City of Santa Clara

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Agenda Report

19-600   **Agenda Date: 8/20/2019**

REPORT TO SPORTS AND OPEN SPACE AUTHORITY

SUBJECT
Action on the Fiscal Operation of the Santa Clara Golf and Tennis Club Report for the 3rd Quarter ended March 31, 2019

BACKGROUND
On June 27, 2017, the City Council approved an extension to the Management Agreement of the Santa Clara Golf and Tennis Club with the American Golf Corporation. 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 Council transmits the reports on the fiscal operation of the Santa Clara Golf and Tennis Club for the quarter ended March 31, 2019. These reports provide current information on the fiscal operation of the City's Golf and Tennis Club and include the Income Statement (Attachment 1), the Variance Report (Attachment 2), the Administrative and Management Fee Calculation (Attachment 3), and the Net Income Comparison Graph (Attachment 4). The Income Statement includes a summary of Golf Course attendance categorized as "Number of Rounds" that is presented at the bottom of the Statement. The Variance Report provides a brief explanation of variances between actual and budgeted Golf Course revenues and expenditures. The Net Income Comparison Graph provides a graphic comparison of the current quarter and fiscal year actual, budget, and prior year actual Net Income for the Golf and Tennis Club.

As discussed in the attached Variance Report, financial results for the quarter ended March 31, 2019 were below budget by $123,624 due primarily to a combination of higher than anticipated revenues from cart rentals and range income and lower salary/wage expenses due to not finding replacement workers for maintenance and lower water expense due to a cold, wet quarter.

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 March 31, 2019 financial reports of the Santa Clara Golf and Tennis Club identifies a net loss of $41,239, compared to a net loss of $59,334 for the same quarter ended March 31, 2018.

The Santa Clara Golf and Tennis Club operations will close once construction of the Related Santa Clara project begins. However, there will be ongoing maintenance costs funded by the General Fund until the property is 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 or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

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

Reviewed by: Angela Kraetsch, 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. Variance Report
3. Administrative & Management Fee Calculation
4. Net Income Comparison Graph