



**DEPARTMENT OF PARKS
AND COMMUNITY SERVICES**

CITY OF SACRAMENTO
CALIFORNIA

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May 26, 1989

916-449-5200

DIVISIONS:
CROCKER ART MUSEUM
GOLF
METROPOLITAN ARTS
MUSEUM AND HISTORY
PARKS
RECREATION
ZOO

**Budget and Finance Committee
Sacramento, California**

Honorable Members in Session

Subject: Golf Division Enterprise Fee Proposal

SUMMARY

This report recommends a user rate increase for golf services provided by the City of Sacramento at five municipal courses effective July 1, 1989. New revenue from the increased fees is estimated at \$410,000.

BACKGROUND

Overview:

The City golf courses are supported by user fees, revenue derived from concessions, and interest income and are operated as an enterprise fund. These revenue sources provide funds for authorized maintenance and operations, for ongoing Capital Improvement Programs, and for the debt service for development of new courses. The most recent new course is the Executive 9-hole course at Bing Maloney Golf Course.

The Golf Division is in the seventh year of its Council approved Ten-Year Capital Improvement Program. This program allows for projects such as greens rehabilitation, irrigation system improvements, upgrading existing facilities and infrastructures, and provides adequate future financing for development of the proposed South City Golf Course. As part of the proposed FY 1989-90 budget, various user fee increases are recommended as follows: \$0.50 per 9-hole round; \$1.00 per 18-hole round; and \$1.00 for advance reservation fees. The exception to this proposal is that there is no fee increase for the Bing Maloney Executive Nine Golf Course.

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Additionally, it is recommended that the discount playcard be eliminated. Also, the 9-hole/sundown rate for Bing Maloney 18 and Haggin Oaks South courses will differentiate by \$2.35 over the regular 9-hole rates for Haggin Oaks Red and Blue courses and William Land Golf Course. Attachment I represents a listing of the existing fee structure, proposed changes, and their respective difference. Attachment II offers a comparison of City golf course fee structures with courses in the surrounding metropolitan area.

At the March 6, 1989 Sacramento Golf Council meeting, staff presented an overview of the above proposal. As a result, Golf Council directed staff to invite all home clubs to the April 5, 1989 Sacramento Golf Council meeting as a means of soliciting opinions and answering questions regarding the fee increases. Twenty-two individuals representing home clubs as well as the Sacramento Area Seniors Association were present. At this meeting, the fee proposal was explained and generally received in a positive manner. It appeared the only issue of controversy revolved around the elimination of the discount playcard.

In FY 1984-85, the playcard accounted for 30.0% of the Monday through Friday golf rounds, while seniors and juniors represented 10.0% and 2.6%, respectively (see Attachment III). In July, 1985, City Council action changed the age requirement for the senior discount from 70 to 65, and waived the city residency requirement to include Sacramento County residents. Since the inception of this expanded program, 5,000 seniors have applied for the senior discount card, of which approximately 60% are county residents. This change resulted in a shift from playcard use to the senior discount rate as individuals who used the playcard now qualified for the senior rate. In FY 1987-88, the playcard accounted for 11.4% of the Monday through Friday golf rounds, while seniors and juniors represented 28.7% and 2.1% respectively (see Attachment IV). Thus, 42.2% of the Monday through Friday rounds are presently being played below cost. Seniors and juniors pay 30% less per rounds of golf and playcard users pay 20% less as compared to the daily green fee. Senior rounds are presently increasing by about 10% annually. This trend is anticipated to continue. In light of this trend, it is imperative to eliminate other below cost rounds to ensure the golf enterprise fund continues to meet future needs. Attachment V depicts the ratio of all golf rounds versus revenue generated in FY 1987-88.

Future Direction:

A 1986 feasibility study by William Sherman Company, Golf Course Consultants, determined that the Sacramento metropolitan area is short of meeting the playing demand for 18-hole golf courses by over 13 courses. Proposed future development of new city courses is directed at reducing this deficiency as well as providing golf at reasonable rates. Pending land annexation, the proposed

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South City Golf Course represents the City's continuing effort towards meeting the demand for additional golf courses. It is anticipated that this course would be open for play in FY 1991-92. In order to ensure both a reasonable green fee structure and adequately finance an anticipated debt service of \$660,000 per year for this course, moderate user fee increases will be necessary over the next few years. The Budget Office has provided assistance in determining the appropriate fee increase schedule and cash flow necessary to meet the debt obligations. Attachment VI projects financial requirements for the Golf Division through FY 2003-04. The proposed FY 1989-90 resource versus expense budget is depicted in Attachment VII. Under this proposal, the recommended user fee increase ensures authorized fund accumulation for the proposed development of the South City Golf Course. Additionally, the proposal allows for a \$58,000 reserve or 1.84% contingency of the authorized maintenance and operation budget. The Budget Office recommends a 4% reserve as a prudent means of protection from unforeseen occurrences such as a decline in play due to inclement weather or unexpected maintenance needs. However, the fund accumulation provides flexibility in financing such unforeseen occurrences. The priority of the department is to ensure a lower debt service for future golf courses, thus reducing the potential for substantial fee increases when the courses open.

Without the user fee increase, future development of golf courses will be severely hindered. Future direction of meeting the continuing demand of additional golf courses hinges on the City Council's commitment to this direction by approving the requested fee increase. This commitment provides the foundation for consideration of future action over the next few years.

FINANCIAL DATA

Without the recommended fee increases, which would produce an estimated \$410,000 in FY 1989-90, fund accumulation necessary for development of future golf courses as well as for other capital improvement programs will be severely impeded. The proposed FY 1989-90 Golf Division budget projects the proposed fee increases.

POLICY CONSIDERATIONS

The proposed fee increases are consistent with an enterprise fund being self-sufficient and recouping its expenditures from user fees. All noticing requirements and procedures for fee increases have been adhered to.

MBE/WBE EFFORTS

None.

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RECOMMENDATION

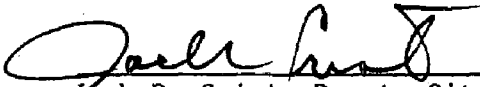
It is recommended that the Budget and Finance Committee approve this report for referral to the full City Council for action. Further, it is recommended that the City Council, by resolution, approve the user fee increases for golf services effective July 1, 1989.

Respectfully submitted,



Robert P. Thomas, Director
Parks and Community Services

Approved:



Jack R. Crist, Deputy City Manager

RPT:nol

June 7, 1989
All Districts

Contact Person to Answer Questions:
Dale Achondo, Golf Manager
449-5329

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

A RESOLUTION APPROVING USER RATE INCREASES
FOR PARKS AND COMMUNITY SERVICES, GOLF DIVISION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the City Council hereby approve the recommended fees and charges of the Department of Parks and Community Services, Golf Division as set forth in Attachment I, attached hereto and incorporated herein by reference, effective July 1, 1989.
2. That the City of Sacramento Fee and Charge Report is hereby amended to reflect the Parks and Community Services, Golf Division fees as set forth in Attachment III.
3. Based upon the information presented to it and upon all information in the public record, and in compliance with Public Resources Code, Section 21080 (b) (8), the City Council finds: a) the increased fees are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits; and b) the increased fees are for the purpose of meeting the ongoing Capital Improvement Program; and c) the increased fees are for the purpose of obtaining funds for the debt service for development of new courses.

MAYOR

ATTEST:

CITY CLERK

GOLF FEES

	<u>EXISTING</u>	<u>PROPOSED</u>	<u>DIFFERENCE</u>
1. <u>MONDAY THRU FRIDAY, INCLUSIVE</u>			
Adult 18 holes	\$8.50	\$ 9.50	\$1.00
** Junior 18 holes	5.50	6.50	1.00
* Senior 18 holes	5.50	6.50	1.00
Sundown Rate (BM 18 & Haggin 18)	4.25	6.50	2.25
2. <u>SATURDAY, SUNDAY & HOLIDAYS</u>			
18 holes	\$9.50	\$10.50	\$1.00
Sundown Rate (BM 18 & Haggin 18)	4.75	7.00	2.25
3. <u>MONDAY THRU FRIDAY, INCLUSIVE</u>			
Adult 9 holes (BM Executive 9)	\$4.25	\$4.25	N/C
Junior 9 holes (BM Executive 9)	2.75	2.75	N/C
Senior 9 holes (BM Executive 9)	2.75	2.75	N/C
Adult 9 holes (HO Red & Blue, Wm. Land)	4.25	4.75	.50c
Sundown/9-hole Rate (BM 18)	4.25	6.50	2.25
Junior 9 holes	2.75	3.25	.50c
Senior 9 holes	2.75	3.25	.50c
4. <u>SATURDAY, SUNDAY AND HOLIDAYS</u>			
9 holes (BM Executive 9)	\$4.75	\$4.75	N/C
9 holes (Haggitt Red & Blue, Wm. Land)	4.75	5.25	.50c
Sundown/9-hole Rate (BM 18, Haggin 18)	4.75	7.00	2.25
5. <u>ADVANCED RESERVATION</u>			
Per Foursome	\$1.00	\$2.00	\$1.00

* To qualify for the Senior Rate, persons must be 65 years of age (minimum) and reside within the City or County of Sacramento or own property within the City or County of Sacramento. A golf card, issued by the Department of Parks and Community Services, is first required.

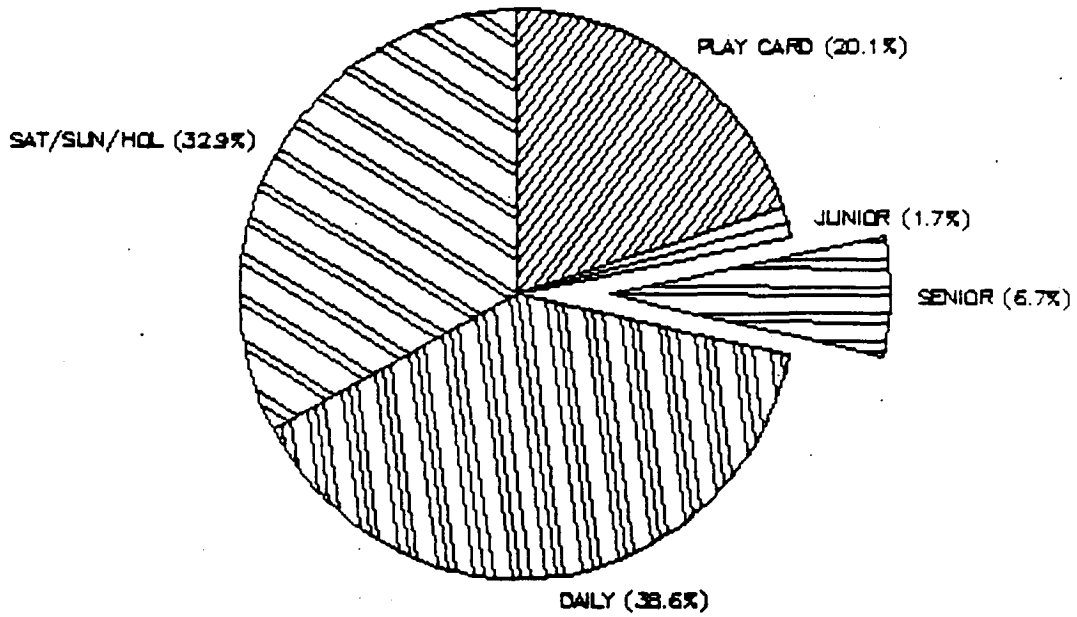
** To qualify for this reduced rate, persons 17 years and under must complete a training course provided by the Department of Parks and Community Services. A card is required.

COMPARISON OF GOLF COURSE GREEN FEE STRUCTURES - MAY 1989

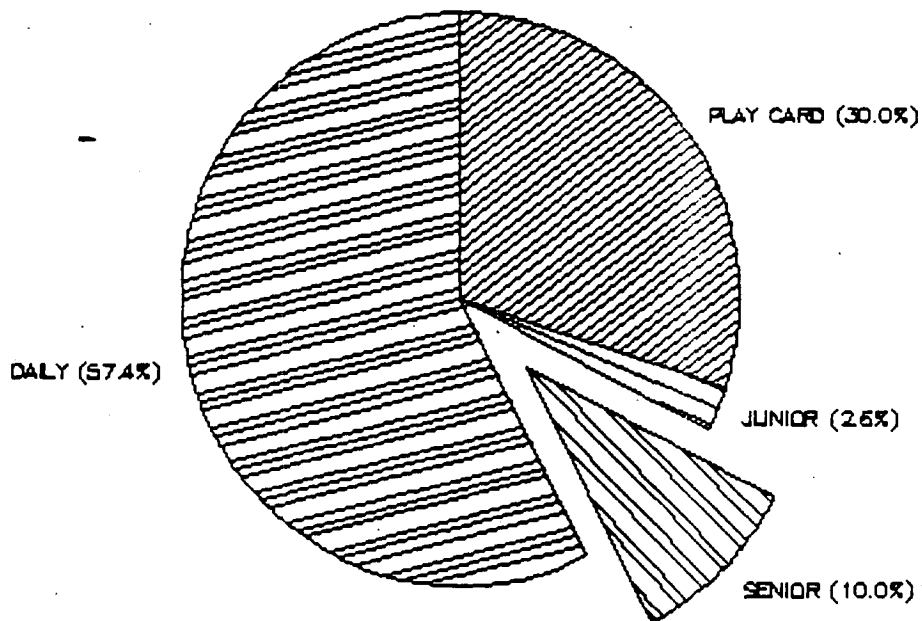
	18 HOLES				9 HOLES				DAILY PLAYCARD	SENIOR PLAYCARD
	MONDAY THRU FRIDAY		SAT, SUN & HOLIDAY		MONDAY THRU FRIDAY		SAT, SUN & HOLIDAY			
	DAILY	JUNIOR SENIOR	DAILY	JUNIOR SENIOR	DAILY	JUNIOR SENIOR	DAILY	JUNIOR SENIOR		
SACRAMENTO CITY	//////								CURRENT: \$45.00 for playcard \$1.00 for 9-holes SVC \$2.00 for 18-holes SVC	65 years old & over \$2.75 for 9-hole \$5.50 for 18-hole
CURRENT:	8.50	5.50	9.50	9.50	4.25	2.75	4.75	4.75	PROPOSED: ELIMINATION	65 years old & over \$3.25 for 9-holes \$6.50 for 18-holes
PROPOSED:	9.50	6.50	10.50	10.50	4.75	3.25	5.25	5.25		
SACRAMENTO COUNTY	9.50	6.00	11.00	11.00	6.00	6.00	7.00	7.00	\$20.00 + \$6.00 per round	N/A
ROSEVILLE	6.50	4.00	7.50	7.50	4.50	4.00	5.00	5.00	\$35.00 + \$2.00 per round	\$15.00 + \$1.00 per round
RIVERBEND	12.00	4.00 JR 10% OFF SR	14.00	14.00	7.00	2.00 JR 10% OFF SR	7.00	7.00	NOTE: ENTIRE COURSE CLOSED FOR ONE YEAR	
DRY CREEK	11.00	11.00	20.00	20.00	6.00	6.00	10.00	10.00	NONE	NONE
PLUMAS LAKE	12.00	7.00	15.00	15.00	NONE	NONE	NONE	NONE	NONE	NONE
STOCKTON	7.00	4.75 > 11 am	8.00	6.00	6.00	NONE	NONE	NONE	\$57.50 resident \$63.00 nonresident	
DAVIS	7.00	5.00	8.00	8.00	5.00	5.00	8.00	8.00	\$35.00 unlimited M-F \$500.00/yr unlimited M-F	
HIGH	12.00	11.00	20.00	20.00	6.00	6.00	10.00	10.00		
AVERAGE	9.20	5.90	11.60	11.60	4.80	4.30	6.95	6.95		
LOW	6.50	4.00	7.50	6.00	4.50	4.00	4.75	4.75		

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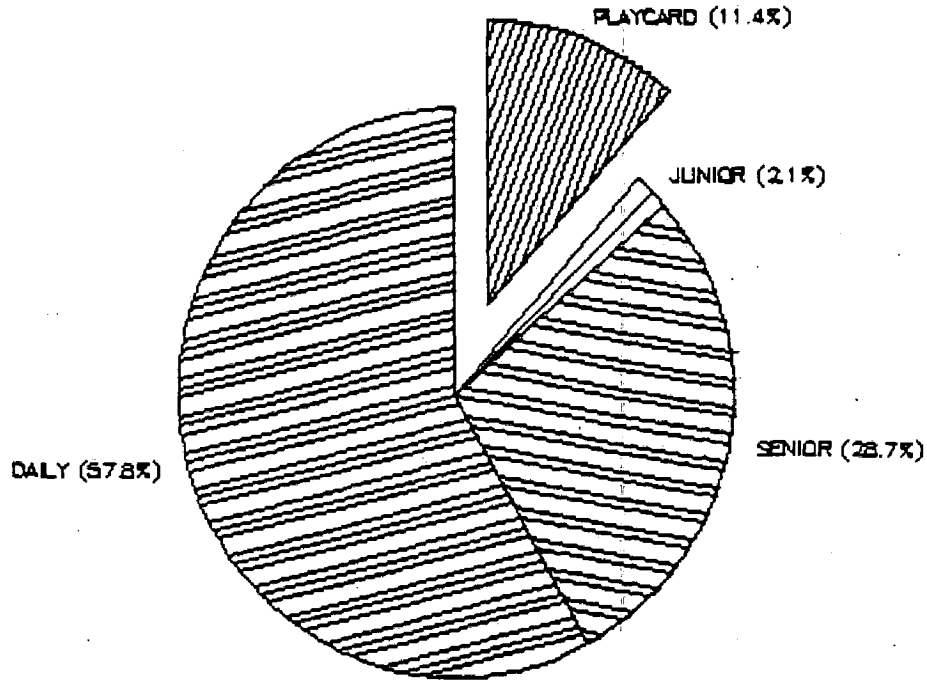
FY 84-85 TOTAL GOLF ROUNDS



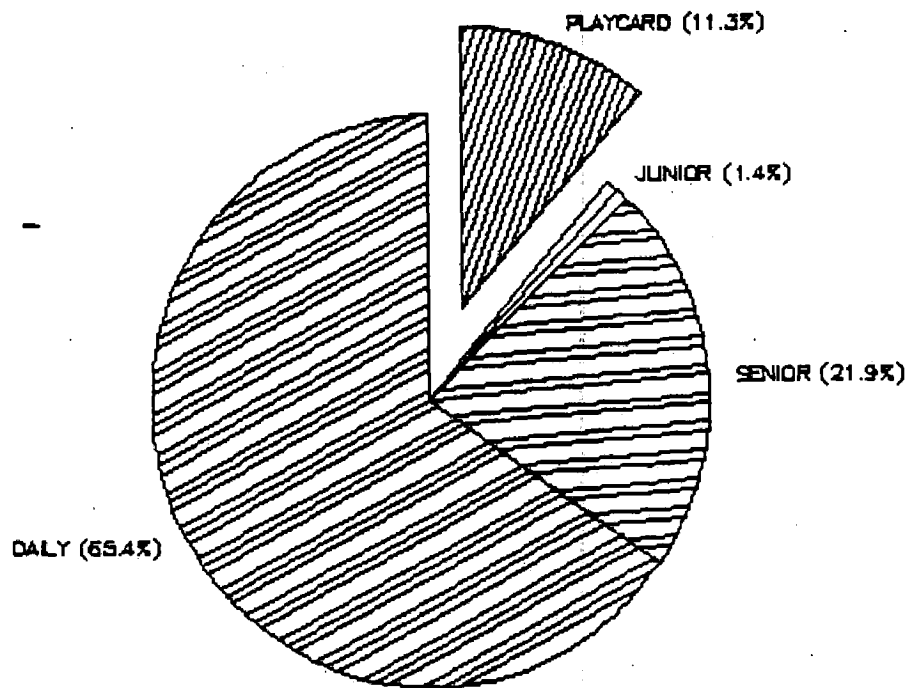
FY 84-85 M-F GOLF ROUNDS



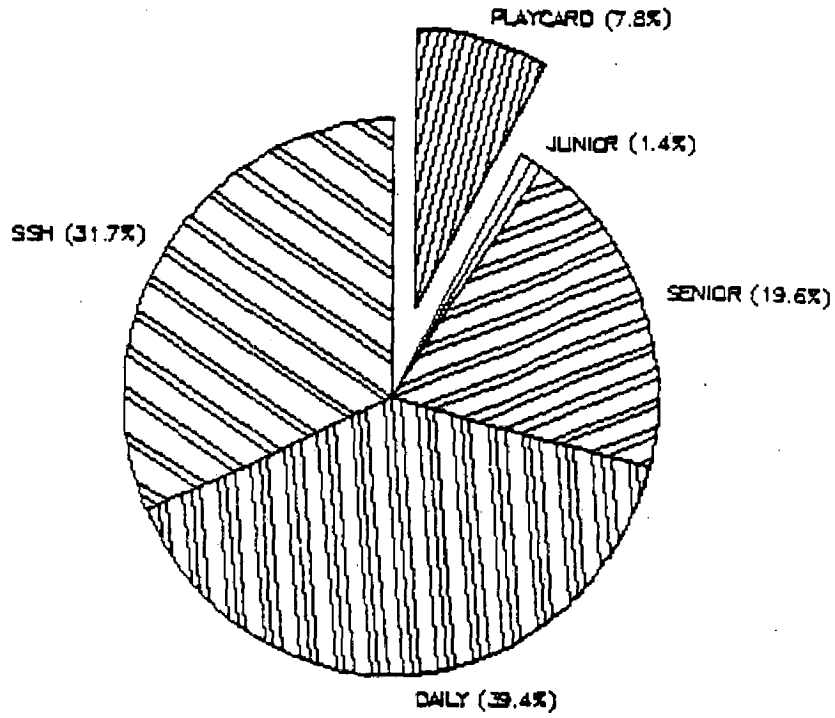
FY 87-88 M-F GOLF ROUNDS



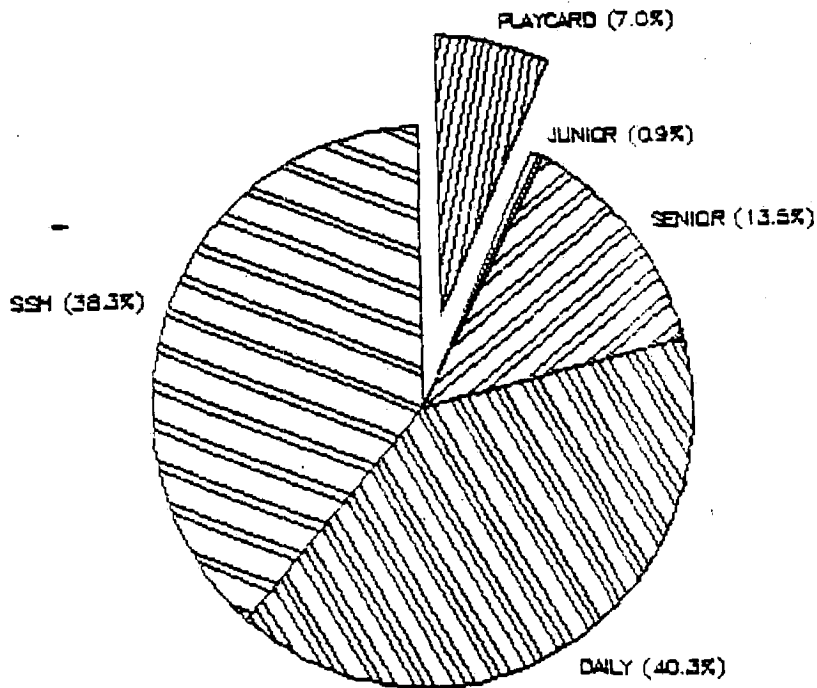
FY 87-88 M-F REVENUE



FY 87-88 ALL GOLF ROUNDS



FY 87-88 ALL REVENUE



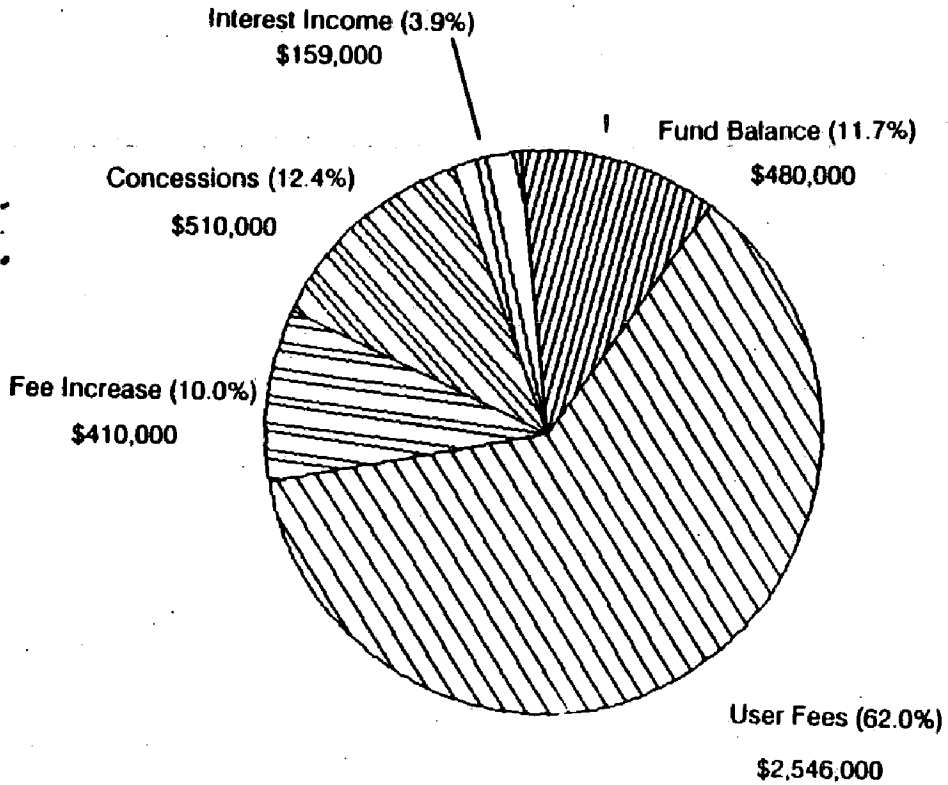
Golf Fund - Additional Fee Revenue and 7.00% inflation

(\$000)	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Beginning Balance (Deficit)	\$480	\$58	\$115	\$145	\$98	\$146	\$392	\$759	\$1,120	\$1,466	\$1,805	\$2,145	\$2,482	\$2,809	\$3,123
						6%									
Green Fees - 18 M-F	9.50	10.50	11.50	12.50	13.50	14.50	15.37	16.29	17.27	18.31	19.40	20.57	21.80	23.11	24.50
18 S-S	10.50	11.50	12.50	13.50	14.50	15.50	16.43	17.42	18.46	19.57	20.74	21.99	23.31	24.70	26.19
Sr/Jr	6.00	7.00	8.00	9.00	10.00	11.00	11.66	12.36	13.10	13.89	14.72	15.60	16.54	17.53	18.58
Revenues															
Interest	159	138	144	136	100	100	100	100	100	100	100	100	100	100	100
User Fees	2,956	3,366	3,776	4,786	5,296	5,606	5,942	6,299	6,677	7,077	7,502	7,952	8,429	8,935	9,471
Concessions	510	535	592	610	620	644	670	690	705	734	778	825	874	927	982
Total Current Resources	3,625	4,039	4,512	5,532	6,016	6,350	6,712	7,089	7,482	7,911	8,380	8,877	9,403	9,962	10,553
Current Requirements															
Current Operations:															
Employee Services	1,749	1,871	2,002	2,143	2,293	2,453	2,625	2,809	3,005	3,215	3,441	3,681	3,939	4,215	4,510
Other Services & Supplies	1,294	1,385	1,482	1,585	1,696	1,815	1,942	2,078	2,223	2,379	2,545	2,724	2,914	3,118	3,337
Equipment	100	107	114	123	131	140	150	161	172	184	197	210	225	241	258
South City Operating			200	600	642	687	735	786	842	900	963	1,031	1,103	1,180	1,263
Debt Service Bing Maloney	117	114	114	114	114	114	114	114	114	114	114	114	114	114	0
Debt Service South	60	60	60	660	660	660	660	660	660	660	660	660	660	660	660
Subtotal Cur. Operations	3,320	3,537	3,972	5,224	5,536	5,869	6,226	6,607	7,016	7,453	7,920	8,420	8,956	9,528	10,027
Capital Improvements:															
Cherry Island															
So Area Acq & Dev	417	105	110												
Hansen Development	50	53	110	116	122										
Haggin Development	50	53	110	116	122	100									
Other	210	234	180	122	188	135	120	120	120	120	120	120	120	120	120
Subtotal CIP	727	445	510	354	432	235	120	120	120	120	120	120	120	120	120
Total Current Requirements	4,047	3,982	4,482	5,578	5,968	6,104	6,346	6,727	7,136	7,573	8,040	8,540	9,076	9,648	10,147
Total Current Surplus	(422)	57	30	(46)	48	246	367	361	346	339	340	337	328	314	406
Other Fund Sources (Uses)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Fund Balance (Deficit)	\$58	\$115	\$145	\$98	\$146	\$392	\$759	\$1,120	\$1,466	\$1,805	\$2,145	\$2,482	\$2,809	\$3,123	\$3,529

Attachment VI
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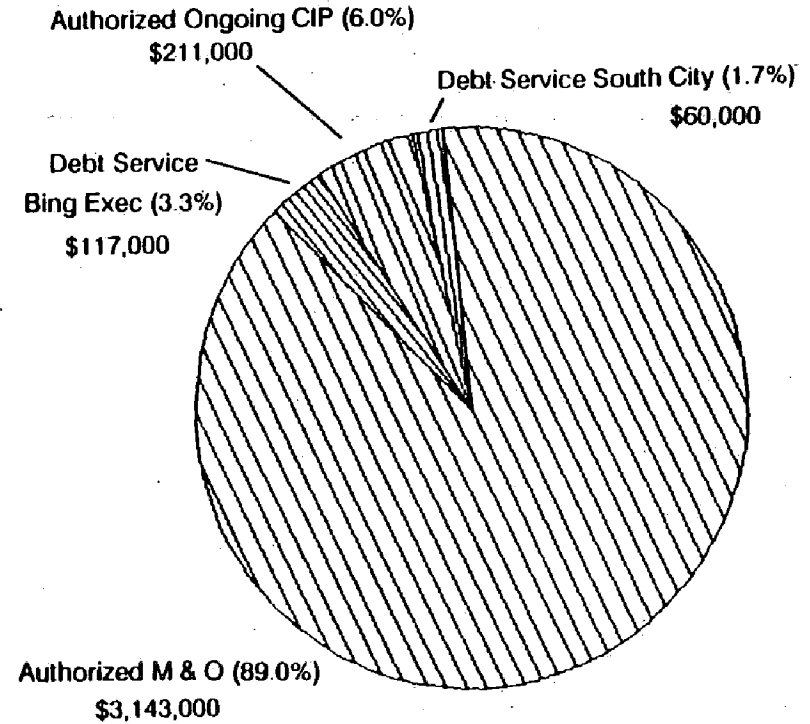
PROPOSED FY 89 - 90 GOLF DIVISION BUDGET

RESOURCES



Total Resources: \$4,105,000

EXPENSES



Authorized Fund Accumulation	1989-90 Balance
South City Golf Course Site	\$ 497,030
Hansen Ranch Golf Course Site	641,000
Haggin Oaks 15 Acre Development	206,681

Total Expenses: \$4,047,000

Total Resources - Total Expenses Leaves a \$58,000 Reserve or 1.84% Contingency of Authorized M & O Budget

Attachment VII