

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: NANETTE SMEJKAL, DIRECTOR
RECREATION & PARKS
SUBJECT: FIRST AMENDMENT TO BENNETT VALLEY MUNICIPAL GOLF
COURSE MANAGEMENT AND OPERATIONS AGREEMENT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Recreation & Parks Department that the Council, by resolution, approve the First Amendment to the Bennett Valley Municipal Golf Course Management and Operations Agreement with Bennett Valley Golf Shops, Inc. to add provisions for the collection, reporting and remittance of capital improvement fees and revenue.

EXECUTIVE SUMMARY

The First Amendment to the Bennett Valley Municipal Golf Course Management and Operations Agreement (Agreement) revises and replaces Article III – Revenue/Fees by modifying and adding various revenue definitions and adding provisions for the collection, reporting and remittance of revenue from capital improvement fees by the Contractor to the City. The revenue will fund capital improvement projects and capital equipment purchases that will sustain and enhance the golf course infrastructure. Golf course capital improvement fees were approved by the City Council on June 13, 2017 and are effective on July 1, 2017.

BACKGROUND

The current Agreement began July 1, 2014 and provides for the distribution of a percentage of golf course operating revenue to the City by the Contractor. Recently the City Council approved a new capital improvement fee that is effective on July 1, 2017. The capital improvement fee is not an operating fee; it is an additional fee paid by golfers on a per round basis, and is intended to raise funds for capital infrastructure improvement projects and capital equipment purchased for use at the golf course. Fees

are applied to 9 and 18-hole rounds, and to annual passes. The revenue from capital improvement fees is restricted to capital investment; for example, replacement of the golf course irrigation system. The Agreement must be amended to identify this new fee, distinguish capital improvement revenue from operating and professional revenue, and indicate 100% of the collected capital improvement revenue will be remitted to the City. All other terms and conditions of the Agreement are unchanged and remain in effect.

PRIOR CITY COUNCIL REVIEW

April 29, 2014, City Council adopted Resolution 288471, approving the agreement with Bennett Valley Golf Shop, Inc. for the management and operation of Bennett Valley Golf Course, and authorizing the Director of Recreation & Parks to execute the Agreement.

ANALYSIS

The Recreation & Parks Department and the Contractor recognize that additional revenue sources are necessary for investment in the golf course infrastructure. As an enterprise operation, golfers must help generate some of the funds needed for the replacement of the irrigation system and other major projects, in addition to paying fees that offset ongoing golf course operation, maintenance, and City obligations. It is estimated that the capital improvement fee will generate approximately \$80,000 annually. The first amendment to the operating agreement provides for the Contractor to collect capital improvement fees on behalf of the City, and to remit 100% of the capital improvement revenue. The City will deposit the revenue to the golf enterprise fund in an account designated for capital improvements. The City and Contractor will work together to identify and prioritize capital improvement projects and equipment to be funded from this resource; the City will manage all capital projects.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Board of Community Services (BOCS) received an annual update on golf course operations at their meeting of February 22, 2017. The shortage of available fund balance for capital projects and a proposed capital improvement fee were discussed. The BOCS provided input in support of generating revenue earmarked for infrastructure. On March 22, 2017 and April 26, 2017, staff reviewed user fees proposed for FY17-18 with the BOCS, including the new golf capital improvement fees. The BOCS indicated

support of the new fees.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A

CONTACT

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