



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: July 16, 2012 REPORT NO: 12-086

ATTENTION: Natural Resources and Culture Committee

SUBJECT: Golf Division Business Plan

REQUESTED ACTION:

This action is to approve the Golf Division Business Plan that will provide future direction in the operation of the three municipal operated golf courses.

STAFF RECOMMENDATION:

Approve Requested Action

SUMMARY:

Background

Since 2001, the City's golf program has operated under the procedures and guidelines outlined in the City Council approved 5-Year Business Plans (Plans) of 2001 and 2006. These Plans have outlined key issues facing the daily operation of the City golf complexes as well as establishing the green fee structures for each of the five year terms covered by the plans.

During the preparation of the current draft of the Golf Division Business Plan (Business Plan), Golf Operations staff has worked to review the current status of the Golf Division with the Committee. This input began in September of 2011. In all, the Committee met 11 times to discuss the goals and specifics of the proposed Business Plan.

Discussion

The primary purpose of the proposed Business Plan is to provide direction for the Golf Division over the next several years. In general, the plan provides a structure that will allow the Golf Division to successfully operate each of the golf complexes and provide excellent golfing opportunities to the public while ensuring that the golf complexes are properly maintained and the Golf Enterprise Fund continues to maintain its long term financial sustainability.

Throughout the term of the Business Plan, the Golf Division will implement unique, and course specific, marketing strategies as needed in order to address issues such as: revenue generation, yield management capabilities, tournament solicitation, etc.

Public and Stakeholder Input

An Ad Hoc Advisory Business Plan Committee (Committee) was formed in September 2011 to assist and provide an advisory role in the review of the Business Plan. This Committee of ten stakeholders, and one Chairperson, conducted 11 public meetings from September 22, 2011 to May 31, 2012 engaging in public dialogue pertaining to the Business Plan. Staff made informational presentations at a series of Committee meetings that were open to the public. The meeting dates and agenda subjects are listed below. A Committee web page was established and staff presentations and other related information was made available to the public at: www.sandiego.gov/park-and-recreation/general-info/golfbusinessplancommittee.shtml

Committee meeting dates and agendas:

- September 22, 2011 – Brown Act Guidelines / Division Status review
- October 6, 2011 – Customer Satisfaction Survey / Golf 2.0 (PGA presentation)
- October 20, 2011 – Goals and Objectives / Division Financial Position
- November 3, 2011 – Review of Balboa Park and Mission Bay Golf Courses
- November 17, 2011 – Review of Torrey Pines North and South Golf Courses
- December 1, 2011 – Division CIP / Marketing
- December 15, 2012 – Workshop
- February 9, 2012 – Revisit key issues discussed with the Committee
- March 8, 2012 – Revisit CIP and Marketing Plan
- May 17, 2012 – Review draft of the Business Plan
- May 31, 2012 – Committee motion and approval of the Business Plan

The Committee's May 31, 2012 motion and approval include the following:

- The Committee recommends approval of the Business Plan, with six modifications, by a vote of 5-0-1, with the Chairperson not voting.
- Committee approval of the Business Plan does not imply committee approval of the future Capital Improvements Projects listed in the Business Plan document.
- The Committee recommends that the Park and Recreation Board identify a month that the Business Plan would be reviewed annually on that same month of the year.

The Committee's May 31, 2012 modifications to the Business Plan included:

- Three additions and one change to sub-goals in the "Goals and Objectives" section;
- The Park and Recreation Board annually review Resident Golf Identification Card costs;
- Clarification that the current discounted monthly resident Junior Ticket is not valid on weekends and holidays; and
- Business Plan wording modification that Special Use Permits do not supersede legal settlement agreements. Since Special Use Permits do not supersede legal settlement agreements staff has not included this statement in the Business Plan.

Park and Recreation Board reviewed the Proposed Business Plan on June 21, 2012 and voted 8-0-2 to recommend approval of the Business Plan and added a recommendation to include formation of a committee to advise Golf Division.

Key components of the Business Plan are listed below.

Key Business Plan Areas

1. **Rate Overview:** There are no rate increases proposed and structured for any of the three courses within the Business Plan. Rate increases would not even be considered until after June 30, 2013 (FY 2014) including City of San Diego Resident ID Cards, currently at \$25.00 per year.
2. **Flexibility:** A key component of the proposed Business Plan is creating flexibility as it relates to golf green fee pricing in this competitive golf environment. To compete in this dynamic and changing golf market, the Business Plan gives authority to the Park and Recreation Director to decrease or increase prices within specified parameters while following prescribed procedures.
3. **Plan Duration:** The proposed Business Plan is a "rolling plan". The Committee made a specific recommendation that the City staff should not be constrained by a specific duration, as was the case with the current Business Plan (sunsetting in June 2011). The proposed Business Plan does discuss procedures allowing for updates rather than waiting for a plan to expire.
4. **Resident Access:** As in the past Business Plan, providing Resident access to tee times remains a high priority. Currently, among the three City courses, only at Torrey Pines is Resident access a concern. At Torrey Pines, the annual goal is to provide Residents with access to 70% of the available tee times. If and when needed at the other two courses, a mechanism would be created to ensure Resident access.
5. **Program Support:** Consistent with our Goals and Objectives, the Golf Division will continue to support and maintain our strong relationship with our Men's and Women's Clubs. Our support of junior and high school golf will also remain a high priority. In addition, the Golf Division will also look for ways to get involved with college golf, significant amateur golf competitions and events that, in general, are good for the game of golf.
6. **Marketing Plan:** The proposed Business Plan calls for the development of a Marketing Plan and the hiring of a full-time Public Information Officer. In order to compete in this golf market, the Golf Division must use today's technology to communicate with current and prospective customers to maintain and grow our customer base, ensuring the long-term stability of the Enterprise Fund.
7. **Capital Improvements:** For our golf courses to reach their full potential, the Golf Division must invest in their facilities. Discussed in the proposed Business Plan are

"Current" and "Future" capital improvements for each facility. The Golf Division is in a favorable position with the ability to make some of the much-needed improvements that will give the courses a competitive advantage in the golf market.

Municipal Golf Committee

The Park and Recreation Director will create and appoint members to a standing committee, the Municipal Golf Committee (MGC), for the purpose of providing input on the implementation and monitoring of the Business Plan. It is anticipated that the committee will be formed, then first meet in March 2013, after completion of the Farmers Insurance Open Tournament.

FISCAL CONSIDERATIONS:

Each of the specific Business Plan recommendations has potential financial impacts affecting the financial viability of the Golf Enterprise Fund. It is estimated that the Flexibility plan proposal will result in an undetermined amount of future increased revenue. The results of additional revenue obtained from new marketing efforts and yield management golf green fee discounting will be evaluated and reported annually to the Park and Recreation Board.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Park and Recreation Board voted to recommend approval of the Business Plan with an additional recommendation to include formation of an advisory committee to advise Golf Division.

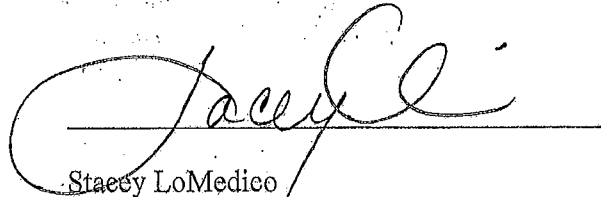
The ad hoc Golf Division Business Plan Committee voted to recommend approval of the Business Plan with modifications on May 31, 2012. The vote to approve was 5-0-1, with the Chairperson not voting.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Stakeholders include approximately 25,000 golfers who played a total of approximately 288,000 golf rounds in FY 2012 at Balboa Park, Mission Bay and Torrey Pines golf courses.



Mark Marney
Deputy Director, Golf Division



Stacey LoMedico
Director, Park and Recreation

Attachment: Golf Division Business Plan