

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 9, 2013
	Agenda Item No.	31
	Roll Call No.	<u>13-1903</u>
	Communication No.	<u>13-584</u>
	Submitted by:	Benjamin R. Page, Park and Recreation Director

AGENDA HEADING:

Approving amendment of the agreement with C Corporation (Jeff Chiodo, President) for management of Bright Grandview and Waveland Golf Courses.

SYNOPSIS:

Approving a second amendment to the agreement with C Corporation for management of Bright Grandview and Waveland Golf Courses to 1) provide deferment of all/a portion of three (3) of C Corporation’s Fiscal Year (FY) 2014 and FY 2015 biannual financial payments to the City, which will be repaid in 24 equal biannual payments commencing in FY 2016; 2) further reinforce the timeframes for completion of improvements for which the deferment is being made; 3) clarify processes for approval of future improvements; and 4) reinforce the fact that all other terms of the original agreement will remain in effect.

FISCAL IMPACT:

Amount: The amendment will provide for temporary deferment of Golf Enterprise operating revenue in the amount of \$390,000. This deferment will be reflected in the FY 2014 Amended and FY 2015 Recommended Budgets and result in increased revenue in FY 2016 through FY 2027 due to the fact that repayment of the deferred amount will be made over the course of 12 years at the rate of \$32,500 per year.

Funding Source: FY 2014 Operating Budget, Park and Recreation, EN201PKS010700 (Golf Contracted Operations) page 193

ADDITIONAL INFORMATION:

On December 22, 2008, by Roll Call No. 08-2220, the City Council approved the Park and Recreation Board’s recommendations to accept a proposal from C Corporation (Jeff Chiodo, President) for the management of Bright Grandview and Waveland Golf Courses. The term of that agreement expires January 15, 2019; it will automatically renew for up to two (2) 4-year renewal terms unless either party provides a 12 month notice of intent not to renew.

The agreement requires C Corporation to provide a capital investment of \$1,182,500 to the two (2) courses over five (5) years. C Corporation has completed or has started numerous capital projects totaling \$792,500 at the two (2) courses. Two (2) major improvements yet to be made total \$390,000; they are the Bright Grandview maintenance facility (\$140,000 est.) and Waveland cart storage facility (\$250,000 estimate).

A summary of the Repair of Maintenance Facility to be completed at Bright Grandview and totaling \$140,000 includes:

- Re-side and paint exterior;
- Install insulation in the walls;
- Install new windows;
- Install security system;
- Clean up/paint interior as needed; and
- Replace dirt floor with concrete floor, paint where needed, enclose and install garage doors on the open air portion.

Design of the Waveland cart storage facility has undergone a significant process of review. The June 18, 2013 meeting of the Urban Review and Design Board (URDB) included a preliminary review of the project. They expressed concerns regarding design of the cart storage structure in relationship to the design of the historic club house. Several City staff and members of the URDB met on site at Waveland to review the proposed area on June 24, 2013 and provided recommendations to C Corporation. The revised design was reviewed by the URDB on August 6, 2013 and the consensus of those present was that they did not approve the final design.

Meanwhile, C Corporation was working closely with the City's Permit and Development Department to receive the necessary construction permits. Through this process, C Corporation learned that a fire hydrant would need to be installed near the cart storage facility. This requirement, along with increased costs resulting from design modifications necessitated by the URDB, resulted in project costs far in excess of the \$250,000 contractual obligation. As a result, staff and C Corporation have mutually agreed and are now recommending making the following improvements at Waveland, rather than building a cart storage facility:

- Remove existing asphalt surrounding the clubhouse;
- Pour new concrete walkways, a cart storage staging area, and public gathering areas totaling 20,000 square feet;
- Redesign and repave the front entrance off University by squaring the approach with the street and erecting entrance pillars;
- Bury overhead power lines;
- Clean up the appearance of the club house exterior by removing or relocating conduit;
- Beautify areas surrounding the club house with landscaping;
- Replace club house furnace and air conditioning units;
- Repair club house roof leaks;
- Enclose the cart staging area with a gated wrought iron fence, a suggestion of the URDB; and
- Install a camera/security surveillance system in the cart storage area.

As noted, the cost of these remaining capital improvements at Bright Grandview and Waveland Golf Courses total \$390,000; they must be completed by December 31, 2014. To lower the cost of financing the improvements, City staff and C Corporation are proposing this amendment to allow C Corporation to defer payment of three (3) of its bi-annual Golf Enterprise operating revenue payments, those being the ones due January of FY 2014, July of FY 2015 as well as January of FY 2015.

The major points of the amendment are outlined below.

Temporary Deferment of Consideration to City and Repayment Schedule

Beginning no later than July 31, 2015, repayment to the City will be at a rate of 1/24th of the total \$390,000 (\$16,250) every six (6) months for the remainder of the contract, which will end January 15,

2019, and the two (2) automatic 4-year renewal terms. C Corporation shall provide the Director of Park and Recreation with copies of invoices for work and materials on the improvements to provide a reasonable substantiation of the costs incurred.

Deadline for Completion of the Improvements

The improvements shall be completed to the satisfaction of the Park and Recreation Director by no later than December 31, 2014, and the improvements shall likewise have passed all building permit inspections for such improvements by no later than December 31, 2014.

Future Improvements

In the event that C Corporation desires to construct future capital improvements which are in addition to those required in Exhibit D of the first amendment of the contract noted previously, the City and C Corporation must mutually agree to such project prior to its start.

Reinforcement That All Other Terms of the Original Agreement Will Remain In Effect

Other than the modifications noted, all other terms of the agreement shall remain in effect. This amendment by no means forecasts any extension or renewal of the agreement beyond the initial or possible two (2) 4-year renewal terms.

In the event that the management agreement is terminated or not renewed beyond the first or second renewal, the City has the option to pass the deferment on to the next contractor or absorb the cost at its sole expense.

PREVIOUS COUNCIL ACTION(S):

Date: December 17, 2012

Roll Call Number: [12-1977](#)

Action: [Settlement](#) Agreement and Amendment to Management Agreement with C Corporation for Bright Grandview and Waveland Golf Courses. ([Council Communication No. 12-633](#)) Moved by Coleman to adopt. Motion Carried 7-0.

Date: December 22, 2008

Roll Call Number: [08-2220](#)

Action: [Accepting](#) proposal from C Corporation for the management of Grandview and Waveland Municipal Golf Courses, and authorizing the City Manager to negotiate an agreement. ([Council Communication No. 08-753](#)) Moved by Meyer to include in the contract early termination provisions for both parties, with the City's right to terminate early if C Corporation does not meet their Capital Improvement obligations. Motion Carried 5-1-1. Nays: Mahaffey Pass: Vlassis

BOARD/COMMISSION ACTION(S):

Board: Access Advisory Board

Date: June 19, 2013

Resolution Number: 13-28

Action: Approval of underground cart storage plans.

Board: Urban Review and Design

Date: June 18, 2013

Action: Staff suggested a sub-committee to work with C Corporation and the Park and Recreation Department to look at the design issues.

Board: Park and Recreation Board

Date: December 9, 2008

Resolution Number: 08-109

Action: On recommendation of the Golf RFP Selection Review committee to negotiate an agreement with C Corporation (Jeff Chiodo, President) for the management of Grandview and Waveland Golf courses. Motion carried 8-2.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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