



CITY OF SANTA BARBARA

PARKS AND RECREATION COMMISSION REPORT

AGENDA DATE: May 19, 2010

TO: Parks and Recreation Commission

FROM: Golf Division, Parks and Recreation Department

SUBJECT: Fiscal Year 2011 Proposed Golf Division Budget – For Action

RECOMMENDATION: That the Commission:

- A. Support modifications to the proposed Golf Division FY 2011 budget based on the revised budget strategy, including changes to the capital, revenue and expenditure budgets and proposed fees, and
- B. Make recommendations on the FY 2011 Golf Division to the City Council.

DISCUSSION:

The proposed FY 2011 Golf Division budget was submitted as a conservative budget due to several factors: the decline in golfing as a sport, the decline of revenue and rounds at the Santa Barbara Golf Club (SBGC) due to the construction this year, and the overall state of the economy. Expenditures were reduced where achievable; however, fee increases were necessary to have a balanced budget. In reducing expenditures, two positions were deleted: the portion of the Parks and Recreation Business Manager charged to the Golf Division and one full-time Grounds Maintenance Worker I.

Generally, the proposed fee changes were a \$3 increase for residents and a \$5 increase for non-residents. The higher increases were based on the need to achieve the revenue required to support the Golf Course maintenance operation and a continuing decline in rounds played at SBGC primarily in response to the downturn economy.

April 7, 2010 Golf Advisory Committee Budget Work Session Recommendations

The Golf Advisory Committee (GAC), at their budget work session of April 7, 2010, expressed concern over the large fee increases proposed with the budget. They discussed the feasibility of increasing rounds at the Golf Course in lieu of increasing fees, or not increasing fees as much as proposed, and identified a number of marketing and promotion ideas to encourage more play at the Golf Course. Suggestions included decreasing certain rates, substituting the current frequent user discount with another model, changing the Friday fees back to weekday rates; instituting a re-play rate for golfers who wish to play a second round of golf on the same day; allowing students with a valid ID to play at the resident rate, and a "Super Twilight" discounted rate for golfers

after 5:00 pm in the summer. The committee asked staff to develop more analysis on fee alternatives and promotion ideas.

New Budget Strategy for FY 2011 Developed

Subsequent to the GAC budget work session, staff conducted further analysis of fees, overall revenue and rounds proposed for FY 2011, and needs and costs related to expanded marketing. As a result, staff developed a revised budget strategy for FY 2011, which was reviewed and supported by the Finance Director, Assistant City Administrator and City Administrator. This strategy includes:

1. Leave fees at the FY 2010 level, with 3 exceptions where fee reductions are recommended to compete with other golf courses. Keeping fees the same will help the Golf Course retain current golfers and attract new ones. It will also help the Golf Course analyze golf trends and marketing outcomes. Not raising the fees as proposed results in a revenue decrease of approximately \$95,077.
2. Develop and implement a comprehensive marketing program to increase rounds to 80,000 – 85,000 per year over the next several years. Historically, the Golf Course has spent approximately \$15,000 a year for on-house advertising and promotion ideas. With the fiscal success of the Golf Course dependent on increasing rounds above current levels, staff believes that professional marketing expertise is needed to analyze fee and round trends, conduct market position analysis, and develop and implement a comprehensive marketing plan. Understanding that it will take time to develop and implement a more comprehensive plan, staff will continue with in-house promotions. A key component will be to effectively track outcomes and evaluate efforts. A revised marketing budget is still being developed, but staff anticipates that the additional expense will be \$40,000 to \$50,000.
3. With the priority of maintaining the high quality of golf course maintenance and customer service that the course is recognized for, do not eliminate the Grounds Maintenance Worker 1 position as proposed. Either fund the position in full or at .50 FTE if possible.
4. Consider the following options for balancing the budget with revenue loss from fee increases and new expenditures.
 - a. Increase rounds and revenue projections above current proposed for FY 2011 which were developed very conservatively.
 - b. Re-allocate \$87,440 in appropriated reserves towards increased expense categories.

- c. Consider whether Golf Reserves are available for a planned use of reserves in FY 2011.
- d. Delay the proposed capital expense of painting the club house to FY 2012.
- e. Apply any FY 2011 labor concession savings to the retention of the Grounds Maintenance Worker position.

Changes to FY 2011 Proposed Golf Fees

1. Eliminate proposed fee increases, retain 3 fee decreases:
 - 9 holes resident weekday from \$23 to \$20
 - 9 holes resident weekend from \$24 to \$21
 - Twilight resident from \$23 to \$20

The following fee changes have been implemented as “special promotions” and are proposed to become permanent.

2. Friday pricing changed from weekend to weekday rates
3. New: “Re-play” rate, 50% off the greens fee for a second round of golf played on the same day
4. New: “Super Twilight” rate, May through September, 50% off greens fee for rounds played after 5:00 pm
5. New: “Student” rate category, 18 and older, pays the golf fee equal to applicable resident rate with valid student ID

Golf Advisory Committee Recommendations

At their May 12, 2010 meeting, the GAC supported the revised budget strategy for FY 2011 and made the following recommendations to the Parks and Recreation Commission:

- No fee changes from current FY 2010, except the 3 fee reductions
- Increase expenditures for a comprehensive marketing program
- Delay the capital expense of club house painting to FY 2012
- Reinstate the position of Grounds Maintenance Worker I to 0.50 FTE permanent benefited

Summary

Staff is continuing to recalculate the budget numbers to present a balanced budget for FY 2011. A revised proposed budget will be forwarded to City Council for consideration, with recommendations from the Golf Advisory Committee and Parks and Recreation Commission.

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Attachment: Revised FY 2011 Proposed Fees Chart

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