



**CITY OF SALINAS
FINANCE COMMITTEE
STAFF REPORT**

DATE: MAY 12, 2026

DEPARTMENT: ADMINISTRATION

FROM: NATHAN KIEU, DEPUTY DIRECTOR OF ECONOMIC DEVELOPMENT

TITLE: AGREEMENT WITH FUTURE CITIZENS FOUNDATION DBA THE FIRST TEE OF MONTEREY COUNTY RELATED TO THE TWIN CREEKS GOLF COURSE

RECOMMENDED MOTION:

Review and Consider recommending to the City Council, the Sublease Agreement between the City of Salinas and Future Citizens Foundation, a California not-for-profit corporation doing business as The First Tee of Monterey County (TFTMC), for the continued operation of the Twin Creeks Municipal Golf Course as a youth golf learning center and fee-based public golf course.

EXECUTIVE SUMMARY:

The City of Salinas and TFTMC have negotiated a new long-term Sublease Agreement for the operation of the Twin Creeks Municipal Golf Course. The proposed Agreement replaces the prior sublease and all amendments, establishing a new twenty-year term commencing July 1, 2026, with one ten-year option to extend. The Agreement maintains the current annual rent of \$60,000, pro-rated through November 1, 2026, transitioning to a nominal rent of \$1.00 per year thereafter, in recognition of the significant community benefit provided by TFTMC's youth programming, its assumption of all operational and maintenance responsibilities for the facility, and the City's payoff of the bonds associated with the building improvements.

BACKGROUND:

The Twin Creeks Municipal Golf Course was constructed in Fiscal Year 1998-1999 on property owned by the County of Monterey and leased to the City pursuant to a 99-year lease commencing June 1, 1997. The ground lease restricts use of the property to recreational purposes only. The City owns the golf course facility and all associated buildings and improvements on the site.

In 2004, the City entered into a Sublease Agreement with TFTMC, a not-for-profit corporation, to operate the Facility as a youth golf learning center and fee-based public golf course. TFTMC is an authorized licensee of the First Tee division of the World Golf Foundation and operates a nationally recognized youth character development program through golf instruction and related programming.

The original Sublease was subsequently amended on two occasions. In 2012, the rent was reduced from \$287,500 per year to \$125,000 per year in response to financial hardship experienced by TFTMC. In 2015, the parties renegotiated the agreement, further reducing the annual rent to \$60,000 and extending the lease term through June 30, 2025. In June 2025, the City Council authorized a one-year extension of the existing sublease through June 30, 2026, to allow additional time for the parties to negotiate a new long-term agreement.

The City does not wish to operate the golf course directly and has no other viable use for the Facility given the recreational use restriction imposed by the County ground lease. If TFTMC were to vacate the Facility, the City would be responsible for all maintenance and operating costs until an alternative recreational operator could be identified. Staff determined that entering into a new long-term agreement with TFTMC on favorable terms is in the best interest of the City, provided that appropriate accountability and performance standards are included.

Staff and TFTMC have negotiated the proposed Agreement over several months. The City Attorney's Office has reviewed and approved the Agreement as to form. Key terms of the proposed Agreement are summarized below.

KEY TERMS OF THE PROPOSED AGREEMENT:

Term:

Twenty (20) year initial term commencing July 1, 2026, and expiring June 30, 2046, with one (1) option to extend for an additional ten (10) years through June 30, 2056, subject to TFTMC's satisfaction of performance and reporting benchmarks.

Rent:

\$60,000 per year, pro-rated through October 31, 2026. Commencing November 1, 2026, annual rent transitions to \$1.00 per year. The nominal rent reflects the significant community benefit provided by TFTMC's youth programming, TFTMC's continued assumption of all operational and maintenance obligations for the Facility, and the City's final bond payment of \$433,500 due November 1, 2026. City retains the right to review the rent structure no more than once every three years.

Permitted Use:

Operation of a youth golf learning center and youth character development program consistent with First Tee national program standards, operation of a learning center building for community events and activities, and operation of a fee-based public golf course open to the general public.

Maintenance and Operations:

TFTMC continues to assume full responsibility for all routine and preventive maintenance, building systems, grounds, irrigation, ADA compliance, and hazardous materials management at the Facility, at its sole cost and expense. Detailed Maintenance Standards are set forth in Exhibit B to the Agreement. City retains inspection rights and the right to perform deferred maintenance and charge costs to TFTMC.

Accountability and Reporting:

TFTMC is required to submit an annual program report by September 30 of each year covering youth participants served, program hours delivered, Salinas residency data, golf course operations, financial summary, and capital improvement status. A minimum of 80% of youth program participants at the Salinas site must be residents of the City of Salinas. TFTMC must maintain a minimum of 6,000 unduplicated youth participants annually across all program sites. The initial report will be provided at the meeting and included as part of the City Council agenda if this moves forward from the Subcommittee.

CEQA CONSIDERATION:

Not a Project. The City Council’s consideration and approval of the proposed Sublease Agreement is not a project subject to environmental review under the California Environmental Quality Act (CEQA). CEQA Guidelines Section 15378. In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes, The Government Code §84308/ Levine Act does apply to this project.

STRATEGIC PLAN INITIATIVE:

The extension of this lease supports the Council Strategic “Infrastructure” goal to “Continue to Invest in recreational and public facilities to support our community” as well the “Youth and Seniors” goal to “Improve, expand and develop youth and senior facilities and programs.”

DEPARTMENTAL COORDINATION:

The City Manager’s office coordinated this report with the City Attorney’s office.

FISCAL AND SUSTAINABILITY IMPACT:

The proposed Agreement results in a reduction in annual lease payment from \$60,000 to \$1.00 per year effective November 1, 2026. The pro-rated lease payment from July 1 to October 31, 2026, will be \$5,000 per month (\$20,000 for the term). This coincides with the City’s final bond payment of \$433,500 due November 1, 2026, eliminating the City’s remaining debt obligation on the Facility.

ATTACHMENTS:

- Proposed Sublease Agreement (with Exhibits A and B)
- Original 2004 Sublease Agreement
- 2012 Services Agreement
- 2015 Services Agreement
- 2025 Sublease Extension Agreement
- June 17, 2025, City Council Staff Report
- First Tee – Salinas Presentation Lease 4-20-26