

Performance Audit of the City's Management of Its Leased Golf Property Portfolio

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Finding 1

The City should collect and report performance data on its leased golf courses to assess lessee performance and maximize City revenue and public benefit.

Finding 2

Lack of regular site inspections and ongoing holdovers put the City's leased golf course properties at risk of property deterioration, reduced public benefit, and lost financial value.

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The Office of the City Auditor would like to thank staff the following departments and divisions for their assistance during this audit:

- Economic Development Department
- Parks and Recreation Department Golf Division
- Office of the City Treasurer



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Performance Audit of the City's Management of Its Leased Golf Property Portfolio

Why OCA Did This Study

The City owns eight golf courses, totaling 868 acres of land, that are leased out to private and non-profit operators. In FY2024, these leased golf courses generated \$34 million in revenue for course operators, \$3.7 million of which was paid to the City in rent. Given the City's average annual General Fund budget shortfall of approximately \$108 million from FY2026 through FY2031, maximizing lease revenue from the City's golf courses could help address the deficit and protect critical City services.

The revenue from the leased golf courses supports essential General Fund services, such as public safety, parks, streets, and libraries, and supports the Water Fund, which helps offset ratepayers' water bills. The golf courses are also intended to provide recreational opportunities for residents.

Therefore, we conducted a performance audit with the objective to determine whether the City is appropriately managing its leased golf property portfolio to maximize financial return or public benefit, including:

- Appraisals
- Revenue
- Public Benefit
- Transparency

Exhibit 8: The Percentage of Total Revenue That Lessees Pay to the City Varies Widely, Ranging from 1-25 Percent

Lessee	FY2025 Lessee Revenue	CY2024 Amount Lessee Paid to City	Percent of Lessee Revenue Paid to City
Fairbanks Ranch Country Club	\$16,726,000	\$863,498	5%
Vineyard	\$5,768,653	\$654,906	11%
Mission Trails	\$4,960,821	\$1,114,170	22%
Tecolote Canyon	\$2,903,771	\$735,293	25%
Carlton Oaks	\$2,346,335	\$210,733	9%
Hodges	\$977,625	\$150,880	15%
Colina Park	\$836,247	\$4,398	1%
Presidio	\$248,855	\$10,200	4%
Total	\$ 34,768,307	\$3,744,077	11%

Source: Fairbanks Ranch Country Club (The Bay Clubs Company, LLC); Vineyard (The City of Escondido); Mission Trails, Tecolote Canyon (American Golf Corporation); Carlton Oaks (Carlton Oaks Golf Club); Hodges (Pak and Park, LLC); Colina Park (Pro Kids Golf Academy, INC); and Presidio Hills (Justine D. Lee, an individual, d.b.a. Presidio Hills Golf Course).

What OCA Found

Finding 1: The City should collect and report performance data on its leased golf courses to assess lessee performance and maximize City revenue and public benefit.

- The City has historically **missed opportunities to increase revenues** from leased golf courses, with some course leases remaining in holdover for years. EDD is currently reviewing its golf lease portfolio to address its holdover leases.
- The City's golf course leases do not include standard performance reporting requirements, while other municipalities have **performance reporting and monitoring requirements** and include capital improvements in their golf course lease agreements.
- **Capital improvement provisions are included inconsistently** across the City's golf course leases and it is unclear if capital needs have been considered in every lease negotiation.
- The Parks and Recreation Department's Golf Division collects and reports performance information for City-operated golf courses, **but leased golf courses are not included**.

As a result, City leaders and the public are unaware of leased course performance and opportunities to increase revenues and public benefit.

- The percentage of total **revenue that lessees pay to the City varies widely**, ranging from 1 percent to 25 percent, with higher lessee revenues not consistently corresponding with higher proportional returns to the City.
- The Fairbanks Ranch Country Club's lease allows the City to reappraise and adjust rent in 2026, and the course's financial performance indicates a reappraisal **could generate millions of dollars in additional General Fund revenues per year**.
- Reporting on performance and lease terms is essential to **identify performance trends and potential revenue opportunities**, and could be used by policymakers and City Management to **determine the highest and best use of the City's lessee-operated golf properties**.

Finding 2: Lack of regular site inspections and ongoing holdovers put the City's leased golf course properties at risk of property deterioration, reduced public benefit, and lost financial value.

- **Economic Development does not annually conduct site inspections on the City's leased golf course properties** and has instead conducted inspections at an average interval of 3.4 years for its eight leased properties. The Golf Division stated that inspections should ideally be conducted at least every six months.
- Without regular inspections, the **value of the City's leased golf courses could degrade rapidly**, which increases repair costs, weakens the City's position during lease negotiations, and negatively impacts playability and revenue earning potential.
- The Golf Division's City-operated golf courses are well maintained while **maintenance conditions for lessee-operated golf courses vary**.
- EDD uses a general inspection form to inspect all City-leased properties, including golf courses; however, **using a golf specific inspection form will assess golf-specific property conditions that affect a course's condition and playability**.

- The City currently has four golf leases in holdover which may **lead the City to forego revenue by allowing lessees to pay less than fair market rent**.

Exhibit 16: The City's Operated Golf Courses are Well Maintained While Maintenance Conditions for Lessee-Operated Courses Vary

Torrey Pines
(City-Operated)



Overall, auditors observed high quality course conditions including well-maintained grass, fairways, tees and bunkers.

Source: OCA generated based on property inspection reports for the Tecolote Canyon golf course.

What OCA Recommends

We made **7 recommendations to the Economic Development Department and to the Parks and Recreation Department**. Key recommendations include:

- **Ensure that new lease agreements for the City's leased golf property portfolio require lessees to provide minimum performance reporting data to the City.**
- **Compile performance information and lease terms from the City's golf course lessees and annually report lessee golf course performance in the annual Golf Business Plan Update.**
- **Conduct an appraisal of the Fairbanks Ranch Country Club to determine current fair market rent percentage rates** for the premises and adjust the percentage rates paid to the City by July 18, 2026.
- **Conduct site inspections of the City's leased golf course properties at least annually** and report the overall conditions of these properties in its annual Golf Business Plan Update.

The departments agreed to all 7 recommendations.

For more information, contact Andy Hanau, City Auditor, at (619) 533-3165 or cityauditor@sandiego.gov.

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Background

The City of San Diego (City) owns many properties that are leased out to private or non-profit operators, including eight golf courses, which total over 800 acres of City-owned land. In fiscal year (FY) 2025, these leased golf courses generated \$34 million in revenue for course operators, \$3.7 million of which was paid to the City in rent for calendar year (CY) 2024. Of the \$3.7 million, \$1.6 million went to the General Fund and \$2.1 million went to Water Fund.

The revenue from the leased golf courses supports essential General Fund services, such as public safety, parks, streets, and libraries, and the Water Fund, which helps offset ratepayers' water bills. The golf courses are also intended to provide recreational opportunities for residents. Therefore, effective management of these golf course leases is essential to maximize the financial and recreational benefits to the City, residents, and taxpayers. As golf demand has significantly increased since 2019, the City has new opportunities to enhance the golf course leases' public benefit and financial return. Maximizing the City's existing revenue sources is especially important given that the City's Five-Year Financial Outlook projects an average yearly General Fund budget shortfall of \$108 million through FY2031.

Therefore, we conducted a performance audit of the City's Management of Its Leased Golf Property Portfolio in accordance with the Office of the City Auditor's FY2025 Audit Work Plan. The objective of the audit was to:

1. Determine whether the City is appropriately managing its leased golf property portfolio to maximize financial return or public benefit.
 - **Appraisals:** Are leased golf course appraisals and rent increases timely and aligned with market value?
 - **Revenue:** Does revenue from leased golf courses match lease terms?
 - **Public benefit:** Is the City maximizing financial return and public benefit from leased golf courses? Are golf leases the highest and best use of these City-owned properties?
 - **Transparency:** Does the City's administration of its leased golf courses adequately support governance, oversight, and accountability?

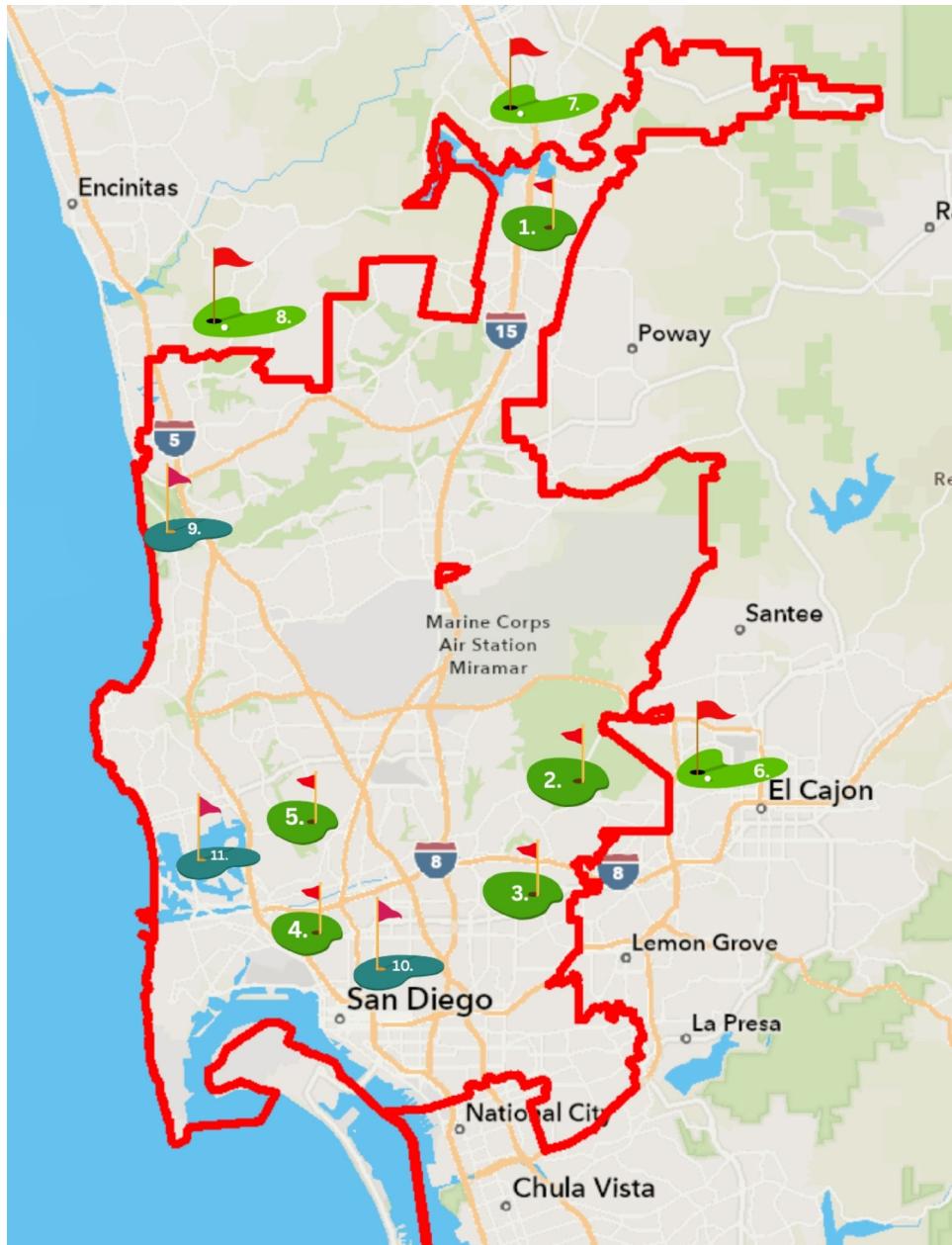
Most City-owned golf courses are run by third-party operators under lease agreements.

The City owns eleven golf course properties throughout the City and San Diego County, as shown in **Exhibit 1**. Fairbanks Ranch Country Club, Carlton Oaks Golf Club, and the Vineyard at Escondido are located outside of City limits. Private and non-profit third-party

operators manage eight of the courses under nine lease agreements.¹ The Parks and Recreation Department Golf Division (Golf Division) operates the other three courses: Balboa Park, Mission Bay, and Torrey Pines. While this audit focuses on the City's management of its golf course leases, we include the performance of the City-owned and City-operated courses as a point of comparison.

Exhibit 1

The City Owns 11 Golf Course Properties Throughout San Diego County



1 The City of San Diego leases eight golf courses but has nine lease agreements for the golf courses: Carlton Oaks Golf Club, Fairbanks Ranch Country Club, Tecolote Canyon, Mission Trails, Hodges Golf Improvement Center, The Vineyard at Escondido, Presidio Hills, and Colina Park. There are two lease agreements for The Vineyard at Escondido for two different portions of the property.

Type of Course	Golf Course Name	Land Use
Lessee-Operated Golf Course City Limit 	1. Hodges Golf Improvement Center 2. Mission Trails 3. Colina Park 4. Presidio Hills 5. Tecolote Canyon	1. Golf Driving Range 2. Golf Course 3. Golf Course (Non-Profit) 4. Golf Course 5. Golf Course
Lessee-Operated Golf Course Out of City Limit 	6. Carlton Oaks 7. Vineyard at Escondido 8. Fairbanks Ranch	6. Golf Club 7. Golf Course 8. Country Club
City-Operated Golf Course 	9. Torrey Pines 10. Balboa Park 11. Mission Bay	9. Golf Course 10. Golf Course 11. Golf Course

Note: All courses vary in size, type, difficulty level, amenities offered, and contract terms with the City.

Source: OCA generated based on lease documents and data from the Parks and Recreation Department.

The Economic Development Department, Parks and Recreation Department, and Public Utilities Department have responsibilities related to the City's leased golf courses.

Multiple departments, including the Economic Development Department (EDD), Parks and Recreation Department (Parks and Recreation), and Public Utilities Department (PUD), have responsibilities related to the City's leased golf courses. EDD oversees the golf course lease agreements as part of the City's real estate portfolio, which includes more than 800 leases and agreements with third parties. EDD negotiates leases, maintains copies of the agreements, and coordinates with lessees on lease compliance, terms and conditions, and billing. Parks and Recreation and PUD are the asset-owning departments, meaning the underlying land for each golf course belongs to those departments.

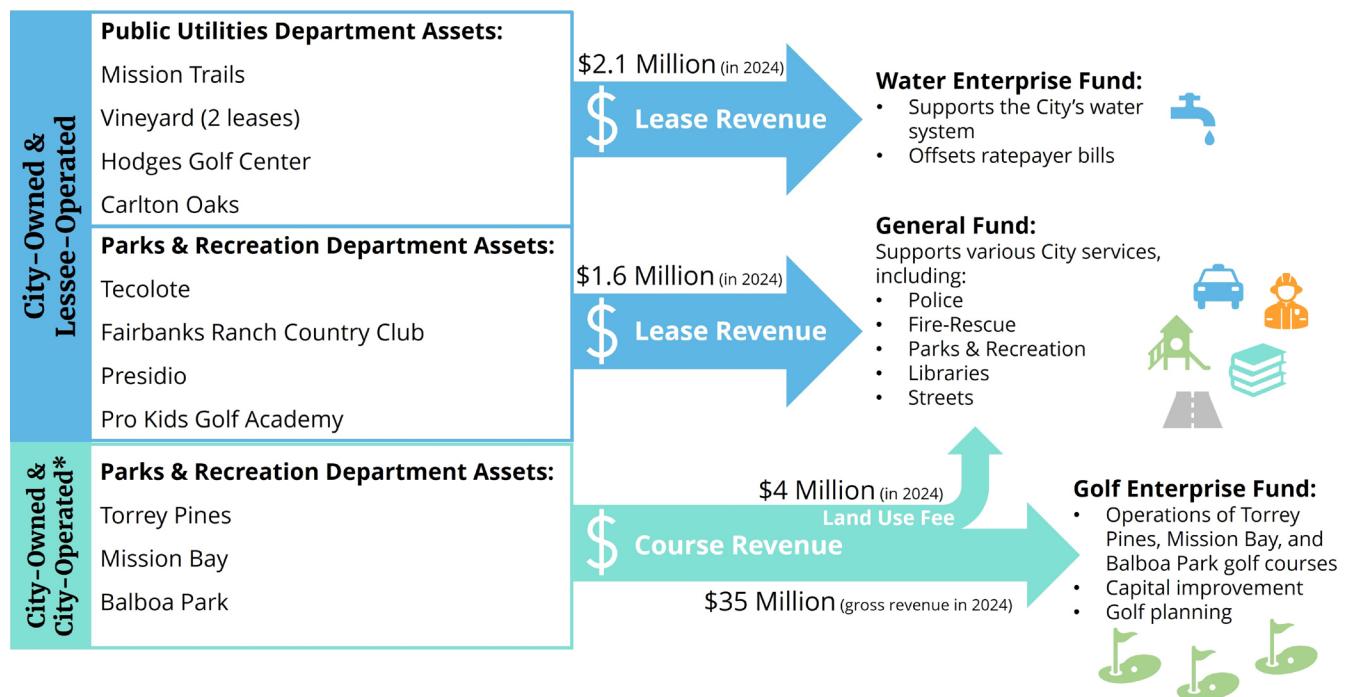
The City also has dedicated in-house golf subject matter experts. The Parks and Recreation Department Golf Division (Golf Division) primarily oversees City-operated courses, but also assists with evaluating and selecting golf course lessees. However, there may be opportunities to better leverage this expertise, as discussed further in **Findings 1 and 2**.

Golf course lease revenue helps fund essential City services, making it critical for the City to maximize this revenue in light of its projected budget shortfall.

Revenue from the City's leased golf courses is allocated to the General Fund for Parks and Recreation properties and to the Water Fund for PUD properties, as shown in **Exhibit 2**. Revenue from City-operated golf courses is allocated to the Golf Fund to support the operations and maintenance of those courses.² The Golf Fund pays an annual land use fee, or rent expense, to the General Fund for the use of the land.

Exhibit 2

Revenue from the City's Leased Golf Courses is Allocated to the City's General Fund and Water Fund



*The City-operated golf courses are operated by the Golf Division.

Note: The numbers for the revenue are calendar year for lessee-operated courses and fiscal year for City-operated courses.

Source: OCA generated based on SAP data and City budget documents.

² The Golf Fund was created by City Council in fiscal year 1992 because the General Fund was subsidizing the City-operated courses. The fund was created to make golf operations self-sustaining. Under this structure, the Golf Fund pays rent to the General Fund based on a formula established by the Department of Finance that includes a fixed annual rate per acre, and a percentage of gross revenue for each golf course, currently 9.9 percent.

These revenues benefit the public because General Fund dollars help support essential services, such as public safety, streets, libraries, and parks and recreation. Similarly, Water Fund revenue helps offset ratepayers' water bills. The City's Five-Year Financial Outlook projects an average annual General Fund budget shortfall of roughly \$108 million through FY2031, highlighting the importance of maximizing the City's existing revenue sources.

Leased golf courses make up a significant share of the City's lease revenue.

According to EDD, the City's leased golf courses make up a significant share of the City's lease revenue and are significantly more valuable than most of the City's leased properties. We calculated that revenue from leased golf courses averaged approximately \$355,000 per lease, per year—more than three times the average revenue of all the City's leased properties, estimated at \$100,000 each.³ As shown in **Exhibit 3**, from 2021 through 2024, these agreements generated an average of approximately \$3.2 million in annual revenue and included both flat-rate and percentage-rate leases.⁴

³ This estimate is based on the Citywide lease portfolio of approximately \$80 million in annual lease revenue across more than 800 leased properties.

⁴ A flat-rate lease means the lessee pays the City a fixed rate amount of rent that only changes with specific scheduled adjustments. A percentage-rate lease means the lessee pays the City a base rent plus an additional amount based on the revenue they earn.

Exhibit 3**Annual Revenues from the City's Leased Golf Courses Generated Approximately \$3.2 Million Per Year from CY2021 Through CY2024**

Golf Course	Lease Type	Calendar Year				Total
		2021	2022	2023	2024	
Colina Park*	Flat	\$3,853	\$3,918	\$4,083	\$4,398	\$16,252
Presidio Hills	Flat	\$10,200	\$10,200	\$10,200	\$10,200	\$40,800
The Vineyard at Escondido	Flat & Percentage	\$449,680	\$533,773	\$581,611	\$654,906	\$2,219,970
Hodges Golf Improvement Center	Percentage	\$110,998	\$113,742	\$132,981	\$150,880	\$508,601
Carlton Oaks Golf Club	Flat	\$169,549	\$192,013	\$196,813	\$210,733	\$769,108
Tecolote Canyon	Percentage	\$565,511	\$562,769	\$635,421	\$664,810	\$2,498,994
Fairbanks Ranch Country Club	Percentage	\$795,000	\$795,000	\$811,187	\$863,498	\$3,264,685
Mission Trails	Percentage	\$717,762	\$762,879	\$874,677	\$1,114,170	\$3,469,488
Total		\$2,822,553	\$2,974,294	\$3,246,973	\$3,744,077	\$12,787,897
Average Per Year						\$3,196,974

*Colina Park is run by Pro Kids Golf Academy, a non-profit.

Note: Because lessees pay rent under different terms and schedules (such as monthly, quarterly, or annually), we calculated leased course revenue by the calendar year that each payment appeared to correspond to, based on the payment description. We limited our analysis to calendar years 2021 through 2024, as revenue data is incomplete for calendar year 2025.

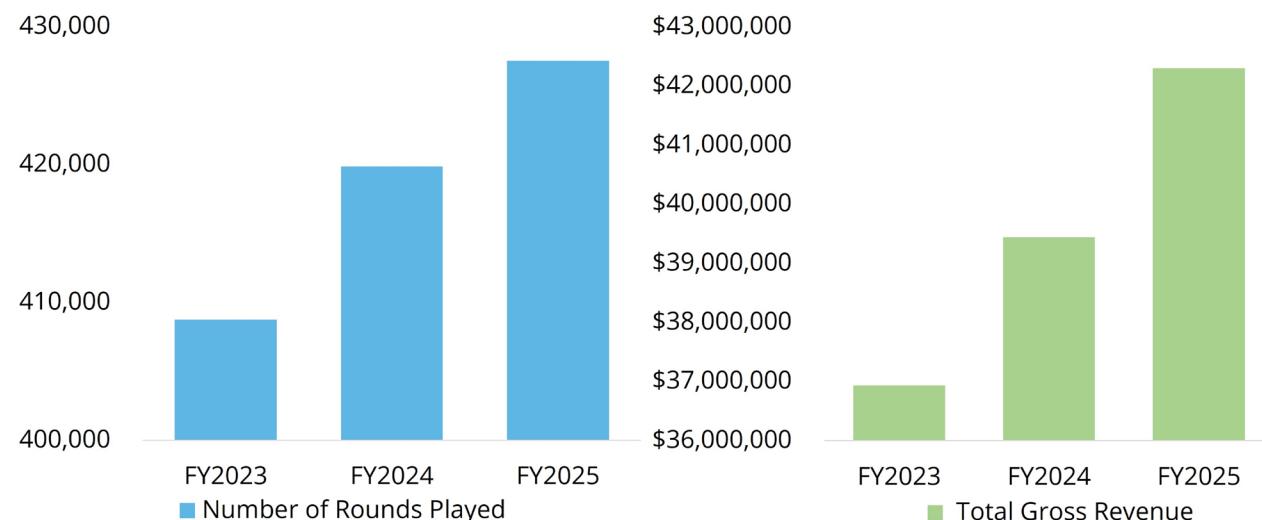
Source: OCA generated based on SAP data and Tecolote Canyon and Mission Trails payment data according to the Office of the City Treasurer.

As golf grows in popularity nationwide and in San Diego, the City has new opportunities to increase public benefit and maximize the financial value of its leased golf courses.

With golf's growing popularity, the City can increase public benefit, and lessees may increase revenues from the leased golf courses. According to the National Golf Foundation, golf participation has increased by 38 percent since 2019, and the number of rounds played continues to rise. Local market conditions reflect these trends, and City-operated courses continue to exceed utilization targets. As shown in **Exhibit 4**, the number of golf rounds played and total revenue for City-operated courses have increased from FY2023 through FY2025. Specifically, rounds played increased by approximately 5 percent and revenue increased by approximately 15 percent during this period.

Exhibit 4

Between FY2023 and FY2025, Golf Rounds Played and Revenue Increased for City-Operated Golf Courses, Showing Increased Use by the Public and Financial Return for the City



Source: OCA generated based on the Parks and Recreation Department Golf Division's FY2025 Business Plan Update.

OCA has issued previous reports on the City's golf courses and real estate management.

OCA has issued prior reports on the City's golf courses and real estate management, including:

- Performance Audit of the Park and Recreation Department's Golf Division (FY2015);⁵
- Performance Audit of the Real Estate Assets Department's Portfolio Management Practices (FY2018);⁶ and
- Performance Audit of the City's Lease Management and Renewal Process (FY2022).⁷

5 The Performance Audit of the Park and Recreation Department's Golf Division, issued in 2015, can be found here: https://www.sandiego.gov/sites/default/files/15-013_Golf_Division.pdf

6 The Performance Audit of the Real Estate Assets Department's Portfolio Management Practices, issued in 2018, can be found here: https://www.sandiego.gov/sites/default/files/19-002_real_estate_assets.pdf

7 The Performance Audit of the City's Lease Management and Renewal Process, issued in 2022, can be found here: https://www.sandiego.gov/sites/default/files/22-007_lease_mgmt_renewal_process.pdf

In part to address past audit recommendations by OCA, EDD has undertaken several initiatives to improve real estate management. These initiatives include:

- Updating Council Policy 700-32, which requires the City to retain its own appraiser as part of the acquisition process and assigns EDD responsibility for the oversight of that appraisal process;
- Updating Council Policy 700-10, which establishes criteria and outlines the approval process for new leases and lease renewals of City-owned property;
- Updating Council Policy 700-12, which establishes guidelines for leasing City property to nonprofit organizations; and
- Working with a consultant to create policies and procedures to guide valuations and financial management real estate practices.

While EDD has implemented many of the associated recommendations, there are still several outstanding recommendations related to these reports. Notably, six of these remaining recommendations relate to themes in this report: strengthening real estate portfolio management and oversight of leases, inspections, rent adjustments, and appraisals. We provide more information on the status of these recommendations and their impact on our findings in **Finding 2**.

Finding 1

The City should collect and report performance data on its leased golf courses to assess lessee performance and maximize City revenue and public benefit.

Finding Summary

The City's administration of its leased portfolio has historically missed opportunities to increase its revenue from its leased golf courses with some courses remaining in holdover for years. Given the City's average annual General Fund budget shortfall of approximately \$108 million from FY2026 through FY2031, increasing revenue from the leased golf courses could help address the deficit and protect critical City services.

However, we found that the City's golf course leases lack performance reporting requirements that would create accountability for the City to quickly take advantage of potential opportunities for improving course performance, enhancing public benefit, and increasing revenue to the City. Collecting and publicly reporting leased course performance and lease terms in the Golf Business Plan Update can help the City:

- Improve transparency and create awareness of the leased courses as part of the City's real estate portfolio;
- Identify performance trends, including signs of underperformance and potential opportunities for improvement;
- Determine whether leased courses are keeping pace with industry demand;
- Verify whether revenues reported by lessees are accurate;
- Determine whether the public is receiving fair value;
- Determine the highest and best use of the golf course properties;⁸ and
- Identify and quickly pursue opportunities to increase the City's share of revenue and adjust lease terms.

Reporting this information would help the City monitor and quickly take advantage of opportunities to increase revenues when leases are up for renewal or when leases allow for adjustments in rent. For example, we found that the Fairbanks Ranch Country Club's lease allows the City to reappraise and adjust rent in 2026, and the course's financial performance indicates a reappraisal could generate millions of dollars in additional General Fund revenues per year. Thus, it is important for key stakeholders, City Management, and the City Council to be aware of how the City's leased golf courses are performing to quickly act on this opportunity and future opportunities to increase revenue to the City and increase public benefit.

⁸ Throughout the report, the term highest and best use refers to municipal needs, statutory requirements, public benefits, and fiscal responsibilities as detailed in CP700-10, not the private sector's standard of "highest and best use."

The City's golf course leases do not include standard performance reporting requirements.

The City's lessee-operated golf courses are valuable properties that generate significant revenue, \$3.2 million, for the City each year. Reporting on their performance can help City leadership ensure that the City is maximizing the golf courses' financial and public benefit. However, we found that none of the City's golf course leases have standard performance reporting requirements which are needed to determine whether the City is receiving the full value from these properties. Specifically, leases do not include performance reporting requirements for the number of golf rounds played, revenue derived from those rounds, or golf course utilization rates. These performance requirements are defined in **Exhibit 5**.

Exhibit 5

Future Lease Terms Should Require Lessees to Report Performance Metrics to the City

Annual Golf Rounds

- Shows how many rounds were played on a golf course, which is a good indicator of demand.

Utilization Rate

- Measures how busy a course is by tracking the percentage of available tee times that are booked.
- Assesses the efficiency and additional revenue potential for a golf course.

Budget, Revenue, and Expenses

- Shows whether a golf course is profitable relative to its budget and expenses.

Capital Improvement Program

- Shows how much revenue is reserved for capital improvements and maintenance.

Golf Fees

- Shows how much a golf course charges per round of golf and whether rates are comparable with benchmark golf courses.

Source: OCA generated based on the City of San Diego Golf Plan performance metrics and Global Golf Advisors (GGA) Partners Key Benchmarking Standards in the Golf Industry.

While the Economic Development Department (EDD) can request this performance information, it typically does not, and there may be no contractual obligation for the lessee to track or provide it. For example, we requested this information from all lessees; however, one lessee that manages three leased golf courses declined to provide expense information. The lessee stated that it is only required to provide gross receipts that support the rent that it pays to the City and that its expense information is proprietary. This shows that the City cannot rely on lessees to provide all performance information when requested, even with audit clauses in the leases. Therefore, EDD's ability to assess and report on leased golf course performance to City leadership and the City Council is limited.

Capital improvement provisions are included inconsistently across the City's golf course leases and it is unclear if capital needs have been considered in every lease negotiation.

We also found that capital improvement provisions are inconsistent across the City's golf course leases. Of the City's nine golf course lease agreements, only three of the leases: Fairbanks Ranch Country Club, Mission Trails, and The Vineyard at Escondido, included a capital investment requirement. While capital needs vary by course, golf leases are typically long-term agreements, and major improvement needs can arise during the lease. This makes it important for the City to consider capital needs during every lease negotiation as required by Council Policy 700-10. However, it is unclear if capital improvements have always been considered during negotiations given that some courses appear to have needed capital investments for an extended period.

Other municipalities have performance reporting and monitoring requirements and include capital improvements in their golf course lease agreements.

We found that other municipalities' golf course leases include stronger oversight provisions to monitor lessee performance and ensure reinvestment in the property, which helps the municipality receive its optimal share of revenue. As shown in **Exhibit 6**, other golf course leases we reviewed with the City and County of San Francisco and the County of Los Angeles contain both performance reporting and capital improvement requirements.

Exhibit 6**The City's Golf Course Leases Include Fewer Oversight Provisions Compared to Other Municipalities**

Requirement in Lease Agreement	City of San Diego Golf Lease	County of Los Angeles Golf Lease	City and County of San Francisco Golf Lease
Gross Receipt Reporting	✓	✓	✓
Number of Rounds Reporting	✗	✓	✓
Mandatory Performance Meeting with Lessor	✗	Monthly	Annually
Capital Improvement Investment	✓*	✓	✓

*Three of the City's golf course leases: Fairbanks Ranch Country Club, Mission Trails, and Vineyard, include a capital investment requirement; however, this is not a consistent requirement across all golf course leases.

Source: OCA generated based on review of the City's golf course leases and the leases of the City and County of San Francisco and the County of Los Angeles.

For example, a lease from the County of Los Angeles requires the lessee to invest a certain percentage of revenue received to be deposited in a capital fund to set aside for capital improvement.⁹ This is similar to the City's process for setting aside revenues from its City-operated golf courses toward capital improvements for those properties. As another example, a lease from the City and County of San Francisco requires the lessee to make \$2 million worth of capital investments in the property within three years.

The Parks and Recreation Department's Golf Division collects and reports performance information for City-operated golf courses.

Although the City has a Golf Business Plan that provides performance updates to oversight bodies, the plan does not include performance information for leased courses.¹⁰ Specifically, the Parks and Recreation Department's Golf Division (Golf Division) collects and reports performance information—such as revenue, expenses, and number of rounds played—in its annual Golf Business Plan Update for City-operated courses: Torrey Pines, Balboa Park, and Mission Bay, as

9 This lease applies to five golf courses that a single lessee operates.

10 In 2012, City Council approved the Golf Division Business Plan that outlines performance goals and created a framework for operating and managing City-operated courses.

shown in **Exhibit 7**. It presents the update to the Parks and Recreation Board and the Municipal Golf Committee, a group of golf stakeholders and community representatives. It also provides updates to the City Council's Environment Committee every three years.

Exhibit 7

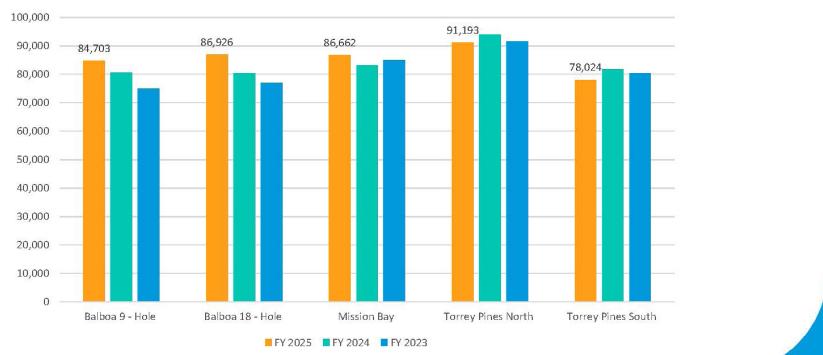
The Golf Division Reports Rounds and Financial Information on the City-Operated Courses to Oversight Bodies, But Leased Courses are Not Included



Annual Rounds Comparison

Fiscal Year 2023 - 2025

FY2025 was a record year with 427,508 rounds of golf sold.

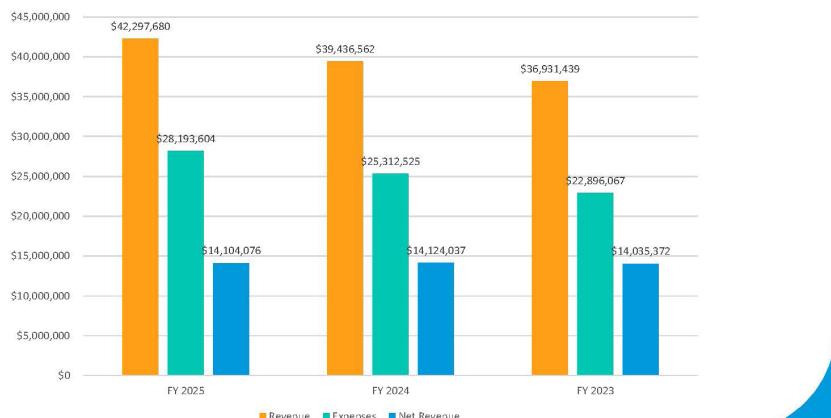


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Financial Position

Revenue vs. Expenses



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Source: City of San Diego Golf Operations Business Plan Update presentation.

Public reporting can help the City assess golf properties' long-term performance trends, both individually and between courses.

Sharing this information with these oversight bodies promotes transparency and provides dedicated oversight from committees focused on golf and environmental matters. With this information, the City can assess long-term performance trends by comparing rounds played, revenue, and participation over time.

Given that the mission of the Golf Division, set forth in the Golf Plan, is to "serve its patrons and players of all ages and abilities while enhancing their enjoyment of the game by providing a high-quality golf experience," expanding these oversight practices to the City's leased courses would align the City's entire golf system with its public benefit goals.

Reporting on performance and lease terms is essential to identify performance trends and potential revenue opportunities across the City's lessee-operated golf properties.

Financial return from lessees' use of public land varies significantly across lessees, with higher lessee revenues that do not consistently correspond to higher proportional returns to the City.

Performance and lease term reporting is essential to identifying performance trends and potential revenue opportunities across the City's lessee-operated golf course properties. While the City does not collect this performance information, we requested and obtained performance data from all lessees as part of our review.¹¹ We used this data to compare lease terms between golf courses and identify potential opportunities to increase the City's share of revenue.¹² The examples below illustrate how this information can be used.

As shown in **Exhibit 8**, the financial return to the City from the lessee's use of public land varies significantly across lessees. Higher lessee revenues do not consistently correspond to higher proportional returns to the City.

¹¹ We requested performance information from all lessees; however, one lessee that manages three leased golf courses declined to provide expense information.

¹² While the courses may differ in terms of size, fees charged, clientele, and other factors, we used the data gathered to draw conclusions on performance based on certain comparisons. For example, while it would not be expected that all golf leases would pay the same percentage of rent due to different course characteristics and market variations, the wide variance between percentages currently paid could indicate opportunities to increase percentages and City revenues from some lessees.

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Tecolote Canyon	\$2,903,771	\$735,293	25%
Carlton Oaks	\$2,346,335	\$210,733	9%
Hodges	\$977,625	\$150,880	15%
Colina Park*	\$ 836,247	\$4,398	1%
Presidio	\$248,855	\$10,200	4%
Total	\$ 34,768,307	\$3,744,077	11%

*Colina Park is a public-benefit lease operated by Pro Kids Golf Academy, a non-profit organization.

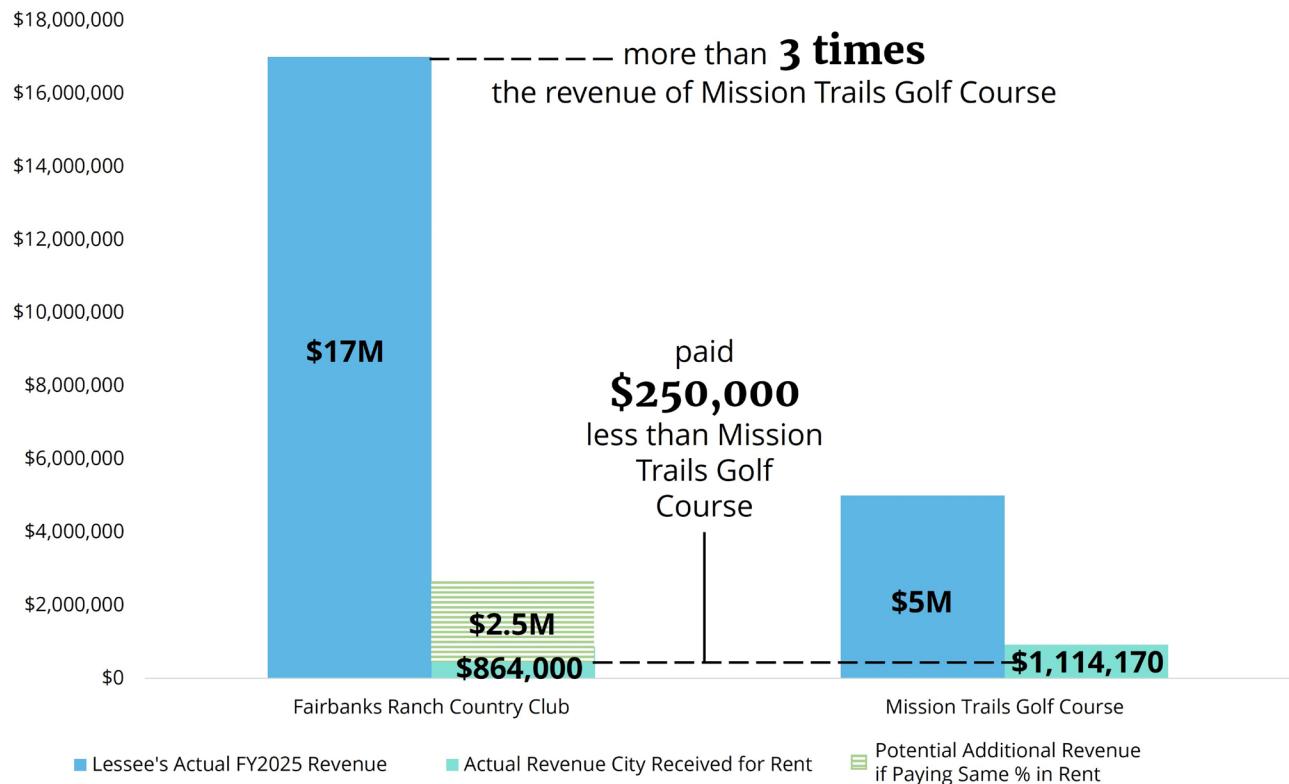
** Because lessees pay rent under different terms and schedules (such as monthly, quarterly, or annually), we calculated leased course revenue to the City by the calendar year. Calendar year 2025 data was not complete at the time of this audit. We received financial data from lessees by fiscal year.

Note: For comparison purposes, the percentages shown are calculated using the lessee's total gross revenue, although individual leases apply different percentage rates to specific revenue categories.

Source: Fairbanks Ranch Country Club (The Bay Clubs Company, LLC); Vineyard (The City of Escondido); Mission Trails, Tecolote Canyon (American Golf Corporation); Carlton Oaks (Carlton Oaks Golf Club); Hodges (Pak and Park, LLC); Colina Park (Pro Kids Golf Academy, INC); and Presidio Hills (Justine D. Lee, an individual, d.b.a. Presidio Hills Golf Course).

In another example, as shown in **Exhibit 9**, we found that Mission Trails Golf Course (Mission Trails) generated approximately \$5 million in revenue in FY2025 while Fairbanks Ranch Country Club generated more than three times that amount, approximately \$17 million, for the same year. However, Mission Trails actually paid the City significantly more in rent, \$1,114,170 versus \$864,000 in calendar year (CY) 2024.¹³ If Fairbanks Ranch Country Club paid the same percentage of its revenue in rent as Mission Trails, it would pay more than \$3 million in annual rent, an increase of \$2.5 million over what was paid in CY2024.

¹³ Because lessees pay rent under different terms and schedules (such as monthly, quarterly, or annually), we calculated leased course revenue by the calendar year that each payment appeared to correspond to, based on the payment description. We limited our analysis to calendar years 2021 through 2024, as revenue data is incomplete for calendar year 2025.

Exhibit 9**In Fiscal Year 2025, Despite Generating More Than 3 Times the Revenue of Mission Trails Golf Course, the Fairbanks Ranch Country Club Paid the City \$250,000 Less in Rent Than Mission Trails in Calendar Year 2024***

* Because lessees pay rent under different terms and schedules (such as monthly, quarterly, or annually), we calculated leased course revenue to the City by the calendar year. Calendar year 2025 data was not complete at the time of this audit. We received financial data from lessees by fiscal year.

Source: OCA generated based on SAP data and data received from Fairbanks Ranch Country Club (The Bay Clubs Company, LLC) and Mission Trails Golf Course (American Golf Corporation).

Moving quickly to take advantage of opportunities to increase golf lease revenue will help protect critical City services.

Including lease information in performance reporting would provide the City Council and the public with visibility into opportunities for the City to adjust lease terms. For example, we found that Fairbanks Ranch Country Club's lease gives the City the opportunity to adjust the percentage rent every 10 years, with the next opportunity occurring this year on July 18, 2026. To take advantage of this opportunity, the lease requires that the City must provide the lessee 180 days' advance notice, which was January 19, 2026.¹⁴ We notified EDD of this lease provision in December 2025, and subsequently EDD provided the

¹⁴ EDD notified Fairbanks Ranch Country Club of the impending appraisal, consistent with its lease term.

required notice to the lessee on January 20, 2026. EDD indicates it is initiating the appraisal process and plans to adjust the rent as soon as possible.

When current lease terms were set, they were based on a 2015 appraisal completed at a time of industry decline and the resulting fair market rent structure aligned with that market, which included the City receiving 4 percent of membership revenue in exchange for the use of 379 acres of City property. According to the operator of Fairbanks Ranch Country Club, the club was in financial distress and default when it took over, and it has since completed multi-million-dollar renovations. Fairbanks Ranch Country Clubs' membership revenue, its highest source of revenue, has increased significantly in recent years, reaching \$13.1 million in FY2025, aligning with growth in the golf industry. Given the additional improvements made to the property and the resulting increase in membership sales, it is an appropriate time to revisit the lease terms to ensure they reflect current fair market value for the City.

Publicly reporting lessees' performance and lease terms would provide transparency to City leaders.

Publicly reporting on lessee-operated golf course performance and lease terms would help create accountability for the City to quickly take advantage of opportunities to increase golf lease revenues and protect critical City services. For example, as described above, an opportunity is quickly approaching to re-appraise and potentially increase revenues from the Fairbanks Ranch Country Club—something City leadership, the City Council, and the public may be unaware of because lease performance and lease terms have not been historically published. Re-appraising this lease at the earliest possible opportunity could bring in approximately \$2.5 million in additional General Fund revenues beginning in FY2027—enough to restore Monday hours at approximately 14 libraries that were closed on Mondays in FY2026 to help address the City's budget shortfall.¹⁵

Re-appraising the Fairbanks Ranch Country Club lease could bring in approximately \$2.5 million in additional General Fund revenues.

With leased golf courses generating significant revenue of \$3.7 million in CY2024, reporting on lease terms, revenue generation, and course performance would provide transparency to City leaders, many of whom may be unaware that the City owns these assets. It will also allow them to take advantage of further potential revenue opportunities, such as renewing other leases in holdover to obtain current market rent, something the City has historically missed.

¹⁵ We calculated this figure by multiplying Fairbanks Ranch Country Club's FY2025 gross revenue of \$16,726,000 by 20 percent (the percentage American Golf pays for the Mission Trails golf course), then subtracted the \$863,498 Fairbanks Ranch actually paid to the City in CY2024. The difference is \$2,481,702, which rounds to \$2.5 million. Although Mission Trails paid the City approximately 22 percent of its overall revenues in rent in FY2025, we used 20 percent to account for slight variations in the percentage that Mission Trails pays the City each year based on its operational revenues.

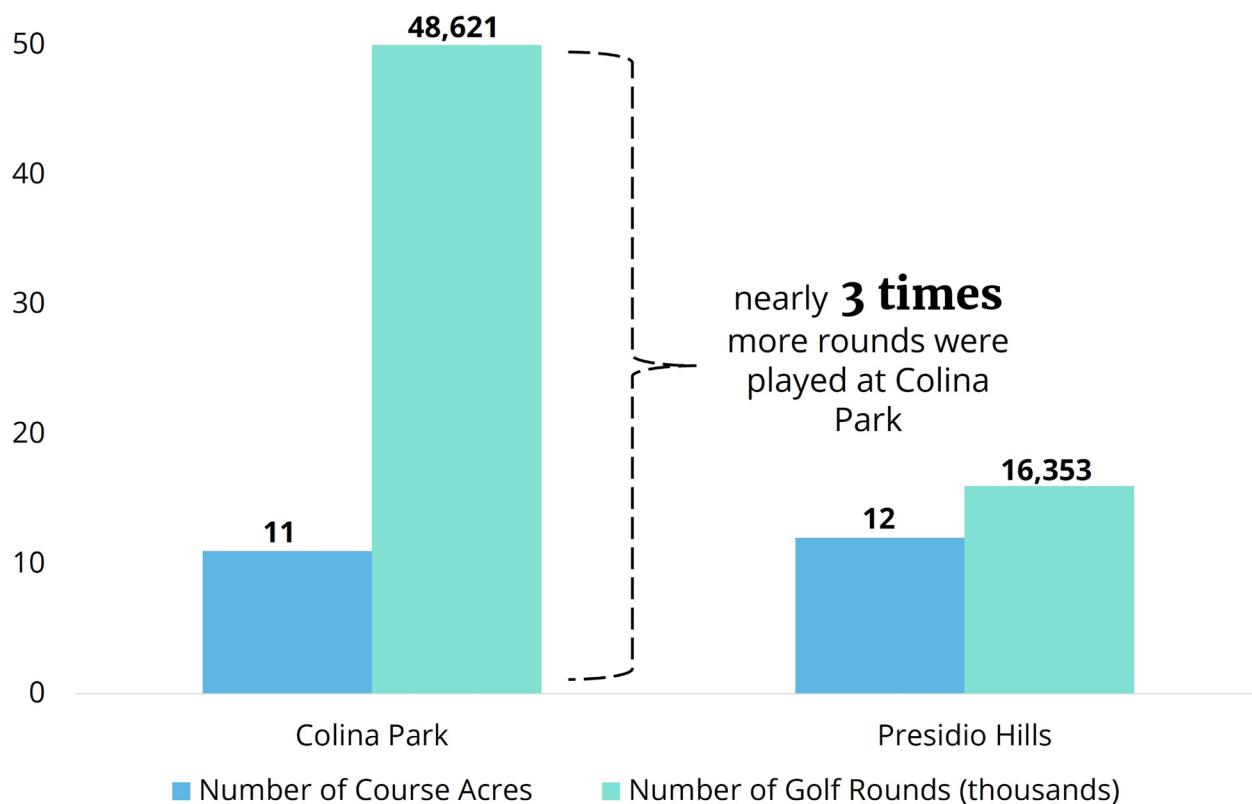
The City can identify signs of underperformance when comparing courses relative to each other and to industry performance.

In Fy2025, Colina Park had nearly three times the rounds played as the Presidio Hills Golf Course.

Performance reporting would also allow the City to identify underperformance relative to similarly sized courses and regional demand. For example, as shown in **Exhibit 10**, despite having only a similarly size golf course of approximately 11 to 12 acres, Colina Park outperformed Presidio Hills Golf Course with nearly three times the number of rounds played, 48,621 versus 16,353 rounds, in FY2025. Both courses also cater to similar clientele, mainly introductory players and seniors. While there are other operational differences between the courses, tracking the performance of Presidio Hills Golf Course will show that its revenue and rounds performance have not kept pace with similarly sized courses or regional demand for golf that has increased over time.

Exhibit 10

Although Similar in Size and Type of Course, Colina Park Outperformed Presidio Hills with Nearly Three Times the Number of Rounds Played in FY2025



Source: OCA generated based on lease documents and data received from Colina Park (Pro Kids Golf Academy, INC) and Presidio Hills (Justine D. Lee, an individual, d.b.a. Presidio Hills Golf Course).

Public reporting could have increased awareness about Presidio Hills' under performance and prompted City Management to take action.

Additionally, if Presidio Hills' lease term and performance had been reflected in the City's annual Golf Plan Update, oversight bodies and the public would be aware that the property is underperforming, and that the lease has been expired for 11 years. This transparency could have created accountability and prompted City Management to initiate a new lease sooner. A new lease would provide the operator security needed to invest in capital improvements to the property and provide the City an opportunity to receive increased rent from the tenant. The operator stated that they would have liked to have made capital investments in the property but felt reluctant to do so out of concern for potentially not being selected as the next operator and lessee. Investment of capital improvements would likely increase the public benefit of the course that, according to its operator, largely serves junior and senior residents who live in the surrounding community.

Performance reporting could be used by policymakers and City Management to determine the highest and best use of the golf course properties.

Performance reporting can drive decisions on golf course use and public benefit.

Performance reporting can also be used to support policy decisions about the highest and best use of each property.¹⁶ Policymakers can use performance information to make decisions about the properties, such as whether:

- A new operator should be selected;
- Opportunities exist to improve course performance and enhance public benefit;
- The City should take over management of a leased course or move to a different management model; or
- The course should be used for other purposes, such as open space or public park.

For example, the Mission Bay golf course was previously in poor condition and lacked usage data when the City took over its operations from a lessee in 2003. However, the City was unable to change the fee structure or make improvements to the course until enough data was available. With continuous performance monitoring, the City was able to use this information to improve the course's conditions and performance for the City's and the public's benefit. Since FY2015, play at Mission Bay increased from approximately 56,000 rounds (75 percent of its 75,000-round target) to approximately 87,000 rounds.

¹⁶ Throughout the report, the term highest and best use refers to the municipal needs, statutory requirements, public benefits, and fiscal responsibilities as detailed in CP700-10, not the private sector's standard of "highest and best use."

in FY2025, exceeding its target. In contrast, without performance information on its leased golf courses, the City Council and City Management do not have complete information to make land use decisions regarding all its golf course assets.

We found notable differences in City revenue per acre between City-operated and lessee-operated courses.

We found notable differences in City revenue per acre between City-operated and lessee-operated courses, and among the leased courses themselves, as shown in **Exhibit 11**. While factors such as clientele, course type, or location may contribute to these differences, the City does not have insight into what is driving these variances without performance reporting.

Exhibit 11

City Revenue per Acre Varies Across City-Operated and Lessee-Operated Golf Courses

	Course Name	City Revenue Per Acre	Acres
City-operated	Torrey Pines	\$12,233	220
	Mission Bay	\$9,628	46
	Balboa Park	\$5,431	160
	Total	—	426
	Average	\$9,097	—
	Tecolote Canyon	\$10,975	67
	Hodges Golf Improvement Center	\$8,637	18
Lessee operated	Mission Trails	\$7,579	147
	The Vineyard at Escondido	\$3,852	170
	Carlton Oaks Golf Club	\$3,277	64
	Fairbanks Ranch Country Club	\$2,280	379
	Presidio Hills	\$883	12
	Colina Park*	\$402	11
	Total	—	868
	Average	\$4,736	—

*Colina Park is run by Pro Kids Golf Academy, a non-profit.

Note: Because lessees pay rent under different terms and schedules (such as monthly, quarterly, or annually), we calculated leased course revenue by calendar year to reflect when payments were received. Revenue for City-operated courses is the land use fee payment (rent expense) made to the General Fund reported by fiscal year.

Source: OCA generated based on SAP data, Golf Division data, and lease documents.

Lessees' performance data can help verify whether reported revenues are accurate.

Performance information can also help the City check whether lessees are reporting their revenue accurately. For example, if a golf course's reported rounds divided by its total green and cart fee revenues do not align with its actual fees charged, this may indicate that the lessee is incorrectly reporting revenue.

EDD relies on lessees to self-report revenue through gross receipts reports in accordance with lease terms. The Office of the City Treasurer audits the gross receipts reports every five years, but these lease revenue audits focus solely on whether the lessee has paid the correct percentage of revenue as rent, not on performance. Further, not all golf course leases have been audited, and the audits provide limited oversight and transparency as they are not shared publicly, with City Council, or consistently with City leadership.¹⁷

Underreporting and misreporting revenue are known risks. Although our audit did not assess whether lessees were underreporting revenue, we reviewed 10 audits conducted by the Office of the City Treasurer from 2015 through 2023, and only 2 found that payments were made accurately, as shown in **Exhibit 12**. This shows that errors in revenue reporting occur and can go undetected for periods of time.

Exhibit 12

Of the 10 City Treasurer Audits Conducted From 2015 Through 2023, 8 Identified Payment Inaccuracies Among Lessees

Property Name	Number of Audits	Owed to City	City Owed to Lessee
Tecolote	2	\$38,896	—
Mission Trails	2	\$199,599	\$54,090
Fairbanks Ranch Country Club*	2	—	—
Vineyard	2	\$4,737	\$1,659
Hodges	2	\$3,206	\$7,464
Total	10	\$166,438	\$ 63,213

* The Office of the City Treasurer determined that the Fairbanks Ranch Country Club correctly paid its rent to the City.

Source: OCA generated based on Office of the City Treasurer audits and audit deficiency data according to the Office of the City Treasurer.

¹⁷ Not all golf course leases have been audited because three of nine are flat-rate leases and the Office of the City Treasurer primarily audits percentage leases every five years. It has recently started to include some flat-rate leases in its audit workplan.

We found the City of Los Angeles also faced issues with underreporting of revenues, but utilized reporting of this information to make operational changes. According to the City of Los Angeles, it experienced widespread underreporting among golf course concessioners, which ultimately led to the City taking over full operations. Therefore, routine performance reporting is necessary to give the City a clearer view of how each course operates and to allow issues to be identified sooner.

City policies do not assign responsibility for reporting leased golf course performance information, and funding limitations contribute to gaps in performance monitoring.

Current policies and funding structures do not clearly define how the performance of leased golf properties should be reported, or which department is responsible for reporting such information.¹⁸ Although City policy assigns EDD responsibility for overseeing the City's real estate portfolio, no policy or administrative regulation requires EDD to collect or report performance information for leased golf courses. Moreover, EDD's Real Property Management Plan (PMP), last updated in FY2019, did not include the City's leased golf courses, even though they are part of the City's real estate portfolio. Since that time, through multiple real estate audit recommendations and the updating of Council Policy 700-10 to require EDD to update its PMP and present it to City Council and public every two years, EDD has not updated the plan due to limited resources.¹⁹ According to EDD, it will begin developing the scope of work and framework for the updated plan; however, due to current budgetary constraints and competing priorities, EDD anticipates that it will not hire a consultant or formally launch the effort until mid-2026. EDD also stated that it currently provides updates on the golf course properties to City Council and City Management only upon request. However, because the courses are not included in the golf plan or PMP, City leaders and the public may not even be aware that the City owns them. Not including these properties limits City leadership and the public's ability to determine how the properties can be best utilized to support the City's and residents' long-term needs. According to EDD, it intends to incorporate all City-owned properties in future PMPs, including the City's golf course portfolio.

EDD intends to incorporate all City-owned properties, including the leased golf courses, in its future Property Management Plan.

¹⁸ The Golf Division is funded by the Golf Enterprise Fund, which is supported by revenue from City-operated golf courses, and does not currently play a role in the oversight of the leased golf facilities.

¹⁹ The Performance Audit of the City's Major Building Acquisition Process, issued in 2021, can be found here: https://www.sandiego.gov/sites/default/files/22-002_building_acquisition_process.pdf and the Performance Audit of the City's Lease Management and Renewal Process, issued in 2022, can be found here: https://www.sandiego.gov/sites/default/files/22-007_lease_mgmt_renewal_process.pdf

EDD confirmed that it does not systematically collect, analyze, or report performance information for leased golf courses. EDD stated that the lessees are responsible for their own performance and operations and stated that City-operated and lessee-operated courses are expected to be held to the same maintenance standards. However, without collecting or analyzing performance information, EDD cannot identify underperforming lessees or assess how their performance compares to the goals the City applies to its own courses, which include maintaining high-quality course conditions and making effective use of City-owned land.

The City has the opportunity to include performance information requirements in its new golf course leases.

The City has the opportunity to include performance information requirements in leases for four golf courses. Currently, four of the City's nine golf course leases are expired: Presidio Hills (expired for 11 years), Mission Trails (expired for 4 years), Tecolote Canyon (expired for 3 years), and Hodges Golf Improvement Center (expired for 7 months), as shown in **Exhibit 13**.

Exhibit 13

Four of the City's Nine Golf Course Leases are Expired

Course Name	Lease Expiration Date	Time Expired
Presidio Hills	1/22/2014	11 Years
Mission Trails	2/28/2021	4 Years
Tecolote Canyon	7/31/2022	3 Years
Hodges Golf Improvement Center	6/30/2025	7 Months
The Vineyard at Escondido (Percentage)	12/31/2029	—
Colina Park*	8/31/2036	—
The Vineyard at Escondido (Flat)	6/1/2050	—
Carlton Oaks Golf Club	12/31/2051	—
Fairbanks Ranch Country Club	7/17/2056	—

Source: OCA generated based on data from EDD.

Golf course leases are typically long-term, and if the City does not ensure reporting requirements are included in new leases now, it may be years or decades before the City has another opportunity to include requirements for performance reporting. EDD indicated that it has benchmarked with other agencies to inform best practices that may be included in future leases. The City is preparing to issue a request for proposal (RFP) for the Tecolote Canyon golf course and has selected a proposal for the Mission Trails golf course. The City is also finalizing a lease with the Presidio Hills golf course, and is in the process of appraising the Hodges Golf Improvement Center (a driving range facility). However, since the Mission Trails RFP did not include performance reporting requirements, it is unclear if performance reporting requirements will be included in the new lease agreement.

Because leases are typically long-term, the City should include performance reporting requirements in new leases now.

Accordingly, prior to publishing this report, we issued a memorandum to City Management in November 2025, recommending that urgent action be taken to ensure all new lease agreements include performance reporting requirements and capital improvement considerations. Management agreed to these recommendations and is currently working to incorporate these elements into ongoing lease negotiations.

Opportunities exist for the City to leverage its Golf Division's expertise.

In the absence of an entity designated to review and report on lessees' performance, the City has the opportunity to leverage the Golf Division's expertise beyond lessee evaluations. While the Golf Division currently assists with the evaluation and selection of golf course lessees, its operational, managerial, and maintenance experience managing City-operated courses could also be applied to leased courses.

The Golf Division uses performance data to identify drivers of revenue growth to enable a strategic approach to managing City-operated golf courses. For example, the Golf Division attributed increased participation and high demand from both resident and non-resident golfers across all its facilities to continued use of its advanced reservation program. This practice of reviewing performance data has contributed to the self-sustaining nature of the City-operated golf courses, all of which now generate net revenue.

The Golf Division can leverage its expertise to help EDD inspect its leased golf courses.

As discussed further in **Finding 2**, the Golf Division's expertise could also support leased golf course inspections. However, a cost-reimbursement mechanism for the Golf Fund would need to be established to support the Golf Division's oversight of leased golf courses.

Recommendations

(Note: Prior to publishing this report, we issued a memorandum to City Management in November 2025, that included Recommendations 1.1 and 1.2 so urgent action could be taken to ensure all new lease agreements include performance reporting requirements and capital improvement considerations. Management agreed to these recommendations and the current status of those recommendations is shown below.)

To ensure better oversight and performance monitoring of the City's leased golf courses, we recommend:

Recommendation 1.1

(Priority 1)

The Economic Development Department, in consultation with the Parks and Recreation Department Golf Division, should take immediate action to ensure that new lease agreements for the City's leased golf property portfolio require lessees to provide:

- a. Minimum performance reporting data to the City, including but not limited to:
 - i. Number of golf rounds played;
 - ii. Golf fees;
 - iii. Utilization rate;
 - iv. Annual revenue by category; and
 - v. Annual expenses by category.
- b. Minimum required capital improvements as part of consideration of the lease agreement.

Management Response: Agree. [See full response beginning on page 43.]

Target Implementation Date: Management indicates that they have implemented this recommendation by integrating the recommended reporting requirements into the new lease for the Presidio Hills Golf Course. Moving forward, future golf lease solicitations and agreements will require a matrix of the performance reporting requirements and that capital improvements will be negotiated in City leases when applicable.

OCA has not verified implementation at this time and will do so once management provides sufficient documentation and evidence.

Recommendation 1.2

(Priority 2)

To ensure that the lessee is meeting the standards of the lease, the golf course leases should also require that the lessee meet with the City at least annually to review lessee performance.

Management Response: Agree. [See full response beginning on page 44.]

Target Implementation Date: Management indicates that they have implemented this recommendation by integrating the performance review process into the new lease for the Presidio Hills Golf Course. In coordination with the Parks and Recreation Department Golf Division, EDD will include the mandatory performance review requirements in the future golf leases to ensure active performance oversight.

OCA has not verified implementation at this time and will do so once management provides sufficient documentation and evidence.

Recommendation 1.3

(Priority 1)

To ensure future golf course leases include terms favorable to the City, the Economic Development Department should incorporate the minimum performance reporting requirements described in Recommendations 1.1 and 1.2 into a standardized document, such as a golf-specific lease template, scope of work, or term sheet for all golf course leases.

Management Response: Agree [See full response beginning on page 44.]

Target Implementation Date: Management indicates that they have implemented this recommendation by integrating the performance review process in the new lease for the Presidio Hills Golf Course, which will serve as a template in all subsequent lease agreements. EDD will collaborate with the City Attorney's Office to review and improve the lease template to ensure the performance reporting requirements are legally robust and clearly defined.

OCA has not verified implementation at this time and will do so once management provides sufficient documentation and evidence.

Recommendation 1.4

(Priority 1)

The Parks and Recreation Department Golf Division should work with the Economic Development Department to compile performance information and lease terms (lease percentage rates, expiration dates, most recent appraisal date and amount, and next appraisal and rent adjustment allowed by the lease) from the City's golf course lessees and annually report this information alongside the performance of the City-owned and operated golf courses in the annual Golf Business Plan Update.

Management Response: Agree [See full response beginning on page 44.]

Target Implementation Date: September 2026

Recommendation 1.5

(Priority 1)

The Economic Development Department should conduct an appraisal of the Fairbanks Ranch Country Club to determine current fair market rent percentage rates for the premises and adjust the percentage rates paid to the City by July 18, 2026.

Management Response: Agree [See full response beginning on page 45.]

Target Implementation Date: July 18, 2026

Recommendation 1.6

(Priority 2)

The Parks and Recreation Department Golf Division, in consultation with the Economic Development Department, should establish a cost reimbursement mechanism for work performed related to the City's leased golf courses.

Management Response: Agree [See full response beginning on page 45.]

Target Implementation Date: July 2026

Finding 2

Lack of regular site inspections and ongoing holdovers put the City's leased golf course properties at risk of property deterioration, reduced public benefit, and lost financial value.

Finding Summary

For golf courses, regular inspections are uniquely important above other property types. Without regular inspections, the value of the courses could degrade rapidly, which increases repair costs, weakens the City's position during lease negotiations, and negatively impacts playability and revenue earning potential.

As discussed in **Finding 1**, golf courses are high value properties that generate significant revenue for the City—approximately \$3.2 million annually—and have the potential to generate even more over time.²⁰

However, we found that the Economic Development Department (EDD) does not consistently perform annual site inspections on its golf course properties. According to the Parks and Recreation Department Golf Division, inspections on golf courses should be completed every six months, but EDD has only conducted inspections at an average interval of 3.4 years (41 months) for its eight leased properties.

Conducting site inspections of the City's leased golf course properties at least annually and reporting the conditions of the properties in the Golf Business Plan Update can help the City:

- Ensure the golf courses are well-maintained for playability and kept up to City standards;
- Encourage golf course operators to continue investment in the golf courses, especially when leases go into holdover; and
- Maximize revenue earning potential of the golf courses.

Consistent inspections are essential to minimize and readily address concerning conditions, especially for properties with leases in holdover. We found that nearly half of the nine golf course leases (44 percent) are in holdover.²¹ Holdover leases may lead the City to forego revenue by allowing lessees to pay less than fair market rent. Additionally, holdover may deter lessees from

²⁰ We calculated that revenue from leased golf courses averaged approximately \$355,000 per lease per year—more than three times the average revenue of all the City's leased properties, estimated at \$100,000 each. This estimate is based on the Citywide lease portfolio of approximately \$80 million in annual lease revenue across more than 800 leased properties.

²¹ The City of San Diego leases eight golf courses but has nine lease agreements for the golf courses: Carlton Oaks Golf Club, Fairbanks Ranch Country Club, Tecolote Canyon, Mission Trails, Hodges Golf Improvement Center, The Vineyard at Escondido, Presidio Hills, and Colina Park. There are two lease agreements for The Vineyard at Escondido for two different portions of the property.

investing in the property and keeping it well maintained. For example, the operator of the Presidio Hills golf course, a property with only two inspections in its 11-year holdover period, stated that they were reluctant to invest in the property due to uncertainty about being selected as the next operator. As a result, we observed concerning conditions on our visit to the property. Thus, it is important to renew leases quickly to generate fair market rent and to ensure properties continue to be well maintained.

EDD does not annually conduct site inspections to ensure its leased golf courses are maintained to City standards.

EDD conducted inspections at an average interval of 3.4 years for its eight golf course properties.

We found that EDD does not consistently conduct property inspections on its leased golf courses in accordance with its annual goal. Instead, we found that EDD conducted inspections at an average interval of 3.4 years for eight golf course properties. Infrequent inspections can put properties at risk of deterioration.

We analyzed golf inspection reports from FY2018 through FY2025 and noted concerning site conditions during our review. While initial property inspections noted favorable conditions, subsequent inspections, often performed years later, reported concerning conditions related to maintenance and safety issues. For example, one property's initial inspection noted no concerning issues, but an inspection completed five years later noted balding grass, heavy overgrowth of invasive plants, and unstable infrastructure that required upkeep for safety and structural integrity. However, EDD did not provide any corrective action to address the unsatisfactory conditions noted in the inspection reports and it is unknown if the agents' concerns were addressed.

Several factors limit EDD's ability to consistently conduct site inspections on its leased properties.

As we have identified in a previous audit report, EDD has not consistently conducted inspections on the leased properties of all asset types in its lease portfolio and has a backlog.²² However, the risk of City property deterioration from a lack of early detection, especially for golf course properties, threatens the long-term use and benefit of City property assets.

²² The Performance Audit of the City's Lease Management and Renewal Process, issued in 2022, can be found here: https://www.sandiego.gov/sites/default/files/22-007_lease_mgmt_renewal_process.pdf

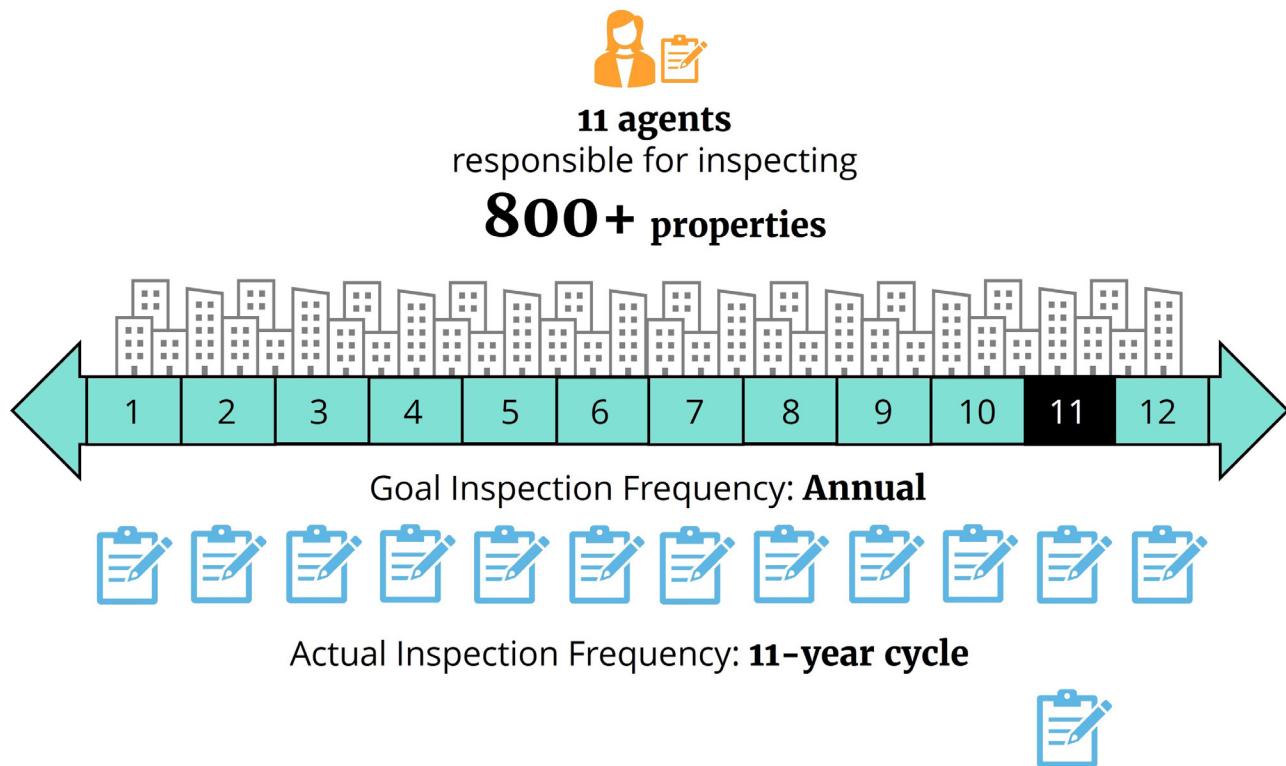
EDD cited several reasons for its slow pace of inspections on leased properties, including staffing shortages and departmental changes.

According to EDD, ongoing staffing shortages and departmental changes have limited its ability to annually conduct inspections on its lease portfolio of approximately 800 properties. However, its slow pace of inspections cannot be attributed to staffing shortages alone. For example, if each of EDD's 11 property agents, conducted approximately six inspections per month, or 72 inspections per year, EDD would have the capacity to inspect almost all its entire lease portfolio annually.

Instead, based on its recent completion of 250 inspections in the last three and a half years (FY2023 to FY2025), EDD only inspected approximately 9 percent of its leased portfolio annually, equating to an 11-year inspection cycle, as shown in **Exhibit 14**.²³ This inspection rate is equivalent to each of EDD's 11 property agents conducting only approximately 6 inspections per year. While staffing levels may not have been consistently filled during this time, EDD stated in October 2025 that it nearly filled all its vacancies.

Exhibit 14

EDD Inspects Each of Its Lease Properties on an 11-Year Cycle



Source: OCA generated based on EDD's comments at the October FY2026 Audit Committee meeting. EDD stated that it had conducted 250 inspections in the last three and a half years.

²³ We calculated this percentage based on EDD's comments at the October FY2026 Audit Committee meeting. EDD stated that it had conducted 250 inspections in the last three and a half years.

EDD also stated that with such a diverse lease portfolio, it is not reasonable to hire property agents that are specialized in one asset type, such as golf courses. Agents must be able to handle real estate duties across a variety of asset types. Additionally, EDD stated that the job classification for property agents designates them as responsible for real estate transactions, such as appraising properties, negotiating leases and terms, and handling sales and acquisitions. Thus, agents are not responsible for and/or may not be trained to handle property management duties, such as maintenance, marketing, and financial management. Therefore, they do not assess tenants' or properties' performance.

Golf courses should be regularly inspected using golf property-specific forms to protect course quality.

For these reasons outlined above, when EDD does conduct site inspections, it uses a general inspection form to capture general areas of concern, such as the condition of a property's structures and parking lot, landscaping, and storage of maintenance equipment. And while this form successfully caught concerning property conditions of the golf courses as noted above, it is missing the assessment of other golf property-specific conditions that affect a course's condition and playability.

Golf Division stated that leased golf courses should be inspected at least every 6 months and inspected for golf-specific conditions.

Golf Division stated that site inspections of the City's leased golf courses should ideally occur at least twice per year, and encompass review of areas that are specific to golf courses. The County of Los Angeles' Golf Division conducts monthly inspections of its leased golf courses. Due to the general nature of EDD's inspection forms, it does not contain review of characteristics that affect a golf course's playability and customer experience. For example, fairways, a closely mown strip of grass, serve as the ideal path between the teeing ground and the putting green, but are not specifically included in the inspection list. Maintaining fairways is critical because they are the primary playing surface between the tee and the green, directly influencing both the quality of the game and the long-term health of the golf course ecosystem. As shown in **Exhibit 15**, Golf Division's inspection list contains additional areas that should be inspected on golf courses.

Exhibit 15**In Addition to General Site Inspection Requirements, Golf Course Site Inspections Should Inspect Golf-Specific Conditions to Maximize Revenue and Ensure City Assets are Protected Long-Term**

 General/Current Site Inspection Requirements <ul style="list-style-type: none"><input type="checkbox"/> Property Information<input type="checkbox"/> Construction<input type="checkbox"/> Structure Planning<input type="checkbox"/> Parking Lot Condition<input type="checkbox"/> Sign Condition<input type="checkbox"/> Debris<input type="checkbox"/> Landscaping<input type="checkbox"/> Unauthorized Structure<input type="checkbox"/> Hazardous Materials<input type="checkbox"/> Comments<input type="checkbox"/> Follow Up Action	 Golf Course-Specific Site Inspection Requirements <ul style="list-style-type: none"><input type="checkbox"/> Clubhouse & Pro Shop Exterior Grounds<input type="checkbox"/> Driving Range<input type="checkbox"/> Putting Greens<input type="checkbox"/> Tees<input type="checkbox"/> Fairways<input type="checkbox"/> Approaches/Apron<input type="checkbox"/> Rough<input type="checkbox"/> Bunkers<input type="checkbox"/> Irrigation System<input type="checkbox"/> Environmental Compliance<input type="checkbox"/> Staffing & Administration<input type="checkbox"/> Overall Facility Rating
Page 1	Page 2

Source: OCA generated from documentation provided by EDD and the Golf Division.

Because the Golf Division is responsible for overseeing the three golf courses it operates—Torrey Pines, Balboa Park, and Mission Bay—it has a dedicated crew of maintenance staff who have specialized knowledge of golf course conditions that review and inspect the grounds daily. As shown in **Exhibit 16**, the City's courses are in better condition than some of the City's leased courses.

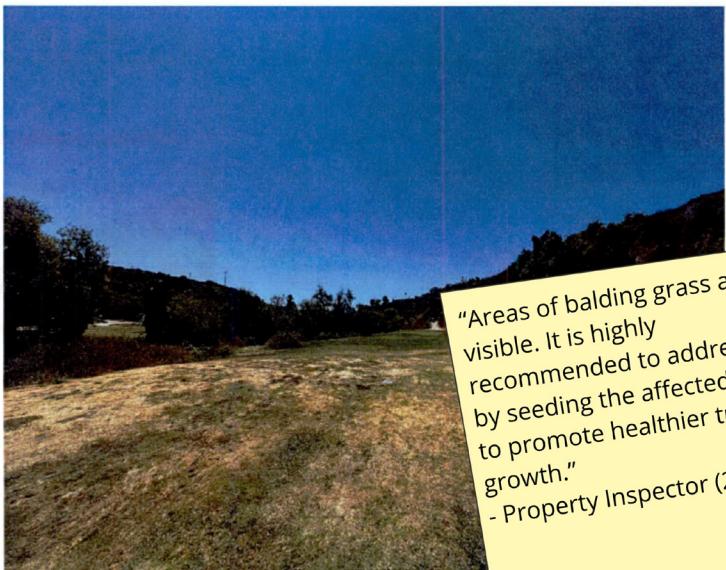
Exhibit 16**The City's Operated Golf Courses are Well Maintained While Maintenance Conditions for Lessee-Operated Courses Vary**

Vineyard
(Lessee-Operated)



"Overall, this course is exceptionally well-maintained and cared for. The management has numerous plans to attract more business and encourage people to come and enjoy the facilities."
- Property Inspector (2024)

Tecolote
(Lessee-Operated)



"Areas of balding grass are visible. It is highly recommended to address this by seeding the affected areas to promote healthier turf growth."
- Property Inspector (2024)

Colina Park
(Lessee-Operated)



Overall, auditors observed high quality course conditions including well-maintained grass, landscaping and tees.

Torrey Pines
(City-Operated)



Overall, auditors observed high quality course conditions including well-maintained grass, fairways, tees and bunkers.

Source: OCA generated based on property inspection reports for The Vineyard at Escondido and Tecolote Canyon golf courses and auditor field observations of Colina Park and Torrey Pines golf courses.

To ensure that the leased golf courses are regularly inspected, the Golf Division should leverage its staff's expertise to inspect the City's leased golf courses. With this expertise, staff will be able to quickly observe and address early signs of course deterioration and maintenance issues before they become larger problems. According to EDD, it has started including staff from the Golf Division to attend inspections and intends to use Golf Division's inspection forms. As discussed in **Finding 1**, a cost reimbursement mechanism for the Golf Fund and the General Fund would need to be established to support the Golf Division's inspections of leased golf courses.

Regular inspections are critical to ensuring operators' continued investment in the City's golf courses, especially when leases go into holdover.

Consistent inspections, including when the leases go into holdover, also help ensure operators continue to invest in and maintain the City's leased golf courses, thereby protecting the value of the courses.²⁴ When leases go into holdover, the lease terms carry over on a month-to-month basis; however, the lessee has less certainty of whether they will be selected as the next tenant when the lease is renewed. Furthermore, expired leases limit the City's ability to receive fair market rent value.

Nearly half of the golf courses leases were in holdover during our review.

We found that nearly half of the golf course leases (44 percent), four of nine, were in holdover during our review. These include:

- Presidio Hills (11 years in holdover);
- Mission Trails (4 years in holdover);
- Tecolote Canyon (3 years in holdover); and
- Hodges (7 months in holdover).

Of these, only Tecolote Canyon and Mission Trails had one inspection in the three to four years their leases have been in holdover, both noting concerning conditions, and Presidio Hills had only two inspections during its 11-year holdover period.²⁵ Because golf course leases typically span decades and generate significant revenue for the City, it is incumbent on the City to renew the leases before they expire so it can adjust the rent to receive fair market value in the present time.

²⁴ A holdover lease occurs when a tenant stays in a rental property after their lease expires, without a new formal agreement.

²⁵ The Hodges Golf Improvement Center's lease recently expired in June 2025 and EDD inspected the property in April 2025 with no issues observed.

As OCA and several other reports have previously noted, EDD has and continues to have a high percentage of leases of all asset types in holdover.²⁶ Approximately 24 percent of its over 800 leases are currently in holdover, which is roughly the same percentage OCA identified in the Performance Audit of the City's Lease Management and Renewal Process that we published in FY2022. As these reports have discussed, there are several risks associated with leases in holdover.

Tenants with leases in holdover may be reluctant to invest in the property.

Infrequent inspections and long periods of time when a lease is in holdover may exacerbate a property's poor conditions due to the lack of oversight and a tenants' reluctance to maintain the property. For example, as shown in **Exhibit 17**, we observed on our visit to the Presidio Golf Course in FY2026 that the property needed to address several maintenance issues, including brown grass, worn tee boxes, and tree debris covering a large area of the course.

Exhibit 17

The Presidio Hills Golf Course Showed Concerning Conditions Such as Dry Grass and Tee Box in Poor Condition



Source: Auditor photo taken during a site visit to Presidio Hills in September 2025.

26 The Grand Jury Report: City of San Diego Leasehold Management Still Has Weaknesses can be found here: <https://www.sandiegocounty.gov/content/dam/sdc/grandjury/reports/2021-2022/CityofSanDiegoLeaseholdManagementReport.pdf>
The Performance Audit of the City's Lease Management and Renewal Process, issued in 2022, can be found here: https://www.sandiego.gov/sites/default/files/22-007_lease_mgmt_renewal_process.pdf

While its last two inspections, completed in FY2021 and FY2024, reported generally fair conditions, one also noted underwaterd fairways due to the inadequate irrigation system. The operator stated that they were reluctant to invest in the property due to uncertainty about being selected as the next operator and because of the property's condition and low traffic volume, they did not have enough income to make the necessary investments.

Lack of investment in properties with leases in holdover may weaken the City's negotiating power due to deferred maintenance and capital needs a new operator must assume to operate the property.

A tenant's lack of investment in a golf course, combined with the City's limited oversight of its conditions, may weaken the City's negotiating power in signing a new lease favorable to the City due to the deferred maintenance issues and capital needs that the new operator must assume to operate the property. EDD stated that holdover should not necessarily dissuade an operator from investing in a property, particularly because not investing in the property could reduce their chances of being selected as the next operator. However, had the City renewed its lease with the Presidio Hills operator, it is likely that the course would be in better condition than it is today and likely generate more revenue for itself and for the City. While Presidio Hills is unlikely to ever generate significant revenues for itself and the City, due to its small size and limited appeal to players above the introductory level, keeping it in good condition is still important to benefit the City's residents and tourists.

Holdover leases may lead to forgone revenue.

By allowing leases to fall into and remain in holdover, the City forgoes potential revenue that it could otherwise generate by entering into a new lease with the current or new tenant at the current fair market value. For example, had the Mission Trails lease, currently expired for four years, been renewed earlier, the City could have potentially received more in rent over the past four years and incentivized improvements to the property before it deteriorated.

Holdover leases cause the City to forgo potential revenue at fair market value.

According to EDD, holdover leases, especially ones with originally favorable terms, can be beneficial for the City because they provide a steady source of revenue while allowing EDD to focus on renewing high revenue generating leases. EDD stated that it is not reasonable to have staff focus on renewing leases with originally favorable terms. However, even if the original terms for the Mission Trails lease were favorable to the City, it is a high revenue generating lease, and one that could have generated more during a peak time in the golf industry since the COVID-19 pandemic. Specifically, both Mission Trails and Tecolote Canyon, another lease in holdover, are in the City's top 4 percent of revenue-generating properties in the City's leased portfolio.

Prioritizing the renewal of golf course leases will ensure that the City receives fair market rent from its golf courses.

As recommended in our previous audits, EDD has stated that it has developed a prioritization process to address its leases in holdover that is focused on prioritizing leases based on revenue generation, capital improvement needs, and client department needs. However, EDD stated that this prioritization process is not documented. As discussed in **Finding 1**, including the lease terms in the annual Golf Business Plan update would help EDD proactively renew the leases for the golf courses before they go into holdover. This document, one put forward by the Golf Division to the Park and Recreation Board and Municipal Golf Committee annually, will also help EDD act on renewing some of its most valuable leases, an opportunity it has historically missed. The additional revenues generated from the City's golf courses can help the City maximize its revenue earning potential to support valuable City services like libraries, parks, and streets.

Recommendations

To ensure the City prevents property deterioration and increases financial and public benefit by providing oversight and transparency through property site inspections, we recommend:

Recommendation 2.1

(Priority 2)

The Economic Development Department, in coordination with the Parks and Recreation Department Golf Division, should conduct site inspections of the City's leased golf course properties at least annually and report the overall conditions of these properties in its annual Golf Business Plan Update. This site inspection can be combined with the performance meeting with the lessee as recommended in Recommendation 1.1. The cost of this should be included in the reimbursement mechanism included in Recommendation 1.6.

Management Response: Agree [See full response beginning on page 45.]

Target Implementation Date: July 2026

Appendix A

Definition of Audit Recommendation Priorities

The Office of the City Auditor maintains a priority classification scheme for audit recommendations based on the importance of each recommendation to the City, as described in the table below.

While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration's responsibility to establish a target date to implement each recommendation, taking into consideration its priority. The City Auditor requests that target dates be included in the Administration's official response to the audit findings and recommendations.

PRIORITY CLASS*	DESCRIPTION
1	<p>Fraud or serious violations are being committed.</p> <p>Significant fiscal and/or equivalent non-fiscal losses are occurring.</p> <p>Costly and/or detrimental operational inefficiencies are taking place.</p> <p>A significant internal control weakness has been identified.</p>
2	<p>The potential for incurring significant fiscal and/or equivalent nonfiscal losses exists.</p> <p>The potential for costly and/or detrimental operational inefficiencies exists.</p> <p>The potential for strengthening or improving internal controls exists.</p>
3	<p>Operation or administrative process will be improved.</p>

* The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation that clearly fits the description for more than one priority class shall be assigned the higher priority.

Appendix B

Audit Objectives, Scope, and Methodology

Objective

In accordance with the Office of the City Auditor's approved Fiscal Year (FY) 2025 Audit Work Plan, we conducted a performance audit of the City's Management of Its Leased Golf Property Portfolio. The objective of the audit was to:

1. Determine whether the City is appropriately managing its leased golf property portfolio to maximize financial return or public benefit.
 - **Appraisals:** Are leased golf course appraisals and rent increases timely and aligned with market value?
 - **Revenue:** Does revenue from leased golf courses match lease terms?
 - **Public benefit:** Is the City maximizing financial return and public benefit from leased golf courses? Are golf leases the highest and best use of these City-owned properties?
 - **Transparency:** Does the City's administration of its leased golf courses adequately support governance, oversight, and accountability?

Scope

The scope of this audit included lease agreements for the City's golf property portfolio that were active during FY2021 through FY2025. These included agreements with lessees operating golf courses on City-owned land. The scope did not include leases related to the City's three City-operated golf courses: Torrey Pines, Balboa Park, and Mission Bay.

Methodology

To determine whether the City is appropriately managing its leased golf property portfolio to maximize financial return or public benefit, we:

- Analyzed payments made to the City by golf course lessees from calendar year (CY) 2021 through (CY) 2024 using SAP data.
- Analyzed FY2023 through FY2025 performance data received from Fairbanks Ranch Country Club (The Bay Clubs Company, LLC); Vineyard (The City of Escondido); Mission Trails, Tecolote Canyon (American Golf Corporation); Carlton Oaks (Carlton Oaks Golf Club); Hodges (Pak and Park, LLC); Colina Park (Pro Kids Golf Academy, INC); and Presidio Hills (Justine D. Lee, an individual, d.b.a. Presidio Hills Golf Course).

- Calculated revenue per acre for City-operated and lessee-operated golf courses using rent payment data from SAP and total acre information.
- Reviewed and compared golf lease agreements and amendments established from 1983 to 2016.
- Reviewed appraisal documents and inspection reports for the City's leased golf courses.
- Interviewed key staff from:
 - The Economic Development Department
 - Office of the City Treasurer
 - Office of the Independent Budget Analyst
 - Parks and Recreation Department
 - Public Utilities Department
- Conducted site visits and/or interviewed representatives from:
 - Presidio Hills Golf Course
 - Pro Kids Golf Academy
 - Tecolote Canyon Golf Course
 - Balboa Park Golf Course
 - Mission Bay Golf Course
 - Torrey Pines Golf Course
 - Fairbanks Ranch Country Club
- Benchmarked the City's current golf lease reporting requirements with other municipalities, including the City of San Francisco and County of Los Angeles.
- Reviewed the City of San Diego Golf Operations Business Plan, City Council Resolutions, City Council Policies and other City policies related to golf and real estate portfolio management.
- Reviewed previous audits from the Office of the City Auditor related to the City's real estate portfolio management and golf, and from the Office of the City Treasurer on golf course lease revenue.

Data Reliability

We assessed the reliability of the lease agreements by obtaining the complete set of agreements for the golf properties active during FY2021 through FY2025. We reviewed these documents and confirmed with the Economic Development Department to ensure they were official, executed versions maintained by the City. We determined that the lease agreements were sufficiently reliable for the purposes of describing the lease terms and conditions in this report.

Internal Controls Statement

We limited our review of internal controls to specific controls relevant to our audit objectives, described above.

Compliance Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C

Management Response



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: February 4, 2026

TO: Andy Hanau, City Auditor, Office of the City Auditor

FROM: Christina Bibler, Director, Economic Development Department
Andy Field, Director, Parks and Recreation Department

SUBJECT: Management Response to the Office of the City Auditor's Performance Audit of the City's Management of its Lease Golf Property Portfolio

This memorandum serves as the management response to the Performance Audit of the City's Management of its Lease Golf Property Portfolio (Performance Audit). At the time this response was written, the draft Performance Audit provided to management contained two findings and seven recommendations. Department staff and management appreciate the Performance Audit prepared by the Office of the City Auditor and thank the staff involved.

Management agrees with all the recommendations within the Performance Audit and this management response highlights those recommendations that will need additional resources to implement.

The recommendations collectively strengthen the City's oversight, accountability, and financial stewardship of its leased golf course portfolio by standardizing performance reporting, formalizing annual performance reviews and site inspections, and ensuring lease terms reflect current market conditions. They emphasize consistent data collection, transparency, and coordination between the Economic Development Department and the Parks and Recreation Department Golf Division, while also establishing mechanisms for capital improvements, cost reimbursement, and fair market rent adjustments. Management agrees with all recommendations, has already implemented several through updated lease agreements and templates, and has established clear timelines to complete the remaining actions.

RECOMMENDATION 1.1: The Economic Development Department, in consultation with the Parks and Recreation Department Golf Division, should take immediate action to ensure that new lease agreements for the City's leased golf property portfolio require lessees to provide:

- a. Minimum performance reporting data to the City, including but not limited to:
 - i. Number of golf rounds played;
 - ii. Golf fees;

- iii. Utilization rate;
- iv. Annual revenue by category; and
- v. Annual expenses by category.

b. Minimum required capital improvements as part of consideration of the lease agreement. (Priority 1)

Management Response: Agree with the recommendation. EDD has integrated the recommended reporting requirements in the new lease for the Presidio Hills Golf Course, which is anticipated to come before City Council for consideration in the coming months.

Moving forward, future golf lease solicitations and agreements will require a matrix of the performance reporting requirements in consultation with the Parks and Recreation Department Golf Division. EDD maintains that capital improvement has always been a core negotiation point included in City leases when applicable. This will continue to be required in future leases.

Target Implementation Date: Implemented

RECOMMENDATION 1.2: To ensure that the lessee is meeting the standards of the lease, the golf course leases should also require that the lessee meet with the City at least annually to review lessee performance. (Priority 2)

Management Response: Agree with the recommendation. EDD has integrated the performance review process in the new lease for the Presidio Hills Golf Course. In coordination with the Parks and Recreation Department Golf Division, EDD will include the mandatory performance review requirements in future golf course leases to ensure active performance oversight.

Target Implementation Date: Implemented

RECOMMENDATION 1.3: To ensure future golf course leases include terms favorable to the City, the Economic Development Department should incorporate the minimum performance reporting requirements described in Recommendations 1.1 and 1.2 into a standardized document, such as a golf-specific lease template, scope of work, or term sheet for all golf course leases. (Priority 1)

Management Response: Agree with the recommendation. The audit recommendations in 1.1 and 1.2 are currently implemented in the Presidio Hills Golf Course Lease, which will serve as a standard template in all subsequent lease agreements. EDD will collaborate with the City Attorney's Office to review and improve the lease template to ensure the performance reporting requirements are legally robust and clearly defined.

Target Implementation Date: Implemented

RECOMMENDATION 1.4: The Parks and Recreation Department Golf Division should work with the Economic Development Department to compile performance information and lease terms (lease percentage rates, expiration dates, most recent appraisal date and amount, and next appraisal and rent adjustment allowed by the lease) from the City's golf course lessees and annually report this information alongside the performance of the City-owned and operated golf courses in the annual Golf Business Plan Update. (Priority 1)

Management Response: Agree with the recommendation. The Golf Division will begin working with EDD to compile performance information and lease terms from the City's golf course lessees so it can be included in the annual Golf Division Business Plan Update, which is presented to the Municipal Golf Committee each September.

Target Implementation Date: September 2026

RECOMMENDATION 1.5: The Economic Development Department should conduct an appraisal of the Fairbanks Ranch Country Club to determine current fair market rent percentage rates for the premises and adjust the percentage rates paid to the City by July 18, 2026. (Priority 1)

Management Response: Agree with the recommendation. EDD acknowledges the audit finding regarding the window of opportunity for percentage rent adjustment to the lease with Fairbanks Ranch Country Club. EDD has already notified the lessee of its intent to make the percentage rent adjustment, which will take effect July 18, 2026. The new percentage rent rates will be set in accordance with the applicable lease clause. Additionally, EDD will prioritize upcoming rent adjustments opportunities for other leases to ensure market rate alignment across the portfolio, wherever it is appropriate.

Target Implementation Date: July 18, 2026

RECOMMENDATION 1.6: The Parks and Recreation Department Golf Division, in consultation with the Economic Development Department, should establish a cost reimbursement mechanism for work performed related to the City's leased golf courses. (Priority 2)

Management Response: Agree with the recommendation. Since the Parks and Recreation Department Golf Division operates through the Golf Enterprise Fund, staff will begin tracking costs and coordinate with the Economic Development Department to establish a cost reimbursement mechanism for work performed by Golf Division staff on the City's leased golf courses.

Target Implementation Date: July 2026

RECOMMENDATION 2.1: The Economic Development Department, in coordination with the Parks and Recreation Department Golf Division, should conduct site inspections of the City's leased golf course properties at least annually and report the overall conditions of these properties in its annual Golf Business Plan Update. This site inspection can be combined with the performance meeting with the lessee as recommended in Recommendation 1.1. The cost of this should be included in the reimbursement mechanism included in Recommendation 1.6. (Priority 2)

Management Response: Agree with the recommendation. EDD agrees with the recommendation to coordinate with the Parks and Recreation Department to conduct annual site inspections at City leased golf course properties and potentially combine the site visits with the performance review meeting with the lessee. However, EDD notes that while reporting can be standardized, a direct comparison of conditions between City-managed sites and leased golf courses may not yield meaningful conclusions due to the unique topographical, infrastructure, and operational variables specific to each site. Furthermore, the formalization of the reimbursement mechanism remains under the purview of the Parks and Recreation

Department. EDD will support the administrative execution of this mechanism once it is defined.

Target Implementation Date: July 2026

Thank you for the opportunity to provide responses to these recommendations. Management appreciates your team's professionalism throughout this review.

Thank you,



Christina Bibler (Feb 4, 2026 16:32:53 PST)
Christina Bibler
Director, Economic Development



Andy Field
Director, Parks and Recreation

cc: Honorable City Attorney Heather Ferbert
Paola Avila, Chief of Staff, Office of the Mayor
Charles Modica, Independent Budget Analyst
Rolando Charvel, Chief Financial Officer, Office of the Mayor
Scott Wahl, Chief, Police Department
Robert Logan, Chief, Fire-Rescue Department
Rania Amen, Chief Community Services Officer & City Engineer, Office of the Mayor
Kris McFadden, Chief Infrastructure Officer, Office of the Mayor
Bethany Bezak, Chief Performance & Logistics Officer, Office of the Mayor
Casey Smith, Chief Housing & Community Development Officer, Office of the Mayor
Matt Yagyagan, Director of Policy, Office of the Mayor
Emily Piatanesi, Policy Advisor, Office of the Mayor
Elizabeth Correia, City Treasurer, Office of the City Treasurer
Jeff Peelle, Assistant Director, Department of Finance
Trisha Tacke, Program Manager, Department of Finance



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