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DATE: October 1, 2014

TO: Honorable Mayor and City Councilmembers

FROM: Property Management Division

SUBJECT: **APPROVAL OF A FINAL RECONCILIATION PAYMENT TO THE PREVIOUS OPERATOR OF CENTER CITY GOLF COURSE OCEANSIDE GOLF, LLC AND APPROVAL OF A BUDGET APPROPRIATION**

**SYNOPSIS**

Staff recommends that the City Council approve a Final Reconciliation Payment in the amount of \$17,900 to Oceanside Golf, LLC former operator of the Center City Golf Course, increasing the total reimbursement amount paid from \$73,798 to \$91,698; and approve a budget appropriation in the amount of \$17,900 from General Fund Unassigned Fund Balance to Property Management.

**BACKGROUND**

In 1982 the City of Oceanside ("City") entered into a 20-year lease agreement with Oceanside Golf Institute ("OGI") for the Center City Golf Course ("Premises"). After two additional five-year extensions, the lease was set to expire in November 2012. OGI's failure to pay rent when due caused the City to terminate the lease with OGI in 2010. To keep the golf course open to the public, the City entered into an Operation and Management Agreement ("Management Agreement") with Oceanside Golf, LLC ("OGL").

At the City Council's direction, staff was directed to enter into negotiations with a group led by John Ashworth ("Ashworth") for a Renovation and Operation Lease Agreement ("Agreement"). Throughout the negotiations, OGL continued to operate the Premises. Per the terms of the Management Agreement, OGL was responsible for paying all operating expenses at the Premises on behalf of the City. Staff was given direction to continue to keep the golf course open pending the Agreement with Ashworth, albeit at a minimal level of operation.

On June 11, 2014, City Council approved the Agreement with Ashworth to take over the Premises; however, the commencement date of the Agreement was July 1, 2014. Additionally, concurrent with the approval of the Agreement with Ashworth, City Council approved the reimbursement of operating costs funded by OGL in the amount of \$73,798. OGL continued to operate the Premises through June 30, 2014, at which time Ashworth took possession of the Premises.

**ANALYSIS**

As a result of keeping the Premises open pending the Agreement with Ashworth, the Premises continued to operate at a deficit. OGL funded the operating deficit to keep the Premises open until the Agreement with Ashworth commenced on July 1, 2014. Accordingly, staff is requesting a final reimbursement to OGL of \$17,900 in additional operating costs, above the \$73,798 approved on June 11, 2014.

The final reimbursement covers the closeout of the Yamaha golf cart contract, final fuel invoices, labor costs covered by OGL, State Board of Equalization sales tax, sanitation and various maintenance invoices for the month of June. OGL will be provided an Acknowledgement of Final Invoice to execute, confirming that this final reimbursement will cover the last charges associated with OGL's operation of the Premises.

**FISCAL IMPACT**

The funds for the reimbursement payment to OGL in the amount of \$17,900 are available from the gross revenues generated by the Oceanside Municipal Golf Course in Fiscal Year 2013-14 in the amount of \$95,000. Said funds are in General Fund unassigned fund balance, Account No. 101.3100.0001, and \$17,900 will be appropriated to Property Management Account No. 320000101.5305.

**INSURANCE REQUIREMENTS**

Does not apply.

**COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY'S ANALYSIS**

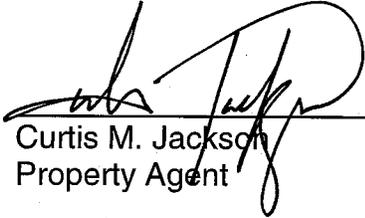
Does not apply.

**RECOMMENDATION**

Staff recommends that the City Council approve a Final Reconciliation Payment in the amount of \$17,900 to Oceanside Golf, LLC former operator of the Center City Golf Course, increasing the total reimbursement amount paid from \$73,798 to \$91,698; and approve a budget appropriation in the amount of \$17,900 from General Fund Unassigned Fund Balance to Property Management.

PREPARED BY:

SUBMITTED BY:

  
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Curtis M. Jackson  
Property Agent

  
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Steven R. Jepsen  
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager

Douglas E. Eddow, Real Property Manager

James R. Riley, Financial Services Director

  
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Attachments:

Acknowledgement of Final Invoice

# CITY OF OCEANSIDE

Property Management Division

September 23, 2014

Oceanside Golf, LLC  
Jim Bellows  
P.O. Box 4070  
Scottsdale, AZ 85261

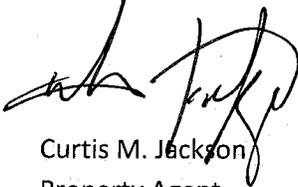
RE: Acknowledgement of Final Invoice

Mr. Bellows,

This letter acknowledges that Oceanside Golf, LLC's ("OGL") invoice received by the City of Oceanside ("City") on September 10, 2014, in the amount of \$17,899.61 is the "Final Invoice"; and that no further payments, reimbursements or consideration will be released to OGL as it pertains to the management and operation of Center City Golf Course, outside of costs indicated on the invoice. OGL further acknowledges that the invoiced amount of \$17,899.61 will not be released by the City unless this letter is fully executed by OGL. If you are in agreement with the terms of this letter, please sign where indicated below and return the original to my attention.

If you have any further questions, please contact me at 760-435-5163. Thank you.

Respectfully,



Curtis M. Jackson  
Property Agent

AGREED AND ACCEPTED

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_