



DATE: June 22, 2021

CATEGORY: Consent

DEPT.: Community Services

TITLE: **Increase Appropriation in the Golf Course/Restaurant Fund**

RECOMMENDATION

Authorize the City Manager to increase appropriations in the Golf Course/Restaurant Fund (213), Community Services Department, up to the amount of revenue received over budgeted. (Five votes required)

BACKGROUND

On September 27, 2011, 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.

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

In March 2020, the State of California and County of Santa Clara executed emergency public health orders in response to COVID-19. In May 2020, the emergency orders were modified to allow golf as an outdoor activity that can be played while remaining socially distanced. As a result of being one of the only organized activities that could be played during the pandemic, the Bay Area, including SGL, has experienced a significant increase in golfers and rounds being played. In Fiscal Year 2020-21, more rounds of golf were

played at SGL than any previous year since Touchstone became the operator in 2012. The increase in golfers has resulted in the highest revenue totals for the Golf/Restaurant Fund during this same time. As of the end of May, revenue is approximately \$200,000 more than budgeted.

The increase in rounds and extremely dry weather have also required additional costs for water, labor, and supplies. Therefore, staff is requesting Council authorize the City Manager to increase appropriations in the Golf/Restaurant Fund, Community Services Department, to address the need for a larger operating budget to finish the fiscal year. The increased revenue received during the fiscal year more than covers the estimated \$60,000 increase in appropriations needed.

FISCAL IMPACT

The requested authority allows the City Manager to increase the appropriations for operating expenditures in the Golf/Restaurant Fund, Community Services Department, by approximately \$60,000 while the estimated revenue over budget for the Golf/Restaurant Fund is approximately \$200,000 for Fiscal Year 2020-21. To address any similar situations in the future, staff will include the authority for the City Manager to make such adjustments in the Budget Resolution during the next budget cycle for Fiscal Year 2022-23.

PUBLIC NOTICING – Agenda posting.

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