

DATE ISSUED: July 24, 2003 REPORT NO. 03-161

ATTENTION: Natural Resources and Culture Committee,
Agenda of July 30, 2003

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
AProposed 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

In support and recommendation from the Natural Resources & Culture Committee, on November 6, 2001, City Council adopted the City Manager's recommendations for changes in operations at Torrey Pines Golf Course and Balboa Park Golf Course for the period January 1, 2002 through June 30, 2005. The Natural Resources & Culture Committee supported 33 of the 34 City Manager recommendations for proposed golf operational changes at Torrey Pines and Balboa Park Golf Courses including proposed fee changes.

Six months into the implementation of these changes, a status report on golf issues was presented by the City Manager to the Natural Resources & Culture (NR&C) Committee on July 31, 2002. By a vote of 4-0, NR&C accepted the City Manager's report on the status of these issues.

In addition, the NR&C Committee requested the City Manager to report on the status of golf

issues in July, 2003.

DISCUSSION

The following is a status report as requested:

Effectiveness of Cancellation Policies

As was reported to the NR&C on July 31, 2002, cancellation and no/shows have not been a significant issue since this change in policy that require non-residents (brokers) to provide a credit card guarantee for reserved tee time when calling the Torrey Pines/Balboa Park Golf Courses Computerized Reservation System. This procedure continues to be adequate.

Resident Photo Identification Cards

The Torrey Pines and Balboa Park Golf Courses reservation system's added feature of being able to identify San Diego City and County residents with the use of Resident Photo Identification Cards have been remarkably successful. Once Resident Photo Identification Cards are acquired, the residents can now conveniently reserve tee times using the reservation system or otherwise cancel without being charged.

Credit Card Guarantee

On the July 31, 2002 status report to the NR&C, it was reported that 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. This procedure continues to be adequate.

Cart Policies

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

Broker Issues

As reported previously, generally brokers remain 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

- Balboa Park Golf Course

With the nation in economic decline, the golf industry has suffered as well. In spite of this, Balboa Park Golf Course has done extremely well. The total rounds played in Fiscal Year 2003 were 146,614 rounds, only a 4.8% decline from Fiscal Year 2002. City and County residents played an average of 94% rounds while Non-Residents, including tournaments, played an average of 6% rounds.

Revenue at Balboa Park Golf Course has increased at a 2% level from Fiscal Year 2002 due to the fee increase approved on November 6, 2001. Of the total revenue earned in Fiscal Year 2003, 79% was derived from City and County Residents play, 17% from Non-Residents, including tournaments play and 4% from the sale of I.D. Cards.

- Torrey Pines Golf Courses

Following the successful completion of the Torrey Pines South Golf Course renovation, the USGA announced Torrey Pines Golf Course as the site for the 2008 U.S. Open. This special event will mark the first ever U.S. Open to be held at a municipal golf course. In addition, Torrey Pines is renowned for its numerous awards which include Golf Digest rating the South Course as the “6th best public course” in the State of California and Golf magazine rated the South Course in the “Top 100 you can play in the United States”.

Torrey Pines South and North Courses have been open for play during the entire Fiscal Year 2003. The goal of limiting rounds to 72,000 for the South Course has been achieved. We have also been successful with resident rounds equaling 72.67% of the overall play at Torrey Pines and non-residents playing the remaining 27.33%.

With the approval of the fee increase on November 6, 2001 and the completion of the South Course Renovation, revenue at Torrey Pines Golf Courses increased 32%. Although the Golf Industry is struggling, the Torrey Pines facility continues to meet projections even with the annual fee increases for Tournament, County and Non-resident play.

- 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 established new rates, County Residents played a total of 6,994 rounds for the period of July 1, 2002 through June 30, 2003, an increase of 101% from Fiscal Year 2002. As

of July 1, 2003, there was a \$10.00 increase in rate for the South Course 18-Hole weekday/weekend, as well as a \$5.00 increase for the Twilight weekday/weekend.

- Torrey Pines Golf Course Marketing Plan

As recommended by Council Members at the NR&C meeting of October 17, 2001, a website has been established to promote play on the Torrey Pines Golf Course. The website address is www.sandiego.gov/torreypines. This website's main goal is to inform players on how to book tee times at Torrey Pines Golf Course with an emphasis 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 this website, along with current fees, and other pertinent golf course information. In addition, brochures and a media guide will be available next month.

- Improvements and Enhancements at Balboa Park and Torrey Pines Golf Courses

Golf Operation's FY 2004 CIP Budget includes: 1) \$308,000 for Balboa Park Golf Course Restroom Renovation for ADA Upgrades; 2) \$200,000 for Balboa Park Golf Course Concrete Step and Hand Railing Replacement; 3) \$120,000 for Balboa Park Golf Course Fence Replacement and Repair; and 4) \$150,000 for Torrey Pines Golf Course, North/South Course Restroom Replacement.

For a more professional and enhanced level of maintenance on the newly renovated Torrey Pines South Golf Course, all six Grounds Maintenance Worker I positions added in the FY 2003 budget were filled.

- Torrey Pines Future Renovations

The City has retained a professional group to develop a Master Plan for the Torrey Pines North Course, Driving Range, Clubhouse and parking. The City has started discussions with the Torrey Pines Corporation on financing options.

- Rental of Land Payment to General Fund

Based on the City Manager's recommendation to include all Golf Operations revenue in the calculation of Rental of Land payment to the General Fund, including the success in the implementation of the other approved Golf operations changes, as well as the approval from the Citizen Golf Advisory Committee of the modified calculation formula, the City is receiving a steady increase of rental payment from the Golf Enterprise Fund. The Fiscal Year 2004 budget is in the amount of \$1,681,628, an increase of \$322,608 from the Fiscal Year 2003 payment.

SUMMARY

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. In testimony to the success of these changes in Golf Operations, please see Attachments 1 and 2 showing statistical data of rounds and revenues for Fiscal Years 2002 and 2003.

Respectfully submitted,

Ellen Oppenheim
Park & Recreation Director

Approved: Bruce A. Herring
Deputy City Manager

OPPENHEIM/JA

ATTACHMENTS: [Two \(2\) Rounds/Revenues Charts](#)