



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 6, 2010 REPORT NO: 10-068
ATTENTION: Natural Resources and Culture Committee
Agenda of May 12, 2010
SUBJECT: Golf Division Update on Golf Resident Identification Card

SUMMARY:

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE COMMITTEE OR CITY COUNCIL.

BACKGROUND

On March 17 staff responded to an earlier request and presented to the Committee a report on golf sponsored special event support and a low income fee waiver concept. At the same time staff requested 60 additional days to engage the Comptroller's Office in the preparation of an independent analysis of the Golf Resident Identification Card fees and expenses.

DISCUSSION

The Golf Resident Identification Card (Card) is a voluntary program that provides a means by which the residency of players is annually verified to qualify the player to receive the adopted resident greens fee discount. The Card was instituted in 1974 and updated to a photo identification system in 2001. The Card is similar to cards at other municipal courses across the country. In fiscal year 2009 approximately 20,900 resident Cards issued. In fiscal year 2010 through March 31, 13,573 Cards have been issued.

Management and Project Overview

The management and production of the Golf Resident Identification Card is facilitated in a convenient, efficient and cost effective manner. To secure a resident ID card the golfer is required to present photo identification and two forms of identification to prove residency in order to secure a resident card. There are currently five types of identification that can be used to verify residency. The golfer brings the appropriate identification to the course for review by staff. After verifying credentials a photo identification card is created and issued, all at the time of the verification. The process takes an average of less than 10 minutes to complete. Once issued, the Card is checked each time a golfer makes a payment of golf greens fees.

The Card has four primary benefits. It provides a fast and convenient way to identify residents at the time the golfer pays their greens fee at the resident rate. The Card qualifies the resident to

receive a discount on greens fees. The Card enables the resident golfer to use the Interactive Voice Recognition (IVR) Automated Reservation System to make advanced reservations up to seven days in advance of play. Finally, revenue from the Card fee is a portion of the total funding necessary for the overall operations of the Golf Course Enterprise Fund.

The amount of the Card discount on greens fees varies with the course played, day or week and time of play. For example, the discount for a golfer with a Card ranges from a maximum discount at Torrey Pines South Course of \$120 per round for weekend play to a minimum of \$3 per round for weekday play at the Mission Bay Golf Course. Several examples of the return on investment received with purchase of Golf Resident Identification Card are shown in Attachment A.

The issuance of a Card includes the assignment of a golf reservation identification number. The golf reservation identification number entitles resident golfers the privilege of making reservations by telephone using the IVR within seven days of desired date of a tee-time. In fiscal year 2009 Card holders used the IVR to make 32,800 tee-time reservations for a total of 90,400 golf rounds reserved using their golf reservation number on the Card. Each tee-time start may include one to four golfers.

Fiscal Overview

The revenues and expenses associated with the Card are accounted for and stay within the Golf Course Operations Enterprise Fund. The use of an Enterprise Fund for City golf services requires that the expense of City golf operations must be recovered through user fees and charges. The fee for the Card is one of various golf fees approved by the City Council in the adopted Five Year Business Plan (Business Plan) that are collected and used to fund golf course operations and capital improvement activities.

The Card is not a stand-alone program. Revenue received in excess of the total technical administrative cost of providing the Card is a portion of the total Enterprise Fund revenue necessary to manage and operate the City's three municipal golf courses. The revenues from the three City golf courses are commingled into a single Golf Resident ID Card revenue account, and then added together with greens fees, cart rental fees, golf instruction fees, driving range fees and several other revenue accounts to form the revenue side of the balanced Golf Course Enterprise Fund. The elimination of the Card, or the lowering of Card fees, would likely have the effect of reducing golf course revenues and could require an increase in golf greens fees to offset the revenue reduction in order to maintain the current level of service.

The current cost of a Golf Resident Identification Card is \$25. The Card is required to receive the resident discount adopted in the Business Plan. The participant cost of the Card increased from \$12 to \$25 in July 2006 per the City Council's adoption of the Golf Operations Five-Year Business Plan. The cost for securing the Card is similar to the average cost of a golf resident identification card at other municipal golf courses in the region.

There were approximately 20,900 Cards issued in FY 2009. In fiscal year 2009 there were approximately 204,900 discounted rounds of golf played using the Golf Resident Identification Card. The net opportunity and realized cost of the discounted rounds amounted to a savings of approximately \$8.2M to resident golfers in FY 2009.

In fiscal year 2010 beginning July 1, 2009 to March 31, 2010 there have been 13,573 Cards issued with revenue of \$339,325 and expense of \$98,995. Examining only the number of 18 hole rounds played, a total of 52,827 18 hole rounds have been played at the three golf courses at a net savings to Card holders of \$3,030,935.

As indicated, there were approximately 20,900 Cards issued in all of fiscal year 2009. The corresponding revenue from the Golf Resident Identification Card last fiscal year was approximately \$524,000. The annual expense for administration and production of the Card was approximately \$288,200.

CONCLUSIONS

The Resident Identification Card was established to provide a preferential golf course greens fee structure that offers City residents a significant discount over the regular greens fee rate. Participants also receive the privilege of reserving golf tee times in advance of the regular public.

As stated in the Business Plan, the Golf Resident Identification Card fee was raised to \$25.00 “to cover administrative costs and generate a *small* amount of revenue.” A fiscal analysis demonstrates the activity is revenue positive and is fully cost recoverable when considering expenses for programming staffing, materials and equipment including a photo ID and automated reservation system equipment.

Consistent with past recommendations, due to the complexity of golf fees in relation to golf expenses, it is recommended that no changes be made to the current golf fee structure until considered within the context of the next golf business plan. This will allow for a comprehensive financial needs assessment of the golf courses as the basis for potential fee changes that may impact golf course operations and capital planning.



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Attachments: A. Resident Golf Card Return on Investment
B. Opportunity and Realized Costs Associated with ID Cards

**ATTACHMENT A
GOLF RESIDENT IDENTIFICATION CARD
18 HOLES ROUND COST / BENEFIT ANALYSIS**

	Balboa 18 Hole	Mission Bay 18 Hole	Torrey Pines North Course 18 Hole	Torrey Pines South Course 18 Hole
<u>Weekend & Holiday Play Only</u>				
Golf Annual Resident ID Card	\$25.00	\$25.00	\$25.00	\$25.00
1st Round Resident Weekend Rate	<u>\$38.00</u>	<u>\$29.00</u>	<u>\$48.00</u>	<u>\$73.00</u>
Total	\$63.00	\$54.00	\$73.00	\$98.00
Non-resident Weekend Rate	<u>\$48.00</u>	\$33.00	\$119.00	\$218.00
Difference	\$15.00	\$21.00	(\$46.00)	(\$120.00)
2nd golf round savings	(\$10.00)	(\$4.00)		
3rd golf round savings	(\$10.00)	(\$4.00)		
4th golf round savings		(\$4.00)		
5th golf round savings		(\$4.00)		
6th golf round savings		(\$4.00)		
7th golf round savings		(\$4.00)		
Number of golf rounds to cost breakeven or better	3	7	1	1
<u>Weekday Play Only</u>				
Golf Resident ID Card	\$25.00	\$25.00	\$25.00	\$25.00
1st Round Resident Weekday Rate	<u>\$30.00</u>	<u>\$23.00</u>	<u>\$38.00</u>	<u>\$58.00</u>
Total	\$55.00	\$48.00	\$63.00	\$83.00
Non-resident Weekday Rate	<u>\$38.00</u>	<u>\$26.00</u>	<u>\$95.00</u>	<u>\$174.00</u>
Difference	\$17.00	\$22.00	(\$32.00)	(\$91.00)
2nd golf round savings	(\$8.00)	(\$3.00)		
3rd golf round savings	(\$8.00)	(\$3.00)		
4th golf round savings	(\$8.00)	(\$3.00)		
5th golf round savings		(\$3.00)		
6th golf round savings		(\$3.00)		
7th golf round savings		(\$3.00)		
8th golf round savings		(\$3.00)		
9th golf round savings		(\$3.00)		
Number of golf rounds to cost breakeven or better	4	9	1	1
<u>Resident Senior Play Only</u>				
Golf Resident ID Card	\$25.00	\$25.00	\$25.00	\$25.00
1st Round Senior Weekday Rate	<u>\$21.00</u>	<u>\$16.00</u>	<u>\$27.00</u>	<u>\$41.00</u>
Total	\$46.00	\$41.00	\$52.00	\$66.00
Non-resident Weekday Rate	<u>\$38.00</u>	<u>\$26.00</u>	<u>\$95.00</u>	<u>\$174.00</u>
Difference	\$8.00	\$15.00	(\$43.00)	(\$108.00)
2nd golf round savings	(\$17.00)	(\$10.00)		
3rd golf round savings		(\$10.00)		
4th golf round savings				
Number of golf rounds to cost breakeven or better	2	3	1	1

ATTACHMENT B
San Diego Golf Resident Identification Card Analysis
Opportunity and Realized Costs Associated with ID Cards
 Prepared by: Office of the City Comptroller

Time Frame Analyzed: July 1, 2009 through March 31, 2010

Opportunity Costs

Course	Schedule	Regular Rate *	ID Card Rate *	Number of ID Card Rounds Played *	Opportunity Cost of ID Card Rounds *
Torrey Pines South	Mon-Thurs	\$ 174	\$ 58	7,100	\$ 823,600
Torrey Pines South	Fri & Weekends	\$ 218	\$ 73	7,970	\$ 1,155,650
Torrey Pines North	Mon-Thurs	\$ 95	\$ 38	11,888	\$ 677,616
Torrey Pines North	Fri & Weekends	\$ 119	\$ 48	8,112	\$ 575,952
Mission Bay	Mon-Fri	\$ 26	\$ 23	2,868	\$ 8,604
Mission Bay	Weekends	\$ 33	\$ 29	1,453	\$ 5,812
Balboa Park	Mon-Fri	\$ 38	\$ 30	5,667	\$ 45,336
Balboa Park	Weekends	\$ 48	\$ 38	7,769	\$ 77,690

* Rate and number of rounds is based on 18 hole resident play only.

\$ (3,370,260)

Realized Costs

Labor	Processing Time (Minutes)	Hourly Labor Rate	Number of ID Cards Issued	Direct Labor Cost of Issuance
Golf Course Associate	9	\$ 45.41	13,573	\$ 92,452
Golf Course Administration	0.25	\$ 60.49	13,573	\$ 3,421

Expenses	Unit Price	Number of ID Cards Issued	Direct Expense Cost of Goods
Card Stock	\$ 0.03	13,573	\$ 407
Printer/Computer Supplies & Maintenance	\$ 0.20	13,573	\$ 2,715

\$ (98,995)

Fee Revenue of ID Card

Fee Revenue	Price Per Card	Number of ID Cards Issued	Revenue from ID Cards
SD Resident Golf ID Card	\$ 25.00	13,573	\$ 339,325

\$339,325

Total Opportunity and Realized Cost from San Diego Golf Resident ID Card (\$3,129,930)

Conclusions from Analysis:

The City of San Diego offers a Golf Resident Identification Card (Card) to San Diego residents. The Card costs the user \$25.00 and is valid for twelve months. The Card offers the holder the ability to play at a reduced rate when compared to regular posted rates. Purchase of the Card is completely voluntary and helps to reduce the City's costs by reducing the check-in time and allowing the Card holder's use of the City's online reservation system. Based on the 18 hole round played on the City's three golf courses during the last nine months, the Card has saved the participating residents of San Diego approximately \$3.0 million in green fees.