



COUNCIL REPORT

DATE: June 28, 2022
CATEGORY: Consent
DEPT.: Community Services
TITLE: **Increase Appropriations in the Golf Course/Restaurant Fund**

RECOMMENDATION

Authorize the City Manager or designee to increase appropriations in the Golf Course/Restaurant Fund (213), Community Services Department, up to the amount of actual revenue received over budgeted revenue in Fiscal Year 2021-22. (Five votes required)

BACKGROUND

On September 27, 2011, the City Council authorized the City Manager to enter into a management services agreement with Touchstone Golf, LLC (Touchstone), for the management and operation of Shoreline Golf Links (SGL) for a term of five years with an option to renew for an additional term of five years. On November 1, 2016, Council renewed the agreement with Touchstone for an additional five-year term, starting in January 2016. On October 23, 2018, Council approved amending the operating agreement with Touchstone to include management of Michaels at Shoreline Restaurant (Michaels). The amended operating agreement began January 1, 2019, and Touchstone began restaurant operations on January 24, 2019. On December 7, 2021, Council approved a five-year extension to the agreement with Touchstone for management of SGL and Michaels through December 31, 2026.

Although SGL and Michaels are considered General Fund programs, they are tracked and reported separately for management information purposes and to provide a more comprehensive overview of the operations.

ANALYSIS

As a result of being one of the only organized activities that could be played during the COVID-19 pandemic and Shelter-in-Place orders, the entire golf industry, especially in the Bay Area and at SGL, experienced a significant increase in golfers and rounds being played. In Fiscal Year 2020-21, SGL experienced more rounds of golf and the highest revenue totals since Touchstone became the operator in 2012. Through May of Fiscal Year 2021-22, SGL is on pace to exceed last fiscal year's totals for rounds played and revenue. As of the end of May 2022, revenue for SGL was

approximately \$178,000 over budget and \$185,000 over the revenue total from the same time last year.

The sustained increase in rounds being played has required additional maintenance and labor costs to keep up with demand. In addition, prolonged periods of dry weather and steep increases in the cost of materials, such as fertilizer, have led to additional water and supply costs. Therefore, staff recommends that Council authorize the City Manager to increase appropriations in the Golf Course/Restaurant Fund, Community Services Department, to address the higher costs this fiscal year. The increased revenue received during this fiscal year covers the estimated \$150,000 increase in appropriations needed.

FISCAL IMPACT

The requested authority allows the City Manager to increase the appropriations for operating expenditures in the Golf Course/Restaurant Fund, Community Services Department, by approximately \$150,000, which will be funded by the estimated unbudgeted revenue for the Golf Course/Restaurant Fund for Fiscal Year 2021-22.

PUBLIC NOTICING—Agenda posting.

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