



AGENDA REPORT

Department: Community Services
Prepared by: Mike Pacheco, Community Services Director
Meeting Date: Tuesday, December 2, 2025
Approved by: Alejandro Hernandez, Acting City Manager

SUBJECT:

Approval of an Amendment to the Lease and Operating Agreement Between the City of National City and American Golf Corporation for the Operation of the Las Palmas Municipal Golf Course to Extend the Term Five (5) years to October 31, 2030.

RECOMMENDATION:

Adopt the Resolution entitled, "Resolution of the City Council of the City of National City, California, Authorizing the Mayor to Execute an Amendment to the Agreement with American Golf Corporation for the Maintenance and Operation of the National City Golf Course to Extend the Agreement by Five-Years.

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

The City of National City entered into a Lease and Operating Agreement with American Golf Corporation (AGC) on May 3, 1984 for the operation of the Las Palmas Municipal Golf Course, a City-owned facility. The agreement provided for an initial five-year term with seven (7) five-year extensions at AGC's discretion, and two (2) additional five-year options at the City's discretion.

AGC exercised all seven of its extensions, with the lease scheduled to expire on August 31, 2025. On August 19, 2025, per Resolution 2025-100, the City and AGC approved a short-term sixty-day extension to allow time for staff and legal review of the existing agreement, given that many provisions were outdated and did not reflect current operational standards or City policy.

The proposed Second Amendment represents a comprehensive update to ensure continued operation of the golf course while improving accountability, maintenance oversight, and financial return to the City.

Key Terms of the Second Amendment

The amendment includes the following substantive updates:

1. Term Extension
 - a. Extends the agreement an additional five (5) years, from November 1, 2025 through October 31, 2030
2. Updated Rent and Revenue Sharing
 - a. Increases the minimum annual rent to \$100,000 per year.
 - b. Establishes a 10% gross revenue share across all categories, including green fees, cart rentals, driving range, food and beverage, and pro shop sales.

3. Indemnification and Hold Harmless Clause
 - a. Adds a comprehensive indemnity provision requiring AGC to defend, indemnify, and hold harmless the City, its officers, and employees against claims arising from AGC's operations
4. Capital Reserve Fund
 - a. Establishes a Capital Reserve Fund requiring AGC to deposit 2% of monthly gross income into a restricted account for capital improvements and major repairs, subject to City approval before use
5. Annual Report of Capital Improvements and Expenditures
 - a. Requires AGC to submit an annual capital expenditure report within 60 days of each lease year's end, including actual expenditures, upcoming plans, and a five-year capital needs study every five years
6. Monthly Operational Meetings
 - a. Requires monthly coordination meetings between City staff and AGC management to discuss operations, revenues, maintenance, and community programming
7. Annual Fee Review
 - a. Adds an annual review meeting with the City to assess golf course fees to ensure compliance with the original lease intent and market conditions.

FINANCIAL STATEMENT:

The amendment is projected to increase General Fund revenue through both higher minimum rent and enhanced revenue-sharing provisions. Additionally, the Capital Reserve Fund ensures continued investment in facility improvements without reliance on City capital funds.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Parks, Recreation and Library

ENVIRONMENTAL REVIEW:

This is not a project under CEQA, and is therefore, not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A – Agreement

Exhibit B – Resolution