

DATE ISSUED: May 30, 2001

REPORT NO. 01-090

ATTENTION: Honorable Mayor and City Council
Docket of June 5, 2001

SUBJECT: Golf Fees and Course Improvements at Torrey Pines and Balboa Park
Municipal Golf Courses

REFERENCE: Manager's Report No. 01-067, dated April 5, 2001

SUMMARY

Issues - Shall City Council:

1. Adopt the fees described in this report for Torrey Pines and Balboa Park Golf Courses effective July 1, 2001?
2. Adopt the Course Improvement Plan for Torrey Pines and Balboa Park Golf Courses described in this report, identifying as the first priority reconstruction of 38 greens at Torrey Pines Golf Course?
3. Direct the City Manager to return to the Natural Resources and Culture (NR&C) Committee of City Council with additional information?

Manager's Recommendations - Adopt the three actions described in Issues # 1-3.

Other Recommendations - On April 18, 2001, after a broadly-noticed public hearing at the NR&C Committee on the *"Proposed Golf Operations Business Plan for June 1, 2001 through June 30, 2005,"* NR&C took the above-described actions.

Fiscal Impact - If the recommended fee increases are adopted effective July 1, 2001 and if the projection is accurate that increased fees will not result in a reduction of rounds played by City residents and by non-residents, the estimated net additional revenue to the Golf Enterprise Fund in FY 2002 is \$2,850,800.

Estimated gross additional revenue to the Golf Enterprise Fund in FY 2002	\$ 3,088,900
Less additional course maintenance FY 2002	-\$ 229,600
Less annual maintenance Tee Time Reservation/ Point of Sale System for improved management reports in FY 2002	-\$ 8,500
Net FY 2002 revenue	<u>\$ 2,850,800</u>

Notes:

1. Estimated FY 2001 gross revenue to the Golf Enterprise Fund from all sources is \$9,217,300.
2. Cost to reconstruct 38 greens at Torrey Pines Golf Course is estimated at \$1,900,000. The net additional revenue in FY 2002 is more than sufficient to fund this project.
3. FY 2001 payment by the Golf Enterprise Fund to the General Fund for Rental of Land and Buildings is \$1,251,804. Estimated FY 2002 payment is \$1,279,642. The potential for additional revenue to the General Fund, including for deferred maintenance at other Park and Recreation facilities, will be addressed in the Manager's Report when the consultant evaluation returns to the NR&C Committee.

Business Impact - Pending the independent analysis by PricewaterhouseCoopers, the recommended increased golf fees for non-residents at Torrey Pines Golf Course are believed to approach market rates. Therefore, no negative business impact is expected.

BACKGROUND

On April 18, 2001, the "*Proposed Golf Operations Business Plan*" for Torrey Pines and Balboa Park Golf Courses and a PricewaterhouseCoopers market rate analysis of golf fees for Torrey Pines Golf Course were presented to the NR&C Committee of City Council. The Proposed Business Plan recommended numerous operational and fee changes at the golf courses. The consultant's market rate analysis supported \$113 - \$133 green fees, exclusive of golf carts, at Torrey Pines Golf Course (\$130 - \$150 with golf cart). After public input and discussion, the NR&C Committee voted 4-0 in favor of recommending the above-listed actions to full City

Council, deferring to later discussion by NR&C the balance of the Proposed Business Plan after receipt of an independent evaluation of the Business Plan by the consulting firm, PricewaterhouseCoopers.

For current and proposed golf fees, see Attachment 1. For a course improvement plan, see Attachment 2.

ALTERNATIVES

1. Adopt different golf fees for FY 2002.
2. Adopt a modified course improvement plan.
3. Do not take any action at this time pending further review of the Proposed Business Plan by the NR&C Committee. As a result, unless City Council directed otherwise, golf fees would increase only slightly on July 1, 2001 based on City Council's 1999 adoption of a Three-Year Funding Plan for Fiscal Years 2000 - 2002.

Respectfully submitted,

Marcia C. McLatchy
Park and Recreation Director

Approved: George I. Loveland
Senior Deputy City Manager

McLATCHY/TW

- Attachments: 1. Current and Proposed Golf Fees
2. Proposed Course Improvement Plan

TORREY PINES GOLF COURSE GREEN FEES

SAN DIEGO CITY RESIDENTS (with Resident I.D. Card)		
TYPE OF FEE	CURRENT	PROPOSED 7/1/01*
Resident I.D. Card	\$12.00	\$12.00
18 Holes Weekdays	\$24.00	\$29.00
18 Holes Weekends/Holidays	\$26.00	\$34.00
9 Holes Only (Early Morning - Back 9)	\$13.00	\$17.00
Twilight (4:00 p.m., April-Oct.) (3:00 p.m., Nov.-March)	\$13.00	\$17.00
Senior 18 Daily Rate Weekdays Only	\$12.00	\$15.00
COUNTY		
Twilight (4:00 P.M., April-Oct) 3:00 P.M., Nov.-March)	\$18.00	\$22.00
VISITORS		
18 Holes Weekdays	\$55.00	\$95.00
18 Holes	\$60.00	\$100.00

Weekends/Holidays		
9 Holes Only (Early Morning - Back 9)	\$30.00	\$40.00
Twilight (4:00 p.m., April-Oct.) (3:00 p.m., Nov.-March)	\$30.00	\$40.00
MONTHLY TICKETS Valid on Monday through Thursday Only, Excluding Holidays		
18-Hole Senior Ticket Torrey OR Balboa	\$85.00/ 10 plays	\$135/ 10 plays
Junior Ticket Torrey OR Balboa (Under 18 - After 3 p.m.)	\$10.50	\$10.50

* As reflected on Pages 25 & 26 of the Proposed Golf Operations Business Plan - FY 2005 Green Fees.

TORREY PINES GOLF COURSE TOURNAMENT FEES Per Player

TYPE OF EVENT	CURRENT With Cart (1)	PROPOSED 7/1/01* Without Cart (2)
Charitable Weekday	\$50	\$75
Charitable Weekend	\$75	\$80
Non-Charitable Weekday	\$85	\$95
Non-Charitable Weekend	\$100	\$100

* As reflected on Page 27 of the Proposed Golf Operations Business Plan - FY 2005 Tournament Fees.

(1) Cart fees (currently \$34 per cart) are included in current fees.

(2) Cart Fees would be over and above prepared fees. Cart fees are required for tournaments.

All Tournaments are charged a booking fee of \$5 for weekday events and \$10 for weekend events.

Tournament fee does not include the Men's and Women's Club events.

Effective July 1, 2001, all Shotgun Start Events will be charged an additional \$10 per player and documented evidence will be required for all Charitable

Events.

BALBOA PARK GOLF COURSE GREEN FEES

SAN DIEGO CITY RESIDENTS (with Resident I.D. Card)		
TYPE OF FEE	CURRENT	PROPOSED 7/1/01*
Resident I.D. Card	\$12.00	\$12.00
18 Holes Weekdays	\$19.00	\$20.00
18 Holes Weekends/Holidays	\$21.00	\$22.00
9 Hole Course	\$7.00	\$7.50
Twilight (18 Hole Course only)	\$10.50	\$11.00
Senior 18 Daily Rate Weekdays Only	\$9.50	\$10.00
Senior 9 Daily Rate Weekdays Only	\$3.50	\$3.75
COUNTY		
Twilight (18 Hole Course Only)	\$13.50	\$14.00
VISITORS		
18 Holes Weekdays	\$32.00	\$33.00
18 Holes Weekends/Holidays	\$37.00	\$38.00
9 Hole Course	\$17.00	\$18.00
Twilight (18 Hole Course Only)	\$18.50	\$19.00
MONTHLY TICKETS Valid on Weekdays Only, Excluding Holidays		
18-Hole Senior Ticket Balboa ONLY	\$75.00/ 10 plays	\$85.00/ 10 plays
9-Hole Senior Ticket Balboa ONLY	\$30.00/ 12 plays	\$30.00/ 10 plays
Junior Ticket Balboa OR Torrey (Under 18 - After 3 p.m.)	\$10.50	\$10.50

* As reflected on Pages 28 & 29 of the Proposed Golf Operations Business Plan - FY 2002 Green Fees.

**BALBOA PARK GOLF COURSE
TOURNAMENT FEES**

Per Player

TYPE OF EVENT	CURRENT Without Cart	PROPOSED 7/1/01* Without Cart
City Resident Weekday	\$19	\$20
City Resident Weekend	\$21	\$22
Non-Resident Weekday	\$32	\$33
Non-Resident Weekend	\$37	\$38

* **As reflected on Page 30 of the Proposed Golf Operations Business Plan - FY 2002 Tournament Fees.**

Cart fees (currently \$20/weekday, \$22/weekend/holiday per cart) are not included in either Current or Recommended Tournament Fees. Carts are not mandatory for tournaments due to limited cart availability.

All Tournaments are charged a booking fee of \$2 for weekday and weekend events.

Tournament fee does not include the Men's and Women's Club Tournament events.

COURSE IMPROVEMENT PLAN

San Diego's municipal golf courses need significant course improvement over the next ten years. Current project needs are listed below.

PROJECT	COST
Torrey Pines Golf Course	
Install Wash Racks for All Equipment	\$ 30,000
Reconstruct 38 Greens (\$50,000 per green)	\$ 1,900,000
Replace (4) Outside Restrooms (\$200,000 each)	\$ 800,000
Construct Maintenance Staff Building Improvements	\$ 200,000

Renovate Torrey Pines Golf Course Administration Building	\$ 1,500,000
Sub-Total - Torrey Pines Golf Course	\$ 4,430,000
Balboa Park Golf Course	
Install Wash Racks for All Equipment	\$ 30,000
Replace Restroom	\$ 300,000
Implement Balboa Park Golf Course Master Plan, Phase I*	\$ 1,000,000
Implement Balboa Park Golf Course Master Plan, Phase II*	\$ 1,000,000
Implement Balboa Park Golf Course Master Plan, Phase III*	\$ 3,000,000
Restore Maintenance Roads	\$ 120,000
Sub-Total - Balboa Park Golf Course	\$ 5,450,000
Total	\$9,880,000

*Construct Clubhouse and practice facilities; design and construct additional parking. Funding for the Balboa Park Golf Course Master Plan Clubhouse Project may be handled through the following options:

- a. Pay as we go for the Project from the Golf Enterprise Fund using funds generated at Balboa Park and Torrey Pines Golf Courses to design and build improvements in phases.

- b. Same as No. 1, except additionally send out a Request for Proposal (RFP) for interested developers to propose financing a portion of the improvements in exchange for lease opportunities at the: a) Golf Shop, golf cart and/or driving range operations, and/or b) food & beverage sales.

In addition, construction is scheduled to start in April 2002 on a project titled "Sewer Pump Station (SPS) 45." This Water Department Capital Improvements Project includes removal of the sewer pump station (SPS 29) that is located slightly south of the #15 hole on Torrey Pines South. A new, deep gravity sewer will be constructed to carry sewage away using a trenchless, microtunneling system. Construction is expected to be completed by October 2003. Players on the back 9 of the South Course may be slightly affected by the project. However, no revenue impact is expected.