

A G E N D A R E P O R T

DATE February 5, 2008

ITEM Resolution 9726 Golf Fees

INITIATED BY Park & Recreation Department & Golf Advisory Board

ACTION REQUESTED Conduct Public Hearing and Approve Resolution 9726, Option 1 or Option 2

PREPARED BY Marty Basta, Park & Recreation Director and Patty Rearden, Deputy Director

PRESENTED BY Marty Basta, Park & Recreation Director

- - - - -

**RECOMMENDATION:**

Staff recommends the City Commission conduct a public hearing and approve Resolution 9726 Golf Fees, Option 1, Option 2, or Option 3 (currently under development).

**MOTION:**

“I move the City Commission conduct a public hearing and approve Resolution 9726 Golf Fees \_\_\_\_\_ (Option 1 or Option 2).”

**ALTERNATIVE MOTION:**

“I move the City Commission continue the public hearing until February 19, 2008 to allow staff time to develop Option 3 for consideration in conjunction with Options 1 and 2 prior to approving Resolution 9726.”

**SYNOPSIS:**

The City Commission is asked to conduct a public hearing on Resolution 9726 to hear comments regarding proposed rates. Resolution 9726 would repeal Resolution 9545 and set fees for the 2008 golf season.

**Option 1**

Fee increases as shown on Exhibit A are based on the Golf Advisory Board’s recommendations on October 29, 2007. The Board approved a motion to recommend to the City Commission a user fee consisting of \$1 for 9 holes and \$2 for 18 holes for all golf course season passes, excluding junior passes. Staff has estimated that this increase will generate approximately \$56,600 in user fee revenue. Additionally, the Golf Board recommended an increase in greens fees of \$1 for 18 holes at both courses (excluding junior fees). Staff has estimated the increased greens fees would generate approximately \$7,500 in revenue, for a total increase in revenue under the Golf Advisory Board proposal of approximately \$64,100. This proposal was also approved by the Park and Recreation Advisory Board on January 14, 2008, based on the recommendation of the Golf Advisory Board.

**Option 2**

Fee increases as shown on Exhibit B are based on an alternative recommendation developed by City staff. Upon receiving public comment and correspondence from golfers, staff felt it to be prudent to offer an alternative fee increase to the one originally proposed by the Golf Advisory Board. This alternative includes increasing all season passes by \$50 (couples would be \$100 or \$50 per person; excludes junior fees) and increasing greens fees \$1 for 18 holes at both courses (excluding junior fees). Staff has estimated the increase in season pass revenue will be \$50,300 and the increase in greens fees will generate approximately \$7,500 for a total increase of \$57,800.

### Option 3

At the January 30, 2008 agenda meeting the City Commission requested staff to prepare a third fee alternative. This alternative is not included at this time as it requires additional research and evaluation. Therefore, a third possible motion is provided that would continue the public hearing until February 19, 2008 to allow staff to fully research and prepare Option 3 for City Commission consideration.

### **BACKGROUND:**

The City golf courses are currently operating at a deficit. In addition, there is not enough revenue being generated to meet bond covenants. Both of these factors are serious and could jeopardize the future of the City run courses. The golf course funds have been monitored closely, expenses have been controlled, and modest fee increases have been implemented. In addition, improvements have been made to the courses to make them more inviting, and incentives have been put in place to increase play and income. Since 2003, the General Fund has provided \$846,289 towards capital improvements and operating expenses. This is in addition to an intended temporary cash flow support in the amount of \$1,358,000. The overall strategy has been to improve management, reduce costs where possible, improve sales, and increase prices modestly and in line with the competitive market.

Staff presented a financial report as well as statistical data to the Golf Advisory Board on October 22, 2007 for their consideration. A week later on October 29, 2007, the Board reconvened to discuss possible remedies to the golf courses' deficit. The Golf Advisory Board approved their recommendation for golf course fee increases at this meeting with the concurrence and support of some golfers who were present. Subsequent meetings to discuss the Golf Advisory Board's fee proposal were held on January 7, and January 28, 2008. Golfers were invited to discuss the proposed fee increase with approximately 50 golfers attending the two meetings combined. A great deal of interest was expressed by golfers to have a flat fee increase on season passes rather than the \$1 and \$2 user for season pass holders. Concerns with the user fee included time involved for golfers to check in as well as logistical issues for golfers and City staff to implement the user fee. City staff expressed similar concerns to the Golf Advisory Board. Following the discussion, Board members expressed the desire to move forward with their original recommendation and for the City Commission to conduct the Public Hearing as scheduled. In view of differing opinions within the golfing community, City staff believes it prudent to provide an alternative option at the Public Hearing that would address the concerns expressed by golfers at the public meetings. Staff has prepared Option 2 to address concerns raised by an apparently growing number of golf course users. An Option 3 has been requested by the City Commission and is under development.