

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: May 20, 2016

BIS 16-176R

File: TMP-2016-171

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, APPROVING AND AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO EXECUTE THE ATTACHED LICENSE AND MANAGEMENT SERVICES AGREEMENT BETWEEN MCCUMBER-WRIGHT VENTURE, LLC AND THE CITY OF HOLLYWOOD TO PROVIDE OPERATION AND MANAGEMENT SERVICES FOR THE HOLLYWOOD BEACH GOLF AND COUNTRY CLUB.

Statement of Budget Impact:

1. ☐ No Budget Impact associated with this action;
2. ☐ Sufficient resources are identified /available;
3. ☐ Budgetary resources not identified/unavailable;
4. ☒ Potential revenue is possible with this action;
5. ☒ Will not increase the cost of Housing;
6. ☐ May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks to authorize the execution of a License and Management Services Agreement for Hollywood Beach Golf and Country Club (HBGCC) between McCumber-Wright Venture, LLC (MWV) and the City of Hollywood to provide operation and management services for HBGCC for a ten (10) year term commencing on June 1, 2016 and ending on May 31, 2026.

On June 17, 2015, the City Commission passed and adopted Resolution R -2015-169 which awarded a contract for Golf Course Management Services to McCumber-Wright Venture, LLC based on their ranking as the number one (1) respondent to RFP-4442-

15-IS and authorized an agreement to be negotiated according to the terms and conditions of the RFP for a minimum term of ten (10) years.

The parties have negotiated the attached License and Management Services Agreement providing for an initial term of ten (10) years during which MWV will use the licensed premises in accordance with the terms and conditions of the Agreement and RFP No. 442-15-IS. In lieu of monthly compensation to the City, except as otherwise contained in the Agreement, MWV will provide capital improvements as set forth in Exhibit "B" of the Agreement in an amount not less than two million dollars (\$2,000,000.00).

MWV will bear all costs associated with the renovation, redevelopment, repair and construction of the Licensed Premises, assuming responsibility for structural repairs to the licensed premises and buildings, as defined in the Agreement Section 7.2 B, in the amount of twenty thousand dollars (\$20,000.00) annually.

There is one (1) option to renew for an additional ten (10) year term at the sole discretion of the City, contingent upon MWV agreeing to the terms of the renewal and providing additional capital improvements to the licensed premises and facilities in an amount not less than two million five hundred thousand dollars (\$2,500,000.00).

Prior to commencement of construction, MWV is required to submit evidence of available funding in an amount not less than two million dollars (\$2,000,000.00) for completion of the required capital improvements set forth in Exhibit "B." This evidence will be (a) in the form of a payment and performance bond covering the two million dollars (\$2,000,000.00) for the capital improvements including the provision of a labor and material bond supplied by MWV's contractor(s) issued to MWV and the City jointly as obliges, and (b) a Loan Commitment or Lender's Set Aside Letter in an amount not less than two million dollars (\$2,000,000.00).

No later than November 15, 2019, MWV will implement a Capital Reserve Surcharge program consisting of two dollars (\$2.00) per golf round played April through October and four dollars (\$4.00) per golf round played November through March. These funds are to be deposited in a stand-alone interest-earning escrow account to provide funding for additional capital improvements. If unutilized in any given year, these funds will accumulate toward capital improvements to be made in succeeding years, and at the end of this Agreement, any remaining fund balance will be turned over to the City for future additional capital improvements for this property.

If gross revenues generated from the licensed premises, excluding the Capital Reserve Surcharge, exceed two million, four hundred thousand dollars (\$2,400,000.00) each year, MWV will pay ten percent (10%) of the excess of gross revenues to the City within thirty (30) days of receipt of the annual report.

This award is subject to the City receiving all insurance required by the Agreement, in accordance with RFP No. 442-15-IS, and approved by the City's Risk Manager along with signed statements of Hold Harmless and Indemnity to the City.

PREPARED BY: Hilde Johnson
Management & Budget Analyst

APPROVED BY: Kee Eng
Budget Manager