



The City of San Diego

Staff Report

DATE ISSUED: September 17, 2020

ATTENTION: Municipal Golf Committee

SUBJECT: Golf Operations Annual Business Plan Update

REFERENCE: 2012 Golf Division Business Plan

SUMMARY:

THIS IS AN INFORMATIONAL ITEM.

The City operates three municipal golf complexes: Balboa Park Golf Course, Mission Bay Golf Course and Torrey Pines Golf Course.

In 2012, City Council approved the Parks and Recreation Department, Golf Division Business Plan (the "Business Plan"), which provides a framework that guides operation and management of City-operated golf complexes. The Business Plan's goal is to provide excellent golfing opportunities to the public; ensure golf complexes are properly operated, while maintaining the Golf Enterprise Fund's long-term financial sustainability.

DISCUSSION:

This report, in accordance with the adopted Business Plan, will provide a comprehensive division update, including course information, golf rounds data, financial information and progress on Business Plan initiatives.

Course Information

Balboa Park Golf Course:

Operating since 1919, this 160-acre facility features a 6,281 yard, 18-hole championship course that is the home to the City of San Diego's annual City-Amateur Championship. The facility also offers a 2,175 yard, 9-hole executive course and a 18-hole Footgolf course.

Mission Bay Golf Course:

Built in 1955 and turned over to the City in 2003, this 46-acre facility features a 2,706 yard, executive 18-hole course with a practice driving range, new practice putting green and short game facility, an 18-hole Footgolf course and a recently installed 18-hole Disc golf course.

Torrey Pines Golf Courses:

Operating since 1957, this 220-acre facility features two internationally renowned 18-hole championship courses that regularly rank as two of the best public courses in the country. Since 1962, this facility has hosted a Professional Golfers Association (PGA) Tour event, currently known as the Farmers Insurance Open annually. In 2008, the City hosted the United States Golf Association's U.S. Open Golf Championship and will host again in 2021.

Golf Rounds

As shown in Table B below, rounds played at all City-operated courses decreased by 15,831 from 321,355 in FY 2019, to 305,524 in FY 2020, a .5% change. The decrease is primarily attributed to the Covid-19 pandemic which led to the closure of all golf courses for 41 days. Since the reopening in May, the complexes have generated a record number of rounds which is attributed to pent up public demand and a desire to find opportunities to recreate outdoors. Golf is naturally suited to provide the public with an activity that allows for social distancing while providing excellent exercise and health benefits. In addition to the decrease in the number of rounds played as a result of the pandemic, the South Course also experienced less play in the first three months of fiscal year 2019 due to the completion of the \$17 million South Course Renovation Project which required some holes to close and providing less than optimal course conditions.

The Division's continued efforts in golf course promotion with an emphasis on course conditions has helped Balboa Park and Mission Bay Golf Courses remain relevant in the golfing community and each has enjoyed increased public patronage throughout the course of the pandemic. The goal will be to retain this new customer base.

Table B - Annual Rounds Comparison

	FY 2020	FY 2019	FY 2018
Balboa 9 - Hole	48,777	44,267	46,380
Balboa 18 - Hole	60,308	61,871	57,704
Mission Bay	60,918	66,404	65,164
Torrey Pines North	75,080	84,876	81,889
Torrey Pines South	60,441	63,937	69,055
Total	305,524	321,355	320,192

The Business Plan identifies target goals for the number of golf rounds to be played at each

course. These goals are based on historical totals and represent the optimal number of rounds while still being able to maintain a quality golf experience. Though they are lower than previous years, that is to be expected with the six-week course closures.

Table C – Golf Division FY 2020 Annual Rounds

	Target Rounds	Actual Rounds	Difference	% of Target Met
Balboa 9 - Hole	60,000	48,777	-11,223	81%
Balboa 18 - Hole	70,000	60,308	-9,692	86%
Mission Bay	75,000	60,918	-14,082	81%
Torrey Pines North	82,800	75,080	-7,720	91%
Torrey Pines South	64,000	60,441	-3,559	94%
Total	351,800	305,524	-46,276	87%

Financial Position

The financial position of the Golf Enterprise Fund remains strong. Despite the operational challenges as a result of the pandemic, the estimated year-end net balance is \$3.93 million, which exceeded our revenue and budget projections. As an Enterprise Fund, excess revenue is used to fund capital improvement projects within the division.

TABLE D – Golf Division Revenue vs. Expenses

	Revenue	Expenses	Net Revenue
FY 2020	\$23,122,888	\$19,191,858	\$3,931,030
FY 2019	\$24,837,924	\$18,302,652	\$6,535,272
FY 2018	\$23,933,357	\$17,938,067	\$5,995,290

Source: City of San Diego SAP financial system Budget-to-Actual as of September 4, 2020

Capital Improvements Program (CIP)

The City golf courses continue to be assessed for improvements to provide the public a quality golf experience while helping to streamline expenses. The Golf Division will continue to invest in capital projects that focus on enhancing facility maintenance and upgrading infrastructure to improve golf course conditions. The following is an update of current key projects at City-operated golf courses:

- Balboa Park Golf Course
 - Bathroom Renovation – A renovation to the downstairs bathroom will convert the men’s restroom into a unisex, single stall restroom, which will be ADA compliant and provide a clean, fresh look. This project is currently in the design phase and is scheduled to commence construction in May of 2021.

- Mission Bay Golf Course
 - Golf Course Renovation & Reconstruction Improvements –The project will consist of a new state-of-the-art irrigation system which will provide a more efficient use of water at the course, as well as infrastructure improvements for the electrical system. In addition, the project will include demolishing the existing 60-year-old clubhouse/restaurant and replace it with new modular buildings that include a new golf shop, restrooms, and café.

- Torrey Pines Golf Course
 - Repair Storm Drain Outfall – A draft Biological Technical Report and the Geotechnical Report are currently under review. The scope of work will consist of expanding the current storm drain to reduce the erosion and degradation of the cliff between 12 green and 13 tee box on the North Course. This work is scheduled to commence in 2022.

 - U.S. Open Championship Driving Range Tee – The construction of a driving range tee, located on holes 1 and 18 of the North Course, will commence in February of 2021 and will serve the US Open Golf Championship. Once the championship is complete, the tee will be removed and repaired to its natural state.

 - Torrey Pines Clubhouse Project – The Division will begin to explore the potential for a new clubhouse. The project will consist of demolishing the current clubhouse, relocating the putting greens and creating a new building that will house the golf shop, cart barn and office space for the current lessee and Golf Division leadership.

Fee Increases

To maintain appropriate funding and reserves, and in accordance with the standards set forth in the 2012 Golf Division Business Plan, the Golf Division will be implementing fee increases for each golf course, except the South Course at Torrey Pines. The fee increases will be effective January 1, 2021 and are detailed in Exhibit A. The increase will be capped at 3% (\$1) for residents and 5% (\$3 - \$7) for non-residents depending on the day of week. This increase is to support the year-over-year increase in expenses. This will be the second-rate increase at Balboa Park Golf Course and Mission Bay Golf Course since 2010.

Business Plan Primary Accomplishments (Fiscal Year 2020)

The following have been accomplished in accordance with the Business Plan:

- Balboa Park Golf Course

- Began a Request For Proposal (RFP) for a new fleet of golf carts, expected to be delivered before the new year.
- Procured a new reel grinding machine and a backhoe which will improve agronomic practices and improve the playing experience for guests.
- Transitioned workspaces to adhere to new safety protocols which will allow for appropriate social distancing.
- Mission Bay Golf Course
 - Incorporated disc golf into the Golf Division App, which allowed for a “first of its kind” digital GPS Scorecard and created a new avenue to connect with new customers.
 - Secured an outside lighting vendor which allows the division to make repairs much sooner when an outage occurs.
 - Trimmed trees around lights to allow for better night lighting on the course.
 - Credit card terminals were updated to allow for contactless processing.
- Torrey Pines Golf Course
 - Completed the \$17 million South Course infrastructure project that focused on the installation of a state-of-the-art irrigation system and incorporated several strategic changes by famed golf course architect, Rees Jones. The project also relined and refreshed bunkers, improved drainage throughout the property, created new tee boxes while realigning existing ones, and restored the green edges to their original design.
 - The online advanced reservation program completed its first year of operation. This program has increased convenience for guests and reduced the workflow for staff, while allowing them to better serve customers at the golf course.
 - Transitioned to selling resident ID cards entirely online through ID.me, a digital verification company, that provides online credentials to residents, for the purchase of their annual resident ID cards. Since the change in policy, resident ID card sales have increased 17%.
 - Moved golf operations into the golf shop to improve the customer experience when checking in for tee times.

- Marketing and Community Engagement
 - The Division's social media continues to grow in popularity and engagement with more than 12,000 followers across seven social media platforms. Plans are underway to add Instagram accounts for Mission Bay and Balboa Park courses.
 - In July 2019, the Division introduced the ability for golfers to book their advanced tee times online instead of calling to make reservations. The Division conducted outreach to its large database of golfers as well as initiated a social media campaign highlighting the advantages of making reservations online. This resulted in improved customer service and a 23% increase or \$1,458,000 in revenue.
 - The San Diego Golf mobile app continues to be a success with more than 15,000 downloads and the ability to communicate to the public in real time. When the Division was able to reopen golf courses, the app was helpful in letting the public know immediately the courses were reopened and the Division was able to fill tee sheets at all facilities quickly and efficiently. The Division will continue to improve the app capabilities to make it a customer "one stop shop" for access and information related to the City's three facilities.

U.S. Open Championship

The U.S. Open Championship is one of golf's four major events of the year. In 2008, the U.S. Open was held at Torrey Pines Municipal Golf Course and had one of the most memorable finishes in the history of the game. Due to the success of the event, the rigorous test of golf provided by the South Course and the commitment to excellence by the City, Torrey Pines was selected to host the 2021 U.S. Open. Preparations and planning have already begun to ensure another successful event.

CONCLUSION:

During the next 12 months, it will be hard to predict what lies ahead, due to the everchanging landscape presented by the Covid-19 outbreak. Staff has been resilient in the face of this uncertainty and should be commended for their efforts. Staff continue to plan and focus their attention on enhancing the customer experience, which will help retain current patrons and hopefully capture new golfers, at each of the three golf facilities.

The Golf Division is looking forward to the opportunity to showcase Torrey Pines on a global scale when it hosts the 2021 U.S. Open Championship. The Division will be challenged by conducting five significant tournaments, the 2020 Farmers Insurance Open, 2020 California State Amateur 2021 Farmers Insurance Open, 2021 U.S. Open

Championship, and the 2022 Farmers Insurance Open, in a 24-month span, but it is one that the City has been looking forward to for years.

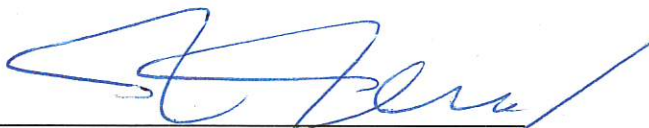
The Golf Division will continue to responsibly manage the Golf Enterprise Fund's to ensure General Fund obligations will not be necessary to operate the three municipal golf facilities. We will invest in capital improvements to upgrade each facility's infrastructure to ensure staff have the tools necessary to provide exceptional customer service and quality golf course conditions at an affordable price.

Since its approval by City Council in November 2012, the Business Plan has been the guiding document Golf Division staff have utilized to improve customer service, effectively market City golf facilities and place the Division on sound financial ground. The framework and flexibility of the plan has been effective in allowing the Division to adapt to market changes in a much more efficient manner, none so dynamic as the environment we currently face. Many new players have found golf is a fun and inclusive sport that can easily adapt to social distancing guidelines and we will continue to retain those customers moving forward.

The market continues to strengthen as health restrictions limit residents' options for activities. Long-range annual golf rounds projections remain above 300,000 rounds across the Division, which reflects the stability created from the plan even through these challenging times.

These past months I have watched division staff rise to the unprecedented challenge put before it and I am proud of their efforts and the important services we provided and continue to provide. to the public that desperately needs activities that improve the health both physically and mentally. We look forward to continuing to provide a world class golf experience that caters to golfers of all ages and skill levels.

Respectfully submitted,



Mark Marney
Deputy Director, Golf Division

cc: Scott Bentley, Assistant Deputy Director, Golf Division
Rumi Doherty, Supervising Management Analyst, Golf Division

EXHIBIT A

BALBOA PARK 9 HOLE GOLF COURSE PROPOSED FEE INCREASES			
TYPE OF FEE	Current Fees	New Fees	Change
RESIDENT	2020	2021	
9 Holes – Weekday Adult	\$14	\$15	\$1
9 Holes – Weekday Junior	\$13	\$14	\$1
9 Holes – Weekday Senior	\$10	\$11	\$1
9 Holes – Weekend / Holidays	\$19	\$20	\$1
NON-RESIDENT			
9 Holes – Weekday Adult	\$19	\$20	\$1
9 Holes – Weekday Junior	\$14	\$15	\$1
9 Holes – Weekday Senior	\$19	\$20	\$1
9 Holes – Weekend / Holidays	\$24	\$25	\$1
TOURNAMENTS			
Tournament – Weekday – Tee Times	\$27	\$28	\$1
Tournament – Weekday – Shotgun Start	\$38	\$40	\$2
Tournament – Weekend / Holidays – Tee Times	\$33	\$35	\$2
Tournament – Weekend / Holidays – Shotgun Start	\$43	\$45	\$2
1 Day Course Buy-Out (Monday / Thursday)	\$17,000	\$17,000	\$0
1 Day Course Buy-Out (Friday/Sunday and Holidays)	\$20,000	\$20,000	\$0

BALBOA PARK 18 HOLE GOLF COURSE PROPOSED FEE INCREASES			
TYPE OF FEE	Current Fees	New Fees	Change
RESIDENT	2020	2021	
18 Holes – Weekday Adult	\$33	\$34	\$1
18 Holes – Weekday Junior	\$29	\$30	\$1
18 Holes – Weekday Senior	\$23	\$24	\$1
18 Holes – Weekend / Holidays	\$41	\$42	\$1
Twilight Weekday	\$20	\$21	\$1
Twilight Weekend	\$25	\$26	\$1
NON-RESIDENT			
18 Holes – Weekday Adult	\$42	\$44	\$2
18 Holes – Weekday Junior	\$29	\$30	\$1
18 Holes – Weekday Senior	\$42	\$44	\$2
18 Holes – Weekend / Holidays	\$53	\$56	\$3
Twilight Weekday	\$25	\$26	\$1
Twilight Weekend	\$32	\$34	\$2
TOURNAMENTS			
Tournament – Weekday – Tee Times	\$55	\$58	\$3
Tournament – Weekday – Shotgun Start	\$65	\$68	\$3
Tournament – Weekend / Holidays – Tee Times	\$65	\$68	\$3
Tournament – Weekend / Holidays – Shotgun Start	\$76	\$80	\$4
1 Day Course Buy-Out (Monday / Thursday)	\$19,000	\$19,000	\$0
1 Day Course Buy-Out (Friday/Sunday and Holidays)	\$24,000	\$24,000	\$0

MISSION BAY GOLF COURSE PROPOSED FEE INCREASES			
TYPE OF FEE	Current Fees	New Fees	Change
RESIDENT	2020	2021	
18 Holes – Weekday Adult	\$25	\$26	\$1
18 Holes – Weekday Junior	\$10.50	\$11	\$0.50
18 Holes – Weekday Senior	\$18	\$19	\$1
18 Holes – Weekend / Holidays	\$31	\$32	\$1
9-Holes Adult Weekday	\$14	\$15	\$1
9-Holes – Weekday Junior	\$10.50	\$11	\$0.50
9-Holes Senior Weekday	\$10	\$11	\$1
9-Holes Weekend/Holidays	\$19	\$20	\$1
NON-RESIDENT			
18 Holes – Weekday Adult	\$30	\$32	\$2
18 Holes – Weekday Junior	\$21	\$22	\$1
18 Holes – Weekday Senior	\$30	\$32	\$2
18 Holes – Weekend / Holidays	\$38	\$40	\$2
9-Holes Adult Weekday	\$18	\$19	\$1
9-Holes –Weekday Junior	\$12	\$13	\$1
9-Holes Senior Weekday	\$18	\$19	\$1
9-Holes Weekend/Holidays	\$23	\$24	\$1
TOURNAMENTS			
Tournament – Weekday	\$30	\$32	\$2
Tournament – Weekend / Holidays	\$38	\$40	\$2

TORREY PINES NORTH COURSE PROPOSED FEE INCREASES			
TYPE OF FEE	Current Fees	New Fees	Change
RESIDENT	2020	2021	
18 Holes – Weekday (Mon. – Thurs.) Adult	\$43	\$44	\$1
18 Holes – Weekday (Mon. – Thurs.) Junior	\$43	\$44	\$1
18 Holes – Weekday (Mon. – Thurs.) Senior	\$31	\$32	\$1
18 Holes – Weekend (Fri. – Sun.) / Holidays	\$56	\$58	\$2
Twilight Weekday (Mon. – Thurs.)	\$27	\$28	\$1
Twilight Weekend (Fri. – Sun.)	\$33	\$34	\$1
9-Hole Only (back 9) – Weekend (Fri. – Sun.)/ Holidays	\$33	\$34	\$1
NON-RESIDENT			
18 Holes – Weekday (Mon. – Thurs.) Adult	\$122	\$128	\$6
18 Holes – Weekday (Mon. – Thurs.) Junior	\$85	\$89	\$4
18 Holes – Weekday (Mon. – Thurs.) Senior	\$122	\$128	\$6
18 Holes – Weekend (Fri. – Sun.) / Holidays	\$152	\$160	\$8
Twilight Weekday (Mon. – Thurs.)	\$72	\$76	\$4
Twilight Weekend (Fri. – Sun.)	\$91	\$96	\$5
9-Hole Only (back 9) – Weekend (Fri. – Sun.)/ Holidays	\$91	\$96	\$5
TOURNAMENTS			
Tournament – Weekday (Mon. – Thurs.)	\$122	\$128	\$6
Tournament – Weekend (Fri. – Sun.) / Holidays	\$152	\$160	\$8
1 Day Course Buy-Out (Weekday/Weekend Non-Holiday)	\$54,000	\$54,000	\$0