



COUNCIL REPORT

DATE: April 25, 2023
CATEGORY: Consent
DEPT.: Community Services
TITLE: **Increase Appropriations in the Golf Course/Restaurant Fund**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Transferring \$80,000 from the Golf Subfund to the Restaurant Subfund and Appropriating an Additional \$384,000 in the Shoreline Golf Links/Michaels at Shoreline Restaurant Fund, to be read in title only, further reading waived (Attachment 1 to the Council report). (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 January 2016. On October 23, 2018, Council approved an amendment to the agreement with Touchstone to include management of Michaels at Shoreline Restaurant (Michaels). The amended operating agreement began January 1, 2019 with an option to renew for an additional term of five years. On December 7, 2021, Council renewed the agreement with Touchstone for management services of Shoreline Golf Links and Michaels Restaurant from January 1, 2022 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

The Golf Course/Restaurant Fund is expected to end the fiscal year with a positive fund balance and will be able to transfer funds to the General Operating Fund in accordance with the net allocation goal that was adopted for Fiscal Year 2022-23 in the budget process. However, multiple unforeseen circumstances require an increase in appropriations to fund the expenditures for the remainder of the fiscal year. Specifically, the Shoreline Restaurant-Michaels

subfund (213005) requires an increase in appropriations to cover higher-than-anticipated costs related to personnel, utilities, and equipment needs.

Michaels experienced the same minimum wage increases and labor shortage as many other food providers over the last nine months. The Fiscal Year 2022-23 budget did not account for the percentage increase to the minimum wage that occurred on January 1, 2023. In addition, the labor shortage has required additional overtime pay to be able to support the number of banquets and special events at Michaels. The higher costs of labor have been accounted for in the Fiscal Year 2023-24 budget request.

Michaels has also experienced unanticipated equipment costs, with several items recently requiring maintenance or replacement. In addition, the significant rate increases for utilities, especially gas, over the last year were not accounted for in the current budget.

FISCAL IMPACT

Michaels restaurant is requesting \$384,000 in additional expenditure appropriations to complete operations this fiscal year. The Golf Subfund is anticipating \$80,000 in savings that can be transferred to the Restaurant Subfund. Therefore, the net appropriation increase in the Shoreline Golf Links/Michaels at Shoreline Restaurant Fund is \$304,000.

Revenues are forecasted to be sufficient for the Golf Course/Restaurant Fund to finish this fiscal year with revenues exceeding expenditures to cover this appropriation increase.

ALTERNATIVES

1. Do not adopt the resolution.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

Prepared by:

Brenda Sylvia
Assistant Community Services Director

Brady Ruebusch
Shoreline Manager

BS-BR/AF/2/CAM
224-04-25-23CR
203038

Attachment: 1. Resolution

Approved by:

John R. Marchant
Community Services Director

Audrey Seymour Ramberg
Assistant City Manager