



Legislation Text

File #: 14-0478, **Version:** 1

Recommendation to authorize City Manager to execute all documents necessary for the Eighth Amendment to Lease No. 17448 between the City of Long Beach and American Golf Corporation, a California corporation, for the continued operation of the City's golf courses and associated activities. (Districts 3,4,5)

In March 1999, the City Council authorized the execution of the Third Amendment to Lease No. 17448 between the City of Long Beach (City) and American Golf Corporation (AGC). The Third Amendment expanded the scope of AGC's operation of the City's golf courses to include the food, beverage and banquet operations (Food Facilities) at Skylinks Golf Course, Recreation Park 9-hole Golf Course and Recreation Park 18-hole Golf Course (Rec Park 18). The Third Amendment modified the contracted premises to include the Food Facilities at these three golf courses, which included kitchens, snack bars, outdoor patios, storage areas and office space, where applicable. The monthly rent due to the City from the Food Facilities is eight percent of monthly gross receipts from food and non-alcoholic beverages; and twelve percent of monthly gross receipts from alcoholic beverages.

Unlike the other two locations, the Food Facilities at Rec Park 18 did not include office space necessary for coordinating special events and banquets. At the time that AGC assumed the Food Facilities at Rec Park 18, AGC was leasing office space in the same building for its Citywide golf operations. As such, Rec Park 18 special events and banquets were coordinated utilizing existing leased office space. In January 2014, the City Council authorized the lease of the Heartwell Junior Golf Building at Heartwell Park for AGC's use to consolidate its staff for Citywide operations. Consequently, AGC has vacated its former office space at Rec Park 18 and has no private office space to meet with potential customers onsite for special events and banquets as they do at the other two locations.

The Department of Parks, Recreation and Marine (PRM) currently utilizes the majority of the office space at Rec Park 18, however, a small area measuring approximately 420 square feet (SF) remains vacant. PRM would like to modify the provisions of Lease No. 17448 to include this 420 SF area for use by AGC for special events and banquet coordination, similar to the other two Food Facilities. This will allow AGC to provide better onsite customer service to their clients when coordinating special events and banquets, which could potentially result in higher gross receipts from which the City would benefit. PRM does not anticipate the need for this small area and believes that incorporating it for AGC's use would be in the best interest of the operation of the Food Facilities at Rec Park 18.

This matter was reviewed by Assistant City Attorney Kendra L. Carney on June 10, 2014 and Budget Management Officer Victoria Bell on June 16, 2014.

Approval of this recommendation is requested on July 1, 2014, to accommodate AGC's occupancy of the small office area for the continued operation of the Food Facilities at Rec Park 18.

The City receives percentage rent from food and beverage sales, thus, increases in special events/banquets from maintaining maximum available event space and improved customer service will lead to an increase in revenue for the City. Revenues from Lease No. 17448 accrue to the General Fund (GP) in the Department of Parks, Recreation and Marine (PR). There is no job impact associated with this recommendation.

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF BUSINESS AND PROPERTY DEVELOPMENT

GEORGE CHAPJIAN
DIRECTOR OF PARKS, RECREATION AND MARINE

APPROVED:

PATRICK H. WEST
CITY MANAGER