

Meadowlark Revenue Opportunity Meeting with Huntington Beach- J. Michels

June 25, 2024

Attending:

HB Finance Commission – Janet Michels, Kelly Gates, David Cicerone

City of HB Staff- Travis Hopkins, Jennifer Carey absent- Eric Parra

Off topic discussion on several topics, will not recap:

Equestrian Center – billing statements

Sofi Stadium – suite costs

Elan “audit”

3 reports requested by Cicerone previously

Meadowlark topics:

- Status of audit

results under review and will be released shortly

- “Money on the Table” 2 page report (provided by Cicerone)
 - Rent abatement – no collection opportunity
 - Water Subsidy – Discussed approx. \$45,000/annually “subsidy” City of HB by charging Arcis 80% commodity rate (70 M gallons/annually)
 - Arcis has not complied with new irrigation system as required by lease agreement
 - Unclear whether there is any written agreement that HB would charge the reduced rate
 - City will look into this to determine what steps to take for remaining years of current lease (Hopkins)
 - Late rent payments and estimated penalties back to 2015
 - Estimated \$862,500 due (\$67,000 rent/\$780,000 in est P&I)
 - Does not include 2015 amount paid of \$275,000 to City which would negate above amount owed (Chennault 1/24/24)
 - Discussed whether a viable claim could be made going back 10 years since City did not alert Arcis of amount due at any time
 - Could end up as legal matter to attempt collection,
 - Conclusion that this item best to address on a go forward basis for remainder of lease to ensure all \$ due is paid to city.
 - Hopkins took as follow up item.

- Range and Cart fee underreporting
 - Unlikely audit will cover this level of detail
 - Unknown what revenue might be
 - City (Hopkins) to look into how best to assess this in discussion with Arcis on reporting to determine how best to proceed
- Future Meadowlark Revenue Projections document review
 - Reviewed current revenue status of \$6M in revenue annually and “future” state of \$17M annually with up to \$4M in sponsorships
 - Discussed that all estimates provided thus far would require investment of \$12-20M to re-do course, facility and driving range
 - No assumptions listed on document to validate revenue projections #x current levels
 - Size and area limitations for redevelopment will limit options (ie will likely not be regulation 18 hole course)
 - Area comparisons, including upgraded courses, are not consistent with revenue projections and not consistent with SCGA insights
- Next steps/task force
 - All agreed that 3 areas of revenue under current agreement may provide the best focus to increase/manage revenue for the remaining 3 years of agreement: water usage, cart revenue, rage revenue. City will review with staff to determine meeting with Arcis to develop plan of action to address these issues
 - All agreed that while task force was generally agreed to in meeting dated 6/13/2024, since no staff were in attendance, no action is likely underway. Finance Commission will make recommendations that they approve a limited time task force to develop comprehensive plan for Meadowlark 2.0 (effective February 2028)
 - Key stakeholders
 - Lead by citizen leader and partner with staff
 - Include residents (around golf course), golfers, business, city
 - Create detailed requirements document and options for golf course
 - Basis for RFP for new golf management partner
 - Draft letter needed to CC to establish the Task Force