



CITY OF SANTA BARBARA
PARKS AND RECREATION COMMISSION REPORT

AGENDA DATE: December 16, 2020
TO: Parks and Recreation Commission
FROM: Golf Division, Parks and Recreation Department
SUBJECT: Santa Barbara Golf Club Update

RECOMMENDATION:

That the Commission receive an update on Santa Barbara Golf Club, including the status of operations during the COVID-19 pandemic, Golf Fund (FY) 2022-2026 Capital Improvement Program (CIP), and the management contract renewal.

DISCUSSION:

Background

Effective July 1, 2016, the Parks and Recreation Department (Department) entered into a new 4-year, 9-month contract with Santa Barbara Golf LLC, a wholly owned subsidiary of CourseCo Inc., for management and operations of the City's municipal golf course, Santa Barbara Golf Club (Golf Club). The contract, which includes responsibility for the maintenance and operations of the Golf Club, is set to expire on March 31, 2021.

During each of the past four years of CourseCo's management, the Golf Club and the City have navigated a number of extraordinary circumstances including fires, floods, other severe weather impacts, and currently a global pandemic. Despite these unprecedented challenges, the Golf Club has produced steady, modest year-on-year growth in revenues and rounds, as well as significant improvements in customer service, course conditions, and overall player satisfaction.

Key to these achievements are CourseCo staff Randy Shannon, PGA, General Manager, and Jesse Seguin, CGCS, Class A Superintendent. Mr. Shannon and Mr. Seguin have led operations at the Golf Club since the transition to CourseCo in 2016, and both are known equally for their depth of knowledge and experience in golf course management, and for their excellence in customer service. Department staff confer regularly with CourseCo staff to review operations, performance, and customer feedback.

In Fiscal Year 2020, operations were impacted dramatically by the onset of the COVID-19 pandemic in March. However, prior to this time, the Golf Club was on-target with budgeted revenues and well ahead of prior year performance. While other projects planned for FY 2020 were later put on hold due to financial concerns stemming from the pandemic, the largest capital project budgeted for the year, renovation of the #9 green and two greenside bunkers, was completed in November 2019 and opened for play in January 2020. This was a significant and long-awaited project for the Golf Club as it dramatically increased playability of the green, which was formerly a source of negative feedback from customers. Since the reopening, golfer feedback has been immensely positive both in quality of the green and the adjoining bunkers.

Golf Club Operations during COVID-19

Following the statewide stay-at-home order issued on March 19 to prevent the spread of COVID-19, the Golf Club closed for business on March 20. After receiving the needed approvals and in consultation with City staff, CourseCo worked quickly and diligently to return the course to operational conditions, even while significantly down-staffed. The Golf Club reopened its doors on April 25 and has since operated in compliance with evolving County Health Orders and social distancing guidelines. Since reopening, customers have been appreciative and complimentary in their feedback, as staff have successfully accommodated dramatically increased demands in play, while implementing and enforcing social distancing protocols.

During the five-week closure, the course lost an estimated \$300,000 in revenue and was projected to end the fiscal year well below budget and behind last year's performance. However, despite ongoing restrictions to operations that preclude fully capturing certain revenue streams, play has been at record levels since the course reopened. From May through October, the course recorded 43,421 paid rounds, an increase of 13,602 (46%) over May through October 2019. With an average of 7,236 monthly rounds over this six-month period, today's levels of play have not been seen since before the Great Recession (2005 and earlier). It should be noted that several other local courses were closed due to COVID-19, including Sandpiper Golf Club (which reopened in July), Rancho San Marcos (which is now permanently closed), and Montecito Country Club (also still closed). Increased play at the Golf Club has undoubtedly been heavily driven by a combination of diminished local competition and health restrictions limiting many types of activities, and demand may level off when life returns to normal, but performance continues to be strong into December, and CourseCo has developed several marketing and outreach initiatives designed to retain as much of the growth surge as possible.

Golf Fund Status

Despite the five-week course closure, revenues from Golf Operations ended Fiscal Year 2020 ahead of the prior year by \$100,979, but fell short of budget by \$168,010. Operating expenditures ended the year with a savings of \$475,368 against budget, due in part to funds received from a forgivable loan of \$197,662 under the Payroll Protection

Program, of which \$129,586 was realized in Fiscal Year 2020 and \$68,076 is being realized in Fiscal Year 2021. As a result, the Golf Fund ended the year with a surplus of \$364,017, which was a favorable variance to budget of \$266,148.

As of the Fiscal Year 2021 first quarter review, the Golf Fund is tentatively projected to end the year with a surplus of at least \$360,000. Should this occur, the Golf Fund will—for the first time since Fiscal Year 2010—achieve the target level set for the fund by the City’s reserve policy, which is equal to 25% of the next year’s operating budget plus the average transfer to capital (currently approximately \$900,000).

With fully funded reserves, the Golf Fund can begin to prioritize additional capital reinvestments to address deferred maintenance that will be required in a variety of areas in the coming years.

FY 2022 and FY 2023 Golf Fund Recommended Projects

As part of developing a two-year financial plan, the Golf Division proposes updates to the Fiscal Year 2022-2026 CIP. The CIP outlines all planned and projected capital project needs anticipated within the six-year period, with emphasis placed on the first two years of the CIP. In the proposed FY 2022-2026 CIP, there are five Golf Fund projects totaling an estimated \$2.6 million. Attachment 1 provides a summary of all Golf Fund CIP projects. Attachment 2 provides detailed descriptions of project purpose, elements, and status.

The table below identifies Santa Barbara Golf Club capital projects proposed for funding in FY 2022 and FY 2023. These projects represent a balance of infrastructure improvements that support the function of the Golf Club and tangible improvements in the playability of the course. At a special meeting of the Golf Advisory Committee on December 10, 2020, the Committee voted unanimously in support of the recommended projects.

PROJECT	FY 2022	FY 2023
Green and Tee Renovation	\$75,000	\$25,000
Infrastructure Renewal	-	\$68,000
Power Turf Equipment	\$80,000	\$81,000
Players’ Improvement Fund	\$55,000	\$55,000
TOTAL:	\$210,000	\$229,000

The Golf Fund CIP will be reviewed by the City Council in March 2021. The Commission will have another opportunity to review the proposed CIP projects as part of its annual budget review in April 2021. The City Council will make funding decisions in June 2021.

Contract Renewal

Given the successful operations under the inaugural contract and the positive working relationship with CourseCo, the Department plans to negotiate a contract renewal with the management company, to begin on April 1, 2021. The contract renewal will be presented to City Council in January 2021 with terms that are substantially similar to the existing agreement.

Measures taken to ensure satisfactory performance under the contract requirements via sustained high levels of service and maintenance quality include monthly inspections by a Parks Supervisor, monthly "Secret Shopper" audits conducted by an independent third party provider, and comment cards available for players to share their feedback with the management staff.

Staff will continue to monitor performance and advise the Commission of any material changes to operations or financial standing of the Golf Fund.

ATTACHMENTS: 1. FY 2022-2026 Golf Fund CIP Summary
2. FY 2022-2026 Golf Fund CIP Detailed Projects

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