

1 [Park Code - Flexible Pricing at Gleneagles Golf Course; Lease Amendment - Gleneagles
2 Golf Partners, LP - Operation of Gleneagles Golf Course - Percentage of Gross Revenues]

3 **Ordinance amending the Park Code to authorize flexible pricing at Gleneagles Golf**
4 **Course in McLaren Park; approving the amendment and extension of a ~~nine-year~~ lease**
5 **with Gleneagles Golf Partners, LP, for operation of the Gleneagles Golf Course**
6 **commencing on the effective date of this Ordinance and ending November 30, 2022, for**
7 **7% of gross revenues, subject to conditions, incentives, participation rent, and rent**
8 **credits; and affirming the Planning Department’s determination under the California**
9 **Environmental Quality Act.**

10 NOTE: **Unchanged Code text and uncoded text** are in plain Arial font.
11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
12 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
13 **Board amendment additions** are in double-underlined Arial font.
14 **Board amendment deletions** are in ~~strikethrough Arial font~~.
15 **Asterisks (* * * *)** indicate the omission of unchanged Code
16 subsections or parts of tables.

17 Be it ordained by the People of the City and County of San Francisco:

18 Section 1. The Planning Department has determined that the actions contemplated in
19 this ordinance comply with the California Environmental Quality Act (California Public
20 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the
21 Board of Supervisors in File No. 140979 and on the Board’s website and is incorporated
22 herein by reference. The Board affirms this determination.

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Section 2. The Park Code is hereby amended by revising Section 12.12 to read as
follows:

1 **SEC. 12.12. GOLF FEES – GENERAL.**

2 (a) Authorization. The Recreation and Park Department (the "Department") is hereby
3 authorized to charge fees at the San Francisco municipal golf courses at Harding Park,
4 Fleming, Lincoln Park, Sharp Park, Golden Gate Park, and McLaren Park (collectively, the
5 "Golf Courses") in the manner and in conformance with the standards set forth herein. The
6 Department and the Controller shall adjust golf fees in accordance with Section 12.20 of this
7 Article.

8 * * * *

9 (d) Flexible Pricing. At Harding Park, McLaren Park, Sharp Park and Lincoln Park golf
10 courses only, the Department's General Manager or his or her designee may approve
11 temporary fee increases and/or decreases from time to time based on fluctuations in customer
12 demand at those three courses as follows:

- 13 (1) discounts of not more than 25 percent for greens fees;
- 14 (2) increases of up to 50 percent for all non-resident fees and tournament fees;
- 15 and
- 16 (3) increases of up to 25 percent for resident fees.

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19 Section 3. Approval of Lease Amendment for Gleneagles Golf Course.

20 (a) Findings.

21 (1) The City and Gleneagles Golf Partners, LP ("Tenant") entered into a lease
22 with the Recreation and Park Department, dated as of December 1, 2004 (the "Lease"), for
23 the lease of certain land and improvements commonly known as McLaren Park Golf Course
24 or the Gleneagles Golf Course (the "Premises"), for the purpose of managing, maintaining and
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1 operating a nine-hole golf course and all ancillary activities connected directly to the
2 promotion and management of such golf course.

3 (2) The initial term of the Lease was scheduled to expire on November 30,
4 2013. Section 4.6 of the Lease provides Tenant with an option to extend the Term of the
5 Lease for a nine year period, subject to the approval of the Recreation and Park Commission
6 (the "Commission") and Board of Supervisors, provided that Tenant has successfully
7 completed, to the City's satisfaction, the proposed capital improvements described in Section
8 8.1 of the Lease and has operated the property and the business in a satisfactory manner.

9 (3) During the initial Lease term, Tenant entered into an aggressive project
10 addressing years of deferred maintenance, including performing major tree maintenance that
11 addressed safety issues on the course and opened the greens and fairways to much-needed
12 sunlight. Tenant invested additional funds for interior and exterior improvements to the
13 clubhouse, greens renovations, improvements to cart paths, and new course maintenance
14 equipment and golf carts, exceeding the capital improvement goals set forth in the Lease.

15 (4) Due to Tenant's management of the golf course, Golf World mentioned
16 Gleneagles as one of the top 20 nine-hole courses in the United States in 2009, and the
17 course is regularly mentioned in golf publications citing its unique design and quality of play.

18 (5) Tenant has successfully cooperated with The First Tee of San Francisco's
19 satellite location at Visitacion Valley Middle School to offer course time for more advanced
20 students, who play at the course alongside seasoned golfers. Accordingly, Tenant not only
21 satisfied the requirement to perform the proposed capital improvements described in Section
22 8.1 of the Lease, but under Tenant's sound management the golf course has gone from being
23 an isolated space to being a lively and integrated part of McLaren Park and the surrounding
24 neighborhood.

1 (6) In addition to providing for the extension option, Section 4.6 of the Lease
2 also authorizes the parties to negotiate in good faith regarding additions, deletions or
3 modifications to the terms and conditions of the Lease in connection with an extension of the
4 Lease term. Prior to the expiration of the initial term of the Lease, Tenant exercised the
5 extension option and the parties commenced negotiations regarding potential modifications to
6 the terms and conditions of the Lease for the extension term.

7 (7) The negotiations regarding modifications to the terms and conditions of the
8 Lease for the extension term were not concluded by the scheduled November 30, 2013
9 expiration of the initial term of the Lease, so prior to such initial term expiration date Tenant
10 requested and the City approved Tenant's continued occupancy of the Premises on a month-
11 to-month holdover basis in accordance with Section 24.13 of the Lease.

12 (8) On August 21, 2014, the Commission approved terms and conditions for
13 extension and amendment of the lease held by Gleneagles Golf Partners, LP that
14 commenced December 1, 2004 for the option term, as contemplated in Section 4.6 of the
15 Lease, and authorized Recreation and Park Department staff to prepare a Lease amendment
16 for consideration and possible approval by Board of Supervisors, consistent with the approved
17 terms and conditions applicable to the extended term.

18 (9) Recreation and Park Department staff and Tenant have reached agreement
19 on modifications to the terms and conditions of the Lease consistent with the modifications
20 approved by the Commission for the extension term, subject to approval by the Board of
21 Supervisors, and presently desire amend the Lease to (i) extend the term of the Lease
22 through November 30, 2022, (ii) update certain standard contractual provisions in the Lease,
23 and (iii) modify the Lease to authorize rent credits for improvements, deferred maintenance
24 and emergency repairs requested and/or approved by the City, authorize Tenant to terminate
25 the Lease if the City and Tenant cannot agree on necessity, schedule or cost allocation for an

1 extraordinary repair estimated to exceed \$150,000, require Tenant to implement an
2 automated reservation system provided by the City on the same terms and schedule as other
3 City owned golf courses, approve City payment of 50% of Tenant's water charges up to a
4 maximum of 12,500 units annually, all as further explained in the First Amendment to Lease.

5 (b) The Board of Supervisors hereby approves and authorizes the execution of the First
6 Amendment to Lease in substantially the form on file with the Clerk of the Board of
7 Supervisors in File No. 140979, for the lease and operation of the Gleneagles Golf Course
8 through November 30, 2022.

9 (c) Within 30 days of the contract being executed by all parties, the Recreation and
10 Park Department shall submit to the Clerk of the Board of Supervisors a completely executed
11 copy for inclusion in File No. 140979. This requirement and obligation resides with the
12 Recreation and Park Department, and is for purposes of having a complete file only, and in no
13 manner affects the validity of the approved contract.

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15 Section 4. Effective Date. This ordinance shall become effective 30 days after
16 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
17 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
18 of Supervisors overrides the Mayor's veto of the ordinance.

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20 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
21 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
22 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
23 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment

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1 additions, and Board amendment deletions in accordance with the "Note" that appears under
2 the official title of the ordinance.

3 APPROVED AS TO FORM:
4 DENNIS J. HERRERA, City Attorney

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6 By: _____
7 Julia M. C. Friedlander
8 Deputy City Attorney

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