

DATE ISSUED: July 24, 2002

REPORT NO. 02-174

ATTENTION: Natural Resources and Culture Committee,
Agenda of July 31, 2002

SUBJECT: Status Report of Golf Course Operational Changes Adopted by City
Council on November 6, 2001

REFERENCE: Manager's Report No. 01-213 issued October 5, 2001
"Proposed Golf Operations at Torrey Pines and Balboa Park Golf
Courses Including Proposed Fee Changes"

SUMMARY

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

BACKGROUND

On October 17, 2001, the Natural Resources and Culture (NR&C) Committee heard this item and, after public input and discussion, made recommendations to City Council. By a vote of 5-0, NR&C supported 33 of 34 City Manager recommendations for proposed Golf Operations at Torrey Pines and Balboa Park Golf Courses including proposed fee changes. The recommendations were accompanied with the following additions and revisions: 1) adopt a San Diego County Resident rate which reflects an approximate 25% reduction from non-resident rates; 2) eliminate golf cart fees and requirements on the South Course except for tournaments; 3) institute a caller identification measure on our telephone reservation system; and 4) direct the City Manager, under his discretion, to provide opportunities for Junior Monthly Ticket play on the Torrey Pines South Course. By a vote of 3-2, NR&C supported the City Manager's recommendation to charge City Residents a higher fee on Torrey Pines South Golf Course than on Torrey Pines North, in order to: a) help keep the number of rounds played on the South Course to 72,000 per year, which is necessary to retain the new championship level playing conditions on the South Course, and b) help pay for the higher cost per round of maintaining those championship level playing conditions.

In addition, the NR&C Committee, requested that the City Manager return to the Committee in July 2002 with a status report on golf course operations including the effectiveness of cancellation policies and credit card guarantee, cart policies, broker issues, revenues and marketing plan.

On November 6, 2001, City Council heard this item, and voted 8-1 in support of 33 of the 34 recommended operational changes at Torrey Pines and Balboa Park Golf Courses, including

NR&C's recommendations for revisions and additions.

DISCUSSION

The following is a status report on issues as requested.

Effectiveness of Cancellation Policies

Cancellation and no/shows have not been a significant problem since a change in policy that requires non-residents (brokers) to provide a credit card guarantee. Before the credit card guarantee went into effect, Torrey Pines experienced an excessive number of cancellations and no shows daily. The number has been reduced to nearly zero. We also have not experienced late hour cancellations as had previously occurred.

Resident Photo Identification Cards

In November, 2001 the point-of-sale system for Torrey Pines and Balboa Park Golf Courses added a new feature to include Resident Photo Identification Cards with a designated reservation number. The reservation system has been successful in that it now identifies San Diego City and County residents and allows them to book tee times through the Automated Tee Time Reservation System without the requirement of a non-refundable credit card guarantee.

Credit Card Guarantee

Effective November 29, 2001, the Golf Operations Automated Tee Time Reservation System was successfully programmed to accept credit cards in payment for reserved tee times. Non-resident golfers, and all golfers not holding a City or County Resident Identification Card, are required to reserve tee times at Torrey Pines Golf Course on the Automated Tee Time Reservation System using a non-refundable credit card guarantee.

Cart Policies

Power cars are mandatory for tournament play only on Torrey Pines North and South Golf Courses. This policy is consistent with the industry standard.

Broker Issues

Some brokers have been very cooperative in following Golf Operations' policies and procedures, and their business is appreciated. However, others continue to mislead the public into thinking Torrey Pines Golf Course is actually owned and operated by them, which, in some instances has created a negative public perception of golf course operations.

Golf Rounds and Revenue

Torrey Pines South Golf Course

Following a July 2001 through February 2002 reconstruction period, the Torrey Pines South Golf Course officially reopened for the 2002 Buick Invitational Golf Tournament. Following the Buick, revenue generated on this remarkably beautiful and pristine Course dramatically increased during the months of March through June, 2002. This was due in part to green fee rate increases approved by City Council on November 6, 2001 which became effective January 1, 2002. During the months of March through June, revenue increased an average of 41% over the same time period in FY 2001. Revenue derived from City Resident play averaged 40.1% of total revenue, with Non-Resident revenue, including tournaments, at 53.8%, and County Resident revenue at 4.7%.

Play on the South Course remained constant, though rounds were lower in number than during the same time frame in 2001, due to a revised tee time format. City Resident play averaged 61.7% of total play, with Non-Resident play, including tournaments, at 34%, and County Resident play at 4.2%. Junior Monthly Ticket play on the South Course amounted to 2,011 rounds for this period.

Torrey Pines North Golf Course

During the period of March through June, 2002, revenue derived from City Resident play averaged 49.1%, with Non-Resident revenue, including tournaments, at 45.3%, and County Resident revenue at 4%.

City Resident play on Torrey Pines North Golf Course averaged 73% of total play, with Non-Resident play, including tournaments, at 23.1% and County Resident play at 3.8%.

During the months of March through June, 2002 gross green fee revenue at Torrey Pines Golf Course increased by \$741,758 over the same time period in 2001. Even though Torrey Pines South Golf Course greens were not open for play during the months of July 2001 through February 2002, gross green fee revenue increased overall by 1% over FY 2001.

County Resident Discount Rates

On November 6, 2001, City Council approved new 9- and 18- hole San Diego County Resident rates at Torrey Pines Golf Course to become effective January 1, 2002. With the establishment of the new rates, County Resident play increased by 5,409 rounds for the period of January through June, 2002.

Torrey Pines Golf Course Marketing Plan

At the October 17, 2001 meeting of NR&C, Council Members recommended implementation of a professional marketing plan to promote play on the Torrey Pines Golf Course. The objective of the plan is to inform City and County residents, visitors, the local media, local hotels, motels, the San Diego Convention and Visitors Bureau, and golfers in nearby Southern California Counties of procedures to book tee times at Torrey Pines Golf Course, emphasizing that players

do not need to use brokers. Currently, when golfers access the Internet to book a tee time, they are directed to a broker. To address this issue, instructions on how to book a tee time by accessing the Golf Operations Automated Reservation System will be available on a new web site, along with current fees, and other pertinent golf course information. In addition, the marketing plan will include new updated brochures, a media guide, and advertisements in well known golf magazines and other publications. To cover these expenses, Golf Operations' FY 2003 Budget included \$70,000 for this item. Development of this plan is expected to be completed in FY 2003.

Improvements and Enhancements at Torrey Pines Golf Course

Golf Operations FY 2003 CIP Budget includes: 1) Renovation of 18 Greens and One Practice Green on Torrey Pines North Golf Course, and 2) ADA Upgrades to Torrey Pines South and North Course Bathrooms/Comfort Stations. Deferred maintenance projects for FY 2003 include re-roofing and painting the Torrey Pines South and North Course Maintenance Buildings.

For a more professional PGA level of maintenance on the newly renovated Torrey Pines South Golf Course, six Grounds Maintenance Worker I positions have been added to the FY 2003 budget. Four GMWI's are on board and two are awaiting background results. Golf Operations FY 2003 Budget includes an increase of \$86,300 for supplies and services to maintain Torrey Pines South Golf Course.

Reconstruction of the Torrey Pines Golf Course Clubhouse

The Torrey Pines Club Corporation is currently negotiating with the City's Real Estate Assets Department on contribution options for reconstruction of the Clubhouse at Torrey Pines.

SUMMARY

The theme of the Revised Manager's Recommendations for the operation of Torrey Pines and Balboa Park Golf Courses is to offer the best golf courses in the world, at an economical cost for City and County residents, and non-residents, in a fiscally responsible manner. Approval of the Revised Manager's Recommendations, largely supported by the citizen Golf Advisory Committee, has brought a new level of service and fiscal integrity to Torrey Pines and Balboa Park Golf Courses.

Respectfully submitted,

Ellen Oppenheim
Park & Recreation Director

Approved: Bruce A. Herring
Deputy City Manager

OPPENHEIM/JA