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Title: Actions pertaining to a Concession Agreement related to Airways Golf Course (Council District 4)
1. Adopt a finding of Class 1 Categorical Exemption pursuant to CEQA Section 15301 for existing facilities
2. Approve Concession Agreement and Agreement for Golf Course Operations at Airways Golf Course between the City of Fresno and Sierra Golf Management, Inc.

Sponsors: Airports Department

Indexes:

Code sections:

Attachments: 1. 05-25-17 Airways SGM Lease and Site Map.pdf

Date	Ver.	Action By	Action	Result
5/25/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

May 25, 2017

FROM: KEVIN R. MEIKLE, Director of Aviation
Airports Department

SUBJECT

Actions pertaining to a Concession Agreement related to Airways Golf Course (Council District 4)

1. Adopt a finding of Class 1 Categorical Exemption pursuant to CEQA Section 15301 for existing facilities
2. Approve Concession Agreement and Agreement for Golf Course Operations at Airways Golf Course between the City of Fresno and Sierra Golf Management, Inc.

RECOMMENDATION

Staff recommends Council adopt a finding of Class 1 Categorical Exemption for existing facilities, and approve a Concession Agreement and Agreement (Agreement) between the City of Fresno and Sierra Golf Management, Inc. (SGM), for the operation of Airways Golf Course (Airways) at Fresno Yosemite International Airport (FAT).

EXECUTIVE SUMMARY

Airways has been in operation since the 1950s, originally as part of Hammer Field Military Base. Over time, Airways has been improved from a nine-hole golf course to an eighteen-hole golf course. The facility is primarily used by Junior's and Senior's for tournaments and by the general public.

The previous Airways operating agreement was in month-to-month holdover status until August 2016, when the previous operator submitted a 30 day notice to opt out of the agreement. Under exigent circumstances and to avoid interruption in Airways operation, Council approved an agreement with SGM in September 2016 to operate Airways on an interim basis. Since that time SGM has performed very well.

The Agreement is for an initial five year term with one five year extension option, and requires SGM to operate and maintain Airways, and pay any and all utility costs, taxes and assessments.

BACKGROUND

On September 1, 2016, Airports issued a Notice Inviting Proposals for concession and operation of Fresno Airways Golf Course. Two firms attended the mandatory pre-proposal conference at FAT. SGM was the only proposer to submit a proposal before the November 10, 2016, due date. The proposal was responsive and responsible, and met the RFP minimum qualification standards.

The evaluation criteria outlined in the RFP included, (i) company's qualifications and experience, (ii) proposed management plan, (iii) proposed marketing plan, (iv) proposed turf, fertilizer and irrigation plan, (v) references, (vi) proposed capital investment, (vii) base annual rental rate, and, (viii) other related information. An Evaluation Committee consisting of Airports Financial and Properties staff reviewed the proposal and determined that SGM has significant golf course management experience, is in good standing at other golf courses that they manage, and is financially strong. In addition, during the last nine months SGM has managed Airways effectively.

SGM will be responsible for all costs associated with Airways operations, including contribution to the Airways capital fund, which is also augmented through the collection of APES fees on each round of golf that is played. This is important to the ongoing operation and maintenance of Airways as the Airport is not permitted to financially support the golf course because the Federal Aviation Administration prohibits use of airport revenue for non-aviation purposes.

The Agreement also requires SGM to annually report audited financial data and make capital improvements, including the installation of an on-site irrigation well (Airways is currently irrigated from the City's domestic water system). Installation of the irrigation well will be coordinated with the Departments of Public Utilities and Public Works.

Green fees will remain as stipulated in the City's Master Fee Schedule, subject to annual Consumer Price Index (CPI) adjustments.

The Agreement has been reviewed and approved as to form by the City Attorney.

ENVIRONMENTAL FINDINGS

This Agreement falls within a Class 1 Categorical Exemption set forth in California Environmental Quality Act (CEQA) Guidelines, Section 15301\ (Existing Facilities), as it involves minor or no alteration of existing leasehold structures with no expansion of use. None of the exceptions to

Categorical Exemptions set forth in the CEQA Guidelines, Section 15300.2 apply to this project.

LOCAL PREFERENCE

The City's Local Preference Ordinance (FMC 4-108) was not applied because there were no proposals received from local firms.

FISCAL IMPACT

Revenue from this Agreement over the initial five year term is projected to be \$426,000, and for the optional years six through ten is projected to be \$480,000 plus 10% of annual gross revenues exceeding \$1,300,000. Total revenue over the potential ten year term is estimated to be \$906,000 in base rent plus 10% of gross revenue exceeding \$1,300,000 for years six through ten. All revenue will be deposited into the Airports Enterprise Fund and will contribute to the operation and maintenance of FAT. There is no impact to the General Fund from this item.

Attachments:

Concession Agreement and Agreement for Golf Course Operations at Airways Golf Course between the City of Fresno and Sierra Golf Management, Inc.
Site Map