



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 18-00215

City Council

7/19/2018

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor
Andy Terhaar, City Council Member

SUBJECT:

ASSIGNMENT OF LEASE FROM SUMMIT GOLF, INC. TO FLIGHTLINE GOLF, LLC AND AMENDMENT TO LEASE AND OPERATING AGREEMENT

RECOMMENDATION:

That City Council consent to the assignment of the lease and operating agreement for the driving range at the Pensacola International Airport from Summit Golf, Inc. to Flightline Golf, LLC. Further, that City Council consent to the amendment to the lease and operating agreement. Finally, that Council authorize the Mayor to take all actions necessary to execute the Consent Agreement and the Lease Amendment.

HEARING REQUIRED: No Hearing Required

SUMMARY:

Pensacola International Airport has leased property since 1991 for the operation of a golf driving range located south of Summit Boulevard. The Driving Range contains approximately 10.6 acres of property and includes tee boxes, a range shop, customer parking, a chipping green, and a 30 foot high lights around the fenced open space. There is a wooded buffer area around the perimeter to shield the adjacent subdivisions from the operation.

The original twenty-five year lease for the Driving Range expired at the end of March 2016. A Request for Proposals was issued in January 2016 for a firm to continue operating the facility under a five-year lease, with one five year renewal option (at the sole discretion of the City). One proposal was received, being from Summit Golf, the then-current operator. Under the awarded agreement, Summit Golf was to provide services, at a minimum, Monday through Saturday, from 10am - 7pm, as weather permitted. Additionally, Summit Golf was to provide competent golf instruction for all ages and levels of play at a reasonable fee.

Flightline Golf, LLC has expressed an interest in acquiring the lease from Summit Golf. Flightline Golf, LLC would continue to operate the facility as a community golf driving range and practice area, but would modernize the facility to better support the Pensacola golf community. Proposed enhancements include the renovation and expansion of the existing range shop building, the construction of indoor instruction bays, the potential installation of a live golf shot tracking system to provide shot data and allow customers to engage in virtual golf games, the installation of a limited number of covers over hitting spaces, and enhanced instruction. To further improve the overall customer experience, Flightline also intends to offer an increased variety of

drinks and snacks, including beer and wine.

The current Agreement may be assigned from Summit Golf to Flightline Golf, LLC with the written consent of the City. Additionally, given the capital improvement that Flightline Golf proposes to make to the facility, Flightline Golf has requested an amendment to the lease to extend the term to provide them adequate time to amortize their investment. The current agreement provides for a lease term out to April 30, 2021, with a five-year renewal option at the discretion of the City. However, it did not impose any capital investment requirements on the current concessionaire. The proposed amendment would outline the type and amount of required capital investment, extend the lease to August 31, 2028, and place escalator clauses on the annual rental amount starting May 1, 2021.

PRIOR ACTION:

March 8, 1991 - City Council approved the original twenty-five year Commercial Ground Lease (Driving Range) between Summit Golf, Inc. and the City of Pensacola.

February 15, 1993 - City Council approved Amendment No. 1 to the Commercial Ground Lease (Driving Range) between Summit Golf, Inc. and the City of Pensacola.

February 18, 1997 - City Council approved Amendment No. 2 to the Commercial Ground Lease (Driving Range) between Summit Golf, Inc. and the City of Pensacola.

April 14, 2016 - City Council awarded the proposal to and authorized the Mayor to execute a Lease and Operating Agreement with Summit Golf, Inc. for driving range operator services at the Pensacola International Airport.

FUNDING:

N/A

FINANCIAL IMPACT:

The operator of the driving range is required to remit a fixed annual amount in monthly increments. The current amount received annually from Summit Golf is \$20,859.12. The fair market rental rate was based on an appraisal completed on December 7, 2015. Under the terms of the proposed amendment, rent would be increased each year starting May 1, 2021.

CITY ATTORNEY REVIEW: Yes

7/8/2018

STAFF CONTACT:

Eric W. Olson, City Administrator
Daniel E. Flynn, Airport Director

ATTACHMENTS:

- 1) Consent By Lessor
- 2) First Amendment to Lease and Operating Agreement, Flight Line Golf, LLC

PRESENTATION: No