Course enhancements and upgrades.

- Capital Improvement Projects
  - C Corp has completed all capital improvement projects (CIP) outlined in the existing agreements.
  - The proposed agreement includes C Corp contributing a minimum of $1,500,000 during the initial 15-year term towards City-approved CIP, allocated roughly equally across all three (3) Courses. The CIP completed during the initial term will be approached in two (2) stages. Stage 1 occurs during the first 10 years. Projects have been proposed by C Corp and are detailed in Exhibit C of the agreement. An implementation timeline will be provided by C Corp to the City in February 2026 and C Corp will provide a detailed work plan at least six (6) months prior to start date for the City's approval. Projects to be completed in Stage 2, or during the last five (5) years of the initial term, will be proposed by C Corp to the City and mutually agreed to 18 months prior to the start of Stage 2.
  - Should renewal terms be agreed to, additional CIP projects and funding to be contributed by C Corp will be mutually agreed with the City and Contractor for each renewal term.
  - Additionally, C Corp, in partnership with Musco Lighting, will seek to invest an additional minimum of $1,500,000 to illuminate nine holes of Waveland Golf Course. This investment would be completed in Year 1 of the initial term and at no cost to City. It is contingent upon C Corp, Musco Lighting, and the City reaching mutually acceptable terms regarding financing, design, construction, implementation, warranties, and operational obligations. An amendment to this agreement or separate agreement may be necessary to address additional terms related to the lighting project. The improvement would extend playing hours year-round, attract more golfers, increase accessibility, enhance overall course utilization, and provide an opportunity for special events and corporate outings to expand significantly, thus generating additional revenue.

- Utilities
  - Under the existing agreements, C Corp pays for all public utilities incurred by the Courses, except the City is responsible for the water payment. The City has paid an average of $219,000 per year for water over the last three (3) years (2022-2024), which equates to roughly $247,000 per year utilizing the new Des Moines Water Works rates posted on their website.
  - The proposed agreement keeps the existing responsibilities in place, except the water payment will incrementally become the responsibility of C Corp so that in Year 15 and beyond, should Renewal Terms be entered into, the water payment will be fully the responsibility of C Corp.

- Additional Financial Terms
  - C Corp will provide numerous in-kind contributions annually at no expense to the City including a golf tournament, up to six (6) clubhouse events, up to 250 passes for 18-hole weekday rounds without carts, up to 100 mini-golf passes and one mini-golf experience for all 250 Summer Camp students, and clinics for the benefit of the City and City residents.
  - Any unamortized expense for capital improvement projects completed by C Corp prior to the effective date of this agreement remain the sole responsibility of C Corp to pay.
  - Within 30 days of the effective date of this agreement, C Corp will pay the City the outstanding balance of the deferred collection of contract revenues from the Second Amendment to the current Bright Grandview and Waveland Courses agreement, which equals $48,750.

- C Corp will ensure that the City has access to all electronic data and revenue records as needed for regular reviews, revenue reconciliations, or other purposes City deems necessary at any time.

- In summary, the estimated financial impact to the City per the Finance Department analysis is $17.9 million in the initial 15-year term, or a $4.9 million increase over the structure of the current agreements.

- City Manager recommends that the above-described concessionaire agreement for management of the Courses between the City and C Corp be exempted from the competitive procurement requirements for good cause shown, pursuant to Section 2-710(b) of the Des Moines Municipal Code. The Good Cause Form is on file with the Finance Department.

PREVIOUS COUNCIL ACTION(S):

Date: December 9, 2013

Roll Call Number: 13-1903

Action: Second Amendment to Management Agreement with C Corporation for Bright Grandview and Waveland Golf Courses. (Council Communication No. 13-584) Moved by Hensley to adopt. Motion Carried 7-0.

Date: November 20, 2006

Roll Call Number: 06-2336

Action: First Amendment and Addendum to A.H. Blank Golf Course Concession Management Agreement-A.H. Blank Golf Course Improvements for improvements to golf course facilities. (Council Communication No. 06-743) Moved by Kiernan to adopt. Motion Carried 6-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

An amendment or separate agreement may be necessary to address additional terms related to the Musco Lighting project, at the discretion of City. And, should renewal term(s) be agreed upon following the initial term, an amendment to include additional capital improvement project terms will be necessary.

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