

RESOLUTION NUMBER R- **291801**

ADOPTED ON **JUN 21 1999**

WHEREAS, the municipal golf courses at Torrey Pines and Balboa Park are managed within a self-supporting Golf Enterprise Fund; and

WHEREAS, the recommended Three-Year Funding Plan [Funding Plan] described in City Manager's Report No. 99-122 [Manager's Report], attached hereto and incorporated herein by this reference, will ensure (1) continuation of the current high level of operation and maintenance; (2) retention of an operational contingency of 10%, which is the industry Standard; and (3) funds for priority capital improvements; and

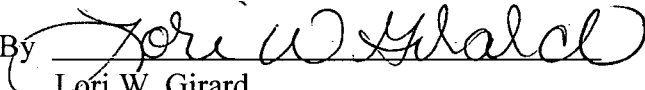
WHEREAS, continuation of this Funding Plan will eventually assist in funding a third municipal golf course; and

WHEREAS, on March 4, 1999, the Golf Advisory Council voted 9-3 in support of the Manager's recommendation, with one condition and one exception, as described more fully in the Manager's Report; and

WHEREAS, on May 26, 1999, the Natural Resources and Culture Committee voted 4-0 in favor of Manager's recommendation; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the Fiscal Years 2000-2002 Torrey Pines and Balboa Park Golf Course Fees described in the Manager's Report are approved.

APPROVED: CASEY GWINN, City Attorney

By 
Lori W. Girard
Deputy City Attorney

LWG:cdk
06/07/99
Or.Dept:Park&Rec.
R-99-1452



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: June 16, 1999 REPORT NO. 99-122
ATTENTION: Honorable Mayor and City Council
Docket of June 21, 1999
SUBJECT: Funding Plan to Support the Golf Enterprise Fund,
Fiscal Years 2000 - 2002
REFERENCE: City Manager's Report No. 99-105, Issued May 26, 1999

SUMMARY

Issue - Shall the City Council adopt a Three-year Funding Plan for the Golf Enterprise Fund for Fiscal Years 2000 - 2002?

Manager's Recommendation - Adopt the Three-Year Funding Plan described in this report effective July 1, 1999.

Other Recommendations - On March 4, 1999, the citizen Golf Advisory Council (GAC) voted 9-3 in support of the Manager's Recommendation with one condition and one exception. The condition of their support is that the City exempt the additional revenue raised by these fee increases from the percentage of gross golf revenue that goes to the General Fund such that all of the fee increases are retained by the Golf Enterprise Fund to improve the existing municipal golf courses and eventually develop a new municipal golf course. The one exception is that the GAC voted to fully restore the County Resident Discount Rate, whereas the Manager recommends restoring only the County Resident Twilight Rate.

On May 26, 1999, the Natural Resources and Culture Committee voted 4 - 0 in favor of the Manager's Report.

Fiscal Impact - The Proposed Funding Plan will raise an additional \$1,248,000 in FY 2000 for the Golf Enterprise Fund. That figure will increase by \$706,000 in FY 2001, and by an additional \$697,000 in FY 2002. The total annual amount of the increased revenue in FY 2002 compared to FY 1999 will be \$2,651,000. The Golf Enterprise Fund's payment to the General Fund for Rental of Land in FY2002 will increase from \$1.2 million to \$1.3 million.

R- 291801

BACKGROUND

In 1996, a Three-Year Funding Plan for Balboa Park and Torrey Pines Golf Courses was adopted by City Council for Fiscal Years 1997 - 1999. By the end of FY 1999, an estimated \$2.1 million in increased revenue was generated over the three years as a result of these fee increases. This revenue was used to fund the following golf course needs:

	<u>Project</u>	<u>Cost</u>
A.	Torrey Pines - North Course Irrigation and Cart Path construction	\$ 600,000 *
B.	Torrey Pines Maintenance Road Improvements	\$ 400,000
C.	Balboa Park Golf Course Master Plan	\$ 163,000
D.	Balboa Park Golf Course Restroom Renovation	\$ 300,000
E.	Annual Maintenance Level Improvements to Balboa Park Golf Course initiated in FY99	\$ 255,000
F.	Annual 10% Operating Contingency Fund	\$ <u>650,600</u>
	TOTAL	\$ 2,368,600**

* Golf Enterprise Fund Contribution to total cost.

** In FY96 Golf Operations had a Reserve Fund of \$320,000.

Effective August 1, 1998, City Council rescinded the County Resident Discount rate in expectation that all County golfers would pay the visitor rate and generate an additional \$400,000 per year in additional revenue. This was not realized. After elimination of FY 1998's 14% County Resident play, FY 1999 Visitor play gained 5% of total rounds, and City Resident play also gained 5% of total rounds. However, there has been a decrease in overall play of 4% at Torrey Pines and 2 1/2% at Balboa Park Golf Course. A portion of this decrease may have been due to a drop in golf course play region-wide in 1998 due to poor weather conditions.

DISCUSSION

The municipal golf courses at Torrey Pines and Balboa Park are managed within a self-supporting Golf Enterprise Fund. The recommended Three-Year Funding plan will ensure: continuation of the current high level of operation and maintenance; retention of an operational contingency of 10%, which is the industry Standard; and funds for priority capital improvements. Eventually, continuation of this Funding Plan will assist in funding a third municipal golf course.

The Proposed Three-Year Funding Plan: increases the City Resident 18-hole rate by \$2.00 per year at Torrey Pines Golf Course and \$1.00 per year at Balboa Park Golf Course, with City Resident 9-hole and Twilight rates prorated accordingly; eliminates the Adult Resident Monthly Ticket Discount rate; gradually reduces the City Resident Senior Monthly Ticket Discount from 79% to 60% from the City Resident Rate; sets Tournament Fees for Torrey Pines Golf Course based on whether the event is charitable or non-charitable; and adds a County Resident Twilight Rate that will assist in filling open, late afternoon tee times at both municipal facilities.

Both revenue and rounds at Torrey Pines Golf Course have declined during the first ten months of FY 1999. The opening of Encinitas Ranch Golf Club, which charges very competitive rates for non-resident players, has impacted the play at Torrey Pines Golf Course. While prime time play is almost completely filled at Torrey Pines Golf Course, there have been openings in late afternoon ("twilight") play time. To increase play during these hours, the proposal includes offering a County Resident Discount rate for twilight at both Torrey Pines and Balboa Park.

Continuation of the current fee schedule for the next three years will produce an annual net revenue over operating expenses of \$1.1 million, compared to the baseline year of FY 1996. This amount, plus the additional revenue generated from the Proposed Funding Plan, will be directed toward the following list of golf course improvements. These were prioritized by the GAC.

	<u>Project</u>	<u>Cost</u>
1.	Balboa Park Golf Course - Construction of Clubhouse, Practice Facilities and Expansion of Parking Area	\$ 3 - \$5 million
2.	Balboa Park Golf Course - Construction of Concrete Cart Paths and Maintenance Roads	\$ 400,000
3.	Balboa Park Golf Course - Drainage Improvements (Holes #1-#5)	\$ 200,000
4.	Balboa Park Golf Course - Green Nursery	\$ 25,000
5.	Torrey Pines Golf Course - Reconstruction of 38 greens	\$1,150,000
6.	Torrey Pines Golf Course - Refurbishing of (4) Outside Restrooms	\$ 800,000
7.	New Municipal Golf Course	<u>\$ 7 - 8 million</u>
	TOTAL	\$12.6-\$15.6M

ALTERNATIVES

1. Fully reinstate the County Resident Discount Fee, as recommended by the GAC. Full reinstatement is expected to generate approximately 15,000 County Resident rounds per year, of which an estimated 11,500 rounds would displace current City Resident and Visitor play, and 3,500 rounds would be added rounds at Twilight. The impact on revenue will depend on the proportion of City Resident versus Visitor play that is actually displaced, so cannot be reliably estimated.

2. Adopt other fees not recommended by the GAC:
 - A. Reserve 25% of the morning tee times and provide golfers the option of making reservations 21 days in advance for a fee of \$10 per person to the Golf Enterprise Fund. Estimated additional revenue of \$200,000 per year.
 - B. Increase weekend tournament play from 17% to 25% of the available tee times. Estimated additional revenue of \$100,00 per year.
 - C. Initiate Park Enhancement Fee of \$5 per round for Torrey Pines and Balboa Park Golf Courses to be dedicated to addressing deferred park maintenance needs City-wide. Estimated additional revenue of \$880,000 per year.

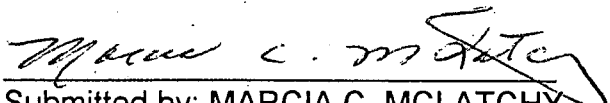
3. Increase the percentage of gross golf revenue that goes to the General Fund. This will reduce funds available to improve the current golf courses and to save for a third municipal golf course.

4. Grant the GAC's condition to exempt additional revenue resulting from these fee increases from the percentage of gross golf revenue that goes to the General Fund. Estimated revenue to the General Fund in FY 2002 would not increase from \$1.2 million to \$1.3 million.

5. Do not adopt fee increases.

Respectfully submitted,


 Approved: P. CULBRETH-GRAFT, DPA
 Assistant City Manager


 Submitted by: MARCIA C. MCLATCHY
 Park & Recreation
 Director

Attachments:

1. Proposed Three-Year Funding Plan
 - Torrey Pines Golf Course
 - Balboa Park Golf Course
 - Tournament Fees at Torrey Pines
2. Comparison of Proposed Rates to Other Golf Courses in San Diego Region
 - Resident Rates
 - Non-Resident Rates

MANAGER'S PROPOSED THREE-YEAR FUNDING PLAN

TORREY PINES GOLF COURSE

SAN DIEGO CITY RESIDENTS (with Resident I.D. Card)				
TYPE OF FEE	CURRENT	PROPOSED FY00	PROPOSED FY01	PROPOSED FY02
Resident I.D. Card	\$12.00	\$12.00	\$12.00	\$12.00
18 Holes Weekdays	\$20.00	\$22.00	\$24.00	\$26.00
18 Holes Weekends/Holidays	\$22.00	\$24.00	\$26.00	\$28.00
9 Holes Only (Early Morning - Back 9)	\$11.00	\$12.00	\$13.00	\$14.00
Twilight (4:00 p.m., April-Oct.) (3:00 p.m., Nov.-March)	\$11.00	\$12.00	\$13.00	\$14.00
Senior 18 Daily Rate Weekdays Only	\$10.00	\$11.00	\$12.00	\$13.00
COUNTY				
Twilight (4:00 P.M., April-Oct) 3:00 P.M., Nov.-March)	N/A	\$17.00	\$18.00	\$19.00
VISITORS				
18 Holes Weekdays	\$47.00	\$55.00	\$55.00	\$55.00
18 Holes Weekends/Holidays	\$52.00	\$60.00	\$60.00	\$60.00
9 Holes Only (Early Morning - Back 9)	\$26.00	\$30.00	\$30.00	\$30.00
Twilight (4:00 p.m., April-Oct.) (3:00 p.m., Nov.-March)	\$26.00	\$30.00	\$30.00	\$30.00
MONTHLY TICKETS Valid on Weekdays Only				
18-Hole Senior Ticket Torrey OR Balboa	\$64.00/ 15 plays	\$65.00/ 10 plays	\$85.00/ 10 plays	\$105.00/ 10 plays
Junior Ticket Torrey OR Balboa (Under 18 - After 3 p.m.)	\$10.50	\$10.50	\$10.50	\$10.50

MANAGER'S PROPOSED THREE-YEAR FUNDING PLAN

BALBOA PARK GOLF COURSE

SAN DIEGO CITY RESIDENTS (with Resident I.D. Card)				
TYPE OF FEE	CURRENT	PROPOSED FY00	PROPOSED FY01	PROPOSED FY02
Resident I.D. Card	\$12.00	\$12.00	\$12.00	\$12.00
18 Holes Weekdays	\$17.00	\$18.00	\$19.00	\$20.00
18 Holes Weekends/Holidays	\$19.00	\$20.00	\$21.00	\$22.00
9 Hole Course	\$6.00	\$6.50	\$7.00	\$7.50
Twilight (18 Hole Course only)	\$9.00	\$10.00	\$10.50	\$11.00
Senior 18 Daily Rate Weekdays Only	\$8.50	\$9.00	\$9.50	\$10.00
Senior 9 Daily Rate Weekdays Only	\$3.00	\$3.25	\$3.50	\$3.75
COUNTY				
Twilight (18 Hole Course Only)	N/A	\$13.00	\$13.50	\$14.00
VISITORS				
18 Holes Weekdays	\$30.00	\$31.00	\$32.00	\$33.00
18 Holes Weekends/Holidays	\$35.00	\$36.00	\$37.00	\$38.00
9 Hole Course	\$15.00	\$16.00	\$17.00	\$18.00
Twilight (18 Hole Course Only)	\$18.00	\$18.00	\$18.50	\$19.00
MONTHLY TICKETS Valid on Weekdays Only				
18-Hole Senior Ticket Balboa ONLY	\$64.00/ 15 plays	\$65.00/ 10 plays	\$75.00/ 10 plays	\$85.00/ 10 plays
9-Hole Senior Ticket Balboa ONLY	\$26.00/ 20 plays	\$30.00/ 15 plays	\$30.00/ 12 plays	\$30.00/ 10 plays
Junior Ticket Balboa OR Torrey (Under 18 - After 3 p.m.)	\$10.50	\$10.50	\$10.50	\$10.50

MANAGER'S PROPOSED THREE-YEAR FUNDING PLAN

TOURNAMENT FEES

Establish Set Tournament Fees for charitable and non-charitable events. Documented evidence that the event is charitable will be required. The fees, which include cart fees, will remain consistent throughout the three-year period. Golf cart rental fees of \$14 per player for charitable tournaments and \$16 per player for non-charitable events will be paid to the Concessionaire from the Golf Course Enterprise Fund. The revenue impact is \$364,290 per year. This amount is part of the total revenue cited in Fiscal Impact.

TYPE OF ORGANIZATION	WEEKDAY	WEEKEND
Charitable	\$50/player	\$75/player
Non-charitable	\$85/player	\$100/player

- * This Tournament Fee does not include the Men's and Women's Club Tournament events.

COMPARISON OF PROPOSED FY 2000 RATES TO OTHER SAN DIEGO REGION COURSES

RESIDENT

<u>GOLF COURSE</u>	<u>WEEKENDS</u>	<u>WEEKDAYS</u>
* COLINA DEL SOL	\$ 5.00	\$ 5.00
* WILLOW BROOK	16.00	13.00
* MISSION BAY	17.00	15.00
OCEANSIDE	18.00	13.50
* TECOLOTE CANYON	18.00	14.00
BALBOA PARK	20.00	18.00
CORONADO	20.00	20.00
TORREY PINES	24.00	22.00
CHULA VISTA	26.00	20.00
* OAKS NORTH	28.00	26.00
SAN CLEMENTE	30.00	25.00
MISSION TRAILS	31.00	22.00
FALLBROOK	32.00	22.00
RANCHO SAN DIEGO	34.00	21.00
RANCHO SD IVANHOE	37.00	24.00
MEADOW LAKE	50.00	38.00
CASTLE CREEK	50.00/40.00 Fri. (inc. cart)	35.00 (inc. cart)
CARMEL MTN RANCH	60.00	50.00
EAGLE CREST	60.00	43.00
TWIN OAKS	60.00 Sat-Sun/49.00 Fri.	44.00 M-Th
VINEYARD	60.00 (inc. cart)	49.00 (inc. cart)
CARLTON OAKS	65.00 (Fri-Sun)	50.00
EAST LAKE	65.00	50.00
MT. WOODSON	75.00 Sat/65.00 Sun	47.00 M-Th/52.00 Fri.
RIVERWALK GOLF CLUB	85.00 Fri/95.00 Sat-Sun	47.00 M-Th
AVIARA	155.00	155.00

* Designates Executive or Pitch and Putt Golf Courses

R- 291801

COMPARISON OF PROPOSED FY 2000 RATES TO OTHER SAN DIEGO REGION COURSES

NON-RESIDENT

<u>GOLF COURSE</u>	<u>WEEKENDS</u>	<u>WEEKDAYS</u>
* COLINA DEL SOL	\$ 5.00	\$ 5.00
* WILLOW BROOK	16.00	13.00
* MISSION BAY	17.00	15.00
* TECOLOTE CANYON	18.00	14.00
CORONADO	20.00	20.00
OCEANSIDE	23.50	18.00
CHULA VISTA	26.00	20.00
* OAKS NORTH	28.00	26.00
SAN CLEMENTE	30.00	25.00
MISSION TRAILS	31.00	22.00
FALLBROOK	32.00	22.00
RANCHO SAN DIEGO	34.00	21.00
BALBOA PARK	36.00	31.00
RANCHO SD IVANHOE	37.00	24.00
MEADOW LAKE	50.00	38.00
CASTLE CREEK	50.00/40.00 Fri. (inc. cart)	35.00 (inc. cart)
TORREY PINES	60.00	55.00
CARMEL MTN RANCH	60.00	50.00
TWIN OAKS	60.00 Sat-Sun/49.00 Fri.	44.00 M-Th
VINEYARD	60.00 (inc. cart)	49.00 (inc. cart)
CARLTON OAKS	65.00 (Fri-Sun)	50.00
EAGLE CREST	65.00	48.00
EAST LAKE	65.00	50.00
MT. WOODSON	75.00 Sat/65.00 Sun	47.00 M-Th/52.00 Fri.
RIVERWALK GOLF CLUB	85.00 Fri/95.00 Sat-Sun	47.00 M-Th
AVIARA	155.00	155.00

* Designates Executive or Pitch and Putt Golf Courses