



CITY COUNCIL AGENDA STATEMENT



August 14, 2018

File ID: 18-0289

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA APPROVING A GOLF COURSE FACILITY MANAGEMENT AGREEMENT WITH TOUCHSTONE GOLF, LLC FOR PROFESSIONAL MANAGEMENT SERVICES FOR THE CHULA VISTA GOLF COURSE

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

On November 1, 2016 the City approved an agreement with Touchstone Golf, LLC to manage the Chula Vista Municipal Golf Course. The original agreement was for a one-year period with a provision to extend for an additional year which was exercised by staff. Staff recommends entering into a new agreement with Touchstone for an additional term of five years. Touchstone's management of the facility has resulted in physical improvements to the facility, an increase in the quality of the golf experience and a slightly improved financial position for the City's asset.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not Applicable

DISCUSSION

In 1984, the City entered into a lease agreement with American Golf Corporation that afforded the

City a long-term management solution with a steady stream of revenue. It also required very little input or resources from the City. Conversely, it provided the operator with very little incentive to maintain the facility at a high level and no incentive to perform upgrades. As a result, the facility fell behind current standards and had some serious issues and as a result of deferred maintenance to the facility.

After staff review of the facility and the terms of the lease staff recommended in November 2016 to transition the facility from a lease agreement to a management agreement with Touchstone Golf. The management agreement allows the City to have more control on the level of investment and management over the operations which allows flexibility to adapt to changing market conditions.

The management model has provided the City direct control over the operation and management of the Golf Course. Touchstone Golf, LLC one-year trial period was extended an additional year based on their successful management of the facility. Touchstone's management of the facility has resulted in physical improvements to the facility, an increase in the quality of the golf experience for our customers and an improved financial position for the City's asset. Touchstone has been very responsive to the City's direction and have shown creativity in addressing the various issues that have arisen. Their current agreement expires on October 31, 2018 and staff recommends continuing the relationship with Touchstone Golf as the operator of the course.

The proposed agreement is for one five year term. This will give added stability to the operation of the golf course and provide staff with historical operational data for this business model. This will be used to evaluate future operations of the course going forward. This agreement also provides an increase in the monthly fee by \$500 dollars beginning on November 1, 2018.

In conclusion, Touchstone Golf has continued to make improvements to the facility by working with City staff to fund improvements that improve the golfing experience while also improving the experience for community members who just want to use the facility as a meeting/gathering location. Improvements have been made to the 19th hole and to the menu which have resulted in an increase of visitors to the facility and a moderate increase to the revenues received from food and beverage.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(11), for purposes of the Political Reform Act (Cal. Gov't Code §87100,et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. By providing a quality municipal golf course and banquet facility that is affordable the City is promoting healthy community.

CURRENT YEAR FISCAL IMPACT

Both the cost of the management agreement and the lease for the golf carts are covered within the approved Golf Course's operating budget for FY 2018-2019 budget. There will be no additional fiscal impact in the current fiscal year.

ONGOING FISCAL IMPACT

There will be no un-budgeted fiscal impact beyond the current fiscal year.

ATTACHMENTS

Management Agreement

Staff Contact: Rick Ryals, Real Property Manager