



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Golf Division, Parks and Recreation Department

SUBJECT: Introduction Of Ordinance For Lease Agreement With Mulligan's Café Inc. at Santa Barbara Golf Club

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the Parks and Recreation Director to Execute a Ten-Year Concession Lease Agreement, with Mulligan's Café Inc., a California Corporation, for the 3,480 Square Feet of Interior Space, and approximately 3,200 Square Feet of Exterior Patio Space at Santa Barbara Golf Club, 3500 McCaw Avenue, Santa Barbara.

DISCUSSION:

In July 2015, City Council directed the Parks and Recreation Department (Department) to negotiate contractual terms with the existing operators of Mulligan's Café and Bar (Mulligan's) to provide food and beverage services at the Santa Barbara Golf Club (Golf Club).

Mulligan's has provided food and beverage services at the Golf Club under a concession lease for more than 23 years, building a loyal and growing customer base and financial returns for the City. The current lease expires on June 30, 2016.

The proposed lease modernizes insurance provisions and brings the lease into compliance with current City of Santa Barbara practices. The lease includes clear maintenance obligations, tenant-funded building enhancements, the introduction of minimum beverage cart hours, an annual marketing financial contribution, and commitments to work collaboratively with the City and CourseCo, the City's golf management company, to provide seamless service for golfers and customers of Mulligan's.

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The business terms of the lease included:

- **Term:** Ten (10) year term.
- **Base Rent:** \$130,000 annually.
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI).
- **Percentage Rent:** 10% of All Gross Revenues.
- **Tenant Improvements:** \$50,000 in first six months.

Tenant Improvements

The lease sets out the tenant obligations to spend no less than \$50,000 within the first six months on improvements that will provide patrons an enhanced experience, including:

- New flooring in the Restaurant and Banquet Facilities
- Interior painting of the Restaurant and Banquet Facilities
- Refurbishment of both Men's and Women's restrooms
- Installation of transparent Plexi-glass to outdoor patio
- Purchase of new tables and chairs for the interior of the Restaurant

Key aspects of the new lease include the commitment to working with the golf management company in the marketing and delivery of tournaments and events, as well as an annual financial commitment toward the development and implementation of marketing plans. Minimum cart service hours are now included in the new lease in response to golfer feedback.

Mulligan's is considered a tenant-in-good-standing by the Department as they have no outstanding default notices on file and have been prompt with rent payments. A copy of the lease is available for public review in the City Clerk's Office.

BUDGET/FINANCIAL INFORMATION:

The Fiscal Year 2017 Budget includes Concession Revenue at \$158,555, in line with the financial terms of the proposed contract.

PREPARED BY: Mark D. Sewell, Parks and Recreation Business Manager

SUBMITTED BY: Jill E. Zachary, Parks and Recreation Director

APPROVED BY: City Administrator's Office