

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

DATE February 19, 2008

ITEM Resolution 9726 Golf Fees

INITIATED BY Park & Recreation Department & Golf Advisory Board

ACTION REQUESTED Continue Public Hearing and Adopt Resolution 9726

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

PRESENTED BY Marty Basta, Park & Recreation Director

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RECOMMENDATION:

After closing the public hearing, staff recommends the City Commission continue the public hearing and adopt Resolution 9726 Golf Fees.

MOTION:

“I move the City Commission adopt Resolution 9726 Golf Fees.”

SYNOPSIS:

On February 5, the City Commission conducted 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. The City Commission voted to continue the public hearing until February 19, 2008 to allow staff time to develop an additional option based on a tiered approach for season passes. Additionally, the Commission voted to remove Option 1 for consideration at the Public Hearing.

After analysis by staff, it was determined that the tiered option was extremely complicated and would be very difficult to administer. Therefore, that option is not recommended by staff. Upon review of public comment and City Commission input, staff has developed a final proposal for golf course fee increases. The final proposed fee increases being presented to the City Commission for approval are outlined in Resolution 9726. The proposal includes increasing all season passes by \$50 (couples would be \$100 or \$50 per person; excludes junior fees) and increasing greens fees \$1 for 9 holes and \$2 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 \$31,017, for a total increase of \$81,317. Staff has included a proposal for a \$50.00 discount to first time season pass buyers to enhance sales of the passes and to increase golf memberships.

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. This option (Option 1) was removed from consideration by the City Commission at the February 5, 2008 Public Hearing. In view of differing opinions within the golfing community, City staff believed it prudent to provide an alternative option at the Public Hearing that would address the concerns expressed by golfers at the public meetings. Staff 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 has been developed by staff for review and consideration by the City Commission. After careful analysis and consideration of all proposed options, staff is recommending the approval of the sole option proposed in Resolution 9726.