



MEMORANDUM

Date: June 11, 2020

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "C.H. Huckelberry", is written over the typed name and title.

Re: **Crooked Tree Golf Course Contract Update**

The Crooked Tree Golf Course (Crooked Tree) is located within the Arthur Pack Regional Park and owned by Pima County (Patented BLM Land). Since 2004, Crooked Tree has been operated under contract with Wildcat Golf Course Partners, LLC. The original contract was renewed or amended on several occasions including 2014, 2015 and 2019.

In 2019, Pima County issued a Request for Proposal (RFP) for a new contract for interested parties to operate Crooked Tree. There was one proposal submitted by Wildcat Golf Partners, LLC in response to this RFP. After initially submitting an acceptable proposal, Wildcat Golf Partners, LLC, changed the substantive elements of its proposal prior to contract execution with Pima County. Following this reversal of position by Wildcat Golf Partners, LLC, Pima County granted a one-year extension of the prior contract.

Pima County then issued another RFP, which included Pima County's key elements related to an operating fee, maintenance and repair of buildings, capital investment and water expenses. Wildcat Golf Partners, LLC, submitted a proposal dated April 14, 2020. The proposal was determined to be non-responsive to the RFP (Attachment 1) in that it did not meet several of the County's key elements including:

- The responsibility for maintenance and repair of golf course buildings;
- A requirement to make capital investments by the operator in various improvements;
- The payment of an operating fee to Pima County based on a percentage of gross revenues generated; and
- The responsibility for paying the cost of water to Pima County.

The current contract with Wildcat Golf Partners, LLC, is set to expire June 30, 2020. Attempts have been made with Wildcat Golf Partners, LLC, to try to reach mutually acceptable terms related to the above-noted key items, but efforts have not achieved agreement for Wildcat Golf Partners, LLC, to continue to operate Crooked Tree. Pima County has offered once again to grant a temporary extension of the existing contract to allow for further discussions on a new contract.

In a June 2, 2020 letter, legal counsel for Wildcat Golf Partners, LLC, indicated the terms under which Wildcat Golf Partners, LLC, would accept a temporary extension of the contract.

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It was proposed that no operating agreement be paid to Pima County; that a \$75,000 management fee be paid to Wildcat Golf Partners, LLC to cover the proposed 11 month period of extension; that Pima County be responsible for all water expenses; and that Pima County be responsible for all repair and maintenance expenses at the Golf Course. These terms are not acceptable to Pima County, in that they go beyond what Pima County is able to financially commit to given other needs and the current economic and budgetary realities we are facing. In addition, if we were to agree to these terms we might as well just operate the facility.

Pima County made a counter proposal to Wildcat Golf Partners, LLC, through their legal representation, indicating Pima County would be willing to forego collecting an operating fee and would cover all expenses for water for a temporary extension term from July 1, 2020 to May 31, 2021. This proposal was made with the indication that a temporary extension would allow time for the parties to work towards a mutually acceptable set of terms for a new contract. Pima County rejected the temporary extension terms for payment of a \$75,000 management fee and for the County to take on financial responsibility for repair and maintenance of the building facilities. This counter proposal has been presented to Wildcat Golf Partners, LLC, via the attached letter from Carmine DeBonis Jr., Deputy County Administrator for Public Works (Attachment 2), and a response has been requested by June 15, 2020 on whether the terms are acceptable for a temporary extension. If agreeable, an amendment to the existing contract will be presented to the Board of Supervisors at the earliest possible opportunity, which could be as soon as the June 23, 2020 meeting.

Should Wildcat Golf Partners, LLC, be unwilling to accept the Pima County terms for a temporary extension of the existing agreement, Pima County will close the golf operations at Crooked Tree for the summer months of July and August, and will evaluate options for reopening of the golf course in the fall of 2020. Such options could include a combination of either: operating the golf course with Natural Resources, Parks and Recreation and/or Kino Sports Complex personnel; seeking another potential contract operator to run the facility entirely; or operating the sites through a series of individual Parks Operating Agreements with one or more entities for facility maintenance, operation of the Pro Shop, golf rounds, and the golf course driving range, as well as food and beverage operations.

Based on the profit and loss statement from Wildcat Golf Partners, LLC, for the period of July 2018 through June 2019, gross proceeds were \$1,560,833. Total expenses were \$1,636,509, including \$53,198 for water. The profit and loss statement shows the facility operated at a loss of approximately \$75,000; however, with Pima County now offering to pay for water along with other likely obtainable improvements by the operator to reduce costs and increase rounds played, hence revenue, a break-even status could reasonably be achieved.

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Pima County remains optimistic that a suitable arrangement can be reached with the existing operator for both a temporary extension of the existing contract and terms for a new contract. However, if these efforts are unsuccessful, we will face having to temporarily close golf operations for the summer months, when play is typically lower, to determine the best operating structure for reopening the course. During any period of closure of the golf course, turf will continue to be minimally maintained and irrigated. While existing resources will be utilized where possible, additional rental of equipment and allocation of personnel not currently not currently included in the FY 2020/21 adopted budget may be necessary.

As alternatives are further evaluated, I will provide updates on options considered and the proposed direction for operating the golf course.

Let me know if additional information is needed.

CHH/mp

Attachments

c: Jan Leshar, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Diane Frisch, Director, Attractions and Tourism
Chris Cawein, Director, Natural Resources, Parks and Recreation
Reenie Ochoa, Director, Stadium District and Kino Sports Complex

ATTACHMENT 1



May 27, 2020

Sent via email to: crookedtree62@comcast.net

Mr. Richard Mueller
Wildcat Golf Partners, LLC
9101 N. Thornydale Road
Tucson, AZ 85742

Re: Wildcat Golf Partners, LLC - Response to Request for Proposal dated April 14, 2020

Dear Mr. Mueller,

The referenced response to the Pima County Request for Proposal for operation of the Crooked Tree Golf Course is determined to be non-responsive. This determination is based on inadequate response to the following critical requirements of the Pima County Request for Proposal as specified:

1.5 Scope of Work

Services provided by Operator

The Operator must do the following:

- e) Maintenance and Repair of Course and Buildings. The Operator will be required to maintain and repair the Course and all buildings, structures, and equipment associated with the operation of the golf course facilities.

Wildcat Golf Partners, LLC response: Our staff is extremely familiar with and dedicated to the property, and will continue to maintain all buildings, structures, and equipment associated with the operation of the golf course facilities, as needed. County will be responsible for all exterior repairs of structures and septic. Wildcat Golf Partners will continue to assume responsibility for all repairs to irrigation and interior of buildings.

This response is inadequate in that it proposes that Pima County be responsible for exterior repairs of structures and septic.

- f) Required Capital Improvements to be Made By Operator. The Operator will be required to complete capital improvements in a specified level to the buildings and golf

course within specific periods as outlined in Section 5, Capital Improvement Program, of Attachment 3 Operating Agreement.

Wildcat Golf Partners, LLC response: Wildcat Golf Partners has contracted with Ken Kavanaugh Design to produce architectural renderings and cost-estimates for driving range expansion (see attachment 6). Additionally, Wildcat Golf Partners and Ken Kavanaugh Design are prepared to move forward with plans to remove bunkers and green restoration, as needed. Wildcat Golf Partners will also invest no less than \$1.5 million in new maintenance and irrigation equipment as needed upon lease renewal.

This response is inadequate in that it only partially addresses the capital improvements needed. Your proposal does not include completion of most of improvements listed in the Maintenance Priority Chart in Attachment 6 of the Request for Proposal, such as the clubhouse roof.

- g) **Operating Fees.** Lessee will pay operating fees by percentage calculated using the following rates and benchmarks:

0% on annual Gross Revenues up to \$500,000
2% on annual Gross Revenues from \$500,000 to \$1,000,000
4% on annual Gross Revenues from \$1,000,000 to \$2,000,000
6% on annual Gross Revenues from \$2,000,000 to \$3,000,000
8% on annual Gross Revenues from \$3,000,000 to \$4,000,000
10% on annual Gross Revenues from \$4,000,000 and more

Wildcat Golf Partners, LLC response: Wildcat Golf Partners proposes Pima County collect \$0 in operating fees and WGP will charge \$0 in management fees.

This response is inadequate in that it does not provide for the Pima County requested operating fee.

1.6 Reclaimed Water

County-owned Class A treated effluent (reclaimed water) is currently delivered to the Golf Course through a reclaimed water line owned and operated by Tucson Water. Manager will reimburse County, on a monthly basis, for all Tucson Water charges paid by County for the delivery of this water. The cost is currently \$292.18 per acre-foot. Manager will pay these charges no later than 30 days the date of the invoice from County.

Wildcat Golf Partners, LLC response: County will provide reclaimed water to the golf course through a reclaimed water line owned and operated by Tucson Water at County's sole expense.

This response is inadequate in that it proposes Pima County be solely responsible for expenses to provide reclaimed water.

This is the second time Pima County has issued a Request for Proposal to which Wildcat Golf Partners, LLC has submitted a proposal. In 2019, after initially submitting a responsive proposal, Wildcat Golf Partners, LLC changed the most substantive elements of its proposal prior to contract execution. Following this reversal of position by Wildcat Golf Partners, LLC, Pima County granted

a one-year extension of the prior contract, and then revised the solicitation terms to only include the County's key elements and issued a new Request for Proposal.

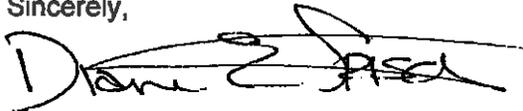
Given the above stated inadequate responses, Pima County does not accept the April 14, 2020 proposal from Wildcat Golf Partners. Notwithstanding, Pima County believes there is an opportunity to arrive at mutually acceptable terms related to the above noted key items.

While it would likely be apparent within 30 to 60 days whether agreement can be reached, Pima County is willing to extend the existing contract with Wildcat Golf Partners, LLC, which expires June 30, 2020, for up to 12 months. We believe that further discussions would be fruitful and provided we are able to successfully negotiate terms, Pima County would immediately prepare a new contract for presentation to the Board of Supervisors.

As discussed during our teleconference on May 21, 2020, Pima County is confident that appropriate modifications to the terms for the above referenced key items can be achieved through further collaborative discussion. I am aware that Carmine DeBonis Jr., Deputy County Administrator, left phone messages on your office and cell phone on May 26, 2020, as he indicated he would during our meeting, and has been contacted by your legal counsel Oscar Lizardi of the law firm Rusing Lopez & Lizardi.

I am available if you have any questions or would like to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane Frisch", written over a horizontal line.

Diane Frisch
Attractions & Tourism Director

- c: C.H. Huckelberry, County Administrator
Jan Leshner, Chief Deputy County Administrator
Carmine DeBonis Jr. Deputy County Administrator for Public Works
Mary Jo Furphy, Director, Procurement Department
Chris Cawein, Director, Natural Resources Parks and Recreation

ATTACHMENT 2



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

June 10, 2020

Via Email: olizardi@rllaz.com

Mr. Oscar S. Lizardi
Rusing, Lopez & Lizardi
Attorneys at Law
6363 N. Swan Road, Suite 151
Tucson, Arizona 85718

Re: Crooked Tree Golf Course Contract – Temporary Extension

Dear Mr. Lizardi,

Thank you for your letter dated June 2, 2020 (received by email June 3, 2020), which followed up on our May 28, 2020, conversation regarding the contract for Crooked Tree Golf Course (Crooked Tree). As discussed, Pima County is willing to grant a temporary extension of the current contract for up to 12 months while Pima County and Wildcat Golf Partners, LLC, attempt to reach agreement on terms for a new contract.

During our discussion, we touched on several key points for the temporary extension of the existing contract. As you are aware, the current contract expires on June 30, 2020. Pima County has made attempts to develop a new contract through two separate Requests for Proposal (RFP) in 2018 and 2020. After responding to the 2018 RFP, Wildcat Golf Partners, LLC, changed the substantive elements of its proposal, and in 2020 their proposal was determined to be non-responsive to the key terms of that RFP.

Your June 2, 2020 letter outlines an offer by Wildcat Golf Partners, LLC, for the continued operation of Crooked Tree from July 1, 2020 to May 31, 2021, an 11-month period. In the proposal, there are four points under which Wildcat Golf Partners, LLC, would accept an extension as follows:

1. No operating fee paid to Pima County.

Pima County is amenable to not collecting an operating fee during the period of the temporary extension. Pima County has already deferred collection of the operating fee for the months of April, May and June 2020 due to the coronavirus pandemic, and is also willing to permanently waive these fees provided we reach agreement on a temporary extension.

- 2. A \$75,000 management fee payable to Wildcat Golf Partners, LLC, either in full or in a monthly amount of \$7,500.*

Pima County does not agree to pay a management fee during the term of the temporary extension.

- 3. Pima County will be responsible for all water expenses and Wildcat Golf Partners, LLC, will pay all water pumping utility expenses.*

Pima County will pay the water expenses for the timeframe of the temporary extension.

- 4. Pima County will be responsible for all repair and maintenance expenses at the golf course.*

Pima County does not agree to cover the cost of repair and maintenance at the golf course during the temporary extension.

Based on the terms requested by Wildcat Golf Partners, LLC, there is no agreement on a temporary extension. Pima County is willing however, to not collect an operating fee and to cover water expenses for the term of the temporary extension. If Wildcat Golf Partners, LLC, is willing to accept these terms for a temporary extension from July 1, 2020 to May 31, 2021, the other matters can be discussed as part of continuing negotiations on a new contract.

As indicated by phone, I believe that there is opportunity to reach a mutually acceptable agreement for continued operation of the golf course beyond a temporary extension. If Wildcat Golf Partners, LLC, is unwilling to accept Pima County's terms for a temporary extension as described and does not want to continue discussions to attempt to reach a mutually acceptable agreement on a new contract, the existing contract will expire on June 30, 2020. This will require Wildcat Golf Partners, LLC, to vacate the property and Pima County to pursue other operating arrangements.

If the County's proposal is acceptable, a contract extension would need to be quickly prepared and presented to the Board of Supervisors for their consideration. This could be accomplished for the June 23, 2020 Board of Supervisors meeting, if a written response to the County's proposal is provided by no later than June 15, 2020.

Please contact me if you have any questions.

Sincerely,



Carmine DeBonis, Jr.
Deputy County Administrator for Public Works

Attachment

c: C.H. Huckelberry, County Administrator
Jan Leshner, Chief Deputy County Administrator
Diane Frisch, Director, Tourism and Attraction Department
Chris Cawein, Director Natural Resources Parks and Recreation



**RUSING LOPEZ
& LIZARDI**
ATTORNEYS AT LAW

Oscar S. Lizardi
Direct Dial: (520) 529-4275
olizardi@rllaz.com

Via Electronic Mail

June 2, 2020

Carmine DeBonis Jr.
Deputy County Administrator for Public Works
Pima County
130 W. Congress, 10th Floor
Tucson, AZ 85701
carmine.debonis@pima.gov

Re: Operating Agreement; 10-month Renewal for Crooked Tree Golf Course
("Crooked Tree")

Dear Carmine:

It was a pleasure to speak with you last week regarding the potential renewal of the Operating Agreement for Arthur Pack Golf Course Aka Crooked Tree Golf Course. This letter serves as Wildcat Golf Partners, LLC ("WGP") response to the 10-month renewal terms.

It would be helpful to provide some historical context to the renewal offer set forth in this letter. The golf course operation business has significantly changed since the original execution of the Operating Agreement as it has been in substantial decline. Given the increase in competition and operating expenses including water cost, it has become incredibly difficult to earn a profit. This has been the case for WGP for quite some time.

In regards to the above, WGP does not have much room to negotiate on its 10-month renewal offer. Below is its offer to continue to operate Crooked Tree from July 1, 2020 to May 31, 2021.

1. No Operating fee paid to Pima County.
2. \$75, 000.00 Management fee payable to WGP. This fee may be paid in full or a monthly amount of \$7,500.00.
3. Pima County will be responsible for all water expenses. WGP will continue to be responsible for all water pumping expenses.
4. Pima County will be responsible for all repair and maintenance expenses at the golf course.

The Firm has one or more attorneys admitted to practice in Arizona, California, Colorado, Maryland, New Hampshire, New York, and Washington, D.C.

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Carmine DeBonis Jr.
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WGP recognizes the above may be inconsistent with the renewal terms Pima County was expecting. But after further analysis, the above terms may be the only viable financial manner in which WGP may move forward.

Also, WGP respectfully requests a response by June 15, 2020. This date is critical if Pima County decides not to move forward as WGP will need ample time to vacate the property.

Please let me know if you would like to discuss the above before June 15th.

Thank you.

Very truly yours,



Oscar S. Lizardi