



REPORT

THE CITY OF SAN DIEGO TO THE PARK AND RECREATION BOARD

DATE ISSUED: October 17, 2019

ATTENTION: Park and Recreation Board
Agenda of October 17, 2019

SUBJECT: 2019 Golf Operations Business Plan Update

REFERENCE: 2012 Golf Division Business Plan

SUMMARY

THIS IS AN INFORMATIONAL ITEM. NO ACTION IS REQUIRED ON THE PART OF THE BOARD.

BACKGROUND

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

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

The Business Plan outlines a divisional review process whereby the Municipal Golf Committee provides advisory input on a regular basis. Additionally, the Golf Division provides the City's Park and Recreation Board with an annual update, while the City Council's Environment Committee receives a formal update on the Business Plan every three years.

DISCUSSION OF ITEM:

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

City Golf Division Course Information

Balboa Park Golf Course:

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

Mission Bay Golf Course:

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

Torrey Pines Golf Courses:

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

Customer Satisfaction

A biennial new customer satisfaction survey was conducted in February/March of Fiscal Year 2019. The overall findings from the report are listed in the table below:

Table A – Customer Satisfaction Survey Comparison

	FY 2019	FY 2017	FY 2015	FY 2011
Balboa Park	90%*	98%	97%	95%
Mission Bay	93%*	91%	96%	88%
Torrey Pines North	93%*	96%	98%	95%
Torrey Pines South	93%*	98%	98%	95%

*Storm damage, cart path restrictions, construction at Torrey Pines South and the timing of when the report was conducted, affected survey results.

Overall, customer satisfaction in the Fiscal Year 2019 report ranged between 90% and 93% for City-operated golf courses. Customer rating choices for satisfaction were: Excellent, Good, Fair, Poor, Very Poor or Not Sure. Ratings of Excellent, Good or Fair were deemed satisfied customers.

The decrease in the satisfaction of the guests can be attributed to a host of factors. One specifically was the timing of the survey. Historically, the report has been conducted in July or August, but this report began in February of 2019. Prior to conducting the survey, the timing did not seem to be a factor that could skew the results, but the winter of 2019 was especially wet compared to 2018 which resulted in extensive cart path restrictions and storm damage that needed continual attention. As we go forward, we will strive to have the report administered at the same time of year to ensure consistency.

Another factor that contributed to lower guest satisfaction on the South Course, was the capital improvement project to replace the irrigation system, install new tees, insert new bunker liners and reshape each green and tee box complex which began in February 2019. To facilitate this work, contractors needed to close two holes at a time, leaving only 16 holes open for public play, which was not received well by many patrons.

The Golf Division does not believe that these results are a trend. Despite the decrease in satisfaction and the challenges that faced the Division, customers continue to find value in municipal golf, since rounds overall have increased for the fifth straight year.

The next survey is scheduled to be completed in Fiscal Year 2021.

Golf Rounds

As shown in Table B, rounds played at all City-operated courses increased from 320,192 in FY 2018 to 321,355 in FY 2019, a .003% change. We were pleased to see that even with the wet winter and multiple construction projects, customers are visiting City courses at some of the highest rates in years. We believe through the continued efforts to promote the golf courses and an increased focus on course conditions, Balboa Park Golf Course and Mission Bay Golf Course will be able to remain relevant to the golfing community and will see increased participation, while Torrey Pines will remain one of the biggest draws in the country.

While there was an increase in rounds overall, Torrey Pines South and the 9-hole course at Balboa Park Golf Course did experience decreases in play. The decrease in rounds on Torrey Pines South can be attributed to the previously mentioned capital improvement project and we anticipate rounds will return to historical averages in Fiscal Year 2020.

Rounds at the Balboa 9-hole were affected as a result of its closure to accommodate the facilities parking lot resurfacing project in April 2019. The closures resulted in over 2,700 rounds being displaced, but we anticipate the 9-hole will return to its previous rate of play in Fiscal Year 2020.

Table B – Annual Rounds Comparison

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Balboa 9 - Hole (1)	44,267	46,380	44,706	46,043	46,374
Balboa 18 - Hole	61,871	57,704	54,788	54,863	54,085
Mission Bay	66,404	65,164	60,151	61,576	56,039
Torrey Pines North (2)	84,876	81,889	31,169	51,594	83,026
Torrey Pines South (3)	63,937	69,055	71,126	68,135	66,055
Total	321,355	320,192	261,940	282,211	305,579
Adjusted Total (4)	321,355	320,192	313,228	313,074	305,579
Adjusted Percentage Change	0.00%	2.20%	0.00%	2.50%	

(1) Course closed 11 days for parking lot resurfacing project. (April 2019 - May 2019)

(2) Torrey Pines North Course closed for renovations in February 2016, re-opened for limited play in December 2016 with full operation beginning in June 2017

(3) South Course Renovation began in February 2019

(4) An average of 82,457 rounds was used for the North Course for calculation purposes

The Business Plan identifies target goals for the number of golf rounds to be played at each course. These goals are based on historical totals and represent the optimal number of rounds while still being able to maintain a quality golf experience.

Table C – Golf Division FY 2019 Annual Rounds

	Target Rounds	Actual Rounds	Difference	% of Target Met
Balboa 9 - Hole (1)	60,000	44,267	-15,733	74%
Balboa 18 - Hole	70,000	61,871	-8,129	88%
Mission Bay	75,000	66,404	-8,596	89%
Torrey Pines North	82,800	84,876	2,076	103%
Torrey Pines South (2)	64,000	63,937	-63	100%
Total	351,800	321,355	-30,445	91%

(1) Balboa Parking Lot Resurfacing Project. April/May 2019

(2) Torrey Pines South Course Renovation began February 2019

Financial Position

Overall, the financial position of the Golf Enterprise Fund remains strong. The Golf Division was pleased to see an increase in revenue of \$905,000 in FY19 despite the operational difficulties of staying open during the South Course renovation and the

subsequent decrease in rounds on the flagship course.

TABLE D – Golf Division Revenue vs. Expenses

	Revenue	Expenses	Net Revenue
FY 2020 (1)	\$20,470,347	\$19,911,781	\$558,566
FY 2019	\$24,837,924	\$18,270,138	\$6,567,786
FY 2018	\$23,933,357	\$17,938,067	\$5,995,290
FY 2017 (2)	\$18,355,928	\$17,006,017	\$1,349,911
FY 2016 (2)	\$18,267,631	\$15,643,184	\$2,624,447
FY 2015	\$20,347,684	\$16,018,889	\$4,328,795
(1) Budgeted Revenue and Expenses			
(2) Torrey Pines North Course closed for renovations in February 2016, re-opened for limited play in December 2016 with full operation beginning in June 2017.			

Source: City of San Diego SAP financial system Budget-to-Actual as of August 16, 2019

As an Enterprise Fund, excess revenue is used to fund capital improvement projects.

Capital Improvements Program (CIP)

The City golf courses continue to be assessed for improvements to make for a quality golf experience while helping to streamline expenses. The Golf Division will continue to invest in capital improvements on the golf course conditions facility maintenance, which will have a direct impact on the quality of the facility. The following is an update of current key projects at City-operated golf courses:

- Balboa Park Golf Course
 - Bathroom Renovation – A renovation to the downstairs bathroom will convert the men’s restroom into a unisex, single stall restroom, which will be ADA compliant and provide a clean, fresh look.
- Mission Bay Golf Course
 - Golf Course Renovation & Reconstruction Improvements – Construction designs are near completion and are scheduled to be reviewed by the Coastal Commission. The project will consist of a new state-of-the-art irrigation system which provide a more efficient use of water at the course, as well as infrastructure improvements for the electrical system and the driving range. In addition, the project will include demolishing the existing 60-year-old clubhouse/restaurant with new modular buildings to include restrooms, café and clubhouse.

- Torrey Pines Golf Course
 - Repair Storm Drain Outfall – A draft Biological Technical Report and the Geotechnical Report are currently under review. The scope of work will consist of expanding the current storm drain to reduce the erosion and degradation of the cliff between 12 green and 13 tee box on the North Course.
 - U.S. Open Championship Driving Range Tee – The construction of a driving range tee, located on holes 1 and 18 of the North Course will commence in February.

Fees

To maintain appropriate funding and reserves, and in accordance with the standards set forth in the 2012 Golf Division Business Plan, the Golf Division will be implementing fee increases for each golf course, except for the South Course at Torrey Pines. The fee increases will be effective January 1, 2020 and are detailed in Exhibit A. The increase will be capped at 3% (\$1) for residents and 5% (\$3 - \$7) for non-residents depending on the day of week. This increase is justified due to the year-over-year increase in expenses. This will be the first rate increase at Balboa Park Golf Course and Mission Bay Golf Course since 2010.

In addition to the general fee increases, the Golf Division will be piloting an advanced reservation program at Balboa Park Golf Course as a service to guests wishing to book reservations eight to 90 days in advance. Booking fees will begin at \$5 per player and will be evaluated annually for adjustments to the program.

Business Plan Primary Accomplishments (Fiscal Year 2019)

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

- Balboa Park Golf Course
 - Parking Lot Resurfacing – The entire parking lot was regraded, resurfaced and striped, which has improved improve traffic flow, provided wider parking spaces and offered a better first impression for guests. The project included new surfaces around the clubhouse and addressed safety hazards for staff and guests alike.
 - Wash Rack Installation - a capital improvement project aimed at assisting maintenance staff in maintaining equipment was completed.
 - Revenue increased 7% from Fiscal Year 2018 to Fiscal Year 2019 and reached a new benchmark.

- Mission Bay Golf Course
 - Pond Repair – Began the process of exploring the options in repairing the pond liner. Maintenance crews excavated the pond to discover numerous cracks, which was leading to excessive water loss. Once repair is complete, the golf course is expected to realize a savings in overall water costs.
 - Audubon Certification – Submitted initial evaluation packet to the Audubon Society to learn what is needed to become certified.
- Torrey Pines Golf Course
 - Improvements to the South Course included a new irrigation system, turf renovation, new tee-boxes and bunkers, as well as cart path repairs. The project was completed in September of 2019.
 - Inaugural Undertow Classic Golf Tournament was held in January 2019. The Golf Division partnered with the newly formed San Diego Parks and Recreation Foundation, a non-profit organization, to host a charity event at Torrey Pines North with all of the proceeds benefitting future Parks and Recreation initiatives.
 - Launched an online advanced reservation program that allows customers to book tee times up to 90 days in advance. This program has increased convenience to guests and reduced the work flow for staff, allowing them to better serve guests at the golf course.
 - Began a pilot program with ID.me, a digital verification company, to provide online credentials to residents, for the purchase of annual resident ID cards.
- Marketing and Community Engagement
 - The Division has seen a marked increase in social media followers and engagement with more than 3,600 new followers across all social media accounts in the last year.
 - The Division was able to more than double its email customer list while still maintaining a healthy open rate for its monthly e-newsletter. As a result, we are seeing an increase in public shotgun reservations as more members are aware of the schedule.

- In June 2019, the Division introduced a mobile app for the three City-operated courses to continue to improve the customer experience. The app offers users the opportunity to make advanced reservations, renew resident ID cards, provide GPS functionality at all three facilities, request a golf tournament and push notifications to customers with the latest updates and maintenance news from each course. To date, the app has more than 7,000 downloads and Golf Division staff are looking to incorporate new features to further augment the customer experience.

CONCLUSION:

During the next 12 months, efforts will continue to enhance customer service and improve the golf experience to help retain current patrons and increase the number of new golfers at each of the three golf facilities.

The Golf Division will continue to maintain the Golf Enterprise Fund's strong financial position and will responsibly manage resources to ensure no General Fund obligations will be necessary to operate the municipal golf facilities. We will strive to improve and invest in capital improvements to upgrade each facility's infrastructure to ensure staff have the tools necessary to provide exceptional customer service and quality golf course conditions at an affordable price. The Division will continue to explore a new long-term contract for a new food and beverage operation at Balboa Park Golf Course. We anticipate that a new contract will result in improvements to the restaurant and overall clubhouse.

Since its approval by City Council in November 2012, the Business Plan has been the guiding document Golf Division staff have utilized to improve customer service, effectively market City golf facilities and place the Division on sound financial ground. The framework and flexibility of the plan has been effective in allowing the Division to adapt to market changes in a much more efficient manner. Participation from the various user groups continues to strengthen as market corrections in the supply of regional golf courses find the right balance. Long-range annual golf rounds projections over the next five years remain at 300,000 rounds across the Division, which reflects the stability created from the plan. Though the most recent 2019 customer satisfaction survey showed a dip in satisfaction, we believe the vast majority of customers are generally pleased. This is evident by the continued increase in the number of rounds played at the courses and the revenue generated, despite the increased maintenance costs and the continued corrections in the overall market.

When each component of the Business Plan comes together, it allows us to reach our potential to be able to service clients like the PGA Tour and the USGA, which keeps Torrey Pines Golf Course, and ultimately the City of San Diego, on the map as a

Page 9
2019 Golf Division Business Plan Update
October 17, 2019

tourist and golfing destination. The Division will continue to implement Business Plan recommendations in its continuing effort to provide a world class golf experience that caters to golfers of all ages and skill levels.

Respectfully submitted,



Mark Marney
Deputy Director, Golf Operations Division

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

EXHIBIT A

BALBOA PARK 9 HOLE GOLF COURSE PROPOSED FEE INCREASES			
TYPE OF FEE	Current Fees	New Fees	Change
RESIDENT			
18 Holes – Weekdays Adult	\$14	\$14	\$0
18 Holes – Weekdays Junior	\$13	\$13	\$0
18 Holes – Weekdays Senior	\$10	\$10	\$0
18 Holes – Weekends / Holidays	\$18	\$19	\$1
NON-RESIDENT			
18 Holes – Weekdays Adult	\$18	\$19	\$1
18 Holes – Weekdays Junior	\$13	\$14	\$1
18 Holes – Weekdays Senior	\$18	\$19	\$1
18 Holes – Weekends / Holidays	\$23	\$24	\$1
TOURNAMENTS			
Tournament – Weekdays - Tee Times	\$26	\$27	\$1
Tournament – Weekdays - Shotgun Start	\$36	\$38	\$2
Tournament - Weekends / Holidays - Tee Times	\$31	\$33	\$2
Tournament - Weekends / Holidays - Shotgun Start	\$41	\$43	\$2
1 Day Course Buy-Out (Monday / Thursday)	\$17,000	\$17,000	\$0
1 Day Course Buy-Out (Friday/Sunday and Holidays)	\$20,000	\$20,000	\$0

Effective 1/1/2020

BALBOA PARK 18 HOLE GOLF COURSE PROPOSED FEE INCREASES			
TYPE OF FEE	Current Fees	New Fees	Change
RESIDENT			
18 Holes – Weekdays Adult	\$32	\$33	\$1
18 Holes – Weekdays Junior	\$28	\$29	\$1
18 Holes – Weekdays Senior	\$22	\$23	\$1
18 Holes – Weekends / Holidays	\$40	\$41	\$1
Twilight Weekdays	\$19	\$20	\$1
Twilight Weekends	\$24	\$25	\$1
NON-RESIDENT			
18 Holes – Weekdays Adult	\$40	\$42	\$2
18 Holes – Weekdays Junior	\$28	\$29	\$1
18 Holes – Weekdays Senior	\$40	\$42	\$2
18 Holes – Weekends / Holidays	\$50	\$53	\$3
Twilight Weekdays	\$24	\$25	\$1
Twilight Weekends	\$30	\$32	\$2
TOURNAMENTS			
Tournament – Weekdays - Tee Times	\$52	\$55	\$3
Tournament – Weekdays - Shotgun Start	\$62	\$65	\$3
Tournament - Weekends / Holidays - Tee Times	\$62	\$65	\$3
Tournament - Weekends / Holidays - Shotgun Start	\$72	\$76	\$4
1 Day Course Buy-Out (Monday / Thursday)	\$19,000	\$19,000	\$0
1 Day Course Buy-Out (Friday/Sunday and Holidays)	\$24,000	\$24,000	\$0

Effective 1/1/2020

MISSION BAY GOLF COURSE PROPOSED FEE INCREASES			
TYPE OF FEE	Current Fees	New Fees	Change
RESIDENT			
18 Holes – Weekdays Adult	\$24	\$25	\$1
18 Holes – Weekdays Senior	\$17	\$18	\$1
18 Holes – Weekends / Holidays	\$30	\$31	\$1
9-Holes Adult Weekday	\$14	\$14	\$0
9-Holes Senior Weekday	\$10	\$10	\$0
9-Holes Weekend/Holidays	\$18	\$19	\$1
NON-RESIDENT			
18 Holes – Weekdays Adult	\$29	\$30	\$1
18 Holes – Weekdays Junior	\$20	\$21	\$1
18 Holes – Weekdays Senior	\$29	\$30	\$1
18 Holes – Weekends / Holidays	\$36	\$38	\$2
9-Holes Adult Weekday	\$17	\$18	\$1
9-Holes Senior Weekday	\$17	\$18	\$1
9-Holes Weekend/Holidays	\$22	\$23	\$1
TOURNAMENTS			
Tournament – Weekdays	\$29	\$30	\$1
Tournament – Weekends / Holidays	\$36	\$38	\$2

Effective 1/1/2020

TORREY PINES NORTH COURSE PROPOSED FEE INCREASES			
TYPE OF FEE	Current Fees	New Fees	Change
RESIDENT			
18 Holes – Weekdays (Mon. – Thurs.) Adult	\$42	\$43	\$1
18 Holes – Weekdays (Mon. – Thurs.) Junior	\$42	\$43	\$1
18 Holes – Weekdays (Mon. – Thurs.) Senior	\$30	\$31	\$1
18 Holes – Weekends (Fri. – Sun.) / Holidays	\$54	\$56	\$2
Twilight Weekdays (Mon. – Thurs.)	\$26	\$27	\$1
Twilight Weekends (Fri. – Sun.)	\$32	\$33	\$1
9-Hole Only (back 9) – Weekends (Fri. – Sun.)/ Holidays	\$32	\$33	\$1
NON-RESIDENT			
18 Holes – Weekdays (Mon. – Thurs.) Adult	\$116	\$122	\$6
18 Holes – Weekdays (Mon. – Thurs.) Junior	\$81	\$85	\$4
18 Holes – Weekdays (Mon. – Thurs.) Senior	\$116	\$122	\$6
18 Holes – Weekends (Fri. – Sun.) / Holidays	\$145	\$152	\$7
Twilight Weekdays (Mon. – Thurs.)	\$69	\$72	\$3
Twilight Weekends (Fri. – Sun.)	\$87	\$91	\$4
9-Hole Only (back 9) – Weekends (Fri. – Sun.)/ Holidays	\$87	\$91	\$4
TOURNAMENTS			
Tournament – Weekdays (Mon. – Thurs.)	\$116	\$122	\$6
Tournament – Weekends (Fri. – Sun.) / Holidays	\$145	\$152	\$7
1 Day Course Buy-Out (Weekday/Weekends Non-Holiday)	\$54,000	\$54,000	\$0

Effective 1/1/2020

