



COUNCIL REPORT

DATE: June 23, 2026

CATEGORY: Consent

DEPT.: Community Services

TITLE: **Increase Appropriations in the Shoreline Golf Links Fund**

RECOMMENDATION

1. Appropriate \$81,000 and \$179,000 in the Community Services Department, Shoreline Restaurant- Michaels and Shoreline Golf Links SubFunds, respectively, for increased restaurant and golf operating costs. (Five votes required)
2. Increase revenue appropriations by \$81,000 and \$179,000 Community Services Department, Shoreline Restaurant- Michaels and Shoreline Golf Links SubFunds, respectively, for increased restaurant and golf operating costs. (Five votes required)

BACKGROUND

Shoreline Golf Links (SGL) opened to the public in 1983 and was leased to private operators between 1983 and 1995. In December 1995, the City of Mountain View assumed operations of the Course. At that time, revenues exceeded expenditures, and it was anticipated that SGL would be able to provide a reasonable annual financial contribution to the General Operating Fund (GOF). By Fiscal Year 2006-07, due to the increased supply of and competition from other golf courses, SGL was operating at a deficit. It was no longer able to contribute to the GOF and was drawing down reserves to meet its financial obligations. This situation was exacerbated by the Great Recession. Therefore, the City reviewed alternatives to operating the Course and in 2011 issued a Request for Proposals to manage and operate the Course.

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 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 on 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.

In the spring of 2025, Touchstone merged with KemperSports and assumed the name KemperSports. Subsequently, the agreement between the City and the golf course operator was amended to reflect the name change and their new tax ID number. Since no other changes were made to the agreement, the amendment did not require Council approval. As noted, the term of the current agreement ends December 31, 2026. Staff will bring a proposal in the fall to City Council to address the next steps of golf course operations.

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

Michaels Restaurant is projected to exceed budgeted operational expenditures in Fiscal Year 2025-26 due to several cost increases beyond the operator's control, including higher insurance expenditures and multiple major appliance repairs. In addition, the restaurant has required additional staffing in 2026 due to increased sales activity following the closure of the American Bistro at the Sailing Lake for renovation in January 2026, which was not anticipated during development of the Fiscal Year 2025-26 budget. In addition, the operator has made operational modifications to reduce material expenditures. Increased restaurant sales will generate sufficient revenue to offset the recommended increase in expenditures for the current fiscal year.

Shoreline Golf Links is also projected to exceed budgeted operational expenditures in Fiscal Year 2025-26 due to higher-than-estimated costs for reclaimed water, labor, and supplies and materials. Although water usage through May has remained comparable to prior years, an increase in the cost per unit of reclaimed water during the current fiscal year is projected to result in an approximate \$100,000 shortfall in the water budget. In addition, drier weather conditions in January, February and March increased golf activity and required additional staffing and turf maintenance to accommodate higher play levels during a typically slower season. Increased golf rounds and operational adjustments to membership discounts are expected to generate sufficient additional revenue to offset the recommended increase in expenditures for the current fiscal year.

Therefore, staff recommends that the City Council authorize the City Manager to increase appropriations and revenue in the Community Services Department of the Shoreline Golf Links Fund to provide sufficient operating budget authority through the end of Fiscal Year 2025-26, including the \$81,000 for Michaels Restaurant and \$179,000 for Shoreline Golf Links operations.

The additional revenue generated during the fiscal year is projected to more than cover the estimated \$260,000 increase in appropriations required to support operations,

FISCAL IMPACT

The requested appropriation increase of \$260,000 in the Community Services Department within the Shoreline Golf Links Fund, including \$81,000 for Michaels Restaurant and \$179,000 for Shoreline Golf Links operations, will be fully offset by additional operating revenue generated during Fiscal Year 2025-26. The increase in expenditures is supported by estimated revenues exceeding budgeted amounts within the Restaurant and Golf subfunds, respectively, and no additional funding source is required.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

General policy and legislative actions

ALTERNATIVES

1. Do not increase appropriations in the Shoreline Golf Links fund.
2. Appropriate a different dollar amount than recommended in the Community Services Department, Shoreline Restaurant- Michaels and Shoreline Golf Links SubFunds.
3. Provide other direction.

PUBLIC NOTICING—Agenda posting

Prepared by:

John Marchant
Community Services Director

Brady Ruebusch
Shoreline Manager

Approved by:

Audrey D. Seymour
Assistant City Manager