

AGENDA REPORT

CITY OF SAN CLEMENTE CITY COUNCIL MEETING

910 Calle Negocio 2nd Floor San Clemente, California www.san-clemente.org

Meeting Date: October 17, 2023 Agenda Item: 7L

Department: Beaches, Parks & Recreation Department

Prepared By Samantha Wylie, Beaches, Parks and Recreation Director

Subject:

CONSIDERATION OF TERM SHEET WITH SALTY TURF LLC FOR MINIATURE GOLF DEVELOPMENT AT VISTA HERMOSA SPORTS PARK

Fiscal Impact:

Approving this Term Sheet does not have a fiscal impact. A future lease/license agreement will have an increase in revenue toward the City's Lease Property budget account.

Summary:

The Term Sheet between Salty Turf, LLC and the City provides a basis for a more detailed agreement to be determined at a later time. The purpose of this document is to provide a basis for Salty Turf to begin its preliminary efforts toward executing a long-term license or lease agreement for the designated lease land at the Vista Hermosa Sports Park for public recreation purposes, which will include compliance with the California Environmental Quality Act (CEQA).

Background:

At its May 2, 2023 meeting, Council approved the City Manager to begin exclusive negotiations with Salty Turf, LLC for the development of a 36-hole miniature golf facility to be located at the Vista Hermosa Sports Park. The Term Sheet outlines key terms and conditions to further work toward a license or lease agreement under the following general guidelines: The parties agree to contemplate a ten-year lease term with two possible ten-year extensions; Base rent shall be established at \$8,500 per month or 7% of gross sales, whichever is greater; Base rent shall increase on the fifth year of the future agreement based on CPI, not to exceed 5%; and Salty Turf will be responsible for funding the CEQA analysis and process.

Council Options:

- Adopt Resolution 23-122, which will authorize and approve the City Manager to execute the Term Sheet with Salty Turf.
- Modify and adopt Resolution 23-122.
- Continue the item with directions to staff for additional information.
- Deny the Term Sheet.

Environmental Review/Analysis:

This is not a project pursuant to CEQA Guidelines Section 15378 (14 CCR § 15378). The approval and execution of the Term Sheet will not result in a direct physical change in the

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environment or a reasonably foreseeable indirect physical change in the environment. The project will be going through the CEQA process as one of the next steps.

Recommended Actions:

Staff Recommendation

Staff recommends that the City Council adopt Resolution No. 23-122 which will approve and authorize the City Manager to execute a Term Sheet with Salty Turf, LLC for the development of a 36-hole miniature golf facility for public recreation purposes at the Vista Hermosa Sports Park in the area designated as lease space.

Attachment:

- 1. Resolution No. 23-122
- 2. Term Sheet Salty Turf, LLC

Notification:

None

. 2023.

RESOLUTION NO. 23-122

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, APPROVING AND AUTHORIZING THE EXECUTION OF A TERM SHEET WITH SALTY TURF, LLC FOR THE DEVELOPMENT OF A MINIATURE GOLF COURSE AT THE VISTA HERMOSA SPORTS PARK

WHEREAS, the City owns the land located at 987 Avenida Vista Hermosa called the Vista Hermosa Sports Park ("Sports Park") which operates as a public park and recreation facility; and

WHEREAS, the master plan for the Sports Park allows for the use of a portion of land, as designated through the "La Pata Vista Hermosa Sports Park Land Use Map" to be developed through the terms of a lease agreement for public recreation purposes; and

WHEREAS, at its May 2, 2023 meeting, the City Council authorized the City Manager to begin negotiations with Salty Turf, LLC for the development of a 36-hole miniature golf course at the Sports Park open to the public; and

WHEREAS, the execution of a term sheet will allow the City and Salty Turf confirm their current intentions with respect to the key provisions and work towards the next steps in the process, including evaluation under and compliance with the California Environmental Quality Act.

NOW, THEREFORE, the City Council of the City of San Clemente does hereby resolve as follows:

<u>Section 1.</u> The City Manager is authorized to execute the Term Sheet with Salty Turf, LLC, which is attached hereto as Exhibit "A" and is fully incorporated herein by this reference.

<u>Section 2.</u> The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

day of

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ATTEST:	
City Clerk of the City of	Mayor of the City of San
San Clemente, California	Clemente, California

PASSED AND ADOPTED this

STATE OF CALIFORNIA) COUNTY OF ORANGE) § CITY OF SAN CLEMENTE)	
I, LAURA CAMPAGNOLO, City Clerk of the City of Resolution No. 23-122 was adopted at a regular Clemente held on the day ofvote:	r meeting of the City Council of the City of Sar
AYES:	
NOES:	
ABSENT:	
IN WITNESS WHEREOF, I have hereunto set r of San Clemente, California, this day of _	
	CITY CLERK of the City of San Clemente, California
Approved as to form:	
Elizabeth A. Mitchell, City Attorney	

Exhibit A

Term Sheet

The City of San Clemente, California ("City") and Salty Turf, LLC ("Developer") (collectively the "Parties") intend to enter into a Development Agreement concerning the development of a certain parcel located in San Clemente, California that the City owns located at 987 Avenida Vista Hermosa for City use as leased public recreational activities, as described herein ("Project Site").

This Preliminary Term Sheet (this "Term Sheet") is an expression of interest only and is not meant to be binding on the parties now or in the future.

Project Name: Miniature Golf Facility at Vista Hermosa Sports Park

Developer/Lessee: Salty Turf, LLC

<u>Development Objective:</u> Development of a 36-hole miniature golf facility on city-owned parkland that will be open to the public at a nominal fee.

Conditions:

- 1. Developer shall be duly registered and authorized to do business in the State of California.
- 2. Developer's rights pertain to the development of the Project Site. Developer shall spend at least \$2.3 million in capital improvements to construct a 36-hole miniature golf facility at the Project Site for City use and public recreation pursuant to a Development Agreement that will be the subject of further negotiations between the Parties. Project design shall be subject to City Council approval. Developer must apply for and obtain a conditional use permit.
- 3. <u>Monthly Rent</u>. Monthly rent payable to the City by Salty Turf will be equal to seven percent (7.0%) of the total gross revenues, but under no circumstances less than \$8,500 per month ("Base Rent"). At Year Five (5) of the Agreement, the Base Rent shall increase based on the Consumer Price Index ("CPI"), not to exceed five-percent (5%).
- 4. <u>Lease Term</u>. The Parties contemplate a ten (10) year lease term with two (2) extension options of ten (10) years each.
- Restrictions on Private Events. The miniature golf facility shall be generally open to the public. The Developer cannot rent out the facility for private events more than 4 times per month.
- 6. <u>Indemnity</u>. The Development Agreement and Lease Agreement will require that Salty Turf defend and indemnify the City from and against all claims, lawsuits, administrative proceedings, damages, fines, penalties and costs, including attorney fees, in a form acceptable to both Parties.
- 7. As between the City and Developer, Developer will be responsible for managing the construction of and all costs of the development and operations. In addition, as between the City and Developer, Developer will be responsible for any cost overruns in connection with the Project. Development and construction costs will include any required survey work, including an environmental analysis of the project that conforms with the

requirements of the California Environmental Quality Act ("CEQA") and any updates to the environmental or master plan documents. The City will have no obligation to pay for any portion of the development of the Project or any ancillary development, including any cost associated with the environmental remediation of the Leased Premises.

- 8. Following the completion of the CEQA process, the San Clemente City Council will consider in open session a Development Agreement and/or Lease Agreement consistent with the terms and conditions in this Term Sheet in form(s) to be negotiated between the Parties.
- 9. As this Term Sheet is an expression of intent of the Parties and an agreement to negotiate a final agreement(s) in good faith and, accordingly, neither Party shall be legally bound until the execution of a final Development Agreement and/or Lease Agreement, which shall be binding on the Parties.
- 10. The parties understand and agree that unless and until a definitive agreement(s) has been executed by City and Developer and delivered, no contract or agreement providing for a transaction between the Parties shall be deemed to exist, and neither Party will be under any legal obligation of any kind whatsoever with respect to a transaction, including any obligation to negotiate, by virtue of this non-binding Term Sheet or any written or oral expression thereof.

In witness whereof, the Parties have signed	d this instrument this day of, 2023
	CITY OF SAN CLEMENTE
	By: Andy Hall, City Manager
	Dated:
APPROVED AS TO FORM:	
By: Elizabeth Mitchell, City Attorney	
	SALTY TURF LLC, a Delaware limited liability company
	By:, General Manager
	Dated:

Term Sheet

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In witness whereof, the Parties had 2023.	ve signed this instrument this day of,
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	By: Andy Hall, City Manager
	Dated:

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By: Elizabeth Mitchell, City Attorney	
	SALTY TURF LLC, a Delaware limited liability company
	By:, General Manager