



Agenda Report

20-268

Agenda Date: 4/7/2020

REPORT TO SPORTS AND OPEN SPACE AUTHORITY

SUBJECT

Action on the Fiscal Operation of the Santa Clara Golf and Tennis Club Report for the 2nd Quarter ended December 31, 2019 [Council Pillar: Enhance Community Engagement and Transparency]

BACKGROUND

On June 27, 2017, the City Council authorized the Contract Administrator for the Sports and Open Space Authority/City Manager to execute a Management Agreement for operation and maintenance of the Santa Clara Golf and Tennis Club (SCG&TC) with American Golf Corporation for the effective period of July 1, 2017 through June 30, 2019, and up to three (3) one-year extensions. As approved on May 14, 2019 the first extension period of the Agreement went into effect on July 1, 2019 through the close out period's end on October 31, 2019. Per the management agreement, the American Golf Corporation is required to submit for Sports and Open Space Authority (SOSA) various fiscal and operational reports.

DISCUSSION

This Report to the Council transmits the reports on the fiscal operation of the Santa Clara Golf and Tennis Club for the quarter ended December 31, 2019. The Golf Course permanently closed its service to the public on October 13, 2019, and operations permanently ceased on October 31, 2019. These reports provide final information on the fiscal operation of the City's SCG&TC and include the Income Statement (Attachment 1) and the Administrative and Management Fee Calculation (Attachment 2). The Income Statement includes a summary of SCG&TC attendance categorized as "Number of Rounds" that is presented at the bottom of the Statement. The Administrative and Management Fee Calculation shows the breakdown of the fees owed to the Management Company. Generally, this quarterly report would include the Variance Report and Net Income Comparison Graph, but the Management Company did not provide them for this quarter due to the course closure in October 2019 and the fact that there is only one month of transactions in the quarter. The reports would be incomparable to prior year's information.

As shown in the attached income statement, financial results for the quarter ended December 31, 2019 has a loss of \$220,547 which exceeded budget by \$55,785. The reduced activity from the close out of the golf course was expected and planned for as part of the FY 2019/20 Adopted Operating Budget.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

Year-end positive net operating results are revenue to the General Fund, while net operating losses are recorded as a transfer to SOSA Enterprise Fund. The quarter ended December 31, 2019, financial reports of the Santa Clara Golf and Tennis Club identifies a net loss of \$220,547.

The Santa Clara Golf and Tennis Club operations closed in October 2019 for construction of the Related Santa Clara project. Ongoing costs to secure and minimally maintain the golf course properties, funded by the General Fund, will occur until the property is fully turned over to the developer. These costs were included in the FY 2019/20 Adopted Operating Budget.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> .

RECOMMENDATION

Note and file the Status Report for the Fiscal Operation of the Santa Clara Golf and Tennis Club for the second quarter ended December 31, 2019.

Reviewed by: Kenn Lee, Director of Finance, Sports and Open Space Authority

Approved by: Deanna J. Santana, Contract Administrator for Sports and Open Space Authority

ATTACHMENTS

1. Santa Clara Golf and Tennis Club Income Statement
2. Administrative & Management Fee Calculation