CITY OF POCATELLO

Parks & Recreation Department

Agenda Item #9

Date: 9/23/2025

To: Mayor Blad & City Council Members

From: Anne Butler, Parks & Recreation Director

RE: Fore Golf Allowable Operating Expense Adjustment Request

In 2019, Fore Golf and the City of Pocatello entered into a 5-year concessionaire agreement to run the operations and maintenance of both Highland and Riverside Golf Courses. The agreement was discussed in 2019 as a new "market based" agreement where operational expenses were capped or controlled based on the Western Consumer Price Index (CPI). The CPI number traditionally has averaged between 2% to 3%, and increased during covid years to 7.10% and 6.20%. An additional 5-year renewal went to the City Council in early spring 2023, both concessionaire agreements held all terms of the agreement equivalent.

While I believe the intent of the contract negotiated in good faith was to provide solid revenue opportunities for both the City of Pocatello and Fore Golf while reasonably controlling expenditures, it's my opinion that an adjustment for FY24 is needed to ensure a solid contract through 2028. Let me explain why I believe this one-time adjustment is necessary:

- **Staff Retention**
  The difficulty attracting and retaining qualified staff necessitated a higher wage than was required pre-covid. This is not a golf industry issue, we've seen this locally and nationally.
- **Increases in Cost of Goods and Services**
  Fore Golf is seeing an increase in cost of supplies needed at a rate of roughly $30,000 per year. The quantity of those supplies has stayed the same. Again, this is not a golf industry issue, we've seen this to be a problem both locally and nationally.
- **Increases in Maintenance and Repair Costs**
  Increases in services for maintenance and repair have also increased exponentially. These numbers jumped drastically during covid but have never come down.

In 2019, Fore Golf's actual expenses were far less than their allowable amount was, creating a credit of $83,763. This credit has allowed them to balance expenses from 2020-2023 as they whittled down at the credit from 2019. I believe this initial credit made previous staff believe the new system would not only work but work quite well, not knowing how volatile the future market would become. No readjustment of the allowable operating expense number was made as it likely should have in 2023 when Fore Golf renewed their contract for 2024 as the previous P&R Director had vacated the position and the City was in the process of hiring another.

Conclusion
It is respectfully requested that the City Council approve a one-time re-establishment of the allowable operating expense for the 2024 season to the amount of $1,231,327. All other terms and conditions of the Golf Concessionaire Agreement will remain in force throughout the remainder of the agreement period ending December 31, 2028.