



Legislation Details (With Text)

File #: ID19-1277 **Version:** 1 **Name:**

Type: Action Item **Status:** Passed

File created: 2/21/2019 **In control:** City Council

On agenda: 2/28/2019 **Final action:** 2/28/2019

Title: Actions pertaining to Riverside Municipal Golf Course:
1. Adopt a finding of Categorical Exemption pursuant to Section 15301 (Existing Facilities) of the California Environmental Quality Act Guidelines.
2. Approve an Amended and Restated Lease and Management Agreement with Ebit Golf, Inc., to operate the Riverside Municipal Golf Course

Sponsors: Office of Mayor & City Manager

Indexes:

Code sections:

Attachments: 1. FINAL 2019 Amended Restated Agreement - Riverside Golf Course.pdf, 2. Supplement Report Operations, Facility, Cap Improvements Riverside 022719.pdf

Date	Ver.	Action By	Action	Result
2/28/2019	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

February 28, 2019

FROM: WILMA QUAN, City Manager
Office of the Mayor & City Manager

BY: LAURA MERRILL, Deputy City Manager
Office of the Mayor & City Manager

SUBJECT

Actions pertaining to Riverside Municipal Golf Course:

1. Adopt a finding of Categorical Exemption pursuant to Section 15301 (Existing Facilities) of the California Environmental Quality Act Guidelines.
2. Approve an Amended and Restated Lease and Management Agreement with Ebit Golf, Inc., to operate the Riverside Municipal Golf Course

RECOMMENDATIONS

Staff recommends that the City Council adopt a finding of Categorical Exemption pursuant to Section 15301 and approve an Amended and Restated Lease and Management Agreement (Agreement) for a ten year term with EBIT Golf Inc., (CourseCo) to manage and operate Riverside Municipal Golf Course.

EXECUTIVE SUMMARY

Over the past 30 years, CourseCo has successfully managed and operated the Riverside Municipal Golf Course in accordance with the terms and conditions of its current lease agreement. Under the proposed Agreement, CourseCo will continue to provide Golf Operations, Food and Beverage Services, Building and Equipment Maintenance Services, and Ground Maintenance Services under a new rent structure for an additional ten year term.

BACKGROUND

On August 30, 1985 the City entered into a lease management agreement with CourseCo to operate Riverside Municipal Golf Course (Riverside). The agreement was the result of an extensive Request for Proposal process conducted by the City for operations of municipal golf courses. On August 17, 1999 and subsequently on September 17, 2009, the City Council approved to enter into and extend the agreement with CourseCo to continue operations. The terms of the most recent agreement specified that in the ninth year of the lease, the parties would commence negotiations of all the terms and conditions for the purpose of extending the agreement.

In an effort to better understand the current status of the facility and operations of Riverside, the City worked with a golf course consultant to procure an assessment. The assessment entailed an inspection of the golf course, infrastructure and support facilities, interview with CourseCO staff, assessment of existing condition of the golf course, overview of golf market conditions and trends, and review of necessary capital improvements and financial projections for implementation. The assessment confirmed that Riverside continues to perform reasonably well in a difficult market environment when compared with other, similar central valley municipal golf courses. Riverside has benefited from a series of important capital improvements completed over the past years, including a new irrigation system, new concrete cart path network, renovations to several greens complexes, about one-half the course bunkers, and a number of tee complexes. CourseCo staff and the City will continue to explore future capital improvements that will add value to the course and provide more amenities such as the development of a clubhouse facility. In the near future, CourseCo will seek to expand its current food and beverages offerings in an effort to increase concessions.

Under the proposed Agreement, CourseCo will continue to provide Golf Operations, Food and Beverage Services, Building and Equipment Maintenance Services, and Ground Maintenance Services under a new rent structure for an additional ten year term.

Revised Rent Structure:

Base Rent: \$200,000; Base Rent shall increase annually by 3%; and

Percentage Rent:

Golf Revenues:	20% of revenues between \$1.5 million to \$1.7 million
	30% of revenues over \$1.7 million
Merchandise:	3% of revenues over \$200,000
Food and Beverage :	5% of revenues over \$300,000

Percentage rent threshold shall increase annually as according to the Consumer Price Index for all Urban Consumers. Golf Revenues green fees, cart fees, membership, and range revenue.

Staff recommends that the City Council adopt a finding of Categorical Exemption pursuant to Section 15301 and approve an Agreement for a ten year term CourseCo to manage and operate Riverside.

ENVIRONMENTAL FINDINGS

Staff has determined this project falls within the Class 1 Categorical Exemptions set forth in the California Environmental Quality Act (CEQA) Guidelines, Article 19, Section 15301 (Class 1/Existing Facilities), as it involves the continuation of an existing lease with no changes to usage. Furthermore, staff has determined none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, Section 15300.2 apply to this project.

LOCAL PREFERENCE

Local preference is not applicable because this is an amendment to an existing agreement.

FISCAL IMPACT

Approval of this Agreement has no impact to the General Fund as Riverside Golf Course. Riverside operates an enterprise, utilizing 100% of the revenue generated at the facility to cover all operating and capital needs.

Attachments:

2019 Amended and Restated Lease Agreement