

Ala Wai driving range might get \$50M face-lift

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COURTESY TOPGOLF HAWAII

This rendering shows the proposed renovations at the Ala Wai Golf Course. Topgolf Hawai'i plans to invest \$50 million on the project, which will include a high-tech upgrade to the driving range.

The city intends to enter into a public-private partnership with Topgolf Hawai'i, which would invest \$50 million replacing the Ala Wai Golf Course's traditional driving range with a high-tech version and other golf-related activities.

The city has offered Topgolf Hawai'i, a partnership between Topgolf USA Inc. and The MacNaughton Group and Kobayashi Group, a 20-year lease deal with options to extend up to 40 years. Topgolf Hawai'i was offered a conditional award Thursday following a competitive request-for-proposals process that began in December.

The lease will require approval from the Honolulu City Council and the state Board of Land and Natural Resources since the golf course sits on state land that was transferred to the city's control by executive order. If everything works out, the opening would be a few years out.

While portions of the deal are still in play, Topgolf Hawai'i is expected to design, build, finance, operate and maintain the Ala Wai Golf Course driving range and other golf-related activities. The partnership will pay the city a minimum annual lease rent of \$1.02 million and 1 percent of its gross revenue on sales to conduct business at the prime Ala Wai location, which offers views of Diamond Head. The base rent is set to increase as the contract progresses.

Guy Kaulukukui, director of the city Department of Enterprise Services, said the deal will bolster declining revenue at the city's six courses, where expenses exceed revenue by several million annually.

While the Ala Wai course has been the city's busiest by far, Kaulukukui said attendance there has dropped off to 120,000 rounds. At its peak, attendance at the Ala Wai course was about 220,000 rounds, causing the Guinness Book of World Records to dub it the world's busiest course.

Kaulukukui said the Ala Wai course's driving range earns between \$500,000 and \$600,000 in annual gross revenue, a figure he expects will quadruple to about \$2 million annually under Topgolf Hawai'i.

The company also plans to add up to 450 jobs offering full-time, part-time and seasonal work. While many of the jobs will be service-oriented, Topgolf is essentially a tech company, with driving ranges that use radio frequency identification balls.

“We have quite a sophisticated group of associates,” said Craig Kessler, chief operating officer for Dallas-based Topgolf USA.

The city and other Topgolf proponents say the partnership will be a boon for the economy and for golf, which has been steadily declining in Hawaii and elsewhere. Mark Rolfing, NBC Golf Channel TV analyst, said the game is increasingly perceived as being too difficult, costing too much and taking too long to play.

“The only way to create growth is to create new products like Topgolf, which has been able to deal with all those challenges,” Rolfing said.

Rolfing said Topgolf’s venue also lends itself to competitively televised events and to charitable tournaments, which have been on the decline in Hawaii.

One of Topgolf’s key selling points is that its use of technology draws the younger crowds that traditional golf has been losing and a high percentage of nongolfers.

“It’s everyone’s game, and the venues are designed to reflect that. We’ve had players from age 1 to 92,” Kessler said.

Rick Egged, president of the Waikiki Improvement Association, said the organization supports the initiative, which would add a new dimension of activity to the Ala Wai course.

“We think it will appeal to residents and visitors alike,” Egged said. “We like that it offers top-quality jobs.”

But the partnership's plans have drawn criticism from some community members like Michelle Matson, who fears Topgolf's large venue will be out of place in Hawaii, especially so close to Diamond Head.

"The city seems to be running amok with overdevelopment proposals for our open green space," Matson said.

Topgolf's design and construction plans are still in the works and will be vetted through a community process, said Emily Reber Porter, chief operating officer for The MacNaughton Group.

Devin Charhon, Topgolf's director of real estate, said the footprint of the facility is not expected to exceed the site of the current driving range, which will be razed. The new facility will not exceed four stories, save for its 170-foot-tall barriers, and will fit into a 7.26-acre space. It won't replace the current Ala Wai Golf Course Clubhouse or course.

The facility is expected to include 108 hitting bays, where golfers and nongolfers could hit microchipped balls at targets. There also would be meeting rooms, event spaces and places where people could dine. Indoor and outdoor keiki play areas and a rooftop lanai are planned, too.