

RESOLUTION NO. RES-2022-112

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA APPROVING AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN OPERATIONS AND MAINTENANCE AGREEMENT WITH TOUCHSTONE LLC., OF BERKELEY, CA, TO PROVIDE MANAGEMENT OF THE BENNETT VALLEY GOLF COURSE AND RELATED AGREEMENTS

WHEREAS, the City owns the 150-acre Bennett Valley Golf Course (BVGC) facility including but not limited to an 18-hole golf course and driving range, pro shop, restroom, maintenance shops and yards, and restaurant, bar, and event center (banquet rooms); and

WHEREAS, the City entered into a Management and Operations Agreement with Bennett Valley Golf Shop, Inc. (current operator), to operate and maintain the Bennett Valley Golf Course in 2005; and

WHEREAS, the Bennett Valley Golf Shop Agreement expires on June 30, 2022 and the current operator is not seeking renewal; and

WHEREAS, the City entered into a lease Agreement with Sports Restaurant of Bennett Valley LLC., in 2007 to operate the BVGC restaurant and event center (banquet area) and due to restrictions from the Covid pandemic, the restaurant operator requested early termination of their agreement which was granted by the City in December 2020; and

WHEREAS, Mayor Rogers established the BVGC Ad Hoc Committee on March 2, 2021 and appointed Council Members Sawyer (Chair), Alvarez, and Tibbetts to serve on the committee and work with staff to develop a scope of work for full Council consideration to evaluate the concepts provided to Council regarding options for the future of the BVGC; and

WHEREAS, on April 13, 2021 staff provided an Ad Hoc Committee update during staff briefings at City Council and explained that the Ad Hoc Committee requested that they focus on a comprehensive operational analysis for the future of BVGC rather than one that involves a potential real estate option; and

WHEREAS, on August 17, 2021 City Council approved a solicitation for a consultant to evaluate the BVGC, including the restaurant/event center to determine the best method for soliciting for the future operations of the BVGC; and

WHEREAS, Mayor Rogers joined the Ad Hoc Committee following the resignation of Councilmember Tibbetts; and

WHEREAS, upon the recommendation of the proposal Review Committee the National Golf Foundation (NGF) was approved by the City on November 4, 2021 to provide the evaluation of the BVGC and make recommendations to Council for the future operations, maintenance, and improvements; and

WHEREAS, On February 15, 2022, the BVGC Ad Hoc Committee and the Transportation and Public Works Department recommended, and Council approved a Request for Proposals (RFP) solicitation for a single operator to manage the operations and maintenance of BVGC. As part of the approval process, NGF made a presentation to Council outlining the recommended approach to solicit for a single operator to operate and maintain the BVGC under an Agreement; and

WHEREAS, five proposals were received on March 24, 2022, and reviewed in accordance with City policy; and

WHEREAS, the proposal review committee recommended the highest ranked firm, Touchstone Golf LLC (“Touchstone”), for an Operations and Maintenance Agreement to manage BVGC; and

WHEREAS, City staff are in the process of negotiating an Operations and Maintenance Agreement with the most qualified firm, Touchstone., a California Limited Liability Corporation of Berkely, California has been approved by the City Attorney; and

WHEREAS, the Operations and Maintenance Agreement provides for the professional management services for the entire Bennett Valley Golf Course including the restaurant and event center where the city will collect all revenues to fund all operating and maintenance costs including an operating fee and earned incentive to Touchstone per the Operations and Maintenance Agreement; and

WHEREAS, Touchstone will earn a monthly base management fee of \$8,000 for an annual Base Management Fee of \$96,000 and an earned incentive fee of 20% in net operating income performance to budget as described in the Operating and Maintenance agreement; and

WHEREAS, funding for the services in the Operating and Maintenance Agreement are available in the BVGC Operations Fund, 1661, and earned as operating revenue monthly which is deposited to a Touchstone bank account for the purposes of funding monthly operations, maintenance, and capital needs at the BVGC on behalf of the city; and

WHEREAS, Touchstone’s year one revenue projections, show a net gain in operating income of \$482,923, and after adding in the city’s existing debt service and additional transition plan funds a deficit of \$234,682 in the first year of operation; and

WHEREAS, BVGC Reserve funds needed for the Fiscal Year 22-23 budget are projected at \$466,000 per the Reserve Policy and staff recommend increasing the Reserve funds in the amount of \$215,574 (20%) to bolster reserves in anticipation of increased revenue risk to the city for a total Reserve fund budget of \$681,574; and

WHEREAS, in order to offset the first-year start-up capital needs and deficits of the BVGC operating fund, \$345,000 is to be transferred from BVGC Capital Fund 1662 to the Operating Fund, 1661; and

WHEREAS, in order to meet the Reserve Policy and bolster reserve funds anticipated to meet the 20% increase in reserves, \$351,225 is to be transferred from the General Fund to the BVGC Operating Fund 1661 for reserves; and

WHEREAS, the budget transfers of \$345,000 from the BVGC Capital Fund 1662 to the BVGC Operating Fund 1661 and the transfer of \$351,225 from the General Fund to the BVGC Operating Fund 1661 for reserves provides a balanced Fiscal Year 22-23 budget necessary to fund the implementation of the Touchstone Operation and Maintenance Agreement; and

WHEREAS, the City's transition to utilizing Touchstone as the new operator will also require the City to negotiate and execute assumption from the current course operator of the Master Lease Agreement for golf carts with Yamaha Motor Finance Corporation, U.S.A. for the remainder of the Master Lease Agreement term through October 2022.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa approves and authorizes the City Manager to negotiate and execute an Operations and Maintenance Agreement with Touchstone LLC., a California Limited Liability Corporation, consistent with the business terms set forth in the staff report and this resolution, working from the draft agreement attached hereto as Exhibit A, and subject to approval by the City Attorney, in an amount not to exceed \$96,000 annually for the base management fee and an earned incentive fee of 20% in net operating income performance to budget as described in the Operating and Maintenance Agreement.

BE IT FURTHER RESOLVED that the Council authorizes the Chief Financial Officer to appropriate all operator fees and operating and maintenance expenditures from BVGC revenue to Touchstone Golf LLC., as described in the Operating and Maintenance Agreement.

BE IT FURTHER RESOLVED that the Council authorizes increased appropriations in the BVGC Operations Fund 1661 in the amount of \$345,000 to fund the transition plan capital costs from the Operating and Maintenance Agreement with the source of the funds from the BVGC Capital Fund 1662.

BE IT FURTHER RESOLVED that the Council authorizes increased appropriations in the BVGC Operations Fund in the amount of \$351,225 for the creation of sufficient projected reserves with the source of the funds from the General Fund.

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BE IT FURTHER RESOLVED that the Council approves and authorize the City Manager to negotiate and execute assumption from the current course operator of the Master Lease Agreement, attached hereto as Exhibit B, for golf carts with Yamaha Motor Finance Corporation, U.S.A. for the remainder of the Master Lease Agreement term through October 2022.

IN COUNCIL DULY PASSED this 7th day of June, 2022.

AYES: (6) Mayor C. Rogers, Vice Mayor Alvarez, Council Members Fleming, N. Rogers, Sawyer, Schwedhelm

NOES: (1) Council Member MacDonald

ABSENT: (0)

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney

Exhibit A – Current Draft - Operations and Maintenance Agreement with Touchstone LLC (with attachments)
Exhibit B - Master Lease Agreement for Golf Carts