REPORT TO COUNCIL

11

City of Sacramento
915 I Street, Sacramento, CA 95814-2604
www.cityofsacramento.org

CONSENT
November 8, 2005

Honorable Mayor and
Members of the City Council

Subject: Agreement: Sacramento Area Youth Golf - SAY Golf d.b.a. The First Tee of Greater Sacramento (TFTGS)

Location/Council District: William Land Park Golf Course (District Four)

Recommendation:

Adopt a Resolution authorizing the City Manager to execute an amendment to City Agreement No. 98-114 between the City of Sacramento and SAY Golf/TFTGS recognizing capital improvements completed to date, modifying minor business processes, eliminating 1.0 Golf Course Supervisor position and implementing a minor reduction in administration fees.

Contact: Douglas C. Parker, Golf Manager, (916) 433-6315
Department: Convention, Culture and Leisure Department
Division: Capital City Golf
Organization No: 4281

Summary:

The proposed amendment to the operating agreement between the City of Sacramento and SAY Golf/TFTGS will recognize capital improvements completed to date, modify minor business processes, eliminate 1.0 Golf Course Supervisor position and implement a minor reduction in administration fees.

Committee/Commission Action: None

Background Information:

SAY Golf entered into an agreement with the City of Sacramento at William Land Golf Course in 1998 and, to date, has fulfilled its contractual obligations. Capital improvements totaling $935,000 have been added to the course by SAY Golf, now doing business as The First Tee of Greater Sacramento (TFTGS).

TFTGS has served over 4700 junior golfers in the Sacramento area since 1998. Not only has TFTGS taught these juniors the game of golf they are also taught life skills such as integrity, courtesy, good sportsmanship, and honesty. The course currently provides youth accessible golf for a $1 daily fee. Rental clubs are also available for $1.

Due to competition in the area and increased operating costs, TFTGS has requested some modifications to the agreement with the City to relieve some of their financial burden. These modifications include realigning the administration fee, minor business changes involving pro shop and café operations, and no longer absorbing the cost of a City employee that has been assigned to course maintenance.

The agreement also requires TFTGS to provide a minimum of $50,000 in capital improvements annually. Since the execution of the agreement in 1998, TFTGS has provided $935,000 in capital improvements at the William Land Golf Course. Improvements include the construction of a two-acre Teaching Center, an adjoining picnic and learning area, the complete renovation of three greens (#3, #5, #9) and two tee boxes (#1, #3), and the repaving of the parking lot. Because of the investment TFTGS has made to course improvements to date, they have requested that the annual capital improvement requirement be waived through June 30, 2017.

Recommended changes to the agreement include:

1. Adjust the annual administrative fee to a flat $25,000 and eliminate the requirement for the tenant to pay 4% of the gross earnings over and above the original $20,000 administration fee.

2. Recognize the requirement for tenant to expend $50,000 per year for capital improvements on the William Land Golf Course through the end of the current lease period has been met through June 30, 2017. Tenant has expended over $935,000 in capital improvements since the inception of the lease in 1998. The annual requirement would be reinstated effective July 1, 2017 and beyond.

3. Eliminate the requirement for the William Land Golf Course pro shop to carry an average $15,000 inventory level. The requirement for tenant, at its cost, to maintain and display an inventory of golfing equipment, supplies, and apparel in such quantities to satisfy the customers needs at all times will remain in the agreement.

4. Eliminate requirement for TFTGS to reimburse City for Golf Supervisor position. The City employee formerly in this position has retired. Eliminate 1.0 Golf Course Supervisor and update related appropriations.

5. Add a portion of the existing fenced maintenance yard to the Premises. Specific areas and operational issues will be addressed in a separate Memorandum of Understanding between the Parks and Recreation Department, Convention, Culture and Leisure Department and TFTGS.

6. Amend EXHIBIT "B", *Golf Course Equipment*, from the current Agreement, to remove all items with a mutually agreed upon dollar value less than $100 which will be transferred to TFTGS.

7. Eliminate EXHIBIT "F" *Menu and Pricing*. Menu items are demand driven and food prices are too volatile to standardize in a lease agreement. Add a paragraph to Article VI of City Agreement 98-114 concerning the tenant-run Food and Beverage operation and maintaining proper Cost of Goods percentage range for both food and alcohol.

Financial Considerations:

The current agreement requires TFTGS to pay the City an annual administrative fee of $20,000 or four percent of gross receipts whichever is greater. This amendment would set the administrative fee at a flat amount of $25,000 annually. In recent years, the City has received $33,000 per year in administrative fees, however, in less profitable years, the City only received $20,000. The FY2006 budgeted revenue is $20,000.

Environmental Considerations:

This amendment does not constitute a "project" and is therefore exempt from the California Environmental Quality Act according to CEQA guidelines Section 15061 (b)(1) and 15378(b)(3).

Policy Considerations:

The recommended action is consistent with the City's efforts to promote public/private partnerships in providing services to the community.

Emerging Small Business Development (ESBD):

This report does not involve the purchase of goods and services.

Respectfully Submitted By: _____
Douglas C. Parker, Golf Manager
Capital City Golf

Approved By: _____
Barbara E. Bonebrake, Director
Convention, Culture and Leisure Department

Recommendation Approved:

_____
ROBERT P. THOMAS
City Manager

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RESOLUTION NO. 2005-

Adopted by the Sacramento City Council

November 8, 2005

APPROVING AMENDMENT #5 TO CITY LEASE AGREEMENT 98-114 BETWEEN CITY OF SACRAMENTO AND SACRAMENTO AREA YOUTH GOLF (SAY GOLF) AND MAKE ASSOCIATED BUDGET AND STAFFING CHANGES

BACKGROUND

A. On June 30, 1998, the City Manager was authorized and directed by Council Resolution No. 98-350 to execute Lease Agreement No. 98-114 with SAY Golf for the operation and management of William Land Golf Course.

B. On November 24, 1998, the City Manager was authorized and directed by Council Resolution 98-586 to execute an amendment (Amendment #1) to Lease Agreement 98-114 transferring title of golf course equipment from the City to SAY Golf.

C. On October 21, 2003, an amendment (Amendment #2) to Lease Agreement No. 98-114 was approved by Council Resolution 2003-736 changing the boundaries of the leased property on William Land Park Golf Course to accommodate continuation of the William Land Jogging Path.

D. On January 27, 2004, the City Manager was authorized and directed by Council Resolution 2004-041 to execute an amendment (Amendment #3) to Lease Agreement 98-114 that addressed golf course management, ADA Compliance, and security at William Land Golf Course.

E. On March 29, 2005, the City Manager was authorized and directed to execute an amendment (Amendment #4) to extend the term of City Agreement No. 98-114 through the year 2024 (contingent on receipt of State Grant).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager is authorized and directed to execute this 5th amendment to Agreement No. 98-114 the operating agreement between the City of Sacramento and Say Golf/TFTGS to recognize capital improvements completed to date, modify minor business processes, and set administration fees at $25,000 annually.

Section 2. Eliminate 1.0 FTE Golf Course Supervisor position

Section 3. Adjust Revenue and Expense budgets to reflect elimination of 1.0 FTE Golf Course Supervisor position as follows:

418-420-4283-3709	$64,765
418-420-4283-4384	($64,765)